

# Sawn softwood markets in Europe and CIS (Russia) in 2007

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Joint UNECE Timber Committee and  
FAO European Forestry Commission Market Discussions  
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# Sawn Softwood Chapter – Presentation Outline

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## Mathias Lundt

- Section 5.2.: Europe
- Section 5.3.: CIS (Russia)

## Russel Taylor

- Section 5.4.: North America
- Chapter Highlights 2007-2008
- Timber Committee Forecasts 2008-2009

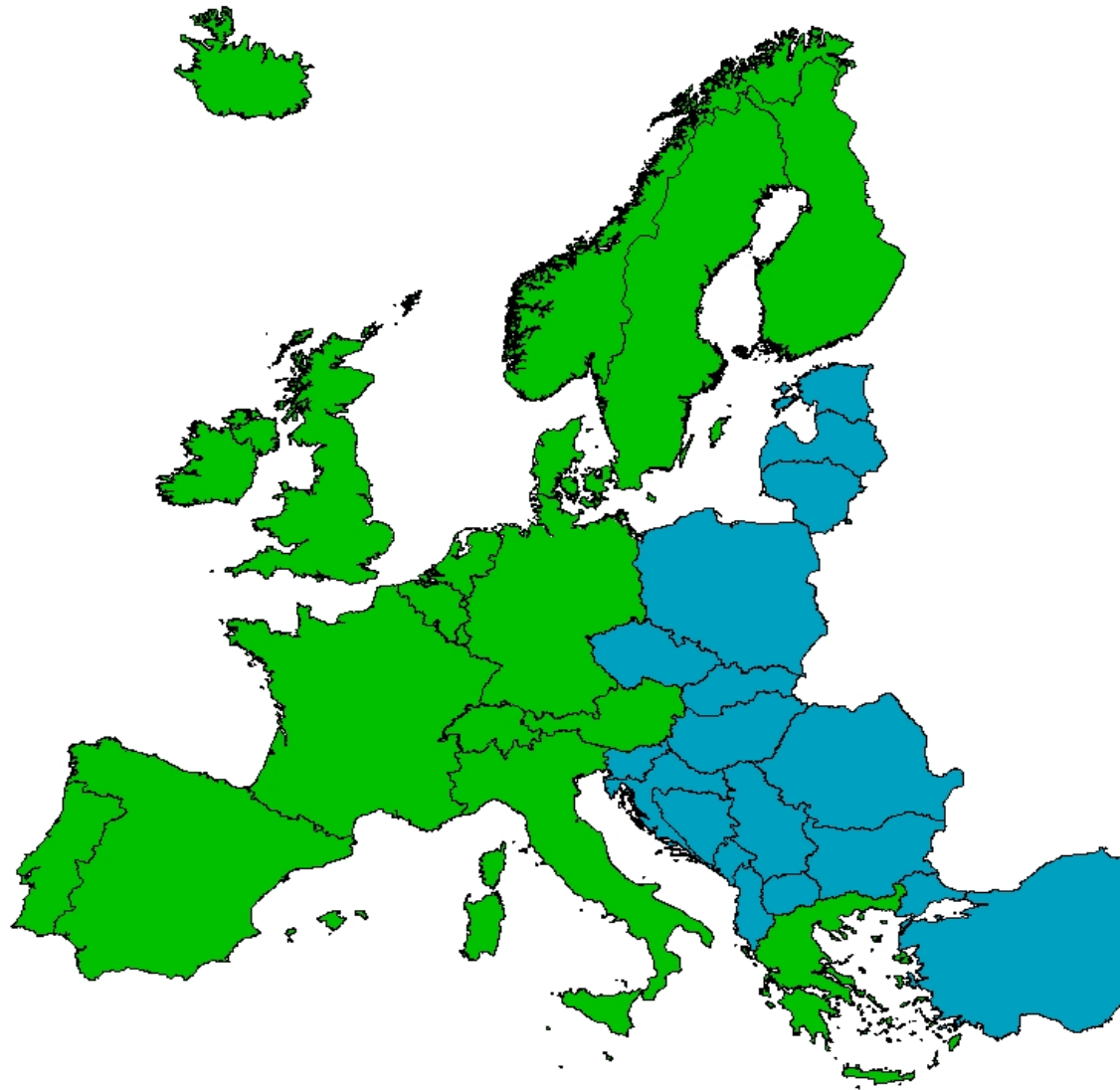


Europe

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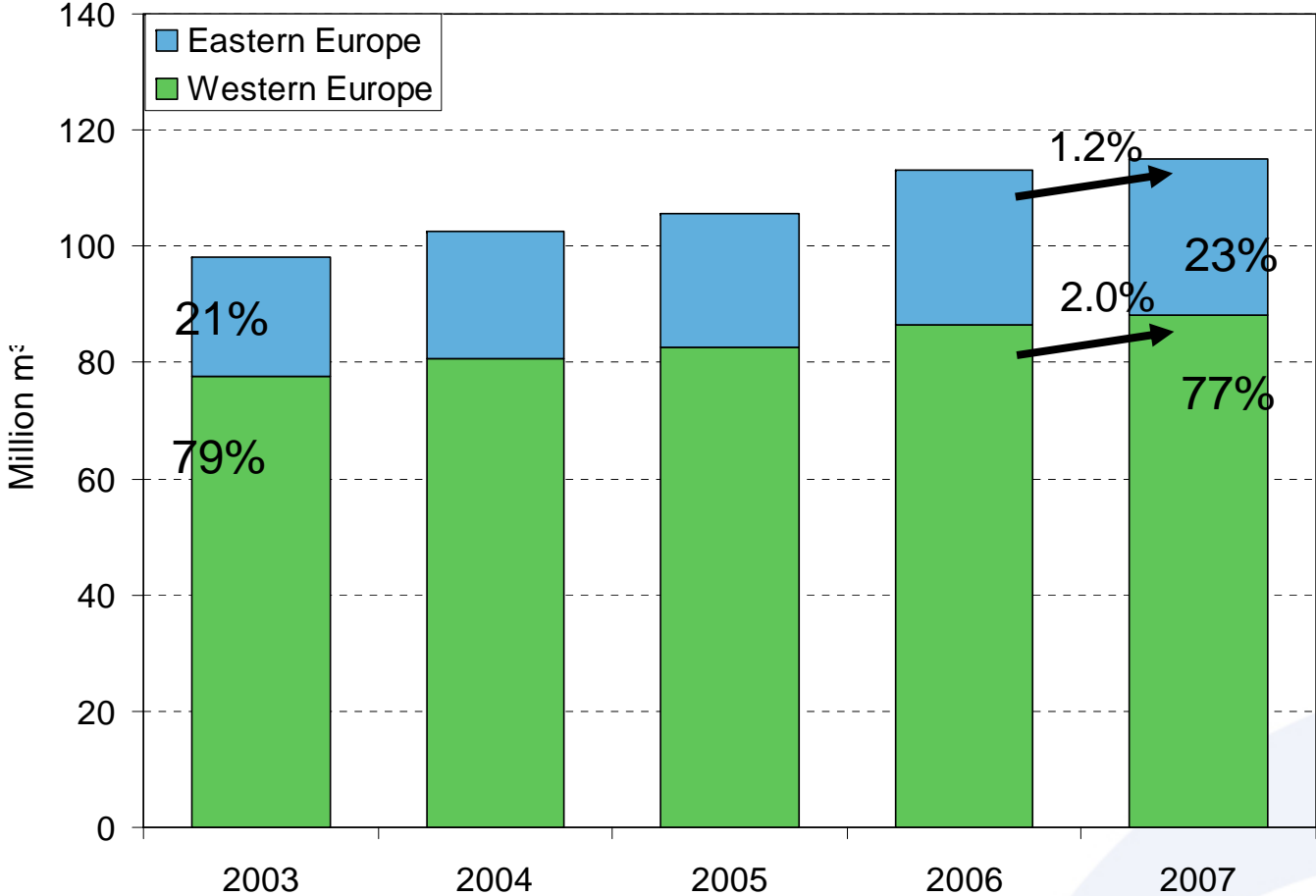
## Western Europe – Eastern Europe

