

United Nations – Economic Commission for Europe
Committee on Forests and the Forest Industry

SLOVENIA

Country Market Statement 2013

Ministry of Agriculture and the Environment

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1. General economic trends

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We do not expect the Slovenian economy to improve within this year or the next. The recovery of the Slovenian economy will continue to be impeded by domestic factors, despite the first signs of recovery in the euro area. The pressing need for fiscal consolidation and the stabilisation of the banking system will affect the consumption of households, firms and the government, which is set to decline further this year and in 2014. A positive contribution to economic activity will come only from international trade, even though exports are still recovering more slowly than in comparable countries. Given these circumstances, the labour market conditions will continue to deteriorate.

2013 forecast

As a result of a further fall in domestic consumption, GDP will decline by 2.4% this year. Having contracted again in the first two quarters, GDP was down 3.2% year-on-year in the first half of 2013 as a result of lower investment, private and government consumption. The fall in investment in 2013 will otherwise be smaller than in previous years, due to a large investment in the energy sector and a relatively smaller fall in construction investment. Exports will thus remain the only factor that will make a positive contribution to economic growth in 2013. Consistent with the expected beginning of modest economic recovery in main trading partners, their growth will strengthen slightly this year. Trade with other countries remains the only factor with a positive economic activity contribution.

Given the deterioration in labour market conditions, wage cuts, restrictions on public finance expenditure on transfers and increased consumer caution, private consumption will continue to decline this year (-3.5%) This year's significant fall in private consumption will mainly be attributable to a decline in compensation of employees, which will be more pronounced than last year due to a decline in the average gross earnings, after last year's stagnation, and a more pronounced fall in wage earners.

With a further reduction in expenditure on final consumption, government consumption will fall by 2.5% this year. In the first half of the year government consumption was down 2.5% year-on-year, and an identical fall is also expected in the year as a whole.

Growth in exports will strengthen this year due to the expected growth in merchandise exports, while growth in services exports will remain similar to last year. Growth in merchandise exports will continue to rely primarily on growth in exports of medical and pharmaceutical products. Exports to Slovenia's traditional trading partners in the EU are expected to recover this year after last year's decline, which is consistent with the expectations of international institutions about the beginning of a modest recovery of their economies in the second half of this year. Exports to non-EU countries will also continue to grow, in particular to the countries of the former Soviet Union, northern Africa and Asia.

In the first half of 2013 value added declined again year-on-year in most private sector activities and for the first time also in public services. The year-on-year decline in value added was once again largest in the construction sector, where activity has been shrinking for the fifth year in a row. Value added also continued to drop in manufacturing, mainly due to lower output in industries of lower technology intensity, particularly those that mainly focus

on the domestic market. The production of the majority of more technology-intensive and predominantly export-oriented activities was up year-on-year.

Banks continue to reduce the stock of loans to domestic non-banking sectors. The further decline in lending activity is, in our assessment, attributable to both the supply and demand side, as the credit standards for lending to non-financial corporations have remained significantly worse than in the euro area overall. The difficulties on the demand side are also indicated by high corporate indebtedness in Slovenia, as last year the debt-to-equity ratio recorded a much higher figure (132.9%) than in the euro area as a whole (93.1%).

2014 and 2015 forecast

Amid the continuation of fiscal consolidation and the adverse conditions on the labour market and in the banking system, GDP is set to shrink further in 2014 (-0.8%). The decline in private consumption (-2.7%) will remain the main driver of the contraction in GDP next year.

The drop in government consumption will decrease and the scope of investments will further decline. Despite the stipulated rehabilitation of the banking system, the credit market situation shall remain adverse and company access to financing sources will be limited. This limitation of financing sources shall continue to inhibit the growth of business investments and shall result also in lower construction investments. Growth in exports is expected to improve within the next year due to progressive improvement of the international situation.

Assuming positive shifts in fiscal consolidation and the stabilisation of the banking system according to plans, we expect modest economic growth in 2015. With the process of fiscal consolidation and banking sector stabilisation carried out as planned, the effects will be seen in 2015 and economic activity will begin to recover modestly after three years of decline. The falling in government consumption and investment activity will slow, while private consumption will increase slightly after three years of decline. Amid the continuation of the economic recovery in main trading partners, exports will remain the key engine of the recovery of the Slovenian economy.

2. Policy measures

Among policy measures adopted in the recent years in the field of green economy and wood construction, **Regulation on green public procurement** (Official Gazette of the RS, No. [102/2011](#)) has been most important. The Regulation provides minimum mandatory environmental requirements and their involvement in the public procurement processes, and it also includes recommendations for achieving higher environmental standards. The purpose of this Regulation is to lower the negative impact on the environment through public procurement of environmentally less burdensome goods, services and constructions, and thus lead the private sector and consumers by example.

