SKOGSSTYRELSEN
SWEDISH FOREST AGENCY

Market Statement 2022 – SWEDEN

UNECE Committee on Forest and the Forest Industry and the European Forestry Commission (Foresta2022)

Content

1 General Economic Trends

The Expansionary economic policy during the pandemic, extensive disruption of global value chains and Russia's war of aggression against Ukraine have created a perfect storm, with inflation soaring in many parts of the world. Rampant inflation, dwindling asset prices and expectations of further increases in interest rates have left Swedish consumers deeply pessimistic about the future. Sentiment in the business sector is very different, with continued widespread optimism as a result of healthy order books and relatively good profitability. However, the erosion of consumers' purchasing power means that demand will weaken, the economy will drop back below capacity, and unemployment will remain relatively high next year.

The upswing in the Swedish economy came to an abrupt end in the first quarter, when GDP fell by 0.8 per cent. Production was held back to some extent by shortages of intermediates, while domestic demand was weak, with both consumption and gross fixed capital formation decreasing. The downturn was not reflected in the labour market, however, with employment continuing to rise and unemployment falling. This continued improvement in the labour market is reflected in firms in most sectors having reported substantial labour shortages for some time. There is still widespread optimism in the business sector, with confidence indicators generally at high levels, especially in manufacturing.

The high rate of inflation in Sweden is due partly to strong domestic demand, but mainly to events abroad. Pandemic-related lockdown measures in countries such as China have disrupted global supply chains, leading in turn to price increases.

GDP growth for Sweden's most important trading partners (KIX-weighted GDP growth) will slow in 2023 before returning to a more normal rate by historical standards of just over 2 per cent in the following years (see Table 1). Import demand will follow a similar pattern, as therefore will Sweden's export market.

The economic outlook is unusually divergent. While the high rate of inflation is eroding consumers' purchasing power, many firms are enjoying buoyant demand and packed order books.

Despite shortages of components and problems with logistics, exports have performed relatively well in recent quarters. Export orders are still high according to both Statistics Sweden and the Economic Tendency Survey, but the PMI is painting a less favourable picture. In the Economic Tendency Survey, firms say they are very happy with their export orders, and the overall picture is of healthy demand in the near term. Sweden's export market is forecast to grow by 3.6 per cent next year, which is slightly below the average over the past decade.

Housing investment was historically high during the pandemic but is now set to weaken. High prices for commodities and materials, combined with rising market interest rates and falling housing prices, will reduce the profitability of newbuilds. The large number of housing starts last year will also prop up investment in newbuilds this year. Taken together, this means that housing starts will fall both this year and next, contributing to a decline in overall housing investment of more than 8.5 per cent in 2023.

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.

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 2022 the Swedish Government set aside permanently SEK 20 million yearly 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 establish a national center for forest damage. 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 will remain at a high level, around 8 million cubic meters. 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. The action plan includes measures for advancing research on bio-based products, eg in packaging.

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 in achieving the vision and the goals for the five focus areas in the forest program's strategy.

- 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.

Present a proposal for a national objective for increment in forest growth
In June 2022 the Swedish Government has assigned the Swedish Forest Agency to present a proposal for a national objective for sustainable increment in forest growth, within the framework of the national forest program. The proposal shall be presented in December 2023.

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. A mid-term evaluation will be submitted to the Government in December 2022.

Swedish Forest Review and tasks
The Swedish Government has given the Swedish Forest Agency and the Swedish EPA a number of tasks to examine and propose flexible forms of protection of forest land in accordance with international agreements and at the same time strengthen ownership rights for forests, for example:

- Measures to protect primeval/old growth forests close to mountains areas. Sweden has a specific responsibility to protect these forests in an international context.
- Further develop and use modern digital remote analysis as a complement to field inventories to identify areas with potential high natural and cultural values.
- Develop and improve the conditions for non-clearcut forestry and propose a definition for close-to-nature forestry.

Swedish forest owners that are denied permission to fell forests close to mountains areas have also been ensured economical compensation until 2027.

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 bioeconomy, in full respect for ecological principles favourable to biodiversity. As regards the bioeconomy 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 have given their opinion on the strategy.

EU Nature Restoration Law

The EU Nature Restoration Law was published on 22 June 2022 and is currently under negotiation. The aim of the proposed regulation is to restore natural degraded ecosystems, in particular those with the most potential to remove and store carbon, and to reduce the impact of natural disasters linked to global warming. More concretely, targets demand:

To repair the 80% of European habitats that are in poor condition, and to bring back nature to all ecosystems, from forest and agricultural land to marine, freshwater and urban ecosystems. Under this proposal for a Nature Restoration Law, legally binding targets for nature restoration in different ecosystems will apply to every Member State, complementing existing laws. The aim is to cover at least 20% of the EU's land and sea areas by 2030 with nature restoration measures, and eventually extend these to all ecosystems in need of restoration by 2050.

Further targets include:

Reversing the decline of pollinator populations by 2030 and increasing their populations from there on; No net loss of green urban spaces by 2030, a 5% increase by 2050, a minimum of 10% tree canopy cover in every European city, town, and suburb, and net gain of green space that is integrated to buildings and infrastructure; and in forest ecosystems, overall increase of biodiversity and a positive trend for forest connectivity, deadwood, share of uneven-aged forests, forest birds and stock of organic carbon.

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, and after finalizing negotiations it is planned to enter into force in 2023. 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 delayed and assumed to be published during 2022.

