Austrian Market Report 2014

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1. General economic situation

Economic outlook for 2014 and 2015 [1]

External demand unable to secure export-driven recovery.

A further slackening of global trade in the last few months is holding back an export-led recovery in the euro area as well as in Austria. Since many countries have not yet digested the repercussions of the financial market crisis, also domestic demand remains feeble, unlike in the USA. In Austria, real GDP is expected to grow by a modest 0.8 percent in the current year, picking up to 1.2 percent in 2015.

In 2013 global trade gained momentum and, as a result, so did domestic foreign trade. However, the boom reflected by the positive indicators did not consolidate as, among other things, international export demand declined again suddenly as a result of the withdrawal of capital from many threshold countries. Moreover, domestic demand in the euro area has followed a very subdued trend since the recession of 2012/13. Private debt has hardly decreased since the financial crisis and in many countries curtails consumption and investment potentials. The further easing of the monetary policy by the ECB facilites credit provision, but does not make up for the weak demand. For this reason a lower GDP growth is forecast for the euro area than in late June 2014 (2014 +0.8%, 2015 +1.1%); the forecast for the U.S.A. is maintained (2014 +2.2%, 2015 +3.1%).

Against this background domestic foreign trade will expand less than was expected in summer. Due to the clouded sales prospects, companies are reluctant to invest. This concerns in particular investments in equipment, which have continued to stagnate this year. As regards the production of goods, not only the working time per head, but also employment decreases. In the service sectors it is increasing above all due to the rising numbers of part-time jobs. For the economy as a whole, this causes a stagnation of the volume of work, which means that that the real economic growth of 0.8 percent in 2014 and 1.2 percent in 2015 is entirely a result of productivity gains. The declining level of employment of domestic workers continues as, for demographic reasons, their labour supply decreases as well. The unemployment rate rises to slightly below 9 percent in the forecast period. Given the ecnomic downturn, the inflation rate remains with 1.8 percent relatively high and, together with increasing tax burdens, compromises the real purchasing power. Private consumption therefore continues to increase only modestly. The economic slowdown stresses public-sector budgets, but at the same time the continued decline of interest rates curbs expenses. A special economic risk may be a further deepening of the Russia crisis. An economic revival could start if the European Commission takes clear stimulus measures.

[1] Source: Austrian Institute of Economic Research, WIFO Monthly Reports, 10/2014

2. Policy measures

Government Programme

On 29 September 2013 a new National Council was elected. The two parties with the most votes, the Social Democratic Party and the Austrian People's Party, negotiated a coalition agreement for the next five years and have been in office since 16 December 2013. Andrä Rupprechter from the Austrian People’s Party became the new Federal Minister of Agriculture, Forestry, Environment and Water Management. The Government Programme includes also objectives of relevance to forestry and timber management, among them the promotion of sustainable timber use in domestic forests as well as the provision and use of renewable energy sources in order to reduce fossil ones.

The Austrian Forest Dialogue and the Austrian Forest Programme

Until the end of 2015 the “Austrian Forest Strategy 2020” will be prepared in the framework of the Austrian Forest Dialogue, in cooperation with all players of relevance to and interested in forests; it was launched in June 2014. The Forest Strategy should help to balance the numerous interests and demands linked to Austrian forests and to find solutions to conflicts of use. With the Forest Strategy 2020 forest-political cornerstones to ensure and continuously optimise the sustainable management and maintenance of Austria’s forests are to be established. (www.walddialog.at)

Forest subsidisation

Practically all subsidies of relevance to forestry in Austria are bundled in the national programme of the EU Rural Development Regulation. The programme 2007-2013 earmarked € 25 million (EU + Federal Government + Federal Provinces) annually to promote the enhancement and intensification of forest management in Austria. Altogether (including the forestry measures in protection forests), subsidies in the amount of € 43 million annually were made available for forestry measures. The Austrian Programme for the Development of Rural Areas 2014-2020 is presently in the process of approval – the European Commission’s decision is expected for December 2014. Funds of € 38 million annually are to be allocated to forest-related measures – altogether € 266 million for the seven-year programme period or approximatrely three percent of the overall budget of the new subsidisation programme.

Joint timber marketing

The instrument of joint timber marketing has been applied for about 50 years in Austria to strengthen the market force of private forest owners. In recent years these activities have been intensified. One of the reasons has been the increasing demand for timber. An always more significant challenge are the rising numbers of forest owners whose forest properties, due to the structural change in agriculture and forestry, are located at some distance from their places of residence (urban forest owners). Nowadays numerous owners of small (private) forests are organised in forest owner cooperatives. The current level of organisation focuses primarily on cooperation in roundwood sales, loose machinery alliances and collaborative forest operations. Also consulting for forest owners and the preparation of forest management plans are important services. In some cases local forest owner cooperatives (‘Waldwirtschaftsgemeinschaften’) even manage the forests of some of their members. The forest owner association of greatest relevance to roundwood supply is the Austrian Forest Owner Cooperative (Waldverband Österreich). Under its 8 provincial associations nearly 63,000 forest owners are organised in about 250 local forest owner cooperatives. In 2013 totally 2.63 million m³ of timber were marketed. (www.waldverband.at)

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

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

Wood promotion

"proHolz Austria" (www.proholz.at) is a working group of the Austrian forestry and timber industry. Its objective is the effective marketing of wood and wood products in the domestic market and abroad. The budget for 2013 amounted to € 2.34 million. The activities of proHolz Austria are financed from the FHP contributions. Marketing, publicity and information on wood are the instruments applied to attain this goal. With its internationalisation programme proHolz Austria works actively to raise people's appreciation of wood and to increase the use of timber by creating advertising cooperations in selected target markets, in particular in Central and Southern/Eastern Europe and in the Balkans, by deepening expert knowledge by means of know-how transfer and education in Italy (www.promolegno.com), and by establishing and developing the oversea markets Japan and China (European Wood Initiative). The database for wood construction, dataholz.com, is available online free of charge in German, English, Italian, and Spanish.

3. Market drivers

In 2013, Austria's economy grew by just 0.4 percent, the slowest growth rate since the recession of 2008-09 when overall production had shrunk by 3.8 percent. Both the investment volume and private household consumption declined in real terms. Unemployment rose sharply to a new height of 7.6 percent. Inflation weakened but was still relatively high compared to other European countries.

