

Voluntary Report – Voluntary - Public Distribution

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Report Name: Wood Products Report

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Report Highlights:

Bosnia and Herzegovina's (BiH) wood industry has historically been one of the strongest sectors of its economy. It includes forestry, primary wood processing, and value-added production such as furniture, joinery, and cabinetry. Wood exports grew over the last ten years, reaching \$760 million in 2020 and keeping a substantially positive overall trade balance. The United States is not currently among significant wood suppliers to BiH. Still, the demand for U.S. hardwood, especially walnut, is expected to grow with rising production and export of quality furniture.

Summary

Nearly half of BiH's territory of 5.12 million hectares is covered with forest, which makes it one of the most forested countries in Europe. This is mostly high forest and is widely diverse, with beech, oak, spruce, and fir as dominant species. Annual timber production is around four million cubic meters, with softwood and hardwood equally represented. The forestry sector's major challenges are illegal logging, significant land mine areas, and the increasing frequency of wildfires.

BiH's wood processing industry is traditionally export-oriented and has kept a substantial positive trade balance for over ten years. The wood industry contributes 56 percent to the country's gross domestic production (GDP) and employs around 130,000 workers, directly and indirectly. The value of processed wood products in 2019 totaled \$1,063.1 million, and furniture accounted for close to 40 percent.

At the beginning of the COVID-19 pandemic, the wood industry experienced a downturn, but wood exports eventually fell by only 1 percent compared to the previous year and totaled \$760 million, the main export markets being Germany, Serbia, Croatia, and Austria. The 2020 BiH wood imports fell by 12.4 percent compared to the year before and totaled \$223.5 million, the major import partners being Serbia, Croatia, Poland, Turkey, and Romania.

BiH imports from the United States (mostly sawn wood and veneers) fell by 24 percent in 2020 and totaled around \$300,000. Exports to the United States fell by 29 percent and totaled \$2 million (mainly furniture, construction carpentry, sawn wood, and wooden tableware/kitchenware).

Wood processing is one of the most robust industries with an average 7 percent growth over the last ten years, especially in furniture production. U.S. hardwood is used in the production of premium furniture for export, and it is expected that the demand for it will continue to grow.

Forest sector and timber production

Timber is one of BiH's most critical natural resources. Forest covers approximately 2.2 million hectares, or 43 percent of the country's total territory of 5.12 million hectares. BiH forests are widely diverse and accommodate over a hundred types of trees. The main species are beech, oak, fir, spruce, white and black pine, maple, elm, ash, and fruit trees (cherry, apple, and pear). While 55 percent of the forest is naturally grown, the other 45 percent is planted. There are 12 rainforest-type forests, among which the largest and most diverse is Perucica in the Sutjeska National Park.

Around 80 percent of all forests are public, and 20 percent are privately owned. In 2019, 1.79 million hectares were [Forest Stewardship Council \(FSC\)](#) certified, close to 80 percent of the forest. The standing volume of timber is estimated at over 300 million m³, with an annual growth of around 10 million m³. The annual production of timber is about four million cubic meters, with coniferous and deciduous species almost equally harvested.

Table 1: BiH timber production in cubic meters (m³), 2017–2019

Type of wood	2017	2018	2019
Coniferous	1,874,132	2,084,647	1,900,300
Broad leaf	2,093,473	2,001,287	2,038,675
Total	3,967,605	4,085,934	3,938,975

Source: BiH Agency for Statistics.

In 2019, logs accounted for 50 percent and fuelwood for 33 percent of the total production.

