

Overview and outlook, of the European Softwoodmarket 2020/21

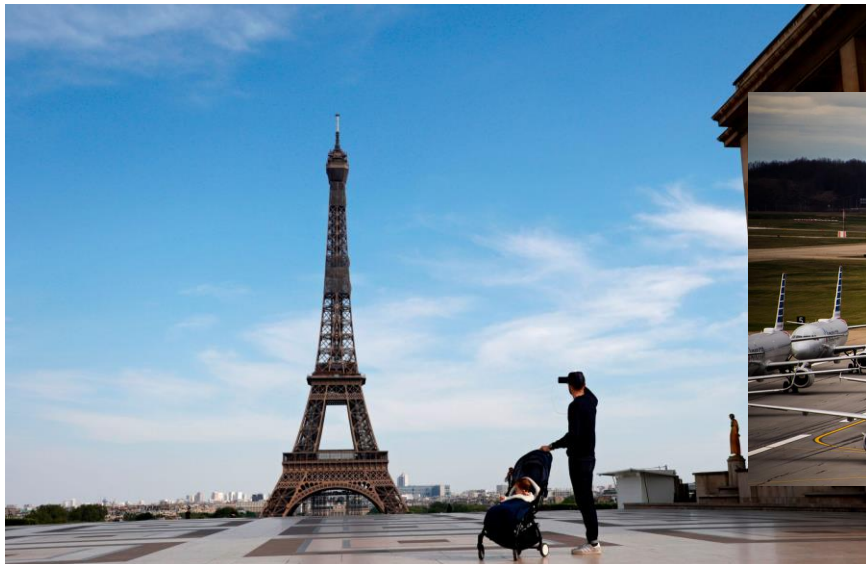


International Softwood Conference , On line 2020

Presented by – Morten Bergsten, Chairman softwood ETTF



2020 a year we'll never forget



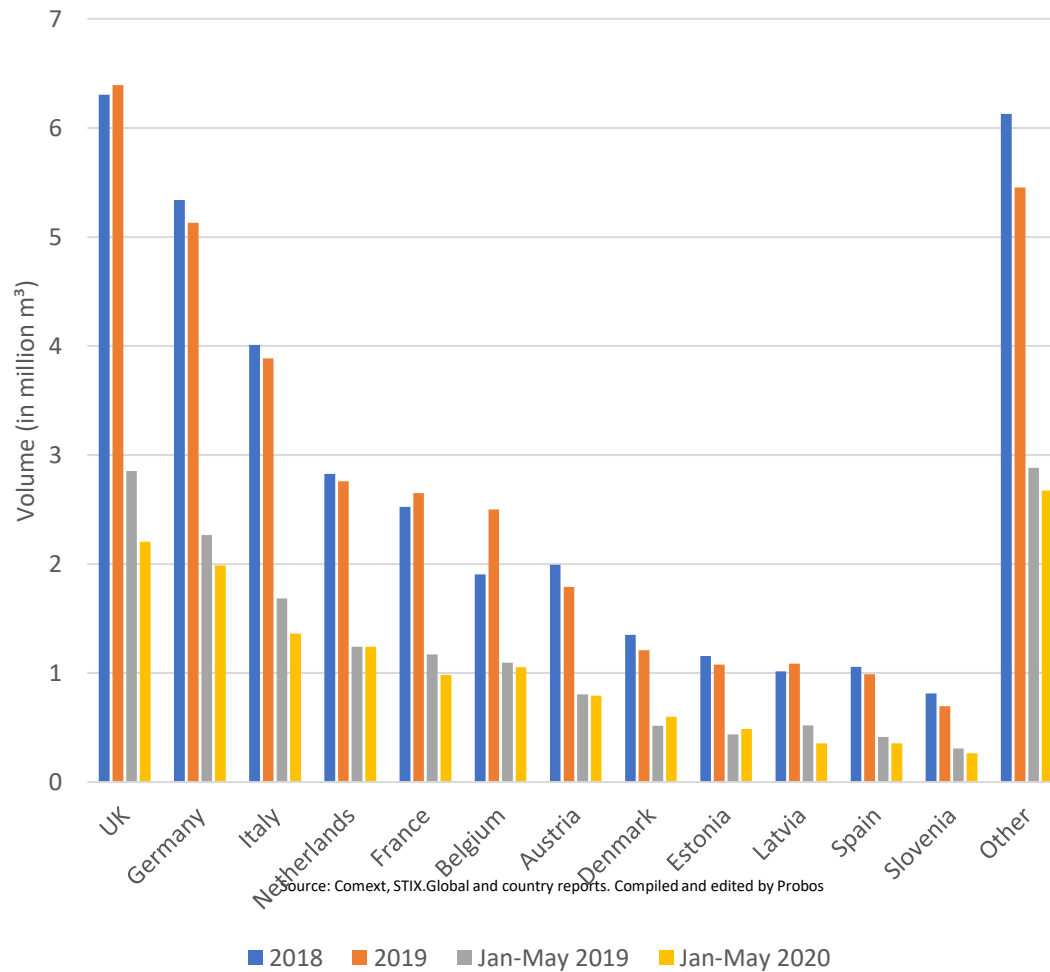
For many people it meant



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Imports of sawn softwood by EU+UK countries Years 2018-2019, Jan-May 2019-2020



Import reduction 2019, further decrease in 2020.

-5.0% in 2019 to 34.6 million m³

-11.3% in **Jan-May 2020** to 14.4 million m³

In the first 5 months of 2020:

Imports increased in:

- Denmark +15.8% to 0.6 m m³
- Estonia +11.6% to 0.5 m m³

Imports decreased in:

- Latvia -31.7% to 0.4 m m³
- UK -22.7% to 2.2 m m³
- Italy -19.1% to 1.4 m m³
- France -16.1% to 1.0 m m³
- Slovenia -14.8% to 0.3 m m³
- Spain -14.0% to 0.4 m m³
- Germany -12.3% to 2.0 m m³
- Belgium -3.5% to 1.1 m m³
- Others -7.2% to 2.7 m m³