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# Production – Development 2003-2007

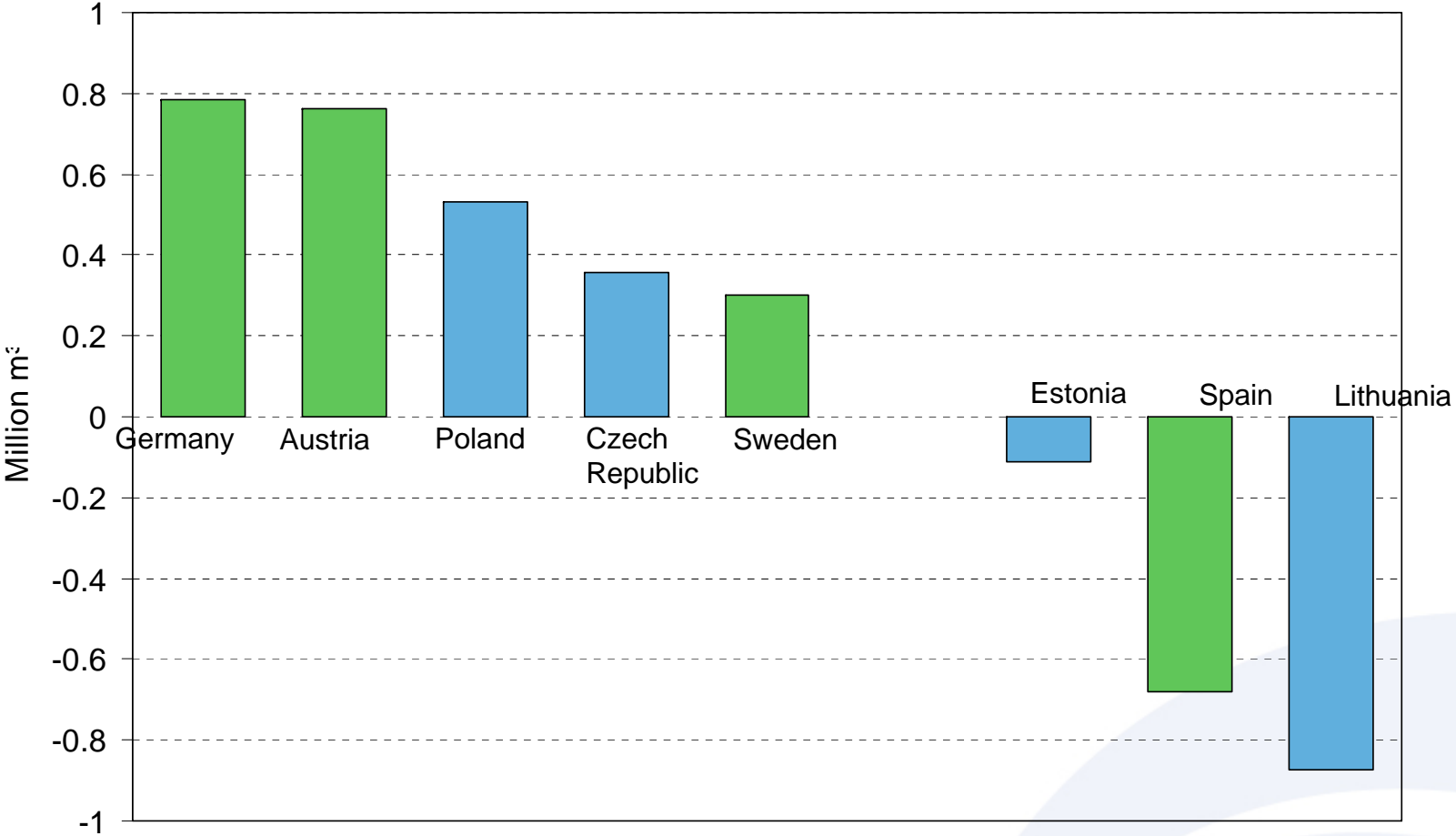
Overall European production grew by 2.1 million m<sup>3</sup> (+ 1.8%) in 2007. In contrast to the previous year when Eastern Europe outpaced Western Europe in production increase, about 84% of the growth occurred in Western Europe in 2007.



