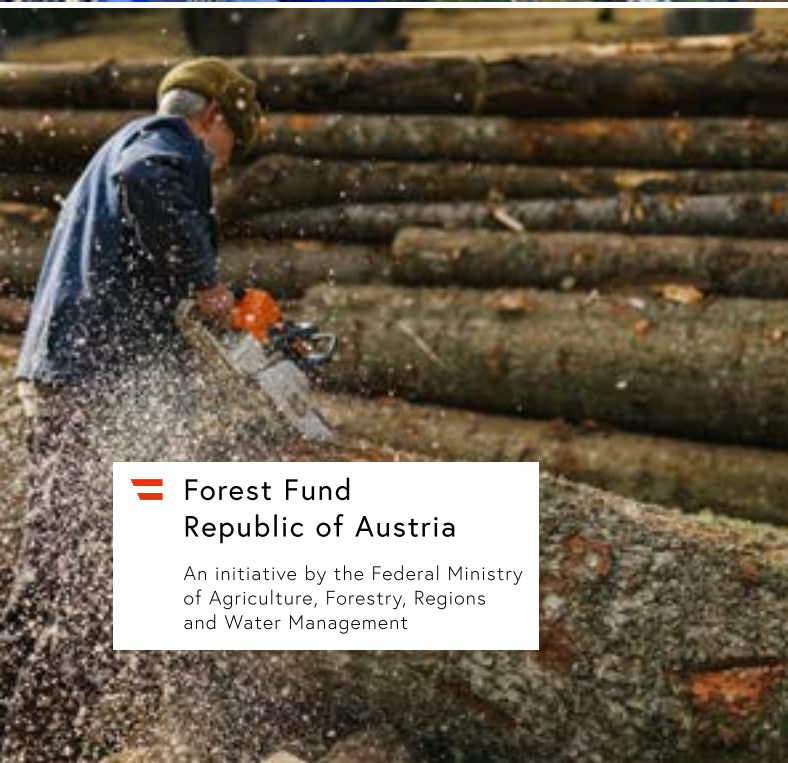


# Forestry and Wood Industry in Europe



 **Forest Fund**  
**Republic of Austria**

An initiative by the Federal Ministry  
of Agriculture, Forestry, Regions  
and Water Management

**FHP**   
FORST HOLZ PAPIER



# Forests are the basis for the wood value added chain in Europe

**However, the importance of the forestry and wood industry for creating value added, purchasing power, and employment is vastly underestimated.**

This is because the entire extensive wood value network that extends from raw materials to processed, higher-grade, and high-quality intermediate and end products has not been mapped out.

The forestry and wood industry is cross-sectoral, which means its economic contribution to the national economy is spread across many different sectors. Many smaller elements concealed in less overt economic activities are often not accounted for and their economic contribution is significantly underestimated.

**Study:** together with the Cooperation Platform Forest-Wood-Paper (FHP), the Federal Ministry of Agriculture, Forestry, Regions and Water Management commissioned the first study on the significance of the forestry and wood industry throughout Europe. The effects of the forestry and wood industry on value creation and employment were investigated by means of collaboration at a European level.

**Methodology:** creating a *forestry and wood satellite account* made it possible to report and quantify all wood-related sectors of the economy in a form that is consistent with the National Accounts.

**Data pool:** the calculations are based on data from the reference year 2019.

## **Geographic scope:**

the study spans a total of 30 European states (EU-27, Norway, Switzerland, United Kingdom)



## 30 European states

(EU-27, Norway, Switzerland, United Kingdom)

a prospering economic area with > 15,000 billion euros in value added and > 250 million employees

### 527 bn euros

direct gross value added

### 1,114 bn euros

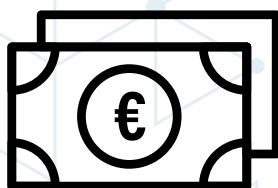
total gross value added  
(direct, indirect, and induced)

### 3.34 %

direct share of  
total economic output

### 7.06 %

total share of overall  
economic output



### 1 in 16 euros

is generated directly or indirectly by  
the forestry and wood industry

### 7.9 million

direct jobs

### 17.5 million

total jobs



### 1 in 16 jobs

is generated directly or indirectly by  
the forestry and wood industry

## Harmonised definitions

The study involved the development of a harmonised definition of the forestry and wood industry that was agreed upon throughout Europe.

