



Market Statement 2021 – SWEDEN

UNECE Committee on Forest and the Forest Industry and the European Forestry Commission (Foresta2021)

Content

1 General Economic Trends	2
2. Policy measures taken over the past 18 months	3
2.1 Impact of the COVID-19 outbreak and its impacts on forests and forest products markets and policy measures taken to mitigate the impacts on the sector	3
2.2 Biotic and abiotic disturbances of forests, their impacts on forest products markets and trade and current and planned policy measures taken to mitigate economic and ecologic impacts;	3
2.3 Forests and the forest-based industries in a circular bioeconomy;	4
2.4 Renewable energy policies and their impacts on forest products markets	8
3 Market drivers	9
4 Development in the forest products markets sectors	9
Wood raw materials	9
Wood energy	12
Certified forest products	14
Sawn softwood	14
Wood-based panels incl. Parquet industry	15
Pulp and paper	15
Value-added wood products	16
Housing and construction	17
5 Tables	20
5a Economic indicators	20

1 General Economic Trends

The recovery in the Swedish economy continued apace in the second quarter this year, with GDP up 0.9 per cent on the first quarter. Domestic demand increased on a broad basis, and investment in particular grew strongly. At the same time, shortages of materials and logistical issues meant that exports performed poorly. Recent data and indicators suggest that GDP growth has accelerated in the third quarter. The Economic Tendency Indicator, which reflects sentiment in the economy as a whole, has edged down in recent months but remains very high by historical standards.

The gradual easing of pandemic restrictions over the summer has contributed to both consumers and firms in the retail and service sectors becoming much more optimistic than normal. Households rapidly stepped up their consumption of hotel and restaurant services as early as July, and total household consumption is expected to grow by more than 3 per cent in the third quarter. Meanwhile, manufacturing has been boosted by strong growth in demand from abroad, and exports have grown again in the third quarter despite production still being held back somewhat by shortages of materials and logistical issues.

The remaining pandemic restrictions with tangible effects on domestic demand in Sweden are to be phased out at the end of September. Infections are assumed to remain higher during the autumn and winter than during the summer, but voluntary social distancing will nevertheless decrease further. Households will therefore continue to increase their spending, albeit not as quickly as in the third quarter. This will contribute to GDP growth slowing from around 2 per cent in the third quarter to around 1 per cent in the fourth, but this will still be sufficient for resource utilisation in the economy as a whole to improve further, with the economy operating close to capacity at the end of 2021.

The economic recovery among Sweden's most important trading partners stalled in the first quarter as fresh waves of infection led to tighter restrictions. The recovery picked up again in the second quarter, and growth will remain strong in the second half of the year. As in Sweden, it is to a great extent the easing of pandemic restrictions and increased optimism that are driving the recovery. The outlook for next year is fairly bright, and growth will again be comparatively strong. This forecast is based on an assumption that the pandemic does not escalate again to the point where extensive new restrictions need to be introduced in large numbers of countries. The recovery abroad has gone hand-in-hand with a sharp surge in world trade, and there have been shortages of both input goods, such as semiconductors, and of container shipping capacity. Prices for some raw materials have also soared. This in turn has fuelled inflation, which will accelerate strongly this year in many countries. Next year, both the shortages of materials and the logistical issues will ease, helping inflation to drop back.

Further comparatively strong growth among Sweden's most important trading partners means that the market for Swedish exports will grow relatively quickly next year. Delivery problems and shortages of materials will gradually ease during the year, and exports will again make a major contribution to GDP growth. High capacity utilisation in manufacturing, further strong demand for housing, and heavy government investment mean that investment too will increase rapidly next year.

2. Policy measures taken over the past 18 months

2.1 Impact of the COVID-19 outbreak and its impacts on forests and forest products markets and policy measures taken to mitigate the impacts on the sector

The Swedish Government has presented a range of different measures to limit the spread of the COVID-19 virus and to mitigate the economic impact of it. The government's overarching goal is to safeguard people's lives and health and to secure the health care capacity. To mitigate the economic effects on society of the COVID-19 outbreak, several measures have been taken. The measures are intended to provide greater security for those affected by the pandemic by limiting the spread of the virus, combating the effects on businesses and jobs and providing financial security and transition opportunities for those who become unemployed. They are also intended to create the conditions for recovery after the crisis. Most of the economic initiatives are general and apply to all business sectors, but some are more specific and targeting the forest sector.

In the budget bill for 2021 the Government propose extensive measures for a green restart of the Swedish economy. In total, the economic measures taken cover almost SEK 400 billion for 2020 and 2021. This corresponds to approximately SEK 40,000 per inhabitant. In addition, approximately SEK 1,000 billion has been made available in various forms of loans and guarantees.

Related to the forest sector the Government is proposing investments to protect valuable forest, promote the forest sector, increase people's opportunity to be in nature and create green jobs. The Government propose to continue investment to create green jobs aimed at young people and proposes a two-year investment of SEK 20 million per year 2022-2023. The initiative contributes to meet a more difficult situation in the labour market for young people due to the pandemic. It could contain management of nature reserves, the upgrading of hiking trails and the control of invasive alien species.

2.2 Biotic and abiotic disturbances of forests, their impacts on forest products markets and trade and current and planned policy measures taken to mitigate economic and ecologic impacts

In the Budget Bill for 2021 the Swedish Government set aside permanently SEK 30 million for the Forest Agency to prevent, monitor and combat forest damages. The Swedish Government also set aside 30 million SEK yearly for the Swedish University of Agricultural Sciences to increase the capacity on forest health. The Government has specifically assigned the Forest Agency the task of strengthening capacity building to combat spruce bark beetles, including in the protected areas for which the Forest Agency is responsible.

Biotic disturbance

The spruce forest in southern and central Sweden was stressed by drought after the unusually dry summer of 2018. This has led to a sharp increase in European spruce bark beetle (*Ips typographus*) attacks during the following years with large financial losses for one of Sweden's most important basic industries. According to the Swedish Forest Agency's inventory, the spruce bark beetle caused damage of almost 7 million cubic meters in southern and central Sweden 2019 and almost 8 million cubic meters 2020, the highest level of damage ever measured. Preliminary data for 2021 indicate that the damage has decreased to less than 5 million cubic meters which is nevertheless a high figure. An annual felling in Sweden corresponds to approximately 90 million cubic

meters. This is a situation that will probably continue 2022 unless the summer will be cool and rainy which would benefit the forest and disadvantage the spruce bark beetles.

There are signs of multi-damages in Northern Sweden and that the young forests are much worse than expected, above all, due to Scots pine blister rust (*Cronartium flaccidum*), browsing by moose and crack disease. Surveys indicate that about 25 percent of the young forests in Northern Sweden have too few stems and do not meet the requirements stipulated in the forest act. In the long term, it can have major consequences for the forest industry and employment in Northern Sweden if forest growth and fellings decrease.