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 driven imitatives such as the forest certification system?

The EU Timber Regulation and the new EU Deforestation 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.

On 17 November 2021, the EU published a legislative proposal for a Regulation on deforestation-free products. The proposal aims to reduce deforestation by setting targets for commodities linked to a high risk of deforestation, such as soy, beef, palm oil, coffee or forest products.

Before placing these products on the EU market or exporting them from the EU, operators and large traders would face certain requirements. The proposed regulation makes them responsible for carrying out comprehensive, effective and continuous due diligence to prove that their products are not linked to deforestation or forest degradation. Further, it asks operators to disclose information about their supply chains and report on their measures to avoid deforestation.

Once adopted, this regulation will replace the EU Timber Regulation. During autumn 2022 negotiations between the Council and the European Parliament will commence.

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

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 30.5 % for (fossil-dominated) diesel and at least 7.8 % for petrol. In the year 2030 emissions should be 66% lower for diesel and 28 % lower for petrol. The policy instrument is an important contribution to the reach the national goal of 70 % reduced emissions of greenhouse gases from domestic transport to the year 2030. However, increased reduction obligations have been paused due to unprecedented increased energy prices.

This new incentive system promote 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 where an equivalent policy instrument has been established.

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 has been considered by the Council, which adopted its general approach on June 27th and the European Parliament, which will debate the topic further in the September 2022 plenary session. Further trialogue negotiations are due in the autumn of 2022.

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 biomass, set out in Article 29 of the REDII directive.

3 Market drivers

The Swedish krona has been substantially weakened by current uncertainties in the global economy, initially during the COVID-19 outbreak and later as an effect of the Russian war of aggression against Ukraine and the ensuing energy crises. A weak currency is expected to advantage the Swedish export companies, especially the forest industry that is almost based on domestic inputs.

Other market drivers affecting the market for forest products are mentioned in next chapter, such as changes in residential construction activity. Housing starts is expected to fall both this year and next, contributing to a decline in overall housing investments.

4 Development in the forest products markets sectors

Wood raw materials

According to the Swedish Forest Agency's preliminary statistics, the gross felling in 2021 amounted to 96.6 million cubic meters (standing volume). This is an increase of nearly four percent compared to 2020 when the felling amounted to 93.1 million cubic meters. According to the Swedish Forest Agency's forecast, the felling during 2022 is estimated to decrease to 96.0 million cubic meters.

The harvesting of saw logs is estimated to decrease as an effect of that this year's production of sawn timber production is expected to be 4 percent lower than in 2021. The harvesting of pulpwood though is expected to increase by 5 percent because of higher projected pulp production this year. Harvesting is also expected to increase slightly because of reduced net imports of roundwood. Still net imports are expected to decrease by 8 per cent as exports of roundwood are expected to be higher this year than in 2021. All in all, these changes mean that this year's harvesting is expected to be slightly lower than in 2021.

The net felling, which consists of the harvested volume of all tree stems that are fully or partially removed, amounted to preliminary 77.0 million cubic meters in 2021. Half of the net felling consisted of saw logs from conifers, 41 percent of pulpwood, 7 percent of firewood and less than one percent of other wood.

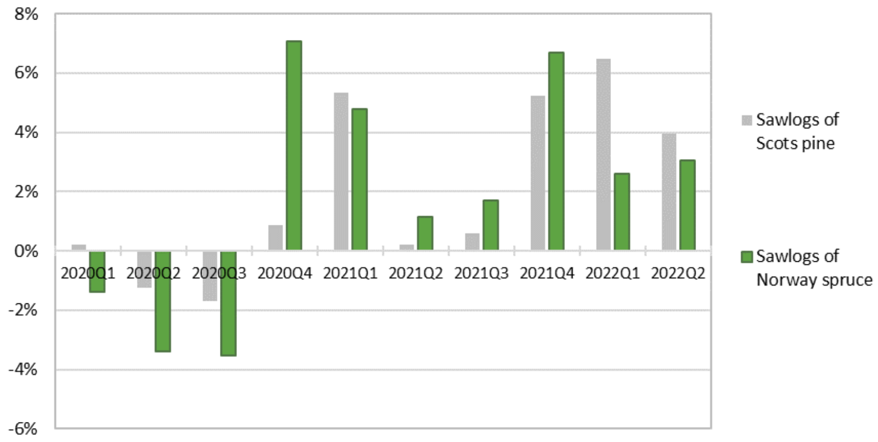
Sawlogs

Sawlog removals is preliminary estimated to 39.3 million cubic metres in 2021 (solid volumes under bark) and is expected to decrease by 1.5 million cubic metre in 2022.

The stock of coniferous sawlogs was 2,8 million cubic metres (solid volume under bark) in the end of the second quarter this year. This was 5 percent more than the same period 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) increased in 2021. In the beginning of 2022 the prices increased, so also in the second quarter.

Figure 1. Quarterly change in prices for delivery logs, sawlogs. 2020Q1-2022Q2.



