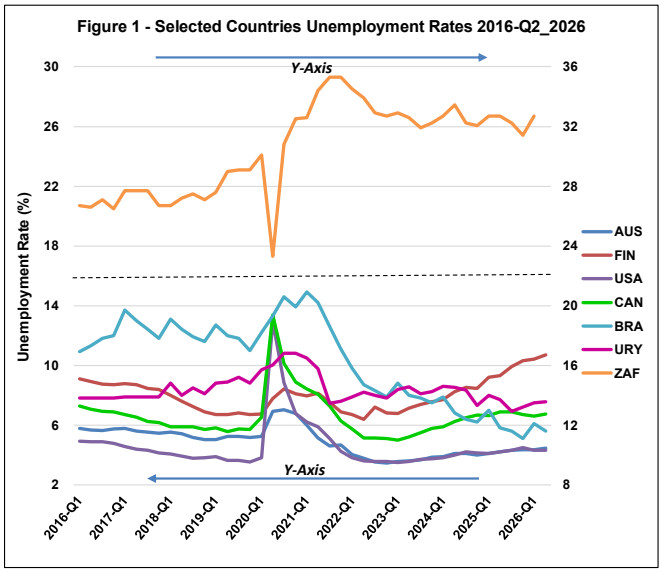
Forest Sector Outlook

Global Consulting Alliance

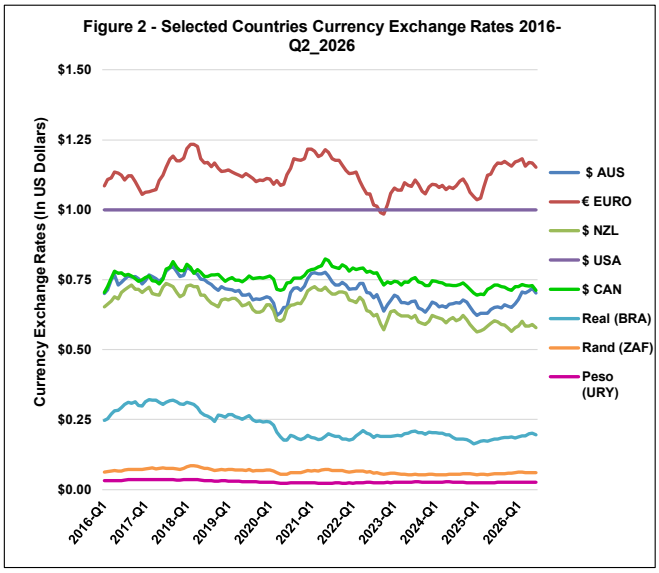
Quarterly Edition 2026-Q2

ECONOMIC DASHBOARD

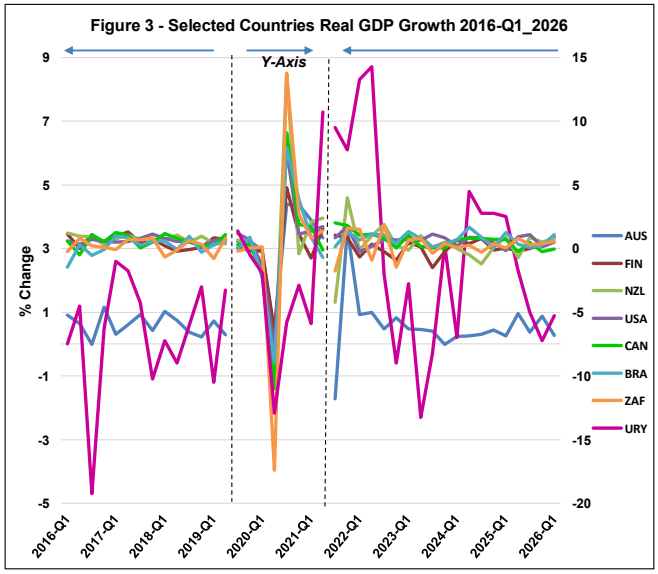
Figures 1 to 4 illustrate four key macroeconomic indicators as observed over the past decade, on a quarterly basis to Q2 2026. These can be useful particularly for monitoring the post-pandemic conditions, the market implications of the ongoing wars in Ukraine and the Middle East and US trade arrangements. Figure 4 interest rates are nominal.



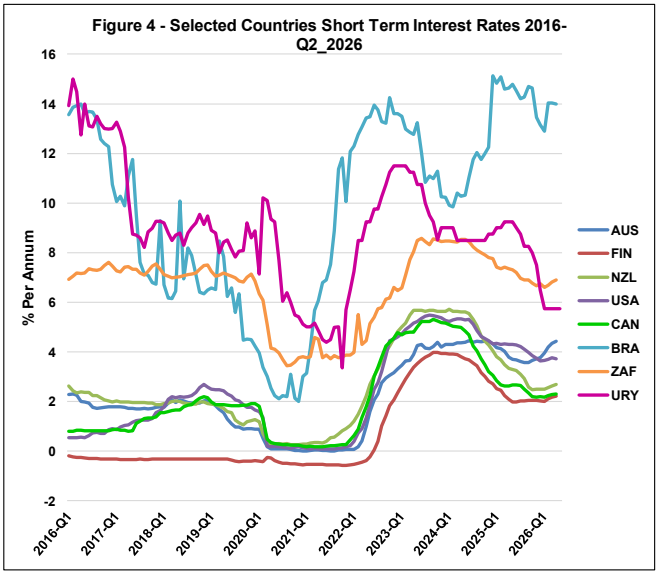
Sources: OECD, Brazilian Institute of Geography and Statistics, macrotrends.net (World Bank), Statistics South Africa, FRED - St. Louis Fed. Uruguay National Institute of Statistics



Source: Federal Reserve, Uruguay National Institute of Statistics

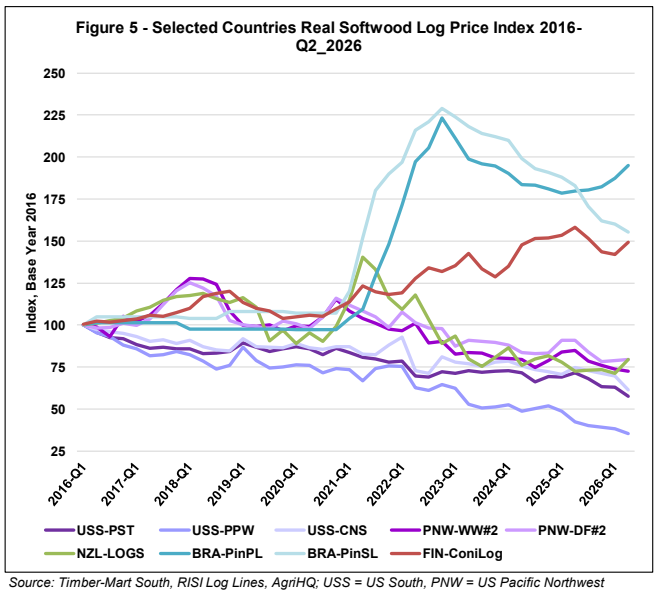


Source: OECD, Chamber of Commerce and Services of Uruguay, Stats NZ, FRED - St. Louis Fed.

