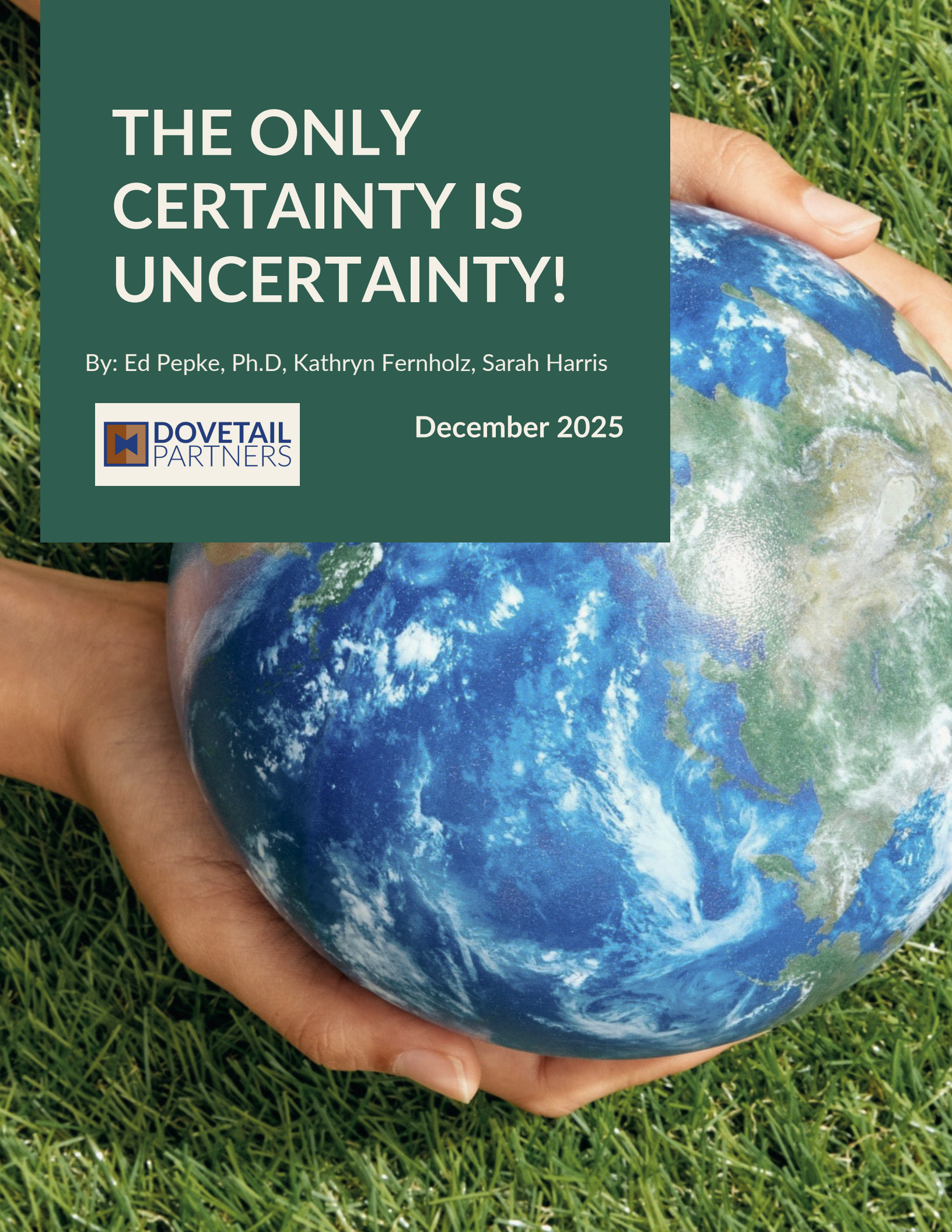


# THE ONLY CERTAINTY IS UNCERTAINTY!

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That was the conclusion about the state of global forest products markets by the annual United Nations Economic Commission for Europe (UNECE) Committee on Forests and the Forest Industry in Geneva, Switzerland on 4-6 November 2025. In addition to assessing the timber markets, the Committee also heard the outcomes of the forest products assessment in their region. Dovetail Partners participated in the discussions. We provide a synopsis of outcomes of the markets in section I and the forests in section II.

