Social aspects of the forest sector workforce in Serbia and Western Balkans

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How is the forest sector workforce changing?

Reduction of the number of employees during the transition process

1990: 311.9 thousand        2015: 168.5 thousand
During the transition process: there were two main reasons that caused such decreasing trends:

1. **Reforms of the public enterprises for forest management**, in which the number of workers in wood logging segment significantly decreased and

2. **Collapse of a lot of companies in the subsectors of wood industry and pulp and paper industry which were in state ownership.**

- Number of employees in the entire forest sector in 2015 was **only 54%** of the number of employees in 1990.
How is the forest sector workforce changing?

Western Balkans:

Forestry subsector:

- 1990: 67.7 thousand
- 2015: 43.9 thousand
How is the forest sector workforce changing?

Western Balkans:

Wood industry subsector:

1990: 192.9 thousand

2015: 100.6 thousand

(-93.2 thousand)
How is the forest sector workforce changing?

Western Balkans:

Pulp and paper industry subsector:

- **1990**: 51.3 thousand
- **2015**: 23.9 thousand
- **(-27.4 thousand)**
What are the drivers for the change?

Top five factors as the drivers of the change:

» Structural changes in the forest sector
» Development of new technologies and technical innovations
» Demands for constant increase of work productivity
» Market trends, especially the requirements of foreign buyers for high quality wood products
» Policy of rural development and environment protection
What are the drivers for the change?

Structure of the companies in wood industry subsector in Serbia at the beginning of 2015

Such a structure of the companies has conditioned the requirements for multidisciplinary workforce, i.e. for workers who can perform all required operations in production processes in these companies.
Social aspect of the status and image of the forest sector in WB countries

There are examples of both bad and good practice:

» In most of the Balkan countries, the term “forest sector” implies only the forestry subsector.

» Lack of institutional organization of forest sector in most of the Balkan countries does not contribute to the strengthening of its image in public.
Overview of the situation regarding unregistered consumption of firewood on the Balkans in 2013

Unregistered production and trade also contribute to the negative perception of the public and unfavourable image of the forest sector in the Balkan countries.

Source: The World Bank study
Social aspect of the status and image of the forest sector in WB countries

An example of good practice and positive perception of the public:

» comprehensive education of the households how to increase the efficiency of firewood use, i.e. to get good heating while consuming as little wood as possible.

Source: GIZ DKTI Programme
Social aspect of the status and image of the forest sector in WB countries

An example of good practice and positive perception of the public:

» One of such examples is the support of IKEA company for the certification of about 60,000 ha of forests in a region in Bosnia and Herzegovina;

» Many companies have established an excellent cooperation with local self-governments, cultural and sports institutions by assisting in the renovation of their facilities, equipping them with furniture and other wood products, promoting their activities on own websites and internal professional journals and by giving scholarships to the best students.
Social aspect of the status and image of the forest sector in WB countries

An example of good practice and positive perception of the public:

» international day of forests every year: in all the countries in the region and all other significant dates are celebrated with which the messages are sent to the public regarding the significance of preservation and sustainable use of forest ecosystems.

Source: http://portal.hrsume.hr
What are the challenges?

The most significant challenges which directly or indirectly have smaller or bigger impact on the workforce:

1. Lack of qualified and highly qualified workers
2. Salaries
3. Increase of operating costs of the companies
4. Unestablished partnership relations between the forestry subsector and wood processing industry subsector
5. How to change the existing situation in which the region is a significant supplier of the global market with wood raw material and semi-finished products?
6. Small scale economy and how to answer to the increase of global competition?
7. Improvement of work conditions
What are the challenges?

1. Lack of qualified and highly qualified workers

- More than 15,000 companies operate in the forest sector on the Balkans
- Every year more than 2,000 workers leave the sector through natural leaving (retirement).
- On the other hand, less than 1,000 students finish secondary vocational schools in the field of forestry and wood industry in the region every year.
- In case of Serbia: only 196 students finished secondary vocational schools in the field of forestry and wood industry in 2015 and on the other hand, 245 workers retired from the sector
- This is the reason why the companies are forced to employ workforce with other professions.
What are the challenges?