The ECO Fund grants loans for environmental investments through public tenders within the scope of the programme for granting loans for environmental investments of natural persons, legal entities and sole traders. Contracts for implementation of different investment schemes in the area of efficient energy use and use of renewable energy sources have been signed with natural persons. The Eco Fund also carries out a programme for granting non-returnable financial incentives to natural persons for measures adopted in the area of efficient energy use and use of renewable energy sources. It does so on the basis of the Regulation on energy

savings ensured to final customers, which entered into force on January 1st, 2010. The Regulation introduces a collection of resources to increase the efficiency of energy use through its contribution to improving the efficiency of electricity and heat additions to the price and the price of fuels to increase energy efficiency. The beneficiaries of the incentive, who through public tenders completed their investments in a timely manner and submitted the appropriate documentation, received a total of EUR 17.3 million in non-returnable funds in 2011, which were used to fuel 17,371 investments. Apart from the support given for the installation of boilers run on wood biomass fuel, incentives for installation of wooden outdoor builder's joinery during renovation on housing buildings are also important from the viewpoint of wood use. In 2012, EUR 5 million was issued for co-financing of modern boilers run on biomass. This funding was mainly invested in modern boilers run on wood pellets. The investments in boilers run on pellets are increasing and the share of non-returnable funds, issued for investment in boilers run on pellets amounted to 32% in 2010, 47% in 2011 and as high as 65% in 2012.

The programme of co-financing of district heating systems and the installation of boilers run on wood biomass is run within the framework of the Operational programme for environmental and transport infrastructure development for the period 2007-2013; the development priority „Sustainable Energy“ and the priority orientations of innovative measures for local energy supply. In July 2011, already the third tender for co-financing said boilers run on wood biomass was opened, and it is to stay open until September 2013. From 2010 to 2012, 16 projects for district heating systems run on wood biomass were supported through this tender (12 of these were combustion engines run on wood biomass and 4 of these were existing systems without installation of combustion plants). State aid was used for the installation of 19.7 MW of combustion engines run on biomass and more than 38 km of heat pipes. The total power of installed combustion engines run on biomass and supported through said measures is 43 MW.

The Action plan to increase competitiveness of forest-wood chain in Slovenia by the year 2020 »Les je lep« (»Wood is beautiful«), which was adopted by the Government of RS in June 2012, also stands out among important measures with long-term effects. This Action plan reclassifies the Slovenian wood processing industry as a strategically important and perspective branch of economy with sufficient amount of national raw material.

The measures affecting trade in wood products and the wood products market also include individual measures from the **Rural development Programme of the Republic of Slovenia 2007-2013**. In the view of promoting the use of wood, the following measures are most pertinent within the framework of Axis 1:

- 111 - Training for persons engaged in agriculture and forestry, which may influence, indirectly through education of forest owners for safe forest work, the annual felling in privately owned forests.
- 121 - Modernization of agricultural holdings, which, among other things, enables co-financing of investments in renewable sources of energy for agricultural holdings needs.
- 122 - Improving the economic value of forests, which can have a positive effect on the wood products market, as it provides for co-financing of investments in modern forestry mechanization and equipment as well as in reconstruction and construction of new forest tracks and roads.
- 123 - Adding value to agricultural and forestry products, which also foresees co-financing of investments in processing and marketing of wood.

Within the framework of Axis 3, the following measures are the particularly pertinent:

311 - Diversification into non-agricultural activities, where support is given to investments in production of energy intended for sale.

312 - Support for the creation and development of micro enterprises, where among other options, the co-financing for setting-up of enterprises for the production and sale of energy is foreseen.

Slovenia plans to support rural development in the area of wood mobilization in privately owned forests and local wood processing also in its future Rural development Programme 2014-2020.

The EU Timber Regulation, which came into force in March 2013, provides that only timber products which have been produced in accordance with the national legislation of the timber-producing country may enter the EU market. This measure mainly applies to wood and wood products imported into the EU, however its provisions also apply to wood and wood products coming from the EU. Financial penalties have been provided for in the event of infringements, while confiscation of goods or even a suspension of performance of commercial activities may follow a more serious infringement. In Slovenia, these requirements have been implemented through the Act on Forests which manages the control and jurisdiction, imposes obligations and implements control over the flow of wood.