Thanks to the high prices of roundwood and the sustained demand for coniferous roundwood, 2013 proved to be a satisfactory financial year for domestic forestry. Most forest enterprises yielded a positive balance. For Austria's wood and paper industry the trend was less favourable; many lines of business reported stagnating or declining production figures. Some wood-processing enterprises still worry about insufficient profit levels caused by high production costs and simultaneous pressure on product prices. The fact that the trade balance surplus decreased whereas imports remained almost the same shows that the competitive strength of Austria's wood industry has suffered in recent years.

2014 started with a slight upswing, but in autumn forecasts had to be significantly adjusted downward. However, both forestry and the wood-processing industry are expecting a slight increase in production figures for the overall year 2014.

4. Developments in forest-products market sectors

A. Wood raw materials

With a share of 47.6% of the federal territory and about 145,000 forest enterprises forests play an important part in Austria with respect to farmers' income and the value added in rural areas. Maintaining and increasing the yield of forests are thus of high significance not only for agriculture and forestry but also for wood-processing enterprises. In view of the large processing capacities of the wood and paper industry in Austria, the increasing use of wood and sawmill by-products for energy generation and the required imports of roundwood (2013: 9.1 million m³, mostly from the Czech Republic and Germany) mobilizing the available domestic resources has become a major goal of Austria's forest policy.

In 2013, 17.39 million cubic metres under bark were harvested. The harvest volume was 3.5% below the previous year, 1.9% below the five-year average and 5.4% below the ten-year average. Sawlogs accounted for 53.6%, pulpwood for 17.9%, fuelwood and chippings from forests for 28.5% of the quantity felled. The share of coniferous wood in the total fellings amounted to 83%. Altogether, small forest owners (forest area < 200 hectares) felled 10.31 million m³ in 2013 (-4.7%), the owners of forests larger than 200 hectares 5.42 million m³ (-2.5%) and the Austrian Federal Forests 1.66 million m³ (+1.1%). The percentage of damaged wood increased slightly by 3.8% to a total of 3.40 million m³, which is 19.5% of the total removals. The volume of damaged wood was thus 46.3% lower than the average of the past ten years. The most important causes of damage were storms and bark beetles.

Roundwood imports increased by altogether 13.7% in 2013. The imports of fuelwood went up by 29.0% and reached 932,000 m³, the imports of sawlogs and pulpwood increased to 5.42 million m³ (+14.7%), respectively 2.79 million m³ (+7.7%). Exports amounted to 58,000 m³ of fuelwood (+1.5%), 498,000 m³ of sawlogs (-5.7%) and 326,000 m³ of pulpwood (+9.0%).

On annual average the prices of roundwood (incl. fuelwood) were in 2013 1.9% above those of 2012. This is a result of the higher prices for pulpwood and coniferous sawlogs. On annual average, sawmills paid € 99.07 per cubic metre of sawlog spruce/fir, Cat. B, Media 2b, 3.5% more than in 2012; the annual minimum of € 97.52 was paid in March, the annual maximum of € 101.01 in December 2013. The 2013 mixed pulpwood/mechanical pulpwood price for spruce/fir was with € 40.11 per m³ 1.4% above the average of the preceding year – pulpwood € 36.76 (+0.3%), mechanical pulpwood € 47.19 (+3.5%). The production value of domestic forestry (incl. forest-related services and non-separable non-forestry subsidiary activities) reached the total of € 1.662 billion in 2013 (preliminary), after € 1.686 billion in 2012. The slight decline by 1.4% is above all a consequence of the smaller quantities felled.

2014: This winter, severe icicling of trees, large amounts of new snow, floods and squalls caused considerable forest damage in Slovenia, Croatia and in the south of Austria, which affected especially the roundwood markets for weaker product lines and businesses in the south of Austria. Thanks to the wet weather in summer bark beetle damage was limited. Austrian coniferous sawlog prices had reached a record high already in February and then declined by approximately 5% until July/August. In September, a small increase was recorded again. Pulpwood/mechanical pulpwood prices decreased by between 5% and 6% in the period from January to September. Forest owners are expecting a 9% plus in the quantities felled compared to the preceding year. Roundwood imports are expected to decrease in 2014.

The roundwood market in October 2014: At the start of the felling season a markedly stronger demand for coniferous sawlogs, above all of larger dimensions, was observed. Also in the south of Austria several saw mills can accept big quantities again. More favourable weather conditions slightly stimulated the timber harvesting activities. The timber produced leaves forests swiftly and can be marketed at stable to slightly risen prices. The price level for larch and pine continued to stabilise.

The locations of the paper, pulp and board industries are excellently supplied with industrial roundwood. In principle there is demand, but at the moment delivery is still a little difficult and is partly subject to quotas. Thanks to the establishment of additional storage capacities and the reduced production of sawing by-products at some places, the situation has, also in the south of Austria, noticeably eased compared to the summer months. Consequently, it was possible to reduce the volume of wood in larger timber storage places in forests. As paper prices came under pressure again, also the price of mechanical pulpwood was adjusted downward; those of pulpwood remained stable. Due to excellent stocks the demand for beech pulpwood is modest with stable prices.

Due to the mild temperatures and abundant supply of energy wood, markets continue to be calm. The stocks of major consumers are sufficiently supplied. Accordingly, demand is weak at present; this situation is expected to change only upon a long cold period. In line with the season, the market for firewood billet and ready-for-burning fuelwood is developing favourably; there is vivid demand.

2015: According to recent economic projections most industries of the wood-processing sector are expecting stable or decreasing production figures for 2015. Nevertheless, Austria’s forest owners are cautiously optimistic for the next year and predict slightly rising felling quantities.

B. Wood energy

In 2012 the Austrian gross domestic consumption of energy amounted to 394,662 GWh or 1,421 PJ, thus being 0.2% lower than in 2011. The fossil fuels crude oil, natural gas and coal are still dominant, but the share of renewable energy is growing. Austria's ratio of renewables according to the EU Renewable Energy Directive 2009/28/EC amounted to 32.2% or 127,096 GWh in 2012. The largest portions of renewable energy in Austria's final energy consumption of 2012 were those from wood fuels (incl. long-distance heat from wood fuels) with 43.886 GWh and from hydropower with 39.311 GWh. Together, the two categories of energy sources accounted for 80.4% of the total final energy from renewable sources in Austria. Other major sectors were the energetic use of black liquors with 6.8%, biofuels with 5.1% and wind power with 2.3%.

