

## THE WOOD MARKET OF SERBIA IN THE FIRST HALF OF 2003

The total production of wood in Serbia, in the first seven months of 2003, has declined by 7.8%, comparing with the same period last year, reaching the level of 820 thousand m<sup>3</sup>. The greatest decline of production has been achieved in the veneer hardwood logs production (for about 4 times), while the decline of sawn wood logs production was 4.6%. The production of sawn softwood logs remained approximately on the same level as in the same period last year and was about 55 thousand m<sup>3</sup>. The high decline of veneer hardwood logs production is the result of reduced demand, for the hard financial situation and still unfinished ownership transformation of production plants that the capacities for their production are part of. Only one production plant has been working in the first half of 2003, and only the plywood has been produced. Unlike the industrial wood, the production of firewood has increased by 1.3%, reaching the level of 550 thousand m<sup>3</sup>. Since the winter is approaching, the expectations are that the production of firewood will increase during the following months for the increase of demand. The prices of firewood in the state sector are 23 €/m (FCO truck road). Compared to the January 2003, the prices of firewood in July, in the state sector, are by 8% lower.

The auctions that have started in 2001, continued during 2003, and are developing with a lot of problems, that resulted with a small number of participants. Also during the first half of 2003, the selling system by the price list remained the dominant selling system. However, the pressures of wood industry companies for the selling system by the contract are even greater. The even greater number of foreign companies that are buying the sawmills in Serbia contributes this, since their condition is to have guaranteed contracts for raw material supply. The structural changes, that have been started in State owned companies, that are managing the best forests, still did not give the expected effects in the meaning of wood production efficiency, so in many lumber estates the harvesting and extraction is done by private companies.

The offer decline of sawn wood logs was not only influenced by the reduced production but also by their export. In the first six months of 2003, the log export was 23 thousand m<sup>3</sup>.