



67th International Softwood
Conference 2019
OCT 16-18

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MARKET DECELERATION IN 2019 AMID LONG-TERM RAW MATERIAL CHALLENGES

Between 16 and 18 October 2019 the 67th edition of the International Softwood Conference was held in Antwerp in the facilities of the Radisson Blu Astrid Hotel. This year's conference was attended by around 180 participants from all over the world. The Conference was hosted by the Belgian Federation of Textile, Wood and Furniture Industries (Fedustria) and, as usual, by the European Organization of the Sawmill Industries (EOS) and the European Timber Trade Federation (ETTF).

Antwerp, 18th October – The Conference opened with the traditional market analyses provided by authoritative experts in the sector. The development of production and consumption suggests that the lively growth recorded in 2017 and 2018 has significantly slowed down in 2019. The outlook for the coming months seems to be challenging, in particular due to the abundance of calamities-affected raw materials in the market caused by forest disturbances.

Andreas von Möller, President of ETTF, provided a comprehensive overview of the construction activity in Europe, showing that the confidence index and the production index in the construction sector both performed well up until the end of 2018, while there was a slowdown at the beginning of 2019. Both the wood sector and window sector have done well in 2018, but the slowdown might be affecting those sectors as well in the coming months.

Sampsa Auvinen, President of EOS, underlined in his presentation that over the last few months the market situation has been much more challenging than previously with export orders going down, stocks at sawmills rising and lumber prices decreasing. The disruption in the market has been mainly caused by extremely high quantities of logs being affected by bark beetles. These calamities are affecting the whole European sawmilling industry and the effects will be felt over the next few years.

However, there are also reasons to be optimistic. Von Möller stressed that the construction sector seems to be doing comparatively better than other sectors of the economy. Auvinen emphasized that global demand is steady and, looking outside Europe, the market in Middle East and North African countries is more stable than in the past few years with bright demographics and construction prospects. In China, in spite of heightened trade tensions, the consumption of wood is doing fine, with the government targeting to significantly expand the green building sector (from 5% to 28% by 2030) in the coming decade, which bodes well for the industry. Japan remains a reliable market and other

Asian countries are becoming promising export markets for many European mills. Shipments to the United States also did well in 2019 with European export reaching levels unseen since before the global financial crisis of more than a decade ago. Overall, global building codes are changing, supporting wood construction for mid- and high-rise buildings.

A lively session about climate change and its effects on the industry took place. Bark beetles, drought and forest fires will take an increasingly heavy toll on European forests. Presenters in the panel analyzed the effects on climate change on future wood supply. In the softwood sector, spruce stands will continue to be under pressure particularly in Central Europe. Adaptative measures must be found by all stakeholders in the forest-based industries with the aim to improve forest resilience.

The use of wood in construction can be a response to climate change challenges. Wood is a renewable source of fibres and a substitute for more fossil fuel intensive materials. Nevertheless, there is a need to better communicate to architect and engineers about possible and further wood applications. At any rate, many speakers stressed that wood as a building material is gaining market share across many European countries. Policymakers are increasingly taking note of the benefits of building with wood across both sides of the Atlantic.

The next edition of the International Softwood conference will take place in Helsinki on 8-9 October 2020. For more information, please visit the website: <http://ettf.info/isc2019>. The presentations given at the Conference will soon be available on the website.