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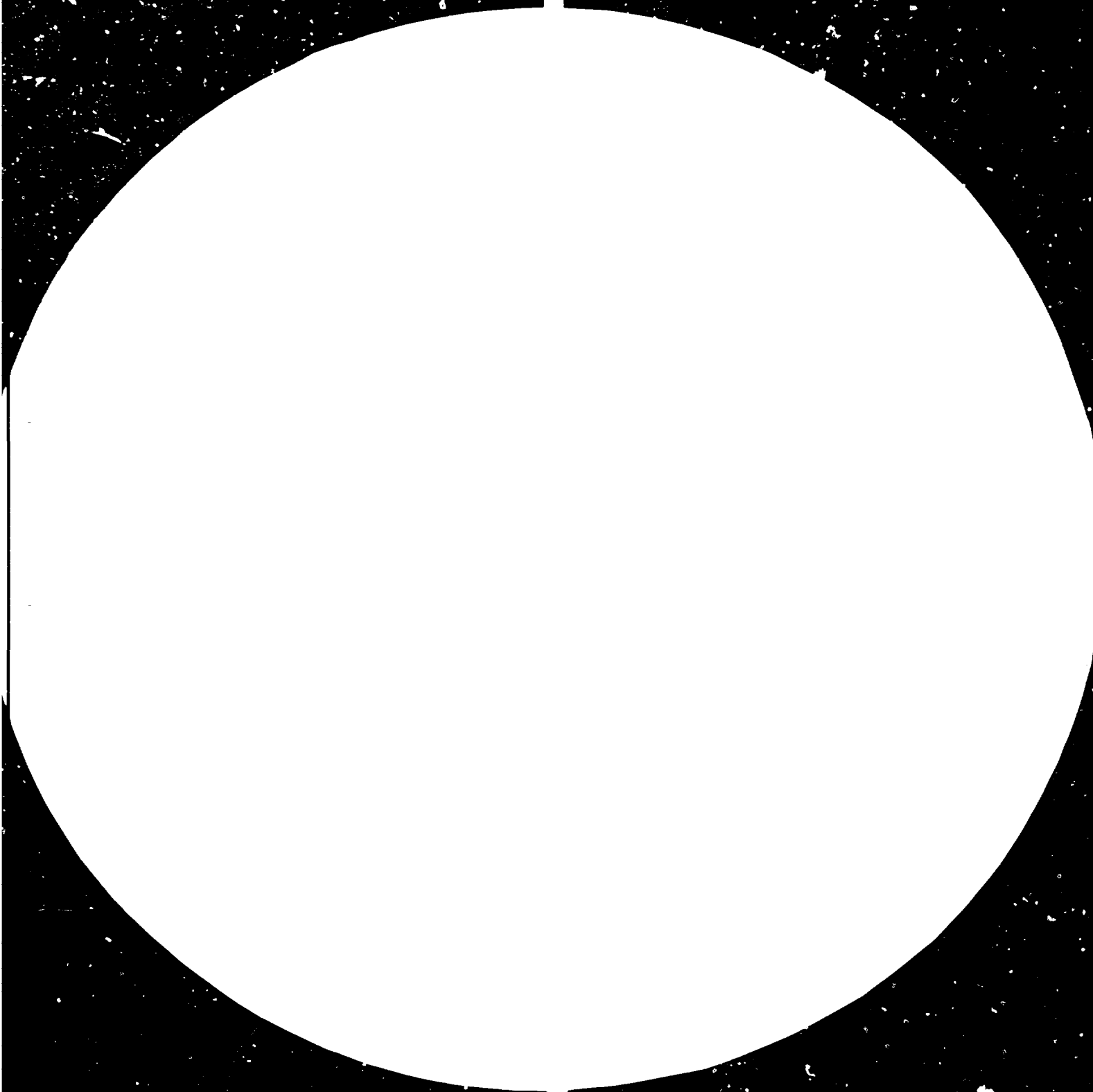
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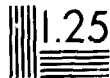
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the First Consultation on the Wood and Wood
Products Industry

Vienna, Austria, 21-25 June 1982

BRIEF BACKGROUND OF UNILES PROJECTS
IN AFRICAN COUNTRIES *

by

UNILES, Yugoslavia

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On the basis of general economic and specific expert evaluations from a number of specialized international organizations and our own past experience, we conclude that in those third world countries which have abundant reserves of timber the development of wood processing is one of the principal starting points for the development of national economy and industrialization. This is even more true for African developing countries.

