Austrian Market Report 2009

Statement submitted by the Austrian Delegation
to the 67th Session of the
UNECE Timber Committee
Geneva, 13-16 October 2009

Federal Ministry of Agriculture, Forestry, Environment and Water Management
Forestry Department

Vienna, September 2009

1. General economic situation

The global economic situation eased in the second quarter, following the strong contraction in the last half-year. The USA and the euro area saw GDP shrink at a markedly slower pace compared to the two preceding quarters. The Austrian economy also contracted by a mere 0.4 percent in real terms quarter-on-quarter in the second quarter of 2009 (after –2.7 percent in the first quarter). Confidence indicators suggest the situation will improve further during the third quarter. Global economic conditions are nevertheless likely to remain fragile for a protracted period of time. Excess capacity, high unemployment rates and uncertain corporate financing conditions dampen the prospects for a quick lasting recovery and will lead to a sequence of positive and negative news in the coming weeks.

According to WIFO's[1] latest flash estimate of the quarterly national accounts, Austrian GDP shrank at a seasonally and working day adjusted quarterly rate of 0.4 percent in the second quarter, compared with a decline of still 2.7 percent in the first quarter of 2009. Hence, economic output in the second quarter was down 4.4 percent from a year earlier (first quarter –4.7 percent). This mainly reflects the stabilisation of the global economy over the course of the second quarter. Although world trade and economic activity in industrialised countries continued their decline, the latter was comparatively small after the collapse experienced over the two preceding quarters.

Surveys suggest a further improvement in global economic conditions in the third quarter. Notably firms' production expectations and the assessment of inventory levels have continuously improved in recent months. Inventory adjustment was a significant factor in the decline in world trade in the last six months. The last two quarters saw a worldwide rundown of inventories that had accumulated in the autumn of 2008 as a consequence of the surprise decline in sales. This process, which particularly weakened the demand for intermediate and capital goods, is likely to have progressed sufficiently far. Hence, production should stabilise further as inventory levels normalise.

While the prospects for a recovery of the global economy in the second half of the year have improved, a number of difficulties remain that stand in the way of a lasting upswing over the medium term. High unemployment rates and the high indebtedness of private households in the USA and in the UK suggest that consumer demand will remain weak in these countries, which cannot be lastingly compensated for by high state deficits. Moreover, corporate financing conditions are likely to remain difficult given the low production levels and the difficulties of the financial sector. This may hamper the recovery of investment activity. Finally, further turbulences on financial markets and hidden risks in the banking sector cannot be entirely excluded.

Consistent with the global economic situation, Austrian exports of goods and services stabilised in the second quarter. Their decline, at 1.1 percent, was markedly lower than in the two previous quarters (first quarter –5.7 percent). The demand for capital goods and car parts, which make up a large portion of Austrian exports, still lagged behind economic stabilisation in the second quarter. Together with weak developments in some Central European economies, this may be partly accountable for the somewhat stronger decline in Austrian GDP (–0.4 percent) in this quarter compared with the euro area (–0.1 percent). On a year-on-year basis, GDP shrank at a slightly lower pace than in the euro area (–4.6 percent) and clearly less compared to Germany (–5.9 percent).

[1] Austrian Institute of Economic Research

Private consumption rose by 0.4 percent in the second quarter (first quarter 0.1 percent), supported by the entry into force of the tax reform and the car-scrapping scheme. Due to the high import content of car sales, the effect of the latter on Austrian GDP remained however rather limited. Gross fixed capital formation, by contrast, continued to shrink by 1.4 percent in the second quarter (first quarter –1.8 percent), reflecting excess capacity and difficult financing conditions.

WIFO's July business cycle survey shows an increasing stabilisation of new orders and improving production expectations also for Austria.

Conditions in the Austrian labour market, which traditionally reacts with a lag to cyclical developments, continued to deteriorate in the second quarter. On a seasonally adjusted basis, employment fell by 0.7 percent compared with the previous quarter (first quarter –0.7 percent). The seasonally adjusted unemployment rate (according to the Austrian definition) stood at 7.4 percent in July, an increase by 1.6 percentage points from a year before.

The negative inflation rates recorded in June (Austria July –0.3 percent, USA June –1.4 percent, euro area July –0.1 percent) mainly reflect the fall in the high energy and food prices compared with a year before. For this reason the consumer price indices excluding energy and food are currently better indicators of medium-term inflation developments. In June, the inflation rate of these indices stood at 1.7 percent in the USA. In July, the rate of inflation excluding energy and unprocessed food was 1.2 percent in the euro area and 1.4 percent in Austria.