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# I. FOREST PRODUCTS MARKETS IN THE UNECE REGION

The UNECE Committee on Forests and the Forest Industry (COFFI, formerly the Timber Committee) analyzes the wood and paper markets in its region of North America, Europe, and the former USSR. In preparation for its annual meeting in 2025 its secretariat issued a market statement.<sup>1</sup> As it was written before their annual market discussions, we add the analysis of the market developments from the discussions. Information for this report comes from the Committee's market statement, country market reports,<sup>2</sup> in-session presentations,<sup>3</sup> and market discussions. The official market statement is organized by product sector: industrial roundwood, softwood lumber, panels, pulp and paper and wood pellets. This article is also organized by these product sectors. In contrast to prior years, the official market statement did not mention hardwood lumber or value-added products.

## Summary

The COFFI market statement summarized the market trends as:

*“The 2024 market trends of key forest products in the UNECE region show mixed developments across categories. Industrial roundwood removals remained at historically low levels, reducing the region's share of global production to less than 56 per cent for the first time since 1991, while trade shifts led to modest increases in European apparent consumption. Sawn softwood production rose slightly, maintaining the UNECE's global dominance, though exports continued their long-term decline with divergent country-level performances. Wood-based panels rebounded to pre-COVID levels, and UNECE countries maintain a leading role in global exports. Wood pulp production recovered only marginally from its 2023 low, with global market share slipping further due to rapid expansion in tropical and subtropical regions. Paper production rebounded slightly but remained far below earlier levels as graphic paper demand collapsed. Wood pellet production and apparent consumption both declined in 2024 for the second consecutive year, despite the UNECE retaining 80 per cent of global output.*

*Preliminary data for 2025 and forecasts for 2026 indicate continued subdued market activity across most forest product groups in the UNECE region. Industrial roundwood removals and sawn softwood production are expected to decline moderately, while apparent consumption of sawnwood is projected to increase slightly, supported by trade. Wood-based panel production is anticipated to grow modestly in 2025 and stabilize in 2026. Pulp output is likely to decrease further, whereas paper and paperboard production may stabilize. Wood pellet production and apparent consumption are projected to recover gradually, showing moderate growth through 2026. Overall, the outlook remains cautious, with limited recovery and persistent regional differences.”*

<sup>1</sup> Market statement available at: [https://unece.org/sites/default/files/2025-11/ECE\\_TIM\\_2025\\_4\\_POST-SESSION.pdf](https://unece.org/sites/default/files/2025-11/ECE_TIM_2025_4_POST-SESSION.pdf)

<sup>2</sup> Countries' market statements available at: <https://unece.org/forests/2025-country-market-statements>

<sup>3</sup> Presentations available at: [https://unece.org/info/Forests/events/398812?\\_\\_cf\\_chl\\_tk=MK3ytf6M6amQcDXKk0K7sR.KihAICC52xRq..1t59kY-1764668206-1.0.1.1-WqePzFQ24skMicnhZ1NyyktGgYaW\\_FLYbyoq9FG\\_lxc](https://unece.org/info/Forests/events/398812?__cf_chl_tk=MK3ytf6M6amQcDXKk0K7sR.KihAICC52xRq..1t59kY-1764668206-1.0.1.1-WqePzFQ24skMicnhZ1NyyktGgYaW_FLYbyoq9FG_lxc)

Before analyzing the market segments a caveat to the entire calamity in the 2025-2026 international forest products markets can be summarized as chaos and uncertainty brought about by US tariffs and counter-tariffs by its trading partners. In March 2025, US President Donald Trump ordered tariffs ranging from 10 to over 100 percent which became the basis of counter-tariffs and negotiations. He also issued 2 executive orders impacting the US forest sector, one which seeks to restrict wood and paper products trade through tariffs on imports (Dovetail Partners expressed an opinion on these executive orders)<sup>4</sup>. The result is widespread insecurity in international markets and extreme conservatism in business planning. The word “tariff” resounded throughout the market discussions and tariff threat is the major cause today of the somber market situation. Tariffs have a direct effect on nations’ economies and wood-based construction and further-processed wood products demand, e.g. furniture. Economic forecasts were for slower growth, especially in the main wood consuming countries such as China, European Union, and the US.

## Industrial roundwood

The Committee reported production of roundwood for further processing declined in 2024 overall in their region. However the trend is far from universal with industrial roundwood increases in Austria, Finland, and Poland as countries harvested more domestically. Some European states halted imports from the Russian Federation due to its ongoing war on Ukraine. Accordingly as Russia’s traditional trading partners refuse its exports, the Russian harvests were forecast to decrease by 3% in 2025. Nevertheless some other European countries reduced their roundwood production in line with decreases in market demand for further processed products, e.g. Germany and Sweden.

