

# Woodpecker News

by Gene Wengert

## RUSSIA

Russia has become the world's largest exporter of softwood lumber in 2019, with 23% of all worldwide timber traded. Low timber exports due to log-supply issues, forest-fire losses, and tariffs have reduced exports from the U.S. to China (lowest imports since 2016), and the same factors in Canada have reduced exports from these two countries. Exports from many other countries are growing; for example, German exports have reached a 10-year high.

The global price of softwood lumber has dropped due to the abundant supply.

Yet, in the U.S., southern pine prices are near record highs, making profitable exporting difficult. Any drop in the U.S. housing market will have a huge impact on softwood manufacturing profitability. The U.S. requires about 33% of its housing lumber to be imported; that is, the U.S. does not produce all the softwood lumber that is needed.

It is not totally clear how all this will affect the small sawmills, as many small mills cannot supply softwood construction housing lumber because of their lack of certified lumber graders. Softwood housing lumber must be graded and certified according to

specific rules, which is an expensive operation for a small mill. However, if softwood lumber prices rise in the U.S., and this rise slows housing starts, the hardwood market will be affected by a drop in demand and subsequently a drop in prices. Becoming more customized and producing more value-added lumber (such as drying and planing) seems a wise way to assure profitability for the small mills.

## IKEA

IKEA, a Swedish furniture company with 374 stores worldwide, has bought 60,000 acres of timberland in east Texas and southeast Oklahoma, which is added to the nearly 64,000 acres it already owns throughout the South, putting it in control of more than 1/2 million acres. The company's forest management is certified by the Forest Stewardship Council. There is no question that this ownership will provide a sustainable and economic source of timber for years to come.

Overall, this acquisition will assure very competitive prices for American-made, solid-wood furniture as timber prices increase worldwide in the next decade. ■



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