Austrian Market Report 2024

Statement submitted by the Austrian Delegation

to the 82nd Session of the

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Directorate-General III – Forestry and Regions

Vienna, November 2024

1. General economic situation

Recession in Austria persists stubbornly[1]

Austria's economy will remain in recession in 2024, with real GDP expected to fall by 0.6%. In 2025, WIFO expects an economic impulse from abroad. While investment in machinery and equipment will shrink over the entire forecast period, construction investment will benefit from the construction stimulus package in the coming year. Inflation will fall, real incomes will rise, and consumer demand will pick up, meaning that GDP will grow by 1% in 2025. However, unemployment will continue to rise. The public budget deficit is increasingly moving away from the Maastricht targets.

"The current recession has lasted for two calendar years, which is an unusually long time", says Stefan Schiman-Vukan, one of the authors of the current WIFO Economic Outlook.

The Austrian economy remains in recession. After -1% in the previous year, real GDP will shrink by 0.6% in 2024. Like Germany, Austria is suffering from the investment slump and weak demand for capital goods and machinery. Exports of goods to Germany fell significantly in the current year. However, the weakness in exports has been protracted, and with interest rates falling, an improvement in financing conditions is in sight. In 2025, foreign demand should pick up somewhat and provide an impulse to the Austrian economy, which will also revive private consumer demand.

However, overall economic activity will initially only grow by a modest 1 percent. Investment in machinery and equipment will continue to shrink in 2025, not least because companies' profits have deteriorated due to the recession and increases in wages and commodity prices. The unemployment rate will continue to rise in 2025 as a result of the recession. The budget deficit is increasingly moving away from a sustainable path, and not only because of the economic situation.

A key assumption of this forecast is that foreign demand will pick up again in 2025, particularly from Germany. However, if demand for capital goods remains as weak as it currently is, Austria could enter a third year of recession. In this case, unemployment would rise more sharply than expected and private households' propensity to consume would remain subdued. Another risk to the euro area economy is that of too rapid fiscal consolidation, when European fiscal rules come into effect.

Conversely, there are also positive aspects and upside risks: For example, gas supplies appear to be secure even if Russian natural gas stops flowing to Austria from 2025. Consumption could be stronger than expected if the financial situation of private households improves to such an extent that they start spending more again. In addition, targeted investment support from the public sector could stimulate replacement investments in more environmentally friendly production methods and thus trigger positive multiplier effects.

[1] Source: Austrian Institute of Economic Research (WIFO), 4/10/2024

2. Policy measures

Federal Government

The National Council elections took place on September 29, 2024, from which the Austrian Freedom Party (FPÖ) emerged as the strongest party. Coalition negotiations are currently taking place. The outgoing coalition government of the Austrian People's Party (ÖVP) with The Greens as junior partner led by Federal Chancellor Karl Nehammer will continue to govern until a new government is inaugurated. The Government Programme 2020-2024 of the outgoing Nehammer government included a series of measures to preserve domestic forests as a key economic factor as well as measures to protect nature, adapt forests to climate change, ensure the protective effect of forests and promote timber construction. With the establishment of the forest fund in 2020 with a total allocation of € 450 million, many measures from the government programme have been successfully implemented.

The Austrian Forest Strategy 2020+

The national forest strategy adopted in 2016 serves as a guideline for forest policy in Austria. The implementation of its work programme is progressing well. The strategy was developed together with over 80 organisations and institutions within the Austrian Forest Dialogue. The national forest dialogue has been running for 20 years. The results of its second external evaluation were approved by the high-level political decision-making body in November 2023 and now serve as the basis for work on adapting the dialogue process.

Forest subsidisation

In July 2020, Parliament passed the Forest Fund Act, which was extended in 2023. It serves as the basis for the implementation of the package of measures, now worth € 450 million, 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

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. This was replaced in the new funding period by the national CAP Strategic Plan. The CAP Strategic Plan for Austria for the funding period 2023 to 2027 was approved by the European Commission in September 2022. Around € 139 million are available for forestry measures as part of this 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. Currently, 89% of the annual growth is harvested. (www.waldinventur.at)

The WALDATLAS – Platform for Forest Geospatial Data

The Waldatlas (www.waldatlas.at), launched by Austria's Federal Ministry of Agriculture, Forestry, Regions and Water Management in August 2023, is a free geodata platform offering access to over 40 maps on forests, natural hazards, and biodiversity. It serves forest owners, businesses, authorities, researchers, and the public. The platform centralizes up-to-date geodata from trusted sources, offering tools for measuring, drawing, and exporting data. Accessible on desktop and mobile, the Waldatlas supports decision-making in forestry and environmental management while promoting collaboration and transparency. Regular updates ensure data accuracy and relevance.

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 74,500 forest owners are organised. In 2023 totally 2.68 million m^3 of timber were marketed, 103 courses and special training days with around 7,600 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 framework 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. In addition, proHolz Austria receives subsidies from the "Waldfonds" for some projects. Marketing, publicity and information on wood are the instruments applied to attain this goal. A new campaign entitled "Hey, Wald!" was launched in 2024. The main message of the campaign is that using wood maintains the forests. Other activities include an Austria-wide timber construction advisory service, a 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

The economic environment in 2023 was shaped by the ongoing war in Ukraine and a shift from external inflation drivers, such as the energy crisis and supply chain issues, to internal factors like rising food, rent, and wage costs. This, combined with the associated distributional effects and economic policy responses (public transfers, interest rate hikes), led to a 1% contraction in the economy. Rising interest rates also caused a sharp decline in the construction sector, and the housing market cooled after previous price surges, which in turn affected forest-based industries. To counter this, the Austrian government announced a three-year, €1 billion support package in February 2024, aimed at boosting residential construction. And while construction investment is still expected to decline by 4.5% in 2024, a growth of 1.1% is projected for 2025. Simultaneously, exports slowed down in 2023, causing additional strain, as Austria's forest-based industries typically have a high export quota. Looking at 2024, the economy remains in a recession, but inflation is falling, and the forest-based industries anticipate at least slight increases in production volumes across several key product segments. While conditions in 2025 are expected to remain difficult, they should improve compared to the previous two years. Overall, there is cautious optimism for the future. The effects of climate change, such as storms, droughts, and resulting insect infestations, continue to significantly influence domestic raw material production, leading to large amounts of damaged timber.