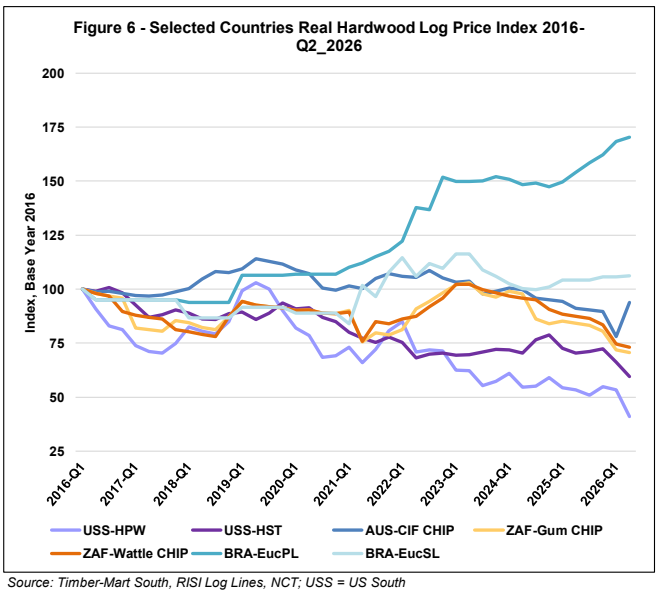


Source: OECD, FRED - St. Louis Fed, Banco Central Del Uruguay, Reserve Bank of New Zealand

Figures 5 and 6 show indexed real pricing for select softwoods and hardwoods – with Q1 2016 the base quarter-year.



Source: Timber-Mart South, RISI Log Lines, AgriHQ; USS = US South, PNW = US Pacific Northwest



Source: Timber-Mart South, RISI Log Lines, NCT; USS = US South

Legend:

USS-PST = US South Pine Sawtimber, USS PPW = US South Pine Pulpwood, USS-CNS = US South Chip n' Saw, PNW-WW#2 = US Pacific Northwest Whitewood #2 Saw Avg. Columbia River, PNW-DF#2 = US Pacific Northwest #2 Saw Avg. Columbia River, NZL-LOGS = New Zealand Softwood Logs Composite, BRA-PinPL = Brazil Pine Pulplogs, BRA-PinSL = Brazil Pine Sawlogs, FIN-ConiLog = Finland Coniferous Logs.

USS-HPW = US South Hardwood Pulpwood, USS-HST = US South Hardwood Sawtimber, AUS-CIF CHIP = Australia Hardwood CIF Chip, ZAF Gum CHIP = South Africa Gum CHIP, ZAF Wattle CHIP = South Africa Wattle Chip, BRA-EucPL = Brazil Eucalyptus Pulplogs, BRA-EucSL = Brazil Eucalyptus Sawlogs.

ECONOMIC HIGHLIGHTS

Macro Conditions

- The global economic outlook weakened during Q2 2026 as the Middle East conflict increased commodity prices, inflation expectations and financial-market uncertainty. In its April 2026 World Economic Outlook, the IMF projected global growth of 3.1% for 2026 and noted that inflation was expected to rise during the year before resuming its decline in 2027.
- Energy and commodity markets became a major source of economic pressure. The World Bank projected that energy prices would rise by approximately 24% in 2026, while overall commodity prices would increase by around 16%. Fertiliser prices were expected to rise by approximately 31%, driven partly by higher energy costs and disruption to production and shipping routes.
- The renewed inflation risk interrupted expectations of a steady global transition towards lower interest rates. The US Federal Reserve maintained the federal funds target range at 3.50 - 3.75% in June 2026.
- Monetary policy became less synchronised across major economies. While the Federal Reserve left rates unchanged, the European Central Bank increased its three key policy rates by 25 basis points in June, raising the deposit facility rate to 2.25%. The ECB explicitly attributed the decision to inflationary pressure arising from the Middle East conflict.
- China's economic growth slowed from 5.0% year-on-year in Q1 to 4.3% in Q2 2026. Weak domestic demand and a further 18.0% decline in property development investment continued to weigh on the outlook for construction activity and commodity demand.

- Japan continued to move against the broader global easing cycle. The Bank of Japan raised its policy rate from 0.75% to 1.00% in June, increasing the risk that an unwinding of yen-funded carry trades could amplify volatility across global financial markets.

Forest Sector

- The forest sector remained caught between weak cyclical demand and stronger long-term fundamentals. Demand for construction timber, panels and related wood products continued to be constrained by elevated borrowing costs and subdued residential development in several major economies.
- China remained a challenging market for international hardwood suppliers. An April 2026 USDA market assessment reported that weaker global economic conditions, reduced exports of finished wood products and changing domestic supply conditions were affecting China's hardwood market. The report also identified weaker construction-related demand and increased competition from domestically produced timber as important influences on import demand.
- Higher energy prices presented a direct cost risk to forestry and forest-products businesses. The World Bank's Q2 commodity outlook showed substantial projected increases in energy and fertiliser prices, which are relevant to forestry through fuel-dependent harvesting, road transport, mill processing, shipping and plantation establishment activities.
- The European Commission completed its simplification review of the EUDR in May 2026. While the review considered measures intended to reduce administrative burdens, the underlying requirements for traceability, geolocation and demonstrable deforestation-free sourcing remained central to compliance.

REGIONAL MARKET UPDATES

Asia Pacific

Australia

- The June 2026 edition of Consensus Economics forecasts Australian GDP growth of 1.8% for 2026, down from its first-quarter forecast of 2.2%. Growth is expected to ease further to 1.7% in calendar year 2027.
- Consumer price inflation for calendar year 2026 is forecast at 4.3%, up from the first-quarter projection of approximately 3.4% per annum and well above the Reserve Bank of Australia's target range of 2 - 3%. The RBA increased the cash rate target by 25 basis points in early February and by a further 25 basis points in March, taking it to 4.10%. Market expectations currently favour no change at the next RBA Board meeting in August.
- The conflict involving Iran and the resulting increase in oil prices have raised upside risks to Australian inflation. Further RBA rate increases remain possible if these pressures persist, while weaker economic growth has increased the risk of stagflation.
- The unemployment rate is estimated at 4.5% for calendar year 2026, up modestly from approximately 4.1% in 2024. It is expected to rise further to 4.7% in 2027.
- Dwelling approvals are forecast to increase from 192 000 units in 2025 to 202 000 units in 2026. However, recent interest rate increases may constrain financing and development activity, while the federal government's reforms to negative gearing and capital gains tax could alter investor behaviour. These factors may result in a downward revision to the forecast during the year.
- Australian sawlog prices are expected to increase in nominal terms, broadly in line with historical trends, but to remain flat in real terms. Timber demand continues to show modest signs of improvement.
- Spot prices for generic Australian Carbon Credit Units have remained range-bound during 2026, with analysts forecasting prices of AUD 30 - 40 per ACCU for the year. The recently approved Improved Native Forest Management method could introduce a material new source of supply and moderate future price pressures. However, the timing, scale and market acceptance of the resulting ACCUs remain uncertain.

- Trade Tree Online and Brian McClay & Associates (TTOBMA), reports that North America continues to expand tissue-production capacity through the installation of through-air-drying machines, which require substantial volumes of softwood pulp. As a result, North America is one of the few regions globally where demand for softwood pulp is increasing.
- TTOBMA reported in June that bleached hardwood kraft pulp prices in China had reached USD 602/ADt, up from USD 592/ADt in February but unchanged over the preceding two months. This contrasted with North America and Europe, where prices recorded modest increases.

