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**ORGANIZATION OF PRIVATE FOREST OWNERS IN SERBIA COMPARED  
TO AUSTRIA, SLOVENIA AND OTHER CENTRAL EUROPEAN COUNTRIES**

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## 1. INTRODUCTION

The last decade of the 20th century, for almost all Central and Eastern European countries with economies in transition, brought new political concepts and structures. Private property has continuously expanded and become stronger, while at the same time gradually state influence was reduced, state subsidy and support systems were introduced, formation of free market prices was stimulated and export totally liberated. In terms of independent market structures, stabilization of the economy was a priority.

With respect to state influence on the forest sector, there were considerable changes, especially in terms of relations towards the private forest sector. The core issue is the high rate of fragmentation and consequently small units of private forest property, where now, after privatization and following decentralization, it has turned out to be very arduous to safeguard modern sustainable management of forests.

Such highly fragmented structures of rural regions with respect to agriculture and forestry are typical for states of the former socialist block; the related problems were multiplied during the recent transition processes.

These problems have been identified in Serbia; specialized state agencies, with the clear task of solving the problems of private forest owners, however, have not been established, so far - any organized state approach towards the private forest sector or within its framework is absent. The main subject of this paper therefore is to

- identify possibilities and strategies of methodical cooperation between the Serbian state forest administration and private forests owners, and based on that
- develop an organizational system of support to the private forest sector.

The Serbian forest legal as well as the policy framework are found to not sufficiently cover the private forest sector; clear and comprehensive regulations in that context could considerably contribute to improvements in relations of the state forest administration and the private forest owners (as advisory activities, organized forest owners associations, etc.).

The Serbian state forest sector is well developed and thus open to adopt to market influences and economic rules, which normally would be typical features of the private sector; in Serbia, however, development of the private forest sector compared to the public sector still falls far behind. Though total forest areas in both sectors are more or less equal, the socio-economic basis of the private forestry sector is ages behind that of the state forests.

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Considering the fact now, that management of state forests is within the responsibility of state institutions, but Serbia is developing towards an economic system which would be based on market economy principles, based on private property and management, imposes the questions, if there are a) any obligatory reasons why the state has to hold a dominating position in forestry, and if b) private owners cannot be encouraged to sustainably use all their resources to achieve relative independence from state (economic) control and in that way to speed up private initiatives in the forest sector.

This paper sets out some of the basic results of research and related conclusions, in the effort to solve one of the most impending problems of forestry in Serbia, which is the urgent need for re-organization of the private forest sector, in order to allow for sufficient participation and cooperation towards realization of a concept of modern forestry, where private forests are sustainably managed.

Because of vast similarities of their natural, economic and social characteristics, this was based on results of research within the Central European region.

## 2. ORGANIZATION OF THE PRIVATE FOREST SECTOR IN SERBIA

During the last century, political as well as socio-economic relations in all three countries under consideration changed significantly, and so did the structures and forms of forest ownership. Historically, there has been a close and mixed interaction of these countries: Until the end of World War I, Slovenia and Austria both were parts of the same state, the Austrian-Hungarian Empire, whereas Serbia was an independent state until then. During the period before World War II, when Serbia and Slovenia both were part of the same state now (SHS), there were six different categories of property (*state, private, community, rural, church and cloister forest*). After World War II - Serbia and Slovenia both were parts of Yugoslavia now - a reverse process started, back to public property and societies' main interests focused on state issues. Austria, on the other hand, from the end of World War I onwards, had a chance to develop more or less independently.

In former Yugoslavia - in contrast to most communist European "East-Block" countries, during the entire period after World War II, private forest property existed as an individual category of ownership. The private sector (by the way, not only in the field of forestry), after disintegration of former Yugoslavia could not keep up in parallel with the rapid development of Serbian society; the current unfavorable situation in the forest sector is a direct result. There are no specific provisions in forest legislation nor policy for different categories of ownership. In spite of a policy declaration towards equal treatment of forestry within both – state and private - sectors, main preconditions are still absent: This includes a) clear definitions, b) a long term policy and strategy of the state forest administration with respect to the private forest sector, as well as c) the absence of an organized and effective system of state support for private forests management.

