Austrian Market Report 2020

Statement submitted by the Austrian Delegation
to the 78th Session of the

ECE Committee on Forests and the Forest Industry (COFFI)

Palais des Nations, Geneva and online, 4-6 November 2020

Federal Ministry of Agriculture, Regions and Tourism
Directorate-General III – Forestry and Sustainability

Vienna, October 2020

1. General economic situation

Economic Outlook for 2020 and 2021: Subdued Recovery After Strong Rebound[1]

For 2020, GDP is forecast to fall by 6.8% overall compared with 2019, and rise by 4.4% in 2021. A new lockdown in autumn could reduce these rates by 2.5 and 4.0 percentage points respectively.

The massive slump due to the pandemic-related protective measures in the global economy in spring 2020 was partially offset in the summer. Austria had taken measures to contain the Covid-19 pandemic that were particularly stringent by international standards – and then eased them particularly generously. Accordingly, the recession in spring was deep and short.

In the third quarter of 2020, real economic output already started to expand strongly again; it is estimated to have increased by more than 10% quarter-on-quarter (second quarter -12.1%). The strong rebound was due on the one hand to the economic policy measures, but above all to the fact that the consumption backlog from the spring was unwound by the generous relaxation of the lockdown. Investment, with the exception of construction, and foreign trade probably recovered less quickly, as economic uncertainty and longer lead times play a greater role in these areas.

Following the rapid recovery in the summer, a marked slowdown in economic momentum is expected for the rest of the year. For the fourth quarter of 2020, WIFO is forecasting economic growth of only 0.8% compared to the previous quarter, resulting in an overall GDP decline of 6.8% for 2020 compared to 2019.

One reason for the economic slowdown is that the rebound effects – above all the unwinding of the consumption backlog – are fading out. On the other hand, a rise in Covid-19 infection figures and the recent (moderate) tightening of containment measures are dampening economic activity. In industry, however, processes are now likely to have adapted to a greater degree of social distancing, so that production is no longer affected as strongly.

Parallel to economic output, the volume of work will slump in 2020. Much of the decline will be due to a reduction in working time per capita as a result of the active use of Covid-19 short-time work. Nevertheless, the decline in employment and the increase in unemployment are also significant. Up to and including September, about half of the increase in unemployment due to the crisis was reduced.

In addition, economic crises have a catalytic effect on structural change, so that more jobs are now being cut in industry. This will continue in 2021, when total employment is already rising again. The situation in tourism also remains tense, with the number of overnight stays in spring 2021 expected to be a quarter below pre-crisis levels, even if the travel warnings issued by some countries to Austrian destinations are lifted in time for the start of the winter season.

The forecast assumes that containment measures will be tightened, but that no new lockdown will be imposed. A second lockdown would have severe consequences for the economy. If shops and factories were to close again from November onwards and travel opportunities were to be drastically reduced, and if such a lockdown were to continue until after the Christmas holidays, economic performance in the fourth quarter of 2020 could fall back to the level of the second quarter. For the full year of 2020, this would represent a further dampening of GDP growth by 2.5 percentage points compared to 2019, followed by stagnation in 2021.

[1] Source: Austrian Institute of Economic Research (WIFO), 9/10/2020

2. Policy measures

Federal Government

Since 7 January 2020, the second Kurz government has been the acting Federal Government. This government, chaired by Chancellor Sebastian Kurz, marks an alliance of a centre-right Austrian People's Party (ÖVP) with the centre-left The Greens as junior partner. The Federal Ministry of Sustainability and Tourism handed over responsibility for environment and energy to the former Ministry of Transport, which was simultaneously renamed the Federal Ministry of Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK). Responsibility for agriculture and forestry, water management, mining and tourism remained with the Federal Ministry for Sustainability and Tourism, which is now called the Federal Ministry of Agriculture, Regions and Tourism (BMLRT) and is again headed by Elisabeth Köstinger.

Preserving forests and supporting forestry in sustainable management are a set goal of the Government Programme 2020-2024. The new programme provides for a number of measures to preserve the local forests as a key economic factor as well as measures for nature conservation, for the adaptation of forests to climate change and for ensuring the protective effect of forests. The promotion of timber construction is also included.

The Austrian Forest Strategy 2020+

Carrying out the working programme to implement the "Austrian Forest Strategy 2020+" adopted in 2016, is well underway. Information about all measures of the working programme and the current level of implementation are available in a database. In November 2019, the 22nd Forest Forum of the Austrian Forest Dialogue took place with more than 100 participants. The central topics were the national GAP strategy plan 2021-2027, the contribution of Austrian forests to climate protection and women in forestry.

Forest Fund Act

In July 2020, Parliament passed the Forest Fund Act. It serves as a basis for the implementation of the 350 million euro package of measures, as part of the investment and relief package for agriculture and forestry, to support domestic forests. Ten measures are listed in the law:

1) Reafforestation after calamities
2) Establishment of forests that are fit for the climate – forest tending
3) Compensation for bark beetle damage caused by climate change
4) Establishment of storage sites for calamity timber
5) Mechanical debarking as forest protection measure
6) Ensuring forest fire prevention and control
7) Research facility for the production of wood gas and biofuels
8) Research priority "climate-fit forests"
9) Timber construction offensive
10) Strengthening, maintaining and promoting biodiversity in forests

The implementation provisions are currently being drawn up.

Forest subsidisation

So far, practically all forest-relevant subsidies in Austria have been bundled in the national programme of the EU regulation for rural development. The Austrian Rural Development Programme 2014-2020 was approved by the European Commission in December 2014. Funds in the amount of € 40 million annually are granted for forest-related measures, altogether € 280 million for the seven-year programme period, provided by the EU, the Federal Government and the nine Federal Provinces. The implementation of the programme started in 2015.

National Forest Inventory

The Austrian Forest Inventory switched to permanent surveying. Whereas formerly (for the last time from 2007 to 2009) a three-year period of surveying used to be followed by a period without any surveys, such surveys are conducted every year from 2016 onwards – for always one sixth of the random sample plots. First interim results based on the 2016-2018 surveys show a further slow increase of the total forest area (4.02 million ha), while the forest available for wood supply declined slightly (3.34 million ha). The growing stock increased (1173 million m³, 351 m³/ha), the annual increment decreased slightly (29.7 million m³) and the harvests increased slightly (26.2 million m³).

Joint timber marketing

Numerous forest owners, especially owners of small (private) forests are organised in forest owner cooperatives. The 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 as well as training and further education opportunities are important services. In some cases local forest owner cooperatives ('Waldwirtschaftsgemeinschaften') even manage the forests of some of their members. For urban forest owners, the services offer a way to manage their forests. The forest owner association of greatest relevance to roundwood supply is the Austrian Forest Owner Cooperative (Waldverband Österreich, www.waldverband.at). Under its eight provincial associations about 71,000 forest owners are organised in local forest owner cooperatives. In 2019 totally 2.98 million m³ of timber were marketed. The Austrian Forest Owner Cooperative organised 354 training and further education events with over 10,000 participants.

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

FHP (www.forstholzpapier.at) is a coordination and communication platform of Austria's forestry and wood industry as well as of the paper and pulp industry. It is a platform for lobbying and organising 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 contributions of all participating industries.