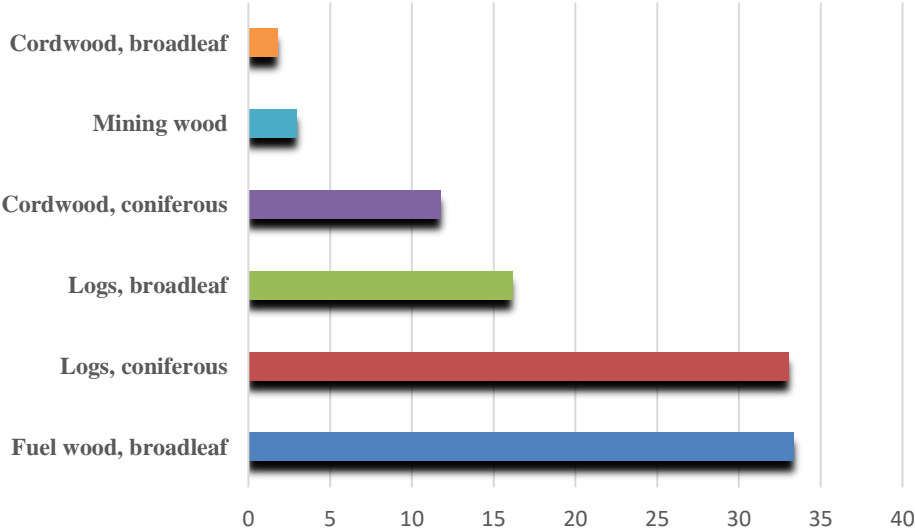


Figure 1: Production of primary wood products in 2019 by percentage; mining wood is used for construction and maintenance of mining pits and roof constructions; cordwood includes wood used to produce chemical and mechanical pulp, wooden wool, tannin, etc. Source: BiH Agency for Statistics.

An estimated total value of primary wood product sales in 2019 was \$214.8 million (KM 356.1 million). The main product categories were logs, valued at \$126.3 million or KM 247.2 million (67.7 percent), and fuelwood valued at \$45.0 million or KM 76.6 million (21.0 percent).

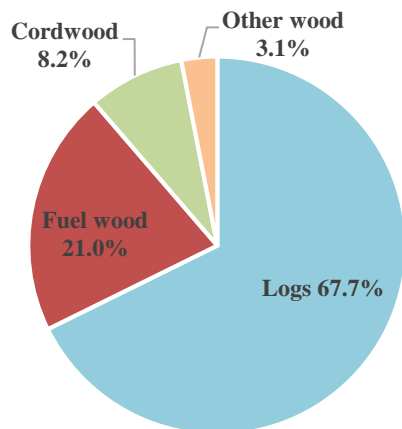


Figure 2: Sale of primary wood products in 2019. Source: BiH Agency for Statistics.

It is estimated that 30,000 people are employed by the primary industries in the sector, while 100,000 more people are directly and indirectly engaged in secondary processing. Other forest products such as medicinal and aromatic plants (MAPs) and non-timber forest products (NTFPs) are also significant contributors to both the formal and informal sectors of BiH's economy. Rural livelihoods depend on these products, as well as the collection and sale of fuelwood. Collection and processing of NTFPs and MAPs employ an additional 5,000 people.

BiH Ministry of Foreign Trade and Economic Relations handles foreign trade and international treaties in forestry. However, forest management responsibilities lie with the Federation of BiH and the Republika Srpska (FBiH and RS), and the Brcko District¹. The Ministries of Agriculture, Water Management, and Forestry handle the development and implementation of forestry policy and regulations. While the FBiH is responsible for economic and land use policies, it is further divided into ten cantons that share authority over environmental policy and the use of natural resources. The wood processing industry (primary wood processing, pulp, and paper production) in both institutions is responsible to the Ministries of Industry, Energy, and Mining.

The Forest Inspection Services monitor harvesting companies and products removed from the forest. Ministries of Education in the two areas oversee forest education and research.

University-level education in forestry, forest management, and wood processing is available in two universities in Sarajevo and Banja Luka.

¹BiH consists of two organizations: The Federation of BiH (the Federation) and the Republika Srpska (RS). A third, smaller area, the Brcko District, operates under a separate administration. The Federation is further divided into ten cantons, each with its own government and responsibilities. Both entities and the Brcko District are also made up of municipalities.

