

# Market Statement 2011

# SWEDEN

UNECE Timber Committee Market Discussion 13-14 October 2011

## 1 General Economic Trends

Sweden had a short period of recession 2008–2009, when GDP fell sharply. The recovery started in 2009 and accelerated in 2010. However during the summer 2011 it began rapidly losing momentum again. Financial turbulence swept in from abroad, sending stock prices plummeting and adding to uncertainty. Concerned households and businesses are postponing consumption and investment decisions. Growth is consequently slowing, and unemployment is expected to level out at around 7.5 percent in 2012.

Given the lacklustre development of the international economy, recovery in Sweden will need boosting from expansionary monetary and fiscal policies. It is assumed in the forecast that monetary policy will be expansionary, with the repo rate remaining at 2.0 percent until next summer before being raised gradually to about 3.5 percent in 2015

The National Institute of Economic Research assesses that there will be a total margin of some SEK 65 billion for unfunded fiscal policy reforms in 2012–2015. In view of the weaker tendency of the economy in the near future, it would be appropriate to use SEK 30 billion of the reform margin as early as 2012. Among other things, this step would improve the situation on the labour market. At the moment SEK 10 billion has been devoted to unfunded measures in 2012.

The financial turbulence is expected to subside during the autumn, and confidence in the future gradually return in 2012. When consumer and business confidence in the economic future has been restored, growth is expected to pick up again. Domestically, conditions favour strong growth. For example, household saving is high by historical standards, providing considerable scope for increases in consumption once uncertainty has subsided.

As a consequence of the prolonged recession in the OECD area, the market for Swedish exports is growing comparatively slowly for a recovering economy. Thus, Swedish exports will not be leading the way to quite the same extent as in many previous recoveries. The reason is that the current recession has its roots in other countries, unlike the recession in the 1990's, for example. The comparatively subdued development of exports means that domestic demand will be a relatively more important driving force for recovery. However, the problems with central government finances in other countries, accentuated during the summer, are also curtailing in the short run the development of domestic demand in Sweden. The resultant concern on financial markets has led to a substantial drop in asset prices throughout the world. These decreases reflect, among other things, a change in the view of future growth prospects and the development of business firm profits.

### 1.1 Economic stimulus policies and forest products markets

The Government's proposal tax deduction on labour work repair, renovation, extension and maintenance on houses (ROT) excluding material was passed by Parliament on May 13, 2009. The government has worked intensively to prepare measures to mitigate the effects of the economic crisis and improve the conditions for a gradual recovery. The main purpose is to

invest in this particular type of tax credit is that the construction sector has weakened rapidly. It is part of the government's efforts to enhance labour market policies, reduce illegal employment and improving demand in the construction sector. Swedish Tax Agency office paid SEK 13 billion in 2010 for tax reduction for ROT. There was a rise by 5.6 percent in mid 2011 to SEK 6.4 billion compared to same period in 2010. This gave some net revenue SEK billions to the treasury through VAT, payroll taxes and employee and cooperate taxes. ROT has had a positive effect on the domestic demand of sawn wood and helped to cushion the downturn of the wood export markets.

### **1.1b Government stimulus vision on concept: A forest kingdom – with values for the world**

The vision stimulus all forest actors to create conditions for new jobs in the forest sector and thereby helping economic development in the countryside and in small towns and villages. The vision is based on the sustainable use of forests and coequal objectives of environment and production. The action plan is built on four themes:-, sustainable use of forests, processing and innovation, experiences and recreation and Sweden internationally. These form the basis of the work with countrywide involvement of forest stakeholders. In the budget 2012 the government will provide SEK 20 million annually to 2015 for more jobs in the forest.

### **1.2 Climate change and forest-related markets**

In 2008 the Swedish Government introduced a new climate and energy policy (bill 2008/09:162). The bill stipulates the following targets by 2020: 40 % reduction in greenhouse gas emissions of the non-trading sectors and 20 % more efficient energy use relative 1990, at least 50 % renewable energy use, and at least 10 percent renewable energy in the transport sector. To reach the targets, the bill included several fiscal measures and amendments of existing measures, adding to already existing such as the carbon tax on fossil fuel combustion. A central principle is that the climate tax package internalizes environmental costs via 'polluters pay' mechanisms.

These changes will continue to influence the forest product market and energy market and indirectly also forest management. Harvesting of branches and tops and stumps at clear-cuttings is steadily increasing. Logistic costs for these bioenergy systems have been steadily decreasing. The share of renewable energy use has increased from 39 % in 2005 to 43 % in 2009, mostly due to an increased forest-based bioenergy share in heat and electricity production. A growing share of biofuels for transporting (mostly Brazilian ethanol) has also contributed.

The share of electricity production produced from forest biomass is steadily increasing (from 5 % in 2002 to 10 % in 2009). Higher cost for diesel fuel spurred interest for new electric/diesel hybrid forwarders which were introduced in practical forestry in 2009. This was facilitated by cooperation between forest companies and the vehicle industry. A semi-scale production unit for a wood-based transport fuel (DME) coordinated with pulp production is under construction in Northern Sweden.

