

ESTONIA
COUNTRY MARKET STATEMENT
3rd EUROPEAN FOREST WEEK - SILVA2015 JOINT SESSION OF THE UNECE COMMITTEE ON
FORESTS AND THE FOREST INDUSTRY (COFFI) AND THE FAO EUROPEAN FORESTRY
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1. General economic trends affecting the forest and forest industries sector

Gross domestic product. In 2014, the Estonian economy grew by 2.9%. Economic growth was mainly based on domestic demand. In the second half of the year, however, exports started to increase as well. Half of the growth of GDP was due to the increase of net taxes on products which was influenced by significant improvement of the receipt of VAT. Added value grew by 1.1%; growth was quite narrow-based. Growth was mostly supported by manufacturing industry that depends on exports and trade that focuses on private consumption. Growth was slowed down by the logistics sector and the contraction of the construction sector.

Ministry of Finance of Estonia expects 1.7% growth of GDP for 2015 (2.6% in 2016).

Domestic demand. The growth of domestic demand has been inconsistent during the years of recovery from the crises, but in 2014 the pace of growth accelerated with the support of private consumption and increase in stocks up to 3.2% (1% growth in 2013). Compared to the past year, gross fixed capital formation decreased, but it may partially be related to the simultaneous significant increase in stocks. The rapid growth of private consumption was caused by the continuation of large increase in employment income at the time when consumer prices started to decline.

Balance of payments. During the past two years external balance has improved and current account was in surplus 2014 (1% from GDP). This was contributed to by strong exports of services in the past year the growth of which was broad-based. Imports of services were inhibited by significant decrease in outsourced construction services.

Foreign trade. Estonian economic growth is largely affected by foreign trade the development of which is strongly connected to the economic situation of trading partners. The instable economic and political situation in the world in 2014 also affected the Estonian economy and trade. In 2014, the economy of important trading partners either stood still or was unsatisfactory. Low external demand due to the conflict in Ukraine, Russia's sanctions and weakness of the euro made it more complex to export to some significant countries. By the end of the year, exports and imports had declined in current prices by 2 and 1 %, respectively. The decline in export prices had a negative impact on the competitiveness of companies and on the decrease in export volumes. At the same time, the decline in the prices of imported products helped save costs for companies.

In 2014, the total turnover of trade was 25.8 billion euros; the decline was less than 1.5% in that year. Export volume was 12.1 billion and import volume was 13.7 billion euros. In 2014, exports and imports moved in the same rhythm and their shares in the turnover of trade did not change compared to the previous year remaining at 47 and 53%, respectively.

The competitiveness of Estonian companies was significantly reduced by the decline in prices. The trade of transport equipment (-0.6 billion euros), chemical products (-0.5 billion euros), mineral products (-0.4 billion euros) and mechanical machines (-0.4 billion euros) experienced the greatest negative balances. Goods that were traded with a large surplus were timber and timber products (0.7 billion euros) and several manufactured goods like furniture, pillows, blankets and wooden houses (0.6 billion euros). As for major trading partners, Estonia had a positive trade balance with Finland (0.3 billion euros) and Sweden (0.1 billion euros). Major deficits were contributed to by trade with Lithuania and Germany, each 0.6 billion euros.

External demand is expected to recover in 2015 which is presumed to result in the growth of exports of services and goods. This will reduce the trade balance deficit.

Labour market According to Statistics Estonia, the unemployment rate was 7.4% and the employment rate was 63% in 2014. Unemployment has decreased and employment has increased since 2011, but these changes have gradually slowed down.

In 2014, the annual average number of unemployed persons was 50,000, which is 9,000 less compared to the previous year. The annual average unemployment rate (7.4%) was 1.2 percentage points lower than in 2013 (8.6%). Compared to the highest unemployment rate of the last decade (16.7% in 2010), unemployment has decreased more than twice. In 2014, the unemployment rate in Estonia was relatively low, compared to other European Union countries.

The long-term unemployed (i.e. people who had been looking for a job for one year or longer) numbered 23,000 in 2014, of which those who had been looking for a job for at least two years numbered 12,000. Compared to the previous year, the number of the long-term unemployed decreased by 14% (the number of those who had been looking for a job for at least two years decreased by 25%) and the number of the short-term unemployed (i.e. people who had been looking for a job for under a year) decreased by 17%. The long-term unemployment rate was 3.3% in 2014.