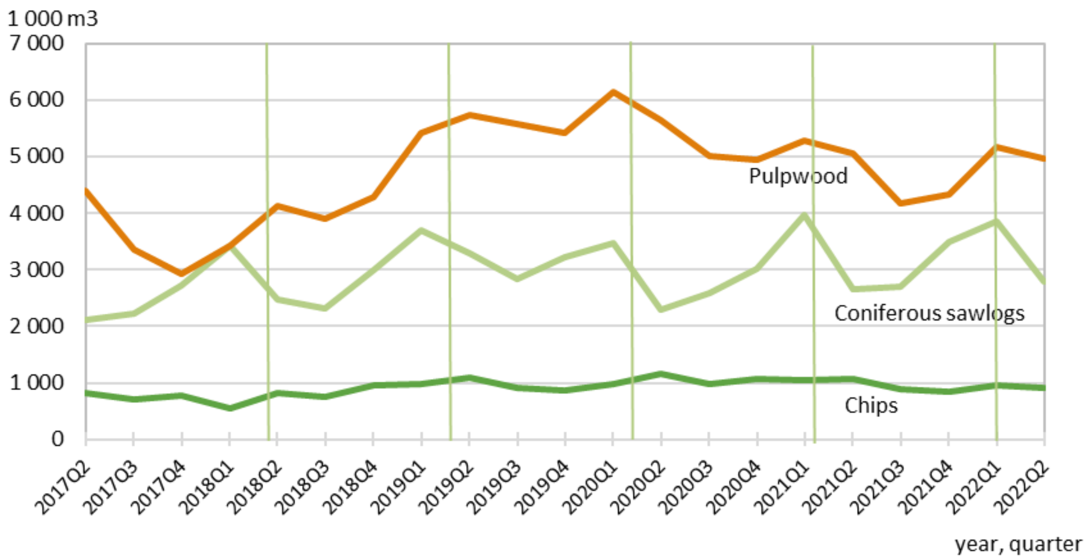
Source: Biometria and Swedish Forest Agency, Statistical database.

Pulpwood

In 2021 preliminary removals of pulpwood is estimated to 31.8 million cubic metres (solid volumes under bark) an increase by 1 percent compared to 2020. Preliminary figure for 2022 shows an increase of removals to 33.3 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 4.9 million cubic metres (solid volume under bark) in the end of the second quarter this year. This was 2percent less than the same time last year.

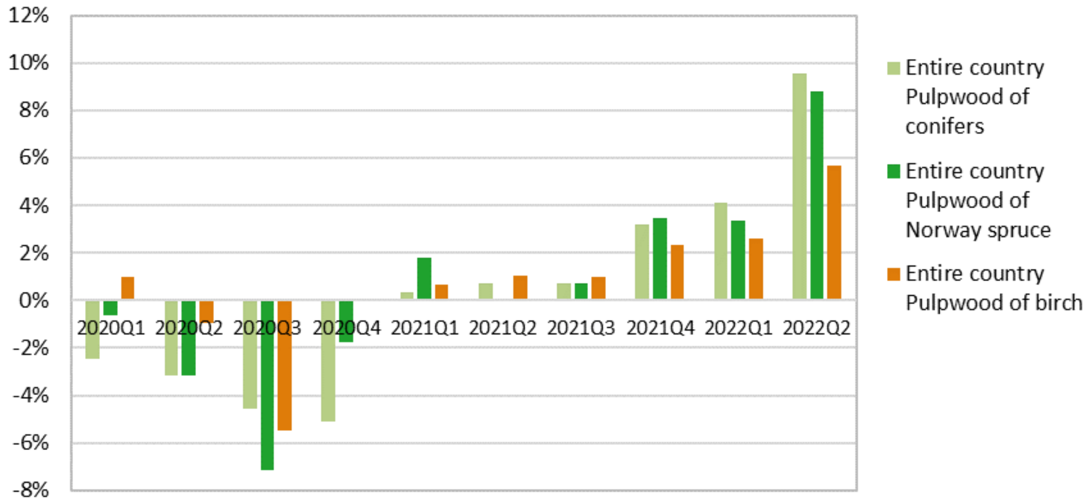
Figure 2. Stocks (1.000 m³, solid volume under bark) by assortment, quarter.



Source: Swedish Forest Agency and Swedish Forest Industries Federation.

Average price of pulpwood (only statistics for delivery timber is available which represents some 9 percent of total sales) decreased in 2020 but has increased during 2021 and 2022.

Figure 3. Quarterly change in prices for delivery logs, pulpwood.



Source: Biometria and Swedish Forest Agency, Statistical database.