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 activities of proHolz Austria are financed from the FHP contributions.

Marketing, publicity and information on wood are the instruments applied to attain this goal. In 2020 the image campaign "Holz ist genial" (meaning "wood is ingenious") has been continued. With surprising facts on wood, the campaign highlights the performance of sustainable forest management as well as positive effects of building with wood. Other activities include series of seminars dealing with compacting with wood and multi-storey timber construction, a youth campaign aimed to recruit junior employees for the timber industry, the proHolz Student Trophy 2020, an interdisciplinary, international open student competition on building with wood, or the granting of timber construction awards.

3. Market drivers

In the EU, all components of demand were impacted by the economic downturn in the second quarter 2020; in the UK, France and Italy, private consumption was affected to an above-average extent. In Austria, economic output in the second quarter was one eighth down compared to the previous year's level, the decline thus being less pronounced than the EU average. Tourism suffered less than in Italy or Spain. Only a good third of the unemployment caused by the crisis has so far been recuperated. As a result, long-term inoccupation has continued to rise recently. In the construction industry the enterprises are considerably more optimistic than in the material goods production and the services sectors.

Due to the favourable economic situation and driven by the high quantities of calamity wood in parts of Austria and in Austria's neighbouring countries almost all sectors of the wood-processing industry achieved a growth in production and exports in 2019.

The timber industry was marked by a high volume of calamity wood in Austria and in the neighbouring countries in 2020 as well. The prices of roundwood have decreased considerably, the yield situation in forestry has further deteriorated. The wood-processing industry has gained in competitiveness due to the cheaper raw material. As a consequence of the Covid-19 crisis there were temporarily slumps in sawnwood exports, in particular to Italy. The good supply with raw materials and the demand for wood products, supported by the good economic development of the construction industry in Austria and in Germany, make almost all sectors of the wood-processing industry produce at a high level and look confidently into the future. The production declines for 2020 will be relatively low, in spite of Covid-19.

4. Developments in forest-products market sectors

A. Wood raw materials

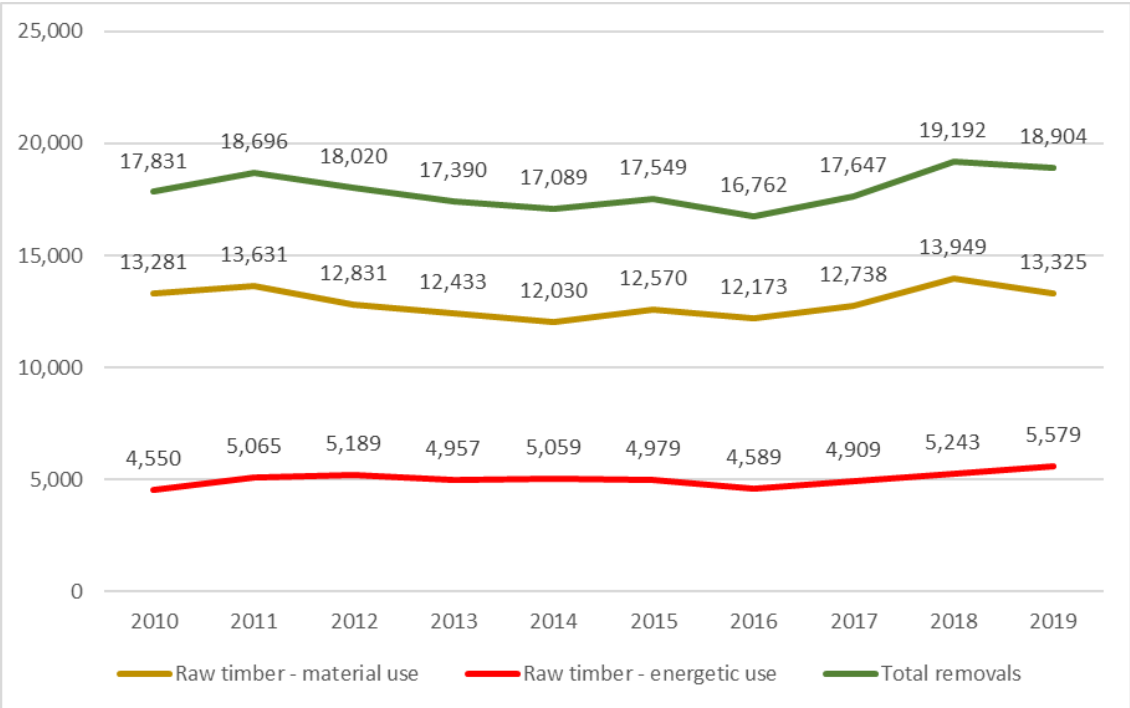
With a share of 47.9% of the federal territory and about 140,000 forest land owners, forests play an important part in Austria, especially in rural areas. Maintaining and increasing the yield of forests are of high significance not only for forest owners but also for wood-processing enterprises. As the Austrian wood and paper industry has high capacities, as wood and sawmill by-products are used to a considerable extent for energy generation and as there are a lot of imports of roundwood (2019: 11.0 million m³, above all from the Czech Republic and Germany), mobilising available domestic resources is traditionally a major goal of Austria's forest policy. However, a growing oversupply of both domestic and imported calamity wood has been observed for three years and puts a strain on the market, which results in declining roundwood prices and losses in forestry.

2019 was a difficult year for the forestry sector in Austria. The volume of calamity wood has further increased. Due to the high volume of calamity wood in the neighbouring countries, the imports of roundwood have risen further as well. The prices of roundwood have further decreased. The yield situation in forestry has deteriorated accordingly.

Altogether 18.90 million cubic metres under bark were harvested in 2019, 1.5% less than in the year before, 5.6% more than the ten-year average. Sawlogs accounted for 52.2%, pulpwood and other industrial roundwood for 18.3%, fuelwood and chippings from forests for 29.5% of the quantity felled. 13.32 million m³ were assigned to material use, 5.58 million m³ were used for energy generation. The share of coniferous wood in the total volume felled amounted to 84.5%. Small forest owners (forest area < 200 hectares) harvested 11.08 million m³ in total in 2019 (-2.3%), the owners of forests larger than 200 hectares 6.21 million m³ (-0.3%) and the Austrian Federal Forests 1.62 million m³ (-0.2%). The percentage of wood harvested due to calamities increased by 18.2%, thus reaching 11.73 million m³, which is 62.1% of the total removal. The major causes of damage were weather extremes (mainly snow damage) and bark beetles.

Removal

in 1,000 cubic metres of timber harvested, without bark



Roundwood imports increased by totally 2.9% in 2019, thus reaching 11.0 million m³. The import of industrial roundwood (sawlogs + pulpwood) increased to 10.6 million m³ (+4.7%). According to the official trade statistics, imports of coniferous sawlogs and veneer logs fell by 2.0% to 7.1 million m³, while those of coniferous pulpwood rose by 33.6% to 2.5 million m³. Wood fuel imports fell to 372,000 m³ (-31.0%). Roundwood exports decreased by 6.4% to 906.000 m³, thereof 540,000 m³ coniferous sawlogs and veneer logs (-1.4%) and 181,000 m³ coniferous pulpwood (-24.4%).