4. Developments in forest-products market sectors

A. Wood raw materials

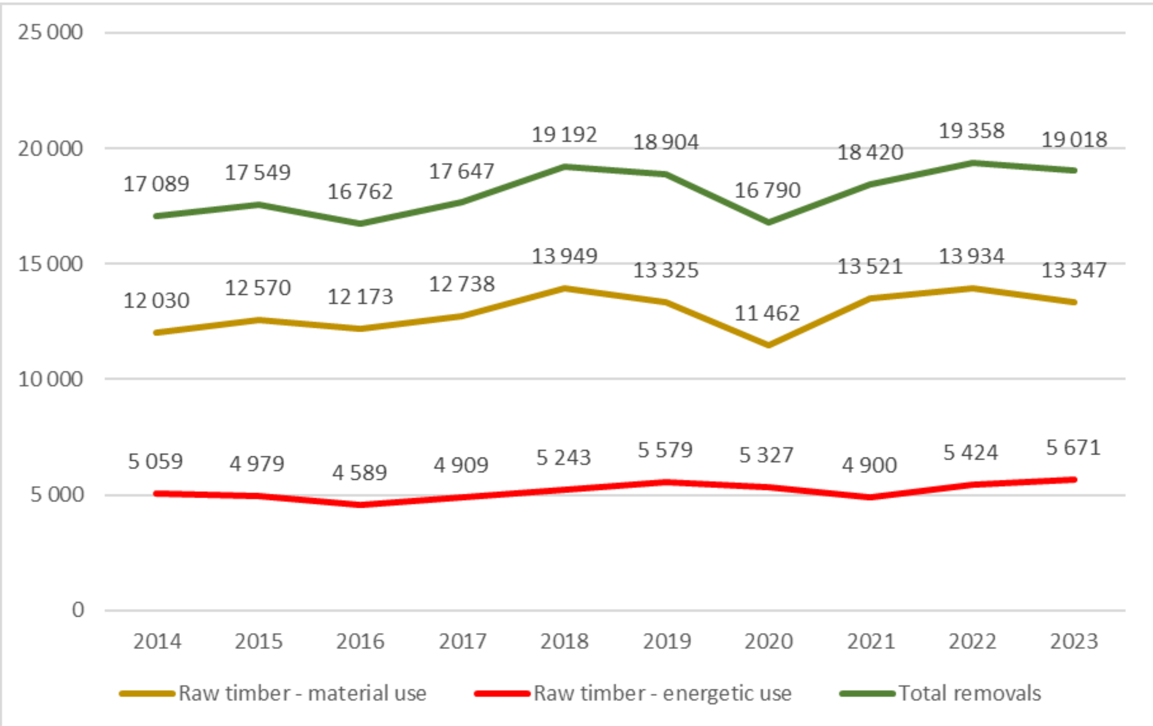
With a share of 48% of the federal territory and about 137,000 forest land owners, forests play an important part in Austria, especially in rural areas. Maintaining and increasing the yield of forests are of high significance not only for forest owners but also for wood-processing enterprises. As the 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 (2023: 8.97 million m³), mobilising available domestic resources is traditionally a major goal of Austria's forest policy.

2023: The forestry sector in Austria continued to be heavily affected by the impacts of climate change. Extreme weather events and the bark beetle, in particular, took a toll on the forests. Although still below the record levels of 2019, the proportion of damaged timber as part of total felling has been rising again in recent years, accounting for just under half of the total felling in 2023. Bark beetle damage increased by 8% in 2023 compared to the previous year, with the highest increases observed in southern and inner Alpine regions. Damage from abiotic factors also rose in 2023, with a 76% increase. Styria, Carinthia, Salzburg, Tyrol, and Lower Austria were particularly affected. At the beginning of 2023, there were still good sales opportunities for sawlogs. However, the dampened economic development and, in particular, the weak construction sector soon became noticeable. Sales of spruce sawlogs slowed down, inventories filled up, and, especially in the south, more and more beetle-damaged wood had to be processed. Towards the end of the year, demand for coniferous sawlogs slightly increased again. The hardwood sawlog market was quite active at the beginning of the year. Oak and beech were in high demand, while the situation was more challenging for other hardwood species. This trend persisted throughout the year. Both pulpwood and energy wood were in good demand at the start of the year but then experienced some slowdown; by the end of the year, the markets had stabilized. As the average prices for pulpwood and energy wood were well above the previous year's level, the total production value in 2023 only fell slightly despite a slight decline in timber felling and price falls for saw logs. On average, raw timber prices were almost 3% higher than in the previous year.

Altogether 19.02 million m³ under bark were harvested in 2023, 1.8% less than in the year before, 5.2% more than the ten-year average. Sawlogs accounted for 52.8%, pulpwood and other industrial roundwood for 17.4%, fuelwood and chippings from forests for 29.8% of the quantity felled. 13.35 million m³ were assigned to material use, 5.67 million m³ were used for energy generation. The share of coniferous wood in the total volume felled amounted to 83.3%. Small forest owners (forest area < 200 hectares) harvested 11.15 million m³ in total in 2023 (-1.9%), the owners of forests from 200 hectares 5.91 million m³ (-1.8%) and the Austrian Federal Forests 1.97 million m³ (-0.7%). The amount of wood harvested due to calamities increased by 24.2% to 9.02 million m³, which is 47.4% of the total removal and 17.3% 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 2023 prices of roundwood (incl. fuelwood) were 2.7% above those of 2022. On annual average, sawmills paid € 102.63 per cubic metre of sawlog spruce/fir, Cat. B, Media 2b, 9.0% less than in 2022; the annual maximum of € 117.63 was paid in February, the annual minimum of € 89.18 in August. The 2023 mixed pulpwood/mechanical pulpwood price for spruce/fir was with € 46.36 per m³ 12.1% above the average for the preceding year – pulpwood € 44.18 (+14.0%), mechanical pulpwood € 52.55 (+9.1%).

The production value of domestic forestry (according to the European Forest Account methodology, which includes the net increment of standing timber) totalled over € 2.9 billion in 2023 (after € 3.0 billion in 2022 and € 2.4 billion in 2021), of which around € 1.7 billion was attributable to the production of raw timber. Compared to the previous year, the total production value of the forestry sector slightly decreased (-0.9%). This decline in production value was due, on the one hand, to a reduction in logging and, on the other hand, to price decreases in sawlogs.

