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SLOVENIA

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1. General economic trends

The relatively greater economic activity decrease in Slovenia (in comparison with most EU member states) is closely related to our great dependence of foreign demand and foreign sources of financing. At the same time, it unveils the structural weaknesses of our economy and insufficient resistance to shocks. In the majority of other EU member states and our most noteworthy trading partners outside the EU, GDP has suffered further decline as well, but the fact is that in Slovenia it has been amongst the greatest in the EU. Owing to Slovenia's great export dependency, the conditions in the international economic environment effect, to a greater extent than in some large countries, companies' investment decisions concerning the purchase of equipment and machinery as well as processing and marketing activities within the international processes and trends. This is the reason why the slowdown in the economic growth in Slovenia is, with regard to the previous year, even somewhat greater than in the average euro area.

Under the influence of the global crisis, Slovenia’s economy will post negative growth this year for the first time since 1992. GDP is predicted to decline by 4.0% in real terms. The contraction of economic activity will be largely attributable to a significant slowdown of key factors of economic growth in previous years – real drops in exports and investment. Real private consumption will also be lower than in 2008. Only government consumption is thus expected to post a real increase.

Under the assumption that recession in the international environment will slow down, economic activity will strengthen slightly in 2010. Under these assumptions, GDP is expected to increase by 1.0% in real terms next year, thanks to accelerated domestic consumption. Growth of general government consumption will remain vigorous; private consumption and investment will also start to rise at a moderate pace. Exports will strengthen in line with the anticipated economic recovery in Slovenia’s main trading partners, particularly outside the EU.

Exports will decline significantly in real terms as a consequence of recession in Slovenia’s main trading partners. Exports will drop by a real 8.6% relative to last year. The decline in merchandise exports (-10.2%) will be a consequence of the economic crisis in Slovenia’s main trading partners, especially in the EU countries, which account for 70% of total merchandise exports. Merchandise exports to the EU countries will drop by around 14% in real terms, by our estimate. Exports to the countries of the former Yugoslavia will also shrink, as will exports to the Russian Federation and the US.

Owing to the deepening of the global recession and, in turn, to fewer orders in the first quarter this year, the exports have dropped in real terms by 22.2% on annual basis. Approximately 70% of the total annual drop has been due to the lower exports to Germany, Italy, Austria, the United Kingdom and Croatia, which jointly constitute about a half of our total merchandise exports.

Assuming that economic recovery in the international environment will be slow, exports will only post a slight increase. In 2010, real export growth is projected to be at 1.7%. Given that economic activity in Slovenia’s main trading partners is not expected to recover before the second half of the next year, exports to the EU will continue to drop in real terms in 2010, albeit at a slower pace than this year. A more notable strengthening is projected for exports to non-EU countries; total merchandise exports are therefore projected to record modest growth (1.0%).

Given the anticipated worsening of the situation on the labour market and higher propensity of households to save, private consumption is also projected to drop in 2009. Consumption is expected to post 0.6% negative real growth, which will thus be nearly one percentage point

lower than the estimated disposable income growth. Private consumption growth is also expected to start increasing at a moderate pace next year. The 1.0% real growth of private consumption is projected to be the result of a slightly stronger wage bill growth (0.8%), despite a further drop in employment.

In the first quarter of this year, the investment activity has been greatly reduced as well. According to the seasonally adjusted data, gross investments into assets reached their peak in the first quarter last year, while in the last quarter of the last year and in the first quarter of this year they suffered a drastic fall. On annual basis, the investments have been lower, also due to their high level a year earlier, by no less than 23.6%. In the first quarter, the decline was most intensive in machinery and equipment investments. In view of the quarterly data in 2009, the investments in buildings and facilities have been greatly reduced, too (by 22.6%). Housing investments, which had greatly increased in the past few years, have fallen by 14.9%, investments in other buildings and facilities by 25.4%, where the decline was most intensive, in our estimation, in the construction of business buildings and roads. With intensified financial-economic conditions, a major drop in investment activities is expected. According to IMAD (Institute of Macroeconomic Analysis and Development of the Republic of Slovenia), gross investments in assets in 2009 will be reduced, in real terms, by 12% in view of the year before. Investments in buildings as well as in equipment and machinery will thus suffer a major fall.

Judging by the number of issued building permits and housing market inactivity, investment in new dwellings is projected to drop this year, after five years of growth. Given the decline in the total floor area planned by building permits, investment in non-residential buildings is predicted to decrease as well. The decline in residential and non-residential construction is indicated by data on the floor area planned by issued building permits. We estimate that in addition to financial restraints, this construction sector will be significantly impacted particularly by lower demand for non-residential as well as residential buildings in 2009. In the wake of the significant slowdown of construction investment in 2009, investment in new dwellings is not yet expected to increase in 2010.

