

# Estonia - Market Statement 2024

by Estonian Environment Agency, Forest Department

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# 1. General economic trends

## Estonian economy

In 2023, the Estonian gross domestic product (GDP) decreased by 3%. The biggest negative contributor was energy sector, transportation and storage, manufacturing industry, and construction sector. Major positive contributions to the GDP in 2023 came from wholesale and retail trade, and real estate activities<sup>1</sup>. The recession has lasted for more than two years, but the situation is expected to improve in the second half of 2024. The decrease in the production volumes of the manufacturing industry is coming to an end, and the export of goods increased at the beginning of the year. An increase in domestic demand is also expected<sup>2</sup>.

According to the experts of the Estonian Institute of Economic Research, the Estonian economy is stabilizing or even improving to some extent. The biggest challenge for the Estonian economy is lack of international competitiveness, insufficient demand, a lack of trust in the government's economic policies and an unfavorable investment climate for foreign investors<sup>3</sup>.

## Trade

Estonia's small economy is greatly affected by foreign trade and especially exports, so the development of Estonia's economy is strongly related to the economic situation of its trading partners. In 2023, the exports of goods amounted to 18 billion and imports to 21 billion euros at current prices. The exports of goods decreased by 16% and imports by 17% compared with the year before. Estonia's main trade partners were the member states of the European Union. Top export partners were Finland, Latvia and Sweden. The main commodities exported were electrical equipment, agricultural products and food products and wood and articles of wood. Top import partners were Finland, Germany, and Latvia. The main commodities imported to Estonia were electrical equipment, transport equipment, mineral products, and agricultural products and food products<sup>4</sup>. The exports of services and goods continued to decrease in the beginning of the 2024. The economic conditions of Estonia's northern and southern neighbors have been weaker than the EU average. This has limited the business activities of Estonian companies<sup>2</sup>.

The foreign demand has started to increase since the end of 2023. Global trade has recovered in the first half of 2024, while euro area trade is still in decline which affects Estonian trade. As of today, all trade restrictions on Russian and Belarusian goods have come into effect. The import volumes from those countries are marginal<sup>5</sup>. According to the forecast, exports will decrease by 0.2% in 2024 but in the 2025-2026 exports will increase by over 3.3%.

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<sup>1</sup> Statistics Estonia, 2024. <https://www.stat.ee/en/news/economy-contracted-3-last-year>

<sup>2</sup> Annual State Budget and Economic Forecasts. Estonian Ministry of Finance, 2024. <https://www.fin.ee/riigi-rahandus-ja-maksud/fiskaalpoliitika-ja-majandus/rahandusministeeriumi-majandusprognoos>

<sup>3</sup> ERR News, 2024. <https://news.err.ee/1609411159/institute-estonia-on-track-to-become-one-of-five-most-expensive-countries-in-europe>

<sup>4</sup> Statistics Estonia, 2024. <https://www.stat.ee/en/news/foreign-trade-decreased-significantly-2023>

<sup>5</sup> Estonian Economy and Monetary Policy. Estonian Bank, 2024.

<https://www.eestipank.ee/en/publications/estonian-economy-and-monetary-policy/2024/estonian-economy-and-monetary-policy-32024>

## **Domestic demand**

The household consumption expenditure decreased by 1.5% in 2023. The inflation exceeded the income growth almost twice, which reduced the purchasing power of residents. In 2024, the increase in the prices will slow down, loan interest rates will decrease, so an increase in private consumption is expected. The government sector has increased investments the most since the covid pandemic. The investments in the business sector have been inhibited by inflation, the war, the weakness of export markets and the increased interest rates. An increase in government sector investments is expected in 2024. Private sector investments need a slowdown in inflation and an improvement in consumer confidence, which depends on external conditions. Housing investments are expected to recover in 2025, as the issuance of building permits has accelerated.

## **The prices**

As a result of rapid inflation of recent years, Estonia's consumer price level was 97.9% of the EU average. The price level of services has risen to 91.5%, but the goods have become more expensive than the EU average. In the first half of 2024, inflation and the increase in prices has slowed down and energy prices fell slightly. In 2024, the consumer prices will rise by 3.8%. The car tax will be introduced from 2025, which will lead to a temporary acceleration of inflation.

## **Manufacturing industry**

The production volumes of the manufacturing industry have been in decline over the past two years. In the spring of 2024, the rate of decline in production volumes slowed down and export markets grew. Export prices increased in Q2 2024. The international competitiveness of the industrial sector has improved. In 2024, it is expected that the manufacturing industry will overcome greater difficulties and adapt to changes in supply chains and higher input prices.

## **Construction**

The real added value of the construction sector will remain at the same level compared to the 2023. In 2023, fewer building permits were issued compared to the previous years. The volume of building permits has started to grow again during 2024. The construction of new buildings has started on a larger scale than a year ago. The growth of construction prices has slowed down significantly, which encourages construction activity.

