

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

SLOVENIA

Country Market Statement 2015

Ministry of Agriculture, Forestry and Food

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1. General economic trends

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After recording growth of 3% last year, the economy continued to recover in the first half of 2015. Amid stronger growth in foreign demand and a further improvement in price and cost competitiveness, relatively strong real growth in exports and value added in the manufacturing sector was recorded again. Market share increased for the third year in succession for the majority of Slovenia's main markets, especially in the EU. The recovery of economic activity enabled growth in employment and a further decline in the number of unemployed. The improvement in the general economic climate and the situation on the labour market had a favourable impact on consumer confidence and significantly boosted growth in private consumption. Against the background of further growth in exports, relatively strong domestic production activity and rising private consumption, favourable developments were also recorded in most market service activities. Value added growth in the accommodation and food service activities was also favourably impacted by a higher number of foreign tourists. Construction investment contracted after surging in the previous two years, largely owing to a decline in the construction of infrastructure facilities. Amid the still modest growth of private investment, which is only slowly picking up, investment consumption therefore remained at the same level as a year earlier.

The autumn forecast for GDP growth in 2015 and 2016 is 2.7% and 2.3% respectively. The main drivers of economic recovery will be exports and private consumption; the somewhat weaker growth in 2016 will be mainly attributable to reduced government investment during the transition to the 2014–2020 financial perspective. For the rest of 2015 we expect further growth in exports and private consumption. Government investment is also projected to rise slightly again due to the anticipated faster absorption of EU funds from the previous financial perspective, which is coming to an end this year. Government consumption will again witness a modest decline as a result of restrictions on hiring and the rationalisation of expenditure on goods and services. This year's fall in GDP growth on figures for 2014 will be due to a smaller contribution of investment and, in particular, a smaller contribution of net exports to GDP growth as a result of somewhat weaker growth in exports and more vigorous growth in imports owing to higher domestic consumption. Exports and, to an even greater extent than this year, private consumption will remain the key drivers of growth in 2016. In addition to gains in international competitiveness, export growth will be favourably impacted by slightly higher growth in foreign demand. The stronger growth of private consumption will reflect further growth in disposable income amid improving labour market conditions and favourable consumer confidence indicators, which are reflected in an increased readiness among consumers to spend. The dynamics of growth in investment, which will decline after three years of increases, will be marked particularly by significantly lower government investment after the expiry of access to EU funds under the previous financial perspective. On the other hand, in the circumstances of rising exports and domestic demand, growth in private investment is expected to accelerate gradually. With capacity utilisation already higher than before the crisis, its financing will be made possible through higher profits in the private sector, an improvement in the indicators of indebtedness and the envisaged improved access to finance. In view of rebounding real estate sales, a better income situation for households and a revival in housing loans, housing investment is also projected to stop declining. Government consumption will continue to decrease in real terms, reflecting the contraction in expenditure on goods and services related to the continuation of measures to streamline the public sector and centralise public procurement.

Economic growth in 2017 (2.3%) will be similar to that in 2016. With exports following the foreseen increase in foreign demand and further growth in private consumption, a significant contribution to GDP growth will again come from investment consumption, where private investment will continue to expand. The contribution of domestic consumption to GDP growth will therefore increase considerably, but the consequent relatively higher imports of consumer and investment goods will contribute to a decline in the contribution of foreign trade.

2. Policy measures

The ice damage caused considerable damage to forests and infrastructure. Measures aimed at eliminating the consequences of this natural hazard have been adopted at the national level.

a) **The Act Regulating Measures for the Recovery from Ice Damage which Affected the Republic of Slovenia between January 30 and February 10 2014** (Official Gazette of the RS, No. 17/2014 and No. 14/2015) provides for government budgetary reserve appropriations intended for emergency remedy of ice damage consequences and decreases the administrative demands in ensuring the passability of traffic routes, administrative procedures for damaged routes reconstruction, simplifies the construction of sledges for faster stabilization of ice damage consequences, etc. Regular felling has been held back in areas that were most affected due to emergency stabilization measures for preventing subsequent damages due to bark beetles and diseases. This Act has provided for additional employment of contractors and the SFS to strengthen the implementation of tasks in the natural hazard stabilization. This Act also foresees tax reliefs (remission or lower cadastral income) for forest owners whose forest areas were destroyed or damaged in over 50%.

b) Amendments and additions to the **Forest Act** (Official Gazette of the RS, No. 17/2014 and No. 24/2015) have simplified the administrative procedures and thus enabled a faster and more efficient felling and harvesting of the ruined and damaged trees. To ensure the due diligence system required by the Regulation (EU) No 995/2010, the forest owners or owners of other tenure where forest tree species were growing must record the data on use and traffic of forest wood assortments, and these records must be kept for five years. For this purpose and until December 31 2016, the „Charter on Use and Traffic of Forest Wood Assortments“ will be used.