Given the rapidly decelerating economic activity, employment will decline and unemployment rise this year. A 5.4% decline in employment (according to the national accounts) is expected this year, while productivity is set to increase by 1.5%. The greatest decline in employment is projected for manufacturing and construction. The decline in employment will result in a higher number of unemployed and, consequently, higher unemployment rates: the survey unemployment will rise to 6.0% and the registered unemployment rate to 8.9%.

By the end of the year, y-o-y inflation dropped significantly from the high levels recorded in the first half of the year; with a time lag, average inflation also started to slow. In the first half of last year, consumer price growth hovered between 6% and 7%, but dropped to 2.1% until December. Average inflation also started to fall, but, totalling 5.7%, was higher than in 2007 (3.6%) due to high rates in the first half of the year. Under the impact of price shocks on world commodity markets, inflation dynamics were similar as in the total euro area. Inflation was mainly determined by oil and food prices.

Inflation is expected to slow further in 2009, mainly due to lower prices of oil and other primary commodities and moderate food price rises, but also as result of shrinking economic activity. The spring forecast of y-o-y inflation at the end of 2009 is 1.4%, totalling 0.4% on average in the year as a whole.

2. Policy measures

Resolution on the National Forestry Programme (2007): The National Forestry Programme (NFP) is a basic strategic document, whose prime goal is to determine the national policy of sustainable development in forest management. The Law on Forests stipulates that NFP determines the national sustainable forest management policy, directives for the preservation and development of forests in the Republic of Slovenia, as well as conditions for their exploitation and multipurpose use. The basis of the programme has also been the EU Forestry Strategy (1999) and EU Forest Action Plan (2006). The NFP's most important objectives and directives, which can have a strong impact on trading and wood product market, are the following:

- Further increase in use of wood as a material and energy source.
- Developed market of forest timber assortments in the Republic of Slovenia.
- To increase the export of wood products with increased added value in domestic wood industry.
- To increase use of wood and wood products in building industry as well as in residential environment. By 2015, wood and wood products should become the leading material.
- A higher share of wood use in the primary energy balance of the Republic of Slovenia.
- To increase the extent of activities in which wood is used, particularly in the rural area, where these activities can significantly contribute to its development.

In order to stimulate wood use and to consolidate forestry, timber management and paper industry**,** the **Strategic Research programme (SRP) of the Slovenian Forest-Based Sector Technology Platform** was made in early 2006 on the pattern of the European Forest-Based Sector Technology Platform. The programme was prepared and formed on the initiative of the Slovene economy in association with various scientific research institutes. The main goal of the strategic research programme is to increase the competitive position of Slovene producers in paper, wood and furniture industries with the aid of design and new materials of wood, modern technologies and new know-how. In the programme, the following realistic opportunities of Slovenia, which are based on the well-established current and future domestic research potentials, are identified: sustainable forest management, marketing of our natural capacities, nature and forest conservation, new environmental technologies, wood stabilisation and modification, protection of wood with new methods and materials, new methods of wood joining, original design of products, new aspects of hygienic use of wood, intelligent systems of packing, wood biomass and its optimal energy utilization.

Amongst the measures that have a strong impact on trading with wood products and their market are also the measures adopted in the **Rural development programme in the Republic of Slovenia for the 2007-2013** (2007). The groundwork or reference framework for the preparation of the above programme was the National strategic plan for rural development (NSNRP), which stipulates the priority tasks in the sphere of rural area development policy. These priority tasks were contrived in compliance with priority tasks of the EU in the field of rural area development policy. The national priority tasks, defined by Slovenia on the basis of the analysis of the current status, potentials and specific needs, will contribute to an effective attainment of EU's common goals, as stipulated in the Conclusions of the Council on strategic guidelines of the Community for the rural area development, the objectives of the Lisbon strategy and Goteborg. Slovenia will implement the rural development policy with measures according to the following 4 priority axes of NSNRP: *Axis 1: Competitiveness of agriculture and food industry, and forestry, Axis 2: Conservation of cultural landscape and environment protection, Axis 3: Improved quality of life in rural areas and stimulation of economic diversification, and Axis 4: LEADER – construction of local capacities for employment and diversification*.

From the aspect of wood use stimulation, the following measures are most pertinent within the framework of Axis 1:

111 – Training of people for the work in agriculture and forestry, which may influence, indirectly through education of forest owners for safe forest work, the annual felling in privately owned forests.

121 – Modernisation of farm economies which, among other things, enables co-financing of investments in renewable energy sources for the needs of farm economies.

122 – Forest economic value enhancement, which can have a positive effect on wood market, as it provides for co-financing of investments in modern forest mechanization and equipment as well as in reconstruction and building of new forest roads and skid trails.

123 – Adding of value to the agricultural and forest products, which also envisage co-financing of investments in wood processing and marketing.

