Austrian Market Report 2023

Statement submitted by the Austrian Delegation

to the Joint Session of the

FAO European Forestry Commission (42nd session) and the

ECE Committee on Forests and the Forest Industry (81st session)

San Marino, 20-23 November 2023

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

Vienna, November 2023

1. General economic situation

Purchasing Power Increases After Mild Recession[1]

Subdued purchasing power, high energy prices and sharp interest rate increases lead to a mild recession in Austria in 2023; real GDP is expected to contract by 0.8%. In 2024, strong real income growth and a pick-up in world trade will ensure an economic recovery (real GDP +1.2%). In construction, however, the recession will intensify.

"Although the projected wage increases only compensate for inflation, the wage share is increasing as outflows to commodity-exporting countries dampened national income growth," says Stefan Schiman-Vukan, one of the authors of the current WIFO Economic Outlook.

Value added in Austria shrank in the summer half-year 2023. Industry is already in recession, but many service sectors have also lost significant momentum. In the construction industry, the strong key interest rate increases have accelerated the trend reversal in residential construction.

Except for the decline in job vacancies, the economic slowdown is hardly reflected in the labour market so far. Employment growth has only slowed in 2023, while unemployment is rising mainly due to higher labour supply. One reason for the robust labour market is the decline in per capita working hours since the COVID-19 pandemic. Furthermore, companies seem to be more likely to retain workers in the downturn to avoid costly recruitment in the upturn.

Like this so-called "labour hoarding", the downturn in industry is not only to be observed in Austria but worldwide, especially since the reduction of precautionary stocks is weighing on production and world trade. Now that inventories are being used up and energy prices have fallen, demand for new goods will rise again in the coming year. In the wake of the global economy, production in Austria will also recover. However, stronger impulses than from industry will come from private households in 2024, whose real incomes will increase strongly due to the delayed adjustment of wages and salaries, pensions and social benefits to inflation.

Austria's inflation differential with important trading partners will remain positive in 2024, but will narrow. Despite the worsened competitive price position, domestic exporters should gain market share in 2023, as they are less affected by the slump in demand for intermediate products and have maintained their competitiveness in special niches. However, due to the delayed decline in demand for capital goods, market share losses are likely in 2024.

All in all, the Austrian economy experiences a mild recession in 2023 due to various exogenous shocks: high price increases as a result of the pandemic, additional energy price shocks due to the Ukraine war and sharp increases in key interest rates. The weakness in economic activity is intended from a monetary policy perspective, as it helps to reduce price pressures. The lagged increase in real incomes will boost purchasing power and provide growth impulses in 2024.

[1] Source: Austrian Institute of Economic Research (WIFO), 6/10/2023

2. Policy measures

Federal Government

The Federal Government of Chancellor Nehammer has been in office since 6 December 2021, following the resignation of the previous Federal Chancellor Schallenberg. Schallenberg succeeded Chancellor Kurz, who resigned in the wake of a corruption scandal, on 11 October 2021. Although this led to a restructuring of the Austrian People's Party (ÖVP) government team, the coalition with partner The Greens was continued and the implementation of the Government Programme 2020-2024 is further pursued. Preserving forests and supporting forestry in sustainable management are a set goal in it. The programme provides for a number of measures to preserve local forests as a key economic factor as well as for 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. The strategy was developed together with over 80 organisations and institutions within the Austrian Forest Dialogue. An external evaluation was carried out in 2021. The results of the evaluation will be presented to the high-level political decision-making body for adoption in November 2023 to serve a possible realignment of the forest dialogue process and the continuation of the implementation of the Austrian Forest Strategy 2020+.

Forest subsidisation

In July 2020, Parliament passed the Forest Fund Act. It serves as a basis for the implementation of the € 350 million 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 measures of the Austrian Forest Fund have been well received. The parliamentary decision-making process for the extension and increase of the Forest Fund by € 100 million is currently underway.

Up to the establishment of the Forest Fund practically all forest-relevant subsidies in Austria were bundled in the national programme of the EU regulation for rural development. The CAP Strategic Plan for Austria for the funding period 2023 to 2027 was approved by the European

Commission in September 2022. Around € 136 million are available for forestry measures as part of the Austrian CAP Strategic Plan.

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 have from 2016 onwards been conducted every year – for always one sixth of the random sample plots. The results based on the 2016-2021 surveys show a further slow increase in the total forest area (4.02 million ha), with the area of forest available for wood supply (FAWS) decreasing very slightly (3.36 million ha). The total growing stock increased to 1,216 million m^3, thereof 1,180 million m^3 in FAWS (351 m^3/ha), the annual increment decreased to 29.2 million m^3 and the annual harvest increased slightly to 26.0 million m^3. (www.waldinventur.at)

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 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 concerning service and roundwood supply is the Austrian Forest Owner Cooperative (Waldverband Österreich, www.waldverband.at). Under its eight provincial associations about 74,000 forest owners are organised. In 2022 totally 2.86 million m^3 of timber were marketed, 126 courses and special training days with round 7,500 participants were organized.

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 2022/23 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 favourable effects of building with wood. Other activities include series of seminars dealing with compacting with wood and multi-storey timber construction, a youth campaign ("Wood be nice.") aimed to recruit junior employees for the timber industry, the proHolz

Student Trophy 24, an interdisciplinary, international open student competition on building with wood, or the granting of timber construction awards.

3. Market drivers

In 2022, the economic development in Austria varied in the two halves of the year. The first half of the year was still strongly characterised by Corona-related catch-up processes, while the second half was significantly weaker due to the Russian war of aggression against Ukraine and high inflation. Overall, the economy still grew strongly at 4.9%. At the turn of 2022/23 the economy weakened further; Austria is in a slight recession. The economy is expected to shrink by 0.8% in 2023. The production figures for the forestry and timber sector are consistently declining more sharply. Economists expect a slight growth in 2024, but not for the construction industry, where the situation will worsen. Expectations are correspondingly subdued for the wood processing industry, whose future also depends heavily on the development of its export markets. Another decisive factor for the forestry industry will be the extent to which it will be affected by the effects of climate change, whether storms or drought and, as a result, insect calamities will lead to a greater amount of damaged timber. In general, however, the entire timber sector has a positive outlook for the future.