The traditional firewood still plays an important role for domestic consumers. However, more primary energy was provided by wood chips, by-products from the sawing industry and bark than by firewood billet. Forest wood chips, industrial wood residues and bark are used above all in the sawmilling and other wood-processing industries as well as in CHP plants and long-distance heating systems. Pellets are increasingly used primarily in heating systems of detached houses.

Black liquors and sludges of the paper industry are used in the paper and pulp industry to produce electricity and process heat. The wood flow diagram on page 17 offers a good overview of the Austrian wood energy sector.

According to the official removals statistics 4.96 million m³ of fuelwood and chippings from forests were harvested in 2013, which corresponds to a 28.5% share in the total removal and a decline of 4.5% compared to 2012. Fuelwood accounted for 2.59 million m³ (1.32 million m³ of coniferous wood, 1.26 million m³ hardwood), wood chips from forests for 2.37 million (solid) m³. The production of wood chips from forests therefore increased by 32% since 2009, while fuelwood production decreased by 7%. With € 60.78 per m³ of stacked wood (with bark, without turnover tax) the price of non-coniferous fuelwood in 2013 slightly fell by 0.5% compared to 2012, that of coniferous fuelwood fell by 1.4%, thus reaching € 41.06. In 2014 the development of fuelwood prices was relatively stable until September.

Wood pellets are currently produced at 35 sites in Austria, predominantly by the sawmilling industry. The year 2014 stands out due to its particularly high investments. For example, eight pellet factories were put into operation or extended. The production capacity thereby rose by 200,000 tonnes to 1.46 million tonnes. In 2013 real production amounted to 962,000 tonnes (+8% compared to the preceding year); 386,000 tonnes were imported, above all from Romania, Germany and the Czech Republic; 483,000 tonnes were exported, mainly to Italy. Domestic consumption ranged at about 880,000 tonnes (+11%). In 2014 the Austrian pellet production will probably rise to 1.03 million tonnes; consumption is expected to drop to 820,000 tonnes as a result of the past mild winter. The price survey done by proPellets Austria (www.propellets.at) resulted in an average price of 24.54 cent/kg of (bulk) wood pellets (incl. turnover tax) in October 2014. Compared to October 2013 this means a fall in prices of 7.0%. Wood pellets in bags (when ordered by the pallet) cost an average of € 4.09 per 15 kg sack (-1.5%). At the end of 2013 more than 110,000 wood pellet boilers (<100 kW) were in operation in Austrian households (2012: 101,000). Also the number of commercial enterprises shifting to pellet heating systems is rising.

C. Certified forest products

PEFC Austria: Since September 2000 the Austrian PEFC certification system has been applied. Both forest certification by means of the regional model and the “Chain of Custody” (CoC) certification have been developed so as to suit the specific requirements of small- and medium-sized enterprises in Austria. After a revision process with broad public participation, the PEFC Austria certification system was reendorsed by the PEFC Council in November 2011. In October 2014 the next revision process, which is planned to take place every five years, was launched. Currently, forest owners holding about 2.80 million hectares effectively take advantage of the certification and 453 CoC certificates are valid.

Forest Stewardship Council (FSC): In Austria 575 hectares of forest are currently certified according to FSC. CoC certificates: 252.

D. Value-added wood products

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

2013’s sold production in the construction sector amounted to € 2.41 billion. This is a decline of 2.4% compared to the previous year. The individual sectors of the construction-related sector show mainly a negative trend. However, production of doors grew slightly (+1.1%, € 241 million) and production of glued structural components remained stable in 2013 (+0.1%, € 601 million). The production of windows decreased to € 450 million (-1.5%); the production of prefabricated wooden houses fell to € 512 million (-8.9%). Laminated wood exports increased to € 473 million (+7.6%). Most of the Austrian laminated wood is exported to Italy (market share: 50.2%), Japan (18.9%) and Germany (13.2%). Wooden floors exports decreased by 1.0% to € 218 million, the main export markets being Germany and Switzerland.

The Austrian furniture industry comprises 47 industrial plants with about 6,700 employees – most of them privately owned medium-sized companies. The year 2013 ended for the furniture-making industry (excluding suppliers) with a slight fall in production of 0.9% to around € 1.93 billion. With production growth of 4.7% (€ 381 million), the household furnishing sector (wooden furniture for the bedroom, dining room and living room) showed significant improvement and manufacturers of mattresses recorded significant growth of 9.9% (€ 118 million), although both of these sectors were still affected by declines in the previous year. Most remaining sectors, which had in most cases still been on the winning side in 2012, saw a decline, in particular shopfitters -12.3% (€ 188 million), kitchen furniture -6.5% (€ 263 million), seating furniture -6.2% (€ 212 million) and office furniture -4.9% (€ 271 million).

Exports decreased by 7.9% to € 789 million in 2013. The main export market was Germany (€ 334 million, -11.3%). Furniture imports to Austria decreased by 3.3% and resulted in a total value of € 1.65 billion. The majority of imported furniture came from Germany (€ 851 million, -5.5%). Imports from Poland increased by +2.2% (€ 136 million), China and Italy lost 4.6% each (€ 122 million and € 117 million).

E. Sawn softwood

With almost 1,000 companies and close to 10,000 employees the Austrian sawmilling industry is the biggest processor of wood in Austria (see wood flow diagram, page 16). It mainly consists of small- and medium-sized enterprises. However, its ten largest companies generate half of the total production volume, its 40 largest companies 85%. About 57% of the total sawnwood production is designated for the export. Austria is the world’s sixth largest exporter and the tenth largest producer of sawn softwood. About 98% of the Austrian sawnwood production is sawn softwood.