Abiotic disturbance

During 2021 storm damage has been on a normal level which means less than one million cubic meters have been affected. Preliminary data show an increase in forest fires 2021 compared to 2020, but the figure is far from the extremes 2015 and 2019 when more than 13 000 and 25 000 hectares, respectively, were affected by forest fires. The total area of forest land is 28 million hectares.

2.3 Forests and the forest-based industries in a circular bioeconomy

A national strategy for a circular economy

In July 2020 the Government has adopted a national strategy for a circular economy that sets out the direction and ambition for a long-term and sustainable transition of Swedish society. This is an important step towards Sweden becoming the world's first fossil-free welfare nation. The core of the strategy is a vision: "A society in which resources are used efficiently in toxin-free circular flows, replacing new materials." The national work for a circular economy will focus on sustainable production and product design; sustainable ways of consuming and using materials, products and services; toxin-free and circular ecocycles; and the circular economy as a driving force for the business sector and other actors through measures to promote innovation and circular business models. In January 2021 the Government has decided on the first action plan for circular economy. The action plan contains more than a hundred means and measures in areas such as industrial conversion, material supply, technology development and waste management. Through the decision, the government lays the foundation for a long-term and sustainable transformation of society.

Swedish National Forest Programme

The Swedish Government has assigned the Swedish Forest Agency to implement the following measures between 2020–2022 within the framework of the national forest program.

- Allocate funds to regional initiatives that support the vision and objectives of the national forest program.
- The Swedish Forest Agency shall assist the Ministry of Enterprise and Innovation in the continued implementation of the national forest program and in achieving the vision of the national forest program and the goals for the five focus areas in the forest program's strategy.
- The Swedish Forest Agency shall, within its area of responsibility, assist the Ministry of Enterprise and Innovation in proactive and strategic advocacy work, by focusing on policy development within the EU and strengthening forestry collaboration and dialogue.

- The Swedish Forest Agency shall produce proposals for relevant indicators that can measure the implementation of the forest program against the vision and the five focus areas
- The Swedish Forest Agency shall develop and implement an counselling campaign to further promote a growing forest industry and sustainable forest management.
- The Swedish Forest Agency shall continue the work for a gender-equal forest industry

Increase construction in wood

The government has, in the budget bill for 2022, proposed a grant of a total of SEK 2 million to the association Trästad Sverige (Wood City Sweden). The purpose is to increase knowledge about wood construction, spread good examples and stimulate innovation and development in industrial wood construction.

Fossil free Sweden

The Swedish Government decided in May 2020 to prolong the Fossil Free Sweden initiative to the end of 2024. Fossil free Sweden has and will encouraged business sectors to draw up their own roadmaps as to how they will be fossil free while also increasing their competitiveness. The forest sector's roadmap for fossil free competitiveness, shows how the sector can create even more climate benefits than it already does today. The roadmap is developed by the trade association The Swedish Forest Industries Federation. In a growing bioeconomy, the forest sector today already contributes to climate change mitigation in three overall ways: by substitution, whereby biobased products replace other products that are produced from fossil raw materials or which cause major fossil emissions during production, by carbon capture in the forests and in biobased products as well as by reducing the use of fossil energy sources. The goal of the roadmap is that the overall climate benefits of the forest sector and its contributions to a fossil free society will have increased by 2045 by contributing with more bio-based products and by phasing out fossil energy sources in its own operations.

Swedish Forest Review

An inquiry was established by the Swedish Government to examine the possibilities and submit proposals for measures for strengthened ownership rights for forests, new flexible forms of protection and compensation for the protection of forest land and how international commitments on biodiversity can be reconciled with the objective of a growing circular bioeconomy. The aim is also to highlight possible conflicts between different objectives and that synergies are used between international and relevant national commitments on biodiversity and a growing circular bioeconomy. The inquiry shall also propose how incentives for sustainable forestry and improved legitimacy for the forest and environmental policy pursued can be created.

Based on the report from the Forest Review the Government has in the budget bill of 2022 proposed investments of SEK 810 million annually up to and including 2027, for measures related to some of the proposals and for the Swedish Forest Agency's work with felling permits in forest close to mountains areas. Resources are also proposed for forest owners to receive financial compensation for restrictions on ownership and use rights to the extent to which they are entitled.

EU Green deal – Biodiversity and forest strategy

In 2020 the European Commission has adopted the new EU Biodiversity Strategy for 2030 and an associated Action Plan. Work on elaborating the details for implementing

the strategy continued under 2021. The strategy aims to put Europe's biodiversity on a path to recovery by 2030 with benefits for people, the climate and the planet. It is also the proposal for the EU contribution to the upcoming international negotiations on the global post-2020 biodiversity framework. In the post-COVID context, the Biodiversity Strategy aims to build our societies' resilience to future threats such as climate change impacts, forest fires, food insecurity or disease outbreaks, including by protecting wildlife and fighting illegal wildlife trade. The Strategy contains specific commitments and actions to be delivered by 2030. Forest related commitments includes

1. Legally protect a minimum of 30% of the EU's land area and 30% of the EU's sea area and integrate ecological corridors, as part of a true Trans-European Nature Network.
2. Strictly protect at least a third of the EU's protected areas, including all remaining EU primary and old-growth forests.
3. Effectively manage all protected areas, defining clear conservation objectives and measures, and monitoring them appropriately.
4. Plant 3 billion trees.

In July 2021 the Commission published the new EU forest strategy. Its stated objectives are effective afforestation, and forest preservation and restoration in Europe, to help to increase the absorption of CO₂, reduce the incidence and extent of forest fires, and promote the bio-economy, in full respect for ecological principles favourable to biodiversity. As regards the bio-economy the strategy emphasizes the role of wood-construction and long-lived wood products. It also seeks to promote the cascading principle as well as income generation for forest owners through Non-Wood Forest Products and Services, such as e.g. ecotourism. Other proposals include further work on criteria, indicators and thresholds for sustainable forest management; an upcoming EU legislative proposal on forest observation and reporting; and national strategic plans for forests. Both Council and European Parliament will give their opinion on the strategy during autumn 2021.

Renewed sustainable finance strategy and implementation of the action plan on financing sustainable growth

In the framework of the European Green Deal, the Commission announced a renewed sustainable finance strategy, which aims to provide the policy tools to ensure that financial system genuinely supports the transition of businesses towards sustainability in a context of recovery from the impact of the COVID-19 outbreak. The renewed strategy will contribute to the objectives of the European green deal investment plan, in particular to creating an enabling framework for private investors and the public sector to facilitate sustainable investments. It will build on previous initiatives and reports, such as the Commission's 2018 action plan on financing sustainable growth and the reports of the Technical Expert Group on Sustainable Finance (TEG).