Source: UNECE/FAO Timber database 2008

# Production – Main changes 2007 vs. 2006

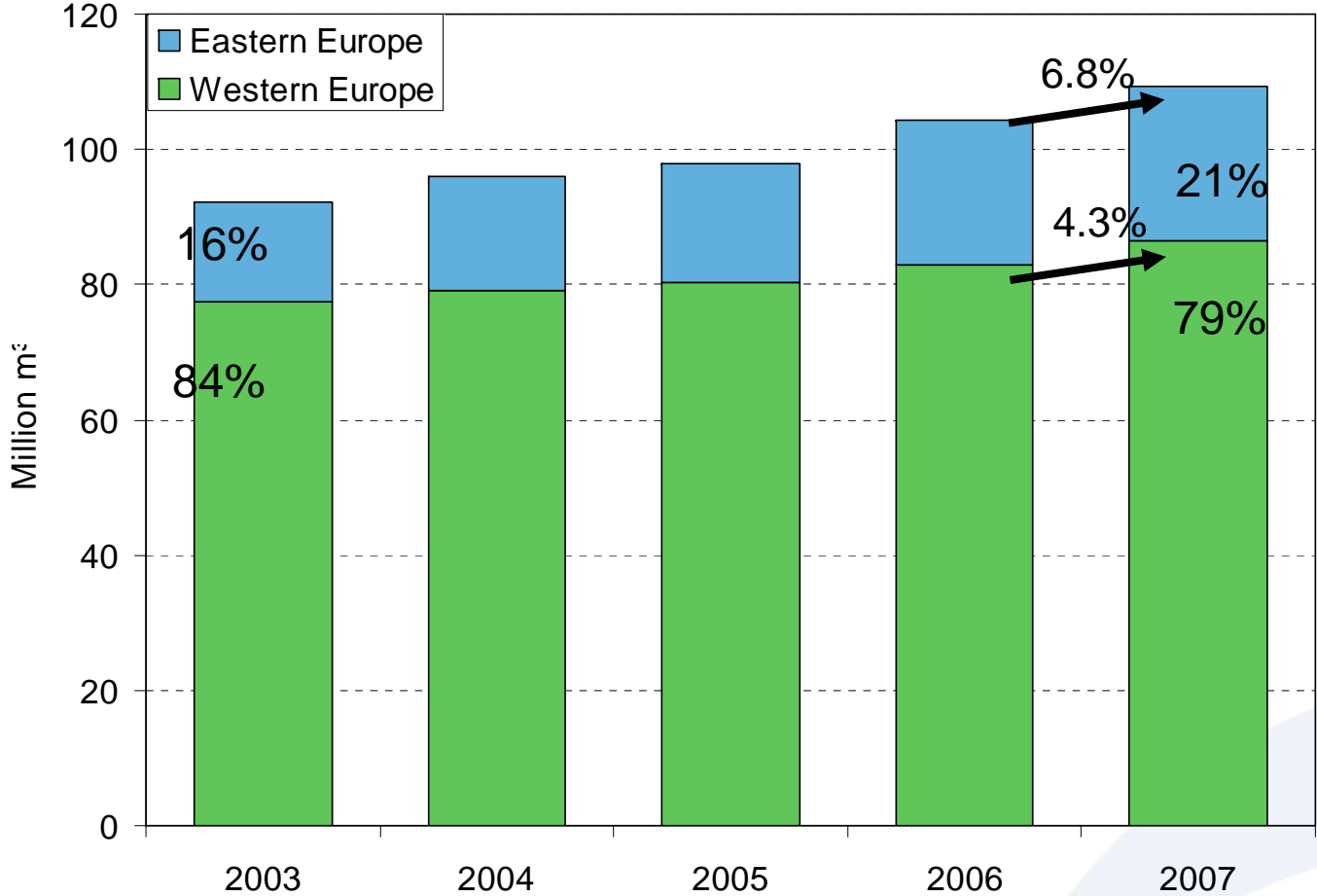
Germany and Austria could significantly increase their production against the background of relatively cheap logs (Kyrill storm system). On the other hand, the Baltic States struggled with weak export markets and reduced log availability.



Source: UNECE/FAO Timber database 2008

# Consumption – Development 2003-2007

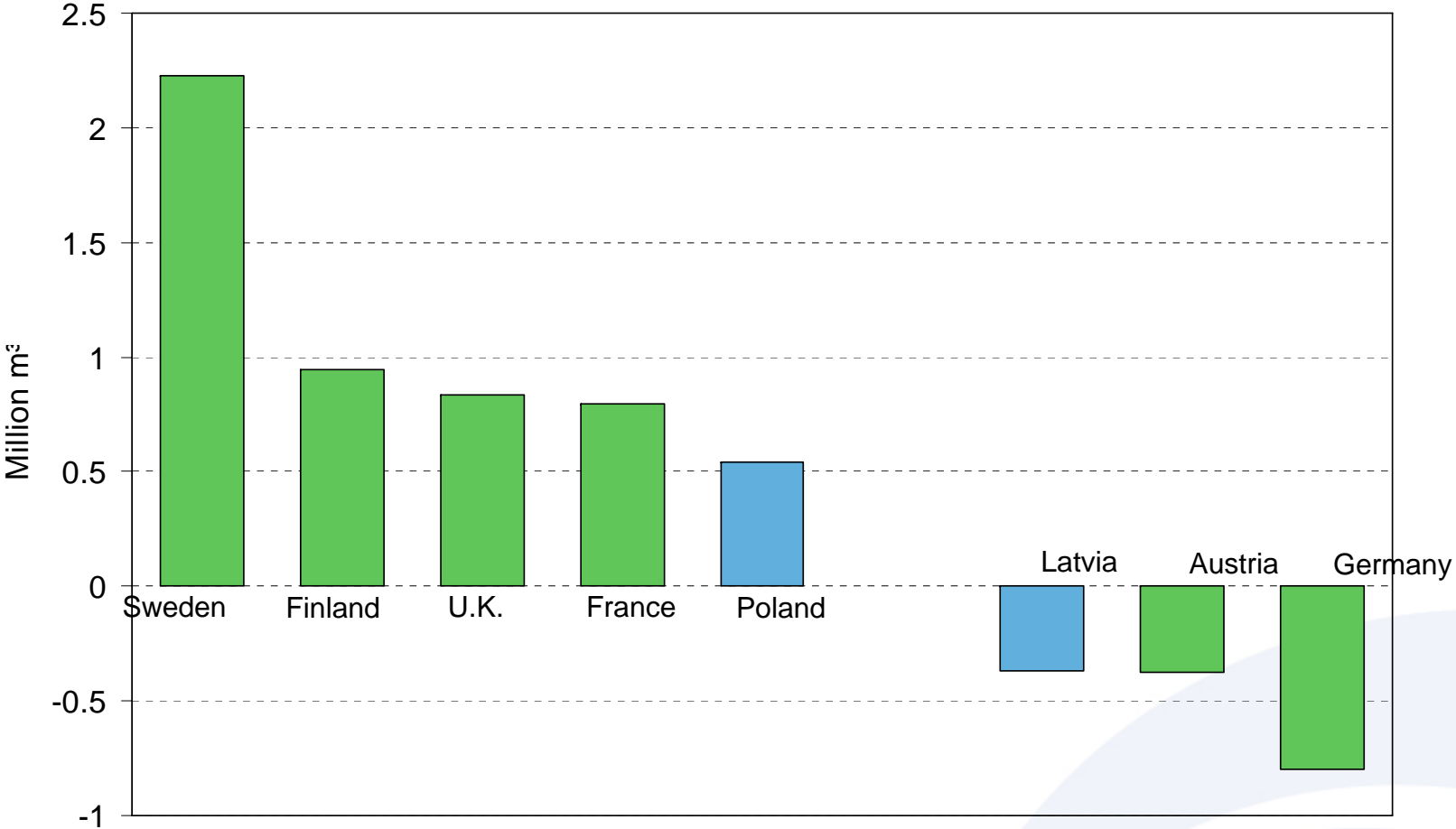
Consumption in Europe totaled 109.4 million m<sup>3</sup> in 2007 – an increase of almost 5.0 Mm<sup>3</sup> (+ 4.8%). Although Western Europe contributed more than 70% to the total growth, Eastern European countries recorded the higher growth on a relative basis.