The proposal for an **Act on the Management of Forests Owned by Republic of Slovenia**

In 1996, most of the forests owned by the RS were awarded 20-year concessions, which expire on June 30 2016. The proposal for this new legal regulation foresees the establishment of a new corporate entity. The management of forests owned by the RS foresees the establishment of the corporate entity Slovenski državni gozdovi, d. o. o. (company), whose sole owner is the RS. The RS may not allocate or transfer its share in this company to another entity. The goal of this company is the management of forests owned by the RS in accordance with the principles of transparency, efficiency and responsibility while managing state-owned assets, and in accordance with the objectives of the National Forest Programme, applicable legislation and forest management plans.

13 measures shall be implemented within the scope of the **Rural development Programme 2014-2020**. Certain measures, sub-measures and operations involving refundable and non-refundable funds support smaller-scale forestry and wood-processing areas.

- Measure 4 – Investments in physical assets

Sub-measure 4.3 – Support for infrastructure investments intended for developing, upgrading or adjusting agriculture and forest land. Operation: Regulating forest infrastructure

- Measure 6 – Farm and business development

Sub-measure 6.4 – Support for investments in the establishment and development of non-agricultural activities.

- Measure 8 – Investments in forest area development and improvement of the viability of forests

Sub-measure 8.4 – Support for eliminating damage to forests due to forest fires and natural disasters as well as catastrophic events. Operation: Elimination of damage and restoration of forests after a natural disaster; Operation: Arrangement of skid trails required for forest restoration

Sub-measure 8.6 – Support for investments in forestry technologies and in processing, mobilisation and marketing of forest products. Operation: Investments in the purchase of new machinery and equipment for timber harvesting; Operation: Investments in pre-industrial wood processing

With the **National Energy Efficiency Action Plan 2014–2020** (AN URE 2020), approved by the Government of the RS in May 2015, Slovenia sets its national target to improve energy efficiency by

20% by 2020, in line with the requirements set out in Directive 2012/27/EU. The measures contained in the action plan AN URE 2020 are divided by sector: households, the public sector, commerce and transport. This new action plan includes some new measures, chiefly those in the public sector, where there is a requirement to meet an obligation to renovate 3% of the total floor area of central government buildings every year. There are also additional measures in the commercial sector: efficient energy consumption is becoming an ever more important factor in improving economic competitiveness. The energy efficiency policy measures in industry are also aimed at reducing the consumption of heat and the exploitation of RES and waste heat, and increasing the scope of CHP and generating electricity from RES via updating of existing and the installation of new CHP units chiefly in process-intensive sectors (paper, chemicals, rubber, etc.) using natural gas and RES (wood biomass, biogas from treatment plants, etc.).

The **Eco Fund**'s subsidies have had a positive effect on tax revenues, diminishing of grey economy, new green jobs, sustainable development of the construction planning and business, as well as the development of the use of strategic resources, such as wood. The Eco Fund plays positive role in the development of a greener society. The Eco Fund continually implements the following financial programmes:

- Loans to legal entities (municipalities and/or providers of public utility services, enterprises and other legal entities) and sole traders for investments in environmental infrastructure, environmentally sound technologies and products, energy efficiency, energy saving investments, and use of renewable energy sources;
- Loans to individuals (households) for conversion from fossil fuels to renewable energy sources, energy saving investments, investments in water consumption reduction, connections to sewage system, small waste water treatment plants, replacement of asbestos roofs;
- Grants to individuals (households) for investments in electric cars and for investments in residential buildings (energy efficiency and use of renewable energy sources);
- Grants to legal entities (municipalities and/or providers of public utility services, enterprises and other legal entities) for investments in electric cars and buses for public transport on compressed natural gas or biogas;
- Grants to municipalities for investments in buildings where public education takes place (schools, kindergartens, libraries etc.), newly constructed as low energy and passive buildings or renovated in passive standard.

The **Smart Specialisation Strategy (S4)** of the Republic of Slovenia, adopted in September 2015, is a strategy aiming to:

- a) strengthen the competitiveness of the economy by enhancing its innovation capacity;
- b) diversify existing industries and service activities; and
- c) boost growth of new and fast-growing industries and enterprises.

The priority areas S4, which are directly connected with the forest-wood value chains, are the following:

- Natural and traditional resources for the future: the objective pursued here within the field of application „Networks for the transition to circular economy“ is connecting stakeholders (business entities, educational and research system, non-governmental organisations, the state and individuals) into value chains according to the principle „economy of closed material cycles“ and the development of new business models for the transition to circular economy.
- Healthy working and living environment: the objective pursued here within the field of application „Smart buildings and homes, including wood chain“ is inter-sectoral networking and integration of the wood chain in the design of homes and working environment of the future by also promoting research and innovation deriving from traditional knowledge and skills of the use of wood and wood-compatible natural materials.

