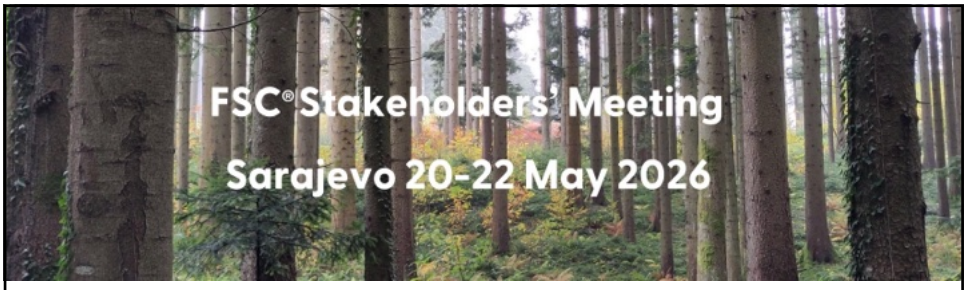

Historic & Present Role of Adria-Balkan in the European Timber Market

Davide Pettenella

TESAF Dipartimento Territorio e Sistemi Agro-Forestali
Università degli Studi di Padova

1

Outline

- The recent developments in the Adria-Balkan region
- The international trade context
- Signs of structural changes
- Opportunities for the Adria-Balkan countries

This presentation can be download from www.davidepettenella.it

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Outline

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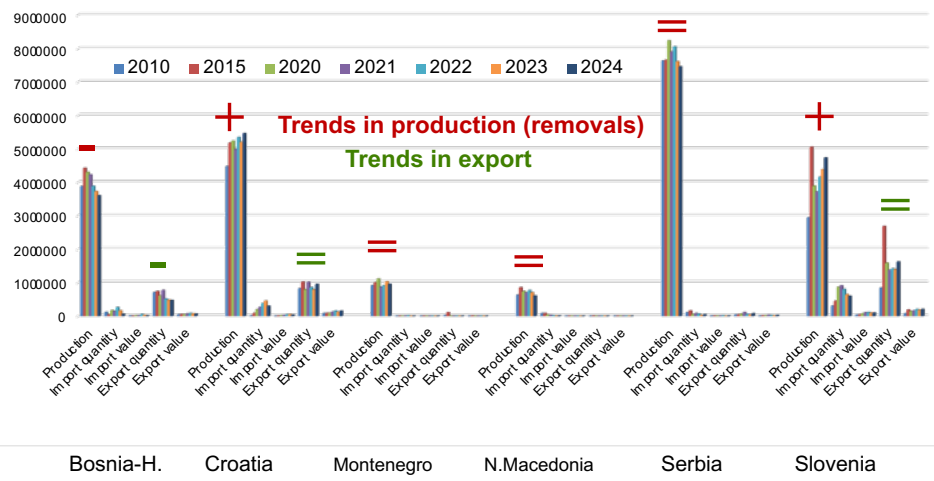
3

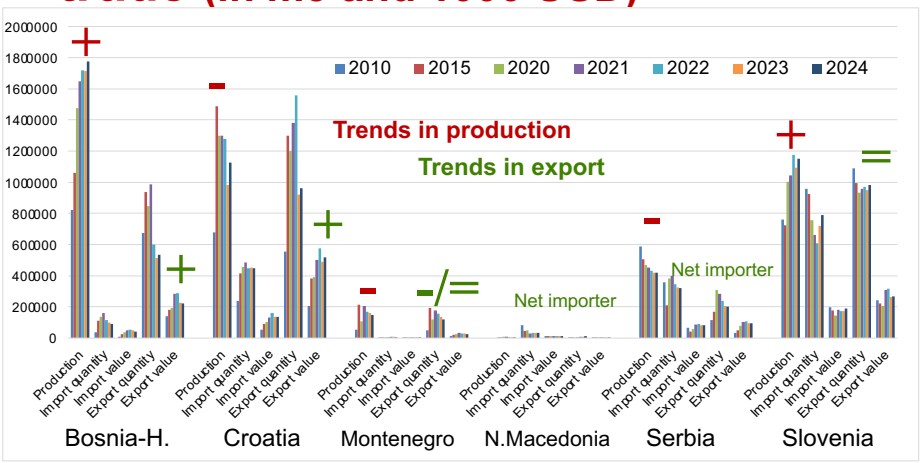
Roundwood production (in m3) and trade (in m3 and 1000 USD)



Source: UNECE-FAO

4

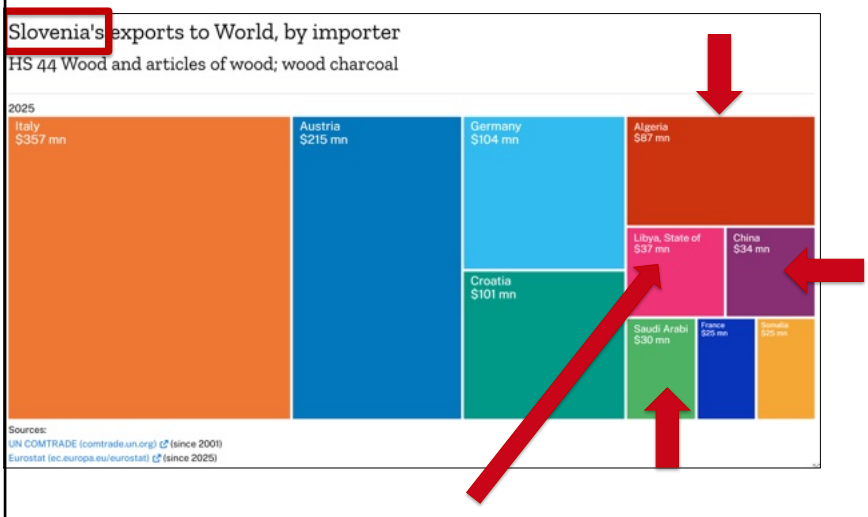
Sawnwood production (in m3) and trade (in m3 and 1000 USD)