New Zealand

- On 8 July 2026, the Reserve Bank of New Zealand (RBNZ) raised the Official Cash Rate (OCR) by 25 basis points to 2.50%. This was the first unanimous decision by the six-person Monetary Policy Committee (MPC) in some time and the first OCR increase in more than three years. In announcing the decision, the RBNZ cited easing near-term energy price pressures, a recovering domestic economy and the need to prevent an unwarranted easing of financial conditions. It warned that further increases would be necessary to return inflation to the 2% target, although the timing remains uncertain. Market expectations indicate that approximately two additional increases could occur before the end of the year.
- Juken New Zealand has announced the closure of its veneer plant after failing to find a buyer. Its adjacent Triboard plant remains on the market. The Triboard plant produces structural panels comprising medium-density fibreboard surfaces over an oriented strand board core. The veneer mill closure represents a further setback for the local wood-processing industry and employment in an already economically depressed region.
- Stocks of diesel, petrol and aviation kerosene have improved following the opening of additional storage tanks at Marsden Point. Previously, much of New Zealand's fuel stock was held offshore in producer countries. Diesel prices have fallen to NZD 2.50 per litre, providing significant relief and restoring profitability to some harvesting operations that had become uneconomic.
- Land Information New Zealand (LINZ) reports that SouthPAN, jointly delivered by LINZ and Geoscience Australia, is improving Global Navigation Satellite System (GNSS) accuracy for industries across New Zealand and Australia, enabling faster and more accurate forestry data capture. The system improves standard GPS accuracy from approximately 5 - 10 metres to less than one metre and, under optimal conditions, as little as 10 centimetres. It uses LINZ ground-reference stations, computation centres and geostationary satellites. The Bioeconomy Science Institute is also using the system to enhance its workflows.
- The Minister of Forestry, Todd McClay, has announced that the forestry sector will benefit from more practical environmental regulations aimed at reducing compliance costs. Following Cyclone Gabrielle, controls had become restrictive in some regions, resulting in higher costs and the loss of productive land. However, the lobbying by large forestry organisations and international investors that reportedly contributed to the regulatory changes has been criticised in some quarters.
- The New Zealand Forest Owners Association has reported the launch of a new NZ Pine brand, supported by a government-backed standard overseen by the Ministry for Primary Industries. This voluntary, industry-led initiative is intended to strengthen customer trust and market recognition, potentially leading to higher returns. It is also intended to support transparent and environmentally responsible supply chains, which are expected to become increasingly important.
- Two of New Zealand's largest forest-management companies, PF Olsen and Forest360, merged in mid-June 2026 to form the country's largest independent forestry manager. The new organisation will be known as Stand Forestry. With more than 75 years of combined experience, it will manage approximately 480 000 hectares of forest across New Zealand and Australia.
- AgriHQ reported in June that A-grade export log prices for the following month had fallen by approximately NZD 9/m³ at the wharf gate. This reflected a USD 4/JAS decline in China CFR prices and a USD 1.30/JAS increase in shipping costs. Shipping costs have continued to rise despite a temporary lull in the US - Iran conflict. Wharf

inventories in China remain stable, supported by steady demand and offtake. Meanwhile, domestic log prices have remained broadly unchanged at approximately NZD 129 - 130/GMT.

- Statistics New Zealand data indicate that housing starts remain at encouraging levels despite the continuing headwinds facing the housing industry.
- Carbon prices have shown a steady recovery from lows in the mid-NZD 30s, reaching approximately NZD 55 per New Zealand Unit (NZU) early in July before a slight pullback. As of mid-July, NZUs were trading at approximately NZD 54 per unit.
- A further significant flooding event has again destroyed bridges in the southern North Island and severely damaged a substantial coastal section of State Highway 1 near Kaikōura. The damage further highlights concerns regarding the resilience and sustainability of New Zealand's infrastructure.

China

- Chinese property investment has been in continuous decline for four years. Home prices have fallen by approximately 30% from their 2021 peak, according to economists' estimates reported by Bloomberg.
- At a meeting of senior Chinese officials at the end of 2025, President Xi Jinping identified domestic demand as the principal driver of growth for 2026. According to a February article in the Communist Party's flagship journal, he called for coordinated efforts to promote consumption and expand investment. Six months later, however, China is struggling on both fronts.
- Retail sales contracted in June for the first time since 2022, highlighting persistent consumer caution that has continued well beyond the pandemic. Investment weakness has also re-emerged, with the investment gauge declining by 4.1% during the first five months of 2026 compared with the same period in 2025; the weakest performance since the early stages of the Covid-19 pandemic.
- The official data indicate that the economy is struggling to overcome weak domestic sentiment despite Beijing's efforts to stimulate demand. Frederic Neumann, chief Asia economist at HSBC, described the situation as a renewed economic slowdown, noting that much of the optimism seen at the beginning of the year was fading rapidly.
- Export data also highlight a longstanding policy challenge. China is under pressure to reduce its reliance on its existing growth model, but policymakers have few clear alternatives for stimulating activity. Strong exports have already heightened tensions with major trading partners, particularly the European Union and the United States. Nevertheless, exports continued to grow, rising by 19% in May.
- Domestically, the property-sector downturn, now in its fifth year, continues to weigh heavily on consumer confidence. According to the Financial Times home prices across 70 cities fell by a further 0.2% in May compared with the previous month.
- The Three-North Shelterbelt Forest Programme in northern China forms part of a renewed national greening drive. China's forest stock volume increased to almost 21 billion m^3 in 2025, approximately 1 billion m^3 higher than in 2024. Afforestation was completed on nearly 3.6 million hectares during the year, while national forest cover reached 25.1%. This expansion has been substantial enough to influence the country's water cycle. Forest cover has increased from approximately 10% of China's land area in 1949 to more than one-quarter today.
- Although the wider shelterbelt programme is scheduled for completion only in 2050, the latest targets make the next four years particularly important for its three core projects. Vice Premier He Lifeng instructed officials to complete most of the sixth phase within two years rather than allowing implementation to extend towards the end of the decade. The immediate target is to complete more than 70% of the sixth phase by 2027, with the phase due for full completion in 2030.
- Domestic timber production increased from approximately 100 million m^3 in 2020 to almost 140 million m^3 in 2024, with southeastern China now accounting for more than half of total supply. Although much of the plantation estate consists of *Eucalyptus*, primarily used for pulp and panel products, extensive areas of Masson pine and Chinese fir have also been established. These species are more directly relevant to markets

traditionally supplied by imported softwood. Chinese pine and fir plantations generally produce smaller, lower-quality logs because of slower growth, shorter rotations, poorer stem form and quality constraints such as high resin content. Domestic timber therefore competes mainly in lower-value applications, including reconstituted wood products, lower-grade construction timber and core veneer (Andres Katz).

- China's fibre-furnish profile changed substantially between 2010 and 2025. Wood pulp increased from 24% to 42% of total fibre consumption, while the share of recycled fibre declined correspondingly. An even more significant shift occurred within the wood-pulp segment: domestic production almost quadrupled from 2010, reaching approximately 27 million tonnes by 2025. This was broadly equal to the volume of imported market pulp.
- The domestic share of total wood-pulp consumption increased from 35% in 2015 to approximately 50% in 2025, representing a structural change with direct implications for international market-pulp suppliers.
- Under China's 15th Five-Year Plan, covering 2026–2030, confirmed projects are expected to increase pulp capacity by 24% and capacity for white paper grades by 10%. These grades include printing and writing paper, tissue, ivory board and specialty paper.
- During the first four months of 2026, China imported 7.95 million m³ of softwood logs, a decline of 7.6% compared with the same period in 2025. The leading supplying countries were as follows: (Timber-Online)
  - New Zealand 5.54 million m³ -5.3% (70% of total imports)
  - Japan 0.600 million m³ +5.5%
  - Canada 0.441 million m³ +7.5%
  - Latvia 0.185 million m³ +15.6%
  - Australia 0.132 million m³ -13.1%
  - USA 0.106 million m³ -21.6%
- China's softwood-lumber imports declined by 27.2% to 3.70 million m³ during the first four months of 2026 compared with the same period in 2025. The leading supplying countries were as follows: (Timber-Online)
  - Russian Fed. 2.44 million m³ -30.9% (66% of total imports)
  - Canada 0.370 million m³ +2.5%
  - Belarus 0.313 million m³ -13.9%
  - Sweden 0.129 million m³ -24.7%
  - Finland 0.116 million m³ -9.3%

