

# CITY OF SOMBOR

WOOD & FURNITURE IN THE "CITY OF GREEN"

Beograd, 05.03.2010.

Presented by Ernest Veselovski

Office for local economic development

*Слободан и краљевски град Сомбор 1749.*

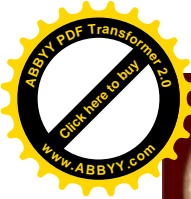
OPTIMISM + REALITY = SOMBOR, CITY OF POSSIBILITIES



# KEY FACTS

- Sombor – the “greenest” city in Europe
- Country: Republic of Serbia
- District: West Bačka
- Settlements: 16
- Area: 1178 km<sup>2</sup>
- Population: cca 100000
- Time zone: CET (GMT + 1)
- FDI: needed

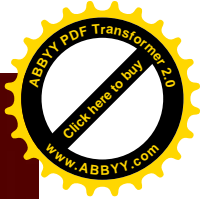
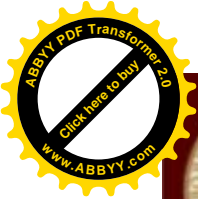




# LOCATION AND TRANSPORT POTENTIAL

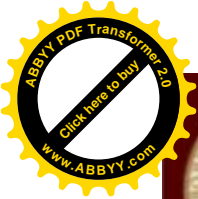


- Serbia is the link between Southeastern, Central and Western Europe
- two important European corridors pass through the country:
  - Corridor X leading from Austria passing through Serbia, branching off to Greece and Bulgaria
  - Corridor VII the river Danube (580km through Serbia) is natural connection between Middle East, central Europe and Western Europe
- The Tisa River
- domestic channel Danube–Tisa–Danube
- The Sava River

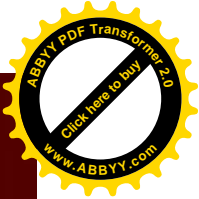


# MAP

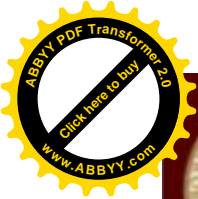




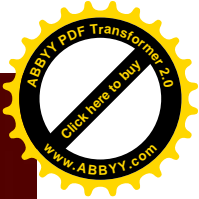
# WOOD & FURNITURE INDUSTRY



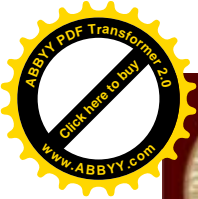
- maintained a constant positive foreign trade balance since the World War II
- has a relatively high share in GDP (1.24%)
- production of furniture increased by 10.1% in 2008.
- growth of wooden products export in 2008. by 8.9%
- only about 2% of all companies have foreign capital
- there are 2,365 companies engaged in wood processing
- 402 companies are in furniture business (96% are privately owned)



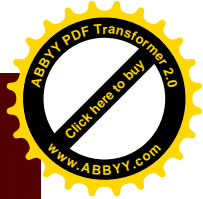
# INDUSTRY IN SOMBOR



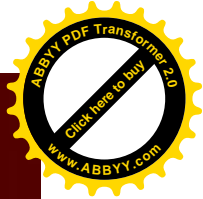
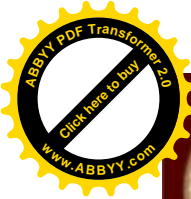
- Total income: 500 milion
- Total expence: 495 milion
- Profit: 16 milion
- Labor: 390 workers



# FOREST OWNERSHIP AND MANAGEMENT



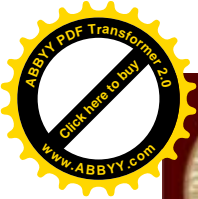
- Forests in Serbia are both state and privately owned
- Over 47% are owned by state
- 7.5% which are in Vojvodina are managed by Public enterprise “Vojvodinašume”
- All activities conducted in privately owned forests in Vojvodina are done under the supervision of Vojvodinašume.
- Vojvodinašume has forest holding in Sombor



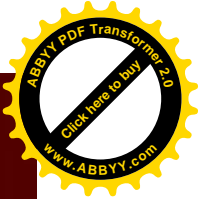
# WOODEN RESOURCES IN SOMBOR

	Volume	Growth	Annual Allowable Cut
<b>Timber (m3):</b>	2,734,245	104,689 104,689	111,359
Populus euramericana:	889,163	48,994	58,540
Willow:	43,505	1,049	2,405
Other soft broadleaved trees	204,270	9,944	7,992
Penduculate oak:	322,146	11,571	12,302
Narrow-leaved ash:	19,195	352	214
Acacia	119,288	3,739	3,895
Turkey oak	72,200	2,633	2,414
Hornbeam	28,254	642	1,627
White ash	117,403	4,781	5,891
Black walnut:	258,848	5,508	5,126
Field elm:	80	5	0
Other hard broadleaved trees:	519,126	9,787	6,070
Other coniferous trees:	140,767	5,684	4,883

