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Austria

Solid Wood Products

Annual

2000

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Report Highlights:
Austria is the world's fourth largest softwood lumber exporter. Driven by high demand in both the domestic and foreign markets, softwood lumber output is expected to increase in 2000. In 2001, a slight rise in production and exports should take place.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Vienna[AU1], AU

Executive Summary

Given lower log prices, the felling rate will probably decline in 2000. Driven by high demand in both the domestic and foreign markets, softwood lumber output is expected to increase in 2000. In 2001, domestic demand and exports should stimulate a slight production increase. Austria, the world's fourth largest softwood lumber exporter, stepped up deliveries significantly in 1999.

Italy, Austria's main outlet market, is expected to step up its imports considerably in 2000. A significant rise is also expected in exports to Germany. In addition, shipments to the U.S. and Japan will increase. Total 2000 exports should grow 8 - 10%. Imports of softwood lumber will probably also rise. Close to 50% should come from Czech Republic, Austria's main supplier.

U.S. export opportunities are in general limited to some quantities of hardwood lumber and special softwood lumber made from slow-growing pine. In addition, small quantities of U.S. veneers and plywood should find a market in Austria.

Average rate of exchange: $1 = AS 12.38 in 1998
AS 12.91 in 1999
AS 14.34 in the first half of 2000

End summary.

Production

A. Forest Situation/Outlook

Forest Inventory
Since 1961, the federal forestry research institute periodically carries out inventory surveys, which include forest area, standing timber, growth, forest condition, biodiversity, and other ecological and economic criteria. The last inventory was carried out in the period 1992 - 1996; most figures indicated below are based on this survey. A new survey, which began in spring 2000 will be finished by the end of 2002.

Area and Ecology
Austrian forest area is 3,92 million hectares (ha) which is 46.7% of total area. This means that Austria has the largest forest percentage in the European Union. Of the total forest area, 75.7% is commercially usable high forest and 2.4% commercially USABLEUSABLE sprouting forest. The share of protection forest (forest in endangered areas, e.g. erosion) is 19.3% of which 40% can be used. commercially in a limited way. The remaining 60% of protection forests cannot be USED. due to marginal growth or steep slopes. The forest area taken out of production (forest roads, skiing runs, natural parks etc.) is 2.6%. The total commercially USABLEUSABLE forest area is about 83%.

Forests are not evenly spread over the country. Styria, in the southeast, has 60%, whereas Burgenland in the east of Austria has only 32% forest area.

In general, forest area has been rising for decades because of natural and technical reforestation of protection forest area and afforestation of marginal agricultural land. In recent years, forest area has risen by 7,700 ha annually.

Since most of the country is mountainous, the share of coniferous trees is very high (69.2%). At higher altitudes, conifers are predominant. However, in the past, the number of coniferous trees at lower altitudes - particularly European spruce and silver fir - was quite high for commercial reasons. In many cases, the ecological tolerance of the locations was surpassed which resulted in increased occurrence of pests and increased snow damage and wind felling. To reduce the ecological disadvantages, an important target of Austria's forest policy has been the rebuilding of natural stands. In general, only reforestation/afforestation with a certain minimum share of deciduous trees is supported. (As European spruce is the most economically valuable tree, forest owners tended to create spruce monocultures.) As a consequence, the share of deciduous trees is rising.

Due to the climactic conditions and mainly mountainous geography, coniferous forests (64%) prevail followed by mixed (22%) and deciduous forests (14%). European spruce (55 %) is the main tree, while the share of other coniferous trees such as silver fir (2.3%), European larch (4.9%), Scotch pine (6.1%), and others (0.1%) is small. Broad leafed trees account for 22.3% (9.2% beech, 2.0% oak, 6.8% other hardwood and 4.3% softwood) of forest area.

Comment to "Strategic Indicator Tables"
As in the "Strategic Indicator Tables" no mixed forest (temperate hardwood and softwood) are included, half of the mixed forest area is added to the temperate hardwood and half to the softwood area.