In 2013, little changed in the various production sites. Higher outputs of some sawmills were offset by reductions (cancling of one shift, extended vacations) of others. Regarding new installations or expansions in Austria's sawmills there is nothing to be said at this point. The industry is still in a consolidation phase. If investments are made, it is in downstream processing. The production of sawnwood amounted to 8.89 million m^3 (2012: 8.95 million m^3), of which 8.74 million m^3 were sawn softwood. The production value of the Austrian sawmilling industry reached € 1.99 billion, an increase of 4%. In 2013, processed roundwood accounted for approximately 15 million solid m^3, including 5.3 million solid m^3 (2012: 4.6 million solid m^3) of imported sawlogs.

In 2013, 4.93 million m^3 of sawn softwood were exported – a decrease of about 2% compared to the previous year (5.03 million m^3). In terms of value, the export volume increased by 2% to

€ 1.02 billion. Exports to Italy declined markedly again: by 14% to 2.4 million m³. Nevertheless Italy remains the by far most important market; 48% of all sawn softwood exports were shipped to Italy. The export volumes to Germany increased by 21% (2013: 651,000 m³), those to the Czech Republic by 28% (137,000 m³). Also the Japanese and Asian market could increase its export volume by 30.5% from 342,000 m³ (2012) to 447,000 m³ (2013). However, exports to the countries in the Near and Middle East as well as Africa decreased significantly by more than 5% (2013: 896,000 m³).

In 2013, imports of sawn softwood increased slightly compared to the previous year. Imports totalled 1.74 million m³ (+1%), of which 869,000 m³ from Germany. In terms of value, the volume of imports amounted to € 354 million.

In 2014, the sawnwood market levelled off at a satisfactory level until autumn. Eventually, sales on the main market, Italy, stopped to decline, thus stabilising at a low level. The Austrian sawmilling industry is expecting an increase in production by well above 5% for 2014, thus reaching 9.2 million m³. Compared to the previous year the prices of sawing by-products (wood shavings and wood chips) fell severely during the second quarter of 2014. This is a result of the past mild winter, the additional volume of damaged timber in the south and the reduced demand resulting from the short-term outage of industrial wood sites. However, processing operations of the damaged wood in Carinthia have almost been completed; in Slovenia this will probably not be possible before next year. At the end of March the sawmill Stora Enso at Sollenau was shut down. The production capacity of Sollenau had amounted to approximately 400,000 m³ annually.

With 3,0 million m³ of softwood lumber, Austrian exporters were able to increase shipments in the first seven months by 4% over last year's figures, according to data from Statistics Austria. Half of the surplus volume of 120,000 m³ was garnered by Italian customers: Austria's main lumber market absorbed almost 1.5 million m³, 4% more than a year ago. Exports to Germany posted a particularly sharp increase: +25% to 415,000 m³. The negative counterpart to this is Japan, which until the end of July imported only 160,000 m³ of softwood lumber from Austria or 34% less than before. With 25,000 m³, China continues to play an insignificant role in the Austrian foreign lumber trade.

After a marked recovery this year, Austrian sawmills expect stagnation again for 2015. In the long run Austria will increasingly have to promote its processing sector and search for new export markets in addition to Italy and Germany.

F. Sawn hardwood

The 2013 production of the sawmills specialized in hardwood decreased to 153,000 m³ (2012: 159,000 m³). Exports of sawn hardwood in 2013 decreased by 12%, thus accounting for 124,000 m³. Imports amounted to 175,000 m³ (-18%). Tropical sawnwood is a minor matter in Austria.

G. Wood-based panels

Austria's board industry is managed by Austrian owner families. This family background is a vital element of the sustainable development of enterprises. The economic downturn in the main customer sectors continued in 2013 right through to the first quarter of 2014. There were declines in volumes both in the furniture sector and the construction sector, and particularly here in the flooring segment. The measures adopted in the crisis years, which also led to the removal of capacities, nevertheless kept Austria's Wood-based Panel Industry highly competitive. An export quota of up to 80% is proof of the strong performance of the Austrian panel industry. However, there is growing criticism from businesses regarding Austria's increasing location problems. The cost increases in terms of raw materials and precursor materials were not covered sufficiently by product prices. This puts a tight squeeze on profits. For a plant and capital-intensive industry such as this one, in the medium term this has negative effects on the investments, which are constantly required.

The Austrian enterprises of the particle, MDF and fibre board industries produced at eight Austrian premises in 2013 and employed more than 3,000 persons. The largest portion of the turnover was made with particle boards. Particle board production amounted to about 2.20 million cubic metres in 2013, of which about 80% were exported.

Securing the long-term supply of wood as a raw material is a key issue for the Austrian Wood-based Panel Industry. However, to guarantee raw materials supply in the long run the board industry at an early time launched activities focusing on recycled wood and the establishment of a constructive basis with forest management and, in this context, also with the forest associations.

For 2014, Austria's board industry expects production quantities as to particle board at the level of the previous year and as to MDF on a lower level because of the closure of the Binderholz MDF plant at Hallein in spring 2014. In early autumn the board industry was very well stocked with industrial roundwood. Nevertheless, there has so far been demand for domestic roundwood (assortment "roundwood for the board industry" (board-roundwood) principally.

H. Pulp and paper

Contrary to expectations, decreased volume and sales made for a disappointing 2013. Paper industry output in Austria sank by 3.3%, with machine capacity usage falling to around 90%. Amidst the weak economic growth of 2013, Austrian paper usage stagnated (+0.1%), with decreases seen in the higher-value segments of graphic and packaging paper. Sustained high manufacturing costs weighed on the various companies' bottom lines, with average revenue falling below € 700 per ton of paper. The price for the upstream product of pulp rose from under 800 to in excess of 900 US dollars per tonne of the benchmark grade NBSK. As a consequence of lower output and falling paper prices, paper and pulp producers saw turnover decrease by 3.2%, ending up at € 3.9 billion.

In 2013, investments totalled around € 140 million and were once again below the level that would be necessary to remain technologically state-of-the-art. Of these investments, two large projects should be noted: Mondi Frantschach put a new liquor boiler into operation during the summer, and at the end of the year the Heinzel Group saw the complete construction on a new paper machine in Pöls, which will produce around 80,000 tonnes of kraft paper for use in packaging. Early on in 2013, Heinzel also acquired shares in SCA Graphic Laakirchen (530,000 t) and in the recycled paper dealer Bunzl & Biach. And the Hamburger corrugated base paper factory in Frohnleiten (170,000 t), which had been integrated as part of the Prinzhorn Group in 2012, was closed since it could not be made profitable.