Source: UNECE-FAO

5

Main partners in export of wood-based products



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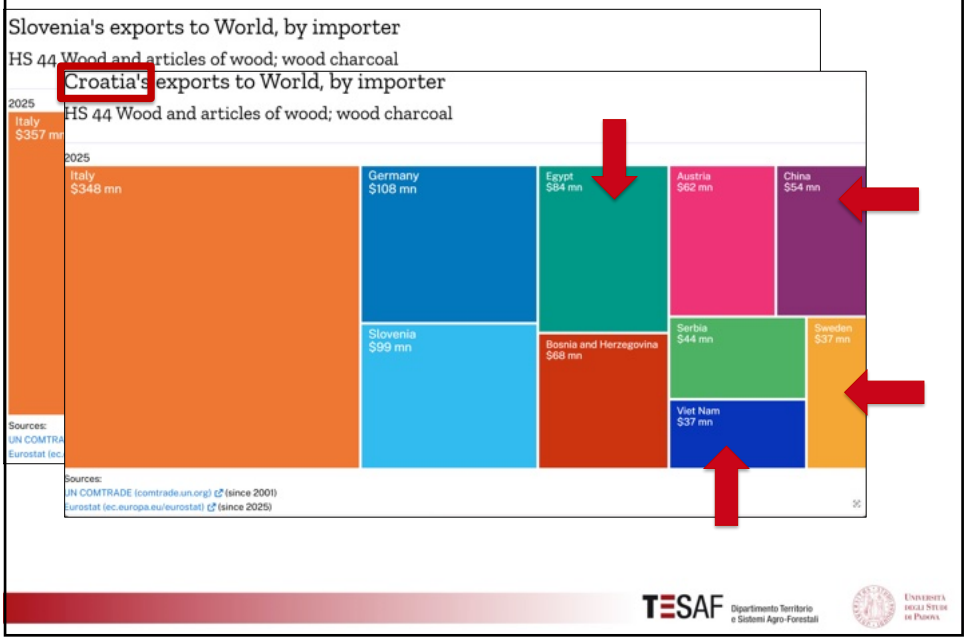
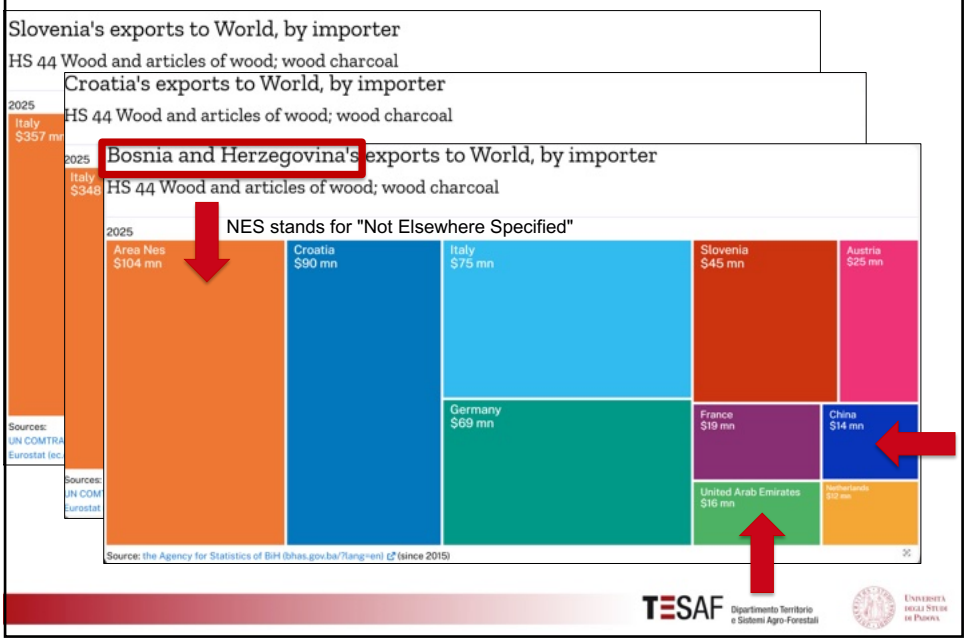
Main partners in export of wood-based products



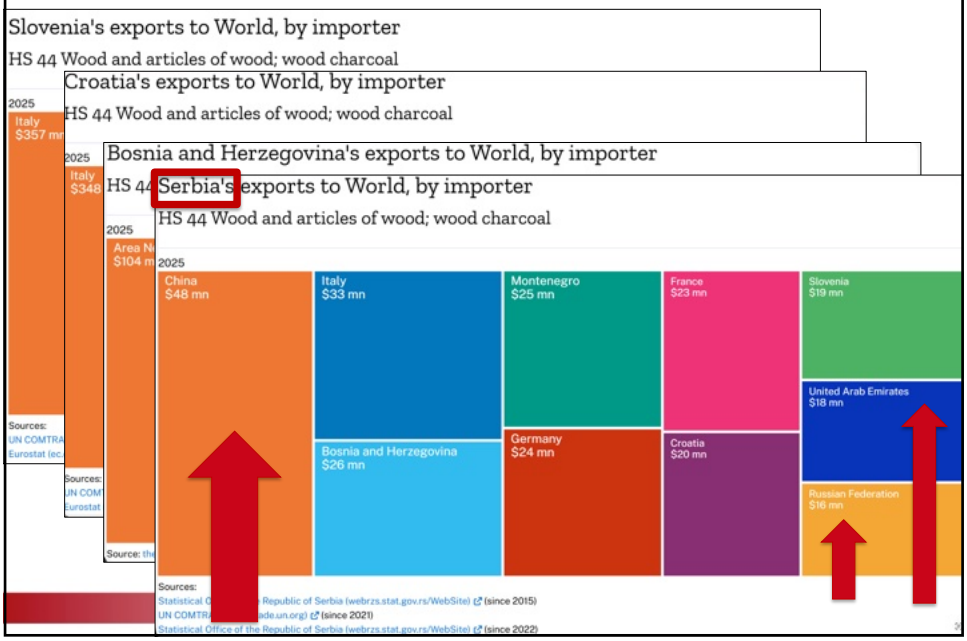
7

Main partners in export of wood-based products



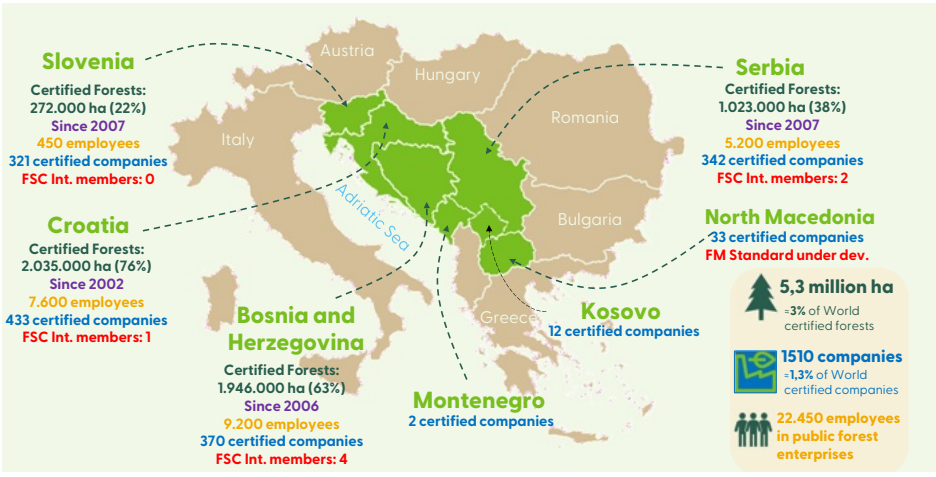
8

Main partners in export of wood-based products



9

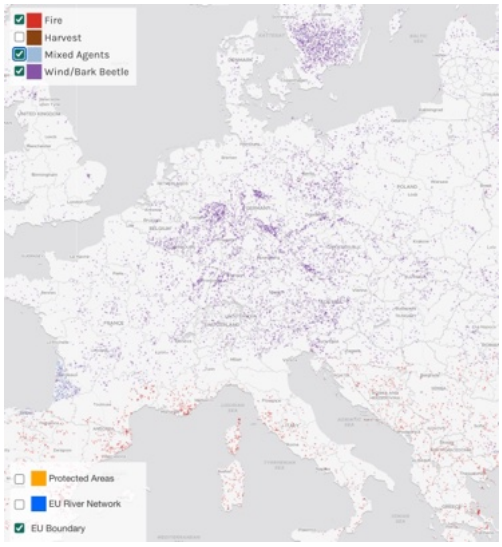
FSC assets in the Adria-Balkan region

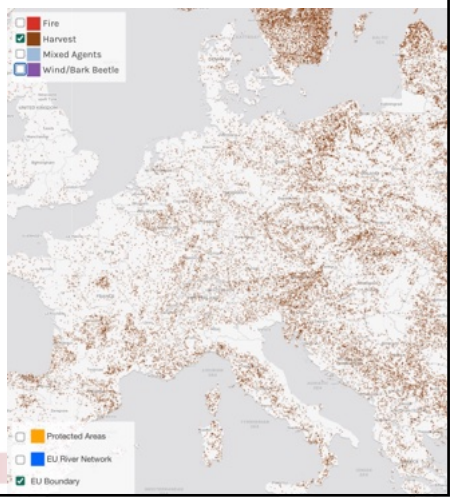


Source: FSC

10

Disturbance factors





https://fn-portal.iiasa.ac.at/data_explorer

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A summary view

- Not a common pattern of development in **roundwood production** (CRO and SLO with increasing removals; Bo-H with decreasing)
- Limited and decreasing **export of roundwood**
- A growing (Bo-H, CRO) or stable (Mon, SLO) capacity of exporting more **added value products** (sawnwood). SER and N.MAC net importer
- Large diversification of **commercial partners**
- Among the **highest level of FSC forest certification** in Europe (CRO: 76%, Bo-H: 63%; SER: 38%; SLO: 22%) and positive development of **CoC**
- **Disturbance factors** (fire, wind, bark beetle, ..) less impacting than in the rest of Europe

