

**ECONOMICS COMMISSION FOR EUROPE  
TIMBER COMMITTEE**

**59 SESSION  
OCTOBER 2001  
GENEVA**

*POLAND*

**S T A T E M E N T  
ON THE WOOD MARKET REVIEW AND PROSPECTS**

**Ministry of Environment**

## 1. OVERVIEW OF THE POLISH ECONOMY FROM 1999 TO 2000

**The period from 1999 to 2000, Poland saw deceleration of the relatively fast growth posted in preceding periods. Yet, despite the slowdown, the Polish economy continued to undergo restructuring (Annex 1).**

**The Gross Domestic Product** reached PLN 685.6 billion in 2000, bringing real growth to 4% on the preceding year. The sluggishness of GDP growth resulted from slower advances in gross added value. This was particularly evident in the construction sector which posted a gross added value decline of 0.6% on 1999. Considerable slowdowns were also seen in growth in domestic demand, which sunk from 4.9% in 1999 to 2.8% in 2000. The trend was caused by diminishing gross investment in fixed assets and sagging consumption (also individual consumption, which went up by 2.6% in 2000 compared to 5.2% in 1999).

Substantial increases were recorded in **sold production of industry**. The indicator rose from PLN 427.5 billion in 1999 to PLN 501.5 billion in 2000, reaching 106.8% of the 1999 level (constant prices). The fastest growth (of 111%) was recorded in “Electricity, gas and water supply”<sup>1</sup> which comprise Section E under the “Polish Classification of Activities”. Manufacturing industries (Section D of the Polish Classification of Activities) climbed by 6.9%, while sold production in the mining and quarrying industry (Section C) came up to 98.5% of the 1999 level. In 2000, the biggest increases in processing industries were seen among makers of supplies (up by approximately 11%); the smallest - among producers of consumer goods (up by approximately 2%). Note that some 72% of the sold production was produced in the private sector (70.1% in 1999). The sold production of industry in the private sector outpaced those in the public sector (the two figures were 108.7% and 101.5% respectively).

Declining trends were also observed in **production of construction and assembly output** which reached 99.1% of the 1999 level in the year 2000. The prime cause of the trend was the fall in demand for renovation and maintenance work (down by approximately 12% from 1999). It should be noted, however, that most of construction output declines took place in the public sector. The private sector, which accounted for approximately 97% of total construction output, that is 2% above the preceding year's level, posted growth of approximately 1%.

In 2000, **growth was observed in the number of dwellings completed** (up by 7.1% from 1999). Of the total of 87.8 thousand dwellings, over 40% were built for individual owners. Units made for sale or rent accounted for the biggest portion of this growth. An additional 710.4 thousand apartments were under construction – the figure reveals deferred demand for a wide range of products and may provide an incentive for further growth. Still, growth in the number of completed residential units declined in 2000 (from 108.7% in 1999 to 105.7% in 2000).

2000 was another year of poorer performance in Polish **agriculture** with crop production down by 3% and animal production down by 5.5% (on 1999). Animal production became less profitable. The average selling prices of agricultural products rose by approximately 17% on 1999. Generally, production factors in agriculture rose slower than the prices of farm products (the trend reversed from what was seen in the preceding four years). Due to a large decline in production output, these trends had little impact on the level of farmers' incomes.

The year 2000 saw a further deterioration of the Polish **labor market**. The average employment in the year was 9.6 million, of which 5.3 million were employed in the enterprise sector (96.7% of the 1999 level). The average total employment in the industry in 2000 was 2.8 million (down by 6.3% from 1999). The equivalent in processing industries was 2.3 million (down by 6.0% from 1999). The

---

<sup>1</sup> Polish version of NACE – „Nomenclature des Activites de Communaute Europeenne” (Statistical classification of economic activities in the European Community).

number of unemployed at the end of 2000 was 2.7 million, that is over 350 thousand more than at the end of 1999. The rate of unemployment rose to 15%, up by 1.9 percentage points.