Much of Europe's greenhouse gas emissions originate from fossil fuel-based electricity production. So far the increased biopower has mainly compensated for nuclear reactor stand-

still, but also reduced the need for import during cold winter days. With further increased production of new renewable electricity, the potential for export increases.

Much of Europe's greenhouse gas emissions originate from fossil fuel-based electricity production. This fact together with a movement towards a more connected pan-European electricity market may mean electricity prices may continue to rise in Sweden, thereby disfavoring mechanical pulp as a material. Also other countries' climate policies begin to affect the Swedish wood market. Biopower production units in Western Europe successively increase imports of Swedish wood biomass.

Sweden's Rural Development Programme for 2007-2013 is partly utilised to support knowledge extension about the production and processing of renewable energy.

### **1.3 Trade policy issues affecting markets.**

The EU Timber Regulation, banning the trade of illegally sources timber and wood products, was formally approved and will enter into force in March 2013. The Regulation states that operators who place timber or timber products on the EU market for the first time need to have a due diligence system in place to minimize the risk that products may have been illegally harvested. That system should consist of measures and procedures that provide access to relevant information, use this information for risk assessment and, unless the risk is found negligible, mitigate the risk.

Swedish Forest Agency (SFA) was commissioned by the Swedish Government to draft proposals for Timber Regulation. The task is expected to be completed by the end of October 2011 by SFA.

It remains to be seen whether EU Timber Regulation will affect the trade of timber and timber products. Most difficult to comply with the regulation will probably be small and medium size import companies.

### **1.4 Corporate social responsibility (CSR)**

The Swedish Government views CSR as an important link between two important cornerstones of Swedish foreign and trade policy: To promote free trade while at the same time attach great importance to social and environmental responsibility, respect for human rights and sustainable global development. In spite of the economic crisis, CSR programmes are seen as a competitive advantage in demanding forest products markets.

The members of the Forest Industries Federation have endorsed a formal commitment statement regarding sustainability goals in 2007-2010.

In connection with the visit to Sweden in March 2010 by China's Vice President Xi Jinping, the Swedish Government announced the establishment of a Centre for Corporate Social Responsibility at the Swedish Embassy in Beijing. The centre will work to further develop the dialogue with China on corporate responsibility, for example, on how companies safeguard working conditions, worker protection, environmental responsibility, consumer rights and efforts to combat corruption. The Swedish Government via the Swedish aid agency SIDA is providing a considerable share of the financing.

This initiative might also have positive repercussions for the wood processing industry in China which continues to evolve, especially in very labour intensive products such as furniture.

## **1.5 Russian forest sector reform and domestic and export market effects**

Russia delayed the final phase of increasing roundwood export taxes which is anticipated to reach 50 euro per cubic meter. One of the primary reasons was the global financial crisis. Therefore the export duty still remains on 15 euro per m<sup>3</sup>. The Russian log export tax features in the negotiations linked to the Russian Federation's application to be admitted to the WTO. Under decree 1190/2010, the tax will remain at the 2010 level until Russia joins WTO. Once the membership is attained the possibility of the export tax both on softwood logs and hardwood logs can fall.

Since the export taxes were introduced, exports from Russia have fallen dramatically. As a consequence revenues have decreased and lack of anticipated foreign investment. This has also resulted into sharp rise in unemployment. In 2010 the Russian timber harvesters were in a weak financial situation and the risks concerning investment in machinery and equipment have increased by the stop-go excise duty policy.

The share of Russian imports of sawlog and pulpwood to Sweden declined in 2009, 2010 and also likely to fall in 2011.

## **1.6 Research and development policies**

The Government's Research and Innovation bill proposes increased funding for strategic research. Specifically, the increase in resources to the 24 strategic areas of research during the 2009-2012 period will lead to an overall increase in level of 1 800 million SEK to the country's universities. Twenty of these areas are included in bill and the total allocation to these entail an increase in the period of 1 315 million SEK. Of the 24 strategic areas forestry interest/commitment focus is in four main areas.

- Energy
- Sustainable use of natural resources
- Effects on natural resources, ecosystem services and biodiversity
- Climate models

### **Bioenergy**

Significant funding is being channeled via the Energy Agency. The Swedish Energy Agency supports research and development on the supply, conversion, distribution and use of energy. Assistance is also provided to development of new technologies

### **Future Forests - Sustainable Strategies under Uncertainty and Risk**

The research program will generate new knowledge within several important areas where critical information for a sustainable development of forests and forestry in Sweden is missing, or is incomplete. These areas include adaptations and mitigations to climate change, water quality, nutrient cycling, and biodiversity. The research programme period is 2009-2012 and the funding amounts to some 150 million SEK.

## **National forest sector dialogue on SFM**

In recent years Sweden has experienced increased polarization between environmental groups and the forest industry. During 2011 the Government launched a national dialogue on SFM with a view to create more consensus on national forest policy goals and means to achieve them. The process will continue to go on during 2012 and will eventually result in an action plan and new forest sector targets.