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Outline

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US trade policies

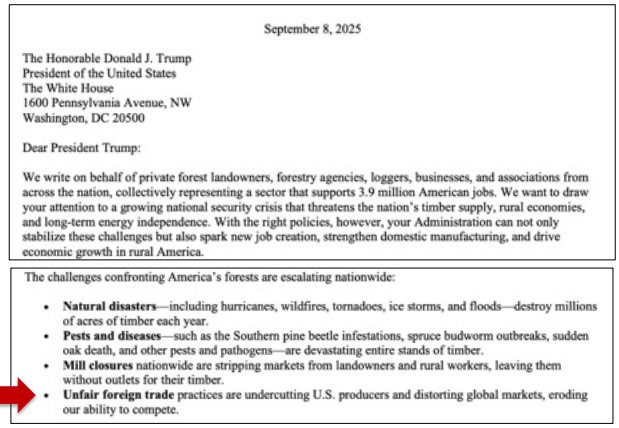
After Covid and the war in Ukraine, Trump's policy is a destabilizing factor in the markets:

- March 2025 **"Free up the forests" Executive Order** to increase wood removals by 25% from federal forests (78 M ha of forests)
- After many changes, and in a still uncertain condition, the **current tariffs**: **15%** (10-25%) for imports from the European Union and Japan, **33%** for Canada, **25%** for China, **50%** for Brazil, **19.1%** for Vietnam

Sources: https://www.nahb.org/blog/2025/08/canadian-lumber-cvd-rates
https://www.china-briefing.com/news/us-china-tariff-rates-2025
https://www.itto.int/news/2025/08/19/gti_brazil_back_in_expansion_after_six_months/
https://theinvestor.vn/vietnams-wood-industry-eyes-us-based-manufacturing-to-offset-tariff-d16725.html

A policy that seems to harm US operators first and foremost

September 2025: petition to Trump signed by more than **400 organizations** in the forest-wood supply chain to ask for decisive interventions to relaunch the sector



September 8, 2025

The Honorable Donald J. Trump
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear President Trump:

We write on behalf of private forest landowners, forestry agencies, loggers, businesses, and associations from across the nation, collectively representing a sector that supports 3.9 million American jobs. We want to draw your attention to a growing national security crisis that threatens the nation's timber supply, rural economies, and long-term energy independence. With the right policies, however, your Administration can not only stabilize these challenges but also spark new job creation, strengthen domestic manufacturing, and drive economic growth in rural America.

The challenges confronting America's forests are escalating nationwide:

- **Natural disasters**—including hurricanes, wildfires, tornadoes, ice storms, and floods—destroy millions of acres of timber each year.
- **Pests and diseases**—such as the Southern pine beetle infestations, spruce budworm outbreaks, sudden oak death, and other pests and pathogens—are devastating entire stands of timber.
- **Mill closures** nationwide are stripping markets from landowners and rural workers, leaving them without outlets for their timber.
- **Unfair foreign trade** practices are undercutting U.S. producers and distorting global markets, eroding our ability to compete.

Source: https://www.resourcewise.com/resources/reports/north-american-mill-closures-march-2024 ; https://www.sciencedirect.com/science/article/pii/S1389934125001807

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«*Unfear foreign trade practices*»?

AMERICAN HARDWOOD EXPORT COUNCIL

Woodworking Industry News

USDA approves funding for American Hardwood Export Council

By Larry Adams February 28, 2025 | 1:01 pm CST

Recent disclosed levels suggest approximately **$9–12 million in public funding** around 2024–2025.

AHEC itself states that its programs are conducted jointly with the USDA Foreign Agricultural Service and that the industry must show at least **$0.80 in industry contributions for every $1.00 of taxpayer funding**.

Source: https://www.americanhardwood.org

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Russian Plywood Surges 42% — Now Trump Hands the Kremlin a Windfall

February data from the US Census Bureau puts conflict birch ply at 11,300 cubic metres — with Putin-aligned oligarchs including Sveza's Alexei Mordashov banking directly from a $360 million trade Washington has left largely untouched

woodcentral

JASON ROSS
SAT 04 APR 26

The sharp rebound, *obtained by Lesprom using data from the U.S. Census Bureau,* comes months after volumes sank more than 23 per cent late last year, making the turnaround the most pronounced single-month rebound in recent history. As it stands, the United States remains Russia's third export market for plywood – *behind only Thailand and China* – with huge shipments of Russian birch ply also arriving in the United States *via third-party ports in Vietnam and Indonesia, according to the US Hardwood Association.*

Until Trump lifted sanctions on Russian oil, timber made up more than 50 per cent of all trade between the two countries, with the Decorative Hardwoods Association last year writing to the US Trade Representative warning that the $62 million in direct Russian plywood imports (*in 2024*) is dwarfed by the $360 million entering the U.S. via Vietnamese and Indonesian facilities, where manufacturers process Russian-origin birch before shipping into ports. At the time, the DHA warned that all Russian-origin plywood — whether imported directly or further processed through third-country ports — "helps support the Russian war effort," with the full volume entering the country at low or zero tariff rates.

Source: https://woodcentral.com.au/russian-plywood-surges-42-now-trump-hands-the-kremlin-a-windfall/

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American wood economy in great difficulty

- **Lumber:** North American softwood lumber production fell nearly 4% quarter-over-quarter and increased 3% year-over-year for the first three quarters in 2025. Through November 2025, year-over-year North American softwood lumber imports declined 9%. Sawmills in the U.S. South reduced capacity by 1.2 billion board feet (BBFT) in 2025.

- **Forest Operations:** Logging employment declined 3% over the last 4 quarters, led by declines in the U.S. South and West. U.S. logging employment shrank by 20% over the last 10 years, matching losses incurred from 2005-2015. Trucking employment fell another 2% year-over-year, despite steady freight demand.