Source: UNECE/FAO Timber database 2008

# Consumption – Main changes 2007 vs. 2006

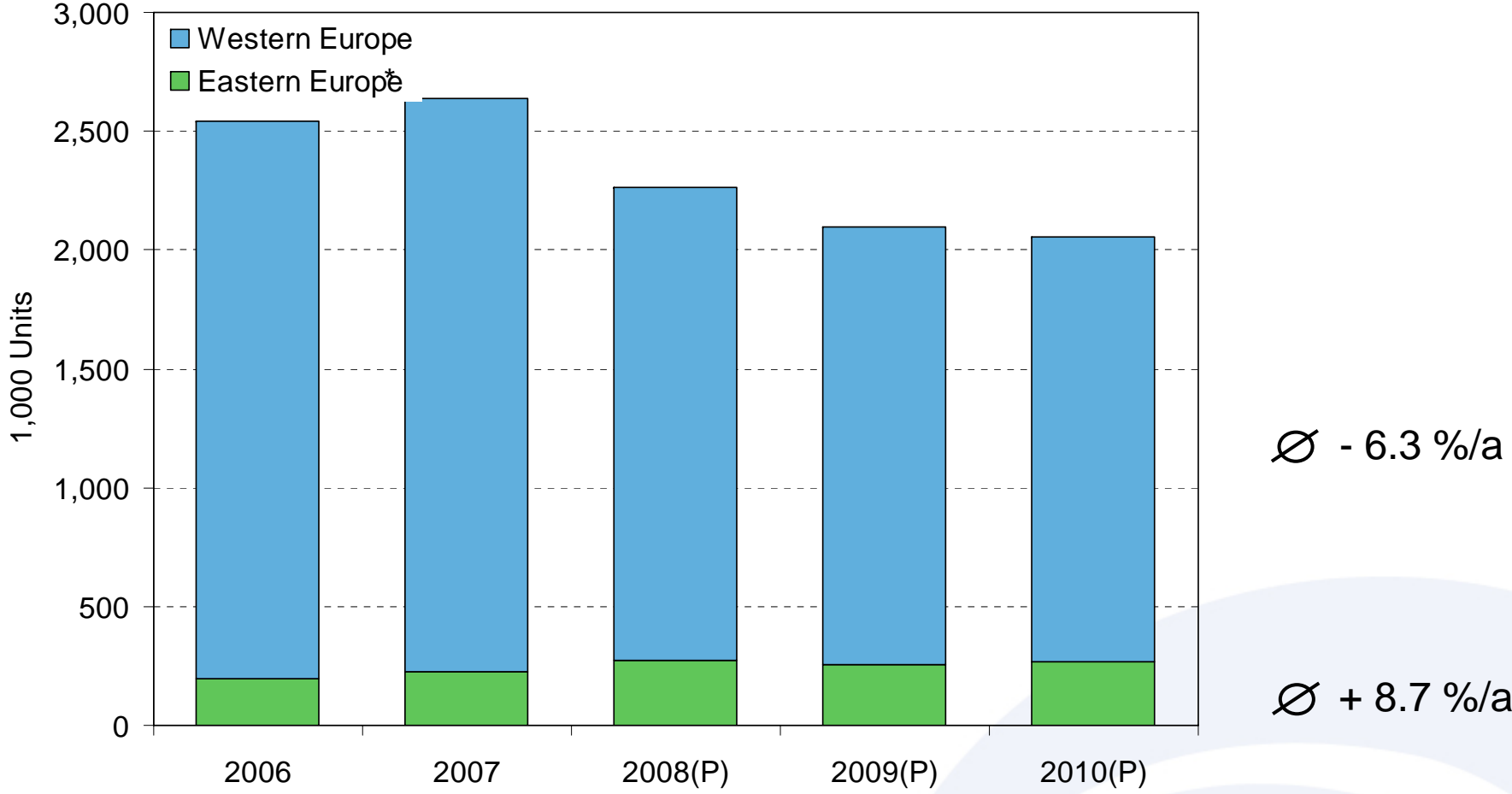
Against the background of historical peaks in stock levels, Sweden exhibited extraordinary growth in apparent consumption. On the other hand, Germany and Austria showed remarkable decreases due to lower levels of building activity.



Source: UNECE/FAO Timber database 2008

# Consumption – Construction as key market driver

Construction as the key market driver for consumption of sawn softwood is predicted to decrease remarkably over the next few years in Western Europe. In contrast, Eastern Europe will show a significant growth in building activity.

