



# UN-ECE Region: Sawn Softwood Trends & Outlook

**Russ Taylor**

RUSS TAYLOR GLOBAL  
Vancouver, B.C., Canada

UNECE/FAO Data Brief Sawn Softwood 2023

San Marino, 20-23 November 2023





# 45 Multi-Client Reports since 1995: Analysis/Forecasts

Available June 30, 2013

Produced by International WOOD MARKETS Group Inc.

## RUSSIA Forest Industry Competitiveness and Export Outlook

2013 Edition

**FEATURING:**

- Competitive assessment and business-case analysis of the Russian log and lumber sector
- Strategic look at expanding industry capability and investment
- Business-case analysis of log and sawmill costs, including delivered costs to market
- Russia's export fit in key global markets, especially China and Europe
- Impact of new Russian log export tax
- Review of current industry status
- Outlook on log and lumber exports
- Assessment of potential risks of doing business in Russia

**A Strategic Assessment of the Russian Wood Industry & Global Implications**

**INCLUDING:**  
Summary of WOOD MARKETS' ongoing field research and consulting assignments in Russia and its latest insights into how Russia will impact global trade and markets.

LUMBER, PAPER/PASTE, TIMBER, FINISHED WOOD, ECONOMIC, MARKETS, FORECASTS

From the publishers of WOOD MARKETS MONTHLY INTERNATIONAL REPORT, WOOD MARKETS' CHINA BULLETIN, and many other strategic industry reports

## 2015 EDITION WOOD MARKETS

THE SOLID WOOD PRODUCTS OUTLOOK - 2015 to 2018

**A Detailed Analysis of the North American Wood Products Market**

COVERING: Lumber, OSB, Plywood, MDF and Particleboard

**FEATURING: A Five-Year Outlook for Supply, Demand and Prices, including Mill Operating Rates**

Produced and published by International WOOD MARKETS Group Inc.

## Global Timber/Sawmill/Lumber COST BENCHMARKING REPORT

2014 ANNUAL BASIS & Q1/2015

Seventh Edition

**FEATURING:**

- Full review of the most recent cost benchmarking reports in North America, Europe, Russia, the Southern Hemisphere and China
- World ranking of delivered sawing and processing costs, unit cost index, and the cost by product, material, and region for the most recent 12 key markets in regions
- Included full cost breakdowns for 2014, with a binary update on cost structure and key US, EU, and Asia cost index data
- Assessment of supply potential in key forest areas in the U.S., needed for export to meet, with an update on production
- Cost assessment and analysis based on current global market trends and price levels
- Summary of key cost drivers of major commodity costs and trends in US, EU and Asia, and an update on key price and cost

Available August 1, 2015

## WOOD MARKETS MONTHLY INTERNATIONAL REPORT

VOLUME 14, NUMBER 1 - FEBRUARY 2006

Featuring Lumber, Pulp and Wood Products Analysis

### Global Competitiveness Low-Cost Labor Regions Winning

**WHAT'S INSIDE**

- 2 **Analysis**
- 2 **Wood Equivalency Growth**
- 12 **Monthly Prices World Lumber & Pulp Prices**
- 18 **Price Forecasts One Year Price Outlook**

**FEATURING:**

- Special Report: Mexico and China
- Global Statistics
- Analysis, Europe, USA, Canada

**GLOBAL PRICE TRENDS**

Log, Lumber, Pulp, Paper/Paste, Plywood, OSB, Particleboard, MDF, Finished Wood

MARKETS - PRODUCTS - ANALYSIS - RESEARCH - FORECASTS

## WOOD MARKETS CHINA BULLETIN

Featuring Industry Trends & Topics of Interest, Statistics & Prices

Q1/Q2 2007

CLICK to log on to visit us at [www.woodmarkets.com](http://www.woodmarkets.com)

**WHAT'S INSIDE**

**Special Report:**  
**Overview on China-EU Wood Products Trade**

- 1) **Flowing:** China increases share of EU wood trading imports
- 2) **Case:** China as the largest single supplier for EU wooden shoe imports
- 3) **China:** EU goods imports from China down 14% in 2012
- 4) **Wood:** Chinese EU wooden shoe imports from China fall to negligible levels
- 5) **Plywood:** China contributed 35% of EU plywood imports in 2012

**China Market Synopsis**

Log markets remain relatively stable with inventories balanced. Softwood lumber prices that started to rise in 2012 have been unresponsive to the rise in demand. Many log & lumber prices have Chinese buyers on the move and that should be good news for exporters over the next few months.

**MONTHLY CHINA PRICE TRENDS**

Reported and produced by International WOOD MARKETS Group Inc.  
Phone: +1 204-471-7899 Fax: +1 431-831-1341 Email: [info@woodmarkets.com](mailto:info@woodmarkets.com)  
Website: [www.woodmarkets.com](http://www.woodmarkets.com) China Bulletin: ISSN 0077-0100 (Printed in Canada)

## WOOD MARKETS THE CHINA BOOK

Produced by International WOOD MARKETS Group Inc.

Third Edition

### Wood Products Industry and Market Review OUTLOOK TO 2017

Available July 2012

**FEATURING:**

- A comprehensive overview of China's expanding wood products industry and Chinese raw material supply
- Assessment of China's imported raw material supply and sources
- Overview of China's domestic plantation and timber harvesting
- Evolution of China's growing lumber and panel sectors
- Five year outlook on China's wood products industry, exports and required imports
- Log, lumber and panel price trends and forecast

## China Market Outlook to 2035

New report by RTG & MG scheduled for Feb. '24:

- Trends in logs and lumber imports by exporting country
- China demand – will it (or when?) rebound?
- Supply, demand, import & price forecasts to 2035

# Presentation Outline: UN-ECE Region Sawn Softwood Trends & Outlook

1. Global Trends
2. Europe & Russian Federation
3. North America
4. Outlook

## UNECE/FAO Data Brief

### Sawn softwood 2023



Food and Agriculture  
Organization of the  
United Nations



UNECE

#### Authors:



Mr. Russ Taylor  
russtaylor@russtaylorglobal.com

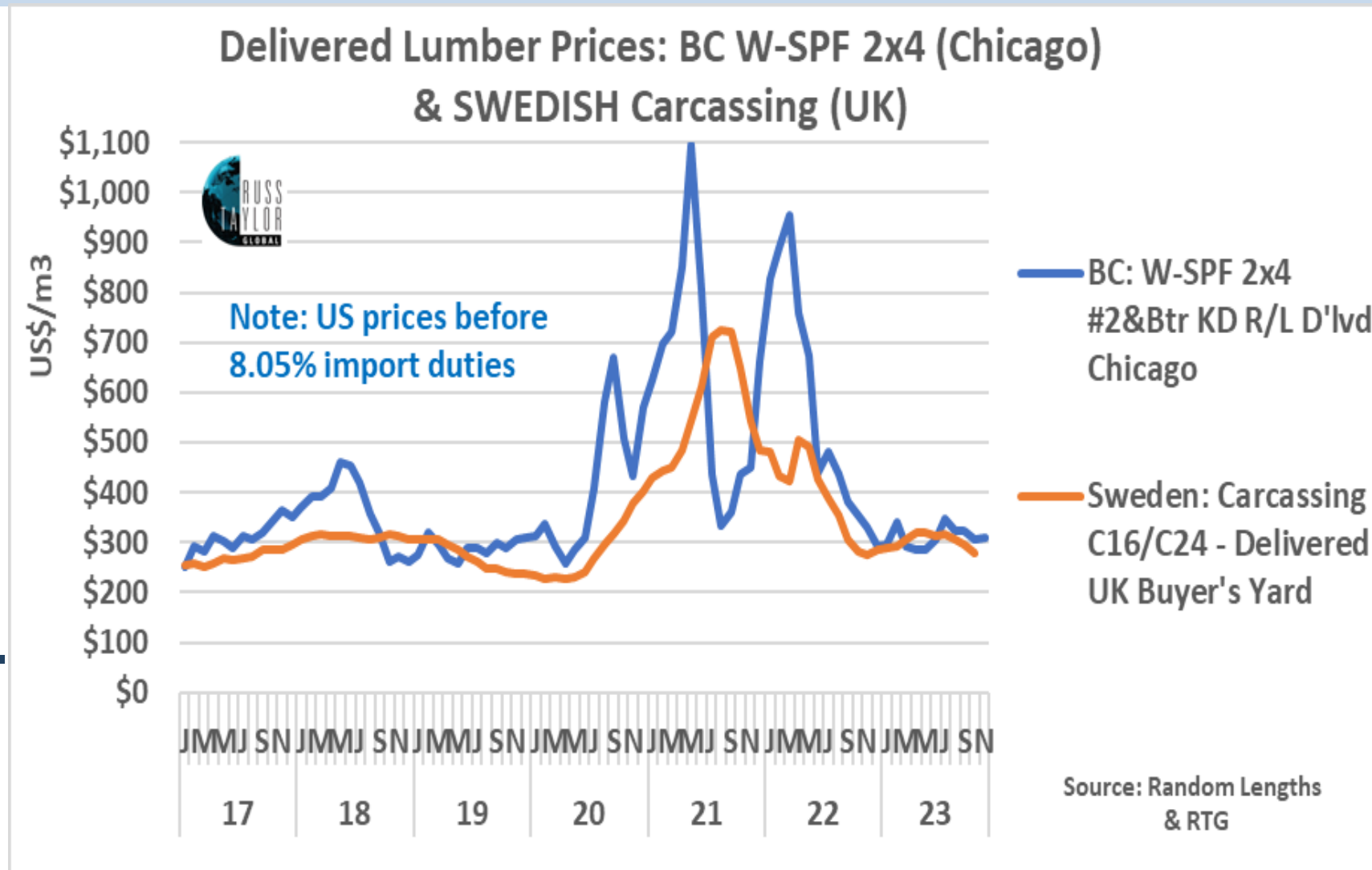


Mr. Antti Koskinen  
antti.koskinen@afry.com

- **2021 and 2022 a once-in-a-lifetime market!**
- **Since mid-2022, prices have trended towards normal, but also “worse than normal” (over-supplied) ...**
- **...and now especially poor prices & demand in 2023-Q4 as a result of:**
  - **Russia-Ukraine war**
  - **Inflation and high energy costs**
  - **High mortgage rates!**
  - **Lower consumer confidence**
  - **Slow down in China**
  - **Now the Israel-Hamas conflict**

