

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

Trade of logs in Baltic Sea region fell 10% in 2015 because of substantially lower demand for softwood pulplogs in Finland and Sweden, reports the Wood Resource Quarterly

After reaching a record high in 2014, log trade in the Baltic Sea fell by 10% in 2015. Most of the decline was that of softwood pulplogs, while trade of sawlogs actually increased to reach its highest level since 2007, according to the Wood Resource Quarterly. Russia has been surpassed by the Baltic States as the major softwood log supply region.

Seattle, USA. The forest industry in the Baltic Sea region has for many decades imported large volumes of wood raw-material from their neighboring countries as a complement to their typically less costly local wood sources. For example, pulp mills in Finland and Sweden imported approximately 18% and 15%, respectively, of their wood fiber needs in 2014.

The log market in the Baltic Sea is one of the most active markets in the world with softwood log trade accounting for over 20% of global trade, and shipments of hardwood logs reaching almost 29% of world trade of temperate hardwoods in 2015. Finland and Sweden are the major importing countries, but forest companies in Germany and Poland have also been importing substantial log volumes over the past five years.

In 2014, total log trade to the Nordic countries reached a six-year high of 14.3 million m³ after five years of consecutive increases. In 2015, total shipments fell over 10% mainly because of lower demand for softwood pulplogs, according to the Wood Resource Quarterly (WRQ). Trade of softwood sawlogs on the other hand, reached its highest level since 2007 last year when 1.6 million m³ was imported primarily to sawmills in Sweden.

The major log trade flows in Northern Europe the past few years have been:

- Norway to Sweden (softwood)
- Latvia to Sweden (softwood and hardwood)
- Russia to Finland (softwood and hardwood)
- Estonia to Sweden (hardwood)

Ten years ago, Russia exported about 7.5 million m³ of softwood logs to the Nordic countries but after the introduction of the country's log export duties, shipments plunged, and over the past three years, volumes have been just over one million m³ annually. With the fall of Russian log exports, log exporters in the Baltic States stepped in and the region became the major log supplier of logs to sawmills and pulp mills in the Nordic countries and Germany. However, over the past four years, shipments of softwood logs have been in steady decline from 3.1 million m³ in 2011 to only approximately 1.3 million m³ in

2015, as reported in the WRQ.

It is interesting to note that during the same period, exports of hardwood logs from the Baltic States have fallen almost 30%, while Russia has become a more aggressive player as the weak Ruble has made Russian logs more competitive.

*Global 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***

Contact Information

Wood Resources International LLC

Hakan Ekstrom

Seattle, USA

info@woodprices.com

www.woodprices.com