

Training in Roundwood Grading



Training attendees in Bosanska Krupa

FMU "Unsko-Sanske Šume", supported by USAID Cluster Competitiveness Activity (CCA), organized training in forest timber products grading and application of valid standards. The Raw Material Supply WG of the USC WP&F Regional Cluster initiated this first ever training of this kind in B&H. The aim of this training was to harmonize grading criteria, which were often the cause of misunderstandings and latent disputes between experts of FMU and wood processors. The training consisted of theoretical and practical parts, aimed at refreshing and improving the knowledge about grading of forest timber products in practice.

The practical part of the presentation was held at 'Šumarska Radiona' landing in Bosanska Krupa. Appropriately graded beech, oak, maple and ash sawlogs as well as coniferous logs of different quality and purpose, coniferous mine props, coniferous pulpwood, beech fuel wood at tree length and cleft short beech and oak logs were all presented. Participants performed grading on the spot using a common method, applying existing standards. Analysis was then performed of the degree of grading harmonization. Training attendees were members of the cluster working group, FMU employees, and representatives of wood processors.

Based on the existing standards, a grading

guide was developed by Mr. Dževad Jakupović and distributed to all participants. The Lecturer at the round table was Mr. Jusuf Mušić, Graduate Forestry Engineer, assistant at the Forestry Faculty in Sarajevo. Several active participants contributed with their constructive discussions, practical experiences, and concrete suggestions to successfulness of this training.

Proper grading of forest timber products by applying standards contributes to better implementation of production plans in wood processing companies and proper cost management.

One of the main objectives of this training was accomplished, namely, closer cooperation between forestry managers and wood processors, and their agreeing on common application of the existing standards as an introduction to European standards application. All participants concluded that such training represents a significant contribution to improving grading practice in compliance with the existing standards.

The acquired experiences will, with ongoing improvements, serve as a model for training in roundwood grading for other members of the B&H Wood Processing and Forestry Cluster. There are already several other cantonal FMUs which have expressed interest in having such a training organized in their regions.

Wood Processing Sector Export Results

The Bosnia and Herzegovina wood processing industry has recorded highly positive trends over the last three years, especially in the area of exports. According to government statistics, B&H wood processing industry exports for 2006 amounted KM 662 million, 24% more than in 2005. The share in exports of value added products, i.e. furniture, was 31%, almost one-third greater than in the previous year.

While exports of simple lumber are still relatively high (40% of total exports), this share is steadily decreasing, and present a positive trend.

The major export markets for B&H wood products

are Germany, Belgium, Croatia, France, Slovenia, Italy, Slovakia, Serbia and Montenegro.

Exports were three times higher than imports of wood products in 2006. The wood industry and forestry is one of the rare B&H industry branches which achieve a surplus of exports over imports.

Especially given the strongly increasing exports of furniture and value added products, the share of sawn timber exports is still too high. Initiatives for discouraging export of logs and sawn timber are being launched through the network of trade chambers.



Exporting articles of B&H furniture producers

LIST

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Presenting a Successful Company: Nord Ent, Tešanj

'Nord Ent, Ltd. is a producer of solid hardwood furniture. It was established six years ago, continuing a 40-year wood processing tradition of family Čostović' – said Fadil Čostović, the company's Technical Director. Four years ago, in cooperation with a Dutch partner, and supported by the Dutch Government, the company initiated production in a new, modern-equipped facility whose size is approximately 1,500 m². It has its own capacities for drying which use wood residues and sawdust from the production facility as energy.

At present, NordEnt employs 66 workers, production is organized in two shifts and 70% of capacity is devoted to the Dutch partner. Growing orders from other EU customers cannot be fully met, and for this reason, according to Mr. Čostović, the company needs to expand its production capacities. The company plans to build another 3,000 m² factory for production and storage areas.

Continuous training of workers and production investments have supported constantly improving business results. In the period 2003-2006, total sales increased by 400%, including strong increases in regional exports to the Croatian, Slovenian and Montenegrin markets.

Nord Ent's references show six years of success in a very demanding European market. The interior design of the following well-known facilities is their work: "Ter-mag Hotel", Jahorina; "Via del Corso", Sarajevo; "Vatra" café and pastry, Sarajevo; "Marco Polo Hotel", Gradac (Croatia); "Steakhouse MU", Zagreb, "Franz Ferdinand" restaurant, Steyer (Austria), "CARINE" Shopping Center, Podgorica (Montenegro) and others.

Final preparations for introducing quality management system according to ISO 9001:2000 standards are in process.