2. Salaries

<table>
<thead>
<tr>
<th>Country</th>
<th>Forestry</th>
<th>Wood processing</th>
<th>Furniture production</th>
<th>Pulp and paper industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Croatia</td>
<td>1,043.8</td>
<td>585.1</td>
<td>604.2</td>
<td>803.8</td>
</tr>
<tr>
<td>Serbia</td>
<td>493.8</td>
<td>265.1</td>
<td>319.3</td>
<td>538.2</td>
</tr>
<tr>
<td>FYR Macedonia</td>
<td>348.8</td>
<td>227.8</td>
<td>237.8</td>
<td>332.4</td>
</tr>
</tbody>
</table>

Salaries of the employees in the forest sector are significantly lower than the salaries of the employees in other sectors (energetics, IT sector).
What are the challenges?

3. Increase of operating costs of the companies

- Last five years: increase of input prices (energy, fuel, raw materials, taxes, maintenance of equipment and facilities)

- Decrease of selling prices of final products

<table>
<thead>
<tr>
<th>Characteristics of sawn timber</th>
<th>2008</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Class A</td>
<td>Class A</td>
</tr>
<tr>
<td></td>
<td>€</td>
<td>€</td>
</tr>
<tr>
<td>Edged, dry, steamed beech timber</td>
<td>420</td>
<td>330</td>
</tr>
<tr>
<td>Length 2.10 m +</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thickness 50 mm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Width 100-130 mm</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Prices for beech sawn timber of class A and with assortment structure as in this table dropped by 29.8% in the period 2008-2014, while this drop in quality class B was 28.8%.
What are the challenges?

4. Unestablished partnership relations between the forestry subsector and wood processing industry subsector

- forest sector is not viewed as a unique sector with own unique chain of values

- In government institutions:
  - forestry is usually present in the Ministry of agriculture
  - wood industry, pulp and paper production are present in the Ministry of economy
What are the challenges?

5. How to change the existing situation in which the region is a significant supplier of the global market with wood raw material and semi-finished products?

- 13.1 million m$^3$ of industrial roundwood was produced in the region in 2015, out of which 2.96 million m$^3$ were exported in the form of logs and 8.5 million m$^3$ of roundwood equivalent were exported as semi-finished products (mostly sawn timber, plywood).

- Only 1.55 million m$^3$ or 12.3% of the total production was used for producing the products with high added value.

- Increase of the finalization level of wood raw material is very important for generating of new jobs.
What are the challenges?

6. Small scale economy and how to answer to the increase of global competition?

- more than 90% of the companies dealing with the production of sawn timber in Serbia process less than 5,000 m³ of logs annually

- companies in the region are most often the suppliers of big distribution chains in Europe in terms of adding up to their product range

- 328 micro and small companies in wood industry went bankrupt in Serbia in the period 2010-2015, which is about 14% of the total number of companies registered in this subsector. More than 1,000 workers lost the jobs with the closing up of these companies.
What are the challenges?

7. Improvement of work conditions?

- Since small companies are dominant in the segment of wood logging and wood processing in the wood industry, they do not have the necessary financial capacities for improving the work conditions.

- Hard physical jobs in forestry subsector and work without basic protective equipment in most wood processing companies are the reality which represents a big challenge in terms of finding the way and funds for changing such a situation.
What are the challenges?

**Gender aspects**

- Forest sector on the Balkans is the sector in which traditionally men are more employed.

- In the period before transition (base year 1990):
  - 83,140 thousand women were employed in the forest sector on the Balkans, or 26.7% of the total number of employees;

- Period after the transition (2014) is characterized by the fact that the share of women in the total number of employees in the forest sector remained almost unchanged on the level of the region, amounting to 26.4%.
Conclusions and recommendations for the policy makers

**In the sphere of policy:**

1. Harmonize sectorial policies with the EU and UNECE policies in the countries in which it has not been done yet with special highlight on the adoption of action plans and programs for certain subsectors.

2. Adopt as soon as possible all required strategic documents with new concepts of sector organization.

3. Provide favourable loan terms and support to the sector in the process of technological modernization with the objective to increase the productivity of work and improve the work conditions.

4. Improve the situation in the segment of gender equality, especially in the subsector of forestry, by increasing the employment of women.
Conclusions and recommendations for the policy makers

In the sphere of promoting the significance of the sector for wider community:

1. Intensify the promotion of the concept “green jobs in green economy” in order to improve relatively unfavourable social image of the sector and attract as many young persons of good quality as possible in the sphere of education and employment in the forest sector for the purpose of reducing the “brain drain” from the region;

2. Intensify educational campaigns about the significance of forest sector for wider community and environment;

3. Popularization of afforestation activities through the involvement of pupils, students, non-governmental organizations and other interested parties.
Thank you!

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