UNECE/FAO Forestry and Timber Section
Global forest products markets overview
1. Economic Commission for Europe
2. Forest Products Market Information
3. Sawn softwood – a key commodity
4. Sawn softwood – top producer and exporter
5. Per capita consumption of sawn softwood
6. 2050 – where could we be heading to?
7. Conclusions
1. Economic Commission for Europe
Economic Commission for Europe

... was established in 1947

... is one of five UN regional commissions

... facilitates greater economic integration and cooperation among its 56 member States
The forest in the UNECE region covers:

• 41% of the global total
• 85% certified area
• 60% industrial roundwood

Economic Commission for Europe
UNECE/FAO Forestry and Timber Section

Work Areas:

1. Data, monitoring and assessment;
2. Policy dialogue and advice
3. Communication and outreach
4. Capacity building
2. Forest Products Market Information
Annual cycle of market information and assessment

January
- Data collection past Y
- Analytical work

July
- Forecast data + 18 m
- Market Statement

December
- Annual comprehensive analysis of markets in the UNECE region
- Analyzis of market influences from outside UNECE
- Covers the whole range of products from the forests to the end-user, so all the way from roundwood, sawnwood, pulp, paper, wood energy, housing, to value-added wood-products.
- Official launch at Committee
Market trends not featured in 2018 edition
Some were discussed during the Committee @ Vancouver

Rise in log imports in 2018
China’s log imports in 2018 totaled 59.75 million cubic metres valued at US$10.984 billion, a year on year increase of 8% in volume and 11% in value. The average price for imported logs was US$184 per cubic metre, a year on year increase of 3%.

Of total log imports, 2018 softwood log imports rose 8% to 41.61 million cubic metres, accounting for 70% of the national total, one percentage point of increase on 2017 level. The average price for imported softwood logs was US$139 per cubic metre, up 4% on levels in 2017.

<table>
<thead>
<tr>
<th>China’s log import in 2018 cu.m</th>
<th>2018</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total log imports</td>
<td>59.75</td>
<td>8</td>
</tr>
<tr>
<td>Softwood logs</td>
<td>41.61</td>
<td>8</td>
</tr>
<tr>
<td>All hardwood logs</td>
<td>18.14</td>
<td>8</td>
</tr>
<tr>
<td>Tropical Logs</td>
<td>11.06</td>
<td>6</td>
</tr>
</tbody>
</table>

Data source: China Customs
Market trends not featured in 2018 edition
Some were discussed during the Committee @ Vancouver

- North American Market – rollercoaster prices in 2018
- Global prices dropping
- China market – inland expansion – Russia takes it all?
- Europe – huge oversupply in coniferous roundwood due to abiotic and biotic disturbances – lack of skilled labor force to mobilize volumes
- Forest certification – overall decrease due to multiple-certification?
- Carbon neutrality of wood energy
3. Sawn softwood – a key commodity
Sawn softwood – a key commodity

2017 data

- 3.78 billion m$^3$ of roundwood harvested annually
- 1.89 billion m$^3$ of this is used for material uses (IRW)
- 1.09 billion m$^3$ of this is from coniferous species
- 0.83 billion m$^3$ of this is harvested in the UNECE
- 0.53 billion m$^3$ of this transformed by sawmills in the UNECE
- 0.26 billion m$^3$ of sawn softwood produced in the UNECE
Sawn softwood – a key commodity

- Global *production* of sawn softwood
  ... increased by 25% in the past 20 years
  ... 76% of global production @ UNECE

- Global *export* of sawn softwood
  ... accounts for 37% of sawnwood production
  ... increased by 52% in the past 20 years
  ... 94% of global *export* originate from UNECE
Sawn softwood – key for mobilization
4. Sawn softwood – top producer and exporter
Top 10 sawn softwood producer

million m3

1997 1999 2001 2003 2005 2007 2009 2011 2013 2015 2017

US CA RF DE SE CN JP FI AT BR
Top 10 sawn softwood producer

- **US**: Housing crash
- **CA**: Very high dependency on US market
- **CN**: Domestic transformation of imported roundwood
- **RF**: Increasing domestic 1st transformation

Graph showing production trends from 1997 to 2017 for various countries.
Top 10 sawn softwood exporter

FORESTS

millions m³

CA
RF
SE
FI
DE
AT
CL
US
LT
BY

1997 1999 2001 2003 2005 2007 2009 2011 2013 2015 2017
Top 10 sawn softwood exporter

- **RF**: Roundwood export tariffs
- **CA**: Recovery of US market and new markets (JP, CN and KR)
- **DE**: Reacting to additional market opportunities
- **SE**: Why is this market so stable?

Million m3

Sweden - globalization of softwood trade

Non-European exports steadily increasing

Source: Magnus Niklasson, Swedish Forest Industries Federation (www.unece.org/index.php?id=47708)
5. Per capita consumption of sawn softwood
Sawn softwood consumption

\([\text{m}^3/\text{capita}]\)
Chinese softwood consumption …

... was 0.039 m³ / capita in 2017;
... doubled in the past ten years;
... amounted to 56 million m³ in 2017 (10% of global production);
... is ½ of per capita consumption of the Russian Federation;
... is ¼ of the per capita consumption of Japan;
... is ⅛ of the per capita consumption of North America;

... is 20 times higher than in India!
6. 2050 – where could we be heading to?
By 2050 the world population will be 9 – 10 billion
African population will double until 2050
22% aged over 60 compared to 11% in 2010
Shifts in the global middle class

Figure 3: Regional shares of global middle class consumption, 2000-2050. Source: OECD.
### Economic situation?

#### Emerging markets will dominate the world’s top 10 economies in 2050 (GDP at PPPs)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2050</th>
</tr>
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<tbody>
<tr>
<td>China</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>US</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>India</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Japan</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Germany</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Russia</td>
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</tr>
<tr>
<td>Brazil</td>
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<td>7</td>
</tr>
<tr>
<td>Indonesia</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>UK</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>France</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

- **E7 economies** (light yellow)
- **G7 economies** (light gray)

**Sources:** IMF for 2016 estimates, PwC analysis for projections to 2050

#### Shifts in the ranking of economies

- **Vietnam:** up 12 places (28th to 16th)
- **Philippines:** up 9 places (22nd to 13th)
- **Nigeria:** up 8 places (32nd to 24th)

**Average annual GDP growth rate, 2016-2050**

- Vietnam: 5.1%
- Philippines: 4.3%
- Nigeria: 4.2%

**Sources:** IMF for 2016 estimates, PwC analysis for projections to 2050
Economic situation?

The US and Europe will steadily lose ground to China and India

Global economic power will shift to the E7 economies

In...
1995 E7 were half the size of G7

By...
2015 E7 were around the same size as G7

And in just 25 years...
2040 E7 could be double the size of G7

G7: US, UK, France, Germany, Japan, Canada and Italy
E7: China, India, Indonesia, Brazil, Russia, Mexico and Turkey

Sources: IMF for historical GDP, PwC analysis for projections to 2050

Shifts in the ranking of economies
Economic situation?

Global economic centre of gravity moving from west to east
Forest Sector Outlook – what would happen, if...

...doubling global sawn softwood consumption
2. Conclusions
• UNECE/FAO provides a good overview on market trends – significant delay in reporting – not useful for strategic decision making;

• Good information for policy makers for global trends and effects of policies (Climate Change, Biodiversity, Renewable Energy, Construction, etc.) on forest products markets;

• Long term expectations are likely to be very positive for the forest sector in the medium to long term

• Changing rules for trade (export/import restrictions) gain importance
Thank you!
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