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Market development from European sawmillers' perspective

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EOS
EUROPEAN ORGANISATION OF THE SAWMILL INDUSTRY

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Production and Consumption

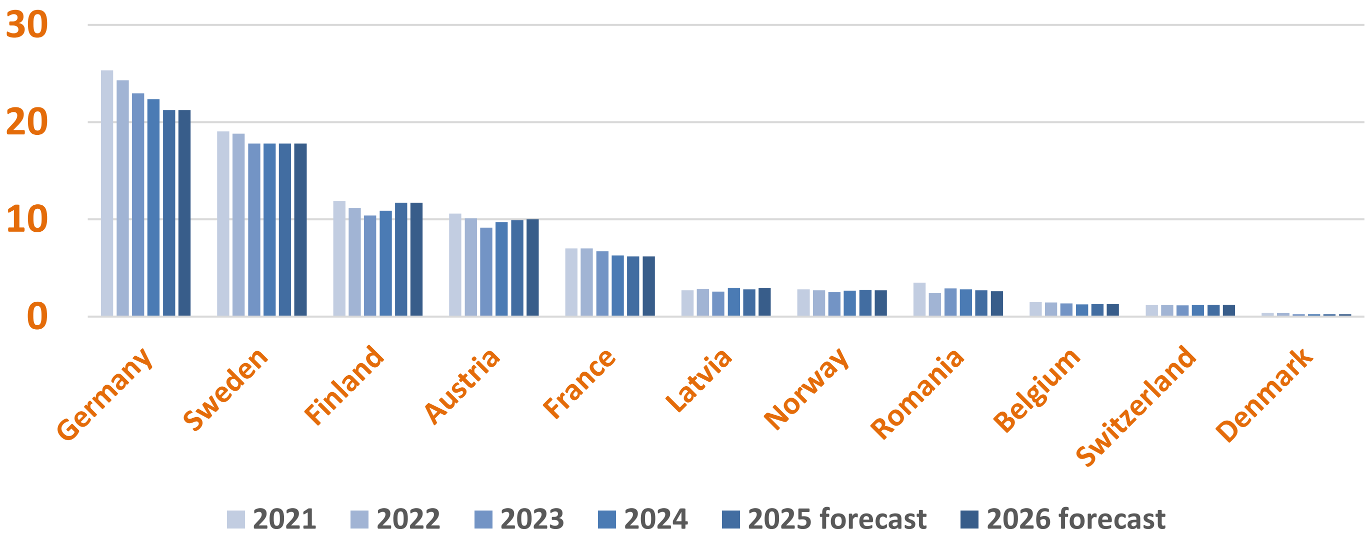
EOS Production overview

After peaking in 2021, production in the EOS countries declined significantly over the last few years to adjust to the demand decline. **Since 2023 overall in the EOS countries production is stable around 78 million m3** (total EU+NO+CH: 97 million m3) on levels lower than the period before the pandemic and 10% below the 2021 peak.

EOS member countries which have shared data :
Austria
Belgium
Denmark
Finland
France
Germany
Latvia
Norway
Romania
Switzerland
Sweden

Source: EOS

EOS Production country by country in million m3



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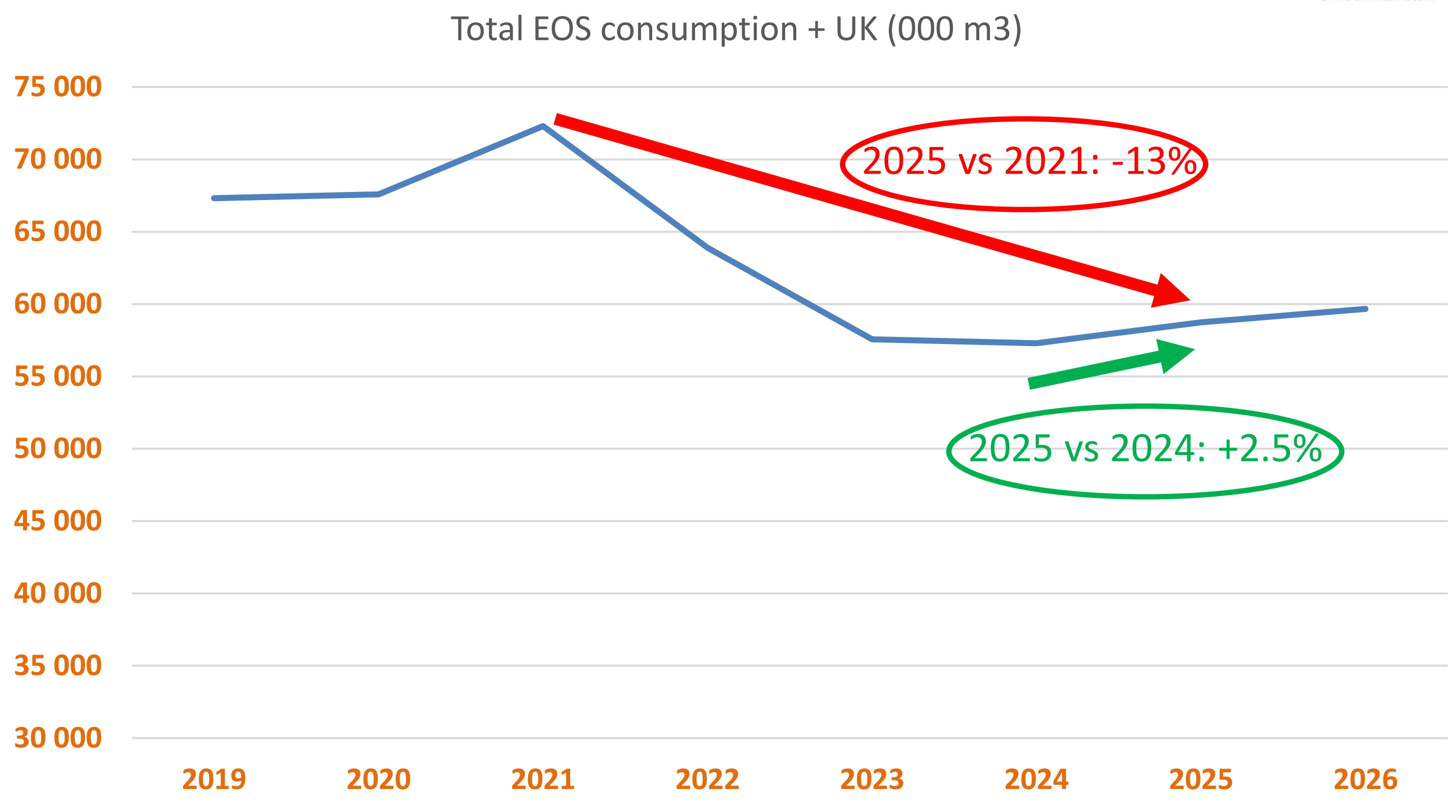
Germany
Latvia
Norway
Romania
Switzerland
Sweden