Based on limited statistics and forecasts of trade from 21 of the 56 UNECE member states<sup>5</sup>, the exports of industrial roundwood declined by 7% in 2024. Roundwood removals were also forecast to decrease in 2025 and 2026. The European Panel Federation raised the alarm of a threatening supply shortage for their industry which produces particleboard, OSB, fiberboard and plywood.<sup>6</sup> Their producers require a constant source of quality fiber as well as recycled fiber for particleboard core. The Federation blames European Union policies for reductions of harvests and subsidies promoting wood into bioenergy.



<sup>4</sup> President Trump’s executive orders concerning the United States forest sector: Dovetail Partners’ opinions. Available at: <https://dovetailinc.org/upload/tmp/1763497220.pdf>

<sup>5</sup> The 56 member countries are required to submit country market statements, statistics and forecasts in line with their membership requirements. The UNECE is increasingly unsuccessful in obtaining this essential information as a basis of the annual market discussions, publications and database.

<sup>6</sup> Strategic Wood Availability. 2025. European Panel Federation. Available at: <https://europanel.org>

## Softwood lumber

Production of softwood lumber increased by 4% in 2024 from the previous year to reach 254 million cubic meters (m<sup>3</sup>). The softwood lumber (sawnwood in UNECE terms) market has been directly affected by tariffs and high interest rates retarding wood-based construction. Boycotts of Russian and Belarussian timber meant a drop in imports by European Union countries and other countries opposed to their war on Ukraine. Nevertheless Russia has found alternative markets in China (66% of exports), Eurasian Economic Union (19%), Middle East and North Africa (MENA 7%) and Asia-Pacific countries (8%).

Production of softwood lumber in the UNECE region was forecast to decrease by 2.2 % in 2025 and again by 1.2% in 2026 based on the incomplete forecasts received. The decreases vary by country with Canada reporting some of the greatest production decreases, 3.5% in 2025 and 4.0% in 2026 due to catastrophic forest fires and even greater catastrophic trade barriers from their main trading partner.

The decades-long Softwood Lumber Agreement between the US and Canada is currently unresolved. Canadian sawmills complain that with threatened high tariffs, up to 40%, they cannot produce and export profitably to their main customer, the US. US lumber manufacturers stand to benefit from higher prices thanks to tariffs. Concurrently the National Home Builders Association complains that tariffs amount to a tax which will drive the price of an average US home up by US\$10,900.<sup>7</sup>

Unfortunately in part due to the US Government shutdown at the time of this UN meeting, neither statistics nor forecasts were submitted, nor a US market statement. The US was not represented officially at the session, although a number of attendees came from the US, e.g. Dovetail Partners. This skews the statistics for the UNECE region because the US is a major player.

## Wood-based panels<sup>8</sup>

Panel production recovered in 2024 to pre-Covid levels, reaching 146 million m<sup>3</sup>, an increase of 3.4% from 2023. The trend was forecast to continue in 2025 with a slight increase, but remain steady in 2026. Approximately a third of this production is by the 30-country membership of the European Panel Federation.<sup>9</sup> Panel demand varies by product. Construction-destined panels are heavily dependent on interest rates for buyers and producers alike. Other panels, e.g. MDF, are dependent on the demand for furnishings including mouldings and furniture.

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<sup>7</sup> NAHB members cite impact of tariff uncertainty on home building. 2025. Available at: [www.nahb.org/blog/2025/05/tariff-uncertainty-impact-on-home-building](http://www.nahb.org/blog/2025/05/tariff-uncertainty-impact-on-home-building)

<sup>8</sup> Plywood, particleboard, fiberboard and OSB.

<sup>9</sup> European Panel Federation. Available at: [www.europanel.org](http://www.europanel.org)

In the Russia Federation in 2024 production of all panels reached 14.7 million m<sup>3</sup>, the highest volume since 2020. Russia's vast boreal forests furnish its birch plywood production of which the majority is exported meeting 60% of global demand. But in 2025 Russia is suffering from economic sanctions from the US and the EU due to its war on Ukraine, and the Central Bank increased interest rates to 21%. An anticipated decrease in Russian interest rates to 13-14% in 2026 may not help manufacturers and exporters. Russian exports of hardwood plywood to the US halved in 2023 to 185 million square feet when sanctions began. US imports fell further in 2024 but appear to be growing by 8% in 2025 according to reports through August by the US International Trade Commission as reported by the Decorative Hardwoods Association.<sup>10</sup>

In 2024 Turkey became the second greatest producer of wood-based panels in the UNECE region following the US. Turkey's manufacturing capacities have increased strongly, especially for OSB.