Roundwood imports remained on the same level as 2022, thus reaching just under 9.0 million m³. The import of industrial roundwood (sawlogs + pulpwood) only slightly decreased to 8.7 million m³ (-1.6%). According to the official trade statistics, imports of coniferous sawlogs and veneer logs declined by 4.1% to 6.4 million m³, those of coniferous pulpwood increased by 4.5% to 1.4 million m³. Wood fuel imports rose to 286.000 m³ (+57%). Roundwood exports decreased by 53% to 0.60 million m³, thereof 354,000 m³ coniferous sawlogs and veneer logs (-63%) and 121,000 m³ coniferous pulpwood (-41%).

2024: At the beginning of the year, raw timber prices rose significantly due to increased demand for coniferous sawlogs, although the high prices of 2021 to 2023 were not reached. However, the recovery in raw timber prices was only temporary and by the second quarter prices had dropped again due to weak sales markets and high inventory levels. In July, sawlog prices were about 5% below their peak at the beginning of the year, while pulpwood prices fell by around 9%. Firewood prices have so far remained largely stable. For the current year, the forestry industry is expecting a 4% decline in felling to 18.2 million m³.

The roundwood market in October 2024: Austria's economy will remain in recession in 2024, with a recovery expected only in 2025. In addition to an improvement in private consumption demand, construction investments are expected to increase due to the construction stimulus package. Although Austria's sawmill industry generally has sufficient stocks of coniferous sawlogs, a revival in demand is noticeable. This has been reflected in slight price increases in Upper Austria, Salzburg, Tyrol, and Vorarlberg. Currently, most harvesting activities are still focused on processing damaged wood. Provided the infrastructure is intact, the available assortments are being swiftly transported. The leading assortment of spruce A/C 2b+ is between € 90 and € 110 across Austria. Pine has also seen a slight increase in demand, particularly in Burgenland, Upper Austria, and Styria, where prices have risen. Larch is in high demand at stable prices, with supply struggling to meet demand.

The paper, panel, and pulp industries are well-stocked with coniferous industrial roundwood. However, due to the increased supply of calamity wood, the delivery and transportation of wood from the forest have been delayed in some areas. The price range for spruce pulpwood varies widely but remains stable between 63 and 98 € per tonne (atro). Beech pulpwood is in demand at unchanged prices, ranging between 80 and 100 € per tonne (atro) across Austria.

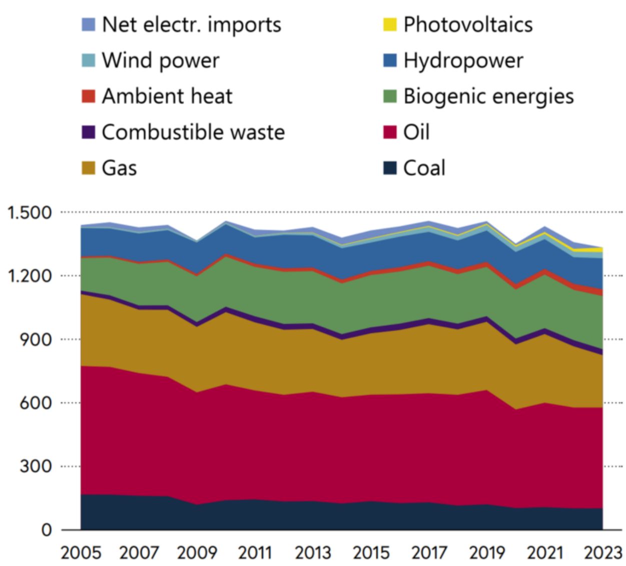
In the energy wood market, high stock levels – mostly from the previous season – are leading to very subdued demand. Quantities outside of long-term contracts are barely marketable. A revival is expected only as the upcoming heating season progresses. The firewood market is also currently saturated, with some stocks being sold off at "bargain price".

Outlook: As 2024 shapes up to be another challenging year for the entire sector, forest owners, in particular, seem to have mixed feelings about the coming years. Low demand, rising harvesting costs, and high volumes of calamity wood have put continuous pressure on raw material production. However, with slightly better economic conditions anticipated for 2025 and especially for 2026, raw material production is expected to start increasing again. Furthermore, the new EU regulations are leading to uncertainty among forest owners. There are fears that they could have a demotivating effect on small forest owners and discourage them from actively managing their forests.

B. Wood energy

Gross domestic energy consumption has largely stabilized in the long term and has recently been significantly reduced, but is fortunately characterized by significant growth in renewable energies. While real GDP fell by 1% in 2023, gross domestic energy consumption actually fell by 1.9%, the lowest value in the entire period under review since 2005. The decisive factors for this were, in addition to the declining overall economic development, slight efficiency improvements, and somewhat more favourable weather conditions, the sharply reduced energy consumption in industry, the declining diesel sales, and the significant decrease in the use of extra light heating oil in the household sector.

Gross domestic energy consumption
by energy source in petajoules 2005-2023

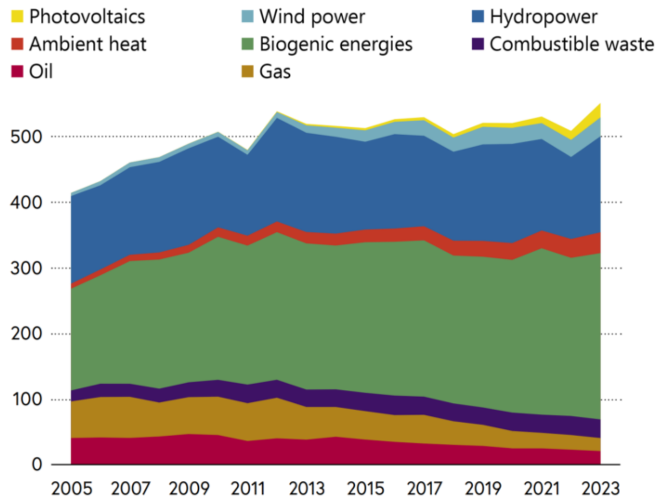


Growth and decline
of energy sources

p.a. 2005-2023		2022-2023
-	Net electr. imports	-100.8%
+37.0%	Photovoltaics	+60.7%
+10.5%	Wind power	+10.9%
+0.5%	Hydropower	+17,2%
+8.1%	Ambient heat	+9.7%
+2.8%	Biogenic energies	+5.6%
+3.0%	Combustible waste	-2.1%
-1.7%	Gas	-14.5%
-1.3%	Oil	-0.0%
-2.7%	Coal	+0.1%
-0.4%	**Total**	