Within the framework of Axis 3, the following measures are particularly pertinent:

311 – Diversification of non-agricultural activities, where support is given to investments in production of energy intended for sale.

312 – Support to the founding and development of micro firms that envisages, among other things, co-financing of the setting-up of firms the production and sale of energy.

In the last 18 months, public tenders for all the above stated measures have been put out.

For the stimulation of wood biomass use, the following measures are noteworthy within the framework of the **Operative programme for the development of environmental and traffic infrastructure for the 2007-2013 period** (2007), within which investments in the systems for effective use of wood biomass will be given support. In this programme, the following measures are of particular importance for the future use of wood biomass: innovative measures for local energy supply, where priority orientations include orientations at the following technological spheres:

- larger district and micro wood biomass heating systems, including systems for combined heat and power generation;
- modern boilers and systems for the combined heat and power production from wood biomass in industry.

From the aspect of further use of wood residues and waste, the **Decree on the processing of non-dangerous waste into solid fuel** (2008) is pertinent. The decree stipulates the conditions for the processing of biomass waste into solid fuel that can be used with no limitations in heating appliances and industrial stoves, as well as conditions for the processing of non-dangerous waste into solid fuel, before it is used as fuel or put in circulation as fuel in appliance for the co-burning of residues.

In 2002, the Republic of Slovenia ratified the Kyoto protocol and thus assumed the responsibility to reduce greenhouse gas emissions during the 2008-2012 period by 8% on average in view of the initial emissions in 1986. The measures for the reduction of greenhouse gas emissions are stipulated in **the Operational programme for the reduction of greenhouse gas emissions till 2012** (2006, revised version in 2009). Amongst the measures adopted to fulfil the requirements of the Kyoto protocol, the following measures are most significant from the aspect of wood use:

- Production of electricity and heat that includes stimulation of combined heat and power production, and production of electricity from renewable energy sources.
- Use of energy in industry and construction business, which also includes the measures for the stimulation of combined heat and power production and increased use of renewable energy sources, particularly biomass.

- Use of energy in households, services and agriculture, where the emphasis lies on investments in systems using renewable energy sources and in improved efficiency of energy use in buildings.
- Waste, where the most important from the aspect of wood use is orientation at the reduction of the share of biodecomposition waste, including wood.
- Forestry: in the attempts to fulfil the Kyoto protocol, Slovene forestry plays an important part. After the latest calculations, the total carbon dioxide sink for the sector Land use, land use change and forestry is almost 11 Mt eq. CO_2, which is almost 50% of annual emissions. Within the Kyoto protocol framework, for Slovenia the allocated annual amount of CO_2 sink from forestry is 1.3 Mt eq. CO_2 or 0.36 Mt C.

Within the framework of EU climate and energy package, two objectives are stipulated in the Directive on stimulation of energy from renewable energy source use for Slovenia: 25% share of energy from renewable sources in end-use of energy in 2020 and 10% share of transport fuels based on renewable sources (biofuels, hydrogen,'green' electricity, etc.).

Significant from the aspect of wood use and effect on wood market is the assessment that in the Green Book of the national energy programme the priority spheres of heat production from renewable energy sources are particularly wood biomass energy and solar energy. Among the instruments designed for the attainment of the planned goals, the following two instruments are pertinent for the future development of the market: the instrument that deals with state support for the establishment of wood biomass market (distribution centres, market rules, providing for quality preparation of projects, etc.), and the instrument that emphasizes integration of stimulation for wood biomass energy use with the development of wood-processing industry.

In May 2009, the new **scheme in support to green electricity production** came into force, with which the state wishes to promote and hasten, among other renewable energy sources, the use of wood for the production of green electricity in the ensuing few years. The renewed scheme concerns two decrees, i.e.: the Decree on support for electric power produced from renewable energy sources (2009), and the Decree on support to electric power produced in co-production of heat and electric power with high yield (2009). The framework for the preparation of the scheme in support to the production of green electricity is the EU Directive on stimulation of electric power production from renewable energy sources on the internal electricity market (2001). The most important from the aspect of wood market and further increase in wood use for energy purposes is Supplement V of the Decree on support to electric power produced from renewable energy sources, which accurately stipulates biomass that can be used for the production of electric power, which is the recipient of state support.

Use of wood biomass as a supplementary fuel in thermoelectric power plants powered by coal is stimulated or limited by the renewed scheme, adopted in May 2009, for the stimulation of combined heat and electricity production with high yield and production of electricity from renewable energy sources.

In preparation is introduction of the green public procurement system that could greatly contribute, on account of environmental aspects and promotion of transfer to low-carbon society, to a greater use of wood products in the public sector, as well as to the promotion of wood use.