On annual average, the 2019 prices of roundwood (incl. fuelwood) were 7.9% below those of 2018. This is mainly a result of the lower prices for softwood sawlogs. On annual average, sawmills paid € 76.86 per cubic metre of sawlog spruce/fir, Cat. B, Media 2b, 12.8% less than in 2018; the annual maximum of € 81.47 was paid in January, the annual minimum of € 74.40 in August. The

2019 mixed pulpwood/mechanical pulpwood price for spruce/fir was with € 34.36 per m³ 5.6% below the average for the preceding year – pulpwood € 30.97 (-6.2%), mechanical pulpwood € 42.33 (-4.7%).

The production value of domestic forestry (according to the European Forest Account methodology, which includes the net increment of standing timber) reached the total of € 2.156 billion in 2019, after € 2.422 billion in 2018. The 11.0% decrease is a consequence of the significantly lower timber prices and the lower harvest volume. The yield situation of forestry enterprises affected by calamities did not only suffer from the lower timber prices and the accumulation of ranges of low-quality products, but also from the higher demand for investments for reforestation with tree species adapted to the changed climatic conditions.

2020: After a relief of the roundwood market due to the winter season and vigorous cutting the market was soon affected by damage caused by storm and the effects of the Covid-19 crisis. First of all European exports to China were concerned, and then the sawnwood exports to Italy dropped. The dry beginning of spring gave rise to the fear of high quantities of wood damaged by bark beetles. Roundwood wet storage areas were established. Great quantities of roundwood imports due to the low prices in the Czech Republic and Bavaria and severely dropping coniferous roundwood prices gave rise to demands for import restrictions and aids for the forestry sector. In July the Forest Fund Act was adopted (see 2). Due to the damp weather the damage caused by bark beetles was, after all, not as severe as feared. The sawnwood sales developed quite well again, however, the coniferous roundlog prices continued falling and reached an all-time-low so far in August. The industrial and energy wood markets are also affected by the oversupply of low-quality wood assortments. The yield situation in forestry has further aggravated. Forest owners assume that this year's logging in Austria will decrease by 7% to 17.6 million m³ after a slight decrease in the previous year.

The roundwood market in October 2020: Due to the strong demand for construction timber assortments and the, so far, easily available roundwood, the cutting activities of the Central European sawmill industry are currently reaching the limits of their capacities. Due to the weather development this year there has been a relaxation as far as the bark beetle problem in the main catchment area of the Austrian sawmill industry is concerned. Moreover, the change of the bark beetle control strategy in Central Germany and the Czech Republic has resulted in lower quantities of wood. The amount of infested stands is, to an increasing extent, not processed anymore, and the logging capacities are transferred to regions where a pest control still seems to be reasonable.

Depending on the transport distance to the areas damaged by bark beetles the locations of the Austrian sawmill industry have different quantities of spruce sawlogs stored. In view of vivid demand the prices have increased feasibly at regional level and amount currently around € 80 per solid cubic metre for the chief assortment. In the catchment area of calamity wood, however, even considerably below that. In any case, however, a window of opportunity has opened to increase normal timber harvesting. According to the rising demand for spruce, the sale of pine has meanwhile been possible again.

At the beginning of the broadleaved wood season the demand for oak has remained undiminishedly strong, even though the price is declining in case of lower qualities. The sale of common beech has turned out to be difficult, as the exports of sawnwood to China and Vietnam have almost come to a standstill.

The high level of cutting of the sawmill industry results also in a high volume of sawing by-products for the paper, pulp and board industries. Accordingly high are the stocks and accordingly low is the demand for coniferous pulpwood. Sales are only possible within the framework of a rigid quota regime. Prices have remained stable at a low level. Due to high quantities stored common beech pulpwood is taken over at stable prices also only within the framework of a quota regime.

Purchasers of energy wood are still well stocked. Quantities not covered by contracts can only be marketed at very low prices. Lacking sales opportunities for pulpwood result in an oversupply of energy wood. Insufficient provisions in the eco-electricity regime have resulted in plant closures and additionally reduce the demand. There is a strong demand for high quality fuelwood, which can be sold at appealing prices.

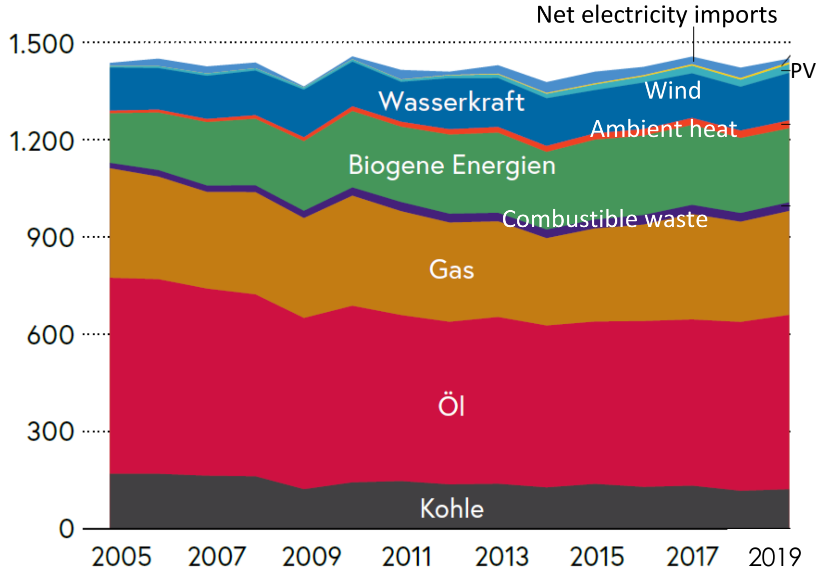
<u>Outlook:</u> The rainy summer and autumn, especially in the north of Austria, give hope for a decrease in bark beetle damage. Supply pressure from neighbouring countries has also recently decreased. Even if there is uncertainty about the further general economic situation, a positive development is still seen for the construction industry. Furthermore, the new forest fund should have its first positive effects on forestry next year. After a decline in logging in 2020, the forestry sector expects a slight increase in 2021 and a shift to higher-quality wood assortments.

B. Wood energy

The gross domestic energy consumption could be stabilised to a large extent on a long-term basis and is characterised by considerable increase in renewable energies. In 2019, the Austrian gross domestic energy consumption amounted to 1,451 PJ, thus being 1.9% higher than in 2018.