On 18 December 2019, the Council and the European Parliament reached a political agreement on the Taxonomy Regulation. On 15 April 2020 the Council adopted by written procedure its position at first reading with respect to the Taxonomy regulation. The European Parliament approved the text pursuant to the "early second reading agreement" procedure on 18 June 2020. The Commission published the delegated act on climate change objectives in spring 2021, which is planned to enter into force in 2022. Council and European Parliament are expected to vote on the delegated act early autumn

2021. The delegated act concerning the other four environmental objectives (sustainable use and protection of water and marine resources, circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems) is planned to be adopted by the end of 2021, based on the advice of the Platform on sustainable finance – with a one year delay to enter into force.

On 9 March 2020, the TEG published its final report on EU taxonomy. The report contains recommendations relating to the overarching design of the EU taxonomy, as well as extensive implementation guidance on how companies and financial institutions can use and disclose against the taxonomy. The report is supplemented by a technical annex containing updated technical screening criteria for 70 climate change mitigation and 68 climate change adaptation activities, including criteria for do no significant harm to other environmental objectives.

The EU taxonomy and its comprehensive recommendations will have impact on the forest sector but it's still unclear in what way and how much. Will for example the contemporary Swedish state forest governance system apply to part of the Taxonomy regulation and future secondary legislation and the taxonomy and what about market imitative such as the forest certification system?

The EU Timber Regulation

Trade policy is managed by European Union. The European Union Timber Regulation (EUTR), which became effective on 3 March 2013, is intended to prevent the entry of illegally logged wood into the 27 EU Member States. The Regulation prohibits placing on the EU market wood and wood products illegally harvested and obligate operators to exercise due diligence and use a due diligence system. Operators can develop their own system or use one developed by a monitoring organization.

The Member States are responsible for laying down effective and dissuasive penalties applicable to infringements. Competent authority shall carry out checks on operators and monitoring organizations to verify compliance with the requirements in EUTR.

The Swedish Forest Agency (SFA) is assigned to be the competent authority for EUTR implementation in Sweden. Since the first of August 2014 Sweden has a national legislation laying down rules concerning infringements of the provisions of the regulation and rules on carrying out checks on operators by the competent authority.

So far 204 checks on operators importing timber products and 19 checks on traders have been conducted in total. 26 checks on operators placing harvested timber from Swedish forests has been conducted and are integrated and coordinated with ordinary supervision to Swedish forest owners.

EU Communication (2019) on Stepping up EU Action to Protect and Restore the World's Forests

On 23 July 2019, the European Commission adopted an EU Communication on Stepping up EU Action to Protect and Restore the World's Forests.

The Communication has the objective of protecting and improving the health of existing forests, especially primary forests, and significantly increasing sustainable, biodiverse forest coverage worldwide. It sets out five priorities:

- Reduce the footprint of EU consumption on land and encourage the consumption of products from deforestation-free supply chains in the EU;
- Work in partnership with producer countries to reduce pressures on forests and to “deforest-proof” EU development cooperation;
- Strengthen international cooperation to halt deforestation and forest degradation, and encourage forest restoration;
- Redirect finance to support more sustainable land-use practices;
- Support the availability and quality of information on forests and commodity supply chains, the access to that information, and support research and innovation.

Annex I to the Communication proposes actions to be implemented by the European Commission to meet these priorities, while Annex II lists actions recommended to EU national, regional and local authorities, industry and civil society.

Actions proposed also aim at creating a multi-stakeholder platform and an EU Observatory on deforestation and forest degradation, at exploring possible legislative measures, and at reinforcing the implementation of the EU Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan, focusing on fighting illegal logging.

2.4 Renewable energy policies and their impacts on forest products markets.

The Reduction Obligation for road transport fuels

Over the last decade, there have been several plans to increase the domestic production of biofuels based on biomass from forests and agriculture. However, a combination of too low costs for emitting carbon dioxide and uncertain energy policies has stopped most projects. To that is there a high competition on biomass and the ability to pay and a high demand in the traditional Swedish forest industry.

Since July 2018, Sweden has a new incentivising system to phase out fossil fuels from road transports – the Reduction Obligation. Allowed net emission of greenhouse gases per produced energy unit must successively be reduced relative pure fossil-based fuels over time. From 2022 the reduction must be at least 26 % for (fossil-dominated) diesel and at least 6 % for petrol. The goal is to have achieved such a reduction of the emissions from all carbon-based road transport fuels at about 56 % in year 2030, which can be compared to the 17 % reduction already achieved in 2018, thanks to a use of pure and mixed-in biofuels (mainly biodiesel and ethanol).

There are signs that this new incentive system will bring about new investments in biofuel production, for which the main source of biomass likely will be rest products from domestic forests and forest industry. According to plans, some of the production are aimed for aviation.

Review of the EU renewable energy sources directive (recast REDII)

The Commission proposed a revision of the directive in July 2021, as part of the package to deliver on the European Green Deal. The proposal raises the ambition of the existing legislation to align it with EU’s increased climate ambition. It also seeks to introduce new measures to complement the already existing building blocks established by the 2009 and 2018 directives, to ensure that all potentials for the development of renewable energy are optimally exploited – which is the necessary condition to achieve the EU's objective of climate neutrality by 2050.

In line with the EU Climate Law, the targets and measures set in the revised directive should be ambitious enough to reduce greenhouse gas emissions by at least 55% in 2030. This includes raising the overall renewables target (proposed to be increased to 40%), but also strengthened measures for transport or heating and cooling. The Commission is also aiming at a more energy efficient and circular energy system that facilitates renewables-based electrification, and promotes the use of renewable and low-carbon fuels, including hydrogen, in sectors where electrification is not yet a feasible option, such as transport.

The proposed revision of the directive is now being considered by the Council and the European Parliament.

Simultaneously the Commission is drafting an implementing regulation laying down operational guidance for Member States and economic operators on how to demonstrate compliance with the new sustainability criteria for forest forest biomass, set out in Article 29 of the REDII directive.

3 Market drivers

The Swedish krona initially, during the COVID-19 outbreak, plummeted but thereafter the Swedish krona has strengthened considerably and continuously, but in recent weeks dropped again. A stronger currency is expected to disadvantage the Swedish export companies.

Other market drivers affecting the market for forest products are mentioned in next chapter, such as growth in residential construction activity

4 Development in the forest products markets sectors

Wood raw materials

According to the Swedish Forest Agency's preliminary statistics, the gross felling in 2020 amounted to 93.3 million cubic meters (standing volume). This is an increase of one percent compared to 2019 when the felling amounted to 92.8 million cubic meters.

According to the Swedish Forest Agency's forecast, the felling during 2021 is estimated to increase to 96 million cubic meters. The increase in felling is mainly explained by an increase in the production of sawn timber (due to very high demand) and unchanged pulp production combined with reduced imports of pulpwood.

The net felling, which consists of the harvested volume of all tree stems that are fully or partially removed, amounted to preliminary 74.4 million cubic meters in 2020. Half of the net felling consisted of saw logs from conifers, 42 percent of pulpwood, 7 percent of firewood and less than one percent of other wood.

