# Functioning of Estonian roundwood market

MEELIS TEDER
Institute of Forestry and Rural Engineering
Estonian University of Life Sciences
meelis.teder@emu.ee

MADIS RAUDSAAR
Estonian Environment Agency
madis.raudsaar@envir.ee

Conference: Roundwood markets in the Baltic Sea Region - now and tomorrow. 14-15 September 2017, Helsinki, Finland

# Distribution of Forest area

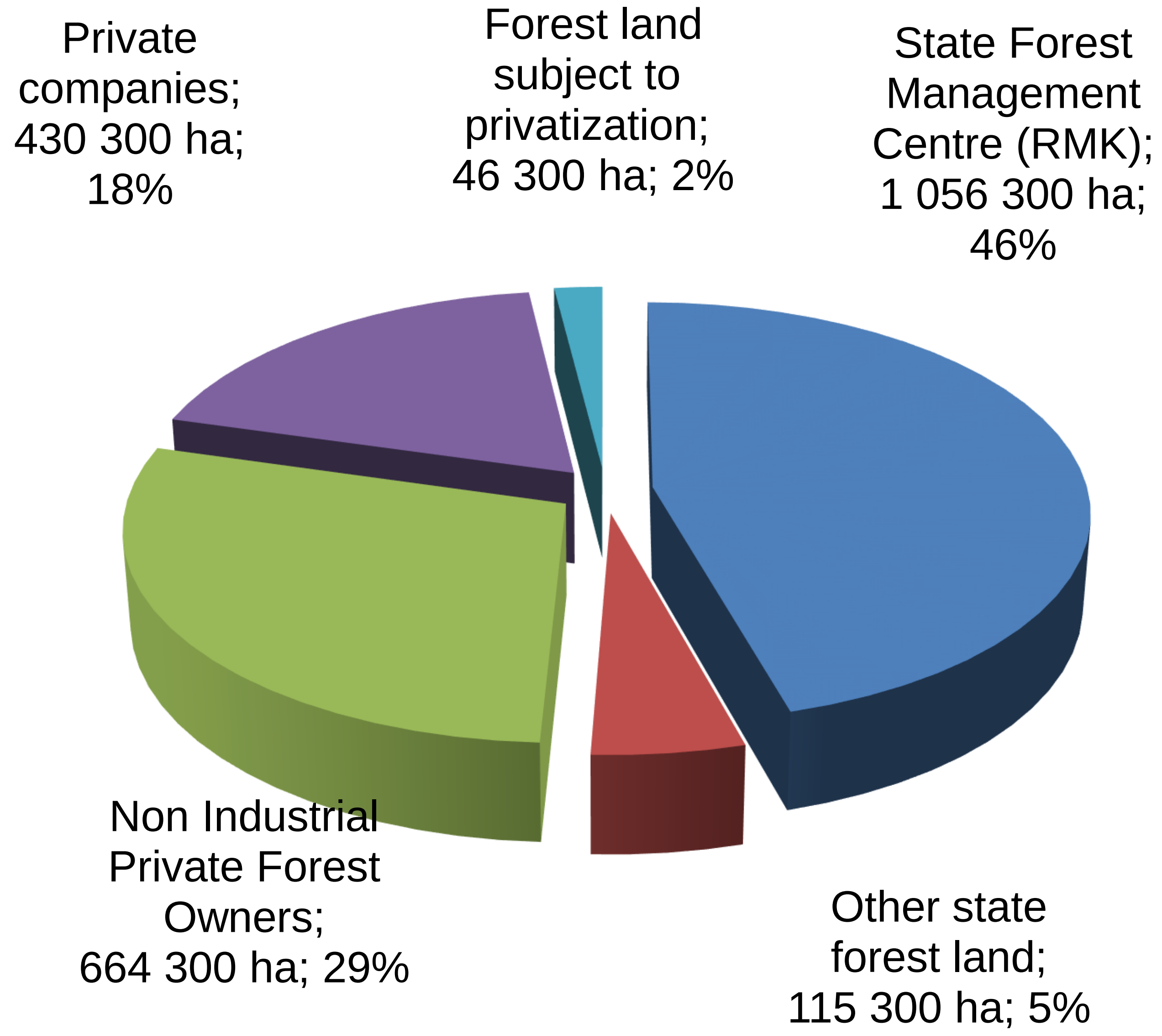
- Total forest area

2.312 million ha,

including unstoced forest land – 170.3 thousand ha.