## **Labour market**

The state of the labor market is satisfactory, the unemployment has stabilized. The unemployment rate is lower than in 2023 but the addition of Ukrainian war refugees to the statistics must be taken into account. The number of employed people has decreased over the year, especially in industry and construction sector, which depend on the situation of the Nordic markets. The number of Ukrainian war refugees of the labor market is decreasing. An increase in the number of employees can be expected in 2025. Slowed increase in prices reduces the wage pressure. Labor costs have increased recently. Average wage growth has slowed down.

## 2. Policy measures taken in Estonia over the past 18 months

which might have a bearing on forest management or production and trade of forest products.

### Raw material supply security

The Estonian wood-processing industry includes advanced primary and secondary mechanical processing section, which uses most of the removals of logs and needs extra input of imported materials (especially sawnwood and boards). Chemical processing is not so well developed and a big share of pulpwood is exported to Scandinavian countries. There is a shortage of raw materials despite the decreased prices in 2023 compared to record high levels in 2022. The new plans for investments in the sector have been paused due to the insecurity of raw material supply (especially in mechanical wood processing sector).

The confidence of the sector was further hampered by the inability of the government to agree on a long-prepared Forestry Development Program until 2030. The Plan was prepared during four years for the period ending at 2030<sup>6</sup>. Despite the efforts, the Parliament was not able to adopt the prepared Plan in the beginning of 2023. The most argued issue in the policy document is the mid-term sustainable felling volume for Estonia, and the achievement of biodiversity and climate targets. The share of the commercial forests was another highly debated issue (the share of strictly protected forests have increased steadily to the 18% of the total forest land area). There has also been the pressure to decrease the total felling volume of state forests (state forests provide 1/3 of the total felling volume of Estonia).

Estonian government launched the elaboration of Climate Act<sup>7</sup> in September 2023. Sectoral emission reduction targets will be set for coming decades to comply with international and EU climate commitments. Forest land and forestry are considered as key players of Land-use, Land-use Change and Forestry (LULUCF) sector. Felling levels have been widely debated, the present proposal is to head towards the uniform felling coupe (long-term uniform regeneration felling area i.e. ca 10 Mm<sup>3</sup> per year in harvested total volume). This level is quite close to the average yearly felling volume over the last two decades (9.7 M m<sup>3</sup>) but somewhat lower compared the last seven years (11.5 M m<sup>3</sup>). Climate Act is still under the active discussion, the government target is to get the Act adopted by the Parliament in the first quarter of the 2025.

Alongside the preparation of the Climate Act, the set of amendments<sup>8</sup> to the Forest Act and Nature Conservation Act has been prepared. Ban of clear-fellings and strip-shelterwood cuttings in protected areas and the decreasing of the maximum clear-felling areas in commercial forests will limit to certain extent the area available for clear-fellings. Amendments will clarify the management of plantations and continuous cover forestry. Estonian Forestry Development Plan until 2030 will be resent to the Estonian Parliament for adoption in the same package of amendments. There is a plan to launch the drafting of the Forest Policy principles until 2050.

Prolonged political discussions about the total future felling level, the area of forest available for supply and overall negative economic situation have decreased the will to invest in business expansions in mechanical wood processing. Despite this tendency, there are several large-scale initiatives to invest in chemical and microbiological wood processing sector. State Forest Management Centre set in wood sales the principles<sup>9</sup> that local producers with higher added value, lower ecological impact and long-term sequestration of carbon in final products have an advantage to purchase. 5 companies (Fibenol,

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<sup>6</sup> Estonian Forestry Development Plan 2021-2030. Estonian Ministry of Climate, 2024.

<https://kliimaministeerium.ee/MAK2030>

<sup>7</sup> <https://kliimaministeerium.ee/eesti-kliimaseadus>

<sup>8</sup> <https://kliimaministeerium.ee/elurikkus-keskkonnakaitse/metsa-ja-looduskaitse-eaduse-muudatused>

<sup>9</sup> <https://www.rm.k.ee/sale-o/sale-of-t/timber-marketing-strategy>

Biojet, Horizon, Power2X ja VKG Fiber) applied for long-term pulpwood and wood residues' sales agreement<sup>10</sup>.

### **Wood in construction**

Wide range of wood products used in construction sector, including construction materials (sawnwood, boards etc) and finished products (joinery and carpentry) are produced in Estonia. Production volumes were steadily growing over the years until 2021 (with the exception of fibreboard production) but decreased in 2022 and even more in 2023. Only exception was plywood production which was able to keep the production volumes. Estonia has the biggest wooden prefabricated buildings' exporter in Europe. In both areas the Estonian companies are dependent on the real estate developments in Scandinavia and Northern Europe. Despite the proclaimed policy aim to build the new public buildings preferably from wood, it will take several years to achieve the target and increase the use of wood in domestic construction market. The building of the Nature House in Tallinn, which will host Nature Museum and environmental authorities, started in 2024<sup>11</sup>, and has been considered as an example of use of wood in public sector.