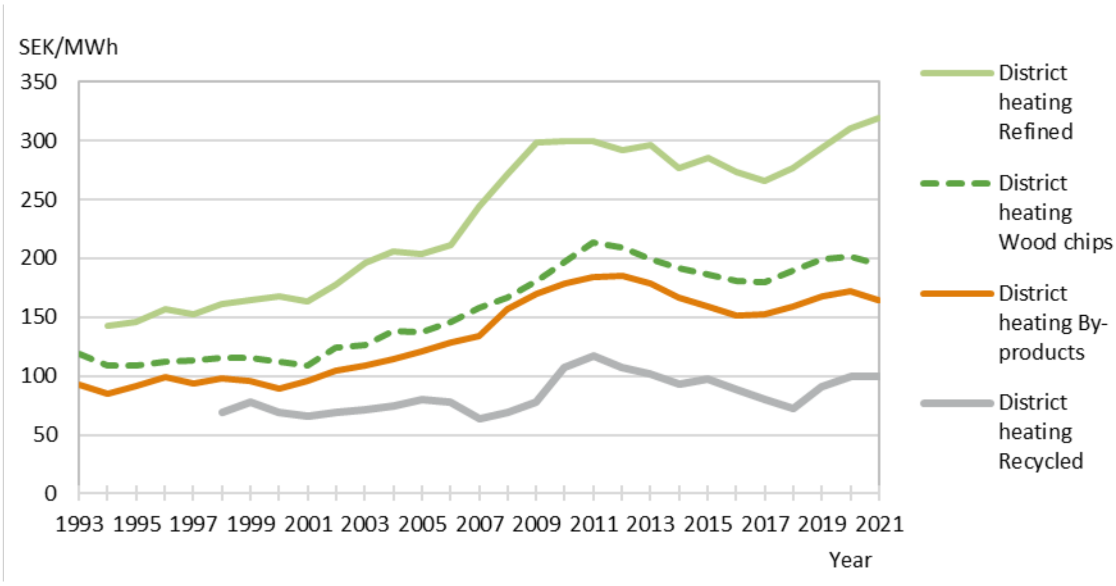
Chips, residues and fuelwood

The total production of chips, sawdust, wood shavings and bark in the sawmill industry was around 23.5 million m^3 during 2021. In 2022 the production is expected to decrease due to the expected decrease in production of sawn wood.

The removals of fuelwood (including stem wood, chips made of stem wood and whole trees) was 5.4 million cubic metres without bark in 2020. There are no final official statistics on removals of fuelwood yet for 2021 and 2022. Estimates for 2021 is about the same volume as in 2020. In 2022 there might be an increase due to increasing prices on electricity which leads to increased demand for, among other things, firewood. Also infestation by spruce bark beetles continues to effect the removals of roundwood and fuelwood.

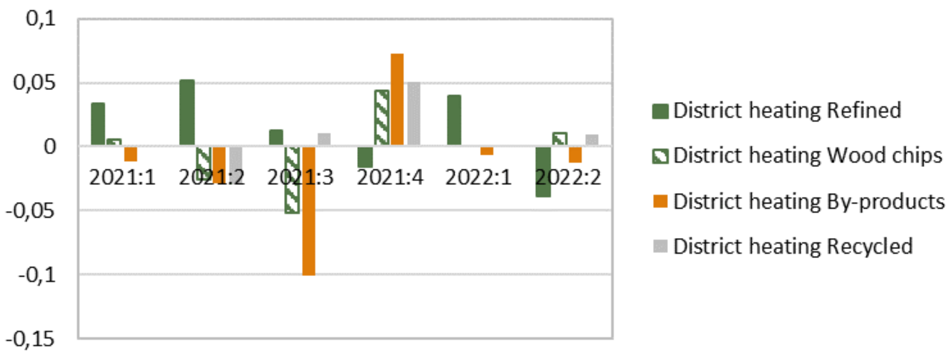
Until 2011, the demand for forest fuel increased year after year. Since then, the market situation changed and prices dropped, but since a couple of years the prices has increased again.

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



Source: Swedish Energy Agency

Figure 5. Change in wood fuel prices per 2021Q1-2022Q2, current prices.



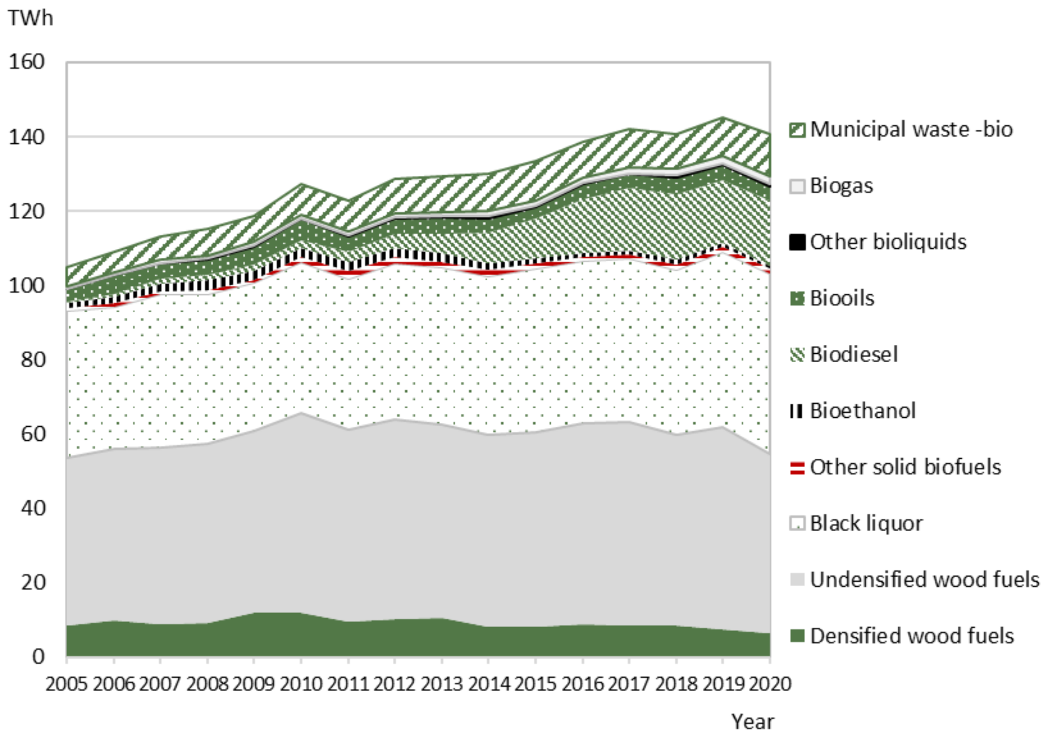
Sawn softwood

According to the Swedish Forest Industries export prices on sawn softwood decreased by -5.1% in August and are now -26.1% below prices in August 2021. Redwood prices increased by +0,4% and whitewood decreased by -7,7%. Domestic prices decreased by -6,4%, and are currently -25,4% below prices from a year ago. Note that any market movements are not properly and fully reflected in this index before in 1-3 months.