The critical issues in the forestry sector are the absence of both legislation and forest management policies. Foresters and economists often point out inappropriate use of this natural resource, including inadequate forest protection and reforestation and illegal logging and trade in wood products.

Around 150,000 hectares of the forest area are still under threat from land mines from the 1992–1995 war. Mined forest areas are inaccessible and have a significant impact on the management of harvesting, insect control, disease spread, and fighting fires near or in these areas. There has been an increase in the frequency of forest fires, and the country is striving to adjust its forest management and fire suppression programs to respond. Wildfires occur more often in the south of BiH, particularly in and around the cities of Mostar and Trebinje. Access to forest resources is restricted because of an underdeveloped road network.

Wood processing

The wood industry is one of the oldest in BiH's economy, and its share of the GDP is close to 6 percent. The sector uses abundant domestic raw materials based on beech, fir, spruce, and pine, while walnut, oak, and ash are less used. It is traditionally export-oriented and has kept a positive trade balance for years.

Wood processing includes over 1,400 small and medium-sized privately owned businesses and employs 30,000 workers. Manufacturing of wood and wood products comprises the production of sawn timber and impregnation; veneers, plates, and parquet; builders' carpentry and joinery; wood packaging; furniture; and other wooden products.

The value of processed wood products in 2019 totaled \$1,063.1 million (KM 1,807.3 million). Processed wood products (other than furniture) accounted for 40.9 percent, furniture 37.9 percent, and paper and paper products 21.2 percent.

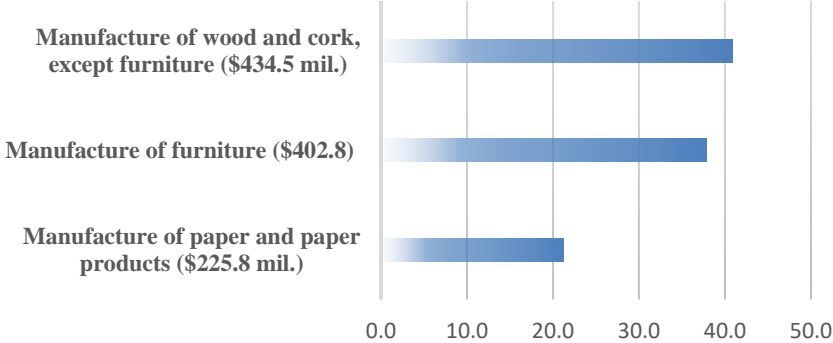


Figure 3: Percentage share of products by processed wood categories, 2019. Source: BiH Agency for Statistics.

The average growth of the wood industry sector over the last ten years was close to 7 percent. The manufacture of furniture (hand-carved traditional furniture and modern furniture) and prefabricated wood houses recorded the fastest growth. However, in 2020 the wood industry reported a downturn of 5–7 percent due to the COVID-19 pandemic.

Trade in wood products

The wood industry's share in the total export of goods is over 10 percent and in imports over 3 percent. According to the Foreign Trade Chamber, wood and wood products show the most significant foreign trade surplus. Exports of furniture account for around 40 percent of the total wood exports, and it recorded the largest export growth among all wood products over the last ten years. The growth of the wood industry exports results from a growing demand among major trading partners, primarily in the European Union (EU).

Table 2: BiH global trade in wood and wood products, 2018–2020 (in million KM*)

Product	2018		2019		2020	
	Import	Export	Import	Export	Import	Export
Wood and wood products (HS** 44)	290.0	798.6	313.7	751.8	283.6	714.0
Wooden furniture and prefabricated wooden buildings (HS 94)	106.3	552.0	120.1	557.4	96.4	580.7
Total	396.3	1,350.6	433.8	1,309.2	380.0	1,294.7

Source: BiH Agency for Statistics

*KM (local currency Convertible Mark) 1.00 = \$0.60

**HS - Harmonized Commodity Description and Coding Systems (HS)

Export of wood products

In 2020, exports of wood and wood products (HS 44) amounted to \$420 million (KM 714 million), down by 5 percent compared to 2019, while the export of furniture and wooden houses (HS 94) rose by 4 percent and totaled \$341.5 million (KM 580.7) million. Overall, 2020 wood exports fell by 1 percent compared to 2019 and totaled \$761.5 million (KM 1.3 billion).

