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Ukraine War: CEI-Bois and EOS - shock in the wood product value chain to be expected.

The European timber industry is watching with great concern Russia's invasion of Ukraine and the correlated economic and financial implications. European sanctions against trading with Russia and Belarus are expected to produce a shock in the wood product value chain. The war in Ukraine is already impacting transport and supply chains in several countries.

Following a meeting of the main trade bodies for the timber industry – CEI-Bois (the European Confederation of Woodworking Industries) and EOS (the European Organisation of the Sawmill Industry) – it was recognised that Russia's invasion of Ukraine poses a real threat to peace and security in Europe while direct consequences on the timber business should be expected. At the same time, the European timber industry understands the decisions on a trade ban between Europe and Belarus as informed by the Council Regulation (EU) 2022/355 which introduces a ban on all wood products from Belarus in response to the ongoing war in Ukraine. The industry foresees that similar measures will be applied to Russian wood products.

Members also supported the decision taken by PEFC to classify Belarus and Russian products as “conflict timber” and therefore ineligible for accredited certification. Similarly, the European Timber Industry welcomes that wood and forest products from Russia and Belarus cannot be used in FSC products or be sold as FSC certified anywhere in the world as long as the armed conflict continues.

The trade ban will cause serious consequences for European market supply. According to official statistics, slightly less than 10% of the sawn softwood consumed in Europe in 2021 originated from Russia, Belarus and Ukraine. In the hardwood sector, oak goods originating from Ukraine made up a significant quantity. Shortages are therefore expected.

CEI Bois and EOS are now working closely with the EU institutions and national European Governments to **identify sustainable and efficient mitigating measures that could increase self-reliance, help reduce critical shortages, increase harvesting rate, ensure security of logs supply and seek to mobilise existing wood resources** to fill the supply gap created by these necessary trade sanctions.

The wood product trade ban will negatively impact several critical industrial supply chains eg. food and medicine which are logistically based on wooden pallets. Many wood-based construction materials, such as birch plywood and sawn timber, will be very hard hit, which in turn could hamper the EU's Green Deal push to decarbonise the built environment.

In addition, a disproportionate number of European lorry drivers are Ukrainian, and they have now returned to defend their country exacerbating an already existing shortage of drivers due to the Covid pandemic. This adds on a number of imbalances and other challenges which are already negatively affecting the international logistics.

Commenting Silvia Melegari, Secretary General of CEI-Bois and EOS said: “Beyond the human tragedy that this conflict is causing, the European Timber Industry will be negatively affected by a shortage of wood products. Although companies are already working in order to cope with the current situation, it is undeniable that our sector will need immediate interventions by national governments and European institutions on how to prevent a critical logs shortage. The European wood industry hopes for a rapid and peaceful resolution to the ongoing conflict in Ukraine.”

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CEI-Bois, the European Confederation of Woodworking Industries represents 20 European and National organisations from 14 countries and is the body backing the interests of the whole industrial European wood sector: more than 180.000 companies generating an annual turnover of 152 billion euros and employing 1 million workers in the EU.

EOS, the European Organisation of the Sawmill Industry represents the interests of the European sawmilling sector on European and International level. Through its member federations and associated members, EOS represents some 35,000 sawmills in 12 countries across Europe manufacturing sawn boards, timber frames, glulam, decking, flooring, joinery, fencing and several other wood products.