Europe

- According to industry reports, the spring recovery anticipated by many European sawmills did not materialise. Sales activity remained subdued through May and into June, with buyers relying on inventories accumulated in late 2025 and early 2026 and purchasing only for immediate requirements. Price surveys by Global Wood Market Info and EUWID indicate that softwood-lumber prices were broadly stable during recent months, with spruce structural timber delivered to Germany at approximately EUR 320 - 340/m³. Some producers extended maintenance shutdowns or reduced operating capacity to avoid accumulating inventory over the summer.
- With demand remaining subdued, energy costs have re-emerged as a major pricing variable for the timber industry. Industry cost studies indicate that harvesting and forest transport account for approximately 40 - 55% of delivered sawlog costs in Scandinavia. A EUR 0.20 per litre increase in diesel prices can raise delivered sawlog costs by approximately EUR 1.50 - 3.00/m³, exposing the sector to renewed cost inflation without the support of stronger demand.
- Sawn-softwood production in European Organisation of the Sawmill Industry countries totalled 79.4 million m³ in 2025, down 1.5% year on year, while consumption increased by 0.8% to 58.3 million m³. The organisation forecasts a further 0.6% decline in production in 2026, marking a third consecutive annual reduction and the lowest output level since 2014. Consumption, however, is forecast to grow by 2.9%.
- At the organisation's General Assembly in Brussels, long-term access to raw materials emerged as the principal concern. Climate change, pest outbreaks and evolving European legislation were identified as increasing

pressures on a sector comprising almost 32 000 companies, more than 220 000 employees and annual turnover exceeding EUR 51 billion.

- • European export markets weakened markedly. According to Eurostat data, EU softwood-lumber exports to the Middle East and North Africa fell by 19% to 2.08 million m³ between January and April, while the value of exports declined by 13% to EUR 362.7 million. These declines occurred before the full effect of the Iran conflict was reflected in trade data. Exports to the United Kingdom also fell by 23% during the first quarter.
- US imports of sawn softwood from the EU-27 declined by 48% year on year in April, with imports from Germany falling by 83%, according to US Department of Agriculture data reported by EUWID. Japan's imports from Europe declined by 30% in May, based on preliminary Japan Forestry Agency data.
- The latest EUROCONSTRUCT forecast projects construction output across its 19 member countries to grow by 2.0% in 2026, revised down from the 2.4% forecast issued six months earlier. Growth of 2.2% is expected in 2027, followed by 1.9% in 2028. Residential construction remains the weakest segment, particularly in Germany, France, Austria and Italy, while growth is increasingly being driven by publicly funded civil-engineering projects. Ireland, Poland, Portugal and Spain are expected to be the strongest-performing markets.
- Germany's wood sector is facing mounting pressure. According to EUWID, production of sawn softwood and planed products fell to a ten-year low in 2025. The German sawmilling federation, DeSH, expects a further decline of 9 - 10% in 2026 and has called for a crisis summit involving political and business leaders.
- Reports also indicate a new wave of insolvencies and restructurings across the wider value chain. Affected companies include cartonboard producer Baiersbronn Frischfaser Karton, upholstered-furniture manufacturer Himolla, timber-construction supplier HolzHaus Bonndorf and home-improvement retailer Hellweg. Office-furniture manufacturer König + Neurath has completed a self-administered restructuring process.
- The new EU formaldehyde-emission limits introduced under Regulation (EU) 2023/1464 become mandatory on 6 August 2026. The limit of 0.062 mg/m³ for furniture and wood-based articles effectively halves the level associated with the current E1 classification and may require some manufacturers to reformulate adhesives or modify production processes.
- In April, the European Commission imposed definitive anti-dumping duties of 5.4% on imports of softwood plywood from Brazil, confirming the provisional duties introduced in November 2025. According to EUWID, based on data from the Commission's Directorate-General for Taxation and Customs Union, the EU's duty-free quota for softwood-plywood imports was exhausted on 8 June. This occurred later than initially expected because of weak purchasing activity. Imports entering after that date became subject to the standard 7% duty.
- The EU has kept the Regulation on Deforestation-Free Products on schedule for application from 30 December 2026 for large and medium-sized companies, with smaller firms following in 2027, while introducing measures intended to ease compliance. A simplification package presented in May aims to reduce compliance costs by approximately 75%, including through a simplified regime for micro and small primary operators.
- In June, the United Kingdom announced plans to introduce deforestation regulations for Great Britain in 2027. The regulations will build on the UK Timber Regulation and are intended to align closely with the EU Regulation on Deforestation-Free Products. Businesses with annual turnover exceeding GBP 1 million will be required to conduct due diligence on forest-risk commodities, including wood and derived products. Northern Ireland will remain subject to the EU regulation from 31 December 2026.
- The Science and Timber Construction Alliance was formally launched in Vienna in early July under the coordination of the International Institute for Applied Systems Analysis. The alliance aims to provide policymakers and investors with scientific evidence on the role of timber in reducing carbon emissions. Founding partners include binderholz, EGGER, Stora Enso, WIEHAG, Hilti, Austrian Federal Forests and the International Institute for Applied Systems Analysis. The HASSLACHER Group joined as the first additional member.
- According to Fordaq, France is experiencing one of its most severe wildfire seasons in recent years. By mid-July, more than 32 000 hectares had burned since the beginning of 2026. Repeated droughts, pest outbreaks and new regulatory constraints are placing additional pressure on French forests.

Finland

- The Nordic forestry and forest-products sectors remained broadly in line with conditions seen in the first quarter of 2026. Market-pulp prices remain under pressure and are trending slightly downward, particularly for northern bleached softwood kraft pulp (NBSKP). Sawnwood markets continue to show a mix of positive and negative trends across different regions but remain generally resilient. In Finland, pulpwood prices have declined from their previous record highs. Sawlog prices also fell, although by less in relative terms, and have recently begun to recover.
- Standing-sale sawlog prices remained strong in May, with spruce sawlogs rising to almost EUR 83/m³ and pine sawlogs exceeding EUR 77/m³. However, trading volumes weakened considerably. May purchase volumes were 30% lower than a year earlier, while cumulative roundwood trade from January to May was 28% below the corresponding period in 2025 and 18% below the five-year average.
- According to Finnish Customs data, Finland exported nearly 130 000 m³ of plywood in the first quarter of 2026, an increase of 14% year on year. Growth was driven by hardwood plywood shipments, which rose by almost 25% to 56 000 m³, their highest level in nearly two years.
- In response to the combination of weak pulp prices and high pulpwood costs, UPM decided to suspend production at its Kaukas pulp mill for six weeks. The company is also preparing to idle its Pietarsaari mill should market conditions require it.
- Metsä Group's Joutseno pulp mill remains idle. Metsä Group also acquired approximately 5% of the outstanding shares held by Itochu, increasing its ownership of the group to 55.2%.
- Stora Enso plans to idle its Veitsiluoto sawmill for several months during the third and fourth quarters of 2026.
- UPM is in the process of listing its plywood business as WISA Group. In addition, its proposed paper joint venture with Sappi is progressing, although the European Commission has opened a Phase II investigation to assess the potential competitive effects of the transaction.
- Finland's forestland market remains active. Prices have increased modestly compared with previous quarters but remain broadly in line with the peak levels recorded in 2023.
- The supply of forest properties currently exceeds market demand, and the number of unsold properties has increased slightly.
- In the forest-sector mergers and acquisitions market, CapMan Natural Capital acquired approximately 6 500 hectares of forestland in Finland.