## Data from 30 states & 65 economic sectors

All “wood-related” economic activities and goods are reported consistently and within the scope of the National Accounts by means of satellite accounts.



Forestry products and services

### Forestry:

all goods and services related to the provision of wood.



Sawmilling, planing, and impregnation of wood  
Manufacture of pulp, paper, and paperboard

### Forestry and wood industry in the narrowest sense:

forestry + all sectors that purchase intermediate goods directly from the forestry sector.



### Forestry and wood industry in the narrow sense:

forestry and wood industry in the narrowest sense + all sectors that receive intermediate goods directly from enterprises covered by the narrowest definition.

Services for the reproduction of recorded sound, images, and data carriers, printing services  
Chemical products, manufacture of furniture, manufacture of other goods (e.g., toys, musical instruments...)  
Construction industry, building installation work, and other finishing work  
Publishing services



### Forestry and wood industry in the broader sense:

forestry and wood industry in the narrow sense + all sectors that purchase intermediate goods directly from enterprises in the narrower sense or are thematically linked to the forestry and wood industry.

Services for the collection, treatment, and disposal of waste, as well as for its recovery  
Wholesale and retail trade services, Research and development services  
Warehousing services and other transport support services  
Public administration, defence, and social security services  
Education and teaching services

## Value chain:



## Gross value added

As a National Accounts indicator, this is defined as the total value of goods and services produced in the manufacturing process (gross production value) minus the value of goods and services consumed, processed, or transformed in the manufacturing process (intermediate goods). In other words, the gross value added measures the amount that is available for remunerating the production factors labour (wages and salaries) and capital (profit, interest on borrowed capital, and depreciation).

## Indirect effects

These emerge from intermediate goods ties of the company in question to other sectors of the upstream value chain (e.g., by purchasing raw materials, auxiliary materials and fuels, electricity, etc.—this stimulates final demand in these sectors, which in turn require intermediate goods, etc.).

## Induced effects

The jobs created or secured as a result of direct and indirect effects generate income, which is subsequently re-spent by the employees (mainly for the purposes of consumption). This stimulates final demand in the relevant sectors (especially in retail). The entrepreneur's profit is also reinvested, which leads to further economic impetus.

## Total effects

Calculated as the sum of direct, indirect, and induced effects.

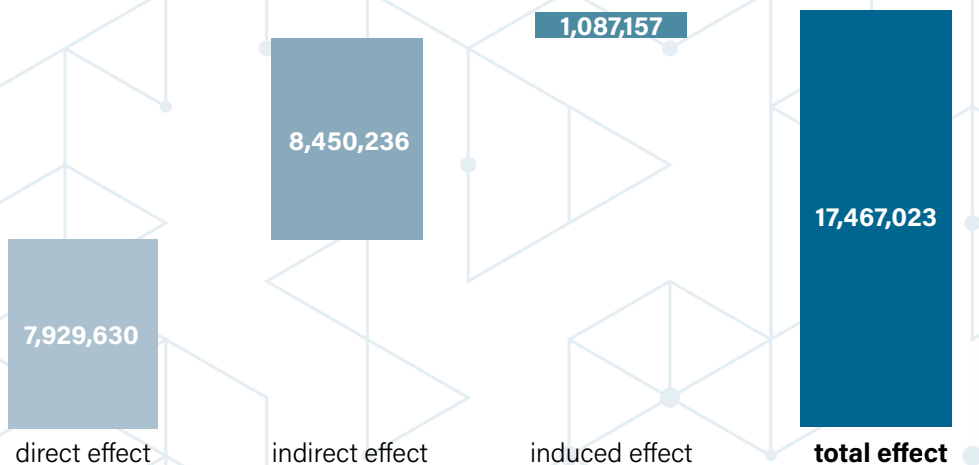
## Value added & employment for Europe-30

The overall economic importance of the forestry and wood industry has been underestimated to date!

**Forestry and wood industry  
in the broader sense, in 2019, in persons**  
Employment effects (Europe-30)



This roughly equates  
to the population of the  
Netherlands in 2020



### Every job

generates or secures another 1.2 jobs  
outside of the forestry and wood industry.