# Delivered Lumber Prices: Canadian W-SPF to Chicago & China, & Sweden Carcassing to UK

- **Huge sawn softwood price increases in 2021 & 2022.**
- **The big premium gone for European exporters selling to the USA vs. Europe.**







# 1. Global: Softwood Lumber Consumption Outlook to 2025

## CONSUMPTION:

Global lumber demand had been slowing:

2017: +4.0%

2018: +1.0%

2019: -0.1%

2020: -3.0%

2021: +2.3%

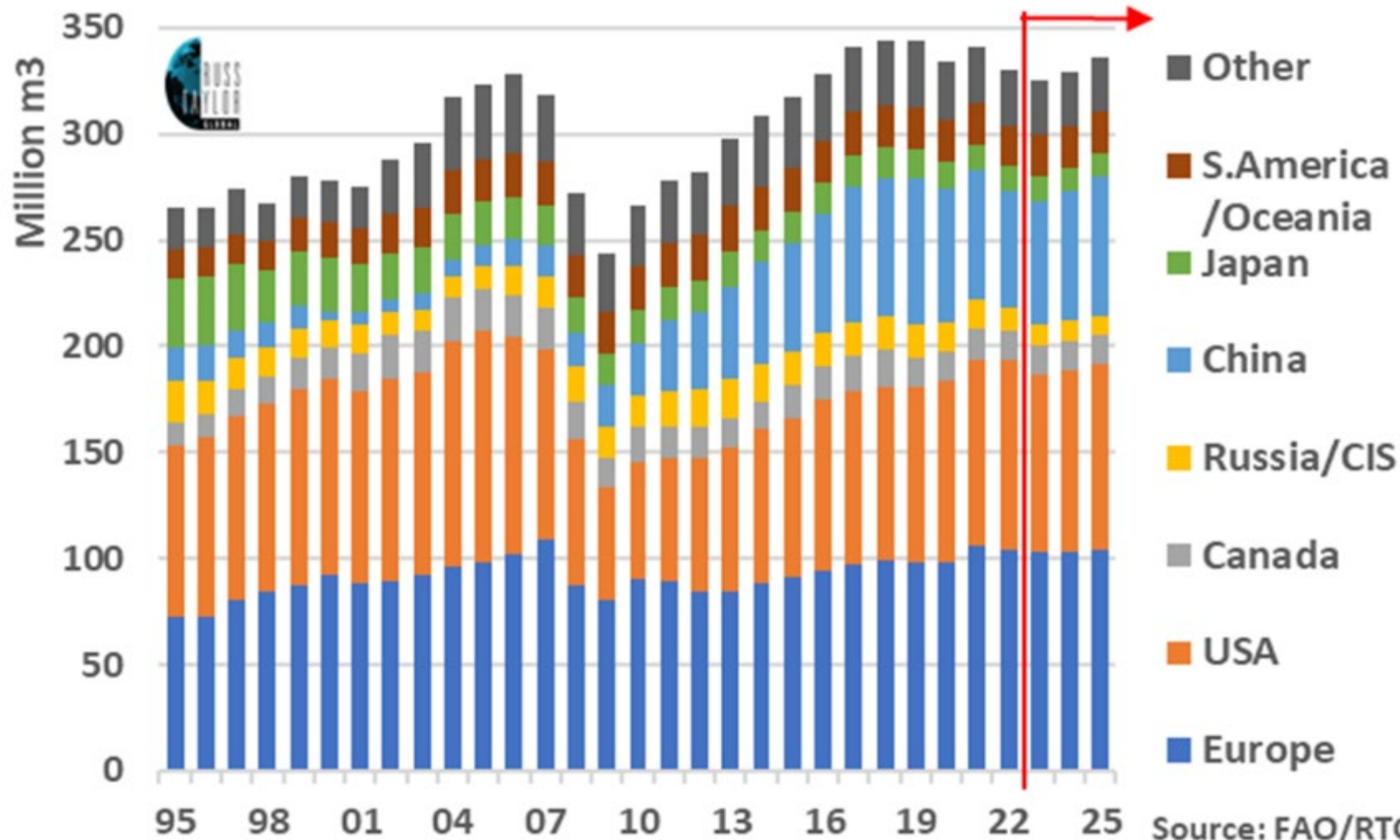
2022: -3.3%

2023: ~-1.0%

2024: High?

[www.russtaylorglobal.com](http://www.russtaylorglobal.com)

### Global Sawn Softwood Consumption



## PRODUCTION:

When **Europe** is grouped as “one region”, the next 5 producers are:

- **USA, Canada,**
- **Russia,**
- **China & Japan**

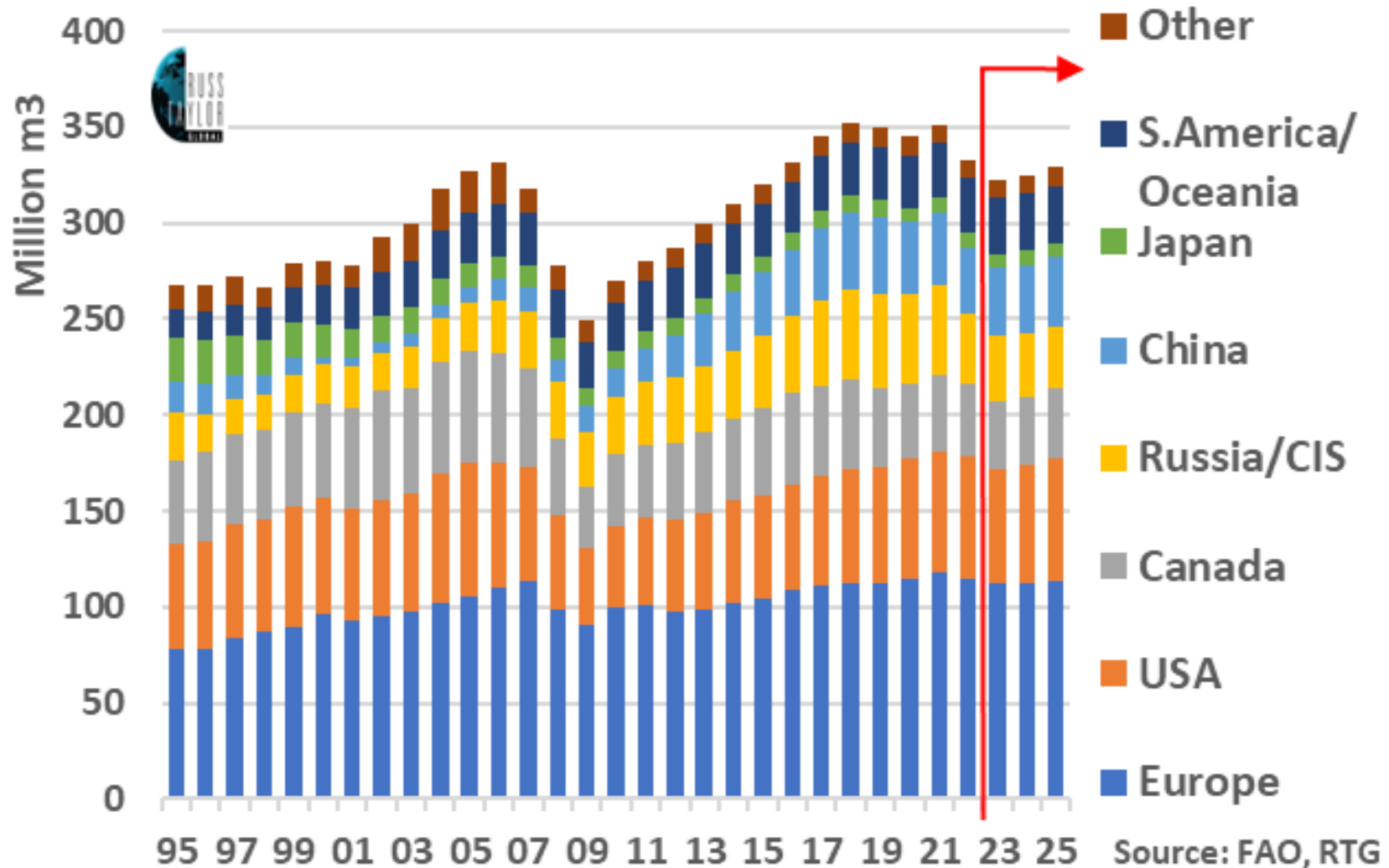
2020: **-1.4%**

2021: **+1.8%**

2022: **-5.0%**

2023: **~-3.0%**

### Global Sawn Softwood Production



- **Most UN-ECE countries are losing money in the sawmill business due to weak demand, over-supply and soft prices, including:**
  - All European countries
  - All of Canada;
  - All of USA except parts of US South
- **Exceptions:**
  - **US South** – low log prices (since 2008) have allowed sawmills to make considerable margins – until 2023-Q4 from low prices...
  - **Western Russia:** The most profitable region in 2023-Q4!