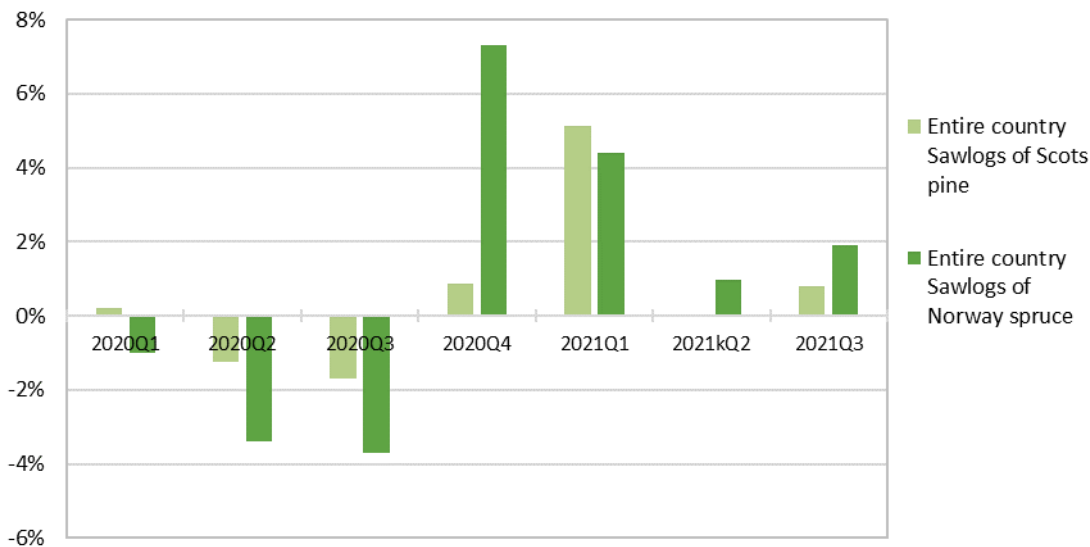
In 2020, the imports of round wood were preliminarily 7.2 million cubic meters, which is about 18 percent less than the year before. The exports were preliminary 1 million cubic meters, which is approximately 19 percent more than in 2019.

Sawlogs

Sawlog removals is preliminary estimated to 37.2 million cubic metres in 2020 (solid volumes under bark) and is expected to increase by 1.2 million cubic metre in 2021.

The stock of coniferous sawlogs was 2,7 million cubic metres (solid volume under bark) in the end of the second quarter this year. This was 16 percent more than the same time last year. Also see figure 3.

Average price of sawlogs (only statistics for delivery timber is available which represents some 9 percent of total sales) decreased in 2020 but raised again in the end of the year. In the beginning of 2021 the prices increased, so also in the second quarter but not as much. In the third quarter the prices went up again.

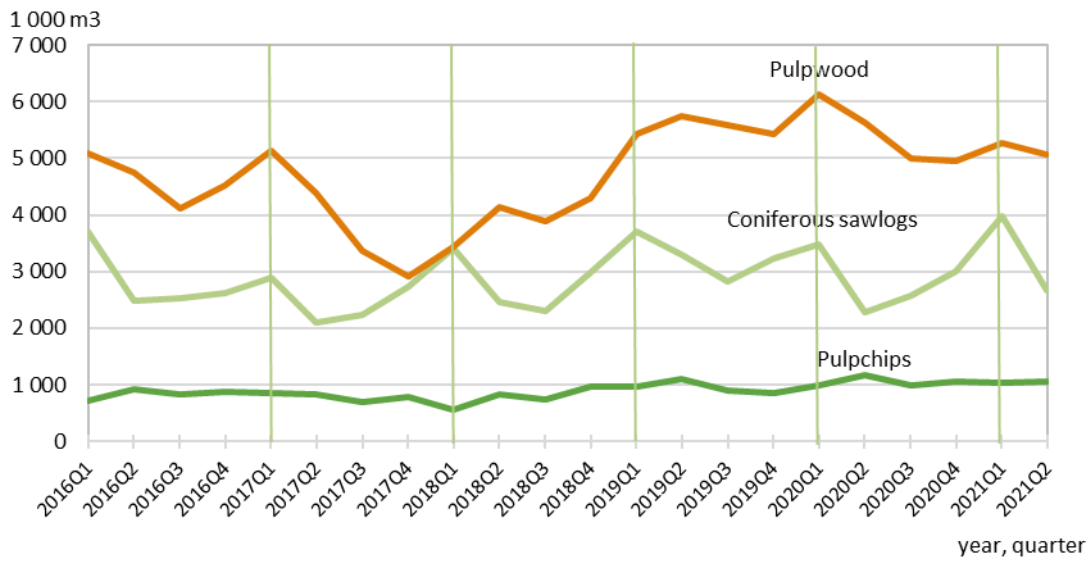


Pulpwood

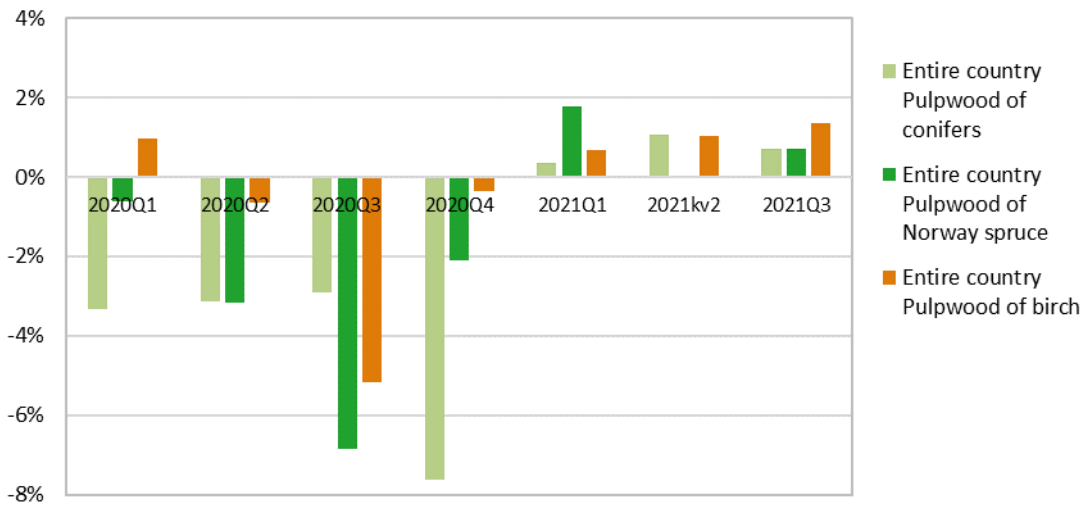
In 2020 preliminary removals of pulpwood is estimated to 31.5 million cubic metres (solid volumes under bark) an increase by 1 percent compared to 2019. Preliminary figure for 2021 shows an increase of removals to 32.3 million cubic metres. Import of pulpwood has decreased in recent years due to high domestic removals and stocks. The import is expected to also decrease this year.