2. Policy measures

Government programme

After the elections to the National Council in September 2008 a Grand Coalition between the Social Democratic Party of Austria and the Austrian People's Party was formed again. On 2 December 2008 the government under Federal Chancellor Faymann (SPÖ) was sworn in. The government programme 2008-2013 includes the following objectives:

- The intensified use of biomass to enhance our country's energy security has to be supported, with priority being given to the additional mobilisation of wood resources.
- The development and further development of new markets as well as possibilities of use for wood have to be supported to enhance sustainability and achieve the climate protection goals.
- In public tenders, greater importance is to be attached to domestic wood as a construction material.

The Austrian Forest Dialogue and the Austrian Forest Programme

The Austrian Forest Programme, developed within the framework of the Austrian Forest Dialogue and adopted in late 2005 (www.walddialog.at/filemanager/list/16026), identifies all important topics, goals and measures concerning the Austrian forest and constitutes the basis for action in national and international forest-political decision-making processes. In 2009 the Forest Dialogue has focused on the implementation of the measures laid down in the Forest

Programme, respectively in the associated Work Programme. The evaluation of the Austrian Forest Dialogue has started at the beginning of 2009 and is planned to show first results by mid-2010.

Forest subsidisation

Austria has successfully negotiated a forest package for the 2007-2013 period within the framework of the “Rural Development Regulation”. Every year € 25 million (EU + Federal Government + Federal Provinces) are available to promote the enhancement and intensification of forest management in Austria. In total (including the forestry measures in protection forests), subsidies in the amount of € 43 million were made available for forestry measures in 2008.

Co-operation Platform Forest-Wood-Paper (“Kooperationsplattform Forst Holz Papier”, FHP)

FHP is a coordination and communication platform of Austria's forestry, timber industry as well as paper and pulp industry which aims at supporting the enterprises of the value added chain forest - wood - paper in the best possible way. FHP’s most important fields of activity are research & development, energy, wood balance, wood flow (mobilising wood resources), timber harvesting, standardisation, and automated takeover of timber at the mill. (www.forstholzpapier.at)

Wood promotion

“proHolz Austria” is a working group of the Austrian forestry and wood industry. Its objective is the effective marketing of wood and wood products in the domestic market and abroad. The annual budget amounts to € 2.5 million. Marketing, publicity and information on wood are the instruments applied to achieve this objective. (www.proholz.at)

proHolz Austria is active also beyond Austrian borders. The primary goal is to increase timber exports from Austria on interesting outlets and target markets. The know-how of Austrian enterprises will be communicated hand in hand with image publicity for domestic timber types. Most important are the activities taken in Italy under the title “promo_legno” (www.promolegno.com). Further projects are proLignum (wood promotion in the Czech Republic, www.prolignum.cz) as well as promotion on international markets like Spain or France and the European Wood Initiative (Japan, China).

Europe’s largest database for wood construction, dataholz.com, is now available online free of charge in German, English, Italian and Spanish. The inter-active building components catalogue with about 155 structural members and 1,500 construction variants is continuously updated, provides valuable planning support and can provide the necessary certificates for authorities at the flick of a switch. dataholz.com offers the structural and the ecological data for wood and wood materials, building materials, components, and connecting pieces. These data are checked, assessed and released by accredited testing institutes. The data sheets contain also drawings with all constructive details.

3. Market drivers

Already in 2008 the economic crisis severely affected the enterprises of Austria's timber Industry. In many areas production had to be adjusted to the lower demand. In some cases the reductions of production and the lower prices caused losses in the timber industry, in individual cases even insolvencies and take-overs. All things considered, however, we do not have to reckon with a major decline of production capacities. The family ownership structures found in many fields of timber processing tend to foster the maintenance of production capacities and jobs.

The storm events "Paula" and "Emma" of early 2008 led to record felling quantities in 2008; also the percentage of damaged wood was with 64 percent as high as never before. Since the disastrous storm events forest owners have been confronted with relatively low roundwood prices. As a result, many of them reduced their regular removal significantly. Thanks to this procedure it was possible to abandon the wet-storage facilities established after the storm as early as in spring. Since mid-2009 a slightly stronger demand and rising prices have been observed again. The wood-for-energy market had a stabilising effect; both quantities and prices remained stable or increased.