The main export markets in 2020 are shown in Figure 4.

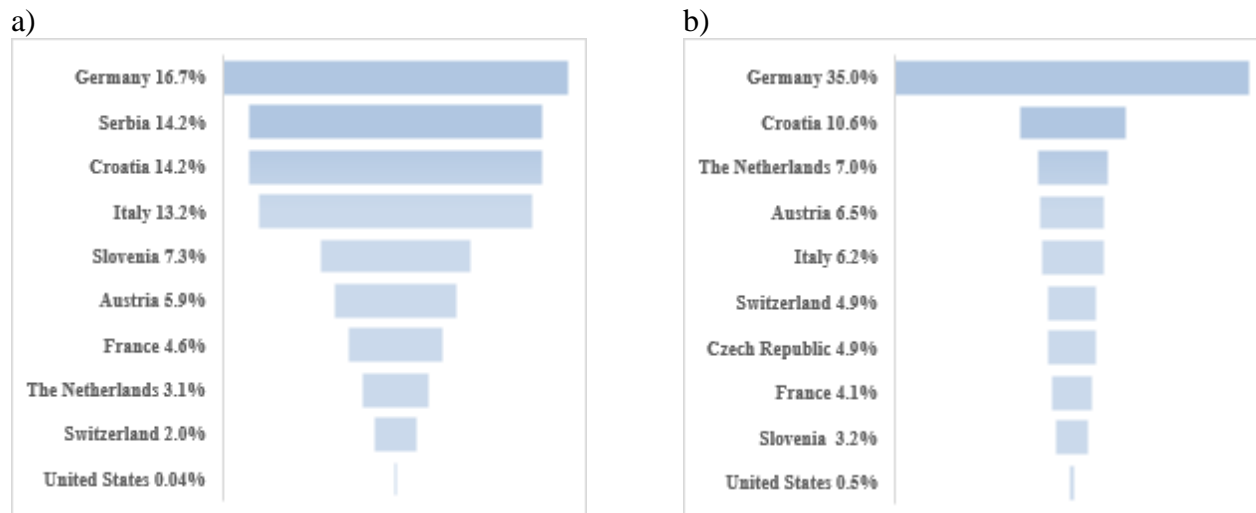


Figure 4: a) Main global export markets for BiH wood and wood products (HS 44) in 2020 (percentage of total export value); b) Main global export markets for BiH furniture and prefabricated wood houses (HS 94) in 2020 (percentage of total export value). Source: BiH Agency for Statistics.

The leading global export markets for BiH wood and wood products (HS 44) by value in 2020, were Germany (\$70 million or KM 119 million), Serbia (\$60 million or KM 101.4 million), Croatia (\$60 million or KM 101.1 million), and Italy (\$55.5 million or KM 94.4 million). Wood exports to the United States totaled \$149,500 or KM 254,130 and represented 0.04 percent of the total export value.

The leading global export markets for BiH furniture and prefabricated houses (HS 94) by value were Germany (\$122.5 million or KM 208.3 million), Croatia (\$36.4 million or KM 61.8 million), the Netherlands (\$24 million or KM 40.8 million), and Austria (\$22.1 million or KM 37.6 million). Exports to the United States totaled \$1.8 million or KM 3.1 million and represented 0.5 percent of the total export value.

Leading wood products exported from BiH in 2020 were wooden furniture (\$330 million or KM 561.2 million) and sawn wood (\$192 million or KM 325.7 million).