While aggregate EOS production is stable, at country level we see some differences with a decline from the 2021 peak more apparent in Germany and to a lesser extent France. Austria, Sweden and Finland and, among smaller producing countries, Latvia and Norway, have somewhat stabilized or increased (Finland) in 2025. But margins and profitability issues are common across Europe.

Source: EOS

Sawn softwood consumption in Member countries of EOS + UK



Source: EOS

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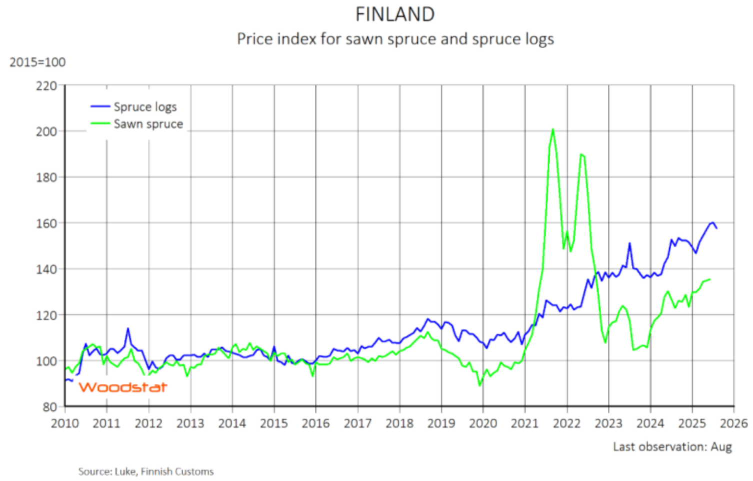
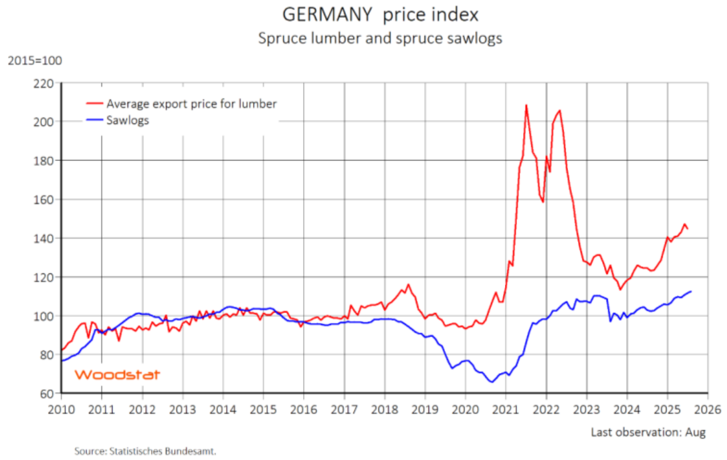
Raw Materials

Raw materials prices in the Nordics record-high





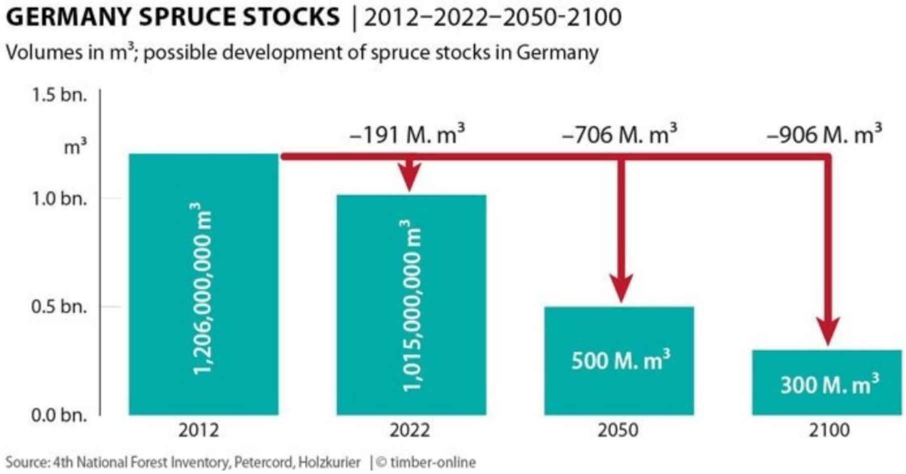
- In the Nordic countries, logs prices have reached record-high levels while sawnwood prices have not kept pace. In Central Europe prices have not risen as much as in the north but remain high compared with other countries in the world. High difference in Central Europe between fresh logs prices and damaged logs prices

