# Austrian Market Report 2010

**Statement submitted by the Austrian Delegation**
**to the 68th Session of the**
**UNECE Timber Committee**
**Geneva, 11-14 October 2010**

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

Vienna, September 2010

# 1. General economic situation [1]

*The Austrian economy grew at a quarter-on-quarter rate of 1.2% in real terms in the second quarter. In year-on-year terms, the growth rate was 2.4%. The global economic upswing has thus taken full hold also of the Austrian economy. Exports and investment were the main drivers of the expansion. Industrial production grew vigorously from a year before; capacity utilisation again exceeds its long-term average. Labour market conditions continue to improve. However, signs are mounting that the economic upswing may be slowing.*

Economic growth accelerated considerably in Austria in the second quarter, reflected in real GDP growth of 1.2% compared with the previous quarter (first quarter –0.0%). Production was fuelled by the strong expansion of world trade and external demand. Exports rose by 5.0%. This benefited notably the manufacturing industry, which recorded a 6.3% rise in value added. The upswing in the export sector is beginning to spread to investment: In the second quarter, business spending on machinery and equipment rose for the first time in two years in quarter-on-quarter terms (+5.3% in real terms). Construction investment, by contrast, fell by 2.3%. Consumer spending continued to post a modest, but steady increase (+0.2%). As the economy grew briskly, imports also rose considerably in the second quarter (+3.4%).

The vigorous growth of the Austrian economy seen in the second quarter was due to strong external demand. However, signs are now mounting that economic activity in the USA and in Asia is losing momentum, slowing down a further expansion of world trade. The European economy, by contrast, took part in the global upswing only with a lag and gained momentum in the second quarter. Notably Germany benefited strongly from the increase in the demand from overseas and became the driver of economic growth in the EU. In Austria, industrial production fell again slightly month-on-month in June, after having increased steadily since the beginning of the year. It was 10.7% above the trough reached in May 2009. Capacity utilisation has risen markedly recently. In WIFO's August business cycle survey, firms once more gave an optimistic assessment of the current situation. Manufacturers' assessment of both the business situation in the coming six months and production expectations is above the long-run average, but has not improved further since March. This suggests that the upswing, while continuing, is not picking up speed.

Construction investments remained low during the second quarter of 2010. The value added has decreased for as long as three years in the construction sector. Enterprises presently consider the economic activity in the building sector to be restrained. Assessments of the order situation have recently even deteriorated again. Whereas estimates in civil engineering continue to be pessimistic, orders and housing construction activities improved slightly in July and August. However, approvals for housing construction are expected to decrease further.

Consumer prices in Austria rose by 1.9% year-on-year in July. Hence, the inflation rate has remained steady since March. The price increases were mainly driven by the rise in the prices of mineral oil products, which was reflected in the housing and transport categories.

Labour market conditions continue to improve. In August, the number of persons registered as unemployed was down by 20,400 compared with a year earlier. The seasonally adjusted unemployment rate stood at 6.8%, unchanged from the previous month, according to the traditional Austrian method of calculation. Seasonally adjusted active dependent employment did not increase from the previous month in August, but exceeded the year-earlier level by 51,500 (+1.6%).

[1] Source: Austrian Institute of Economic Research, WIFO Monthly Reports, 9/2010

## 2. Policy measures

Government programme

In its Programme for Government for the period 2008-2013 the Grand Coalition between the Austrian Social Democratic Party and the Austrian People's Party has stated the following objectives:

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

Austrian Action Plan for Sustainable Public Procurement

Adopted by the Council of Ministers on 20 July 2010. Mandatory for the Federal Administration, recommended to the Provinces and municipalities. The National Action Plan comprises core Green Public Procurement (GPP) criteria for 16 product groups. The following product groups for public procurement contain requirements on wood: Fresh fibre paper, furniture, building construction (new buildings & renovation), indoor equipment (baseboards, construction boards made of wood and wood-based materials incl. laminate floors) and office materials. The criterion for wood is: Wood and wood-based materials must be procured from legal and, if possible, from sustainable forest management.

For the following product groups the National Action Plan includes also a special recommendation for the use of timber: Furniture, building construction (new buildings & renovation) and indoor equipment.

The Austrian Forest Dialogue and the Austrian Forest Programme

The Austrian Forest Programme, developed within the framework of the Austrian Forest Dialogue and adopted in late 2005 (www.walddialog.at/filemanager/list/16026), identifies all important topics, goals and measures concerning the Austrian forest and constitutes the basis for action in national and international forest-political decision-making processes. In 2010 the Forest Dialogue has focused on the implementation of the measures laid down in the Forest Programme, respectively in the associated Work Programme. The evaluation of the Austrian Forest Dialogue has started in 2009 and is planned to show first results by late 2010.