Wood energy

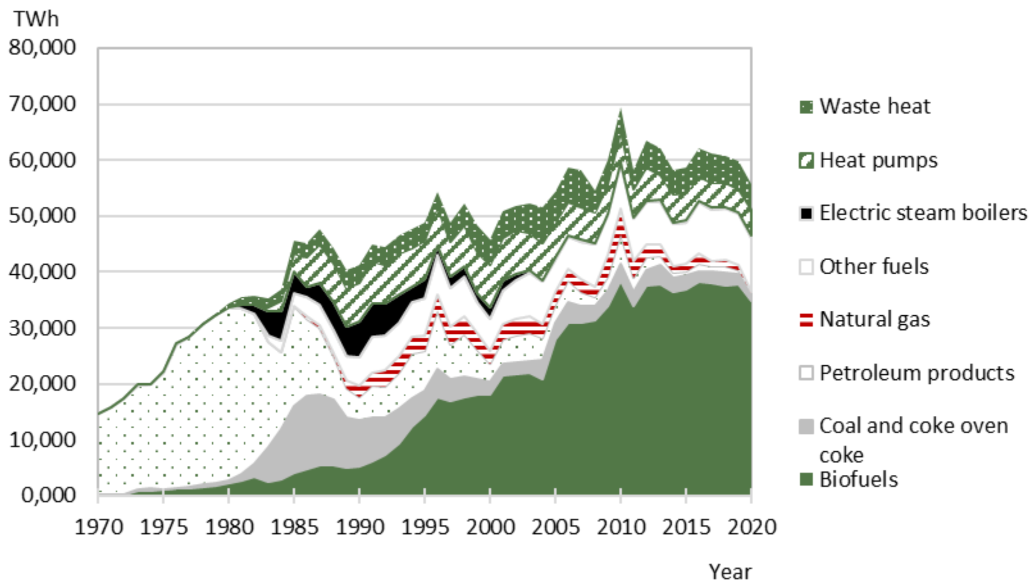
The use of biofuels in the Swedish energy system has tripled over the last 40 years. The use of biofuels has increased to 145 TWh in 2019, which is equivalent to 26 percent of the total supply. But in 2020 the use of biofuels decreased by 3 percent mostly due to less consumption of undensified wood fuels. A clear trend of the increasing use of biofuels within the transport sector can be seen. The use of biodiesel amounted to 17 TWh in 2019 which corresponds to 20 percent of the transport sector’s energy use. In 2020 the consumption of biodiesel increased slightly with 1 percent.

Figure 6. Biofuel consumption by category, from 2005-2020, TWh



Source: Swedish Energy Agency

Figure 7. Input energy used in the production of district heating, year 1970-2020, TWh



Source: Swedish Energy Agency

Certified forest products

Table 2. Certified area of productive forest land, 1000 hectares, 2021

	Only FSC certified	Only PEFC certified	Both FSC and PEFC certified	Certified
Individual owners[1]	..	..	..	5,232.500
All other owners	..	..	..	10,252.300
Total	975.400	2,760.900	11,308.900	15,045.100

Source: Swedish Forest Agency.

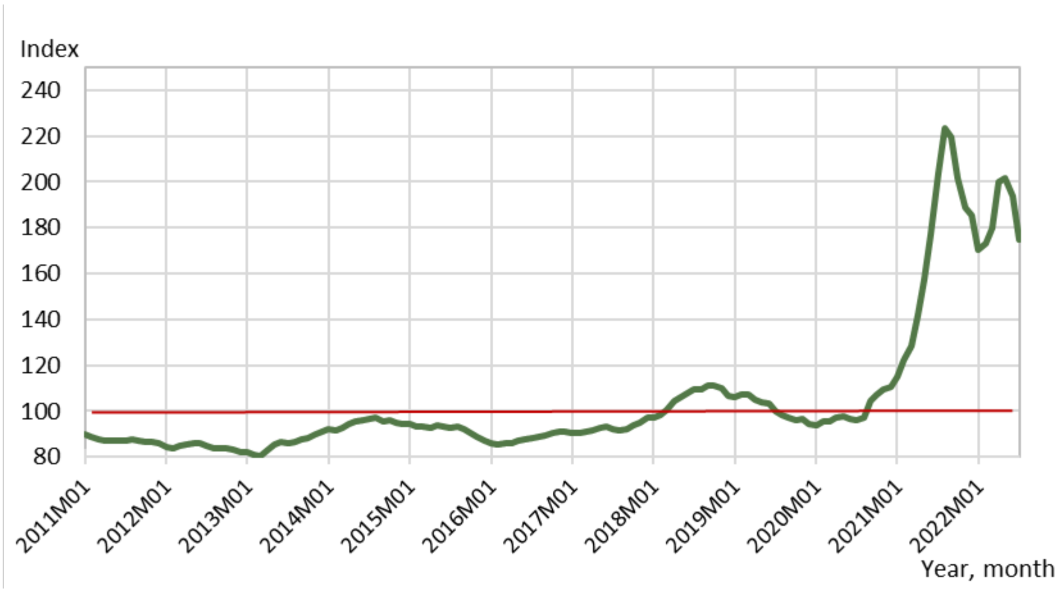
The share of certified area of productive forest land outside formally protected forest land amounts to 68 percent. The results in 2021 include revisions due to changes in calculation methods and improved reporting. Therefore, it is not possible to make comparisons with previous years.

