Austrian Market Report 2013

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1. General economic situation

Economic outlook for 2013 and 2014 [1]

Uncertainty on financial markets has subsided somewhat, while companies are regaining confidence in their short-term business outlook. After a sustained decline in demand and output since the end of 2011, the second recession within five years in the euro area seems to have ended. Also in Austria, business sentiment is rebounding even if the recovery remains tentative for the time being.

The coincidence of the slowdown in emerging markets with the cyclical sluggishness in the euro area has left its marks on business activity also in Austria. During 2012, growth decelerated steadily, turning negative towards the end of the year. In early 2013, the decline came to a halt and was followed by stagnation of demand and output.

For the first time, business surveys of August and September 2013 show a marked rebound in optimism. Domestic activity should head up as from the fourth quarter and strengthen further in 2014. Nevertheless, the recovery is unlikely to gain the momentum of previous cycles, given the lasting structural problems burdening the euro area.

In 2013, also internal demand was lacklustre, although falling demand for durable consumer goods, machinery and business equipment dampened imports more than domestic output. Private consumption in the first half of the year fell 1.3% in volume from the year-earlier level (unadjusted for the leap day last year). In view of the subdued outlook and the high degree of uncertainty, firms have been reluctant to invest; indeed, spending on new equipment is likely to fall by an inflation-adjusted 3.5% year-on-year in 2013, while construction investment may edge up by 0.5%. Domestic demand is thus expected to decline by 0.8% in real terms in the current year.

While exports of goods and services should grow by 2.7% in volume, imports are projected to gain only 0.7%, yielding a positive net external contribution to GDP growth, despite the altogether weak foreign demand.

The receding domestic demand is clearly reflected by credit developments: the amount of outstanding credit to domestic non-financial borrowers has been flat since 2012 and is set to pick up only by 2014.

Unemployment reacted rather quickly to the cyclical downturn as well as to the marked increase in labour supply (2012 +1.6%, 2013 +1.2%). After an increase by over 5% last year, the number of registered unemployed will rise further to a total 287,600 (+27,000) in 2013. In 2014, the upward trend should abate (+11,000). In spite of the only moderate advance in output, employment is still heading up (persons in dependent active employment 2013 +0.7%; 2014 +0.8%).

Due to the efforts to consolidate public finances, and despite sluggish growth and additional subsidies to banks in distress, the general government deficit for 2013, projected at 2.6% of GDP, will broadly match the ratio of 2.5% of GDP recorded for both 2011 and 2012.

[1] Source: Austrian Institute of Economic Research, WIFO Monthly Reports, 10/2013

2. Policy measures

Government Programme

On 29 September 2013 a new National Council was elected. The two parties with the most votes, the Social Democratic Party and the Austrian People's Party, are presently negotiating a coalition. So far, we do not know to which extent objectives of relevance to forestry and timber management will be part of the coalition agreement for the next five years.

The Austrian Forest Dialogue and the Austrian Forest Programme

In Austria, ensuring multifunctional forest management on a long-term basis is a matter of top priority in forest, environment and social politics. The Austrian Forest Dialogue, launched in 2003, is an innovative approach aimed at the foresighted settling of clashing interests and the improved coordination of forest-related activities. In 2010/2011 an evaluation of the Austrian Forest Dialogue, respectively the Austrian Forest Programme, was carried out. Based on the findings of this evaluation the setting and the process of the Forest Dialogue were adapted. As at the beginning of 2012 the second Forest Dialogue cycle was launched with the aim of preparing a new forest programme by the end of 2015. In the first two years of the 2nd Forest Dialogue cycle priority was given to developing the measures of relevance to the field of "Forest – Water" concerning the EU Rural Development Regulation 2014-2020. (www.walddialog.at)

Forest subsidisation

Practically all subsidies of relevance to forestry in Austria are bundled in the national programme of the EU Rural Development Regulation. The programme 2007-2013 has earmarked € 25 million (EU + Federal Government + Federal Provinces) annually to promote the enhancement and intensification of forest management in Austria. Altogether (including the forestry measures in protection forests), subsidies in the amount of € 43 million were made available for forestry measures in 2012. The national subsidisation programme for the next funding period, which will last until 2020, has almost been completed. For the transitional year 2014 the subsidisation programme of the 2007-2013 period will basically be extended.

Joint timber marketing

The instrument of joint timber marketing has been applied for nearly 50 years in Austria to strengthen the market force of private forest owners. In recent years these activities have been intensified. One of the reasons has been the increasing demand for timber. An always more significant challenge are the rising numbers of forest owners whose forest properties, due to the structural change in agriculture and forestry, are located at some distance from their places of residence (urban forest owners). Nowadays numerous owners of small (private) forests are organised in forest owner cooperatives. The current level of organisation focuses primarily on cooperation in roundwood sales, loose machinery alliances and collaborative forest operations. Also consulting for forest owners and the preparation of forest management plans are important services. In some cases local forest owner cooperatives ('Waldwirtschaftsgemeinschaften') even manage the forests of some of their members. The forest owner association of greatest relevance to roundwood supply is the Austrian Forest Owner Cooperative (Waldverband Österreich). Under its 8 provincial associations nearly 62,000 forest owners are organised in about 250 local forest owner cooperatives. In 2012 totally 2.46 million m³ of timber were marketed, of which 1.78 million m³ of sawlogs, 400,000 m³ of pulpwood and 274,000 m³ of wood fuel. (www.waldverband.at)

Cooperation Platform Forest-Wood-Paper ("Kooperationsplattform Forst Holz Papier", FHP)

FHP is a coordination and communication platform of Austria's forestry and timber industry as well as of the paper and pulp industry. It is a platform for lobbying and organizing improved frame conditions and aims at achieving the highest possible value added for wood in all industries. FHP itself is not involved in any sales operations. Its fields of activity comprises the provision of wood (automated takeover of timber at the mill, wood flow, timber harvesting, transport and logistics), wood as (construction) material (research, standardisation), wood energy, wood balance (data service) and wood promotion (see below). The joint activities are funded through the FHP cooperation contribution of all participating industries. (www.forstholzpapier.at)

Wood promotion

"proHolz Austria" (www.proholz.at) is a working group of the Austrian forestry and timber industry. Its objective is the effective marketing of wood and wood products in the domestic market and abroad. The budget for 2012 amounted to € 2.46 million. The activities of proHolz Austria are financed from the FHP contributions. Marketing, publicity and information on wood are the instruments applied to attain this goal. With its internationalisation programme proHolz Austria works actively to raise people's appreciation of wood and to increase the use of timber by creating advertising cooperations in selected target markets, in particular in Central and Southern/Eastern Europe and in the Balkans, by deepening expert knowledge by means of know-how transfer and education in Italy (www.promolegno.com), and by establishing and developing the oversea markets Japan and China (European Wood Initiative). The database for wood construction, dataholz.com, is available online free of charge in German, English, Italian, and Spanish.