## **2 Market drivers, including wood and paper procurement policy developments**

Sweden is an export-oriented driven by forest and forest industry products. A main driver for wood products is demand in the construction sector. This sector has decreased since 2007 but has in the first half of 2010 turned upwards as demand in the domestic construction sector has started to increase.

The increased focus on wood as a renewable and climate friendly solution represents an opportunity for the forest sector. New requirements for energy efficiency benefits increased use of wood in buildings.

“Wood promotion” development of new products and applications of wood offers wood based alternatives where other materials have been preferred earlier. Combined with building regulations with focus on function rather than materials, this has increased the use of wood in large and multi-storied buildings. The use of wood in modern road bridges is another example

The Swedish sawmill industry has ambition to develop carbon footprints for at least 80 percent of its products.

Requirements of RES Directive press upon changes that can affect both supply and demand for energy assortments. Imbalances between supply and demand can occur in different countries, which can result in increased trade.

## **3 Development in the forest products markets sectors**

### **3.1 Wood raw materials**

#### **3.1.1 Sawlogs**

The increase in sawnwood production to meet higher demand both in Europe and domestic use lead to the removals of coniferous sawlogs rose by 19 % to 35.6 million m<sup>3</sup> (solid volumes under bark) in 2010. It is estimated that the removals of sawlogs in 2011 probably decrease to 34.3 million m<sup>3</sup>, due to tougher competition as European production grows for sawnwood and falling sawnwood prices. The uncertainty in the market is very difficult to predict in 2012. The removals in 2012 are forecasted to increase again to somewhat 36.2 million m<sup>3</sup> if the activity in construction sector grows in 2012 and 2013 in Europe. Export volumes possibly will remain at the same level as in 2010 to 600, 000 m<sup>3</sup> in 2011 and 2012. Import volumes are forecasted to fall slightly in 2011 and 2012.

Average price of sawlogs (only statistics for delivery timber is available which represents some 15 percent of total sales) rose by 19 percent in 2010 compared to 2009. The increase in prices was due to result of to the demand growth from the buyers, lower stocks and the rise in

sawnwood export prices in Europe. Prices of sawlogs increased above all in regions of Central of Sweden by (20 %) and in region South of Sweden by (23 %). In the first and second quarters of 2011 the prices decreased compared to prior quarters.

## Pulpwood

Removals of coniferous pulpwood increased from 26.0 million m<sup>3</sup> (solid volumes under bark) in 2009 to 26.9 million m<sup>3</sup> in 2010. The pulp and paper sector improved its operating rates in 2010, resulting in higher demand for wood raw material. Wood-fibre consumption in the pulp mills has fallen in last three years compared to the top level in 2007. The estimate of 2011 shows modest rise and it is forecasted to fall in 2012 to 27.3 million m<sup>3</sup>. Exports of coniferous pulpwood will probably decrease in 2011 and increase again in 2012. However, imports of both coniferous and non-coniferous pulpwood are forecasted to decrease in 2011 but increase again in 2012.

Prices of pulpwood increased by 7 percent in 2010 compared to 2009. Pulpwood prices increased at the most in region Central of Sweden by (12 %). In the first and second quarter of 2011 prices rose slightly. Rising prices is due to shortage and higher demand. Prices will probably increase slightly in the second half of 2011.

### **3.1.2 Wood fuels**

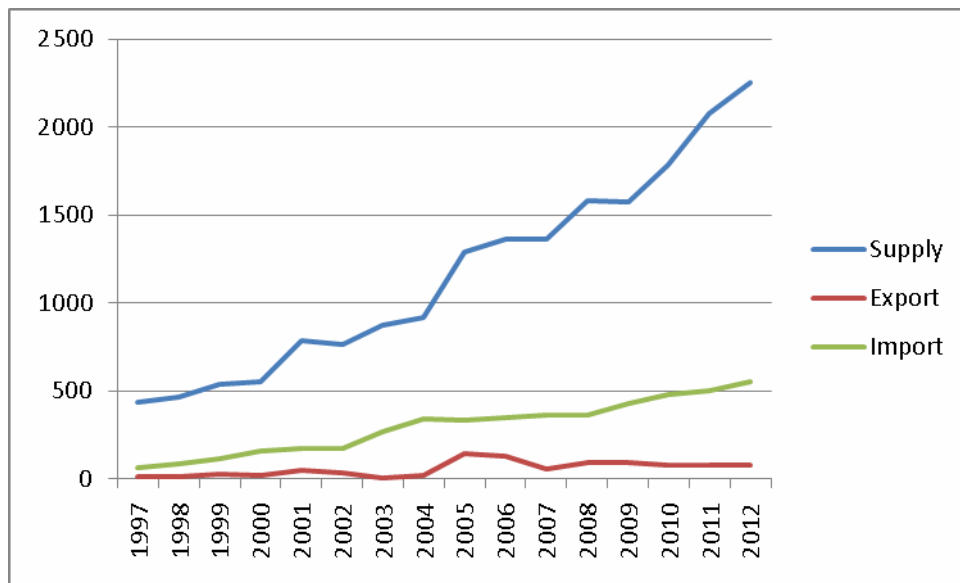
The use of biofuels, peat and waste in the Swedish energy system has increased over the years, from a little over 10 % of total energy supply in the 1980s to over 22 % (127 TWh) in 2009. According to the Swedish Energy Agency's short term forecast for 2010 the supply of biofuels is likely to reach 141 TWh. The steep rise is mainly due to long winter in 2010, which was the coldest year in the last decade. The biofuels are used mainly in the forest products industry, in district heating plants, for electricity production and for heating of residential buildings. Most of the increase in the use of bioenergy has occurred in industry and for district heating, although use is also increasing in the residential and transport sectors.