Domestic primary energy production (2023: 550 PJ) is characterized by a very high share (87.6%, 482 PJ) and a strong increase in renewable energies. Biogenic energies make up the highest share of renewables (2023: 253.5 PJ), 49.7 PJ of which are assigned to firewood billets and 189.3 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 2005-2023



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-5.6%	Gas	-11.2%
-3.8%	Oil	-9.7%
+1.6%	**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, the values fell slightly in 2021 and 2022 due to a change in the calculation method (RED II) and the certification system that was still pending in Austria at the time. In addition to fully establishing the sustainability certification system and thus recognizing the quantities of biomass and biogas in the electricity and heat supply that are not yet eligible, the short-term goal is to significantly increase the share again by intensifying 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 nationally renewable by 2030 and climate-neutral overall by 2040 – will require much more far-reaching measures, such as zoning for energy infrastructure, accelerating approval procedures and grid expansion, as well as implementing the new requirements from the European electricity market reform.

According to the official removal statistics 5.67 million m³ of fuelwood and chippings from forests were harvested in 2023, which corresponds to a 29.8% share in the total removal and an increase of 4.6% compared to 2022. Fuelwood accounted for 2.86 million m³ (1.66 million m³ of coniferous wood, 1.19 million m³ hardwood), wood chips from forests for 2.81 million (solid) m³. After a significant price increase for fuelwood took place in the course of 2022, prices stabilized at this high level in 2023. The average price for non-coniferous fuelwood in 2023 was € 108.24 per cubic meter of stacked wood (with bark, without turnover tax), which is 26.9% higher than in 2022. The 2023 price for coniferous fuelwood, at €76.29 per cubic meter, was 28.6% higher compared to the previous year. In 2024, prices remain at roughly the same level as in 2023.

Wood pellets were recently produced at more than 50 sites in Austria. In 2023, production amounted to 1,725,000 tonnes (+5.2 % compared to the preceding year); 289,000 tonnes (-16%) were imported, above all from Romania, the Czech Republic and Germany; 796,000 tonnes were exported (+7%), mainly to Italy. According to proPellets Austria (www.propellets.at) domestic consumption increased by 6.3% and amounted to 1,331,000 tonnes. The sharply increased demand for new pellet boilers (< 100 kW) in 2022 dropped by 63% to 7,980 units in 2023. The total number of existing pellet boilers (< 100 kW) thus rose to 192,300. The price survey done by proPellets Austria resulted in an average price of 28.94 cent/kg of (bulk) wood pellets (incl. turnover tax) in October 2024, a decrease of 25.5 % compared to October 2023. Adjusted for inflation, prices have thus returned to the 2021 level. The price peak was reached in October 2022 at 63.36 cent/kg. Wood pellets in bags (when ordered by the pallet) cost on average € 5.10 per 15 kg bag (34 cent/kg,-20.3%).

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 98,000 forest owners holding over 3.39 million hectares effectively take advantage of the certification and 568 CoC certificates are valid.

Forest Stewardship Council (FSC): In Austria, 587 hectares of forest are currently certified according to FSC. There are 281 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.

A sharp rise in interest rates and high construction costs have triggered a massive decline in residential construction in Austria. At the same time, foreign trade has decreased as well. As a result, the construction industry as a whole is currently in a phase of stagnation. These developments naturally also affect the manufacturers of timber construction elements. 2023's production in the construction sector amounted to € 3.26 billion (provisional), a decrease of 17.3% 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 prefabricated wooden houses, of windows and doors, as well as of parquet and other wooden floors. Exports of laminated wood (€ 1.010 billion, -19.1%), parquet (€ 216 million, -28.9%), windows (€ 120 million, -5.2%), and doors (€ 51.5 million, -5.2%) decreased. The most important foreign markets for laminated wood, parquet, windows and doors were Germany, Italy and Switzerland.

The Austrian furniture industry comprises around 50 industrial plants with about 6,000 employees – most of them are privately owned medium-sized companies. The furniture industry also faced a challenging year in 2023, with production value dropping by 1.9% compared to the previous year, totalling €2.815 billion (provisional). With the exception of shop furniture (€ 234 million, +11.5%) and office furniture (€ 331 million, +0.8%) all important product groups recorded decreased: Kitchen furniture (€ 319 million, -9.2 %), dining room and living room furniture (€ 391 million, -4.0 %). Exports shrank by 4.6% in 2023, thus totalling € 1.250 billion.

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 97% 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.

The economic situation of the Austrian sawmill industry in 2023 was significantly less dynamic than in previous years. Following successful years and a period of high demand, the sawmill industry experienced a marked decline in sales that began in 2022 and continued into 2023, resulting in a further 10% reduction in production compared to 2022. Construction activities stagnated, and orders were scarce. The 8% decline in exports of softwood lumber compared to 2022 prompted massive cost-saving measures and a focus on core business amid rising raw material, energy, and labour costs. The downturn was particularly painful in the Asian and German markets. Only trade with MENA/Levant countries increased significantly. The sluggish construction economy is expected to persist into 2024, and an upturn in the markets for softwood lumber is not anticipated in the short term.

The production of sawnwood amounted to 9.4 million m^3 (2022: 10.4 million m^3), of which 9.1 million m^3 were sawn softwood. According to the industry report 2023/2024 of the Association of the Austrian Wood Industries, processed roundwood accounted for around 15.48 million solid m^3 in 2023, 8.82 million m^3 (57%) of which from domestic logging. The foreign trade statistics show 6.4 million solid m^3 of imported coniferous sawlogs. 5.4 million m^3 of sawn softwood were exported in 2023 – a decrease by 6.3% compared to the previous year (5.7 million m^3). Exports to the main market, Italy, decreased by 9.8 % to 2.5 million m^3. This means that 47% of the total sawn softwood exports were shipped to Italy. 14% of exports went to Germany (-20.7%), 16% to MENA countries (+26.4%), 6% to Asia (-24.9%), 3% to North America (-21%). Imports of sawn softwood decreased by 23% in 2023 compared to the previous year and totalled 1.4 million m^3.