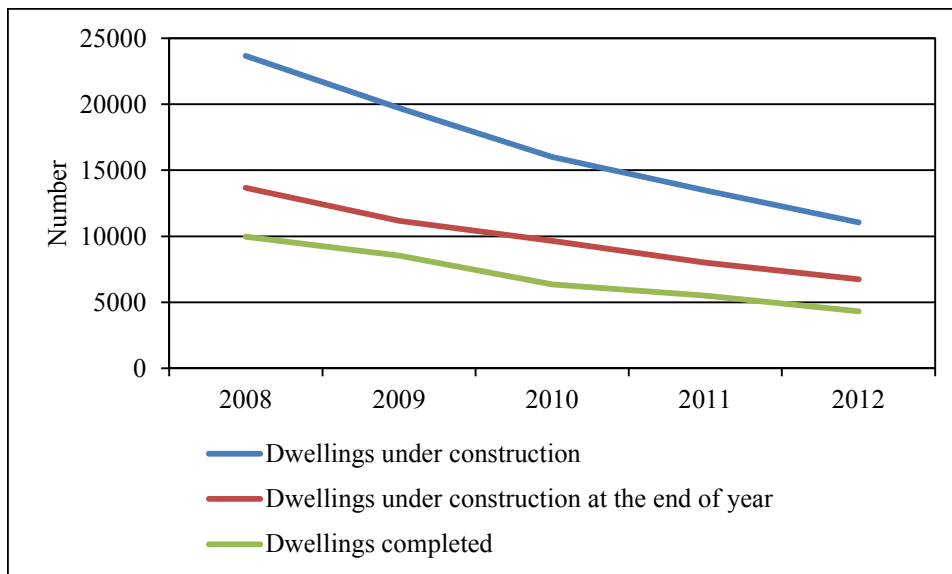
Within the frameworks of the EU climate and energy package, Slovenia should reduce its total emissions by 6% compared to those recorded in 2005 by 2020. At the same time, Slovenia should reduce emissions from sectors not included in the emission trading system (ETS) by 21%. In sectors not included in the emission trading system (non-ETS), Slovenia can increase emissions by up to 4% according to their emissions in 2005.

3. Market factors

Data sources: SORS, IMAD, CCISS and SFI

The continuing decrease of construction activities in 2012 (-16.8%) led to a 13.9% drop in the value of construction put in place within the first seven months of 2013. The most prominent decline was present in the segment of residential buildings construction (-29.4%), while the drop recorded within the scope of civil engineering amounted to 1.4%. Within the last six months of 2013 some indicators of future construction activities are improving. The stock of contracts in June was 17.9% higher y-o-y mainly due to growth recorded in the area of civil engineering. Data on building permits is also favorable as the residential construction foreseen for the second quarter was nearly a fifth larger y-o-y and the floor area of planned non-residential construction also exceeded the forecasts. The improvement of construction investment is also reflected in the improved value of the construction confidence indicator. In the average of the year, construction investments shall be lower compared to the previous year, however their decline shall be significantly smaller. Low demand, high level of corporate debt and limited financing continue to have an adverse effect on business investments.

Figure 1: Estimation of dwellings under construction and dwellings completed



The competitiveness of low technology industries such as wood processing and furniture industries continues to decline. This is indicated by the production scope which dropped by 14.9% and 14.6% in the first seven months of 2013 in the furniture and wood processing industries respectively. The continued decline of the furniture industry export performance in the EU market is reflected in the negative margins of market share and export value growth. In the domestic market, the consequences of lower household consumption of long-keeping products are reflected in the furniture segment. The furniture industry recorded a 14% drop in sales within the first seven months of 2013 in the domestic market while the foreign markets recorded an 18% drop.

In Slovenia, wood is recognized as a strategic and renewable resource with important future potential. This orientation is reflected in the Action plan to increase competitiveness of forest-wood chain in Slovenia by the year 2020, the support for green public procurement, the support for use of wood as an energy-generating product, the support for research and development, the support for bringing together industry and research organizations through Slovenian economy's developing centers, the definition of wood in the priority area Materials in the Smart Specialisation proposal and other implementing rules among which Eco Fund subsidies and favorable loans for construction and use of wood in builder's joinery, replacement and installation of highly efficient modern boilers run on wood biomass, and energy-efficiency requirements of new constructions must be pointed out. The factors for extraction and processing of timber in rural areas are supported by the Rural development Programme. In the area of construction of buildings, the share of wooden buildings is on the rise, as is the number of wooden public facilities, predominantly schools and nurseries.

Despite material reserves and a favorable geostrategic position, the wood industry development is hindered by a lack of foreign investments in wood processing, mainly in the segment of sawn conifer wood production and potentially the deciduous plywood production. These investments seem to be vital due to unfavorable and technologically mostly unsuitable structure of sawmills.

4. Developments in the wood products market

Data sources: SORS, IMAD, CCIS: Paper and Paper Converting Industry Association and Wood Processing and Furniture Association, SFI; recalculations, analysis and interpretation of SFI

a) Roundwood

The decreasing trend of industrial roundwood consumption in Slovenia, which has been prominent since 2007, continued also in 2012. The production and export are reaching their highest levels while the log wood processing is dropping (-12%). On the other hand, pulpwood boards consumption is on the rise (+17%).

The production of forest wood assortments in 2012 remained at the same level as the previous year and was officially at net 3.4 million m³, of which 1.8 million m³ accounted for conifers. The felling amount is estimated to remain at a similar level in 2013 and 2014. Due to market conditions, the deciduous tree wood segment structure shall change to further increase the use of wood for energy purposes. Domestic use of wood for energy purposes remains the main factor influencing the felling of deciduous trees. Decreased domestic and foreign market demand is recently especially prominent in the field of beech logs, which has suffered most due to decreased capacities of the domestic wood processing industry, reductions in the furniture industry consumption and reduced European demand.