Nord Ent sees its future in young people and pays special attention to its cooperation with the Tešanj Vocational School (Srednjoškolski Centar), the Department of Industrial Design at the Academy of Arts in Sarajevo, and Sarajevo Mechanical Faculty.



Regional Inter-cluster Cooperation

From the beginning of its activities, the WP&F Cluster has been promoting inter-cluster cooperation especially with WP&F clusters from Southeast Europe and other countries of Central Europe. Austria is a country which long ago recognized the clustering benefits. Based on its experience, B&H cluster development, especially in the wood processing and forestry sector can be improved.

A B&H WP&F Cluster delegation, in cooperation with REZ Agency, visited Holzcluster Steiermark (Styria) in Graz in February. The situation in the wood processing industry in Styria was presented and special stress was placed on organizational structure, network and projects of the Austrian wood cluster. The Austrian hosts were presented results of the B&H Wood Processing and Forestry Cluster operations and further development plans.

It should be emphasized that the Styria wood cluster organization involves membership, membership fees and participation of members in project costs. Experiences gained will contribute to improvement of organization and development of the B&H Cluster. It was agreed to continue the initiated cooperation by holding regular meetings and exchanging experiences.

We also organized a visit to the Lesarski Grozd cluster in Pivka, on which occasion our hosts from Slovenia and representatives of the B&H Cluster informed each other on their activities. Cooperation was agreed for an EU-funded joint regional project, "SEE. ERA Net", to connect wood industry-related research organizations in the West Balkans region, for which the application has already been developed and submitted for approval.



Austrian and B&H participants at the meeting in Graz

Establishing Working Groups for Forestry and Roundwood Supply in Central B&H

The regional WP&F Cluster of CBH launched an initiative for establishing a new Forestry and Roundwood Supply WG, analogous to the Raw Material Supply WG of the Regional WP&F Cluster of Una-Sana Canton. This WG has been very active and established a new system of raw material distribution which is already generating good results, which was discussed on the previous edition of LIST.

Based on these experiences and within this WG, the WP&F Cluster of CBH will offer and further elaborate the system of raw material distribution for wood processors in this region, as well as new projects which are currently in planning.

With the aim of providing adequate support to the activities of this working group, cluster management and REZ Agency visited Mrs. M. Džonlagić, Minister of Agriculture, Forestry and Water Management of Zenica-Doboj Canton and her associates in mid-April, and presented the respective programs. A similar meeting is being organized in Middle Bosnia Canton.

Modern Approach to Wood Processing Technology

In cooperation with REZ Agency, CCA organized a seminar on April 18, 2007 in Vitez. The lecturers were the eminent experts Thomas Stautmeister, Klaus Rehm, and Kurt Wuethrich of Bern University of Applied Science, Architecture, Wood and Civil Engineering; and Nedim Kolašinac from Lignopro d.o.o. of Sarajevo. Topics of this seminar included timber and timber products markets in EU and Switzerland, gathering market information, machinery selection and purchasing, equipment for test laboratories, and latest developments in wood processing technology. Seminar attendees had the opportunity to see presentation of a new product only two weeks after it was launched in the European market – Dendrolight – a solid wood board, for whose manufacturing companies of Weing Gruppe provide the entire technology. LIGNA 2007 trade fair being held in Hanover in May will be visited by representatives of the B&H WP&F Cluster. Information about the fair itself and organization of the visit was provided to the participants.

All participants evaluated the contents of this seminar as very useful and presentations as informative and of high-quality.

All presentations from this seminar can be found at our web site

www.usaidcca.ba.

International Workshop on Wood Resources Mobilization

At the beginning of this year, organized by UNECE/FAO, a workshop was held in Geneva on the topic of wood resources mobilization, for energy purposes especially.

There were over 100 participants, representatives of government institutions, EU institutions, international organizations, forest owners, wood processing industry, environmental non-governmental organizations, and research and scientific institutions from numerous countries.

The aim of the workshop was advancing strategies for wood resources mobilization, bearing in mind the growing demand for timber as well as limited renewable resources.

Representatives of the BiH WP&F Cluster took an active part in the group's work. Our delegation consisted of representatives of USAID and the CCA project, of the ministries of agriculture, forestry and water management of two cantons in B&H Federation, and from the Republic of Srpska.

The conference WG "East Europe, Balkans, Russia and Central Asia" discussed the issue of wood resources mobilization from the perspective of economies in transition. Recommendations were agreed regarding the issues of reliability and methodology of forest inventory; strengthening forestry related legislation; industry development; the increased need for an environmental approach to forest issues; the role of NGOs; and restitution, privatization, and denationalization.