The average monthly **gross nominal remuneration** reached PLN 1,924 in 2000, and PLN 2,057 in the enterprise sector. Real growth in remuneration was lower than in the preceding years. Declines were also seen in the purchasing power provided by average pensions. Note that much like in the preceding years, average remuneration in the private sector in the year 2000 was also lower than in the public sector.

In 2000, for the first time in a decade, Poland's **rate of inflation went up** as consumer prices rose by over 10% (on the preceding year). Unlike in the previous years, a substantial hike was seen in food prices (up by 10.5%). Meanwhile, the prices of other consumer goods climbed at a slower rate.

Investment continued to slow down in 2000. **Investment outlays** amounted to PLN 136.6 billion, up by 3% on 1999. The corresponding growth in 1999 was approximately 6%. Investment in gross fixed assets rose by a mere 3%, compared to a 6.9% rise in 1999. The number of investment projects commenced in 2000 went up by approximately 17%, with a rise of merely 7% in industry, and a 4.7% decline (on 1999) in the processing sector (Section D of the Polish Classification of Activities). The biggest barriers to growth in investment spending are continually high interest on bank loans and rapidly deteriorating economic conditions of most enterprises. In effect of the operation of these factors, own fund sources accounted for a small percentage of project financing, making **foreign capital** even more significant for company development. According to the State Foreign Investment Agency, foreign direct investment in 2000 amounted to approximately US\$ 10.6 billion (compared to approximately US\$ 8.3 billion in 1999). In total, foreign companies have invested over US\$ 49.4 billion in Poland in the last decade. In this area, Poland is a leader in Central and Eastern Europe. According to the figures as of the end of December 2000, foreign capital invested in the pulp- and paper and printing industries (Divisions 21 and 22 of the Polish Classification of Activities) added up to approximately US\$ 1.5 billion. Meanwhile, some US\$ 240 million was invested in the production of wood and wood products (Division 20 of The Polish Classification of Activities).

In 2000, for the first time in many years, Poland's exports rose faster than its imports, reducing the country's trade deficit (in US\$). Exports increased to approximately US\$ 31.7 billion, up by over 15% on 1999. Imports rose by nearly 7% to reach US\$ 48.9 billion. In consequence, trade deficit was cut to US\$ 17.3 billion, i.e. down by some 6.5% on 1999, showing a positive trend in the Polish economy.

In terms of their geographic distribution, Poland's exports and imports in 2000 were dominated by countries of the European Union (which accounted for 70% and 61% respectively). However, the highest growth in trade volume, both in exports and imports, was posted in trade with countries of Central Europe (up by 0.5%) and Eastern Europe (up by 4.5%). Imports (in US\$) from developing countries went down. Deficits lingered in trade with all country groups. Generally, 45% of Poland's foreign trade deficit came from trade with countries of the European Union. Roughly 21% of the deficit resulted from unbalanced exchanges with countries of Central and Eastern Europe.

Poland's main foreign trading partner in 2000 was Germany which accounted for over 35% of exports (36.2% in 1999) and 24% of imports (25.3% in 1999). A key exporter to Poland was Russia (over 9% of total trade volume compared to 5.6% in 1999).

The structure of Polish foreign trade remained just as irrational in 2000. Most of the foreign commodity trade deficit was generated by goods referred to as the indicators of progress, i.e. very highly processed goods, whose imports exceeded exports.

In 2000 the Polish economy was dominated by the **private sector**. The sector accounted for 72% of employment in industry and the production of 72% of sold production output. Its share in Poland's foreign trade was 84% (that is both in exports and imports, in US\$).

At the end of 2000, Poland continued to maintain 1,148 state enterprises. Whereas most were at some stage of ownership reform and restructuring, 28% of such enterprises have not taken any steps toward reorganization. The methods of restructuring adopted by enterprises varied: 6% chose the direct privatization path, while 15% underwent liquidation necessitated by their poor economic standings. According to the Ministry of State Treasury, privatizations contributed a total of approximately PLN 26 billion to the state budget.