Innovative and green public procurements are defined within the „Developmental State“ package of measures. The aim is to decrease the negative effects on the environment by public procurement of goods, services and construction works which are easier on the environment and which adhere to regulations regarding (fundamental) environmental requirements and additional requirements, which are applied at the sole discretion of the customer.

The **Directorate for Wood Industry** was established within the Ministry of Economic Development and Technology this year, and its mission is the creation of an economic environment promoting the wood industry development in Slovenia. Its purpose is also the promotion of investments into the Slovenian wood processing industry and providing support to wood companies in their foreign market penetration.

3. Market factors

Data sources: IMAD, SORS and SFI

In construction, negative trends are foreseen for 2015 and 2016 due to the end of the absorption of EU funds from the previous financial perspective, mainly because of a notable fall in public investment in construction and remaining negative trends in the construction of flats. The value of construction in the civil engineering activity within the first seven months of the year was already lower compared to the previous year (-8.2%), and the construction of buildings value also decreased by 3.8%. Eco Fund grants and credits for sustainable construction, construction of low energy and passive buildings, more extensive use of wood in builder's joinery, and replacement and installation of highly efficient modern boilers run on wood biomass positively affect the use of wood in construction. Green public procurement policies promote the construction of public wood buildings.

The trends are more favourable this year in the wood processing industry (C16), as the scope of production increased by 6.7% in the first eight months, and the situation is similar in the furniture industry (C31), where an increase of 7.2% was recorded. From the viewpoint of adding value to wood, employment rates and regional development, the development and increased competitiveness of some wood industries is not optimal despite the relatively satisfactory material reserves and a favourable geostrategic position. This year, the last remaining manufacturer of beech veneer plywood panels, the Javor Vezane plošče company, filed for bankruptcy. This company was an important consumer of beech logs for peeling.

4. Developments in the wood products market

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

a) Roundwood

2014

The production of forest wood assortments reached its peak last year exceeding 5 million „net“ m³ (5.1 million m³ without bark), which was chiefly due to restoration following the damage done by the weather. Due to damage to trees and the changed diameter structure of felled trees, the roundwood structure according to its use also declined compared to the previous year. The increased felling amounts were also apparent in the larger quantity of wood acquisitions from private forests, monitored by the Statistical Office of the Republic of Slovenia. The highest increase in the acquisitions of wood quantities was recorded for coniferous pulpwood (+141%). Deciduous wood of lower quality from private forests was also used for the production of wood fuels for individual use, and a part was put on the market. As the storage areas of lower quality wood manufacturers are full and there are difficulties in the Austrian market (and wider), this type of wood consequently recorded the most prominent decline in buying prices at forest road excluding transport costs. The trends in the declines reached by the buying prices in certain months in the middle of the year even came up to -30% compared to the average in 2013. Slovenian industrial undertakings (industrial processors of wood of smaller dimensions and/or lower quality) remain a large user of increased wood quantities in the Slovenian market. Last year, these companies increased their supply from Slovenia by 58% and decreased their

purchase from exports by 25%. These companies process over half a million cubic meters of roundwood.

Roundwood exports reached a new record last year and amounted to 2.4 million cubic meters. The most prominent increase in export was recorded for conifers, where the effects of the restoration following the ice damage were the greatest. Roundwood exports of all quality classes recorded a prominent increase in exports to Austria and Italy last year (these two countries are traditionally the largest importers of wood from Slovenia). Additionally, the y-o-y increase in exports of pulpwood to Austria and Italy, and of Scots pine to Austria, was recorded last year. On the other hand, last year recorded a prominent decrease in imports of wood for pulp and conifer panels (-25%) chiefly from Austria, and also in imports of deciduous wood of lower quality (-28%) chiefly from Croatia. This decrease is a consequence of changes Slovenian companies made to their purchasing procedures—they started to prefer domestic raw materials and thus decreased their import quantities.

Slovenia is a markedly net exporter of roundwood, and its roundwood foreign trade surpluses are a permanent fact after Slovenian accession to the EU. A record surplus was recorded in 2014: it amounted to almost two million cubic meters for the total roundwood quantity, which is about a million cubic meters more compared to the previous year. The largest surplus was recorded in conifer logs (0.9 million m³) and in deciduous roundwood (0.7 million m³). The export of all industrial roundwood categories increased again in 2014 and amounted to 2.4 million m³ (+54%). The imports decreased in 2014 (-20%), predominantly in coniferous pulpwood.

2015

Apart from continuing the restoration following the damage done by the weather in 2014, 2015 also recorded an excessive proliferation of bark beetles, which was expected due to the consequences of ice damage. Longer periods of warm and dry weather also contributed to the large extent of damages. According to the Slovenia Forest Service, a total of 1.24 million m³ trees were recorded as being attacked by the bark beetle since September 2015. The estimated quantities for the whole year are up to 2 million m³, which is a record. The felling amount in 2015 is therefore also predicted to be high—we estimate that it will be similar to last year's record quantities, however with a changed assortments structure.