Source:
FORISK NEWS
Q1 2026 Edition • February 26, 2025

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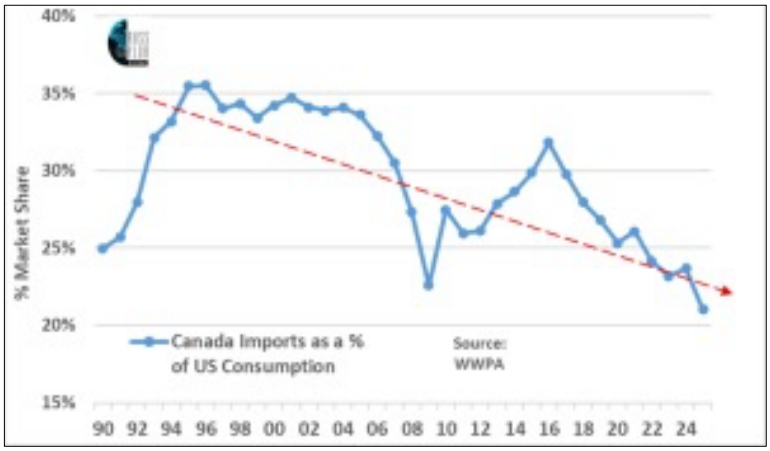
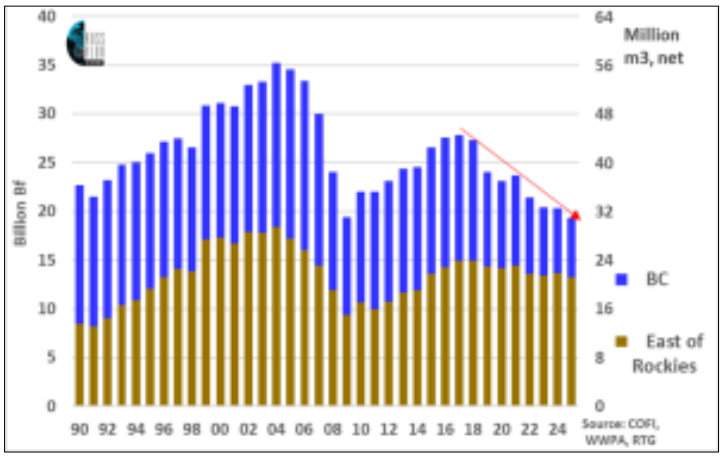
Canada as a % of US Softwood Timber Consumption



Source: Russ Taylor

19

Canada Softwood Timber Production



Source: Russ Taylor

20

Closings and openings of primary processing plants in North America (1Q 2026)

Mill Name	Company	State/ Province	Region	Mill Type	Mill Change	Capacity Change	Capacity Units
Tharold Ph1	CHAR Technologies	ON	East Canada	biochar	New Facility	6	M Tons
Évolys Québec	Évolys Québec	QC	East Canada	biochar	New Facility	55	M Tons
Interfor Ear Falls	Interfor	ON	East Canada	lumber	Closing	-165	MMBF
Domtar Outardes	Domtar	QC	East Canada	lumber	Closing	-189	MMBF
Graphic Packaging East Angus	Graphic Packaging	QC	East Canada	pulp/paper	Closing	-100	M Tons
White Birch FF Soucy				/paper	Closing	-292	M Tons
Adams Lumber Co.				ber	Closing	-4	MMBF
Michigan Wood Pellet				t	Closing	-50	M Tons
UFPI Forsyth				ber	Closing	-38	MMBF
IndusTREE Central AL WP				ber	Closing	-50	MMBF
Mackeys Ferry Sawmill				ber	Closing	-15	MMBF
West Fraser Augusta				ber	Closing	-140	MMBF
Domtar Glenwood	Domtar	AR	South	lumber	Closing	-167	MMBF
Twin Mill Pallet	Twin Mill Pallet and Shavings Plant	GA	South	lumber	New Facility	19	MMBF
Steves and Sons Athens	Steves & Sons	GA	South	panel	New Facility	237	MMSF
Drax Russellville	Drax	AR	South	pellet	Closing	-44	M Tons
Drax Leola	Drax	AR	South	pellet	Closing	-44	M Tons
Southern Veneer Products Moncure	Southern Veneer Products	NC	South	plywood/veneer	Closing	-150	MMSF
Roseburg FP Weed	Roseburg Forest Products	CA	West	plywood/veneer	Closing	-150	MMSF
Western FP Chemainus	Western Forest Products	BC	West Canada	lumber	Closing	-70	MMBF
West Fraser 100 Mile House	West Fraser	BC	West Canada	lumber	Closing	-160	MMBF
Drax Williams Lake	Drax	BC	West Canada	pellet	Closing	-237	M Tons
Domtar Crofton	Domtar	BC	West Canada	pulp/paper	Closing	-590	M Tons

Loss of processing capacity:
3,2 M m^3 sawnwood
982 000 ton pulp
375 000 ton pellet

Source: https://forisk.com/

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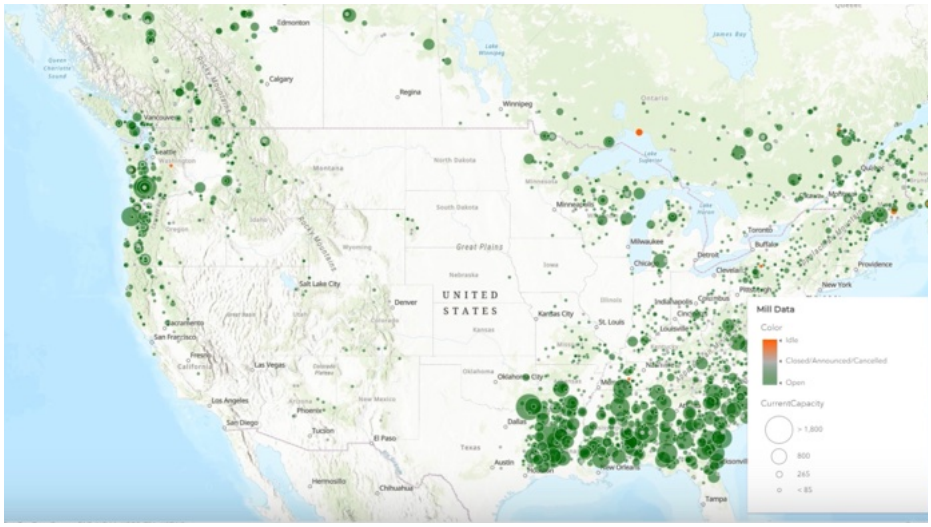
Sawmills in North America



Source: https://forisk.com/

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If the North American market suffers ... the European one is no better off

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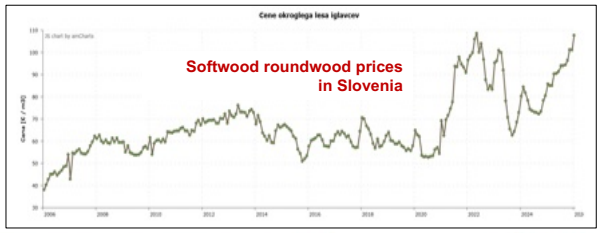
If the North American market suffers ... the European one is no better off

Standing tree and on-the-road prices never so high in recent years

Higher prices for high-quality timber than for lower-quality timber

Fonte: waldverband (https://www.waldverband.at/wp-content/uploads/2026/03/Preisentwicklung-Marz-2026.pdf): Prezzi per legname venduto su strada



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The wood market

- The final demand for **timber for construction** and packaging is **growing slowly or stagnating**,
- In the recent past there has been an **overavailability of damaged wood** and relatively low prices of logs,
- With less damaged timber available in the forests and logs stocked in the yard, the prices of raw timber increase throughout Europe,
- Many **sawmills** are caught in the vice between **higher log prices** and **sawnwood prices** that have **not grown** proportionately

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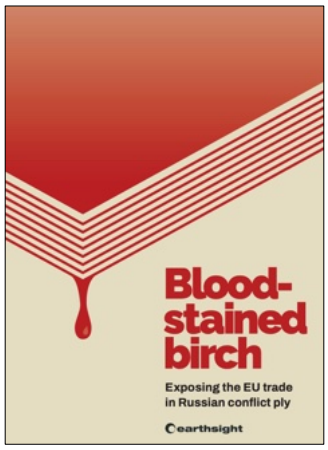
Greater control of illegal origin (violation of the embargo on imports from Russia and Belarus)