Table 3: BiH global exports of leading wood products, 2018–2020 (million KM)

Product	2018	2019	2020
Wooden furniture	526.9	540.5	561.2
Sawn timber and elements	355.0	318.2	325.7
Fuelwood	158.3	132.0	104.4
Construction carpentry	79.4	98.7	107.0
Slabs and veneers	69.7	68.0	69.0
Floors and parquets	58.4	49.2	32.4

Product	2018	2019	2020
Prefabricated wooden houses	25.1	16.4	19.5
Total	1,272.8	1,223.0	1,219.2

Source: BiH Foreign Trade Chamber and BiH Agency for Statistics.
 KM 1.00 = \$0.60

Import of wood products

In 2020, imports of wood and wood products (HS 44) amounted to \$167 million (KM 283.6 million), down by 10 percent compared to 2019, while export of furniture and wooden houses (HS 94) fell by 20 percent and totaled \$56.5 million (KM 96.4 million). Overall, 2020 wood imports fell by 12.4 percent compared to 2019 and totaled \$223.5 million (KM 380 million), as the COVID-19 pandemic negatively affected the demand for these products.

The most important global import partners in 2020 are shown in Figure 5.

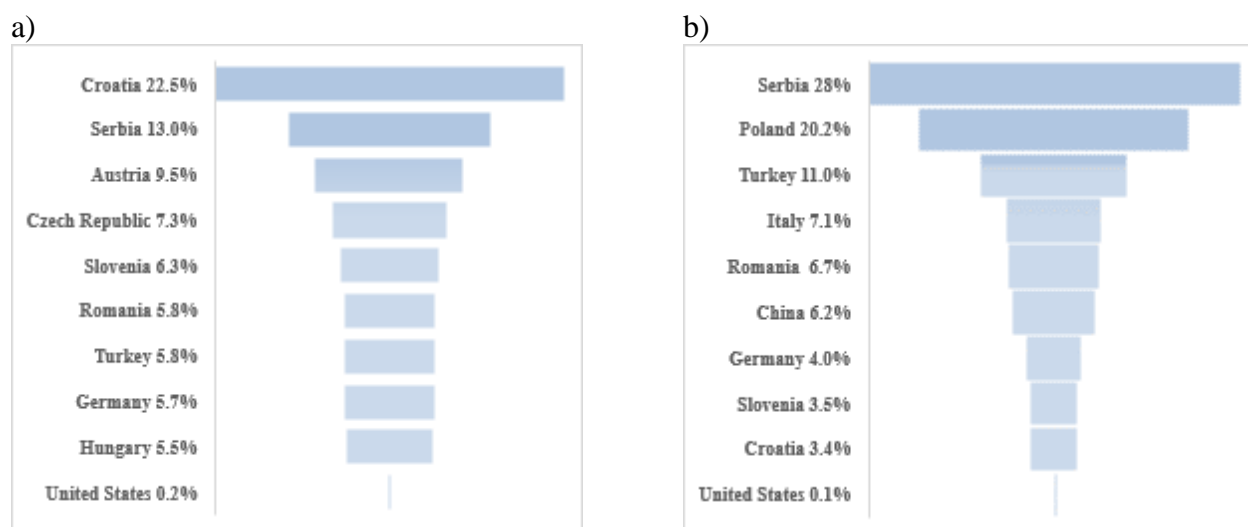


Figure 5: a) BiH main global import partners for wood and wood products (HS 44) in 2020 (percentage of total import value); b) BiH main international import partners for furniture and prefabricated wood houses (HS 94) in 2020 (percentage of total import value). Source: BiH Agency for Statistics.

In 2020, BiH mainly imported wood and wood products (HS 44) from Croatia (\$37.5 million or KM 63.8 million), Serbia (\$21.7 million or KM 36.9 million), Austria (\$15.9 million or KM 27 million), and the Czech Republic (\$12.2 million or KM 20.7 million). Imports from the United States totaled \$26,647 million or KM 453,009 million and represented 0.2 percent of the total import value.

