WOOD PRODUCTS MARKET STATEMENT WITH FORECASTS

(Market Statement 2024; Slovenia)

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1. General economic trends

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Economic growth is expected to moderate this year (1.5%) and to be lower than the spring forecast (2.4%). According to the first annual assessment by the Statistical Office of the Republic of Slovenia (SURS), gross domestic product increased by 2.1% in 2023, which is 0.5% higher than the first assessment based on quarterly data. Year-on-year GDP growth in the first half of the year was 1.4%, characterised by a decline in investments, a significant increase in inventories, moderate growth in private consumption and strong growth in government consumption. With the high growth of domestic consumption (together with stocks), imports increased sharply, while exports were lower year-on-year, which had an impact on the large negative contribution of the foreign trade balance to GDP growth. Export growth will continue to be lower than the growth of foreign demand this year, in the face of cost pressures due to rising unit labour costs. Given the weak growth in activity in our most important trading partners, we expect a low quarterly growth in exports of goods and added value in manufacturing activities for the second half of the year. Higher GDP growth is expected in the next two years (2.4% in 2025 and 2.5% in 2026). With slightly higher growth in foreign demand, export growth and added value in manufacturing activities will strengthen. The state's investments, which are among the highest in the EU in terms of GDP share, will be slightly higher this year than last year and will strengthen in the second half of the year, while private investments in buildings and facilities are expected to stagnate, as data on issued building permits for the construction of buildings do not indicate reinforcements. This year, however, the growth of private and state consumption is methodologically influenced by the abolition of supplementary health insurance and the introduction of the mandatory health contribution; this change has a relatively lower growth in private and a higher growth in government consumption, at the GDP level the effect is neutral.

Employment is at a record high and unemployment is at an all-time low; employment growth and unemployment reduction will continue; however, the high level and significant labour shortage will not allow for a more visible growth in employment in the next two years. The nominal growth of the total average gross salary will remain high this year (6.2%), and in the coming year, due to the expected implementation of the reform of the salary system in the public sector, it will strengthen slightly. In the private sector, wage growth will be high this year (7.1%) and will remain so for the next two years (6% on average).

Inflation has declined substantially this year and will be significantly lower (2.1%) than spring expectations (2.7%) on average for the year. We expect it to remain at a low level until November, but at the end of the year and presumably at the beginning of next year, it will rise again due to the effect of the low base and the expiration of past measures to curb high energy prices. Food price growth is expected to pick up slightly later in the year, but will remain subdued. Rising service prices will continue to be one of the main drivers of inflation, especially in conjunction with continued wage growth. The increase in the prices of non-energy industrial goods will remain subdued.

The implementation of the Autumn Forecast is associated with certain uncertainties arising from geopolitical and economic conditions in the international environment and which may affect the speed of the expected recovery and moderation of inflation in trading partners. Uncertainties are also present in the domestic environment and are related to the effects of deteriorated competitiveness on the export sector of the economy and, in particular, to the capacity to carry out high investment activity of the country in the coming years and the vagueness of some reform measures; there is also some possibility of higher growth than predicted in the central scenario.

2. Policy measures

In 2024, intensive preparations are being made for the start of the implementation of the regulation (EU) 2023/1115: the Regulation on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010 (the EUDR). The goal of the EUDR is to limit deforestation and forest degradation indirectly caused by consumption and manufacturing in the EU, thus reducing the contribution of the EU to global greenhouse gas emissions and to the decrease of biodiversity. The EUDR entered into force on 29 June 2023, and the key provisions start to apply from 30 December 2024 and from 30 June 2025 for small and micro enterprises. However, the stated half-year delay does not apply to small and micro enterprises or economic entities engaged in the production of wood or wood products. At the beginning of October 2024, the European Commission officially published a proposal to amend the EUDR proposing a one-year delay in the implementation of the regulation, the main reason for this being the untimely establishment of the necessary implementation systems at the EU level and consequently at the national level, including the unwillingness of a large number of companies in third countries as well as in the EU to the requirements of the regulation. In December 2023, the Government of the Republic of Slovenia appointed the Administration for Food Safety, Veterinary and Plant Protection (UVHVVR) as the competent authority for the implementation of the EUDR. It also established a government working group, led by the UVHVVR, to prepare national legislation.

The operational program for the implementation of the national forest program for the period 2022-2026 (OPNGP 2022-2026) defines the priorities in the field of forests, forestry and game management which is related to suitable goals, actions and other tasks. The 2022-2026 OPNGP and the documents that have already been adopted and that are already being executed are connected through common denominators in order not to duplicate said actions. The 2022-2026 OPNGP has five priorities:

- providing carbon sinks in forests and the adaptation of forests to climate change, especially in order to maintain their resistance, stability, vitality, and health;
- maintaining and reinforcing the biodiversity of forests on the level of the landscape, ecosystem, species and genetics, as well as monitoring their resistance, stability, vitality, and health;
- optimising the guidance of forest and game management from the legal, organisational, and financial point of view in order to maintain the multifunctional role of forests and reinforce the development of the countryside and circular bioeconomy;
- promoting the harmonisation and communication between all stakeholders related to forests, forestry, and game management, as well as developing education, research and knowledge transfer and reinforcing international cooperation;
- guaranteeing sustainable game management.

Between May and August 2024, a public consultation and intensive interdepartmental coordination took place for the preparation of the new (5th) draft version of the Comprehensive National Energy and Climate Plan (NEPN). After the completion of the comprehensive environmental impact assessment, the draft of the updated NEPN will be submitted for acceptance by the Government of the Republic of Slovenia and then forwarded to the European Commission. The following are some of the key national objectives proposed in the NEPN action strategy document: (1) contribute to achieving net zero GHG emissions at the EU level by 2050, which is the starting point for planning goals, policies and necessary measures until 2030, (2) reduce total GHG emissions by at least 55% by 2033 (and at least 37% by 2030) compared to 2005, (3) reduce GHG emissions in buildings by at least 70% by 2030 compared to 2005, (4) ensure that in the LULUCF sector in the period from 2021 to 2025, GHG emissions do not exceed the sinks and that in 2030 the sink in this sector is at least 146 kt CO2 eq., (5) achieve at least a 33% share of RES in the final energy use by 2030 and achieve at least 55% of energy use in buildings from RES.

In September 2024, the construction of the Center for Seed Production, Arboriculture and Forest Protection (CSDVG) began, which will strengthen the public research infrastructure in the field of resistance of forest ecosystems to climate change. The acquired research infrastructure will represent an important step towards the development of knowledge and a better understanding of areas that are increasingly exposed in times of climate change and are necessary for stable forests. The building, with an initial value of EUR 5.8 million, is financed from the Recovery and Resilience Plan (NOO), and this year the Forestry Institute of Slovenia obtained additional funds in the amount of EUR 2.4 million from the Climate Change Fund, which will enable modern wooden construction and high energy efficiency of the new facility.

In 2024, the renovation of the Slovenia's Smart Specialisation Strategy will continue from S4 to S5. S4 is a strategy intended to increase competitiveness by reinforcing the innovation capacities of the economy, diversifying the existing industry and service activities, and increasing new and rapidly growing industries or companies. The strategic goal of S5 is the green transition, which we understand as "an innovative, low-carbon, digital and knowledge-based transformation of the economy and society". The strategic goals of S5 are connected and coordinated with the goals of other relevant field strategies; Namely, S5 represents a connecting document of already adopted strategic documents and addresses the goals of the existing 2030 Slovenian Development Strategy. By promoting the green (and digital) transition, S5 will contribute to the implementation of the European Green Deal and the Recovery and Resilience Plan (NOO) after the Covid-19 pandemic.

At the end of March 2023, the Government of the Republic of Slovenia has issued the Decree on the sub-measure for the support for the prevention of damage to forests due to forest fires and natural disasters and catastrophic events from the Rural Development Programme of the Republic of Slovenia for the period 2014-2020 (the PRP 2014-2020). The aforementioned Decree allows for the co-financing of the implementation of the measures for fire protection of forests from the PRP 2014-2020.

In September 2023, the European Commission approved the proposal for the 2nd amendment to the Strategic Plan of the Common Agricultural Policy for the period 2023-2027 (SN 2023-2027) for Slovenia, which was prepared by the Ministry of Agriculture, Forestry and Food in close cooperation with partners, mainly agricultural and environmental organisations and institutions. Intervention strategies related to forestry are as follows: (1) increasing productivity, competitiveness and technological development in forestry, (2) adapting to climate change in agriculture and forestry, (3) ensuring a comparable and stable income situation of agricultural holdings, (4) restoring the forest after natural disasters and adverse weather conditions, (5) promoting the sustainable use of energy and the development of a circular and bioeconomy, (6) promoting digitisation and strengthening competences in agriculture, forestry and the food processing industry, (7) fire protection in forests.

2023 was marked by catastrophic floods in early August. The heavy rainfall that caused the floods severely damaged forest roads (more than 2,600 km of forest roads were damaged), triggered several landslides and settlements, but did not cause major forest damage. Major forest damage was caused by summer storms with strong winds and an overpopulation of bark beetles, which began after the extremely hot and dry summer of 2022. As a result of July's windbreaks, it is estimated that 1.4 million m^3 of damaged trees must be cut down. The felling of damaged trees was not completed in 2023 and continues in 2024.