The youth unemployment rate (i.e. the share of unemployed persons aged 15–24 among the labour force of the same age) was 15.0% in 2014 (18.7% in 2013).

The labour market is facing structural changes, resulting in an increase in the number of older employed persons and a decrease in the number of younger employed persons. During the last ten years (2004–2014) the number of older employed persons (aged 50–74) increased by 39,000, whereas the number of young employed persons (aged 15–24) and the number of employed persons in middle working age (aged 25–49) both decreased by 8,000.

In 2014, the employment rate of the population aged 15–74 was 63.0%, which is close to the level seen during the last economic boom. The employment rate increased by 0.9 percentage points compared to 2013. In addition to the economic growth, various factors contributed to the increase in the employment rate, including the decline in population, the unequal size of population groups, the gradual increase in retirement age, etc.

The employment rate of the population aged 20–64, which is a Europe 2020 indicator, was 74% in 2014. After the economic crisis, the employment rate has been gradually moving towards the target level set for Estonia –76%.

Economically inactive persons (students, retired persons, homemakers, discouraged persons, etc.) made up 32% (317,000 persons) of the population aged 15–74 in 2014, which was 3,000 less than the year before. Among inactive persons, the number of pensioners and persons inactive due to studies decreased the most. The number of persons inactive due to health problems increased. Discouraged persons, i.e. persons who have stopped seeking a job, numbered 6,000 in 2014 (their number grew to 7,000 in the 4th quarter).

Consumer price index (CPI) According to Statistics Estonia, the consumer price index decreased 0.1% in 2014 compared to the average of 2013.

The annual change of the consumer price index was mainly influenced by the 6.2% price decrease of electricity that arrived at homes. The increase in the prices of alcoholic beverages (6.7%) and tobacco (3.1%), and the 3.8% decrease in motor fuel prices also had a bigger impact on the index.

In 2014, of food products, the prices of conserved milk (12%) increased the most and the prices of sugar (30%), potatoes (19%) and apples (18%) decreased the most, compared to the average of 2013.

In the last fifteen years, the annual change of the consumer price index was negative in 2009 as well, when it was also -0.1%.

Manufacturing

About 6,000 companies operate in the manufacturing industry in Estonia; most of them are small or medium-sized. There are over 200 companies with at least 100 employees. Half of the employees in the manufacturing sector are employed by them.

The share of the manufacturing sector in the economy, on the basis of added value, is almost as high in Estonia as it is in the EU on average (*ca* 15%). The share of people employed in manufacturing, however, is one of the highest (about one-fifth) among the EU countries. Manufacturing industry as a whole is the largest employer in Estonia, almost every fifth employed person works in this sector.

Share of sub-sectors in sales of manufacturing industry is following: equipment industry 22%, timber industry 16%, food industry 15%, metal industry 10%, chemical industry 8%, furniture industry 4%, textile industry 4%, building materials industry 3%, rubber and plastic industry 3% and other sub-sectors 15%.

The sector is heavily dependent on foreign markets to where nearly 70% of the production is sold. The main export markets are Finland and Sweden from where have come the vast majority (over 60%) of foreign investments made in the manufacturing industry in Estonia.

3.6% of more production was produced in the manufacturing industry in 2014 than in the previous year. Producer prices in the manufacturing industry decreased, on average, by 0.7% in 2014. As for production inputs, the price of fuels and energy decreased significantly.

Employment did not change significantly in the manufacturing industry (in the timber industry the number of jobs continued to increase). Wages rose on average 5-6% within the year. Added value grew by 3% in constant prices within the year, i.e. the manufacturing industry made up about 40% of the growth of added value created in the Estonian economy in 2014.

Investments of the manufacturing industry in tangible fixed assets grew by 7% in 2014. Greater capital investments were made in the timber industry and manufacture of building materials.

Based on a survey carried out by the Estonian Institute of Economic Research, there were less orders at the end of the year than in the previous year at that time but projections for the coming months were more optimistic. The main problem continued to be low demand but also the shortage of labour was pointed out.