The export trade of panels reached a record volume in the region, 61 million m<sup>3</sup> in 2024. While only 39% of the global production of panels is from the region, the region accounted for 56% of global exports in 2024. Smaller countries export a majority of their production, e.g. Latvia exported 85% of its production in 2024.

## Pulp and Paper

Production of paper and paperboard (cardboard) are declining due to online versus traditional printed media. Newsprint was first to decline, followed by graphic paper. Most newspapers offer electronic versions and many have and will stop printed paper versions. Graphic paper for printers and advertisements is declining again due to electronic communication. In 2023 paper and paperboard production fell to the lowest level since the UNECE began recording statistics in 1991, 167 million metric tons. Over the 10-year period from 2013 to 2024 the production of graphic paper halved in the region, declining from 67 million tons to 33 million tons. This decrease has resulted in closed paper mills and will result in the closure of more mills unless they diversify into new bio-products from wood. Wood pulp for paper manufacturing follows the same trend and its production and trade are declining.



<sup>10</sup> [https://www.decorativehardwoods.org/news/us-imports-hardwood-plywood-surge-22-0?utm\\_source=news&utm\\_medium=email&utm\\_campaign=12-4-25](https://www.decorativehardwoods.org/news/us-imports-hardwood-plywood-surge-22-0?utm_source=news&utm_medium=email&utm_campaign=12-4-25)

## Wood pellets

The demand for wood pellets for energy production is driven by government policies to reduce fossil fuel emissions in power plants and to support home owners' installation of pellet stoves. But demand in the region declined, and thus production, in 2023 and 2024 because of high stocks, low cost of competitive energy sources and mild winters. Pellet producers are increasingly tasked with proof of sustainability of their resource which may come from manufacturing residues, e.g. sawdust. Ensuring sustainability is the goal of the Sustainable Biomass Program, the main global certification scheme for wood-based biomass. Forecasts indicate an increase in production of pellets in 2025 and 2026 with a slight increase in consumption, but stagnation in trade.

## Future scenarios of the forest sector

The Committee discussed transformation of the forest sector, a necessity to continually revitalize and meet new market needs. Dr. Saman Sarbazvatan, Professor, Retech Center, École des Ponts, Paris, confirmed the ongoing transition of traditional wood and paper processing facilities to bio-refineries to shift from volume-based production to value-based ecosystems.<sup>11</sup> He proposed creation of innovation meta-clusters composed of a matrix of technology and intelligence and value creation. Achieving the potential bio-based competitiveness of the sector requires innovative, supporting government policies (note that the official delegates to COFFI are government representatives).

The effects of tariffs on global trade were modeled and presented by Mr. Matthias Dieter, Delegate from Germany who represents the Thünen Institute of Forestry.<sup>12</sup> In conclusion he found that manipulating free trade results in negative and positive impacts, depending on whether the wood products are being imported, exported or consumed. For example US import tariffs on softwood lumber mean higher prices for US consumers, but higher prices benefit US sawnwood producers (which is why US sawmillers favor higher import tariffs). Hardwood lumber is a valuable US export which receives successful promotion by the American Hardwood Export Council. Hardwood exporters are negatively impacted by countervailing duties by America's trading partners.

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<sup>11</sup> [https://unece.org/sites/default/files/2025-12/Item\\_2a\\_Sarbazvatan.pdf](https://unece.org/sites/default/files/2025-12/Item_2a_Sarbazvatan.pdf)

<sup>12</sup> [https://unece.org/sites/default/files/2025-12/Item\\_2a\\_Matthias\\_Dieter.pdf](https://unece.org/sites/default/files/2025-12/Item_2a_Matthias_Dieter.pdf)

## II. STATE OF FOREST RESOURCES IN THE UNECE REGION

The latest forest resources assessment for the UNECE region was presented in conjunction with the COFFI session. *2025 Forest Profile for Europe, North America, the Caucasus and Central Asia*<sup>13</sup> is the latest 5-year forest resource assessment for the region. It is a direct input into the *FAO Global Forest Resources Assessment 2025*<sup>14</sup>. Both publications provide a wealth of information on the state of the region's and global forest resources and forest sector.

