

# Global Timber and Wood Products Market Update

*- a news brief from Wood Resources International LLC*

**Sawlog prices in Austria and Germany have fallen to their lowest levels in 10 years and both countries are still major log importers of logs, reports the Wood Resource Quarterly**

*Prices for domestic and imported sawlogs in Austria and Germany have falling during 2015 and 2016 to levels not seen in ten year, reports the Wood Resource Quarterly. While domestic log prices have declined, they are still among the highest in Europe and many sawmills in the two countries have increased importation of lower cost sawlogs from neighboring countries the past few years.*

**Seattle, USA.** Softwood sawlog prices in both Austria and Germany have been in steady decline for about two years and in the 1Q/16 they reached their lowest level since 2006 (in US dollar terms), according to the Wood Resource Quarterly (WRQ). Although less dramatic, prices have also trended downward in Euro terms with average prices currently being 12% lower than two years ago.

Despite the recent price declines, sawmills in the two countries have some of the highest wood costs in Europe. The high costs for domestically sourced sawlogs have driven sawmills to increasingly source wood raw-material from neighbouring countries where log prices are lower. Germany and Austria are the second and third largest importers of softwood logs in the world and Germany in particular has increased importation substantially over the past five years. In 2008, Germany was actually a net exporter of logs of about 1.6 million m<sup>3</sup> but the flow of logs has since turned around and the country was a net importer of 5.4 million m<sup>3</sup> in 2015. The major log-supplying countries in 2015 and early 2016 have been the Czech Republic, Poland, Norway and Estonia.

Austria imported just over 6.5 million m<sup>3</sup> of softwood logs in 2015 and is on pace to reach closer to 7.5 million m<sup>3</sup> in 2016. Three countries supply about 85% of the import volume, namely the Czech Republic, Germany and Slovenia. The biggest shifts in log sourcing over the past ten years have been the sharp reduction in importation from Germany, while Slovenian imports have gone up from 180,000 m<sup>3</sup> in 2006 to 1.2 million m<sup>3</sup> in 2015.

A majority of the imports are sawlogs for the domestic lumber industry, often at lower cost than the domestic market prices, according to the WRQ ([www.woodprices.com](http://www.woodprices.com)). However, some Austrian pulp mills are also importing marginal pulpwood volumes, predominantly from Slovenia, to supplement locally sourced pulplogs and wood chips. Similarly to domestic pulplog prices, import prices have also fallen the past few years, from approximately \$90/m<sup>3</sup> in 2011 to \$60/m<sup>3</sup> in 2016.

*European lumber, sawlog and pulpwood market reporting is included in the 52-page quarterly publication Wood Resource Quarterly (WRQ). The report, which was established in 1988 and has*

*subscribers in over 30 countries, tracks sawlog, pulpwood, lumber and pellet prices, trade and market developments in most key regions around the world. **To subscribe to the WRQ**, please go to [www.woodprices.com](http://www.woodprices.com)*

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