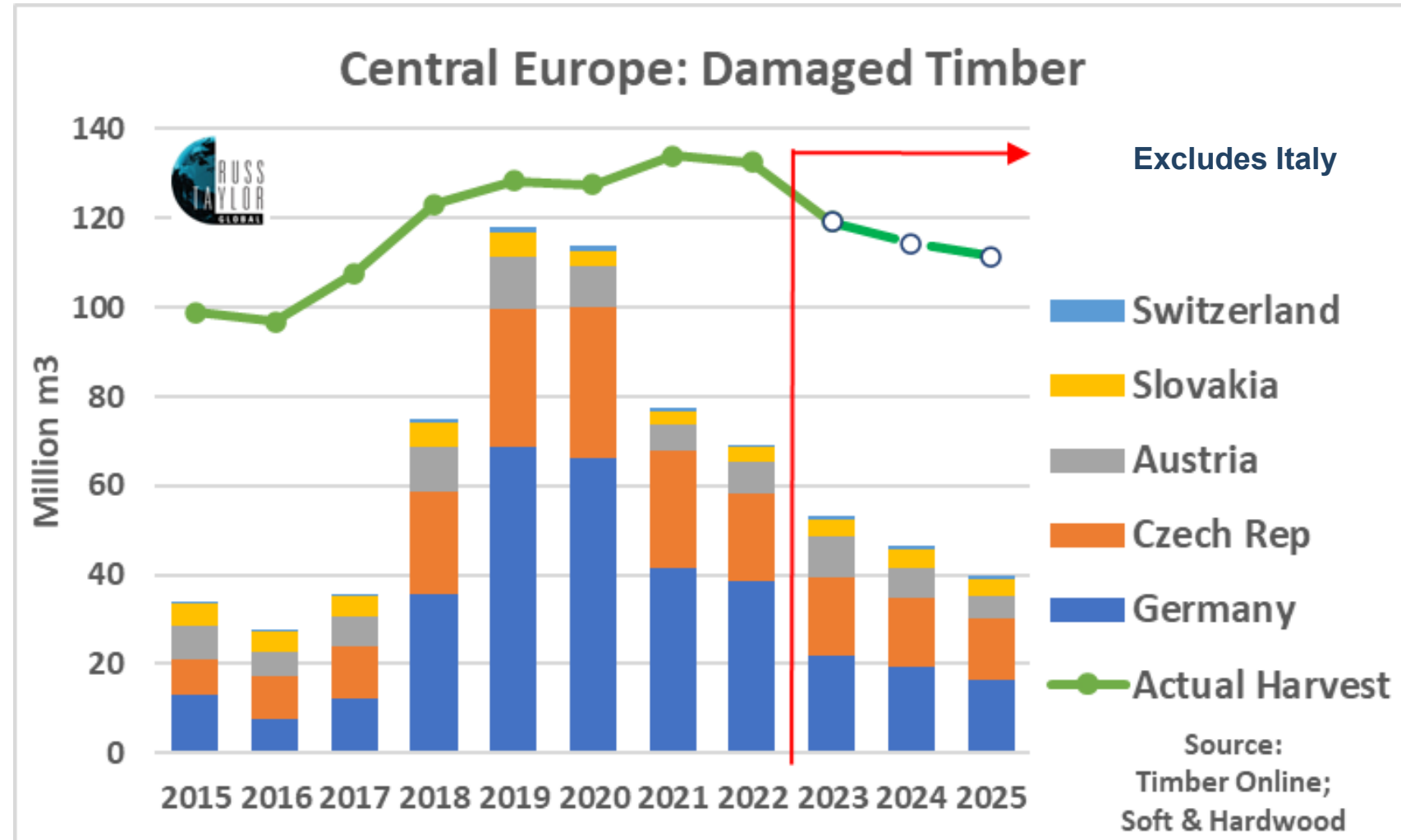
## 2. Europe Sawn Softwood: 2022 - 2024f

- Consumption in the 16 “ISC” countries (75% of Europe total):
  - 2022 = 73.2 million m<sup>3</sup>; 2023 = 65.4 MM m<sup>3</sup>; 2024f = 63.2 MM m<sup>3</sup>
    - A drop of **-10 million m<sup>3</sup> (-14%)** from 2022 to 2024.
    - Largest: Germany (14.9 MM), UK (8.3 MM) & France (8.2 MM)
- Production in the 16 “ISC” countries (82% of Europe total):
  - 2022 = 93.6 million m<sup>3</sup>; 2023 = 84.6 MM m<sup>3</sup>; 2024f = 83.1 MM m<sup>3</sup>
    - A drop of **-10.5 million m<sup>3</sup> (-11%)** from 2022 to 2024.
    - Largest: Germany (21.4 MM), Sweden (18.4 MM) & Finland (10.1 MM)
- The forecast for 2024 is probably too high...



# Central Europe “Damaged” Timber: 700 million m<sup>3</sup> between 2015 & 2025 – creating lots of cheap sawlogs!

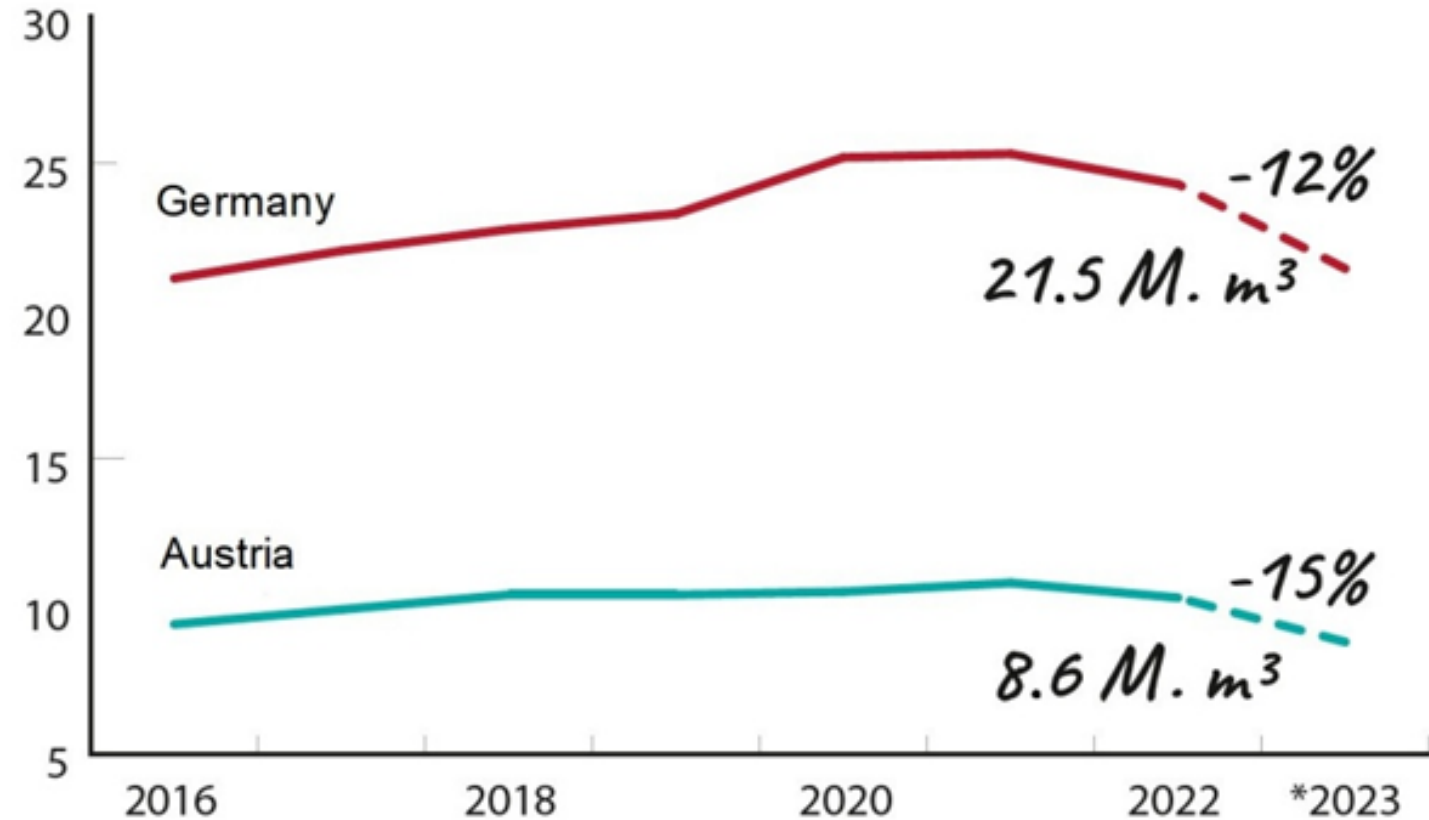
- “Damaged” timber (beetles & wind) accumulated in 5 Central European countries:
- 2015-2022: = 550 million m<sup>3</sup>
- 2023-2025 = 150 million m<sup>3</sup>
- 2015-2025 = 700 million m<sup>3</sup>
- Could end up being bigger than the MPB outbreak in BC!
- Timber harvest has been 20-30% higher per year since 2018.
- Half of the incremental harvest has been exported to China.