3. Market drivers

The economic slump experienced in the euro area affected the Austrian economy severely in 2012. With a real increase of +0.8%, it expanded markedly less strongly in 2012 than in 2011. After a favourable development at the beginning of 2012, economic activities lost momentum again in the course of the year. Also in 2013 economic growth will be weak in Austria (+0.4%). Only in late 2013 will the economic activity gain momentum; for 2014, the GDP is expected to rise by 1.7%.

After many sectors of Austria's wood and paper industry had seen excellent results in terms of quantity in 2011, the average production value was slightly lower in 2012. Many wood-processing enterprises worry about profit shrinkage caused by high production costs and simultaneous pressure on product prices. Limited raw material supplies and considerable market difficulties on vital export markets caused severe problems for parts of the wood industry. The fact that the trade balance surplus decreased, while imports remained almost the same, shows that the competitive strength of Austria's wood industry suffered heavily last year.

Problems remained basically the same in 2013, a slight upturn will be enjoyed only for the end of the year; forestry reports rising quantities felled, and there are positive signs also from the wood industry, for example rising exports. For 2014, a moderate increase in production is expected.

4. Developments in forest-products market sectors

A. Wood raw materials

With a share of 47.6% of the federal territory and about 145,000 forest enterprises forests play an important part in Austria with respect to farmers' income and the value added in rural areas. Maintaining and increasing the yield of forests are thus of high significance not only for agriculture and forestry but also for wood-processing enterprises. In view of the large processing capacities of the wood and paper industry in Austria, the increasing use of wood and sawmill by-products for energy generation and the required imports of roundwood (2012: 8.0 million m³, mostly from the Czech Republic and Germany) mobilizing the available domestic resources has become a major goal of Austria's forest policy.

In 2012, 18.02 million cubic metres under bark were harvested. The harvest volume was 3.6% below the previous year, 3.2% below the five-year average and 1.8% below the ten-year average. Sawlogs accounted for 53.6%, pulpwood for 17.6%, fuelwood and chippings from forests for 28.8% of the quantity felled. The share of coniferous wood in the total fellings amounted to 83%. Altogether, small forest owners (forest area < 200 hectares) felled 10.81 million m³ in 2012 (-4.7%), the owners of forests larger than 200 hectares 5.56 million m³ (-2.9%) and the Austrian Federal Forests 1.65 million m³ (+1.3%). Fortunately, the percentage of damaged wood continued to decrease. With a total of 3.27 million cubic metres, which is 18.2% of the total removals, the volume of damaged wood was 6.4% lower than in the preceding year and 51.9% lower than the average of the past ten years. The most important causes of damage were storms and bark beetles.

Roundwood imports declined by altogether 2.6% in 2012. The imports of fuelwood declined by 12.4% and reached 723,000 m³, the imports of sawlogs and pulpwood decreased to 4.64 million m³ (-1.6%), respectively 2.68 million m³ (-1.2%). Exports amounted to 57,000 m³ of fuelwood (-10.8%), 500,000 m³ of sawlogs (-28.0%) and 327,000 m³ of pulpwood (+1.3%).

On annual average the prices of roundwood (incl. fuelwood) were in 2012 2.8% above those of 2011. This is a result of the higher prices for fuelwood, sawlogs and non-coniferous pulpwood. On annual average, sawmills paid € 95.71 per cubic metre of sawlog spruce/fir, Cat. B, Media 2b, 2.2% more than in 2011; the annual minimum of € 94.16 was paid in March, the annual maximum of € 97.81 in November 2012. The 2012 mixed pulpwood/mechanical pulpwood price for spruce/fir was with € 39.54 per m³ 2.4% below the average of the preceding year – pulpwood € 36.65 (-1.9%), mechanical pulpwood € 45.58 (-1.5%). The production value of domestic forestry (incl. forest-related services and non-separable non-forestry subsidiary activities) reached the total of € 1.687 billion in 2012 (preliminary), after € 1.743 billion in 2011. The decline by 3.2% is above all a consequence of the smaller quantities felled.

Coniferous sawlog prices had reached a record high already at the beginning of 2013 and continued to rise slightly in the course of the year, by about 2% in the period from January to September. With € 100.05 sawlog spruce/fir, Cat. B, Media 2b, first reached an average price higher than 100 euro in September. Pulpwood/Mechanical pulpwood prices increased by between 3% and 6% in the period from January to September. Forest owners are expecting a 3% plus in the quantities felled compared to the preceding year. Roundwood imports will probably increase more strongly than the removals in 2013. Thanks to the wet weather in spring hardly any damage caused by bark beetles was detected during the first six months of the year. After the extremely hot and dry summer the situation changed suddenly; as a consequence, some Federal Provinces expect a doubling in the volume of wood damaged by bark beetles for 2013 as a whole.

The roundwood market in early November 2013: Coniferous sawlogs continue to be high in demand. Roundwood stocks in sawmills still vary. As a result of the consulting activities by the Chambers of Agriculture and the forest associations, cutting started earlier than in previous years, especially in private forests, and is presently vivid. The accruing wood is removed from forests swiftly and continuously; there are hardly any timber storage places in forests. The prices of coniferous sawlogs have remained at a very attractive level. The market for hardwood sawlogs showed different developments at the beginning of the cutting period. Following the trend of previous years there is great demand for darker types of timber, such as oak, and for hardwoods having non-white timber. The demand for maple slumped. The sales figures for common beech did not improve; prices remained at the unattractively low level of the previous year. Due to the economic problems experienced in Italy, sales of poplar sawlogs develop sluggishly meanwhile. The paper, pulp and board industries are well supplied with industrial roundwood, but have capacity to absorb more in all segments. Prices are stable. The wood-for-energy market is calm. Household demand for dry ovenwood is very high.