4. Developments in forest-products market sectors

A. Wood raw materials

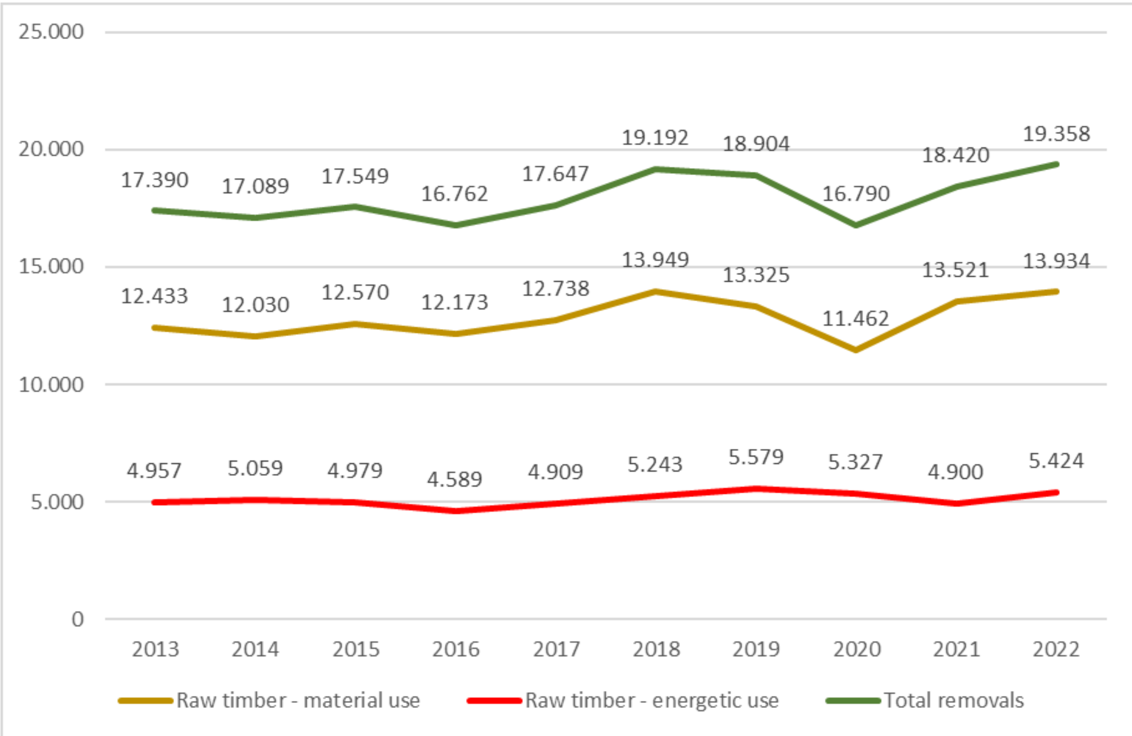
With a share of 48% of the federal territory and about 137,000 forest land owners, forests play an important part in Austria, especially in rural areas. Maintaining and increasing the yield of forests are of high significance not only for forest owners but also for wood-processing enterprises. As the 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 (2022: 9.0 million m³), mobilising available domestic resources is traditionally a major goal of Austria's forest policy.

2022: Forestry is particularly strongly affected by climate change. Windthrows caused by storms and bark beetle outbreaks due to long dry periods again led to large quantities of damaged timber in 2022. However, compared to the record level of 2019 the share of damaged timber in total felling has decreased in recent years. The forestry sector was also affected by the uncertainties and new dynamics resulting from the geopolitical situation. Following the historic price increase due to the rise in demand for fresh timber in 2021, the timber industry recorded a good order situation at the start of 2022 and a continued high demand for sawnwood from the construction industry. The rise in raw timber prices continued until the summer of 2022. This was followed by an economic slump with declines in private consumption and exports, rising costs and effects on the timber markets. With the decline in the demand from the construction sector and a local oversupply of calamity timber due to storm and bark beetle damage, sawlog prices fell from July but remained at a relatively high level until spring 2023. The higher prices for fossil fuels as a result of the Russian war of aggression against Ukraine led to a high demand and sharply rising prices for energy wood assortments. The sharp rise in the demand for firewood could hardly be met. An above-average amount of (beech) pulpwood was used in the production of firewood billets. As a result, prices for pulpwood rose noticeably as well. Overall, the demand for all product ranges remained high throughout the year despite the effects of the geopolitical situation. On average, raw timber prices were a good 20% higher than in the previous year.

Altogether 19.36 million m³ under bark were harvested in 2022, 5.1% more than in the year before, 8.8% more than the ten-year average. Sawlogs accounted for 55.3%, pulpwood and other industrial roundwood for 16.7%, fuelwood and chippings from forests for 28.0% of the quantity felled. 13.93 million m³ were assigned to material use, 5.42 million m³ were used for energy generation. The share of coniferous wood in the total volume felled amounted to 83.7%. Small forest owners (forest area < 200 hectares) harvested 11.36 million m³ in total in 2022 (+4.7%), the owners of forests larger than 200 hectares 6.02 million m³ (+4.9%) and the Austrian Federal Forests 1.98 million m³ (+7.9%). The amount of wood harvested due to calamities increased by 20.1% to 7.26 million m³, which is 37.5% of the total removal and 1.91% above the ten-year average. The major causes of damage were bark beetles and weather extremes (mainly storm damage).

Removal

in 1,000 m³ of timber harvested, without bark



On annual average, the 2022 prices of roundwood (incl. fuelwood) were 20.6% above those of 2021. On annual average, sawmills paid € 112.75 per cubic metre of sawlog spruce/fir, Cat. B, Media 2b, 12.2% more than in 2021; the annual maximum of € 124.74 was paid in June, the annual minimum of € 105.98 in November. The 2022 mixed pulpwood/mechanical pulpwood price for spruce/fir was with € 41.34 per m³ 40.7% above the average for the preceding year – pulpwood € 38.77 (+45.9%), mechanical pulpwood € 48.17 (+29.3%).

The production value of domestic forestry (according to the European Forest Account methodology, which includes the net increment of standing timber) totalled almost € 3.0 billion in 2022 (after € 2.4 billion in 2021 and € 1.7 billion in 2020), of which around € 1.7 billion was attributable to the production of raw timber. The 26.3% increase compared to 2021 is a consequence of the higher timber prices and the increased harvest volume.

Roundwood imports declined by totally 18.7% in 2022, thus reaching 9.0 million m^3. The import of industrial roundwood (sawlogs + pulpwood) declined to 8.8 million m^3 (-19.1%). According to the official trade statistics, imports of coniferous sawlogs and veneer logs declined by 17% to 6.7 million m^3, those of coniferous pulpwood by 34% to 1.3 million m^3. Wood fuel imports rose to 182.000 m^3 (+7%). Roundwood exports increased by 15.7% to 1.3 million m^3, thereof 945,000 m^3 coniferous sawlogs and veneer logs (+59%) and 206,000 m^3 coniferous pulpwood (-43%).

2023: Until spring, raw timber prices remained stable at the high level of the previous year. After that, the decline in demand due to the economic situation led to a fall of a good 20% in sawlog and pulpwood prices. Only firewood prices remained largely stable until recently. The forestry industry has adjusted its removals in line with the decline in production in the sawmill, panel and paper industry. For the current year, it expects a 13% drop in felling to 16.8 million m^3, with sawlogs being hit hardest.