Wood acquisitions from private forests increased by 24% in the deciduous tree segment, mainly due to wood of lower quality, while in the conifers segment, a prominent increase was recorded in the acquisition of logs (7%), and the pulpwood acquisitions recorded a decrease of 16%. Due to increased quantities of wood available on the market, roundwood exports shall remain at about the same level as the previous year (2.4 million m³), and the imports are also showing a level similar to 2014.

b) Wood biomass for energy

The gross domestic consumption of renewable energy sources (excluding hydro energy) amounted to 31,801 TJ in 2015. Compared to the previous year, the amount of energy from renewable energy sources increased by 3.6%. The prevalent share of 67.3% in this structure belongs to biomass (-1.7% compared to the previous year), followed by geothermal energy 11.7%, non-renewable industrial waste 6.2%, biodiesel 5.8%, solar energy 4.6%, other bio gases 2.5%, other RES 1.8%. The largest amount of energy from RES is acquired from wood and wood biomass, whose domestic productions in 2015 shall amount to 22,832 TJ, which is 1.7% less compared to 2014. The share of RES in gross final consumption of energy, calculated through Directive 2009/28/EC methodology and in light of the decreasing trend of final consumption, shall amount to 23.0% in 2015. This surpasses the planned annual goal from the Action plan for renewable energy sources by 2020 by 1.8%, and amounts to 2.0% less than the final objective for 2020. (Source: Energy balance of the Republic of Slovenia 2015).

The largest consumers of wood fuels are households with a total consumption of 1.24 million tons recorded for last year. The 17% decrease in consumption is a consequence of a milder winter compared to previous years and consequently lower heating requirements. The largest single consumer of wood for energy purposes remains the district heating system in Ljubljana with an installed capacity of 152 MW, however this system utilizes the co-incineration of coal and wood. The thermal power plant and the district heating plant recorded a 5% increase in their consumption of wood fuels (chips) in 2014. Other energy production systems and CHP plants recorded an 18% decrease last year mainly due to lower energy demands in the 2014 heating season. On the other hand, the industry consumed a larger quantity of wood and wood waste for energy production (+35%). SORS data on the quantities of waste generated in energy production also confirms a larger wood processing scope and a larger energy use of wood within companies. According to SORS data on waste quantities, 2014 recorded a 5.7% increase in wood residues/waste (223,000 t), and companies where these residues/waste were created consumed 19.7% more wood residues (145,000 t) for energy use.

Slovenia remains a markedly net importer of pellets due to an increasing number of households using this energy-generating product. In 2014, domestic demand further increased by 6%. The production of pellets exceeded 100,000 t last year (+10%). In light of new planned investments into pellet production capacities it is estimated that the production of pellets shall increase by another 10% in 2015. Among Slovenian pellet manufacturers, smaller manufacturers with a yearly production of fewer than 10,000 t hold the greatest share. Export of pellets is on the rise and amounted to 111,000 t (+60%) last year. Italy is the key export market (over 90% of quantities). Import characteristics remain diverse as a further increase in imports in the amount of 159,000 t (+34%) was recorded in 2014. In the last several years, import of pellets from Romania has been increasing and amounts to a share of over 50% this year. This year, a slight increase in the use of pellets is expected as well as an increase in domestic production and a foreign trade decrease in pellets both in the export and import segments. A decrease in foreign trade deficit is expected.

The number of wood chippers increased in the last decade also due to Rural development programme 2007-2013 incentives. Recent data shows that Slovenia has over 200 operating wood chippers, of which 24 can achieve a production capacity of at least 100 m³/h. Due to ice damage and bark beetle damage restoration, the content of branches, tree tops and wood of smaller dimensions in the input raw material has increased. In exports, deciduous wood chips prevail (a share of over 80%), and in imports, conifer wood chips hold the greatest share (77% in 2014). Last year, wood chips exports amounted to 214,000 t and imports to 135,000 t. Wood chips are chiefly imported from Croatia and exported to Austria and Italy. The foreign trade surplus increased by 62% last year and a new increase up to 20% is also expected this year. Slovenia is a net exporter of conifer wood chips and a net importer of deciduous wood chips.

c) Certified wood products

266,000 ha of forests are certified by the FSC system, which presents a good fifth of the complete forest area in Slovenia. The number of companies with the FSC certificate for tracking certified wood (CoC) continues to increase and exceeded 250 this year. Companies with FSC CoC certificates are dispersed over the whole wood supply chain, from forests to final products. Companies use the FSC certificates for tracking wood predominantly as a marketing mechanism for export markets and compliance with green public procurement policies.