### **Biotic and abiotic disturbances of forests**

There have been no catastrophic events of forest disturbances and damages in recent years in Estonia. The outbreaks of spruce bark beetle (*Ips typographus*) have become more frequent in the last three years. A special monitoring scheme<sup>12</sup> has been set up to keep the spread under control and to counsel the forest owners on suitable protection measures. Spruce bark beetle is a common species in Estonia and the raised damage level occurs at regular intervals. Milder winters, hot summer spells and weakened trees have increased the frequency of beetle infestations.

### **Renewable energy policies and their impacts on forest products markets**

Energy Sector Development Plan until 2035<sup>13</sup> is in the preparation phase. Solid biomass (mostly woody biomass) plays an important role both in the energy and especially in heating sector. According to the Wood Balance of Estonia for 2022<sup>14</sup> 37% of removals is being used as woodfuels and 51% of total wood balance supply (9.1 M m<sup>3</sup> out of 17.7 M m<sup>3</sup>) is being used as woodfuel in Estonia or exported. Estonia is a major pellet exporter, most of the produced pellets are exported. New Renewable Energy Directive requirements (no-go areas, cascade use requirements) may narrow the woodfuel harvesting and using possibilities.

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<sup>10</sup> <https://www.rmk.ee/organisatsioon/pressiruum/uudised/uudised-2024/rmk-kvalifitseeris-koik-viis-puidu-keemilist-vaarindamist-plaanivat-ettevotet>

<sup>11</sup> <https://www.loodusmuuseum.ee/index.php/et/news/eesti-suurima-puithoone-loodusmaja-puidulahendused-tarnivad-eesti-ettevotted>

<sup>12</sup> <https://keskkonnaportaal.ee/kuuse-kooreuraskite-seire-tulemused-2024>

<sup>13</sup> [https://kliimaministeerium.ee/energiamaajanduse\\_arengukava](https://kliimaministeerium.ee/energiamaajanduse_arengukava)

<sup>14</sup> <https://keskkonnaportaal.ee/sites/default/files/Teemad/Mets/Puidubilanss%202022.pdf>

### 3. Market drivers

Estonian forest sector has faced significant challenges recently. The wood industry is largely dependent on foreign markets, where demand has decreased in recent years, which has not yet recovered. The reason for this is primarily the deteriorated economic situation of export destination countries. Domestic demand is also at a low point due to the continuing economic recession and reduced construction volumes. The competitiveness of Estonian wood industry companies has decreased due to high input prices, where the prices of raw materials and energy are higher compared to the countries of the region. Several companies have reduced production volumes, laid off employees or closed their businesses. The production volumes peaked in 2021, fell sharply in 2022, and remained flat or slightly decreased in 2023. Based on short-term statistics, the production volumes in 2024 will generally remain at the level of the previous year and the production volumes of some products will even increase.

The geopolitical situation and the geographical location of Estonia also have a major influence on the forest sector. Russia's full-scale invasion of Ukraine creates general uncertainty among both consumers and companies in the sector. Uncertainty inhibits investment decisions and geographical location repels foreign investment. Trade restrictions on Russian and Belarusian goods have come fully into effect in March 2024. Companies that imported raw materials from these countries have to reorganize their supply chains, which also means that countries in the region compete for the same raw materials. The felling volume has slightly increased in recent years: from 10 M m<sup>3</sup> in 2021 to 12.1 M m<sup>3</sup> in 2022 and 11.3 M m<sup>3</sup> in 2023<sup>15</sup>, but this did not compensate the loss in imports.

The long-lasting public forestry debate and unclear forest policy reduce the uncertainty of wood industry companies regarding the availability of raw materials and inhibits investment decisions. According to the chairman of the board of the Estonian Forest and Wood Industries Association, companies expect a clear and long view in forestry from the state in order to ensure the sustainability and success of the forest sector<sup>16</sup>.

Estonia's forest sector faces a number of challenges, but according to several forecasts, the situation should stabilize or improve in the coming years.

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<sup>15</sup> Expert estimate based on forest notifications.

<sup>16</sup> Forestry Forum. Estonian Private Forest Association, 2024. <https://erametsaliit.ee/kasulikku/koolituste-ja-seminaride-ettekanded/>

## 4. Developments in forests and forest products markets sectors

### General developments

According to the volume index of industrial production wood processing decreased by 14%, production of furniture decreased by 8%, and production of paper and paper products increased by 13% (August 2024 vs August 2023)<sup>17</sup>. The main reason for the decline is the increase in input prices, weak external and domestic demand and ongoing economic recession. The turnover of primary processors in the wood industry fell by 12% in Q1 2024 compared to Q1 2023 and in post-processing the drop was 21%<sup>18</sup>. Estonian wood industry companies are primarily concerned about the construction sector, because the demand for wood products depends on the construction volumes. The Estonian wood industry is highly dependent on foreign markets and the economic situation of export partners. The economic growth of the EU countries has slightly improved, but the economies of Estonia's major export partners are still weak. As a positive development, the situation of the paper industry has improved, companies have adapted to the changed market conditions and increased their production volumes.<sup>18</sup>