The roundwood market in October 2023: Due to the economic slump in the construction industry and falling sawnwood prices, Austria's sawmill industry has further reduced its production. One site in Carinthia, for example, stopped production for two months. However, stocks of fresh coniferous sawlogs are below average because round timber stocks have been continuously reduced. In combination with the restrained utilisation of fresh timber, this has led to a slight upturn in demand, which is reflected in moderate price increases. The leading assortment of spruce A/C 2b+ is between 80 - 95 euros per cubic metre, with the majority of new contracts being concluded at the upper end of the price band. Quantities provided are being transported quickly and there is sufficient transport capacity. Selling pine remains difficult and prices are at a low level. Due to the lack of deliveries from Russia the demand for larch sawlogs is very brisk as well. At the beginning of the hardwood season, first contracts indicate that, due to declining demand for interior fittings and larger quantities of oak calamities in Croatia, prices will not be able to exceed those of the previous season.

The paper, pulp and board industry, too, has adjusted its production volumes downwards in line with the economic situation. The demand for coniferous industrial roundwood is correspondingly restrained. While the supply is delayed in the areas suffering damage, the quantities from the greatly reduced normal utilisation are taken over quickly in the rest of the country. With prices currently stagnating, the price range is very broad between 60 - 100 euros per atro tonne. The price of common-beech pulpwood has been reduced and is between 80 - 100 euros per atro tonne.

Energy wood consumption was manageable due to the extremely mild weather until mid-October. Heating plants are usually well stocked. With prices remaining stable, the demand for high-quality pulpwood is somewhat weaker than in the previous year, which was characterised by "panic buying".

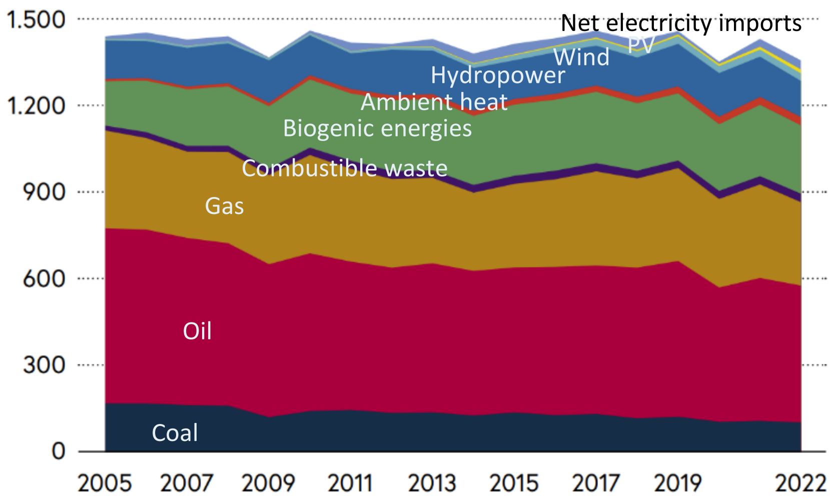
Outlook: After a significant decline in raw timber production in 2023, the forestry industry expects a slight increase again in 2024. A larger increase is not expected due to the weak economy in the construction sector. The amount of calamity wood caused by bark beetles will depend heavily on weather conditions.

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. Despite the economic upturn in 2022 (real GDP +5%), gross domestic consumption fell by 5.2% and thus almost reached the low level of 2020 that was a result of the pandemic. The main reasons for this were the favourable weather conditions, the sharp drop in gas consumption, falling diesel sales and the high energy price level.

Gross domestic energy consumption

by energy source in petajoules 2005-2022



Growth and decline

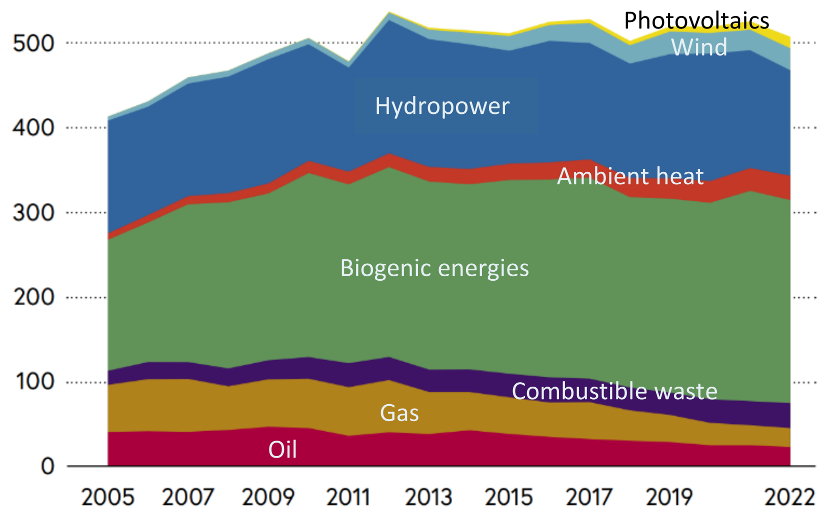
of energy sources

p.a. 2005-2022		2021-2022
+7.3%	Net electr. imports	+15.4%
+35.7%	Photovoltaics	+36.3%
+10.5%	Wind power	+7.5%
-0.4%	Hydropower	-10.4%
+8.1%	Ambient heat	+6.6%
+2.6%	Biogenic energies	-4.3%
+3.4%	Combustible waste	+3.5%
-0.9%	Gas	-10.9%
-1.4%	Oil	-4.2%
-2.9%	Coal	-5.2%
-0.3%	**Total**	

The domestic production of primary energy (2022: 508 PJ) is characterised by a very high share and a strong increase in renewable energies (over 85%, 434 PJ). Biogenic energies make up the highest share of renewables (2022: 240.4 PJ), 54.3 PJ of which are assigned to firewood billets and 178.7 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.

Domestic production of primary energy

by energy source in petajoules 2005-2022



Growth and decline

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p.a. 2005-2022		2021-2022
+35.7%	Photovoltaics	+36.3%
+10.5%	Wind power	+7.5%
-0.4%	Hydropower	-10.4%
+8.1%	Ambient heat	+6.6%
+2.6%	Biogenic energies	-3.5%
+3.4%	Combustible waste	+3.5%
-5.2%	Gas	-5.8%
-3.4%	Oil	-8.2%
+1.2%	**Total**	

After Austria clearly exceeded the target set for 2020 for the share of renewable energy in gross final energy consumption (34 percent, EU Renewables Directive 2009/28/EC) at 36.5 percent, this figure was almost maintained in 2021 at 36.4 percent. The minimal decline in the share can be explained primarily by the economic recovery, the strong increase in transport services compared to the pandemic year 2020 with several lockdowns and extensive travel restrictions and also by the significantly colder weather conditions in 2021, which led to a 6.5% increase in gross final energy consumption. The short-term goal is to significantly increase the share now achieved by intensifying existing and implementing new measures in the areas of energy efficiency and the expansion of renewables. In the medium and longer term, the goals pursued by the Federal Government – to make Austria's electricity supply renewable by 2030 and climate-neutral overall by 2040 – will require much more far-reaching measures.