4. Developments in forest-products markets sectors

A. Wood raw materials

With a share of 47.2 percent of the federal territory and about 150,000 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 for energy generation and the required imports of roundwood (2008: 7.8 million cubic metres, mostly from Germany and Czech Republic) mobilizing the available resources has become a major goal of Austria's forest policy.

In 2008 the quantity of wood felled amounted to 21.80 million cubic metres under bark (m^3 u.b.), which again was an all-time record. The harvest volume was 2.2 percent above that of the previous year, 14.5 percent above the five-year average and 29.8 percent above the ten-year average. Removal was very strongly influenced by the damage due to wind breakage caused by the hurricanes "Paula" and "Emma" in late January and early March, of which 5 million m^3 in Styria and 1.8 million m^3 in Carinthia. Taking everything into account 13.85 million m^3 u.b. of damaged wood were produced – another unprecedented record figure – of which 10.9 million m^3 u.b. due to storms and 1.8 million m^3 u.b. due to bark beetle infestation. Damaged wood thus made up 63.6 percent of the total removal. Sawn roundwood accounted for 60.4%, industrial roundwood for 16.6%, fuelwood and chippings from forests for 23.0 percent of the quantity felled. The share of coniferous wood in the total fellings amounted to 87 percent in 2008.

Already in 2008 the timber market suffered from the beginning global economic slowdown. On annual average the prices of roundwood (incl. fuelwood) were in 2008 7.1 % below those of 2007. With the exception of hard fuelwood all forest products considered in the agricultural price index declined, most of all spruce/fir sawlog. On annual average, sawmills paid € 72.40 per cubic metre of sawlog spruce/fir, Cat. B, Media 2b, 10.3% less than in 2007; the annual maximum of € 83.81 was paid in January 2008; after that, prices dropped significantly due to the storms and, with € 68.33, reached the lowest level of the year in April. The 2008 mixed pulpwood/mechanical pulpwood price for spruce/fir was with € 31.94 per m³ 4.0% below the average of the preceding year – pulpwood € 29.27 (-5.2 %), mechanical pulpwood € 37.12 (-3.6 %). The production value of domestic forestry (incl. forest-related services and non-separable non-forestry subsidiary activities) reached € 1.663 billion in 2008 (preliminary), after € 1.732 billion in 2007.

2009: Timber prices had declined since December 2008 and in April 2009 reached a low point only slightly above the level of April 2008. Since the middle of the year prices have been rising again. Forestry has adjusted the production of roundwood to the diminished demand; taking everything into account, a reduction of the quantity of wood felled by some 20 percent compared to the previous year is expected for 2009. Already in spring – significantly earlier than expected – the wet-storage facilities set up by the Austrian Federal Forests after the wind breakages caused by Kyrill, Emma and Paula were used up (about 300,000 m³). That the timber from the wet-storage facilities was used up so swiftly was attributable above all to the particularly severe winter with plentiful snow which prevented timber harvesting in large parts of Austria.

The roundwood market at the beginning of the 2009 autumn season

Current economic data indicate that the global economic downturn has slowed down during the 2nd quarter of the year. Businesses record marked signs of rehabilitation. Compared to the first quarter exports decreased only to a minor extent. Similar to the industrial sector, also the consumption behaviour of households appears to have passed the lowest point. The development stirs cautious optimism with respect to further economic recovery.

In the Austrian sawmilling industry the demand for coniferous sawn roundwood is still rising. Delivery to the works is increasing due to delivery premiums and a general rise of prices, observed especially in the west of Austria. Clear price signals were given in the 3rd quarter of the year. Even with the increased cutting of wood, the stocks of the sawmilling industry are still poor. The sawnwood market saw a marked improvement compared to the preceding months, but with a view to the sensitive market situation the sales situation for the next months remains uncertain. The Austrian Chamber of Agriculture recommends forest owners to make use of the sales opportunities for sawn roundwood and to comply with concrete demands, while paying the greatest possible attention to payment security and to receipt procedures at the sawing mill which comply with common practice.

Since early August the quantity of calamity timber has risen. Local calamities in the windthrow areas and in mountain districts are swiftly finished off. Forest owners are recommended to use the rising customer demand for immediate removals. The demand for fresh wood of high quality continues to be high. Due to the enhanced market situation the local utilisation of beetle-infested timber is sometimes carried out more generously so as to raise delivery quantities. Forest owners are requested to inspect endangered stocks more frequently and to look for signs indicating bark beetle infestation. Infested trees must be processed speedily and have to be removed from the forest without delay. The market for industrial roundwood is still calm; supply and demand are well-balanced. Prices continue to be stable. Roundwood can be sold in a short time.