- Forest cover 51.0%

- Data source: NFI 2016



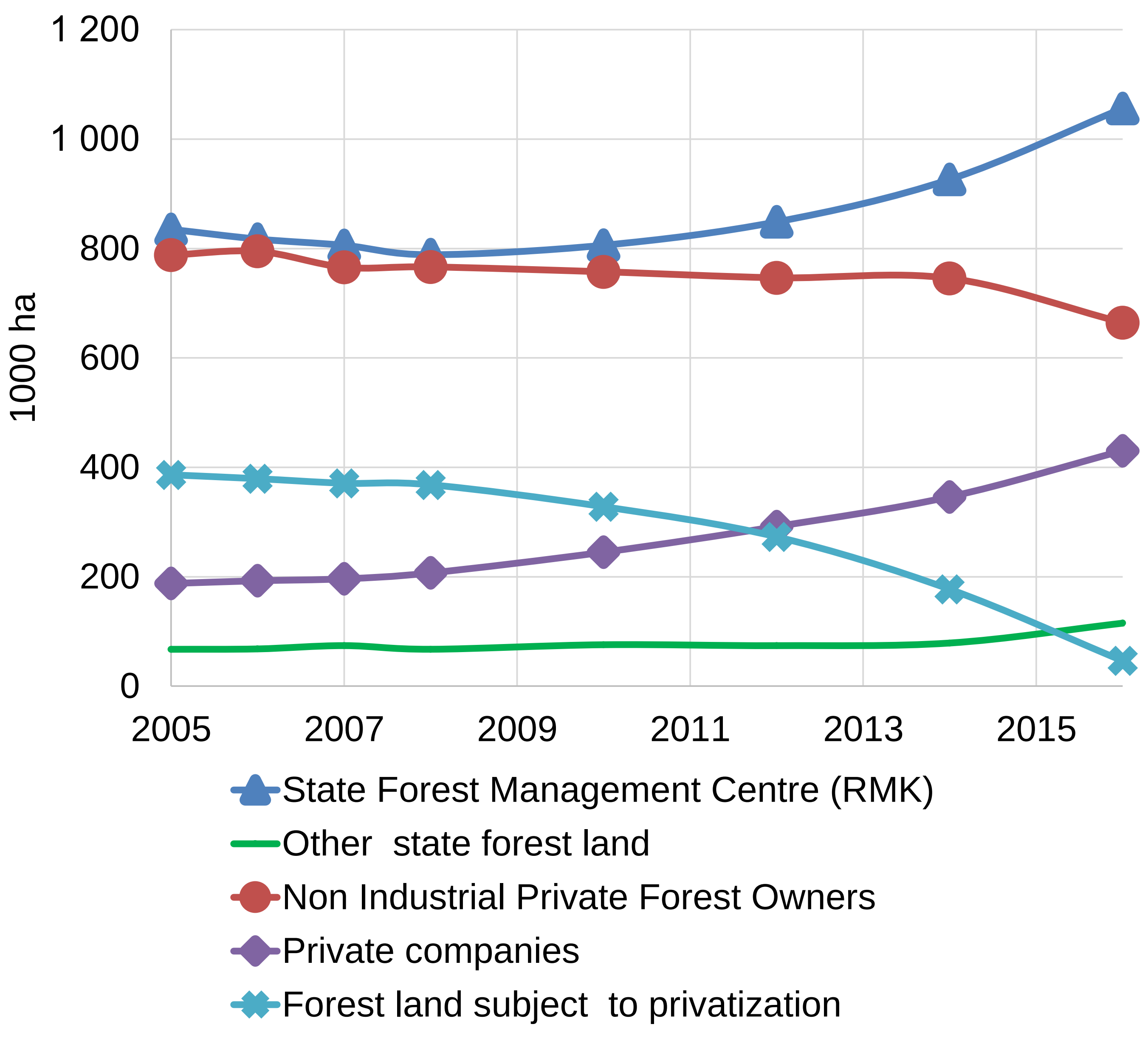

Teder & Raudsaar, 2017

KESKKONNAAGENTUUR

Eesti Maaülikool
Estonian University of Life Sciences
www.emu.ee

## Distribution of forest land area by ownership categories in 2005 - 2015

- Forest land subject  to privatization was outside roundwood market.
- Opposite trends in SFMC (RMK) and Forest land subject to privatization
- Opposite trends in private forests: companies vs NIPFO




Teder & Raudsaar, 2017

KESKKONNAAGENTUUR

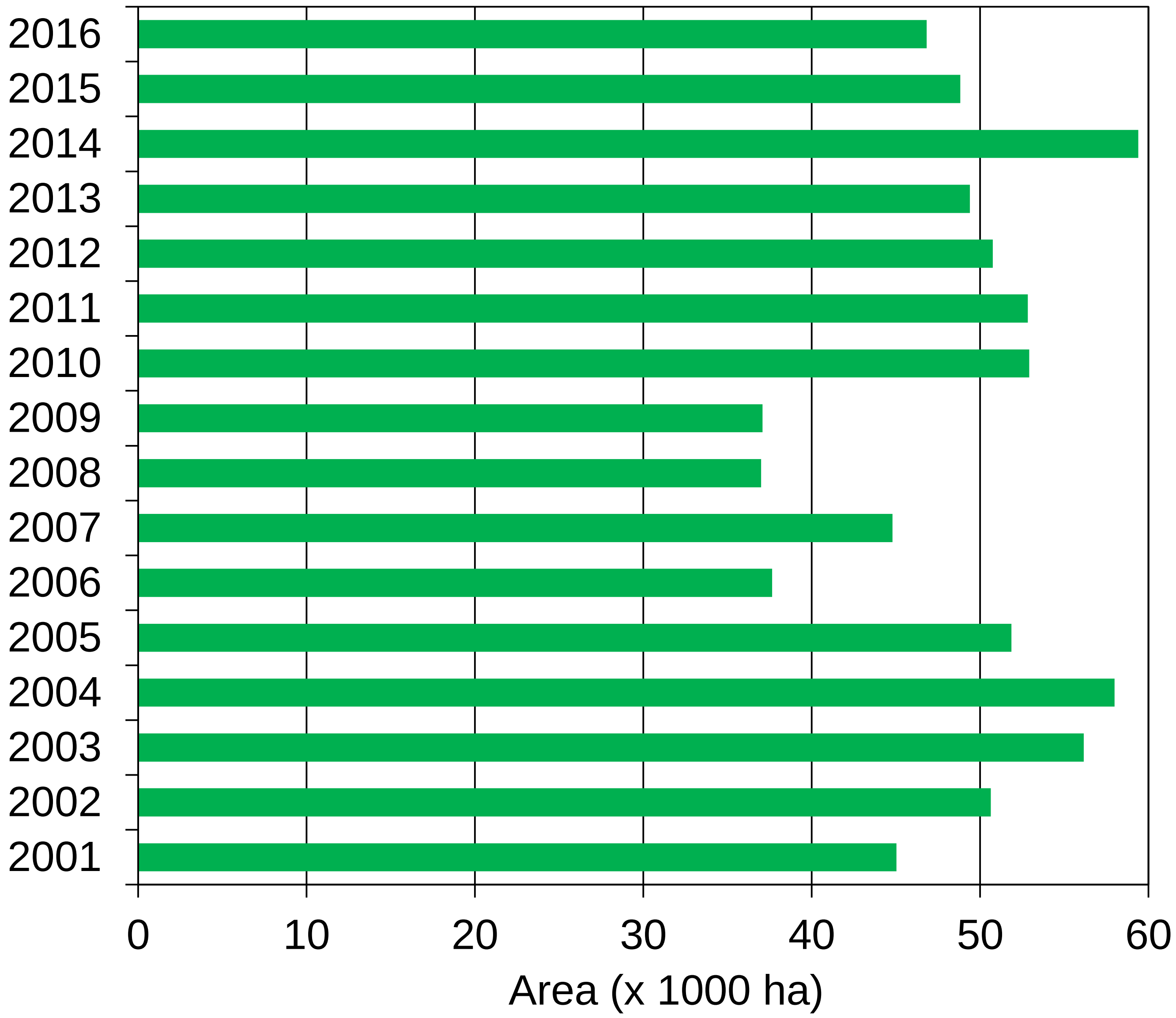
Eesti Maaülikool
Estonian University of Life Sciences
www.emu.ee

# Trade of forest land

Forest land market is rather active

In 2016:

- the total value of transactions was 110.7 million €.
- Average price was 2365 €/ha
- Median price 1737 €/ha