The stock of pulpwood was 5.1 million cubic metres (solid volume under bark) in the end of the second quarter this year. This was 10 percent less than the same time last year.

Figure 2. Stocks (1.000 m³, solid volume under bark) by assortment, quarter.



Average price of pulpwood (only statistics for delivery timber is available which represents some 9 percent of total sales) decreased the last year but has increased slightly during 2021.



Chips, residues and fuelwood

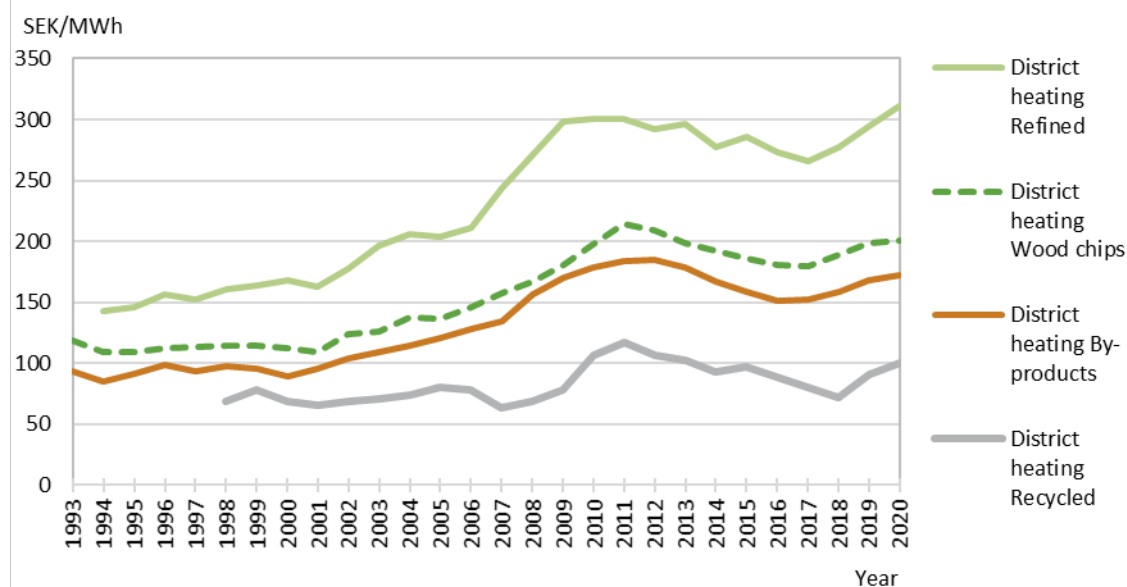
The total production of chips, sawdust, wood shavings and bark in the sawmill industry was around 20.6 million m³ during 2020. In 2021 the production is expected to increase due to the expected increase of production of sawn wood.

The removals of fuelwood (including stem wood, chips made of stem wood and whole trees) was 6.3 million cubic metres with bark in 2019. Preliminary figures for 2020 is about the same or a small increase.

The infestation by spruce bark beetles has increased the availability of raw material and for energy purpose.

Until 2011, the demand for forest fuel increased year after year. Since then, the market situation changed and prices dropped, but since a couple of years the prices has increased again.

Figure 4. Wood fuel prices, district heating, annual excl. taxes, from 1993, SEK/MWh, current prices.

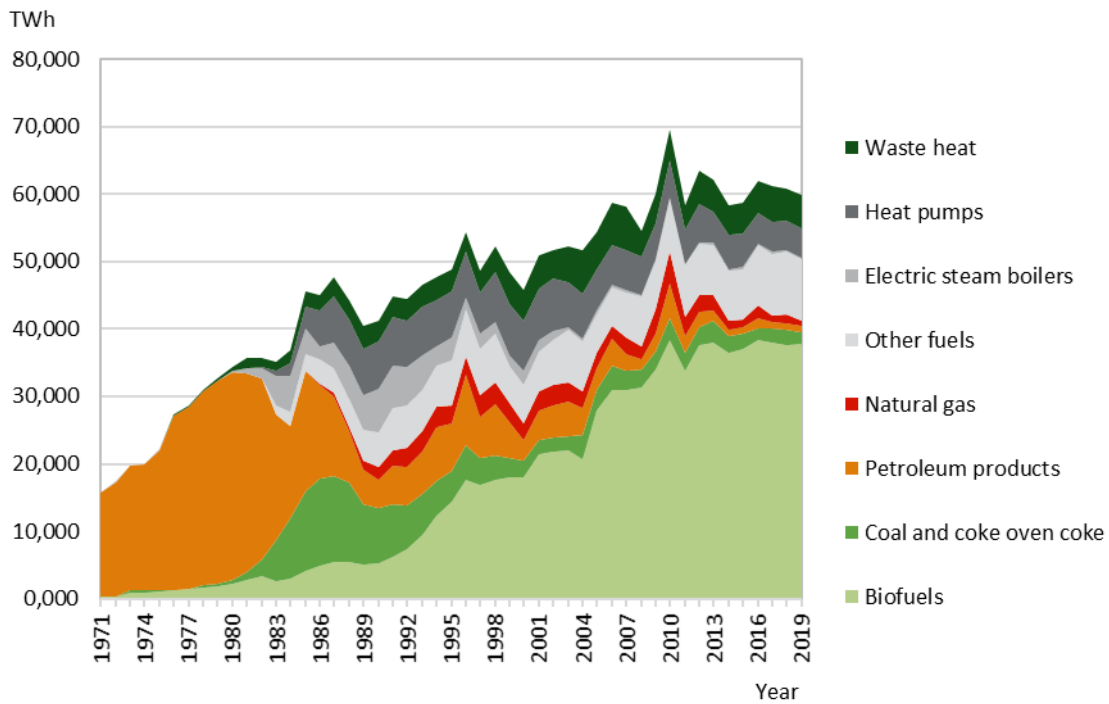
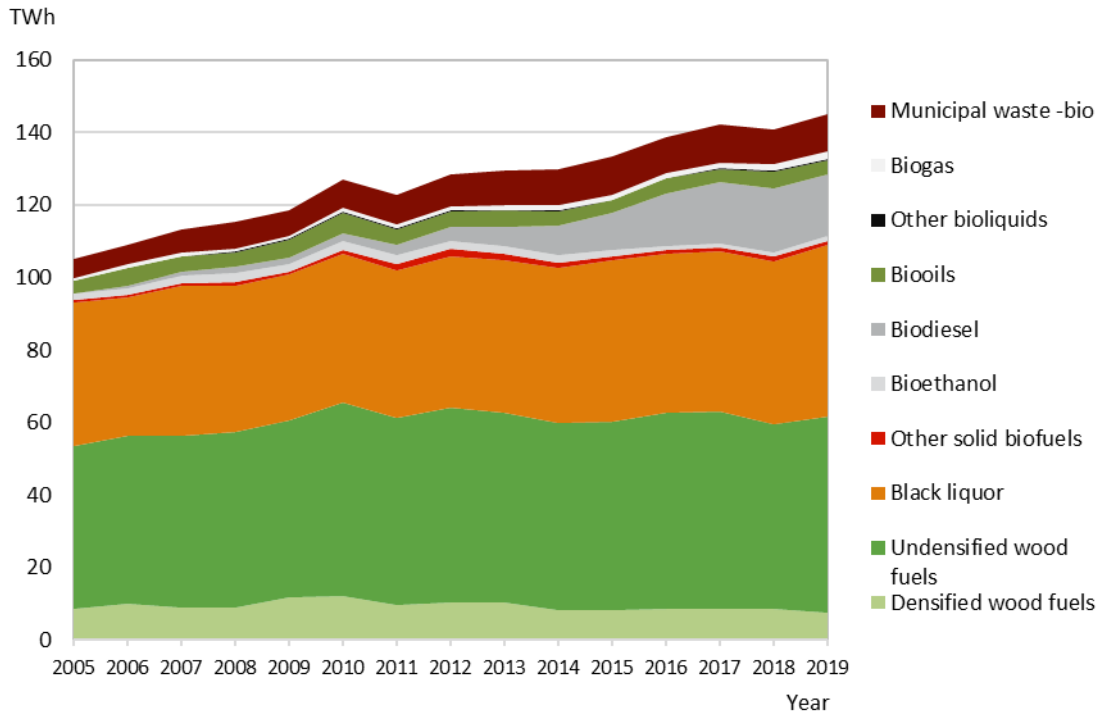


