



Finnish Forest Sector Economic Outlook 2024–2025

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Executive summary

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With the slow growth of the global economy, the demand for forest industry products is gradually recovering as inflation slows, interest rates fall, and private consumption increases. However, no significant surge in demand is expected, and the gradual recovery of the construction sector and wood products industry will take place later next year. In the euro area, the economic outlook for Germany, a key export market for the Finnish forest industry, remains weak.

Due to the weak economic cycle in the sawmilling industry, sawnwood production and export volumes will only start to see slight growth next year. Birch plywood production is constrained by the availability of raw materials. In the pulp and paper industry, production and export volumes are growing this year, driven by last year's low comparison level, destocking, and increasing demand. Cardboard and pulp production volumes will continue to grow next year, supported by investments. However, the outlook for paper remains bleaker.

The industrial roundwood felling volumes in Finland will increase slightly this year and further rise to 64 million cubic meters next year. Increasing felling volumes will improve employment in forestry, and together with rising



Picture: Finnish Forest Industries.

stumpage prices, the stumpage earnings from private forests will exceed three billion euros for the first time next year. The use of wood chips and its plant price will remain high.

Economic growth to slightly recover in the export markets of the Finnish forest industry next year

The global economy and trade are slowly recovering. Growth is supported by the interest rate cuts initiated by central banks, slowing inflation, and the rise in consumers' real purchasing power. In the euro area, economic growth will remain weak this year but is expected to pick up to around 1.5% next year. In Germany, economic growth will trail behind the overall euro area. Economic growth in the United States and China will continue, though at a slower pace. In Japan, economic growth

will accelerate next year. Weighted by the Finnish forest industries' export shares in 2023, the global economy will grow by 2.2% this year and 2.4% next year. No significant changes in the euro-dollar exchange rate compared to the current rate are expected during the rest of this year and next year.

Sawnwood market prospects remain weak

Construction and the demand for sawnwood will continue to decline in Europe in 2024. In other export markets, except Japan, sawnwood demand is also weak. In 2024, Finnish coniferous sawnwood exports are predicted to decrease by 4%, but the average export price will rise by 9% compared to 2023. Finnish sawnwood production is expected to fall to around 10 million cubic meters this year. Although interest rates have fallen, the impact on construction will only be felt with a delay. In Europe, construction is expected to turn to slow growth in 2025. Domestic construction volumes are also predicted to increase next year, but the growth will be small compared to the declines in 2023 and 2024. Next year, Finnish sawnwood production and exports are forecast to grow moderately by 3%, and the average export price will increase by 1% from this year.

The sluggishness in European construction also affects the production and export volumes of softwood plywood. The market situation for birch plywood is influenced by construction as well as demand in the transport industry and sanctions on Russian birch plywood, which are now more strictly enforced. Finnish plywood production is expected to remain at last year's level this year, with exports growing by 2%. The average export price of plywood is expected to decrease by 7% from last year. Next year, Finnish plywood production and exports are forecast to increase by 3% from this year.

Production and export volumes in the Finnish chemical forest industry are increasing, with paper as an exception

The production and export of cardboard are expected to grow by 11% this year compared to last year as high inventory levels normalize and consumption recovers. Despite the rising prices of cardboard grades after the weak first half year, the annual average export price of cardboard will decrease by 4% this year. The Stora Enso investment in Oulu, to be completed next year, will increase the production capacity of folding boxboard in Finland, boosting production and export volumes by 15%. Growing demand in the cardboard market will increase the average export price of cardboard by 5% next year.

Although paper production and exports are affected by demand uncertainty, capacity closures, and labour disputes, volumes are fore-



Picture: Stefan Schwehofer Pixabay.

cast to grow by 5% this year from last year's low levels. Next year, paper demand, exports, and production will decline in line with long-term trends. Prices are not expected to change significantly during the autumn, and the market remains in a wait-and-see mode. The high price of wood pulp puts pressure on paper prices, but demand outlooks do not support this. The average export price of paper will be 7% lower than last year and will decrease further next year.

Pulp production in Finland will increase by 4% this year as paper and cardboard production recovers and Metsä Fibre's Kemi mill resumes operations. Exports will remain close to last year's levels. In 2025, pulp production and exports will grow significantly as the full impact of the Kemi mill comes into effect. The average export price of pulp is expected to rise slightly this year from last year and by a couple of percent next year.

