



Wood-
processing Industry

SLOVENIA

The Right Mix of Qualities



Quality Workforce

Slovenia's reputation as the third country in Europe after Finland and Sweden with over 60 per cent of its territory under forests explains why woodworking and wood-processing industry was one of the pillars of Slovenian manufacturing. Cabinet, furniture, millwork and custom woodworking manufacturers tap the local skills heritage. The wood-processing industry employed some 21,000 people back in 2001 as opposed to half that number in some 1,000 companies these days. It means that Slovenia has a pool of skills and technical expertise for global investors to exploit. There is a full product range of both mechanical and chemical processing. The mechanical branch comprises milling, manufacturing of plywood and particle board, and fabrication of furniture and timber components for the construction industry. Pulp and paper, cardboard, and packaging materials are products of the chemical branch and there are companies producing surface coatings. The production of biofuel from biomass uses waste and residues from forestry and related industries. The fact that the energy demand of the woodworking industry is low offers future opportunities in the trading scheme designed to foster CO₂ emission reduction.

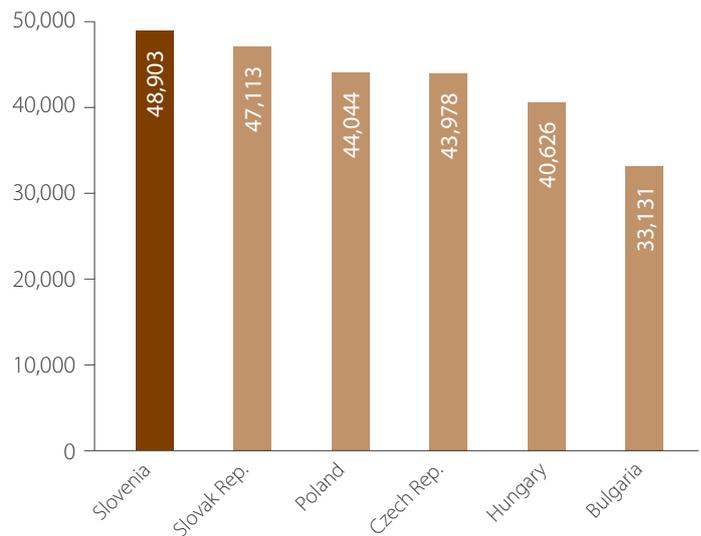
The qualification structure in the wood-processing industry is determined by its labour-intensive nature. However, as companies try to innovate in order to increase turnover and profitability, some 500 students enrolled in higher education courses for forestry and wood processing qualifications and 2,000 students in secondary schools for forestry and forest-based industries represent social capital that adds value to a legacy of skills. But all ambitions for sustainable development and growth will fall short of the target without a comprehensive development strategy for this segment of the national economy. The association that operates within the framework of the Chamber of Commerce and Industry of Slovenia represents woodworking and furniture making companies and the Chamber of Agriculture and Forestry came in contact with some 70 per cent of forest owners and other players in the forest sector. The idea is to enhance the forest and woodworking chain from forest owners and forest managers to woodworking and furniture manufacturers. As a result, the output of the branches of the woodworking industry will be products with higher value added and more jobs. The role played in the process by the local wood and furniture clusters and trade associations is very important and the pool of the Slovenian workforce ready available for greenfield and brownfield investment projects ranges in qualification from unskilled to high-calibre experts.

© Riko prefabricated wooden houses



PRODUCTIVITY IN INDUSTRY, 2013

Related GDP (PPP) per person employed in industry (in €)