Sweden

- As in Finland, pulpwood prices have declined in Sweden. Forest-owner associations and companies, including Södra and Mellanskog, have reduced their price lists. Sawlog prices have been cut by as much as EUR 15/m³, or SEK 150/m³, while pulpwood price reductions have reached approximately EUR 9/m³, or SEK 90/m³.
- According to Global Wood Markets Info, Norwegian timber exports to Sweden have increased sharply. Norwegian coniferous sawlogs are being exported to southern Sweden, where domestic supply remains extremely tight.
- Stora Enso has announced the closure of a small pulp line at its Skutskär mill. The company is also progressing with plans to list its Swedish forest assets under the name Bergslagets Skogar. The proposed company would own approximately 175 000 hectares of forestland in Sweden.
- Stora Enso is continuing with its plan to divest its Central European wood-products assets. As part of this process, the Ždírec sawmill in the Czech Republic is being sold to a Swiss buyer.
- Vida has announced the permanent closure of its Urshult and Orrefors sawmills, highlighting the impact of high raw-material costs and tight timber supply in southern Sweden.
- The Swedish Forest Agency has warned of an elevated risk of bark beetle damage from July onwards. Warm weather at the end of May triggered substantial swarming activity in central and southern Sweden, while

significant volumes of windthrown timber from storms Johannes and Dave remain in forest stands because of constraints on harvesting machinery and transport capacity.

Baltics

- Estonian pulpwood prices trended downward during the second quarter of 2026. The latest roadside price for coniferous pulpwood was approximately EUR 41/m³. By contrast, coniferous sawlog prices, averaged across a range of diameters, increased from the beginning of the year to approximately EUR 97/m³ roadside, measured under bark. Birch sawlogs recorded a similar increase.
- As in Estonia, Latvian pulpwood prices remained below their previous peaks but recovered modestly. Delivered prices for coniferous pulpwood increased from a low of approximately EUR 40/m³ to around EUR 50/m³. Coniferous sawlog prices generally declined during the first and second quarters, while birch sawlogs performed more strongly.
- Latvian family-owned company Stiga RM has broken ground on a new veneer and plywood complex in Ogre. The first phase, scheduled for completion by the end of 2026, will add a 14 500 m² veneer facility, create 50 jobs and provide annual production capacity of approximately 50 000 m³. Further capacity expansions are planned for completion by 2029.
- Metsä Wood has reduced its workforce by approximately 100 employees across its Finnish and Estonian operations.
- According to Latvian Public Broadcasting, decisions initiated by the Latvian Ministry of Agriculture and adopted by the Cabinet of Ministers resulted in Latvian State Forests reducing the prices of second-grade spruce and pine sawlogs between 2024 and 2026. These reductions reportedly lowered the company's revenue by EUR 49.4 million. The State Audit Office concluded that the decisions fell outside the authority of both the Cabinet and the company's shareholders and should be regarded as actions that caused financial losses to the company.
- According to Wood Central, the political consequences have been significant. The head of Latvia's State Chancellery resigned in May 2026, four days after being detained by Latvia's Corruption Prevention and Combating Bureau. The case has also been reported as a contributing factor in the collapse of the New Unity-led coalition ahead of the October elections. The Prosecutor General's Office is continuing to investigate possible abuse of office, negligence and unlawful state support.

Russia

- According to a study by the Institute of Economics and Industrial Engineering of the Siberian Branch of the Russian Academy of Sciences, Russia's forestry sector deteriorated from a combined net profit of RUB 24.3 billion, or approximately USD 311 million, in 2021 to a net loss of RUB 11.1 billion, or approximately USD 142 million, in 2024. Corporate debt increased 1.6-fold over the same three-year period and the sector is approaching a systemic crisis driven by sanctions, weak demand and high borrowing costs.
- Approximately half of all forestry companies recorded losses in 2024. Revenues declined, financial reserves were depleted and high interest rates severely restricted access to new financing. Smaller producers are particularly exposed because they have fewer reserves and less capacity to absorb rising costs as order books contract.
- The Institute of Economics and Industrial Engineering researchers warned that consolidation is unlikely to provide a solution because losses are so widespread that stronger companies may be unable to absorb failing businesses. The study predicted that dozens of companies could enter bankruptcy and that any meaningful recovery is likely to remain more than a year away.
- International sanctions have weakened timber demand, disrupted logistics, increased costs and reduced the profitability of harvesting operations. The sector is also facing growing equipment-maintenance challenges. By 2028, an estimated 90% of Russia's imported harvesters and forwarders could be significantly affected, while

domestic manufacturers currently produce only a limited range of replacement models. Demand for replacement equipment is estimated at between 3 500 and 10 000 units over the next two to three years. The Russian government also reportedly plans to increase forest-licence lease rates by 40 - 50% in 2026. These pressures are expected to deepen the logging-sector crisis and affect related industries, including pulp and paper manufacturing and wood processing.

- Russia's softwood-lumber production is forecast to decline by 2 - 4% in 2026, marking a second consecutive annual contraction. The sector has lost access to many of its former European customers and is now also facing weaker demand from China. According to consultancy Strategy Partners, the forecast follows an official 2.5% decline in 2025, when production fell to 28.5 million m³, and a further 4% decrease during the first four months of 2026.
- According to Rosstat data reported by WhatWood, production volumes for most Russian timber and forest products declined during the first four months of 2026 compared with the same period in 2025:
  - Softwood timber harvest — 39.2 million m^3 — -0.5%
  - Hardwood timber harvest — 20.1 million m^3 — -9.4%
  - Sawn softwood — 10.8 million m^3 — -7.9%
  - Sawn hardwood — 0.85 million m^3 — -37.6%
  - Plywood — 1.02 million m^3 — -11.1%
  - Particleboard — 1.72 million m^3 — -7.0%
  - OSB — 0.62 million m^3 — -10.1%
  - Fibreboad (including MDF/HDF/flooring) — 212 million conventional m^2 — +0.0%
  - MDF/HDF — 1.2 million m^3 — +0.1%
  - Wood pulp — 2.7 million tons — -6.4%
  - Paper and paper board: — 3.5 million tons — -4.6%
  - Wood pellets — 0.45 million tons — +16.8%
- Russian sawlog production declined by 18% year on year in May 2026 and was 36% lower than in April.
- Russian lumber production declined by 3% year on year in May 2026 and was 14% lower than in April.

North America

- Privately owned housing starts in the United States fell to a seasonally adjusted annual rate of 1.177 million units in May 2026, down 15.4% from the April rate of 1.392 million and 8.7% below the May 2025 rate of 1.289 million, according to the US Census Bureau. Single-family housing starts declined by 1.9% from April to 882 000 units, while starts in buildings with five units or more totalled 284 000.
- Privately owned housing units authorised by building permits reached a seasonally adjusted annual rate of 1.413 million in May. This was 0.7% below the revised April rate of 1.423 million and 0.2% lower than the May 2025 rate of 1.416 million.
- After briefly falling below 6% in January, US 30-year mortgage rates have fluctuated between 6.4% and 6.5% since the start of the Iran conflict. Higher oil prices and inflation have contributed to the increase, placing further pressure on housing-market activity.
- After reaching a five-month high in May, existing US home sales declined in June as record-high home prices and elevated mortgage rates weighed on buyers. The monthly volatility highlights the sensitivity of buyer demand to changes in mortgage rates. According to the National Association of Realtors, total existing home sales, including single-family homes, townhouses, condominiums and co-operatives, fell by 2.4% to a seasonally adjusted annual rate of 4.09 million in June. Sales were nevertheless 2.8% higher than a year earlier.
- The inventory of existing US homes stood at 1.56 million units in June, down 0.6% from May but 1.3% higher than a year earlier. At the current sales rate, unsold inventory represented 4.6 months of supply, up from 4.5 months in May and unchanged from June 2025. A supply of between 4.5 and six months is generally regarded as indicative of a balanced market.