Slovenia has been a markedly net exporter of roundwood for several years. The export of all industrial roundwood categories has increased again in 2012 and amounted to 1.3 million m³. The import also increased slightly in 2012 (2%), mainly due to wood of lower quality. The main export markets are Austria and Italy. Wood of lower quality and deciduous logs are mostly exported to Italy while Austria imports conifer logs. The export of conifer logs to Austria (0.5 million m³) influences the buying prices of wood (at forest road excluding transport costs), which have recorded a steady y-o-y growth due to increased conifer wood export in the last few years.

On the basis of a comparison of foreign trade data we estimate that the export of roundwood shall remain at about the same level as in 2012, despite unfavorable conditions for extraction of wood in the first quarter of 2013. Due to increased import of coniferous pulpwood the import shall record a growth this year.

The foreign trade increase in roundwood in the last few years proves a continued decrease in log wood processing. The „Action plan to increase competitiveness of forest-wood chain in Slovenia by the year 2020“, adopted in 2012, supports the increase and modernization of wood processing, especially wood logs, where there exists a substantial inconsistency between resources and processing.

b) Wood biomass for energy

The gross domestic consumption of renewable energy sources (excluding hydro energy) will amount to 33,548.4 TJ in 2012. Compared to the previous year, the amount of energy from renewable energy sources will increase by 5.7%. The prevalent share of 75.4% in this structure belongs to biomass (2.9% increase compared to the previous year). These follow: photovoltaic solar energy 7.4% (+42.8%), geothermal energy 4.9% (7.0%) and biodiesel 4.0% (+7.1%). The consumption of wood and wood residues for production of energy in 2012 amounted to 23,000 TJ.

According to available data for Slovenia, more than 40 district heating systems in range of 85 kW to max. 152 MW are currently installed. The total power installed in all district heating systems in Slovenia is estimated at 235 MW with the heat production of 212 GWh/a and electricity production of 31 GWh/a. According to estimates by SORS and SFI, around 171,125 tons of wood biomass were used for energy and heat production for larger energy systems in 2012. The amount of biomass used in larger systems decreased during the last year mainly because of a decline in wood processing industries (in 2012 we reached the level from 2009). The largest user of wood biomass is TE-TOL Ljubljana with installed biomass power of 152 MW. Its yearly production of heat is 60 GWh/a, electricity production 31 GWh/a and wood chips consumption 63 000 t/a.

The use of wood biomass in households has been slightly increasing, which is evident from the larger number of households using wood for heat production. The share of households using wood fuel for heat production is on the increase – in 2005, this share amounted to 38.9%, while in 2010 it already amounted to 42.7% (SORS). Recent SORS data from 2013 shows that Slovenian households consumed some 1,6 tons of wood fuel in 2012 (this shows an increase of 2% compared to 2011).

According to the data gathered, the total pellet production in 2012 was more than 83, 000 tons (+38%). According to the planned new plants and the projected increase of production in existing plants we can estimate that the production of wood pellets in 2013 will exceed 100,000 tons. Most of Slovenian producers are relatively small (with an average annual output below 10,000 tons), do not have an organized delivery system and are mainly oriented to the local/regional market. On the contrary, our biggest producer with an annual production of 50,000 tons is highly export-oriented.

Investments into new capacities are estimated to further increase production in 2013 and the following years. In 2012 and markedly in 2013, domestic demand increased, which led to increased import of pellets predominantly from Bosnia and Herzegovina. Slovenia will be a markedly net importer of pellets in 2013.

c) Certified wood products

All national forests in Slovenia and 4 larger private forest owners are certified by the FSC system. A quarter of a million ha representing 22% of the total forest area is certified.

The number of companies with the FSC Chain of Custody certificate (CoC) which operate in all wood processing segments, is still increasing (some 200 companies). Certified companies belong to all segments of the forest-wood chain. Export oriented companies prevail.

According to the PEFC scheme, 10,000 ha of forests belonging to 320 owners have been certified through a regional certificate in 2013. At the moment, the PEFC Chain of Custody certificate has been awarded to a relatively small number of companies (less than 20), most of them belonging to the paper production and processing industries and the trading and brokerage areas.

Two paper products companies have acquired the European Union Ecolabel („eco-label flower“).

The certification process is encouraged by green public procurement regulations and the EU Timber Regulation. Slovenian companies import wood and wood products from the countries of former Yugoslavia, for which they need to implement the Decision Support System (DDS).

d) Value-added wood products

The Slovenian furniture industry produced a total revenue of EUR 288 million from sales in 2012, which is 11% less compared to 2011. The furniture industry sector ended the fiscal year with a net loss of EUR 11.1 million. The share in the net turnover structure in foreign markets for the furniture industry C31 amounted to 45.2%. Foreign market sales recorded a decline of 6.2%- The most intensive destinations for furniture exports were Germany, Croatia, Italy and Austria. We estimate that in 2013, the value of production and the net turnover in furniture sales (activity C31) shall decrease by another 15%.

The manufacture of engineered wood products for construction in Slovenia covers the manufacture of glued laminated wood roof trusses (GLULAM) with a yearly production of around 10,000 m³. The export and import of glued laminated wood roof trusses takes place in the EU market. Export recorded an 11% decrease in 2012; a further 10% decrease is expected in 2013.