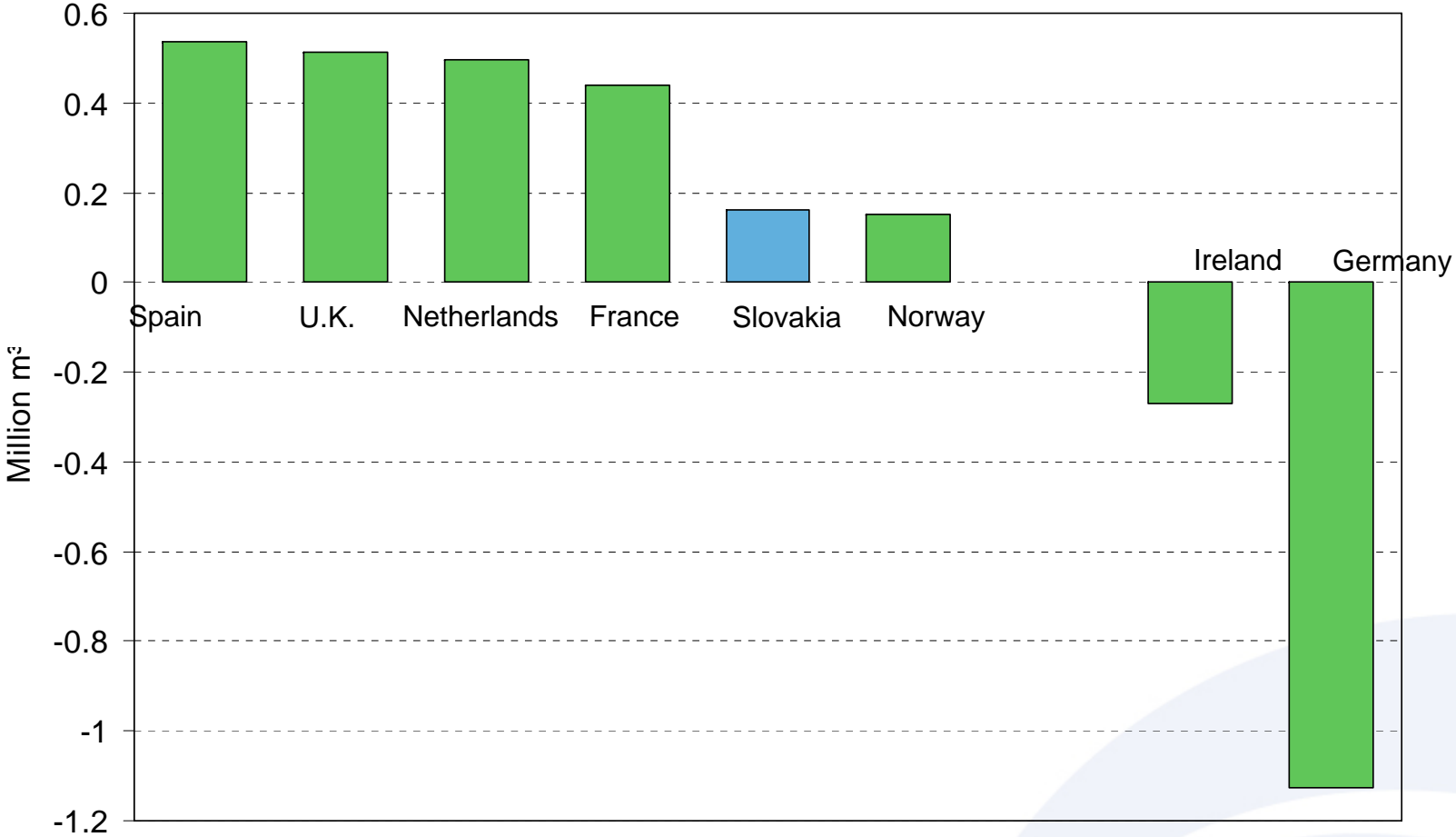


Source: Euroconstruct 2008 [New Residential Construction]

\* PL, SK, CZ, HU

# Imports – Main changes 2007 vs. 2006

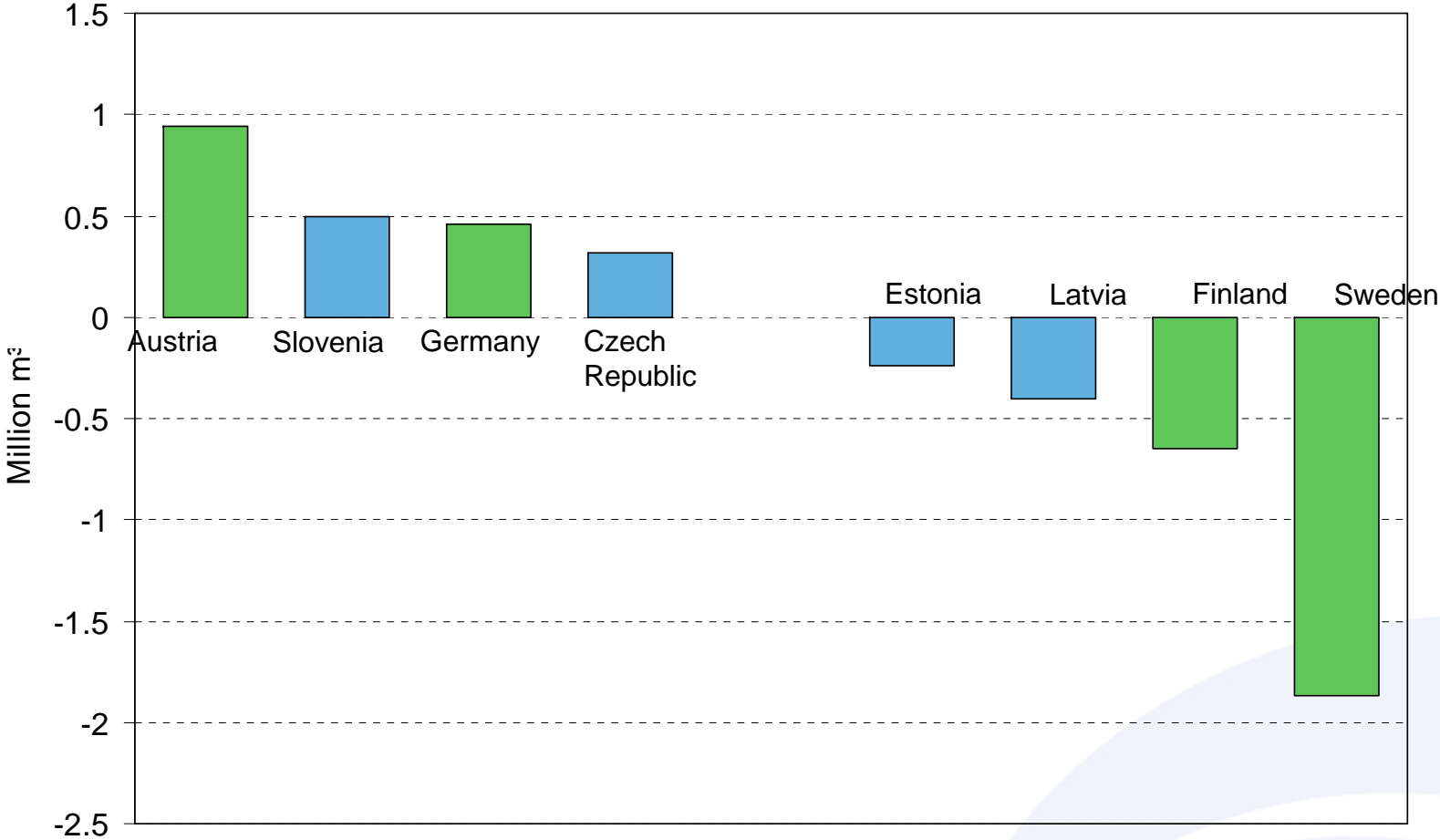
High levels of building activity fueled imports of sawn softwood in Spain and the UK. Slovakia recorded the highest growth in imports on a relative basis. Increased domestic production further replaced imports in Germany.