Sawn softwood

In 2021 the production of sawn softwood was 19.0 million cubic metres. The forecast of the production for 2022 and 2023 is about 18.5 and 17.5 million cubic metres respectively.

The total exported volume of coniferous sawn wood was 12.6 million cubic metres in 2021 and is estimated to remain on about the same level in 2022 and 2023.

Figure 8. Export price index for sawn wood, January 2011 - July 2022. Price Index 2020=100



Source: Statistics Sweden

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

Wood-based panels

The total production of wood based panels (plywood and particle board) were 651 400 cubic metre in 2021, according to the Swedish Federation of Wood and Furniture Industry. There are no official statistics on production of wood based panels because there are only a few producing industries.

The import of plywood was 206,000 cubic metres in 2021 and the export 47,000 cubic metres.

The import of particle board was 627,000 cubic metres in 2021 and the export 102,000 cubic metres. There is no production of OSB in Sweden and the import in 2021 was 121,000 cubic metres. The import of MDF was 201,000 tonne last year.

There is no production of fibre board in Sweden. The total import of fibreboard in 2021 was 391,000 cubic metres.

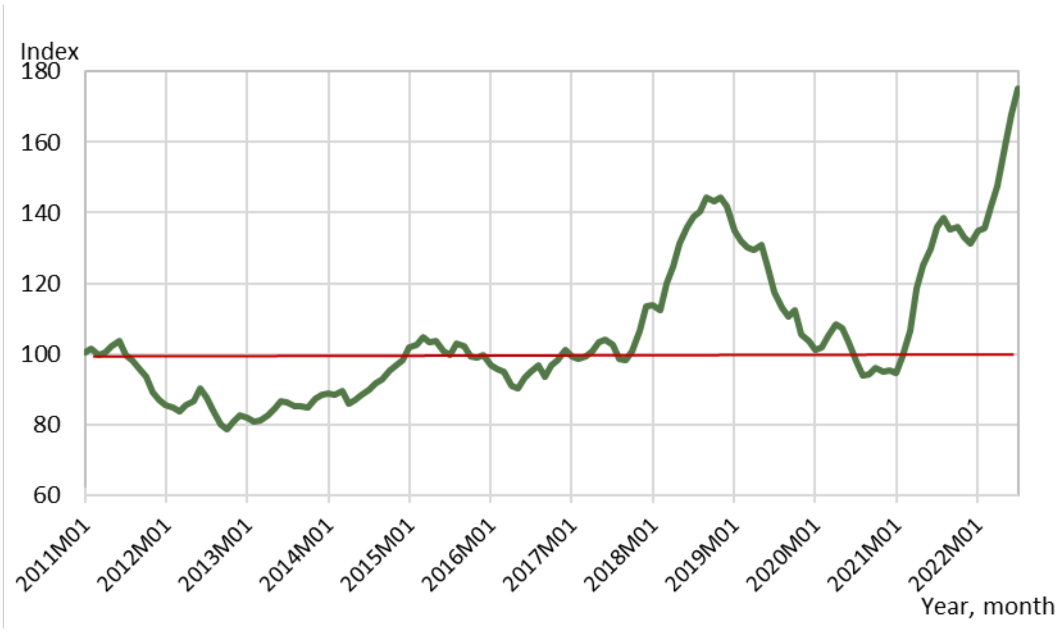
There is production of veneer sheets, but the volume is not available. The imports of veneer sheets in 2021 was 17,000 cubic metres and the export was 47,000 cubic metres.

Note that trade figures on wood-based panels are uncertain.

Pulp and paper

The production of wood pulp was 11.7 million tonnes in 2021, 3 percent less than in 2020. This year the production is estimated to increase slightly up to 11.9 million tonnes. 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. Exports of wood pulp decreased by 4 percent to 4.2 million tonnes in 2021 compared to 2020. Exports is estimated to be about 4.3 tonnes in 2022 and 2023.

Figure 9. Export price index for pulp, January 2011-July 2022. Price Index 2020=100