Demand for wood fuels is increasing fast. The use of wood fuels in district heating supplied 27.7 TWh and accounted for 55 percent of the total biofuels in 2009. Wood fuels consumption in the district heating plants shows stronger signs of increase in the coming years.

The trend for the use of wood fuels in detached houses is constant some 11.3 TWh. In the last three years use of biofuels in detached houses has increased by 25 percent, while oil heating in houses almost disappeared.

The rapid demand for wood pellets is increasing. Demand for wood pellets in Sweden has outpaced domestic production over the years. Almost a fifth of the quantity of wood pellets used in Sweden is net imports. There was an increase in imports in 2009 and 2010. The strong Swedish kronor in recent years resulted in it being more profitable to import than to export pellets. The Swedish exports of pellets are very limited the trend has been downward over past five years. Increase in the prices of oil and gas which have been especially beneficial for pellets

Figure 1 Pellets supply, export and import in Swedish market



Source: Swedish Association of Pellets Producers. Figures for 2010-2012 are forecasts

Domestic supply of wood residues, chips and particles is likely to grow in 2011 and 2012. The new sawmills investments will increase the capacities and the production will rise.

The average prices of fuel chips at district heating plants per MWh, current prices excluding taxes, increased from 181 SEK/MWh in 2009 to 197 SEK/MWh in 2010. Prices for fuel chips at industries also increased from 176 SEK/MWh in 2009 to 200 SEK/MWh in 2010. There was a slight rise in prices for briquettes and pellets in 2010 when compared to 2009. The preliminary figures for the first quarter of 2011 shows that prices have maintained an upward trend for all wood fuel and peat assortments, with the exception fuel chips at industries and briquettes and pellets declined when compared to the first quarter of 2010.

### 3.2 Wood energy

Sweden has high ambitions concerning additional growth of renewable energy in the heating, transport and electricity sectors. In 2009 Biomass energy surpassed oil to become Sweden's number one source for energy generation. Biomass currently generates 32 percent of all energy in Sweden, causing increased competition with pulpwood.

The market analysts predict strong demand for wood energy to continue to grow partly due to government policies to promote renewable energy sources and partly due to weak markets for traditional forest products. There is also growing demand from other European countries. The use of woody biomass for energy has increased competition for small logs, wood chips and sawdust

The Government decision comes into force from 1<sup>st</sup> January 2011 to reduce the Swedish industrial emissions of GHG and to control the use of a higher proportion of environmentally friendly bioenergy by raising taxes on carbon and energy and reducing tax subsidies. The aim is that industry substitute to heating systems that do not create greenhouse gases. The goal is

to reduce GHG emissions by two million tonnes by 2020. The five main sectors affected include manufacturing industry, laundries, greenhouses and cultivation businesses, agriculture and forestry and properties concerning local heating. Tax immersion will be reduced in several steps. It is more likely that the use of bioenergy will rise in these affected sectors.

### **3.3 Certified forest products**

In 2010 total certified forest land according to PEFC standard was 8,381,973 hectares, which is 37 percent of total forest land. The number of agreements amounted to 36,668 at the same period.

Forest land certified according to FSC standard covers half of the forest land, 11,236,402 hectares, in 2010. More than 413 companies are FSC certified, of which 380 according to chain of custody (CoC).

A lot of forest companies, mostly large ones, are double-certified which makes it difficult to produce certified areas share by system of total forest land.

The General Assembly of the Swedish Society for Nature Conservation (SSNC), the largest environmental organization in Sweden, has decided to resign from Forest Stewardship Council Sweden. The decision was, according to the organization, based on the fact that FSC-certified companies violate Swedish forestry law and the FSC standard. SSNC claims that several formal complaints have been left without effective action by the FSC. FSC responded that they will keep the door open for further dialogue with SSNC.