Due to the preparation of stocks for the coming heating season and the continuous need on the part of bulk purchasers there is still lively demand for all energy wood assortments. Rising prices are the consequence. Demand continues to rise especially as smaller quantities were put into storage during the 1st and the 2nd quarter of the year. Also industrial roundwood was sold as energy wood.

B. Wood energy

According to the surveys of Statistics Austria traditional fuelwood (firewood billet) is still the most important biogenic source of energy in Austria. The quantity used per annum has with approximately seven million cubic metres remained stable at a high level. The biomass heating facility most popular in Austria is the tiled stove. Totally about 450,000 to 500,000 tiled stoves are ready for operation in Austrian households.

The sale of wood and bark briquettes has developed stable with moderate increases over the past few years; at present, a sales volume of approx. 500,000 cubic metres per annum is reached. Briquettes are mostly purchased in small quantities at DIY stores and supermarkets for tiled stoves used as a supplementary heating facility in apartments or weekend houses.

Wood pellets have achieved very steep increases since their market introduction about 15 years ago. Austria's boiler manufacturers obtained the international technology leadership in the field of small-scale facilities for pellet-fired systems. In recent years about 10,000 boilers were newly installed per year (2007: 4.000, 2008: 11,000); this means an increase in the demand for pellets of approx. 60,000 tonnes annually. Pellets are produced in integrated manufacturing plants of the sawmilling industry; at present, the production capacity amounts to almost one million tonnes per year. In 2008 approximately 650,000 tonnes of pellets (about 1.4 million cubic metres) were produced; of this amount about 500,000 tonnes were used in Austria, the surplus was mainly exported to Italy as bagged cargo.

Already since the beginning of the 1980s automatic heating systems using wood chips and bark have continuously been developed in Austria. Meanwhile over 1,100 local biomass power plants with an average heat load of one megawatt per plant are operating; in addition, numerous biomass boilers were installed for heat supply. Per year totally about four to 4.5 million cubic metres of energy wood are burned in automatic wood chip and bark heating systems.

The 2002 Eco-Electricity Act led to the swift establishment of new biomass cogeneration installations in the timber industry and by energy providers. Between 2004 and 2007 about 100 new biomass cogeneration plants were established in Austria. This has led to a marked increase in the demand for energy wood types. The demand developed particularly dynamically in autumn 2006. For a short period a stronger competitive position between industrial wood and energy wood purchasers was observed. In the spring of 2007 and 2008 storm disasters caused extensive wind breakage, which again led to an oversupply of energy wood types. Presently about four million cubic metres of energy wood are used for biomass cogeneration systems every year, the major part thereof in highly efficient plants of the wood board and sawmilling industry with completely integrated supply.

Considering all fields of use of energy wood, the estimated total demand for 2008 is about 18 million cubic metres. According to Statistics Austria about 9.6 million cubic metres thereof are directly used in households in the form of fuelwood, briquettes, pellets, and wood chips.

With € 52.31 per cubic metre the price of hard fuelwood in 2008 rose by 1.4 percent compared to 2007, the price of soft fuelwood remained with € 35.80 almost the same (-0.1 %). In 2009 a slight increase in the prices of fuelwood was observed for the period until August.

In September 2009 the average price of pellets was € 207.57 per tonne (incl. turnover tax). Compared to the preceding year this is a price rise by 16.7 percent. According to proPellets Austria (www.propellets.at) this figure is due to the historic low of pellets in the previous year – a result of the oversupply experienced in the course of the still overheated global economy of early 2008. The price of bagged pellets was 23.79 cent/kg in September 2009 (+9.9 %).

C. Certified forest products

PEFC Austria: Since the Austrian certification system was officially recognised by the PEFC Council in September 2000 it has been applied in practice. Both forest certification by means of the regional model and the “Chain of Custody” (CoC) monitoring by group schemes for small- and medium-sized enterprises are tailor-made for the Austrian conditions. Since February 2002 all forest regions in Austria, totally 3.9 million hectares, have been certified according to PEFC. At present, forest owners with about 2 million hectares effectively take advantage of the certification and 336 timber-processing enterprises and timber traders are certified. During the previous year increases were observed above all in the printing sector. With a view to the repeated recognition of the PEFC Austria certification system in October 2011 a revision process with broad public participation was launched in May 2009.