From 1990 to 2000, a total of 6,655 state-owned enterprises underwent the process of restructuring – these represent 76% of state enterprises in operation at the time the process began. Approximately 22% of companies were commercialized, 28% underwent direct privatization, whereas 25% were liquidated due to non-profitability.

## **2. GROWTH TRENDS IN THE POLISH ECONOMY IN 2001**

Most macroeconomic indicators describing the state of the Polish economy deteriorated in 2000. Neither do indicators for the year 2001 to date provide any grounds for optimism. In the first half of 2001, the economy grew much slower than in the preceding year. Demand, also for investment projects, continued to decline. Falling trends were seen in employment (down by approximately 3% from the first half of 2000 and down by 5% in industry) while pay raises became ever slower. There were 2.8 million registered unemployed persons at the end of June 2001, that is over 412,000 more than in June 2000. The rate of unemployment came close to 16%. In the first quarter of 2001, GDP rose by a mere 2.3%. Its growth in the second quarter was slower and, according to analysts, came to approximately 1.5% (the respective values in 2000 were 5.9% and 5%). Very sluggish growth was seen in the sold production of industry; the indicator was 1.5% higher in the first quarter of 2000 than in the first quarter of 1999 (constant prices). In the first half of 2001, the profits of most enterprises continued to erode. Production of construction and assembly fell by nearly 10%. Nevertheless, the number of completed dwellings and their average square footage continued to rise (by approximately 40% and 30% respectively). Meanwhile, serious declines were seen in the number of residential unit under construction. In the first half of 2001, there were merely 2% more of such units than in the same period of 2000. If the trend continues, gradual declines in the number of completed units are to be expected in successive periods.

According to estimates, agriculture seems to be in a relatively better position. Agricultural producers are expected to perform better than in 2000 (although forecasts fail to account for the effects of mid-year floods).

The only factors that fuel economic growth in the first half of 2001 are a decline in inflation and an increase in exports. Increases in the consumer price index have slowed down to 6.7% in the first half of 2001. During this time, food prices rose by 7.4% (compared to the first half of 2000).

Fast growth was recorded in the value of exports which reached approximately US\$ 17 billion in the first half of the year. Imports amounted to approximately US\$ 24 billion and are stable. Thus, the foreign trade deficit in 2001 should be lower than in 2000. On the other hand, declining economic indicators and high interest rates suggest a reduction in exports in the third and fourth quarters of 2001.

A key investment risk indicator for foreign investors looking to invest in Poland is the ratio of current turnover deficit to Gross Domestic Product. According to analysts, the ratio should not exceed 5.5% of the GDP in 2001. It is realistic to expect it to stand at 5% (compared to approximately 11% in 2000).

Nearly all indicators show that the economy is poised to deteriorate in 2001. While prospects for Poland's economic growth in all of 2001 range from 1.7% to 3%, it is likely that GDP will not rise by more than 2%. It takes time to stimulate domestic demand and investment. In addition, foreign

demand is also expected to decline, mainly in response to economic growth slowdowns in Germany and stronger Polish zloty.

### **3. POLAND COMPARED TO COUNTRIES OF CENTRAL AND EASTERN EUROPE**

Despite slower economic growth in 2000, Poland remained among Europe's fastest growing countries. The fastest growers in Central and Eastern Europe were Hungary, Slovenia and Latvia. Sold production of industry in those countries also rose faster than in Poland (Hungary topping the list with an increase of approximately 20% on 1999).

Much like Poland, most countries of Central and Eastern Europe, including all candidates to European Union accession, have seen deficits in foreign trade. A deficit even more severe than in Poland has been seen in Latvia whose imports account for over 170% of exports (in Poland, the proportion is over 150%).

Just like Poland, all Central and Eastern European countries, which are at various stages of political and economic transformations, suffer from rising unemployment. The highest rates of unemployment in 2000 were seen in Slovakia (18% to 19%). Joblessness was least severe in Hungary, whose unemployment rate in 2000 remained below 7%.