3. Market drivers

The key limiting factor in production will be low demand, both foreign and domestic. According to the projections made by IMAD, the added value in processing industry will continue to decline in 2009, which means that it will be by 9.0% lower on average in the year, in real terms, than in 2008. In building industry, the added value will slump by 10% in 2009, in real terms, after three years of very high growth. Lesser activities are also expected in both most important segments of the building industry – in construction of engineering facilities and buildings.

The great dependence on foreign demand especially on European markets has at the time of negative economic trends the greatest impact on firms in the entire wood-processing industry. In wood-processing prevail, as export markets, Italy, Germany, Austria and Croatia, while in furniture production, Croatia, Italy, USA and Germany are prevalent. Most badly hit was the furniture sector, where the 2008 production was reduced by 19.4% at the annual level. A major share to the highly reduced activities in wood-processing industry was in 2008 contributed by the closing down of several large firms. In the first half of the year, this sector suffered 35% reduction in comparison with 2008.

The reduced activities in construction of buildings are continuing in 2009. In 2008, by 8% fewer building construction permits (-22% in view of the buildings' surface area) were issued than in 2007. In the first quarter of 2009, by 18% fewer building constructions were envisaged than in the first quarter of 2008. In the first quarter of this year, a good 1,100 building construction permits were issued in Slovenia. All the planned buildings are allegedly covering by 30% less surface area than in the first quarter of 2008. The reduced surface area of the planned buildings was affected by the smaller surface area of both planned residential (-33%) and planned non-residential buildings (-25%).

4. Developments in the forest product markets sectors

a) Roundwood

Compared with other European countries, Slovenia has a great raw-material potential per capita, especially a high share of forests (61% in 2005, source: GFRA 2010, FAO forest definition) and high growing stock per hectare (above 300 m^3/ha). Cut per capita is above the EU average. In view of per capita wood consumption (MCPFE indicator), Slovenia belongs to the group of countries with consumption above 1.5 m^3 eq. per capita. An additional factor for the relatively high use of wood per capita in Slovenia is the comparably relatively high share of population living in rural areas, where wood use and processing is traditional both in the sphere of wood products use and in the sphere of wood used as fuel. In Slovenia, privately owned forests prevail (74%, GFRA 2010) with fragmented forest property and more than 300,000 private owners with average property below 3 ha.

In 2008, the annual cut officially amounted to 2.99 million m^3 net, which is by 3.7% more than in 2007. Despite the reduced cut owing to the bark-beetle gradation, a relatively high share of sanation felling in 2008 (33%) was contributed by sanations after the rigours of the weather (windbreaks). In view of the minor changes in the volume of roundwood foreign trade in 2008 compared to 2007, the roundwood use, too, was at the same level as a year before. It is estimated that the cut in 2009 and 2010 will remain at a similar level.

Owing to the consequences of the economic crisis and reduced demand, the roundwood purchase prices on truck road were reduced by 5-10% in the first five months in comparison with 2008.

After the steep rise of export after joining the EU, as well as after the structural changes in wood industry (cessation of chemical cellulose production) and to a great extent after the bark-beetle gradation in forests that led to the record-breaking exports in 2007, the 2008 export did not increase. The recession and, in turn, the troubles occurring in wood processing industry across Europe also had a strong effect on the roundwood foreign trade characteristics in Slovenia.

In 2008, roundwood exports reached 724,000 m^3 and thus remained at the similar level as in 2007. A distinct reduction was recorded in coniferous roundwood, i.e. by 11%. Exports of deciduous wood increased by 10%, particularly on the account of exported fuelwood. 2008 imports were lower by 7% in comparison with 2007.

Roundwood exports in the first five months of this year were by about 5% lower than in the same period in 2008. The greatest reduction in comparison with the first five months in 2008 concerns pulpwood, as well as other coniferous industrial wood (-40%) and logs of beech and oak (-33%). Exports of fuelwood and deciduous wood of lower quality remained at the same level. Comparably, however, exports of coniferous logs, where Austria reaches 78% share (68% in 2008) among importing countries, were increased.

b) Wood biomass energy

According to the estimates made by the Ministry of Economy, the share of renewable energy sources (RES) in 2008 reached 10.6% in the gross domestic energy consumption structure and 8.7% in the final energy consumption structure. The share of RES (together with non-renewable industrial waste and hydroenergy) in final energy consumption, including the consumption by the energy sector and losses of electric power and heat during distribution,

calculated by EU methodology (Directive of the European Parliament and the Council for the stimulation of energy use from renewable sources in EU, 2008) will reach 15.5% in 2009 according to the predictions made by the Ministry of Economy.

Among RES, wood biomass (53%) and hydroenergy (38%) prevail. Most RES (59%) is used for heating purposes, the remaining part for the production of electric power. Biomass is used primarily (95%) for the production of heat that is used mainly in households, the rest in transformations in larger systems. To a greater extent, wood biomass is still utilized in conventional systems with older technologies and lower yields. Modern technologies are affirmed progressively. From wood biomass, 1.9% of electric power was produced in 2007.