In December 2023, the National Assembly of the Republic of Slovenia adopted the Act on Reconstruction, Development and Provision of Financial Resources, the main objective of which is to provide mechanisms for high-quality and rapid reconstruction after the August floods and landslides, protection against future natural disasters, and permanent regulation and development of the affected areas. This Act also provides for the reconstruction of forest roads destroyed in floods, EUR 42.8 million will be available for reconstruction by the end of 2028. In July 2024, a first tranche of EUR 17 million was paid to municipalities for the rehabilitation of damaged forest roads.

In June 2024, the Ministry of Agriculture, Forestry and Food announced the 7th public tender for the activity of the "Works for the elimination of damage and restoration of the forest from the PRP 2014-2020" in the amount of the tendered grants of EUR 370,000. The grants are intended for the rehabilitation of forests damaged by the ice damage in 2014, the attack of overpopulated bark beetle populations as a result of the ice damage and wind breaks in 2017 and 2018.

In August 2024, the Ministry of Agriculture, Forestry and Food published the 2nd public tender for the sub-measure support for the prevention of damage to forests due to forest fires and natural disasters and catastrophic events from the Rural Development Programme of the Republic of Slovenia for the period 2014--2020 for 2024. The objective of the tender is the construction, reconstruction and maintenance of fire-fighting infrastructure to ensure the protection of forests from fires. The amount of the tendered grants amounts to EUR 1.1 million.

In November 2023, the government of the Republic of Slovenia adopted the forest management and hunting management plans for the areas for the period 2021-2030 (regional plans 2021-2030). The territorial plans were prepared by the Slovenia Forest Service (hereinafter: SFS) and represent an important tool for the realisation of strategic directions at State level set out in the National Forest Programme (the NFP). In 2024, the SFS began preparations for the renewal of 22 forest management plans of forest management units (GGN GGE) for the period 2025-2034, which will be the basis for forest management in the area of individual forest management units in the next decade. The process of drawing up the plans began with the collection of initiatives from forest owners and the interested public. The collected initiatives represent a basic starting point regarding the demands and interests of stakeholders and the general public.

In 2023, the Ministry of Economy, Tourism and Sport and the Ministry of Environment, Climate and Energy launched an investment cycle of EUR 85 million in the wood processing industry in order to increase the productivity and capacity of wood processing companies in Slovenia, as well as intensify the production of timber products with a higher added value, such as interior and building furniture, wooden buildings, as well as houses. In June 2024, the Slovenian Enterprise Fund published a public tender aimed at wood processing (SKD C16 and C31) micro enterprises with up to 10 employees. The approximate total amount of funds for 2024 and 2025 is EUR 1.5 million. The purpose of the tender is to encourage the development of micro enterprises in the field of woodworking and thereby utilise the potential of Slovenia's strategic raw material (timber) and to encourage investments by micro enterprises in new technological equipment, digitisation of operations and the transition to a low-carbon, circular and climate-neutral economy.

Through a public appeal, in the second half of 2024, the Ministry of Economy, Tourism and Sports and the Ministry of Agriculture, Forestry and Food supported four projects for the construction of wooden buildings. A total of EUR 600,000 will be provided from the budget fund for forests for two kindergartens, a covered market and a public event facility.

In June 2023, the measure to reduce the rate of value added tax (VAT) on the supply of electricity, natural gas, district heating and firewood expired. The VAT rate for the mentioned energy products is therefore recalculated at a higher tax rate of 22%.

Also, in December 2023, the validity of the subsidy measure for the purchase of wood pellets expired, to which natural persons with a built-in heating device for normal heat energy supply requirements of their own household in the Republic of Slovenia, who are using wooden pellets as fuel and who have purchased pellets in order to heat their household from 1 September 2022 to 31 December 2022 were entitled to receive.

3. Market factors

Data sources: IMAD, SURS, SFS and SFI

According to the first annual assessment by the Statistical Office of the Republic of Slovenia (SURS), the gross domestic product increased by 2.1% last year. Higher GDP growth is expected in the next two years (2.4% in 2025 and 2.5% in 2026). With slightly higher growth in foreign demand, export growth and added value in manufacturing activities will strengthen in the next two years. The improvement of economic conditions in the main trading partners will have a positive impact on investment decisions in manufacturing activities. Based on the data on issued building permits, we expect a strengthening of construction activity. The growth in the construction industry will also be influenced by the state's high investment activity, including the regulation of flood protection and reconstruction, as well as investments within the framework of the use of funds from the Recovery and Resilience Plan. Growth in private consumption will pick up to around 2.5% over the next two years, with higher real income growth. This will be influenced by further wage growth and lower inflation, which will increase the purchasing power of the population. In the forecast, we assume that the propensity to save in the next two years will be somewhat closer to the long-term average. The growth of state consumption will be more moderate in 2025 (1.7%), but in 2026 it will slightly strengthen again (4.1%) due to the full implementation of the Long-Term Care Act (ZDOsk, 2023).

In 2023 and 2024, Slovenian forests were marked by natural disturbances (windbreaks, floods) and bark beetle gradation. The priority of the SFS, the forest industry, owners of the forests and forestry work operators is therefore to rehabilitate forests that have been damaged due to natural disasters. In 2023, the rehabilitation tree felling represented 42% of the total trees that were felled in that year. Due to the continuation of forest rehabilitation after last year's windbreaks and bark beetle attacks, it is estimated that the rehabilitation felling in 2024 will be higher compared to 2023. In the course of 2024, the SFS began preparations for the renewal of 22 forest management plans of forest management units (GGN GGE) for the period 2025-2034, which will be the basis for forest management in the area of individual forest management units in the next decade.

In 2021, the import of oak logs with bark from the USA into the EU has stopped due to an oak disease called the "oak wilt", caused by the *Bretziella fagacearum* quarantine pest. In June 2023, the European Commission has issued a regulation setting out specific measures in terms of the import of oak logs with bark to the EU territory; inter alia, the time period of possible import is set out, as well as the provision that goods must include a phytosanitary certificate, and the provision setting out the timber storage and processing method. There are few processors of red and white oak logs in Slovenia.

In the wood processing industry (NACE C16), in the current year 2024, the production index has decreased by 7.2% in the first seven months compared to the same period in the previous year. Conversely, in the paper and paper products industry (NACE C17), the index of industrial production increased by 2.7% in the first seven months compared to the same period last year. In the furniture industry (NACE C31), the index of industrial production decreased by 9.8% in the comparative periods. Sales revenues in NACE C16 decreased by 7.3% in the first seven months compared to the same period in the previous; furthermore, they decreased by 0.5% on the domestic market and by 11% in export. In the first half of this year, sales revenues also decreased in NACE C17, by a total of 6.4%, in the domestic market by 15.8% and in exports by 3.2%. In NACE C31, the total revenue from sales decreased by 5.7%, at the expense of lower exports, which decreased by 17.6% compared to the same period last year, while sales on the domestic market increased by 3, 2%.

The transition to a low-carbon circular economy is one of the key factors in ensuring the long-term productivity of the economy and the overall resilience of society. In order to contribute to the implementation of EU policy measures in the field of forestry and timber, Slovenia will allocate funds to the economy of the aforementioned sectors. Among the most important are the Climate Change Fund, managed by the Ministry of Environment and Spatial Planning, the Forestry Fund, managed by the Ministry of Agriculture, Forestry and Food, public tenders to promote development, investment, digitisation and, as a result, greater processing of wood, the tenderer of which is the Ministry of Economy, Tourism and Sport, and the financial support provided to companies for strategic sustainable and circular transformation by the Public Agency of the Republic of Slovenia for the Promotion of Entrepreneurship, Internationalisation, Foreign Investments and Technology (SPIRIT Slovenia). The Slovenian Environmental Public Fund (Eco Fund) provides grants and favourable loans for environmentally friendly investments of economic operators).

4. Developments in the wood products market

Data sources: SURS, IMAD, CCIS: Wood Processing and Furniture Association, CCIS: Paper and Paper Converting Industry, SFS, SFI; recalculations, analysis and interpretation of SFI

a) Roundwood

2023

In 2023, the volume of production of forest wood assortments (hereinafter: FWA) amounted to 4.52 million m^3, which is 8% more compared to 2022. One of the main reasons for the increase in FWA production last year compared to 2022 is the larger volume of rehabilitation felling (42% compared to the total felling in 2023). Due to the overpopulation of bark beetles, which began after the extremely hot and dry summer of 2022, snow-breaks and windfall in the first half of 2023, the damage has exceeded the limits for the declaration of a natural disaster pursuant to the Act Determining Additional Measures to Remedy Damage Due to the Overpopulation of Bark Beetles. Summer storms with strong winds also caused greater damage to forests. The FWA production of softwood amounted to 2,31 million m^3 in 2023 and increased by 6% compared to 2022. The FWA production of hardwood is increasing from 2020 onwards, reaching 2,21 million m^3 in 2023 (+ 10% compared to 2022). The structure of FWA conifer production is dominated by the saw and veneer group with 73%, while the FWA hardwood production is dominated by the firewood group with 57%.

