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# **COVID-19 impacts on the forest sector in countries in the Western Balkans**

with a focus on Albania, Bosnia and Herzegovina, Montenegro,  
North Macedonia and Serbia



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## **GENEVA TIMBER AND FOREST DISCUSSION PAPER 89**

# **COVID-19 impacts on the forest sector in countries in the Western Balkans**

**with a focus on Albania, Bosnia and Herzegovina, Montenegro,  
North Macedonia and Serbia**



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## **Abstract**

This report summarizes the impacts that the COVID-19 pandemic had, during the first three quarters of 2020, in the forest sector of the countries in the Western Balkans (WB) (Albania, Bosnia and Herzegovina, Montenegro, North Macedonia and Serbia), focusing on production, export, import, consumption, prices and employment of the main wood products: roundwood, sawnwood, wood-based panels, wooden furniture, paper and paperboards. It also covers the recovery measures implemented by Western Balkan governments. Economic indicators for the period January-September 2020 were used, and data from various sources, such as official statistics, international data bases (COMTRADE, EUROSTAT, FAO, UNECE), domestic organizations, as well as interviews with forest products companies of all sizes were used for their views on the impact of COVID-19.

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## List of abbreviations

BHAS	Agency for Statistics of Bosnia and Herzegovina
COVID-19	coronavirus disease of 2019
FAO	Food and Agriculture Organization of the United Nations
IMF	International Monetary Fund
INSTAT	Institute for Statistics of Albania
m <sup>3</sup>	cubic metre
MAKSTAT	State Statistical Office of the Republic of North Macedonia
MDF	medium density fibreboard
MONSTAT	Statistical Office of Montenegro
mt	metric tonne
n.a.	not applicable
NAC	net apparent consumption
Q1	first quarter of the year
Q2	second quarter of the year
Q3	third quarter of the year
RSIS	Republika Srpska Institute of Statistics
SORS	Statistical Office of the Republic of Serbia
UNECE	United Nations Economic Commission for Europe
WB	Western Balkans
WISDOM	Woodfuel Integrated Supply /Demand Overview Mapping

# 1 INTRODUCTION AND OVERVIEW

The Western Balkans (WB)<sup>1</sup> has a long tradition of forestry and wood processing. The economic development of the forest sector of all WB countries is to a significant extent based on the utilisation of domestic forest resources, milling and the furniture industry. Forests cover 8.2 million ha in the WB, with annual roundwood removals of about 22 million m<sup>3</sup> (INSTAT, 2020; FAO-WISDOM for Albania, Bosnia and Herzegovina, Montenegro, North Macedonia and Serbia, BHAS, 2020a; RSIS, 2020; MAKSTAT, 2020; SORS, 2020; FAOSTAT, 2020). The forest sector employs about 115,000 workers and creates an added value of \$1.6 billion/year (INSTAT, 2020; BHAS, 2020a; MAKSTAT, 2020; SORS, 2020; MONSTAT, 2020; University of Belgrade-Faculty of Forestry database). The share of the forest sector added value in the GDP of each country varies from 0.5% in Montenegro to 2.8% in Bosnia and Herzegovina. The share of the forest sector in total exports for many of the countries is significant (4.5% - 13%), except for North Macedonia (0.7%). Processing wood into value-added forest products is gaining in importance. Wooden furniture accounts for about 47% of the value of all exported forest products from the WB. Value-added products differ from country to country, however, there is a significant potential for expanding their production and export. All countries of the WB consider the forest sector as strategic to their economies (University of Belgrade-Faculty of Forestry, 2020).

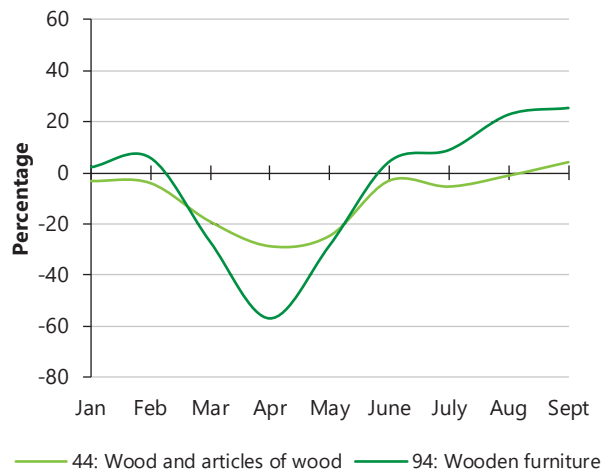
Sawmills and wood-based panel mills were impacted more significantly than other forest products sectors, with mill closures (excepting Montenegro sawmills) affecting both, generally for 2-3 weeks during the first spike of infections in early 2020. The micro to medium sized enterprises were provided government support for workers' wages, to cover interest payments on loans and to provide operating capital.

Paper and paperboard production in 2020 through Q3 increased by 8.2% in Bosnia and

Herzegovina and by 0.7% in Albania, compared to the same quarter in 2019. Production in Serbia and North Macedonia fell by 4.2% and 18.9% respectively for the same period. The WB is a net importer of paper, importing about \$700 million in paper each year, down by just under 9% from the previous year (MAKSTAT, 2020; BHAS, 2020a; INSTAT, 2020; MONSTAT, 2020; SORS, 2020).