At the moment, private forest owners show relatively small interest in the PEFC Sustainable Forest Management certification. Last year, 411 forest owners with a combined surface area of 16,400 ha were included in the group scheme. The number of PEFC CoC certificates is slightly increasing (25 companies). The prevailing companies included in the scheme are those engaged in trading and brokerage, paper, cardboard and paper products production; last year, the certificate was awarded to two large companies producing shuttering panels and doors.

d) Value-added wood products

The Slovenian furniture industry produced a total revenue of EUR 266 million from sales in 2014, which is 1% more compared to 2013. The furniture industry sector ended the fiscal year with a net loss of EUR 4.8 million. The share in the net turnover structure in foreign markets for the furniture industry C31 amounted to 46.6%. Foreign market sales recorded a growth of 3.0%. The most intensive destinations for furniture exports were Germany, Italy and Austria.

The scope of the furniture industry production (the entire furniture industry in C31), which also includes the production of wooden furniture, increased by 7.2% in the first eight months of this year compared to the same period in the previous year. The net turnover in sales within the comparative periods increased by 7.8%; in the domestic market by 8.7% and in the foreign market by 7.0%, while the European market showed a 8.5% increase in sales.

According to CCIS data, Slovenian manufacturers of prefabricated wooden buildings produced 1.2% square meters more compared to the previous year. Over half of the production is exported to European markets. The market share of prefabricated wooden buildings in the domestic market increased to 8.4% in 2014. Last year, export increased by 23% in value, and import decreased by 7%. The most important export in 2014 was mainly aimed at Switzerland (31%), Italy (28%) and Austria (17%). An increase of 30% in export value of prefabricated wooden buildings is foreseen for 2015, while the import value is expected to decrease by 5%.

e) Sawn softwood

The scope of sawn softwood production increased last year, and this year a similar scope of production is expected. The reasons for this increase are the following: larger quantities of wood on the market due to ice damage restoration, and this year also additional larger quantities of wood due to restoration following the excessive proliferation of bark beetles, which is expected to influence the market also in the following year, and also lower prices of conifer logs. The key factors for the still relatively small scope of sawn softwood production in regards to the availability of the raw material input are the small construction works volume, especially within the housing construction segment, and competition in the field of log purchase. The development of the entire sawn conifer wood industry in Slovenia is hindered by the unfavourable sawmills structure (size and technological equipment).

The predominant part of sawn softwood export comes from Austria and is exported through the Port of Koper into Africa and the Middle East. Statistical data monitors the market position of Austrian retailers on these markets. As the export of Austrian companies to North Africa and the Middle East decreased in the previous year and the first half of 2015, consequently the quantities of both sawn softwood imports (19% in 2014 and an estimated 2% in 2015) and exports (8% in 2014 and an estimated 10% in 2015) decreased.

The exports to Austria and Italy recorded a prominent increase in 2014 and it is expected to further strengthen in 2015, especially in Italy, where sawn softwood export is expected to exceed 100,000 m³ this year. Sawn softwood exports into neighbouring countries (Croatia, Italy and Austria) increased by 61% in 2014 and amounted to 183,000 m³, while in 2015 another increase up to 10% is expected.

f) Sawn hardwood (temperate and tropical)

2014 and 2015 recorded an increased foreign trade dynamic within the sawn hardwood segment. Sawn hardwood exports in 2014 increased by 8% in volume, and the imports decreased by 9%. It is estimated that in 2015, both the export and import shall increase a further 10-20% in volume. The import of sawn beech and oak originates from Croatia, Bosnia and Herzegovina and Serbia. Export is aimed at Italy.

Slovenia remains a markedly net importer of sawn oak and a net exporter of sawn beech. The more prominent consumers of sawn beech in Slovenia are the manufacturers of laminated boards from solid wood and one of the largest European manufacturers of beech wood dowels.

The quantities and values recorded in the production and the import and export of sawn wood from tropical tree species are negligible. The import of sawn wood from tropical trees in 2014 amounted to 1,400 m³, and export to 200 m³. A similar scope of sawn wood from tropical trees foreign trade is foreseen for 2015.

g) Wood-based panels (including veneer)

The consumption of all types of wood-based panels in 2014 remained at the same level as the previous year, which shows that the decreasing trends in the scope of furniture manufacture and construction have levelled-off. A slight increase in the consumption of panels is foreseen for 2015 and 2016 (2-3% per year).

In 2014, 146,000 m³ of particle boards (excluding OSB boards) were used in the manufacture of furniture and construction, which presents a 10% increase compared to the previous year. The consumption of OSB boards originating entirely from imports amounted to 14,000 m³ in the last two years, and an equal consumption scope is expected in 2015. A slight increase in the consumption of particle boards is expected in 2015 mainly due to the recovery of the furniture industry.

The consumption of fiberboards recorded a significant decrease in 2014. In the last few years, the consumption of fiberboards was approx. 50,000 m³/year, while 2014 and 2015 recorded a decreasing consumption trend of approx. 35,000-40,000 m³/year, which is also reflected in the foreign trade trends. In 2014, exports increased by 17.5% in volume and 7% in value. Imports decreased by 20% in volume and 19.5% in value. A 10% increase in the consumption of fiberboards and a 10% increase in imports are foreseen for 2015.