In the course of 2023, the Slovenian FWA market began to cool down. Important factors that influenced the timber market and felling in forests in Slovenia last year were the poor state of the European and global construction sector, the declining competitiveness of the sawmill industry and other wood processing plants, natural disturbances in forests (snow-breaks, windbreaks), overpopulation of bark beetles, extensive flooding. Mainly due to the proliferation of log cabins, snow-breaks, windbreaks, in 2023 there was an estimated 10% more FWA on the market from private forests than in 2022. It is estimated that in 2023, 61% of the obtained FWA appeared on the market from privately owned forests, the rest was used for domestic needs. In the structure of purchase of FWA from private forests, the purchase of coniferous logs prevailed in 2023 with more than 50%, followed by the purchase of softwood for pulp and panels. In 2023, the average annual purchase prices decreased for conifer assortments, but increased for hardwood. The average price decreased the most for coniferous logs (-16%) and amounted to EUR 80.54/m^3 excluding VAT in 2023. Compared to 2022, the average annual purchase price from private forests increased the most for beech logs (+12%) and other round industrial wood (technical wood: e.g. poles, tannin wood, wood for fences, posts, piles, etc.) (+16%). The average price for coniferous logs amounted to EUR 89.71/m^3 excluding VAT in 2023. The price of oak logs has been increasing for more than a decade, in 2023 it amounted to EUR 248.38/m^3 without VAT.

From 2021 onwards, the export of roundwood remains constant, in 2023 it amounted to 1.367 million m^3, which is 2% less compared to 2022. In the structure of roundwood exports in 2023 with 39% or 0.527 million m^3 is dominated by the round industrial hardwood group, with beech wood of all dimensions dominating. The export of this group in 2023 decreased by 15% compared to 2022. More than half of the industrial hardwood was exported to Italy last year. After a multi-year growth trend in the import of roundwood, it came to a halt in 2021, as we have recorded a decline in the last two years; it amounted to 0.630 million m^3 in 2023. The main reason for the decrease in imports is a 46% decrease in the import of softwood for pulp and boards, which in 2022 represented the largest share in the structure of imports. The structure of roundwood imports in 2023 is dominated by the group of coniferous logs for sawing and veneer sheets with 37%. Last year, we imported 0.234 million m^3 of these assortments, of which 78% came from Italy. The foreign trade surplus of roundwood is increasing and amounted to 0.737 million m^3 in 2023. Of this, 0.427 million m^3 of the foreign trade surplus of FWA hardwood was intended for industrial processing.

2024

This year, the volume of production of FWA is expected to be slightly higher compared to the volume in the previous year, mainly due to natural disasters and bark beetle gradation from January to August.

In 2024, the rehabilitation of damaged trees due to last year's windbreaks and attacks by bark beetles continues, in addition, bark beetles have proliferated this year as well and the estimated number of damaged trees is greater than last year. In addition to bark beetles, Slovenian forests were also affected by local windbreaks, which were triggered by strong winds in September. According to the SFS data, around 20% more decisions were issued from January to August 2024 to fell timber than in the same period last year.

From January to March 2024, the average monthly purchase price of saw logs and coniferous veneer from private forests was just over EUR 80/m^3 excluding VAT, and it decreased to EUR 73/m^3 excluding VAT by July 2024. The average price of coniferous logs from private forests for the period January-July 2024 is EUR 12.4/m^3 excluding VAT or 14% lower compared to the same period in 2023. In 2024, the prices of oak logs also decreased; last year's average price for the first seven months was EUR 245/m^3 excluding VAT, and this year's it was EUR 201/m^3 excluding VAT. Beech log prices are also slowly declining in 2024, averaging 9% lower in the first seven months compared to the same period last year. While the average monthly purchase prices of wood for pulp and boards from private forests in early 2023 were over EUR 40/m^3 excluding VAT, these prices decreased to around EUR 30/m^3 excluding VAT this year. A similar drop in prices can also be detected for hardwood for pulp and boards, as this year's average seven-month price decreased by 26% compared to the comparable period last year. The average purchase price of firewood from private forests in the period January to July 2023 was EUR 64/m^3 excluding VAT, in the same period this year it was EUR 51/m^3 excluding VAT.

According to data provided by SURS about the purchase quantities of FWA from private forests, the purchase dropped by 15% in the first seven months of this year, compared to the same period of last year. Purchases of beech logs (-42%), oak logs (-38%) and pulpwood and hardwood boards (-35%) decreased significantly compared to the same period last year. Only around a half of the quantity of round timber entering the market in one year is considered in the research on the purchased quantity prepared by SURS.

Based on currently available data on foreign trade with roundwood for the period January to July 2024, we estimate an increased volume of exports compared to 2023, namely by around 25%. A large part of the export is represented by the quantities of wood obtained from rehabilitation felling. Regarding the import of roundwood, we estimate a decrease of around 15% compared to 2023, mainly due to the decrease in the import of industrial softwood. However, according to forecasts, this year the import of round industrial hardwood will significantly increase. According to forecasts, the trend of increasing foreign trade surplus will continue in 2024, and only it will be at a similar level as in 2019.

b) Wood biomass for energy

Households use approximately 1.5 million tonnes of wood fuel on average, predominantly logs, followed by pellets, chips and finally briquettes, for energy purposes. In small combustion installations, with the exception of an open fireplace, it is permitted to use natural wood in all forms (firewood, sawdust, pieces, chips, bark, cones) and wood residues resulting from the treatment and processing of wood and the production of furniture, briquettes or pellets from natural wood, gas oil, other types of liquid fuel and natural gas and liquefied petroleum gas. In an open fireplace, however, only natural wood in pieces can be used, including bark (logs, chips, sedges, cones), wood residues or briquettes or pellets made from natural wood.

In these past years, numerous households in Slovenia have started using electricity and natural gas heating; as a consequence, the number of households using wood fuel is decreasing. Despite this, in the structure of the use of energy products in households, wood fuels still represent the highest share, namely 34% (the last known data for 2022), which is the lowest since 2004, and almost a third is electricity (31%).

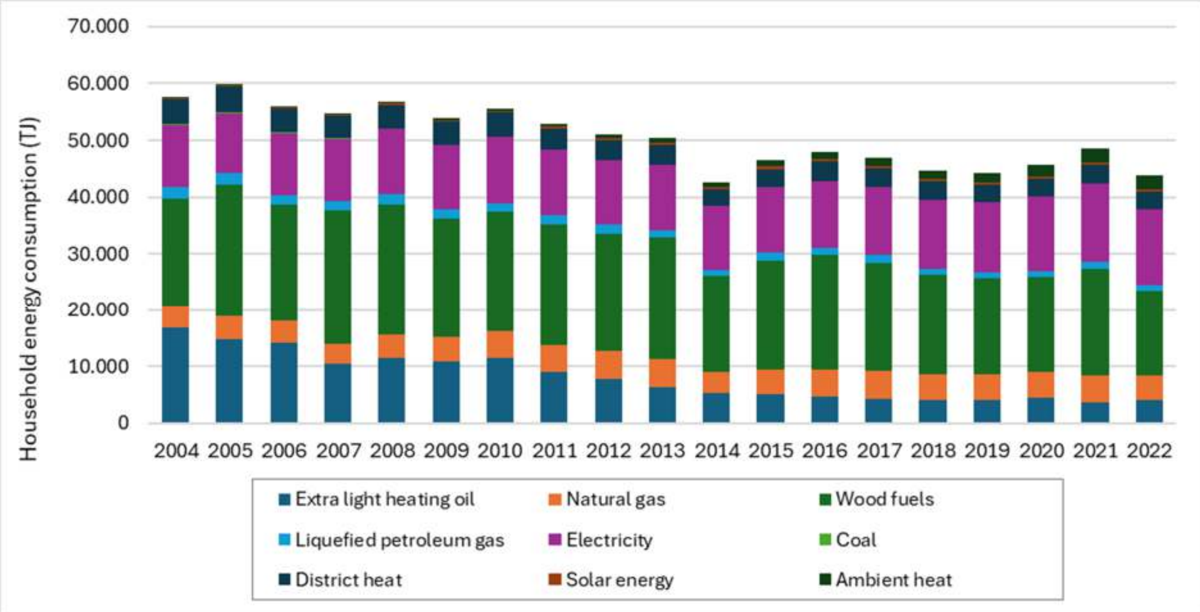

Figure 1: Consumption of different fuels in households by energy source and by individual years (source: SURS, 2024)

Wood fuels are and will continue to be an important energy source, particularly in rural areas, due to a long-standing tradition of wood consumption for heating, as well as due to access to woods and the still sufficiently high availability of wood. They are also more environmentally friendly than fossil fuels, especially when they are being used in modern systems and obtained pursuant to sustainability principles. The economic aspect is also important to consider. Wood fuel prices are monitored by the Slovenian Forestry Institute (hereinafter referred to as the SFI) and regularly published at http://wcm.gozdis.si/cene-lesnih-goriv.

In Slovenia, wood fuel is among the cheapest energy sources. If we compare the prices of wood fuels with fuel oil (prices expressed in EUR per MWh with VAT included), we find that in the first half of 2024, wood chips were the cheapest among wood energy sources, as much as 76% cheaper, firewood 44% cheaper, and pellets 36% cheaper than heating oil. For the first time, briquettes proved to be the most expensive form of wood biomass, although they were 35% cheaper than fuel oil.