- **Sawnwood prices have grown but they have not kept pace with the increase of logs prices**, which is one of the main reasons of the low profitability of the industry

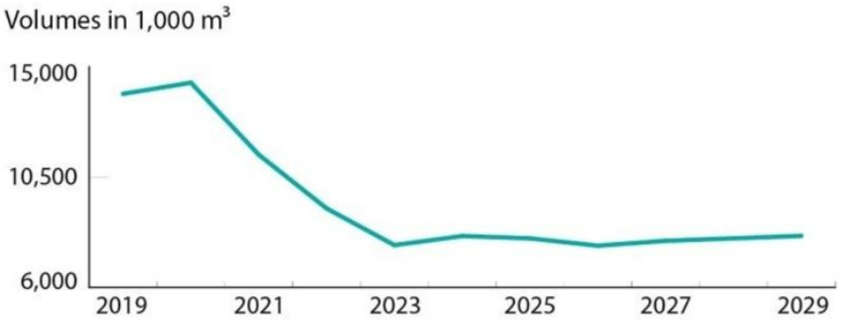
- Increase in log prices took place in the middle of weak demand for wood. **What will happen when demand resumes**?

- Forests in parts of Europe are near full utilisation, and EU sustainability policies plus lasting bark beetle impacts will further limit supply.

Reducing spruce availability in Central Europe



Czech State Forests harvest



2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
13,901	14,354	11,416	9,223	7,724	8,094	8,000	7,700	7,900	8,000	8,100

Index 2024: 1) estimate, index 2025-2029, 2) log harvest acc. to strategy
Quelle: Lesy ČR strategy 2025–2029 | © Holzkurier 2025

Following the decrease in beetle-damaged wood, the Czech State Forests Lesy ČR expect logging volumes to remain stable over the coming years

Due to climate change and its relative lack of suitability in a warming climate, **spruce logs availability will decline in the next few decades**. We already see the first effect with reduced availability of spruce logs in the aftermath of the bark beetle crisis a few years ago (necessary overharvest between 2018/2021).

Source: Timber Online

Increasing pine consumption as an alternative to spruce

We already see some mills in Central Europe and South Sweden changing to more redwood.
From a strength classification perspective, both pine and spruce often meet the same structural grades.
However, there are differences in appearance, handling, and treatment performance.

In short the two species have some different characteristics, but their performance is similar. **The industry should do more to promote pine also as a structural timber** as the share of pine in production will increase compared to spruce.

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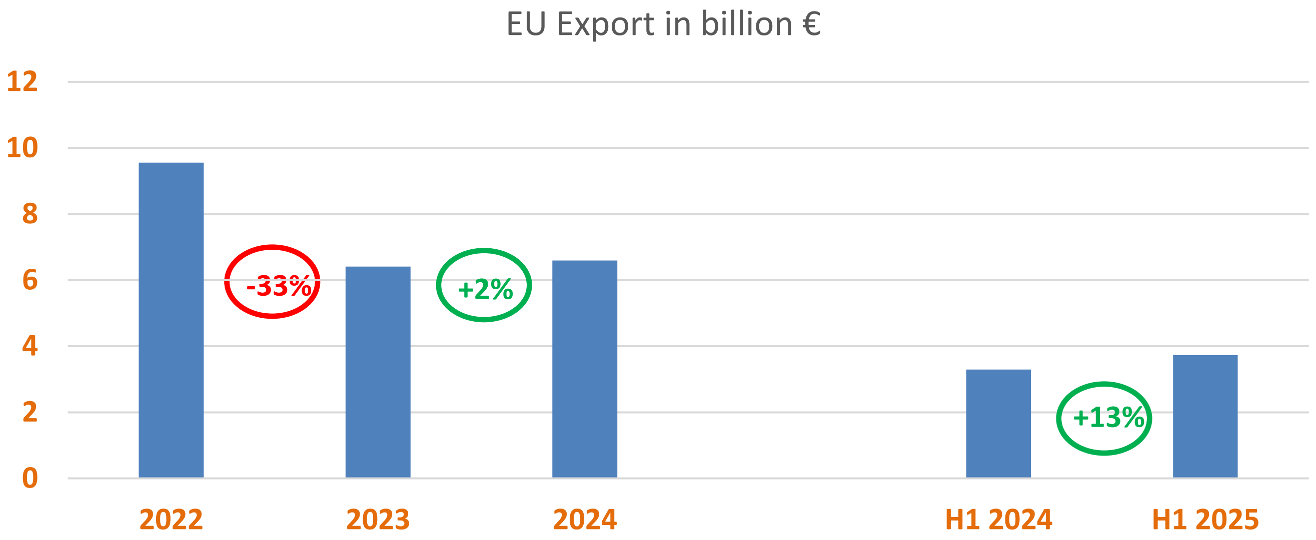
Export Markets