According to the official removal statistics 5.42 million m³ of fuelwood and chippings from forests were harvested in 2022, which corresponds to a 28.0% share in the total removal and an increase of 10.7% compared to 2021. Fuelwood accounted for 2.66 million m³ (1.56 million m³ of coniferous wood, 1.11 million m³ hardwood), wood chips from forests for 2.76 million (solid) m³. With Russia's invasion of Ukraine and the subsequent rise in energy prices, fuelwood also recorded a significant price increase in 2022. The price for non-coniferous fuelwood rose from € 65.75 in January to € 108.73 in December for one cubic metre of stacked wood (with bark, without turnover tax); the average price for the year 2022 was € 85.30 per m³, an increase of 31.2% compared to the previous year. The price for coniferous fuelwood even rose by 35.7% in 2022, to an annual average of € 59.32. In 2023, prices remained at the high level of the end of 2022.

Wood pellets were recently produced at more than 40 sites in Austria, and the number will increase to a total of 54 plants by 2024. In 2022, production amounted to 1,691,000 tonnes (+5% compared to the preceding year); 344,000 tonnes (-17%) were imported, above all from Romania, the Czech Republic and Germany; 745,000 tonnes were exported (-15%), mainly to Italy. According to proPellets Austria domestic consumption increased by 12% and amounted to 1,264,000 tonnes. The estimated production for 2023 is expected to increase to a new record of 1.94 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 77% to 21,629 in 2022. The total number of existing pellet boilers (< 100 KW) thus rose to 184,000. The price survey done by proPellets Austria (www.propellets.at) resulted in an average price of 38.84 cent/kg of (bulk) wood pellets (incl. turnover tax) in October 2023. Compared to October 2022, when the pellet price reached a record level of 63.36 cent/kg, this represents a price decrease of 38.7%. Wood pellets in bags (when ordered by the pallet) cost on average € 6.40 per 15 kg bag (42.67 cent/kg, -42.4%).

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 94,000 forest owners holding over 3.29 million hectares effectively take advantage of the certification and 538 CoC certificates are valid.

Forest Stewardship Council (FSC): In Austria, 587 hectares of forest are currently certified according to FSC. There are 287 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.

2022's production in the construction sector amounted to € 3.94 billion (provisional), an increase of 8.3% compared to the previous year. The individual sectors of the construction-related industries like the production of doors, windows and prefabricated buildings of timber show a similar trend. Data from some sub-sectors are secret due to legal regulations. Important industries are the manufacturers of glued structural components, of windows and doors, of prefabricated wooden houses as well as of parquet and other wooden floors. Exports of laminated wood (€ 1.231 billion, +4.7%), windows (€ 126 million, +30.0%), parquet (€ 306 million, +4.0%) and doors (€ 53 million, 10.2%) increased. The most important foreign markets for parquet, windows and doors were Germany and Switzerland or Italy. Most of the laminated timber was shipped to Italy (31%), Germany (25%) and France (9%).

The Austrian furniture industry comprises around 50 industrial plants with about 6,000 employees – most of them are privately owned medium-sized companies. After a decline during the COVID 19 pandemic, the furniture industry ended 2022 with a 10.0% increase in production value to € 2.87 billion (provisional). With the exception of shop furniture (€ 209 million, -0.8%) and mattresses (€ 96 million, -2.2%) all important product groups recorded increases: office furniture (€ 328 million, +14.1 %), kitchen furniture (€ 351 million, +3.7 %), dining room and living room furniture (€ 405 million, +9.7 %). Exports rose by 16.0% in 2022, thus reaching € 1.322 billion. Germany continues to lead the export statistics with a total of € 566 million. Furniture imports to Austria increased by 6.0 % to € 2.516 billion. Germany is the undisputed leader among importing countries with € 1.03 billion (+3.4%), followed by China with imports totalling € 318 million (+30.7%).

E. Sawn softwood

With more than 1,000 companies and around 6,000 employees the Austrian sawmill industry is the biggest processor of wood in Austria (see wood flow diagram). Most companies have been in family hands for generations and include a broad spectrum: from world market leaders to a host of medium-sized and small enterprises. Around 98% of the total production is sawn softwood, mainly spruce and fir. Well over half of the total sawn softwood production is designated for the export. In absolute terms, Austria is among the top six worldwide as regards the export of sawn softwood.

Following a strong start to 2022, the Austrian sawmill sector saw a decline in demand in the second half of the year, resulting in the first decline of sawn timber production since 2014 (-3.9%, 10.3 million m^3). Numerous companies have cut production as a result of declining orders and uncertain economic development. The stagnant construction industry, in particular, makes a short-term re-surgence in demand unlikely. Broad-based increases in raw material, energy, and labour costs are all contributing to the sawmill industry's current difficulties. However, the sawmill industry is generally able to absorb the increased quantities of the lately increased amounts of damaged timber. Austria's sawmill sector remains competitive on international markets. Sawn timber exports recorded a slight decline in 2022 (-3.7%). Exports continue to be a stabilising force for the Austrian sawmill industry, thanks to long-standing commercial partnerships.

The production of sawnwood amounted to 10.3 million m^3 (2021: 10.8 million m^3), of which 10.1 million m^3 were sawn softwood. According to the industry report 2022/2023 of the Association of the Austrian Wood Industries, processed roundwood accounted for around 17.2 million solid m^3 in 2022, 10.7 million m^3 (62%) of which from domestic logging. The foreign trade statistics show 6.7 million solid m³ of imported coniferous sawlogs. 5.7 million m³ of sawn softwood were exported in 2022 – a decrease by 3.4% compared to the previous year (5.9 million m³). Exports to the main market, Italy, rose by 2.7 % to 2.8 million m³. This means that 48% of the total sawn softwood exports were shipped to Italy. 16% of exports went to Germany (-21.4%), 11% to the countries of the Levant (+4.4%), 8% to Asia (-9.9%), 3% to North America (+3.8%). Imports of sawn softwood decreased by 7% in 2022 compared to the previous year and totalled 1.8 million m³.

2023: Due to the economic slump in the construction industry, the declining demand from the construction industry and the packaging sector and falling sawnwood prices, the Austrian sawmill industry has further reduced its processed roundwood. Both log and sawnwood stocks were reduced. The rising demand for fresh timber towards the end of the year suggests a reversal of the trend in the price of coniferous sawlogs which has been falling since spring. Increased energy, logistics and personnel costs are having a negative impact on margins. For 2023, the sawmill industry anticipates a coniferous sawnwood production of around 8.6 million m³, which corresponds to a decline of 15% compared to the previous year. A decline of the same amount is also expected for exports. Imports are expected to be even significantly lower, with a reduction of a good one million m³, to around 5 million m³, for domestic coniferous sawnwood sales.

Following the slump in production in 2023 and the difficulties in the construction industry, the sawmill industry does not expect production to increase in 2024 either.

F. Sawn hardwood

The production of hardwood sawmills went up to 238,000 m³ in 2022. This corresponds to an increase in production of 30.8% compared to the previous year (182,000 m³).