Current situation and outlook: The Austrian sawmill industry appears to have already bottomed out in the production of sawn softwood. In contrast to many other European countries, production in Austria is expected to increase again as early as in 2024 (+5%). Exports also increased from January to August. The important Italian market remained constant, Germany fell slightly, the USA declined, while significant increases in sales were achieved in Japan, the Czech Republic, Croatia and several other countries. The government's economic stimulus package for construction should have a positive impact on the domestic market. The sawmill industry expects at least a slight increase in production for 2025, but does not expect to reach the good production and export figures of 2022. The sawmill industry is concerned about the supply of raw materials. Rising production rates are expected to lead to rising log prices.

F. Sawn hardwood

The production of hardwood sawmills increased slightly to 247,000 m^3 in 2023, representing a 1.6% rise compared to the previous year (243,000 m^3).

G. Wood-based panels

The panel industry, like many other sectors, is facing significant economic disturbances. There has been a noticeable drop in demand in the construction sector in particular. The furniture industry, another major consumer group for wood-based panels, is facing similar developments. A challenge for the companies has been and remains the prices for energy and precursor products, especially from the chemical industry. The sharp increase in energy prices following Russia's attack on Ukraine has impacted the costs of the panel industry and its suppliers. Energy prices are a relevant factor when it comes to international locational competition. The emerging normalisation of electricity and gas prices is providing relief, but the prices for precursor products remain at a high level. The predictable and steady supply of waste wood, fibrewood, and sawmill by-products is the basis for economically optimal production utilisation and competitiveness. The supply of raw materials and also the inventory levels have recently been satisfactory overall. The panel industry was able to absorb damaged wood volumes from regions affected by summer storms in 2023. The raw material supply also saw relief from the normalisation of prices for energy wood and sawmill by-products. The sudden demand for firewood and pellets triggered price dynamics that significantly increased prices for segments relevant to the panel industry. This trend has reversed, and the price level has returned to normal. The relatively constant roundwood harvest in Austria also led to intensive thinning, thereby contributing to a stable supply of fibrewood.

On the international markets, the Austrian panel industry has held its ground well. Particularly in the second half of 2023, the export of particle boards increased significantly, while fibreboards registered a decline. 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 2.13 million m³ in 2023. The export quota of the Austrian panel industry has been very high for years, at 75 to 80%. The foreign trade surplus in 2023 amounted to € 788 million. The European Union is once again the most important sales market, especially Germany, France, and Italy. In Asia, Japan is a major purchaser of particle boards. Fibreboards are extensively shipped to the USA and Canada.

Ensuring the long-term supply of wood as a raw material is a key issue for Austria's wood-based panel industry. In 2023 the quantity of the raw material used comprised 1.01 million m³ of roundwood (type "Plattenholz"; -5.6%) and 0.97 million m³ of sawing by-products and chips (-16%), plus the use of recycled wood. The import share for the roundwood used amounted to 41%, that for sawing by-products and chips to 18%.

Current situation and outlook: The order situation in the wood-based panel industry is generally considered satisfactory. For 2024, production increases for particleboard and MDF are expected. The increase in particleboard is expected to significantly exceed the decline in 2023. Future demand is closely tied to the performance of the construction sector.

The raw material supply is currently considered satisfactory, with adequate quantities available from various sources. The further development of energy costs will be decisive for competitiveness both in Europe and worldwide.

H. Pulp and paper

The recession prevailing in Europe in 2023, combined with high energy costs, has left a significant mark on the domestic paper industry, which has a paper export ratio of 87 percent. Despite the challenging situation, it is noteworthy that the Austrian paper industry, with its 23 pulp and paper production sites, continues to invest strongly in efficiency improvements and decarbonization to be well-prepared for the future. The number of employees sunk slightly by 1.8% to 7,562 persons. Paper production fell by 15.8% to 3.9 million tonnes. Machine utilization was down to 77% (2022: 86%). The sharpest decline was in graphic paper, where production fell by 32.5% to 1.3 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 3.7% to 2.4 million tonnes. The speciality paper sector also declined and ended up at 255,000 tonnes (-12.1%). The total revenue of the sector decreased by 22.3% to € 4.32 billion.

Overall, paper consumption in Austria fell by 13.4% to 1.73 million tonnes in 2023, both graphic paper (-17.4% to 0.42 million tonnes) and packaging paper (-13.4% to 1.09 million tonnes) were affected.

According to the Joint Forest Sector Questionnaire paper and paperboard exports decreased by 15.4% to 3.15 million tonnes. The export rate remained almost unchanged at a high level of 87.2% in 2023 (2022: 86.8%; Austropapier Annual Report). The largest supply markets, alongside the 489,000 tonnes domestic market (-17.9%), remain Germany (712,000 t, -13.3%) and Italy (469.000 t, -8.0%). In 2023 a total amount of 1.1 million tonnes of paper and paperboard were imported into Austria (-10.3%).

Investments increased to €305 million in 2023, which, despite the lower turnover, is 3.4% higher than the previous year (2022: €295 million).

Pulp: In Austria, the volume trend for virgin pulp was weak in 2023, with production falling by 12.2% to 1.73 million tonnes – chemical pulp: 1,187,000 tonnes (-8.8%), mechanical wood pulp: 113,000 (-55.5%), dissolving pulp (for textile fibres): 433,000 tonnes (+3.4%). The amount of wood used by the Austrian paper industry decreased by 9.5% to 7.6 million solid m^3 in 2023; 3.96 million m^3 accounted for roundwood (-7.9%) and 3.62 million m^3 for sawing by-products (-11.2%). Purchases of domestic roundwood decreased by 8.4% to 2.42 million m^3, imports by 13.8% to 1.54 million m^3. For sawing by-products, domestic purchases amounted to 2.88 million m^3 (-16.0%) and imports accounted for 0.707 million m^3 (+7.3%). The production of secondary pulp fell more sharply, namely by 28.8% to 1.43 million tonnes. 2.19 million tonnes of recovered paper were used (-6.1%), of which 0.88 million tonnes came from domestic sources. Recycling works well in Austria, with a recycling rate of 86.4% in 2022.