Profitability of the Finnish forest industry remains modest

The profitability of the Finnish forest industry will be modest this year. Profitability in the sawmilling industry will remain at the average level of the 2010s, with an operating profit of just a few percent. In 2025, no significant improvement is expected in the situation of sawmills unless construction in Europe recovers more strongly than anticipated. However, birch plywood is doing reasonably well. Due to weak economic growth in Europe, the profitability of the pulp, paper, and cardboard industries will remain modest both this year and next. No major changes are expected, although the export prices of pulp and cardboard are expected to rise slightly, and production will grow in 2025.

Active roundwood trade, rising stumpage prices

In the Finnish roundwood markets, stumpage prices have continued to rise, and roundwood trade has increased during the current year. The felling volumes of industrial roundwood are forecast to grow by 1% this year compared to last year, reaching 61.7 million cubic meters. Sawlog fellings will increase by 2% to 27.8 million cubic meters, and pulpwood by 1% to 33.9 million cubic meters. The average stumpage prices of coniferous sawlogs are expected to rise by 6–8% this year. The stumpage price of birch sawlogs will increase by 14%, and pulpwood by 18–22%. The import of roundwood will remain nearly unchanged from last year at 4.2 million cubic meters.

In 2025, the felling volumes of sawlogs are expected to grow by another 3%, and pulpwood by 5%. Altogether, industrial roundwood fellings will increase by 4% to 64 million cubic meters. The average stumpage prices of coniferous sawlogs will rise by 2–3% as sawnwood production increases. The stumpage price of birch sawlogs will rise by 4%, as the scarcity of birch raw material for plywood production continues. Pulpwood stumpage prices will increase by 5–6% as the production of pulp and cardboard grows. Roundwood imports will increase to 4.6 million cubic meters.

Private forest owners' stumpage earnings and operating profit on the rise

In 2024, rising roundwood prices are expected to push the gross stumpage earnings of private forestry to new record levels, totaling €2.9 billion, which is nearly €220 per hectare. In 2025, the gross stumpage earnings are predicted to exceed €3 billion for the first time. The operating profit of private forestry is expected to grow to nearly €200 per hectare in 2024 and further to around €210 per hectare in 2025.

Slight growth in employment in the Finnish forest sector

In 2023, the number of people employed in the forest sector grew to 64,000, with 58% of this figure working in the forest industry and 42% in forestry. In 2024, the total number of employees in the Finnish forest industry is forecast to grow by 1%, and by 2% next year



Picture: Erkki Oksanen, Luke.

due to increased production volumes of forest industry products and ongoing investments. Employment in forestry is expected to increase by 2% in 2024 and by 1% in 2025 as felling volumes of industrial roundwood and energy wood increase.

Increase in the use and price of wood chips

In 2024, the use of wood chips in heat and power plants in Finland is expected to increase by 5% from last year, reaching 11.5 million cubic meters. In 2025, the use of wood chips will remain at the same level, but its plant price and the prices of energy wood will continue to rise slightly. The domestic production of wood pellets is expected to decrease by 1% in 2024 to 350,000 tons due to the continued scarcity of forest industry by-products. As the supply strengthens, pellet production is forecast to increase slightly in 2025.

Basis and risks of the forecast

The Finnish Forest Sector Economic Outlook provides information on the current situation and the short-term prospects of the Finnish forest sector. The forecasts are based on public statistics, global economic growth forecasts, forest sector market information from various sources, and studies conducted at the Natural Resources Institute Finland. The forecasts are made using the derived demand principle, where the economic fluctuations in domestic and export markets are assumed to reflect the demand for forest industry products, which in turn impacts forest industry production and the domestic roundwood markets. Changes in the operating environment of the forest sector and the effects of government policies are also considered in the forecasts. A worse-than-expected economic development would reduce Finnish forest industry export prices, production, and profitability compared to the forecasts presented here. The effects of lower demand for roundwood would spread to the roundwood markets, employment in forestry, and the profitability of private forestry. In such a case, the development of the Finnish forest sector would fall short of the forecasts. Conversely, better-than-expected economic growth would have the opposite effect.

The outlook for the world economy and export markets is based on forecasts by various organizations (e.g., OECD, IMF, ETLA, Nordea, Bank of Finland). The forecasts in this report are based on the data from the forest sector in

September and October 2024 and on the forecasts for global economic development for 2024–2025. The forest sector forecasts represent the most likely development as assessed by the researchers. They are point estimates based on export market growth forecasts and other assumptions regarding market development.

