

# Overview and outlook, of the European Softwoodmarket 2021/2022

- International Softwood Conference , Helsinki 2021

- Presented by – Morten Bergsten,  
Chairman softwood ETTF





2020 a year we'll never forget  
What a crazy year

# Looking back at last years presentation 2020 we said:

- Just small drop in import for all countries is forecasted in 2020 (holding level was supported by DIY sector)
- Total EU consumption are forecasted to increase with 2,3 mio m3 in 2021
- Total consumption are forecasted to increase Incl US/Canada with 11,1 mio m3 in 2021
- Predominantly decreasing unemployment in 2021
- On 16 September 2020, Ursula von der Leyen, President of the European Commission, delivered her 2020 State of the European Union, and did put focus on building more in wood from an environmental perspective.



# Looking back at last years presentation 2020:

- Just small drop in import for all countries is forecasted in 2020 (holding level was supported by DIY sector) – Import was slightly higher than forecasted
- Total EU consumption are forecasted to increase with 2,3 mio m3 in 2021 – seems to be increasing more than 4,0 mio m3.
- Total consumption are forecasted to increase Incl US/Canada with 11,1 mio m3 in 2021 – seems to be increasing almost 12 mio m3.
- Predominantly decreasing unemployment in 2021 – Decreased more than predicted
- On 16 September 2020, Ursula von der Leyen, President of the European Commission, delivered her 2020 State of the European Union, and did put focus on building more in wood from an environmental perspective. – focus on using more wood is even higher than expected



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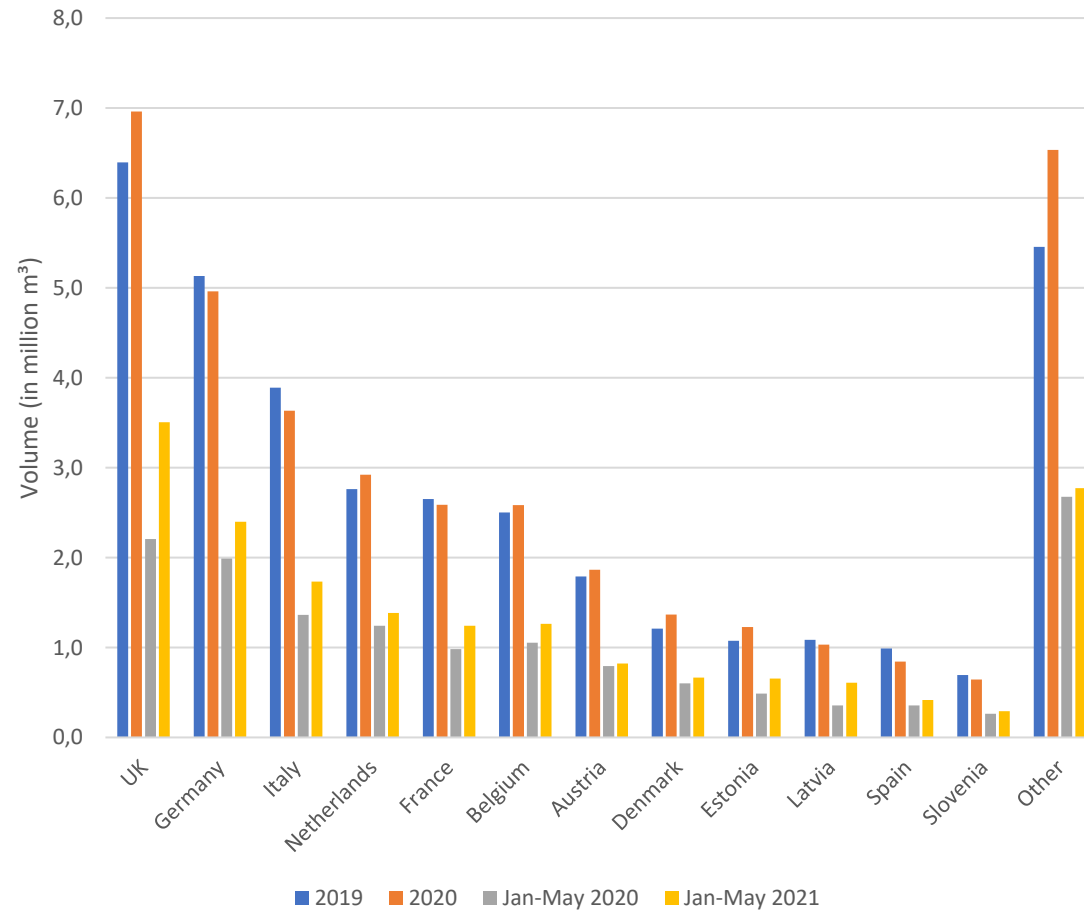