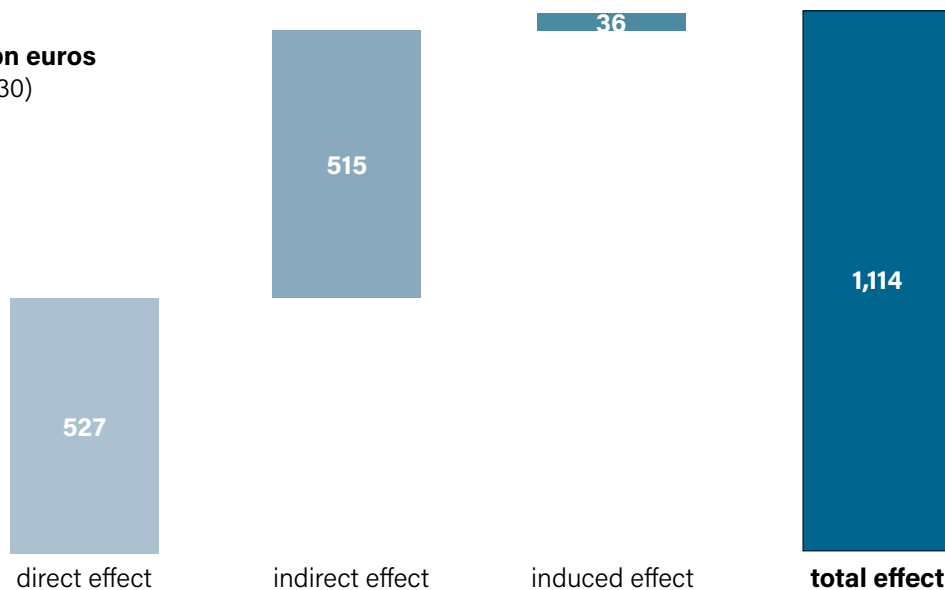
### On average, 6% of employees

are directly or indirectly employed by the forestry and  
wood industry across the 30 countries.