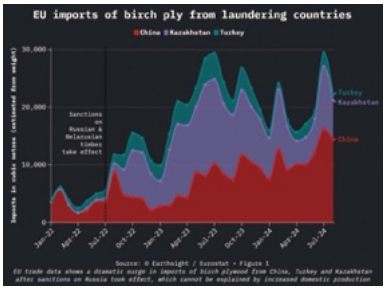
Sources:

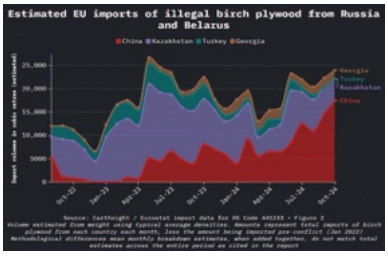
https://www.earthsight.org.uk/media/download/2399 https://finance.ec.europa.eu/document

27

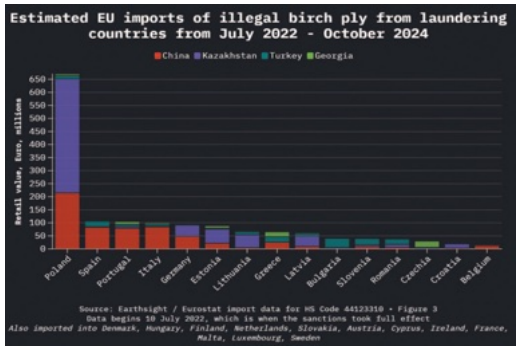
Illegal origin of birch plywood

Exporters





Importers



Source: https://www.earthsight.org.uk/media/download/2399

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… and obviously the prospects of the wood market with the war unleashed in Iran are negative for Europe

Europe's Lumber Trade Exposed

In the forest products sector, softwood lumber trade is one of the most directly exposed segments. Europe accounts for about one-third of the global softwood supply. Sweden and Finland are among Europe's top exporters of softwood lumber, along with Germany and Austria. Nordic lumber is exported to Europe, the Middle East-North Africa (MENA) region, China, and Japan. According to WoodMarket Prices (WMP) data, Middle East countries import less than 3 million m^3 of softwood lumber annually, and the MENA region as a whole is viewed as having significant growth potential.

Lumber shipments out of Europe rely heavily on shipping routes through the Mediterranean, the Suez Canal, and the Gulf. Shipping costs are expected to escalate as fuel prices and risk premiums rise. Spikes in freight and insurance, along with rising energy costs in production and transport, could quickly start to make Nordic lumber less competitive while tightening margins.

Middle Eastern construction markets are heavily dependent on imports of lumber and other wood products, as they have limited natural resources for construction. If the current conflict escalates, it could slow economic activity, delay construction projects, and tighten financing and logistics, likely reducing demand for imported lumber. Kirill Baranov, founder of *Signals from the Wood*, said in a March 7 update that delayed shipments of raw materials and equipment are already forcing some Gulf companies to reassess construction project deadlines and terms.

Source: ResourceWise.com

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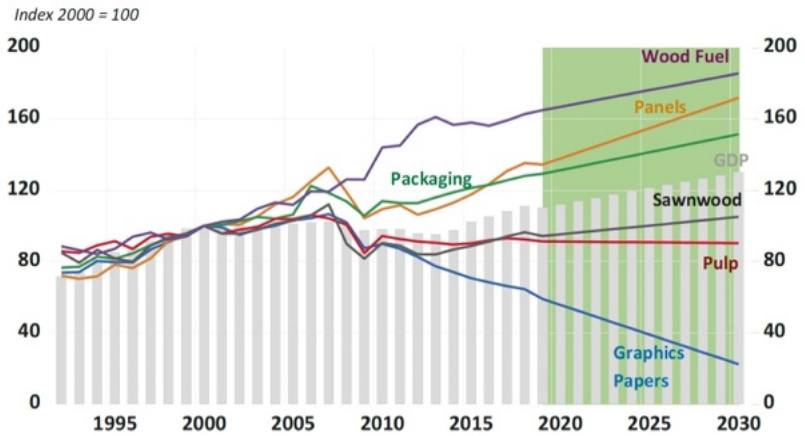
Forecasts reinforce the trend

Consumption of wood products and GDP in Europe (excluding Russia)



Source: Hurmekoski *et al.* in: Forest Bioeconomy and Climate Change, 2022, su dati World Bank e FAOSTAT

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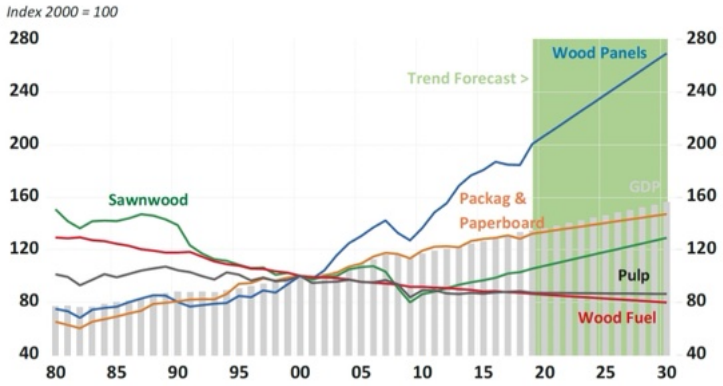
Forecasts strengthen the trend

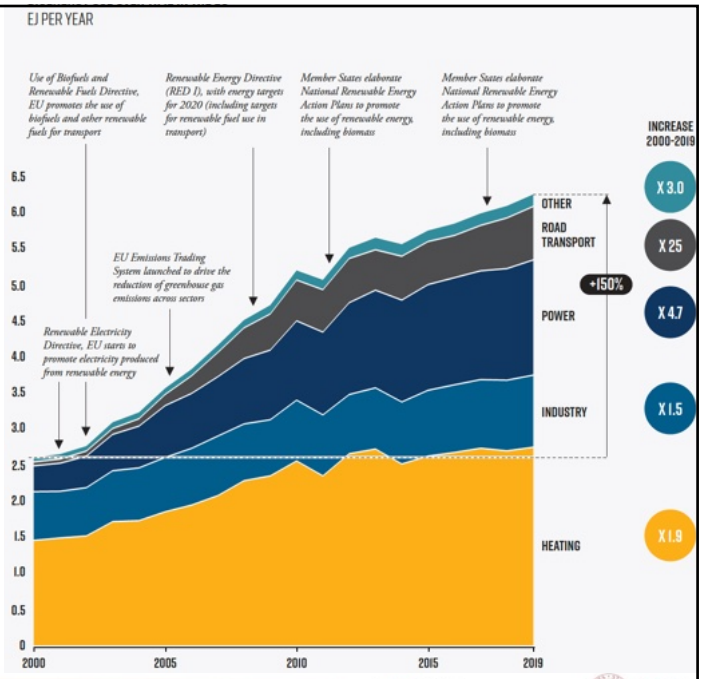
Per capita consumption of wood products and GDP in Europe (excluding Russia)



Source: Hurmekoski *et al.* in: Forest Bioeconomy and Climate Change, 2022, su dati World Bank e FAOSTAT