The prevalent view in the past was that among Central and Eastern European countries seeking to accede to the European Union, Poland was the most advanced in restructuring and provided the most stable environment for economic growth. Today it is difficult to say how poorer economic performance in 2000 and not very optimistic forecasts for 2001 will affect Poland's international position and its place among countries of Central and Eastern Europe. It appears that owing to its economic potential, Poland is poised to continue playing an important role in this part of Europe for years to come.

## **4. WOOD AND WOOD PRODUCTS MARKET**

### **4.1. Overview of the forest and wood market**

The **forest-wood sector** plays an important role in the Polish economy. Woodlands cover over 28% of the country. A total of 27.7 million m<sup>3</sup> of timber was sourced in 2000, including 26.0 million m<sup>3</sup> of roundwood. The country's growing stock of standing roundwood exceed 1.6 million m<sup>3</sup>. Polish forests are largely coniferous (75%) with pine (and a small proportion of larch) accounting for 86% of coniferous trees. A slow increase has been observed recently in the proportion of such deciduous species as oak, beech, birch and alder.

Polish forests are relatively young. 16% of standing forests were below 40 years of age in 1999; a mere 29% can be classified as mature forests aged over 80. The average tree age in Poland in 1999 was 57 years in state forests and 40 in private forests. As a result of such an age structure of forest stands (together with the sales strategies pursued by wood producers), the market has suffered from periodic shortages of large size wood.

The health condition of Polish forests has improved noticeably since 1995. Nevertheless, only 11% of forests were undamaged in 1999 with nearly 31% showing damage ranging from mild to severe. Approximately 0.2% of Polish forest stands are dead.

Forest management in Poland is highly concentrated. State Forest Administration manages approximately 77% of woodlands, 88% of wood resources and nearly 93% of timber removed in recent years.

According to estimates, the roundwood sourced in Poland generally meets the demand of the domestic wood-processing industry. Neither timber exports (1.3% of locally sourced roundwood in 2000) nor imports (2.7%) have had a significant effect on the Polish wood market.

**The wood processing industry** is a relatively important sector of the Polish economy. The sector is made up mostly of the sawmill industry (preliminary wood processing) and of industries involved in further wood processing, especially the makers of wood-based panels, wood packaging, construction wooden joinery and woodwork, the furniture industry (which has grown quite rapidly), and the producers of cellulose, paper, paperboard and paper-based products. In 2000, the above industries generated 8.7% of the total sold production of industry (PLN 43.4 billion) and over 10% of processing industry output. The wood processing industry provided employment for over 252 thousand people, that is 9.3% of the total employment in industry and 11.3% of total employment in processing industries.

In 2000, the factors that slowed down Poland's economic growth affected wood-related industries less than other industrial sectors. The sales of production output (constant prices) generated by wood-based industries grew faster than the industrial sector as a whole (output sales in the furniture industry and in the wood and wood products industry rose by approximately 1% and by over 3% respectively). The average employment increased by approximately 1.5% from 1999 to 2000. The rise resulted mainly from the fact that restructuring was more advanced in wood-based industries than in the economy at large. The privately-owned sector of the wood processing industry accounted for roughly 95% of industrial output sales in 2000 and employed 93% of the industry's workers. The whole private industrial sector accounted for an average of 70% of industrial output sales and for 70% of employment (compared to 82% and 82% in processing industries).

Contrary to overall economic trends, the Polish wood processing industry generated a positive balance of foreign trade. Its exports (mainly of furniture) and imports (mainly of paper, paperboard, paper products and particle board) all played a crucial role in shaping the Polish wood products market. The exports of wood products in 2000 (US\$ 4.2 billion) accounted for over 13% of Poland's total exports. Over 50% of this amount was furniture, recently seen as the engine of Polish exports. Wood product imports in 2000 amounted to US\$ 2.4 billion, accounting for 4.8% of all imports brought into Poland (in terms of value). Most of these products were paper, paperboard and paper products - together they accounted for 77% of wood product imports. Over 75% of wood processing products exported in 2000 (in terms of value) went to the demanding markets of the European Union. On the other hand, some 83% of shipments entering Poland originated in EU countries. Central and Eastern European countries remained relatively insignificant as partners in wood product trade. The countries purchased approximately 10% of Poland's wood product exports and provided 18% of its total imports in 2000.