According to the data by SORS (Statistical Office of the Republic of Slovenia) and calculations by SFI (Slovenian Forestry Institute) some 1,060,000 m^3 of roundwood, 380,000 m^3 of wood industry residues and 41,000 t of unpolluted wood waste (JWEE 2009) were used in 2007 for energy purposes. Almost 75% of roundwood originates from forests, while the remaining 25% constitutes other wood from non-forest areas.

Firewood is the most common, traditional and best known form of wood fuel. According to the data obtained during the research by the Slovenian Forestry Institute (2008), the actual production of wood chips in 2007 by the questionnaired chipper owners reached more than 460,000 loose m^3 (loose cubic metres). The production of pellets and briquettes is less significant, although constant from 2006 onwards. According to the pellet and briquette producers, their annual production reaches about 55,000 t.

According to SORS (2007), the largest amount of wood for energy purposes is used by households (76%), followed by industry (production of process heat) with 19%, public district heating systems with 3%, systems for combined production of electricity and heat with 2%, and electric power plants with negligible 0.02%. Increasingly greater consumers of pellets and briquettes are thermal power plants, who used some 160.000 tons of pellets and briquettes in 2008. Increased use of wood chips for the production of heat and electric power (50,000 tons in 2009) is also foreseen.

During the 2004-2008 period, wood biomass use increased gradually, although further development greatly depends on fossil fuels price trends and economic development.

c) Certified wood products

Since 2007, all state forests (212,104 ha, constituting 17% of all forests) have been certified in Slovenia according to the FSC system.

In the last three years, the number of firms with FSC certificate for the tracing of certified wood doubled and at this moment amounts to 40 firms that are present in all wood-processing segments. Larger firms with FSC certificate produce fibreboards, plywood, furniture, paper, and paper products.

The main factors for the increased interest in certification are retainment and expansion of markets in Europe (Great Britain, Germany, Switzerland ...).

The national PEFC scheme for forest certification and wood tracing system was corroborated by the PEFC General Assembly in 2007. In practice, however, forest certification according to the PEFC scheme is still in its early stage. The first firm certified for wood tracing comes from the paper industry.

Owing to the preparation of directives on green public orders and requirements by European markets, we have estimated that certification of companies will increase in the future. Indirectly, the state stimulates forest certification and wood tracing in the scheme for the support of electric power production from renewable energy sources with additional financial stimulations.

d) Value-added wood products

In 2008, the Slovenian furniture industry recorded a total of 508 million € sales revenue (-14.3% in comparison with 2007). The production dropped by 19.4%. In furniture industry, net foreign markets sales revenues in 2008 fell, in view of the year before, by 10.3%, while the share of export in net revenues structure reached 44.5%. The busiest furniture export destinations were EU countries (Italy, Germany, Austria, Great Britain), USA and Croatia. notable share in exports went to upholstery furniture.

Despite the small share of wooden residential buildings, which after the census in 2002 supposed to reach 3%, the production of prefabricated wooden houses has increased, with their sales value reaching a 20% growth in the 2004-2007 period. In spite of the fall in construction of buildings, a 3% sales annual growth was recorded in 2008, amounting to 55 million €. The share of sales on foreign markets reached 39%, with the majority of exports (78%) going to European countries. The wooden prefabricated residential houses are becoming increasingly significant also owing to their positive environmental impacts in comparison with standard buildings notably from the aspect of greenhouse gas emissions and use of energy during their construction. The popularity of wooden houses is further increasing due to the great adaptability of their makers, the high quality of production and pleasant habitation in them.

e) Sawnwood

Sawmills are the greatest users of industrial roundwood in Slovenia, and sawn coniferous wood is no doubt a significant raw material in building industry. On the basis of the research carried out by the Slovenian Forestry Institute in 2008, the official data that encompass business buildings with over 20 employees cover a little less than half of the actual sawnwood production in Slovenia, with predominating small sawmills with less than 20 employed. In the sawnwood production, coniferous sawnwood prevail with 75% share. In deciduous sawnwood, beech is prevalent with 80% share. A pertinent share of sawnwood is used in the reconstruction or renovation of roofs of natural persons and for domestic use.

The official production data indicate a 22% reduction of sawnwood in 2008. In 2008, coniferous sawnwood exports increased by 13%, while exports of deciduous sawnwood decreased by 4.5%. A large share of coniferous sawnwood exports originates from Austria (re-export) and is exported via Port of Koper, whose annual transhipment reaches 1,000,000 m^3 of wood. The highest share (76%) of deciduous sawnwood is exported to Italy.

Production, import and export of sawnwood from tropical tree species are negligible in view of its quantities and value.

f) Wood-based panels

In 2008, the production of wood-based panels reached a total of 717,000 m^3, which is by 1.0% less than in 2007. In the last quarter of 2008 and in 2009, a reduced demand for them as well as fewer orders were recorded and, in turn, a drop in their prices. The production of chipboards thus fell by 9.5%.