2014: According to recent economic projections most industries of the wood-processing sector are expecting moderately rising production figures for 2014, which make attractive roundwood prices a realistic expectation again. Consequently, Austria's forest owners are cautiously optimistic for the next year and predict slightly rising felling quantities.

B. Wood energy

The Austrian gross domestic consumption of energy amounted to 1,427 petajoule (PJ) in 2011. The fossil fuels crude oil, natural gas and coal are still dominant. The share of renewable energy sources amounts to about 26.1% or 372.6 PJ. With 61.4% of the gross domestic consumption bioenergy (energy from solid, liquid or gaseous biomass) is the most prominent renewable source of energy. With a share of 26.5% of the bioenergy, firewood billet (fuelwood) is the most important biogenic source of energy. Taking everything into account, however, more primary energy was provided by wood chips, by-products from the sawing industry and bark (35.1%) than by firewood billet. Forest wood chips, industrial wood residues and bark are used above all in the sawmilling and other wood-processing industries as well as in CHP plants and long-distance heating systems. Pellets (5.3%) are increasingly used primarily in heating systems of detached houses. Waste liquors and sludges of the paper industry (12.3%) are used in the paper and pulp industry to produce electricity and process heat. Altogether, the share of wood in bioenergy amounted to 79.4% in 2011. The wood flow diagram on page 17 offers a good overview of the Austrian wood energy sector.

According to the official removals statistics 5.19 million m^3 of fuelwood and chippings from forests were utilised in 2012, which corresponds to a 28.8% share in the total removal and a growth rate of 2.5% compared to 2011. Fuelwood accounted for 2.79 million m^3 (1.46 million m^3 of coniferous wood, 1.34 million m^3 hardwood), wood chips from forests for 2.39 million (solid) m³. The production of wood chips from forests therefore increased by 33% since 2009, while fuelwood production remained at the same level (+0.5%). With € 61.07 per m³ of stacked wood (with bark, without turnover tax) the price of non-coniferous fuelwood in 2012 rose by 3.1% compared to 2011, that of coniferous fuelwood rose by 4.1%, thus reaching € 41.63. In 2013 a slight decrease in fuelwood prices was observed in spring and summer.

Wood pellets are produced at 32 sites in Austria, predominantly by the sawmilling industry. In 2012 the production capacity amounted to 1.23 million tonnes; real production amounted to 893,000 tonnes (-5% compared to the preceding year); 287,000 tonnes were imported, above all from Germany, Romania and the Czech Republic; 505,000 tonnes were exported, mainly to Italy. Domestic consumption ranged at about 790,000 tonnes (+11%). In 2013 the Austrian pellet production will probably rise to 934,000 tonnes; consumption is expected to rise to 905,000 tonnes and imports will increase markedly. The price survey done by proPellets Austria (www.propellets.at) resulted in an average price of 26.38 cent/kg of (bulk) wood pellets (incl. turnover tax) in October 2013. Compared to October 2012 this means a price increase of 13.2%. Wood pellets in bags (when ordered by the pallet) cost an average of € 4.15 per 15 kg sack (+8.7%).

At the end of 2012 101,000 wood pellet boilers (<100 kW) were in operation in Austria (2011: 89,000). Around 11,000 new central heating boilers for wood pellets will probably be installed in 2013.

C. Certified forest products

PEFC Austria: Since September 2000 the Austrian PEFC certification system has been applied. Both forest certification by means of the regional model and the “Chain of Custody” (CoC) certification have been developed so as to suit the specific requirements of small- and medium-sized enterprises in Austria. After a revision process with broad public participation, the PEFC Austria certification system was reendorsed by the PEFC Council in November 2011. Currently, forest owners holding about 2.69 million hectares effectively take advantage of the certification and 426 enterprises hold a CoC Certificate.

Forest Stewardship Council (FSC): In Austria 575 hectares of forest are currently certified according to FSC. 222 enterprises hold an FSC Chain of Custody Certificate.

D. Value-added wood products

Apart from the sawmilling and board industries (see E, F, G), also the construction sector, the furniture industry, and the ski industry represent important lines of business of the Austrian wood industry.

2012’s sold production in the construction sector amounted to € 2.46 billion. This is a decline of 2.2% compared to the previous year. The individual sectors of the construction-related sector show mainly a negative trend. Production of doors had to face a strong decline (-18.0%, € 193 million). Production of glued structural components also showed a decrease in 2012 (-10.3%, € 600 million).The production of windows rose to € 460 million (+2.3%); the production of prefabricated wooden houses increased slightly to € 537 million (+0.6%). Laminated wood exports increased to € 440 million (+7.8%). Most of the Austrian laminated wood is exported to Italy (market share: 51.8%). Japan is the second largest export market with 20.4%, followed by

Germany with 12.3%. Wooden floors exports decreased by 0.9% to € 220 million, the main export markets being Germany and Switzerland.

After a good start and a few mediocre months due to Europe's macroeconomic situation, the Austrian furniture industry reports (figures without suppliers; suppliers were excluded form production and trade statistics) a sound increase in production of 4.4% to € 1.94 billion by the end of 2012. The sections retail furniture (+23.5%), office furniture (+10.9%), seating furniture (+6.8%) and kitchen furniture (+6.7%) reported the biggest increases for the past year. Manufacturers of garden furniture (-12.1%), mattresses (-8.4%) and household furniture (-6.0%) were confronted with the highest percentage losses.

Exports decreased by 3.4% to € 857 million in 2012. The main export market is Germany (€ 375 million, -9.9%). Furniture imports to Austria increased by 1.4% and resulted in a total value of € 1.7 billion. The majority of imported furniture came from Germany (€ 899 million). Imports from China continue to increase significantly (+8%, € 128 million), but China remains the third biggest import nation behind Germany and Poland and before Italy.