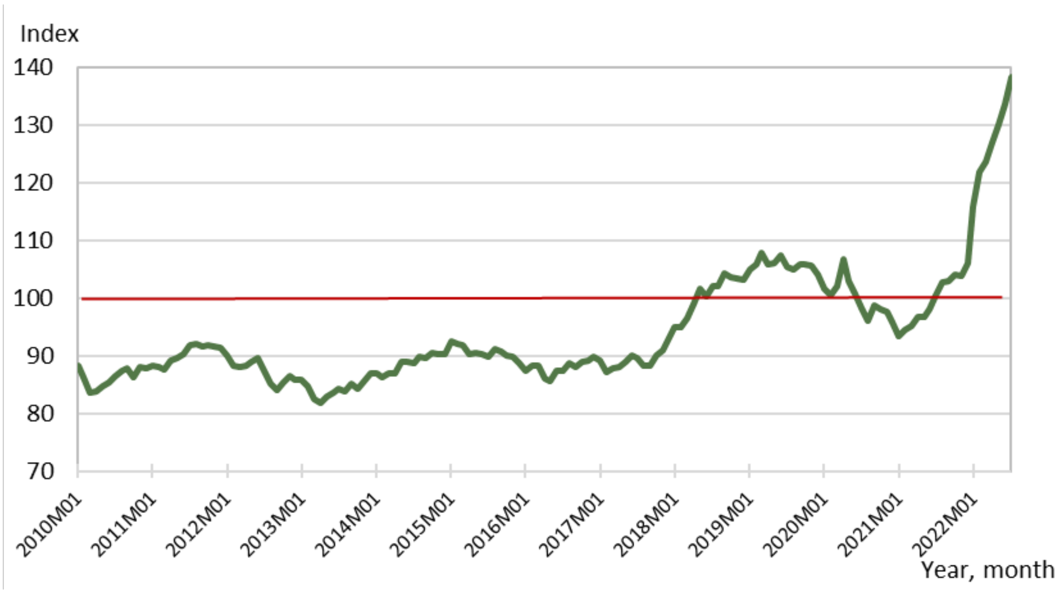


Source: Statistics Sweden

In 2021, Swedish paper production amounted to 8.9 million tonnes, a decrease by 4 percent compared to 2020.

Exports of paper and paperboard in 2021 increased by 1 percent to 9.1 million tons compared to 2019.

Figure 10. Export price index for paper and paperboard, January 2011-July 2022. Price Index 2020=100



Source: Statistics Sweden

Value-added wood products

Doors

The number of delivered doors made of wood in 2021 was 1.5 million, a decrease of 2 percent compared to 2020. Sales for doors in 2021 amounted to SEK 2.1 billion, an increase of 2 percent compared to 2020.

Exports of doors decreased by 5 percent in 2021. About 46 percent of the total production were exported. The import of doors increased by 7 percent.

Windows

Sales during 2021 increased by 10 percent to SEK 5.4 billion compared to 2020. A total of 1.7 million windows was delivered 2021, an increase of 3 percent compared to 2020. Deliveries of wood/aluminum windows have increased significantly in recent years and in 2021, delivered wood/aluminum windows were 81 percent in share of the total number. The remaining 19 percent were wooden windows.

Furniture

Total furniture exports increased by 7 percent to SEK 19.7 billion SEK in 2021 compared to 2020. Approximately 75-80 percent of the total production is exported. Also the total furniture imports increased during the period by 17 percent to SEK 23.7 billion SEK.

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 for floors.

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.

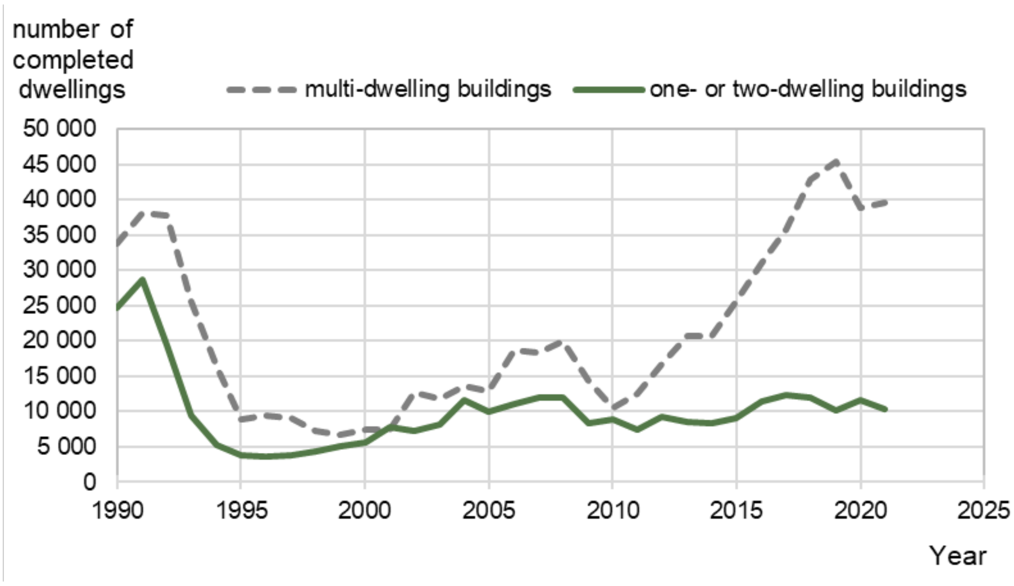
Housing and construction

The National Board of Housing, Building and Planning's forecast is that housing construction will decrease this year and next year. This year building of approximately 60 000 dwellings will start and in 2023 there will be less than 50,000. The main reason for the decline is households' purchasing power decreases, housing costs increases and increasing construction costs.

However, housing construction is still at a high level in terms of historical construction. The need for new housing is still great. But there are several concerns that could negatively affect future construction such as discontinued investment support, delayed deliveries, increased prices for inputs and uncertain availability of cement.

In 2021, new construction of housing began with a total of approximately 63,900 residential apartments. Of these, 12,750 were single-family houses and 51,150 apartments were apartment buildings. In total, housing construction increased by 16 per cent in 2021 compared to 2020. The number of single-family houses started increased by 17 per cent and the number of apartments started in apartment buildings increased by 16 per cent