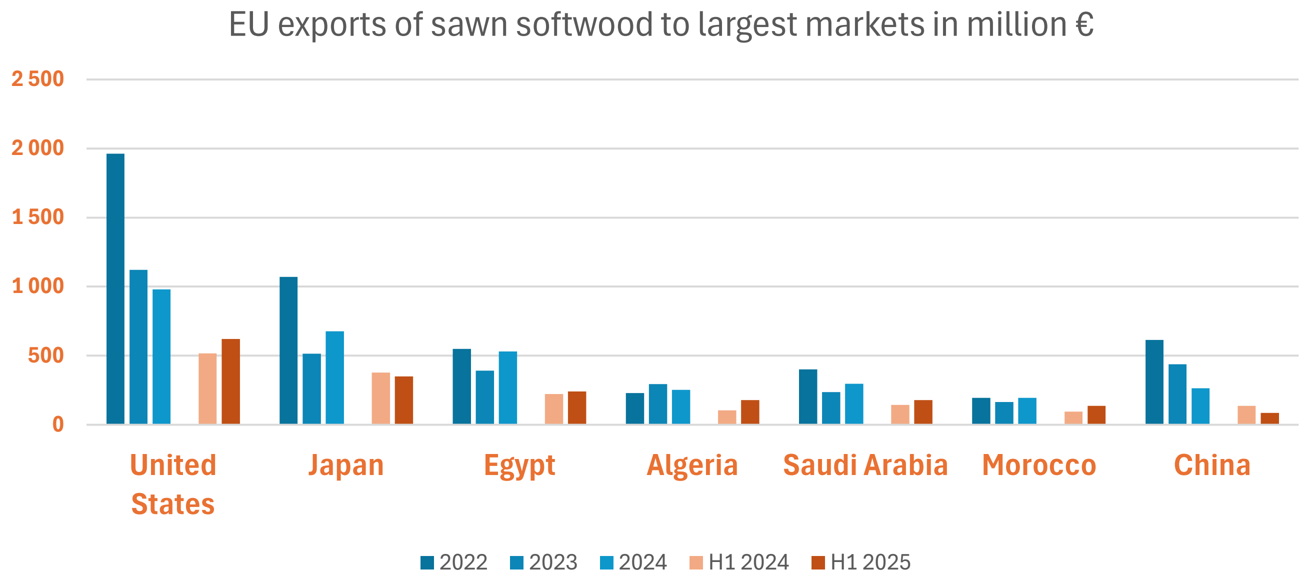
EU export of sawn softwood to rest of the world



In 2022, after the post-pandemic peak, **EU exports of sawn softwood** exceeded €9.5 billion. In 2023 they fell to €6.35 billion, and last year they slightly increased by 2%. **This year they rose by 13% in H1 2025** vs H1 2024.

Source: Eurostat/EOS reelaboration

EU export of sawn softwood to rest of the world



26% of sawn softwood EU exports delivered outside of the EU ends up in the UK, which we can consider as a European market. Other large markets include the US (over 16.5%), Japan (9.4%), Egypt (6.4%). The market share of China declined to just 2.2%. In H1 2025 shipments to the US increased by 19% to 620 million €, to Japan declined by 7% to 350 million €. Deliveries to Egypt grew by 8% to 240 million €, while deliveries to China went down by 37% to just 85 million €

Source: Eurostat/EOS reelaboration

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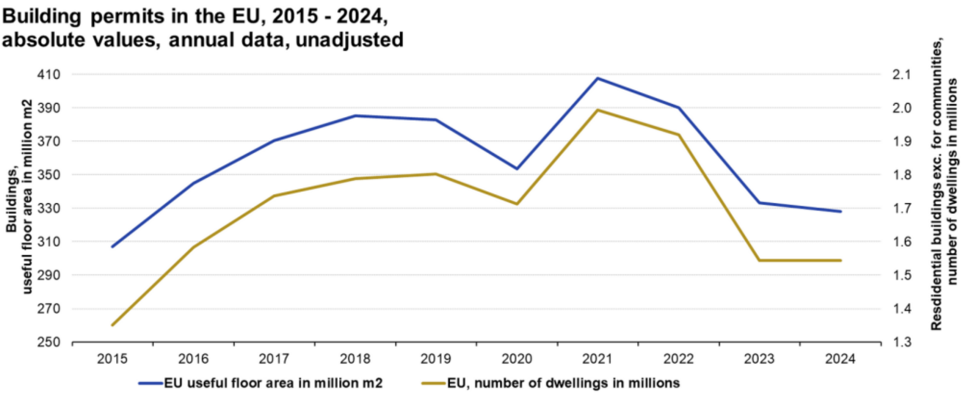
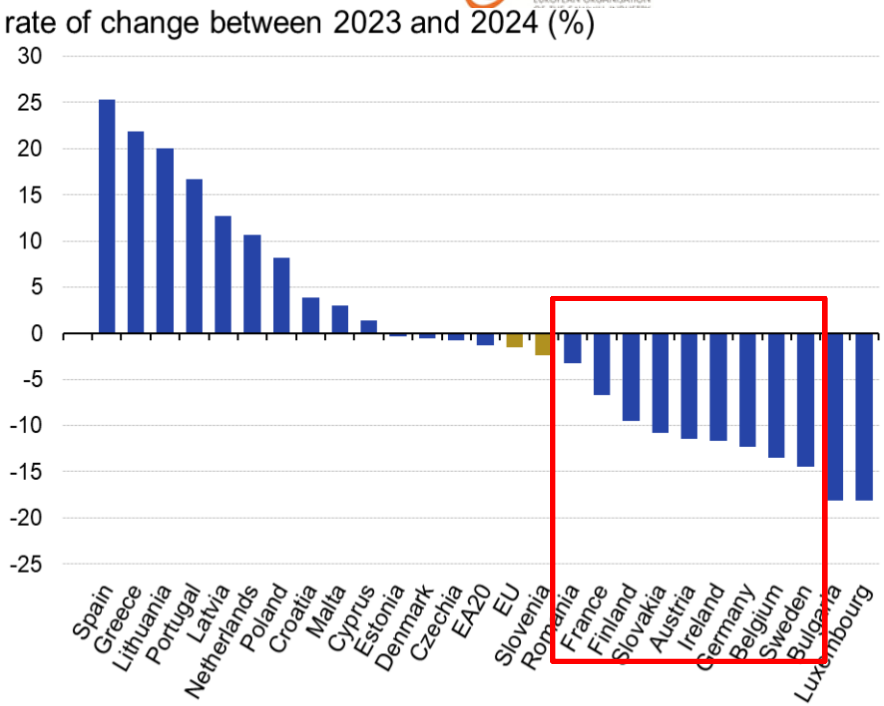
Construction markets