#### **4.2. The market for wood and main wood products in 1999 and 2000**

##### ***Removals***

A total of 27.7 million m<sup>3</sup> was removed in Poland in 2000, up by 6.3% on 1999. Over 94% of sourced wood was roundwood (93% in 1999), with coniferous accounting for 71% of that amount. Much like in 1999, approximately 94% of roundwood was designated for industrial processing. Most of roundwood were sawlogs (including veneer logs – some 47%) and pulpwood (45%).

##### ***Production of main wood products***

In 2000, Poland produced a total of approximately 4.1 million m<sup>3</sup> of **sawnwood**, including semi-finished products. The quantity was similar to the production output in 1999; 81% of sawnwood was coniferous.

**The wood-based panels industry** made nearly 4.5 million m<sup>3</sup> of panels in 2000, posting growth of 11% on 1999. Most of the growth took place in the particle board sector whose production rose from 2.6 million m<sup>3</sup> to 2.9 million m<sup>3</sup>. Approximately 12% of these were structural boards (OSB) designated for use in the construction industry. An increase (by 10%) was also recorded in the production of fibreboard, mainly insulating and MDF.

Poland's **wood pulp** production in 2000 rose by over 5% to 961,000 tons. Most of the production were chemical (78%) and mechanical wood pulp (14%). A slight decline in production in 2000 (by roughly 6%) was seen in semi-chemical pulp.

**Paper and paperboard** production in 2000 amounted to 1,926,000 tons, i.e. approximately 50 kg per capita. The structure of the produced paper and paperboard was dominated by paper and packaging cartons which accounted for nearly 46% (with graphic paper accounting for 38%).

After a period of rapid growth, **furniture** production slowed down sharply in 2000. Wood furniture accounted for roughly 82% and amounted to approximately US\$ 2.1 billion, up by 8% on 1999 (in fixed prices).

#### ***Foreign trade in roundwood***

In recent years, foreign trade in **roundwood** has had little impact on the Polish market. There has been a slow growing trend in the volume and value of timber exports and imports. Whereas roundwood imports (732.4,000 m<sup>3</sup>) rose by nearly 24% on 1999, roundwood exports (which stood at 349,200 m<sup>3</sup>), fell by over 11%. In effect, roundwood imports in 2000 exceeded roundwood exports by more than twice, a far cry from a positive balance of trade achieved as recently as 1997. Generally, all imports and 99% of exports are comprised of wood designated for industrial processing. While exports are dominated by coniferous (42% of which is pine) that accounts for close to 74% of exported industrial roundwood, approximately 62% of roundwood imports are deciduous species. In 2000, Poland imported roundwood mainly from countries of Central and Eastern Europe (88% in terms of quantity). Most coniferous imports (60%) came from Lithuania while most non-coniferous was imported from Belarus (35%) and Ukraine (19%). Polish roundwood, on the other hand, went to the European Union, which accounted for 65% of timber exports. While most coniferous roundwood went to the Czech Republic (41%), Austria (33%) and Italy (13%), the majority of non-coniferous roundwood ended up in Denmark (30%) and Sweden (22%).

#### ***Foreign trade in wood products***

Both exports and imports of most wood products in 2000 exceeded the 1999 level. The balance of foreign trade in these goods was positive (with the exception of wood pulp, paper and paperboard).