Production: 2006, with its 5.2 million tonnes produced, remained the Austrian paper industry's record year. And while 2012 had seen volume grow, the level reached could not be held the following year; the 2013 figure fell by 3.3% to total just 4.8 million tonnes of paper. The outcome in Europe as a whole showed a drop of only -1.3%, with the greater-than-average decline in Austria being due to the closure of the Hamburger paper mill at Frohnleiten, which ceased production of corrugated base paper early in the year. The figure for graphic papers declined by 3.6% to settle at 2.7 million tonnes, special paper fell by 0.4% to 270,000 tonnes, and packaging paper – contrary to the market trend – likewise dropped by 3.4% to total just 1.9 million tonnes. In this last grade, however, the missing volume can be wholly attributed to the shutdown of paper production in Frohnleiten.

Austria's 2013 foreign trade balance was minus € 4.6 billion, but the paper industry contributed positively to this balance with exports of € 3.2 billion. This was due to factors including an export quotient of 86.2% in paper, even though foreign deliveries declined by 3.8% to stand at 4.2 million tonnes. The largest delivery markets, alongside the 670,000-tonne domestic market, remain Germany (937,000 t) and Italy (455,000 t). Overseas exports totalled 739,000 tonnes of paper, but an increasing amount of paper from the Far East was also imported to Europe.

Virgin fibre pulp production fell by 2.0% to total just 2.0 million tonnes. The changes, quite noticeable in the statistics, for the categories of sulphate pulp (-31.7%) and dissolving pulp (+43.9%) can be attributed to the 2013 switchover in Hallein. The amount of chemical pulp sold fell slightly despite rising prices (-1.4%). The amount of wood used by the Austrian paper industry slightly increased by 1.1% to 8.31 million solid cubic metres in 2013; 4.59 million m^3 accounted for roundwood (+3.6%) and 3.72 million m^3 for sawing by-products (-1.8%). Purchases of domestic roundwood declined by 3.2%, thus amounting to 2.43 million m^3; imports increased by 36.5% to 2.29 million m^3. In the case of sawing by-products, domestic purchases amounted to 2.74 million m^3 (-1.5%) and imports accounted for 1.09 million m^3 (+14.0%). All in all, the larger volume of wood purchased caused inventory accumulations. In Austria, the importance of secondary pulp is roughly equal to that of primary pulp. 2013 saw 2.3 million tonnes of waste paper recycled (-2.9%), but despite a very good collection rate of 73.4%, domestic sources could only supply 1.4 million tonnes of waste paper (-0.8%).

After the quantitative losses of 2013, the order situation of Austria's paper industry improved again in the first six months of 2014. However, an unpleasant fact in this context is that average yields have been weak since the beginning of the year and the turnover of the sector even went down after two quarters of the year. In the individual product groups, graphic papers showed a slight upward trend. For packaging papers, statistics show only a small plus of 0.5%. This small percentage growth is partly due to the fact that the production of the corrugated base paper factory at Frohnleiten, which has meanwhile been closed (until April 2013), is still considered in the accounts in the reference period. With growing paper production also the consumption of pulp and waste paper increased. The wood supply situation for the pulp mills was satisfactory during the first half of the year.

Outlook: The lack of macroeconomic vitality, rising production costs and tough international competition are making it difficult for the industry to recover sustainably. In the light of the recent geopolitical situation and economic developments, Austropapier (www.austropapier.at) is particularly worried about energy prices, about the wood market and about possible further changes to EU climate policy that would confront the branch with further disadvantages. With increasing burdens and still-higher factor costs for wood and energy, Austrian production locations would be in serious danger of losing their position on the Western European and overseas markets in terms of international competitiveness. This risk is joined by the difficulties in the sales markets for graphic paper to which the industry will remain subject and which can only be dealt with via rigorous cost management.

I. Innovative wood products

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

J. Housing and construction

Over the past years wood has become a high-tech construction material which increasingly finds its way into urban areas. With its initiative "Wooddays" and the road show across European cities with the compact and mobile exhibition element WOODBOX, proHolz Austria draws the attention to the potentials of wood construction. Fifty international architectural projects demonstrate new dimensions to the possibilities in building with wood. (www.wooddays.eu)

A study by the University of Natural Resources and Applied Life Sciences, published in 2011, provided for the first time information on the share of wood construction in Austria that are based on a broad collection of data. For the survey period from 1998 to 2008 the study showed the following trend: The share of timber construction of all building construction projects in Austria that require notification and/or approval rose from 25% to 39%. In the field of single-family houses, the portion rose from 23% to 32%. Timber construction in this context included all buildings with a wood share of 50% and more in their load-bearing components (wall, ceiling, roof).

2014: In the period from January to June the number of incoming orders of Austria's timber construction companies decreased by 4.6% compared to the previous year. According to a survey by KMU Forschung Austria the most significant declines were recorded for new roof constructions. During the third quarter the level of orders of timber construction enterprises rose by 9.6 points compared to the preceding year, thus reaching 89.6% (100% = 1999). The expectations for the fourth quarter of the year are mainly pessimistic: 15% of all enterprises are expecting higher order volumes than in the preceding year, 52% do not expect any changes, 33% fear that they might suffer declines.