G. Wood-based panels

The Austrian panel industry faces difficult market conditions in 2023. However, the panel industry remains confident. Businesses recovered quickly from the COVID outbreak and could look back on a prosperous 2021. Positive economic conditions, catch-up effects, and excellent order books all contributed to strong demand across all market groups and kept manufacturing busy. However, the order status has been fluctuating and deteriorating since the middle of 2022. In comparison to other years, the demand for finished goods such as furniture or laminate flooring fell more precipitously. Strongly related product categories to the construction sector are also seeing lower capacity utilisation. Both the effects of high inflation and the shift in consumer and investment behaviour following the COVID outbreak are evident. Despite the current economic stagnation, the business situation in the panel industry is at a relatively good level.

Since 2022, the pricing and supply of energy, raw materials, and several intermediate products used in the chemical industry have proven to be difficult operating conditions in recent months. With the high spot costs for gas and electricity, the energy component in particular has had and still has a significant impact. The chemical upstream products utilised in manufacturing are also being directly impacted by the surge in energy prices. Energy costs play a big role in the competitiveness between European and international locations.

For the best use of production capacity and financial success, a continuous and reliable supply of waste wood, sawmill by-products, and pulpwood is required. Despite being a persistent challenge, the raw material supply was successfully controlled so far, whereas by-products from sawmills were hard to come by. While the second half of 2022 saw a fall in the amount of wood cut for the sawmill business, the demand for pellets and energy wood surged, and the price dynamics that went along with it heightened the competition for the use of timber as a fuel. However, pulpwood can be used to make up for any shortages in sawmill by-products. The relatively high roundwood prices have led to brisk thinning activity and thus a sufficient supply of industrial timber.

Austria's panel industry is an international player. Enterprises are characterised by their family-based ownership structure and their close relationship with the locations in Austria. The Austrian enterprises of the particle, fibre and MDF board industries produce at six Austrian premises and employ about 3,000 persons. The largest portion of the turnover is made with particle boards. The particle board production amounted to 2.3 million m³ in 2022. The export quota of the Austrian panel industry has been very high for years, at 75 to 80%. The foreign trade surplus in 2022 amounted to € 835 million. The most important sales markets are located in Europe, notably in Germany, Italy, the Czech Republic and France. The most important overseas markets are Japan and the US.

Ensuring the long-term supply of wood as a raw material is a key issue for Austria's wood-based panel industry. In 2022 the quantity of the raw material used comprised 1.07 million m³ of roundwood (type "Plattenholz"; -11%) and 1.16 million m³ of sawing by-products and chips (-11%), plus the use of recycled wood. The import share for the roundwood used amounted to 34%, that for sawing by-products and chips to 16%.

Outlook: The uncertainties due to the slump make it difficult to forecast the further development. Austria's panel industry has so far always been able to adapt rather swiftly to new conditions and is therefore positive about the future. For the current year 2023, the panel industry is expecting a decline in production; the forecast for next year shows a consolidation of the level, but is subject to great uncertainty.

H. Pulp and paper

The year 2022 was characterised by the war in Ukraine, inflation and an economic downturn in the second half of the year. The Austrian paper industry, with its 23 pulp and paper production sites, proved to be crisis-proof and was able to maintain its competitiveness. The number of employees rose slightly by 1.1% to 7,698 persons. Paper production fell by 8.5% to 4.6 million tonnes. Machine utilization was down to 86% (2021: 92%). The sharpest decline was in graphic paper, where production fell by 16.8% to 1.9 million tonnes, which was partly due to weak demand in this grade group and partly to a long shutdown at the Bruck mill. Here, a paper machine was converted from white newsprint to brown testliner and fluting for the production of corrugated board. By contrast, the packaging paper sector declined only slightly, by 0.7% to 2.5 million tonnes. The speciality paper sector also declined and ended up at 290,000 tonnes (-10.9%).

Turnover in the sector grew at an unusually high rate, namely by 34.0% to € 5.5 billion. On an annual average, this level is not due to an increase in volume, but rather to the rise in average revenue per tonne of paper. This was still at € 930 in January 2022, but then continued to rise by more than € 250 into the autumn. The initial reason for this was the increase in production costs with the upturn in 2021. In a second step, inflation and high energy cost increases were added in spring 2022. Wood purchasing was also affected by the cost increases. In 2022, the mills spent almost € 670 million on 8.5 million m³ of wood, an increase of over 60%.

Overall, paper consumption in Austria rose by 1.4% to 2.02 million tonnes in 2022, with the trends of a decline in graphic paper (-13.1% to 0.52 million tonnes) and an increase in packaging paper (+9.4% to 1.27 million tonnes) continuing.

According to the Joint Forest Sector Questionnaire paper and paperboard exports decreased by 8.1% to 3.73 million tonnes. The export rate remained almost unchanged at a high level of 88.7% in 2022 (2021: 88.8%; Austropapier Annual Report). The largest supply markets, alongside the 596,000 tonnes domestic market (-13.9%), remain Germany (822,000 t, -11.3%) and Italy (509.000 t, -10.4%). In 2022 a total amount of 1.23 million tonnes of paper and paperboard were imported into Austria (-5.1%).

Investments were up in 2022 at € 295 million. Large completed projects were the adaptation of the PM 9 for label papers in Gratkorn and the conversion of the PM 10 to corrugated board paper in Laakirchen. Similar projects are planned in Bruck, Laakirchen und Steyrermühl. The goal of these steps is to improve production, increase efficiency, reduce costs, protect the environment and, more recently, protect the climate.

Pulp: In Austria, the volume trend for virgin pulp was weak in 2022, with production falling by 1.4% to 1.98 million tonnes – chemical pulp: 1,304,000 tonnes (-0.1%), mechanical wood pulp: 254,000 (-19.0%), dissolving pulp (for textile fibres): 419,000 tonnes (+8.9%). The main reason for the increase in textile pulp was a long safety shutdown at the Hallein plant in 2021. The amount of wood used by the Austrian paper industry increased by 1.1% to 8.4 million solid m^3 in 2022; 4.29 million m^3 accounted for roundwood (+3.9%) and 4.08 million m^3 for sawing by-products (-1.7%). Purchases of domestic roundwood increased by 10.5% to 2.65 million m^3, imports by 15.7% to 1.78 million m^3. For sawing by-products, domestic purchases amounted to 3.43 million m^3 (-5.9%) and imports accounted for 0.66 million m^3 (+6.8%). The production of secondary pulp fell more sharply, namely by 8.7% to 2.01 million tonnes. 2.33 million tonnes of recovered paper were used (-8.4%), of which 0.82 million tonnes came from domestic sources. Recycling works well in Austria, with a recycling rate of 79% in 2021.