In general, the age classes of the commercially USED. forests are fairly balanced. In Government forests, old stands are somewhat predominant whereas in the small farmer forests, stands up to 40 years prevail. The latter is the result of reforestation of clear cuts carried out during the war and afforestation of agricultural land.

In 1997, a study was carried out about naturalness or hemeroby (hemeroby: a measure for man's cultivation influence on ecosystems) of Austrian forests. According to this study, 3% of the total forest area are natural forests (natural composition of stands, bushes, and grass; no anthropogenic impact detectable), 22% natural, 41% moderately altered, 27% significantly altered, and 7% artificial (trees not typical to the area; however, not plantages).

Standing Timber
Total standing timber in utilizable forests is 988 million solid cubic meters (cubm) standing gross volume, which corresponds to 294 cubm/ha. The annual growth of 27.3 million cubm (8.1 cubm/ha) in the 1990-1996 period is 13% below that of the 1980-1990 period. The reason for the drop is probably climatic change.

According to the forest inventory survey, average annual use is 19.5 million cubm standing gross volume. (In contrast to the felling rate which includes only sold or utilized wood, the standing gross volume includes standing trees with branches. In addition, the standing gross volume includes bark, whereas the felling rate only includes wood without bark. For these reasons, both figures differ significantly.) By comparing annual felling rates with wood growth, it becomes obvious that Austria uses only 71% of annual growth.

Comment to "Strategic Indicator Tables"
As the volume of standing timber and annual growth of non-USABLEUSABLE forests - mainly protection forests - is only of theoretical significance, these figures are not included in the surveys. Evaluation of non-USABLEUSABLE forests is difficult as trees are frequently sparse and stunted due to high altitudes. Thus, the "total volume of standing timber" in the strategic indicator table is a rough estimate.

Felling and Reforestation
The Austrian forest law covers all forests, private and public. Generally, no clear cutting on an area larger than 2 ha is permitted, and for the clearing of areas larger than 0.5 ha an approval by regional authorities is required. Exceptions for clear cuts larger than 2 ha are granted by the Ministry of Agriculture only if the timber stand is seriously endangered by pests.

The prevailing harvesting systems (more than 50% of the total wood harvest) account for regeneration felling, removing because of disasters, and clear cuts under 500 square meters. Clear cuts above 500 square meter (but in general below 2 ha) account for 28%. The share of thinning cuts is around 16% (0.9 cubm/ha).

According to the forestry law, reforestation is compulsory (all forest area must remain forest area). Natural regeneration is preferred but if it cannot be expected within 8 years due to various reasons, the owner has to carry out reforestation within 3 years.

Tree Damage
The stock growth could be even higher if the number of large game animals were reduced. (Austria's strong hunter lobby is against it.) Most of the damage is caused by eating the shoots of young trees, particularly silver fir and beech. 85% of the forest area with natural regeneration is browsed by game. In addition, enormous damage is caused on young and mid aged stands by bark peeling. The wounds allow the penetration of fungi, which weakens the trees and reduces the quality of the harvested logs.

Similar damage is caused by log transport. About 13% of the standing timber is damaged by harvesting methods. For this reason, the Agricultural Ministry wants to improve harvesting methods.

Infrastructure
The well developed infrastructure in Austria's forests provides for easy access and thus for economic log transportation and forest care. USABLEUSABLE forest is made accessible by 108,000 km
of forest roads, of which more than 50% are in small forest enterprises (below 200 ha). In addition to forest roads, 42,300 km public roads - which in general can also be USED. for wood transportation - are going through forests. A well planned network of 147,000 km of simple paths are USED. for log moving by tractors and sometimes horses.

Forest Ownership
Around 48.4% of the Austrian forest area is composed of small properties of less than 200 ha. Only 22.4% of private forests are above 200 ha. Federal forests account for 15.7%, provincial forests for 1.5%, municipality forests for

2.2%, and cooperative and other common forests for 9.8%.