Forest Stewardship Council (FSC): In Austria, presently around 5,000 hectares of forest have been certified according to FSC. 90 enterprises hold an FSC-Chain of Custody Certificate.

D. Value-added wood products

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

The total sales of the **construction elements industry** amounted to € 2.46 billion in 2008 which corresponded approximately to the amount of 2007. Within the construction-related sector, most of the individual lines of business performed well. The production of windows increased to € 402 million (+6.2%), prefabricated wooden houses: € 471 million (-1.6%), doors: € 236 million (+2.2%), parquet floorings: € 208 million (-1.0%), glued laminated timber elements: € 479 million (+1.1%).

Furniture industry: According to Statistics Austria, the production volume was € 2.67 billion. This is a low value compared to the total numbers from 2007 (3 billion euro) but the production data cannot be compared directly to the previous year as the composition of the product groups changed due to a new classification scheme of ÖNACE 2008 and the corresponding CPA 2008. Austria’s furniture industry is sceptical about the business scenario in 2009; it will hardly be possible to maintain the high production level of past years. However, the Austrian furniture industry is designed in a way which makes it fit to manage the crisis and to further enhance its high competitive strength: Family ownership structures, consistent corporate strategies and related investments in the business location of Austria.

Ski industry: Two years ago the ski industry was already in a very critical phase, due to the decline of the world markets. This downward trend has now reached the entire worldwide industry. In the last years the ski industry acted according to this decline and it is therefore in a differentiated situation. Even though the ski industry already had to deal with the results of this severe crisis two years ago, the impact of the current global economic crisis remains a challenge. Positive developments in overseas markets like Japan or the USA remain to be seen. These markets are still struggling with downward trends. The skiing infrastructures in Japan are outdated and its winter sport regions are in desperate need of new investments. The most important European markets report market stabilizations. Skiing is still very popular and this popularity results in solid market figures. The world market for alpine skis remains stable at 3.1 million skis, while cross-country skis have an estimated volume of 1.1 million. Austrian brands have a steady and considerable 50 percent share in this winter sport segment. The export ratio remains above 80 percent. As winter sports and its facilities remain very popular, they provide an optimistic perspective for this industry.

E. Sawn softwood

In 2008, sales by the Austrian sawmilling industry decreased to € 2.34 billion (-5.6 %). However, the production of sawnwood increased by 1.5 percent to 12.0 million cubic metres (of which 11.8 million cubic metres sawn softwood). The annual volume of timber delivered to Austrian sawmills amounted to approximately 18 million solid cubic metres of roundwood, including 5 million solid cubic metres of imported timber. The sawmilling industry comprises about 1,200 enterprises, most of them small-structured, with totally almost 10,000 employees. The forty biggest sawmills account for approximately 90 percent of the total production, the 10 largest ones for 65 percent.

Sawn softwood exports decreased to 7.01 million cubic metres (-8.2%) in 2008. In terms of value, exports amounted to € 1.21 billion (-16.7%). The most important export market is Italy, accounting for about 58 percent of Austrian sawn softwood exports. In 2008, 4.1 million cubic metres were exported to Italy (2007: 4.5 million cubic metres). Exports to Germany went down to 521,000 cubic metres (2007: 628,000 cubic metres), exports to the USA decreased by 77 percent to approximately 28,000 cubic metres. The exports to Japan and Asia declined from 384,000 to 324,000 cubic metres. Imports of sawn softwood remained with 1.42 million cubic metres (-1.8%) or € 262 million (-10.1%) relatively stable in 2008.

2009: Already in 2008 large enterprises of the sawmilling industry had reacted with output restrictions. During the first quarter of 2009 the sawmilling industry reduced its production by up to 30 percent. As a consequence, the market equilibrium was widely restored until summer. Due to the reduction in cutting and the collapse of sawnwood prices experienced since the end of summer 2008 the sawmilling industry slid deep into the red. In summer 2009 selling prices went up; it is not yet assessable, however, whether this rise will be for a long time and the sawmilling industry still considers the economic situation to be greatly unstable. It fears an overly strong rise of roundwood prices now and calls upon forestry to ensure supply of roundwood.

F. Sawn hardwood

The sawn hardwood production has remained stable compared to 2007 (2008: 240,000 cubic metres). The production of logs for sleepers (beech and oak) was doubled in 2008. In terms of value, minor losses were suffered. According to the Austrian Wood Industries exports of sawn hardwood decreased by 14 percent to 161,000 cubic metres. Imports decreased by 19 percent to 179,000 cubic metres. Tropical sawnwood is a minor matter in Austria.