The year 2023 is characterised by increased energy and logistics costs. Production and sales will continue to decline, production is expected to fall by up to 24%. While the volume of graphic paper produced will continue to decline sharply due to the ongoing shift of media to the digital world, the packaging sector will have a balancing effect despite minor losses. Potential is seen here, particularly in the area of speciality packaging and in the food sector. The supply of raw materials such as sawmill by-products and pulpwood is seen as a sensitive issue, particularly in view of the booming pellet markets.

Outlook: The Austrian paper industry continues to plan and invest for the long term. One of the aims of the investments is to further increase the proportion of renewable energies. Optimising the energy resources used will also remain an important topic for future investments in view of rising energy prices. The paper industry expects production to recover again in 2024, although the production volumes of 2022 will not be reached.

I. Innovative wood products

To strengthen the wood-based value chain 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 (and universities of applied sciences), targeted research promotion, and the implementation of national, 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 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.

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. Timber construction contributes to the long-term storage of CO_2 and the substitution of CO_2-intensive substances. proHolz Austria offers comprehensive information about the building with wood, and many of its campaigns focus on wood construction

Austrian Wood Initiative

The Forest Fund is one of the largest packages of measures for domestic forests in recent years with the aim at developing climate-smart forests, promoting biodiversity in the forest and increasing the use of wood as an active contribution to climate protection. Specific activities with the focus on the increased and sustainable use of wood are summarized under the "Austrian Wood Initiative". For the implementation the division "Wood-based value chain" was set up in the Federal Ministry of Agriculture Forestry, Regions and Water Management. The Austrian Wood Initiative comprises a wide range of specific measures within thematic modules which range from governance, wood construction, innovation, education, communication as well as the energetic use of wood. A special measure to increase the proportion of timber construction is the "CO_2 bonus". With the CO_2 bonus, large volume residential buildings and buildings for public purposes in timber construction with a high proportion of renewable raw materials from sustainable management are subsidized. The subsidy is calculated at 1 euro per kg of wood used and is limited to a maximum of 50% of the total construction costs.

Further activities and measures of the Wood Initiative are e.g. an Austria-wide wood construction advisory network, a standardisation secretariat for wood and timber construction as well as the promotion of various research projects for the increased and efficient use of wood. As part of the Austrian Wood Initiative, professorships for sustainable building with wood and timber architecture at three Austrian Universities are also being established. The Vienna University of Technology started its endowed professorship with a focus on "timber construction and design". Furthermore, the University of Innsbruck will focus on "Architecture, Resource Efficiency and Fabrication in Timber Construction" and the University of Natural Resources and Applied Life Sciences on "Sustainable Design and Construction in the Meaning of the New European Bauhaus".

To foster the wood-related exchange also at the pan-European level, Austria and Finland have launched the European Wood Policy Platform "woodPoP". The aim of this platform is to improve the framework conditions for the wood-based value chain and to highlight its political relevance.

Study "Economic impact of the forestry and timber sector in Europe"
Together with the Cooperation Platform Forest-Wood-Paper (FHP) the Austrian Federal Ministry of Agriculture, Forestry, Regions and Water Management have commissioned a new study on the economic impact of the forestry and timber sector in Europe. It shows that sustainable forest management and the use of wood are of particular importance for many countries. The study covers 30 European countries (EU27, Norway, Switzerland and the United Kingdom). It shows that the sector provides around 17.5 million jobs across Europe and the total gross value added of the European forestry and timber industry is about € 1.1 trillion. (link)

5. Charts

Economic indicators (WIFO Economic Outlook October 2023)

	2019	2020	2021	2022	2023	2024
	Percentage changes from previous year					
GDP, volume	+ 1.5	- 6.6	+ 4.2	+ 4.8	- 0.8	+ 1.2
GDP, value	+ 3.1	- 4.1	+ 6.4	+ 10.4	+ 7.1	+ 5.5
Export of goods, volume	+ 3.6	- 7.7	+ 12.3	+ 7.1	+ 1.5	+ 2.5
Export of goods, value	+ 2.4	- 8.8	+ 19.9	+ 18.8	+1.4	+ 2.0
Import of goods, volume	+ 0.5	- 7.2	+ 15.2	+ 5.1	- 1.9	+ 2.3
Import of goods, value	+ 0.2	- 9.1	+ 23.9	+ 22.8	- 3.5	+ 1.3
Consumer prices	+ 1.5	+ 1.4	+ 2.8	+ 8.6	+ 7.7	+ 4.0
Active dependent employment	+ 1.6	- 2.0	+ 2.5	+ 3.0	+ 1.0	+ 0.5

Wood resources

Product	Year	Production	Imports	Exports
		1,000 m³		
Sawlogs, pulpwood and other industrial roundwood	2021	13,521	10,903	1,093
	2022	13,935	8,778	1,306
	2023	11,716	8,050	620
	2024	12,225	7,250	680
Wood residues, chips, particles	2021	7,467	2,292 [2)]	931 [2)]
	2022	7,824	1,696 [2)]	575 [2)]
	2023	6,400	1,820 [2)]	485 [2)]
	2024	6,400	1,820 [2)]	485 [2)]
Fuelwood	2021	4,900 [1)]	170	13
	2022	5,424 [1)]	182	12
	2023	5,115 [1)]		
	2024	5,234 [1)]		

[1)] incl. chippings from forests

[2)] incl. recovered post-consumer wood

Sawnwood

Product	Year	Production	Imports	Exports
		1,000 m³		
Coniferous sawnwood	2021	10,582	1,911	5,947
	2022	10,104	1,784	5,747
	2023	8,588	1,270	4,880
	2024	8,588	1,270	4,880
Non-coniferous sawnwood	2021	182	177	173
	2022	238	217	145
	2023	202	140	120
	2024	202	140	120