The UNECE publication is “an overview of the state of forests in Europe, North America, Caucasus and Central Asia, showing their importance for sustainable global development. Drawing on data from diverse sources, it explores important aspects of forest ecology and management, including the distribution, diversity and health of forests across the entire region. It shows how our forests are changing, how much wood is growing and being harvested, while also examining the crucial roles forests play in climate regulation, biodiversity conservation, and the crucial benefits they offer to people and our economies. Furthermore, the publication addresses the challenges forests face, including threats to their vitality and the importance of forest protection. By presenting a holistic assessment of UNECE forests, the report aims to inform the public, policymakers and stakeholders about the need for sustainable forest management and the importance of forest resources for people and the planet.”

Issued imminently before the UN Climate Change Conference of the Parties (UNFCCC COP-30) in Brazil, the publication revealed that despite decades of sustainable management of forest resources in the UNECE region, forests are threatened by:

- Massive destruction from fire, pests and drought brought about by climate change;
- Carbon sink reversals as forest expansion and growth slow, carbon emissions increase, severely undermining achieving the Paris Climate Accord targets;
- Irreversible damage due to prolonged drought and heat stress that slow growth;
- Rising temperatures, wildfire and thawing permafrost in boreal forests which account for 65% of the region's forests and 32% of global terrestrial carbon stocks.

To counter these negative effects the publication calls for urgent and enhanced government policy intervention starting at COP-30. Citing the importance of the region's Northern Hemisphere forests as central to global carbon storage, the report calls for integrated global forest and climate policies that address both mitigation and adaptation. Furthermore proactive strategies are necessary to provide vital economic, social and environmental benefits by enhancing fire and pest management and large-scale restoration.

<sup>13</sup> <https://unece.org/info/publications/pub/408933>

<sup>14</sup> <https://www.fao.org/forest-resources-assessment/en>



On a positive note the *2025 Forest Profiles* found that since 1990 forest area in the UNECE region has grown by approximately 60 million hectares, which is in contrast to the decrease by over 200 million hectares in global forests during the same period, primarily due to conversion to agricultural land. Most, 65%, of the region's forests are boreal, above the temperate zone and encircling the arctic. They are dense, slow growing and are valuable for carbon storage, water and wildlife resources. The forests can be classified by species or by naturally regenerated through seeds or sprouting, primary which are also naturally regenerating and have no recent human intervention, and planted forests. Sometimes the distinction between these definitions is difficult, but in the region, 92% are classified as naturally regenerating. According to FAO, almost half of the global primary forests are in the region.

Harvests in the region are significantly less than growth. Since 1990 the total growing stock has increased by 63 million m<sup>3</sup>, growing from 198 billion m<sup>3</sup> in 1990 to 261 billion m<sup>3</sup> in 2025.<sup>15</sup> Harvests during the same period totaled 45 billion m<sup>3</sup>. The region's overall sustainable production of roundwood contributes to the same scenario globally. Worldwide growing stock increased by 43 million m<sup>3</sup> from 1990 to 2025, in other words, the UNECE region compensated for a 20 billion m<sup>3</sup> loss in growing stock in other regions due to deforestation for various reasons.

Threats to forests include those mentioned above, but in addition include widespread air pollution, extreme weather events, wildfires and pests (insects and disease). These are interrelated as evidenced that when forests are weakened by one factor they are less resistant to any of the other threats.

Most of the forests in the region are publicly owned, 80%. And 18% are privately owned. In total 83% of forests have management or protection plans. Much of the vast boreal forest is inaccessible, thus having no management. The United Nations defines sustainable forest management as a “dynamic and evolving concept, which aims to maintain and enhance the economic, social and environmental values of all types of forests, for the benefit of present and future generations”.<sup>16</sup> Biodiversity protection has doubled since 1990 in the region reaching 6% of forests while other forest use has not changed significantly.

Forest values are many including the production of resources such as clean air and timber, controlling soil erosion, protecting against natural disasters, regulating water quality, climate regulation, air pollution control and storing carbon above and below ground.

As cited above the UNECE forest assessment contributes statistics and information to the FAO Global Forest Resources Assessment.

<sup>15</sup> FAO Forest Resources Assessment 2025. Available at : <https://www.fao.org/forest-resources-assessment/en/>

<sup>16</sup> UN, 2008. Non-legally binding instrument on all types of forests. United Nations General Assembly Resolution A/RES/62/98.