In 2008, the exports of this sector, in which EU and southeastern European markets prevail, increased by 2.3% to 417,700 m^3, particularly on the account of fibreboards, where the exports were greater by 12.9% in terms of their quantities, but did not change in terms of their value. The value of wood-based panel exports reached 146 million €, or 9.9% less than in 2007, which was mainly due to their price drop. The greatest reduction in exports was recorded in veneer, whose exports fell by 23.2% in terms of their quantities and by 22.3% in terms of their value. The export of veneer is orientated at EU markets (86% of exports), notably to Italy and Austria. Plywood exports were reduced by 2.6% in terms of their quantities and by 8.7% in terms of their value. More than 70% of plywood panels were exported to European markets, three quarters of veneer panels to EU 27 countries, and more than half of all quantities to Germany. Other plywood panels, among which three-layer panel boards prevail, were exported to EU 27 as well. Exports of chipboards also fell in terms of their quantities (-2.9%) as well as in terms of their value (-5.3%). A high share of chipboard and fibreboard exports went, in terms of their value and quantities, to the former Yugoslav republics (Croatia, Bosnia and Herzegovina, Serbia).

In 2007, both companies that manufacture chipboards and fibreboards concluded great technological investments in their production. In the company that belongs to the Fantoni group, the investment programme of a brand new line for the production of high-tech fibreboards was concluded. In the company that manufactures chipboards, a continuous press with annual capacity of 300,000 m^3 of raw chipboards was put in full operation.

g) Pulp and paper

In 2008, the total production in this branch fell by 2.9% in view of 2007.

In the structure of starting raw materials in the production of paper and cardboard, old paper prevails (61%), followed by chemical cellulose (22%) with prevailing TCF and ECF 89% in its structure, and mechanical cellulose (17%). Use of old paper fell by 7% after a decade of its constant rise. As the production of wood cellulose was greatly reduced in mid 2006 after the cessation of chemical cellulose production, only mechanical cellulose is still produced from wood.

The production of paper and paperboard fell by 3.8 %, whereas the production of corrugated cardboard and packaging was even increased by 2.5%. The production of paper and paperboard reached 693,300 tons (in 2008), which is by 3.8% less than in 2007. Despite the crisis period, the reduction was lesser than in Europe, one of the reason probably lying in the great diversity of this branch. The influence of the crisis was distinct in December 2008 owing to the lack of orders. The impact of the crisis was particularly explicit in cardboard packaging manufacturers, considering that they are faced with a 20-30% reduction in orders placed with them.

The total branch exports are increasing in terms of their value and decreasing in terms of their quantities. In 2008, the total branch exports increased by 0.4% in terms of their values, but decreased in terms of their quantities. In the entire branch, 54.9% of the production was exported, 79.7% in the production of paper and paperboard. The major export foreign trade partners in this branch are Germany, Italy and Croatia. In 2008, the average value of the exported paper and paper products was 788.3 EUR/ton.