From the point of view of historical development, wood processing is one of the oldest activities in the world. No matter how large or small their reserves of timber might be, all countries are characterized by efforts for development of their own wood processing. Countries with abundant reserves of timber develop, in principle, a mixed type of wood processing - i.e. large primary processing accompanied by final processing - taking into account more favourable commodity trade and financial effects on the world market. Countries with smaller reserves of timber accompany their relatively modest primary processing by development of mostly final wood processing, depending on their own wood raw material resources and on the import of wood raw material. Wood deficit is also covered by import of final wood products. Relation between the mentioned way of proper production and import of final wood products depends without exception on the financial effect of one or other processing type and upon the supply with final wood products. This process is stimulated by the fact that wood and wood products in countries with more abundant timber resources, which leads to mutual exchange, or, in other words to international trade in wood.

For each country the research and supervision of the actual wood supply is the initial effort of woodworking economy to improve its own supply.

In the course of the meeting the FAO experts shall undoubtedly approach this question in a more detailed manner.

Taking into account the place, role and importance of wood as being a particular and specific raw material when compared to other and by every national economy considered as "competitive" raw materials, during our own beginnings and development of wood-processing we have reached the following conclusions on comparative advantages of wood and wood processing:

- 1) Timber is abundant, universal and practically inexhaustible raw material. Forests are the biggest natural "workshops" of living substance, as they produce approximately 10 billion tons of timber substance per year (all other plant crop amounts to approx. 5 billion tons, whereas coalmines give approx. 2 billion tons per year). Differently from oil and other exhaustible mining resources, timber is a constantly renewable raw material, which could be even augmented if needed. Universal use of timber derives from its mechanical, esthetic and chemical characteristics and components, which could, following the requirements, be industrially exploited in the field of paper, card-board, textile, foodstuffs, liquid fuels, plastic fibres etc.
- 2) Timber resources are scattered all over the world in a more even manner than other raw materials. In addition, widespread forests have a great variety of kinds of wood.
- 3) Production, manufacturing and mechanical processing of wood do not pollute the environment.
- 4) Compared to other raw materials and industrial branches wood manufacturing and processing consumes the least energy per realized national income unit.
- 5) Technological processes necessary for manufacturing and wood processing (except chemical processing) do not need water (with the exception of steamhouses).
- 6) Wood-processing industry (mechanical chipboard manufacturing excepted) is capital non-intensive and labour-intensive.

- 7) When compared to other classical industries wood-processing industry is relatively unsophisticated from the technical and technological point of view.
- 8) Development of wood-processing, especially of final processing, has a positive influence on development of other industries (cutting tools, glues, lacquers, sanding material, machinery, glass, textile and similar).
- 9) Wood-processing industry can be developed according to the stage principle, while later development joins the previous stages into a complex organic unity.
- 10) If, to the mentioned nine natural comparative resources, we add the possibility of joining i.e. creating even new resources in the course of development stages and according to arising requirements, then there is no doubt that development progress of wood-processing industry in the concrete economic region (country) is secured on a long-terms basis.

All mentioned comparative advantages of wood-processing have been taken into consideration in the course of development of our own firms within the framework of UNILES, as well as- beared out with proper experience, during preparation and realization of our projects in countries outside Jugoslavia. Allow me to continue with a brief outline of just a number of forest-based complex projects carried out or being in final preparatory stage in several African countries.

PROJECT "SLOVENIA BOIS" IN CENTRAL AFRICAN REPUBLIC

The project started in 1970. Its objective was, on one hand, the direct interest of Central African Republic for exploitation and construction of wood-processing capacities on the spot, and on the other hand the indirect interst of Yugoslav forest-based economy to participate in the bilateral cooperation in the technical and economic fields.

Bearer of the project is "Slovenijales" with capital participation of five UNILES firms. According to the contract with the CAR government, "Slovenia Bois" project has at its disposition a surface of 400.000 ha of forests, with agreed first 10 t exploitation of 100.000 ha during 15 years.

Total complex of ancient forests is situated in Equatorial region - in the heart of Africa and in the utmost south of CAR, between Cameroon on the West and Republic of Congo on the East. The complex is situated 1800 km from Pointe Noire and 1200 km from Douale, which are the nearest ports on the Atlantic coast.

In the beginning of the project realization the region was uninhabited with rivers as the only means of communication. Before the 1970 Bayanga used to be a neglected fisherman's village with about 100 inhabitants. Today it is a urban settlement with over 3 000 inhabitants out of who 600 work for Slovenia Bois. It is the only industry and the only employment possibility in the area of more than 10 000 km².

Besides the investment in mechanisation, in Bayanga - the center of the saw mill site and industrial woodworking - were built factories for manufacturing of sawed timber, sawed and peeled veneers and own thermal power station for generation of electricity and technological steam. The amount of capital (80 mil. F.F.) invested in the exploitation and industrial processing surpasses the capital normally needed for industry, manily as a result of important investments in infrastructure (housing, schools, medical unit, roads, bridges and other necessary communal infrastructure). Overdraft of the investment capital is partly due to the late start of production. i.e. too long investment period, and high interest rates on the investment credits and ill-timed activation of enterprises in the past ten years.