Source: Swedish Energy Agency

Wood energy

The use of biofuels in the Swedish energy system has tripled over the last 40 years. The use of biofuels has increased to 145 TWh, which is equivalent to 26 percent of the total supply. A clear trend of the increasing use of biofuels within the transport sector can be seen, especially for biodiesel. The use of biofuels amounted to 17 TWh in 2019 which corresponds to 20 percent of the transport sector's energy use

Figure 5. Biofuel consumption by category, from 2005-2019, TWh



Certified forest products

Table 2. Certified area of productive forest land, 1000 hectares, 2020

	FSC certified	PEFC certified	Double certified	Certified
Individual owners¹	..	..	..	5 232.500
All other owners	..	..	..	10 252.300
Total	1 543.000	2 266.400	11 675.300	15 484.700

Source: Swedish Forest Agency.

The share of certified area of productive forest land amounts to 66 percent and total certified areal increased by 1,1 million hectares between 2016 och 2020.

Sawn softwood

In 2020 the production of sawn softwood was 18.4 million cubic metres.

The forecast of the production for 2021 and 2022 is about 18.9 and 18.8 million cubic metres respectively.

The total exported volume of coniferous sawn wood was almost 14 million cubic metres in 2020 but is estimated to fall in 2021 to around 13.1 million cubic metres and 12.9 million cubic metres in 2020.



Source: Statistics Sweden

¹ Single owner, estates and small companies (sole trader).

Wood-based panels

The production of plywood is estimated to 85,000 cubic metres in 2020. The import was 235,000 cubic metres and the export 30,000 cubic metres. In 2021 the production and export are expected to rise a little bit while the import is decreasing.

The production of particle board in 2020 was 568,000 cubic metres. The import was 532,000 cubic metres and the export 86,000 cubic metres. In 2021 the production and both the import and export are expected to rise. There is no production of OSB in Sweden and the import in 2021 was 146,000 cubic metres.

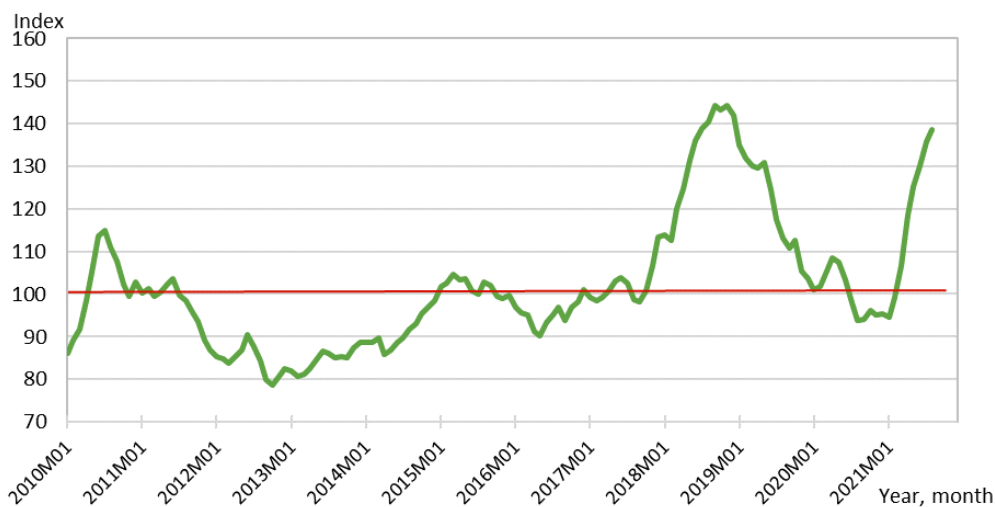
There is no production of fibre board in Sweden. The total import of fibreboard in 2020 was 347,000 cubic metres and is expected to rise to 390,000 cubic metres this year of which 280,000 cubic metres are medium high density/high density boards.

There is production of veneer sheets, but the volume is not available. The imports of veneer sheets in 2020 was 12,000 cubic metres and the export was 51,000 cubic metres. A rough estimate of the production is 60,000 cubic metres.

Pulp and paper

The production of wood pulp was the same in 2020, 12.0 million tonnes, as in 2019. Approximately 60 percent of the total pulp production is used for the pulp mills' own production of paper and board. The remaining 40 percent is sold on the open market.

Production of bleached sulphate softwood was 4.6 million tonnes in 2020 and production of combined mechanical pulp and semi chemical pulp was 3.0 million tonnes. Other chemical pulp amounted to 4.4 million tonnes. The total production of wood pulp is estimated to rise to 12.1 million tonnes in 2021 and decrease to 11.8 million tonnes in 2022. Exports of wood pulp increased by 3 percent to 4.2 million tonnes in 2020 compared to 2019. Exports is estimated to be about the same 4.2 tonnes in 2021 and 2021.