Forest subsidisation

Austria has successfully negotiated a forest package for the 2007-2013 period within the framework of the "Rural Development Regulation". Every year € 25 million (EU + Federal Government + Federal Provinces) are available to promote the enhancement and intensification of forest management in Austria. In total (including the forestry measures in protection forests), subsidies in the amount of € 43 million were made available for forestry measures in 2009.

Joint timber marketing

The instrument of joint timber marketing has been used for more than 30 years in Austria to strengthen the market force of private forest owners. In recent years these activities have been intensified. One of the reasons was the great demand for timber while at the same time the utilisation ratio in private forests decreased. Many forest owners have lost touch with their forests and are no longer interested in timber utilisation.

Nowadays many owners of small (private) forests are organised in forest owner co-operatives. 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 (Österreichischer Waldverband). Under its 8 provincial associations about 57,735 forest owners were organised in 256 local forest owner cooperatives. They represent a forest area of approximately 873,000 hectares. In 2009 totally 1.92 million cubic metres of timber were marketed. (www.waldverband.at)

Co-operation 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 field of activity comprises research & development, energy, wood balance, wood flow (mobilising wood resources, developing standards for a quick setup of wet storage facilities after future damage events), timber harvesting, standardisation, and automated takeover of timber at the mill. The joint activities are funded through the FHP cooperation contribution of all participating industries. (www.forstholzpapier.at)

Wood promotion

"proHolz Austria" is a working group of the Austrian forestry and wood industry. Its objective is the effective marketing of wood and wood products in the domestic market and abroad. The annual budget amounts to € 2.5 million. 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. (www.proholz.at)

proHolz Austria is active also beyond Austrian borders. The know-how of Austrian enterprises is communicated hand in hand with image publicity for domestic timber types. Most important are the activities taken in Italy under the title "promo_legno" (www.promolegno.com). Further projects are proLignum (wood promotion in the Czech Republic, www.prolignum.cz) as well as promotion on international markets like Spain or France and the European Wood Initiative (Japan, China). Europe's largest database for wood construction, dataholz.com, is available online free of charge in German, English, Italian and Spanish.

# 3. Market drivers

Economic activities in Austria and Europe continue to be driven by exports. Austria benefits from the on-going favourable export performance, in particular to Germany. Due to the budget consolidation efforts undertaken by many countries the dynamic trend in the construction of new buildings has been flattening, timber sales are supported by renovation.

Until the summer roundwood supply was relatively low all over Europe and Austria; because of the small quantities of roundwood stored sawmills found it difficult to provide roundwood, which caused a marked rise in roundwood prices during spring and summer. Also the imports of roundwood went up in the first six months of the year. With the higher timber prices and the shutdown periods in August, wood supply improved in the course of the year. Prices appear to have stopped rising since September and are consolidating. The sharp rise in roundwood prices led also to rising prices for sawnwood. At the moment the demand situation is stable on all markets. The decisive factor for a continuing favourable market development for the next few months will now be the balance between supply and demand; this concerns both roundwood and sawnwood markets.

The wood-for-energy market had a stabilising effect during the economic crisis; the favourable trend continues both for quantities and prices.

For 2011, we are expecting a further moderate increase in the demand for wood; as a consequence, timber mobilisation is again moving towards the focus of interest.

# 4. Developments in forest-products market sectors

## A. Wood raw materials

With a share of 47.6 percent 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 for energy generation and the required imports of roundwood (2009: 8.6 million cubic metres, mostly from Czech Republic and Germany) mobilizing the available domestic resources has become a major goal of Austria's forest policy.

In 2009 the quantity of wood felled amounted to 16.73 million cubic metres under bark ($m^3$ u.b.). The harvest volume was 23.3% below the storm-related record removals of the previous year, 12.4% below the five-year average and 1.9 percent below the ten-year average. Sawlogs accounted for 54.4%, pulpwood for 18.2%, fuelwood and chippings from forests for 27.4% of the quantity felled. The share of coniferous wood in the total fellings amounted to 84%. Altogether, private forest owners (forest area < 200 hectares) felled 8.90 million $m^3$ in 2009 (-27.6%), the owners of forests larger than 200 hectares 5.87 million $m^3$ (-15.5%) and the Austrian Federal Forests 1.96 million $m^3$ (-23.5%).

On annual average the prices of roundwood (incl. fuelwood) were in 2009 0.1% below those of 2008. Whereas the prices for sawlogs and pulpwood declined slightly, those for fuelwood

increased. On annual average, sawmills paid € 72.12 per cubic metre of sawlog spruce/fir, Cat. B, Media 2b, 0.4% less than in 2008; the annual minimum of € 69.66 was paid in March, the annual maximum of € 75.14 in November 2009. The 2009 mixed pulpwood/mechanical pulpwood price for spruce/fir was with € 30.93 per m³ 3.2% below the average of the preceding year – pulpwood € 28.82 (-1.5%), mechanical pulpwood € 35.26 (-5.0%). The production value of domestic forestry (incl. forest-related services and non-separable non-forestry subsidiary activities) reached € 1.302 billion in 2009 (preliminary), after € 1.688 billion in 2008.