Furniture (HS 94) was mainly imported into BiH from Serbia (\$15.9 million or KM 27 million), Poland (\$11.5 million or KM 19.5 million), Turkey (\$6.2 million or KM 10.6 million), and Italy

(\$4 million or KM 6.8 million). Imports from the United States totaled \$28,643 million or KM 48,693 million and represented less than 0.1 percent of the total export value.

Leading wood products imported into BiH in 2020 were slabs and veneers (\$81.8 million or KM 139.1 million), furniture (\$56.7 million or KM 96.4 million), and sawn wood (\$34.6 million or KM 58.8 million).

Table 4: BiH global import of leading wood products, 2018–2020 (million KM)

Product	2018	2019	2020
Slabs and veneers	161.8	165.4	139.1
Wooden furniture	106.3	120.1	96.4
Sawn timber and elements	64.4	63.2	58.8
Construction carpentry	15.5	18.1	16.1
Floors and parquets	6.5	6.3	4.2
Total	354.5	373.1	314.6

Source: BiH Foreign Trade Chamber
KM 1.00 = \$0.60

BiH–U.S. trade in wood products

Over the last three years, BiH had a negative trade balance with the United States regarding trade in wood and wood products (HS 44), while it maintained a positive trade balance in trading wooden furniture. U.S. hardwood (walnut, oak, maple, and ash) is used for premium furniture that is mainly intended for export. Bilateral BiH–U.S. 2018–2020 trade is presented in Table 5.

Table 5: BiH–U.S. bilateral trade in wood products, 2018–2020 (in KM)

Product	2018		2019		2020	
	Import	Export	Import	Export	Import	Export
Wood and wood products (HS 44)	621,314	204,099	592,156	172,220	453,009	254,130
Wooden furniture and prefabricated wooden buildings (HS 94)	73,563	9,004,173	71,228	4,573,809	48,693	3,125,422
Total	694,877	9,208,272	663,384	4,746,029	501,702	3,379,552

Source: BiH Agency for Statistics
KM 1.00 = \$0.60

Overall, in 2020, due to the COVID-19 pandemic, import of wood products from the United States fell by 24 percent compared to 2019 and totaled \$295,119 or KM 501,702. Wood product imports (HS 44) fell by 23.5 percent and totaled \$266,476 or KM 453,009, while the import of

furniture (HS 94) fell by 32 percent and totaled \$28,643 or KM 48,693. BiH imported from the United States sawn wood, veneers, floor panels, and furniture.

Overall, in 2020 BiH exports to the United States fell by 29 percent compared to the year before and totaled \$2 million or KM 3.4 million. Exports of wood products (HS 44) rose by 47.5 percent and totaled \$149,488 or KM 254,130, while export of furniture (HS 94) fell by 31.7 percent and totaled \$1.8 million or KM 3.1 million. BiH exported to the United States included furniture, construction carpentry, sawn wood, and wooden tableware/kitchenware.