It is typical (not only) for the Serbian forest sector that state forest enterprises regularly manage large consolidated areas of forests, mostly located in large complexes with relative adequate property structures. Private forest estates, on the other hand, usually only own small forest areas, scattered in smaller complexes and highly fragmented in numerous small parcels. This unfavorable development was fostered by the 1953 *Law about Land Maximum*, and also by the *Law on Inheritance* which provided for division of forest parcels in smaller pieces without any limitations in minimum areas. In Serbia today, the estimated total number of parcels of private forests is as much as 3.114.428, out of these 51% are smaller than 0,30 *ha* (in the categories "10-20 are" and "20-30 are", respectively), 77% are smaller than 0,50 *ha*, and not more than 0,4% of all private forest parcels in Serbia are bigger than 1 *ha*.

This in spite of the traditional approach followed in Serbia, Slovenia and Austria in sharing and inheriting forests in private ownership, in order to preserve the integrity of forests, in the way that all forests and agricultural land of one estate are inherited by that one heir who is engaged in agriculture, while all co-heirs are financially compensated.

Besides a limited number of large forest estates, private forest properties in Austria and Slovenia are mainly being operated by mixed farming and forestry systems which are characterized by a large number of forest owners, small-sized forests and consequently small-scale forestry operations, small marketing volumes per forest owner and discontinuous utilization. The most eminent problems of these enterprises are that income from forest management often only amounts to small percentage of total income, increasing numbers of private forest estates which are not economically viable, their low level of mechanization, poor forest access, owners' lack of time and manpower for logging, and their underestimation of specific potential for operational utilization. There is, however, a traditional high level of identification with private forest property.

Similar to these countries, also the private forest sector in Serbia is characterized by high fragmentation of properties, large number of parcels and owners, general low quality and insufficient organization of forest management, lack of state structures to direct policy development and implementation in this field, but also by private forest owners, who get essentially influenced by that prevalent way of forest management, thus inadequately contributing to public production mainly because of that insufficient system of forest policy and organized support towards their sector. This results not only in stagnation, but even deterioration of the situation in this part of the sector, private forests therefore not only represent an important forest-economic, but much more a general common social problem.

The *Constitution of the Republic of Serbia* provides for the possibility to regulate private forestry in the necessary way, however based on a plain legal act. In Serbia, right now, the political process to mend the Constitution is going on; provisions of the amended new Constitution will represent the legal basis for all future regulations.

As we can see according to the Law on the bases of ownership relations in Serbia natural resources in the state property can be in the ownership of natural and legal persons only when law rules so. This should be included in the text of the new Law.

The *Law on Resources Owned by the Republic of Serbia* provides for disposal of state property, which also includes their forests and forest land. In order to avoid undesirable development and to provide for sustainable forest management, it will be necessary to clearly set the legal conditions for future owners of forests which now are in state property.

Property legislation of all three countries under consideration provides for expropriation of immovable property in the general interest; in Serbia, usually by decision of the Government of the Republic of Serbia in accordance with that laws. When it comes to expropriation of agricultural or building land, there are clear mechanisms of compensation, which will be made in cash based on the market prices of that land. When it comes to expropriation of forests or forest land, compensation for the expropriation of a young forest shall be calculated according to the expenditures for raising such a forest, increased by the factor of value growth matching the value of a mature forest.

The state has the authority to limit the owners' rights of disposal or even to expropriate forests or forest land whenever this is required in the general interest. The question that has to be raised in that context is, if that would also be the case where forests are not managed properly. If so, what would be the possibilities to have the rights of previous owners over the confiscated land restored in case they are credibly planning to better deal with forest management activities in the future? Would their future status be that of co-proprietors?

Restitution of forests to churches in Serbia is not performed yet.

Organization of forestry in Serbia during the last 15 years has been built on a firm and centralized institutional framework, as laid out in the 1991 *Law of Forests*. However, in the context of that important political and economic changes after 5. October 2000, as well as reform processes within the public administration, significant changes also in field of forestry followed, especially with respect to stakeholder relations and forestry-linked sectors.

Forest administration has been installed as independent institution (Directorate of Forests) under the *Ministry on Protection of Natural Resources and Environment*, established under the 2002 *Law on Ministries*. That way of strengthening the state administration clearly pointed towards a new orientation of forest policy, reflecting enhanced influence and connection of all stakeholders in the Serbian forest sector.

Besides state institutions in the field of forestry and environment, in Serbia in the period of transition, also non-governmental organization were installed and developed progressively, whose work and efforts affirmed their influence on the private forest sector and significantly contributed to the promotion of its organization. Activities of these NGOs represent one of the basic differences in quality with respect to the organization of the forest sector in previous period, and at the same time confirm the necessity of continuous support and strengthening of the non-state sector in this field.