5. Tables
a) Selected economic indicators

MAIN INDICATORS	2004	2005	2006	2007	2008	2009	2010	2011
						Spring forecast 2009		
						estimate	forecast	forecast
GDP (real growth rates, in %)	4.3	4.3	5.9	6.8	3.5	-4.0	1.0	2.7
GDP in EUR million (current prices and current exchange rate)	27,073	28,704	31,008	34,471	37,126	36,598	37,427	39,266
GDP per capita, in EUR (current prices and current exchange rate)	13,599	14,346	15,446	17,076	18,204	18,015	18,377	19,239
GDP per capita (PPS)[1]	18,700	19,600	20,700	22,200	23,100	-	-	-
GDP per capita (PPS EU27=100)[1]	86	87	88	89	92	-	-	-
Gross national income (current prices and current exchange rate)	26,760	28,460	30,640	33,792	36,299	35,736	36,314	38,074
Gross national disposable income (current prices and current exchange rate)	26,716	28,316	30,424	33,531	36,018	35,598	36,236	38,000
Rate of registered unemployment	10.3	10.2	9.4	7.7	6.7	8.9	10.3	10.2
Standardised rate of unemployment (ILO)	6.3	6.5	6.0	4.9	4.4	6.0	7.0	7.0
Labour productivity (GDP per employee)	4.0	4.5	4.3	3.7	0.6	1.5	2.8	3.1
Inflation,[2] year average	3.6	2.5	2.5	3.6	5.7	0.4	1.6	2.6
Inflation,[2] end of the year	3.2	2.3	2.8	5.6	2.1	1.4	2.2	3.0
INTERNATIONAL TRADE – BALANCE OF PAYMENTS STATISTICS								
Exports of goods and services[3] (real growth rates, in %)	12.4	10.6	12.5	13.8	3.3	-8.6	1.7	5.4
Exports of goods	12.8	10.3	13.4	13.1	1.0	-10.2	1.0	4.9
Exports of services	10.9	12.0	8.6	17.0	13.9	-2.1	4.4	7.0
Imports of goods and services[3] (real growth rates, in %)	13.3	6.6	12.2	15.7	3.5	-10.3	1.6	5.2
Imports of goods	14.6	6.8	12.7	15.1	3.4	-11.5	1.1	5.0
Imports of services	5.6	5.5	8.8	19.7	4.5	-2.6	4.3	6.1
Current account balance, in EUR million	-720	-498	-771	-1,455	-2,180	-809	-1,311	-1,528
As a per cent share relative to GDP	-2.6	-1.7	-2.5	-4.2	-5.9	-2.2	-3.5	-3.9
Gross external debt, in EUR million	15,343	20,496	24,067	34,752	38,997	37,596[4]	-	-
As a per cent share relative to GDP	56.7	71.4	77.6	100.8	105.0	-	-	-
Ratio of USD to EUR	1.242	1.244	1.254	1.371	1.46	1.27	1.27	1.27
DOMESTIC DEMAND – NATIONAL ACCOUNTS STATISTICS								
Private consumption (real growth rates, in %)	2.7	2.6	2.9	5.0	2.2	-0.6	1.0	2.0
As a % of GDP*	55.0	54.4	53.0	52.2	52.7	53.2	53.4	53.3
Government consumption (real growth rates, in %)	3.4	3.3	4.1	2.5	3.7	3.2	3.8	3.2
As a % of GDP*	18.9	19.0	18.8	17.7	17.9	19.6	20.8	21.1
Gross fixed capital formation (real growth rates, in %)	5.6	3.8	10.4	11.9	6.2	-12.0	1.0	4.0
As a % of GDP*	24.9	25.3	26.3	27.5	28.0	25.0	25.1	25.5

Sources of data: SORS, BS, Eurostat-New Cronos, estimate, calculations and forecasts by IMAD. Notes: [1]Measured in purchasing power standard; [2]Consumer price index; [3]Balance of payments statistics (exports F.O.B., imports F.O.B.); real growth rates are adjusted for inter currency changes and changes in prices on foreign markets; [4]End April2009; *Shares GDP are calculated for GDP in current prices at fixed exchange rate (EUR=239.64).

Source: IMAD (Institute of Macroeconomic Analysis and Development of the Republic of Slovenia) Slovenian Economic Mirror No. 6, Vol. XV, 2009

b) Forest products production and foreign trade

Product Code	Product	Unit	Historical data		Revised	Estimate	Forecast
			2007	2008	2008	2009	2010
1.2.1.C	SAWLOGS AND VENEER LOGS, CONIFEROUS						
	Removals	1000 m^3	1.413 E	192 E	1.386	1.247	1.260
	Imports	1000 m^3	6 #	14 #	8	7	7
	Exports	1000 m^3	180 #	130 #	171	188	190
	Apparent consumption	1000 m^3	1.239	76	1.223	1.067	1.077
1.2.1.NC	SAWLOGS AND VENEER LOGS, NON-CONIFEROUS						
	Removals	1000 m^3	286 E	59 E	300	270	273
	Imports	1000 m^3	44 #	28 #	27	34	34
	Exports	1000 m^3	89 #	87 #	95	71	72
	Apparent consumption	1000 m^3	241	0	232	233	235
1.2.1.NC.T	of which, tropical logs						
	Imports	1000 m^3	5 #	2 #	3	3	3
	Exports	1000 m^3	0 #	0 #	0	0	0
	Net Trade	1000 m^3	5	2	3	3	3
1.2.2.C	PULPWOOD (ROUND AND SPLIT), CONIFEROUS						
	Removals	1000 m^3	223 E	30 E	204	184	185
	Imports	1000 m^3	69 #	27 #	40	45	45
	Exports	1000 m^3	129 #	100 #	103	73	74
	Apparent consumption	1000 m^3	163	-43	141	156	157
1.2.2.NC	PULPWOOD (ROUND AND SPLIT), NON-CONIFEROUS						
	Removals	1000 m^3	131 E	27 E	112	101	102
	Imports	1000 m^3	78 #	90 #	86	47	47
	Exports	1000 m^3	108 #	106 #	108	111	112
	Apparent consumption	1000 m^3	101	11	90	36	37
3 + 4	WOOD RESIDUES, CHIPS AND PARTICLES						
	Domestic supply	1000 m^3	444 C	469 C	400	360	364
	Imports	1000 m^3	267 C	427 C	427	459	463
	Exports	1000 m^3	454 C	510 C	509	655	661
	Apparent consumption	1000 m^3	257	386	318	164	166
1.2.3.C	OTHER INDUSTRIAL ROUNDWOOD, CONIFEROUS						
	Removals	1000 m^3	27 E	4 E	26	23	24
1.2.3.NC	OTHER INDUSTRIAL ROUNDWOOD, NON-CONIFEROUS						
	Removals	1000 m^3	15 E	3 E	34	31	31
1.1.C	WOOD FUEL, CONIFEROUS						
	Removals	1000 m^3	126 E	25 E	131	118	119
1.1.NC	WOOD FUEL, NON-CONIFEROUS						
	Removals	1000 m^3	662 E	131 E	798	718	725