For all the key segments of the forest sector (wood harvest, sawmills, wood-based panels, pulp and paper and wooden furniture), the biggest impact from COVID-19 was the disruption of cross-border trade, which sharply dropped in the first three quarters of 2020 compared to the same period of the previous year. This has been the case in all WB countries individually, and in the WB as a whole, with export being a critical component (graph 1). The effects on production, consumption and trade can be seen in table 1.

**Graph 1: Impact of the COVID-19 pandemic on export of wood products and wooden furniture from the WB, through Q3 of 2020 compared to the same period of 2019**



**Source:** Calculations and data from Comtrade and the University of Belgrade-Faculty of Forestry-Timber Trade Centre

<sup>1</sup> Albania, Bosnia and Herzegovina, Montenegro, North Macedonia and Serbia.

TABLE 1: Comparison of effects of COVID-19 on forest products production, trade and consumption

	2019 through Q3				2020 through Q3 and change from the same period of 2019							
	Production	Imports	Exports	NAC*	Production	%	Imports	%	Exports	%	NAC*	%
<b>ROUNDWOOD (m³)</b>												
Albania	1,545,000	--	--	--	1,416,000	-8.4	--	--	--	--	--	--
Bosnia and Herzegovina	5,832,000	116,151	478,564	5,469,587	5,881,000	0.8	88,889	-23.5	325,086	-32.1	5,644,803	3.2
Montenegro	747,000	10,431	79,021	678,410	821,000	9.9	13,055	25.2	102,118	29.2	731,937	7.9
North Macedonia	1,200,000	26,507	256	1,226,251	1,219,000	1.6	36,286	36.9	158	-38.3	1,255,128	2.4
Serbia	5,746,000	33,937	53,431	5,726,506	5,835,000	1.5	32,350	4.7	48,055	-10.1	5,819,295	1.6
WB Total	15,070,000	187,026	611,272	13,100,754	15,172,000	0.7	170,580	-8.8	475,417	-22.2	13,451,163	2.7
<b>SAWNWOOD (m³)</b>												
Albania	--	--	--	--	--	--	--	--	--	--	--	--
Bosnia and Herzegovina	1,488,000	94,050	629,633	952,417	1,446,300	-2.8	109,170	16.1	600,602	-4.6	954,868	0.3
Montenegro	203,700	4,010	188,555	19,155	219,800	7.9	3,860	-3.7	155,608	-17.5	68,052	355.3
North Macedonia	9,280	83,913	5,946	87,247	6,420	30.8	80,909	-3.6	3,420	-42.5	83,909	-3.8
Serbia	397,930	244,430	197,770	444,590	374,850	-5.8	249,800	2.2	160,390	-18.9	464,260	4.4
WB Total	2,098,910	426,403	1,021,904	1,503,409	2,047,370	-2.5	443,739	4.1	920,020	-9.9	1,571,089	4.5
<b>WOOD-BASED PANELS (m³)</b>												
Albania	--	--	--	--	--	--	--	--	--	--	--	--
Bosnia and Herzegovina	28,450	190,297	13,089	205,658	27,290	-4.0	170,381	-10.5	11,140	-14.9	186,531	-9.3
Montenegro	1,570	33,065	1,416	33,219	1,440	-8.2	31,246	-5.5	1,262	-10.9	31,442	-5.4
North Macedonia	0	89,382	94	89,288	0	--	87,020	-2.6	141	50.0	86,879	-2.7
Serbia	176,400	278,359	87,412	367,347	177,320	0.5	288,577	3.7	77,834	11.0	388,063	5.6
WB Total	206,420	591,103	102,011	695,512	206,050	-0.2	577,224	-2.3	90,377	-11.4	692,897	-0.4
<b>PAPER AND PAPERBOARD (tonnes)</b>												
Albania	--	--	--	--	--	--	--	--	--	--	--	--
Bosnia and Herzegovina	119,750	77,333	56,167	140,916	129,570	8.2	70,073	-9.4	65,054	15.8	134,589	-4.5
Montenegro	0	9,199	14.0	9,185	0	0	9,090	-1.2	10.0	-28.6	9,080	-1.1
North Macedonia	18,970	49,653	10,893	57,730	15,380	-18.9	44,638	-10.1	11,699	7.4	48,319	-16.3
Serbia	442,010	331,529	225,427	548,112	423,440	-4.2	302,286	-8.8	204,887	-9.1	520,839	-4.9
WB Total	580,730	467,714	292,501	755,943	568,390	-2.1	426,087	-8.9	281,650	-3.7	712,827	-5.7
<b>WOODEN FURNITURE (\$1000)</b>												
Albania	--	48,942	33,421	--	--	--	46,217	-5.6	29,483	-11.8	--	--
Bosnia and Herzegovina	--	45,266	267,286	--	--	--	33,284	-26.5	260,762	-2.4	--	--
Montenegro	--	40,966	378	--	--	--	23,913	-41.6	682	80.4	--	--
North Macedonia	--	19,738	25,439	--	--	--	16,243	-17.7	21,266	-16.4	--	--

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