- US softwood-lumber production declined by 1.9% year on year in the first quarter of 2026 to 8.83 billion board feet, equivalent to approximately 14.2 million m³ net. Regional performance was mixed: output in the US West increased by 0.3%, southern yellow pine production declined by 3.1%, and production in other regions fell by 1.9%.
- US softwood-lumber imports declined by 22.1% year on year in the first quarter of 2026 to 2.91 billion board feet. Imports from Canada fell by 22.6% to 2.22 billion board feet, while imports from Europe declined by 35.7% to 435 million board feet.
- Through May 2026, US lumber imports were 18% lower than in the corresponding period of 2025, with all seven leading supplying countries recording declines. Canadian exports to the United States fell by 15.1%, while exports from Germany declined by 47%, Sweden by 15% and Austria by 51%. High European log prices, combined with the 10% Section 232 import tariff, have reduced the profitability of supplying the US market.
- Canadian lumber production declined by 10.2% year on year during the first four months of 2026 to 6.0 billion board feet, equivalent to approximately 9.7 million m³ net, according to COFI Connect. Production in British Columbia fell by 8.7% to 2.0 billion board feet, while output in the rest of Canada declined by 13.0% to 4.0 billion board feet.
- Under the US Department of Commerce's sixth administrative review, the combined countervailing and anti-dumping duties on Canadian lumber increased from 14.40% to 35.16% in mid-August 2025. Including the additional 10% tariff, the total duty and tariff burden reached 45.16%. Preliminary results from the seventh administrative review indicate that the combined duties could decline by more than 10% to 24.83%, potentially from as early as August 2026.
- Using Western spruce-pine-fir 2x4 No. 2 and Better random-length lumber, free on board at the mill, as a benchmark, prices have remained within a range of USD 480 - 500 per thousand board feet since mid-March 2026 and are currently holding at approximately USD 500 per thousand board feet.
- US West 2x4 lumber prices, free on board at the mill, continue to trade at a premium to Western spruce-pine-fir 2x4 lumber, with the premium widening to more than USD 100 per thousand board feet. The discount of US South-West 2x4 pine lumber relative to Western spruce-pine-fir has remained broadly stable at approximately USD 65 - 70 per thousand board feet since early May.
- The US lumber market is moving towards a tighter balance between domestic supply, imports and demand following the closure of approximately 6 billion board feet of production capacity over the past three years.
- US pulpwood prices vary seasonally and by region. Diesel prices eased by July after rising sharply in May and June because of supply disruptions linked to the Iran conflict. Demand improved slightly during the second quarter of 2026, particularly in the South Atlantic region, where wood prices had fallen sharply in the first quarter. South Central hardwood roundwood prices were unchanged from the previous quarter. Prices declined by USD 4 per green short ton in the Northeast and increased by USD 1 per green short ton in the Lake States. Year on year, hardwood roundwood prices fell by 14% in the South Atlantic, remained unchanged in the Northeast and increased modestly in the Lake States and South Central regions, by 2% and 3%, respectively.
- Softwood roundwood prices in the second quarter of 2026 changed by between a decrease of USD 1 and an increase of USD 5 per green short ton compared with the previous quarter. Prices in the Pacific Northwest remained broadly stable, while the South Atlantic and Northeast recorded increases of USD 2 and USD 5 per green short ton, respectively. Year on year, prices increased by 7% in both the Pacific Northwest and the Lake States. By contrast, prices declined by 17% in the South Atlantic, 3% in the South Central region and 2% in the Northeast.
- Average nominal prices for Pacific Northwest Douglas-fir 2 Saw and 3 Saw logs increased quarter on quarter through May 2026. Prices for 2 Saw logs rose by 3.9% in the Puget Sound region, 8.1% in the Columbia River region and 3.2% in the Willamette Valley. Prices for 3 Saw logs increased quarter-over-quarter through May by 4.0%, 8.6% and 0.9%, in the Puget Sound Region, the Columbia River Region and the Willamette Valley regions, respectively. Average nominal prices for 2 Saw whitewood logs were mixed over the same period. Prices increased by 3.5% in the Puget Sound region and 5.3% in the Columbia River region, but declined by 5.1% in the Willamette Valley.

- Large US timberland transactions were relatively subdued during the second quarter of 2026 compared with the end of 2025, although current market activity indicates that further sales may be forthcoming. Valuations have remained stable despite weak pulp markets and pulp-mill closures. Timberland continues to attract investors because of its inflation-hedging characteristics, biological growth and potential to generate several alternative revenue streams. Major transactions and timberland transfers since the previous newsletter include the following:
  - The Domain/AFM offering of approximately 11 300 acres of Grade B and C pine plantations in the Florida Panhandle, known as Lake Talquin, is pending.
  - The private sale of Slawson of approximately 25 000 acres of Grade B and C timberland in Alabama remains under contract.
  - The RMS/AFM offering of approximately 24 500 acres in Alabama, known as the Tallapoosa package, is under contract.
  - The two-part FIA/LandVest offering of approximately 22 700 acres in Alabama and the Florida Panhandle, known as the Muscogee package, is pending.
  - The Harrington family's private offering of approximately 22 000 acres in Alabama, known as the Scotch package, remains pending. Westervelt is expected to acquire the property for USD 58 million, equivalent to approximately USD 2 650 per acre.
  - The Nuveen/LandVest offering of approximately 14 300 acres in Pennsylvania and New York, known as the Three Rivers package, was sold to a private buyer. No further details were available.
  - The Molpus sale of approximately 45 900 acres across Louisiana, Georgia and Florida, known as Project Blackwater, was divided into separate transactions. The 29 700-acre Louisiana component, known as Acadia, reportedly closed during the first quarter of 2026, while the remaining 16 200 acres in Georgia and Florida were still pending. Further details on the Louisiana transaction were unavailable.
- US hardwood-lumber demand remained broadly stable during the first five months of 2026, with volumes declining by 0.2% year on year, while values increased by 1.2%. Exports to Canada rose by 13.4% in volume year to date in May and 23.5% in value, while export volumes to China declined by 6.1% over the same period.
- The strongest year-on-year increases in hardwood export volumes by species during the first five months of 2026 were recorded for beech, up 19.2%; walnut, up 13.1%; hard maple, up 12.9%; yellow poplar, up 8.3%; cherry, up 7.8%; aspen and cottonwood, up 5.9%; soft maple, up 4.0%; and red oak, up 0.8%. White oak recorded the largest decline, with export volume falling by 1.7%.
- In the domestic market, US distribution yards reported generally steady business, with some indicating improvement compared with the previous year. Transportation costs associated with diesel-price increases caused by supply disruptions linked to the Iran conflict have eased but continue to raise costs and constrain sales. Growth in repair and remodelling expenditure is forecast to slow sharply in 2027, although total spending is still expected to remain well above levels recorded during the Covid-era home-improvement boom.

South America

Brazil

Brazilian Economy

- According to the Central Bank of Brazil's Focus Bulletin of 6 July 2026, market expectations for the Brazilian economy have shifted materially since the beginning of the year. Forecasts improved for GDP growth, rising from 1.8% to 2.0%, and for the trade surplus, increasing from USD 66 billion to USD 76 billion. By contrast, expectations deteriorated for annual inflation, with the IPCA forecast increasing from 4.06% to 5.3%, and for the year-end Selic rate, which rose from 12.25% to 14.00%.