- **Germany & Austria 2023:** production declines of 12% & 15%, respectively, expected vs. 2022.
- **German estimated demand for lumber in 2023** has seen a 20-25% y-o-y decrease in 2023.
- **Due to the lack of construction starts,** demand is expected to fall further in 2024

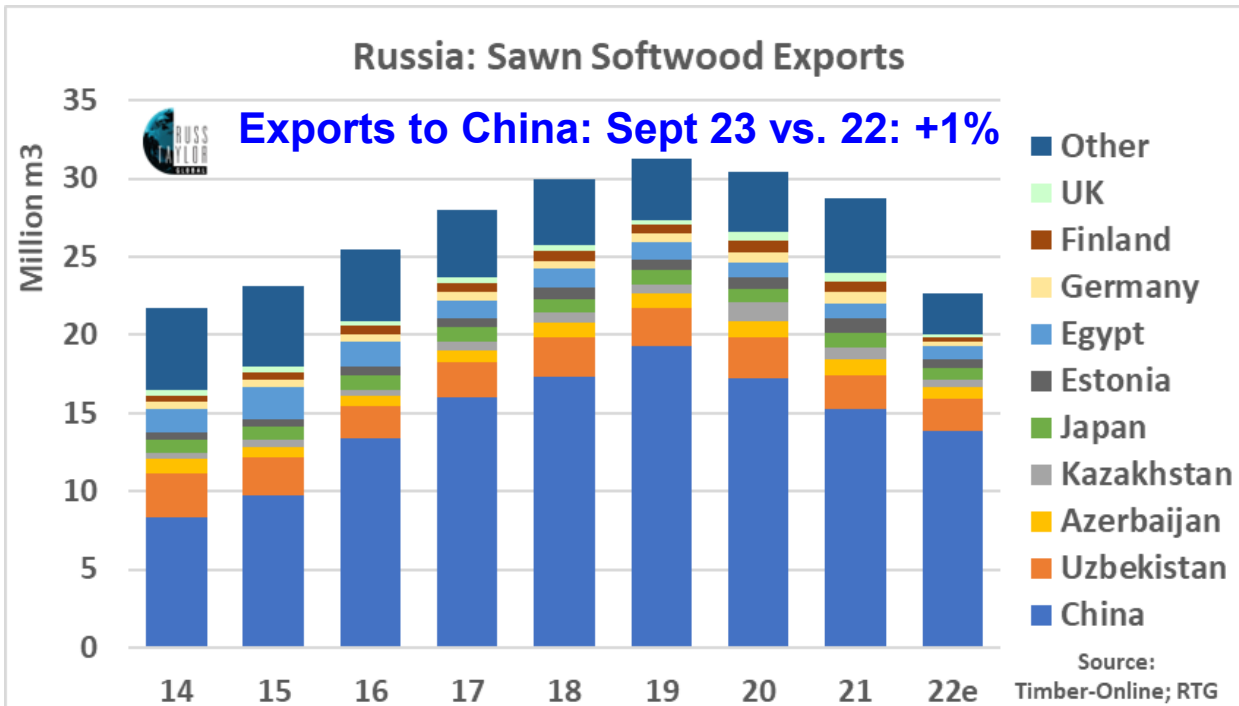
## SAWMILL INDUSTRY AUSTRIA & GERMANY LUMBER PRODUCTION | 2016–2023

In million m<sup>3</sup>

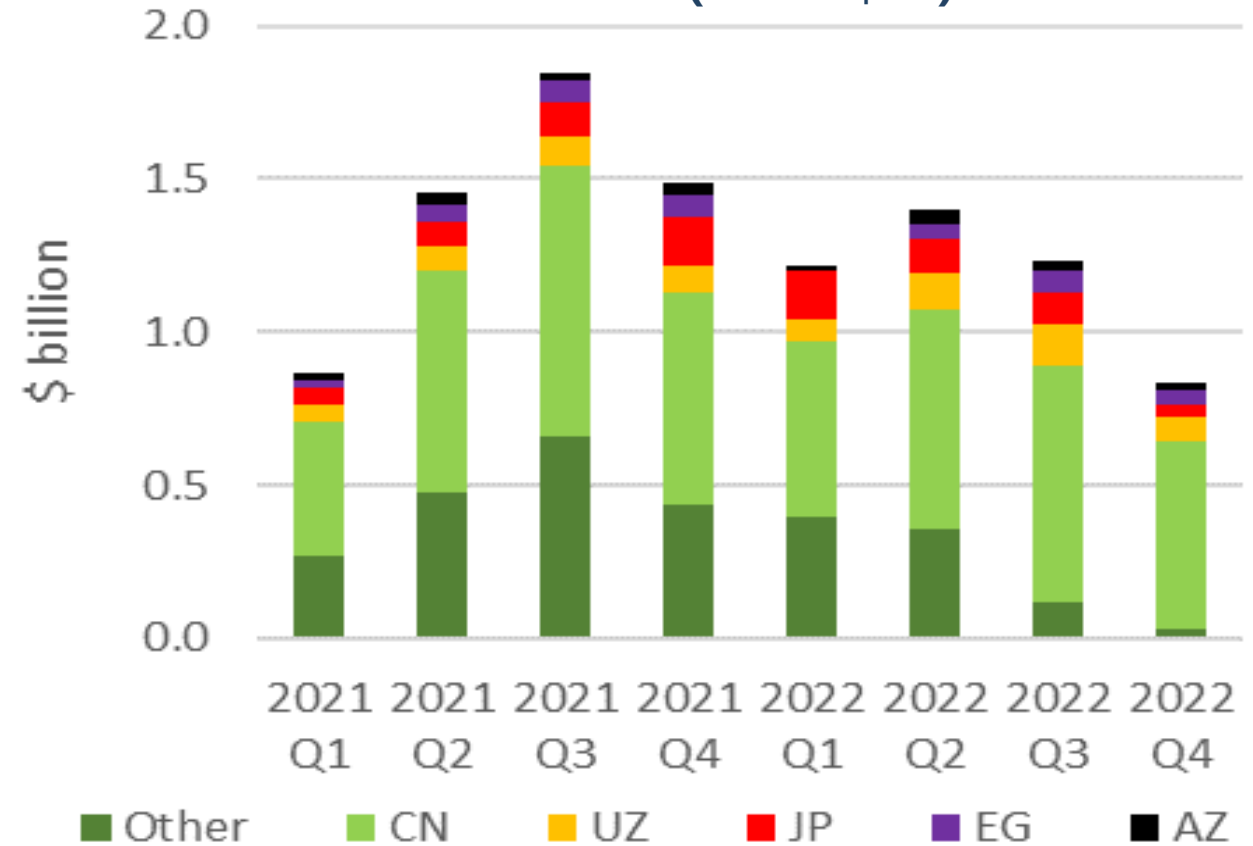


Source: Statistik Austria, Federal Statistical Office (Destatis), 11  
\*2023 estimate by the Holzkurier

- Russian exports to Europe go to zero by end of 2022.
- China, 3 “Stans” and Japan are the largest export markets.



Russian Federation sawn softwood export 2021 - 2022 (billion \$US)

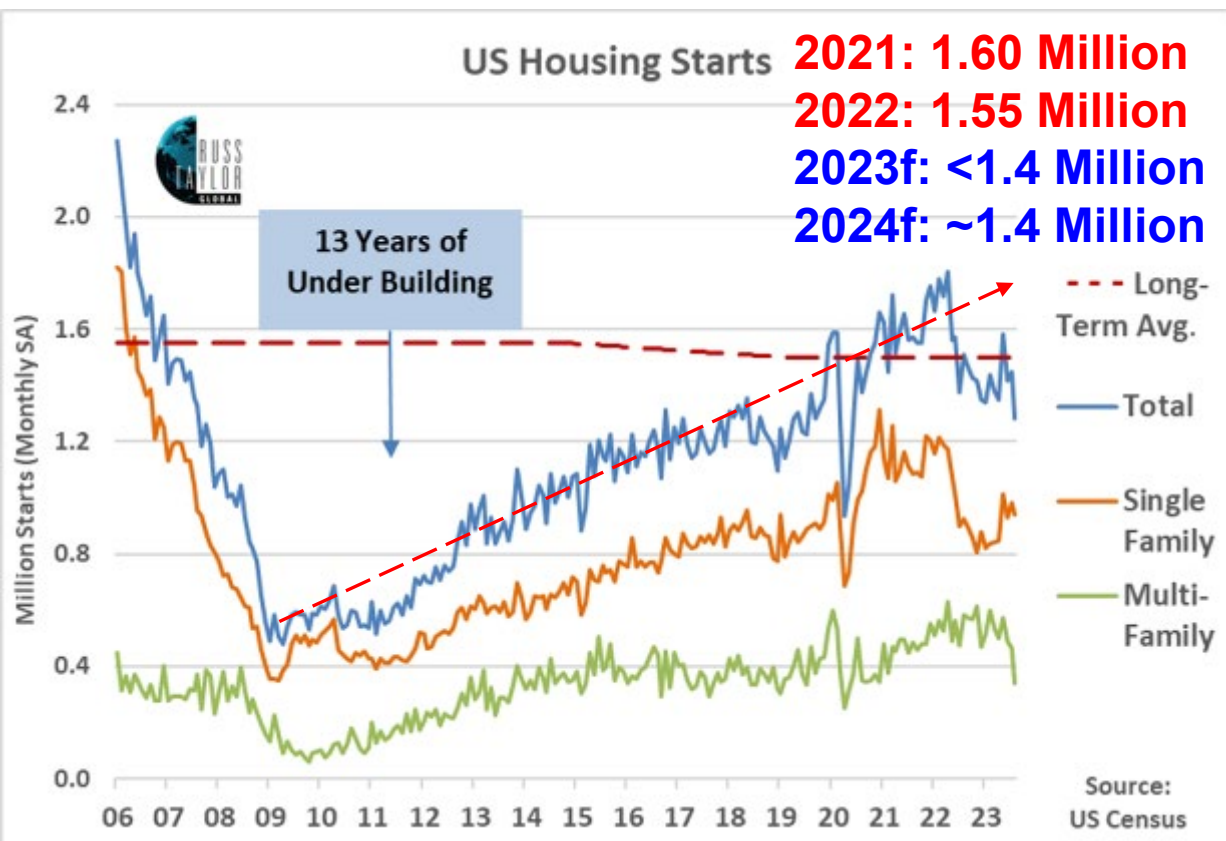


Source: UN Comtrade, 2023.