Wood industry Wood is one of the most important natural resources in Estonia besides oil shale and makes a significant contribution to the balancing of foreign trade. Timber industry is one of the largest industries in Estonia. Nearly one thousand companies, employing more than 15,000 people are operating in wood processing and manufacture of wood products. The larger companies in the sector have modern technology and are highly competitive in domestic and foreign markets.

For the past five years, the timber industry has shown stable growth. Timber industry has a wide range of products, from the manufacture and processing of lumber to the manufacture of wooden houses, windows and doors. Timber industry with high added value is important for local forest industry that supplies raw material and has reliable partners.

In 2014 wood prices continued to rise. While other sectors of the manufacturing industry were characterised by a reduction in prices last year, wood industry experienced an increase of almost 1%.

In 2014, wage growth in the wood industry accelerated slightly surpassing the Estonian average. In total, wages rose by 7.4% in the sector compared to the previous year. Effectiveness indicators of the sector continued to improve. Despite a 10% growth in labour costs, total profits of the sector increased by slightly more than a third. This entailed an increase in labour productivity by 14% per employed person. The number of worked hours increased faster than the number of employed people which shows that the work load in the sector increased.

Exports have always been important for the Estonian timber industry making up almost two-thirds of the sales, reaching one billion euros. Almost half of total exports were to Sweden, Norway and Finland which were the main export partners in the year 2014.

Out of larger commodity groups, the segment of wooden houses continued its strong growth; exports grew by almost 13% within the year and the main target market was still Norway. Wooden houses that can be assembled were sold for a total of 235 million euros which gave Estonia the title of the biggest exporter in Europe in this segment. In the same volume as wooden houses, Estonia exports construction details (windows, doors, laminated timber, etc.) and their exports increased by 13%. Scandinavian countries are the major target markets for this group of goods.

Based on initial data, the investments of wood industry increased by 53% in 2014. Capacity utilisation rate is still above 80% in the sector which is higher than the long-term average and suggests investments may increase also in the future.

Paper industry The paper industry has a long tradition in the Estonian economy and is a relatively consolidated industry. There are about 60 companies in Estonia that manufacture paper, pulp or paper products and employ *ca* 1,400 people. Over 80% of the sector's production is exported which is why, as users of local raw materials, they are important in improving foreign trade balance.

The sector's main players in Estonia are two companies: pulp producer AS Estonian Cell which made 70 million euros of turnover in the year 2014 and the paper and board manufacturer Horizon Tselluloosi ja Paberi AS with a slightly smaller turnover. Together they provide more than two-thirds of the sector's revenue.

In 2014 the sales volumes of paper industry showed a nearly 3% increase. The source of growth was mostly exports, domestic market was somewhat weaker. 84% of the paper industry's production is exported. Main export commodity groups are pulp 38%, uncoated kraft paper and cardboard 26%, copybooks 9%, boxes, crates, bags and other packaging 8% and other products 19%. Main target countries of exports are India, The Netherlands, Finland, France, Great Britain and Italy.

In 2014, paper industry stood out as the industry with the fastest wage growth. Although labour costs grew rapidly, the profit of companies remained at the same level as the previous year and added value per employed person grew less than on average in Estonia. Indicators of labour cost productivity even worsened.

Still, added value per employee in the sector remained slightly higher than average. Based on initial data, investments of the sector were larger in 2014 than the average of past years.

The mindset of companies of the paper industry interviewed in the spring of 2015 by the Estonian Institute of Economic Research was much more negative about the future than a year ago. Assessments of production volumes of the past three months were rather negative but the following months were expected to be better. None of the responding companies expected prices of products to rise and no one planned to hire new employees. Capacity utilisation rate had risen to 84% which is more than 10 percentage points higher than the long-term average.

Furniture industry Over 500 companies operate in the manufacture of furniture in Estonia and employ *ca* 7,500 people. Furniture industry has long traditions in Estonia; it has been an important employer in rural areas and helps raise the value of domestic raw materials. Over 80% of the companies in this sector are micro-enterprises which are important employers in rural areas. However, three large companies with more than 250 employees also operate in the sector.