Forest Sector – Context and Trends: A new challenge

- The challenging conditions anticipated for Brazil's forest sector at the beginning of the year were confirmed by export statistics for the first half of 2026. The reduction in US import tariffs in March provided some relief but did not offset the adverse effects of geopolitical uncertainty and the appreciation of the Brazilian real, both of which weakened export competitiveness.
- Risks for the second half of the year have increased because of the potential imposition of additional tariffs on Brazilian imports. The US Trade Representative (USTR) has been reviewing Brazil under Section 301 since 2025, a provision that allows the United States to impose tariffs in response to allegedly unfair trade practices. The investigation also considers concerns related to illegal deforestation. A decision is expected by mid July.
- Although the forest sector falls within the scope of the investigation, allegations related to illegal deforestation and forced labor are considered less applicable to Brazil's pine and eucalyptus value chains, which are based on commercial plantations and widely supported by forest certification. Pulp is expected to have a relatively strong case for exemption from any additional tariff because of its importance to US industry and its complementarity with domestic pulp production.
- Tariff risk is considerably higher for manufactured wood products. Under the optimistic scenario, the current 10% tariff would remain in place, although this is considered unlikely. The base scenario, regarded as the most probable, assumes a 25% tariff, which would significantly reduce Brazil's competitiveness in the United States, its principal export market for these products.
- The pessimistic scenario assumes a tariff of 37.5%, comprising 25% linked to alleged unfair trade practices and a further 12.5% associated with global forced labor concerns. This scenario is considered moderately probable, although the traceability and certification of plantation based forest supply chains may provide some mitigation. The industries considered most exposed to the additional 12.5% component are pig iron, because of its use of charcoal, and ethanol, because of its use of forest biomass and direct competition with US producers.
- In summary, pulp appears more likely to be exempted, while manufactured wood products, biomass, and charcoal face substantial tariff risks. These measures could have direct consequences for prices, margins, and the allocation of export volumes over the coming quarters.
- The industry's current response differs from its approach to the previous temporary 40% tariff increase. At that time, companies expected the measure to be negotiated or reversed and therefore continued supplying the market despite negative margins. The prevailing view now is that, should a 25% - 37.5% tariff be imposed, it is likely to remain in place. This would require a significant strategic adjustment, as continued competition in the US market may no longer be commercially viable under the new tariff regime.
- **Post Quarter Two Update:** On July 15, 2026, the United States Trade Representative (USTR - Billing Code 3390 F4) confirmed a 25% tariff on imports from Brazil, subject to a defined list of exceptions. Solid pine wood products (plywood, moulding, and lumber) were not included among the exempted items, thereby confirming the base case scenario. By contrast, pine and eucalypt pulp, wood pallets, and pig iron (green charcoal) were granted exceptions and will not be subject to the new tariff. The USTR decision also increases the likelihood of an additional 12.5% tariff (pessimistic scenario), pending adjudication of the global case involving more than 60 countries accused of regulatory non compliance or of maintaining trade relations with nations linked to forced labour.

Pine Industry – LTM Exports

- The last-12-month analysis reinforces the pattern observed in the previous quarter: Brazil's pine-products complex remained under pressure year on year, with pulp the notable exception. Pulp export volumes increased by 2.4%, while revenue in US dollars rose by 11.8%.
- The reduction in US tariffs provided only marginal benefits for lumber and plywood. Lumber export volumes increased by 4%, but an 8% decline in prices resulted in a 4% decrease in revenue. Plywood performed more weakly, with export volumes falling by 18%, revenue by 25%, and prices by 9%.

- The mouldings industry has not yet benefited from the tariff reduction. Exports declined by 55% in volume, 60% in revenue and 11% in average prices.
- The appreciation of the Brazilian real placed further pressure on revenues measured in local currency. For lumber, plywood and mouldings, the negative currency effect ranged from 4% to 10%. In the pulp segment, the 12% increase in US-dollar revenue translated into a 0.6% decline in Brazilian-real terms, effectively offsetting the external revenue gain.

Eucalyptus Industry – LTM Exports

- Brazil's eucalyptus sector recorded a significant deterioration in bleached eucalyptus kraft pulp exports. Despite a 1% increase in volume, revenue in US dollars declined by 15%, reflecting a 16% fall in prices. In Brazilian-real terms, revenue decreased by 23%.
- Currency movements also erased gains in charcoal-related exports through green pig iron. An 11% increase in export volume and a 3% rise in US-dollar revenue translated into a 7% decline in Brazilian-real revenue.
- Wood-log exports fell by 15% in volume, 18% in US-dollar revenue and 26% in Brazilian-real revenue, indicating simultaneous declines in competitiveness and prices.
- Wood-chip exports performed even more weakly, with both volume and US-dollar revenue declining by 28%. In Brazilian-real terms, the decrease widened to 35% because of adverse currency effects.

Composite Panel – LTM Exports

- Exports of composite panels manufactured from pine and eucalyptus declined by 9% in volume, 18% in US-dollar revenue and 27% in Brazilian-real revenue, reflecting weaker external demand, downward price pressure and adverse currency effects.

Eucalyptus and Pine Commodity Prices

- The decline in forest-commodity prices recorded over the past 12 months compared with the corresponding period of the previous year, partly attributable to US tariffs and geopolitical factors, does not appear to be an isolated or temporary development.
- An analysis of real US-dollar prices for Brazilian exports of pine- and eucalyptus-based products, using three-year moving averages from 2010 to 2026, confirms a broader structural deterioration. Over this period, lumber, plywood, pine pulp, eucalyptus pulp, pig iron and composite panels recorded cumulative real-price declines of between 26% and 47%, indicating a persistent loss of value irrespective of short-term market cycles.
- This pattern reflects several enduring features of global forest-commodity markets that collectively place downward pressure on real prices over time. These include capacity expansion, low income elasticity of demand, product standardisation, technological substitution and continuing productivity gains.
- By contrast, higher-value processed products have demonstrated greater resilience where differentiation and value addition are present. Pine mouldings, for example, followed a positive long-term price trajectory before being particularly affected by the introduction of US import tariffs.
- From a strategic perspective, the findings reinforce the view that the long-term competitiveness of Brazil's forest sector will depend on reducing its exposure to basic commodities and expanding the supply of processed, specialised and differentiated products capable of capturing greater value in markets that are less vulnerable to structural price pressures.

Corrugated Cardboard – LTF Sales

- In the 12 months to May 2026, corrugated cardboard shipments increased by 1.9%, rising from 4.19 million tonnes to 4.27 million tonnes.

Producer Price Index (PPI)

- Between May 2025 and May 2026, the pulp, metallurgy and wood industries operated in a disinflationary environment, with factory-gate prices declining by 2.9%, 0.6% and 5.6%, respectively. By contrast, prices in the furniture industry increased by 4.6%, indicating continued cost pressure and a distinct sectoral dynamic.