Gross domestic energy consumption

by energy source in petajoules 2005-2019



Growth and decline

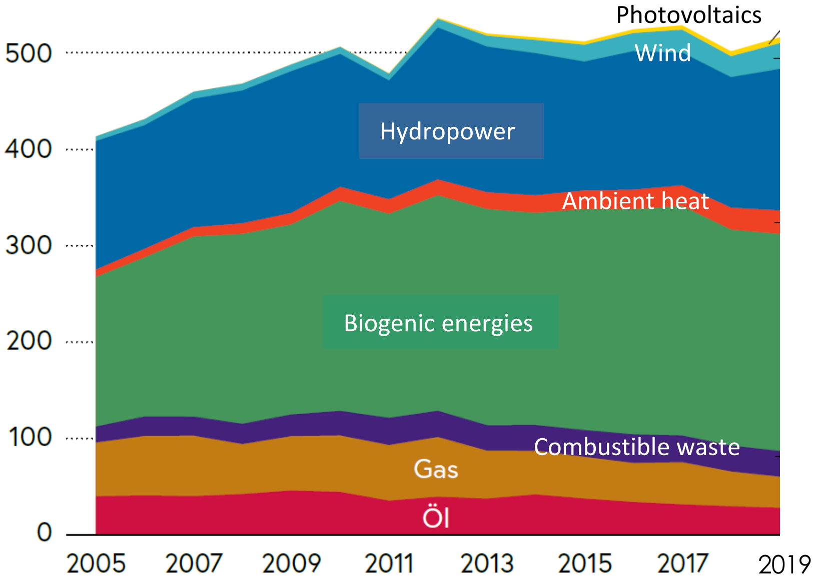
of energy sources

p.a. 2005-2019		2018-2019
+36.9%	Photovoltaics	+18.4%
+13.1%	Wind power	+23.1%
+1.3%	Net electr. imports	-65,0%
+8.6%	Ambient heat	+7.2%
+3.4%	Cobustible waste	-1.4%
+2.9%	Biogenic energies	-1.4%
+0.7%	Hydropower	+8.5%
-0.4%	Gas	+3.7%
-0.8%	Oil	+3.2%
-2.4%	Coal	+4.2%
+0.1%	**Total**	

Austria has committed itself to increase the share of energy from renewable sources in gross final consumption of energy to 34 percent by 2020 (EU Renewables Directive 2009/28/EC). In 2018 the share amounted to 33.4%.

The domestic production of primary energy (2019: 516 PJ) is characterised by a very high share of renewables amounting to more than 83% (430 PJ) and a strong increase in renewables. Biogenic energies make up the highest share of renewables (2019: 225 PJ), 52.8 PJ of which are assigned to firewood billets and 163.8 PJ of which are assigned to other solid biomass, mainly wood chips, sawing by-products and bark, waste liquor of the paper industry and pellets. All in all 80% of the bioenergy in Austria is generated from wooden assortments.

Domestic production of primary energy
by energy source in petajoules 2005-2019



Growth and decline
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+0.7%	Hydropower	+8.5%
+3.4%	Cobustible waste	-1.4%
-3.8%	Gas	-10.4%
-2.5%	Oil	-5.5%
+1.6%	**Total**	

According to the official removal statistics 5.58 million m³ of fuelwood and chippings from forests were harvested in 2019, which corresponds to a 29.5% share in the total removal and a rise of 6.4% compared to 2018. Fuelwood accounted for 2.60 million m³ (1.57 million m³ of coniferous wood, 1.03 million m³ hardwood), wood chips from forests for 2.98 million (solid) m³. With € 64.04 per m³ of stacked wood (with bark, without turnover tax) the price of non-coniferous fuelwood in 2019 rose by 2.2% compared to 2018, that of coniferous fuelwood rose by 1.7%, thus reaching € 42.95. All in all, there were hardly any fluctuations. Prices have fallen slightly since spring 2020.

Wood pellets are currently produced at 42 sites in Austria, predominantly by the sawmill industry. In 2019, the production amounted to 1,441,000 tonnes (+7% compared to the preceding year); 337,000 tonnes (-6%) were imported, above all from the Czech Republic, Romania and Germany; 818,000 tonnes were exported (+2%), mainly to Italy. According to proPellets Austria the domestic consumption increased by 1% and amounted to 930,000 tonnes. The estimated production for 2020 is expected to increase to a new record of over 1.5 million tonnes. Depending on the next winters, future production might rise significantly as a result of the higher production capacity. The number of newly installed pellet boilers (< 100 kW) rose by 31% to 6,670 in 2019. The price survey done by proPellets Austria (www.propellets.at) resulted in an average price of 22.70 cent/kg of (bulk) wood pellets (incl. turnover tax) in September 2020. Compared to September 2019 this means a price decline of 2.9%. Wood pellets in bags (when ordered by the pallet) cost on average € 3.93 per 15 kg bag (26.19 cent/kg, -2.1%).

C. Certified forest products

PEFC Austria was founded in 1999. 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. Currently, about 80,000 forest owners holding over 3.26 million hectares effectively take advantage of the certification and 535 CoC certificates are valid.

Forest Stewardship Council (FSC): In Austria, 587 hectares of forest are currently certified according to FSC. There are 311 valid CoC certificates.

D. Value-added wood products

In addition to the sawmill and board industries (see E, F, G), also the construction sector, the furniture industry, and the ski industry represent important lines of business of Austria's wood industry.

2019's production in the construction sector amounted to € 3.08 billion (provisional), an increase of 2.8% compared to the previous year. All main individual sectors of the construction-related industries showed a positive trend. Glued structural components' production increased to a total of € 855 million (+1.4%). The production of windows rose to € 460 million (+4.5%) and the production of doors by 12.1% to € 273 million. After declines in the last two years, also the production of prefabricated wooden houses has increased slightly. Exports of laminated timber (€ 482 million +3.1%), parquet (€ 238 million, +7.7%) and doors (€ 47 million, +9.5%) increased; exports of windows (€ 74 million) remained at the same level. The most important foreign markets for parquet, windows and doors were Germany and Switzerland. The largest portion of the laminated timber was exported to Italy (33%), although exports to Italy dwindled again (-2.1%). Germany (21%) and Japan (11%) followed in the ranking.

The Austrian furniture industry comprises 49 industrial plants with about 6,000 employees – most of them are privately owned medium-sized companies. The furniture industry suffered a decline in production in 2019 (€ 2.0 billion, -3.0%). Shopfitting (€ 231 million, -4.8%) and seating furniture (€ 204 million, -2.0%) recorded a loss of production. In contrast, office furniture (€ 293 million, +6.9%), kitchen furniture (€ 295 million, +1.4%) and wooden bedroom, dining room and living room furniture (€ 372 million, +0.5%) recorded increasing production numbers.

Exports fell in 2019 by 4.5% to € 886 million. The main export markets for the Austrian furniture industry are Germany, Switzerland and Poland. Furniture imports to Austria rose by 5.5% to € 1.87 billion. The bulk of the imported furniture came from Germany.

E. Sawn softwood

With about 1,000 companies and nearly 6,000 employees the Austrian sawmill industry is the biggest processor of wood in Austria (see wood flow diagram). It mainly consists of small- and medium-sized enterprises. However, the ten largest sawmills generate around two thirds of the total production volume. More than 98% of the total production is sawn softwood, mainly spruce and fir. Almost 60% of the total sawn softwood production is designated for the export. In absolute terms Austria is among the top 6 worldwide as regards the export of sawn softwood.

2019 was a positive business year for Austria's sawmill industry with investments in processing depth and added value being implemented or started. Production increased for the fifth

consecutive year, as the sector benefited from the favourable economic situation on almost all sales markets. The summer of 2019 was marked by large quantities of calamity wood in Central Europe and lower purchasing prices for the sawmills. This allowed the sawmill industry to expand international market shares.