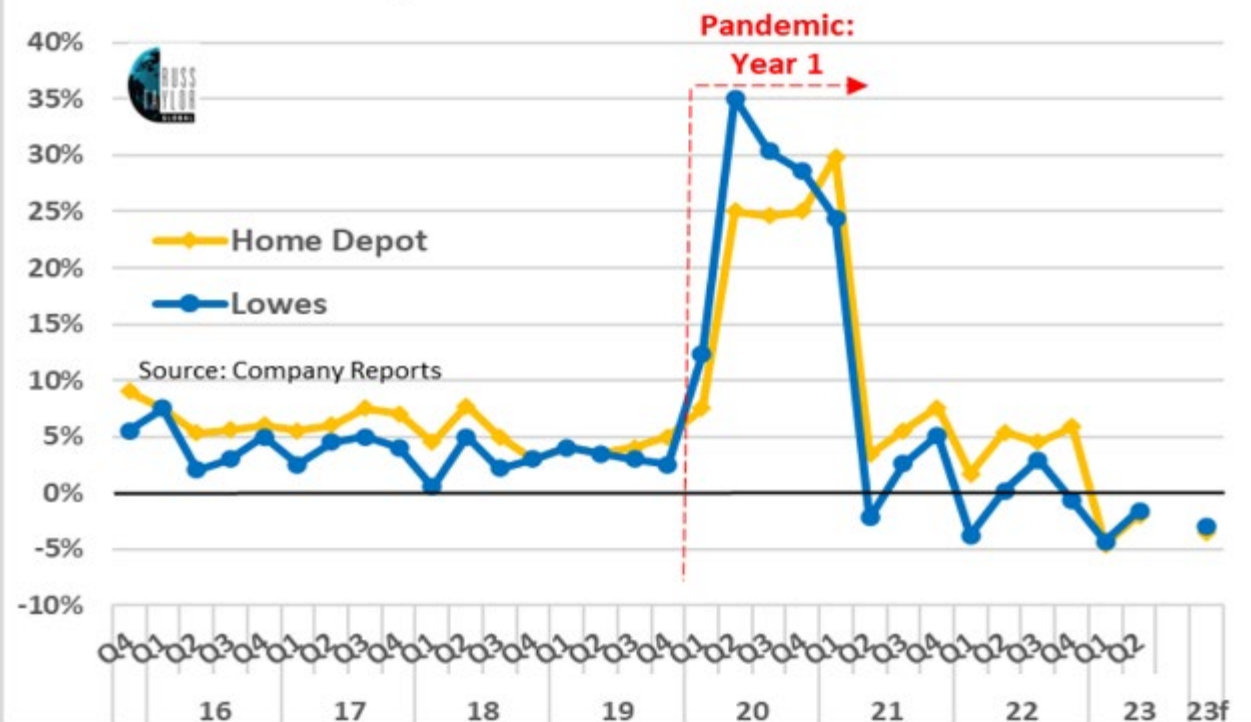
# 3. U.S.: Monthly Housing Starts & R&R

## US new housing starts:

- Impacted by high mortgage rates.
- But existing homes too expensive.
- Represents **35%** of US consumption



## 1-Year Comparable US Store Sales: HD & Lowes



## US repair & remodelling:

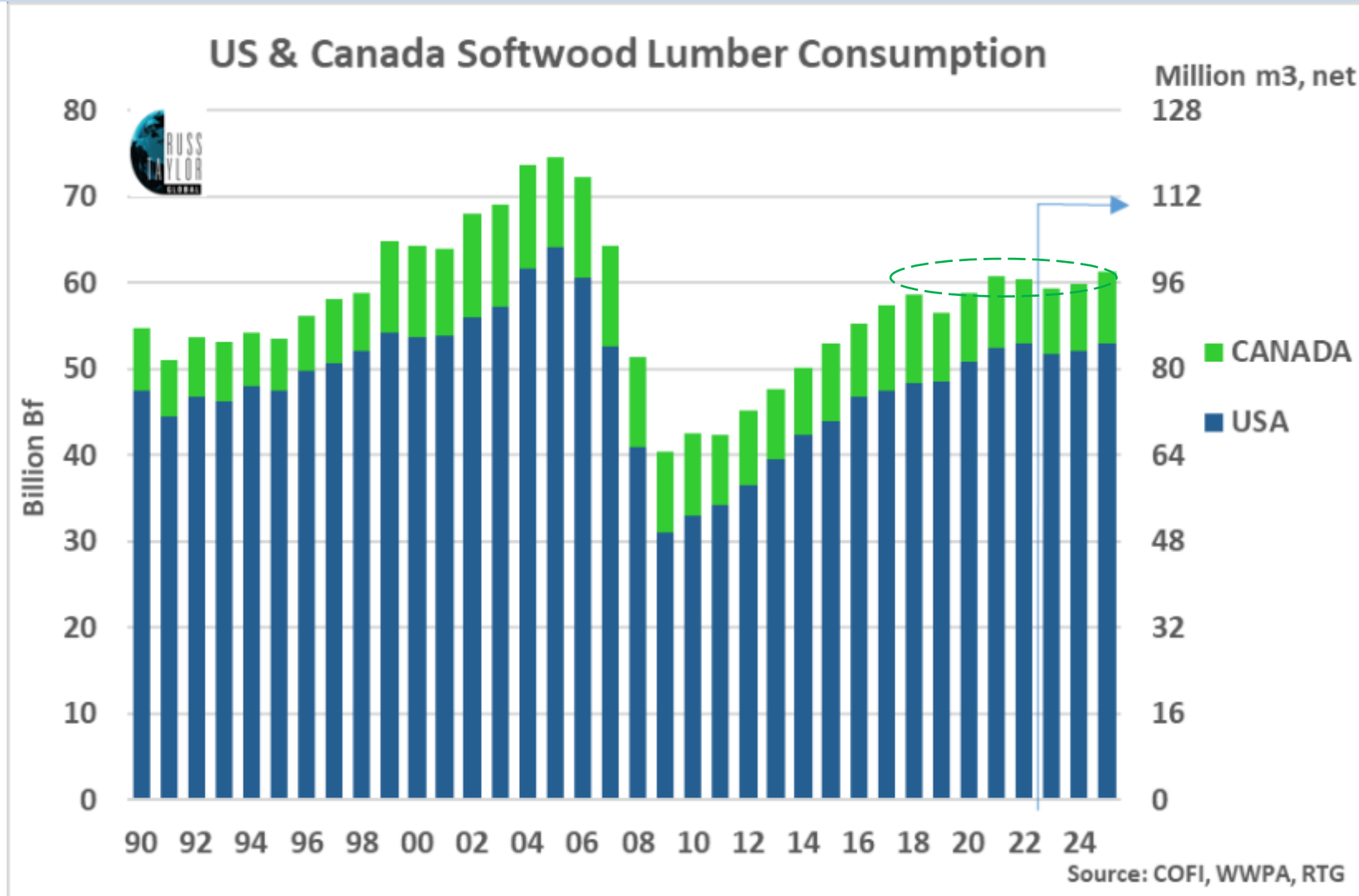
- Was relatively flat in 2022 but slightly negative in 2023 & maybe 2024.
- Represents **40%** of US consumption