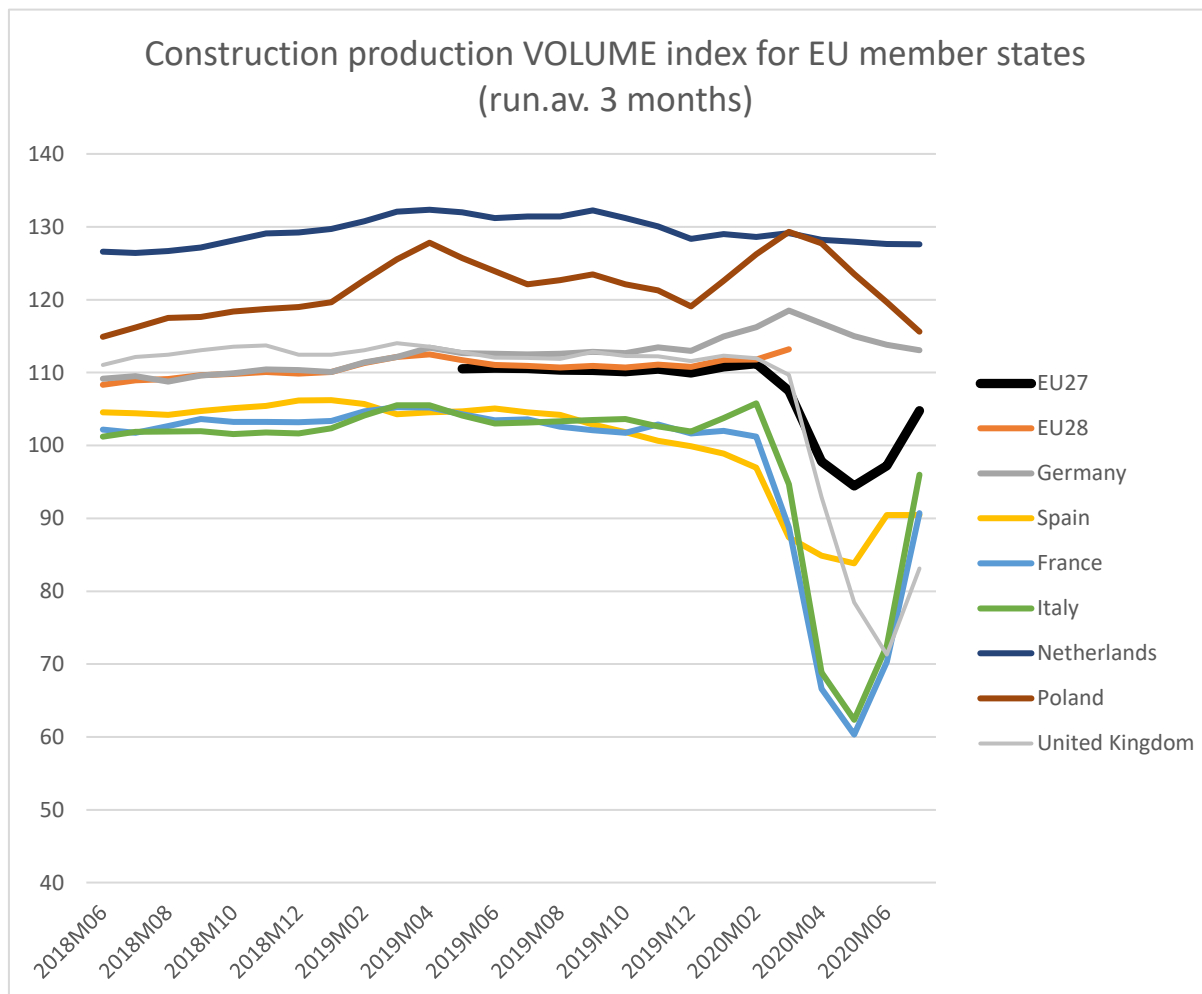
Imports in the Netherlands and Austria more or less stable.

Eurostat construction production index for the EU Member States

Volume of seasonally and calendar adjusted production output (2015 = 100)