Product Code	Product	Unit	Historical data		Revised	Estimate	Forecast
			2007	2008	2008	2009	2010
5.C	SAWNWOOD, CONIFEROUS						
	Production	1000 m^3	464	134 E	367	330	334
	Imports	1000 m^3	936	811	811	928	937
	Exports	1000 m^3	834	945	945	1.140	1.152
	Apparent consumption	1000 m^3	567	0	233	118	119
5.NC	SAWNWOOD, NON-CONIFEROUS						
	Production	1000 m^3	146	146 R	108	97	98
	Imports	1000 m^3	174	128	128	73	74
	Exports	1000 m^3	98	93	93	73	74
	Apparent consumption	1000 m^3	222	181	143	97	98
5.NC.T	of which, tropical sawnwood						
	Production	1000 m^3	0 R	0 R			
	Imports	1000 m^3	4	3	3	3	3
	Exports	1000 m^3	0	0	0	0	0
	Apparent consumption	1000 m^3	3	3			
6.1	VENEER SHEETS						
	Production	1000 m^3	75 C	14 C	65	59	59
	Imports	1000 m^3	6 C	5 C	5	4	4
	Exports	1000 m^3	24 C	19 C	19	15	15
	Apparent consumption	1000 m^3	57	1	51	48	48
6.1.NC.T	of which, tropical veneer sheets						
	Production	1000 m^3	6 E	1 E			
	Imports	1000 m^3	1	0	0	0	0
	Exports	1000 m^3	3	1	1	1	1
	Apparent consumption	1000 m^3	4	0			
6.2	PLYWOOD						
	Production	1000 m^3	83 C	82 C	82	74	75
	Imports	1000 m^3	35 C	23 C	23	16	16
	Exports	1000 m^3	90 C	88 C	88	80	81
	Apparent consumption	1000 m^3	28	17	17	10	10
6.2.NC.T	of which, tropical plywood						
	Production	1000 m^3	0 E	0			
	Imports	1000 m^3	14	6	6	4	4
	Exports	1000 m^3	0	0	0	0	0
	Apparent consumption	1000 m^3	14	6			
6.3	PARTICLE BOARD (including OSB)						
	Production	1000 m^3	211 E	211 R			
	Imports	1000 m^3	179	179	179	157	158
	Exports	1000 m^3	129	125	125	85	86
	Apparent consumption	1000 m^3	261	265			
6.3.1	of which, OSB						
	Production	1000 m^3	0	0 R			
	Imports	1000 m^3	4	8	8	7	7
	Exports	1000 m^3	0	0	0	0	0
	Apparent consumption	1000 m^3	4	7			
6.4	FIBREBOARD						
	Production	1000 m^3	238 C	217 C			
	Imports	1000 m^3	98 C	89 C	89	67	67
	Exports	1000 m^3	165 C	186 C	186	136	137
	Apparent consumption	1000 m^3	171	120			
6.4.1	Hardboard						
	Production	1000 m^3	110 E	110 R			
	Imports	1000 m^3	22	21	21	14	15
	Exports	1000 m^3	12	10	10	8	8
	Apparent consumption	1000 m^3	120	121			
6.4.2	MDF (Medium density)						
	Production	1000 m^3	128 E	89 E			
	Imports	1000 m^3	66	63	63	54	51
	Exports	1000 m^3	144	153	153	134	117
	Apparent consumption	1000 m^3	50	0			
6.4.3	Other fibreboard						
	Production	1000 m^3	0 E	18 E			
	Imports	1000 m^3	11	5	5	3	3
	Exports	1000 m^3	9	23	23	0	0
	Apparent consumption	1000 m^3	2	0			
7	WOOD PULP						
	Production	1000 m.t.	50 C	50 C	40	38	38
	Imports	1000 m.t.	233 C	223 C	223	203	205
	Exports	1000 m.t.	0 C	0 C	0	0	0
	Apparent consumption	1000 m.t.	283	272	263	241	243
10	PAPER & PAPERBOARD						
	Production	1000 m.t.	794 C	595 C	756	718	725
	Imports	1000 m.t.	264 C	253 C	253	211	213
	Exports	1000 m.t.	597 C	582 C	582	529	534
	Apparent consumption	1000 m.t.	462	265	427	401	405