# US & Canada Softwood Lumber Consumption Trends

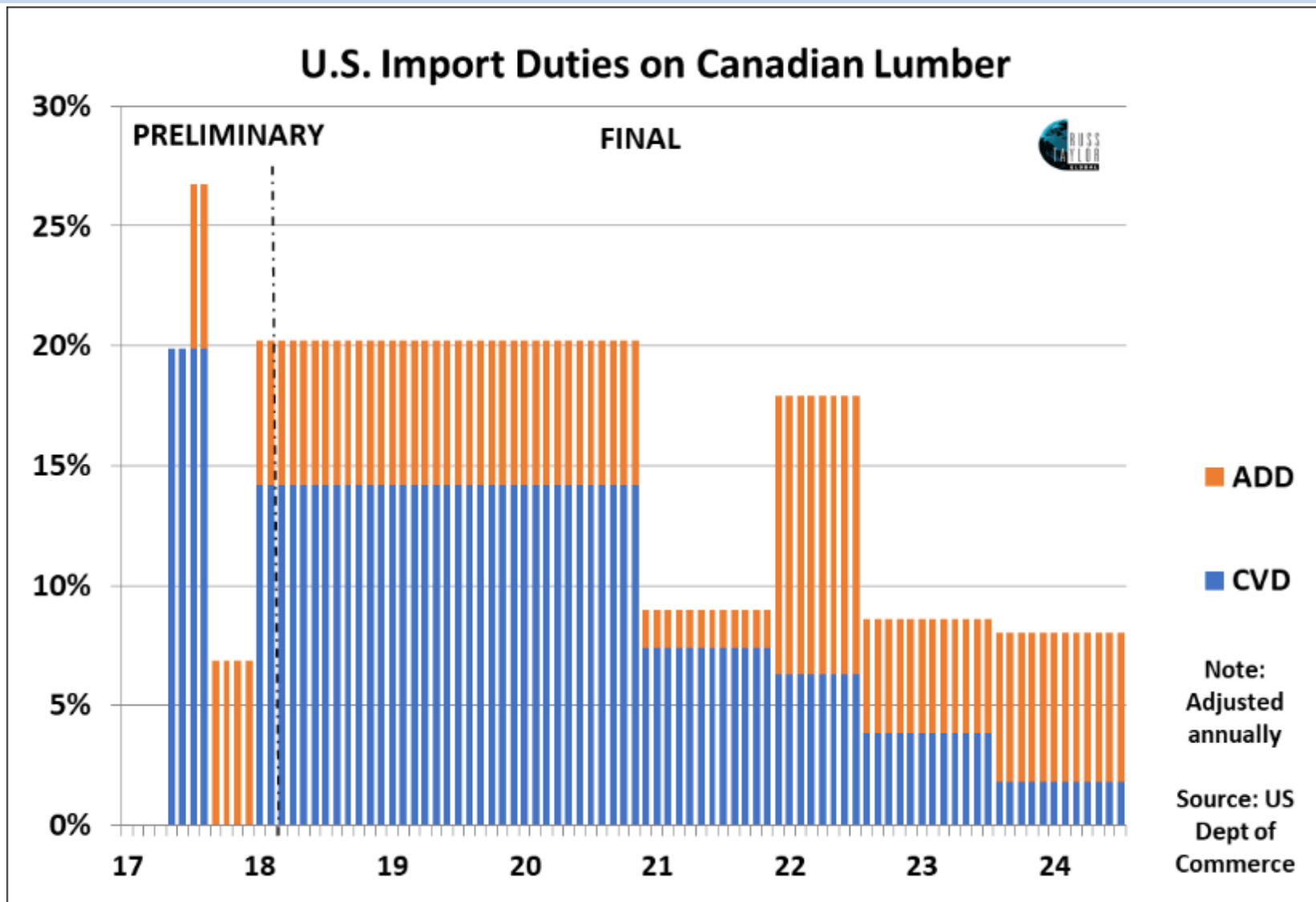
- **US sawn softwood consumption growth has been flat to negative since 2021.**
- **2020 pandemic kick-started US R&R & new home starts.**
- **The rate of demand growth in 2022 and 2023 is slowing.**
- **Slight growth expected in 2024 and beyond.**



2022: US = 85 million m3; Canada = ~11 million m3; No. America = 96 million m3

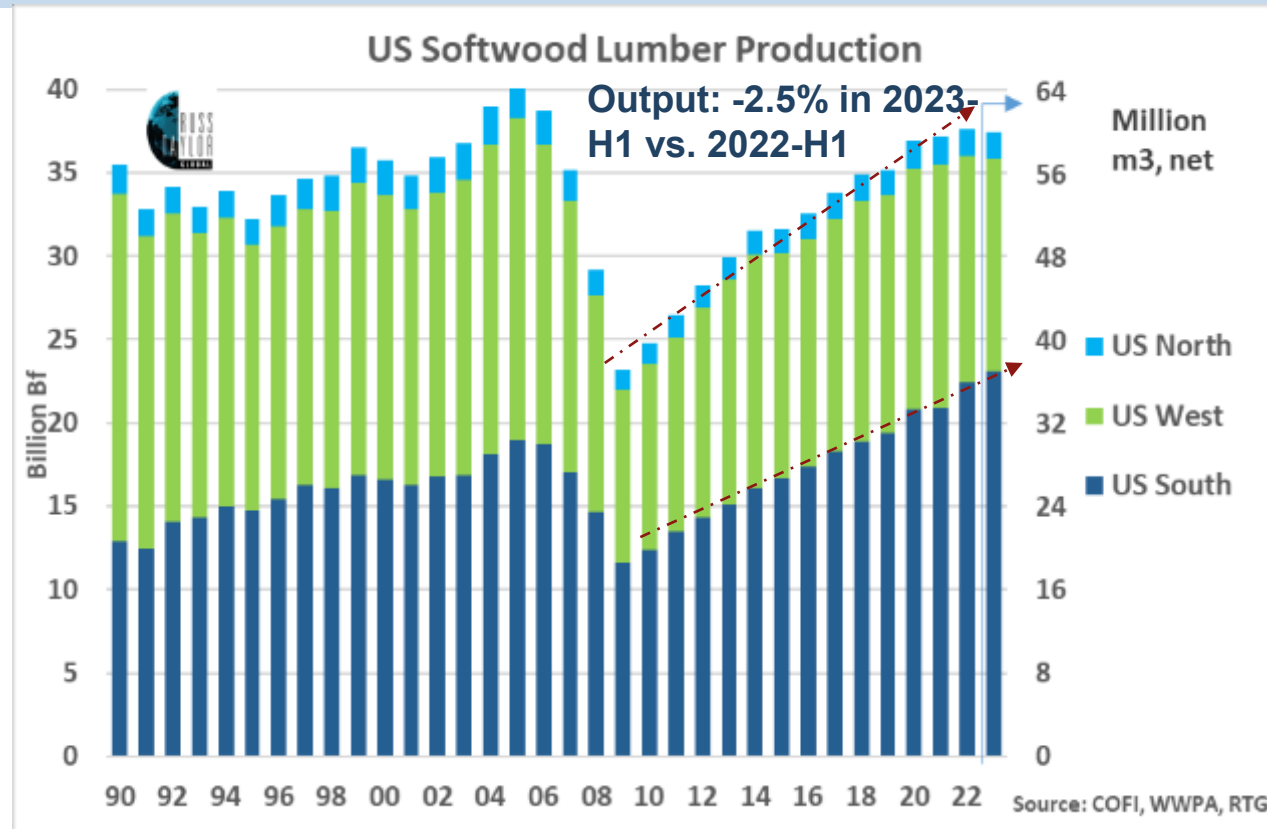
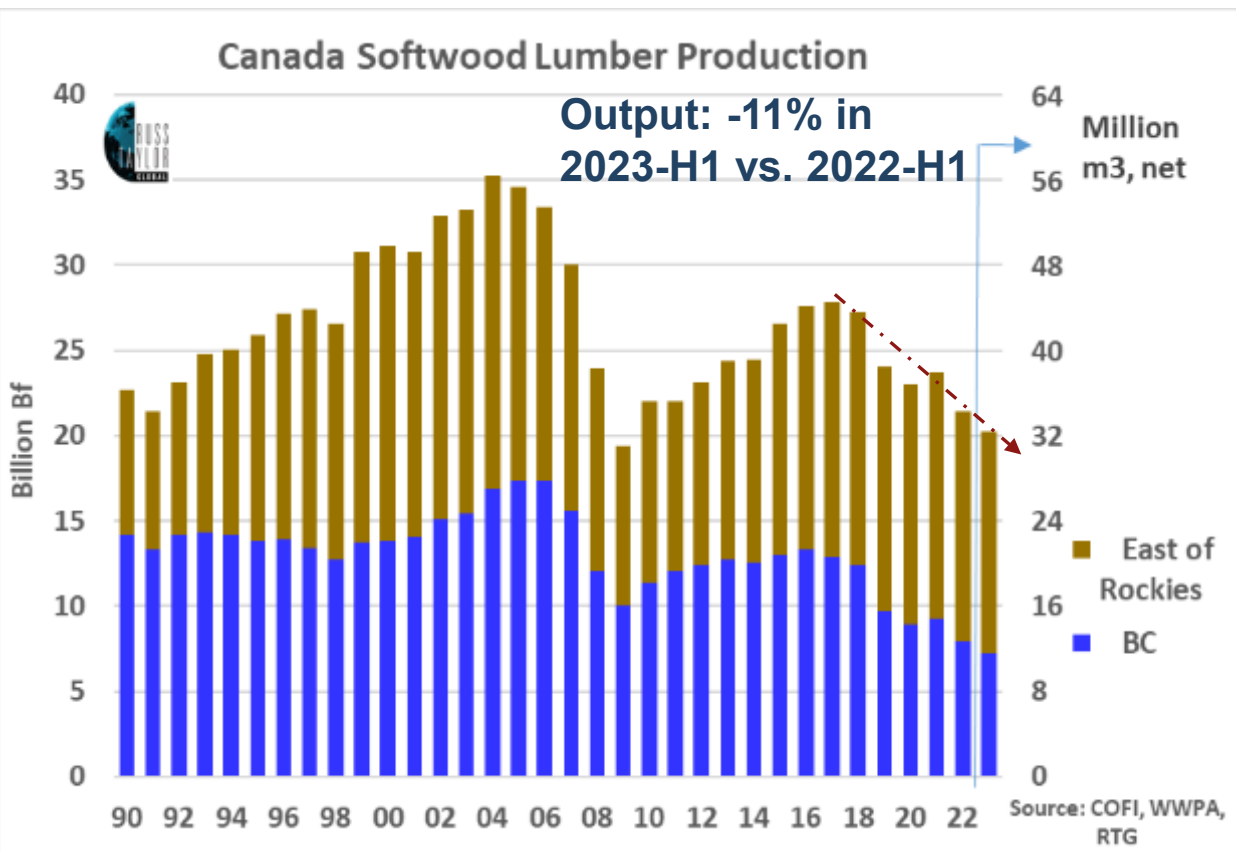
# US Import Duties on Canada Lumber: Reduced slightly in August 2023

- US import duties are assessed annually as part of the review process.
- US import duties are assessed annually as part of the review process.
- Duties: to 9% in late 2020.
- To 18% at the end of 2021
- To 8.6% in August 2022
- **To 8.05% in August 2023**
- Lower prices and huge deposits (~US \$6.5 billion) should help get both sides to start a negotiation process in 2024/25.