Conclusions and recommendations of all working groups were summarized and in a form of common recommendations they will be submitted to the next Ministerial Conference on the Protection of Forests in Europe, which will be held in November 2007.

Wood resources mobilization is an issue of controversy, and very much present in European discussions about forestry. This issue will gain in significance in future, and sooner or latter will also affect Bosnia and Herzegovina. The present lack of a harmonized, long-term approach in forestry sector development has so far prevented this issue from being properly recognized in B&H. Entity ministries, public forest enterprises, and the wood processing industry should focus on mobilization of wood resources in a more efficient and effective manner.



Necessity for mobilisation of wood resources in B&H

Visit to the International Furniture and Interior Design Fair in Cologne

On the initiative of Marketing WG of Central B&H Region, B&H WP&F Cluster members visited the International Furniture and Interior Design Fair held in January this year in Cologne. This is one of the most prominent European trade fairs of its kind. 1,301 exhibitors from 56 countries exhibited their products in the 293,000 m² of fair space this year.

Through its Krivaja Holc subsidiary, Krivaja presented itself as an exhibitor from B&H. The cluster delegation consisted of representatives of Krivaja, Šipad Komerc, Jadrina, Nord Ent, Maoles, Dallas, the B&H Federation Chamber of Commerce, and USAID CCA. This was a unique opportunity for delegation members to familiarize themselves with new trends in the furniture industry and in designing exhibiting areas at trade fairs, to refresh their cooperation with existing partners, and to make contacts with new potential buyers from Europe.

The major trends were multi-functionality and flexibility of furniture, clear and pure colors, wood in combination with metal, increased popularity of solid wood furniture, and the emphasized role of veneer and oil, as well as wax, colors and varnish in the finishing. Blue color in all its shades is a preference this season, as well as flowers and stripes and black and white combinations. Special stress was placed on design which is modern and simple and based on new technologies.

The acquired knowledge should result in design innovations and new products of B&H furniture producers.

Calendar of Activities

April 2007 - Training: Raw Material Use

May 2007 - LIGNA Fair, Hanover

May 2007 - Trilateral B2B, Pula (Regional cooperation Una-Sana Canton, Istra and Veneto)

May 2007 - Meeting and establishment of Forestry Working Group of CB&H RC

June 2007 - Raw Material Supply Working Group meeting of Una-Sana Canton RC

Joint Exhibiting at GAST 07 Fair in Split

The GAST trade fair, which has been held in Split for some ten years now, is increasingly becoming a traditional place of exhibiting for B&H furniture producers with special emphasis on furniture for the hotel and catering industry. In March this year there were almost 1,000 exhibitors from 11 countries among which the following B&H WP&F Cluster members: Sabix Group, Arting Gradnja, Jadrina, Konjuh, Pamukčić Brka carpenter, Divan, Dallas, Stolarija Prom, Jafa-Jasse 4, Duka Bosna, Hidrotehnika, Winer and Ahi-Trade. They showed their furniture for hotels and apartments, catering tables and chairs and construction joinery in a shared space for B&H at the show. The exhibition was organized by Tuzla Canton CoC and supported by USAID CCA.

The aim of this joint exhibition was to present B&H wood processors on the Croatian market as a group, to attract attention to B&H, and to make contacts with new potential buyers and agents, seeking to sign contracts for furnishing before the upcoming tourism season, and a good opportunity for the exchange of experiences and information about the market and production. The President of Republic of Croatia, Stjepan Mesić, visited the BiH booth.



Representatives of B&H Wood Processing and Forestry Cluster with Mr. Stjepan Mesić at joint B&H booth

Meetings of Working Groups for Marketing and Raw Material Supply of Una-Sana Canton RC

The Working Group for Marketing held its regular meeting in the second half of March. The central topic of this meeting was marketing training segment titled "How to Invest in Buyers". This training was organized in cooperation with Sarajevo Graduate School of Business. Training participants were provided with printed materials which will serve as a textbook and a reminder to cluster members in relation to improvements in sales techniques aimed at increasing competitiveness and sales on local and foreign markets and planning of sales of their own products. Besides analysis of the achieved work results, the plan of visits to and exhibiting at trade fairs until the end of 2007 was harmonized, as well as activities of networking with other clusters. Results of agents' network development and the overview of QMS Fund implementation were presented. It was concluded that there are still some resources available in the Fund and that it is necessary to additionally stimulate cluster members which have not yet initiated preparations for quality management system certification to do so. The Working Group for Raw Material Supply held several meetings. It had intensively monitored the implementation of Roundwood Distribution Rulebook, and took an active role in preparations for training in roundwood grading.