# What happened in 2021 – so far

- 1. half of the year still highly affected by Covid-19
  - Difficult logistic 1. half and still struggling – maybe even worse now
  - Despite that, there was very high activity in both building and DIY sector
  - Prices went to a historically high level
  - Unbalance in the supply chain
  - Panicked situation just before the holiday
- 
- Let's look at the EU statistic



## Imports of sawn softwood by EU countries Years 2019-2020, Jan-May 2020-2021



Source: Comext, STIX.Global and country reports. Compiled and edited by Probos

## Import increase 2020, further increase in 2021.

+7.3% in 2020 to 37.2 million m<sup>3</sup>

+23.6% in Jan-May 2021 to 17.8 million m<sup>3</sup>

### In the first 5 months of 2021:

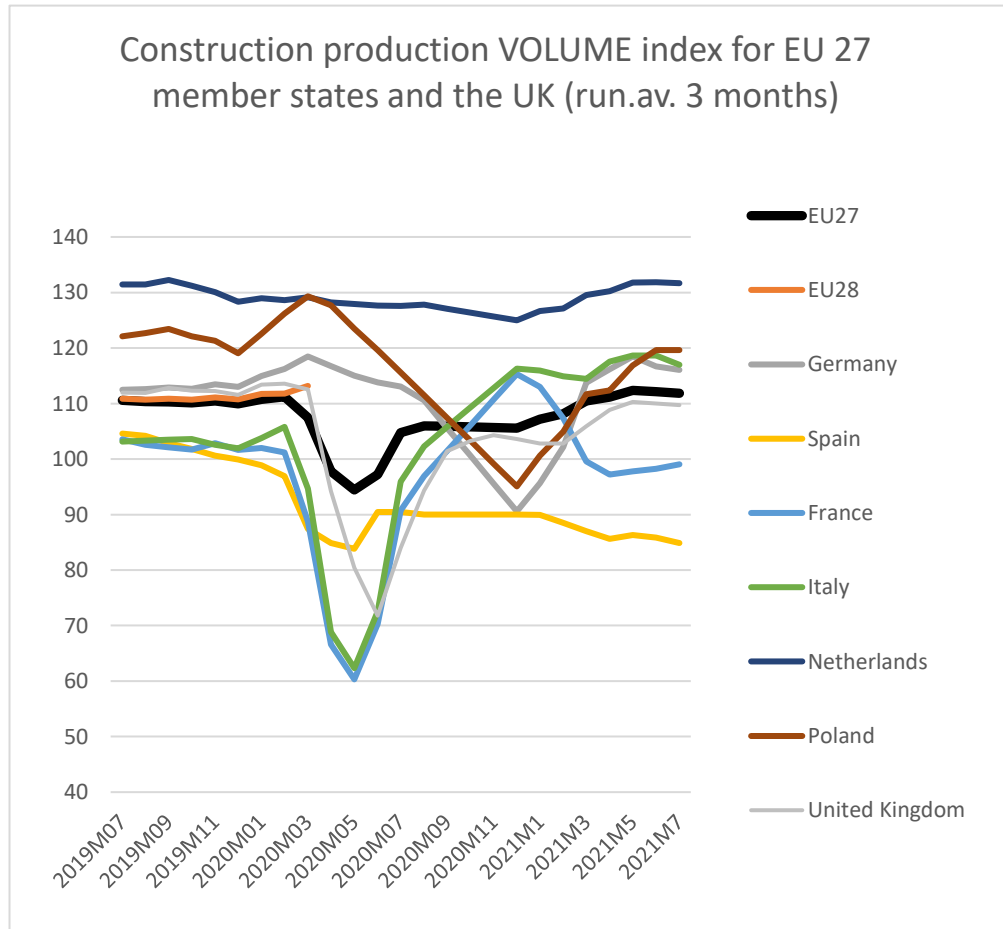
Imports increased in:

- Latvia +70.7% to 0.6 m m<sup>3</sup>
- UK +59.0% to 3.5 m m<sup>3</sup>
- Estonia +34.1% to 0.7 m m<sup>3</sup>
- Italy +27.1% to 1.7 m m<sup>3</sup>
- France +26.4% to 1.2 m m<sup>3</sup>
- Germany +20.6% to 2.4 m m<sup>3</sup>
- Belgium +19.9% to 1.3 m m<sup>3</sup>
- Spain +17.0% to 0.4 m m<sup>3</sup>
- Netherlands +11.7% to 1.4 m m<sup>3</sup>
- Slovenia +11.3% to 0.3 m m<sup>3</sup>
- Denmark +10.7% to 0.7 m m<sup>3</sup>
- Austria +3.6% to 0.8 m m<sup>3</sup>
- Others +3.7% to 2.8 m m<sup>3</sup>

No decrease in imports

## Eurostat construction production index for the EU Member States

Volume of seasonally and calendar adjusted production output (2015 = 100)  
Running average of 3 months  
Monthly for the period June 2019 to July 2021



Source: Eurostat for EU member states and Office for National Statistics for the UK. Compiled and edited by Probos

## Clear COVID-19 impact on construction production

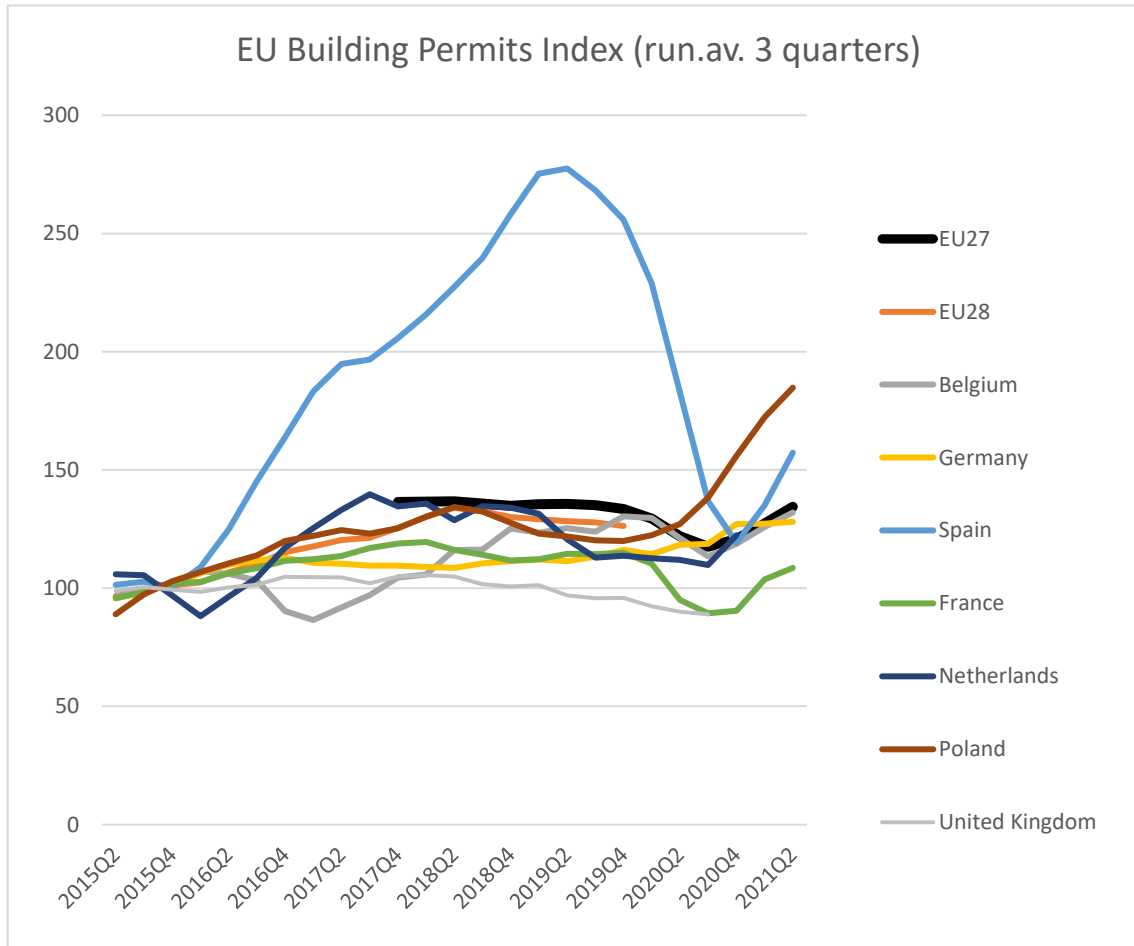


- Total volume of EU27 construction in July 2021 is at the same level as before the COVID-19 impact.
- Italy, France and the UK quick recovery, but new drop in France from Nov. 2020
- Delayed COVID-19 impact for Germany and Poland, but already recovered
- Netherlands no impact of COVID-19 and increasing
- Spain stay at low level



### EU Building Permits Index

Quarterly, for the period Q2 2015 to Q2 2021  