2010: Roundwood prices increased significantly this spring and summer, with a marked price differential observed between the west and the east of Austria. In August, prices were already above the rather high levels of the turn of the year 2007/2008. The rise in prices appears to have stopped as from September, prices have been consolidating. Until the summer roundwood was rather scarce and sawmills found it difficult to provide roundwood. This is also why imports increased during the first six months of the year (+15%). As also the South German roundwood market was strained and the roundwood prices in Southern Germany were for the first time higher than in Austria, Czechia replaced Germany as the main country of import. Due to the shutdowns in August the sawmills were able to build up roundwood stocks.

The roundwood market at the beginning of the 2010 autumn season

Coniferous sawlogs continue to be in high demand; the roundwood stocks of the sawmills have started to fill. Due to the season and the good framework conditions both the volume felled in general and the quantity of beetle-infested wood increased. It is becoming more and more difficult to get free harvesting capacities. The prices of coniferous sawlogs tended to stabilise in the upper price range. Even though the framework conditions on the timber market are presently very attractive, the Austrian Chamber of Agriculture in connection with sales recommends forest owners to pay utmost attention to payment security and to receipt procedures at the sawing mill which comply with common practice.

There is still high demand for all assortments of industrial wood; the wood sells quickly. Pulpwood can be sold at stable prices. Especially in Austria's west there is great demand for mechanical pulpwood, prices are slightly rising. Beech pulpwood was offered at lower quantities due to seasonal influences, but has been purchased continuously, with prices tending to be stable.

Due to the building of stocks for the coming heating season and the continuous need on the part of bulk purchasers there is still lively demand for all energy wood assortments. The sales of high-quality, ready-for-use fuelwood are increasing.

As in early autumn rising numbers of green-needled, barkless spruce trees have been detected, forest owners are recommended to pay utmost attention to bark-beetle infested trees. Forest owners are requested to inspect endangered stocks more frequently and to look for signs indicating bark beetle infestation; infested trees must be processed speedily and have to be removed from the forest without delay.

For 2011, the forest sector is again expecting a moderate rise in the demand for wood. With the increasing demand for roundwood, also timber mobilisation is again moving towards the centre of interest. A recently presented study shows that the share of forest owners not having a basic knowledge of forestry is increasing and that appropriate communication measures are needed to motivate these 'amateur forest owners' to have their forests managed by forest service providers.

## B. Wood energy

In 2008, the share of renewable energy in the final energy consumption amounted to 28.1% in Austria. According to Directive 2009/28/EC for renewable energy sources this share should rise to 34% in Austria by the year 2020. The major shares of renewable energy are from the utilisation of water power and from solid biomass. As solid biomass, fuelwood, wood chips, wood pellets, straw, etc. contribute altogether 38.8% to the renewable final energy supply in Austria. Traditionally, biomass is used as a source of energy for decentralised systems of room heating. But also biomass heat-power co-generation has become established. Due to the big domestic biomass resources, the energetic use of solid biomass has become a wide-spread form of using renewable energy in Austria. The current development of the market is based on comprehensive facilities. In 2009 13,478 new automatic wood combustion systems (not incl. log heating systems) with a total capacity of 679,000 kW (-5%) were installed in Austria (-15% compared to 2008); 12,774 thereof small-scaled plants (up to 100 kW) with a total capacity of 370,000 kW, of which 8,446 were pellets central heating systems, 652 medium-scale plants (100 kW to 1 MW) with altogether 193,000 kW, and 52 large-scale plants (more than 1 MW) with a total capacity of 116,000 kW.

Firewood billet is still the most important biogenic source of energy. Industrial wood residues and forest wood chips are used above all in the sawing and other wood-processing industries and in long-distance heating systems. Pellets are increasingly used primarily in heating systems of detached houses. Waste liquors and sludges of the paper industry as well as bark are used in the paper and pulp industry to produce electricity and process heat.

Wood pellets: In 2009 as many as about 71,000 households and enterprises already used pellets for heating. Until 2015, a doubling in the use of pellets is expected. At present, pellets are produced at 28 sites in Austria, the production capacity amounts to approximately 1.2 million tonnes. In 2009 the production capacity amounted to some 1.1 million tonnes; 695,000 tonnes were produced and 160,000 tonnes were imported. Domestic consumption ranged at about 575,000 tonnes. The surplus (284,000 t) was mainly exported to Italy. According to proPellets Austria (www.propellets.at) there have been only minor price fluctuations for pellets since the past year. In September 2010 the average price of pellets was € 207.40 per tonne (incl. turnover tax), nearly the same price as the year before. The price of bagged pellets was 23.68 cent/kg (-0.5%).

With € 54.26 per m³ of stacked wood (with bark, without turnover tax) the price of hard fuelwood in 2009 rose by 3.7% compared to 2008, the price of soft fuelwood rose by 1.8% to € 36.44. In 2010 a slight increase in the prices of fuelwood was observed for the period until August.