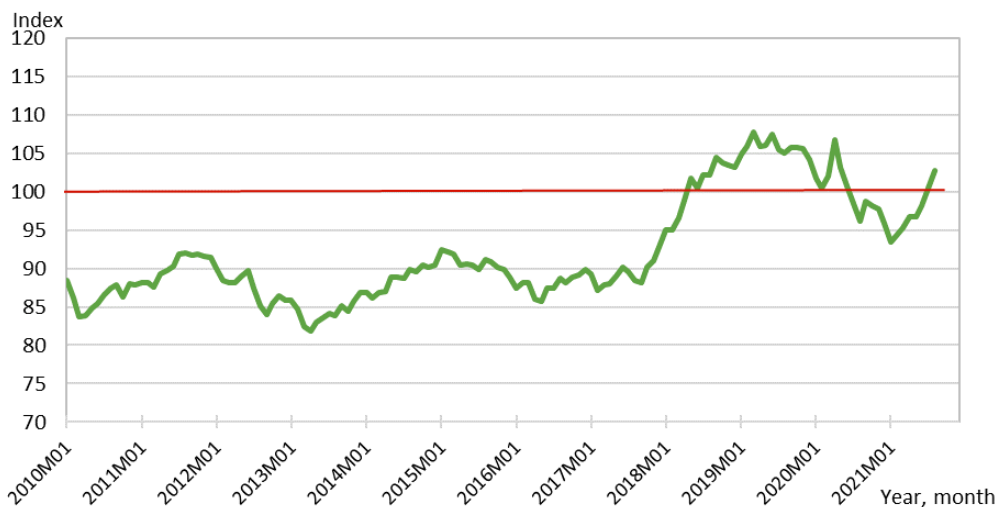


Source: Statistics Sweden

In 2020, Swedish paper production amounted to 9.3 million tonnes, of which around 92 percent were exported. The export share is 77 percent or higher for all products except for tissue paper where the export share is lower.

In 2020, 3.3 million tonnes of graphic paper and 5.9 million tonnes of packaging material were produced, as well as approximately 400,000 tonnes of tissue paper and other paper.

Exports of paper and paperboard in 2020 decreased by 3 percent to 8.6 million tons compared to 2019.



Source: Statistics Sweden

Value-added wood products

Doors

The number of delivered doors made of wood for the first half of 2021 was 797,000 an increase of 5 percent compared to the same period in 2020. Sales for doors in the first half of 2021 amounted to SEK 1.1 billion, an increase of 6 percent compared to the same period in 2020.

Exports of doors increased by 3 per cent to 373,000 doors and 47 per cent as a share of total production in the first half of 2021 compared to the same period in 2020. Most of the exports go to Norway and Denmark. Imports of doors increased by 9% to 150 000 doors.

There are 171 companies that manufacture doors made of wood in 2020. Of these, 98 are one-man companies without employees and 73 are companies with a total of 1,587 employees.

Windows

There are 63 companies (with at least one employee) producing wooden windows in Sweden with a total of 2,998 employees. Sales during 2018 decreased by 4 percent to SEK 5 billion compared to 2017. A total of 863,000 windows was delivered in the first

half of 2021, an increase of 4 percent compared to the first half of 2020. Deliveries of wood/aluminium windows have increased significantly in recent years and in the first half of 2021, delivered wood/aluminium windows were 81 percent in share of the total number. The remaining 19 percent were wooden windows.

Furniture

Total furniture exports increased by 9 percent to SEK 9.6 billion SEK during January-June 2021 compared with the same period in 2020. Also the total furniture imports increased during the period by 14 percent to SEK 11.6 billion SEK.

According to figures from Statistics Sweden, the Swedish furniture industry comprised of 2,319 companies in 2020, of which 788 are companies with a total of 12,436 employees, while 1,531 companies are sole proprietorships without employees.

Wooden floors

According to figures from the Swedish Flooring Trade Association (GBR), sales of wooden floors grew slightly by 1.5 per cent to just over 9 million sqm in 2020 compared to the previous year. It was mainly the solid wooden floors that contributed to the rise, but veneer floors also developed in a positive direction. The increase means that the market share for wooden floors is now approaching 37 percent and continues to be the largest material group.

According to the latest figures from FEP (European Federation of the Parquet Industry), Sweden's production of wooden floors, laminated parquet and solid wood floors decreased by nearly 2 percent to 12,091 thousand sqm in 2020. The forecast 2019 indicates that production and total sales in Sweden will probably increase slightly.

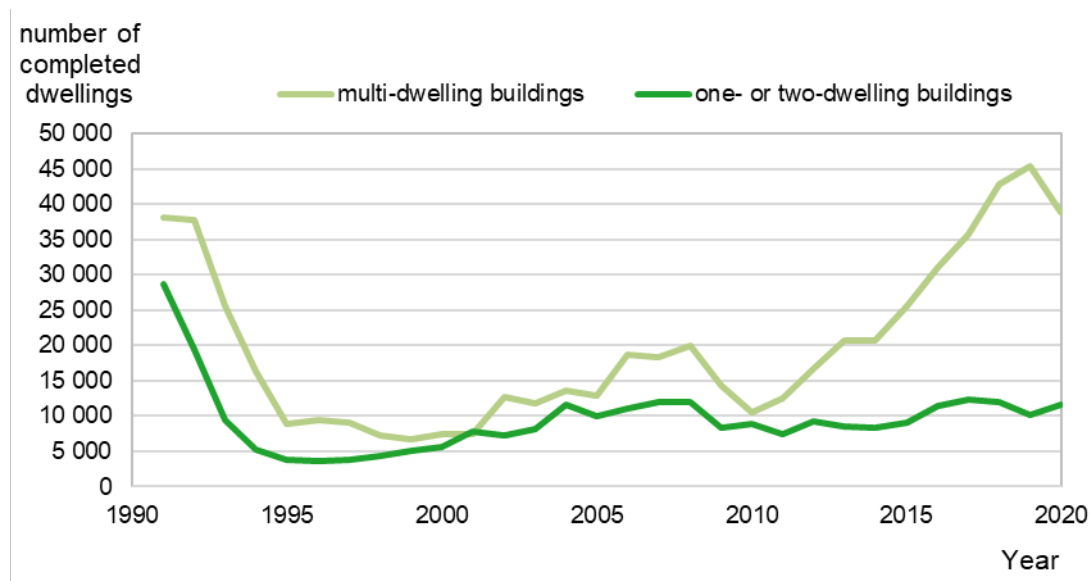
According to Statistics Sweden's latest figures, the composite parquet flooring industry comprises 11 companies with 813 employees.