The production of sawnwood amounted to 10.5 million m³ (2018: 10.4 million m³), of which 10.3 million m³ were sawn softwood. The production value of the Austrian sawmill industry decreased by 3.5%, thus amounting to € 2.30 billion. According to the industry report 2019/2020 of the Austrian Wood Industry Association, processed roundwood accounted for 18 million solid cubic metres in 2019, 57% of which from domestic logging. The foreign trade statistics show 7.1 million solid m³ of imported coniferous sawlogs. Most of these imports were from Czechia (3.7 million solid m³), Germany (1.7 million solid m³), Slovenia (734,000 solid m³) and Italy (718,000 solid m³).

6.07 million m³ of sawn softwood were exported in 2019 – an increase by 2.5% compared to the previous year (5.92 million m³). Exports to the main market, Italy, rose by 1.0% to 2.6 million m³. This means that 43% of the total sawn softwood exports were shipped to Italy. 17% of the exports were exports to Germany (+0.9%), 16% to the countries of the Levant (+6.6%), 9% to Japan (+12%), 3% to the US (+6%). Imports of sawn softwood decreased by 5.1% compared to the previous year in 2019 and totalled 1.79 million m³.

2020: Vigorous logging in Austria at the beginning of the year and boosting sawlog imports (+31% in the first quarter compared to the same period of the previous year) in particular from the Czech Republic and from Germany ensured that the sawmill industry was well stocked. The effects of the Covid-19 crisis resulted first of all in a decline of the European exports to China, then in a slump in sawnwood exports to Italy. The sawmills in Austria curbed their production volumes or ceased the production temporarily. The full roundwood stocks of the sawmills and the stocking areas of forests, which were further increasing due to the necessary processing of damaged wood, resulted in a price slump regarding sawlogs, which continued until summer. However, the sales of sawnwood developed very well again, supported by the good economic development of the construction industry in Austria and Germany. All in all the sawmill industry expects for 2020 in spite of Covid-19 only a very small decline of its production volume (-4% with coniferous sawnwood).

For 2021, too, it is to be assumed that an above-average amount of calamity wood will continue to accrue in Central Europe, albeit to a lesser extent due to the more favourable weather this year. As soon as the log prices rise, an increased supply of fresh roundwood can be expected. The sawmill industry is expecting a slight increase in its production for the next year.

F. Sawn hardwood

The production of hardwood sawmills went up to 181,000 m³ in 2019 (+3%). According to a current survey of the technical journal "Holzkurier" the processed hardwood amounted to 280,800 solid cubic metres, for the year 2020 the planned volume of hardwood for sawing in Austria is predicted to amount to 277,600 solid cubic metre. The demand for oak sawnwood remains high.

G. Wood-based panels

Following the record year 2018, 2019 was still a successful financial year. Production, domestic sales and export volumes were maintained. The industry is relying on a high degree of finishing, which also explains the slight decline in production. The export quota has been very high for

years, amounting to about 80%. The foreign trade surplus amounted to € 784 million. The most important sales markets are located in Europe, notably in Germany, Italy, the Czech Republic and Poland.

The Austrian enterprises of the particle, fibre and MDF board industries produced at seven Austrian premises and employed about 3,000 persons. The largest portion of the turnover was made with particle boards. The particle board production amounted to 2.35 million m³ in 2019, of which more than 80% were exported.

Ensuring the long-term supply of wood as a raw material is a key issue for Austria's wood-based panel industry. In 2019 the quantity of the raw material used comprised 1.15 million m³ of roundwood (type "Plattenholz"; -23%) and 1.31 million m³ of sawing by-products and chips (-9%), plus the use of recycled wood. The import share for the roundwood used amounted to 25%, that for sawing by-products and chips to 15%.

Outlook: The uncertainties due to Covid-19 make it difficult to forecast the further development. Austria's board industry has so far always been able to adapt rather swiftly to new conditions and therefore looks positively to the future. For this year the board industry is expecting a small decrease in production, the forecast for next year is based on a slight increase. However, there are no plans to further expand the existing production capacities in Austria.

H. Pulp and paper

In Austria, 24 mills produce pulp and paper. In 2019 they employed 8,020 (+1.5%) persons. Paper production fell by 1.4% to 5.0 million tonnes. The weaker result was mainly due to the decreased capacity utilisation of 90% (2018: 93%). However, the paper industry's capacity increased to 5.5 million tonnes due to the start of the new PM 3 in Pöls in May. The graphics business decreased significantly once again, by 4.9% to 2.3 million tonnes. However, the growth of the packaging paper sector continued and increased by 2.3% to 2.4 million tonnes, inter alia, because of the additional Sack-Kraft paper from Pöls. The speciality paper sector also declined and ended up at approximately 310,000 tonnes.

The total turnover decreased by 2.7% to € 4.2 billion – a decline that can be explained by smaller quantities, but also lower sales prices for pulp and paper. Consistent cost management of the paper mills helped to keep the results positive. Due to the weaker economic situation in 2019, consumption declined in the print media sector particularly. Overall, paper consumption in Austria decreased by 4.4% to 1.8 million tonnes. The export rate remained high at 87.7%.

Some major projects contributed to an overall investment of more than € 300 million in 2019. The works on the new PM 3 in Pöls are now completed. Other noteworthy endeavours are major energy projects in Nettingsdorf, Laakirchen, and soon also in Bruck. There is also a new facility in Hallein, which will turn wood sugar into bioethanol.

With paper exports of roughly € 3.0 billion the paper industry made a positive contribution to Austria's trade balance. Total paper exports have remained almost stable at 4.4 million tonnes. The largest supply markets, alongside the 616,000 tonnes domestic market (-3.4%), remain Germany (978,000 t, -4.2%) and Italy (563.000 t, +7.3%). In 2019 a total amount of 1.27 million tonnes of paper were imported into Austria.

Pulp: The Austrian volume trend for virgin fibre was slightly positive overall in 2019 and reached a production of 2.1 million tonnes (+0.3%). The chemical pulp production has remained largely

stable at 1,319,000 tonnes (-0.3%), the production of mechanical wood pulp as well as the production of dissolving pulp (for textile fibres) rose to 309,000 (+1.6%) and 462,000 tonnes (+1.3%). The amount of wood used by the Austrian paper industry decreased by 0.4% to 8.74 million solid cubic metres in 2019; 4.02 million m³ accounted for roundwood (-3.1%) and 4.72 million m³ for sawing by-products (+1.9%). Purchases of domestic roundwood decreased by 2.7% to 2.49 million m³, imports by 4.3% to 1.61 million m³. For sawing by-products, domestic purchases amounted to 3.85 million m³ (+4.5%) and imports accounted for 0.92 million m³ (-8.7%). The production of secondary pulp (2.23 million tonnes, -0.4%) decreased slightly in 2019. 2.59 million tonnes of paper for recycling were used (-0.5%), of which 1.10 million tonnes came from domestic sources. The paper recovery rate was again on a very high level (76.2%).