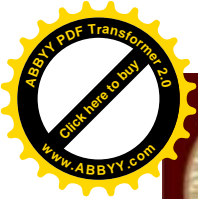




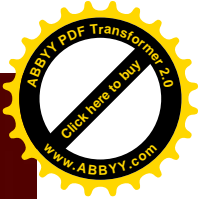
# FURNITURE



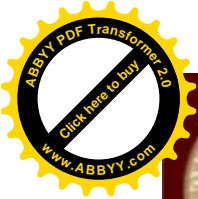
- All categories of furniture and furnishings are produced in Serbia
- Furniture is generally produced from particle boards
- Only 30% of all furniture is produced from solid wood
- domestic companies produce high quality furniture which successfully rivals the imports



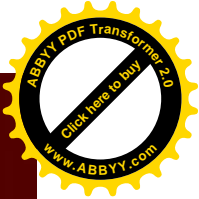
# SUCCESS STORY - ALEKSANDRO



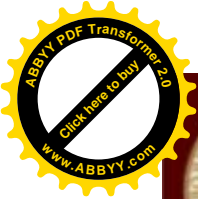
- Company was found in 1990
- It has developed network of eleven stores across the country
- it begun with production of TA furniture in 2003
- Location of factory is in Industrial zone Sombor (5ha of land and 5000m<sup>2</sup> production building)
- it employs 200 people
- Aims on south-eastern Europe market
- adopted German technology
- Joint – venture with Lesnina from Slovenia
- Products: bedrooms, children's rooms, wardrobes, piece furniture, sistem furniture, entertainment centres



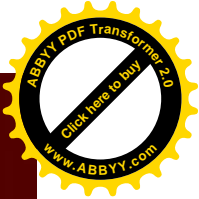
# SUPPORT FROM THE CITY GOVERNMENT



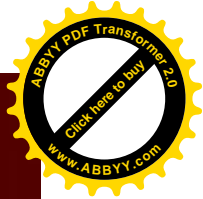
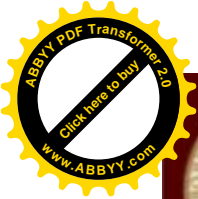
- City provided 5ha in the industrial zone for the investor
- City built all the neccessary infrastructure
- City helped in finding labour
- City was involved in gaining all the incentives from the state
- All the paperwork were done with the city departments



