



24.06.2021

The European Organization of the Sawmill Industry has held its Summer General Assembly amid high demand but increasing supply challenges

On June 24, the European Organization of the Sawmill Industry (EOS) held its Summer General Assembly online due to the ongoing pandemic.

As usual, during the Assembly the EOS Annual Report was presented. The publication will be freely downloadable from the EOS website and hard copies can also be ordered at the following address: info@eos-oes.eu

The General Assembly was opened by two interesting presentations given by two authoritative sector experts.

The first presentation, titled *Latest data and developments on bark-beetle outbreaks across Central Europe* was given by Mr Gerd Ebner of Timber-Online. Mr Ebner argued that climate change is real in Central European forests. Since 2015, 369 million m³ of damaged wood have accumulated in Germany, the Czech Republic and Austria alone. Drought weakened the trees and bark beetles killed them. As a result, the price of logs fell to historically low levels by the summer of 2020. However, the strong log demand subsequently caused prices to rise significantly. In the space of just twelve months, log prices have risen by almost 50 €/m³. Thus, record roundwood prices have already been achieved in Central Europe or will be reached in the coming weeks.

The good demand prospects for sawn timber in the coming years and higher profits than usual allow the Central European timber industry to invest heavily: in new sawmills, new cutting capacities and further processing. However, spruce, the most important commercially usable timber species in Europe, will be less available in the future. As a result a seller's market will emerge for roundwood. Therefore, after a period of abundance of raw materials, there will be a scarcity of resources in the softwood sector.

The second presentation, titled *The Russian logs export ban and its impact on the global sawnwood markets* was given by Mr Jarno Seppala of Indufor.

Mr Seppala argued that based on the announcement of Russia's President last year, which instructed the country's government to ban the export of untreated or roughly processed wood, the roundwood exports might be heavily limited from next year on, should the legislation enter into force as proposed. While there are still a few uncertainties regarding the content of the legislation - such as the definition of untreated or roughly processed wood and the final decision on exact assortments and species - it is to be expected that the legislation will have a major effect on global flows of logs as Russia is a major exporter.

In particular, Mr Seppala argued, the Russian measures will push China to diversify away from Russian import of logs which might put pressure on European forests. Supply of high-quality softwood logs will be more expensive and buyers will face higher competition.

Official figures show that the deliveries of logs to China from Europe are already on the rise and according to many EOS members there is a risk of a structural shortage of logs across many European countries. EOS has been investigating possible actions on how to best tackle the side effects of the

Russian legislation for European producers. One of the key messages of the General Assembly was indeed that in order to meet a demand that is expected to be high even in the coming years, access to raw materials will be vital for the sawmill industry.

During the General Assembly, the EOS Secretariat also presented a few legislative and non-legislative initiatives of the European institutions which are expected to have a significant impact on the European sawmill industry in the coming years, namely the upcoming new Forest Strategy, the Land Use Land Use Change and Forestry revision and the review of the Renewable Energy Directive.

The new Board of EOS for the June 2021 – June 2023 term was also elected during the event. The composition of the new Board is the following:

President: Herbert Jöbstl – SVP Head of Operations Stora Enso Wood Products (Austria)

Vice-President Softwood: Ernest Schilliger – CEO of Schilliger Holz AG (Switzerland)

Vice-President Hardwood: Maria Kiefer-Polz – Sales Leader of European Hardwood Production (Austria)

Board Members:

- Jānis Apsitis – Chairman of the Board Kurekss (Latvia) – first mandate
- Nicolas Douzain-Didier – Director of Fédération Nationale du Bois (France)
- Mathias Fridholm – Director of Skogsindustrierna (Sweden)
- Stephan Lang – CEO of Rettenmeier (Germany)
- Kai Merivuori – Managing Director of the Finnish Sawmills Association (Finland)
- Ciprian Muscă – President of ASFOR (Romania) - first mandate
- Thomas Sève – General Director of Monnet-Sève SA Sève (France)

Long-serving exiting President Sampsa Auvinen has been unanimously elected Honorary President of EOS.

The next EOS General Assembly will take place in a hybrid form (both physical and online) in Helsinki on October 15.

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