In 2022, the prices of energy sources have increased significantly; in the second half of the year, we have recorded the highest increase in the prices of wood fuels ever since we have started monitoring the wood fuel market. As a consequence, the situation changed in the second half of 2022; however, wood fuel still remains the cheapest source. At the beginning of the 2022/2023 heating season, we recorded the lowest price difference between heating oil and pellets. Said difference amounted to less than 6%. After a turbulent 2022 when the dynamics of price changes were extremely significant, the situation in 2024 returns to the situation before the energy crisis. At the end of the 2023/2024 heating season, the prices of wood fuels fell: for pellets by 15%, for briquettes by 9%, for wood chips by as much as 30%, and for firewood by 11%. The price of extra light heating oil in May 2024 was around EUR 119/MWh (including VAT) and increased by 6% as regards the beginning of the 2023/24 heating season.

Wood fuel prices are usually higher at the beginning of the heating season than at the end, so at the beginning of the new heating season we expect prices to rise, but over a longer period of time, wood fuel prices fall. In 2022, due to unstable conditions (energy crisis), there was a marked increase in the prices of wood fuels, even up to more than 100% in the case of pellets. However, prices are now returning to the level from the beginning of 2022, which was also helped by the mild winter in the past heating season, and as a result, wood fuel stocks remained high.

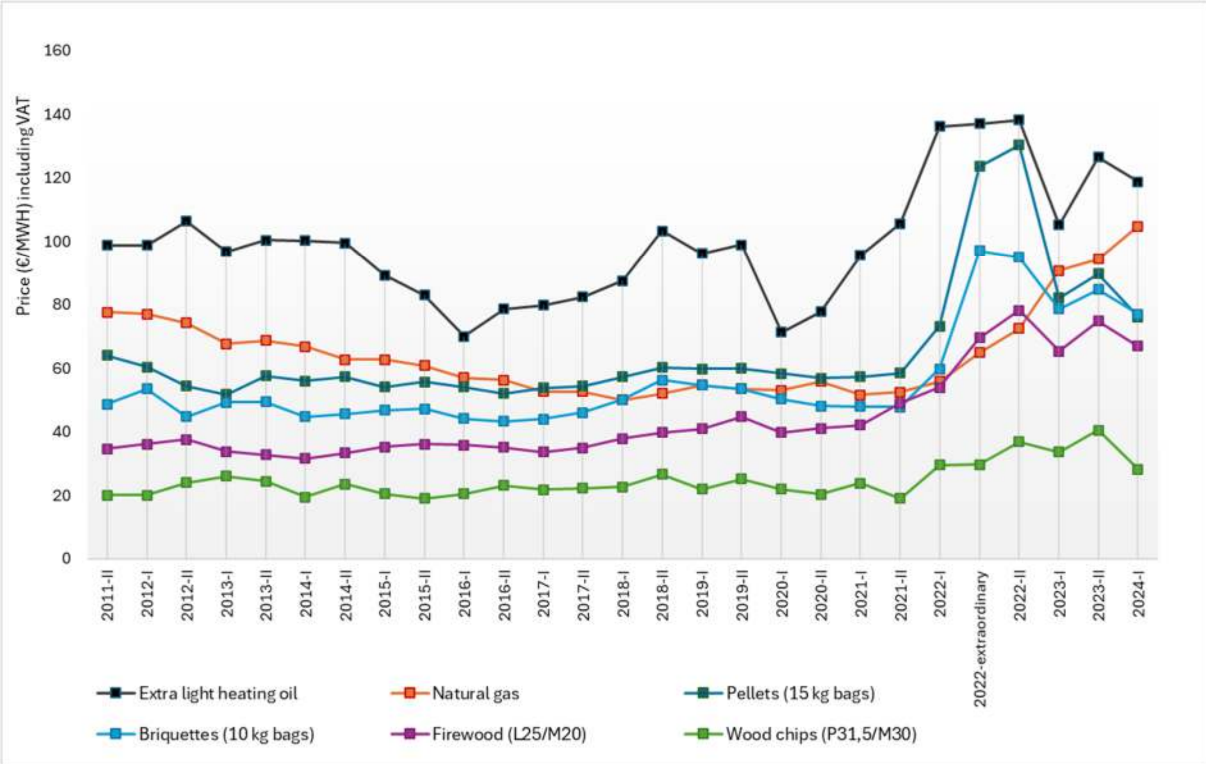

Figure 2: Comparison of wood fuel and fuel oil prices in 2011-2024 at the beginning and end of the heating season (source: Slovenian Forestry Institute, 2024)

In Slovenia, firewood is a locally available energy source allowing for the energy independence of households. For an efficient burning with the reduction of the emissions of dust particles, the firewood to be used in small heating devices must be dry. On the Slovenian market, the biggest demand is for beech firewood with humidity levels of approx. 20% (air dry firewood) and lengths between 25 and 33 cm. The price of such firewood at the end of the 2023/24 heating season was EUR 266 per tonne (or EUR 133/prm incl. VAT) and was 11% lower than at the beginning of the heating season and 3% higher compared to the same period last year.

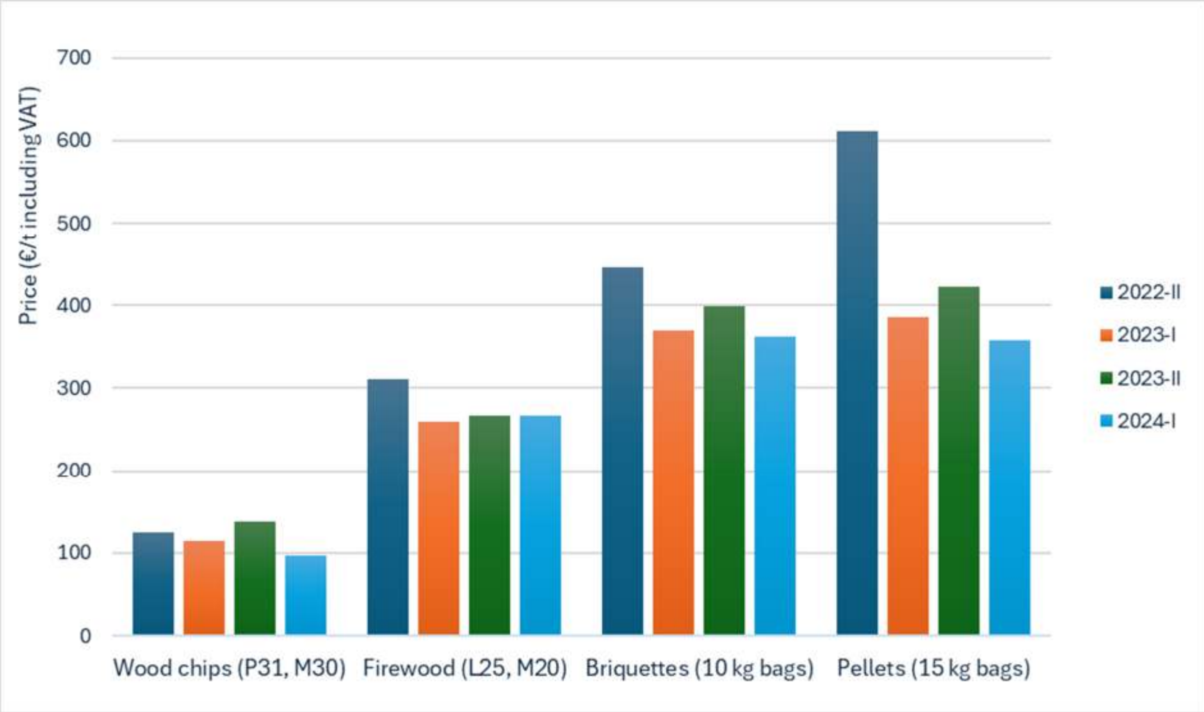

Figure 3: Wood fuel prices (in €/t incl. VAT) in 2022--2024 at the beginning and end of the heating season (source: Slovenian Forestry Institute, 2024)

According to preliminary data, wood fuel prices at the start of this year's new heating season (beginning of October 2024) are lower than at the end of the previous heating season (end of April 2024). The average price of dry firewood is currently EUR 262/t or EUR 131/prm (incl. VAT), the price of dry chips (moisture up to 20%) and particle size around 16 mm, amounts to EUR 28/nm^3 or EUR 109/t (incl. VAT), and the price of pellets per tonne is EUR 337/t (incl. VAT), packed in 15 kg bags. The price of fuel oil for household heating in early October is EUR 114/MWh. The data show that the prices of all energy products are falling. Wood fuel prices are around 5% lower than at the end of the previous heating season, as is the price of heating oil. The price of natural gas, however, decreased more sharply. According to the data of the Economic Interest Association for the Distribution of Natural Gas, g. i. z., it is expected to drop by at least 20%, and they predict an additional reduction in prices for households. This reduction will probably also be felt in the heating method of larger energy systems.

2023 is the third consecutive year that Slovenia is a net exporter of wood pellets. According to the information obtained by the Statistical Office of the Republic of Slovenia (hereinafter: SURS), export amounted to 139,054 tonnes import amounted to 132,088 tonnes. Compared to 2022, exports decreased by 16%, while imports, on the other hand, increased by 5%. According to statistical information, the average value of imported pellets on the Slovenian border amounted to EUR 265/t excluding VAT (-19% compared to 2022), while the average value of exported pellets amounted to EUR 349/t excluding VAT (-3% compared to 2022). After 2021, due to the war situation in Ukraine, we significantly reduced the import of pellets from these areas, in 2023 we more than halved it compared to 2021 and 2020. In 2023, the main importer of wood pellets for Slovenia was Bosnia and Herzegovina, from where we imported 27,333 tonnes (21% of total imports), followed by Austria with 24,345 tonnes (18% of total imports) and Ukraine with 19,409 tonnes (15% of total imports). Compared to 2022, in 2023 we saw the biggest increase in the import of pellets from Turkey (+347%), which became the fourth largest importer of pellets for Slovenia (while in 2021 it was not yet on the list of importers of pellets to Slovenia). We also increased imports from Bosnia and Herzegovina by as much as 243% in 2023.