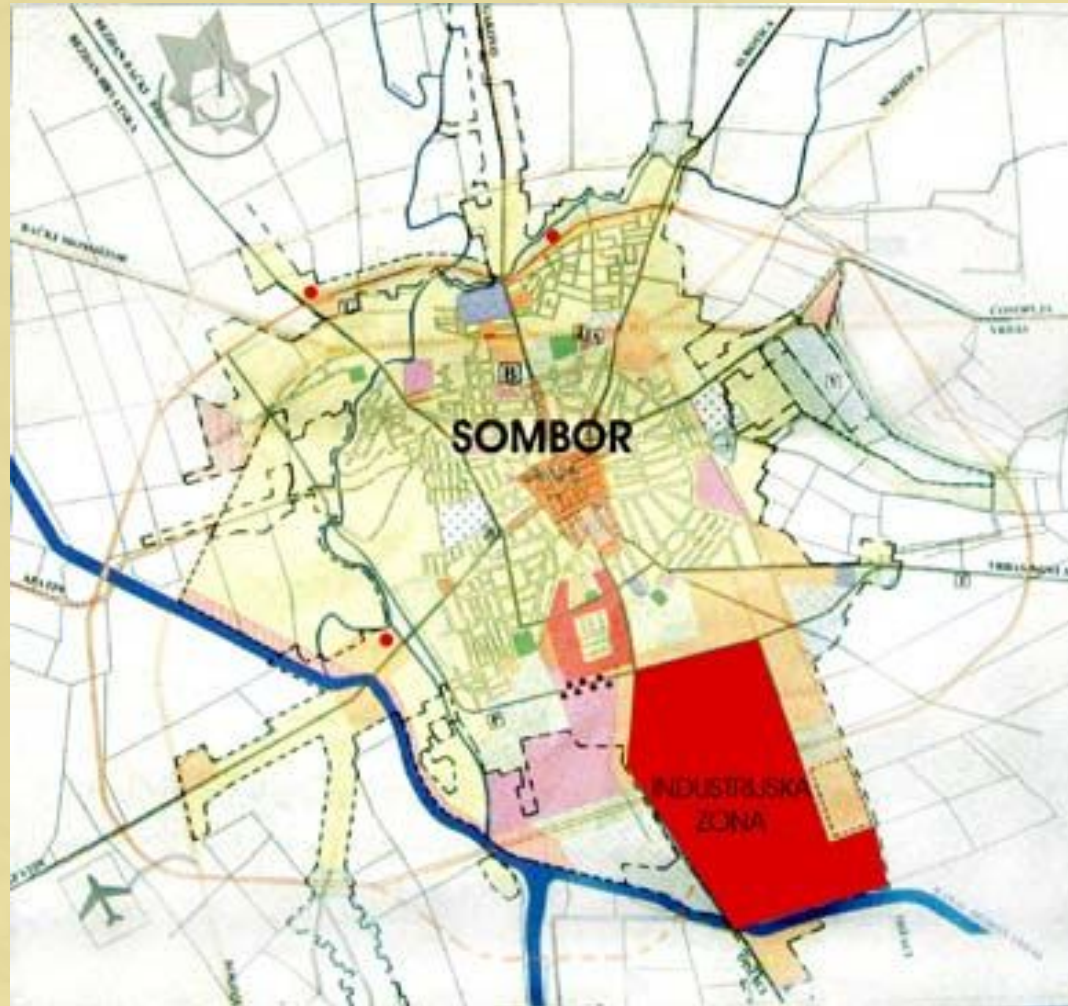
# INDUSTRIAL ZONE - SOMBOR

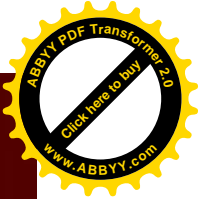
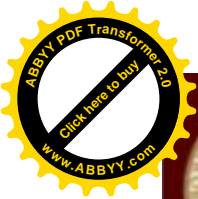


- Area: 500ha
- Infrastructure: fully equipped (roads, railways, water channels, electricity, etc.)
- 25km away from Hungarian and Croatian border
- 180km to the nearest airport
- 20km to the nearest port on Danube
- 55km from Corridor X



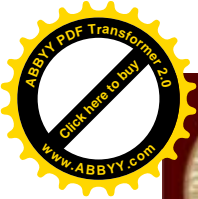
# POSITION OF THE INDUSTRIAL ZONE



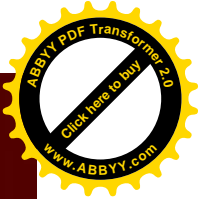


# MAIN REASONS FOR INVESTING

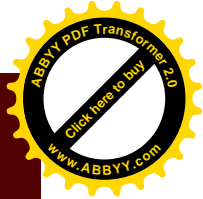
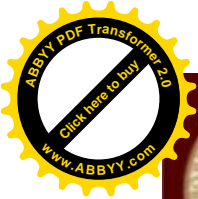
- **Trade agreements:**
  - free trade agreement with the Russian Federation
  - Autonomous Trade Measures (ATM) by the EU (no import duties in EU)
  - Most Favorable Nation (MFN) with the USA
- **Human resources:**
  - unique combination of high quality and low costs
  - highly qualified staff, well educated
- **Geographic location:**
  - a shipment from Serbia can reach even remotest parts of Europe in less than 72 hours
- **Investment Incentives**



# INVESTMENT INCENTIVES AND OTHER BENEFITITIES



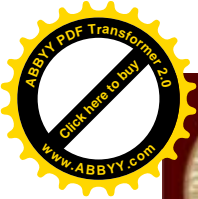
- One of Europe's lowest corporate profit tax rates set at 10%
- Value Added Tax of 18%
- Tax credits for investing in fixed assets of up to 80% of the invested amount
- Salary tax and social insurance charges exemptions for employees under 30 and above 45 years of age
- A 10-year corporate profit tax holiday for investments of over €7 million
- between
- €2,000 and €10,000 for each new job created



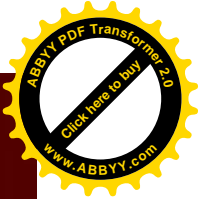
# SUMMARY

- You wish to invest in wood and furniture industry in Sombor because:
  - We have all the natural resources that are needed
  - We have remarkable geographic location
  - We have good, educated, skilled workers
  - We hold market position based on quality
  - We have many incentives for investors and a great city government to forefill your every demand





# CONTACT



## CITY OF SOMBOR

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