In 2024 building permits were still struggling



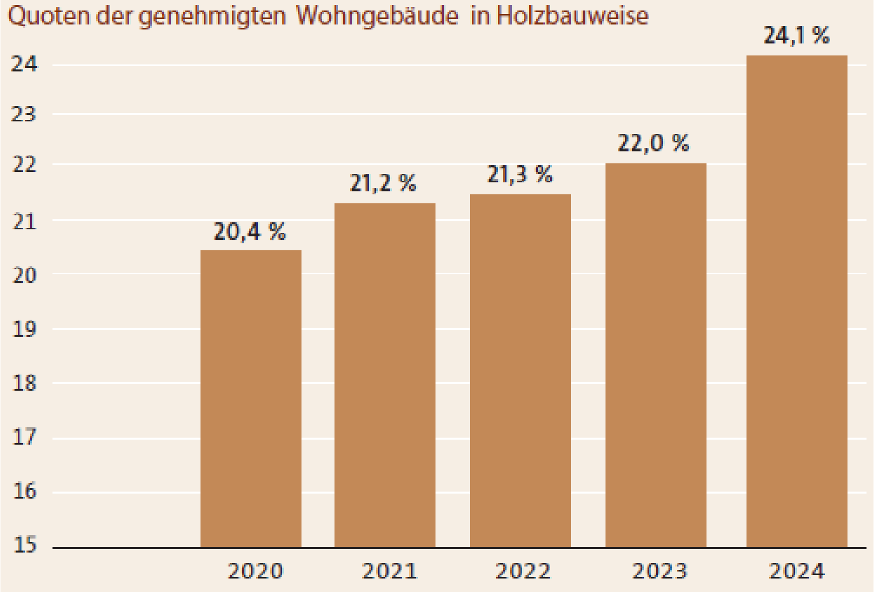


Since 2022 the construction sector is declining. Both the index for the useful floor area and the dwelling index fell by 4% in 2022. In 2023 the decline in the issued permits accelerated to -15% for the floor area index and to -20% for the number of dwellings. In 2024 the index for the floor area of buildings declined by 2% while the dwelling index stagnated. Large markets and countries with high wood consumption are especially struggling

Source: Eurostat

Wood as a building material gaining market share

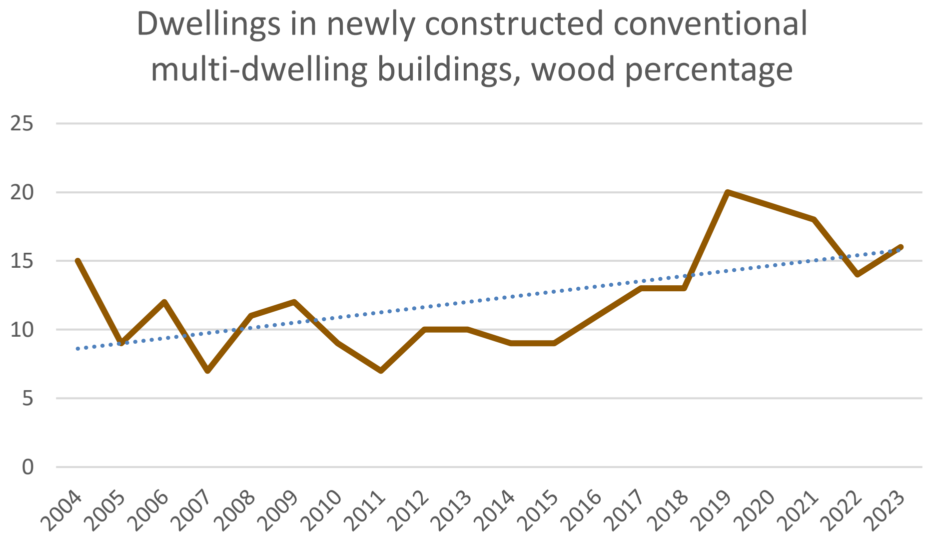
Germany: Residential building (new building) 2024
Permits with wood as predominantly used material



Year	2020	2021	2022	2023	2024
Wooden Houses	25.375	27.477	23.534	14.940	13.214
Total	124.596	129.363	110.671	67.889	54.831