By way of restructuring of the state forest administration, the general position of the forest sector within the state administration was consolidated to a point where also promotion of relations with the private forest owners would be possible. Adequate strengthening of capacities in this sector, however, as by installation of new services which would support private forest owners, are still absent.

The present model to convey services to private forest owners through public enterprises has not proven to be effective under Serbian conditions, just like the previous one, which was operated within the frame of community services.

Public enterprises lack the necessary specialists and organizational-technical capacities for provision of extension services, and at the same time also any interest in covering that important activities in private forests, which is a huge problem for further progress for management of these forests. It is especially the forest experts from state enterprises who do not have the capacity and training to accomplish activities and develop skills to communicate with the private forest owners.

Any positive exceptions within that department, where you find the capacity of support for expansion of these services, and also to improve the environment of mutual confidence and cooperation with private forest owners, so far only depend on strictly personal capability and interest of the forest personnel.

Measures for direct financial support, up till now were mainly aimed towards various programs for enlargement of forest areas, in private as well as in state forests.

Any progress of enhanced management of private forests, through consultation of private forest owners, so far has been completely neglected. Not any kind of advisory services has been established, organized consultations and trainings of forest owners are non-existent. Consequently, private forest owners lack the necessary information, that's why most of them are not aware of their rights, derived directly from the law and from the fact that state department engages and pays employees for provision of exactly that technical expert services in exactly these forests. And, in case forest owners get into contact with such personnel in the field, these contacts are usually highly disappointing because of the experts' low level of motivation and pedagogical qualification.

On the one hand, the Serbian forest educational system puts its main emphasis on the necessities and peculiarities of large systems and the state sector, whereas the sector of private entrepreneurs and forest-owners is widely neglected.

On the other hand, private forests owners lack even basic knowledge on specialized management of their forests and consequently usually lack any motivation for bigger investments in appropriate measures towards enhanced management of their forest properties. Beside that, amongst them the necessary mutual understanding and cooperation, and therefore any type of organizations are absent.

In that way, in the Serbian private forest sector, many organizational questions are unsolved (as technical expert support, state subsidies and support, formation of organization of private forest owners, etc.), although that specialized work in private forests has been handed over to the state forest administration. There is an evident need to change the existing system for support to the private sector, because of the ineffectiveness of the service providers and the significant changes due to the ongoing process of transition, in the state department as well as the environment.

### **3. ORGANIZATION OF PRIVATE FOREST OWNERS IN CENTRAL EUROPE**

In various European countries, different traditions exist with respect to private forests, which can be judged also from forest cover and average areas of private forest properties. Approximately half of Europe's forests are in private property. In most countries, an immense share of the forest areas is smaller than 10 *ha*, while in Nordic countries the approximate size of forests is around 30 *ha* or more. This category of ownership show a high variability, going from only few properties with thousands hectares of forests, to millions of lots less than 5 *ha*.

In most countries of the European Union, owners of non-state forests are organized within the frame of different unions and associations, established as partners and counterweights to the state forest sectors. Regarding their territorial organization, representation and association of private forest owners is present at all levels, from local and regional to national, with also a global-European linkage. Obvious differences between political decisions emphasized on national level and economic activities and practical management of forests on local level, effect the establishment of forest owners organizations, as the decision on the organizational structure mainly depends on what level it would operate.

For comparative analysis, Austria and Slovenia were chosen, as these two countries have the largest portions of private forests and very organized support towards private forest owners within the Central European region, where by its geographic and natural characteristics also Serbia belongs to.

#### **3.1. Organization on national and country level**

As most functional forms of cooperation between forest owners, National Owners' Associations, and Chambers of Forestry and Agriculture, stand out (FAO, 2000).

In Austria private forest owners are organized in a *National Federation of Agricultural and Forest Enterprises*. The private forest sector is also part of the Chamber system, there are *Chambers of Agriculture* in Austria and also a *Chamber of Agriculture and Forestry* in Slovenia, where the representation of the forest sector, however, is rather weak.

In Austria, there are legally obligatory and parallel to that also privately organized associations of forest owners, operating on a voluntary basis.