In the export amounts, the pellets of Slovenian producers are included as well as pellets, which were previously imported into Slovenia (a so-called re-export). In 2023, similarly to 2022, we exported the most pellets to Italy (79% of total exports), followed by Austria with an 8% share. Smaller quantities were also exported to Lithuania, Croatia, Spain and other countries.

During this past decade, we recorded a trade surplus in 2017, 2021 2022 and 2023, which indicates a higher production than consumption of pellets. According to SURS, the trade surplus from last year amounted to 6,966 tonnes.

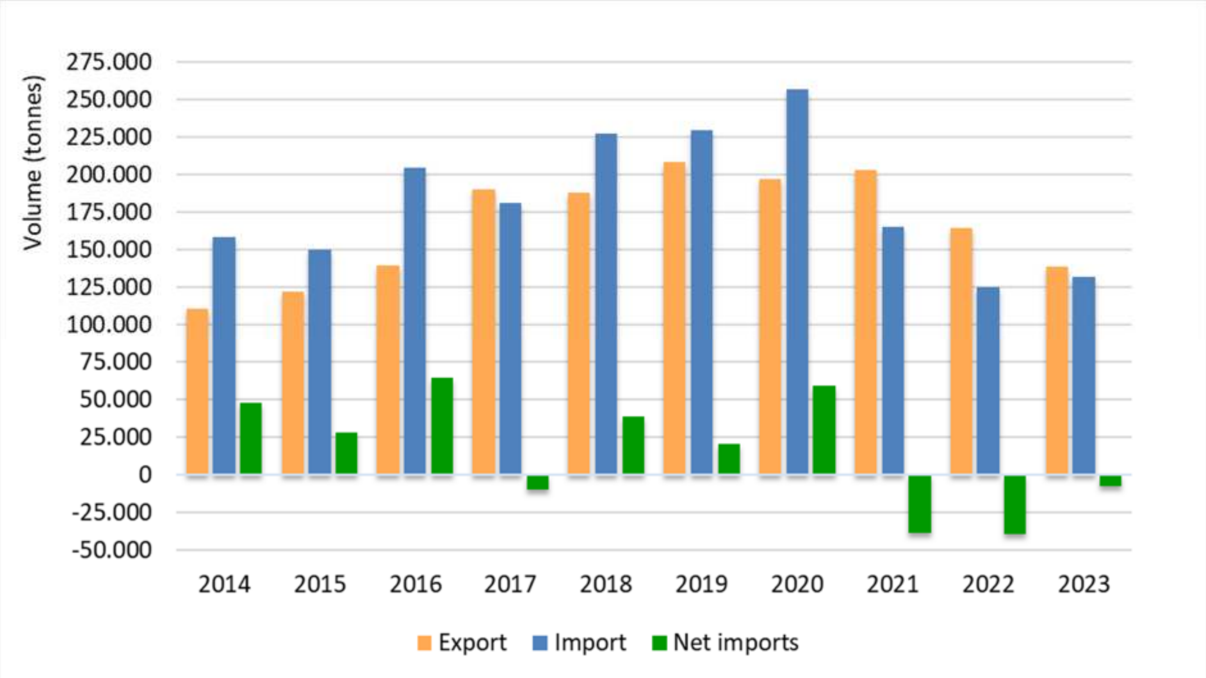

Image 4: External trade of wood pellets in 2014-2023 (Data sources: Statistical Office of the Republic of Slovenia, recalculations of SFI)

The main consumers of wood pellets are households, followed by larger public buildings and other users. According to the data on the production of pellets in Slovenia, collected by SFI, the production of pellets in Slovenia has been constantly rising for the past decade. There are currently 32 registered producers in Slovenia. They are predominantly smaller producers, who annually produce up to 10,000 tons of pellets. The largest producer produced over 50,000 tonnes of wood pellets, we also covered 3 companies that produced between 10,000 and 20,000 tonnes of pellets. There are 5 between 5,000 and 10,000 tonnes, 10 between 1,000 and 5,000 tonnes, and 11 smaller companies. We did not obtain data for two manufacturers. Domestic production of pellets in 2023 amounted to 164,000 tonnes, which means that the amount of production has neither increased nor decreased compared to 2022.

Wood chips are mainly used for energy purposes. The largest consumer of wood chips is Ljubljana Thermal Power Plant, consuming around 110,000 tonnes per year. Consumption of wood chips intended for energy purposes and for manufacturing in the wood composite panel, mechanical pulp and chemicals industries increased by more than two-thirds in 2023 compared to 2022. According to data for foreign trade, Slovenia exported 468,055 tonnes of wood chips to the foreign market in 2023, which is 25% less than in 2022. Of these, we exported 61% of the quantities to the Austrian market, 16% to the Italian market, 13% to the Croatian market, and another 10% to the Hungarian market. The import of wood chips in 2023 amounted to 80,684 tonnes and was 11% less than in the previous year; most of the quantities (87%) were imported from neighbouring Croatia, followed by Italy with 7%.

An inventory of wood chippers in the first half of 2024 showed that there are currently 235 entities (legal and physical) in Slovenia that own 263 wood chippers. The total number of registered wood chippers is 9% higher than the previous inventory. The production of wood chips exceeded 3 million nm^3 for the first time and amounted to 3,037,337 nm^3 in 2023 or 20% more than the previous 2021 inventory. In terms of number, small wood chippers with a capacity of up to 30 nm^3/h (m^3 of chips per operating hour) dominate, representing 44% of all registered wood chippers. With 30%, they are followed by medium chippers (capacity 30-100 nm^3/h), and with 26%, large wood chippers with a capacity of more than 100 nm^3/h. As in previous inventories, movable or mobile chippers dominate this time too, accounting for 89% of all. Recorded chippers mostly use sawdust (30%) and sawmill residues (28%) as a type of raw material. This is followed by the use of roundwood (24%), non-forest biomass (14%) and other (e.g. spent) wood (4%).

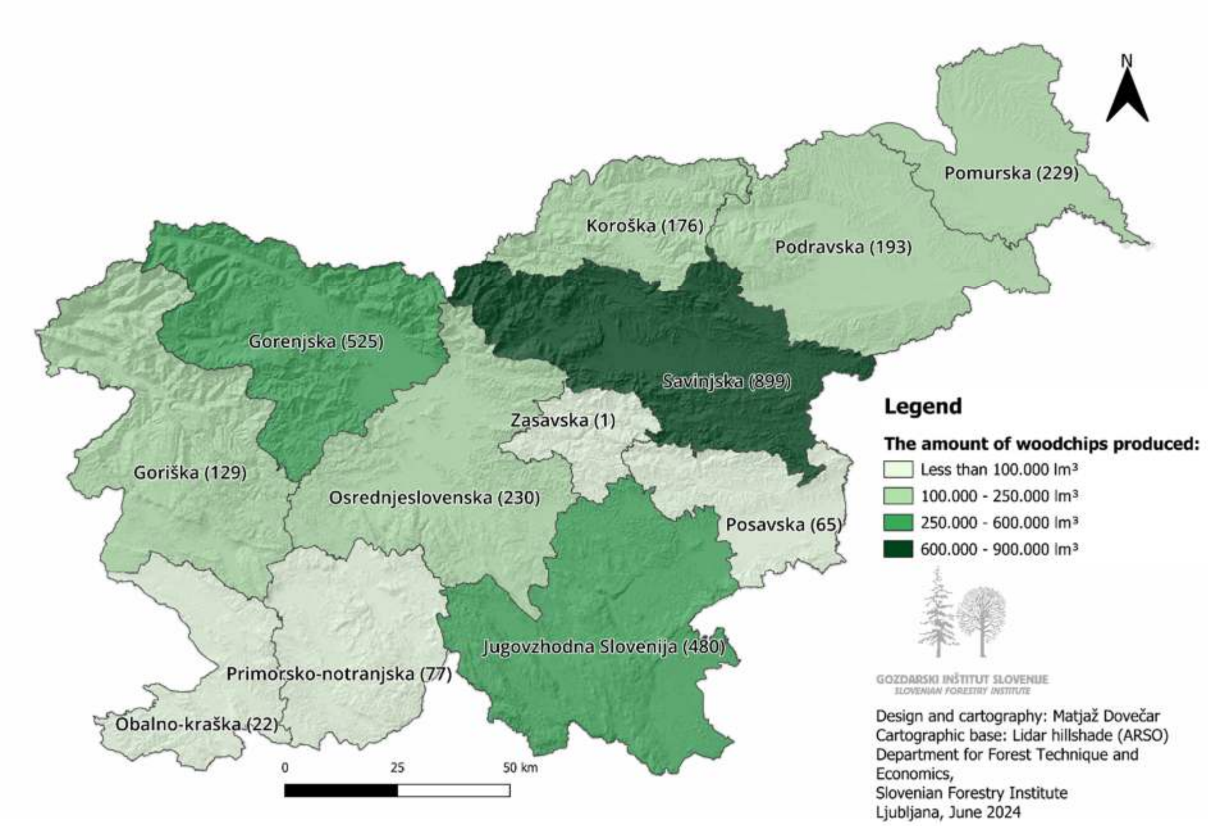

Figure 5: Production of wood chips by statistical region in 2023. The data refer to the headquarters of the wood chip producer and not to the location of the biomass collection. Next to the name of the region, the production in 1,000 nm^3 is indicated in brackets (source: Slovenian Forestry Institute, 2024).

c) Certified wood products

There are currently 272,417 ha of forests certified under the FSC system, which is 11,670 ha more than in September 2023. This represents 22% of the area of all forests in Slovenia. 87% of FSC-certified forests are State-owned forests. SiDG d. o. o., which manages national forests, holds four group FSC certificates, along with the certification of national forests. As part of the FSC SiDG group schemes, 33,182 ha of forests of seven major private forest landowners, 77 wood processing companies and 11 wood traders are currently certified.