Source: UNECE/FAO Timber database 2008

# Exports – Main changes 2007 vs. 2006

Against the background of relatively cheap logs, Central European exporters were able to compete better with Nordic producers on several export markets than in previous years. Nevertheless, Sweden remained the largest European exporter.

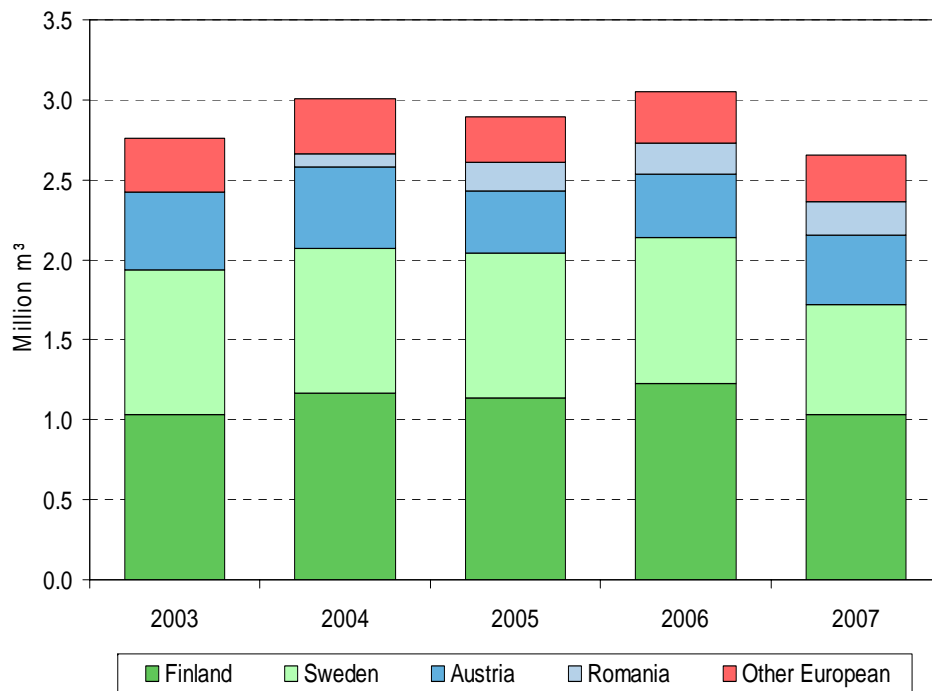


Source: UNECE/FAO Timber database 2008

## Exports – Key export markets

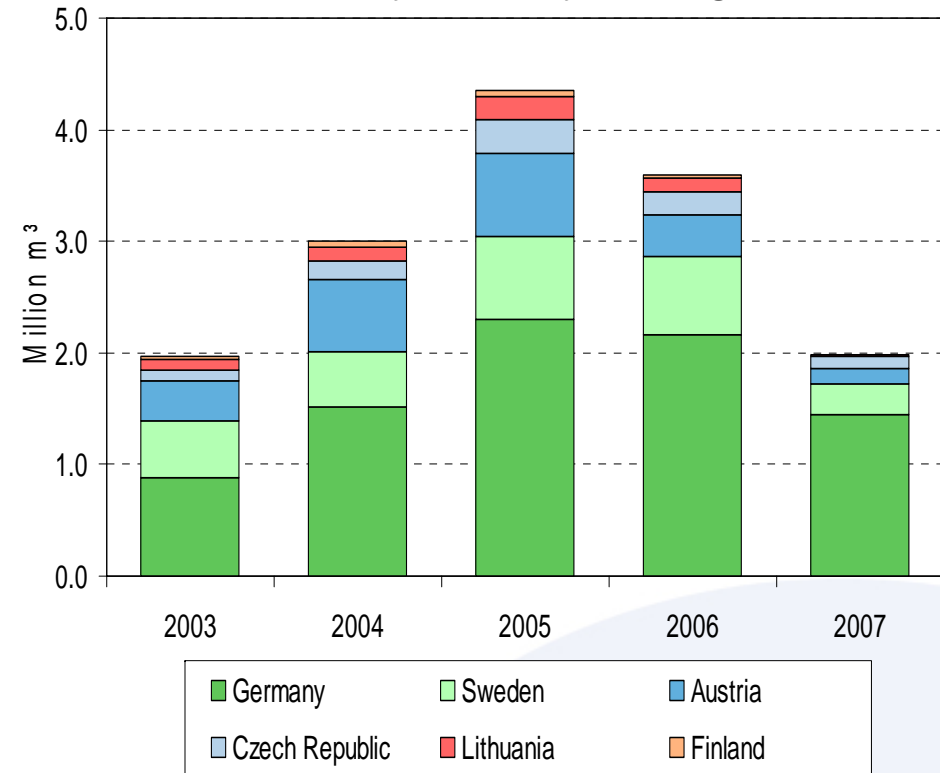
The domestic market still plays a major role for the European sawmill industry. However, the importance of exports has been increasing over the last few years. 2007 showed declining European exports to the key markets USA and Japan.