According to a government decision, the federal forests (FF) must contribute around AS 3 billion in order to achieve a balanced budget. For this reason, FF will sell 30 - 50,000 ha of its forests in the next two years. The forest and hunting areas to be offered are of various sizes and spread over all of Austria. By law, profits from sales are earmarked for USE in the forest sector. However the federal government is raising money indirectly by selling lakes to the FF.

Forestry in the Overall Economy

The positive development of the economy has influenced forestry in recent years. The total gross value of forest production rose from AS12.4 billion in 1996 to AS13.6 billion in 1999. Forestry accounts for slightly more than one fifth of total agricultural and forestry production and thus constitutes an important income source for many farmers, particularly mountain farmers. Forestry contributes around 0.3% to GDP.

Forestry Support

Support for forestry is only a fraction of that for agriculture. In 1999, the total volume of supported measures was AS 462.6 million, up 3% from 1998. Of the total amount 54% came from the Federal budget, 33% from the provincial governments and 13% from the EU. The major share of the funds was USED. for afforestation, road construction, and torrent control. Support was also provided for high altitude afforestation, care of protection forests, and cable car construction. Only torrent control is co-financed by Brussels.

The 2000 forestry budget proposal is AS 461 million and for 2001 the same amount is expected.

Forest Condition

According to the results of the annual forest survey, the condition of Austrian forests has stabilized in the last 5 years. In the 1999 survey, around two thirds of the test trees did not have any crown density loss. Larches and European spruces are in best condition; 72.2% and 70.6% respectively show no reduced crown density. However, the condition of firs and oaks has not improved and thus is still unsatisfactory.

Pan European Forest Certification (PEFC)

The working group PEFC Austria, consisting of representatives of the forest industry, forest trade, and the umbrella organization of 34 Austrian environmental organizations (OGNU) worked out conditions for wood certification according to the requirements of "PEFC Europe". The system, recently approved by "PEFC Europe", includes 9 regions and has been adapted to the small structured of Austrian forestry. Forest products with the PEFC logo will indicate that the product comes from sustainably managed forests.

FOREST PRODUCT						
STRATEGIC INDICATOR TABLES FOR Austria						

(Please do not add/delete rows or columns -- note and other info must be added below row 110 -- thank you!)						
CONSTRUCTION MARKET						
Country:	Previous	Current	Following			
Report Year:	Calendar Year	Calendar Year	Calendar Year			
Total Housing Starts (thousand units)						
--of which, wood frame (thousand units)						
--of which, steel, masonry, other materials (thousand units)						
--of total starts, residential (thousand units)						
----of residential, single family (thousand units)						
----of residential, multi-family (thousand units)						
--of total starts, commercial (thousand units)						
Total Value of Commercial Construction Market ($US mil)						
Total Value of Repair and Remodeling Market ($US million)						
FURNITURE & INTERIORS MARKET						
Country:	Previous	Current	Following			
Report Year:	Calendar Year	Calendar Year	Calendar Year			
Total Housing Starts (number of units)						
Total Number of Households)						
Furniture Production ($US million)						
Total Furniture Imports ($US million)						
Total Furniture Exports ($US million)						
Interiors Market Size ($US million)						
MATERIAL HANDLING MARKET						
Country:	Previous	Current	Following			
Report Year:	Calendar Year	Calendar Year	Calendar Year			
Total Value of Industrial Output ($US million)						
New Pallet Production (million units)						

