



IFA Review of Timber Prices 2022-2023

EU and Global Timber Market

The EU and global timber market have experienced significant volatility in the past number of years. One of the major events was the Russian invasion of Ukraine in 2021, which led to trade sanctions being imposed by the EU on Russia and Belarus in April 2022.

These sanctions included an import ban on timber and restrictions on timber exports. As Russia is the largest softwood timber exporter globally this development created uncertainty in the global timber market.

Another factor which has influenced the global timber market was the outbreak of the spruce bark beetle, which has caused extensive damage to central European and Alaskan forests between 2017 and 2021. In response to this infestation, there was a surge in emergency harvesting to remove the infected trees. The peak of timber damage caused by the bark beetle occurred in 2019, and since then, the amount of damaged timber has been declining. This decline, coupled with the increased timber harvests in central Europe, has had an impact on timber prices.

While challenges and uncertainties continue, the EU and global timber markets are showing signs of recovery in 2023 due to several key factors including:

- **Economic Recovery:** The global economy has been gradually rebounding from the impacts of the COVID-19 pandemic. With the reopening of economies and increased economic activity, the demand for timber in various sectors, particularly construction and housing, has seen a recovery.
- **Supply Chain Adaptations:** Supply chains have adapted to mitigate the impacts of disruptions caused by events like the Russian invasion of Ukraine and the spruce bark beetle outbreak. Alternative sourcing strategies within the EU have helped stabilise the supply of timber.
- **Construction Sector Growth:** In 2023, there has been a notable increase in construction activities, both in the EU and globally. Infrastructure development, residential housing, and commercial projects have experienced a surge, leading to an increased demand for timber products.
- **Sustainable Building Practices:** There is a growing recognition of timber as a sustainable building material. The preference for sustainable construction practices has led to an increased demand for timber.

Irish Timber Market Prices

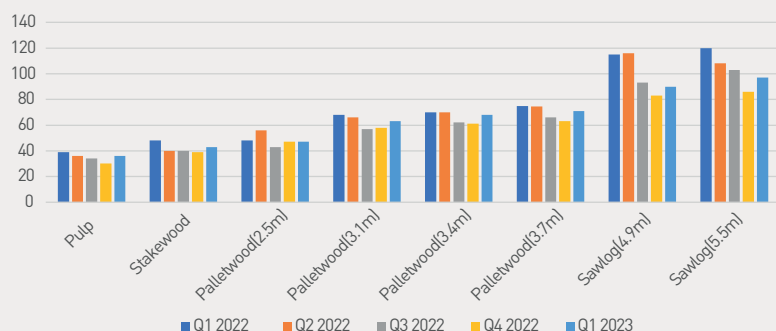
EU trade sanctions, supply chain disruptions, and geopolitical tensions have all had knock-on effects on the Irish timber industry.

Changes in global timber prices and market conditions impacted the stability of the Irish market in 2022, leading to fluctuations in timber prices and supply availability. There was a notable decline in prices quoted for timber products during the transition from Q2 2022 to Q3 2022. The downward trend in prices quoted for timber products persisted throughout the remainder of 2022.

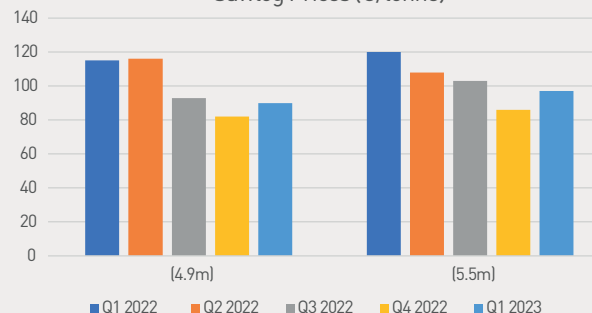
The Irish timber market has shown encouraging signs of

recovery. In the first quarter of 2023, there has been an increase in timber prices reported across all product types. This upward trend suggests a growing demand for timber. One key factor contributing to the rebound is the anticipated continuation of construction demand. With the level of construction activities expected to continue, the demand for timber is likely to remain consistent or potentially experience further growth.

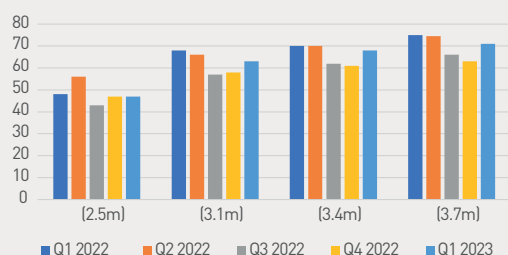
Roadside Timber Price Trend



Sawlog Prices (€/tonne)



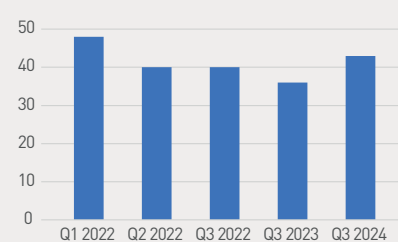
Palletwood Prices (€/tonne)



Pulpwood Prices (€/tonne)



Stakewood Prices (€/tonne)



Market Outlook

The Irish timber market is anticipated to continue to show a positive outlook.

According to a report published by the COFORD Council in March 2023, *Wood Supply and Demand on the Island of Ireland to 2030*¹ there is a significant projected increase in the demand for roundwood and wood residue across various sectors such as sawmilling, wood-based panel manufacturing, and wood energy. This growth is expected to continue. According to the forecast, the sawmilling sector is projected to face an ongoing shortage in the supply of roundwood. By 2025, this shortfall is expected to reach 0.5 million m³ per annum, which is further

predicted to increase to a deficit of 0.6 million m³ by 2030. As a result, this supply gap will drive a rise in demand for roundwood within the sector.

Overall, the market outlook for 2023 suggests potential growth in the timber market. This growth is primarily attributed to sustained construction demand. There is a strong likelihood that the demand for timber will remain steady for the remainder of 2023.

Timber Production Statistics²

According to the latest statistics, Irish timber production of roundwood has shown a positive trend in recent years.

- In 2021, the total volume of roundwood harvested reached 4.33 million m³, a 31% increase compared to production in 2015 and the highest levels on record.

- There has been a significant increase in the share of roundwood available for processing from the private sector, which has risen from 24.8% in 2016 (0.85 million m³) to 48.4% in 2021 (2.09 million m³).
- This increase can be attributed to the maturing private forest estate in Ireland.

¹ COFORD (2023) Wood Supply and Demand on the Island of Ireland to 2030 Retrieved from: www.coford.ie/publications/reports/

² DAFM (2022) Forest Statistics Ireland 2022.