Total annual production of Slovenia Bois is netto 60.000 m³ of tropical timber, of which 60 % is processed on the spot in sawed timber and veneer and 40 % is exported.

By this activities the project realization did not only make possible the employment of a great number of domestic workers, but it triggered out a genuine social metamorphosis of domestic population which undergoes a change from the primary society into an organized and stationary urban society. This process, which is still in progress, certainly causes a number of problems considering the training and adaptation to the industrial production and relations within a organized society with all its possible consequences.

PROJECT "ADK" IN IVORY COAST

Although first initiatives of UNILES and its firm Lesnina for their cooperation in the development programmes in the fields of forestry and forest-based industry in Ivory Coast date as back as 1975, only the current year opens real possibilities for an active approach to the realization of a relevant project. During all this time numerous possibilities and aspects were taken into consideration, but we shall not reflect upon them as they were put "ad acta".

The present ADK project is based upon conclusions of this year's study on economic justification of investing into this project which is, in fact, a sanitation programme in the industrial complex of Buyo firm ADK in Ivory Coast. The programme relies on following basic facts:

- wood-cutting in Buyo complex forests should be increased from present 62 000 m³ to 90 000 m³; the complex has a surface of 53 000 ha of forests, timber reserves of 1.8 mil.m³ and the possibility of annual wood-cutting of 100 000 m³
- the existing saw should be operating in two shifts, which will increase the production of sawed timber from actual 13 000 m³ to 18 000 m³.
- manufacturing of plywood should proceed in two lines and two shifts, i.e. four production teams; the productions will thus increase from 11 000 m³ to 14 400 m³ per year;
- manufacturing of sawed veneer should proceed in two lines and two shifts; planned production is 2.4 mil. m² per year;
- simultaneously should go on the profitable production of peeled veneer for market - in quantities of 2 000 m³.

Thus programmed production is envisaged for a ten year period 1982 -1981, reaching the optimal use of installed capacities as soon as 1983.

PROJECT "UFK" IN GABON

Under the concessionary agreement with Gabonese government regarding the joint venture for exploitation and wood-processing UFK with participation of two UNILES firms (Javor and Novoles), the first development stage envisages an increase of initial capital investment from 20.000 US \$ to

1,5 mil. US \$. Additional construction of infrastructural objects is planned at the same time.

By the means of increased initial capital investment and other investments in infrastructure amounting to approx. 1. mil. US \$, and with 230 employed workers, it will be possible to realize a production of 8 000 m³ of wood products in the form of trunks. In the initial stage of project realization the export of 80 000 m³ of trunks is planned, where-as 8000 m³ shall be processed in sawed wood on the already installed own saw.

The project plans the development of additional wood-processing in the next decade as follows:

- 1) Until 1985 shall be constructed the energy station and a factory for processing of tropical wood trunks into peeled veneer, with a yearly capacity of 8 000 m³ of peeled veneer. For this the investment value of 3 mil. US \$ is foreseen. The peeled veneer factory shall employ 85 domestic workers and 3 workers from UNILES.
- 2) Until 1990 shall be carried out a complex reconstruction and modernization of saw mill, with a yearly capacity of 10 000 m³ of sawed timber. The funds of 2 mil. US \$ are planned for this purpose. After the reconstruction the saw mill shall employ 30 domestic workers and 2 UNILES workers.
- 3) Until 1995 the construction of units for production of building (windows, doors), dwelling and office furniture is planned. Value of relevant investments will amount to 4,5 mil. US \$. The production will need services of 100 domestic and 5 UNILES workers.

The respective UFK project is in the final preparatory stage, and signing of relevant contracts is planned before the end of 1982.

PROJECT "MEBLO FURNITURE" IN NIGERIA

Project is in its execution stage - construction of a furniture factory (shelving and upholstered furniture and bed-inlet pieces) in Ogoja, Cross River State. It is actually a joint investment with the Nigerian partner on the basis of jointventure by UNILES firm Meblo. Experimental production according to the construction plan by terms, shall start in September 1982.

The financial construction concerning the capital investment value envisages a 60% equity participation of the Nigerian partner and a 40% equity participation of Meblo.

Meblo's technology transfer to the new factory is adapted to the local circumstances.

In the first stage of the experimental production the factory shall employ 104 domestic workers and 6 workers from UNILES - Meblo.

Actually seven Nigerian workers attend a staff training course in Meblo factories in Yugoslavia, whereas the others shall be constantly taught directly in Nigeria and thus skilled for specific works.

