Ukraine: Woodchip Market and Outlook

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September 19, 2018
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Ukraine

• Second largest country in Europe by area with access to the Black Sea
• Population: 44 million
• GDP: 112 Billion USD
• Exports 43 Billion USD
• Forestry is one of Ukraine’s significant export industries, bringing in $1.7 billion in foreign exchange, employing 350,000 people and accounting for almost 4 per cent of all exports.
• More than 100,000 sq.km of forest, covering 17.6 per cent of the country’s land mass

• Majority of the timber, are in Carpathian mountain range in the south-west of the country, and Polissia in the north.

• The main tree species are Scots pine, European oak, Common beech, Norway spruce, European birch, Common alder, European ash and Hornbeam.

• Reduction of forest area due to the temporary occupation of the territories and military conflict.

• All forest is state owned and managed

Source: British Uncertain Organization «EarthSight»
Social-political aspect

Forestry industry plays major social-political role in Ukraine:

• Wood is important source of energy for local population and municipalities (schools, hospitals, etc)

Export Limitations since 2015:

• Forbidden rare wood species exports
• Forbidden round wood exports until 2025 (except fuelwood)
• Export Limitations caused tensions with the EU and frozen IMF funding until some limitations were removed.
Fuelwood market

Capacity of the Fuelwood market in 2013-2017, million tons

Source: pelleta.com.ua, State statistics service of Ukraine Pro-Consulting assessment

Wood chips Export | Wood chips Domestic consumption | Other fuelwood Export | Other fuelwood Domestic consumption

Source: pelleta.com.ua, State statistics service of Ukraine Pro-Consulting assessment
Domestic consumption breakdown

Structure of domestic consumption by fuelwood types in 2017

- Firewood (split and round): 35.0%
- Wood Pellets: 20.0%
- Wood chips: 17.0%
- Agro waste: 20.0%
- Other Biomass: 8.0%

According to the Bioenergy Association UABio, Pro-Consulting assessment
Fuelwood export Geography

2013
- Romania: 49.8%
- Italy: 15.4%
- Poland: 12.1%
- Other: 22.8%

2017
- Romania: 31.4%
- Turkey: 21.1%
- Poland: 12.1%
- Other: 35.4%

Source: State statistics service of Ukraine; Pro-Consulting assessment
Wood chip exports

Source: State statistics service of Ukraine; Pro-Consulting assessment
Wood chip export geography

2013
- Turkey: 51.6%
- Other: 0.7%
- Poland: 47.0%

2017
- Turkey: 80.4%
- Other: 1.4%
- Romania: 16.0%
- Slovakia: 2.3%

Source: State statistics service of Ukraine; Pro-Consulting assessment
Woodchip exporters

Source: State statistics service of Ukraine; Pro-Consulting assessment
Key trends and Outlook

- Ukrainian Parliament passed a key bill on June 3, 2018, № 5495:
  - Criminal liability for illegal timber exports

- More transparent and auction based wood sales starting from Q4 2018

- Pressure from the EU to cancel all export restrictions for round wood

- Growth in domestic consumption of fuelwood will push prices up

- Increasing tariffs for rail transportation

- Wood chip export will reach 500,000 GMT per year and will stay at this level (subject to economic and political situation in Turkey)

- 2019 President and Parliament elections.....
Eco Terra Trading

- Established in 2015
- Production located in port Chornomorsk, Odessa Region
- Production capacity 200,000GMT per year
- Hardwood and debarked softwood
- In 2018 expecting to export 150,000GMT (30% of all exported wood chips)
- Capable of loading wood chip carrier
Thank you!

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