1st half of 2020: The downturn in the European economy in autumn 2019 also affected the growth of the paper industry. Nevertheless, the figures for Austria in the 1st quarter of 2020 were positive with a total volume growth of +5.2%. However, with the onset of the corona crisis in March, the picture changed noticeably, especially in the graphics sector. Although paper production declined by "only" 5.5% in the first half of the year, if only the second quarter is considered, the decline is already -15.8%. The result of -37.5% for graphic papers is particularly negative. Fiber production also declined, with textile pulp losing more than paper pulp. The decline in mechanical pulp production mainly reflects the development of the press paper market. The continued strong packaging market led to an increase in recovered paper consumption (4.7%). The increasing demand for recovered paper is accompanied by lower collection volumes. Sales in the paper industry fell by 14.6% to € 1.8 billion in the first half of the year.

Outlook: The Austrian paper industry will continue to invest. The focus remains on energy optimization. Logistics, sustainability, energy costs and efficiency, research and innovation, digitalisation and biorefinery as well as human resources and work safety will continue to be important issues for the association of the Austrian paper industry, Austropapier (www.austropapier.at). Due to Covid-19, the paper industry expects a decline (-5.7%) of its production in 2020, and an increase of 2% is forecasted for 2021. The shift in demand and production from graphic to packaging paper will continue.

I. Innovative wood products

To strengthen the timber sector and to enhance its competitive and innovative power actual measures have been taken in Austria for years, among them the establishment of timber clusters in several Federal Provinces, the initiation of institutes and chairs for timber engineering and timber technology at several universities, targeted research promotion, and the use of international, in particular European, aid programmes.

The Forest-based Sector Technology Platform (FTP) is a joint initiative of the European associations of forestry, the wood industry and the paper industry. For important research topics the FTP is the mouthpiece of these branches vis-à-vis the European Commission. The National Support Group brings together national concerns and communicates them to the FTP.

In a great number of ERA-NET Forest Value projects Austrian scientists are involved in research work on innovative wood products. Research issues include new concepts for high-strength cellulose composite materials or connection solutions for wooden components made of hardwood.

J. Housing and construction

Over the past years wood has become a high-tech construction material which increasingly finds its way into urban areas. One of many highlights in Austria is the 24-storey high-rise timber building "HoHo Wien" (84 m high) in Vienna.

Timber construction prizes are awarded in all Federal Provinces to strengthen the awareness for the high design qualities of timber construction and its ecological and climate-protecting properties. proHolz Austria offers comprehensive information about the building with wood, and many of its campaigns focus on wood construction. See also *2 Wood promotion*.

In July 2020, Parliament passed the Forest Fund Act (see 2).One of the ten measures listed in the law focuses on the increased use of wood as building material. The specific activities are summarized under the "Austrian Wood Offensive" which serves as the implementation instrument. In addition, a new working unit "Wood-based value chain" was set up in the Federal Ministry of Agriculture, Regions and Tourism. Timber construction also contributes to the long-term storage of CO2 and the substitution of CO2-intensive substances.

In 2019 timber construction in Austria could reach a good annual result. 52% of the SME interviewed by Forschung Austria reported an increase in turnovers, 32% stagnating turnovers, and 16% declining turnovers. On average, this resulted in an increase in turnovers amounting to 5.9%. The effects of the corona pandemic have so far hardly affected the majority of timber construction companies. According to a business survey carried out by the technical journal Holzkurier for the second quarter, 68% of the Austrian and German timber construction enterprises interviewed reported about a "good" and 27% about a "satisfactory" order situation. Also when looking ahead into the near future they are optimistic.

See also *4D Value-added wood products*.

5. Charts

Economic indicators (WIFO Economic Outlook October 2020)

	2016	2017	2018	2019	2020	2021
	Percentage changes from previous year					
GDP, volume	+ 2.0	+ 2.4	+ 2.6	+ 1.4	- 6.8	+ 4.4
GDP, value	+ 3.9	+ 3.3	+ 4.3	+ 3.2	- 5.0	+ 6.1
Export of goods, volume	+ 2.9	+ 4.9	+ 5.4	+ 2.1	- 10.7	+ 6.5
Export of goods, value	+ 1.8	+ 6.5	+ 7.3	+ 1.5	- 11.1	+ 7.2
Import of goods, volume	+ 3.6	+ 4.4	+ 3.8	+ 1.1	- 9.2	+ 6.0
Import of goods, value	+ 1.6	+ 7.8	+ 6.6	+ 0.9	- 10.5	+ 6.6
Consumer prices	+ 0.9	+ 2.1	+ 2.0	+ 1.5	+ 1.3	+ 1.5
Active dependent employment	+ 1.6	+ 2.0	+ 2.5	+ 1.6	- 1.9	+ 1.3

Wood resources

Product	Year	Production	Imports	Exports
		1,000 m³		
Sawlogs, pulpwood and other industrial roundwood	2018	13,949	10,113	948
	2019	13,325	10,586	889
	2020	12,660	10,650	700
	2021	13,000	11,050	750
Wood residues, chips, particles	2018	7,125	2,719 [2)]	728 [2)]
	2019	7,143	2,347 [2)]	602 [2)]
	2020	6,900	1,850 [2)]	545 [2)]
	2021	7,000	1,900 [2)]	550 [2)]
Fuelwood	2018	5,243 [1)]	539	20
	2019	5,579 [1)]	372	17
	2020	4,950 [1)]		
	2021	5,063 [1)]		

[1)] incl. chippings from forests

[2)] incl. recovered post-consumer wood

Sawnwood

Product	Year	Production	Imports	Exports
		1,000 m³		
Coniferous sawnwood	2018	10,206	1,886	5,919
	2019	10,343	1,790	6,068
	2020	9,900	1,600	5,800
	2021	10,100	1,650	6,000
Non-coniferous sawnwood	2018	180	202	182
	2019	185	192	157
	2020	165	195	148
	2021	165	200	148