Pursuant to the Austrian Constitution – Austria is a federal state - Chambers of Agriculture are regulated on the provincial level; this results in nine Provincial Chambers of Agriculture, governed by the related provincial legislation. This results in differences in their organizational structures, the most important concerns their membership domain. Whereas

they all share the common feature that membership is obligatory for landowners and self-employed persons working in agriculture and forestry (including assisting family members) and for co-operatives in this sector, there are differences as regards employees: in the Tirol and Vorarlberg, all employees in agriculture and forestry are also members of the Chamber, whereas in the other seven provinces, agricultural employees have their own Labourers' Chambers. In Slovenia, there is one Chamber of Agriculture and Forestry for the whole state; its members are landowners, leaseholders and to some extent also companies. Beside obligatory membership, also voluntary membership is possible.

In Austria, the financial budget of the Provincial Chambers is fed from various sources. In the Austrian province of Salzburg, for example, in 2002 (LHR Salzburg, 2003), only 20 % of the Chamber's annual budget came from membership dues, 36% from public subsidies, and in addition to that, 90% of the total costs of more than half of their employees were directly covered from the provincial agricultural budget. The Chambers also generate income from provision of special services and management of their own estates. The same applies to Slovenia, where the share of membership fees, compared to the total budget, is relatively small.

In Austria, there is no federal body representing the nine Provincial Chambers, but a Conference of Presidents of the Chambers of Agriculture which is their voluntary de facto representative in all matters undertaken at the national level. Austria's entry into the EU has brought about a decline in the Conference of Presidents' importance in the social partnership system, since the shift of powers and responsibilities on agricultural policy to Brussels has also separated the sector's problems from the other areas of economic and social policy. In general, the tasks of the Austrian Chambers of Agriculture include the representation of agriculture and forestry interests, the provision of advisory services for their members and collaboration in sectoral regulatory measures (e.g. the implementation of public promotional programmes for agriculture and forestry). In Slovenia, the entry into the EU increased the importance of the Chamber of Agriculture and Forests, because the subsidisation system is handled through that institution. In the forest sector, however, a major part of that job is accomplished by the Forest Service, the state forest administration. In general, the tasks of the Slovenian and Austrian Chambers of Agriculture are similar; the advisory service, however, in Slovenia and partially also in Austria, in the meanwhile is mainly provided by the State Forest Service.

The Austrian Chambers system has turned out to be not satisfactory in handling the numerous specific problems in the context of management of the many small-scale private forest estates in Austria. For that special purpose and as a result of the need for action, forestry alliances (forestry associations and forestry cooperatives) have been created in all provinces – though with the active support (consulting) of the Chambers of Agriculture. The forestry associations present themselves today as expert organizations belonging to the agricultural chambers or the Federal Silvicultural Association. These alliances are the reaction to changes in the form of the opportunity for structural and factual codetermination of processes. In this sense, it is furthermore necessary to continually adapt to the changing demands (Höbarth, 2002).

The Austrian forestry associations are strong marketing and contact partners in business and politics. They have the competency to optimally deal with their members' coordination tasks in the chain of value-added business activities. Their primary goal is to make the most efficient use of the already low manpower capacity towards improving the financial success of the forest owners, thus optimizing forestry management (Höbarth, 2002). In Slovenia, that process has only been started; so far, five associations with similar tasks as in Austria have been established.

National associations of forest owners were established, so far, in a few countries with economies in transition, mostly with the goal to represent owners' interest during the process of restitutions. Membership is voluntary, these associations often do not have a lot of members and no strong links with local and regional organizations (weak contacts with small private forest owners). It is clear from experiences from the agriculture and forestry sector of countries from Central and Northern Europe that such types of interest-representative institutions on voluntary basis function only, if they originate from local and regional organizations and are based on strong organizational backgrounds.

If decision makers harmonize the needs for interest-representative organization, and lower organizational forms on the local or regional level are absent, the most appropriate system would be that of a Chamber with obligatory membership.

Especially in the context of small-scale private forestry, such Chambers would often be serving as a kind of basic structures, only. Wherever appropriate or necessary, Chambers together with or through their subordinate units on provincial and regional level, could help establish and consequently logistically and technically support voluntary local and economic oriented institutions (cf. the Austrian example, above). In Slovenia such assistance comes mainly from the Forest Service - all forest owners associations were established with their support.

Beside that, additional activities, especially in fields of financial support and subsidies, could increase the force of attraction of that type of organization, this in spite of the compulsory membership, not necessarily favored by the compulsory members. Membership in these organizations also provides various additional possibilities to the private forest owners to participate in national and EU projects.