The year 2014 was more difficult for the furniture industry than for several other industries. Sales basically did not change with the support of domestic market but export volumes fell by a few percent. Nearly two-thirds of the production is exported. In the past years, however, the share of exports has slowly decreased because the domestic market has been significantly stronger than the main foreign markets. Main export commodity groups were seats 38%, wooden bedroom furniture 15%, parts of furniture 12%, living and dining room furniture 10%, wooden kitchen furniture 3% and other furniture 22%.

Employment did not change in the furniture industry in 2014, but wage growth exceeded the threshold of 8% for third year in a row. Growth of labour costs was greater than the growth of sales revenues and the total profit of the sector decreased by 55% in the year.

Investment activity in the furniture industry fell, based on initial data, by 16% in 2014. Capacity utilisation rate in the furniture industry has been between 60-70% in the recent years; therefore there is no direct necessity to invest arising from limitations of volume.

Results of a survey of the Estonian Institute of Economic Research showed that in the spring of 2015 companies in the furniture industry had more positive attitudes than a year ago. More than a quarter of those who responded had more export orders than usual and no one had excess supplies of finished products.

Construction More than 8,000 construction companies, of whom 90% are micro enterprises with less than 10 employees, operate in Estonia. Estonia's construction industry has largely been oriented to the internal market and therefore, its development is closely linked to overall economic development.

Until 2014, various state support measures have promoted the recovery of the crises after the boom but these ended or contracted in 2013. State's orders in the construction industry may be expected again only in 2015 when the structural funds of the new periods are opened. In 2014, the construction market was cautious and switched to smaller projects which entail fewer risks (The number of building permits issued for the construction of residential buildings increased significantly compared to the previous year).

In 2014, the Estonian construction companies built for a total of 3.22 billion euros which was 2% less than in the previous year. In the past year, a total of 164 million euros of profit was made which was 39.8% less compared to the level in 2013.

Employment decreased in the construction sector by 3% within the year (business statistics). Construction sector maintained its third position in the economic sector with respect to employment in 2014, falling once again behind the manufacturing industry and wholesale and retail trade.

Average wages in the construction sector exceeded the average wage level in Estonia in 2014. Labour productivity fell by 8.8%. Annual decrease of added value in the construction sector was 11.5%.

Investment activity in the construction market slowed down in 2014 for the second year in a row. Investments in tangible fixed assets in the construction sector decreased by 13% compared to the year 2013.

33% more permits for use were issued for dwellings than in the previous year. The average size of a dwelling cleared for use, which has steadily increased since 2008, saw a decline in 2014. Decreased average area of a dwelling suggests that consumers prefer cheaper real estate that is more available. In 2014, the number of non-residential buildings taken into use declined by 12%.

In case of dwellings, the amount of building permits issued increased compared to the previous year but in case of non-residential buildings the indicator was slightly negative. By fields of activities, the highest number of building permits was issued for non-residential buildings for the establishment of agricultural, accommodation and industrial facilities.

Based on a survey of the Estonian Economic Research Institute, the confidence indicator of construction entrepreneurs was lower in 2014 than a year ago. The beginning of 2015 did not bring with it any changes. The main problem is low demand.

2. Policy measures

Legal measures

Most recent legal changes were taken at the end of 2013 when minor amendment to Forest act were adopted by Parliament. Legal changes alleviated certain restriction in fellings (felling coupe widths and area limits), reduced bureaucracy in forest management for forest owners – simplification of pre-notification process in forest management operations and raised the forest land area limit per holding (from 2 to 5 hectares) when existence of valid forest inventory data is compulsory precondition to carry out forest operations.

Forest law enforcement, governance and trade

The adoption of EU timber regulation did not necessitate amendment to national legislation - existing legislation provides sound framework for implementation of regulation.

Several measures have been taken to guarantee the sustainable forestry practice in Estonia: quick and easy access has been made available to forest inventory and management data for forest administration and public (see <http://register.metsad.ee/avalik/#>), continuous capacity building in forest administration institutions have taken place, cooperation between governmental institutions have been set up to fight illegal activities in forestry, counseling and training of forest owners is continuously proceeds. As a result of efforts the number of illegal fellings has decreased considerably: only 8 illegal fellings were registered in 2014 (in 2002 respective figure was 837 cases with total illegally felled volume 127 096 m³).