31

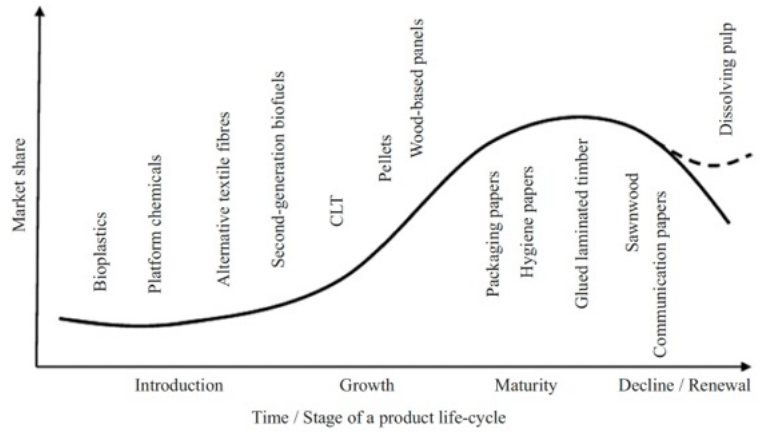
Growth in bioenergy consumption (agricultural and forestry) (2000-2019)



Source:
Material Economics (2022). EU Biomass Use in a Net-Zero Economy. A course correction for EU biomass

32

The placement of the different wood products along the curve of the cycle of life



Source: Hurmekoski *et al.* in: Forest Bioeconomy and Climate Change, 2022

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Outline

- The recent developments in the Adria-Balkan region
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- **Signs of structural changes**
- Opportunities for the Adria-Balkan countries

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Global timber consumption
(millions m³)

		2020	2050 (min)	2050 (max)	
Industrial roundwood	sawn timber, engineered products, veneers, plywood	933	1785	1867	+17-37%
	pannels, pulp and MMCF	1090	1382	1474	+ 63-83%
Fuelwood		1926	1600	7700	
Total		**3949**	**4767**	**11041**	

Consumption more than doubled

Source: FAO, GFSO 2050 (2022)

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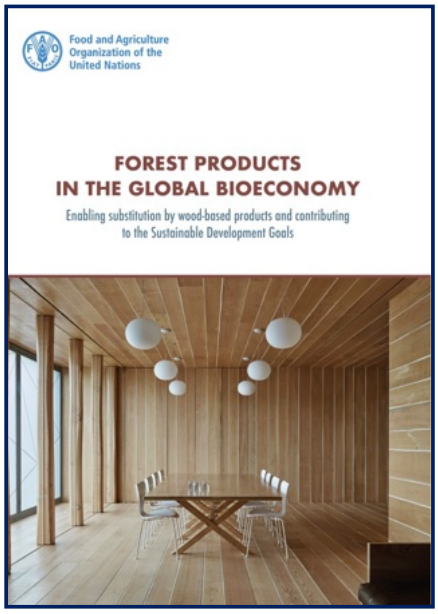
5 new sectors for the bioeconomy
(excluding the energy use of biomass)



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5 new sectors for the bioeconomy
(excluding the energy use of biomass)

Engineered wood products

Cross-Laminated Timber (CLT or X-LAM): +37% annual growth (2014-20), NLT, glulam, CLT, MPP, LVL, …

37

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5 new sectors for the bioeconomy
(excluding the energy use of biomass)

- Engineered wood products

  Cross-Laminated Timber (CLT or X-LAM): +37% annual growth (2014-20), NLT, glulam, CLT, MPP, LVL, …

RCF (Recycled Cellulose Fibers) or MMCF (ManMade Cellulose Fibre); biotextiles: (viscose, lyocell, TENCE, modal, …)

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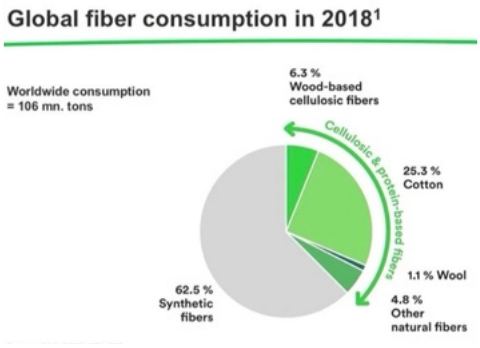
Decarbonization: the role of bio-textile



Source: M.Palahì (2023) on ICAC, CIRFS, TFY, FEB data

UNECE/FAO (2021) is forecasting in 2040 a consumption of 30% (80 M m^3) of the total consumption of industrial wood in Europe

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Panels, foams and insulants

Bio-plastics and PW (Plastic-Wood Composite)

Packaging (see new regulations forbiting single use plastic containers in EU by 2030)

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A forecast for EU forest product consumption under different scenarios

Product	Unit	Pathway	Consumption 1995	2020	2045	2050	Change 1995-2020	2020-2045	2020-2050
Panels	Mm3	historical	32	54					
		ssp2			68	71	71%	27%	31%
		fair			42	43		-21%	-21%
Paper	Mt	historical	52	66					
		ssp2			78	79	27%	18%	21%
		fair			52	52		-21%	-20%
Pulp	Mt	historical	37	38					
		ssp2			47	50	2%	25%	31%
		fair			39	39		3%	4%
Sawnwood	Mm3	historical	67	81					
		ssp2			97	99	22%	19%	22%
		fair			72	73		-11%	-11%
Fuelwood	Mm3	historical	75	119					
		ssp2			162	174	59%	36%	46%
		fair			50	51		-58%	-58%
Industrial Roundwood	Mm3	historical	296	367					
		ssp2			453	471	24%	23%	28%
		fair			370	374		1%	2%
Total Roundwood	Mm3	historical	371	486					
		ssp2			615	645	31%	27%	33%
		fair			420	425		-14%	-13%

Fonte: JRC (Rougieux et al., 2024 - doi:10.2760/17191)

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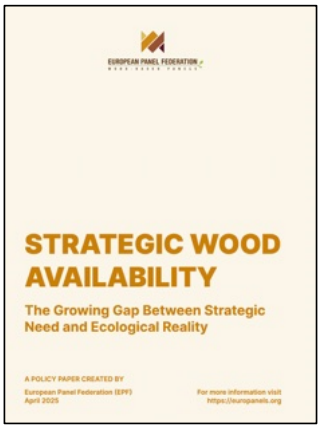
A recent forecasting study by the European Panel Federation on the EU timber market



Map of regions considered in Analysis.

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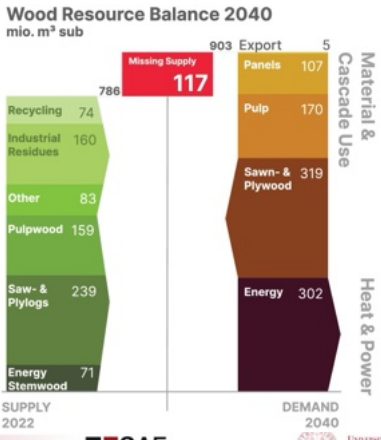
A recent forecast to 2040 on timber consumption in the EU

A gap between domestic supply and consumption of 117 M m3, equal to 14.9% → remarkable price growth

«The scenario Modern Growth for the Wood Resource Balance 2040 shows a notable shortfall in wood supply compared to demand, amounting to 117 millions m³ solid wood under bark»

Source: AFRY Management Consulting for EPF (2025)

Scenario Modern Growth



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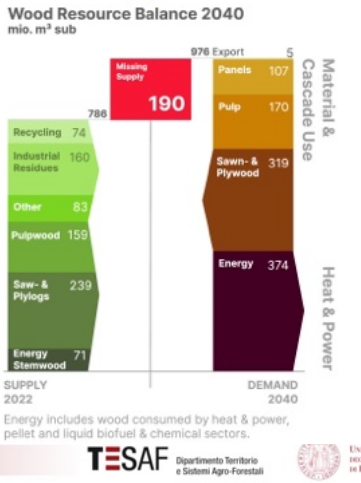
A recent forecast to 2040 on timber consumption in the EU