The Austrian furniture industry comprises 47 industrial plants with about 6,700 employees – most of them privately owned medium-sized companies. Since 2012 the Austrian furniture industry has been a member of the European Furniture Industries Confederation (www.efic.eu).

E. Sawn softwood

With almost 1,000 companies and close to 9,500 employees the Austrian sawmilling industry is the biggest processor of wood in Austria (see wood flow diagram, page 16). It mainly consists of small- and medium-sized enterprises. However, its ten largest companies generate half of the total production volume, its 40 largest companies 85%. About 58% of the total sawnwood production is designated for the export. Austria is the world's sixth largest exporter and the ninth largest producer of sawn softwood. About 98% of the Austrian sawnwood production is sawn softwood.

In 2012, the production of sawnwood amounted to 8.97 million m^3 (2011: 9.66 million m^3), of which 8.79 million m^3 were sawn softwood. The production value of the Austrian sawmilling industry reached € 1.92 billion, a decline of 10%. In 2012, processed roundwood accounted for approximately 15 million solid m^3, including 4.6 million solid m^3 of imported sawlogs.

In 2012, 5.03 million m^3 of sawn softwood were exported – a decrease of about 10% compared to the previous year (5.59 million m^3). In terms of value, the export volume decreased by 9% to € 0.99 billion. More than 54% of all sawn softwood exports were shipped to Italy, Austria's long-standing key export market. With a total export volume of 2.7 million m^3, the Italian market declined sharply by 19% (2011: 3.4 million m^3). The export volumes to Germany decreased by 6.3% (2012: 538,000 m^3), those to Switzerland by 5.7% (114,000 m^3) and to the Czech Republic by 22% (107,000 m^3). The total exports to European countries decreased by 11.7%. However, exports to the Levante increased significantly by more than 20% (2012: 943,000 m^3). The Japanese and Asian market increased by 7%, thus amounting to 343,000 m^3.

In 2012, imports of sawn softwood remained stable compared to the previous year. Imports totalled 1.72 million m^3, of which 902,000 m^3 from Germany. In terms of value, the volume of imports amounted to € 344 million.

With a projected volume of 8.8 million cubic metres the production of coniferous sawnwood will not rise in 2013 and will reach about the level of 2012. The Austrian sawmilling industry dramatically lost market shares to the main competitors from Scandinavia and Germany. Roundwood imports tend to decline and cannot be compensated at the same rate by high quantities produced in Austria. Austria is one of the most expensive roundwood regions worldwide. The margin for sawmills has considerably declined and roundwood prices have for quite some time been decoupled from the prices on the sawnwood market. The level of exploitation of the high capacities of sawmills is too low for a sustainable development. To become internationally competitive again, a structural change appears to be an absolute necessity. In the next few years production will have to adapt to the roundwood supply.

With 3.2 million cubic metres from January to August, the volume of Austria's sawn softwood exports is only 5.8% below the volume of the past year. This means that losses were halved within two months. In June, exports were still 13% below the volume of the previous year. With 290,000 cubic metres sawmills exported 8% more sawn softwood than in the preceding year. This is due to the rising importance of Asian export markets. Japan, for example, purchased 266,000 cubic metres of sawn softwood from Austria during the first eight months, a plus of 53%. However, Austria's by far most important export market, Italy, is with 1.52 million cubic metres from January to August still clearly lagging behind (-19%). After the first six months of the year, the decline still amounted to 22.4%. Since June, however, the deliveries of sawnwood to Italy have again exceeded those of the preceding year. In 2013 sawn softwood imports were, until summer, higher than in the corresponding period of the previous year; for the year as a whole an increase by 4% is expected.

For 2014, the sawmilling industry is expecting slightly positive impulses for sales, but the situation will stay difficult as long as roundwood prices remain high and the supply with roundwood is strained. In the longer term the fact that wood is a renewable raw material and will thus probably gain importance in a green economy gives hope. Rising market shares of timber in the field of construction can be interpreted as a step in that direction.

F. Sawn hardwood

The 2012 production of the sawmills specialized in hardwood increased to 159,000 m³ (2011: 151,000 m³). Exports of sawn hardwood in 2012 decreased by 1%, thus accounting for 141,000 m³. In terms of value, the export volume remained with € 79 million unchanged. Tropical sawnwood is a minor matter in Austria.

G. Wood-based panels

The measures, which were implemented in the crisis years and led to the reduction of capacities held the competitiveness of the Austrian panel industry on a high level. An export quota of up to 80% is proof of the strong performance of the Austrian panel industry. However, criticism from entrepreneurs regarding the increasing problems of Austria as a business location is getting louder. Increases in costs of raw and primary materials could not be fully covered by the products' prices, leading to increased pressure on profits. In the intermediate term, this development could have a negative impact on the constantly necessary investments, particularly in this capital-intensive industry.

The Austrian enterprises of the particle, MDF and fibre board industries produced at eight Austrian premises in 2012 and employed more than 3,000 persons. The largest portion of the turnover was made with particle boards. Particle board production amounted to about 2.20 million cubic metres in 2012, of which about 80% were exported.

As to raw material, board-producing companies clearly feel the effects of the decreasing cutting of wood by the sawmilling industry. However, to guarantee raw materials supply in the long run the board industry at an early time launched activities focusing on recycled wood and the establishment of a constructive basis with forest management and, in this context, also with the forest associations. In 2012, the consumption of roundwood and sawing by-products declined; domestic quantities as well as imports decreased. Sawing by-products continue to be the most important raw material, but in the course of the past few years their share declined in favour of roundwood use.

For 2013, Austria's board industry expects production quantities at the level of the previous year and hopes to profit from the observed slight economic growth in 2014. So far, the demand for domestic roundwood (assortment “roundwood for the board industry” (Plattenholz)) continues.