Uruguay

- As of the second quarter of 2026, Uruguay's three pulp mills, UPM 1, Montes del Plata and UPM 2, were operating at full capacity. Montes del Plata consumed approximately 2.89 million m³ of logs, UPM 1 consumed 2.36 million m³ and UPM 2 consumed 3.98 million m³, bringing total consumption to 9.27 million m³. This was broadly in line with the volume consumed during the same period in 2025. Combined pulpwood consumption by the three mills is estimated at approximately 19.5 million m³ for the full year.
- Mill-gate prices at Uruguay's pulp mills have declined in recent months, with the decrease estimated at between 5% and 10%.
- By the end of the second quarter of 2026, eucalyptus woodchip exports totalled approximately 235 000 bone-dry metric tonnes, equivalent to around 405 000 m³. This was almost 20% higher than the volume exported during the same period in 2025. Free-on-board prices declined by approximately USD 1 - 3 per bone-dry metric tonne compared with 2025, reaching between USD 155 and USD 158 per tonne. Uruguay's exports of *Eucalyptus globulus* woodchips are expected to increase in 2026, mainly because of higher demand from Portugal and China.
- Pine-log exports continued at a faster pace during the second quarter of 2026 than in 2025. Cumulative exports reached approximately 0.422 million JAS m³, equivalent to 14 vessel shipments, all destined for India. This was 14% higher than the volume exported during the corresponding period in 2025. The average free-on-board price in the second quarter of 2026 was approximately USD 74/JAS m³.
- Uruguay's eucalyptus sawlog exports maintained a strong pace during the second quarter of 2026, with volumes exceeding those recorded during the same period in 2025. The average free-on-board price was approximately USD 160/m³ for logs with a small-end diameter of 30 cm or more, broadly unchanged from the previous year. Premium pruned eucalyptus logs with a small-end diameter of at least 40 cm achieved prices of more than USD 200 – USD 230/m³ free on board.
- Only one plywood producer remains operational in Uruguay, operating a two-line mill in the northern region. By the end of the second quarter of 2026, export volumes were approximately 125 000 m³, broadly unchanged from the corresponding period in 2025. Average prices were approximately USD 301/m³, around 10% lower than in 2025.
- Arboreal, which operates a pine sawmill and cross-laminated timber plant in northern Uruguay, announced a new phase of expansion. With support from IFC Latin America and the Caribbean (IFC América Latina y el Caribe), a member of the World Bank Group, and capital raised by ILX, the company secured USD 40 million in financing to expand its bioeconomy industrial platform. The investment will support the development of new product lines, strengthen biomass-based circular-economy solutions and advance the company's mass-timber operations. The expansion is also expected to create employment and strengthen the local production chain, particularly in Tacuarembó.
- Cofusa-Urufor is investing USD 100 million in a new sawmill in Rivera, in northern Uruguay. The facility will process pine using modern production technology and is scheduled to begin operations in August 2026. The project is expected to reinforce northern Uruguay's position as a centre for solid-wood industrial development.
- The region has also been selected by Brazilian company BrasPine for its first manufacturing facility outside Brazil. The company is currently seeking the necessary permits to construct a pine sawmill, with operations expected to begin in 2027.
- Demand for carbon credits from Uruguayan forest projects remained strong during the past three months, particularly for newer vintages issued from 2021 onwards. Prices ranged from approximately USD 5 – USD 9 per Climate, Community & Biodiversity-verified carbon unit.
- During the same period, Carbosur (https://www.linkedin.com/company/80192402/admin/dashboard/) sold more than 200 000 verified carbon units from afforestation, reforestation and revegetation projects in Uruguay. This brought the company's cumulative sales over the past six years to more than 13.7 million verified carbon units.

Africa

- Africa's economic outlook remained comparatively resilient during Q2 2026, although geopolitical tensions, higher energy costs and tighter financing conditions weakened the broader outlook. The World Bank projected sub-Saharan African growth of approximately 4.0% in 2026, while the African Development Bank estimated continent-wide growth of 4.2%. Both assessments emphasised that performance would remain uneven across countries.
- Higher energy and fertiliser prices increased economic pressure across the continent, particularly in countries dependent on imported fuel and agricultural inputs. These conditions contributed to inflation risks, weaker household purchasing power and higher operating costs for transport-dependent industries.
- African forestry developments were dominated by new investment, restoration targets and efforts to improve regional capacity. The French Development Agency provided a EUR 5 million grant for the second phase of the ADEFAC programme (Support for the Development of Continuing Training in the Forestry and Timber Sector in Central Africa programme), which will strengthen forestry and wood-processing skills in six Congo Basin countries over five years. The programme supports sustainable forest management, workforce development and increased local processing of timber.
- Large-scale restoration initiatives continued across the continent. South Africa announced plans to plant 10 million trees on Heritage Day as part of its wider one-billion-tree programme, while Côte d'Ivoire launched a campaign to plant approximately 12 million native trees and restore degraded classified forests. Kenya advanced its target of growing 15 billion trees by establishing a joint committee between the State Department for Forestry and the Alliance of Bioversity International and CIAT, alongside further restoration activities in the Mau Forest Complex.
- Regional cooperation is also increasing. Togo hosted representatives from 14 African countries to improve the planning, implementation and monitoring of sustainable landscape management programmes. Kenya hosted the inaugural Global REDD+ Summit, bringing together 59 REDD+ countries, donor governments and international organisations to strengthen forest-based climate action and financing.
- Forestry investment remained strong. Impact Fund Denmark committed approximately USD 25 million to the New Forests Company to expand plantations and timber-processing facilities in Uganda and Tanzania. The company reportedly intends to increase its plantation area from about 30 000 hectares to 100 000 hectares, supporting local production, employment and reduced dependence on imported timber. Tanzania also launched a forestry investment guide and expanded cooperation with Finland in sustainable forest management, technology transfer, timber processing and engineered-wood manufacturing.
- Gabon reportedly pursued approximately 50 forestry companies over unpaid felling taxes, reflecting increased pressure on operators to meet their fiscal and regulatory obligations. Gabon also signed an agreement with the African Continental Free Trade Area (AfCFTA) Secretariat aimed at positioning the Nkok Special Economic Zone in Gabon as a regional hub for processed timber and other manufactured exports.
- In South Africa, Discovery Green entered into a ten-year renewable-energy agreement with York Timbers. The agreement is expected to supply most of the electricity required by York Timbers' Jessievale sawmill and reduce the carbon intensity of its timber-processing operations.
- Tanzania introduced a 5% levy on timber royalties from government forests, with the proceeds intended to finance reforestation, community nurseries and sustainable forest management. The measure illustrates a wider effort to ensure that timber harvesting contributes directly to the replacement and maintenance of forest resources.
- Timber markets in West and Central Africa remained relatively stable, with selected log and sawnwood prices strengthening as Chinese buyers returned to African markets. Higher log prices supported Central Africa's timber export index, although this occurred while several producing countries continued to consider or implement restrictions on raw-log exports.

- Ghana continued to strengthen its timber-legality and traceability systems in preparation for the EU Deforestation Regulation. However, timber exports reportedly remained at a six-year low despite progress under the country's FLEGT arrangements. Ghana produced approximately 952 000 cubic metres of timber during 2025, supported by more than 350 private companies participating in plantation development.
- Cameroon was reported to be losing approximately USD 280 million annually through the mispricing of timber exports. This finding, together with calls for greater domestic processing of timber and cocoa, reinforced concerns that Africa continues to lose substantial economic value by exporting unprocessed natural resources rather than manufacturing higher-value products locally.
- From January to May 2026, South Africa's total woodchip exports through Richards Bay and Durban ports reached approximately 944 000 Mt, a significant increase from 775 000 Mt during the same period in 2025.

GLOBAL CONSULTING ALLIANCE LOCATIONS

BM2C

Address: Av. Cândido de Abreu, 70 - Centro Cívico, Curitiba - PR, 80530-000, Brazil

Tel: +55 41 98893 7338| +55 41 3319 5967

bm2c@bm2consulting.com | www.bm2consulting.com

Häggblom & Partners Ltd

Address: Pohjoisesplanadi 35 A 29, 2nd floor, 00100 Helsinki, Finland

Tel: +358 40 555 9567 | Rainer Häggblom, Chairman | rainer.haggblom@haggblompartners.com

Tel: +358 40 758 8881 | Werner von Troil, COO | werner.von.troil@haggblompartners.com

www.haggblompartners.com

Helsinki | London | New York | São Paulo | Singapore

Margules Groome Consulting Pty Ltd

Address: Level 4, 90 William St, Scottish House, Melbourne VIC, 3000, Australia

Tel: +61 3 8199 7937

info@margulesgroome.com | www.margulesgroome.com

Australia | New Zealand | Netherlands | South Africa

Mason, Bruce & Girard, INC | Natural Resource Consultants

Address: 707 SW Washington Street, Suite 1300, Portland, Oregon, USA

Tel: + 1 503 224 3445

info@masonbruce.com | www.masonbruce.com

PIKE & CO Consultora Forestal

Address: Costa Rica 1566, 11500 Montevideo, Uruguay

Tel: + 598 2605 6234 |+598 2605 6235

info@pike.com.uy | www.pike.com.uy

Russ Taylor Global | Wood Business & Market Consulting

Address: Vancouver BC Canada

Tel: +1 604 897 5666

russtaylor@russtaylorglobal.com | www.russtaylorglobal.com