### Wood raw materials

There is 2.3 M ha of forest land in Estonia which is 51% of the total land area. About half of the forest land belongs to the state and half to private owners. The total growing stock is 454 M m<sup>3</sup> and annual increment is 15 M m<sup>3</sup>. 32% of the total forest area is protected. Distribution of forest land by tree species: birch (*Betula pendula*) 30%, pine (*Pinus sylvestris*) 30%, Norway spruce (*Picea abies*) 18%, black and grey alder (*Alnus incana* and *A. glutinosa*) 14%, aspen (*Populus tremula*) 6% and other species 2%.<sup>19</sup>

In 2022, the felling volume was 12.1 M m<sup>3</sup>. According to the Estonian wood balance, in 2022, the distribution of harvested wood from forest land is as follows (the distribution of assortments is done according to the actual use of the wood): logs 40% (of which coniferous 28% and non-coniferous 12%), pulpwood 23% (conif. 8% and non-conif. 15%) and fuelwood and forest residues 37% (conif. fuelwood 10%, non-conif. fuelwood 20% and forest residues 7%).<sup>20</sup>

In 2023 the import volume of industrial roundwood was 0.6 M m<sup>3</sup>. About ¾ of the import volume was sawlogs and veneer logs and ¼ was pulpwood. The main import partners were Latvia, Finland, Norway, Poland and Sweden. In 2023, Estonia exported 2 M m<sup>3</sup> of industrial roundwood, mostly to Sweden and Finland. Majority of the exported roundwood was pulpwood.

Each year about 4 M m<sup>3</sup> of wood chips and particles is produced in Estonia. In 2023, the export volume of wood chips and particles was 1.8 M m<sup>3</sup>. Majority of the chips and particles were exported to Denmark (61% of total volume), Finland (26%) and Sweden (13%).

The prices of all roundwood assortments continued to drop at the beginning of 2023 until the summer of 2023, when the prices of most assortments stabilized. Prices for most of the assortments have increased moderately until mid-2024. The price of pulpwood has risen more, firewood has been in a moderate decline since the fall of 2023, but it is expected to stabilize by the end of 2024. Prices of all assortments have fallen a lot in the past years but comparing current prices with 2021 and earlier years, roundwood prices are still at a high level.<sup>18</sup>

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<sup>17</sup> Statistics Estonia, 2024. [https://andmed.stat.ee/en/stat/majandus\\_toostus\\_toostustoodanguindeksid](https://andmed.stat.ee/en/stat/majandus_toostus_toostustoodanguindeksid)

<sup>18</sup> Overview of the timber market. Estonian Private Forest Association, 2024. <https://erametsaliit.ee/puidu-hinnainfo/>

<sup>19</sup> National Forest Inventory 2023. Estonian Environment Agency, 2024. <https://keskkonnaportaal.ee/et/teemad/mets/metsastatistika-sh-smi>

<sup>20</sup> Estonian Wood Balance 2022. Estonian Environment Agency, 2024. <https://keskkonnaportaal.ee/et/puidubilanss-ulevaade-est-est-puidukasutuse-mahust>

## Wood energy

In 2023, 53.5 TWh of primary energy was produced in Estonia, of which 57% was produced from oil shale, 38% from solid biofuels (incl. firewood), 3% from wind and solar energy. The gross inland consumption of solid biofuels was 14.1 TWh, of which 65% was used for electricity and heat production and 35% was used in final consumption, most of which was consumed by households (mainly as firewood). 9.2 TWh of electricity and heat energy was produced from solid biofuels, 48% was produced in combined heat and power plants, 26% in heat plants and 22% in power plants. Over the past few years, the proportion of solid biofuels used for heat and power generation has increased significantly.<sup>21</sup>

The consumption volume of wood fuels in Estonia has been constantly increasing until 2022, when the consumption peaked (6.7 M m<sup>3</sup>). In 2023, the consumption has decreased to 6.2 M m<sup>3</sup>. The consumption volume was distributed by the type of wood fuel as follows: wood chips, particles and residues 76%, fuelwood 23% (the main consumers are private households), and wood briquettes and pellets 2%. In the last 10 years, the consumption volume of wood fuels has increased by 42%.<sup>22</sup>

In the recent years the production volume of wood pellets has been around 1.5-1.7 M tonnes per year. The production volume peaked in 2021 and decreased a little in 2022 and 2023. According to short-term statistics the production volume of wood pellets have increased by 8% in 2024. The domestic consumption of wood pellets in Estonia is marginal, most of the wood pellets produced are exported, mostly to Denmark.

## Certified forest products

There are two forest management/chain of custody (COC) certificate systems used in Estonia – FSC (Forest Stewardship Council) and PEFC (Programme for the Endorsement of Forest Certification). There are 1.268 M ha of FSC certified forests in Estonia (as of October 2024)<sup>23</sup> and 1.693 M ha of PEFC certified forests (as of 2023)<sup>24</sup>. 67% of the managed forests (1.9 M ha) are covered by the FSC certificate and 89% by the PEFC certificate. There have not been any major developments in the certification area in the recent years.