In 2000, Poland exported 1,100.300 m<sup>3</sup> of **sawnwood**, which accounted for approximately 4.3% of the exports of all wood products (in terms of value). In terms of quantity, sawnwood represented nearly 7% more than in 1999. Approximately 71% of that was coniferous sawnwood, mainly pine (over 45%). A 2% growth was observed in non-coniferous sawnwood, mostly beech. The imports of sawnwood in 2000 were nearly three times lower than exports. Poland imported a total of 379,000 m<sup>3</sup> of sawnwood. Imports too were dominated by coniferous sawnwood (58%), primarily pine. Imports of non-coniferous sawnwood, dominated by beech, rose by approximately 20% in 2000. The main markets for Polish sawnwood are the countries of the European Union, which in 2000 received nearly 97% of such materials (in terms of quantity). Approximately 54% of coniferous sawnwood was purchased by customers in Germany, 14% in the Netherlands. Meanwhile 27% of non-coniferous sawnwood was sold to Italy and 22% to Germany. Poland purchased sawnwood mainly from other countries of Central and Eastern Europe (75%). Imports from the European Union

accounted for 16% of total sawnwood imports. Coniferous sawnwood came primarily from Russia (41%) and Belarus (19%), while non-coniferous sawnwood arrived primarily from Ukraine and Slovakia (approximately 21% each).

Approximately 7.2% of all exported wood products and 7.7% of their imports (in terms of value) were **wood-based panels**. Their exports in 2000 amounted to 1,336,700 m<sup>3</sup>, up by 19% on 1999. The structure of wood-based panels exported to Poland was dominated by particle board (including OSB - approximately 49%) and fibreboard (42% - including MDF). The exports of particle board (651,300 m<sup>3</sup>) increased by 12% from 1999 to 2000. OSB accounted for half of the volume of these exports. In 2000, foreign markets received 563,700 m<sup>3</sup> of fibreboard. This represents a 30% increase on 1999. The most rapid growth in 2000 was observed in the exports of MDF panels (up by 43% on 1999) and insulating boards (up by 37%). In 2000, Poland exported 108,600 m<sup>3</sup> of plywood (of which core plywood). In terms of quantity, the growth amounted to 14% on 1999. Over half (52%) of wood-based panels exported from Poland in 2000 reached European Union markets. 32% to 33% of such panels ended up in Central and Eastern Europe. The EU received mostly plywood and core plywood, while Central and Eastern Europe imported primarily particle board. In 2000, Poland imported 688,000 m<sup>3</sup> of wood-based panels, 47% more than in 1999. The volume of exports was dominated by particle board (52% including OSB). The imports of particle board in 2000 amounted to 356,300 m<sup>3</sup>, up by 57% on 1999. OSB accounted for 15% of these boards. Imports of fibreboard, which reached 244,300 m<sup>3</sup>, rose by 58% in 2000. The volume of insulating board imports more than doubled. The imports of plywood in 2000 (including core plywood) amounted to 67,500 m<sup>3</sup>, 4% less than in 1999. In 2000, 51% of wood-based panels imported into Poland originated in the European Union. Central and Eastern European countries accounted for 47% of imports (in terms of quantity). The prime import from the European Union into Poland was fibreboard (85%). Central and Eastern Europe provided mainly plywood (70%) and particle board (69%). Poland's main suppliers of wood-based panels are Germany (21% of particle board and 63% of fibreboard), Belarus (31% of plywood), Russia (27% of plywood imports) and Lithuania (27% of particle board imports).

In 2000, **wood pulp** accounted for 0.5% of the total exports of wood products and for 7.5% of their imports (in terms of value). Wood pulp represents one of few categories of goods in which a trade deficit has been recorded for several years. In 2000, wood pulp imports exceeded its exports by over eight times in terms of volume and over nine times in terms of value. Poland's exports include mainly cellulose (mostly the sulphate bleached). In 2000, cellulose exports amounted to 32,600 tons, that is 18% less than in 1999. Over 95% of new wood pulp exports in 2000 went to Germany. The imports of wood pulp in 2000 stood at 106% of the 1999 level, or 265,700 tons. These imports were dominated by cellulose, which accounted for approximately 90% (with sulphate bleached cellulose accounting for 94% of that amount). In 2000, wood pulp was imported into Poland from both the European Union (approximately 38%) and countries of Central and Eastern Europe (37%). Approximately 33% of imports came from Russia, 16% from Sweden.