G. Wood-based panels

The Austrian wood-based panel industry reported a satisfying development until the 3rd quarter of 2008. First signs of an economic downturn became noticeable in the second half of 2008, mainly from the construction sector. During the 4th quarter the economic slowdown became even more apparent. The decline in turnover was significantly stronger than the decline in volume. The enormous pressure on pricing is an obvious sign for excessive amounts of products flooding the international markets.

All market participants agree that the development of previous years was outstandingly positive, not only for the Austrian, but also for the European panel industry. Capacity building and the resulting production quantities reached very high levels.

The current economic crisis and the resulting decline in the construction and furniture sectors have had a significant impact on the panel industry, which cannot sustain the high levels of past years. Nevertheless the competitiveness of Austrian producers with their family-based ownership structure provides confidence that the panel industry will successfully overcome this difficult phase.

Exports decreased by about 8 to 9 percent in 2008. However, more than 80 percent of the production was exported. The largest portion of the turnover was made with particle boards, followed by MDF. Particle board production measured about 2.5 million cubic metres in 2008. With more than 3,000 directly employed persons in Austria the particle, MDF and fibre board industries are among the sectors which provided high job security for their workers for many years. However, the necessary capacity adjustments have impacts also on staff numbers; the measures required are taken in as careful a way as possible. As regards the supply with raw material, the board industry is adversely affected by the increased use of wood in biomass heating plants, but the board industry is confident that stakeholders will become aware of the mutual dependencies in the value added chain and will solve the problems.

H. Pulp and paper

The year 2008 had two faces: The first six months of the year saw a rise in production quantities, and it was possible to raise paper prices in small increments in order to compensate to some extent for soaring costs. But with the financial crisis that began in the USA and brought a serious global recession with it, the situation changed fundamentally. The prices of various raw materials began to fall, but not to their previous levels, and financing became more expensive because of the banking crises. At the same time, the demand for paper products dropped sharply - by as much as 50 percent in some areas of capital goods packaging. Several paper machines had downtime for a week or more at a time, which had a negative effect on machine utilisation, productivity and energy efficiency at the mills. A large number of companies with locations in Austria suffered losses in 2008.

According to Austropapier, the Association of the Austrian Paper Industry, a continuing and pressing problem in 2008 was emissions trading. The planned further reductions of CO_2 emissions and the costly auctioning of the remaining certificates as from 2013 will create annual costs of many millions of euros for the Austrian paper industry. Carbon leakage and benchmarking are two ways of introducing more economic expertise to the discussion. The industry is calling on politicians to create framework conditions that will help the paper industry remain competitive.

In the course of M-real´s sale of its graphic paper business to Sappi it was agreed, among other things, to discontinue production at Hallein (300,000 tonnes of fine paper). Paper production stopped at the end of April 2009.

In 2008, paper production in Austria again dropped slightly, by -0.9% year over year, thus amounting to 5.2 million tonnes. Decisive in this development was the recession beginning in the fourth quarter as a result of which machine utilisation dropped below 50 percent at several large production facilities. After the particularly unfavourable development of the preceding year, especially in graphic papers, packaging papers also came under pressure. Orders for corrugated board, boxes and other paper products used for packaging capital goods were considerably lower at the end of the year. Only hygiene paper and a number of specialities saw growth rise slightly. Fibre consumption reflected the situation in paper sales. While consumption of primary fibre rose slightly (+1.4%), the use of recycled fibre declined sharply (-2.9%).

In the case of chemical pulp the rather optimistic market situation observed during the first half of the year led to a rise in both demand and price. However, at the end of the year annual production was 1.6 million tonnes, reflecting only marginal growth (+0.2%). Production of mechanical pulp, which is used for some kinds of publishing papers as well as for folding boxboard, fell by -3.1 percent to 380,000 tonnes. Around one fifth of the production is market pulp; the export quantity grew by only 10,000 tonnes, despite the brisk pace in the first half of the year.

The international sales of the Austrian paper mills grew slightly (+0.2%) in 2008 to 4.4 million tonnes, and as a result the export share rose to 85.3 percent (+0.1%). For Austrian paper producers, the largest export market by a wide margin is Germany, which purchased 870,000 tonnes: a decrease by -2.3 percent. On the other hand, exports to several nearby countries in Eastern Europe, including Poland, Slovakia, Serbia, and Romania, rose by double-digit percentages. With paper demand falling sharply in Austria, consumption was 3.8 percent lower in 2008 and amounted to 2.1 million tonnes. Imports, too, dropped and declined by 85,000 tonnes.