Source: IMD - World Competitiveness Yearbook, 2014



PRODUCTIVITY/VALUE ADDED PER EMPLOYEE, 2013

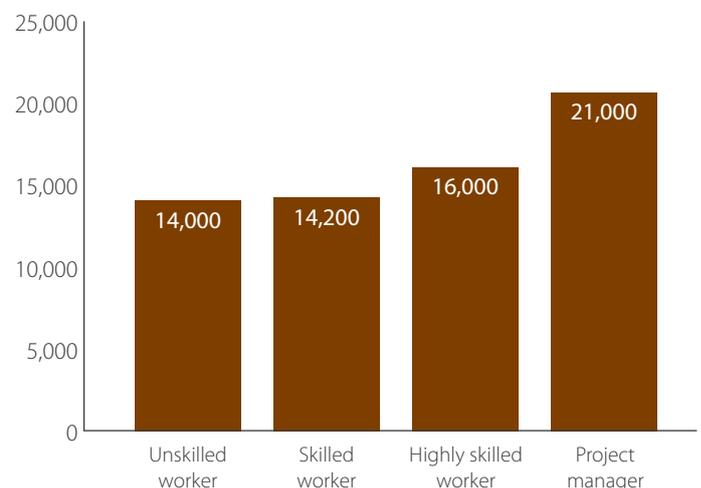
Company	Value-added per employee (in €)
Lesonit	64,176
Profiles	60,508
Lumar inzeniring	49,462
GGP	39,302
M Sora	36,321
Ilmest	33,346
Podgorje	30,817
Alpes	30,749
LIP Bled	29,276
Riko houses	28,299
Marles houses Maribor	26,585

Source: Bisnode, 2014



ESTIMATED GROSS ANNUAL LABOUR COST IN

WOOD-PROCESSING & FURNITURE INDUSTRY IN 2015 (in €)



Source: Adecco & own calculations, 2014

Quality Link to Regional Markets

Forests have the important function of protecting our living environment by recharging water resources and preventing soil erosion. With the effects of global warming becoming increasingly harmful to lives and property, the role forests have in promoting health, culture, education and the preservation of various living organism has come to the fore.

The main areas for forest growing and wood harvesting in Slovenia stretch into the forest-covered areas of the Balkans. The Dinaric forests have changed over the past 100 years: growing stock has increased significantly including the number of large-diameter trees and silver fir and European beech have become the main tree species. The silvicultural practices used in the Slovenian part of the Dinaric region is uneven-aged forest management where stands made up of trees of different age classes are created or maintained. The system follows natural stand dynamics now better understood from research in forest reserves and it maintains heterogeneity of forest stands at the landscape level, which is important for habitat and biodiversity conservation. Uneven-aged forest management in the Dinaric Mountains has been successful in providing timber production, maintaining site productivity and natural tree species composition and ensuring the protective function of forests, while requiring low investments in silviculture.

Raising the level of use of wood per inhabitant of Slovenia is necessary and the situation is improving. Architects and their clients are »rediscovering« timber construction, re-forestation campaigns demonstrate that there is awareness of how important forests are in preventing global warming by absorbing carbon dioxide, the necessity of strengthening a stable forestry management base for forest resources is recognised by more decision-makers ... On the other hand, many Slovenian furniture and wood-processing companies with a long and track record in the business have closed down and foreign markets remain essential for the earnings of local companies with exports of raw timber accounting for nearly 49 per cent of all revenues.

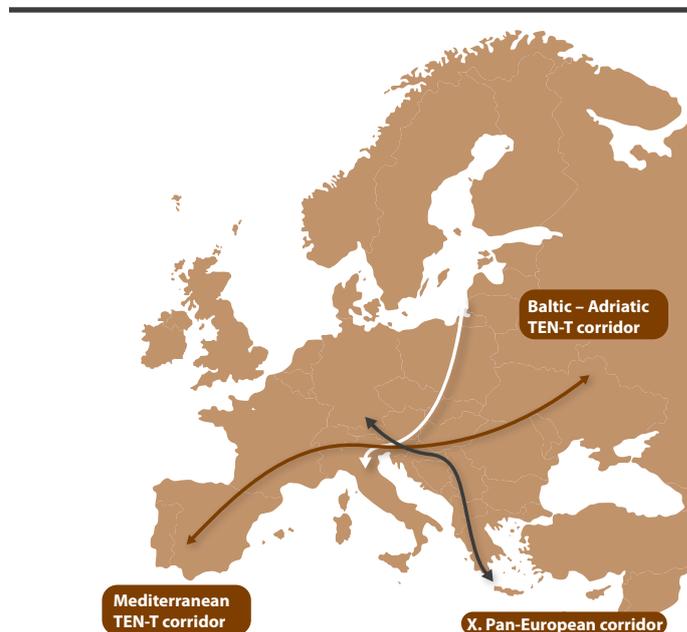
Advances in forest management and wood harvesting technology open up new opportunities for economic benefits but also call for substantial investment. In Slovenia there are many small and medium-sized enterprises that engage in a wide range of activities in forestry, wood processing and pulp and paper industry. Foreign investors can cooperate with the regional woodworking companies through the channels the Slovenian companies maintain with the members of the Southeast and Central European Network of Forest-based Clusters that deal with the challenges of a sustainable European forest management and tackles crucial questions in the RTD environment of the forest-based sector.