In the last several years, the relative scope of the construction of wooden residential buildings has stabilized at a market share of 7% to 8%. In 2012, the production of wooden houses manufactured by Slovenian manufacturers decreased slightly (-4.3 % in area). 2012 also recorded a decreased scope of sales in the domestic market and an increased scope in the European market where the Italian market holds the largest share (40%).

e) Sawn softwood

The scope of sawn conifer wood production remains at a low level. Continuing negative trends in the segment of residential buildings construction, increased competition in the field of log purchase and unfavorable structures of sawmill plants are the main factors in the small production volume of sawnwood – in Slovenia, there are no sawmills with an annual wood logs cut realization of 100,000 m³ and sawn wood with low added value represents the majority of production. The decrease of the production of sawnwood is also reflected in the growth of conifer logs exports. The predominant part of sawn conifer wood statistical export comes from Austria and is exported through the Port of Koper into Africa and the Middle East.

The estimated quantity of Slovenian production sawn conifer wood exports into neighboring countries (Croatia, Italy and Austria) decreased 6% in quantity in 2012 (a more than 50% decrease compared to 2007) and in 2013, we estimate there will be a new decrease in the amount of 20%.

f) Sawn hardwood (temperate and tropical)

The problems of wood processing companies in the deciduous solid wood furniture manufacture segment continued also into 2012, and no improvements are expected in 2013. The export decreased by 7% in 2013 and the import by 9% in volume. We estimate that 2012 will record an 8% higher export in volume while the import will remain at the same level. The prevalent share of 66% in export belongs to beech wood.

Italy remains the main export market with a 70% share value of sawn deciduous tree wood export and an 86% share value in the sawn beech wood export.

The quantities and values recorded in the production and the import and export of sawn wood from tropical tree species are small. The import of sawn wood from tropical trees is around 2,000 m³ and export under 1,000 m³.

g) Wood-based panels (including veneer)

The wood-based panels industry is predominantly export-orientated in all segments of wood-based panels. The consumption of wood-based panels dropped also in 2012, which was due to a continued decrease in furniture production and construction activities. A decrease is foreseen also for 2013. We estimate that the decreasing trend of consumption will level off in 2014.

The consumption of particle boards and in particular OSB boards is greatly dependant on the scope of building construction, industrial production of builder's joinery and indoor furniture. The consumption of particle boards in Slovenia mainly points at the scope of furniture manufacture. In 2012, 161,000 m³ of particle boards (including OSB boards) were used in the manufacture of furniture and construction. The consumption of particle boards continues to decrease and dropped 13.4% in 2012. We estimate that consumption of particle boards will continue to decrease in 2013, in particular due to the decreased scope of industrial furniture manufacture. The import of particle boards decreased by 6% in quantity in 2012. The largest import quantity of particle boards comes from Austria (46%), followed by Italy, Croatia and Czech Republic. Since July 2012, the sole Slovenian manufacturer is in the compulsory settlement procedure due to insolvency, however the manufacture of particle boards continues in a decreased scope and with unclear future projections. Following a decline in production the export also decreased in 2012 by 25% and we expect an additional significant drop in export in 2013. In 2012, 46% of Slovenian particle boards were exported to the countries of the former Yugoslavia.

In 2012, the balance sheet consumption of fibreboards was higher and we estimate that the actual consumption of fibreboards in construction and manufacture of furniture has not increased significantly, especially since the decrease in furniture production continues. This is also evident from rushes in the foreign trade quantities where export in 2012 dropped by 6% while an increase of 16% is estimated for 2013. The situation is similar for import which decreased by 5% in 2012 while a 14% increase is estimated for 2013. Slovenia's largest import quantity of fibreboards comes from Germany (39%), Italy (23%) and Austria (20%). Fibreboard export quantity is aimed at Italy and Germany (61%) and the countries of former Yugoslavia (16%). Lesonit d.o.o., a Slovenian manufacturer of dry-processed fibreboards (MDF), a part of the Fantoni Group, plays an important role in adding value to Slovenian wood, as most of the wood they use in production originates in Slovenia. In 2012, new investments were made into a sanding and cutting line which increased the speed and quality

of sanding. In 2013, a costs rationalization of wood raw material with partial recycling (reuse) of board waste as raw material input in fibreboard production was completed.

The manufacture of sliced veneer follows the declining production trends present in Germany and Switzerland. In terms of production, beech wood is predominant, followed by oak wood, high value deciduous tree wood and other tree species wood. In export quantity terms, the EU export markets hold the greatest share. The decrease in the manufacture of peeled veneer is similar to the European decrease. The best part of raw material originates in Slovenia; beech wood is predominant, however other tree species (conifers, poplars) are also processed using the peeling procedure. The best part of manufactured peeled veneer is processed into products within the framework of peeled veneer manufacturers and in companies for production of plywood.