FOREST AREA						
Austria	Previous	Current	Following			
Report Year: 2000	Calendar Year	Calendar Year	Calendar Year			
Total Land Area (million hectares)	8	8	8			
Total Forest Area (million hectares)	4	4	4			
--of which, Commercial ('000 hectares)	3	3	3			
----of commercial, tropical hardwood ('000 hectares)	0	0	0			
----of commercial, temperate hardwood ('000 hectares)	1	1	1			
----of commercial, softwood ('000 hectares)	2	2	2			
Forest Type						
--of which, virgin ('000 hectares)	0	0	0			
--of which, plantation ('000 hectares)	0	0	0			
--of which, other commercial (regrowth) ('000 hectares)	0	0	0			
Total Volume of Standing Timber (thousand cubic meters)	1,300,000	1,300,000	1,300,000			
--of which, Commercial Timber ('000 cum)	998	998	998			
Annual Timber Removal ('000 cum) 1/	19,500	19,500	19,500			
Annual Timber Growth Rate ('000 cum)	27,300	27,300	27,300			
Annual Allowable Cut ('000 cum)	N/A	N/A	N/A			
1/ If Removals exceeds growth rate, analyze impact in text.						
WOOD PRODUCTS SUBSIDIES						
Country: Austria	Previous	Current	Following			
Year of Report 2000	Calendar Year	Calendar Year	Calendar Year			
Total Solid Wood Export Subsidy Outlay ($US million)	0	0	0			
Is there a ban on the export of logs, lumber, or veneer? 1/	NO	NO	NO			
Are there export taxes (yes/no)? 2/	NO	NO	NO			
Total Wood Production Subsidy ($US million)	0	0	0			

Scope (thousands of hectares)						
Are there other wood products export expansion activities? 1/	NO	NO	NO			
1/ If yes, describe in report.						
2/ If yes, identify in Tariff and Tax Strategic Indicator Table.						
FOREST PRODUCT TARIFFS AND TAXES (percent)		Tariff	Tariff	Other		
Country:	Product	Current	Following	Import	Total Cost	Export
Report Year:	Description 1/	Year	Year	Taxes/Fees	of Import 2/	Tax
4401						
4403						
4404						
4405						
4406						
4407						
4408						
4409						
4410						
4411						
4412						
4413						
4414						
4415						
4416						
4417						
4418						
4419						
4420						
4421						
4422						
4423						
4424						
4425						

Pre-fabricated Houses, a subsection under chapter 96						
1/ Insert additional lines for Commodity tariff identification should tariffs vary within the four-digit designation						
for major products exported by the U.S. (e.g., 4412.19: softwood plywood 3%, 4412.XX: other plywood, 9%).						
2/ Calculate as tariff plus other import taxes/fees assuming a commodity value of $100.						

B. Solid Wood Products Situation/Outlook

Roundwood

PSD Table						
Country	Austria					
Commodity	Softwood Logs				1000 CUBIC METERS	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Production	8100	7583	0	7500	0	7750
Imports	4100	5746	0	5810	0	5770
TOTAL SUPPLY	12200	13329	0	13310	0	13520
Exports	620	603	0	450	0	650
Domestic Consumption	11580	12726	0	12860	0	12870
TOTAL DISTRIBUTION	12200	13329	0	13310	0	13520

Forest Enterprises

The Austrian forestry sector is made up of mostly small land holders. Of the total 207,000 forest entities, 92.3% have a size of 50 ha or less. 0nly 1.2% are larger than 200 ha. As in agriculture, there is a structural cleansing, which however is more moderate.

More than 50% of the annual wood harvest comes from enterprises smaller than 200 ha. Most of it is produced by family members of small farmers owning in addition to agricultural land 2 - 20 ha forests. Due to low levels of mechanization, harvesting costs are around 40% higher than for large enterprises.

Log Prices

In contrast to lumber prices, log prices rose only moderately in the 1997 - 1999 period. The average price of the main log type European spruce rose from AS 1,025/cubm in 1997 to AS 1,095 in 1999. The heavy storm "Lothar" of December 26, 1999, caused heavy damage to forests in Germany, France and Switzerland. As a consequence, the large availability of damaged wood put pressure on Austrian wood prices. In January 2000, the price for European spruce decreased to AS 1,081/cubm (-2%) and in August it was down at AS 1,006/cubm (- 8%). Some price recovery is expected in 2001.