An even bigger gap: 190 M m3, equal to 24.2% of consumption, bearing in mind that the EU is currently a net exporter of raw timber for industrial and sawn timber and a net importer of wood for energy use

Source: AFRY Management Consulting for EPF (2025)

Scenario
Bioenergy Penetration



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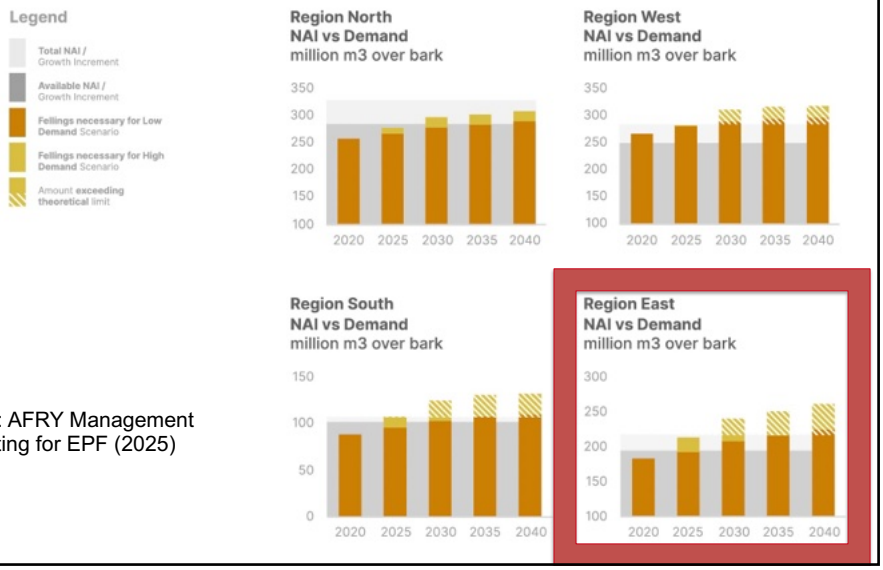
The conditions of greatest gap affect East Europe



Source: AFRY Management Consulting for EPF (2025)

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The political message of the EPF study

Key Findings

1. Looming Supply Deficit

- The studies' projections show a substantial future [illegible] supply, even under conservative growth scenarios.
- Relying solely on European forests to meet escalating demand appears increasingly unrealistic.

Supply Deficit

2. Cascade Principle Under Pressure

- Current policies and market realities could lead [illegible] applications are already used in energy generation today.
- This undermines the cascade principle, where energy use should only be the final step after reuse and recycling, hindering circularity and optimal carbon benefit.

Cascade approach to be reinforced

3. Challenging Carbon Sink Targets

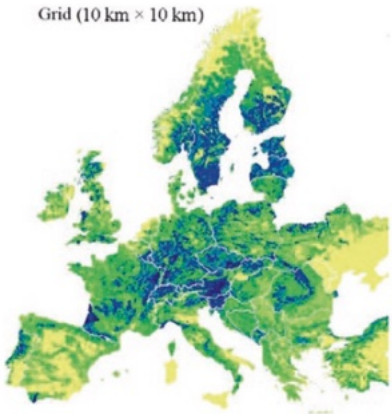
- Increasing harvesting pressures make it unlikely [illegible] increase in demand, more wood-based carbon sink challenges will arise in the future.

A problem for the C stock in forests

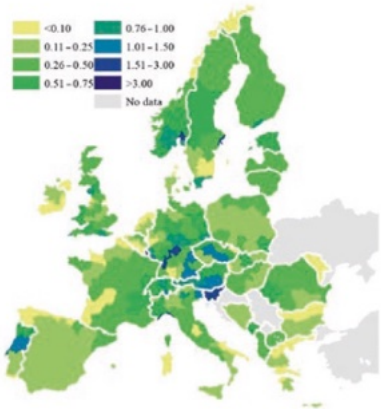
Source: AFRY Management Consulting for the European Panel Federation (2025)

Spatial distribution of forest biomass available in 2020 (t/ha/year) and non-used forest biomass

Available biomass

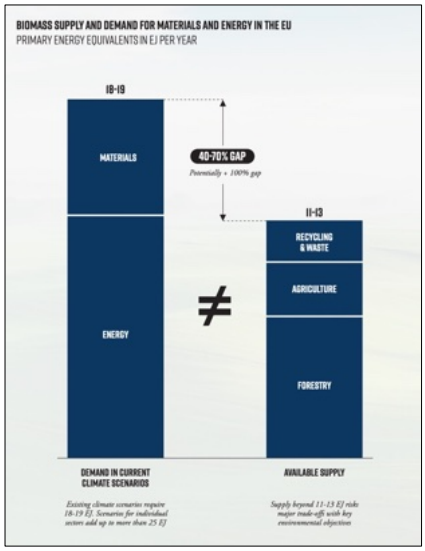


Unused biomass



Source: Verkerk et al (2019)

A message consistent with other studies



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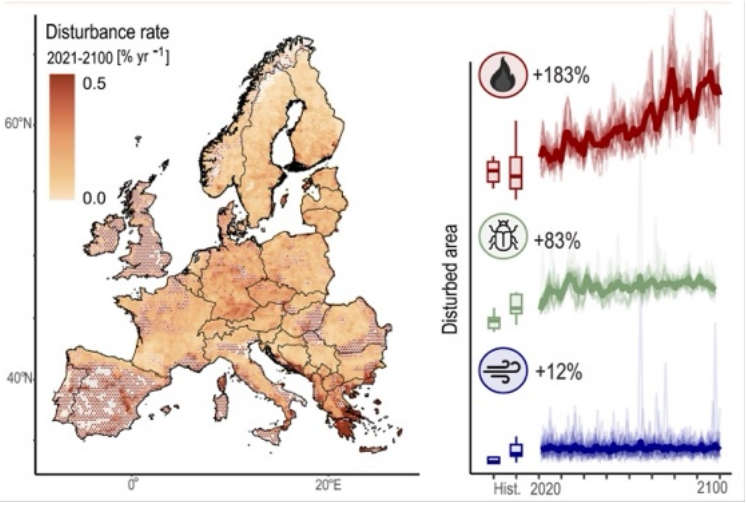
With forecasts that become increasingly negative considering future damage to forests



Source: https://www.science.org/doi/10.1126/science.adx6329

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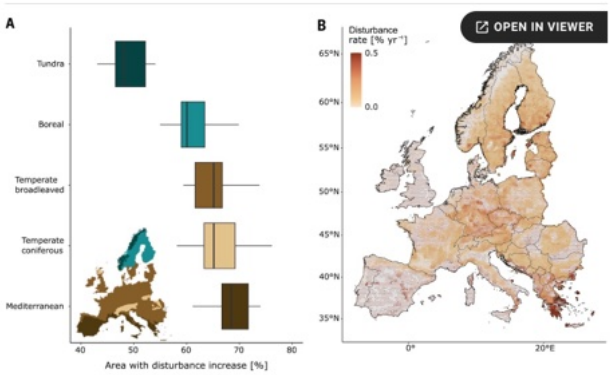

Fig. 2. Spatial patterns of future forest disturbance.
(**A**) Percentage of area (expressed as the share of 25-km hexagons within a biome) for which disturbances increase under scenario RCP8.5 [biome information was obtained from Olsen *et al.* (*107*)]. The whiskers extend to 1.5 times the interquartile range across all simulations conducted under RCP8.5 (n = 30). (**B**) Simulated 21st-century disturbance rates under scenario RCP8.5 (see figs. S5 and S6 for other scenarios). Values show the mean disturbance rate across all simulation years (2021 to 2100) (see figs. S7 to S9 for spatial patterns of disturbance change between 2021 to 2030 and 2091 to 2100). The size of the points corresponds to the share of forest area in each 25-km hexagon. For the sake of visualization, we capped disturbance rates at 0.5% year^{-1} (i.e., the 83rd percentile of the data). Gray areas mark nonforest hexagons.