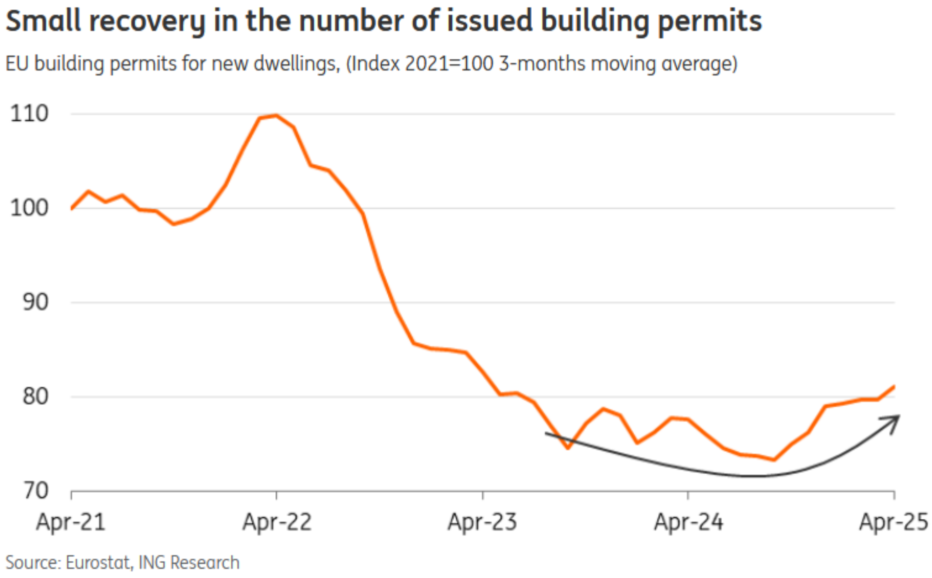
Source: Holzbau-Deutschland

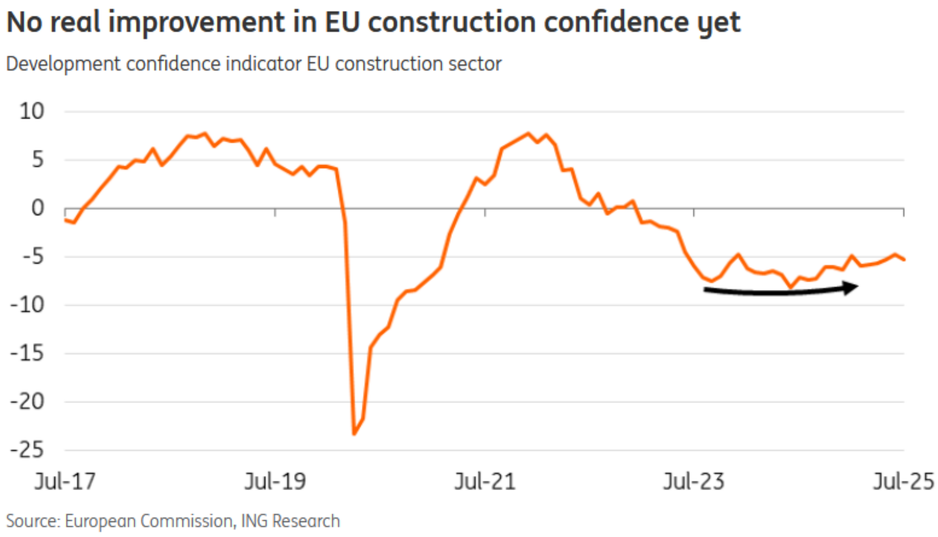
Sweden



Source: Official Statistics of Sweden, EOS reelaboration

Is construction sector finally bottoming out? Can 2026 be the year of recovery?





Confidence in the construction sector is still quite low but the issuance of building permits for new houses in the EU has reached its lowest point and is displaying slight improvement. Yet, the granting of permits is still very low compared to 2021, especially in Central Europe. In these countries, issuance has fallen by more than 40%. A positive outlier is Spain.

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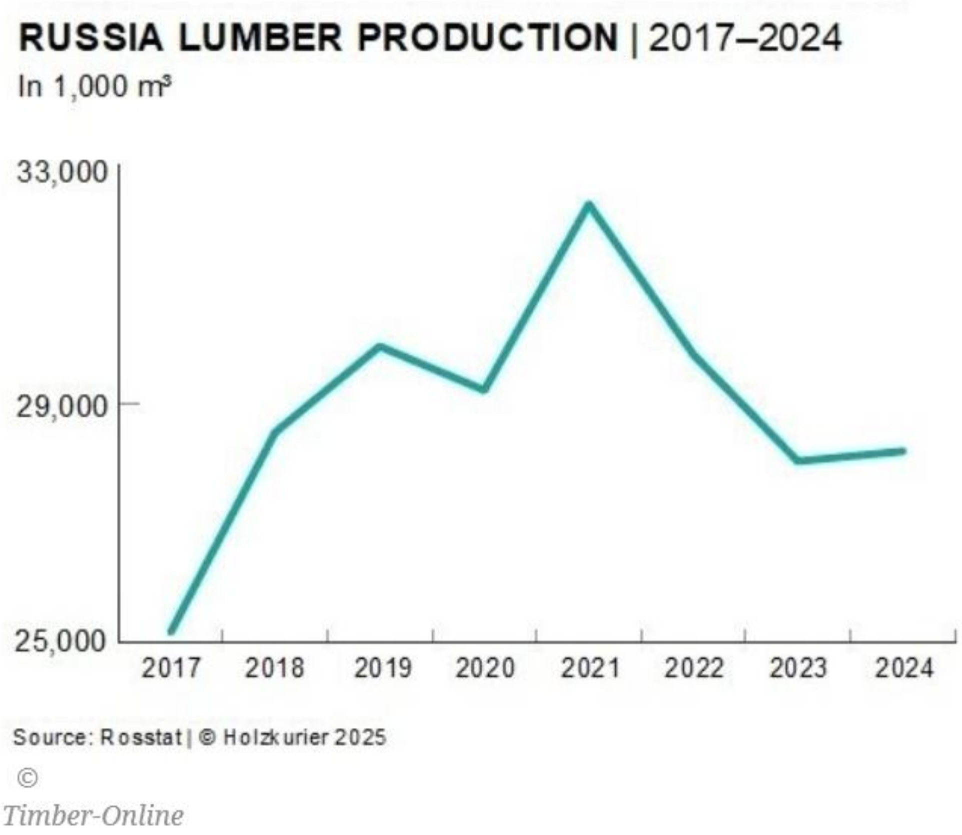
Russia