HOW FAR IS LJUBLJANA FROM OTHER MAJOR EUROPEAN CITIES?

Destination	Km*	Time*
Zagreb	145	1.5
Venice	240	2.5
Vienna	380	4
Munich	405	4.5
Budapest	460	4.5
Sarajevo	520	6
Belgrade	540	5

*Distances and approximate journey time by road from the capital of Slovenia



MAP OF SLOVENIA

Motorway
Railway



Quality of Life

According to Lonely Planet's Best of Europe list of tourist destinations on 2014, Slovenia's capital Ljubljana and one of Europe's most liveable cities is placed second after Greece and recommended as the perfect base to explore the rest of the country, "which is as picture-perfect as Switzerland but much easier on the wallet" and it has an important 47 kilometres of the Adriatic coast with the medieval towns nested at the tip of the Slovenian Istria also known for olive oil and fine wines.

Generally perceived as a prosperous and welcoming country with architecturally grand, cultured cities, and lush pine-forested countryside, perfect for hiking and biking in summer and skiing in winter (roughguides.com), Slovenia has much to offer both to visitors and expats. Criss-crossed by a well-developed road network, fascinating sceneries, historical sites and sports facilities are a short drive away. Slovenia's climate is equally enjoyable in summer and winter to the delight of fans of adrenaline-fuelled activities to suit every age and taste in every corner of the country. Helpful and sociable local people with a "can do" attitude make visitors feel at home, the country's crime rate is very low, the atmosphere is relaxed even though the Habsburg heritage is alive, and food is great.



QUALITY OF LIFE, 2014

Country	Index
Czech Rep.	7.56
Slovenia	5.64
Slovak Rep.	5.40
Croatia	5.10
Hungary	4.00
Poland	3.69
Romania	3.37
Bulgaria	2.57

Source: IMD - World Competitiveness Yearbook, 2014

Jelovica wooden bungalows, campsite near Bled Lake



Woodster bike © Iztok Mohorič



Quality Infrastructure

Wood is a versatile material with a long history of use. It remains preferred choice for furniture and flooring, it is valued in the construction industry and, as the most common source of heat, wood and by-products from wood can be classified as renewable and green source of energy when firewood comes from sustainably managed forests.

In terms of its biodiversity, forest cover and growing stock, Slovenia is a rich country. In 2013, half of Slovenia's forests were in the areas included in the Natura 2000 network, forest cover was 58%, growing stock was 310 m³/ha, increment was 7.48 m³/ha and logging was 3.92 million m³ – well below potential wood harvest of 6 million m³. The ice storm in February 2014 affected over 9 million m³ of wood in Slovenia's forests of which one third of needle-bearing trees. Revitalisation activities by natural processes and planting of seedlings will continue over the next four years. According to experts, the quality of wood is good and prices are stable. The electricity lines, railways and roads damaged by the extreme weather conditions have been repaired.

The bright side of the February 2014 natural disaster is the upward trend in the use of wood waste and biomass. With its state-of-the-art laboratory for biomass, the Slovenian Forestry Service is a precious partner of companies producing wood pellets for heating.

Slovenia complies with good practice for biofuel pellets and by the European standards for solid biofuels such as EN 14961-2: 2010 that classifies pellets according to quality: A1, A2 and B. The analysis made in April 2014 by the Slovenian Forestry Service shows that the pellets of the Slovenian producers fall mostly in A1 grade.

Another use of wood is in timber architecture and Slovenia boasts several world-class architects who bring to life award-winning timber constructions. Both primary wood products and wood-based building materials are used for panel, timber frame and solid timber constructions. These constructions are certified to highest standards, their environmental impact is low and their durability is long. Ribnica-based engineering company Riko has received accolades for its sustainable prefabricated wooden houses that combine state-of-the-art technology and implement environmental values.