Teder & Raudsaar, 2017

KESKKONNAAGENTUUR

Eesti Maaülikool Estonian University of Life Sciences www.emu.ee

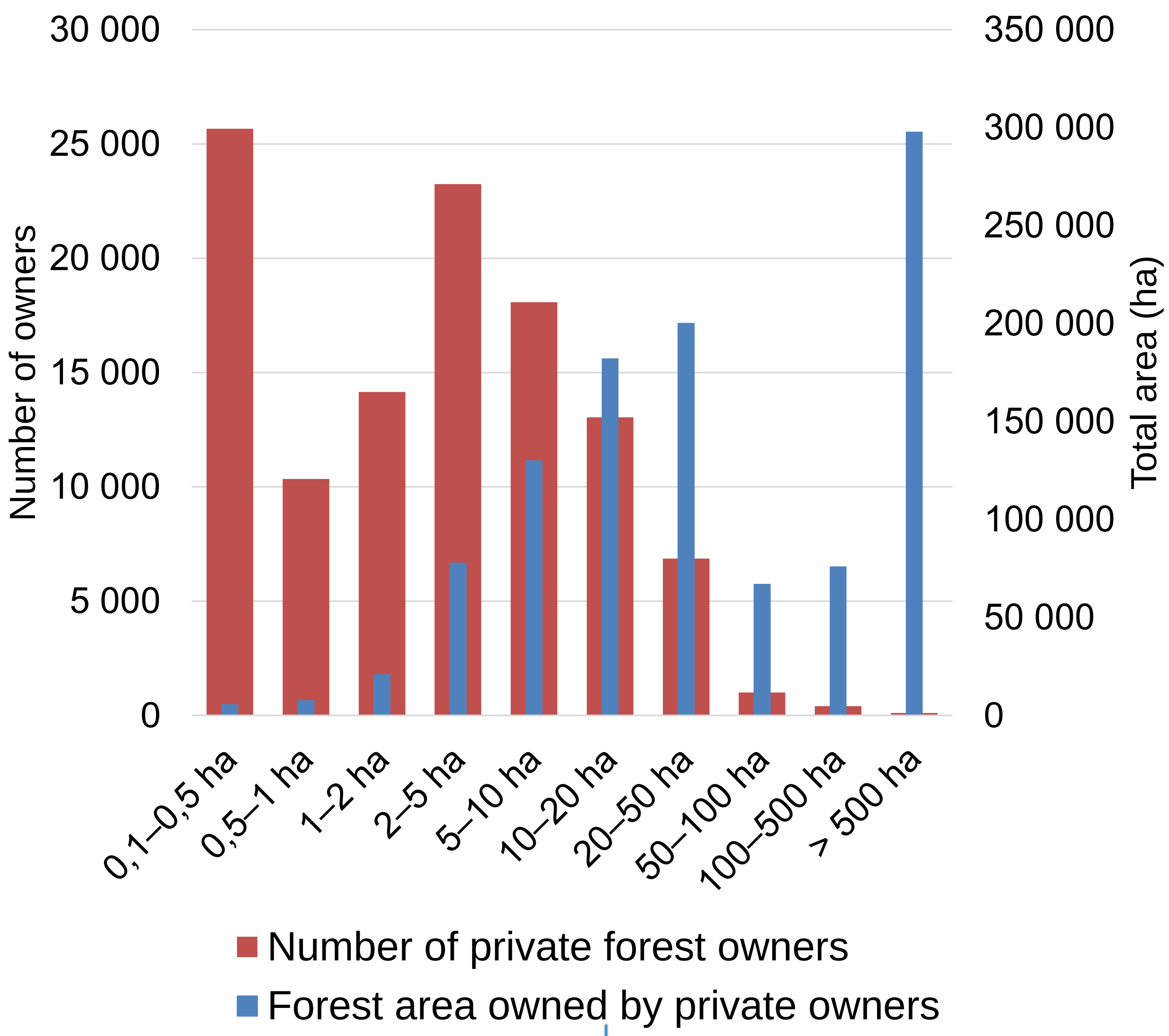
# Private forest ownership

As of 2015:

- NIPF – owners 107 170
- Companies – 5752

Ownership below 10 ha:

- by number – 81%
- by area – 23%




Teder & Raudsaar, 2017

KESKKONNAAGENTUUR

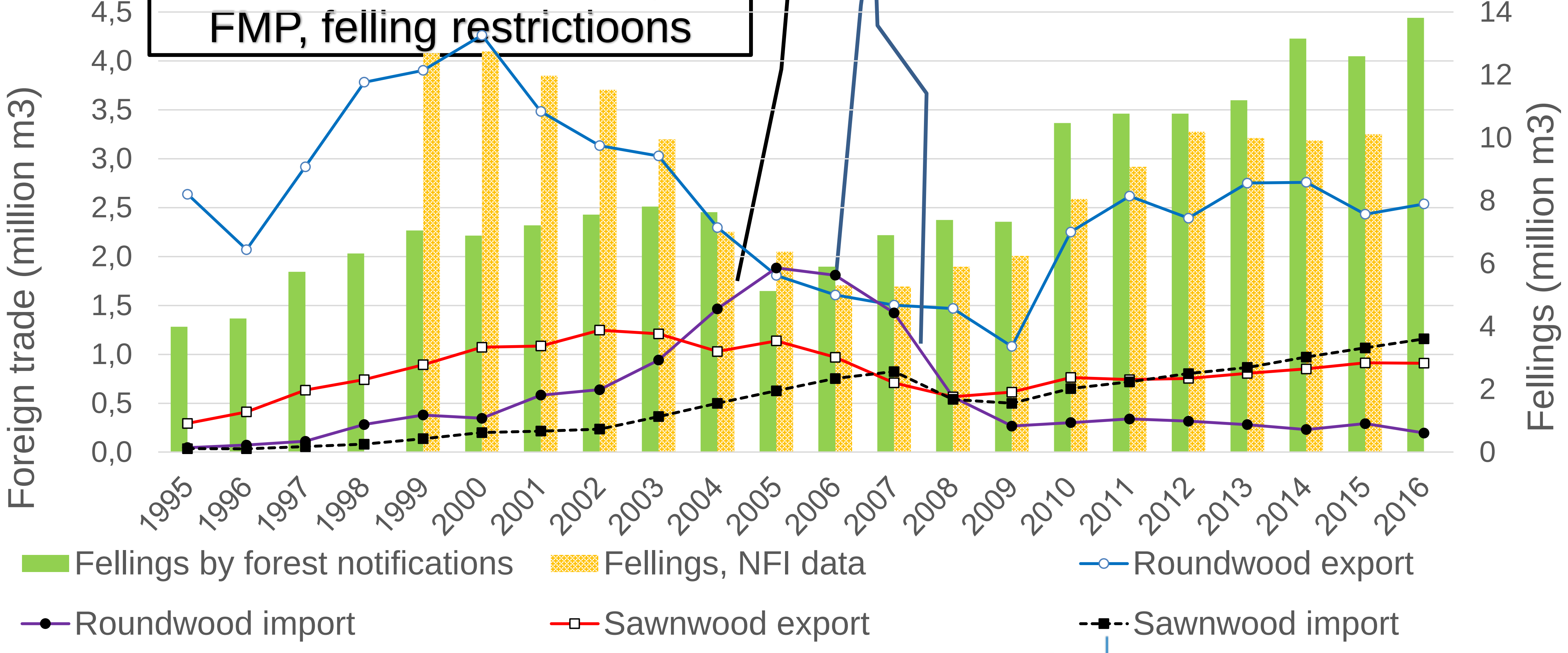
Eesti Maaülikool
Estonian University of Life Sciences

# Influence of policy changes to the fellings and foreign trade

For two years net importer of roundwood

'Bronze Soldier' statue relocation => 01.06.2007 Russia stopped roundwood deliveries by railway to Estonial. 01.07.2007 – Russia increased roundwood export duties