3. Developments in forest products markets sectors

A. Wood raw materials

There is 2.253 million ha of forest land in Estonia (49.8% of the total land area). 39% of it is managed by State Forest Management Centre, 3% other state forest land, 33% by physical persons, 15% by juridical persons and 10% is unreformed land and out of active management (*National Forest Inventory 2013*).

Distribution of forest land by tree species – pine (*Pinus sylvestris*) 32.5%, birch (*Betula pendula*) 30.8%, spruce (*Picea abies*) 17.0%, grey alder (*Alnus incana*) 9.0%, aspen (*Populus tremula*) 5.6%, black alder (*Alnus glutinosa*) 3.4% and others 1.7% (*National Forest Inventory 2013*).

According to the data of felling documents the interest in forest management increased considerably in 2010–2014 – total volume of planned fellings exceeded 13 million m³ in 2014. Due to the fact that not all of the planned fellings are implemented, the estimated total felling volume could have been about 10 million m³ in that period. The optimal level of fellings according to the Estonian Forestry Development Plan until year 2020 is annually 12–15 million m³.

The export of industrial roundwood increased 0.4% in 2014 compared to 2013 (2.75 mln m³ in 2013 and 2.76 mln m³ in 2014). 85% of exported roundwood was pulpwood. Import volume of roundwood has decreased 17.6% (0.23 mln m³ in 2014). The main export partners in 2014 were Sweden, Finland, Germany and main importing partner was Latvia (82% of imported roundwood).

Timber market had a downtrend in 2014. In Q4 companies' average delivery prices decreased in all sortments. Prices of spruce logs decreased 5.4%, spruce logs d<18 cm 5.2% compared to 2013. Prices of pine logs increased 0.9% (-1.1% in Q4) and pine logs d<18 cm 1.3% (-0.6% in Q4). Prices of pine pulpwood decreased 15.7%, spruce pulpwood 19.6% and aspen pulpwood 4.2% in 2014. Prices of birch pulpwood increased 17.3% (-2.2% in Q4). Average prices of fuelwood increased 0.3% (-1.9% in Q4).

B. Wood energy

Firewood, wood chips and -waste and wooden briquette/pellets are the main wood-based energy products produced in Estonia. The main use of the wood for energy is heat generation but in the recent years the importance of wood for electricity generation has increased as well due to the new co-production power plants.

There were 874 wood using boilers in 2014 (798 in 2013) that is 23% of the total number of boilers. There were 398 wood using boilers in industry sector, 149 in energy sector, 68 in agriculture, 18 in transport and 241 in commercial and the public services sector. The capacity of wood using boilers was 933 MW i.e.

18.7% of total capacity of boilers; 1644 GWh heat was generated in 2014 (34% of total heat generation), using 11,773 TJ of wood fuel.

40,000 m³ of firewood, 1.15 million m³ of wood chips, 0.46 million m³ of wood waste and 13,000 tons of wooden briquette/pellets were used for heat generation in 2014.

Gross inland consumption of firewood was 1.57 million m³ in 2014, most of it in households. 2.1 million m³ of wood chips and waste were used in 2014 by energy sector – 75,5% of it for the conversion to heat and 24,5% for electricity production.

Gross inland consumption of briquette/pellets was 42,000 tons in 2014 (27,000 t in households and 13,000 t by energy sector for heat generation). Total production of briquette and pellets was 785,000 tons in 2014 (789,000 tons were exported, 66,000 tons imported).

Electricity production of power plants was 12,430 GWh in 2014 of which 687 GWh was generated from wood (5.5%). Heat production of power plants was 4,077 GWh in 2014 of which 1495 GWh from wood fuels (36.7%).

From 2004 wood chips have been used as biomass fuel for heat and electricity co-production power plants (**CHP**); the usage of wood chips has increased rapidly from 4,400 m³ in 2004 up to 1,170 million m³ in 2014 (1.053 million m³ solid volume in 2013). The number of turbines/internal combustion engines was 36 in 2002 and has increased up to 46 in 2014.

There was a decrease in average cost of many fuels and energy consumed by enterprises in 2014. The price of coal decreased 26%, peat-briquette 21%, diesel 9%, heavy fuel oil 8%, wood chips 7%, electricity and light fuel oil 5%, shale oil 4%, motor gasoline 3% and oil shale 1%.