### Japanese imports by country of origin



Source: Japan Lumber Journal, EUWID

### US imports by country of origin



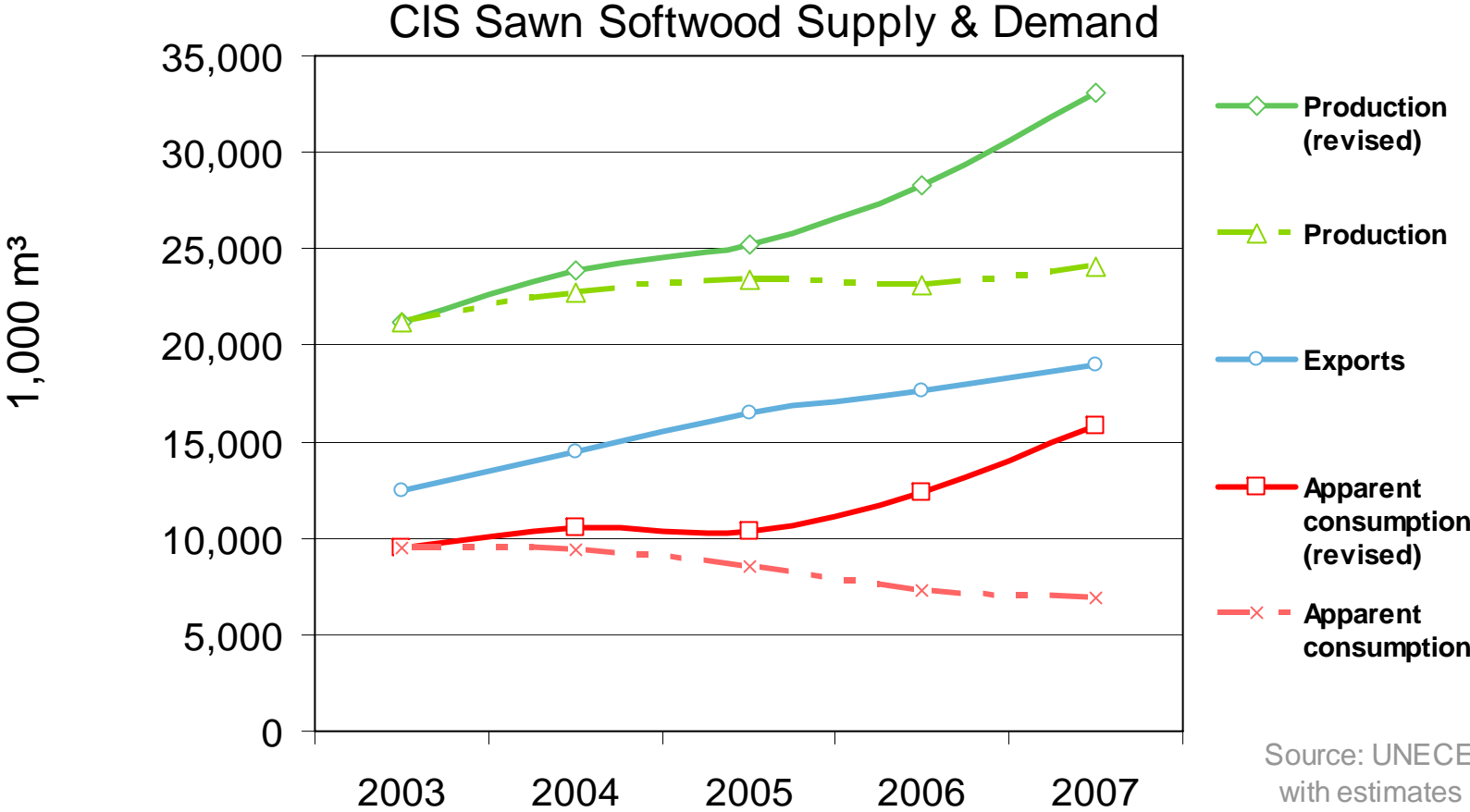
Source: United States Department of Agriculture / Foreign Agricultural Service

CIS (Russia)

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# CIS (Russia) – Sawn softwood balance

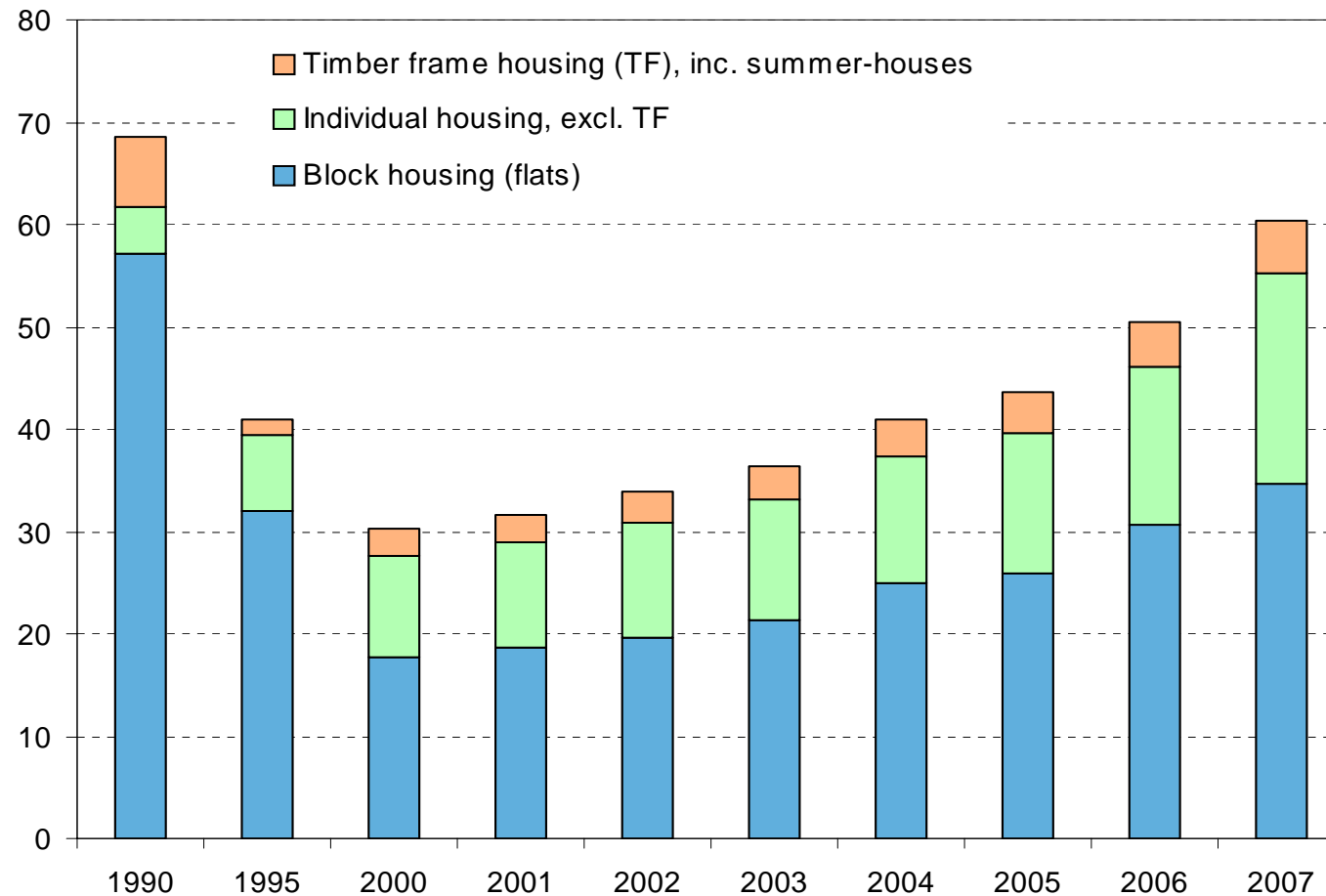
According to secretariat estimates, all parameters in the sawn softwood balance of the CIS subregion recorded remarkable growth in 2007. Domestic production and consumption are by far higher than the numbers declared in official statistics.