Reforms in forest survey & FMP, felling restrictioons



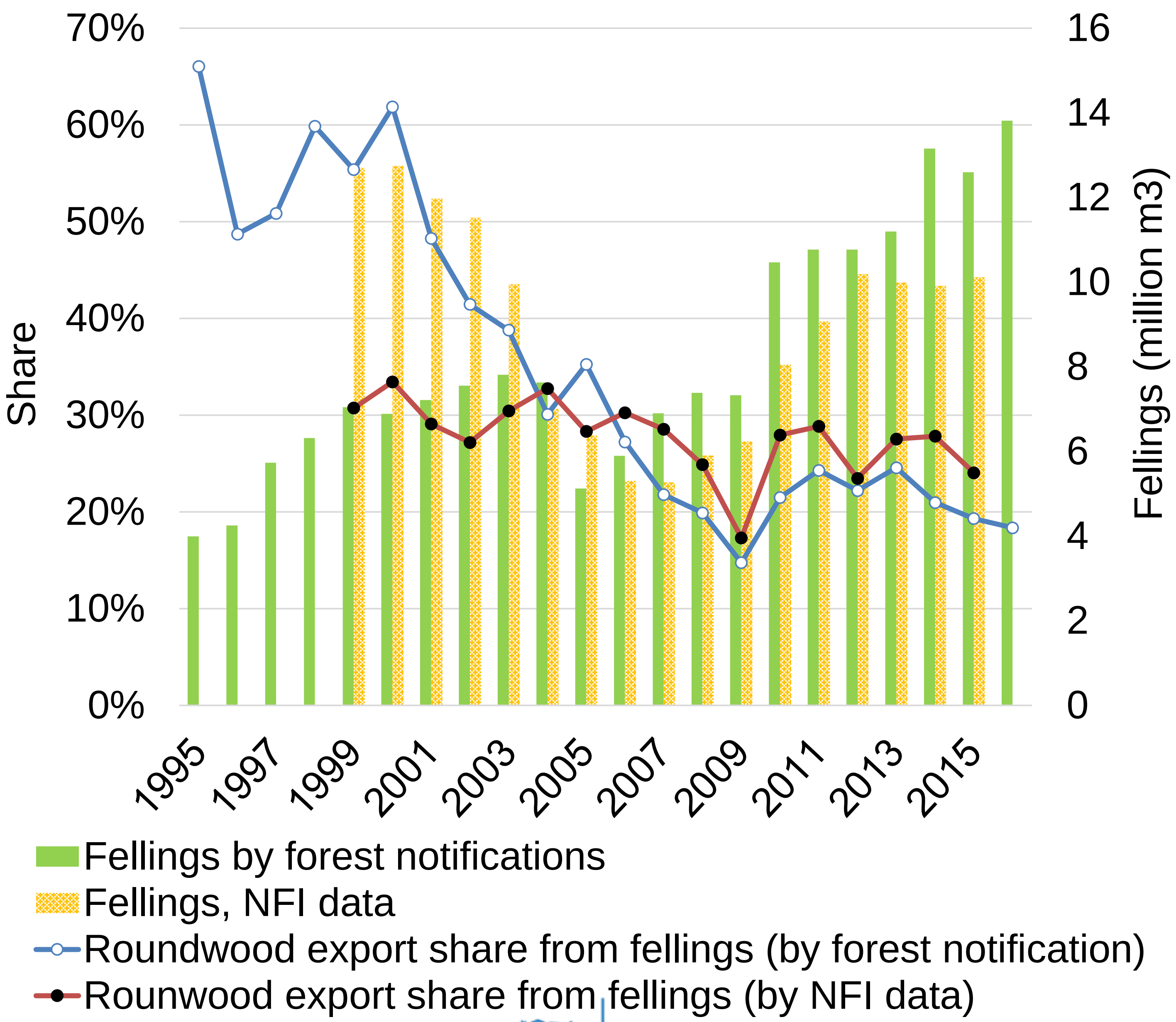

Teder & Raudsaar, 2017

KESKKONNAAGENTUUR

Eesti Maaülikool
Estonian University of Life Sciences

## „Banana Coefficient“

- Estonia does not have modern pulpmills for pine, spruce and birch wood, so the pulpwood is exported
- Modern biorefinery: domestic investors initiated the environmental impact assessment and planning process at the beginning of 2017.
- Ongoing campaign against biorefinery initiative by Environmental NGOs
- Factory launch, first pulp production in 2022



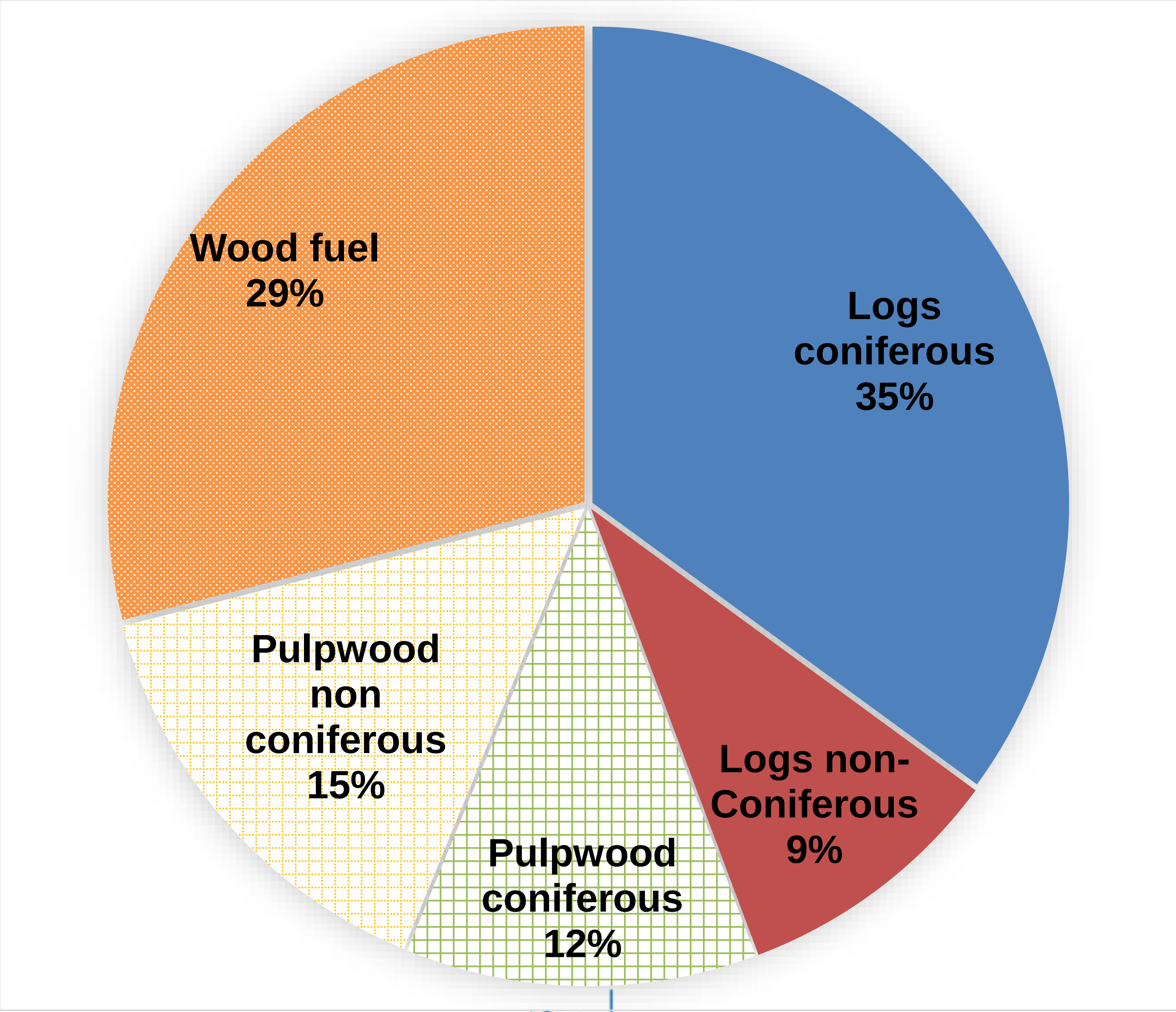

Teder & Raudsaar, 2017

Keskkonnaagentuur

Eesti Maaülikool
Estonian University of Life Sciences

## Assortments

Distribution of Estonian fellings by roundwood assortments in 2015 (according to Estonian wood balance)



