

THE ROYAL NORWEGIAN MINISTRY OF AGRICULTURE
DEPARTMENT OF FORESTRY

Norwegian Market Statement

ECE Timber Committee, Fifty-eighth session
FAO European Forestry Commission, Thirtieth session
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General Economic Situation

After several years of strong economic growth, the Norwegian economy slowed markedly towards the end of 1998 and in the beginning of 1999. However, employment continued to grow last year, although at a slower pace, and the unemployment rate remained unchanged at 3.2 percent. Higher energy prices contributed to a pick-up in consumer prices towards the end of 1999 and the beginning of this year.

Growth in Mainland GDP is expected to increase from 0.8 per cent in 1999 to 1¾ percent in 2000 and 2 percent in 2001, due to stronger growth in both domestic demand and exports. Total GDP (including petroleum and shipping) is estimated to increase by about 3 percent this year and 2¾ percent next year.

With employment growth slowing, unemployment is expected to increase somewhat this year. Consumer price inflation is expected to slow from an estimated 2.6 percent this year to 2.3 percent next year as the effect of higher energy prices wears out.

The Roundwood Market

The prices for pulpwood decreased 10 - 15% during 1999, and during the first half of 2000 the prices still are at the same level as at the end of 1999. The saw logs prices have been general stable both in 1999 and during the first of 2000.

The total timber cut has decreased about 20% since 1990 and was in 1999 7,7-mill cbm. This is at the same level as in 1998. There is mainly the cut of spruce that has decreased, the cut of pine and non-coniferous logs have been more stable. The timber cut will according to the forecast for 2000 probably be approximately at the same level as 1999. The total roundwood imports decreased slightly from 1998 to 1999, but the forecast for 2000 indicates an increase by 10%.

The Sawn Wood Market

The Norwegian consumption of softwood fell slightly from 1998 to 1999, but the activity improved during the second half of 1999 mainly due to increased demand from the repair and remodelling sector.

The consumption in the main export markets was in general stable in 1999. The market balance for whitewood improved somewhat and the prices in EURO increased by approximately 8%. Redwood remained however under severe pressure throughout the year and the prices fell.

The export of sawn softwood increased by 10% in 1999.

The domestic consumption of softwood is expected to increase in 2000, due to a relatively strong residential construction market. The total number of domestic housing units for 2000 is expected to be around 21000 units compared to 19400 units in 1999. The import is likely to rise while the export seem to decrease in the year 2000.

Most European countries is reporting solid economic growth and this is expected to have a positive influence on the demand for whitewood while the market for redwood is expected to remain rather weak.

The production is expected to increase by 4% to 2,6 mill cbm and the saw-milling industry is relatively optimistic as to the economics results (profits) for year 2000.

The Pulp and Paper Market

Production of chemical market pulp experienced a minor increase in 1999 to 446 000 tonnes. Production of paper and board decreased by 0.8% to 2 241 000 tonnes. The production of standard newsprint decreased by 4.8% to 870 000 tonnes. The production of uncoated mechanical paper was increased by 6.8 % from 1998 to a total of 803 000 tonnes in 1999.

Export value of pulp, paper and boards amounted to 11.7 billion NOK in 1999, which is 2.7% higher than the preceding year. Information for the first half of 2000 indicates unchanged exports this year.

Tables

Key trends of the Norwegian economy 1999-2001

(Percentage change from previous year)

	1999	2000	2001
GDP	0.9	3.0	2.8
- of which on-shore	0.8	1.8	1.9
Demand (on-shore)	0.1	2.3	2.2
Household consumption	2.4	2.9	3.0
Public consumption	2.7	1.9	1.7
Unemployment ratio	3.2	3.6	3.6
Consumer price index	2.3	2.6	2.3
Current balance in percent of GDP	3.9	11.4	8.9

(Source: Ministry of Finance)

Forest products production and trade

	Unit 1000	Production		Imports		Exports	
		1998	1999	1998	1999	1998	1999
Industrial roundwood	m ³	7746	7748	3148	2827	714	810
- sawlogs and veneer logs	m ³	4171	4151				
- pulpwood	m ³	3575	3597				
Sawnwood	m ³	2300	2500	960	820	710	785
Wood pulp	MT	2420	2354	125	119	569	582
Paper and paper board	MT	2260	2241	523	537	2009	1996

(Sources: The Norwegian Forest Owners' Federation, The Norwegian Sawmill Industries Association, The Norwegian Pulp and Paper Association, Statistics Norway)