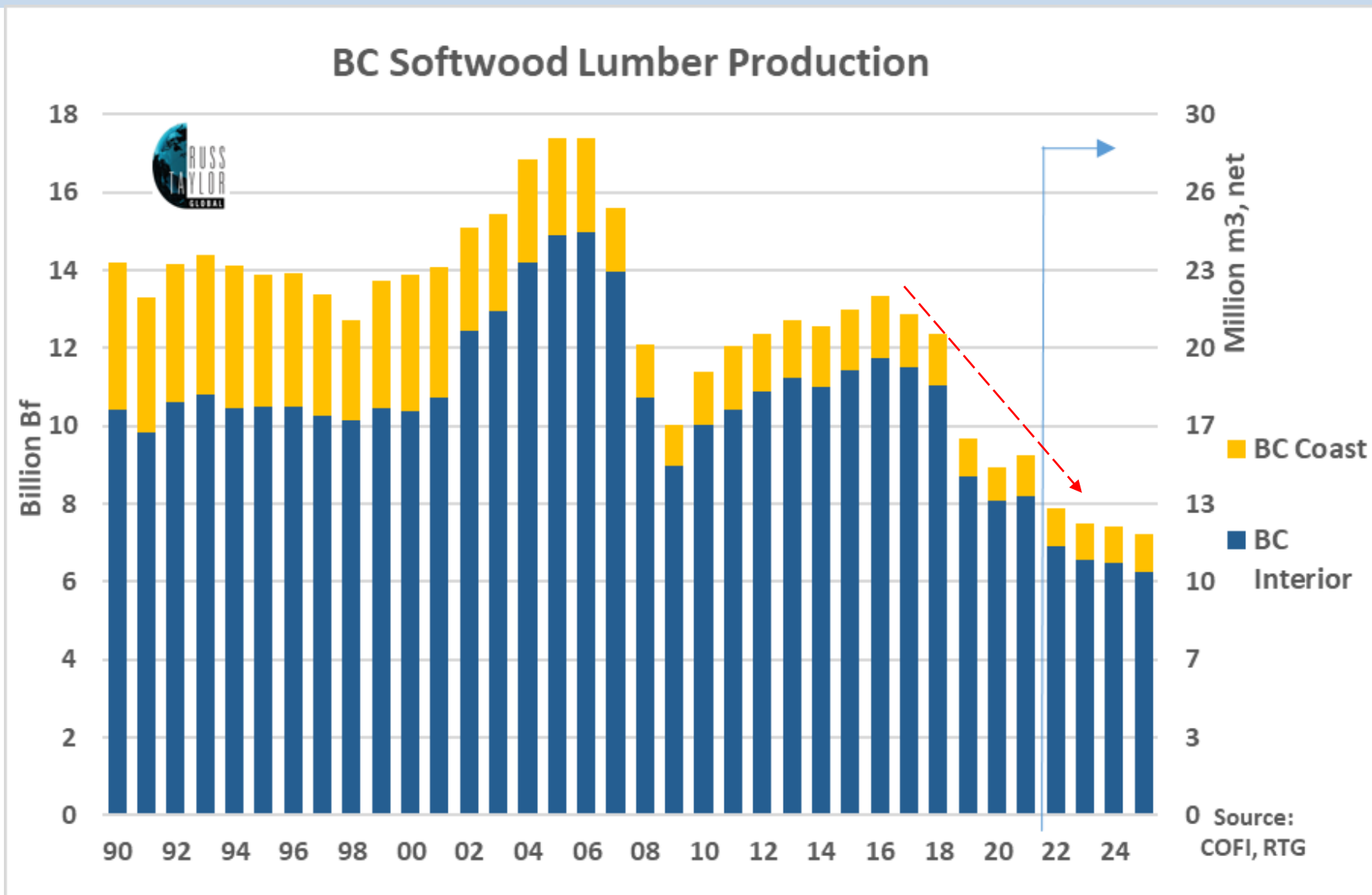
# North American Softwood Lumber Production

- **US South: 2018-2022: ~ 11 million m3 (7 Billion Bf) of new capacity (60 Projects)**
- **Only 50% increase in output so far!**

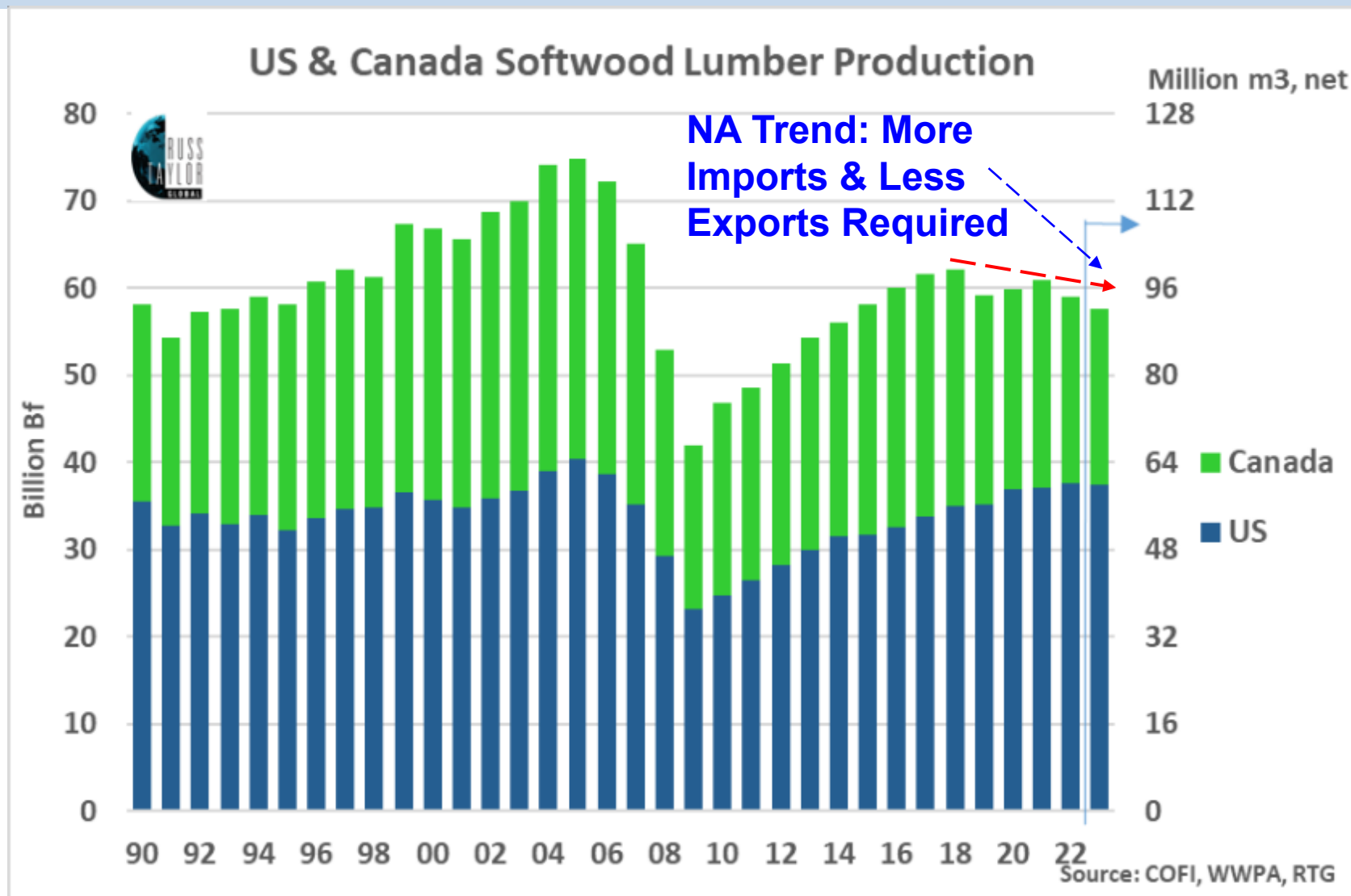


- **BC output peaked in 2005. Since then, 50+ sawmills have closed (mainly from the MPB) = ~60% drop in output to 2023.**

- Pine beetle,
- Spruce beetle,
- Wildfires,
- **Many (gov't) timber policy initiatives:**
- old growth deferrals,
- caribou protection,
- landscape plans,
- carbon capture,
- tenure transfers.