Price increase took place in the prices of wood waste (26%), firewood (12%), heat (8%) and natural gas (1%).

C. Certified forest products

There are 2 forest management/chain of custody (COC) certificate systems used in Estonia – FSC (Forest Stewardship Council) and PEFC (Programme for the Endorsement of Forest Certification).

Estonian FSC working group approved Estonian national FSC standard in 25.04.2008. Testing at the field and public consultation process ended at the end of 2010. There were 2 meetings in 2011 to discuss principles of the standard. Estonian national FSC standard hasn't been approved by international FSC. There have been issued 4 FSC forest management certificates and 303 FSC chain of custody (COC) certificates in Estonia (08.09.2015). Most of the FSC certified forests are managed by Estonian State Forest Management Centre (managing 39% of Estonian forests). Estonian State Forest Management Centre has the FSC certificate since 01.02.2002. One of the forest management certificates (Stora Enso Eesti AS) comprises over a fifty small scale private forest owners and the requirements of the standard are shared between forest owners and logging company.

Since 2007 PEFC certification is available in Estonia. Estonian national PEFC scheme was approved in 4.03.2008. There are 35 valid PEFC chain of custody certificates in Estonia (08.09.2015), 1 individual forest management certificate – Estonian State Forest Management Centre since 29.11.2010 and 1 group certificate (Estonian Private Forest Union with 40 participants in group certification).

D. Value-added wood products

In 2014 the production of wooden furniture had increased more than 10% from 260 million EUR to 290 million EUR. Export value of wooden furniture stayed for the fourth year at same 230 million EUR level i.e. 15,4% from total export value of wood and wooden products (excluding pulp and paper) in 2014; relevant figures for import were 58 million EUR and 13.9%.

Sales volume of the joinery and carpentry products was 310 million EUR. (360 million EUR in 2013). In last 15 years export of joinery and carpentry products had increased significantly, both in absolute terms and as a proportion of the total exports of wood and wooden products. In year 2000 export of joinery and carpentry products was 30.6 million EUR and share from total exports of wood and wooden products was 5.0%, in 2014 relevant figures were 233.3 million EUR and 15.6%. Import value of joinery and carpentry products was 24.9 million EUR (6.0% from total imports of wood and wooden products)

Production of further processed sawnwood increased by 15% to 103 million EUR level (90 million EUR in 2013), the export value of further processed sawnwood rose even more - 35%. The share of further processed sawnwood was 7.0% from the total value of total wood products' exports and similar share for imports was 1.1%.

After a year stand sales volume of the prefabricated wooden buildings (log houses included) rose again, by 19% from 220 million EUR in 2013 to 261 million EUR in 2014. In 2014 the share of prefabricated wooden buildings was 15.2% from the total value of wood products' exports (for comparison 5.2% in 2000) and similar share for imports was 0.3%.

E/F. Sawnwood

Sawnwood production was at the peak in years 2003–2006 and then started to decrease due to the deficit of raw material and decreasing sales' opportunities (lowest point in 2009 1.13 million m³). In 2010–2013 sawnwood production stayed at 1.5 million m³ level. In 2014 production of sawnwood rose to 1.7 million m³. In coming years production should rise more due to opening the new sawmills with capability to process small logs. The majority of produced sawnwood was coniferous (90%).

Earlier steady growth of sawnwood imports turned to sudden 35% decrease in 2008. Sawnwood imports decreased to 0.5 million m³ level in 2009, but in 2010 turned to growth again (0.65 million m³ in 2010 and 0.87 million m³ in 2013). In 2014 import of sawnwood rose to a new peak – 0.98 million m³. The increase of sawnwood import indicates recovered demand from domestic and foreign further-processing companies. After being three years (2010–2012) at same 0.75 million m³ level then in 2014 sawnwood export had second year in the row slight 6-7% increase to 0.85 million m³. The share of sawnwood exports' value from the total value of wood products' exports has decreased to 14.2%, for example in 2000, it was 25.8%. Similar figures for import of sawnwood are moving in the other direction, from 17.5% to 48.9%.