Current situation and outlook: In the first half of 2024, the situation remained difficult, especially in terms of revenue, but production numbers are up in nearly all product categories. However, conditions are expected to slightly improve in the second half of the year. Despite the still tense situation, the Austrian paper industry has announced several large investment projects, many of them in the energy sector. The trends of previous years continue: The demand for and the supply of graphic papers are steadily declining, while the packaging sector is increasingly being prioritized. With a share of 56.1%, recycled paper has now become the primary raw material for the paper industry. Emission values are gaining particular importance, becoming increasingly crucial for both customers and banks. Though cautious about raising expectations for 2025, the paper industry retains some optimism.

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 wood clusters in several Federal Provinces and regions, the initiation of institutes and chairs for wood technology, timber engineering and architecture at several universities (and universities of applied sciences), targeted research promotion, and the implementation of national, international, in particular European, aid programmes helped to further develop the wood-based value chain.

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 materials. 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 Austrian forests in recent years with the aim to develop climate-smart forests, promote biodiversity in the forest and increase the efficient 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". The Austrian Wood Initiative comprises a wide range of specific measures and activities that can be assigned to the thematic modules of governance, building, innovation, education, communication as well as energetic use of wood. A special measure to increase the proportion of timber construction in Austria is the "CO_2 bonus". With the CO_2 bonus, large volume residential buildings and buildings for public purposes with a high proportion of renewable raw materials from sustainable management are subsidized (new buildings, extensions and additions in timber construction). The subsidy is calculated at 1 € 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 utilization 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 in urban areas". 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". To foster the wood-related exchange also at the 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.

5. Charts

Economic indicators (WIFO Economic Outlook October 2024)

	2020	2021	2022	2023	2024	2025
GDP, volume	- 6.3	+ 4.8	+ 5.3	- 1.0	- 0.6	+ 1.0
GDP, value	- 3.9	+ 6.8	+ 10.3	+ 5.6	+ 3.7	+ 3.1
Export of goods, volume	- 7.6	+ 12.4	+ 6.0	- 0.4	- 3.5	+ 2.3
Export of goods, value	- 8.7	+ 19.9	+ 18.8	- 0.5	- 3.8	+ 3.2
Import of goods, volume	- 6.6	+ 14.8	+ 3.0	- 7.4	- 4.0	+ 2.3
Import of goods, value	- 9.0	+ 24.1	+ 23.9	- 6.6	- 5.0	+ 3.4
Consumer prices	+ 1.4	+ 2.8	+ 8.6	+ 7.8	+ 3.1	+ 2.2
Active dependent employment	- 2.0	+ 2.5	+ 3.0	+ 1.2	+ 0.2	+ 0.7

Wood resources

Product	Year	Production	Imports	Exports
		1,000 m³		
Sawlogs, pulpwood and other industrial roundwood	2022	13,934	8,823	1,268
	2023	13,347	8,685	589
	2024	12,974	9,110	545
	2025	13,690	8,750	500
Wood residues, chips, particles	2022	7,762	1,696 [2)]	575 [2)]
	2023	6,368	1,879 [2)]	463 [2)]
	2024	6,800	2,500 [2)]	600 [2)]
	2025	6,900	2,550 [2)]	580 [2)]
Fuelwood	2022	5,424 [1)]	182	12
	2023	5,671 [1)]	286	11
	2024	5,190 [1)]		
	2025	5,000 [1)]		

[1)] incl. chippings from forests

[2)] incl. recovered post-consumer wood

Sawnwood

Product	Year	Production	Imports	Exports
		1,000 m³		
Coniferous sawnwood	2022	10,127	1,784	5,747
	2023	9,125	1,366	5,383
	2024	9,581	1,380	5,495
	2025	9,700	1,400	5,500
Non-coniferous sawnwood	2022	243	217	145
	2023	247	128	109
	2024	250	84	150
	2025	250	84	150

TF1
TIMBER FORECAST QUESTIONNAIRE
Roundwood

Country: Austria **Date:** 29.10.2024

Name of Official responsible for reply:

Matthias Grollnigg

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Product Code	Product	Unit	Historical data 2022	Revised 2023	Estimate 2024	Forecast 2025
1.2.1.C	SAWLOGS AND VENEER LOGS, CONIFEROUS					
	Removals	1000 m^3 ub	10.382	9.752	9.490	10.000
	Imports	1000 m^3 ub	6.664	6.388	6.600	6.500
	Exports	1000 m^3 ub	945	354	305	290
	Apparent consumption	1000 m^3 ub	16.101	15.786	15.785	16.210
1.2.1.NC	SAWLOGS AND VENEER LOGS, NON-CONIFEROUS					
	Removals	1000 m^3 ub	329	285	278	290
	Imports	1000 m^3 ub	134 N		200	200
	Exports	1000 m^3 ub	57 N		40	40
	Apparent consumption	1000 m^3 ub	406		438	450
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	2.576	2.637	2.511	2.650
	Imports	1000 m^3 ub	1.312	1.371	1.510	1.300
	Exports	1000 m^3 ub	206	121	130	120
	Apparent consumption	1000 m^3 ub	3.681	3.887	3.891	3.830
1.2.2.NC	PULPWOOD (ROUND AND SPLIT), NON-CONIFEROUS					
	Removals	1000 m^3 ub	647	672	695	750
	Imports	1000 m^3 ub	668 N		800	750
	Exports	1000 m^3 ub	98 N		70	50
	Apparent consumption	1000 m^3 ub	1.217		1.425	1.450
1.2.NC	Sawlogs & Veneer logs + Pulpwood, NON-CONIFEROUS					
	Removals	1000 m^3 ub	977	957	973	1.040
	Imports	1000 m^3 ub	802	926	1.000	950
	Exports	1000 m^3 ub	155	114	110	90
	Apparent consumption	1000 m^3 ub	1.624	1.769	1.863	1.900
1.2.3.C	OTHER INDUSTRIAL ROUNDWOOD, CONIFEROUS					
	Removals	1000 m^3 ub	0	0	0	0
1.2.3.NC	OTHER INDUSTRIAL ROUNDWOOD, NON-CONIFEROUS					
	Removals	1000 m^3 ub	0	0	0	0
1.1.C	WOOD FUEL, CONIFEROUS					
	Removals	1000 m^3 ub	3.248	3.451	3.114	3.000
1.1.NC	WOOD FUEL, NON-CONIFEROUS					
	Removals	1000 m^3 ub	2.176	2.220	2.076	2.000
1	TOTAL REMOVALS	1000 m^3 ub	19.358	19.018	18.164	18.690
3	WOOD CHIPS, PARTICLES AND RESIDUES					
	Domestic supply	1000 m^3	7.762	6.368	6.800	6.900
	Imports incl. Recovered Post-Consumer Wood	1000 m^3	1.686	1.879	2.500	2.550
	Exports incl. Recovered Post-Consumer Wood	1000 m^3	574	463	600	580
	Apparent consumption	1000 m^3	8.874	7.784	8.700	8.870
5.1	WOOD PELLETS					
	Production	1000 m.t.	1.640	1.725	1.986	2.000
	Imports	1000 m.t.	344	289	240	250
	Exports	1000 m.t.	745	796	850	850
	Apparent consumption	1000 m.t.	1.239	1.218	1.376	1.400