Veneer manufacture decreased in 2014 due to bankruptcies (two companies), financial difficulties and hindered production processes within the second largest manufacturer of sliced veneer. The best part of sliced veneer manufacture is performed as a service for customers within the EU. 2015 and 2016 forecasts are unpredictable and depend on the continuation and strengthening of the production within the second largest manufacturer of sliced veneer, whose production line was purchased by a Croatian company. The largest manufacturer of peeled veneer and beech veneer plywood panels filed for bankruptcy this year.

Plywood panel production is dominated by tri-layer shuttering composite conifer panels. Tri-layer shuttering composite conifer panels exports in 2014 amounted to 65,000 m³ (+8%) and recorded a 14% increase in value. Exports are expected to increase by 10% this year. An Austrian company Hasslacher Holding acquired 75% of the largest Slovenian manufacturer of tri-layer shuttering panels, and they plan to invest EUR 10 million (together with Slovenian owners) into upgrading and expanding the company's activities.

h) Pulp and paper

The scope of mechanical pulp production increased by 6% in 2014. In 2015 and 2016, the production is expected to increase by 6% annually. The foreseen production growth stems from investments within the Količevo Karton company (Mayr-Melnhof group).

In the first eight months of 2015, the whole Manufacture of paper and paper products industry (C17) recorded a production value growth of 5.0% in comparison to the corresponding period in 2014. The net turnover in sales in the Eurozone countries increased by 1.0%, while in the area of other currencies this increase amounted to 15.3%.

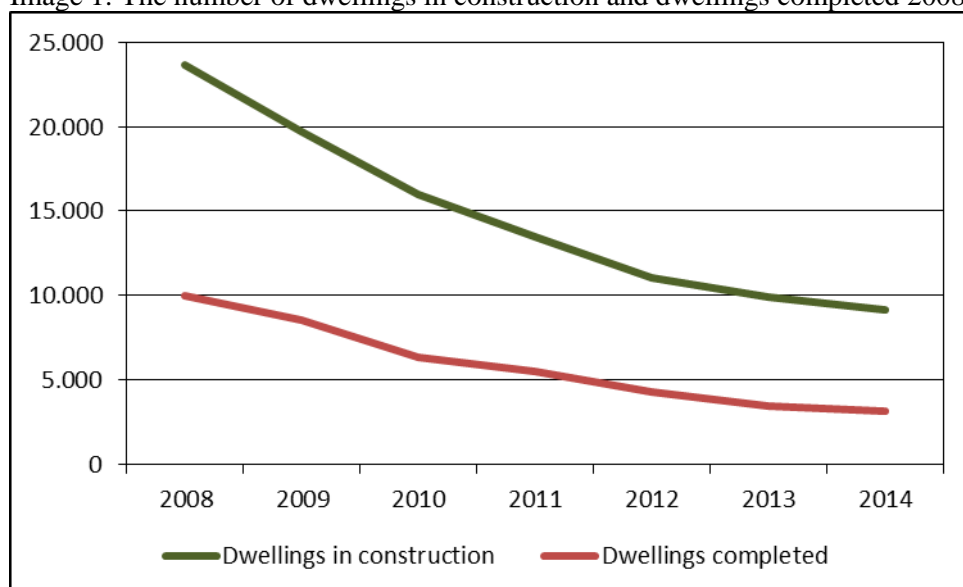
Pulp exports are negligible as the production in Slovenia is entirely integrated. Chemical pulp imports increased by 19% in 2014, and in 2015 they shall remain at about the same level.

i) Innovative wood products

j) Residential construction and construction

The value of construction in the civil engineering activity within the first seven months of the year decreased by 8.2%, and by 3.8% in the construction of buildings; non-residential construction is the only segment where a slight improvement is foreseen, and the total value of construction decreased by 7.0%. The stock of contracts and the value of new contracts in construction recorded another decrease in 2015. The stock of new contracts also decreased and reached its lowest level after 2000. In the first seven months of the year, the number of issued building permits for new residential buildings remained at a similar level compared to the corresponding period in the previous year, and the number of issued building permits for new flats decreased by 4.9% (-2.9% according to area surface). The still present decreasing trend in the construction of flats is nonetheless starting to level-off. IMAD foresees extended negative trends in the construction sector in 2016, as public investment in construction is expected to fall notably due to the end of the absorption of EU funds from the previous financial perspective.

Image 1: The number of dwellings in construction and dwellings completed 2008–2014 (SORS)



Company activity in Manufacture of other builders' carpentry and joinery (code 16.230; NACE Rev. 2), which consists of the manufacture of prefabricated wooden buildings, builder's joinery (windows, doors, stairs...) and glued laminated roof trusses and roofing, recorded positive trends in 2014. In 2014, this segment gained a EUR 9.7 million net profit which exceeded the net profit gained in 2013 by 5.0%. Manufacturers in this activity created over half of their sales revenues in foreign markets. Slovenian manufacturers of wooden windows and doors are predominantly exporters. The decreasing trend in wooden windows and doors exports is starting to level-off. In 2014, wooden windows and doors exports recorded value and volume quantities similar to those in the previous year. Within the exports segment, a volume decrease of window exports and a volume increase of door exports are expected.