H. Pulp and paper

In spite of the overall economic environment, the paper industry managed to raise its output by 2.1% to 5 million tonnes in 2012, a development that contrasted with that of most other European countries. This happy result was due mainly to the graphic segment’s better machine capacity utilisation, which rose from 90.0 to 91.1%. High production costs limited average production income to around € 700 per tonne over the entire year. After the price for the upstream product of pulp hat reached an all-time high of over 1,000 U.S. dollars per tonne of NBSK (the benchmark pulp grade) in 2011, the price fell to around 800 dollar at the year’s beginning and stabilised there. In the wake of these developments, the turnover of the paper and pulp producers decreased slightly (by 0.5%) to € 4.0 billion.

Despite economic growth, Austria’s paper consumption declined, particularly in terms of newsprint. While paper will be able to hold its own over the long term in the area of packaging, competition in the print media industry is growing increasingly stiff.

Investments in plants rose once again, totalling around € 270 million. This was double the previous year’s figure, but still a level that will hardly be sufficient to maintain technological standards in the long run. In 2012, the conversion work at Schweighofer in Hallein was finished, and construction was begun on both the new PM 2 in Pöls and a new liquor boiler at Mondi in Frantschach. There were also changes to ownership structures. Lenzing acquired the remaining shares in the pulp facility Biocel from Heinzel, which for its part acquired all shares of SCA Graphic Laakirchen and recycled paper dealer Bunzl & Biach for € 200 million via a profit-sharing model. Their factory for magazine paper (530,000 t) had already belonged to Heinzel Group back in the 1980s. Back in 2010, Prinzhorn Holding had taken over the corrugated base paper factory in Frohnleiten (170,000 t) from Mondi. Since it proved impossible to make that facility profitable, one of the paper machines was decommissioned in autumn 2012, with the second following in 2013.

The strong dynamic of the 2009 upswing following the major economic crisis lasted only one year. 2011 saw paper production decline slightly before rising again by 2.1% in 2012. But that year's production of 5.0 million tonnes was still clearly below the record year of 2006, with its 5.2 million tonnes. A notable fact is that the large product group of graphic papers grew by 110,000 tonnes (+4.0%). This ran contrary to the European trend (-5.3%), and can be explained by better capacity usage at several large production facilities. The group had already closed plants in other countries, thereafter rerouting some of their orders to its Austrian sites. The industry's second major segment, that of packaging paper, stagnated at around 1.9 million tonnes (-0.2%), and speciality papers were likewise unable to develop an upward dynamic. Production totalling 270,000 tonnes meant a reduction of -0.6%.

In 2012, Austrian foreign trade shrank by around € 8.1 billion, but the paper industry bolstered this balance by € 3.3 billion. This was in part thanks to a rise in the export quota for virgin paper to 86.8%, after overall exports had risen by 3.4% to total 4.4 million tonnes. The largest customer markets, alongside the 663,000-tonne domestic market, remain Germany (966,000 t) and Italy (529,000 t). And while 738,000 tonnes of paper were shipped overseas, Far-Eastern-made paper is gaining an ever-greater presence on the European market.

Virgin fibre pulp volume also rose slightly, with production growing by 1.1% to total 2.0 million tonnes. Growth was likewise seen in sulphate pulp (+4.3%) and mechanical pulp (+2.5%), while the sulphite works experienced a decline (-8.6%). The amount of chemical pulp sold rose slightly (+2.0%) in an environment characterised by relatively stable prices. The amount of wood used by the Austrian paper industry remained stable at about 8.22 million solid cubic metres in 2012; 4.43 million solid cubic metres accounted for roundwood (+7.8%) and 3.79 solid cubic metres for sawing by-products *SCP* (-7.9%). Purchases of domestic roundwood declined by 2.1%, thus amounting to 2.51 million solid cubic metres; imports decreased by 6.4% to 1.68 million solid cubic metres. In the case of sawing by-products, purchases of domestic roundwood amounted to 2.79 million solid cubic metres (-4.1%) and imports accounted for 0.95 million solid cubic metres (-25.5%). All in all, the smaller volume of wood purchased caused inventory reductions. In Austria, the importance of secondary pulp is roughly equal to that of primary pulp. 2012 saw 2.4 million tonnes of waste paper recycled (-1.4%), but despite a very good collection rate of 71.3%, domestic sources could only supply 1.4 million tonnes of waste paper (+0.9%).

After the encouraging growth of 2012, the paper industry, which is strong in exports, eventually suffered severely from the impacts of the global economic crisis. During the first six months of 2013 the production of pulp and paper showed a significant decline in Austria: -4.9% compared to the first six months of 2012 for pulp (957,000 tonnes), -3.4% for paper, cardboard and paperboard (2.4 million tonnes). As a result of the smaller production volume, also the turnover of the segment went down by 4.6% during the first six months of 2013. The industry also continues to be concerned about further cost increases from factors such as energy and transport, the continued tightening of wood availability, and international competition for subsidies, for example for the incineration of black liquor.

Perspectives: According to Austropapier (www.austropapier.at) the global competitiveness of the Austrian paper industry, and hence also the ability of the individual companies to invest and innovate, is being challenged by two developments above all: the new competition from the fast-growing economic giants China, India, Indonesia and Brazil, and the objectives of European climate and energy policy to date. But if the industry makes better use of its green, sustainable potential, it can also take advantage of some opportunities by emphasising the sustainability and environmental friendliness of paper in multifunctional graphic applications and innovative packaging solutions, by realising the significant added value for growth and employment that wood as a raw material can provide in cascading use and by vigorously implementing the steps envisioned by the Roadmap 2050 project towards developing a bio-based pulp and paper industry.