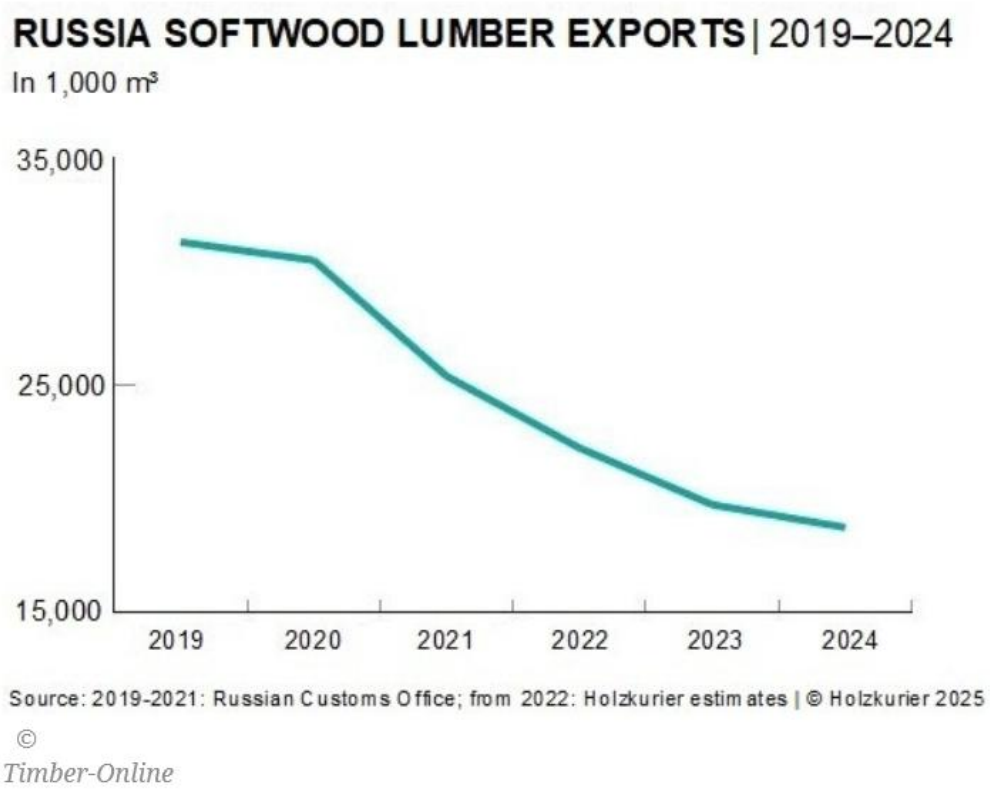
Russia production has also been declining…



- In the first seven months of 2025, Russian softwood lumber production output amounted to 15.38 million m3 and thus also remained stable (+0.6%) compared to the same period last year. But production remains lower than in the period 2018/2021.
- The EU in 2021 consumed about 83 million m3 of sawn softwood. Of this, 7 million m3 was imported from Russia+Belarus in 2021 (which is about 8.5%). If demand finally recovers in Europe, will it be possible to replace Russian imports?

Source: Timber Online

…and its exports too



According to Holzkurier estimates, Russia exported 18.7 million m3 in 2024 (-5% vs 2023). **Looking back, since 2019, Russian lumber exports have declined by 40%**. China, whose imports amounted to 11.2 million m³ in 2024, accounts for around 60% of Russian exports. Uzbekistan with about 1.9 million m3 in 2024 imported. According to Holzkurier estimates, Russia exported 1.7 million m³ of softwood lumber to the MENA region in 2024, with Egypt being the largest market in North Africa and the Middle East with 550,000 m³. A similar amount was likely delivered to Iran.

According to Whatwood, some Russian mills are redirecting some of their volumes to MENA and CIS countries as the Chinese market prices are very low. Deliveries to China are down 10% y-o-y in H1 2025.

Source: Timber Online

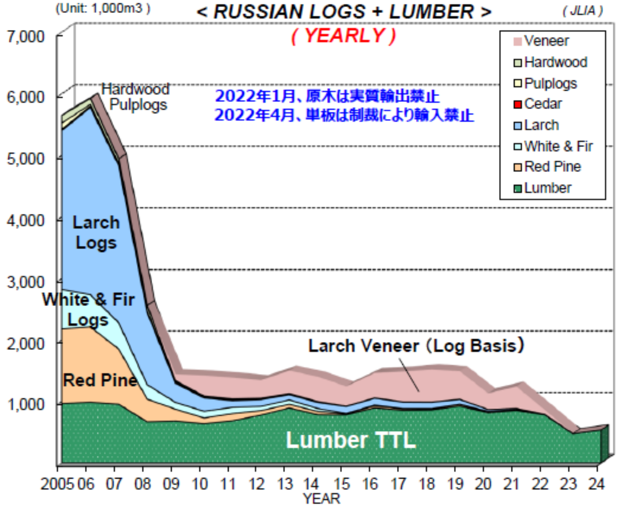
Russia still exports sizable quantities of lumber to Japan