Running average of 3 months

Monthly for the period June 2018 to July 2020



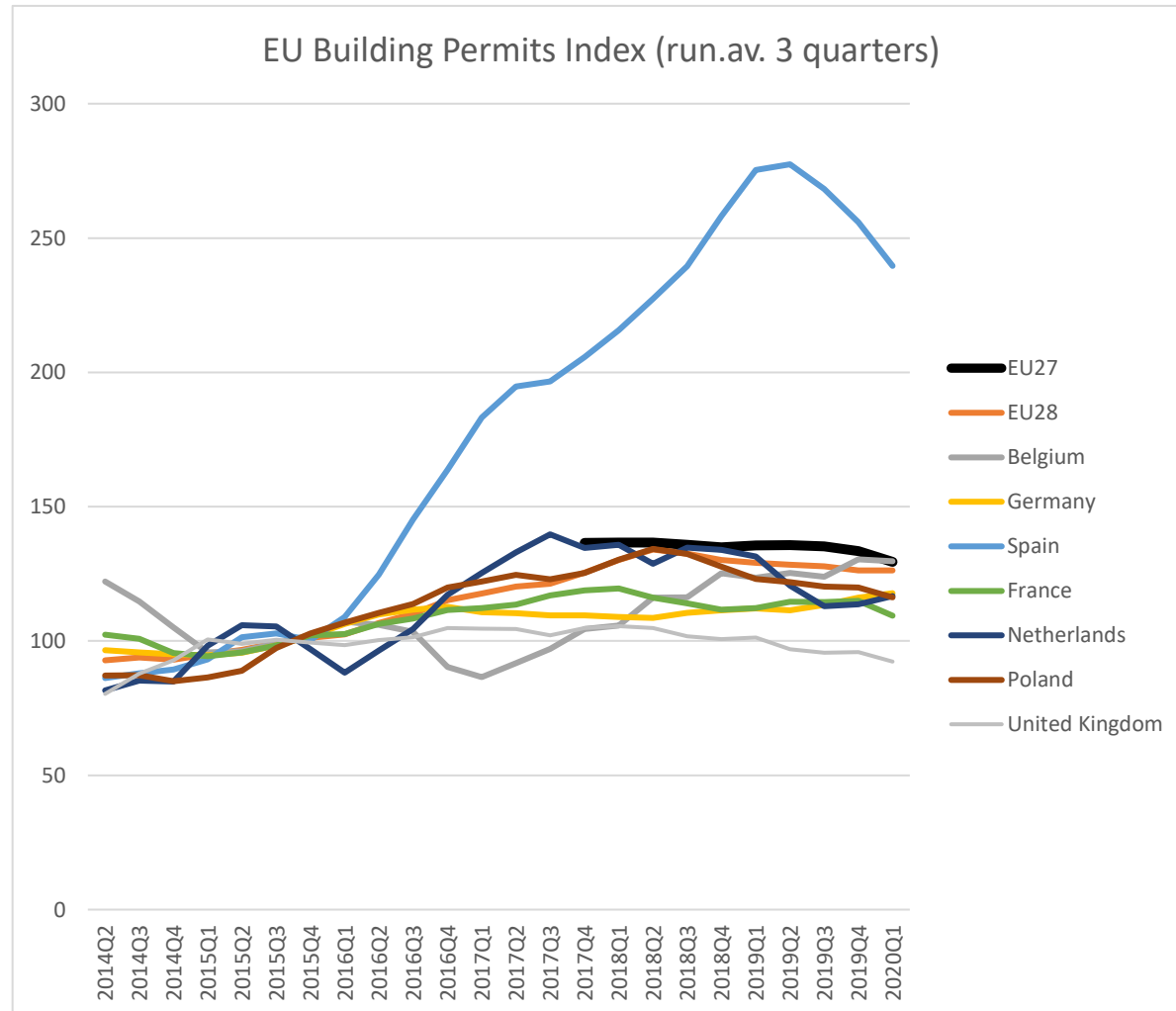
Clear COVID-19 impact on construction production

- Total volume of EU27+UK construction in December 2019 is 10.8% higher than in 2015.
- Increase in construction in most countries until February 2020
- **Impact of COVID-19 can be seen from March 2020. France and Italy show an expected decrease in construction of more than 60% from February to April 2020.**
- Netherlands and Germany more or less stable

EU Building Permits Index

Quarterly, for the period Q2 2014 to Q2 2020
(2015 = 100), running average of 3 months
Seasonally and calendar adjusted data.

BUT NO DATA FOR Q2 IS AVAILABLE



Building permits EU stable since 2018, but expected to decrease

- EU27+UK total still +25% above 2015 level, but 10% decrease in Q1 2020
- Spain shows dramatic increase coming from a very low, but drop in Q1 2020
- Germany still above 2015 levels
- Belgium recovered after dip at the start of 2017
- The Netherlands reduction during 2019 to 2015 levels
- UK being stable since 2015, decreasing in 2019

Index EU below 100 before 2015



Belgium



Facts 2020

- Import -4%
- Consumption of Softwood 2,7 mio. m3
- Unemployment increased to 7,3%

Forecast 2021

+ 2%
+2%
8,3%

- Important:
- The postponed projects and lack of new orders, both in the big and smaller construction companies, gives a concerned uncertainty for 2021
- The private sector is stable at a higher level than normal for the season

Denmark



Facts 2020

- Import +9%
- Consumption of Softwood 1,4 mio m3
- Unemployment increased to 4,3%

Forecast 2021

Same level as 2020
Same level as 2020
5,1%

- Important:

During the Covid-19, the construction sector has been considered as an economic locomotive.
And we expect that to continue into 2021
High positive focus from political side, regarding use of more wood