TF1

TIMBER FORECAST QUESTIONNAIRE
Roundwood

Country:	Austria	**Date:**	16.11.2023
Name of Official responsible fc			
Matthias Grollnigg			
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Product Code	Product	Unit	Historical data 2021	Revised 2022	Estimate 2023	Forecast 2024
1.2.1.C	SAWLOGS AND VENEER LOGS, CONIFEROUS					
	Removals	1000 m^3 ub	10.139	10.382	8.638	9.038
	Imports	1000 m^3 ub	8.044	6.664	5.710	5.000
	Exports	1000 m^3 ub	594	945	405	400
	Apparent consumption	1000 m^3 ub	17.589	16.101	13.943	13.638
1.2.1.NC	SAWLOGS AND VENEER LOGS, NON-CONIFEROUS					
	Removals	1000 m^3 ub	280	329	266	300
	Imports	1000 m^3 ub	160 N	134	90	50
	Exports	1000 m^3 ub	52 N	57	45	50
	Apparent consumption	1000 m^3 ub	388	406	311	300
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	2.531	2.576	2.235	2.300
	Imports	1000 m^3 ub	1.973	1.312	1.750	1.700
	Exports	1000 m^3 ub	360	206	90	150
	Apparent consumption	1000 m^3 ub	4.145	3.681	3.895	3.850
1.2.2.NC	PULPWOOD (ROUND AND SPLIT), NON-CONIFEROUS					
	Removals	1000 m^3 ub	570	647	577	587
	Imports	1000 m^3 ub	725 N	668	500	500
	Exports	1000 m^3 ub	87 N	98	80	80
	Apparent consumption	1000 m^3 ub	1.208	1.217	997	1.007
1.2. NC	Sawlogs & Veneer logs + Pulpwood, NON-CONIFEROUS					
	Removals	1000 m^3 ub	850	977	843	887
	Imports	1000 m^3 ub	885	802	590	550
	Exports	1000 m^3 ub	139	155	125	130
	Apparent consumption	1000 m^3 ub	1.596	1.624	1.308	1.307
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	2.993	3.248	3.069	3.140
1.1.NC	WOOD FUEL, NON-CONIFEROUS					
	Removals	1000 m^3 ub	1.907	2.176	2.046	2.094
1	TOTAL REMOVALS	1000 m³ ub	18.420	19.359	16.831	17.459
3	WOOD CHIPS, PARTICLES AND RESIDUES					
	Domestic supply	1000 m^3	7.467	7.824	6.400	6.400
	Imports incl. Recovered Post-Consumer Wood	1000 m^3	2.292	1.696	1.820	1.820
	Exports incl. Recovered Post-Consumer Wood	1000 m^3	931	575	485	485
	Apparent consumption	1000 m^3	8.827	8.945	7.735	7.735
5.1	WOOD PELLETS					
	Production	1000 m.t.	1.607	1.691	1.938	2.050
	Imports	1000 m.t.	413	344	309	300
	Exports	1000 m.t.	875	745	750	900
	Apparent consumption	1000 m.t.	1.144	1.290	1.497	1.450

		Country: Austria	Date: 16.11.2023
		Name of Official responsible fc	
		Matthias Grollnigg	
	TF2	Official Address (in full):	
	TIMBER FORECAST QUESTIONNAIRE	Federal Ministry of Agriculture, Forestry, Regions and Water Management	
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		Telephone: +43 1 71100 607214	
		E-mail: matthias.grollnigg@bml.gv.at	

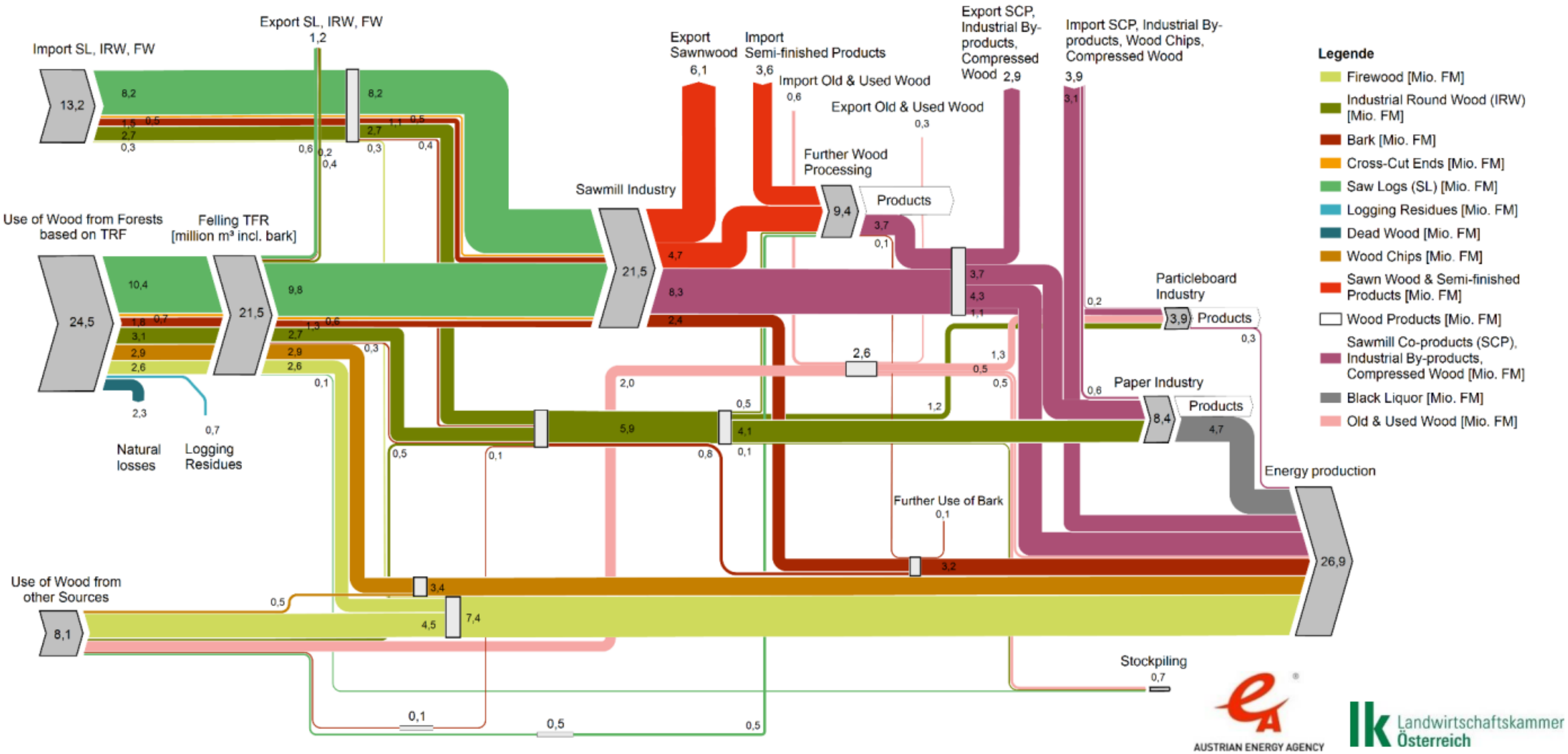
Product Code	Product	Unit	Historical data 2021	Revised 2022	Estimate 2023	Forecast 2024
6.C	SAWNWOOD, CONIFEROUS					
	Production	1000 m^3	10.582	10.104	8.588	8.588
	Imports	1000 m^3	1.911	1.784	1.270	1.270
	Exports	1000 m^3	5.947	5.747	4.880	4.880
	Apparent consumption	1000 m^3	6.547	6.141	4.978	4.978
6.NC	SAWNWOOD, NON-CONIFEROUS					
	Production	1000 m^3	182	238	202	202
	Imports	1000 m^3	177	217	140	140
	Exports	1000 m^3	173	145	120	120
	Apparent consumption	1000 m^3	186	310	222	222
6.NC.T	of which, tropical sawnwood					
	Production	1000 m^3	0 N	0	0	0
	Imports	1000 m^3	5	4	4	4
	Exports	1000 m^3	1	1	1	1
	Apparent consumption	1000 m^3	4	3	3	3
7	VENEER SHEETS					
	Production	1000 m^3	8 R	8	8	8
	Imports	1000 m^3	70	83	45	45
	Exports	1000 m^3	18	17	14	14
	Apparent consumption	1000 m^3	59	74	39	39
8.1	PLYWOOD					
	Production	1000 m^3	184	131	155	155
	Imports	1000 m^3	267	183	150	150
	Exports	1000 m^3	357	296	290	290
	Apparent consumption	1000 m^3	94	19	15	15
8.2	PARTICLE BOARD (including OSB)					
	Production	1000 m^3	2.550	2.280	2.170	2.170
	Imports	1000 m^3	553	525	495	495
	Exports	1000 m^3	2.049	1.649	1.900	1.900
	Apparent consumption	1000 m^3	1.054	1.156	765	765
8.2.1	of which, OSB					
	Production	1000 m^3	0	0	0	0
	Imports	1000 m^3	192	212	140	140
	Exports	1000 m^3	6	7	5	5
	Apparent consumption	1000 m^3	186	205	135	135
8.3	FIBREBOARD					
	Production	1000 m^3	690	470	395	395
	Imports	1000 m^3	370	331	308	308
	Exports	1000 m^3	556	381	316	316
	Apparent consumption	1000 m^3	504	421	386	386
8.3.1	Hardboard					
	Production	1000 m^3	75	54	43	43
	Imports	1000 m^3	17	18	16	16
	Exports	1000 m^3	60	43	32	32
	Apparent consumption	1000 m^3	32	29	28	28
8.3.2	MDF/HDF (Medium density/high density)					
	Production	1000 m^3	615	416	351	351
	Imports	1000 m^3	192	177	160	160
	Exports	1000 m^3	491	333	281	281
	Apparent consumption	1000 m^3	316	260	230	230
8.3.3	Other fibreboard					
	Production	1000 m^3	0	0	0	0
	Imports	1000 m^3	162	136	132	132
	Exports	1000 m^3	5	4	3	3
	Apparent consumption	1000 m^3	157	131	128	128
9	WOOD PULP					
	Production	1000 m.t.	2.004	1.977	1.700	1.800
	Imports	1000 m.t.	578	630	610	630
	Exports	1000 m.t.	321	399	360	400
	Apparent consumption	1000 m.t.	2.261	2.209	1.950	2.030
12	PAPER & PAPERBOARD					
	Production	1000 m.t.	5.065	4.633	3.500	4.000
	Imports	1000 m.t.	1.296	1.231	1.050	1.150
	Exports	1000 m.t.	4.059	3.730	2.800	3.100
	Apparent consumption	1000 m.t.	2.303	2.133	1.750	2.050