In autumn 2024, the most significant uncertainties related to the forecasts and economic development remain Russia’s ongoing war in Ukraine and its knock-on effects, such as ener-

gy availability and prices. The ongoing conflict in the Middle East could also escalate, affecting oil prices and transport costs. A faster-than-expected slowdown in China’s economic growth would affect the global economy and demand for raw materials. The results of the U.S. presidential election in November 2024 and potential changes in economic policies will also maintain uncertainty.

Average nominal stumpage prices (over bark) in non-industrial private forests 2023–2025f.

| Roundwood assortment | 2023 | 2024f | Change | 2025f | Change |
|----------------------|------------------|------------------|--------|------------------|--------|
| | €/m ³ | €/m ³ | % | €/m ³ | % |
| Pine sawlogs | 70.7 | 76.2 | 8 | 78.0 | 2 |
| Spruce sawlogs | 74.8 | 79.5 | 6 | 81.5 | 3 |
| Birch sawlogs | 57.6 | 65.4 | 14 | 68.2 | 4 |
| Pine pulpwood | 25.1 | 30.6 | 22 | 32.3 | 6 |
| Spruce pulpwood | 27.5 | 32.5 | 18 | 34.3 | 6 |
| Birch pulpwood | 25.9 | 31.3 | 21 | 33.0 | 5 |

Source: Natural Resources Institute Finland.

Key forecasts 2023–2025f.*

| Forecast variable | | 2023 | 2024f | 2025f |
|---------------------------------|--------------|---------|-------|-------|
| | | % y-o-y | | |
| Sawnwood | production | -7 | -4 | 3 |
| | exports | -3 | -3 | 3 |
| | export price | -27 | 9 | 1 |
| Plywood | production | -21 | 0 | 3 |
| | exports | -24 | 2 | 3 |
| | export price | 9 | -7 | 1 |
| Pulp | production | -1 | 4 | 9 |
| | exports | 16 | 1 | 10 |
| | export price | -17 | 2 | 2 |
| Paper | production | -5 | 5 | -3 |
| | exports | -10 | 5 | -3 |
| | export price | -5 | -7 | -4 |
| Paperboard | production | -19 | 11 | 15 |
| | exports | -19 | 11 | 15 |
| | export price | -2 | -4 | 5 |
| Fellings of industrial wood | | -5 | 1 | 4 |
| Roundwood imports (incl. chips) | | -14 | -2 | 10 |

*Price changes are nominal.

Sources: Finnish Forest Industries, Finnish Customs and Natural Resources Institute Finland (forecasts).

+/- Indicates change over the previous year.

FROM STUMP TO MARKET

Forecast of fellings, processing and export of forest industry products 2025.