## C. Certified forest products

PEFC Austria: Since the Austrian certification system was officially recognised by the PEFC Council in September 2000 it has been applied in practice. Both forest certification by means of the regional model and the “Chain of Custody” (CoC) monitoring by group schemes for small- and medium-sized enterprises are tailor-made for the Austrian conditions. Since February 2002 all forest regions in Austria, totally 3.9 million hectares, have been certified according to PEFC. At present, forest owners with about 2.4 million hectares effectively take advantage of the certification and 371 timber-processing enterprises and timber traders are certified. During the previous year increases were observed above all in the printing sector. With a view to the repeated recognition of the PEFC Austria certification system in October 2011 a revision process with broad public participation is ongoing.

Forest Stewardship Council (FSC): In Austria, presently around 5,000 hectares of forest have been certified according to FSC. About 170 enterprises hold an FSC-Chain of Custody Certificate.

### D. Value-added wood products

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

The total sales of the **construction elements industry** amounted to € 2.30 billion in 2009 (-7.7%). Within the construction-related sector, the individual lines of business performed differently. The production of windows increased to € 429 million (+6.3%), prefabricated wooden houses: € 450 million (-6.1%), doors: € 235 million (-1.8%), parquet floorings: € 194 million (-7.2%), glued laminated timber elements: € 485 million (-1.1%).

**Furniture industry:** Europe's entire furniture industry has had a difficult year with massive reductions in furniture production and exports. Also Austria's furniture industry was affected, above all due to the loss of important export markets and a stagnating construction sector in Austria. The office construction and shop fitting sectors suffered the severest reduction. As opposed to this, consumers were willing to invest their money in durable, value-preserving products like furnishings and fixtures. This positive consumer sentiment was also the cause of the increases recorded in the household and kitchen furniture and the mattress industries. The Austrian furniture industry comprises 53 industrial plants with 7,300 employees – most of them privately owned small- and medium-sized companies – and about 8,200 commercial enterprises with approx. 30,600 employees. The value of furniture production in Austria totalled € 2.32 billion (-14%) in 2009. In 2008 exports had decreased slightly by 2.8%, in 2009 the decrease was more significant (-14.6%, € 1.32 billion).

**Ski industry:** As in the previous season, the European key markets were quite stable in 2009/10. New challenges arise from the growing ski rental sector and from the cautious behaviour at retail. Three years ago, the Austrian producers were faced with a double-digit market decline. These new conditions in the market are reflected by their structures and production processes. The Austrian production sites adapted quickly to the new conditions and also maintained their stability with their production sites in Eastern Europe. Therefore their headquarters, research & development as well as their strategic centres in Austria have remained stable. The global market volume for Alpine skis remains at 3.1 million skis. The cross-country ski market shows a slight increase in volume due to a successful winter season in Scandinavia and Russia. The market volume is at approx. 1.3 million pairs of skis. The market share of Austrian brands in the winter sport segments remains at an impressive 50%. The export rate is above 80%. Due to the continuing, unbroken popularity of winter sports the projections for the future of the segment are optimistic.

### E. Sawn softwood

With approximately 1,200 companies and about 10,000 employees the Austrian sawmilling industry is the biggest processor of wood in Austria. It mainly consists of small- and medium-sized companies. The forty biggest sawmills account for approximately 90% of the total production, the top eight ones for 65%. Two thirds of the total production are exported. Austria is the fifth biggest exporter of sawnwood in the world. About 98% of the Austrian sawnwood production is sawn softwood.

Both demand and obtainable prices were very unsatisfactory throughout 2009. The sawnwood production declined from 10.8 million cubic metres to 8.5 million cubic metres (of which 8.3 million m³ were sawn softwood). This is a 22% decline compared to 2008. The production value declined from € 2.0 billion to € 1.6 billion – a reduction by 23%. The annual sawing capacity of 2009 amounted to approximately 14.2 million solid cubic metres of roundwood, including 5.3 million solid cubic metres of imported timber.

Sawn softwood exports decreased to 5.66 million m³ in 2009 (-19.3%). In terms of value, exports amounted to € 927 million (-23.2%). The most important export market was Italy, accounting for about 60 percent of Austrian sawn softwood exports. With a total export volume of 3.4 million m³, the Italian market showed a 17% decline (2008: 4.1 million m³). Exports to Germany went down to 442,000 m³ (-17%). Imports of sawn softwood increased by 12% in 2009. The total import volume amounted to 1.60 million m³; with € 261 million the total value remained more or less the same. This means that the Austrian sawmilling industry has lost market shares in Austria.