In case, however, state institutions do not see the necessity to take over initiative, and even better, certain lower forms of private forest owners' organization already exist, establishment of owners' own "roof" associations with voluntary membership, on a regional and local level, would be the favorable approach.

There are considerable differences between the two systems, the obligatory Chambers and voluntary Owners' Associations, not only with reference to the way of initiative for establishment (governmental or independent) and legal form (corporation under public law, or association under private law), but also with respect to their general acceptance and effectiveness in the field. While the Chamber system is organized from top to down, the Owners' Associations arise from the bottom, from members' real interests.

In addition, there is also a voluntary association for specific representation of the interests of agriculture and forestry co-operatives, the Austrian Association of Agricultural Co-operatives.

### **3.2. Organizations on regional and local level**

Because of logistic problems like coordination and appropriate representation of local common economic interest, independent formation of forest owners associations is more likely to take place in the communities, on the local or regional level.

The core tasks these associations focus on is channeling the of forest-political interests of owners of small properties, and provision of immediate specialized assistance from the union as well as various specialized advisory services for their members, as well as their representation in country unions and protection of their interests on an authorized level toward governments, other organizations and also the general public.

In the three countries under consideration, forest association engage in alleviating structure deficiencies originating from small areas of forest estates (expressly fragmentation of properties, unfavorable stand structures, insufficient network of forest roads, strong

dispersion of the wood supply), which call, in most cases, for appropriate forms of cooperative management. In Serbia, however, the effects of structure improvement so far have related exclusively to economic results, thus on forest management and disposal of wood; there seems to be no intention to base management on a common property law.

When it comes to common management of forests in Central Europe, on the local or regional level, there are two prevalent systems: One is that of the forestry associations, the other one that of Agrarian communities.

Associations of private forest owners today are the dominate voluntary organization form in that field in Central Europe, based mainly on - considerable - economic advantages of their members. Cooperation of private forest owners, without legally joining their properties, is practically focused on timber marketing, joint use of technical equipment and involvement in specific forest management activities. That type of cooperation greatly increases reliability towards the wood-processing industry by creating speedy individual delivery capacities (Höbarth, 2002).

The forestry associations are therefore open to all forest ownership categories, independent of the expanse of forests belonging to each individual operation.

Such forms of associations exist in Austria (*producers/marketing cooperatives*) as well as Slovenia (*160 marketing cooperatives*).

In Slovenia, private forest owners sometimes also are linked in interest groups (clubs) of land owners, originally for some other purposes than forestry. Most of these clubs were established with direct support from the Forest Service experts.

Community forestry (*Gemeinschaftswald*) originates from the mountainous parts of the countries of the former Austrian Empire. Historically, rural common property in Austria can be traced back to either a settlement-related origin (*Allmende*, common property in Germanic times) or an easement-related origin (liberation of farmers in bondage). Administration of these joint ownership structures has been institutionalised in 1853 already, and since 1950 their legal status has been that of corporations under public law (*Agrargemeinschaften*, rural common property) (Herbst, 2004).

Even today, in the mountain valleys of Austria, that type of common property is one of the prevalent categories of rural land ownership and therefore a major factor in land use planning and policy. Today, there is a high percent of forest owners which are no farmers anymore; *Agrargemeinschaften* turned out to be a proper approach for successful management of such forests, too. The legal structure of the *Agrargemeinschaften* has proven to be adaptive to numerous new challenges during the last 140 years when the same regulatory and institutional regime has been applied, based however on a continuously adapted legislation. *Agrargemeinschaften* are legally obliged to sustainably manage their commonly owned lands. It is because of such proper management, based on clear and consequently enforceable regulations, that rural commons in Southern Austria never have been in better ecological nor economic conditions in historical times, than today (Herbst, 2004).

Comparable structures are also found outside the borders of the former Austrian-Hungarian Empire, as the *Waldgenossenschaften* in Thüringen (Germany). The internal structure of these communities might be different, but they have common ideal social contribution, responsibility and capability of management on one huge, joined area. (Illyés and Nießlein, 1997).

Nowadays, considerable and even increasing interest for that form of forest management exists; it is especially in regions where the areas of individual forest properties



are very small (or - will be small after restitution) that possibilities for the foundation of such Agrarian communities should be examined.