Felling Rate

Due to large stocks, the 1998 felling rate dropped 4.8% compared to 1997. However in 1999, high demand stepped up the felling rate by 0.4% to 14.1 million cubm. With 20.1% (-0.9%) of the total wood harvest, the share of damaged wood was below the average of the last 5 years. Due to rising log consumption, 1999 ending stocks were 12% below those of the end of 1998.

In 2000, the felling rate is expected to decrease by 1 - 2% because of lower log prices. As in previous years, around 85% will be soft and 15% hardwood. In 2001, the general economy should continue to do well and wood consumption should rise slightly. The large availability of damaged wood in the aforementioned countries will probably be sold by the end of 2000 and therefore positive price developments are expected. Thus, a rise in felling rate is also expected in 2001.

Softwood Lumber

PSD Table						
Country	Austria					
Commodity	Softwood Lumber				1000 CUBIC METERS	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Production	8300	9530	0	9960	0	10060
Imports	900	1035	0	1110	0	1121
TOTAL SUPPLY	9200	10565	0	11070	0	11181
Exports	4800	5626	0	6070	0	6131
Domestic Consumption	4400	4939	0	5000	0	5050
TOTAL DISTRIBUTION	9200	10565	0	11070	0	11181

Sawmills

In the Austrian sawmill sector significant changes are taking place. Sharp competition reduced the number of sawmills from 5,100 in 1950 to 1,550 in 1999. However, the structural cleansing is far from over. Particularly, the large number of small mills, estimated at 1,300, will decline. Nevertheless, many small companies will survive through specializing on niche products.

While the number of sawmills declined, milling capacities of remaining companies were significantly expanded. From 1950 to 1999, the lumber output rose from 4,000 cubm to nearly 10,000 cubm. Annual investments for modernization and capacity expansion are in general high. Due to the good economy, 1999 investments were AS 5.5 billion, up 400% from 1998. In 2000, investments of AS 3 billion are expected.

At present, there are around 1,550 sawmills occupying 9,500 employees. The majority of the companies is small and has only 10 employees.

Until two years ago, all sawmills were in Austrian hands. Some of the large mills even own daughter firms in Germany and central European countries. However, in fall 1998, Austria's largest sawmill, Schweighofer, merged with Enso Timber, one of Finland's largest sawmills. The new company is now regarded as the world's second largest lumber concern.

Production and Consumption

The good economic situation in Austria and in export destination had a positive effect on the sawmill industry. In 1999, the lumber production (by-products not included) reached 9.530 million cubm, up 12% from 1998. As usual, only about 2% was hardwood lumber. Due to higher prices, the value of total lumber production rose to AS 22.9 billion, up

13% from 1998.

In 2000, GDP will probably rise 3.5% and intensive construction activities should drive up lumber consumption. In 2001, the economy is expected to continue on a high level, but the GDP rise will probably be smaller. In the construction sector only a small increase of about 1% is expected; the main investments will be in underground construction. Thus, in 2001, only a small rise in lumber consumption is expected. Given these facts, the 2000 production will probably show a distinct rise (around 4%) whereas the 2001 lumber output should rise only slightly.

Prices

SWL prices have been fairly stable. The average price of AS 2,187/cubm at the beginning of 1999 decreased slightly towards the middle of the year but rose later to AS 2,198/cubm. In the first months of 2000 prices dropped again. In April, the average price was AS 2,164/cubm. Since summer, prices of most SWL assortments intended for Italy, Austria's main export market, have declined by about AS 50/cubm.

Due to the improved economic situation in wood importing countries (particularly due to the booming construction sector in Germany and Great Britain), lumber consumption should increase in 2000. A further reason for the expected consumption rise is Italy's reduction of the VAT rate for construction improvements from 20% to 10%. On the other hand the large exports of Scandinavian producers and of the new large sawmills in Germany will result in heavy price pressure.