5. Charts

Economic indicators (WIFO Monthly Reports 10/2014)

	2010	2011	2012	2013	2014	2015
	Percentage changes from previous year					
GDP Volume	+ 1.8	+ 2.8	+ 0.9	+ 0.3	+ 0.8	+ 1.2
GDP Value	+ 3.2	+ 4.9	+ 2.6	+ 2.0	+ 2.4	+ 2.8
Export of goods Volume	+ 13.6	+ 8.1	+ 0.8	+ 3.1	+ 2.3	+ 3.5
Export of goods Value	+ 16.7	+ 11.3	+ 1.5	+ 1.8	+ 1.8	+ 4.0
Import of goods Volume	+ 11.7	+ 8.6	- 1.3	+ 0.9	+ 1.7	+ 3.5
Import of goods Value	+ 16.5	+ 15.3	+ 0.7	- 1.0	+ 0.7	+ 4.0
Consumer prices	+ 1.9	+ 3.3	+ 2.4	+ 2.0	+ 1.8	+ 1.8
Active dependent employment	+ 0.8	+ 1.9	+ 1.4	+ 0.6	+ 0.7	+ 0.6

Wood resources

Product	Year	Production	Imports	Exports
		1,000 m³		
Sawlogs, pulpwood and other industrial roundwood	2012	12,831	7,319	827
	2013	12,433	8,214	824
	2014	13,473	8,013	760
	2015	13,540	7,590	710
Wood residues, chips, particles	2012	6,546	2,015	454
	2013	6,133	2,215	528
	2014	6,400	2,200	650
	2015	6,300	2,250	600
Fuelwood	2012	5,189 [1)]	723	57
	2013	4,957 [1)]	932	58
	2014	5,400 [1)]		
	2015	5,500 [1)]		

[1)] incl. chippings from forests

Sawnwood

Product	Year	Production	Imports	Exports
		1,000 m³		
Coniferous sawnwood	2012	8,793	1,718	5,033
	2013	8,740	1,736	4,932
	2014	9,200	1,710	5,050
	2015	9,000	1,710	5,010
Non-coniferous sawnwood	2012	159	215	141
	2013	153	175	124
	2014	161	169	132
	2015	161	169	132

TF1
UNECE TIMBER FORECAST QUESTIONNAIRE
Roundwood

Country:	Austria	**Date:**	24.Okt
Name of Official responsible for reply:			
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Product Code	Product	Unit	Historical data 2012	Historical data 2013	Estimate 2014	Forecast 2015
1.2.1.C	SAWLOGS AND VENEER LOGS, CONIFEROUS					
	Removals	1000 m^3	**9.359**	**9.052**	**9.913**	**10.000**
	Imports	1000 m^3	**4.450**	**5.115**	**5.090**	**4.700**
	Exports	1000 m^3	**469**	**440**	**402**	**380**
	Apparent consumption	1000 m^3	**13.340**	**13.727**	**14.601**	**14.320**
1.2.1.NC	SAWLOGS AND VENEER LOGS, NON-CONIFEROUS					
	Removals	1000 m^3	**295**	**267**	**300**	**310**
	Imports	1000 m^3	**279**	**309**	**300**	**290**
	Exports	1000 m^3	**59**	**58**	**54**	**56**
	Apparent consumption	1000 m^3	**515**	**518**	**546**	**544**
1.2.1.NC.T	of which, tropical logs					
	Imports	1000 m^3	**0**	**0**	**0**	**0**
	Exports	1000 m^3	**0**	**0**	**0**	**0**
	Net Trade	1000 m^3	**0**	**0**	**0**	**0**
1.2.2.C	PULPWOOD (ROUND AND SPLIT), CONIFEROUS					
	Removals	1000 m^3	**2.578**	**2.508**	**2.628**	**2.600**
	Imports	1000 m^3	**1.524**	**1.693**	**1.523**	**1.500**
	Exports	1000 m^3	**279**	**302**	**276**	**250**
	Apparent consumption	1000 m^3	**3.823**	**3.899**	**3.875**	**3.850**
1.2.2.NC	PULPWOOD (ROUND AND SPLIT), NON-CONIFEROUS					
	Removals	1000 m^3	**599**	**606**	**632**	**630**
	Imports	1000 m^3	**1.066**	**1.097**	**1.100**	**1.100**
	Exports	1000 m^3	**20**	**24**	**28**	**24**
	Apparent consumption	1000 m^3	**1.646**	**1.679**	**1.704**	**1.706**
3	WOOD CHIPS, PARTICLES AND RESIDUES					
	Domestic supply	1000 m^3	**6.546**	**6.133**	**6.400**	**6.300**
	Imports	1000 m^3	**2.015**	**2.215**	**2.200**	**2.250**
	Exports	1000 m^3	**454**	**528**	**650**	**600**
	Apparent consumption	1000 m^3	**8.107**	**7.820**	**7.950**	**7.950**
1.2.3.C	OTHER INDUSTRIAL ROUNDWOOD, CONIFEROUS					
	Removals	1000 m^3	**0**	**0**	**0**	**0**
1.2.3.NC	OTHER INDUSTRIAL ROUNDWOOD, NON-CONIFEROUS					
	Removals	1000 m^3	**0**	**0**	**0**	**0**
1.1.C	WOOD FUEL, CONIFEROUS					
	Removals	1000 m^3	**2.996**	**2.859**	**3.116**	**3.200**
1.1.NC	WOOD FUEL, NON-CONIFEROUS					
	Removals	1000 m^3	**2.194**	**2.098**	**2.284**	**2.300**
	Total removals	1000 m^3	18.021	17.390	18.873	19.040