An important role in foreign trade in wood products, and especially in their imports, is played by **paper and paperboard**. In 2000, paper and paperboard accounted for over 11% of wood product exports and for 41% of wood product imports. Imports in this category of goods exceeded the volume of exports by over 65%. Poland exported 756,400 tons of paper and paperboard in 2000, up by 19% on 1999. The exports were dominated by packaging paper and paperboard, which accounted for 66% of the total. Poland's paper exports went mainly to the European Union. In 2000, the European Union received 72% of the quantity of exports, with most paper going to Germany (23%) and Italy (16%). Only 15% of exports were purchased by countries of Central and Eastern Europe. The imports of paper and paperboard in 2000 amounted to 1,250,300 tons, up by 17% on 1999. Most of such exports was graphic paper (52%). The majority of paper imported into Poland came from the European Union (85%). The quantitative structure of paper imports was dominated by Germany (31%), Finland (18%), Austria (12%) and Sweden (11%).



For a number of years now, the exports of Polish wood product are dominated by **wooden furniture**. Its exports in 2000 reached US\$ 1.6 million, up by 8% on 1999. Polish furniture was purchased mainly by countries of the European Union (78%), primarily Germany, whose imports in 2000 accounted for 51% of its exports (in terms of value). The exports of furniture exceeded furniture imports by a factor of nearly 14 and amounted to US\$ 114.1 million in 2000, that is nearly 95% of the 1999 level. Today Poland imports its furniture mainly from the European Union (81%), and especially from Germany (32%) and Italy (21%).

#### **4.3. Prospects for growth for the roundwood and wood products markets in the 2001-2002 period**

In the first half of 2001, the Polish economy developed slower than in the corresponding period of 1999 and in the preceding years. The trends affected the markets for timber and main wood-based products.

##### ***Roundwood***

It is generally expected that, in 2001 and 2002, removals will remain at a level close to that seen in 2000, i.e. at approximately 27 million m<sup>3</sup>. It is likely, however, for sawlogs and veneer logs sourcing (mainly coniferous), to decline by approximately 2% (Questionnaire TC1). On the other hand, projections for all of 2001 and 2002 indicate annual increases in coniferous pulpwood sourcing by 1%, accompanied with declines in the sourcing of other industrial coniferous and non-coniferous roundwood.

Foreign trade (both imports and exports) will continue to be of little significance for the level of domestic wood resource consumption. In effect of a slow rise in the imports of most wood assortment, a fall in their exports and an unchanged level of removals, the domestic consumption of wood resources in 2001 and 2002 is likely to go up. The only probable declines, by approximately 1.5%, are to be expected in coniferous sawlogs and veneer logs.

##### ***Wood products***

Based on prior performance, it appears that 2001 will witness slower growth in the production of most wood products. According to estimates, the trend will be felt especially in coniferous sawnwood, whose production may be cut down by over 10% on 2000 (Questionnaire TC2). The production of non-coniferous sawnwood is likely to decline less sharply, i.e. by approximately 5%. In other forecasts, the production of plywood (and core plywood) is set to fall by approximately 7%. Yet, it is realistic to expect a 5% rise in the production of particle board and a 1% increase in the production of fibreboard (mainly insulating boards).

As to foreign trade, the forecasts through the year 2002 indicate unchanged rising trends in the imports of sawnwood, both softwood (up by 28% on 2000) and hardwood (up by 13%), as well as plywood (of which core plywood - up by 10%). Falls are foreseen in the imports of particle board (by 16% on 2000) and fibreboard (down by 18%). Meanwhile, imports of insulating board will decline at a relatively slower pace. Increases are to be expected in the exports of particle board, by approximately 15%, and fibreboard, by 12%. However, fibreboard is forecast to suffer as a result of a drop in hardboard exports (by 13%). The exports of plywood will increase by 19% on 2000. After a crash in 2001, coniferous sawnwood exports are unlikely to recover to the level from two years earlier by the year 2002.