Trade

A. Overview/Outlook

Softwood Logs

Import Trade Matrix			
Country	Austria		
Commodity	Softwood Logs		
Time period	1998	Units:	1999
Imports for:		1000 cubm	1
U.S.		U.S.	
Others		Others	
Germany	1771	Germany	2009
Germany	1116	Czech Republic	1523
Ungarn	416	Slovakia	456
Slovakia	229	Russia	428
Russia	165	Hungary	373
Sweden	48	Sweden	106
Poland	29	Poland	42
Switzerland	24	Switzerland	39
Finland	22	Finland	19
Slovenia	13	Slovenia	7
Total for Others	3833		5002
Others not Listed	126		744
Grand Total	3959		5746

Export Trade Matrix			
Country	Austria		
Commodity	Softwood Logs		
Time period	1998	Units:	1999
Exports for:		1000 cubm	1
U.S.	3	U.S.	0
Others		Others	
Italy	500	Italy	522
Slovenia	33	Slovenia	35
Germany	14	Germany	26
Japan	3	Switzerland	2
Switzerland	1	Canada	3
Total for Others	551		588
Others not Listed	21		15
Grand Total	575		603

Softwood Lumber (SWL)

Import Trade Matrix			
Country	Austria		
Commodity	Softwood Lumber		
Time period	1998	Units:	1999
Imports for:		1000 cubm	1
U.S.	2	U.S.	2
Others		Others	
Czech Republic	327	Czech Republic	427
Germany	187	Germany	225
Finland	86	Finland	84
Slovakia	55	Russia	80
Russia	53	Slovakia	64
Sweden	37	Hungary	32
Hungary	21	Sweden	22
Polen	8	Canada	5
Canada	8	Italy	3
Slovenia	5	Switzerland	3
Total for Others	787		945
Others not Listed			88
Grand Total	789		1035

Export Trade Matrix			
Country	Austria		
Commodity	Softwood Lumber		
Time period	1998	Units:	1999
Exports for:		1000 cubm	1
U.S.	117	U.S.	177
Others		Others	
Italy	3170	Italy	3578
Germany	605	Germany	638
Japan	258	Japan	480
Slovenia	151	Slovenia	191
Switzerland	120	Switzerland	123
Czech Republic	14	Hungary	16
Hungery	8	Czech Republic	12
France	6	France	8
Slovakia	1	Slovakia	3
Sweden	1	Poland	1
Total for Others	4334		5050
Others not Listed	301		399
Grand Total	4752		5626

According to the sawmiller association, Austria is (after Canada, Sweden, and Finland) the fourth largest softwood exporter in the world.

In 1999, SWL export increased significantly (+18%) compared to 1998. Due to improved export prices the export value rose 22% to AS 13.5 billion. The main share went to Italy, which absorbed around two thirds of Austria's total exports. Deliveries to this country rose by 13% compared to 1998. After a considerable drop in 1998, Austria succeeded in gaining market share in Germany. However, Asian (particularly Japanese market), increased imports from Austria. Exports to the U.S. were relatively small but rose 51%.

Exports in 2000 are again positive but gains for the year are expected to be moderate. However, in the first half exports rose 12.5% compared to the same period of 1999. Shipments to the main outlet market, Italy, rose 11%, Germany 16%, Japan 3%, and the U.S. - despite the strong dollar - 7%. In the second half, shipments are expected to slow down.

In 2001 exports are should rise only slightly. Sawmillers expect a decline in the Italian economy, which should have significant impact on Austria’s exports. The expected slow down of the Japanese economy will make it difficult to maintain export levels. In addition, a decline in deliveries to the U.S. are expected. There is also little expectation for deliveries to the near East, despite high oil prices. At present, main competitors on this market are Romania, Chile and Germany.