## Sawnwood

The demand for sawnwood in Europe and the global market is still very low. The interest rates have started to fall but the construction volumes in Estonia have not recovered therefore the domestic demand is weak. In 2024, according to the short-term production statistics, the production volume of sawnwood has remained at the 2023 level which was 1.6 M m<sup>3</sup>. Over 90% of the produced sawnwood is coniferous. Two major sawmills announced their closure in 2023 due to low profitability, high production costs and general uncertainty surrounding forestry in Estonia<sup>25</sup>. Their combined production volume was around 120 thousand m<sup>3</sup> of sawnwood. Last year, many sawmills have announced layoffs and reduction of production volumes.<sup>26</sup>

In 2022, Estonia imported 1.4 M m<sup>3</sup> of sawnwood and in 2023, one million m<sup>3</sup>. Before the trade restrictions implemented on Russian and Belarusian goods in 2022, majority of the sawnwood was

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<sup>21</sup> Statistics Estonia, 2024. [https://andmed.stat.ee/en/stat/majandus\\_energeetika\\_energia-tarbimine-jatootmine\\_aastastatistika/KE0240](https://andmed.stat.ee/en/stat/majandus_energeetika_energia-tarbimine-jatootmine_aastastatistika/KE0240)

<sup>22</sup> Statistics Estonia, 2024. [https://andmed.stat.ee/en/stat/majandus\\_energeetika\\_energia-tarbimine-jatootmine\\_aastastatistika/KE062](https://andmed.stat.ee/en/stat/majandus_energeetika_energia-tarbimine-jatootmine_aastastatistika/KE062)

<sup>23</sup> FSC Connect, 2024. <https://connect.fsc.org/impact/facts-figures>

<sup>24</sup> PEFC Estonia, 2024. <https://pefc.ee/wp-content/uploads/2024/06/EMSNi-2023.a-majandusaastaruanne109274.pdf>

<sup>25</sup> ERR News, 2023. <https://news.err.ee/1609007987/stora-enso-closes-napi-sawmill-100-people-to-lose-jobs>  
<https://news.err.ee/1609045046/parnu-county-sawmill-closure-results-in-30-job-losses>

<sup>26</sup> ERR News, 2023. <https://news.err.ee/1609116812/south-estonian-sawmills-reducing-volumes-making-layoffs>



imported from Russia. The import volumes have decreased by around one million m<sup>3</sup> in the past two years. In 2023, the main import partners were Finland, Latvia and Sweden. Estonian wood-processing companies importing sawnwood are adapting to the changed market conditions and rearranging their supply chains – according to the short-term trade statistics, in 2024, the import of sawnwood is expected to increase by around 10%. The export volume of sawnwood has decreased by 34% in the past two years. In 2023, the export volume was 0.8 M m<sup>3</sup>, majority of the sawnwood was exported to Latvia. In 2024, the export volume of sawnwood will remain at the 2023 level.

### **Wood-based panels**

Estonia's only producer of particle boards closed its factory in 2022. Its production volume was around 200 thousand m<sup>3</sup> of particle boards per year. There is one soft fibreboard (insulating board) factory in Estonia. In 2023, the production volume of fibreboards was 33 thousand m<sup>3</sup> and in 2024 the volume is recovering, based on the short-term statistics the production volume has increased by 35%.

In addition to high energy prices and reduced global demand, the veneer sheets and plywood industries face extremely high raw material prices. The price of birch veneer logs rose to a record high level during the rapid increase of roundwood prices in 2022 and has remained at the high level to this day (156 eur/m<sup>3</sup> at the buyer's stock as of August 2024). High input prices reduces the competitiveness of Estonian companies. Despite changing market conditions the veneer sheets and plywood industries have held up well in the past years. The production volume of plywood has increased every year since the global crisis in 2008-2009, last year 205 thousand m<sup>3</sup> of plywood was produced in Estonia. The production volume of veneer sheets has been around 100 thousand m<sup>3</sup> since 2015 and in 2023 the production volume reached 135 thousand m<sup>3</sup>. According to the short-term statistics, in 2024 the production volume of plywood has been at the previous year's level but the production of veneer sheets has decreased by 15%.

### **Pulp and paper**

There are almost 60 wood pulp, paper and paperboard manufacturing companies in Estonia. Two pulp mills account for half of the sector's turnover. Both companies have been strongly affected by the crisis in recent years. Companies have a very high energy consumption, so the success of these companies largely depends on the energy prices. Energy prices in Estonia are still very high compared to neighboring countries, which is why the competitiveness of Estonian pulp mills is unequal compared to other countries in the region. The situation has improved slightly in terms of the price of raw material. The prices of pulpwood have fallen from the record level of 2022. The prices have started to increase again since the summer of 2023 but are far from the prices of 2022. In 2023 one pulp mill has announced layoffs and at the same time the factory have had many temporary shutdowns due to high energy prices. In addition to the shutdowns the pulp mill reduced its production capacity. In 2024, the statistics show a increase of 54% in the production of wood pulp and a 62% increase in the production of paper and paper products.