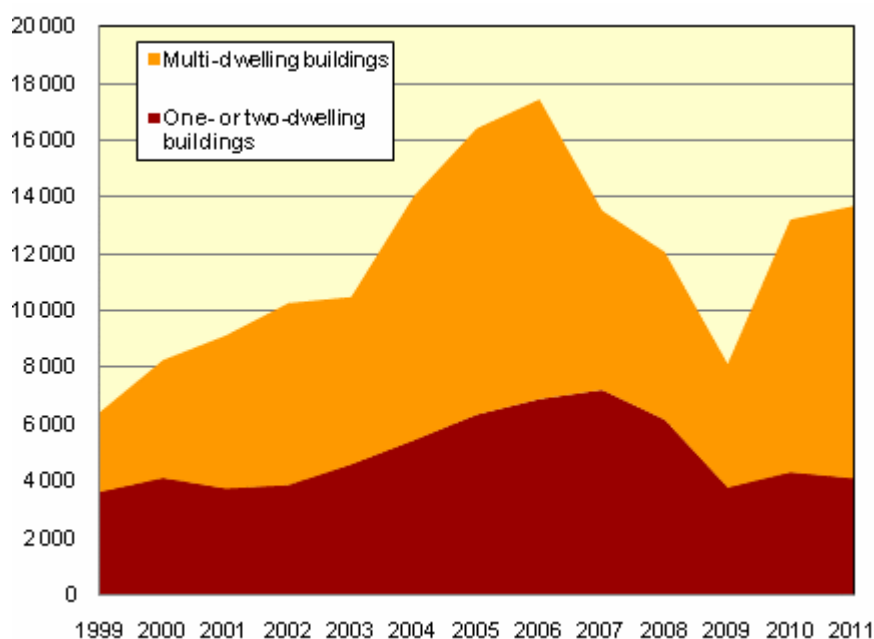
### **3.4 Value-added wood products**

New construction of multi-dwelling buildings continues to rise. During the first half of 2011, a total of 13,700 dwellings were constructed. Out of these 9,550 were multi-dwelling houses, representing an increase of 8 percent to 2010. One- or two dwellings accounted for some 4, 150 buildings, decreasing by 4 percent compared to the same period in 2010.

One-or two-dwelling buildings have not managed to recover at the same rate as the multi-dwelling buildings after the financial crisis. One of the factors affecting one-or two-dwelling buildings is that the housing prices have grown more slowly and more exposed to small towns. This trend is expected to continue in 2011.



Figure 2. Number of started dwellings 1999-2011



Source: Statistics Sweden

Sweden's prefabricated wooden houses industry comprises 254 companies with 5,500 employees. The turnover in 2010 amounted to 8.5 billion SEK which is a decline by 3.3 billion SEK compared to 2009.

Total exports of prefabricated houses decreased by 7 percent to 789 million SEK during 2010 compared to 2009. Largest export market is Norway, Finland, Germany, Denmark and Japan. Imports rose by 16 percent to 71 million SEK in 2010. Largest import countries are Norway and Austria.

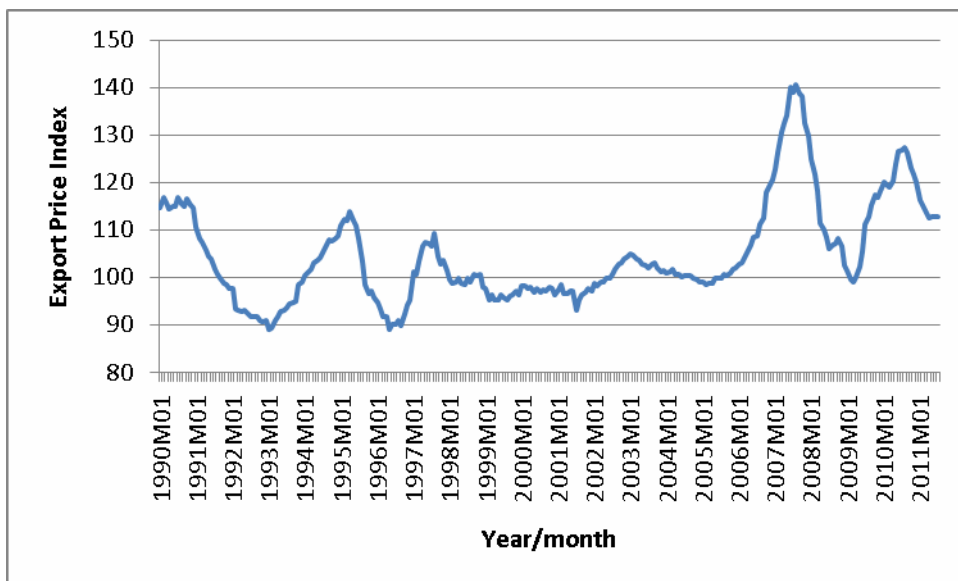
The Swedish furniture industries encompass 850 companies in 2010. Numbers of employees decreased by 10 percent to 13,880 in 2010 compared to 2009. Export of furniture decreased by 2 percent to 15.9 billion SEK in 2010 compared to 2009. Exports to Norway were one-third of the total exports. Import of furniture decreased in 2010 by 9 percent to 13.3 billion SEK. Largest import is from Poland and China which has 17 percent respectively 16 percent in share.

### 3.5 Sawn softwood

In 2010, strong Swedish krona and higher sawlog prices put pressure on sawmill profitability. Some recovery in construction investments globally meant of a slow but cautious recovery of demand in sawn softwood. A strong domestic market deliveries rose by 14 percent to 5.6 million cubic metres. The exports were negatively impacted by the sharp deterioration of the competitiveness from other European markets. Sweden lost market shares in large part due to stronger Swedish krona. Sawn softwood exports decreased by 7 percent in 2010. Exports to North Africa and Middle East countries continue to increase. Uncertainties surrounding the political crisis in these countries will affect demand and export opportunities for sawn softwood. In the longer term there will be demand for reconstruction in Japan.