The area according to the system PEFC for certified forests is increasing slightly and now encompasses 302,644 ha of forests. The greater part of this area (81%) is represented by national forests, managed by the company Slovenski državni gozdovi d.o.o. An increasing number of forest owners, who manage their own forest, are involved in the regional certification scheme PEFC; there were more than 1281 of such owners last year.

Companies use the FSC and PEFC certificates for tracking wood origin predominantly as a marketing mechanism for export markets and compliance with green public procurement policies. The number of companies with the FSC certificate for tracking certified wood (CoC) is currently 253 (-3% from

September 2023), and the number of companies with the PEFC certificate for tracking certified wood (CoC) is 95, which is 4% less compared to the same period last year.

In the field of wooden load-bearing construction products, which are marked with the CE mark, 89 sawmills have obtained a Certificate of Conformity of Factory Production Control for massive structural timber produced in accordance with the EN 14081-1:2005+A1:2011 standard. For glued laminated structural timber produced in accordance with the EN 14080:2013 standard, 6 manufacturers have obtained a certificate of constancy of performance, and for structural finger-jointed solid sawn timber produced in accordance with the EN 15497:2014 standard, three manufacturers have obtained it.

d) Value-added wood products

The Slovenian furniture industry produced net sales revenues in the amount of EUR 429 million in 2023, which is 6% less compared to 2022 and represents 1.1% of net sales revenues in relation to the whole processing industry in the country. The share in the total net sales revenues structure in foreign markets for the furniture industry NACE C31 amounted to 38.5% last year. Foreign market sales recorded a decrease of 2.3% last year compared to 2022. In 2023 the added value per employee in manufacturing C31 has increased by 11.7% compared to 2022 and amounted to EUR 41,230.

The furniture industry production index (the entire furniture industry in NACE C31), which also includes the production of wooden furniture, decreased by 9.8% in the first seven months of this year compared to the same period in the previous year. Total revenue from sales decreased by 5.7% in the compared periods. At the same time, the total revenue from sales on the domestic market increased by 3.2%, while on foreign markets, it decreased by 17.6% compared to the same period last year.

e) Sawn softwood

The trend of increasing the processing of softwood logs for sawmills and veneer sheets stopped in 2023; the main reasons for this are the worsening state of the European and global construction sector and the resulting reduced demand, high prices of energy products, inflation, a reduction in the prices of primary wood products, competitiveness on the market of forest wood assortments. The quantitative scope of sawn softwood production amounted to 934,000 m^3 in last year, which is 5% less compared to 2022. After the decline in the import of sawn softwood in recent years, it only increased again in 2023 and amounted to 630,000 m^3, which is 19% more compared to 2022. The value of imported sawn softwood per unit decreased by 21% in 2023. The export of sawn softwood products continues to increase, reaching 856,000 m^3 in 2023, which is 1% more than in 2022. The value of exports per unit of goods decreased by 20%, just like imports.

For 2024, we estimate a further deterioration of the situation in the field of operations of the sawmill industry compared to 2023. According to estimates, the processing of softwood logs will decrease, sawmills report a decrease in the production of sawn softwood. According to estimates, the import and export of sawn softwood will remain at a similar level as in 2023.

In 2024, the average sales prices of sawn softwood have decreased compared to 2022 and 2023, according to SFI. According to the sales price collection methodology, we classify C24/S10 structural timber with and without CE mark, planks, boards and laths in the construction wood category. The average value (median) of structural spruce timber in February this year amounted to EUR 260/m^3 excluding VAT, in May EUR 250/m^3 excluding VAT, and in August it increased to EUR 280/m^3 excluding VAT.

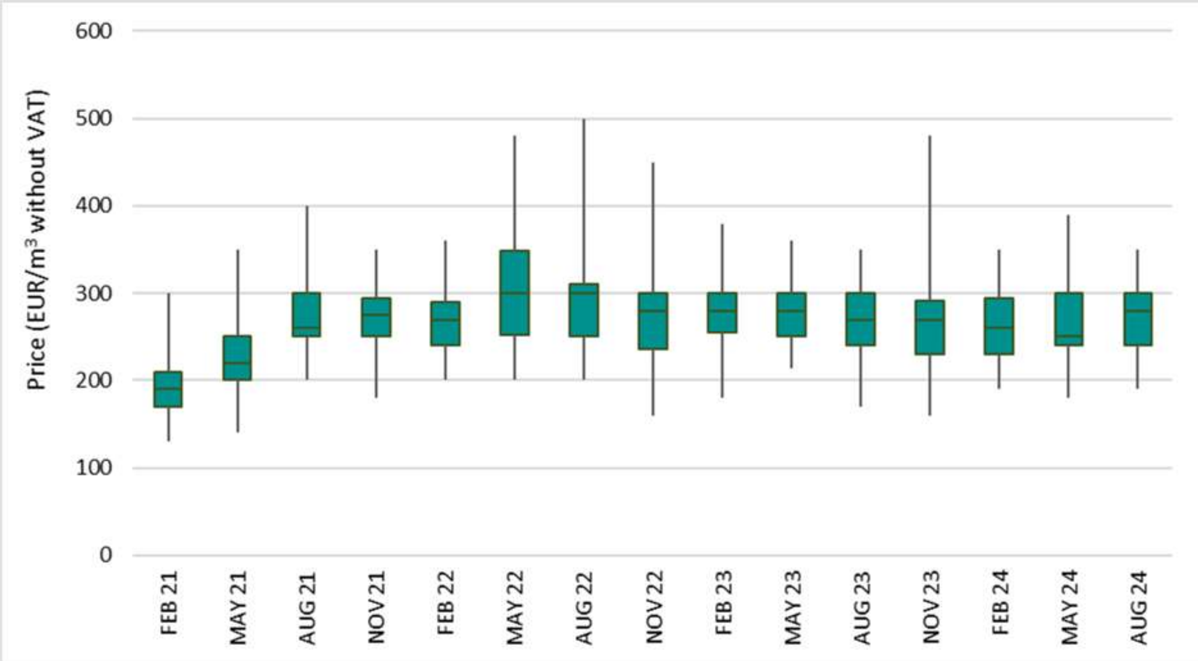

Figure 6: Minimal, maximal, and median values of collected purchase prices for **spruce structural timber** for individual quarterly periods of 2021–2024.
Note: The **structural timber** category includes the following products: ***Boards*** *18 to 40 mm, undried (Boards);* ***Structural timber*** *C24/S10, not kiln dried (KL C24/S10 (n));* ***Laths*** *30 to 40 mm and width 50 mm with CE mark, not kiln dried; 30 to 40 mm and 50 mm wide without CE mark, not kiln dried (Laths);* ***Planks*** *of thickness over 40 mm, not kiln dried (Planks);* ***Structural timber*** *without the CE mark, not kiln dried, which for previous periods with the exception of August 2024 includes: beams 60 x 80 mm (up to 5 m), beams 100 x 200 mm (up to 5 m), beams 140 x 140 mm (up to 5 m), beams 140 x 140 mm (over 6 m) (Beams/KL without CE (n)); Sales prices are shown in EUR/m*^{3} *excluding VAT and transport.*

f) Sawn hardwood

Sawn hardwood production increased in 2023 compared to 2022 and amounted to 159,000 m^3 in 2023, which is the highest amount after 2007. According to SFI data, Slovenia currently has less than 20 sawmills that process over 5,000 m^3 hardwood logs per year. The export of sawn hardwood in 2023 amounted to 92,000 m^3, which is 24% less compared to 2022. The value of exported sawmill products from hardwood per unit increased by 6% in 2023 compared to 2022. The import of sawn hardwood varies between years, in 2023 it amounted to 88,000 m^3 (+6% compared to 2022), the value per unit of imported goods decreased by 3% compared to 2022.

In recent years, the export of industrial oak roundwood, especially logs, has increased markedly. With more than 40% in the period 2020-2022, the dominant export market for this raw material was the country of China, and during these years, domestic processors of oak logs had problems with a sufficient supply of the raw material. In 2023, exports of industrial oak roundwood to China decreased sharply, by 46%, compared to 2022. In total, the export of these assortments decreased by 34% compared to 2022. Forecasts for 2024 point to a renewed increase in exports, which will most likely be comparable to 2022, the main importing country of oak assortments from Slovenia remains China, and exports to Vietnam will also increase significantly.