I. Innovative wood products

Representative for the many innovations produced by the Austrian timber sector in the course of the past years, we would like to mention an initiative which was launched to promote innovations: To strengthen the competitiveness of the European forest-based sector, the Schweighofer Prize is awarded for innovative ideas, technologies, products and services which concern the whole value chain. (www.schweighofer-prize.org)

5. Charts

Economic indicators (WIFO, October 04, 2013)

	2009	2010	2011	2012	2013	2014
	Percentage changes from previous year					
GDP Volume	- 3.8	+ 1.8	+ 2.8	+ 0.9	+ 0.4	+ 1.7
GDP Value	- 2.3	+ 3.2	+ 4.9	+ 2.6	+ 2.6	+ 3.7
Export of goods Volume	- 18.3	+ 13.6	+ 8.1	+ 0.8	+ 2.5	+ 5.5
Export of goods Value	- 20.2	+ 16.7	+ 11.3	+ 1.5	+ 2.1	+ 6.6
Import of goods Volume	- 14.5	+ 11.7	+ 8.6	- 1.3	+ 0.4	+ 5.5
Import of goods Value	- 18.4	+ 16.5	+ 15.3	+ 0.7	- 0.7	+ 6.3
Consumer prices	+ 0.5	+ 1.9	+ 3.3	+ 2.4	+ 2.0	+ 1.9
Active dependent employment	- 1.5	+ 0.8	+ 1.9	+ 1.4	+ 0.7	+ 0.8

Wood resources

Product	Year	Production	Imports	Exports
		1,000 m³		
Sawlogs, pulpwood and other industrial roundwood	2011	13,631	7,427	1,017
	2012	12,831	7,319	827
	2013	13,385	7,927	810
	2014	13,455	7,816	731
Wood residues, chips, particles	2011	7,218	2,001	520
	2012	6,546	2,015	454
	2013	6,560	1,950	430
	2014	6,700	2,000	450
Fuelwood	2011	5,065 [1)]	825	64
	2012	5,189 [1)]	723	57
	2013	5,200 [1)]		
	2014	5,500 [1)]		

[1)] incl. chippings from forests

Sawnwood

Product	Year	Production	Imports	Exports
		1,000 m³		
Coniferous sawnwood	2011	9,485	1,729	5,586
	2012	8,793	1,718	5,033
	2013	8,800	1,790	4,800
	2014	8,900	1,800	5,000
Non-coniferous sawnwood	2011	151	213	142
	2012	159	215	141
	2013	152	205	135
	2014	159	215	139

Country: Austria	**Date:** 11.Nov
Name of Official responsible for reply:	
Johannes Hangler	
Official Address:	
Federal Ministry of Agriculture, Forestry, Environment and Water Management	
1030 Vienna, Marxergasse 2	
Telephone: +43 1 71100 7309	**Fax:** + 43 1 71100 7399
E-mail: johannes.hangler@lebensministerium.at	

TF1

UNECE TIMBER FORECAST QUESTIONNAIRE
Roundwood

Product Code	Product	Unit	Historical data 2011	Historical data 2012	Estimate 2013	Forecast 2014
1.2.1.C	SAWLOGS AND VENEER LOGS, CONIFEROUS					
	Removals	1000 m^3	10.065	9.359	9.800	10.000
	Imports	1000 m^3	4.507	4.450	4.980	4.800
	Exports	1000 m^3	649	469	432	400
	Apparent consumption	1000 m^3	13.922	13.340	14.348	14.400
1.2.1.NC	SAWLOGS AND VENEER LOGS, NON-CONIFEROUS					
	Removals	1000 m^3	321	295	305	305
	Imports	1000 m^3	212	193	187	186
	Exports	1000 m^3	46	32	33	31
	Apparent consumption	1000 m^3	487	456	459	460
1.2.1.NC.T	of which, tropical logs					
	Imports	1000 m^3	0	0	0	0
	Exports	1000 m^3	0	0	0	0
	Net Trade	1000 m^3	0	0	0	0
1.2.2.C	PULPWOOD (ROUND AND SPLIT), CONIFEROUS					
	Removals	1000 m^3	2.719	2.578	2.600	2.500
	Imports	1000 m^3	1.490	1.524	1.560	1.600
	Exports	1000 m^3	270	279	300	260
	Apparent consumption	1000 m^3	3.938	3.823	3.860	3.840
1.2.2.NC	PULPWOOD (ROUND AND SPLIT), NON-CONIFEROUS					
	Removals	1000 m^3	526	599	680	650
	Imports	1000 m^3	1.219	1.152	1.200	1.230
	Exports	1000 m^3	52	47	45	40
	Apparent consumption	1000 m^3	1.693	1.704	1.835	1.840
3	WOOD RESIDUES, CHIPS AND PARTICLES					
	Domestic supply	1000 m^3	7.217	6.546	6.560	6.700
	Imports	1000 m^3	2.001	2.015	1.950	2.000
	Exports	1000 m^3	520	454	430	450
	Apparent consumption	1000 m^3	8.697	8.107	8.080	8.250
1.2.3.C	OTHER INDUSTRIAL ROUNDWOOD, CONIFEROUS					
	Removals	1000 m^3	0	0	0	0
1.2.3.NC	OTHER INDUSTRIAL ROUNDWOOD, NON-CONIFEROUS					
	Removals	1000 m^3	0	0	0	0
1.1.C	WOOD FUEL, CONIFEROUS					
	Removals	1000 m^3	2.944	2.996	3.000	3.200
1.1.NC	WOOD FUEL, NON-CONIFEROUS					
	Removals	1000 m^3	2.121	2.194	2.200	2.300

TF2

UNECE TIMBER FORECAST QUESTIONNAIRE

Forest products

Country: Austria | **Date:** 11.Nov

Name of Official responsible for reply:

Johannes Hangler

Official Address (in full):

