



## FEFPEB PRESS RELEASE

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### **FEFPEB: Ukraine conflict to cause significant pressure on supply of pallets and packaging across Europe**

The European Federation of Wooden Pallet & Packaging Manufacturers (FEFPEB) has expressed its deep sympathies and support for the people of Ukraine and advised that the conflict in Ukraine is expected to cause significant pressure on the supply of wood, and therefore pallets and packaging, in the coming weeks.

Last year, Ukraine exported more than 2.7 million m<sup>3</sup> of sawn softwood timber, a significant amount of this for wooden pallets and packaging manufactured in European markets including France, Germany, Italy, the Netherlands and Poland. The country also produced and exported an estimated 15 million pallets, mainly to Europe.

The severe slowdown in the Ukrainian economy and stop in production will have serious direct impacts on countries such as Hungary, Italy and Germany (the three most prolific softwood importers from Ukraine); and also an indirect impact across Europe by unbalancing the market and increasing competition for more limited wood supplies and putting upwards pressure on prices.

Meanwhile, with Russia exporting approximately 4.5m m<sup>3</sup> of softwood timber into the EU (with Estonia, Germany, Finland the largest importers) and Belarus exporting approximately 3.1m m<sup>3</sup> (spruce and pine combined), Europe will be significantly impacted by trade sanctions that have been introduced against the two countries – which FEFPEB supports.

Some countries source up to 25 per cent of their pallet and packaging timber from the three countries. Alternative timber sources including Scandinavia, Germany and the Baltic States are only capable of covering a small proportion of the shortfall.

Energy supplies have also been severely disrupted, increasing the price of fuel, with growth in the price of petrol of more than 30 per cent, and the cost of a barrel of oil now more than US\$110. This, says FEFPEB, will have a “significant impact” on the cost of heat treatment and kiln drying of timber to ISPM 15 standards, on transport and on the overall cost of production – leading inevitably to product price rises.

The above challenges add to existing pressures caused by the ongoing global shipping crisis, labour shortages, low availability and high prices of raw materials – including a severe shortage of steel for the production of nails - and generally disrupted transport flows around the world.

FEFPEB Secretary General Fons Ceelaert said: “The terrible events unfolding in Ukraine have had an immediate impact on industries of all kinds, disrupting vital trade flows, and reducing availability of many different materials and goods. The usual supplies of timber needed for the production and repair of wooden pallets and packaging have had been hit hard, and availability has been significantly reduced.

“Alongside the sizeable ongoing international challenges that already exist in the market, we expect to see a general upward trend in the price of all commodities, including wood. In the meantime, our member associations’ businesses around Europe are working hard to secure supplies from their partners in order to maintain continuity of pallet and packaging production.

“FEFPEB is in close contact with CEI-Bois and the European Commission, with whom we have shared our moral and economic concerns. We will continue to liaise with industry sources and monitor up-to-date information to enable us to keep our membership and the market informed about the very latest developments in this ongoing situation.”

## **Notes:**

- Timber figures for this press release are from UKRSTAT and Russian Customs Authorities, as quoted in a February 28, 2022, report on [www.timber-online.net](http://www.timber-online.net)
- The European Federation of Wooden Pallet & Packaging Manufacturers (Fédération Européenne des Fabricants de Palettes and Emballages en Bois – FEFPEB) represents European national timber packaging associations, including the pallet, lightweight packaging and industrial packaging sectors. It was established in 1946.
- It is a not-for-profit organisation, whose objectives include promotion of timber packaging and representing the interests of the European wooden pallet and packaging industry.
- National professional associations of wooden pallet and packaging manufacturers are full members of FEFPEB.
- Other companies involved in the industry, including suppliers of timber and timber blocks, machines and equipment are associated or individual members.
- The major European pallet pools (including EPAL, CHEP, LPR, IPP Logipal and PRS) are also part of FEFPEB. For more information, please contact: [info@fefpeb.eu](mailto:info@fefpeb.eu)