In 1999 SWL imports rose continuously. Due to the high demand, total SWL imports rose more than 20% compared to 1998. Austria’s eastern neighbors supplied about half of total imports. Shipments from Russia (+50%) and Germany (+20%) increased significantly whereas those from Sweden and Finland dropped.

The rise in imports continued in the first half of 2000 (+13%) and should result in a considerable rise the entire year. The main suppliers, the Czech Republic and Germany, stepped up
deliveries, whereas imports from RUSSIA declined. For 2001 a small import rise is expected.

Particle Board
The particle board industry stepped up production in 1999 (output 1,85 million cubm, i.e. +3%). However, due to high demand by the domestic construction sector, exports decreased to 1,18 million cubm (-4%) whereas imports rose by 26% to 318, 000cubm. In 2000, particle board trade should rise again. In the first half of 2000, exports rose 30% and imports 20%. Particle board trade in 2001 will be at the 2000 levels.

Veneer
Trade in veneer is small by volume (in 1999: exports 10,800 MT (+10%), imports 13,500 MT (-7%)), but high by value. The 1999 exports accounted for AS 490 million and imports for AS 540 million. About half of veneer imports come from Germany. In 2000, veneer imports may rise 10%.

Plywood
In 1999, 188,000 cubm plywood (+5%) was exported and 132,000 cubm (+9%) was imported. The only relevant markets were Germany, Italy, and Switzerland. In 2000, exports to these countries should rise by more than 10%. Imports coming mainly from Germany, Finland and the Czech Republic are expected to rise by about 6%.

Pallets
Austria is a net importer of pallets since these products are cheaper in Poland, Czech Republic, Scandinavia and Hungary.

Austria is an EU member; thus, EU import regulations are applied.

B. Competition

The Austrian wood promotion organization "Pro Holz" promotes Austrian forest products on the domestic market and abroad " in cooperation with the economic chamber.

In recent years only the American Plywood Association (APA) has carried out promotions on the Austrian market. In 2000, APA, in cooperation with other roof construction material manufacturers carried out 5 well visited seminars for wood builders. For spring 2001, again such seminars are planned.

There are no forest product promotions carried out by other countries.

C. Market Development Strategies

For normal SWL, the U.S. probably cannot compete with European countries which have the advantage of cheaper freight costs. Although Austria is the world's fourth largest SWL exporter, relatively large quantities are imported. Main suppliers are Germany and Finland and for lower qualities central European countries, particularly Czech Republic. U.S. exports to Austria are probably limited to specialty items like lumber made from pine from slow growing regions intended for window and door frames. Such lumber and shingles are also imported from Canada. The quantity of hardwood lumber coming from the U.S. is much larger (2,000 cubm in 1999) than that of SWL (6,000 cubm in 1999). These imports are relatively stable.

Occasionally, small quantities of hardwood logs and special softwood logs are imported from the U.S. Promotion of these products would not increase imports significantly.

By and large there are also few opportunities for particle board from the U.S.. The major share of domestic consumption is produced within the country, low quality products are imported at low prices from Central European countries and high quality products are imported duty free from other EU countries.

There are probably greater market opportunities for hardwood veneers. After several years of no imports from the U.S., in 1999, around 1,000 MT came from the States. In 2,000, these imports may double.

There are also some market opportunities for plywood, particularly since wood house construction is increasing. However, at present, the strong dollar, strong competition from Brazil, and competing oriented strand boards (OSB) make U.S. plywood exports difficult. For unpolished plywood, the U.S. has a duty free EU quota of 650,000 cubm. Non-quota plywood is subject of 6.5% import duty.

In general, the U.S. faces heavy competition in the Austrian forest product market. Domestic production of wood products is large and of high quality. Other high quality products from other EU countries can enter the country without import duty. Neighbor central European countries can supply a large assortment of forest products at lower prices. The U.S., the main chances for U.S. exporters are in sectors which Europeans cannot supply such as dense woods or products made from them.