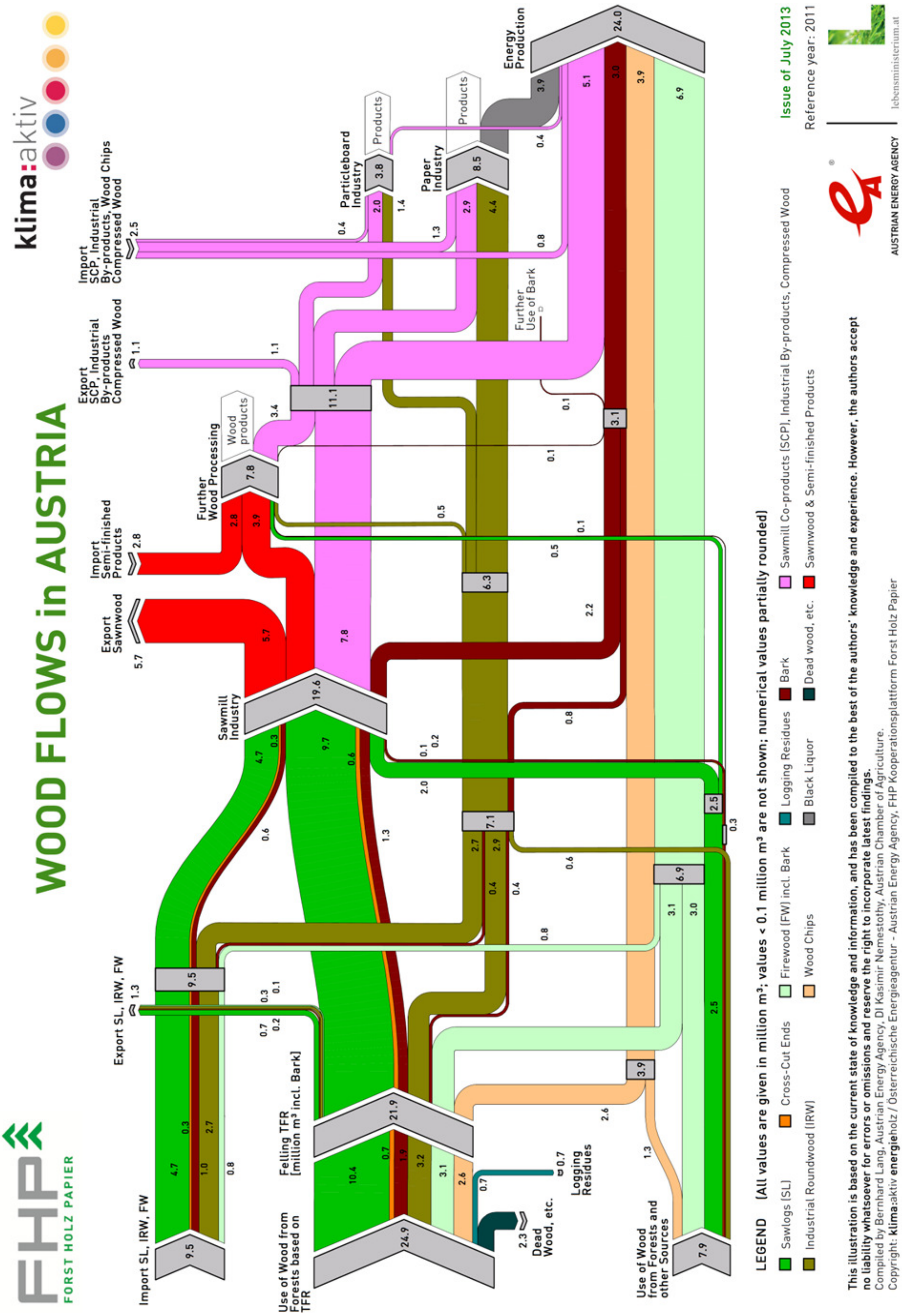
Federal Ministry of Agriculture, Forestry, Environment and Water Management

1030 Vienna, Marxergasse 2

Telephone: +43 1 71100 7309 | **Fax:** + 43 1 71100 7399

E-mail: johannes.hangler@lebensministerium.at

Product Code	Product	Unit	Historical data 2011	Historical data 2012	Estimate 2013	Forecast 2014
5.C	**SAWNWOOD, CONIFEROUS**					
	Production	1000 m^3	9.485	8.793	8.800	8.900
	Imports	1000 m^3	1.729	1.718	1.790	1.800
	Exports	1000 m^3	5.586	5.033	4.800	5.000
	Apparent consumption	1000 m^3	5.628	5.478	5.790	5.700
5.NC	**SAWNWOOD, NON-CONIFEROUS**					
	Production	1000 m^3	151	159	152	159
	Imports	1000 m^3	213	215	205	215
	Exports	1000 m^3	142	141	135	139
	Apparent consumption	1000 m^3	222	233	222	235
5.NC.T	of which, tropical sawnwood					
	Production	1000 m^3	n.a.	n.a.	0	0
	Imports	1000 m^3	8	7	7	7
	Exports	1000 m^3	4	1	1	1
	Apparent consumption	1000 m^3	n.a.	n.a.	6	6
6.1	**VENEER SHEETS**					
	Production	1000 m^3	8	8	8	8
	Imports	1000 m^3	53	54	48	51
	Exports	1000 m^3	27	26	23	24
	Apparent consumption	1000 m^3	34	36	33	35
6.2	**PLYWOOD**					
	Production	1000 m^3	n.a.	n.a.	n.a.	n.a.
	Imports	1000 m^3	196	209	190	190
	Exports	1000 m^3	353	334	350	350
	Apparent consumption	1000 m^3	n.a.	n.a.	n.a.	n.a.
6.3	**PARTICLE BOARD (including OSB)**					
	Production	1000 m^3	2.250	2.200	2.200	2.250
	Imports	1000 m^3	438	461	440	440
	Exports	1000 m^3	1.796	1.823	1.820	1.825
	Apparent consumption	1000 m^3	892	838	820	865
6.3.1	of which, OSB					
	Production	1000 m^3	0	0	0	0
	Imports	1000 m^3	138	162	183	190
	Exports	1000 m^3	7	7	8	8
	Apparent consumption	1000 m^3	130	156	175	182
6.4	**FIBREBOARD**					
	Production	1000 m^3	750	750	750	750
	Imports	1000 m^3	106	159	163	165
	Exports	1000 m^3	577	607	620	610
	Apparent consumption	1000 m^3	279	302	293	305
6.4.1	Hardboard					
	Production	1000 m^3	100	100	100	100
	Imports	1000 m^3	30	48	38	42
	Exports	1000 m^3	67	62	58	58
	Apparent consumption	1000 m^3	64	86	80	84
6.4.2	MDF (Medium density)					
	Production	1000 m^3	650	650	650	650
	Imports	1000 m^3	56	74	88	85
	Exports	1000 m^3	509	544	560	550
	Apparent consumption	1000 m^3	198	180	178	185
6.4.3	Other fibreboard					
	Production	1000 m^3	n.a.	0	0	0
	Imports	1000 m^3	19	37	37	38
	Exports	1000 m^3	2	1	2	2
	Apparent consumption	1000 m^3	n.a.	36	35	36
7	**WOOD PULP**					
	Production	1000 m.t.	2.005	2.027	1.945	1.980
	Imports	1000 m.t.	637	722	721	726
	Exports	1000 m.t.	393	377	355	362
	Apparent consumption	1000 m.t.	2.249	2.372	2.311	2.344
10	**PAPER & PAPERBOARD**					
	Production	1000 m.t.	4.901	5.004	4.820	4.900
	Imports	1000 m.t.	1.366	1.399	1.393	1.413
	Exports	1000 m.t.	3.987	4.127	3.983	4.068
	Apparent consumption	1000 m.t.	2.281	2.276	2.230	2.245