UNECE **TF1** **TIMBER FORECAST QUESTIONNAIRE** **Roundwood**	Country: Austria			Date: 07.Okt
	Name of Official responsible for reply:			
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Product Code	Product	Unit	Historical data 2018	Revised 2019	Estimate 2020	Forecast 2021
1.2.1.C	SAWLOGS AND VENEER LOGS, CONIFEROUS					
	Removals	1000 m^3 ub	10.070	9.568	9.100	9.500
	Imports	1000 m^3 ub	7.277	7.135	7.900	7.900
	Exports	1000 m^3 ub	548	540	450	450
	Apparent consumption	1000 m^3 ub	16.799	16.163	16.550	16.950
1.2.1.NC	SAWLOGS AND VENEER LOGS, NON-CONIFEROUS					
	Removals	1000 m^3 ub	326	302	290	300
	Imports	1000 m^3 ub	190	n.a.	n.a.	n.a.
	Exports	1000 m^3 ub	60	n.a.	n.a.	n.a.
	Apparent consumption	1000 m^3 ub	456			
1.2.1.NC.T	of which, tropical logs					
	Imports	1000 m^3 ub	0	0	0	0
	Exports	1000 m^3 ub	0	0	0	0
	Net Trade	1000 m^3 ub	0	0	0	0
1.2.2.C	PULPWOOD (ROUND AND SPLIT), CONIFEROUS					
	Removals	1000 m^3 ub	2.751	2.774	2.600	2.500
	Imports	1000 m^3 ub	1.842	2.461	1.900	2.300
	Exports	1000 m^3 ub	239	181	130	180
	Apparent consumption	1000 m^3 ub	4.354	5.054	4.370	4.620
1.2.2.NC	PULPWOOD (ROUND AND SPLIT), NON-CONIFEROUS					
	Removals	1000 m^3 ub	802	680	670	700
	Imports	1000 m^3 ub	804	n.a.	n.a.	n.a.
	Exports	1000 m^3 ub	101	n.a.	n.a.	n.a.
	Apparent consumption	1000 m^3 ub	1.505			
1.2.NC	Sawlogs & Veneer logs + Pulpwood, NON-CONIFEROUS					
	Removals	1000 m^3 ub	1.128	982	960	1.000
	Imports	1000 m^3 ub	994	991	850	850
	Exports	1000 m^3 ub	161	168	120	120
	Apparent consumption	1000 m^3 ub	1.961	1.805	1.690	1.730
1.2.3.C	OTHER INDUSTRIAL ROUNDWOOD, CONIFEROUS					
	Removals	1000 m^3 ub	0	0	0	0
1.2.3.NC	OTHER INDUSTRIAL ROUNDWOOD, NON-CONIFEROUS					
	Removals	1000 m^3 ub	0	0	0	0
1.1.C	WOOD FUEL, CONIFEROUS					
	Removals	1000 m^3 ub	3.218	3.634	3.200	3.090
1.1.NC	WOOD FUEL, NON-CONIFEROUS					
	Removals	1000 m^3 ub	2.026	1.945	1.750	1.973
1	TOTAL REMOVALS	1000 m^3 ub	19.192	18.904	17.610	18.063
3	WOOD CHIPS, PARTICLES AND RESIDUES					
	Domestic supply	1000 m^3	7.125	7.143	6.900	7.000
	Imports incl. Recovered Post-Consumer Wood	1000 m^3	2.719	2.347	1.850	1.900
	Exports incl. Recovered Post-Consumer Wood	1000 m^3	728	602	545	550
	Apparent consumption	1000 m^3	9.117	8.889	8.205	8.350
5.1	WOOD PELLETS					
	Production	1000 m.t.	1.345	1.441	1.500	1.550
	Imports	1000 m.t.	360	337	375	380
	Exports	1000 m.t.	804	818	820	850
	Apparent consumption	1000 m.t.	901	960	1.055	1.080

TF2

TIMBER FORECAST QUESTIONNAIRE

Forest products

Country: Austria | **Date:** 07.Okt

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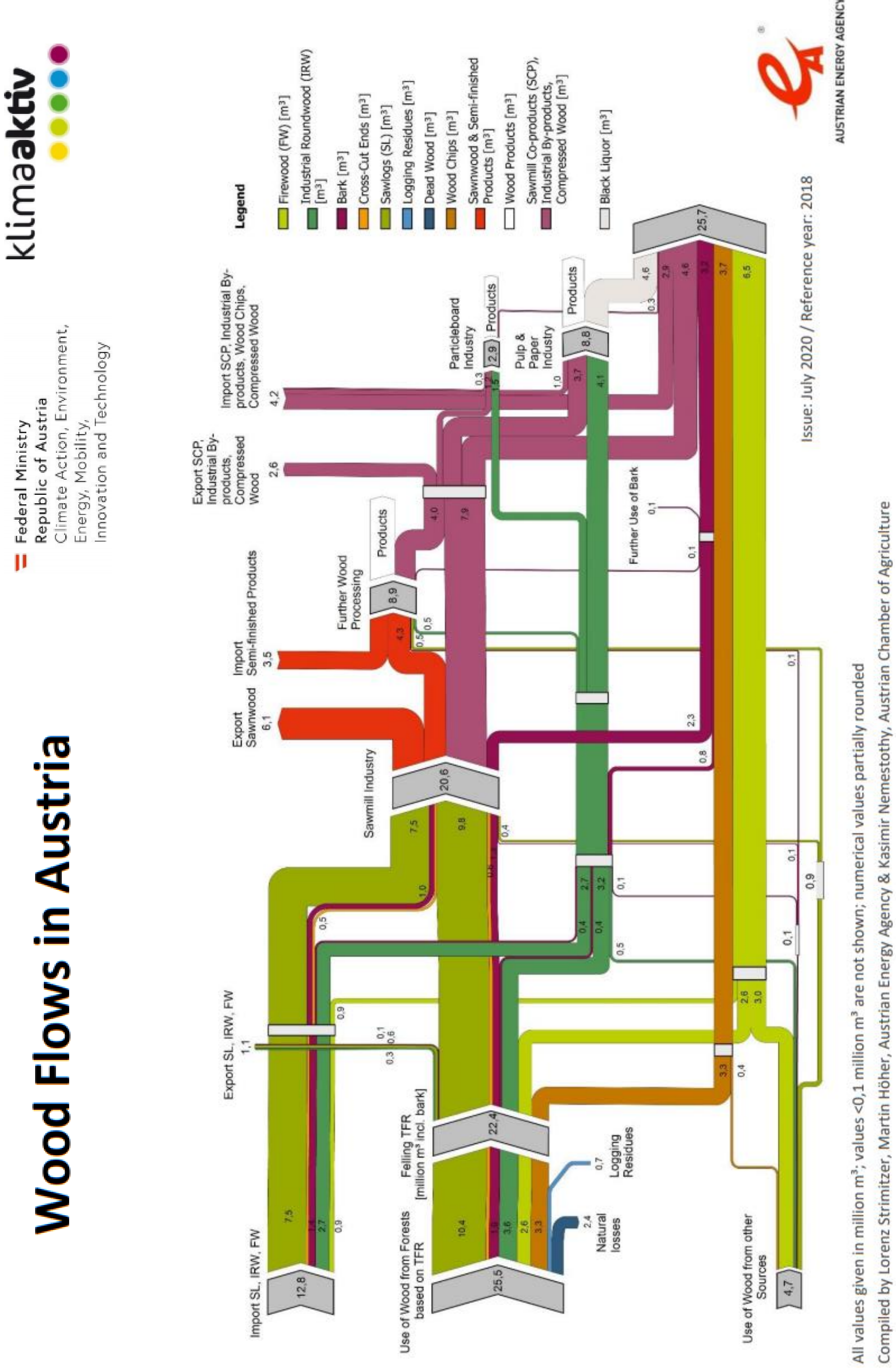
Product Code	Product	Unit	Historical data 2018	Revised 2019	Estimate 2020	Forecast 2021
6.C	**SAWNWOOD, CONIFEROUS**					
	Production	1000 m^3	10.206	10.343	9.900	10.100
	Imports	1000 m^3	1.886	1.790	1.600	1.650
	Exports	1000 m^3	5.919	6.068	5.800	6.000
	Apparent consumption	1000 m^3	6.172	6.065	5.700	5.750
6.NC	**SAWNWOOD, NON-CONIFEROUS**					
	Production	1000 m^3	180	185	165	165
	Imports	1000 m^3	202	192	195	200
	Exports	1000 m^3	182	157	148	148
	Apparent consumption	1000 m^3	200	220	212	217
6.NC.T	of which, tropical sawnwood					
	Production	1000 m^3	0 N	0	0	0
	Imports	1000 m^3	7	5	6	7
	Exports	1000 m^3	1	1	1	1
	Apparent consumption	1000 m^3	6	4	5	6
7	**VENEER SHEETS**					
	Production	1000 m^3	8 N	8	7	7
	Imports	1000 m^3	58	58	55	56
	Exports	1000 m^3	21	19	16	17
	Apparent consumption	1000 m^3	44	46	46	46
8.1	**PLYWOOD**					
	Production	1000 m^3	n.a.	n.a.	n.a.	n.a.
	Imports	1000 m^3	242	217	240	245
	Exports	1000 m^3	300	309	280	290
	Apparent consumption	1000 m^3				
8.2	**PARTICLE BOARD (including OSB)**					
	Production	1000 m^3	2.419	2.350	2.260	2.275
	Imports	1000 m^3	503	534	525	525
	Exports	1000 m^3	1.939	1.974	1.895	1.900
	Apparent consumption	1000 m^3	983	910	890	900
8.2.1	of which, OSB					
	Production	1000 m^3	0	0	0	0
	Imports	1000 m^3	176	165	159	160
	Exports	1000 m^3	9	6	6	6
	Apparent consumption	1000 m^3	168	159	153	154
8.3	**FIBREBOARD**					
	Production	1000 m^3	600 C	570	560	571
	Imports	1000 m^3	330	302	297	296
	Exports	1000 m^3	484	443	436	440
	Apparent consumption	1000 m^3	446	430	421	427
8.3.1	Hardboard					
	Production	1000 m^3	71 N	72	70	71
	Imports	1000 m^3	26	26	24	25
	Exports	1000 m^3	56	53	53	54
	Apparent consumption	1000 m^3	40	45	41	42
8.3.2	MDF/HDF (Medium density/high density)					
	Production	1000 m^3	529 N	498	490	500
	Imports	1000 m^3	174	133	133	130
	Exports	1000 m^3	422	385	377	380
	Apparent consumption	1000 m^3	281	246	246	250
8.3.3	Other fibreboard					
	Production	1000 m^3	0 N	0	0	0
	Imports	1000 m^3	131	143	140	141
	Exports	1000 m^3	5	5	6	6
	Apparent consumption	1000 m^3	125	139	134	135
9	**WOOD PULP**					
	Production	1000 m.t.	2.083	2.090	2.020	2.100
	Imports	1000 m.t.	671	627	600	620
	Exports	1000 m.t.	461	450	380	450
	Apparent consumption	1000 m.t.	2.293	2.267	2.240	2.270
12	**PAPER & PAPERBOARD**					
	Production	1000 m.t.	5.055	4.985	4.700	4.800
	Imports	1000 m.t.	1.327	1.269	1.150	1.250
	Exports	1000 m.t.	4.233	4.170	3.800	4.000
	Apparent consumption	1000 m.t.	2.150	2.084	2.050	2.050