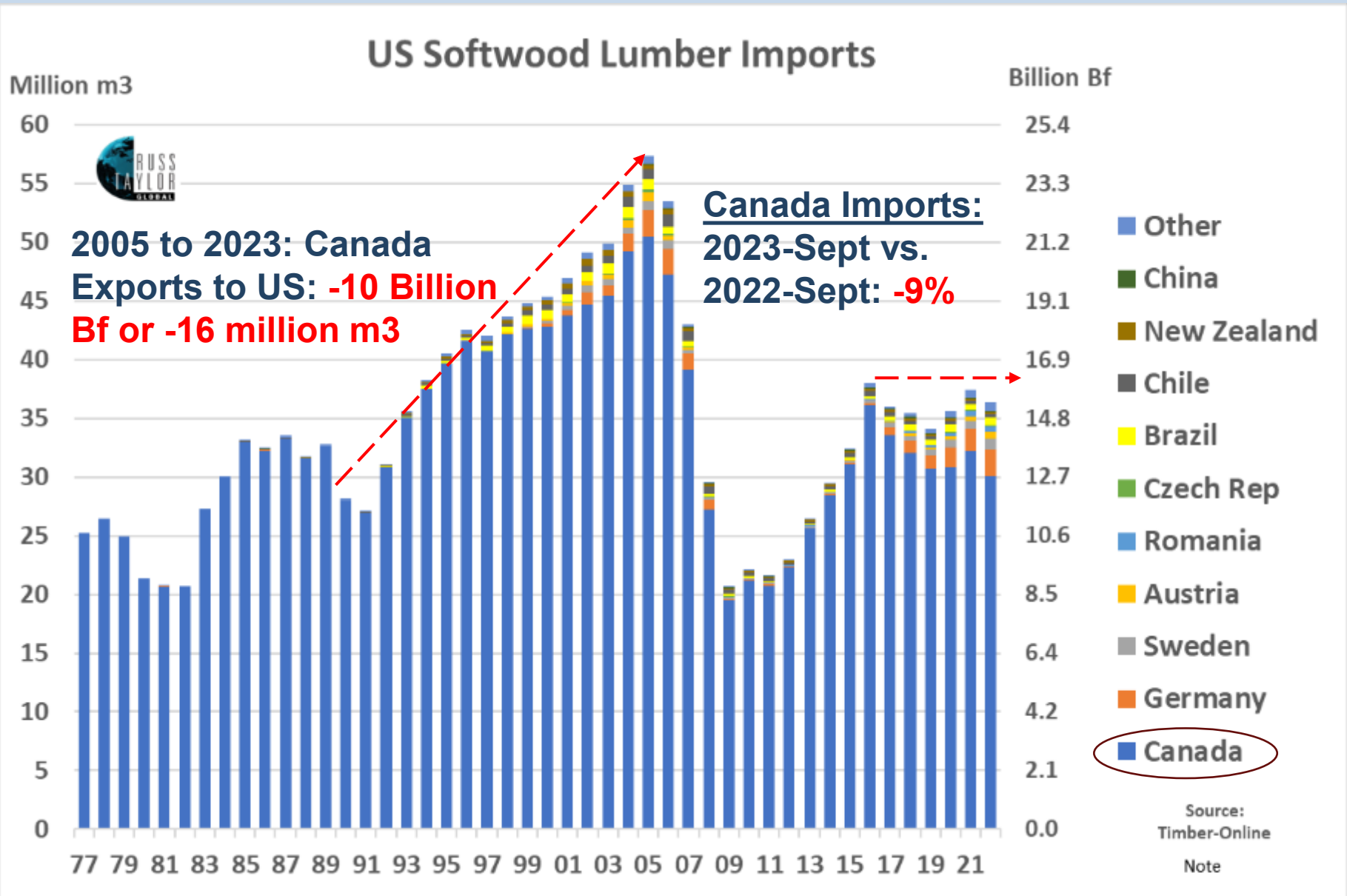
- BC output declines.
- Constrained output in rest of Canada & the US West.
- Only the US South can increase output.
- **Net: declining North America production.**
- Steady **imports** and reduced exports are required to balance supply with demand





# US Lumber Imports Flat since 2017

- **Canada** dominates US imports, but market share has dropped from 97% to 82% in 2023 YTD.
- **Europe = 14%** and rising



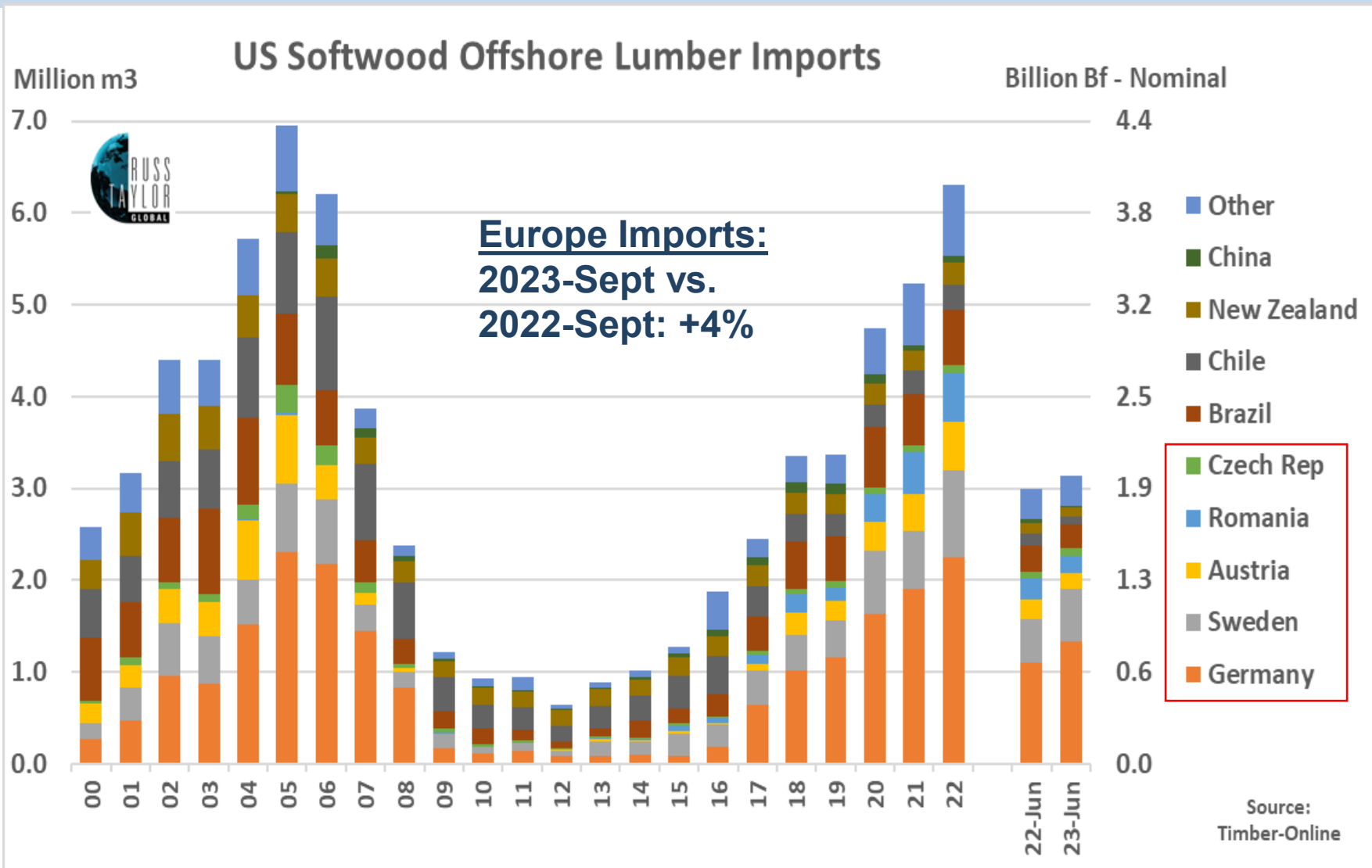
# Europe's share of US Lumber Imports Increasing

- Europeans led by Central Europe (beetle logs) & Sweden, but slowing in 2023-H2.

- Brazil leads Southern Hemisphere imports.

### Share of US imports

- Canada = 82.0%
- Europe = 14.0%
  - Germany = 7.4%
  - Sweden = 3.2%
- S. Amer/NZ/Austr. = 3.0%
- Asia = 0.3%





# 2023 Summary and 2024 Outlook

- **Europe:** production (in the 16 “ISC” countries) lower in 2023 by 10%.
- **Russia:** sawn timber production and exports should be close to the same pace in 2023 as in 2022.
- **USA:** The outlook for 2023 is for similar production levels to 2022 (led by gains in US South to offset reductions in the US West region).
- **Canada:** sawn softwood output in 2023 is expected to be lower than in 2022 by about 8-10%.
- **2024 Outlook:**
  - Europe – lower production & consumption in most countries.
  - USA – “flat” demand should allow for “flat” production, perhaps increasing in 2024-H2 from pent-up demand and lower mortgages.
  - Canada – demand stable; declining production and exports.
  - Russia – Western Russia vs. Siberia vs. RFE?



# Thank you

**Russ Taylor**  
**RUSS TAYLOR GLOBAL**  
**Wood Business & Market Consulting**  
**Vancouver, B.C., Canada**

**[www.russtaylorglobal.com](http://www.russtaylorglobal.com)**

San Marino, 20-23 November 2023