G. Wood-based panels

In 2014 the production of plywood stayed for the third year at 47 000 m³ level. Export and import had both 13% decrease, respectively 55 300 m³ to 48 100 m³ and 94 300 m³ to 82 400 m³. In 2014 export are expected to rise and import and production are expected to stay at same level. Share of value of plywood exports from total value of wood products export was 2.1%, share of imports 8.1% in 2014.

In 2012 the production of particle boards decreased considerably due to closing of AS Pärnu plaaditehas (from 206 900 m³ to 157 100 m³). In 2014 the production of particle boards recovered to 182 100 m³. In 2014 import and export both rose, respectively 11.4% and 2.3%. Share of value of particle board exports from total value of wood products export was 1.1%, share of imports was 4.1% in 2014.

There was no production of hardboard in 2014. Imports of hardboard increased 21% and exports of hardboard decreased 12.4%. In 2015 imports are expected to have a slight increase.

The production of insulating boards increased 12.6% in 2014, imports increased by 14.7% and exports increased by 18.8%. Production and export are expected to increase in 2015.

Share of value of total fibreboard exports from total value of wood products export was 1.1%, share of imports 3.8% in 2013.

H. Pulp and paper

Production of pulp grew slightly (4.8%) in 2014. The majority of the production (over 70%) is produced by thermo-mechanical aspen pulpmill (alkaline peroxide mechanical pulp (APMP)) technology in Kunda. Kunda factory produced 166 000 tons of wood pulp in 2014. Production of unbleached coniferous chemical wood pulp was 68 500 tons in 2014. In 2007-2012 export has a steady growth to 147 000 t level, in 2013 export of pulp had a slight decrease but in 2014 rose to a new peak – 173 400 t. In 2011 only minor import of pulp (about 1600 tons) took place, it rose to 12 000 tons in 2012, 23 000 tons in 2013 and in 2014 almost 27 000 tons of pulp were imported.

Paper production includes mostly the unbleached kraft sack paper production. After decline in 2009 the production volumes are almost back at 75–80 000 tons level. Export of unbleached kraft sack paper decreased by 7.7% and import dropped 30.9% in 2014.

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Summer 2015 Macroeconomic Forecast of the Ministry of Finance of Estonia, Ministry of Finance of Estonia, <http://www.fin.ee/doc.php?112686>

Summer forecast for 2015-2019 of the Ministry of Finance

%	2014	2015*	2016*	2017*	2018*	2019*
Growth of real GDP	2.9	1.7	2.6	3.4	3.2	3.0
Growth of nominal GDP	5.0	3.1	5.5	6.4	6.3	6.0
GDP in nominal terms (bln €)	20.0	20.6	21.7	23.1	24.6	26.0
Consumer price index	-0.1	-0.3	2.0	2.9	3.0	2.9
Employment (15–74-year-old, thousands)	624.8	631.2	627.5	625.4	622.8	621.5
Growth of employment	0.6	1.0	-0.6	-0.3	-0.4	-0.2
Unemployment rate	7.4	6.5	6.3	7.2	8.4	9.4
Average monthly wage (€)	1001	1049	1096	1155	1224	1297
Real growth of average monthly wage	5.7	5.0	2.4	2.4	3.0	2.9
Nominal growth of average monthly wage	5.6	4.8	4.5	5.4	6.0	5.9
Current account (% of GDP)	1.0	2.4	1.6	1.3	0.0	0.0

Forest products production and trade in Estonia in 2014 and forecast for 2015–2016.