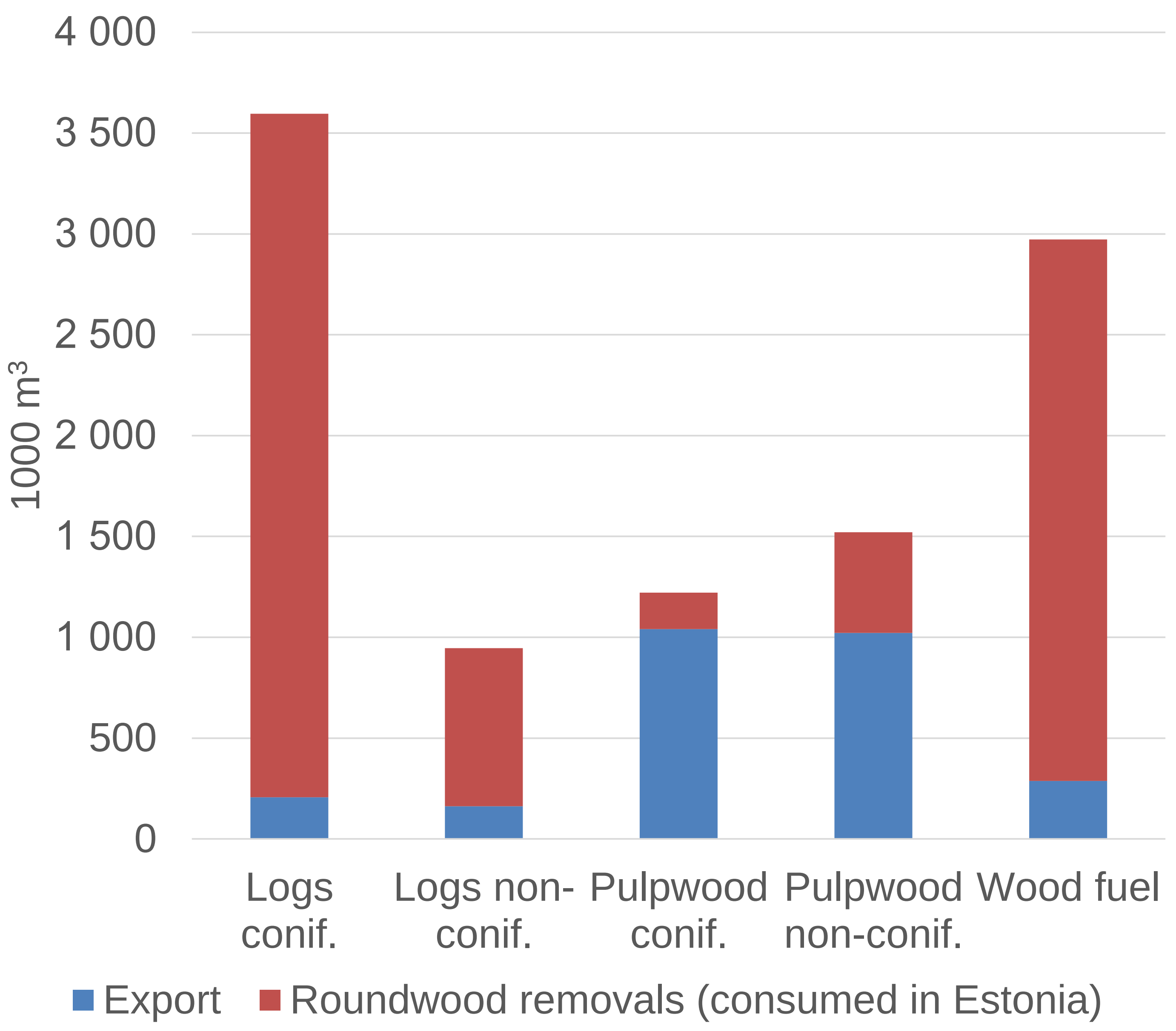

Teder & Raudsaar, 2017

KESKKONNAAGENTUUR

Eesti Maaülikool
Estonian University of Life Sciences
www.emu.ee

# Assortments

Share of export in roundwood removals by assortments in 2015 (according to Estonian wood balance)