Source: https://www.science.org/doi/10.1126/science.adx6329

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Outline

- The recent developments in the Adria-Balkan region
- The international trade context
- Signs of structural changes
- **Opportunities for the Adria-Balkan countries**

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A radical new trade context affected by (a) embargos to Russia and Byelorussia and (b) by the opening of market to free trade conditions among other countries

Several recent developments are in this direction:

- the final approval of the **MERCOSUR-EU** agreement
- the global agreement **Mexico-EU**
- the free trade agreements **India-EU** (January 2026)
- the ongoing negotiations **Malaysia-EU**
- the same for **Australia-EU** (March 2026)
- formal start, in May 2025, of negotiations for a bilateral agreement **United Arab Emirates-EU**

= An attempt to play a distinctive role of the EU in the reconfiguration of a new world order, pursuing a "**pragmatic multilateralism**"(Aiyar & Llyne, 2023)

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A radical new trade context affected by (a) embargos to Russia and Byelorussia and (b) by the opening of market to free trade conditions among other countries

In recent months the EU has adopted a more proactive approach in relaunching and concluding bilateral negotiations that have been underway for some time, with the aim of expanding and diversifying its network of trading partners. Several recent developments are in this direction: the final approval of the MERCOSUR agreemen,t the finalization, in January 2025, of a modernized global agreement with Mexico; the relaunch, in the same month, of negotiations with Malaysia; the formal start, in May 2025, of negotiations for a bilateral agreement with the United Arab Emirates; and, finally, the conclusion of negotiations for free trade agreements with India, in January 2026, and with Australia, in March 2026. This change of pace is largely attributable to trade tensions with the United States and the recent tariff policy of the American administration, which has introduced new tariffs and fueled uncertainty in transatlantic relations. In this context, trade diversification has become a strategic lever to strengthen Europe's economic resilience, reduce dependence on individual markets and contain the distortive effects of protectionist measures. This is a trend that is also common to other countries; however, the EU stands out for the number and depth of agreements pursued and achieved. An attempt to play a distinctive role in Europe in the reconfiguration of a new world order, pursuing a "pragmatic multilateralism"(Aiyar e Llyne, VoxEu, 29 marzo 2023).

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MERCOSUR-EU agreements: more favourable conditions for EU exports of processed wood products

Products	Import duties from MERCOSUR		Import duties from the EU	
	Before	After (within 10 years)	Before	After
Sawn wood HS 4411	~15–20 % (Estimated)*	0 % (progressive)	~0–2 % (MFN)	0 %
Wood panels HS 4421	~20–25 % (Estimated)*	0 % (by the end of the period)	~0–2 %	0 %
Wooden furniture HS 9403	~25–35 % (Estimated)*	0 % (slow)	Reduced MRN	0 %

* MERCOSUR percentages are indicative based on general industrial tariff data prior to the agreement; the final tariff schedule for each specific HS can be found in Annex 2-A of the agreement which will enter into force after ratification.

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EU-India agreements: more favourable conditions for EU exports of processed wood products

The Rules of Origin (ROOs) provide that harvested wood products exported from the EU will be eligible for preferential tariffs under the agreement

EU → India	Significant reduction/elimination on many products → lower EU export costs for all harvested wood products
India → EU	Consequence of the reduction in tariffs for wood-based products Increased competition on more processed products (furniture)
Market Forecast	Potential growth in EU exports of raw wood, semi-finished products and paper

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EU-Australia Free Trade Agreement (March 2026)

Fee reduction from 5–10% to 0% (in most wood products)

Market segment	Impacts
Engineered timber (CLT)	positive (EU exports)
Furniture/design	positive (EU exports)
Base panels	uncertain (more competition, price pressure)
Biomass	uncertain (more competition, price pressure)
Pulp	uncertain (more competition, price pressure)

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Meanwhile, new instruments to support the bioeconomy development:

the entry into operation of Reg. Carbon Removals and Carbon Farming (CRCF) 2024/3012

Standards for forest credits already approved; already open the procedure for the EC approval of certification schemes

Recent publication of the Technical assessment paper (TAP) for long-term temporary biogenic **carbon storage in buildings**:

- At least **35 years** of the product life cycle
- The main beneficiary of the credits is the owner of the building

Next year: the **first certification of credits** from forest and wood-based construction

Creation of **Buyers' clubs** to stimulate demand

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The EU plan for affordable construction

European Commission

Page contents

- The European Affordable Housing Plan
- Boosting housing supply
- Mobilising investment
- Enabling immediate support while driving reforms
- Protecting the most affected
- Coming in 2026
- Learn more
- The Affordable Housing Dialogue

The European Affordable Housing Plan

Our houses, our homes, are the building blocks of our communities, the foundation of our society and democracy. Housing is not just a commodity, but a fundamental right and a cornerstone of human dignity. But across Europe, there is a palpable feeling of injustice at the sheer unaffordability and unavailability of housing.

The European Affordable Housing plan sets out to support all levels of national authorities and bring stakeholders together, to bring affordable housing to all Europeans.

It's based on 4 pillars.

Boosting housing supply | Mobilising investment | Enabling immediate support while driving reforms | Protecting the most affected

Source: https://housing.ec.europa.eu/european-affordable-housing-plan_en

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EU strategic framework for the bioeconomy

EUROPEAN COMMISSION

Brussels, 27.11.2025
COM(2025) 960 final

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

A Strategic Framework for a Competitive and Sustainable EU Bioeconomy

{SWD(2025) 895 final}

By 2040, sustainable bio-based materials and products such as construction materials, biochemicals, textiles, fertilisers and plant protection products and plastics are widely deployed in the EU. They provide fossil-free alternatives and create new, stable income streams in rural, coastal and industrial regions across Europe. Sustainable yield improvements support resilient farming and food systems grounded in knowledge-based management. Integrated biorefineries and advanced fermentation facilities operate across the continent, turning diverse feedstocks into high-value products.

Source: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52025DC0960

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Take home messages

- **Short-term**: softwood supply normalises after bark-beetle salvage cycles in Central Europe. **Traditional drivers with negative trends** (construction demand, domestic processing utilization, and export patterns). **Geopolitical developments** and **energy market disruptions** are adding further uncertainty to input costs, transport economics and industrial demand.
- In the medium to **long term**, **favourable economic situation for producers** of raw timber with **positive price dynamics** (shortage of raw timber for the bioeconomy development)
- The **governance** of the **wood bioenergy use** is a keyway for making added value from forest resources (**cascade approach**)
- **New patterns of trade**: not withstanding the recent US trade policy decisions, **increasing market integration**: it is important for the Adria-Balkan countries to be part of this less evident process of "**pragmatic multilateralism"** contrasting with the US neo-protectionism

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The future will depend, as in some very critical moment of the past from the alternative between "**butter or guns**" (Werner Sombart)

Maybe, this expression could be interpreted now as «**wooden houses or drones**»

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