5. Tables

a) Economic indicators

	2014	Autumn forecast (September 2015).		
		2015	2016	2017
GROSS DOMESTIC PRODUCT				
GDP, real growth, in %	3.0	2.7	2.3	2.3
GDP in EUR m, current prices	37,303	38,520	39,919	41,153
EMPLOYMENT, EARNINGS AND PRODUCTIVITY				
Employment according to the SNA, growth in %	0.6	1.5	1.1	0.9
Number of registered unemployed, annual average, in '000	120.1	113.2	108.6	102.2
Registered unemployment rate, in %	13.1	12.3	11.8	11.1
ILO unemployment rate, in %	9.7	9.4	8.9	8.5
Gross earnings per employee, real growth, in %	0.9	1.3	1.4	0.8
- private sector activities	1.2	1.2	0.5	0.9
- public sector activities*	0.7	1.6	2.8	0.7
Labour productivity (GDP per employee), real growth in %	2.5	1.2	1.2	1.4
EXTERNAL TRADE				
Exports of goods and services, real growth, in %	5.8	5.0	5.2	4.9
Exports of goods	6.4	5.3	5.4	5.0
Exports of services	3.4	3.9	4.2	4.3
Imports of goods and services, real growth, in %	4.0	4.9	3.8	5.0
Imports of goods	3.7	5.4	3.8	5.1
Imports of services	6.0	1.9	4.0	4.5
External balance of goods and services (contribution to growth in percentage points)	1.6	0.5	1.4	0.4
BALANCE OF PAYMENTS STATISTICS				
Current account BALANCE (EUR bn)	2.6	2.4	2.9	2.8
- as a % of GDP	7.0	6.2	7.2	6.7
DOMESTIC DEMAND				
Domestic consumption, real growth, in %	1.6	2.4	1.0	2.2
of which:				
Private consumption	0.7	2.0	2.6	2.2
Government consumption	-0.1	-0.1	-0.4	-0.3
Gross fixed capital formation	3.2	2.0	-1.8	5.0
Change in inventories, contribution to GDP growth, in percentage points	0.5	0.7	-0.1	-0.1
EXCHANGE RATES AND PRICES				
USD/EUR exchange rate	1.329	1.109	1.102	1.102
Real effective exchange rate (CPI deflator, in %)	-0.1	-3.8	-0.7	0.0
Inflation (Dec/Dec, in %)	0.2	0.1	1.2	1.6
Inflation (annual average, in %)	0.2	-0.4	0.8	1.4
Oil price (Brent crude, USD/barrel)	98.9	55.0	55.0	60.0

Source: IMAD (Institute of Macroeconomic Analysis and Development of the Republic of Slovenia), Autumn Forecast of Economic Trends, September 2015

b) Production and foreign trade

Product Code	Product	Unit	Historical data		Revised	Estimate	Forecast
			2013	2014	2014	2015	2016
1.2.1.C	SAWLOGS AND VENEER LOGS, CONIFEROUS						
	Removals	1000 m ³	1.429	1.815	1.815	1.753	1.650
	Imports	1000 m ³	10 #	20 #	14	13	15
	Exports	1000 m ³	575 #	850 #	923	856	725
	Apparent consumption	1000 m ³	864	985	906	910	940
1.2.1.NC	SAWLOGS AND VENEER LOGS, NON-CONIFEROUS						
	Removals	1000 m ³	266	303	303	358	300
	Imports	1000 m ³	40 #	57 #	61	40	40
	Exports	1000 m ³	134 #	166 #	177	198	160
	Apparent consumption	1000 m ³	172	194	187	200	180
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	251	634	634	485	450
	Imports	1000 m ³	184 #	135 #	138	198	180
	Exports	1000 m ³	217 #	457 #	449	345	275
	Apparent consumption	1000 m ³	217	312	323	338	355
1.2.2.NC	PULPWOOD (ROUND AND SPLIT), NON-CONIFEROUS						
	Removals	1000 m ³	227	546	546	721	678
	Imports	1000 m ³	94 #	92 #	79	57	50
	Exports	1000 m ³	273 #	387 #	424	558	498
	Apparent consumption	1000 m ³	47	251	201	220	230
3	WOOD CHIPS, PARTICLES AND RESIDUES						
	Domestic supply	1000 m ³	510 C	510 C	950	1.000	1.000
	Imports	1000 m ³	422 C	367 C	367	390	400
	Exports	1000 m ³	592 C	647 C	647	690	700
	Apparent consumption	1000 m ³	341	230	670	700	700
1.2.3.C	OTHER INDUSTRIAL ROUNDWOOD, CONIFEROUS						
	Removals	1000 m ³	42	114	114	100	80
1.2.3.NC	OTHER INDUSTRIAL ROUNDWOOD, NON-CONIFEROUS						
	Removals	1000 m ³	74	99	99	100	80
1.1.C	WOOD FUEL, CONIFEROUS						
	Removals	1000 m ³	175	202	202	200	170
1.1.NC	WOOD FUEL, NON-CONIFEROUS						
	Removals	1000 m ³	953	1.387	1.387	1.300	1.250