**Forestry and wood industry  
in the broader sense, in 2019, in bn euros**  
Gross value added effects (Europe-30)



This roughly equates  
to Spain's economic  
performance in 2019



### Share of GVA:

direct: **3.34 %**

total: **7.06 %**

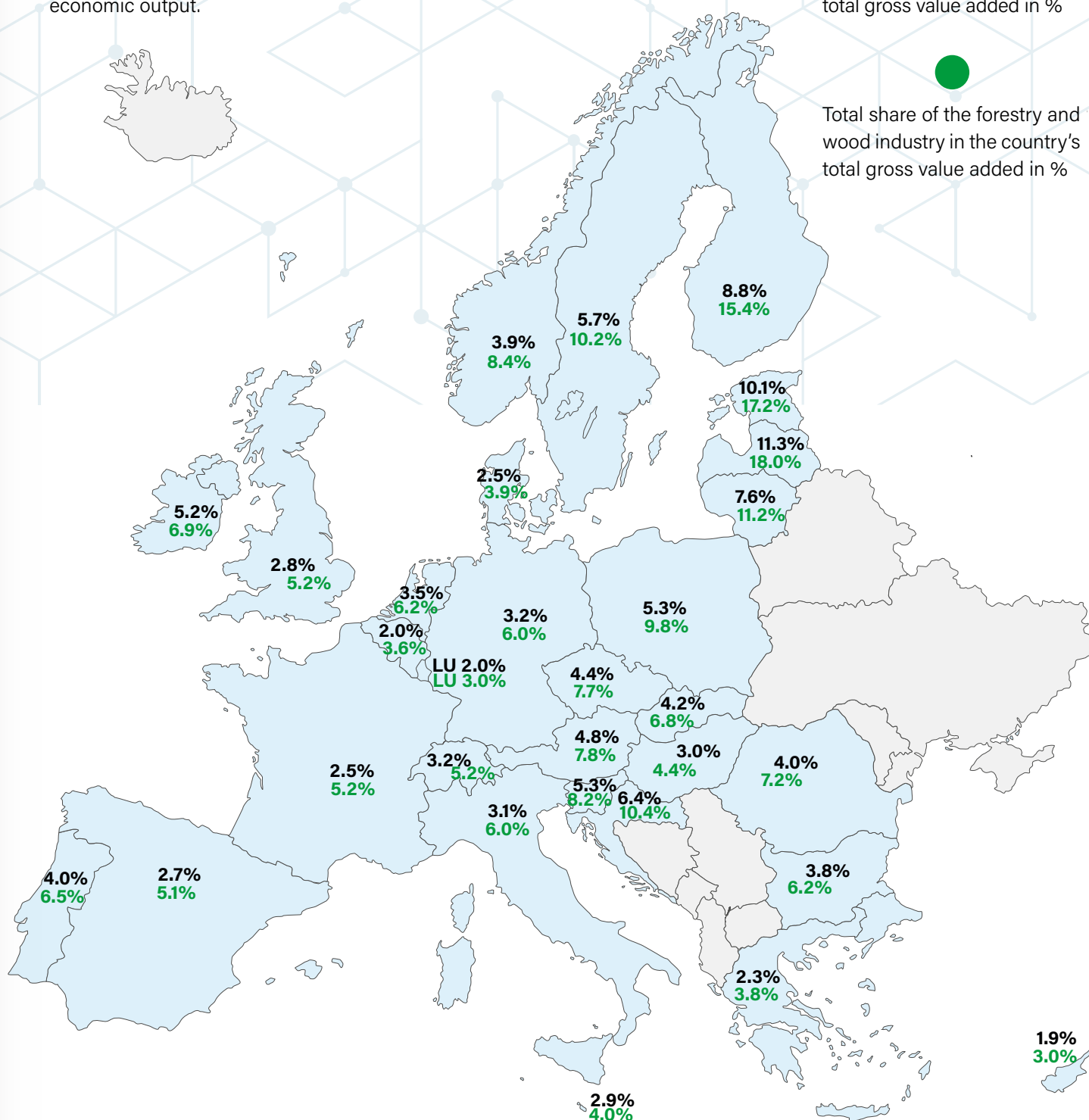
GVA multiplier: **2.11**

**The forestry and wood industry contributes significantly to Europe's economic stability.**

The map shows the country-specific (direct and total) share of the forestry and wood industry in the country's economic output.

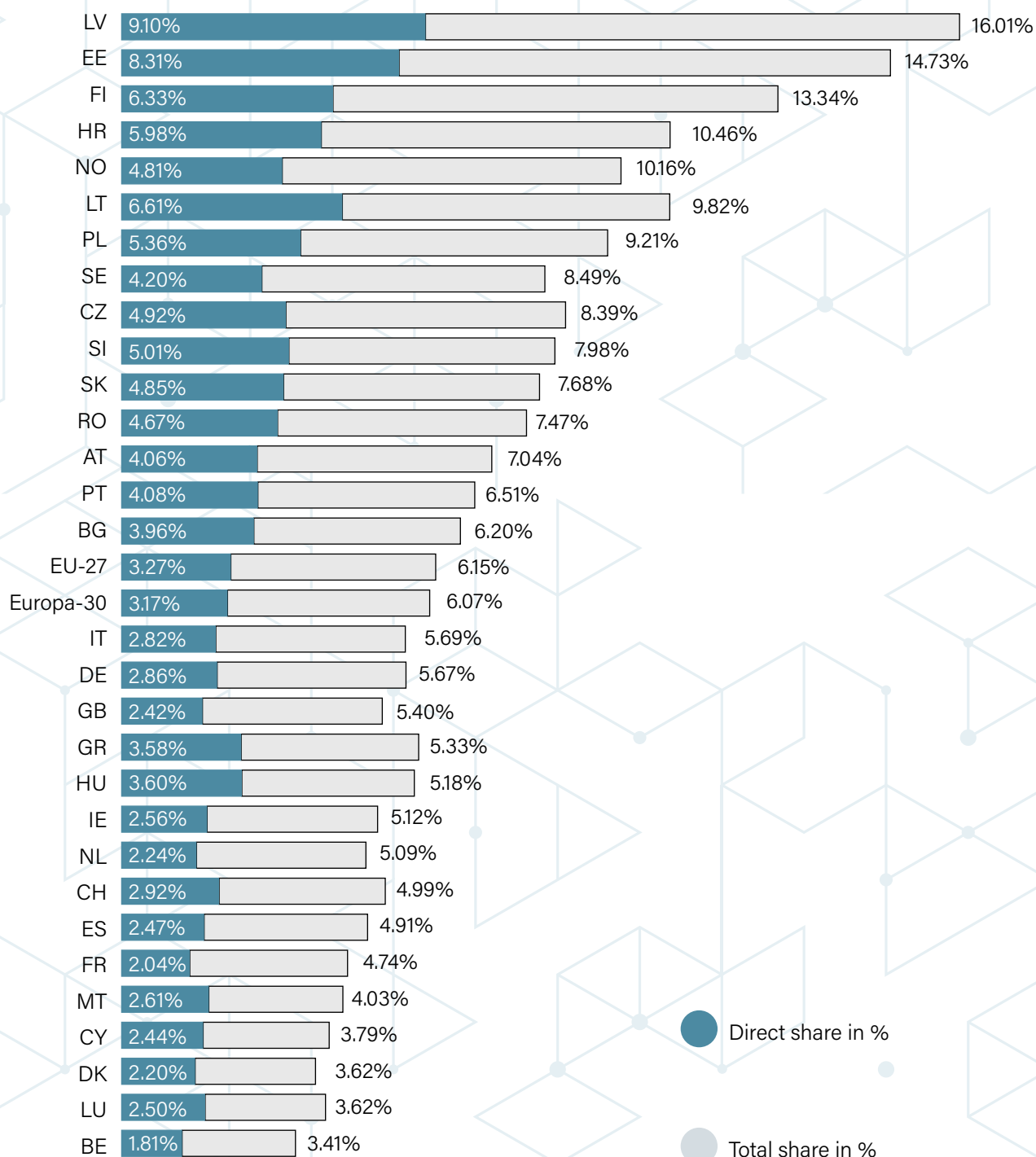
Direct share of the forestry and wood industry in the country's total gross value added in %