2010: Difficult already in 2009, wood supply was also in 2010 all but easy for the sawmilling industry. Until summer, it was difficult to meet the demand. Also imports from Southern Germany were not possible in the usual extent, as the supply situation was tight there as well. With the higher timber prices and the shutdown periods in August, wood supply improved in the course of the year. The imports of coniferous sawlogs continued to rise during the first six months of the year; since 2009 the most important import country has been Czechia, which took this position over from Germany. The huge rise in roundwood prices were a great challenge for the sawmilling industry which, however, thanks to the rather low supply all over Europe was able to make up for most of that by higher sawnwood prices.

At the moment the demand situation is stable on all markets. Exports have risen again during the first six months of the year. Ready sale was observed in the main market, Italy; exports to Germany and Japan increased markedly. Being the second-biggest sales market, also the Levant is an important factor. Also the demand in Austria is stable and shows a positive trend. The decisive factor for the months to come will be the balance between supply and demand.

As regards the demand for sawnwood, the sawmilling industry is expecting a relatively stable development with growth rates also for 2011. Sawmills expect that, in the medium term, wood supply will remain the biggest challenge for the Austrian sawmilling industry. Efforts must be taken to better adjust timber utilisation to the increment.

### F. Sawn hardwood

The sawn hardwood production dropped to 160,000 m³ in 2009 (2008: 240,000 m³). The production of logs for sleepers (beech and oak) increased once again. Exports of sawn hardwood decreased by 26% to 136,000 m³. Imports decreased by 17% to 180,000 m³. Tropical sawnwood is a minor matter in Austria.

### G. Wood-based panels

The downward trend which had started in 2008 continued in 2009; the deteriorating global economic conditions affected also the wood panel industry. All production segments of the wood panel industry reported severe declines. The market collapse in the furniture and construction component sector and a decline in sales in the timber trade had a massive impact on the panel

factories. The Austrian panel industry had to respond quickly to this development. Several counter measures were launched, including capacity reductions, short-time work as well as extended maintenance and idle times.

The second half of 2009 showed a slight quantitative increase and the counter measures started to take effect. Reflationary programs of individual EU countries and a growing consumer demand were the main reasons for this sales increase for panel products in the construction component and furniture sector. However, the quantitative increase was very low compared to previous years. The sustainability of this development is still uncertain. Additionally, this sector had to accept a very unsatisfactory price development, which was further aggravated by substantial cost increases for raw materials, especially for timber.

Major changes were observed in the field of raw material supply in 2009. Compared to 2008 the use of sawing by-products declined from over 3 to about 2 million solid cubic metres; the use of roundwood, on the other hand, increased by approximately 10%, thus reaching about 1.3 million solid cubic metres. However, the roundwood was predominantly provided from abroad; imports rose by about 80% compared to the year before. Repeatedly the board industry pointed out that the burning of wood at the beginning of the value-added chain might have negative impacts on the raw material supply of the wood-processing sector.

The Austrian enterprises of the particle, MDF and fibre board industries employed more than 3,000 persons. The largest portion of the turnover was made with particle boards. Particle board production amounted to about 2.1 million cubic metres in 2009, of which about 80% were exported.

## H. Pulp and paper

The year 2009 saw the most severe economic crisis for decades. The slump began in November 2008 and led to lower paper consumption and prices. By the middle of the year the price of raw materials had begun rising again, especially in the case of recycled fibre and chemical pulp. In order to reduce costs, some paper machines were down for weeks, which of course had a negative impact on the utilisation, productivity and energy efficiency of the plants. In 2009 several companies with production sites in Austria reported losses. In addition, the deep recession posed a long-term threat by further reducing opportunities for investment.

As in the preceding years, the graphic-paper situation was more difficult than that of packaging papers. In principle, the market for packaging is growing, and paper continues to hold its own against competing synthetic materials. The situation for the paper media is more difficult. The online and computer competition continues its advance as a medium for rapid consumption. Individual paper products not only face market competition but also compete within their respective companies for space at domestic production sites. The paper mill at Hallein (300,000 t) failed in the face of such competition and in April 2009 was closed by its owner, M-real, with a loss of 500 jobs. The associated sulphite pulp production and power station, however, continued their operations. Confronted with sales problems, the Rosegg card board mill (5,000 t) also closed.

The sharp drop in economic activity in the first half of the year resulted in a decline in paper production of around 20%. The situation stabilised somewhat in the second half of the year so that total annual production amounted to 4.6 million tonnes of pulp, paper and board. That represents a decline of around 547,000 tonnes or 10.6% compared with 2008. Two of the largest

production areas, namely coated fine paper and newsprint, were hit particularly hard. In all, production of paper for use in graphics declined by 17.0% while packaging papers dropped by only 1.6%. Thus far, carton, magazine paper and recycled corrugated board paper have survived the crisis relatively unscathed. The same applies to copy, cigarette and toilet papers, but they are of less importance quantitatively. The situation in fibre consumption is analogue to that of the paper products. While consumption of waste paper declined only slightly, the use of primary fibre fell by 12.3%. Production of mechanical pulp, which is used for several kinds of publishing papers as well as for boxboard, fell by 20.3% to 303,000 tonnes. Production of chemical pulp also dropped, to 1.5 million tonnes (-5.9%). Around a fourth of production was market pulp.