Prospects: There is very little optimism in the industry that 2009 will be a good year. After the first quarter echoed the decline of 2008, much will depend on whether or not the recession will end this year. Because of low demand and the shutdown of paper production at Hallein paper production in Austria will certainly drop for a third year in a row. It will be important for the future of the industry for raw materials to return to competitive prices and for more to be invested in domestic sites.

The global competitiveness of the Austrian paper industry and thus also the innovative power of the companies is threatened primarily by two developments: New competition from the rapidly growing economic giants China, India and Brazil as well as the costs ensuing from the goals of the European climate and energy policies. If the industry reorients itself and takes better advantage of its green potential, however, it also has a number of opportunities: Better positioning environmentally friendly paper in competition with the electronic media and plastic-based packaging and realizing the clear added value of the valuable raw material wood to promote growth and employment compared with its use as a source of energy.

Tables

Economic indicators (WIFO, September 2009)

	2005	2006	2007	2008	2009	2010
	Percentage changes from previous year					
GDP Volume	+ 2.5	+ 3.5	+ 3.5	+ 2.0	- 3.4	+ 1.0
GDP Value	+ 4.6	+ 5.2	+ 5.7	+ 4.1	- 1.5	+ 1.8
Export of goods Volume	+ 3.2	+ 6.4	+ 9.0	+ 0.3	- 15.1	+ 2.0
Export of goods Value	+ 5.4	+ 9.5	+ 10.5	+ 2.5	- 17.2	+ 3.5
Import of goods Volume	+ 3.1	+ 4.1	+ 7.6	+ 0.2	- 11.2	+ 2.0
Import of goods Value	+ 5.9	+ 8.0	+ 9.6	+ 4.7	- 15.2	+ 4.6
Consumer prices	+ 2.3	+ 1.5	+ 2.2	+ 3.2	+ 0.5	+ 1.3
Active dependent employment	+ 1.0	+ 1.7	+ 2.1	+ 2.4	- 1.5	- 0.9

Wood resources

Product	Year	Production	Imports	Exports
		1,000 m³		
Sawlogs, pulp wood and other industrial roundwood	2007	16,521	8,722	876
	2008	16,773	7,550	974
	2009	12,515	7,530	545
	2010	14,390	7,850	640
Wood residues, chips, particles	2007	8,503	2,189	1,387
	2008	8,499	1,967	1,254
	2009	6,150	1,850	700
	2010	6,300	1,900	750
Fuelwood	2007	4,796 [1)]	261	45
	2008	5,024 [1)]	267	39
	2009	5,100 [1)]		
	2010	5,300 [1)]		

[1)] incl. chippings from forests

Sawnwood

Product	Year	Production	Imports	Exports
		1,000 m³		
Coniferous sawnwood	2007	11,580	1,446	7,637
	2008	11,750	1,420	7,013
	2009	8,270	1,378	5,514
	2010	8,500	1,400	5,800
Non-coniferous sawnwood	2007	236	261	205
	2008	240	218	184
	2009	200	190	150
	2010	180	180	130

TC1

UNECE TIMBER COMMITTEE FORECASTS

Roundwood

Country:	Austria	Date:	24.Sep
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		Estimate	Forecast
			2007	2008	2009	2010
1.2.1.C	SAWLOGS AND VENEER LOGS, CONIFEROUS					
	Removals	1000 m^3	12.931	12.744	9.800	11.200
	Imports	1000 m^3	6.101	5.016	5.000	5.200
	Exports	1000 m^3	592	575	300	400
	Apparent consumption	1000 m^3	18.440	17.185	14.500	16.000
1.2.1.NC	SAWLOGS AND VENEER LOGS, NON-CONIFEROUS					
	Removals	1000 m^3	430	419	370	390
	Imports	1000 m^3	329	209	180	150
	Exports	1000 m^3	74	56	50	40
	Apparent consumption	1000 m^3	685	572	500	500
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	2.638	2.979	2.040	2.350
	Imports	1000 m^3	1.224	1.402	1.500	1.600
	Exports	1000 m^3	127	274	140	150
	Apparent consumption	1000 m^3	3.735	4.107	3.400	3.800
1.2.2.NC	PULPWOOD (ROUND AND SPLIT), NON-CONIFEROUS					
	Removals	1000 m^3	521	631	305	450
	Imports	1000 m^3	1.068	923	850	900
	Exports	1000 m^3	83	69	55	50
	Apparent consumption	1000 m^3	1.506	1.485	1.100	1.300
3 + 4	WOOD RESIDUES, CHIPS AND PARTICLES					
	Domestic supply	1000 m^3	8.503	8.499	6.150	6.300
	Imports	1000 m^3	2.189	1.967	1.850	1.900
	Exports	1000 m^3	1.387	1.254	700	750
	Apparent consumption	1000 m^3	9.305	9.212	7.300	7.450
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	3.057	3.162	3.200	3.300
1.1.NC	WOOD FUEL, NON-CONIFEROUS					
	Removals	1000 m^3	1.740	1.862	1.900	2.000