FHP
FORST HOLZ PAPIER
WOOD FLOWS in AUSTRIA
klima:aktiv
Import SL, IRW, FW
Export SL, IRW, FW
Use of Wood from Forests based on TFR
Felling TFR [million m³ incl. Bark]
Dead Wood, etc.
Logging Residues
Use of Wood from Forests and other Sources
Sawmill Industry
Export Sawnwood
Import Semi-finished Products
Further Wood Processing
Wood products
Export SCP, Industrial By-products Compressed Wood
Import SCP, Industrial By-products, Wood Chips Compressed Wood
Particleboard Industry
Products
Paper Industry
Products
Further Use of Bark
Energy Production
LEGEND (All values are given in million m³; values < 0.1 million m³ are not shown; numerical values partially rounded)
Sawlogs (SL)
Cross-Cut Ends
Firewood (FW) incl. Bark
Logging Residues
Bark
Sawmill Co-products (SCP), Industrial By-products, Compressed Wood
Industrial Roundwood (IRW)
Wood Chips
Black Liquor
Dead wood, etc.
Sawnwood & Semi-finished Products
Issue of July 2013
Reference year: 2011
This illustration is based on the current state of knowledge and information, and has been compiled to the best of the authors' knowledge and experience. However, the authors accept no liability whatsoever for errors or omissions and reserve the right to incorporate latest findings.
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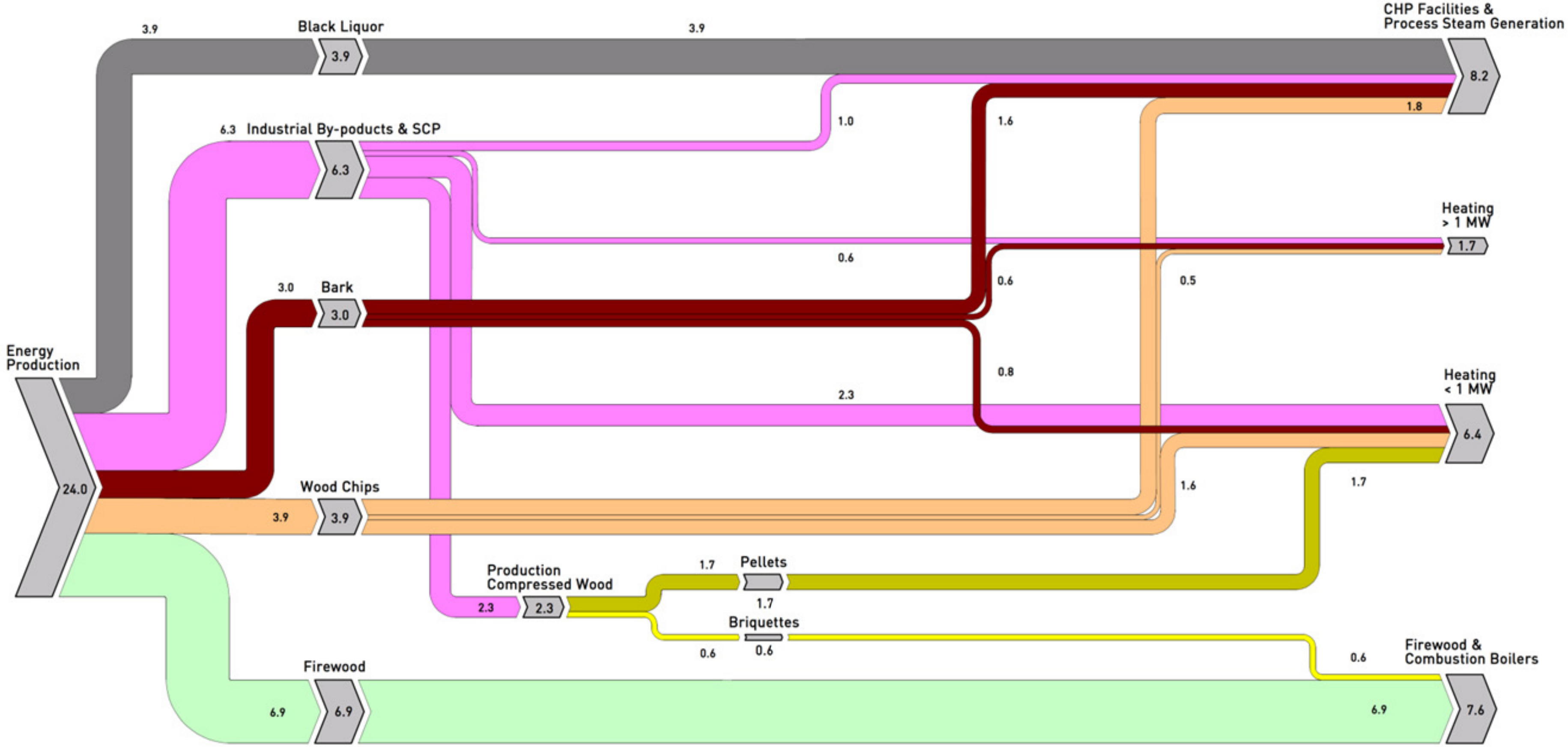
WOOD FLOWS in AUSTRIA

Energy Production



LEGEND (All values are given in million m³; values < 0.1 million m³ are not shown; numerical values partially rounded)

- Black Liquor
- Bark
- Briquettes
- Wood Chips
- Pellets
- Industrial By-products & Sawmill Co-products (SCP)
- Firewood incl. Bark

Issue of July 2013

Reference year: 2011

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