TF2

UNECE TIMBER FORECAST QUESTIONNAIRE
Forest products

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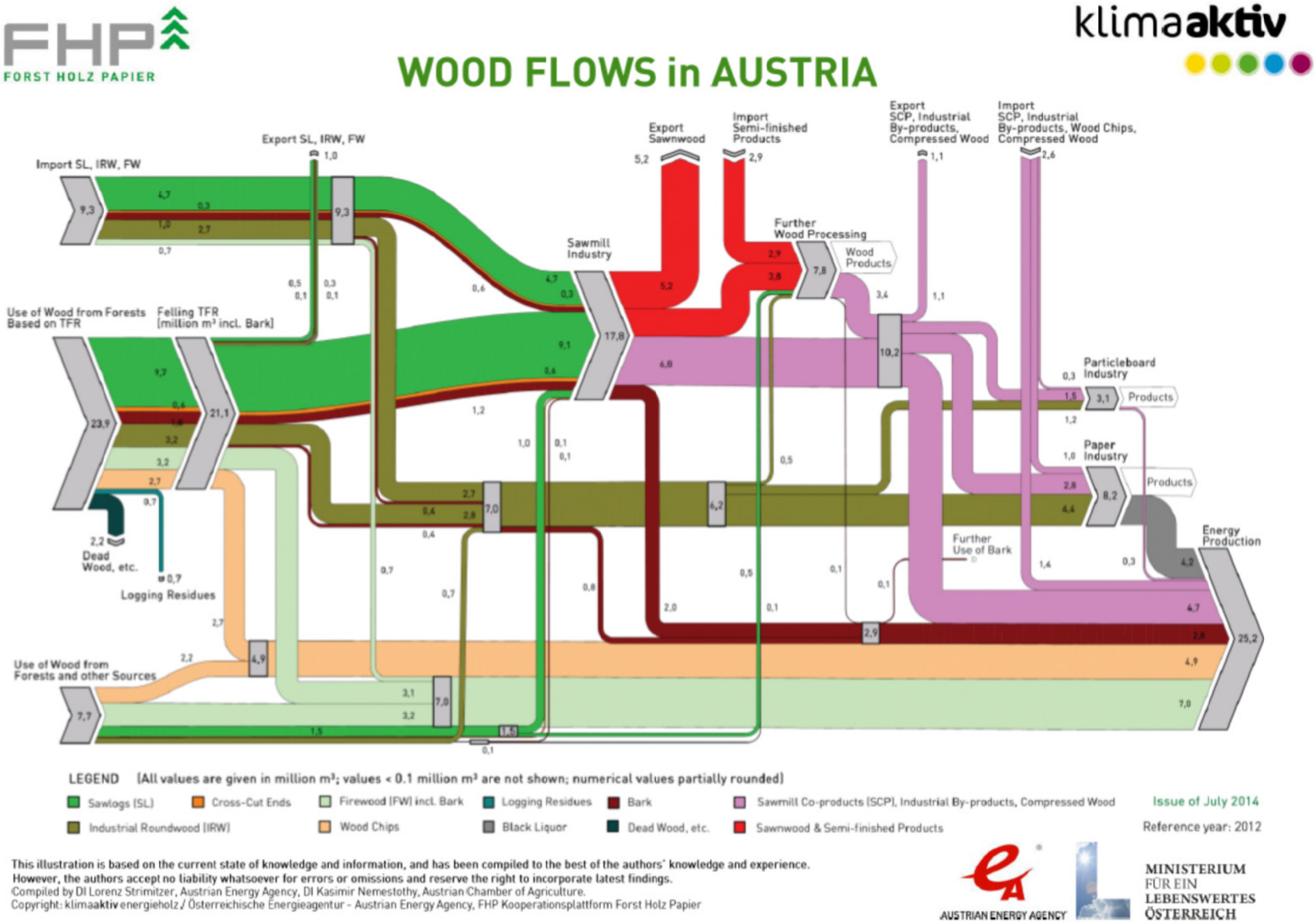
Product Code	Product	Unit	Historical data 2012	Historical data 2013	Estimate 2014	Forecast 2015
5.C	**SAWNWOOD, CONIFEROUS**					
	Production	1000 m^3	8.793	8.740	9.200	9.000
	Imports	1000 m^3	1.718	1.736	1.710	1.710
	Exports	1000 m^3	5.033	4.932	5.050	5.010
	Apparent consumption	1000 m^3	5.478	5.544	5.860	5.700
5.NC	**SAWNWOOD, NON-CONIFEROUS**					
	Production	1000 m^3	159	153	161	161
	Imports	1000 m^3	215	175	169	169
	Exports	1000 m^3	141	124	132	132
	Apparent consumption	1000 m^3	233	205	198	198
5.NC.T	of which, tropical sawnwood					
	Production	1000 m^3	0	0	0	0
	Imports	1000 m^3	7	5	7	8
	Exports	1000 m^3	1	1	1	1
	Apparent consumption	1000 m^3	6	4	7	7
6.1	**VENEER SHEETS**					
	Production	1000 m^3	8	8	8	8
	Imports	1000 m^3	54	42	45	45
	Exports	1000 m^3	26	21	20	20
	Apparent consumption	1000 m^3	36	29	33	33
6.2	**PLYWOOD**					
	Production	1000 m^3	n.a.	n.a.	n.a.	n.a.
	Imports	1000 m^3	209	145	150	150
	Exports	1000 m^3	334	339	344	344
	Apparent consumption	1000 m^3	n.a.	n.a.	n.a.	n.a.
6.3	**PARTICLE BOARD (including OSB)**					
	Production	1000 m^3	2.250	2.200	2.200	2.200
	Imports	1000 m^3	461	439	440	440
	Exports	1000 m^3	1.823	1.802	1.835	1.835
	Apparent consumption	1000 m^3	888	837	805	805
6.3.1	of which, OSB					
	Production	1000 m^3	0	0	0	0
	Imports	1000 m^3	162	168	175	175
	Exports	1000 m^3	7	7	8	8
	Apparent consumption	1000 m^3	156	161	167	167
6.4	**FIBREBOARD**					
	Production	1000 m^3	750	750	650	650
	Imports	1000 m^3	159	211	256	256
	Exports	1000 m^3	607	654	599	599
	Apparent consumption	1000 m^3	302	307	307	307
6.4.1	Hardboard					
	Production	1000 m^3	100	100	100	100
	Imports	1000 m^3	48	16	21	21
	Exports	1000 m^3	62	74	80	80
	Apparent consumption	1000 m^3	86	42	41	41
6.4.2	MDF (Medium density)					
	Production	1000 m^3	650	650	550	550
	Imports	1000 m^3	74	130	165	165
	Exports	1000 m^3	544	571	505	505
	Apparent consumption	1000 m^3	180	209	210	210
6.4.3	Other fibreboard					
	Production	1000 m^3	0	0	0	0
	Imports	1000 m^3	37	65	70	70
	Exports	1000 m^3	1	9	14	14
	Apparent consumption	1000 m^3	36	56	56	56
7	**WOOD PULP**					
	Production	1000 m.t.	2.027	1.987	1.800	2.000
	Imports	1000 m.t.	722	697	752	656
	Exports	1000 m.t.	377	436	302	388
	Apparent consumption	1000 m.t.	2.372	2.249	2.250	2.268
10	**PAPER & PAPERBOARD**					
	Production	1000 m.t.	5.004	4.837	4.900	4.900
	Imports	1000 m.t.	1.399	1.436	1.423	1.417
	Exports	1000 m.t.	4.127	4.026	4.079	4.079
	Apparent consumption	1000 m.t.	2.276	2.247	2.244	2.238