Product Code	Product	Unit	Historical data		Revised	Estimate	Forecast
			2013	2014	2014	2015	2016
5.C	SAWNWOOD, CONIFEROUS						
	Production	1000 m ³	580	610	610	610	620
	Imports	1000 m ³	987	814	814	705	700
	Exports	1000 m ³	1.050	943	943	810	810
	Apparent consumption	1000 m ³	517	481	481	505	510
5.NC	SAWNWOOD, NON-CONIFEROUS						
	Production	1000 m ³	80	90	90	90	85
	Imports	1000 m ³	100	88	88	77	75
	Exports	1000 m ³	76	82	82	93	80
	Apparent consumption	1000 m ³	104	96	96	74	80
5.NC.T	of which, tropical sawnwood						
	Production	1000 m ³	0	0	0	0	0
	Imports	1000 m ³	1	1	1	1	1
	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	25 C	25 C	21	21	20
	Imports	1000 m ³	10 C	10 C	12	12	13
	Exports	1000 m ³	20 C	20 C	18	19	19
	Apparent consumption	1000 m ³	15	15	14	15	14
6.1.NC.T	of which, tropical veneer sheets						
	Production	1000 m ³	1	1	1	1	1
	Imports	1000 m ³	0	0	0	0	0
	Exports	1000 m ³	1	1	1	1	1
	Apparent consumption	1000 m ³	0	0	0	0	0
6.2	PLYWOOD						
	Production	1000 m ³	66 C	70 C	70	70	65
	Imports	1000 m ³	22 C	30 C	30	35	35
	Exports	1000 m ³	48 C	54 C	54	61	55
	Apparent consumption	1000 m ³	41	46	46	45	45
6.2.NC.T	of which, tropical plywood						
	Production	1000 m ³	0	0	0	0	0
	Imports	1000 m ³	5	7	7	9	9
	Exports	1000 m ³	0	0	0	0	0
	Apparent consumption	1000 m ³	5	7	7	9	9
6.3	PARTICLE BOARD (including OSB)						
	Production	1000 m ³	40	75	75	80	85
	Imports	1000 m ³	146	147	149	155	160
	Exports	1000 m ³	39	63	63	69	75
	Apparent consumption	1000 m ³	146	158	161	166	170
6.3.1	of which, OSB						
	Production	1000 m ³	0	0	0	0	0
	Imports	1000 m ³	14	14	14	14	14
	Exports	1000 m ³	0	1	0	0	0
	Apparent consumption	1000 m ³	14	14	14	13	14
6.4	FIBREBOARD						
	Production	1000 m ³	125 C	130 C	130	130	130
	Imports	1000 m ³	56 C	45 C	43	49	52
	Exports	1000 m ³	126 C	137 C	137	140	140
	Apparent consumption	1000 m ³	55	38	36	40	42
6.4.1	Hardboard						
	Production	1000 m ³	0	0	0	0	0
	Imports	1000 m ³	10	9	9	9	9
	Exports	1000 m ³	8	9	9	9	9
	Apparent consumption	1000 m ³	2	0	0	0	0
6.4.2	MDF (Medium density)						
	Production	1000 m ³	125	130	130	130	130
	Imports	1000 m ³	40	32	32	41	43
	Exports	1000 m ³	118	128	128	131	131
	Apparent consumption	1000 m ³	48	34	34	40	42
6.4.3	Other fibreboard						
	Production	1000 m ³	0	0	0	0	0
	Imports	1000 m ³	5	4	2	1	1
	Exports	1000 m ³	0	0	0	0	0
	Apparent consumption	1000 m ³	5	4	2	1	1
7	WOOD PULP						
	Production	1000 m.t.	75 C	80 C	80	85	90
	Imports	1000 m.t.	200 C	237 C	237	230	230
	Exports	1000 m.t.	4 C	4 C	4	0	0
	Apparent consumption	1000 m.t.	271	312	313	315	320
10	PAPER & PAPERBOARD						
	Production	1000 m.t.	694 C	705 C	753	772	791
	Imports	1000 m.t.	353 C	388 C	388	396	404
	Exports	1000 m.t.	560 C	581 C	581	603	625
	Apparent consumption	1000 m.t.	486	511	559	565	570
4.1	WOOD PELLETS						
	Production	1000 m.t.	90	100	100	110	115
	Imports	1000 m.t.	119	159	159	145	140
	Exports	1000 m.t.	70	111	111	105	100
	Apparent consumption	1000 m.t.	139	148	148	150	155