Since the production increase was larger than the consumption growth in Europe there has been some oversupply. In autumn 2010 there were imbalances with production being excessively high in relation to consumption in Sweden. It remains to be seen if production limits introduced in December and January will have any effect to stabilize the market. The forecasted outlook for 2011 is that the recovery will be slow, with relatively significant differences between economically strong and economically weak countries. In contrast, the optimism of European renovation sector continues to be more stable than new build market. Since the production increase was slightly larger than the consumption growth in Europe there has been some oversupply. When comparing first half of 2011 to 2010 the total export volumes have increased by some 4 percent. Compared with June last year the exports dropped by 14 percent.

Figure 3. Export price index for sawn softwood, 1990- July 2011. Price Index 2005=100



Source: Statistics Sweden

After a peak in average export prices in 2007 prices fell during 2008 and reached bottom in the second quarter of 2009. The average prices have increased again in the first half of 2010 due to combination of higher prices for sawlogs and decreasing stock volumes of sawlogs. In the mid-2011 the export prices have declined by some 10 percent compared to the same period last year. .

### 3.6 Sawn hardwood

Sawn hardwood is a marginal product in Swedish sawnwood industry with a share of less than 1 % of the total sawnwood production.

### 3.7 Wood-based panels

According to the Association of Wood Processing and Furniture Industry the wood-based industry consists of seven companies with 700 employees in 2010 and turnout accounted for approximately 1.5 billion SEK. Most are inputs in the furniture and joinery industries and the construction industry. Although manufacturing of packaging and packaging are significant uses. The overall production dropped by 10 percent to 702 000 m<sup>3</sup>, in 2010 and exports also declined by 13 percent to 68 000 m<sup>3</sup> when compared to 2009.

In general there was import rise in all commodities of wood based panels in 2010. Particle board imports increased by 53 percent in 2010 and the largest increase in imports came mainly from Finland, Norway and Poland. The furniture industry was the main driver. The total imports of plywood increased by 25 percent and the imports of MDF increased by 30 percent in 2010 compared to 2009. Swedish exports of wood based panels is marginally small and reached 68 000 m<sup>3</sup> in 2010.

In recent years the cost of wood raw material, energy and chemicals has affected wood based panel industry negatively. The industry will continue to face growing competition for wood from renewable energy sector.

### **3.8 Paper, paperboard and woodpulp**

In 2010 the production of paper and paperboard rose by four percent to some 11.4 million tons. Almost all paper grades increased slightly in 2010 compared to 2009. In 2010, the market demand was strong in packaging material and corrugated material. However, production levels have not yet fully recovered to the peak of 2006. The increase rate was lower than major producers of paper. This is mainly attributed to the lower impact of the downturn in 2009 and, consequently, a slower rebound. The exports of paper and paperboard rose by four percent to 10.1 million tons in 2010. The total export value paper in 2010 reached some 70 billion SEK compared to 57 billion SEK in 2009. Germany is Sweden's largest export market for paper. The prices of paper products gradually increased for most paper grades in 2010. The increases in prices were due to higher demand and better market balance and cuts in the production. The production and export of paper and paperboard is forecasted to increase slightly in 2011 and 2012. In the beginning of 2011 the price trend is fragmented, with the rise of certain qualities, while unchanged or fall for others.

Production of wood pulp reached 11.9 million tons in 2010. This was an increase by 3 percent compared to 2009. There was a growth in all pulp grades with the exception of semi-chemical which decreased by 0.7 percent. Globally, pulp industry has experienced production cutbacks and closures of mills in the wake of economic crisis and recession. In Sweden the pulp export in 2010 was at the same level of 3.2 million tons as 2009. Price fluctuations are closely tied to global stocks and changes in balance between supply and demand. The average prices of bleached sulphate of softwood in fell back slightly in the fourth quarter of 2010, following successive rise in 2010. The average prices in 2010 increased by 45 percent to 940 USD compared to 650 USD in 2009. Export prices remain dependent on the exchange rate of USD and SEK. For the Swedish manufacturers the revenues converted into the SEK fell from a peak year ago, due to stronger exchange rate of SEK. The production and export of pulp is forecasted to increase slightly in 2011 and 2012.

Figure 4. Export price index for pulp and paper and paperboard, 1990- June 2010. Price Index 2005=100



Source: Statistics Sweden

### 3.9 Carbon markets in the forest sector

The EU Emissions Trading Scheme (ETS) is governed by the Emissions Trading Directive (2003/87/EC). Initially, trading only covers emissions of one greenhouse gas - carbon dioxide - from energy installations and certain energy-intensive industrial sectors. In Sweden, the companies involved have been provided with the opportunity to apply for an allocated emissions allowance. Special allocation principles have been applied in considering each installation's application. Final decisions on allocations have been taken by the Environmental Protection Agency after consultations with the National Board for Industrial and Technical Development (NUTEK) and the Energy Agency. Emission allowances have then been allocated to the companies free of charge. So far the carbon trading schemes mainly includes industry and energy production.