As in the previous year, the export share of new paper was more than 85% in 2009. The paper industry made a positive contribution in the amount of € 2.6 billion to Austria's balance of foreign trade. Most of the exports went to other EU countries, with 844,000 tonnes shipped to Germany and 504,000 tonnes to Italy. While Austria also exported 680,000 tonnes of paper overseas, there was an increased presence of Chinese paper on European markets.

Despite the use of 49% bio-fuels and a 93% share of combined heat and power (CHP) in electricity production, energy policy remains according to Austropapier a critical issue for the industry. In September 2009, Austria expanded its Green Electricity Act but failed to implement a compensation scheme that had been negotiated at the same time for energy-intensive industries. While the European Trading Scheme Directive defined paper production as a carbon-leakage sector, the industry continues to face high costs.

2010: The domestic paper industry has picked up momentum and in most cases presented satisfactory figures for the first six months of the year. Compared to the first half year of 2009 the first six months of 2010 according to preliminary figures show a quantitative growth of over 11% in the production of paper, cardboard and paperboard, above all because the demand from the major markets in Western Europe increased. Also the turnover of the segment saw similarly high increases; the yields achieved for a tonne of a product sold declined on average, however (-1.7%). Apart from the lower yields also the high prices of raw materials for pulp, waste paper and wood are presently affecting the profit situation. Also the severe drop experienced in investments does not appear to relax.

Most enterprises are optimistic as regards their perspectives for the second six months of the year; quantities and turnover will significantly fall below the level of 2008, however. The paper industry is particularly pleased to see that the domestic consumption of paper has risen by more than 16% compared to the first half year of 2009.

Perspectives: According to Austropapier the global competitive strength of the Austrian paper industry and thus the innovative power of its companies are threatened by two factors in particular: by new competitors based in the rapidly growing economic giants of China, India and Brazil as well as by the ambitious, but often one-sided, goals of European climate and energy policies. If the industry is able to reorient itself and take better advantage of its green potential, however, it will be able to seize the following opportunities: the environmentally friendly position of paper compared with the electronic media and packaging based on synthetic materials and the clear added value of wood as a raw material in promoting growth and employment compared with its use solely as a source of energy.

# Tables

**Economic indicators** (WIFO, September 2010)

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| | Percentage changes from previous year | | | | | |
| GDP Volume | + 3.6 | + 3.7 | + 2.2 | - 3.9 | + 2.0 | + 1.9 |
| GDP Value | + 5.5 | + 5.9 | + 4.1 | - 3.1 | + 3.0 | + 3.7 |
| Export of goods Volume | + 6.1 | + 9.0 | + 0.3 | - 18.7 | + 12.0 | + 7.3 |
| Export of goods Value | + 9.5 | + 10.5 | + 2.5 | - 20.2 | + 14.8 | + 8.8 |
| Import of goods Volume | + 4.3 | + 7.6 | + 0.2 | - 15.1 | + 8.6 | + 6.0 |
| Import of goods Value | + 8.0 | + 9.6 | + 4.7 | - 18.4 | + 13.3 | + 7.2 |
| Consumer prices | + 1.5 | + 2.2 | + 3.2 | + 0.5 | + 1.8 | + 2.1 |
| Active dependent employment | + 1.7 | + 2.1 | + 2.4 | - 1.4 | + 0.8 | + 0.6 |

**Wood resources**

| Product | Year | Production | Imports | Exports |
|---|---|---|---|---|
| | | 1,000 m³ | | |
| Sawlogs, pulp wood and other industrial roundwood | 2008 | 16,772 | 7,550 | 974 |
| | 2009 | 12,144 | 8,037 | 729 |
| | 2010 | 13,345 | 8,500 | 765 |
| | 2011 | 14,020 | 8,580 | 540 |
| Wood residues, chips, particles | 2008 | 8,499 | 1,967 | 1,254 |
| | 2009 | 5,867 | 1,965 | 849 |
| | 2010 | 6,420 | 2,200 | 1,000 |
| | 2011 | 6,700 | 2,200 | 1,100 |
| Fuelwood | 2008 | 5,024 [1)] | 267 | 39 |
| | 2009 | 4,584 [1)] | 564 | 77 |
| | 2010 | 6,100 [1)] | | |
| | 2011 | 6,400 [1)] | | |

[1)] incl. chippings from forests

**Sawnwood**

| Product | Year | Production | Imports | Exports |
|---|---|---|---|---|
| | | 1,000 m³ | | |
| Coniferous sawnwood | 2008 | 10,595 | 1,420 | 7,013 |
| | 2009 | 8,295 | 1,596 | 5,662 |
| | 2010 | 9,300 | 1,493 | 5,797 |
| | 2011 | 9,700 | 1,500 | 6,100 |
| Non-coniferous sawnwood | 2008 | 240 | 218 | 184 |
| | 2009 | 160 | 180 | 136 |
| | 2010 | 165 | 200 | 138 |
| | 2011 | 170 | 200 | 140 |