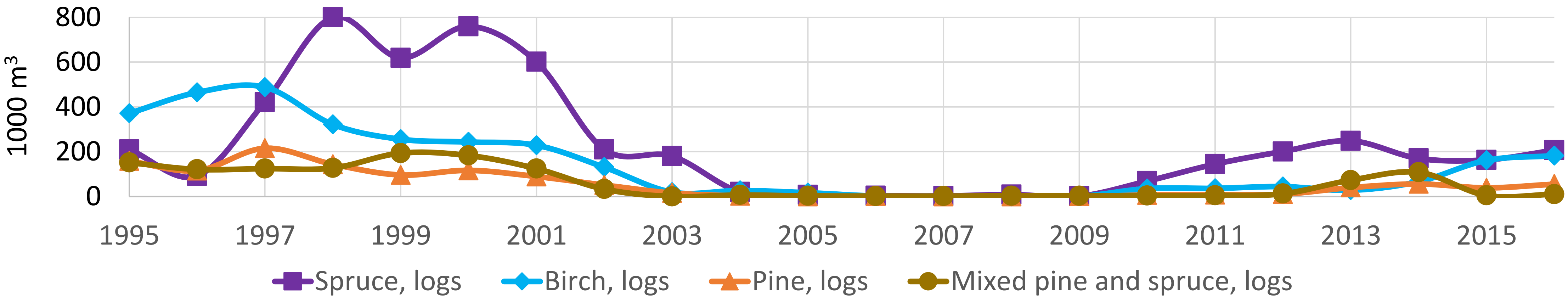


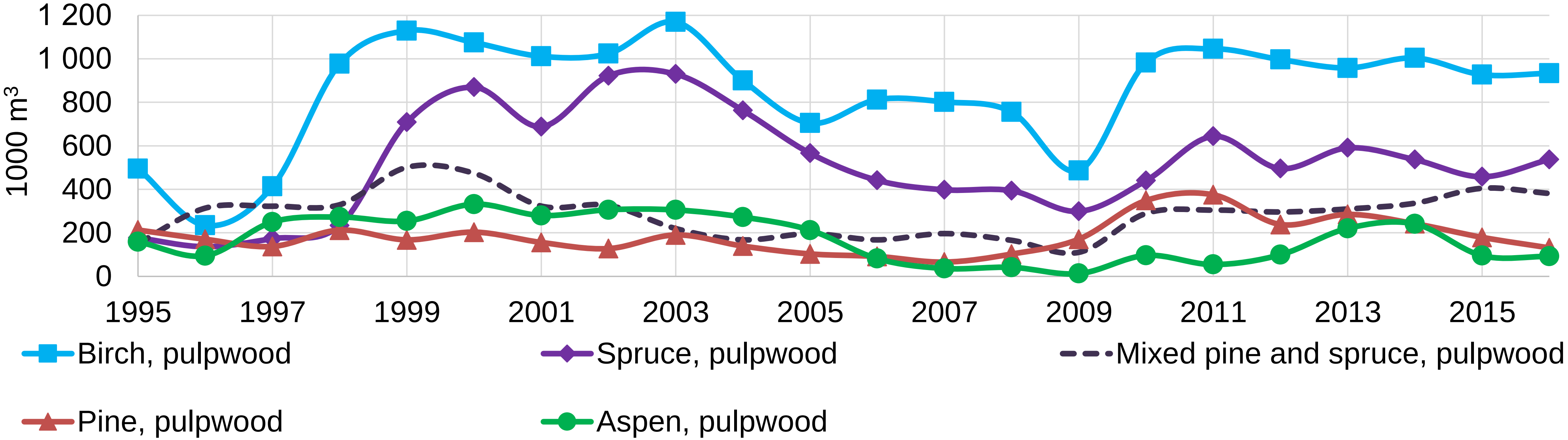

Teder & Raudsaar, 2017

KESKKONNAAGENTUUR

Eesti Maaülikool
Estonian University of Life Sciences
www.emu.ee

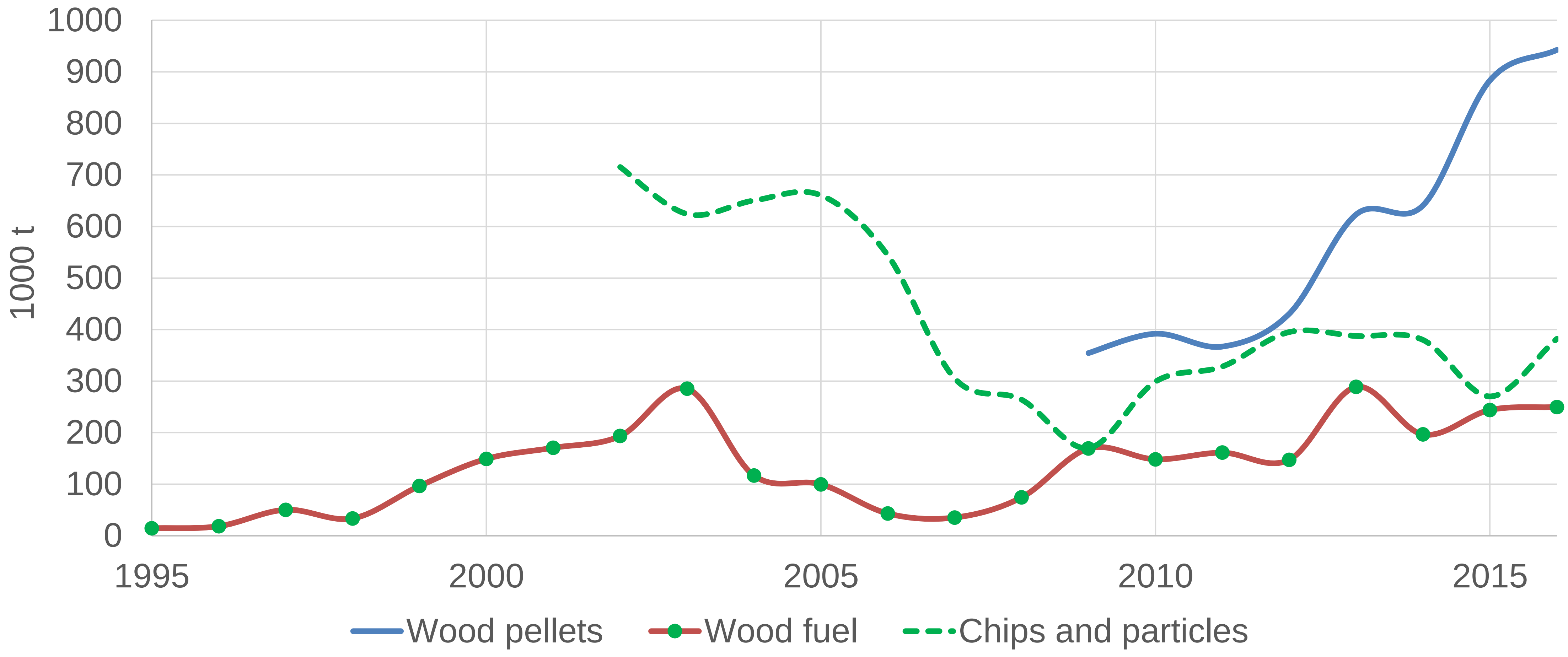
# Roundwood export (1)