Until 2002, domestic consumption is expected to rise only in the case of particle board (by approximately 2% on 2000). The consumption of fibreboard will decline by 8%, mainly as a result of cutbacks in the consumption of insulating board. Declines have also been foreseen in the domestic consumption of sawnwood, mainly softwood (by 2% less than in 2000). Following a dip in 2001, the

consumption of hard sawnwood is expected to recover in 2002 (and climb by 5% on 2000). The consumption of plywood is projected to fall by over 10% (on 2000).

#### **4.4. Forestry certification in Poland**

In the past, the certification of Polish forests followed the standards of the FSC (the Forest Stewardship Council). To date, FSC certificates have been obtained by eight Regional Directorate of State Forests. Certificates of good management were awarded for over 3.8 million ha of Polish forests, placing our country at the head of the list among European countries, second only to Sweden (with over 10 million ha). Certified forests in Poland account for 4.8% of the total area of certified forests in the world.

For companies whose production is based on wood, chain-of-custody (COC) certificates are a strong selling point. The key requirement imposed on companies applying for such a certificate is the use, in production, of wood products originated in an FSC certified forest. Certified companies must control their material flow throughout the production process i.e. from the purchase of raw materials to the sale of the finished product. As of the end of April 2001, the COC certificate has been awarded to 78 companies operating in the Polish woodworking industry. The producers of garden supplies and sawnwood account for the largest proportion of such certificates (28% and 26% respectively). The FSC logo has been awarded for 226 products in Poland.

## General economic indicators

| Description   | 1995         | 1999      | 2000      |
|---|--------------|-----------|-----------|
| Gross Domestic Product<br>%, constant prices; previous year=100%                  | 107,0        | 104,1     | 104,0     |
| Sold production of industry<br>%, constant prices; previous year=100%             | 109,7        | 104,8     | 106,8     |
| Production of construction and assembly<br>%, constant prices; previous year=100% | 108,1        | 109,4     | 99,1      |
| Dwellings completed<br>%, previous year=100%                                      | 88,2         | 101,7     | 107,1     |
| Dwellings under construction<br>%, previous year=100%                             | 105,5        | 108,7     | 105,7     |
| Aggregate agricultural production<br>%, constant prices; previous year=100%       | 110,7        | 94,8      | 95,9      |
| Average employment in enterprise sector<br>%, previous year=100%                  | 101,0        | 99,0      | 96,7      |
| Unemployment rate (at year-end)<br>%, previous year=100%                          | 14,9         | 13,1      | 15,0      |
| Average monthly gross real remuneration<br>%, previous year=100%                  |              |           |           |
| - total   | 102,8        | 104,7     | 102,6     |
| - in enterprise sector  | 103,2        | 103,0     | 101,3     |
| Consumer goods and services (inflation)<br>%, previous year=100%                  | 127,8        | 107,3     | 110,1     |
| Consumer goods<br>%, previous year=100%   | 127,2        | 105,5     | 109,6     |
| Consumer services<br>%, previous year=100%  | 129,3        | 111,1     | 111,0     |
| Food products<br>%, previous year=100%  | 127,0        | 101,2     | 110,5     |
| Investment outlays<br>%, constant prices; previous year=100%                      | 117,1        | 105,9     | 103,1     |
| of which in fixed assets  | 117,5        | 106,9     | 103,0     |
| Trade   | million US\$ |           |           |
| Exports   | 22 894,9     | 27 407,4  | 31 651,3  |
| Imports   | 29 049,7     | 45 911,2  | 48 940,2  |
| Balance of trade  | -6 154,8     | -18 503,8 | -17 288,9 |

Zródło: Statistics Bulletin of the Central Statistical Office (CSO) 1996, nr 7; Statistics Bulletin CSO 1997, nr 12; Statistics Bulletin CSO 2000, nr 6 i 7; Statistics Bulletin CSO 2001, nr 6; Report on Poland's Socio-Economic Standing in 2000, CSO 2001; Prices changes in the national economy in 1995 and the first half of 1996, CSO 1997; Investment and fixed assets in the national economy in 1997, CSO 1998; Investment and fixed assets in the national economy in 1999, CSO 2000; Foreign trade I-XII 1995, CSO 1996; Foreign trade I-XII 2000, CSO 2001;