# TC1

**UNECE TIMBER COMMITTEE FORECASTS**
**Roundwood**


| | |
|---|---|
| Country: **Austria** | Date: **17.Sep** |
| Name of Official responsible for reply: | |
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| Product Code | Product | Unit | Historical data 2008 | Historical data 2009 | Estimate 2010 | Forecast 2011 |
|---|---|---|---|---|---|---|
| 1.2.1.C | SAWLOGS AND VENEER LOGS, CONIFEROUS | | | | | |
| | Removals | 1000 $m^3$ | 12.744 | 8.816 | 9.870 | 10.360 |
| | Imports | 1000 $m^3$ | 5.016 | 5.151 | 5.425 | 5.500 |
| | Exports | 1000 $m^3$ | 575 | 477 | 480 | 310 |
| | Apparent consumption | 1000 $m^3$ | 17.185 | 13.490 | 14.815 | 15.550 |
| 1.2.1.NC | SAWLOGS AND VENEER LOGS, NON-CONIFEROUS | | | | | |
| | Removals | 1000 $m^3$ | 419 | 288 | 295 | 310 |
| | Imports | 1000 $m^3$ | 209 | 179 | 190 | 180 |
| | Exports | 1000 $m^3$ | 56 | 31 | 35 | 30 |
| | Apparent consumption | 1000 $m^3$ | 572 | 436 | 450 | 460 |
| 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 $m^3$ | 2.979 | 2.527 | 2.650 | 2.750 |
| | Imports | 1000 $m^3$ | 1.402 | 1.774 | 1.775 | 1.850 |
| | Exports | 1000 $m^3$ | 274 | 171 | 200 | 150 |
| | Apparent consumption | 1000 $m^3$ | 4.107 | 4.130 | 4.225 | 4.450 |
| 1.2.2.NC | PULPWOOD (ROUND AND SPLIT), NON-CONIFEROUS | | | | | |
| | Removals | 1000 $m^3$ | 631 | 511 | 530 | 600 |
| | Imports | 1000 $m^3$ | 923 | 933 | 1.110 | 1.050 |
| | Exports | 1000 $m^3$ | 69 | 50 | 50 | 50 |
| | Apparent consumption | 1000 $m^3$ | 1.485 | 1.394 | 1.590 | 1.600 |
| 3 + 4 | WOOD RESIDUES, CHIPS AND PARTICLES | | | | | |
| | Domestic supply | 1000 $m^3$ | 8.499 | 5.867 | 6.420 | 6.700 |
| | Imports | 1000 $m^3$ | 1.967 | 1.965 | 2.200 | 2.200 |
| | Exports | 1000 $m^3$ | 1.254 | 849 | 1.000 | 1.100 |
| | Apparent consumption | 1000 $m^3$ | 9.212 | 6.983 | 7.620 | 7.800 |
| 1.2.3.C | OTHER INDUSTRIAL ROUNDWOOD, CONIFEROUS | | | | | |
| | Removals | 1000 $m^3$ | 0 | 0 | 0 | 0 |
| 1.2.3.NC | OTHER INDUSTRIAL ROUNDWOOD, NON-CONIFEROUS | | | | | |
| | Removals | 1000 $m^3$ | 0 | 0 | 0 | 0 |
| 1.1.C | WOOD FUEL, CONIFEROUS | | | | | |
| | Removals | 1000 $m^3$ | 3.162 | 2.735 | 3.700 | 3.500 |
| 1.1.NC | WOOD FUEL, NON-CONIFEROUS | | | | | |
| | Removals | 1000 $m^3$ | 1.862 | 1.849 | 2.400 | 2.900 |