GROWING STOCK

2550
mill. m³

Maximum sustained
annual yield

79,8
mill. m³

INDUSTRIAL ROUNDWOOD REMOVALS

64,0
mill. m³ **+4%**



ROUNDWOOD IMPORTS

4,6
mill. m³ **+10%**



SAWLOGS

+3%
28,5
mill. m³

PULPWOOD

35,5
mill. m³ **+5%**



FOREST CHIPS IN ENERGY GENERATION

11,5
mill. m³ **0%**

WOOD PRODUCTS INDUSTRY

PRODUCTION

PULP AND PAPER INDUSTRY



PELLETS

0,4
mill. t **+1%**



PLYWOOD

0,9
mill. m³ **+3%**



SAWNWOOD

10,4
mill. m³ **+3%**

WOOD CHIPS



PULP

7,9
mill. t **+9%**



PAPERBOARD

4,3
mill. t **+15%**



PAPER

3,0
mill. t **-3%**



m³ **+3%**
0,8 mill.
€ **+1%**
770 €/m³

m³ **+1%**
8,0 mill.
€ **+1%**
240 €/m³

EXPORT



t **+10%**
4,7 mill.
€ **+2%**
640 €/t

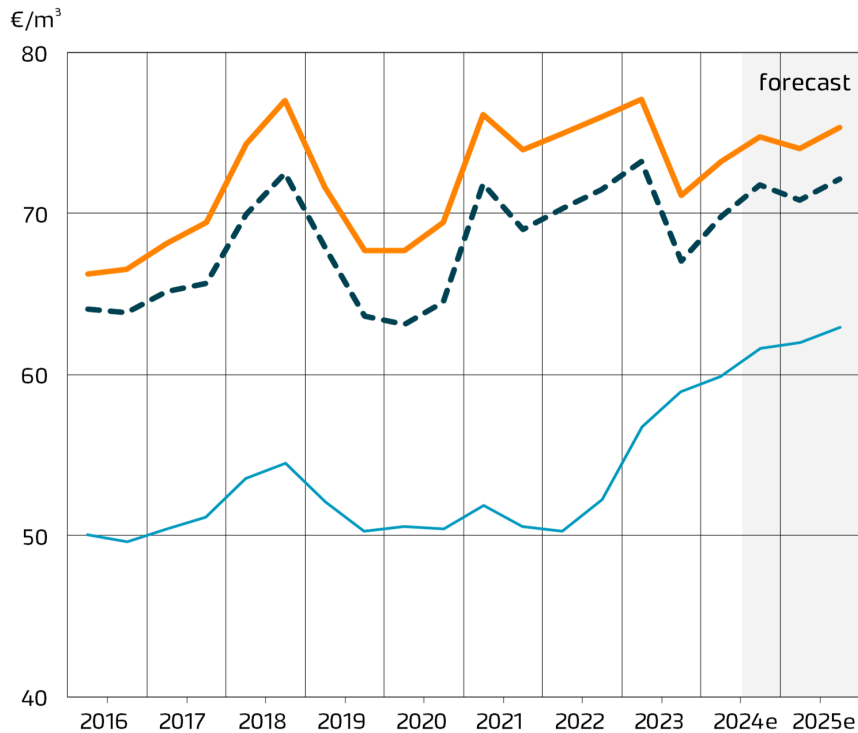
t **+15%**
4,2 mill.
€ **+5%**
970 €/t

t **-3%**
2,7 mill.
€ **-4%**
900 €/t

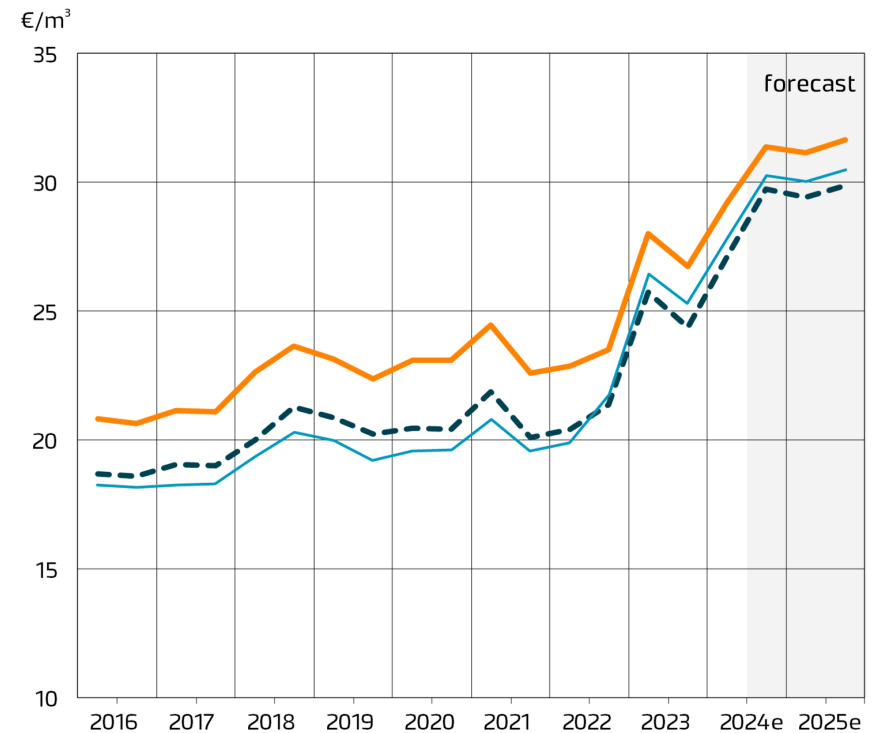
BIANNUAL STUMPAGE PRICES

Logs / pulpwood 2016-2025e

(in 2023 prices, cost-of-living index)



— Spruce - - - Pine — Birch



— Spruce - - - Pine — Birch



The executive summary is a translation of the summary of the Finnish original publication "Metsäsektorin suhdannekatsaus 2024–2025", and is based on information available in October 2024.

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