(2015 = 100), running average of 3 months  
Seasonally and calendar adjusted data.



Source: Eurostat for EU countries and OCBD for UK. Compiled and edited by Probos

### Building permits EU dip in Q2 2020, but back to the same level as

- EU27+UK total still +25% above 2015 level, but 10% decrease in Q1 2020
- Spain shows dramatic increase coming from a very low level, but sharp decrease from Q1 2020 until Q3 2020. Recovery from Q4 2020.
- Germany still well above 2015 levels
- France is recovering after 2020 dip
- Poland sharp increase since Q2 2020
- UK being stable since 2015, decreasing since 2019

Index EU below 100 before 2015





# Overview importing countries >1 mio. m3



Country	Est. Import 21' / Forecast 22'			Est. Consumption 21' / Forecast 22'		
	21'	22'	%	21'	22'	%
Austria	1.950	1.500	-23%	6.650	6.700	+1%
Belgium	2.200	2.300	+4,5%	2.700	2.870	+6,2%
Denmark	1.575	1.600	+1,5%	1.670	1.700	+0,2%
France	2.900	2.700	-6,8%	9.050	9.100	+0,5%
Germany	6.300	6.000	-4,7%	22.300	22.500	+0,1%
Italy	n.a	n.a.		n.a.	n.a	
Latvia	1.150	1.050	-8,6%	850	850	0%
Netherlands	2.900	3.000	+3,5%	2.495	2.580	+3,4%
Norway	1.080	1.000	-7,4%	3.200	3.200	0%
Spain	1.000	1.050	+5%	3.500	3.700	+5,7%
UK	n.a	n.a		n.a	n.a	
<b>Average:</b>	<b>21.055</b>	<b>20.200</b>	<b>-4%</b>	<b>52.415</b>	<b>53.200</b>	<b>+1,5%</b>
USA	28.660	28.800	0%	89.675	91.800	+2,3%