Management of individual, small lots is complicated and ineffective. Common management, based on clear and enforceable internal as well as external regulations, would help to avoid related problems. Internal regulations would include guaranteed shares of all co-owners and based on that a clear structure of decision-making, administration and management through elected executive bodies (Plenary Assembly, Management Committee, Headman).

Such common forest management structures would be established on a voluntary basis, or obligatorily through state. State support in most cases would be targeted towards support during foundation of such organizations and promotion of specific activities. With regards to Austrian *Agrargemeinschaften* (which are decentralized corporations under public law and thus self-governing) a special supervising authority (*Agrarbehörde*) has been installed as early as 1883, to safeguard sustainable management of their common property (Herbst, 2004).

There is no blue-print solution which would be applicable everywhere. The decision on the type of economic association or cooperation that is most favorable in a certain region, has to be taken on the local level, because such decisions depend on numerous individual factors. One thing, however, seems to be clear: Joint timber marketing and use of logistics alone would not count for the necessary level of integration, in times when modern chains of wood production demand for intensive horizontal and vertical cooperation.

#### 4. PRECONDITIONS FOR REALIZATION OF NEW ORGANIZATIONS

Private forests are a very important natural renewable resource in Serbia, for the economy, as well as from the aspect of public functions of forests. In addition to that, these forests are very valuable resources of biodiversity, eco-tourism and secondary forest products, and in the long-term they are potentially valuable sources of products for the domestic wood industry.

It is the clear interest of the state and the forest owners alike to improve that unsatisfactory situation in the private forests, in order to better realize their functions, be it about production of wood or other functions relating to protection and promotion of the environment. To achieve improved forest cover, considerable better wood production, and the goals tied for improved use of the forest and positive influences of forests towards environment, mainly depend on the good will and possibilities of the owners, but also on measures that would stimulate the owners to use their forests in the best possible way.

The primary goals of forest policy, with regard to private forests, in Serbia, will be to establish all relevant facts about the private forests, stimulate interest of the owners in associations, upgrade and spread knowledge of modern forest management, and, where possible, offer financial support. In order to accomplish this policy, necessary preconditions would include an appropriate Law on Forests, an efficient forest authority and an excellent extension service, which would create and realize all necessary advisory and propagandistic activities.

In the environment of transformation relation between state forest administration and private forest owners, it is necessary to advance such relationships, towards cooperation and development of partnership relations. It is necessary that state forest administration becomes qualified for realization of their new tasks, and in that way becomes a competent partner and service provider of non-state forest owners. In modern market terms, direct state influence, with regard to the private forest sector, is directly replaced with non-binding state advisory

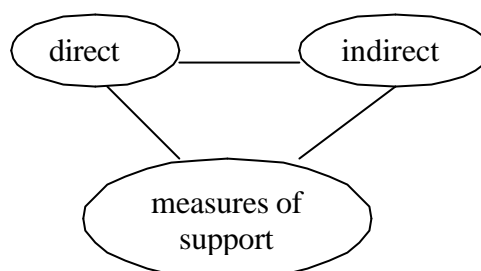
relations, with the task for strengthening individual forest management and economic activities of private forest owners.

In that way, a primary organizational action to be realized by the Serbian state forest administration, would be to organize a system of support and association of private forest owners, which so far, in Serbia, has been absent.

#### 4.1. Organization of support system

The primary goal for establishment of a support system in the Serbian private forest sector would be to enhance, with the help of the state forest administration and their specialized services, the forest owners' qualifications for sustainable and effective management of their forests, in accordance with their personal interest, current regulations and demands of modern forestry.

The system of support for private forest owners would be organized through



- direct measures of support, for all activities in private forests which the forest owners cannot finance or do not have the interest to do so;
- indirect measures of support, which include support for advisory, technical and expert assistance, education, training and for private forest owners associations.

Developed systems of forestry organizations in the private forest sector would include two mutually connected (sub-)systems: advisory services for forest owners (forestry consultation service) and organizations of private forest owners (on local and central level), with all institutional elements developed. This includes the existence of a forestry extension service and developed forms of associations.

In order to make such new systems of private forest management functional, a comprehensive and long-term systematic support from the state, in organizing and activating the private forest owners, would be necessary. This would, necessarily, result in promotion of these forests.