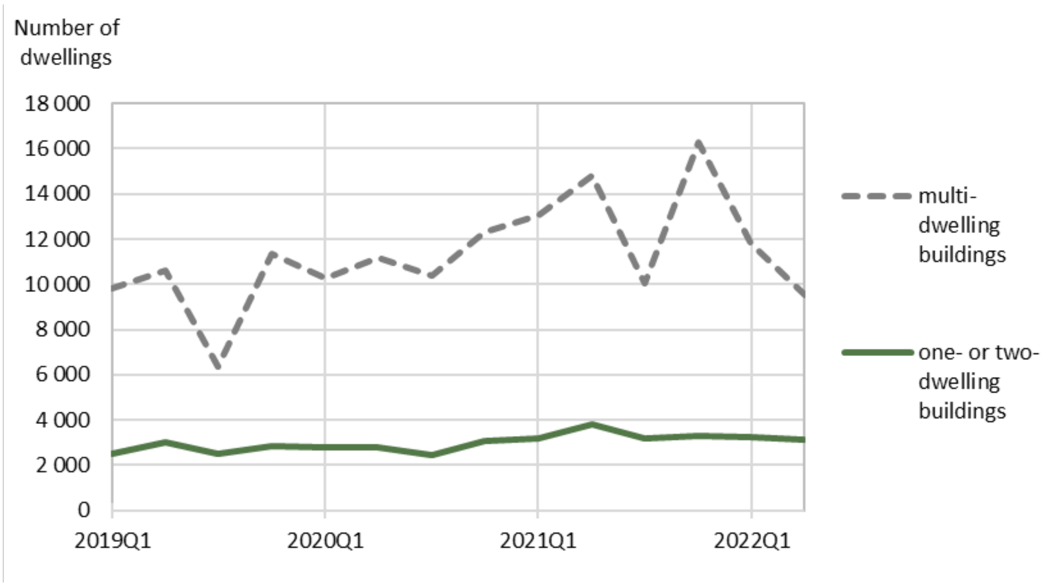
Figure 11. Number of completed dwellings in new construction 1990-2021,



Source: Statistics Sweden

In the first half of 2022, construction of approximately 21,363 dwellings started in multi-dwelling buildings, which is 23 percent less than in the same period in 2021. In one- and-two dwelling buildings, construction of 6,355 dwellings started, also a decrease but with 9 percent compared with same period in 2021. Note that the figures for 2022 are preliminary. Due to delays the figures are underestimated for the last quarter with about 20 to 60 percent.

Figure 12. Dwelling starts in newly constructed buildings by type of building and quarter 2019Q1-2022Q2



Source: Statistics Sweden

Wooden houses

Sweden's wooden house industry comprises 588 companies with 7 384 employees, of which 141 companies have more than 5 employees. The majority, 338 of the companies, are one-man companies.

Production (sales value deliveries) for prefabricated wooden houses was SEK 20 billion according to 2021figures from Statistics Sweden (KN), no change compared to 2020.

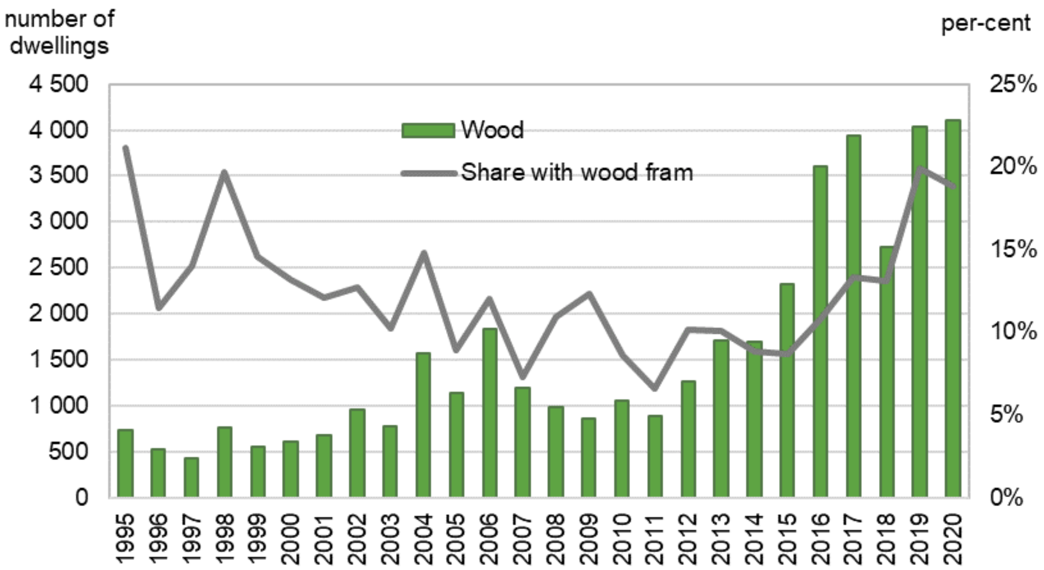
Total exports of prefabricated wooden houses decreased by 6 percent to SEK 732 million in 2021 compared to 2020. Imports increased by 41 per cent to SEK 816 million during the same period.

In 2021, a building permit was permitted for a total of 79,675 dwellings according to Statistics Sweden. Of those 15,809 were for new construction of detached houses, 54.816 referred to new construction of apartments in multi-dwelling buildings. Data for the first half of 2022 show a total decrease in building permits of 20 percent.

The production of new buildings in the first half of 2022 are still high but there are concerns of the future.

According to Statistics Sweden's latest figures the number of started newly built apartments in multi-dwelling buildings with wooden frame were 4,110 in 2020, an increase with 2 percent compared to 2019. Proportion of apartments with wooden frame, of total apartments started, was 19 percent in 2020 and 20% in 2019.

Figure 13. Dwellings in newly constructed multi-dwelling buildings by wood frame and share of apartments with wood frame of all apartments, in 1995-2020.



Source: Statistics Sweden.