TF2

TIMBER FORECAST QUESTIONNAIRE

Forest products

Country:	**Austria**	**Date:**	**29.10.2024**

Name of Official responsible for reply:

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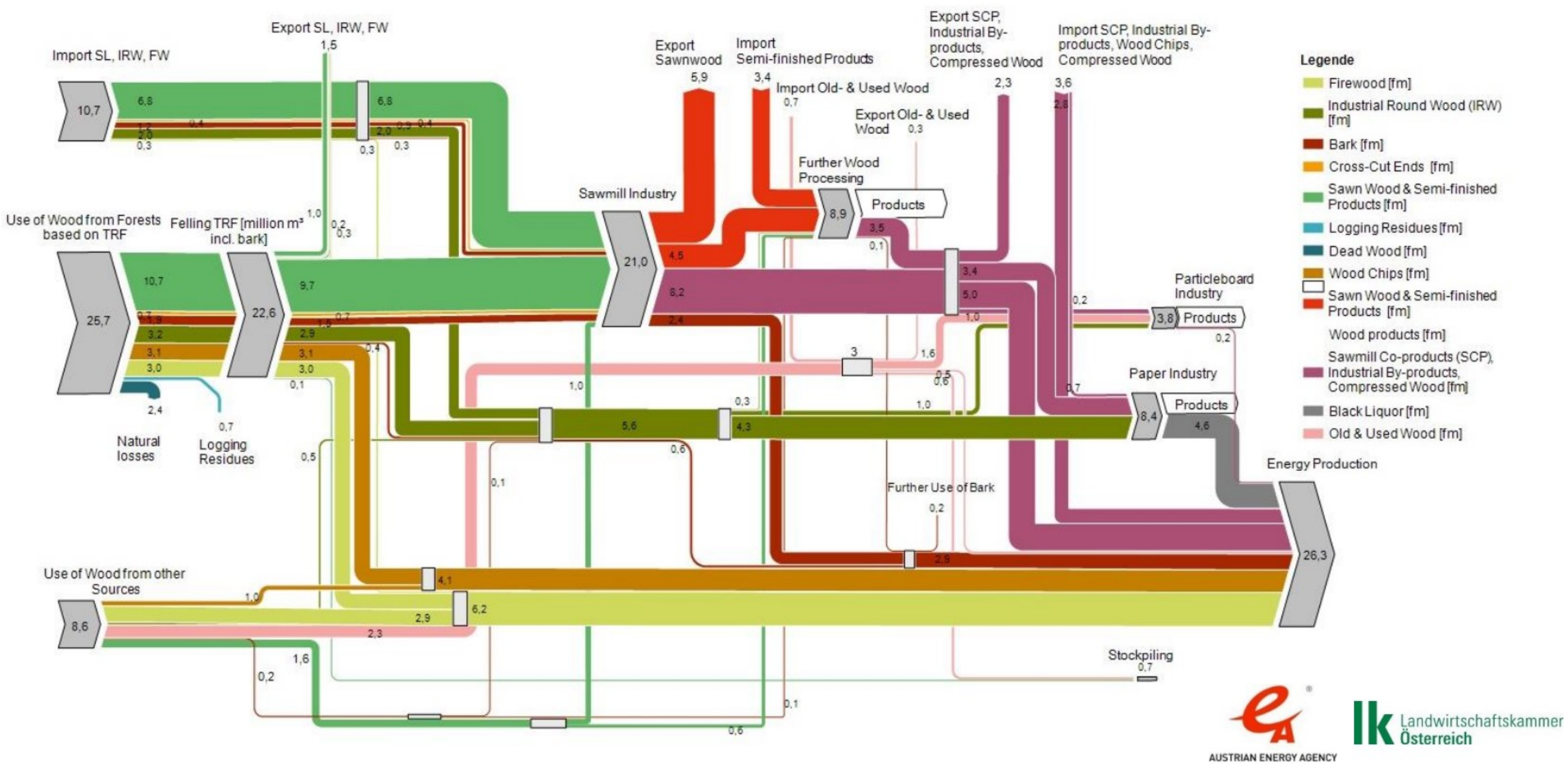
Product Code	Product	Unit	Historical data 2022	Revised 2023	Estimate 2024	Forecast 2025
6.C	SAWNWOOD, CONIFEROUS					
	Production	1000 m^3	10.127	9.125	9.581	9.700
	Imports	1000 m^3	1.784	1.366	1.380	1.400
	Exports	1000 m^3	5.747	5.383	5.495	5.500
	Apparent consumption	1000 m^3	6.163	5.109	5.466	5.600
6.NC	SAWNWOOD, NON-CONIFEROUS					
	Production	1000 m^3	243	247	250	250
	Imports	1000 m^3	217	128	84	84
	Exports	1000 m^3	145	109	150	150
	Apparent consumption	1000 m^3	314	265	184	184
6.NC.T	of which, tropical sawnwood					
	Production	1000 m^3	0 N	0	0	0
	Imports	1000 m^3	4	4	4	4
	Exports	1000 m^3	1	1	1	1
	Apparent consumption	1000 m^3	3	3	3	3
7	VENEER SHEETS					
	Production	1000 m^3	8 R	8	8	8
	Imports	1000 m^3	85	48	49	50
	Exports	1000 m^3	17	14	14	14
	Apparent consumption	1000 m^3	76	42	43	43
8.1	PLYWOOD					
	Production	1000 m^3	131	135	185	185
	Imports	1000 m^3	183	169	174	174
	Exports	1000 m^3	297	302	341	341
	Apparent consumption	1000 m^3	18	2	18	18
8.2	PARTICLE BOARD (including OSB)					
	Production	1000 m^3	2.280	2.125	2.630	2.650
	Imports	1000 m^3	525	392	463	480
	Exports	1000 m^3	1.649	1.611	1.866	1.900
	Apparent consumption	1000 m^3	1.156	906	1.227	1.230
8.2.1	of which, OSB					
	Production	1000 m^3	0	0	0	0
	Imports	1000 m^3	212	133	158	160
	Exports	1000 m^3	7	5	4	4
	Apparent consumption	1000 m^3	205	129	154	156
8.3	FIBREBOARD					
	Production	1000 m^3	470	380	431	450
	Imports	1000 m^3	331	303	319	326
	Exports	1000 m^3	381	305	348	366
	Apparent consumption	1000 m^3	421	379	402	410
8.3.1	Hardboard					
	Production	1000 m^3	54	50	47	50
	Imports	1000 m^3	18	17	15	17
	Exports	1000 m^3	43	39	37	40
	Apparent consumption	1000 m^3	29	29	25	27
8.3.2	MDF/HDF (Medium density/high density)					
	Production	1000 m^3	416	330	384	400
	Imports	1000 m^3	177	148	165	170
	Exports	1000 m^3	333	260	305	320
	Apparent consumption	1000 m^3	260	219	244	250
8.3.3	Other fibreboard					
	Production	1000 m^3	0	0	0	0
	Imports	1000 m^3	136	138	139	139
	Exports	1000 m^3	4	6	6	6
	Apparent consumption	1000 m^3	131	131	133	133
9	WOOD PULP					
	Production	1000 m.t.	1.975	1.733	1.900	1.950
	Imports	1000 m.t.	559	433	500	520
	Exports	1000 m.t.	399	641	690	720
	Apparent consumption	1000 m.t.	2.136	1.525	1.710	1.750
12	PAPER & PAPERBOARD					
	Production	1000 m.t.	4.633	3.900	4.600	4.800
	Imports	1000 m.t.	1.231	1.104	1.200	1.250
	Exports	1000 m.t.	3.730	3.155	3.750	3.900
	Apparent consumption	1000 m.t.	2.133	1.850	2.050	2.150