Product Code	Product	Unit	Revised	Estimate	Forecast
			2014	2015	2016
1.2.1.C	SAWLOGS AND VENEER LOGS, CONIFEROUS				
	Removals	1000 m ³	3 000	3 000	3 000
	Imports	1000 m ³	134	150	175
	Exports	1000 m ³	333	220	250
	Apparent consumption	1000 m ³	2 801	2 930	2 925
1.2.1.NC	SAWLOGS AND VENEER LOGS, NON-CONIFEROUS				
	Removals	1000 m ³	690	800	800
	Imports	1000 m ³	25	10	20
	Exports	1000 m ³	66	150	150
	Apparent consumption	1000 m ³	648	660	670
1.2.1.NC.T	of which, tropical logs				
	Imports	1000 m ³	0	0	0
	Exports	1000 m ³			
	Net Trade	1000 m ³			
1.2.2.C	PULPWOOD (ROUND AND SPLIT), CONIFEROUS				
	Removals	1000 m ³	1 200	1 200	1 200
	Imports	1000 m ³	13	60	75
	Exports	1000 m ³	1 114	1 100	1 100
	Apparent consumption	1000 m ³	99	160	175
1.2.2.NC	PULPWOOD (ROUND AND SPLIT), NON-CONIFEROUS				
	Removals	1000 m ³	1 500	1 400	1 400
	Imports	1000 m ³	59	150	150
	Exports	1000 m ³	1 244	1 100	1 100
	Apparent consumption	1000 m ³	315	450	450
3	WOOD CHIPS, PARTICLES AND RESIDUES				
	Domestic supply	1000 m ³	4 400	4 500	4 500
	Imports	1000 m ³	113	80	70
	Exports	1000 m ³	536	350	350
	Apparent consumption	1000 m ³	3 977	4 230	4 220
1.2.3.C	OTHER INDUSTRIAL ROUNDWOOD, CONIFEROUS				
	Removals	1000 m ³	30	30	30
1.2.3.NC	OTHER INDUSTRIAL ROUNDWOOD, NON-CONIFEROUS				
	Removals	1000 m ³	30	30	30
1.1.C	WOOD FUEL, CONIFEROUS				
	Removals	1000 m ³	740	750	750
1.1.NC	WOOD FUEL, NON-CONIFEROUS				
	Removals	1000 m ³	1 270	1 300	1 300

Product Code	Product	Revised	Estimate	Forecast
		2014	2015	2016
5.C	SAWNWOOD, CONIFEROUS			
	Production	1 490	1 600	1 700
	Imports	896	915	900
	Exports	749	790	800
	Apparent consumption	1 637	1 725	1 800
5.NC	SAWNWOOD, NON-CONIFEROUS			
	Production	115	130	140
	Imports	85	120	120
	Exports	102	150	150
	Apparent consumption	98	100	110
5.NC.T	of which, tropical sawnwood			
	Production		0	0
	Imports	1	0	1
	Exports	1	0	1
	Apparent consumption		0	0
6.1	VENEER SHEETS			
	Production	110	110	110
	Imports	4	5	5
	Exports	86	90	90
	Apparent consumption	29	25	25
6.1.NC.T	of which, tropical veneer sheets			
	Production		0	0
	Imports	0	0	0
	Exports	0	0	0
	Apparent consumption		0	0
6.2	PLYWOOD			
	Production	47	50	50
	Imports	82	85	85
	Exports	48	55	55
	Apparent consumption	82	80	80
6.2.NC.T	of which, tropical plywood			
	Production		0	0
	Imports	0	1	1
	Exports	0	0	0
	Apparent consumption		0	0
6.3	PARTICLE BOARD (including OSB)			
	Production	182	180	180
	Imports	76	90	90
	Exports	158	145	150
	Apparent consumption	100	125	120
6.3.1	of which, OSB			
	Production		0	0
	Imports	27	30	30
	Exports	0	0	0
	Apparent consumption		30	30
6.4	FIBREBOARD			
	Production	78	77	77
	Imports	44	50	51
	Exports	89	87	88
	Apparent consumption	33	40	40
6.4.1	Hardboard			
	Production		0	0
	Imports	21	24	25
	Exports	3	3	3
	Apparent consumption		21	22
6.4.2	MDF (Medium density)			
	Production		0	0
	Imports	22	25	25
	Exports	9	10	10
	Apparent consumption		15	15
6.4.3	Other fibreboard			
	Production	78	77	77
	Imports	1	1	1
	Exports	78	75	75
	Apparent consumption	2	3	3
7	WOOD PULP			
	Production	230	240	240
	Imports	28	32	30
	Exports	173	170	170
	Apparent consumption	84	102	100
10	PAPER & PAPERBOARD			
	Production	73	75	75
	Imports	158	145	145
	Exports	91	90	90
	Apparent consumption	139	130	130
4.1	WOOD PELLETS			
	Production	770	1 000	1 050
	Imports	62	80	80
	Exports	641	910	950
	Apparent consumption	191	170	180