VKG Fiber, a new pulp mill, is currently in development and has plans to begin operating in 2028 with a production capacity of 500 thousand tonnes of various bioproducts. The pulp mill will use 2.2 M m<sup>3</sup> of raw material per year<sup>27</sup>. Other Estonian biotech company Fibenol announced their plans to invest 700 M eur in a new wood biorefinery factory in Valmiera, Latvia<sup>28</sup>.

### **Housing and construction**

Decrease in demand in Estonia and globally has negatively affected the Estonian construction sector in recent years. Majority of prefabricated buildings of wood have been sold to the Scandinavian market, where the demand for the prefabricated buildings is low. The difficult economic situation has led several

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<sup>27</sup> VKG, 2024. <https://www.vkg.ee/en/bioproducts/>

<sup>28</sup> ERR News, 2024. <https://news.err.ee/1609437020/fibenol-picks-valmiera-latvia-as-potential-biorefinery-site>

factories to bankruptcy. The manufacturers are looking for new markets, for example Germany, where demand for wooden houses exists despite the economic recession.

Since 2009, the export of wooden houses has increased almost consistently. Exports increased to a record level in 2022, but in 2023 the export of wooden houses dropped significantly, by 26% to 398 M euros. Norway, Sweden, Germany and Finland account for nearly three-quarters of exports.

## 5. Tables

**Table 1.** Estonian economic forecast by key indicators until 2028<sup>2</sup>

	2023	2024 forecast	2025 forecast	2026 forecast	2027 forecast	2028 forecast
<b>GDP real growth %</b>	-3,0	-1,0	3,3	3,0	2,5	2,5
<b>Unemployment %</b>	6,4	7,7	7,5	6,3	6,3	6,3
<b>Inflation %</b>	9,2	3,8	4,2	2,2	2,0	2,0
<b>Average gross wage growth %</b>	11,5	6,4	4,6	5,0	4,8	4,6
<b>General government financing:</b>						
<b>Total revenues (M €)</b>	15 139	16 520	16 787	17 389	18 108	18 979
<b>Total expenditures (M €)</b>	16 189	17 715	18 652	19 258	20 141	20 835
<b>State debt (% of GDP)</b>	19,3	23,3	25,6	28,3	31,0	33,2
<b>Reserve (% of GDP)</b>	9,6	9,6	7,7	7,5	7,4	7,0

**Table 2.** Economic indicators for Estonia in 2021-2023<sup>29</sup>

<b>Economic indicator</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
GDP, current prices (M €) <sup>30</sup>	31 396	36 389	38 168
Volume index of industrial production (% change comparing to previous year) <sup>31</sup>	13	-2	-11
Investments in fixed assets (at current prices; M €) <sup>31</sup>	3 285	3 938	4 070
Construction activities of construction enterprises (at current prices; M €)	5 120	5 898	6 015
Consumer price index (%)	4,7	19,4	9,2
Producer price index (%)	12,4	26,8	0,9
Export price index (%)	12,2	23,8	1,8
Import price index (%)	12,4	25	-0,1
Construction price index (%)	8,1	18	6,1
Employment rate (employed persons/working-age population, %) <sup>32</sup>	67	69	69
Unemployment rate (unemployed/labour force %) <sup>32</sup>	6	6	6
Average monthly gross wages and salaries (EUR) <sup>33</sup>	1 473	1 645	1 832
Total general government revenue (M €)	12 290	13 975	15 127
Total general government expenditure (M €)	13 056	14 324	16 406
Exports (M €)	18 253	21 734	18 161
Imports (M €)	19 990	25 449	21 136
balance (M €)	-1 737	-3 714	-2 975
Current account balance (M €)	-1 135	-1 419	-663
Gross external debt (M €)	26 608	30 752	34 068
o/w government (M €)	4 963	6 414	7 970
Mean annual population (thousands)	1 331	1 349	1 370

<sup>29</sup> **Sources:** Statistical Office of Estonia, Estonian Transport Administration, Bank of Estonia, European Central Bank, Estonian Land Board

<sup>30</sup> GDP chain-linked volume reference year is 2020, adjusted seasonally

<sup>31</sup> Short-term statistics, adjusted seasonally and with the number of working days, based on the Labour Force Survey

<sup>32</sup> Up to 1997 persons aged 15-69, from the year 1997 persons aged 15-74, based on the Labour Force Survey

<sup>33</sup> From 1999 the average gross wages and salaries per month do not include health insurance benefits