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

Wood Flows in Austria

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

klimaaktiv



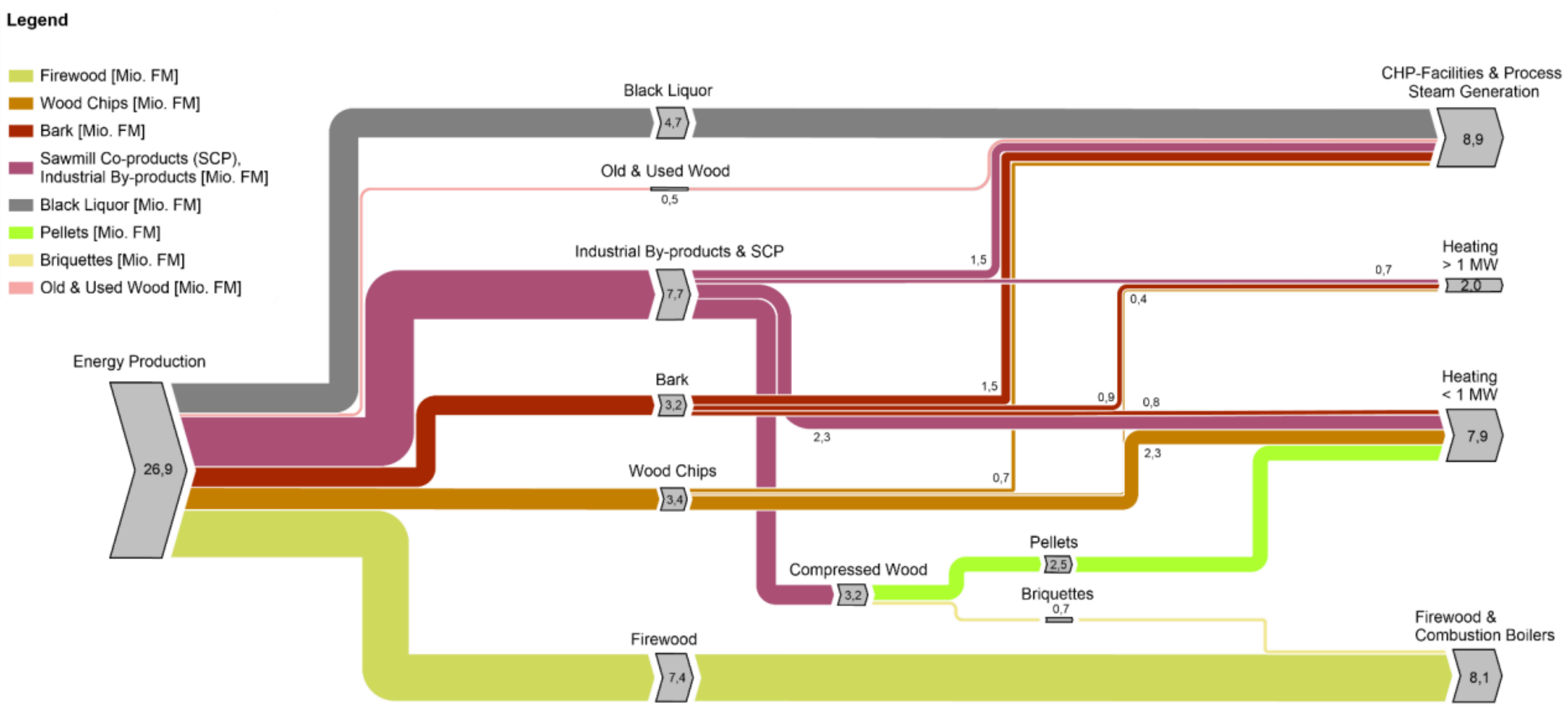
https://www.klimaaktiv.at/erneuerbare/energieholz/holzstr_oesterr.html

Issue: August 2023 / Reference year: 2021 - All values given in million m³; values <0,1 million m³ are not shown; numerical values partially rounded; **Compiled by Lorenz Strimitzer, Bernhard Wlcek, Alex Bergamo,** Austrian Energy Agency & **Kasimir Nemestothy,** Austrian Chamber of Agriculture – **Compiled on behalf of BMK.**

Wood Flows in Austria – Energy Production

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

klimaaktiv



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AUSTRIAN ENERGY AGENCY

Landwirtschaftskammer Österreich