Last updated  
market statement  
from some of the  
member countries



# Belgium



Demand returning to "more normal" level

# Denmark



The construction sector continues to be an economic engine

High political focus on building in wood

# France



High focus on "more" natural products in the building industry

France's government has declared that any new public construction projects financed by the state must contain at least 50% wood or other organic materials like hemp or straw by 2022

# Italy



The general trend appears to be positive, partly thanks to tax incentives

Significant public investment will lead to a positive momentum in residential building

# Germany



For 2022, an increase of 2.6 percent is expected in new residential construction, and 0.8 percent in non-residential construction.

Business associations expect a high number of bankruptcies with the expiry of state support, which the timber trade **does not expect from its most important customer groups or the trade itself.**

Main reason: good activity in construction and associated employment situation in the skilled trades.

# Netherlands



An increase in the number of newly build houses is expected by all relevant information sources (ING Bank, Bouwkennis and EIB). As a consequence the import of sawn softwood for the building industry is expected to increase.

There is a positive future for building in timber, but no figures are available yet



# Spain



In terms of housing completions, forecasts for this year point to a slightly lower figure than last year. A growth of around 8% is forecasted for 2022.

# Positive summary/trends



- In general, all countries increased consumption from 2020-2021 !
- Consumption in EU forecasted to +1,5 % from a very high level
- Consumption in the US forecasted to +2,3% from a very high level
- Using more wood will stay high on the political agenda



# Looking into the crystalball



- Balance / Unbalance in the supply chain
- Russian ban on log export – availability of raw material in EU
- More awareness on using more wood, and at the same time more awareness on protecting more forest !
- The repercussions of Covid-19 from a Financial perspective (global economy)
- Still various Covid restrictions in many countries
- US and Chinese market
  
- With all countries statements taking into consideration, and with the positive but realistic glasses on – we will try to conclude an overall picture for 2022.

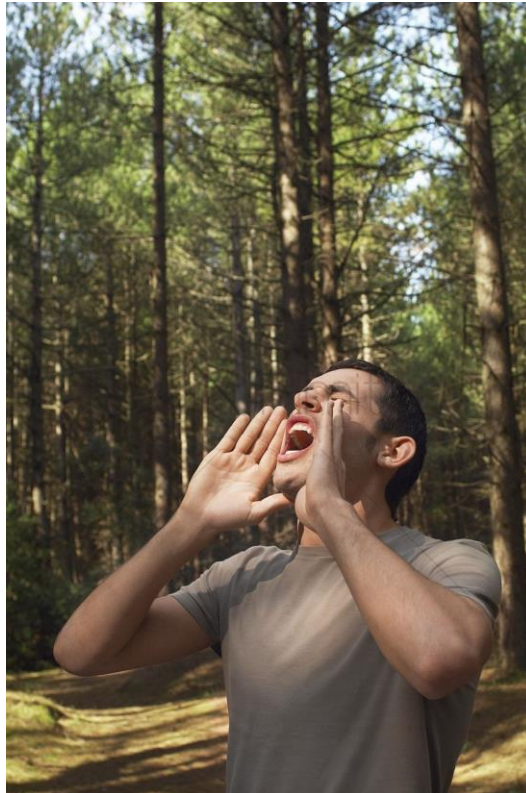
# Conclusion



- Strong focus on using wood from a political/environmental perspective
- Most countries predict increasing consumption, or at least same level
- Most countries predict steady/increasing activity in the building sector
  
- Difficult to generalize, but ....

**THE OVERALL PICTURE IS POSITIVE FOR  
THE SOFTWOOD SECTOR**

**And on behalf of the whole industry – we hope to find a suitable/balanced level in 2022 not to be outcompeted with substitute products –  
There is a level where the regards to the environment curve, breaks the investment curve.**



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**Thank you for your attention**

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