**Table 3.** Roundwood production and trade in 2023, estimate for 2024 and forecast for 2025<sup>34</sup>

Code	Product	Unit	Revised	Estimate	Forecast
			2023	2024	2025
<b>1.2.1.C</b>	<b>SAWLOGS AND VENEER LOGS, CONIFEROUS</b>				
	Removals	1000 m <sup>3</sup> ub	3 091	3 000	3 000
	Imports	1000 m <sup>3</sup> ub	400	350	350
	Exports	1000 m <sup>3</sup> ub	130	150	150
	Apparent consumption	1000 m <sup>3</sup> ub	3 362	3 200	3 200
<b>1.2.1.NC</b>	<b>SAWLOGS AND VENEER LOGS, NON-CONIFEROUS</b>				
	Removals	1000 m <sup>3</sup> ub	1 148	1 000	1 000
	Imports	1000 m <sup>3</sup> ub	59	80	80
	Exports	1000 m <sup>3</sup> ub	24	25	25
	Apparent consumption	1000 m <sup>3</sup> ub	1 182	1 055	1 055
<b>1.2.1.NC.T</b>	<b>of which, tropical logs</b>				
	Imports	1000 m <sup>3</sup> ub	0	0	0
	Exports	1000 m <sup>3</sup> ub	0	0	0
	Net Trade	1000 m <sup>3</sup> ub	0	0	0
<b>1.2.2.C</b>	<b>PULPWOOD (ROUND AND SPLIT), CONIFEROUS</b>				
	Removals	1000 m <sup>3</sup> ub	871	850	850
	Imports	1000 m <sup>3</sup> ub	11	20	20
	Exports	1000 m <sup>3</sup> ub	743	690	690
	Apparent consumption	1000 m <sup>3</sup> ub	140	180	180
<b>1.2.2.NC</b>	<b>PULPWOOD (ROUND AND SPLIT), NON-CONIFEROUS</b>				
	Removals	1000 m <sup>3</sup> ub	1 258	1 100	1 100
	Imports	1000 m <sup>3</sup> ub	125	150	150
	Exports	1000 m <sup>3</sup> ub	1 048	830	830
	Apparent consumption	1000 m <sup>3</sup> ub	335	420	420
<b>3</b>	<b>WOOD CHIPS, PARTICLES AND RESIDUES</b>				
	Domestic supply	1000 m <sup>3</sup>	3 800	3 500	3 500
	Imports	1000 m <sup>3</sup>	32	40	40
	Exports	1000 m <sup>3</sup>	1 803	1 400	1 400
	Apparent consumption	1000 m <sup>3</sup>	2 029	2 140	2 140
<b>1.2.3.C</b>	<b>OTHER INDUSTRIAL ROUNDWOOD, CONIFEROUS</b>				
	Removals	1000 m <sup>3</sup> ub	25	26	26
<b>1.2.3.NC</b>	<b>OTHER INDUSTRIAL ROUNDWOOD, NON-CONIFEROUS</b>				
	Removals	1000 m <sup>3</sup> ub	23	25	25
<b>1.1.C</b>	<b>WOOD FUEL, CONIFEROUS</b>				
	Removals	1000 m <sup>3</sup> ub	1 473	1 400	1 400
<b>1.1.NC</b>	<b>WOOD FUEL, NON-CONIFEROUS</b>				
	Removals	1000 m <sup>3</sup> ub	2 558	2 500	2 500

<sup>34</sup> Timber Forecast Questionnaire 2024, UNECE/FAO Forestry and Timber Section