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

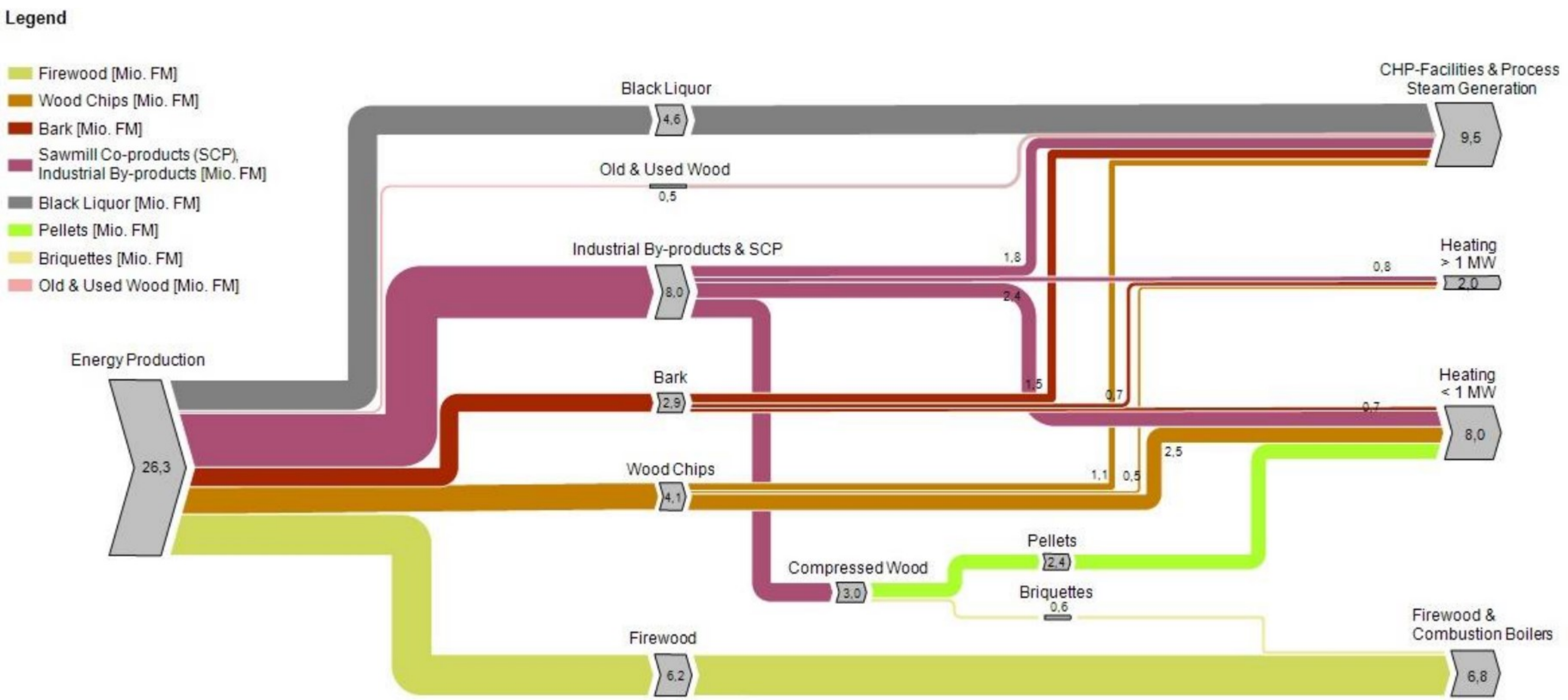


Issue: November 2024 / Reference year: 2022 - All values given in million m³; values <0,1 million m³ are not shown; numerical values partially rounded; **Compiled by Lorenz Strimitzer, Bernhard Wlcek, Alex Bergamo,** Austrian Energy Agency & **Kasimir Nemestothy,** Austrian Chamber of Agriculture – **Compiled on behalf of BMK.**

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

Wood Flows in Austria – Energy Production

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



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AUSTRIAN ENERGY AGENCY

Landwirtschaftskammer Österreich