69th International Softwood Conference in Helsinki

14.10.2021 Kai Merivuori
Finnish Economy and Forest Industries
Finland is Back on Solid Growth Track

- Very Robust GDP growth in Q2 (vs Corona in 2020)
- Removal of COVID restrictions
- Solid growth of private consumption
- Busy housing market — but increasing costs
- Increasing exports
- Growing investments

- Bottlenecks in production and availability of labour
- Unrest in the labor market
- Increasing public debt
- Raising inflation (housing, energy)
- Increasing interest rates
Structural Change Within the Finnish Forest Cluster Continues

- Changes in the forest product market structure
- Wood availability challenged by new influencers
- Brisk softwood pulp market
- Declining demand of graphic papers
- Increasing demand of packaging solutions
- Brisk demand of sawn softwood
- Challenges in logistics

Source: PTT
Positive Construction Market Despite Increases in Costs
Sawmills
Annual Production of Finnish Sawn Wood in 1887-2021F*

Source: Finnish Sawmills
Finnish Sawn Softwood Production, Exports, Domestic Sales and Imports
Export of Sawn and Planed Softwood from Finland
Jan-Jun/2021 (+20%)

Change from Jan-Jun 2020 to Jan-Jun 2021

Source: Finnish Customs
Monthly Export Price of Sawn Softwood from Finland

Source: Finnish Customs
12 Month Average Export Price of Sawn Softwood from Finland, monthly

Source: Finnish Customs
Cumulative roundwood procurement volume weekly

- 2017
- 2018
- 2019
- 2020
- 2021

LUKE, Finnish Forest Industry Federation
Conclusions

- Sawn timber provides climate friendly solutions – but must be linked to the value chain from the forest to the customer
- Strong increase in sawn softwood prices in 2021, will stabilize in 2022
- Several sawmill investments taking place, both greenfield and replacements
- Major risks related to wood availability
  - EU regulation – one size fits all approach
  - All aspects of sustainability must be considered – also economic
  - Carbon compensation schemes etc etc
- Long life-cycle wood products are well positioned in the markets.
Thank you