AVENIA Mini Cluster Established

The companies Avenia d.o.o. (Sarajevo), PGS (Bugojno), Drvosan d.o.o. (Donji Vakuf), AMEX s.z.r. (Doboj-Jug), Fagus s.z.r. (Goražde), Goring d.o.o., (Goražde), and Mark d.o.o. (Žepče), signed an agreement on cooperation and establishing the "Avenia" mini-cluster of furniture producers. The aim of creating mini-cluster is cooperation and joint business support to these SME. Common objectives are production of furniture and wood accessories, interior design, market research, promotion, introduction of quality management systems, and export activities. The special aim of the mini-cluster is to, with joint effort, develop new products according to market demands, and increase sales on local and foreign markets. For this purpose, Avenia has already made contacts with potential buyers from Italy, Switzerland, Austria and Holland. Avenia members have started with their promotional activities, and presented themselves at Interio '07 furniture fair in Sarajevo. This first joint exhibiting for the Avenia mini-cluster resulted in one of their members, Goring of Goražde, receiving the fair's "Golden Chair" award for its sitting set "Vatan". The joint exhibitors also have agreed to open of a showcase retail outlet selling primarily products of the mini-cluster members. Opening of this facility is expected in near future. *The USAID CCA Project, which supported establishment and exhibiting of the mini-cluster at the fair, congratulates to "Avenia" and wish it good business!*



Awarded sitting set "Vatan" at Interio '07 fair

Forestry Reform in RS

The first phase of forestry reform in Republic of Srpska is coming to completion. The essence of the reform, which was passed into law in August 2006, is to improve forestry governance by separating the jurisdictions and obligations of government as owner of the forest from its jurisdictions and obligations as manager of the forest. The final draft of the "Agreement on Exercising the Right to Manage Forests and Forest Lands" is completed, whose signers will be the RS Ministry of Agriculture, Forestry and Water Management, acting as owner of the forest, and the public enterprise Šume Republike Srpske, governed by the RS Ministry of Economy, acting as the manager of the forest.

Smrča Company Received ISO 9001:2000 Certificate

Zahid Mujić, founder and owner of Smrča d.o.o., a wood processing and timber sales company from Bosanska Krupa, and Emir Mujić, the company's Director, were presented with the certificate which confirms the application of quality management system in wood processing and wood components and furniture manufacturing according to the international ISO 9001:2000 standard. This certification was executed by Cro Cert Center from Zagreb as a member of IQNet network, together with CSP Certification. Smrča is a member of the Una-Sana Canton WP&F cluster. Participating in financing this certification, apart from the company, was also Wood Processors Certification Support Fond from Una-Sana Canton whose founders are USAID Cluster Competitiveness Activity (CCA), Bihać municipality, and Una-Sana Canton Chamber of Commerce. This is a good example which other wood processors in this canton can follow. *Congratulations!*

Meetings of Working Groups for Marketing and Education of C B&H RC

At its regular meeting held at the beginning of February, the Working Group for Marketing of the CB&H regional cluster paid special attention to the results of agents' network development project and plans for its further activities. Also presented was the overview of exhibiting at and visits to the trade fairs in Zagreb, Moscow, Belgrade and Cologne, and preparations for the Split and Sarajevo fairs. Establishment of an Excellence Center workshop in Zenica was announced. The Working Group for Education held its regular meeting at the end of February. Results of the successfully completed project of additional training and prequalification of workers from eight wood processors in Tešanj region were presented at the meeting, and there was a proposal for continuation of this project. This project was implemented by Tešanj Secondary School. Curriculums intended for education of wood processing engineers of relevant mechanical faculties in Sarajevo and Zenica were also presented to the participants at this meeting.

USAID Cluster Competitiveness Activity

"LIST" is the Newsletter of the B&H Wood Processing and Forestry Cluster. Its production is supported by USAID Cluster Competitiveness Activity (CCA).

CCA is a four-year program to support economic growth in B&H in the two strategic sectors: wood processing & forestry, and tourism. CCA functions as the cluster's secretariat and provides support to and co-finances joint activities that improve competitiveness of cluster members both in local and export markets. This is a quarterly newsletter produced by an Editorial Board which consists of five members from the two regional B&H clusters. Operational tasks on publishing this newsletter are carried out by the Wood Processing and Forestry Team of CCA. Contributions to "LIST" to be sent to: Hamdije Kreševljakovića 19/V, Sarajevo, fax: +387 (0)33 202 972 or Kralja Petra I Karađorđevića 109, Banja Luka, fax +387 (0)51 218 390. Contact telephone in Sarajevo: +387 (0)33 205 590 or Banja Luka: + 387 (0)51 218 814.

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