Source: UNECE with estimates

## CIS (Russia) – Construction as key market driver

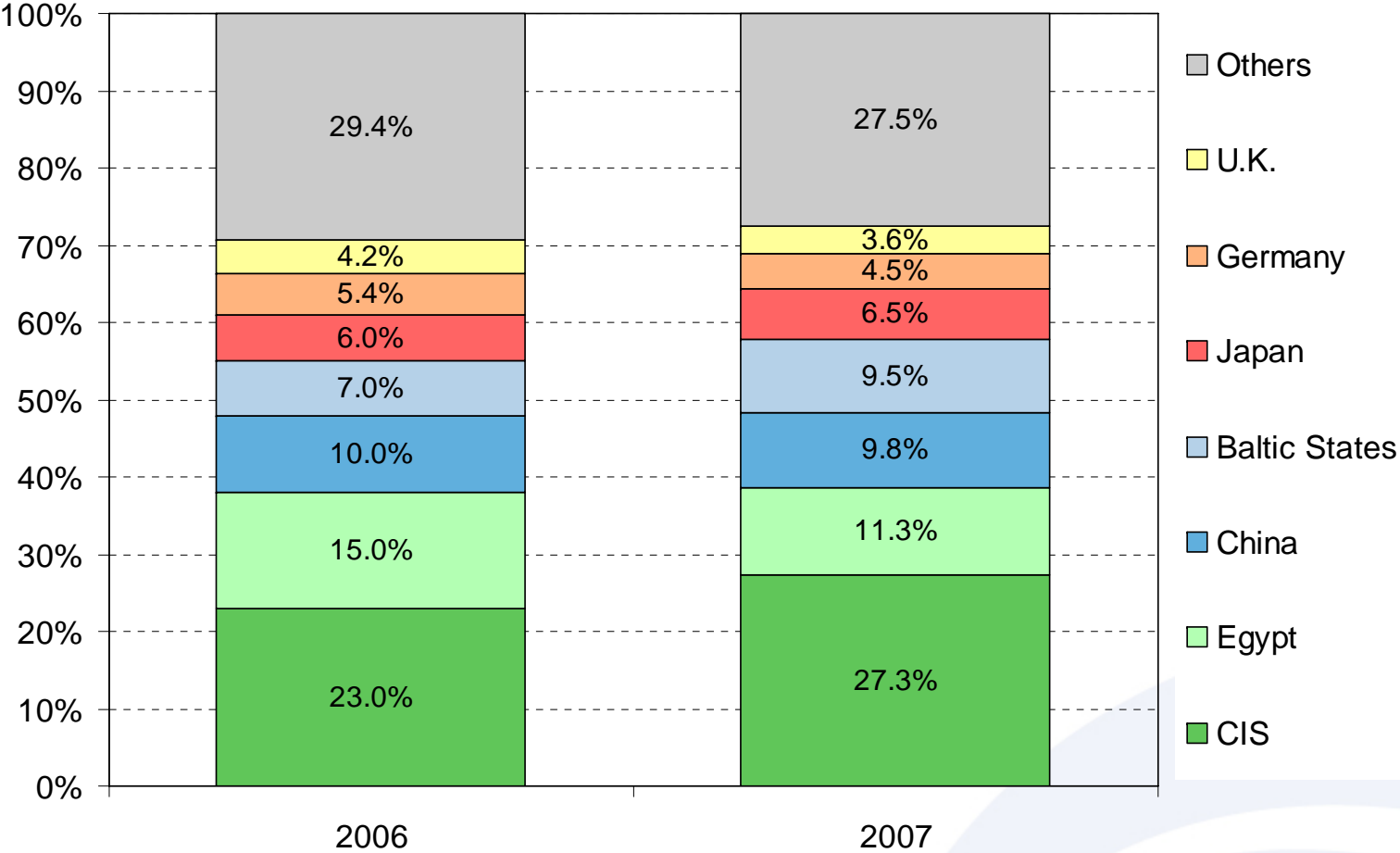
The building boom which started in the late 1990's in Russia as a result of positive economic growth has fuelled the sawn softwood consumption. The need for new homes is estimated at 1.5 billion m<sup>2</sup> - a huge market potential for wood products.



Source: Rosstat, NPADD, Pöyry estimates

# CIS (Russia) – Export structure

Russia’s export focus has been on the European markets to a large extent over the last few years. However, strong growth in its export to North Africa, Asia and the CIS countries as a result of increasing demand has been recorded lately.



Source: Rosstat, OAO NIPIElesprom