This year, estimates show that the scope of production of sawn hardwood will be smaller compared to 2023. Sawmills that process hardwood logs will also face the same problems in 2024 as the entire Slovenian woodworking industry and are presented in the previous chapter of the document. Imports and exports of sawn hardwood are estimated to remain at a similar level as in 2023.

The quantities and values recorded in the production, the import and export of sawn wood from tropical tree species are negligible. A similarly low level of sawn wood from tropical trees foreign trade is foreseen for this year.

g) Wood-based panels (including veneer)

Production of all types of wood-based panels (including veneer) was just under 237,000 m^3 in 2023, of which was 212.000 m^3 panels. Composite panels are mostly (80%) produced from softwood, while 90% hardwood is used for veneer production. The production of wood panels was 6% lower in 2023 compared to 2022, and the production of veneer was 9% lower. In 2023, the reduction in the consumption of wood panels continues, as only this has decreased by 13% compared to 2022 and by 29% compared to 2021. For the year 2024, we estimate a smaller increase in the volume of production of wooden panels, by approximately 4%, and a decrease in the production of veneer by more than 5% compared to 2023. According to estimates, the consumption of wood panels and veneer will be at a similar level this year as in 2023.

In 2023, 147,000 m^3 of particle boards (including OBS boards) were used in the manufacture of furniture and in construction, which amounts to a 13% decrease compared to the previous year. All particle boards are being imported since 2015 when the last particle board factory declared bankruptcy. For 2024, we are predicting the same consumption of particle boards than in 2023.

The consumption of fibreboards in Slovenia has been fluctuating through the ages and is one of the lowest consumptions compared to other types of wood-based panels. In 2023, fibreboard consumption was the lowest in the last 15 years and amounted to 16,000 m^3, which is 52% less than the average annual consumption in the period 2013-2022. There is one company engaged in the production of MDF and HDF fibreboards in Slovenia.

Plywood panel production is dominated by shuttering panels made from three layers of softwood glued together, of which the greater part of production is exported. In 2023, the production of panels increased by 1% compared to 2022, and amounted to 95.000 m^3. The consumption of plywood continues to decrease; in 2023 it decreased by 6% compared to 2022 and amounted to 46,000 m^3.

Domestic production of veneer increased in the period 2019-2022, but in 2023 it decreased by 9% and amounted to 26,000 m^3. Companies involved in the production of cut veneer in Slovenia are predicting a reduction in the volume of production for 2024 as well. The quantities recorded in the production, the import and export of veneer from tropical tree species are negligible. The best part of sliced veneer manufacture is performed as a service for customers within the EU.

In 2024, the production of panels made of cross laminated timber (CLT) started in Slovenia with an annual planned production of 8,000 m^3.

h) Pulp and paper

The production volume of mechanical wood pulp has been decreasing since 2017. There are several reasons for this: large-scale investment works in the paper mill MM Količevo d. o. o., financial issues and the consequent temporary stoppage of production of the sometimes leading producer of newsprint in SE Europe - the Vipap Videm Krško d. d. paper mill, energy crisis, high inflation, digital transition as a key priority of the European commission, unfavourable macroeconomic trends in 2023. The production of wood pulp in 2023 amounted to 45,000 tonnes, which is 39% less than in 2022 and more than half less than, for example, in 2019. In 2023, the import of mechanical pulp represented 4% of the total import of all types of wood pulp. The exported quantities of mechanical pulp were negligible; the production in Slovenia has been integrated in its entirety.

According to the Chamber of Commerce and Industry of Slovenia (henceforth: GZS), the Slovenian production of paper is continuing to decrease; in 2023, it amounted to a total of 497,000 tonnes, i.e. the smallest rate after 2004. The largest drop (-28% compared to 2022) is recorded for packaging paper and cardboard, which otherwise represent the largest share in the structure of paper production in Slovenia. According to the forecasts of the Chamber of Commerce and Industry, the production of paper and cardboard this year will increase compared to 2023 and 2022, namely to around 600,000 tonnes.

In the first seven months of 2024, the C17 industry recorded an increase in the industrial production index in the amount of 2.7% compared to the same period in the previous year. However, sales revenue decreased by 6.4% compared to the same period last year.

i) *Innovative wood products*

This year, Stilles d. o. o. launched the first production line of cross-laminated timber panels (CLT) in Slovenia. In the production of CLT panels, it will be possible to produce panels up to 6 m long and up to 3.3 m wide from 3 to 9 layers of wood, the total thickness of the panels from 60 mm to 360 mm. At full capacity, the annual production of eight thousand cubic metres of CLT panels is planned. The Chamber of Commerce of Slovenia of the Posavje region awarded the company's development team a silver regional award for the innovation HydroCLTBond, which represents an innovative water spray to improve the quality of wood bonding in the production of CLT panels.
The technological line was set up by the Ledinek Engineering company, which specialises in the design, manufacture and installation of major production lines in the woodworking industry worldwide. In 2023, the company received a bronze national award for innovation from the Chamber of Commerce of Slovenia for the X-FORM panel processing machine, and in 2024, a gold award from the Styrian Chamber of Commerce for innovation in the field of surface application of glue on finger-jointed lamellas for structural wood, as well as gold award of the Chamber of Commerce of Slovenia.

Figure 7: Technological line in the company Stilles, for the production of cross laminated timber panels

In Selnica ob Dravi, a new kindergarten made entirely of Slovenian wood, as it is built from iQwood wall panels, for which exclusively Slovenian wood and Slovenian know-how are used. iQwood wall panels consist of cross-stacked wooden boards, firmly and permanently joined with solid wooden dowels, without the use of any athesives, chemicals or metals. 510 cubic metres of wood were installed in the building, which represents 80% of the material used.
In 2023, iQwood d. o. o. received the gold national recognition of the Chamber of Commerce of Slovenia for innovation for its iQwood wall panels, and in 2024 it received the prestigious German Innovation Award for wall panels.
The Ministry of Economy, Tourism and Sport, together with the Ministry of Agriculture, Forestry and Food, co-financed the construction project of a kindergarten in Selnica ob Dravi with funds in the amount of EUR 400,000 in 2023 with an innovative scheme to encourage the use of wood in public buildings by co-financing model public wooden buildings. The two ministries continued the good practice in 2024 with dedicated funds of EUR 600,000 for the promotion of the Slovenian forest and wood processing chain. Thus, the construction of a kindergarten in the Municipality of Muta, the reconstruction and extension of the Spodnji Duplek kindergarten, the construction of a public promotional prefab facility for the Centre for volunteering and wine culture development in the Municipality of Razkrižje, and a new covered open market in the municipality of Ivančna Gorica were and will be co-financed.

Figure 8: New kindergarten in Selnica ob Dravi

Alples, d. d., received a bronze award for innovation from the Chamber of Commerce of Slovenia for its new AROMA kitchen model, which represents an innovation in the world of furniture design. With a clearly refined design combined with natural materials, the kitchen achieves a high standard of functionality and aesthetics.

Figure 9: The AROMA kitchen

j) Residential construction and construction

The trend of residential construction is slowly increasing after 2015. In 2023, 14,130 dwellings were under construction in Slovenia, of which 4,919 were completed by the end of the year, which is 15% more than in 2022. In 2023 most of the dwellings were completed in the Osrednjeslovenska statistical region (27.4% of all), followed by the Podravska statistical region (18.2% of all). On the other hand, the fewest dwellings were completed in the Zasavska region (0.73%). In the first eight months of this year, 3,696 building permits were issued for new buildings and the change of use of buildings, which is 10% less compared to the same period in 2023. Compared to the same period in 2023, 18% less building permits were issued for non apartment buildings, and 2% less building permits were issued for non-apartment buildings.

Company activity within the Manufacture of other builders' carpentry and joinery (NACE: C16.230), which consists of the manufacture of prefabricated wooden buildings, builder's joinery (windows, doors, stairs…) and glued laminated timber, beams and roofing, paneling, wooden shingles, laths and decorations made of wood and wooden shutters, was again successful last year, with a reported highest net profit in the industry C16 Manufacture of wood and of products of wood. According to CCIS, this segment (C16.230) had a EUR 41.4 million net profit last year, which is 1.5% more than net profit in 2023. The growth of sales revenues created by companies in this industry on foreign markets decreased (by 3.5%) compared to 2022, but net sales revenues in foreign markets also decreased, namely by 8.9%.

Slovenia is a traditional net exporter of wooden windows and doors. The trend of increasing imports of wooden doors stopped in 2023 (-8% compared to 2022), the same applies to wooden windows (-22% compared to 2022). Last year, the export of wooden doors decreased by 16% compared to the previous year, and the export of wooden windows decreased by 14%. When it comes to data related to foreign trade, we unfortunately cannot provide the data on the so-called “re-export”, i.e. the quantities that we import and immediately export.