Slovenia is a markedly net exporter of veneer, especially deciduous tree veneer. Export quantity is predominated (calculated in m³) by deciduous tree veneer (93%). The quantity of exports in 2012 decreased by 15%, while this year we foresee a slight increase of 5%. Veneer export is mainly aimed at Italy, Austria and Germany, both in terms of value and quantity. The export of veneer follows the decreased scope of industrial furniture manufacture and the decreased household consumption of durable goods. In 2012, the import quantity decreased by 5.5%, and this year we estimate a further decrease by 10%.

We are also recording decreased import quantities of tropical tree species veneer due to lower European consumption. Veneer import quantities have dropped from 9% in 2007 to 2% in 2012. This trend could be a direct result of the EU Timber Regulation. An identical trend can be seen in import also as the import quantities of tropical tree species veneer have become negligible.

The best part of plywood panels (KN 4412) is exported to the European markets (Italy, Germany, Switzerland and Austria). Plywood panel production is dominated by tri-layer shuttering composite conifer panels, where Slovenian producers are among the largest in Europe. As a result of decreased scope of construction work in the European market, the export of tri-layer shuttering panels dropped 19% in 2012 and a new drop of 20% in export is foreseen in 2013. Presently, only one company manufactures beech veneer plywood panels, however raw material reserves and a market niche in the European market offer possibilities for investments into larger production capabilities in the future.

h) Pulp and paper

The manufacture of all fibres was 6.8% higher in 2012. Due to new processing capabilities, the scope of mechanical pulp production increased by 35% in 2012 and a further increase in production is foreseen in 2013. The quantity of pulp imports increased by 2% in 2012 and pulp exports were negligible.

The quantity of paper, cardboard, card paper and toilet paper production increased by 0.4% in 2012 and amounted to 675,500 tons. We estimate similar production levels also in 2013. The increase was prominent in the production of cardboard (+13.4%) while the production of paper decreased (-6.5%) In the first seven months of 2013, the whole Manufacture of paper and paper products industry (C 17) recorded a production value growth of 0.4% in comparison to the corresponding period in 2012.

In 2012, the import quantity of paper, cardboard, card paper and toilet paper increased by 7%, while the exports quantity decreased by 3%. We estimate that 2013 will record similar quantity levels of export and import.

i) Innovative wood products

The production of chemicals from wood has an almost 100-year-old tradition in Slovenia (processing of chestnut wood). Because of their investments into research, the Tanin Company (Sevnica) has become one of the world's top companies in the area of supplements for animal diet. In 2013, the company opened a new plant for microencapsulating natural extracts. Research is aimed at acquiring new wood-based chemicals suitable for animal feed additives and human dietary food supplements.

The production of modified wood is implemented through a unique process of thermal wood modification (Silvapro® Wood). The use of wood-based products has been increasing in the field of building insulation (fibre insulation boards, pulp).

j) Building and construction

Despite multi-annual unfavorable conditions in the field of construction (characteristics are described in Chapter 3 Market Factors), the activity Manufacture of other builders' carpentry and joinery (16.230; NACE Rev. 2) has shown positive overall performance results. We are recording continuing positive performance results in the activity which consists of the manufacture of prefabricated wooden buildings, builder's joinery (windows, doors, stairs...) and glued laminated roof trusses and roofing. In 2012, this segment gained a EUR 8.9 million net profit which exceeded the net profit gained in 2011 by 100%. Manufacturers in this activity created half of their profits in foreign markets. In the sales value structure of the sector 16.230, the manufacture of windows and doors contributed the largest share (over 50%), while the sales value of prefabricated wooden buildings contributed 1/3.

Due to environmental and residential advantages of wood as a construction material and in compliance with green public procurement policies, the construction of wooden buildings intended for nurseries, schools and other public buildings is on the rise, which has an additional positive impact on the production of builder's joinery along with financial support gained through ECO Fund public tenders.