Teder & Raudsaar, 2017

# Export of wood fuel, chips & particles, wood pellets

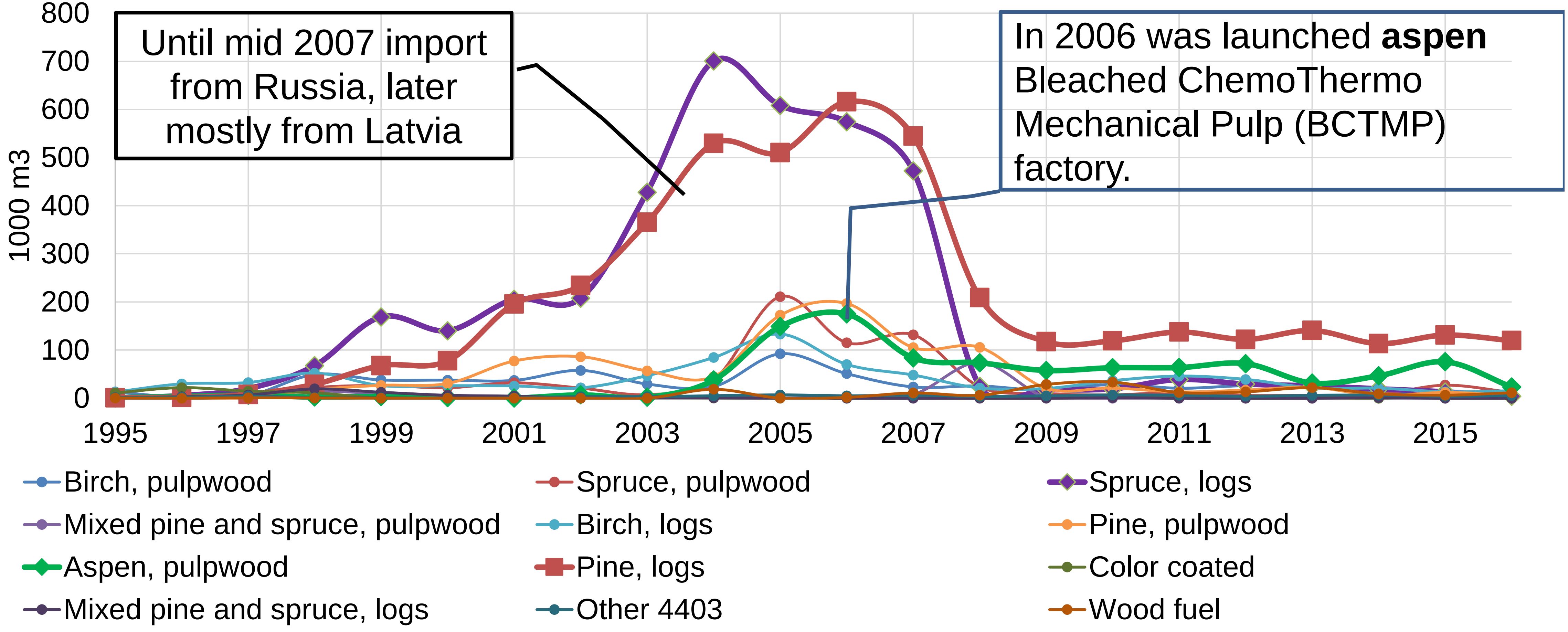



Teder & Raudsaar, 2017

Keskkonnaagentuur

www.emu.ee
Eesti Maaülikool
EMU Estonian University of Life Sciences

# Roundwood import

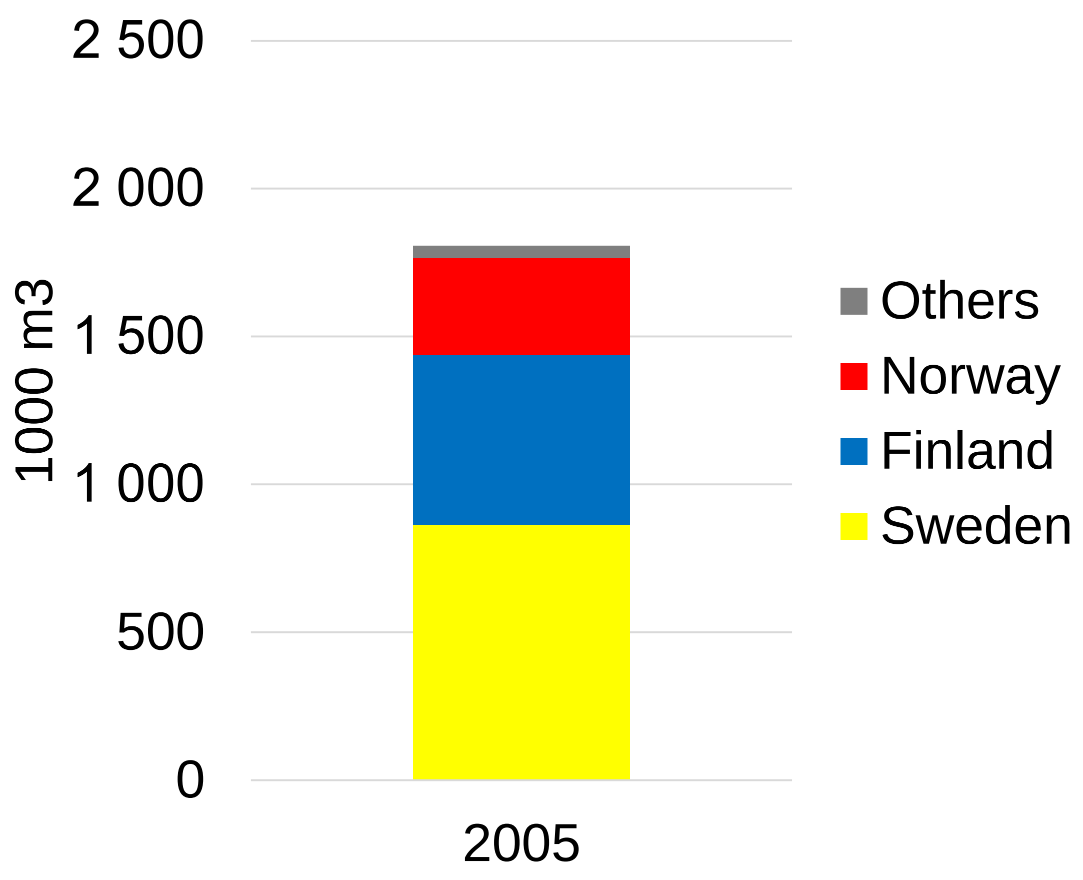


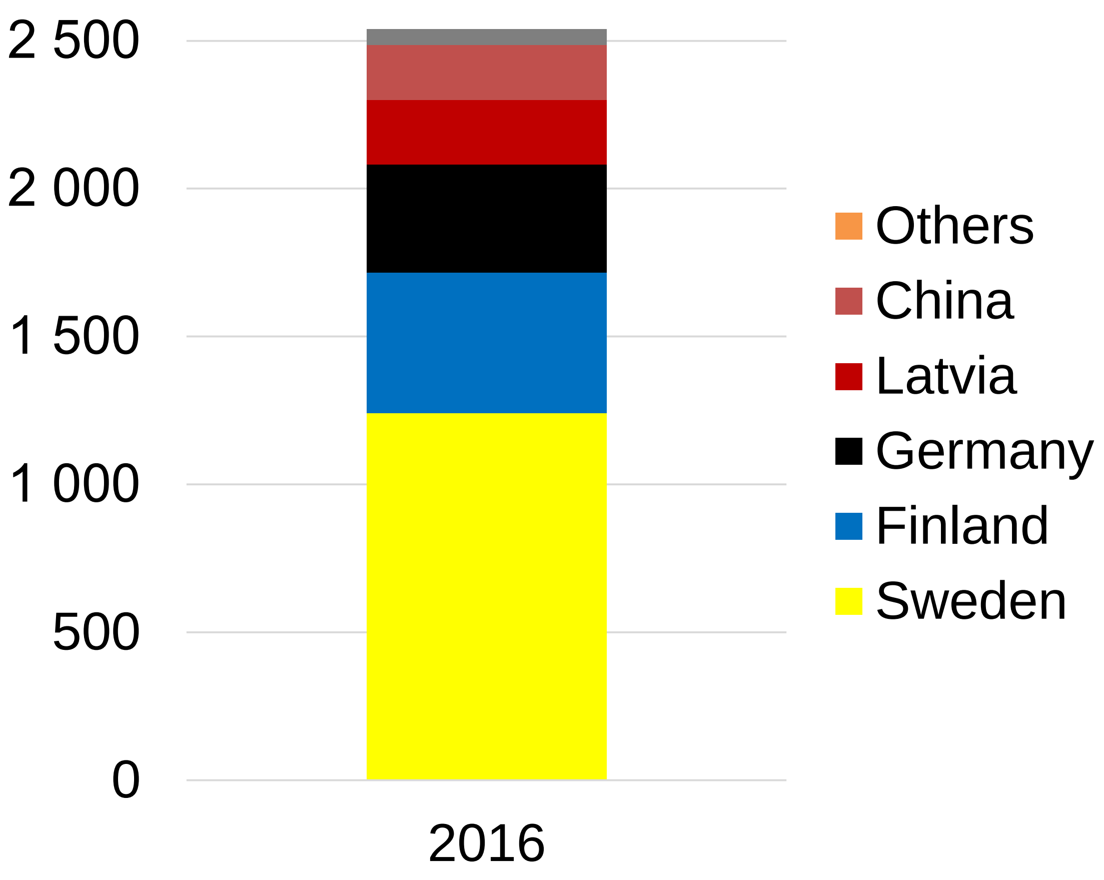

Teder & Raudsaar, 2017

KESKKONNAAGENTUUR

www.emu.ee
Eesti Maaülikool
EMÜ Estonian University of Life Sciences

# Roundwood export by countries



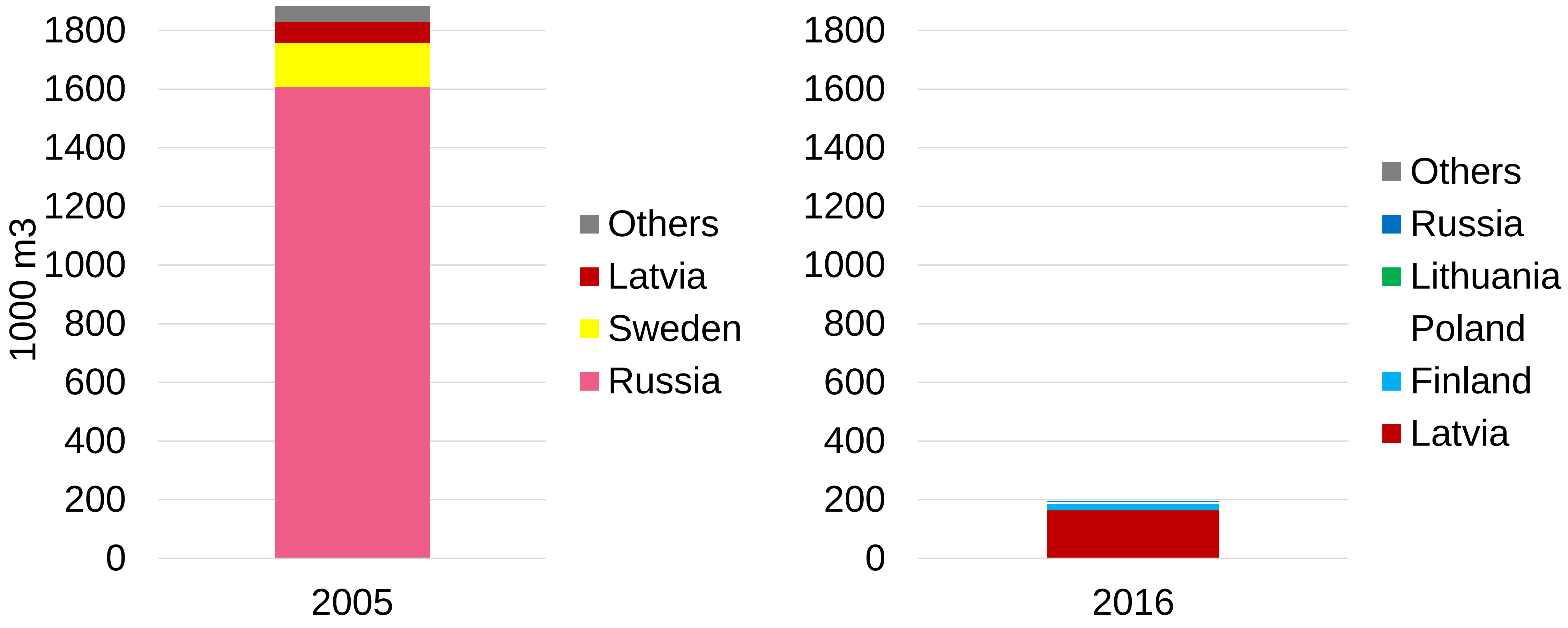




Teder & Raudsaar, 2017

KESKKONNAAGENTUUR

Eesti Maaülikool
Estonian University of Life Sciences
www.emu.ee

# Roundwood import by countries




Teder & Raudsaar, 2017

KESKKONNAAGENTUUR

Eesti Maaülikool
Estonian University of Life Sciences

# Different sources of the roundwood prices

| | Private forest (€) | State forest (€) |
|---|---|---|
| Pine log | 66,9 | 65,5 |
| Pine log d<18cm | 62,4 | 52,5 |
| Spruce log | 69,1 | 64,2 |
| Spruce log d<18cm | 64,9 | 48,8 |
| Birch veneer log | 80,9 | 110,8 |
| Birch log | 64,3 | 59,4 |
| Aspen log | 36,0 | 30,9 |
| Pine pulpwood | 33,5 | 26,0 |
| Spruce pulpwood | 33,3 | 24,9 |