Sweden contributes actively to the global forest partnership established in Oslo in May 2010. The Swedish Government pledged for the period 2010-2012 SEK 500 million to support different REDD+ initiatives (SEK 100 million to the GEF programme for sustainable forest management and SEK 400 million to bilateral programmes and projects).

### 3.10 Table on selected Economic indicators

Macro Economic indicators	2010	2011	2012	2013
(Annual percentage change and percent, respectively)				
GDP at market prices	5.7	4.3	1.9	3.4
Current account <sup>1</sup>	6.2	5.7	6.1	6.2
Employment	1.1	2.1	0.6	1.0

CPI	1.2	3.0	1.9	2.3
Unemployment <sup>2</sup>	8.4	7.5	7.5	7.3
Repo rate (At year-end)	1.25	2.00	2.25	2.75
Productivity in construction sector	2.0	1.8	1.5	N.A.
Krona/Euro	9.07	9.07	8.80	N.A.
Krona/Dollar	6.86	6.35	6.19	N.A.

1. Percent of GDP  
2. Calender-adjusted  
N.A. Not available

### 3.11 Forest products production and trade in 2010, 2011 and 2012

Product	Unit	Historical data		Revised	Estimate	Forecast
		2009	2010	2010	2011	2012
<b>SAWLOGS AND VENEER LOGS, CONIFEROUS</b>						
Removals	1000 m <sup>3</sup>	29 900	34 800	35 600	34 300	36 200
Imports	1000 m <sup>3</sup>	250 #	600 #	571	500	500
Exports	1000 m <sup>3</sup>	500 #	700 #	613	600	600
Apparent consumption	1000 m <sup>3</sup>	29 650	34 700	35 558	34 200	36 100
<b>SAWLOGS AND VENEER LOGS, NON-CONIFEROUS</b>						
Removals	1000 m <sup>3</sup>	200	200	200	200	200
Imports	1000 m <sup>3</sup>	35 #	15 #	20	15	15
Exports	1000 m <sup>3</sup>	5 #	5 #	3	5	5
Apparent consumption	1000 m <sup>3</sup>	230	210	217	210	210
<b>of which, tropical logs</b>						
Imports	1000 m <sup>3</sup>	2 #	2 #	2	2	2
Exports	1000 m <sup>3</sup>	0 #	0 #	0	0	0
Net Trade	1000 m <sup>3</sup>	2	2	2	2	2
<b>PULPWOOD (ROUND AND SPLIT), CONIFEROUS</b>						
Removals	1000 m <sup>3</sup>	26 000	25 550	26 930	27 630	27 280
Imports	1000 m <sup>3</sup>	2 148 #	2 950 #	2 565	2 475	2 750
Exports	1000 m <sup>3</sup>	452 #	450 #	593	500	600
Apparent consumption	1000 m <sup>3</sup>	27 696	28 050	28 902	29 605	29 430
<b>PULPWOOD (ROUND AND SPLIT), NON-CONIFEROUS</b>						
Removals	1000 m <sup>3</sup>	2 600	3 250	3 670	3 770	3 770
Imports	1000 m <sup>3</sup>	1 647 #	2 950 #	3 125	2 025	2 250
Exports	1000 m <sup>3</sup>	4 #	5 #	4	5	5
Apparent consumption	1000 m <sup>3</sup>	4 243	6 195	6 791	5 790	6 015
<b>WOOD RESIDUES, CHIPS AND PARTICLES</b>						
Domestic supply	1000 m <sup>3</sup>	20 500 C	21 500 C	21 600	21 000	22 000
Imports	1000 m <sup>3</sup>	3 087 C	3 579 C	3 579	4 000	4 200
Exports	1000 m <sup>3</sup>	539 C	553 C	553	500	500
Apparent consumption	1000 m <sup>3</sup>	23 048	24 525	24 626	24 500	25 700
<b>OTHER INDUSTRIAL ROUNDWOOD, CONIFEROUS</b>						
Removals	1000 m <sup>3</sup>	250	250	250	250	250
<b>OTHER INDUSTRIAL ROUNDWOOD, NON-CONIFEROUS</b>						
Removals	1000 m <sup>3</sup>	250	250	250	250	250
<b>WOOD FUEL, CONIFEROUS</b>						
Removals	1000 m <sup>3</sup>	2 950	2 950	2 950	2 950	2 950
<b>WOOD FUEL, NON-CONIFEROUS</b>						

