



Wood Resources
International

WRI Market Insights 2021

- a subscription service from Wood Resources International

Global Softwood Lumber Markets

Increased demand for softwood lumber in the US and Asia will change the global trade flows of wood in the coming decade

Softwood lumber has been in high demand in the US and Europe throughout 2021. The limited supply resulted in temporary price surges to record high levels during the spring, followed by substantial declines in early summer. The outlook for lumber demand is likely to be strong worldwide in the coming decade in most world regions, including North America and Asia. Both these regions are consistently dependent on imported wood.

Few countries in the world can significantly expand lumber exports, and Europe will play an increasingly important role as a wood supplier in the future. Tighter lumber markets will impact not just the sawmilling industry but also forest owners, pulp companies, wood panel manufacturers, and pellet producers.

The latest Focus Report: **Global Lumber Markets - The Growing Role of European Lumber** from Wood Resources International (WRI) and O'Kelly Acumen examines the forces driving the tightness of global lumber markets, including the demand outlook in the US and China and the supply potential from Europe, Russia, and other regions. It also analyses the possible implications of near-term changes in the lumber markets for all players in the value chain.

The US is the largest lumber market in the world and is very dependent on imported lumber. Imports have consistently accounted for about 30% of consumption over the past ten years. There is expected to be continued demand growth long-term in the US, driven mainly by new house construction and solid consumption of wood products in the repair and remodeling sector.

US imports from Canada have fallen over the last five years, and European lumber has mainly filled the gap. Supply from Canada will be further restricted in the coming years due to the lasting effects of the mountain pine beetle in British Columbia. The US will therefore become increasingly reliant on European imports as demand grows and Canadian imports level off.

Asia is a rapidly growing market for softwood lumber, with China in particular driving growth. Countries in the rest of Asia (e.g., India, Vietnam, Australia, and Southeast Asia) are likely to grow from low levels, while importation of lumber to Japan trends downward. We expect Chinese lumber demand to continue growing at more than 5% per year to 2025. All market segments have strong underlying demand trends, and the Chinese economy is projected to rebound quickly from the COVID-19 slow-down in late 2021 and 2022.

Europe is an important producer of softwood lumber and the source of almost half of global exports. As the new Focus Report reveals, the sawmills on this continent will play an increasingly important role on the global export market in the future. Factors such as sawlog supply and cost will determine which European countries can seize this opportunity.

*The excerpt above is from the just-released Focus Report “**Global Lumber Markets – The Growing Role of European Lumber**” published by Wood Resources International LLC and O’Kelly Acumen. For more information about the study or to inquire about purchasing the 75-page report, please contact either Hakan Ekstrom (hakan@woodprices.com) or Glen O’Kelly (glen.okelly@okelly.se). A Table of Contents of the report is available on our website. [Click here!](#)*

Contact Information

Wood Resources International LLC
Hakan Ekstrom, Seattle, USA
info@WoodPrices.com