FHP FORST HOLZ PAPIER
WOOD FLOWS in AUSTRIA
klimaaktiv
Import SL, IRW, FW
Export SL, IRW, FW
Use of Wood from Forests Based on TFR
Felling TFR [million m³ incl. Bark]
Dead Wood, etc.
Logging Residues
Use of Wood from Forests and other Sources
Sawmill Industry
Export Sawnwood
Import Semi-finished Products
Further Wood Processing
Wood Products
Export SCP, Industrial By-products, Compressed Wood
Import SCP, Industrial By-products, Wood Chips, Compressed Wood
Particleboard Industry
Products
Paper Industry
Products
Further Use of Bark
Energy Production
LEGEND [All values are given in million m³; values < 0.1 million m³ are not shown; numerical values partially rounded]
Sawlogs (SL)
Cross-Cut Ends
Firewood (FW) incl. Bark
Logging Residues
Bark
Sawmill Co-products (SCP), Industrial By-products, Compressed Wood
Industrial Roundwood (IRW)
Wood Chips
Black Liquor
Dead Wood, etc.
Sawnwood & Semi-finished Products
Issue of July 2014
Reference year: 2012
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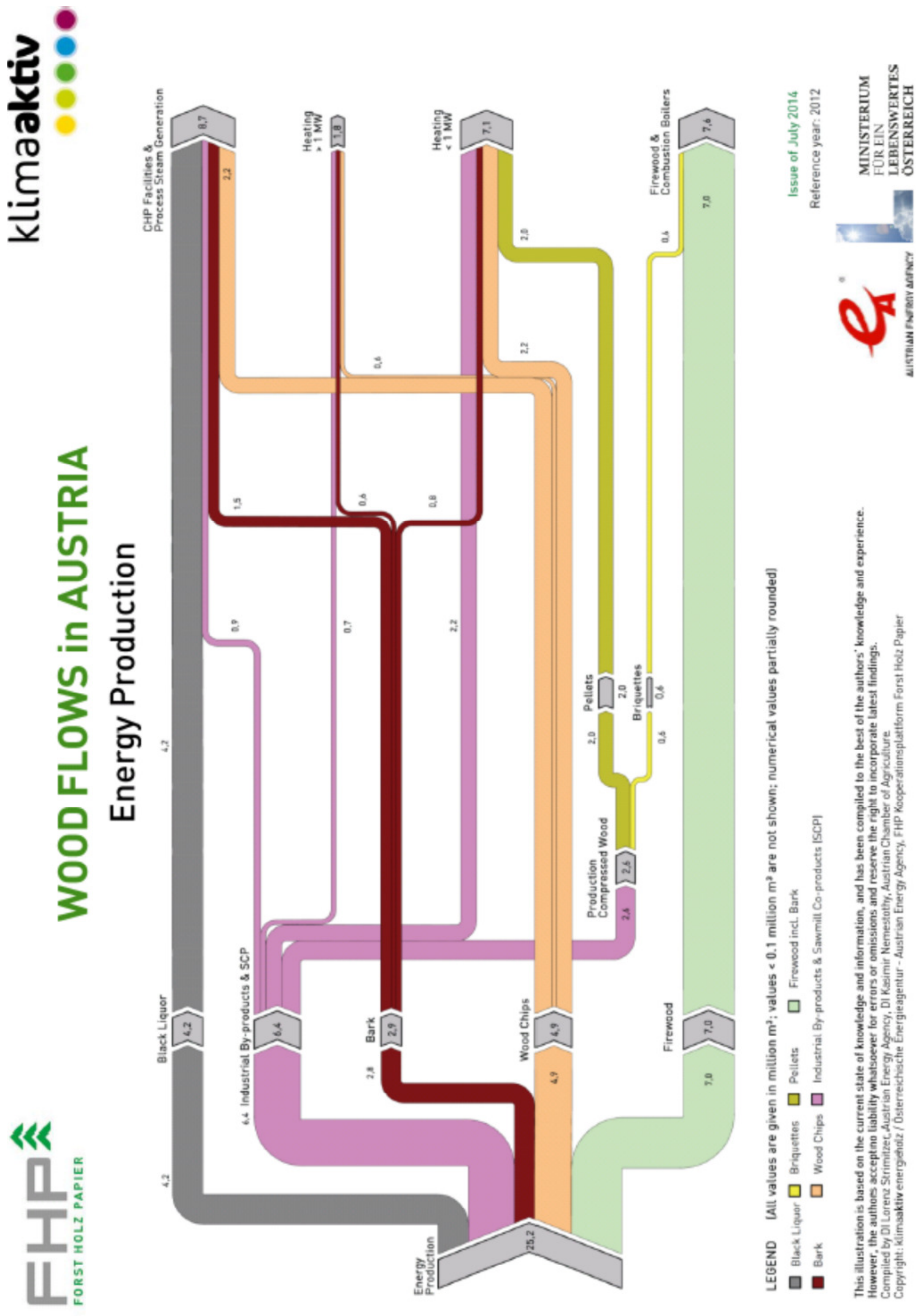
MINISTERIUM FÜR EIN LEBENSWERTES ÖSTERREICH


FHP FORST HOLZ PAPIER
klimaaktiv
WOOD FLOWS in AUSTRIA
Energy Production
Energy Production
25,2
4,2
Black Liquor
4,2
4,2
6,4 Industrial By-products & SCP
6,4
2,8
Bark
2,9
Wood Chips
4,9
4,9
Firewood
7,0
7,0
Production Compressed Wood
2,6
2,6
2,0
Pellets
2,0
Briquettes
0,6
0,6
0,9
1,5
0,7
0,6
0,6
0,8
2,2
2,2
2,2
2,0
0,6
7,0
CHP Facilities & Process Steam Generation
8,7
Heating > 1 MW
1,8
Heating < 1 MW
7,1
Firewood & Combustion Boilers
7,6
LEGEND [All values are given in million m³; values < 0.1 million m³ are not shown; numerical values partially rounded]
Black Liquor
Briquettes
Pellets
Firewood incl. Bark
Bark
Wood Chips
Industrial By-products & Sawmill Co-products [SCP]
Issue of July 2014
Reference year: 2012
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