Housing and construction

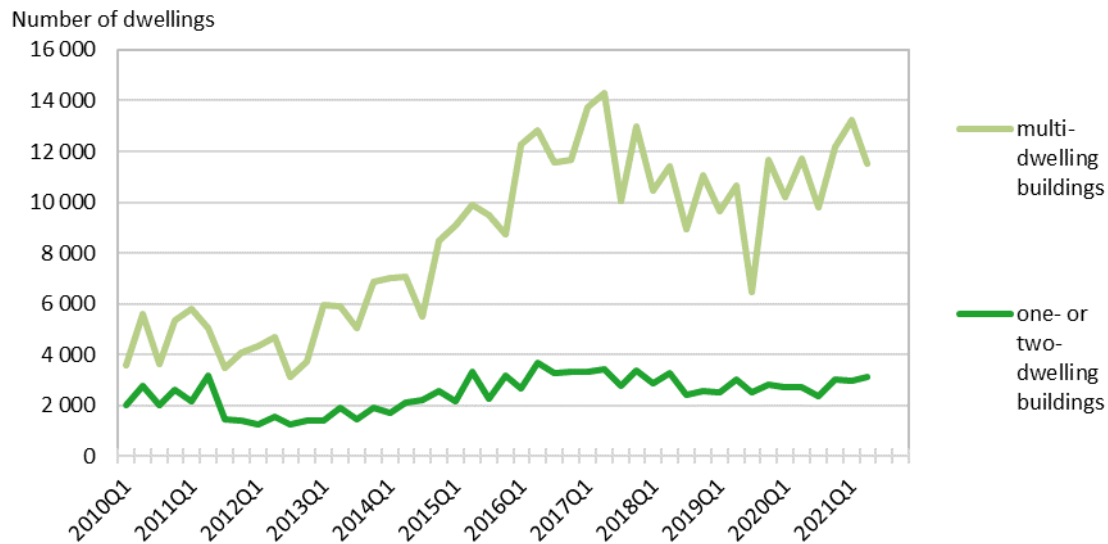
The National Board of Housing, Building and Planning's forecast is that housing construction will increase by 8 per cent this year, when 61,700 dwellings including redevelopment are started. Construction is forecast to increase also in 2022 by 4 per cent and 64,000 new dwellings. Despite a sharply reduced population forecast, approximately 59,000 homes per year need to be added up to 2029.

In 2020 a total of 50,479 newly built dwellings were completed (excluding redevelopment) which is 9 percent less than the year before. Of this, 38,906 were completed in multi-dwelling buildings. This is 14 percent less compared to 2019. In one- or two-dwelling buildings, an additional 11,573 dwellings were completed, which is 13 percent more than in 2019.

Figure 11. Number of completed dwellings in new construction 1991-2020,



In the first half of 2021, construction of approximately 24,760 dwellings was started in multi-dwelling buildings, which is 13 percent more than in the same period in 2020. In one- and-two dwelling buildings, construction of 6,136 dwellings was started, also an increase with 13 percent compared with same period in 2020. Note that the figures for 2021 are preliminary and experience from previous years is that they will increase by 11 percent.



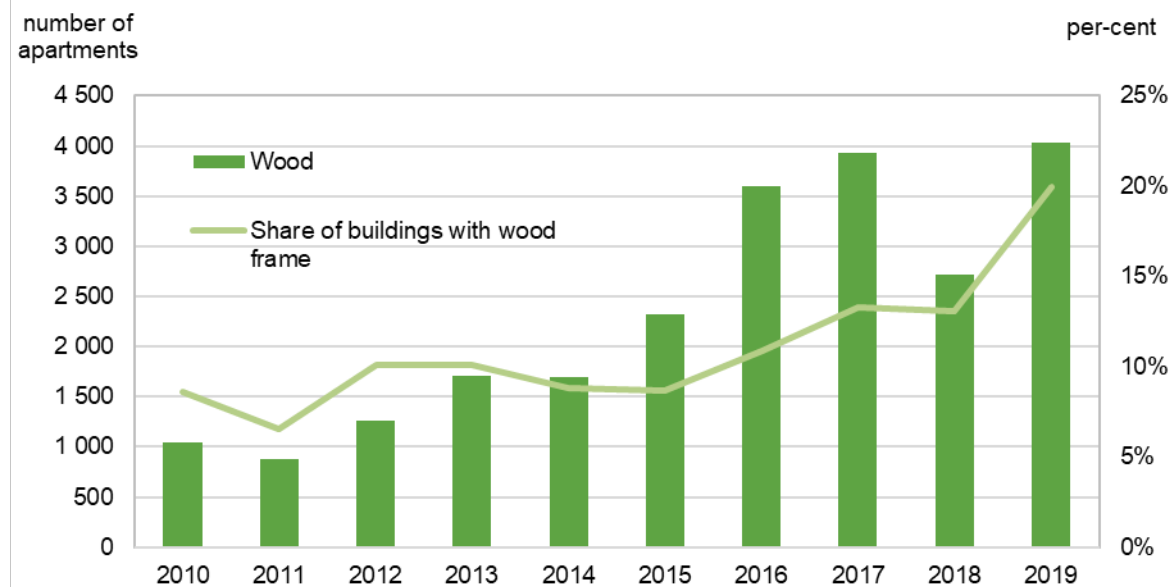
Wooden houses

Sweden's wooden house industry comprises 567 companies with 6 603 employees, of which 134 companies have more than 5 employees. The majority, 324 of the companies, are one-man companies. The production value of prefabricated wooden houses was SEK 20 billion.

In 2020, a building permit was permitted for a total 65,262 apartments according to Statistics Sweden. Of those 12,264 was new construction of detached houses, 41,841 referred to new construction of apartments in multi-dwelling buildings. Data for the first half of 2021 show approximately the same level as the first half of 2020.

Data from the Swedish Federation of Wood and Furniture Industry say that in the first half of 2021, the total order intake for the wood house companies reporting was 4,984 ordinary piece-built and group-built detached houses, an increase of 64 percent compared to the same period in 2020. It was piece-built houses that increased the most during the period, by 89 percent to 3,700 houses. Strong demand and a desire to live in owned detached houses have driven order intake for built houses. Orders for holiday homes increased by 123 per cent to 205 houses during the same period.

According to Statistics Sweden's latest figures the number of started newly built apartments in multi-dwelling buildings with wooden frame were 4,034 in 2019, an increase with 48 percent compared to 2018. Proportion of apartments with wooden frame, of total apartments started, was 20 percent in 2019. About 97 percent of all apartment with a wooden frame are completely or partially prefabricated.



5 Tables

5a Economic indicators

Macro-Economic indicators (Annual percentage change and percent, respectively)	2020	2021	2022	2023	2024
GDP at market prices	-2.8	4.7	3.9	1.4	1.5
Current account ¹	5.6	5.8	4.8	4.4	3.9
CPI	0.5	2.1	2.0	2.1	2.3
Employment rate	-1.3	-0.2	2.1	1.2	0.5
Unemployment ³	8.3	8.9	7.6	7.0	7.0
Repo rate ⁴	0.00	0.00	0.00	0.00	0.25
Exports	-4.6	7.4	5.4	3.1	3.0
Productivity in construction sector ⁵	6.0	0.2	0.8	..	..
Gross Fixed Capital Formation	-0.4	5.8	4.8	0.7	0.7
Housing investment, new construction ⁶					
- Multi-dwelling buildings	-1.2	13.1	11.6	..	..
- One- or two-dwelling buildings	6.8	13.0	7.7	..	..
SEK per Euro	10.5	10.1	10.1	10.2	10.2
SEK per USD	9.2	8.5	8.6	8.6	8.5
SEK per GBP	11.8	11.8	11.8	11.9	11.9

1. Percent of GDP, current prices

2. Percent of population aged 15-74.

3. Percent of labour force

4. Percent at year-end

5. Constant prices, basic prices, percentage change

6. Constant prices, percentage change