| Product Code | Product | Unit | Historical data 2008 | Historical data 2009 | Estimate 2010 | Forecast 2011 |
|---|---|---|---|---|---|---|
| 5.C | SAWNWOOD, CONIFEROUS | | | | | |
| | Production | 1000 $m^3$ | 10.595 | 8.295 | 9.300 | 9.700 |
| | Imports | 1000 $m^3$ | 1.420 | 1.596 | 1.493 | 1.500 |
| | Exports | 1000 $m^3$ | 7.013 | 5.662 | 5.797 | 6.100 |
| | Apparent consumption | 1000 $m^3$ | 5.002 | 4.229 | 4.996 | 5.100 |
| 5.NC | SAWNWOOD, NON-CONIFEROUS | | | | | |
| | Production | 1000 $m^3$ | 240 | 160 | 165 | 170 |
| | Imports | 1000 $m^3$ | 218 | 180 | 200 | 200 |
| | Exports | 1000 $m^3$ | 184 | 136 | 138 | 140 |
| | Apparent consumption | 1000 $m^3$ | 274 | 204 | 227 | 230 |
| 5.NC.T | of which, tropical sawnwood | | | | | |
| | Production | 1000 $m^3$ | 0 | 0 | 0 | 0 |
| | Imports | 1000 $m^3$ | 10 | 8 | 8 | 9 |
| | Exports | 1000 $m^3$ | 4 | 2 | 3 | 3 |
| | Apparent consumption | 1000 $m^3$ | 6 | 6 | 5 | 6 |
| 6.1 | VENEER SHEETS | | | | | |
| | Production | 1000 $m^3$ | (40) | n.a. | n.a. | n.a. |
| | Imports | 1000 $m^3$ | 50 | 42 | n.a. | n.a. |
| | Exports | 1000 $m^3$ | 28 | 23 | n.a. | n.a. |
| | Apparent consumption | 1000 $m^3$ | 61 | n.a. | n.a. | n.a. |
| 6.2 | PLYWOOD | | | | | |
| | Production | 1000 $m^3$ | n.a. | n.a. | n.a. | n.a. |
| | Imports | 1000 $m^3$ | 133 | 116 | n.a. | n.a. |
| | Exports | 1000 $m^3$ | 278 | 278 | n.a. | n.a. |
| | Apparent consumption | 1000 $m^3$ | n.a. | n.a. | n.a. | n.a. |
| 6.3 | PARTICLE BOARD (including OSB) | | | | | |
| | Production | 1000 $m^3$ | 2.500 | 2.100 | 2.200 | 2.300 |
| | Imports | 1000 $m^3$ | 400 | 402 | 420 | 430 |
| | Exports | 1000 $m^3$ | 2.158 | 1.693 | 1.730 | 1.850 |
| | Apparent consumption | 1000 $m^3$ | 742 | 809 | 890 | 880 |
| 6.3.1 | of which, OSB | | | | | |
| | Production | 1000 $m^3$ | 0 | 0 | 0 | 0 |
| | Imports | 1000 $m^3$ | 117 | 127 | 130 | 135 |
| | Exports | 1000 $m^3$ | 10 | 7 | 7 | 7 |
| | Apparent consumption | 1000 $m^3$ | 107 | 120 | 123 | 128 |
| 6.4 | FIBREBOARD | | | | | |
| | Production | 1000 $m^3$ | 905 C | (800) | 850 | 900 |
| | Imports | 1000 $m^3$ | 143 | 140 | 145 | 145 |
| | Exports | 1000 $m^3$ | 614 | 567 | 614 | 639 |
| | Apparent consumption | 1000 $m^3$ | 433 | 373 | 381 | 406 |
| 6.4.1 | Hardboard | | | | | |
| | Production | 1000 $m^3$ | 100 | 100 | 100 | 100 |
| | Imports | 1000 $m^3$ | 42 | 32 | 35 | 35 |
| | Exports | 1000 $m^3$ | 87 | 67 | 70 | 70 |
| | Apparent consumption | 1000 $m^3$ | 56 | 65 | 65 | 65 |
| 6.4.2 | MDF (Medium density) | | | | | |
| | Production | 1000 $m^3$ | 700 | 650 | 700 | 750 |
| | Imports | 1000 $m^3$ | 77 | 89 | 90 | 90 |
| | Exports | 1000 $m^3$ | 524 | 496 | 540 | 565 |
| | Apparent consumption | 1000 $m^3$ | 254 | 243 | 250 | 275 |
| 6.4.3 | Other fibreboard | | | | | |
| | Production | 1000 $m^3$ | 105 E | (50) | 50 | 50 |
| | Imports | 1000 $m^3$ | 23 | 19 | 20 | 20 |
| | Exports | 1000 $m^3$ | 4 | 4 | 4 | 4 |
| | Apparent consumption | 1000 $m^3$ | 124 | 65 | 66 | 66 |
| 7 | WOOD PULP | | | | | |
| | Production | 1000 m.t. | 1.989 | 1.817 | 1.980 | 2.000 |
| | Imports | 1000 m.t. | 696 | 609 | 627 | 610 |
| | Exports | 1000 m.t. | 270 | 300 | 272 | 257 |
| | Apparent consumption | 1000 m.t. | 2.416 | 2.126 | 2.335 | 2.353 |
| 10 | PAPER & PAPERBOARD | | | | | |
| | Production | 1000 m.t. | 5.153 | 4.606 | 5.050 | 5.150 |
| | Imports | 1000 m.t. | 1.284 | 1.145 | 1.240 | 1.240 |
| | Exports | 1000 m.t. | 4.278 | 3.799 | 4.150 | 4.250 |
| | Apparent consumption | 1000 m.t. | 2.158 | 1.952 | 2.140 | 2.140 |

E ... secretariat estimate, ( ) … national estimate, C … calculated totals, n.a. … not available