State support to promote foundation of and membership in private forest owners organizations would especially important in the initial phase of new organizations, first of all, when the benefit from membership in that cooperations still is not obvious for potential future members. Self-responsibility is an important issue in that context, which includes responsibility of representatives of these organizations for the final decision-making processes. In the private forest sector, the state sector's regulatory approach of final organizational decisions is unworkable; the state would, however, provide the legal framework as well as the advisory, financial and technical support for joining and membership, where the owners would have the possibility to choose, regarding to their specific interests, from certain organizational options. The essential condition for realization of any private forest owners association would be to fulfill the individual and the communal

interests alike, the interests of all these who are joining, and of these institutions that are expected to provide full support.

Successful progress of private forest owners organizations is impossible without the active and positive involvement of the state, as the state creates the political and legal framing conditions, sets all basic organizational standards (for example, existence of a forest service office) and gives support to organized owners. Through cooperation with authorized governmental institutions and by organized consultations, a complex approach for associating would be built, which would support fruitful development of these associations; at the same time, owners through permanent education and information would be adequately confronted with all advantages of associations and possible ways of organization.

#### **4.2. Organization of private forest owners**

There are three - internationally recognized – preconditions to abet organization of private forest owners and strengthening their ability to sustainably manage their forests, which include a functioning model for an organized system of consultations, a good forest extension service and funds to finance support measures. Organization of private forest owners is one of the vital questions for faster advancement of a more favorable situation in Serbia's private forests, from the owners' point of view, and from the state institutions' point of view alike.

Measures of state policy should stimulate private forest owners, so they could be gathered in local associations, in order to accomplish common goals of individual owners (as promotion of their market position, disposal on the market, achievement of better prices and conditions for selling, realization of support measures, etc.). At the same time, a national association would be necessary, to act as a strong partner on the higher geographic level, to achieve cooperation of all associations on common efforts, comment and express opinions on legislative and forest policy processes, care for the provision of technical help, and support the work of the(ir) local associations.

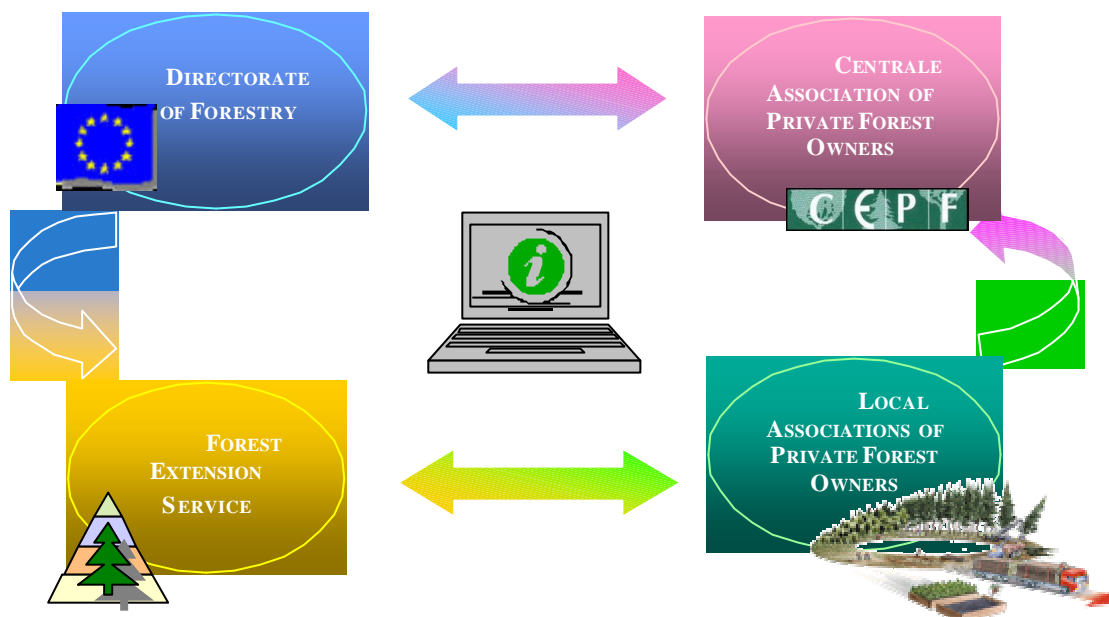
Forest management associations, working on an economical basis, would be formed based on various models, as model (1) “*community forest*”, because of the necessity for common management, or as (2a) some other way of economy-based cooperation of private forest owners, or (2b) “*contract cooperation*”, cooperation with forest organizations for implementation of mutual economic and public interests.