Product Code	Product	Unit	Historical data		Estimate	Forecast
			2007	2008	2009	2010
5.C	**SAWNWOOD, CONIFEROUS**					
	Production	1000 m3	11.580	11.750	8.270	8.500
	Imports	1000 m3	1.446	1.420	1.378	1.400
	Exports	1000 m3	7.637	7.013	5.514	5.800
	Apparent consumption	1000 m3	5.389	6.157	4.134	4.100
5.NC	**SAWNWOOD, NON-CONIFEROUS**					
	Production	1000 m3	236	240	200	180
	Imports	1000 m3	261	218	190	180
	Exports	1000 m3	205	184	150	130
	Apparent consumption	1000 m3	292	274	240	230
5.NC.T	**of which, tropical sawnwood**					
	Production	1000 m3	0	0	0	0
	Imports	1000 m3	16	10	10	10
	Exports	1000 m3	3	4	3	3
	Apparent consumption	1000 m3	13	6	7	7
6.1	**VENEER SHEETS**					
	Production	1000 m3	(45)	(40)	36	36
	Imports	1000 m3	63	50	45	45
	Exports	1000 m3	37	29	24	24
	Apparent consumption	1000 m3	71	61	57	57
6.2	**PLYWOOD**					
	Production	1000 m3	n.a.	n.a.	n.a.	n.a.
	Imports	1000 m3	172	133	105	105
	Exports	1000 m3	285	278	270	270
	Apparent consumption	1000 m3				
6.3	**PARTICLE BOARD (including OSB)**					
	Production	1000 m3	2.670	2.500	2.100	2.100
	Imports	1000 m3	400	400	400	400
	Exports	1000 m3	2.351	2.158	1.800	1.800
	Apparent consumption	1000 m3	719	742	700	700
6.3.1	**of which, OSB**					
	Production	1000 m3	0	0	0	0
	Imports	1000 m3	106	117	125	125
	Exports	1000 m3	11	10	7	7
	Apparent consumption	1000 m3	95	107	118	118
6.4	**FIBREBOARD**					
	Production	1000 m3	(765)	(800)	740	740
	Imports	1000 m3	153	142	117	117
	Exports	1000 m3	671	613	544	544
	Apparent consumption	1000 m3	247	329	313	313
6.4.1	**Hardboard**					
	Production	1000 m3	115	100	90	90
	Imports	1000 m3	37	42	37	37
	Exports	1000 m3	90	86	81	81
	Apparent consumption	1000 m3	63	56	46	46
6.4.2	**MDF (Medium density)**					
	Production	1000 m3	650	700	650	650
	Imports	1000 m3	92	77	60	60
	Exports	1000 m3	577	523	460	460
	Apparent consumption	1000 m3	165	254	250	250
6.4.3	**Other fibreboard**					
	Production	1000 m3	(0)	(0)	0	0
	Imports	1000 m3	24	23	20	20
	Exports	1000 m3	5	4	3	3
	Apparent consumption	1000 m3	19	19	17	17
7	**WOOD PULP**					
	Production	1000 m.t.	1.989	1.989	1.790	1.850
	Imports	1000 m.t.	671	698	560	545
	Exports	1000 m.t.	284	269	280	325
	Apparent consumption	1000 m.t.	2.376	2.418	2.070	2.070
10	**PAPER & PAPERBOARD**					
	Production	1000 m.t.	5.199	5.153	4.540	4.500
	Imports	1000 m.t.	1.328	1.285	1.150	1.270
	Exports	1000 m.t.	4.268	4.278	3.640	3.700
	Apparent consumption	1000 m.t.	2.259	2.160	2.050	2.070

( ) … national estimate, n.a. … not available