These data are flagged with E, R, N or C for secretariat estimate, repeat, national estimate or calculated totals (from subitems).

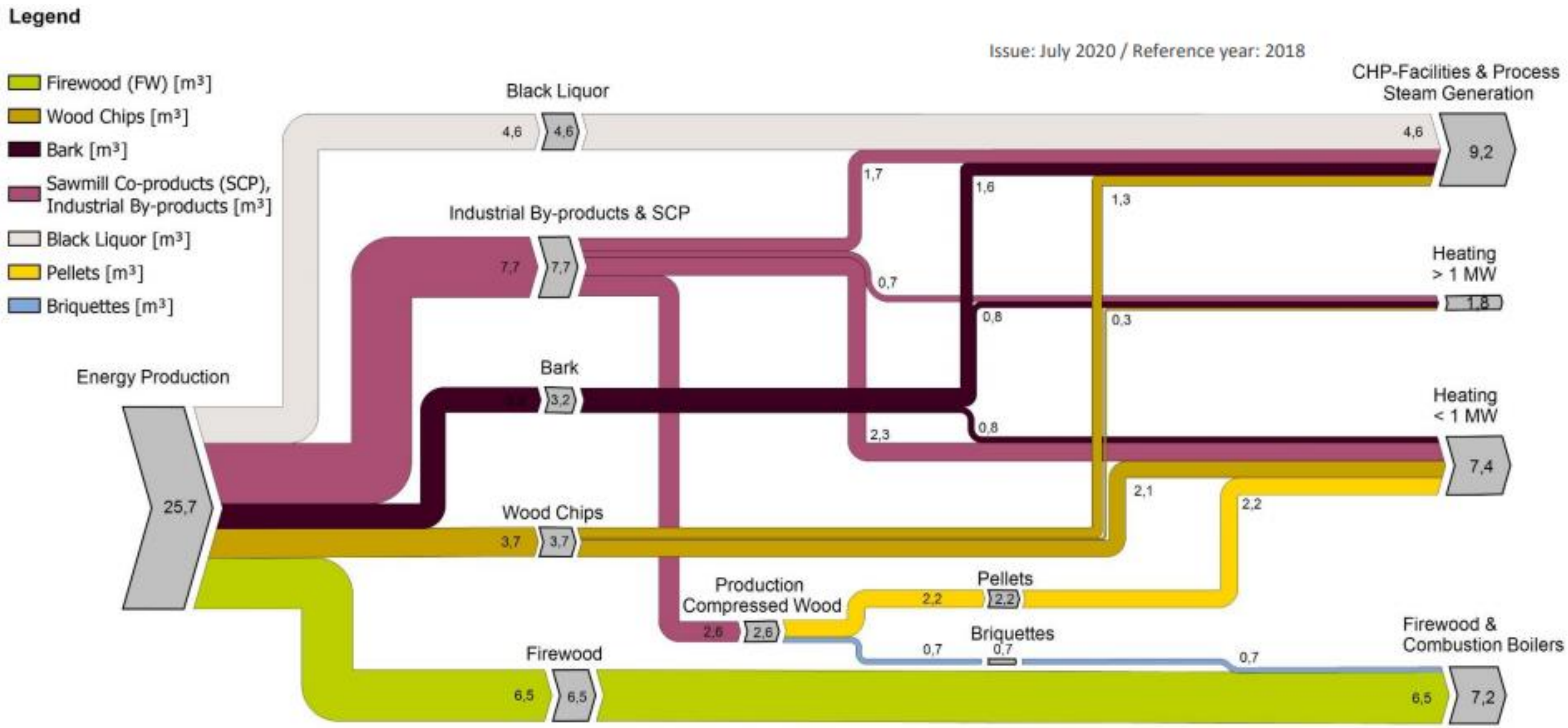
https://www.klimaaktiv.at/erneuerbare/energieholz/holzstr_oesterr.html



Wood Flows in Austria – Energy Production

Federal Ministry
Republic of Austria
Climate Action, Environment,
Energy, Mobility,
Innovation and Technology

klimaaktiv



All values given in million m³; values <0,1 million m³ are not shown; numerical values partially rounded

Compiled by Lorenz Strimitzer, Martin Höher, Austrian Energy Agency & Kasimir Nemestothy, Austrian Chamber of Agriculture

AUSTRIAN ENERGY AGENCY