| Birch pulpwood | 30,2 | 24,3 |
| Aspen pulpwood | 26,1 | 23,8 |
| Fuelwood | 21,3 | 17,9 |

| **SFMC (RMK)** | **Private Forests** |
|---|---|
| Roadside prices | Prices at buyer's yard. |
| Long term contracts (contract are longer but the price is agreed by three months) | Average prices offered to two commercial associations, which are selling of timber of FOAs. |

**Differences**

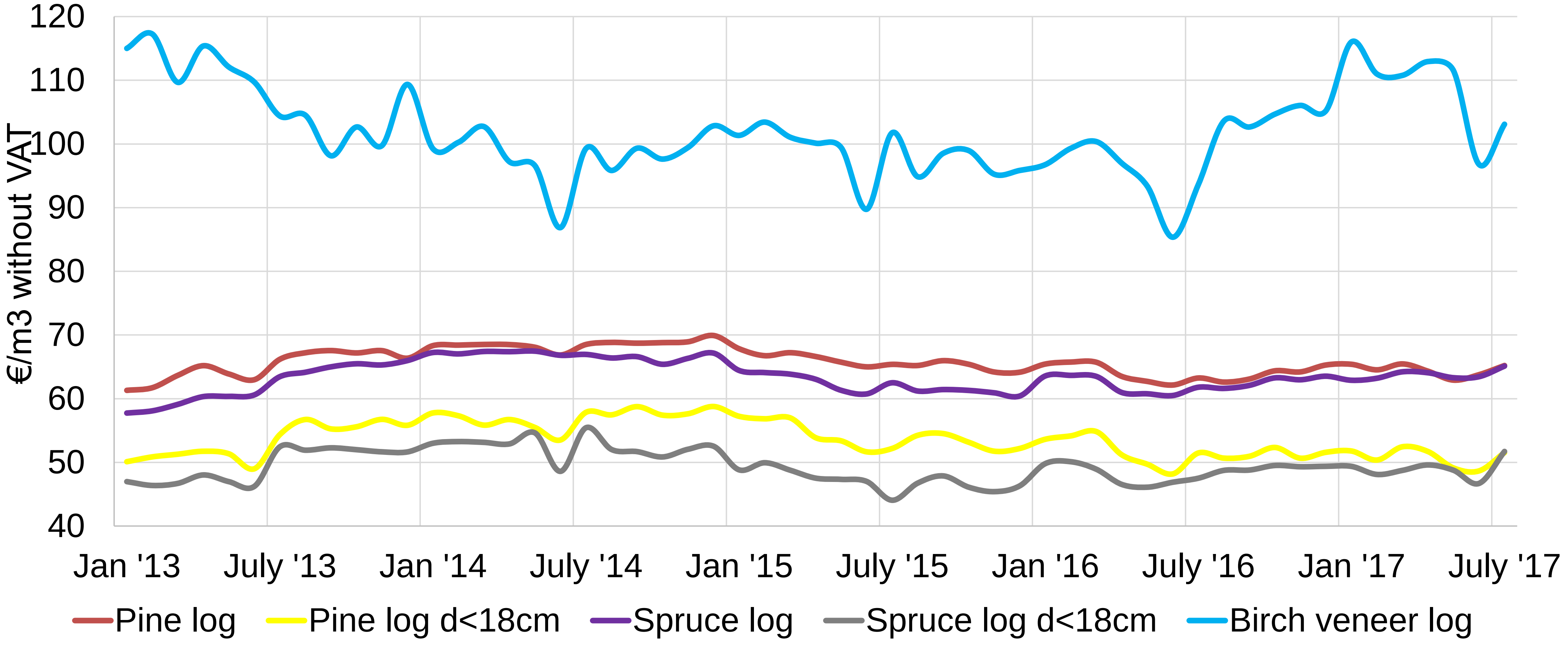
- Roadside price (State forests) vs price on buyer's yard (private) (average transport cost 7.5-8.5 EUR/m3)
- State forest has long-time contracts and larger volumes
- Different quality classes (e.g. birch veneer log)
- In private forest volumes are smaller
- Wood industries are in "stronger" position in private forest (e.g. If the warehouses are full then the price could be quite low)

Teder & Raudsaar, 2017

KESKKONNAAGENTUUR

www.emu.ee
Eesti Maaülikool
Estonian University of Life Sciences

# Sawlogs price fluctuation in state forests (RMK)




Teder & Raudsaar, 2017

KESKKONNAAGENTUUR

Eesti Maaülikool
Estonian University of Life Sciences

Thank you!

KESKKONNAAGENTUUR

www.emu.ee
Eesti Maaülikool
EMU Estonian University of Life Sciences