Total share of the forestry and wood industry in the country's total gross value added in %





## Share of the forestry and wood industry in the country's total employment





# Negative economic consequences due to a reduction in the availability of wood!

-1% logging





Disallowing the use of forest areas by means of political measures, for example, would have serious consequences for Europe's economic output and its labour market.

Reducing logging by a mere 1% would result in a loss of 10.3 billion euros in gross value added as well as around 162,000 jobs.

**-10.3 billion euros gross value added**

**-162.000 jobs**





## DIRECT EFFECTS - gross value added (in €)

Forestry		<u>- 268 m €</u>
Forestry and wood industry in the narrowest sense		<u>-1.19 bn €</u>
Forestry and wood industry in the narrow sense		<u>-3.52 bn €</u>
Forestry and wood industry in the broader sense		<u>-4.86 bn €</u>

## TOTAL EFFECTS - gross value added (in €)

<b>Forestry and wood industry in the broader sense:</b>		<u>-10.27 bn €</u>
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## DIRECT EFFECTS - employment (in persons)

Forestry		<u>-5.342</u>
Forestry and wood industry in the narrowest sense		<u>-22.762</u>
Forestry and wood industry in the narrow sense		<u>-61.400</u>
Forestry and wood industry in the broader sense		<u>-73.376</u>