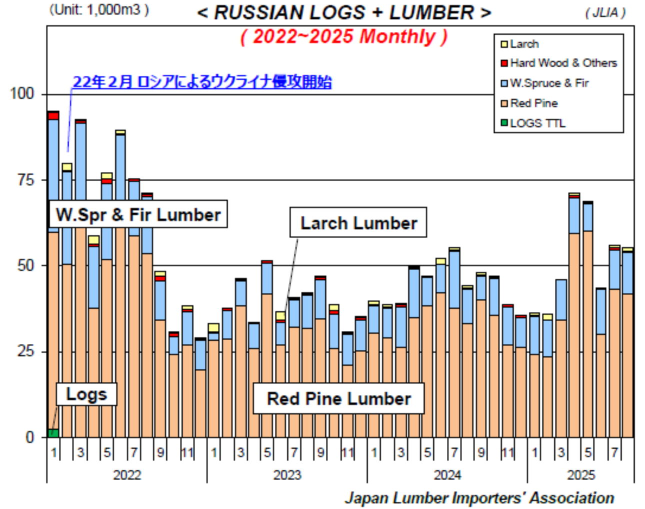
ロシア材

RUSSIAN TIMBER IMPORTS IN RECENT DECADE

（2016年以前は樹種別HS-Codeなく、内訳不明） (Unit: m3) ※ロシア製材品については、集計方法を財務省貿易統計にて、2012年まで遡り過年度修正

(HS4407+4409)	2015	2016	2017	2018	2019	2020	2021	2022	'22/'21	2023	'23/'22	2024	'24/'23	2025 Jan~Aug	'25/'24
Red Pine (HS4407-11)			672,686 (78.6%)	687,834 (80%)	694,407 (75%)	621,020 (76%)	632,527 (74%)	546,813 (70%)	-13.6	360,512 (76%)	-34.1	400,248 (75%)	+11.0	316,391 (77%)	+16.4
W.Spruce & Fir (HS4407-12)	753,789 (97%)	864,646 (97%)	156,678 (18%)	137,547 (16%)	193,761 (21%)	168,449 (21%)	196,364 (23%)	214,586 (27%)	+9.3	97,485 (21%)	-54.6	123,454 (23%)	+26.6	88,258 (21%)	+2.9
Larch (HS4407-19)	17,240 (2%)	17,771 (2%)	14,939 (2%)	21,551 (3%)	19,215 (2%)	17,803 (2%)	13,918 (2%)	11,240 (1%)	-19.2	8,916 (2%)	-20.7	6,561 (1%)	-26.4	5,042 (1%)	+0.4
Hard Wood (4407-9(& Others (HS4409)	9,932 (1%)	12,174 (1%)	11,207 (1%)	13,481 (2%)	16,114 (2%)	9,616 (1%)	8,967 (1%)	10,324 (1%)	+15.1	5,907 (1%)	-42.8	4,904 (1%)	-17.3	3,089 (1%)	-2.1
Lumber Total	780,961	894,591	855,510	860,413	923,497	816,888	851,776	782,963	-8.1	472,820	-39.6	535,167	+13.2	412,780	+12.9
Softwood Log TTL	136,966	156,039	132,131	125,534	109,860	49,540	32,088	2,573	-92.0	0	-	0	-	0	-
Hardwood Log TTL	4,347	5,346	4,025	3,073	2,426	1,485	966	0	-	0	-	0	-	0	-
Logs Total	141,313	161,385	136,156	128,607	112,286	51,025	33,054	2,573	-92.2	0	-	0	-	0	-





Source: Japan Lumber Importers Association

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Summary and outlook

The sawn softwood market in 2025

The difficult period which started more than three years ago continues in the European sawmill industry.

- For the third consecutive year, the first two quarters of 2025 offered hope in some European countries with increasing exports and European consumption – slightly and from a relatively low basis. **The summer was disappointing and the feeling across the industry is that the next few months will not be great**.

- On aggregate European level production is expected to remain stable this year, but with some differences at national level

- **Raw material prices**, rose significantly particularly in the Nordic Countries, and **continue to be very high** – the combination of this and sawnwood sales prices which are not high enough impacts the profitability of the industry. The **availability** of raw material, and spruce in particular also is now a significant **concern** in Central Europe in particular

- Export markets remain important for the softwood industry. US tariffs of 10% on European lumber will not have – probably – major repercussions for European sawmillers

Outlook 2025-early 2026

- In the **short term** the situation will **remain difficult** for the European wood industry. There is renewed hope for 2026, but the industry has already been disappointed over the last couple of years.

- **Construction markets have hopefully reached the bottom. Can 2026 be the year of recovery? Maybe, especially in H2.** Europe has underbuilt for nearly 20 years, increasing renovation of buildings to make them more energy-efficient and increasing market share of wood as a building material: can it go even higher?

- **Raw material availability at affordable prices is really the KEY question for the European sawmill industry**:
  - With the aftermath of the bark-beetle crisis causing shortages of spruce, as an industry we need to make an effort to diversify away from spruce and show that <u>**pine**</u> can perform just as well and satisfy consumers' demand.
  - We need to fight in Brussels and at national level to show policymakers that if we are serious about decarbonization European forests should not be seen as 'green museums' but also as essential providers of wood. So policies need to reflect this

- **Exports** will play a big role for the European softwood industry. US tariffs at global level may re-direct some flows. Russia is very competitive in China and MENA.

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Thank you for your attention!

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