5. Tables

a) Economic indicators

MAIN INDICATORS	2008	2009	2010	2011	2012	2013	2014	2015
						Autumn forecast 2013		
GDP (real growth rates, in %)	3.4	-7.9	1.3	0.7	-2.5	-2.4	-0.8	0.4
GDP in EUR million (current prices and current exchange rate)	37,244	35,420	35,485	36,150	35,319	34,908	35,132	35,747
GDP per capita, in EUR (current prices and current exchange rate)	18,420	17,349	17,320	17,610	17,172	16,942	17,027	17,305
GDP per capita (PPS) ¹	22,700	20,300	20,500	21,000	20,900			
GDP per capita (PPS EU27=100) ¹	91	86	83	83	81			
Gross national income (current prices and current fixed exchange rate)	36,273	34,823	35,028	35,759	34,931	34,196	34,362	34,910
Gross national disposable income (current prices and current fixed exchange rate)	35,904	34,519	34,875	35,680	34,721	34,295	34,268	34,758
Rate of registered unemployment	6.7	9.1	10.7	11.8	12.0	13.3	13.6	13.5
Standardised rate of unemployment (ILO)	4.4	5.9	7.3	8.2	8.9	10.7	11.0	10.6
Labour productivity (GDP per employee)	0.8	-6.2	3.5	2.4	-1.7	-0.1	0.6	1.1
Inflation, ² year average	5.7	0.9	1.8	1.8	2.6	2.0	1.9	1.4
Inflation, ² end of the year	2.1	1.8	1.9	2.0	2.7	2.3	1.4	1.7
INTERNATIONAL TRADE – BALANCE OF PAYMENTS STATISTICS								
Exports of goods and services ³ (real growth rates, in %)	4.0	-16.1	10.2	7.0	0.6	2.0	3.0	4.1
Exports of goods	1.8	-16.6	12.0	8.2	-0.1	1.6	3.1	4.3
Exports of services	14.3	-14.0	3.5	1.9	3.7	3.8	2.7	3.2
Imports of goods and services ³ (real growth rates, in %)	3.7	-19.2	7.4	5.6	-4.7	0.1	2.1	3.9
Imports of goods	3.0	-20.2	8.3	6.6	-5.1	0.3	2.0	3.9
Imports of services	8.2	-12.4	2.6	-0.6	-2.2	-1.0	2.5	4.2
Current account balance, in EUR million	-2,028	-173	-50	146	1,159	1,731	1,765	1,817
As a per cent share relative to GDP	-5.4	-0.5	-0.1	0.4	3.3	5.0	5.0	5.1
Gross external debt, in EUR million	39,234	40,294	40,723	40,241	40,838	40,515 ⁵		
As a per cent share relative to GDP	105.3	113.8	114.8	111.3	115.6	116.1		
Ratio of USD to EUR	1.471	1.393	1.327	1.392	1.286	1.320	1.331	1.331
DOMESTIC DEMAND – NATIONAL ACCOUNTS STATISTICS								
Private consumption (real growth rates, in %)	2.3	-0.1	1.5	0.8	-4.8	-3.5	-2.7	0.5
As a % of GDP ⁴	51.8	54.8	56.4	56.8	56.3	55.7	54.8	54.7
Government consumption (real growth rates, in %)	5.9	2.5	1.3	-1.6	-1.3	-2.5	-1.5	-1.0
As a % of GDP ⁴	18.1	20.2	20.8	20.8	20.8	20.4	20.3	20.0
Gross fixed capital formation (real growth rates, in %)	7.1	-23.8	-15.3	-5.5	-8.2	-1.6	-4.0	-0.9
As a % of GDP ⁴	28.6	23.1	19.7	18.6	17.8	17.7	17.2	17.1
Sources of data: SURS, BS, Eurostat, calculations and forecasts by IMAD (Autumn Forecast, September 2013). Notes: ¹ Measured in purchasing power standard. ² Consumer price index. ³ Balance of payments statistics (exports F.O.B., imports F.O.B.); real growth rates are adjusted for inter currency changes and changes in prices on foreign markets. ⁴ Shares GDP are calculated for GDP in current prices at fixed exchange rate (EUR=239.64). ⁵ End July 2013.								

Source: IMAD (Institute of Macroeconomic Analysis and Development of the Republic of Slovenia), Slovenian Economic Mirror No. 9, Vol. XIX, 2013

b) Production and foreign trade

Product Code	Product	Unit	Historical data		Revised	Estimate	Forecast
			2011	2012	2012	2013	2014
1.2.1.C	SAWLOGS AND VENEER LOGS, CONIFEROUS						
	Removals	1000 m ³	1.297	1.390	1.390	1.280	1.300
	Imports	1000 m ³	16 #	6 #	4	8	8
	Exports	1000 m ³	403 #	502 #	526	476	530
	Apparent consumption	1000 m ³	910	894	868	812	778
1.2.1.NC	SAWLOGS AND VENEER LOGS, NON-CONIFEROUS						
	Removals	1000 m ³	284	252	252	210	240
	Imports	1000 m ³	41 #	31 #	21	28	30
	Exports	1000 m ³	113 #	161 #	164	127	165
	Apparent consumption	1000 m ³	212	122	109	111	105
1.2.1.NC.T	of which, tropical logs						
	Imports	1000 m ³	1 #	1 #	1	1	1
	Exports	1000 m ³	0 #	0 #	0	0	0
	Net Trade	1000 m ³	1	1	1	1	1
1.2.2.C	PULPWOOD (ROUND AND SPLIT), CONIFEROUS						
	Removals	1000 m ³	222	232	232	220	230
	Imports	1000 m ³	88 #	111 #	115	182	190
	Exports	1000 m ³	102 #	134 #	144	148	145
	Apparent consumption	1000 m ³	208	209	203	254	275
1.2.2.NC	PULPWOOD (ROUND AND SPLIT), NON-CONIFEROUS						
	Removals	1000 m ³	158	283	283	370	370
	Imports	1000 m ³	101 #	62 #	64	93	90
	Exports	1000 m ³	182 #	218 #	194	265	265
	Apparent consumption	1000 m ³	77	127	153	198	195
3	WOOD RESIDUES, CHIPS AND PARTICLES						
	Domestic supply	1000 m ³	396 C	396 C	445	445	445
	Imports	1000 m ³	244 C	228 C	460	492	490
	Exports	1000 m ³	278 C	331 C	587	555	550
	Apparent consumption	1000 m ³	362	293	318	382	385
1.2.3.C	OTHER INDUSTRIAL ROUNDWOOD, CONIFEROUS						
	Removals	1000 m ³	63	41	41	40	40
1.2.3.NC	OTHER INDUSTRIAL ROUNDWOOD, NON-CONIFEROUS						
	Removals	1000 m ³	27	22	22	20	20
1.1.C	WOOD FUEL, CONIFEROUS						
	Removals	1000 m ³	177	173	173	170	170
1.1.NC	WOOD FUEL, NON-CONIFEROUS						
	Removals	1000 m ³	1.160	948	948	1.000	1.000