LEADING COMPANIES IN WOOD-PROCESSING & FURNITURE INDUSTRY

Company	Foreign Investor	Products
Adria dom		Wooden mobile homes
Alples		Sawn wood, wooden furniture, doors and windows, accessories and packaging
Brest pohistvo		Furniture made of veneered and of solid wood
ESOL		Solid wooden boards for cabinetmaking and accessories for interior decoration, elements for campers/trailers and mobile homes, wood pellets for heating
GGP Postojna		Forestry services, manufacture of veneer sheets, particle boards etc.
Gonzaga-pro		Furniture and accessories for public institutions and companies (offices, day-care centres, schools, libraries, hotels)
HIT Preless		Office furniture & armchairs, spinning & conference chairs
Hoja		Glued-laminated wood structures
Ilmest	Ilcam (It)	Furniture made of solid wood and production of sawn wood and boards
Inles	Retno & Triglav (At)	External construction elements – windows and doors
Javor furnir		Veneer of different tree species
Javor vezane plosce		Plywood panels and plywood products
Jelovica		Windows, doors and pre-fabricated houses
Jera Mix		Wooden furniture for office, bathroom, wardrobes, drawer units
Lesonit	Fantoni (It)	All kinds of fibreboards, laminates, veneer sheets and particle boards, plywood, laminboards
LIP Bled		Doors, parquet, laminate, solid wood furniture, timber
Lumar inženiring	Green Building Group (At)	Pre-fabricated houses including ecological bio houses and passive houses
M Sora		Windows and doors, carpentry, sawmill
Marles houses Maribor		Prefabricated houses and attics, erection of all sorts of public buildings, office buildings, production halls
Nolik		Furniture for children, equipment for kindergartens and schools
Podgorje		Wooden furniture for trailers and mobile homes
Riko Hise		Pre-fabricated houses (solid wooden bio house) and wooden facades
Stilles		Period furniture reproductions



FACULTIES, RESEARCH INSTITUTIONS AND TRADE ASSOCIATIONS

University of Ljubljana, Biotechnical Faculty – Department of Wood Science and Technology	www.les.bf.uni-lj.si
Higher Vocational College of the Wood Technology Maribor	www.lesarska-sola-maribor.net
Slovenian Wood Industry Cluster	www.lesarski-grozd.si
Slovenian Wood Association	www.zls-zveza.si
Wood Technology Institute	www.iltra.si
Slovenian Forest-Based Technology Platform	www.sgltp.net
Ministry of Agriculture and the Environment	www.mko.gov.si
Slovenian Forestry Institute	www.gozdis.si



WOOD-PROCESSING & FURNITURE INDUSTRY IN SLOVENIA



FACTS AND FIGURES IN 2013

Number of companies: 1,012
 Number of employees: 11,085
 Revenue: € 1.1 bn
 Exports: € 518 mn



KEY PRODUCTS

Pre-fabricated wooden houses • Builders' joinery & carpentry of wood • Plywood, veneered panels and similar laminated wood • Fibreboard of wood or other ligneous materials • Veneer sheets & sheets for plywood & other wood sawn lengthwise • Particle board and similar board of wood or other ligneous materials • Packaging materials of wood • Tableware and kitchenware of wood • Wooden furniture for kitchens, living quarters and public institutions • Wood marquetry & inlaid wood • Wooden frames for paintings etc. • Casks, barrels, vats, tubs etc. of wood



KEY EXPORT MARKETS

Algeria, Austria, Bosnia and Herzegovina, Croatia, Italy, Germany, Lybia, Saudi Arabia, Tunisia, Serbia, Switzerland...

Source: AJPES 2014

INVEST SLOVENIA



SPIRIT Slovenija

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REPUBLIC OF SLOVENIA
 MINISTRY OF ECONOMIC DEVELOPMENT
 AND TECHNOLOGY

InvestSlovenia – your connection to business opportunities

InvestSlovenia's team, part of SPIRIT Slovenija, a public agency whose mission is to promote entrepreneurship, innovation, development, investment and tourism, provides services and business tools that allow companies to make informed decisions regarding foreign direct investment in Slovenia.

For an overview of one-stop-shop best practices related to services to investors, facilitating land acquisition for investment projects and coordination with potential business partners, suppliers and authorities, foreign investors just have to turn to InvestSlovenia Team to arrange a direct access to the business community and help reduce time associated with administrative and approval processes.

Global investors can count on the InvestSlovenia staff to expedite their business investment in Slovenia. Its committed experts provide coordination within the competent institutions with FDI-relevant operations and work in partnership with state, regional and local organisations to promote Slovenia's business attraction and investment retention.