## TOTAL EFFECTS - employment (in persons)

<b>Forestry and wood industry in the broader sense:</b>		<u>-161.629</u>
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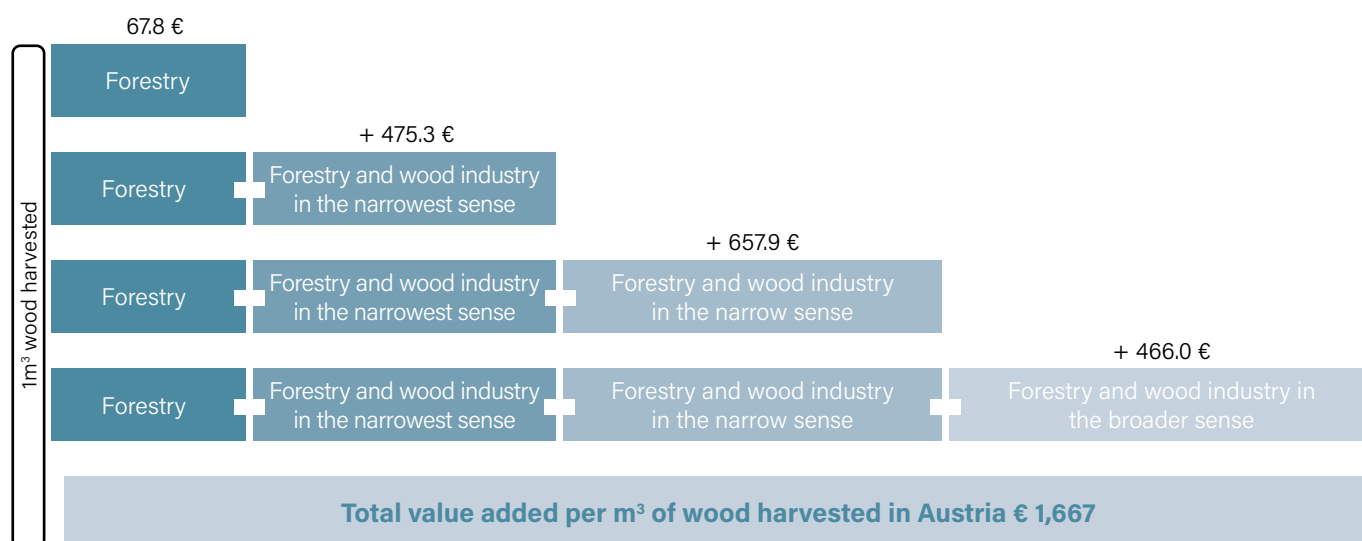
# Each cubic metre harvested counts

## 1 cubic metre of wood harvested in Austria

**= up to 1,667 euros of gross value added for the local economy**

An illustration of the value added per cubic metre of wood harvested in Austria at each stage of the value chain demonstrates the importance of considering the overall economic impact throughout the entire value chain. The increasing intensity of value added in the downstream stages of the value chain means that from around 67.8 euros of value creation in forestry per cubic metre of harvested wood, up to 1,667 euros can be generated throughout the entire value chain.

### Total effects





The forestry and wood sector is one of the most important economic sectors in Austria. The Cooperation Platform Forest-Wood-Paper (FHP) is the glue that keeps the entire sector together. FHP was founded in 2005, aiming to establish a network within the wood industry and clearly define the interfaces between the market partners. All partners in the local forestry and wood industry are rooted in this project together, shoulder to shoulder and on an equal footing.

#### **FHP member organisations:**

- Austropapier – Association of the Austrian Papier Industry
- Association of the Austrian Wood Industries
- Association of the Austrian Papier Industry
- Austrian Land and Forest Owners' Association
- Austrian Chamber of Agriculture
- Austrian Forest Owners' Cooperative

#### **Associate members and project partners**

- Austrian Association of Forest Entrepreneurs
- Federal Guild of Timber Construction
- Federal Committee of the Timber and Construction Materials Trade

FHP is an alliance unique to Europe. It is a co-ordination and work platform for industry issues, which aims, among other things, to safeguard and increase the production and use of wood. This is done, for example, by positioning timber construction as the driving force behind the entire sector. Achieving these goals requires involving and convincing the business community, politicians, and the population as a whole.



#### **The Austrian Wood Initiative**

The Austrian Wood Initiative, which is being implemented within the framework of the Austrian Forest Fund, comprises a wide range of specific measures to strengthen the material and energetic use of wood as a domestic raw material. These range from the design of political, legal, and financial frameworks to the promotion of timber construction, innovation, education and training, communication, and the generation of energy using wood. The aim of the Wood Initiative is to safeguard the previous successes of the economically significant forestry and wood sector and to give fresh momentum to research, training, and the transfer of technology. The objective is for innovative products and technologies within the scope of the bioeconomy and the circular economy, as well as technical solutions and services, to make a positive contribution to the resource and energy transition, while at the same time securing jobs in the regions.



#### **PEFC certified**

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Econmove, Economica (2023) The economic impact of the forestry and wood industry in Europe in terms of bioeconomy, Vienna

#### **Accessible at:**

[www.forstholtzpapier.at](http://www.forstholtzpapier.at)

[www.bml.gv.at](http://www.bml.gv.at)

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