Product Code	Product	Unit	Historical data		Revised	Estimate	Forecast
			2011	2012	2012	2013	2014
5.C	SAWNWOOD, CONIFEROUS						
	Production	1000 m ³	610	580	580	570	534
	Imports	1000 m ³	727	921	922	1.009	1.030
	Exports	1000 m ³	887	1.066	1.079	1.197	1.200
	Apparent consumption	1000 m ³	450	435	423	382	364
5.NC	SAWNWOOD, NON-CONIFEROUS						
	Production	1000 m ³	93	80	80	76	71
	Imports	1000 m ³	94	85	85	84	84
	Exports	1000 m ³	72	67	67	72	72
	Apparent consumption	1000 m ³	115	98	98	88	83
5.NC.T	of which, tropical sawnwood						
	Production	1000 m ³	0	0 R	0	0	0
	Imports	1000 m ³	2	2	2	2	2
	Exports	1000 m ³	1	1	1	1	1
	Apparent consumption	1000 m ³	1	1	1	1	1
6.1	VENEER SHEETS						
	Production	1000 m ³	30 C	25 C	25	25	25
	Imports	1000 m ³	9 C	9 C	9	8	8
	Exports	1000 m ³	21 C	18 C	18	19	19
	Apparent consumption	1000 m ³	18	16	16	14	14
6.1.NC.T	of which, tropical veneer sheets						
	Production	1000 m ³	1	1	1	0	0
	Imports	1000 m ³	0	0	0	0	0
	Exports	1000 m ³	1	1	1	0	0
	Apparent consumption	1000 m ³	0	0	0	0	0
6.2	PLYWOOD						
	Production	1000 m ³	81 C	67 C	67	50	55
	Imports	1000 m ³	22 C	21 C	21	19	19
	Exports	1000 m ³	67 C	52 C	52	41	48
	Apparent consumption	1000 m ³	36	36	36	28	26
6.2.NC.T	of which, tropical plywood						
	Production	1000 m ³	0	0	0	0	0
	Imports	1000 m ³	6	5	5	2	2
	Exports	1000 m ³	0	0	0	0	0
	Apparent consumption	1000 m ³	5	5	5	2	2
6.3	PARTICLE BOARD (including OSB)						
	Production	1000 m ³	130	90	90	45	40
	Imports	1000 m ³	152	143	144	155	155
	Exports	1000 m ³	96	72	72	45	40
	Apparent consumption	1000 m ³	186	162	162	155	155
6.3.1	of which, OSB						
	Production	1000 m ³	0	0	0	0	0
	Imports	1000 m ³	11	13	13	13	13
	Exports	1000 m ³	0	0	0	0	0
	Apparent consumption	1000 m ³	11	12	12	13	13
6.4	FIBREBOARD						
	Production	1000 m ³	120 C	130 C	130	130	130
	Imports	1000 m ³	53 C	51 C	51	57	55
	Exports	1000 m ³	119 C	110 C	111	128	128
	Apparent consumption	1000 m ³	55	70	70	59	57
6.4.1	Hardboard						
	Production	1000 m ³	0	0 R	0	0	0
	Imports	1000 m ³	11	10	10	9	9
	Exports	1000 m ³	4	6	6	6	6
	Apparent consumption	1000 m ³	8	3	3	3	3
6.4.2	MDF (Medium density)						
	Production	1000 m ³	120	130	130	130	130
	Imports	1000 m ³	37	37	37	45	43
	Exports	1000 m ³	115	104	104	121	121
	Apparent consumption	1000 m ³	42	63	63	54	52
6.4.3	Other fibreboard						
	Production	1000 m ³	0	0 R	0	0	0
	Imports	1000 m ³	5	4	4	3	3
	Exports	1000 m ³	0	0	0	0	0
	Apparent consumption	1000 m ³	5	4	4	3	3
7	WOOD PULP						
	Production	1000 m.t.	43 C	58 C	58	80	85
	Imports	1000 m.t.	198 C	201 C	202	205	205
	Exports	1000 m.t.	0 C	6 C	2	2	2
	Apparent consumption	1000 m.t.	241	253	258	283	288
10	PAPER & PAPERBOARD						
	Production	1000 m.t.	691 C	691 C	704	705	710
	Imports	1000 m.t.	312 C	337 C	338	361	360
	Exports	1000 m.t.	599 C	589 C	582	595	600
	Apparent consumption	1000 m.t.	404	438	460	471	470