France



Facts 2020

- Import -12%
- Consumption of Softwood 8,2 mio m3
- Unemployment increased to 13,7%
- France is recovering in the 2nd. Half of 2020

Forecast 2021

+4%

+3%

10%

ITALY



Facts 2020

- Import expected same level (3,8 mio.m3)
- Consumption of Softwood est. 4 mio m3
- Unemployment increased to 11,2%

Forecast 2021

- small increase.
- small increase
- 9,6%

• Important:

- The Italian Government established a measure called “super bonus 110%” on building renovations which are going to have a positive effect on the use of wood. this bonus can be used as a tax deduction in 5 years or as a discount on the invoice. (to boost 2021)
- Positive signs in the sector in general towards 2021

Germany



Facts 2020

- Import -2%
- Consumption of Softwood 19,5 mio m3
- Unemployment increased to 4,5%

Forecast 2021

Same level as 2020
Same level as 2020
n.a.

• Important:

- Severe bark beetle situation in Germany; affected 285 TSD ha forest (150 million cbm), the bark beetle situation has been severe for 3 years, future expectations are rather pessimistic.
- Construction market is in 2020 stable; for 2021 the expectations are a bit lower
- Situation for the timber trade is slight positive due to a very good market for wood constructed houses

Netherland



Facts 2020

- Import +1,5%
- Consumption of Softwood 2,3 mio m3
- Unemployment increased to 4,4%

Forecast 2021

Same level as 2020
Same level as 2020
6,4%

- Important:
 - Great need for new housing, but less permits given due to Covid 19
 - Positive interest from political side, on using more wood
 - Serious concern on the development of Covid 19 in the coming period

United Kingdom



Facts 2020

- Import -11%
- Consumption of Softwood 8,5 mio m3
- Unemployment increased to 3,9%

Forecast 2021

+4,0%

+9,5%

n.a.

- Important:
- There is a reasonable consistency among Members' forecasts. This is demonstrated by Members providing an **upbeat prediction for the 2nd half of 2020.**

Positive summary / Statements



- **Just small drop in import for all countries is forecastet in 2020 (holding level was supported by DIY sector)**
- **Total EU consumption are forecastet to increase with 2,3 mio m3 in 2021**
- **Total consumption are forecastet to increase Incl US/Canada with 11,1 mio m3 in 2021**
- **Predominantly decreasing unemployment in 2021**
- **On 16 September 2020, Ursula von der Leyen, President of the European Commission, delivered her 2020 State of the European Union, and did put focus on building more in wood from an environmental perspective.**



Looking into the crystalball



- There are so many uncertainties
 - Corona, when will we be "on the other side"
 - Many concerns on 2nd. Wave of Covid Vs. Vaccine
 - Global economy
 - US and Chinese market
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- With all countries statements taking into consideration, and with the positive glasses on – we will try to conclude an overall picture for 2021.



Conclusion



- Still increasing demand for wood in the whole sector
- High focus on using wood from a political perspective
- High focus on the environment = use of more wood
- Most of the countries predict same or increasing consumption
- Several countries predict steady activity in the building sector
- Several countries predict steady activity in the private sector
- The building industry in general is showing positive sign
- We are facing a different world, maybe even in the way we do business
- Difficult to generalize, but the overall picture is....

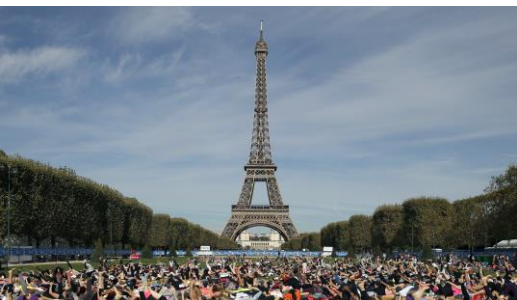


2021 have many uncertainties

**BUT OVERALL THERE IS A POSITIVE SIGN FOR
THE SOFTWOOD SECTOR**

Deleting Covid, could make 2021 so bright, we would need to wear shades 😎





Thank you for your attention