The first model is aimed towards such owners of forests and forest land, who do not have enough interest for managing their forests, or simply are not able to do that because of high costs involved or their physical distance from their forests; to join and merge such forests into a community would provide a chance for better management and income from their forests. For owners who are directly linked with their forests and forest land, with a direct possibility to actively getting involved in management, the other options for joining, to achieve economic benefits (joint purchase of equipment, joint nursery plants, construction of the road, etc.), seems to be more appropriate than common forest management.

Beside formation of economy-based associations, also policy associations of private forest owners are necessary, which will represent rights and interest of private forest owners on the national level, during all relevant processes of decision-making of state-political institutions. Such kinds of “roof” associations would considerably contribute to the establishment of more equal positions of the private forests sector in relation to the state, safeguard an adequate forest policy and legislation, and in addition to this, also would take over some of the activities in connection with support of private forest owners, through consultations on expert-technical and entrepreneurial questions, measures towards cooperation development and structure improvement, cooperation with other institutions, etc.

Professional and personnel organization of private forest owners in Serbia could be accomplished following well-established models of Central and Western Europe, e.g. by connection with the Chamber of Economy, which would allow for various forms of state subsidies for private forest owners (and similarly, for owners of small and middle private companies in forestry) and development of lower forms of organization.

As a special form of organization representing their interests, an independent association of private forest owners could be formed, with adequate regional structures which would be made of representatives from regional, and/ or local associations.



Prospective model of organization of private forest sector in Serbia

## 5. CONCLUSION

If Serbia wants to have a stronger and better organized private forestry sector, it is important that private forest owners get the possibility to freely and voluntarily associate, unite and establish associations with just that goal. In Serbia there exists an environment for foundation of cooperatives as independent self-managing organizations of the working people and citizens that freely pool their labor and resources, also for performance of advanced production in the forest sector.

The provisions of the *Law on the Association of Citizens in Companies, Social Organizations and Political Organizations* adopted for the territory of the Socialist Federal Republic of Yugoslavia<sup>4</sup> as well as the *Law on Co-operatives*<sup>5</sup>, and the *Law on Social*

<sup>4</sup> "Official Journal of the SFRY", no. 42/90; "Official Journal of the FRY", no. 24/94, 28/96, 73/00.

<sup>5</sup> "Official Journal of the Socialist Republic of Serbia", no. 57/89, "Official Journal of the Republic of Serbia", no. 46/95.

*Organizations and Associations of Citizens*<sup>6</sup> create possibilities and the legal basis for the establishment of social organizations and associations of citizens.

Proposals for action of the Intergovernmental Forum on Forests include the encouragement of private investments in sustainable forest management by providing a stable and transparent investment environment within an adequate regulatory framework that also encourages the reinvestment of forest revenues into sustainable forest management. Today in the forestry sector, also Serbia needs the most sincere support to private forestry.

It is necessary to provide for permanent financial resources, subsidies, credits and tax reductions in order to improve the state of forest resources in the private property. *Law on the Property Tax*<sup>7</sup> predicts that the property tax is not imposed on rights on immovable properties, including agricultural and forest land which is being converted to the original purpose, for five years starting from the conversion to original purpose; facilities for protection of agricultural and forest land, etc.

Wildlife resources of Serbia offer considerable potential for commercial utilization, but unless private forests owners organize themselves into some form of commercial associations for joint management and trade, improvements in this area are unlikely to take place. Efforts should be made to know more about private forest owners, to better support them, and to register them.

State will stimulate and realize the programs of protection of private forests, as soon as reasons of national security or preservation of environment rule so. The role of the state in private forestry is mainly resumed in coordination, support and control. Establishment of the state of forests in private property and development of a system of planning of management of the private forests are necessary. We should stress the necessity to establish a special sector for private forests as an organizational unit within Serbia. In this way, we would provide for a relevant level of autonomy of that department and also try to achieve more precise records of income and expenses, i.e. on the financial situation in private forests in general. The organizational and financial division of private and state forests sectors seems to be crucial at that stage of the forest development Serbia has reached so far.

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<sup>6</sup> "Official Journal of the Socialist Republic of Serbia", no. 24/82, 39/83, 17/84, 50/84, 45/85, 12/89, "Official Journal of the Republic of Serbia", no. 53/93, 67/93, 48/94.

<sup>7</sup> "Official Journal of the Republic of Serbia", no. 26/2001, 45/2002, 80/2002, 135/2004, "Official Journal of the Federal Republic of Yugoslavia", no.42/2002.

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