CITY OF SOMBOR
WOOD & FURNITURE IN THE “CITY OF GREEN”

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Presented by Ernest Veselovski
Office for local economic development

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 km²
• Population: cca 100000
• Time zone: CET (GMT + 1)
• FDI: needed
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
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

<table>
<thead>
<tr>
<th></th>
<th>Volume</th>
<th>Growth</th>
<th>Annual Allowable Cut</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Timber (m3):</strong></td>
<td>2,734,245</td>
<td>104,689</td>
<td>111,359</td>
</tr>
<tr>
<td>Populus euramericana</td>
<td>889,163</td>
<td>48,994</td>
<td>58,540</td>
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<tr>
<td>Willow:</td>
<td>43,505</td>
<td>1,049</td>
<td>2,405</td>
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<tr>
<td>Other soft broadleaved trees</td>
<td>204,270</td>
<td>9,944</td>
<td>7,992</td>
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<tr>
<td>Pendulate oak:</td>
<td>322,146</td>
<td>11,571</td>
<td>12,302</td>
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<tr>
<td>Narrow-leaved ash:</td>
<td>19,195</td>
<td>352</td>
<td>214</td>
</tr>
<tr>
<td>Acacia</td>
<td>119,288</td>
<td>3,739</td>
<td>3,895</td>
</tr>
<tr>
<td>Turkey oak</td>
<td>72,200</td>
<td>2,633</td>
<td>2,414</td>
</tr>
<tr>
<td>Hornbeam</td>
<td>28,254</td>
<td>642</td>
<td>1,627</td>
</tr>
<tr>
<td>White ash</td>
<td>117,403</td>
<td>4,781</td>
<td>5,891</td>
</tr>
<tr>
<td>Black walnut:</td>
<td>258,848</td>
<td>5,508</td>
<td>5,126</td>
</tr>
<tr>
<td>Field elm:</td>
<td>80</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Other hard broadleaved trees:</td>
<td>519,126</td>
<td>9,787</td>
<td>6,070</td>
</tr>
<tr>
<td>Other coniferous trees:</td>
<td>140,767</td>
<td>5,684</td>
<td>4,883</td>
</tr>
</tbody>
</table>
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 5000m² 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 necessary 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 Coridor 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 BENEFITS

- 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

OFFICE FOR LOCAL ECONOMIC DEVELOPMENT

Phone: +381 (0)25 468 160
E-mail: klersombor@gmail.com

Mihael Plac: +381 (0)63 722 87 29
Ernest Veselovski: +381 (0)69 44 00 567