Removals	1000 m <sup>3</sup>	2 950	2 950	2 950	2 950	2 950
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Product	Unit	Historical data		Revised	Estimate	Forecast
		2009	2010	2010	2011	2012
<b>SAWNWOOD, CONIFEROUS</b>						
Production	1000 m <sup>3</sup>	16 100	17 000	17 000	16 500	17 300
Imports	1000 m <sup>3</sup>	304	355	122	120	120
Exports	1000 m <sup>3</sup>	12 252	11 359	11 359	11 200	11 600
Apparent consumption	1000 m <sup>3</sup>	4 152	5 996	5 763	5 420	5 820
<b>SAWNWOOD, NON-CONIFEROUS</b>						
Production	1000 m <sup>3</sup>	100 C	100 C	100	100	100
Imports	1000 m <sup>3</sup>	53	67	60	60	60
Exports	1000 m <sup>3</sup>	19	12	10	10	10
Apparent consumption	1000 m <sup>3</sup>	134	155	150	150	150
<b>of which, tropical sawnwood</b>						
Production	1000 m <sup>3</sup>	0 E	0 E	0	0	0
Imports	1000 m <sup>3</sup>	4	3	3	3	3
Exports	1000 m <sup>3</sup>	0	0	0	0	0
Apparent consumption	1000 m <sup>3</sup>	4	3	3	3	3
<b>VENEER SHEETS</b>						
Production	1000 m <sup>3</sup>	38 C	37 C	37	30	32
Imports	1000 m <sup>3</sup>	16 C	21 C	20	20	20
Exports	1000 m <sup>3</sup>	18 C	21 C	20	20	20
Apparent consumption	1000 m <sup>3</sup>	36	38	37	30	32
<b>of which, tropical veneer sheets</b>						
Production	1000 m <sup>3</sup>	0 R	0 E	0	0	0
Imports	1000 m <sup>3</sup>	2	2	2	2	2
Exports	1000 m <sup>3</sup>	1	0	0	0	0
Apparent consumption	1000 m <sup>3</sup>	1	2	2	2	2
<b>PLYWOOD</b>						
Production	1000 m <sup>3</sup>	65 C	69 C	69	65	70
Imports	1000 m <sup>3</sup>	144 C	152 C	155	150	155
Exports	1000 m <sup>3</sup>	37 C	34 C	34	30	35
Apparent consumption	1000 m <sup>3</sup>	172	187	190	185	190
<b>of which, tropical plywood</b>						
Production	1000 m <sup>3</sup>	0 E	0	0	0	0
Imports	1000 m <sup>3</sup>	5	8	5	5	5
Exports	1000 m <sup>3</sup>	0	0	0	0	0
Apparent consumption	1000 m <sup>3</sup>	5	8	5	5	5
<b>PARTICLE BOARD (including OSB)</b>						
Production	1000 m <sup>3</sup>	587	564 E	564	560	565
Imports	1000 m <sup>3</sup>	439	612	612	600	620
Exports	1000 m <sup>3</sup>	70	62	62	55	60
Apparent consumption	1000 m <sup>3</sup>	956	1 114	1 114	1 105	1 125
<b>of which, OSB</b>						
Production	1000 m <sup>3</sup>	340	242 E	242	230	240
Imports	1000 m <sup>3</sup>	75	82	82	75	80
Exports	1000 m <sup>3</sup>	1	1	1	0	1
Apparent consumption	1000 m <sup>3</sup>	414	324	323	305	319
<b>FIBREBOARD</b>						
Production	1000 m <sup>3</sup>	110 C	131 C	131	125	130
Imports	1000 m <sup>3</sup>	268 C	319 C	319	310	320
Exports	1000 m <sup>3</sup>	134 C	106 C	106	100	105

Apparent consumption	1000 m <sup>3</sup>	244	344	344	335	345
<b>Hardboard</b>						
Production	1000 m <sup>3</sup>	23	29 E	29	25	30
Imports	1000 m <sup>3</sup>	101	104	104	95	100
Exports	1000 m <sup>3</sup>	13	14	14	10	15
Apparent consumption	1000 m <sup>3</sup>	111	120	119	110	115
<b>MDF (Medium density)</b>						
Production	1000 m <sup>3</sup>	67	81 E	81	75	80
Imports	1000 m <sup>3</sup>	130	182	182	175	180
Exports	1000 m <sup>3</sup>	116	84	84	75	80
Apparent consumption	1000 m <sup>3</sup>	82	179	179	175	180
<b>Other fibreboard</b>						
Production	1000 m <sup>3</sup>	20	20 E	20	15	20
Imports	1000 m <sup>3</sup>	37	32	32	30	30
Exports	1000 m <sup>3</sup>	4	8	8	5	8
Apparent consumption	1000 m <sup>3</sup>	52	45	44	40	42
<b>WOOD PULP</b>						
Production	1000 m.t.	11 668 C	11 876 C	11 876	11 950	12 000
Imports	1000 m.t.	365 C	450 C	440	480	480
Exports	1000 m.t.	3 332 C	3 243 C	3 180	3 250	3 300
Apparent consumption	1000 m.t.	8 701	9 083	9 136	9 180	9 180
<b>PAPER &amp; PAPERBOARD</b>						
Production	1000 m.t.	10 804 C	11 410 C	11 410	11 650	11 750
Imports	1000 m.t.	866 C	912 C	760	750	750
Exports	1000 m.t.	9 867 C	10 115 C	10 082	10 200	10 300
Apparent consumption	1000 m.t.	1 804	2 207	2 088	2 200	2 200

Forecasts for 2012 were made in early summer but since then market demand for some products have rapidly changed especially for sawnwood coniferous.