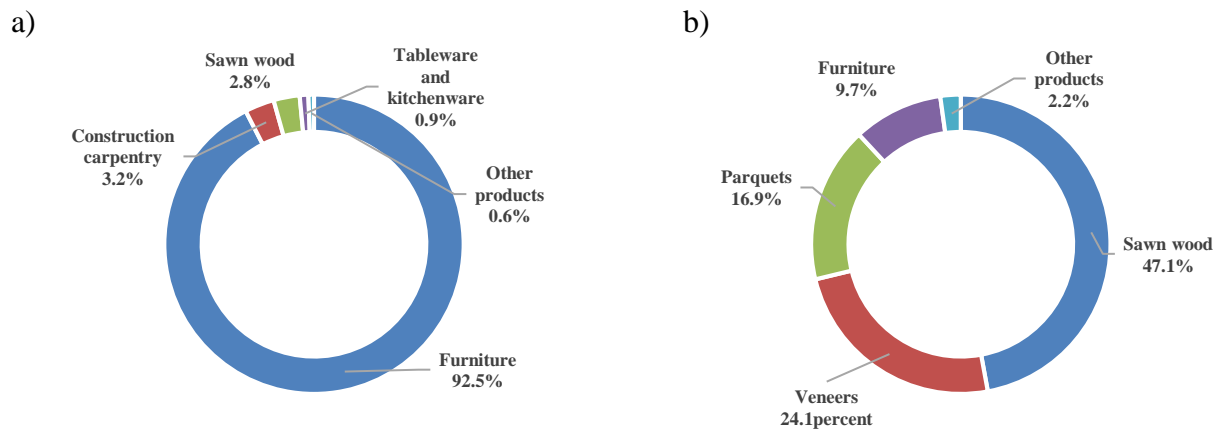


Figure 6: a) BiH leading products exported to the United States in 2020 (percentage of total import value); b) U.S. leading products exported to BiH in 2020 (percentage of total import value). Source: BiH Agency for Statistics.

U.S. hardwood, especially walnut, is used for premium home furniture due to its durability, unique color, and has a unique pattern different from European walnut. It is usually imported through European distributors. Therefore, the U.S. wood export to BiH is likely higher but under-reported due to transshipping.

Despite the current COVID-19 pandemic-related downturn, wood processing has been historically one of the strongest export-oriented industries and is expected to continue to grow in the future. Opportunities for the export of U.S. hardwood will grow along with the expected increase in BiH's production and export of quality furniture.

Import requirements for wood and wood products

All shipments of wood and wood products must be accompanied by documents used for international trade (commercial invoice, bill of lading, packing list, etc.).

According to the Rulebook on Lists of Harmful Organism, Lists of Plants and Plant Products, and Regulated Facilities (BiH Official Gazette #48/13, List V, Part B, Section I, pg. 170), the

following wood products exported to BiH must be accompanied by a competent authority/USDA-issued phytosanitary certificate:

Table 6: Wood products that require a phytosanitary certificate for import into BiH

Tariff code	Product description
4401	Fuelwood
4403	Wood in the rough
4404	Hoopwood, split poles, piles, etc.
4406	Railway or tramway sleepers of wood
4407	Sawn wood
4415	Wooden packing boxes/crates
9406	Prefabricated wooden buildings

Phytosanitary certificates are valid for 14 days from the date of issuance. The fee for a phytosanitary inspection is \$1.2/ m³ (2 KM/m³).

Importers can contact the [Foreign Agricultural Service Sarajevo](#) for specific and up-to-date information.

Tariffs for imported wood products

Tariff rates for wood and wood products range from zero to 10 percent.

Table 7: Tariff rates for wood and wood products imported into BiH

Product description	HS	Tariff rate MNF (percent)	Tariff rate EU/CEFTA/EFTA/Turkey (percent) *
Fuelwood	4401	0	0
Wood in the rough	4403	5	0
Sawn wood	4407	0–5	0
Veneers	4408	0–5	0
Parquets flooring	4409	5	0
Boards	4410	5–10	0
Fiberboard	4411	5	0
Plywood	4412	10	0
Wooden packing boxes/crates	4415	5	0
Builders' joinery and carpentry	4418	5–10	0
Wooden furniture	9403	10	0
Prefabricated houses	9406	10	0

Source: [BiH Custom's Tariff Book 2021](#)

* BiH has liberal trade relations with the European Union and is a member of the Central European Free Trade Agreement–CEFTA (Albania, Bosnia and Herzegovina, Moldova, Montenegro, North Macedonia, Serbia, and Kosovo), and the European Free Trade Association–EFTA (Iceland, Lichtenstein, Norway, and Switzerland). There is also a BiH–Turkey free trade agreement.

Useful contacts

FAS: Sarajevo, Bosnia and Herzegovina

U.S. Embassy

USDA/Foreign Agricultural Service

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<https://ba.usembassy.gov/embassy/sarajevo/sections-offices/fas-bih/>

Attachments:

No Attachments.