5. Tables

a) Economic indicators

	2023	Autumn forecast (September 2024) 2024	2025	2026
GDP				
GDP, real growth in %	2.1	**1.5**	**2.4**	**2.5**
GDP, nominal growth in %	12.4	**4.5**	**6.1**	**5.5**
GDP in EUR billion, current prices	64.0	**66.8**	**70.9**	**74.8**
Exports of goods and services, real growth in %	-2.0	**0.9**	**2.7**	**3.7**
Imports of goods and services, real growth in %	-4.5	**3.5**	**3.0**	**4.1**
External balance of goods and services (contribution to growth in p.p.)	*2.3*	***-1.9***	***-0.1***	***-0.1***
Private consumption, real growth in %	0.1	**1.6**	**2.5**	**2.4**
Government consumption, real growth in %	2.4	**8.5**	**1.7**	**4.1**
Gross fixed capital formation, real growth in %	3.9	**0.0**	**3.5**	**3.5**
Change in inventories and valuables (contribution to growth in p.p.)	-1.5	**0.8**	**0.0**	**-0.1**
3.1EMPLOYMENT AND PRODUCTIVITY				
Employment according to the SNA, growth in %	1.6	**0.5**	**0.6**	**0.5**
Number of registered unemployed, annual average, in '000	48.7	**45.7**	**44.6**	**44.1**
Registered unemployment rate in %	5.0	**4.6**	**4.5**	**4.4**
ILO unemployment rate in %	3.7	**3.7**	**3.7**	**3.6**
Gross wage per employee, nominal growth in %	9.7	**6.2**	**6.6**	**5.5**
Gross wage per employee, real growth in %	2.1	**4.0**	**3.2**	**3.1**
- private sector	1.9	**4.9**	**2.9**	**3.2**
- public sector	2.7	**2.3**	**3.7**	**2.9**
Labour productivity (GDP per employee), real growth in %	0.5	**1.0**	**1.8**	**2.1**
BALANCE OF PAYMENTS STATISTICS				
Current account BALANCE in EUR billion	2.9	**1.8**	**1.6**	**1.6**
- as a % of GDP	4.5	**2.8**	**2.3**	**2.1**
PRICES AND EFFECTIVE EXCHANGE RATE				
Inflation (Dec/Dec), in %	4.2	**2.3**	**3.3**	**2.2**
Inflation (annual average), in %	7.4	**2.1**	**3.3**	**2.3**
Real effective exchange rate deflated by unit labour costs	3.3*	**2.6**	**2.5**	**1.6**
ASSUMPTIONS				
Foreign demand (imports of trading partners), real growth in %	-0.9	**1.4**	**3.0**	**3.1**
GDP in the euro area, real growth in %	0.4	**0.8**	**1.3**	**1.5**
Brent Crude oil price in USD/barrel	82.5	**81.9**	**75.7**	**73.0**
Non-energy commodity prices in USD, growth	-10.7	**7.0**	**1.5**	**0.5**
USD/EUR exchange rate	1.082	**1.086**	**1.091**	**1.091**

Source: IMAD (Institute of Macroeconomic Analysis and Development of the Republic of Slovenia), Autumn Forecast of Economic Trends, September 2024. Year 2023 SURS, BS, ECB, EIA, Eurostat; 2024-2026 IMAD forecast

*Note: * for 2023 is the IMAD estimate.*

b) Production and foreign trade

Product	Unit	Historical data		Estimate	Forecast
		2022	2023	2024	2025
(1.2.1.C) Sawlogs and veneer logs, coniferous					
Production	1000 m^3 wb	1,687	1,674	1,800	1,700
Imports	1000 m^3 wb	239	234	165	200
Exports	1000 m^3 wb	283	347	455	380
Apparent consumption	1000 m^3 wb	1,643	1,561	1,510	1,520
(1.2.1.NC) Sawlogs and veneer logs, non-coniferous					
Production	1000 m^3 wb	497	487	530	530
Imports	1000 m^3 wb	31	27	39	30
Exports	1000 m^3 wb	247	211	282	260
Apparent consumption	1000 m^3 wb	281	303	287	300
(1.2.1.NC.T) of which logs from tropical tree species					
Imports	1000 m^3 wb	1	1	1	1
Exports	1000 m^3 wb	0	0	1	1
Net Trade	1000 m^3 wb	1	1	0	0
(1.2.2.C) Pulpwood (round and split), coniferous					
Production	1000 m^3 wb	275	332	490	320
Imports	1000 m^3 wb	268	145	103	260
Exports	1000 m^3 wb	278	293	386	310
Apparent consumption	1000 m^3 wb	264	184	207	270
(1.2.2.NC) Pulpwood (round and split), non-coniferous					
Production	1000 m^3 wb	424	370	432	400
Imports	1000 m^3 wb	84	73	106	100
Exports	1000 m^3 wb	371	316	423	380
Apparent consumption	1000 m^3 wb	137	126	115	120
(3) Wood chips, particles and residues					
Domestic supply	1000 m^3	1,360	1,410	1,460	1,460
Imports	1000 m^3	273	250	190	190
Exports	1000 m^3	1,107	846	794	794
Apparent consumption	1000 m^3	525	814	856	856
(1.2.3.C) Other industrial roundwood, coniferous					
Production	1000 m^3 wb	4	16	16	16
(1.2.3.NC) Other industrial roundwood, non-coniferous					
Production	1000 m^3 wb	41	55	50	49
(1.1.C) Wood fuel, coniferous					
Production	1000 m^3 wb	191	258	250	240
(1.1.NC) Wood fuel, non-coniferous					
Production	1000 m^3 wb	957	1,191	1,170	1,150

Product	Unit	Historical data		Estimate	Forecast
		2022	2023	2024	2025
(6.C) Sawnwood, coniferous					
Production	1000 m^3	983	934	906	912
Imports	1000 m^3	530	630	610	620
Exports	1000 m^3	848	856	855	860
Apparent consumption	1000 m^3	665	708	661	672
(6.NC) Sawnwood, non-coniferous					
Production	1000 m^3	143	159	148	157
Imports	1000 m^3	83	88	84	85
Exports	1000 m^3	121	92	98	100
Apparent consumption	1000 m^3	106	155	134	142
(6.NC.T) of which sawnwood from tropical tree species					
Production	1000 m^3	0	0	0	0
Imports	1000 m^3	2	1	1	1
Exports	1000 m^3	0	0	0	0
Apparent consumption	1000 m^3	2	0	1	1
(7) Veneer sheets					
Production	1000 m^3	28	26	24	23
Imports	1000 m^3	13	13	12	13
Exports	1000 m^3	32	29	28	28
Apparent consumption	1000 m^3	9	10	8	8
(7.NC.T) of which veneer sheets from tropical tree species					
Production	1000 m^3	1	1	0	0
Imports	1000 m^3	0	0	1	0
Exports	1000 m^3	1	1	1	0
Apparent consumption	1000 m^3	1	1	0	0
(8.1) Plywood					
Production	1000 m^3	94	95	95	100
Imports	1000 m^3	26	22	22	22
Exports	1000 m^3	71	71	72	72
Apparent consumption	1000 m^3	49	46	45	50
(8.1.NC.T) of which plywood from tropical tree species					
Production	1000 m^3	0	0	0	0
Imports	1000 m^3	17	16	11	11
Exports	1000 m^3	0	0	0	0
Apparent consumption	1000 m^3	17	16	11	11

Product	Unit	Historical data		Estimate	Forecast
		2022	2023	2024	2025
(8.2) Particle board (including OSB)					
Production	1000 m^3	0	0	0	0
Imports	1000 m^3	175	153	157	158
Exports	1000 m^3	8	7	10	10
Apparent consumption	1000 m^3	168	147	147	148
(8.2.1) of which, OSB					
Production	1000 m^3	0	0	0	0
Imports	1000 m^3	33	32	33	34
Exports	1000 m^3	2	3	3	3
Apparent consumption	1000 m^3	31	29	30	31
(8.3) Fibreboard					
Production	1000 m^3	132	116	124	125
Imports	1000 m^3	28	21	24	23
Exports	1000 m^3	136	121	131	131
Apparent consumption	1000 m^3	24	16	17	17
(8.3.1) Hardboard					
Production	1000 m^3	0	0	0	0
Imports	1000 m^3	4	2	2	2
Exports	1000 m^3	4	2	2	2
Apparent consumption	1000 m^3	-1	0	0	0
(8.3.2) MDF/HDF (Medium density/high density)					
Production	1000 m^3	132	116	124	125
Imports	1000 m^3	24	19	21	21
Exports	1000 m^3	131	118	129	129
Apparent consumption	1000 m^3	24	17	16	17
(8.3.3) Other fibreboard					
Production	1000 m^3	0	0	0	0
Imports	1000 m^3	0	0	1	0
Exports	1000 m^3	0	0	0	0
Apparent consumption	1000 m^3	0	0	1	0
(9) Wood pulp					
Production	1000 m.t.	73	45	47	54
Imports	1000 m.t.	249	270	266	255
Exports	1000 m.t.	1	4	7	5
Apparent consumption	1000 m.t.	322	311	306	304

Product	Unit	Historical data		Estimate	Forecast
		2022	2023	2024	2025
(12) Paper & paperboard					
Production	1000 m.t.	591	497	600	600
Imports	1000 m.t.	367	425	434	440
Exports	1000 m.t.	545	447	545	540
Apparent consumption	1000 m.t.	412	474	489	500
(5.1) Wood pellets					
Production	1000 m.t.	164	164	168	169
Imports	1000 m.t.	126	132	115	115
Exports	1000 m.t.	165	139	124	125
Apparent consumption	1000 m.t.	125	157	159	159

*m^3 wb = cubic metre without bark
*m.t. = metric tonne