**Table 4.** Forest products production and trade in 2022, estimate for 2023 and forecast for 2024<sup>34</sup>

Product Code	Product	Unit	Revised	Estimate	Forecast
			2023	2024	2025
<b>6.C</b>	<b>SAWNWOOD, CONIFEROUS</b>				
	Production	1000 m <sup>3</sup>	<b>1 470</b>	<b>1 470</b>	<b>1 470</b>
	Imports	1000 m <sup>3</sup>	<b>884</b>	<b>950</b>	<b>950</b>
	Exports	1000 m <sup>3</sup>	<b>690</b>	<b>700</b>	<b>700</b>
	Apparent consumption	1000 m <sup>3</sup>	<b>1 665</b>	<b>1 720</b>	<b>1 720</b>
<b>6.NC</b>	<b>SAWNWOOD, NON-CONIFEROUS</b>				
	Production	1000 m <sup>3</sup>	<b>80</b>	<b>80</b>	<b>80</b>
	Imports	1000 m <sup>3</sup>	<b>69</b>	<b>100</b>	<b>100</b>
	Exports	1000 m <sup>3</sup>	<b>69</b>	<b>65</b>	<b>65</b>
	Apparent consumption	1000 m <sup>3</sup>	<b>80</b>	<b>115</b>	<b>115</b>
<b>6.NC.T</b>	<b>of which, tropical sawnwood</b>				
	Production	1000 m <sup>3</sup>	<b>0</b>	<b>0</b>	<b>0</b>
	Imports	1000 m <sup>3</sup>	<b>4</b>	<b>2</b>	<b>2</b>
	Exports	1000 m <sup>3</sup>	<b>1</b>	<b>1</b>	<b>1</b>
	Apparent consumption	1000 m <sup>3</sup>	<b>3</b>	<b>1</b>	<b>1</b>
<b>7</b>	<b>VENEER SHEETS</b>				
	Production	1000 m <sup>3</sup>	<b>135</b>	<b>115</b>	<b>115</b>
	Imports	1000 m <sup>3</sup>	<b>93</b>	<b>70</b>	<b>70</b>
	Exports	1000 m <sup>3</sup>	<b>77</b>	<b>75</b>	<b>75</b>
	Apparent consumption	1000 m <sup>3</sup>	<b>151</b>	<b>110</b>	<b>110</b>
<b>7.NC.T</b>	<b>of which, tropical veneer sheets</b>				
	Production	1000 m <sup>3</sup>	<b>0</b>	<b>0</b>	<b>0</b>
	Imports	1000 m <sup>3</sup>	<b>0</b>	<b>0</b>	<b>0</b>
	Exports	1000 m <sup>3</sup>	<b>0</b>	<b>0</b>	<b>0</b>
	Apparent consumption	1000 m <sup>3</sup>	<b>0</b>	<b>0</b>	<b>0</b>
<b>8.1</b>	<b>PLYWOOD</b>				
	Production	1000 m <sup>3</sup>	<b>205</b>	<b>200</b>	<b>200</b>
	Imports	1000 m <sup>3</sup>	<b>59</b>	<b>70</b>	<b>70</b>
	Exports	1000 m <sup>3</sup>	<b>209</b>	<b>205</b>	<b>200</b>
	Apparent consumption	1000 m <sup>3</sup>	<b>55</b>	<b>65</b>	<b>70</b>
<b>8.1.NC.T</b>	<b>of which, tropical plywood</b>				
	Production	1000 m <sup>3</sup>	<b>0</b>	<b>0</b>	<b>0</b>
	Imports	1000 m <sup>3</sup>	<b>1</b>	<b>1</b>	<b>1</b>
	Exports	1000 m <sup>3</sup>	<b>0</b>	<b>0</b>	<b>0</b>
	Apparent consumption	1000 m <sup>3</sup>	<b>0</b>	<b>0</b>	<b>0</b>
<b>8.2</b>	<b>PARTICLE BOARD (including OSB)</b>				
	Production	1000 m <sup>3</sup>	<b>1</b>	<b>0</b>	<b>0</b>
	Imports	1000 m <sup>3</sup>	<b>104</b>	<b>104</b>	<b>104</b>
	Exports	1000 m <sup>3</sup>	<b>3</b>	<b>4</b>	<b>4</b>
	Apparent consumption	1000 m <sup>3</sup>	<b>101</b>	<b>100</b>	<b>100</b>
<b>8.2.1</b>	<b>of which, OSB</b>				
	Production	1000 m <sup>3</sup>	<b>0</b>	<b>0</b>	<b>0</b>
	Imports	1000 m <sup>3</sup>	<b>38</b>	<b>40</b>	<b>40</b>
	Exports	1000 m <sup>3</sup>	<b>0</b>	<b>2</b>	<b>2</b>
	Apparent consumption	1000 m <sup>3</sup>	<b>37</b>	<b>39</b>	<b>39</b>

Product Code	Product	Unit	Revised	Estimate	Forecast
			2023	2024	2025
<b>8.3</b>	<b>FIBREBOARD</b>				
	Production	1000 m <sup>3</sup>	33	45	45
	Imports	1000 m <sup>3</sup>	52	53	53
	Exports	1000 m <sup>3</sup>	41	43	43
	Apparent consumption	1000 m <sup>3</sup>	44	55	55
<b>8.3.1</b>	<b>Hardboard</b>				
	Production	1000 m <sup>3</sup>	0	0	0
	Imports	1000 m <sup>3</sup>	22	20	20
	Exports	1000 m <sup>3</sup>	2	2	2
	Apparent consumption	1000 m <sup>3</sup>	20	18	18
<b>8.3.2</b>	<b>MDF/HDF (Medium density/high density)</b>				
	Production	1000 m <sup>3</sup>	0	0	0
	Imports	1000 m <sup>3</sup>	27	32	32
	Exports	1000 m <sup>3</sup>	8	6	6
	Apparent consumption	1000 m <sup>3</sup>	19	26	26
<b>8.3.3</b>	<b>Other fibreboard</b>				
	Production	1000 m <sup>3</sup>	33	45	45
	Imports	1000 m <sup>3</sup>	2	1	1
	Exports	1000 m <sup>3</sup>	31	35	35
	Apparent consumption	1000 m <sup>3</sup>	5	11	11
<b>9</b>	<b>WOOD PULP</b>				
	Production	1000 m.t.	156	240	240
	Imports	1000 m.t.	62	60	60
	Exports	1000 m.t.	181	220	220
	Apparent consumption	1000 m.t.	37	80	80
<b>12</b>	<b>PAPER &amp; PAPERBOARD</b>				
	Production	1000 m.t.	25	40	40
	Imports	1000 m.t.	108	116	116
	Exports	1000 m.t.	31	52	52
	Apparent consumption	1000 m.t.	102	104	104
<b>5.1</b>	<b>WOOD PELLETS</b>				
	Production	1000 m.t.	1 385	1 500	1 500
	Imports	1000 m.t.	45	5	5
	Exports	1000 m.t.	1 157	1 200	1 200
	Apparent consumption	1000 m.t.	273	305	305