

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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Voluntary  Public

**Date:** 2/28/2017

**GAIN Report Number:**

## Lithuania

**Post:** Warsaw

### Forestry and Wood Products in Lithuania

**Report Categories:**

Wood Products

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**Report Highlights:**

Lithuania is a net exporter of wood and wood products. In 2016 total trade of forest products between the U.S. and Lithuania increased by 40 percent in comparison with 2015, and reached U.S. \$20 million. Wood sawn or chipped dominates in the value of products sourced from the United States to Lithuania. Veneer sheets sales take the second position in this regard. To some extent there is potential for U.S. hardwood exports as a niche raw material for Lithuanian wood processors, especially for the furniture industry.

## **Role of the forestry product sector in the economy**

The forest industry is one of the most important sectors in the Lithuanian economy. Timber of softwood species is a leading natural resource which creates a base for wood processing, mostly for the furniture and paper industries in Lithuania. According to the UN FAO Global Forest Resources Assessment (FRA), agricultural land covers more than 50 percent of Lithuania and forested land is about 33 percent of total land area, with 2.2 million hectares. In 2014 the total growing wood stock volume reached 521 million cubic meters and on average 249 cubic meters per hectare.

Forests and wood product industries provide over 60,000 jobs in forestry and logging, wood manufacturing and the paper and furniture industries. This is 6 percent of total employment in the country. In 2013 the forest and wood processing sector's share of total national value added reached 4.5 percent, with forestry adding about 0.6 percent. The biggest share of the value added in the sector was generated by the furniture industry, some 2 percent. The number of companies in forestry, logging and the forest industry diminished while their average size increased in recent years. The Lithuanian forest and wood processing sector has over 2,000 operating companies as of 2014.

## **Timber Supply**

In Lithuania over 60 percent of forested land belongs to the State, including 40 percent of forests of State importance and 10 percent of State forests reserved for property restitution. Land reforms have not been completed yet. Until October 2018, all forests reserved for restitution should be transferred to the State forest enterprises or sold in auctions. According to the Committee on Forests and the Forest Industry, (UNECE) if forest management activities would be restored in these forests, it would increase the wood supply by up to 10 percent. 40 percent of total forested area is owned by private individuals and companies. Privately held forests are small in size, about 3.4 hectares on average. Currently there are 250,000 private owners which own forest land totaling 858,000 hectares in Lithuania. Lithuania is situated within the so-called mixed forest belt with a high percentage of broadleaves and mixed conifer-broadleaves stands. The most common stands of timber are pine (33.2% of the total area of stands), birch (21.1%), spruce (19.7%), black alder (6.5%) and grey alder (5.9%), aspen (3.6%) and oak and ash (3.5%).

According to the Lithuanian Forest Law, the general volume of all annual forest cuttings cannot exceed the gross annual tree increment. The volume of annual main forest cuttings in State forests is approved by the government and for the period 2014-2018 it comprises 3.15 million cubic meters. The Ministry of Environment approves the volume of intermediate forest cuttings in State forests and for 2016 the volume amounted to 1.3 million cubic meters. The felling volume in state forests remains stable, on the level of 3.8-3.9 million cubic meters. Felling volume in private forests is much more sensitive to prices than State forest production. Private felling grew moderately in recent years until 2014, reaching 3.8

million cubic meters. Lower wood prices in 2015 affected private forest output, diminishing it to 2.9 million cubic meters. The share of mature stands in Lithuanian forests is relatively large. Mature stands for wood supply amount to 323 cubic meters per hectare (area of 434,000 Ha with volume of 140 million cubic meters). The felling volumes could be increased with a policy change.

### **Growing Forest Stock of Lithuanian**

<b>Lithuania</b>	<b>2013</b>	<b>2014</b>
Forest land, HA (000)	2,147	2,177
Area of stands, HA (000)	2,055	2,056
Growing stock volume, million cubic meters	510.2	521.3
Growing stock volume of mature stands, million cubic meters	134.7	139.9
Gross annual increment, million cubic meters	17.8	18.2
Area covered with forest, %	33.3	33.3

Source: Lithuanian Statistical Office

### **Gross Felling, cubic meters of solid volume (000)**

<b>Lithuania</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Total felling	7,000	7,400	7,600	6,700
Felling from State Forests	3,800	3,900	3,800	3,800
Private units felling	3,200	3,500	3,800	2,900

Source: Directorate General of State Forests

Timber companies are located all over Lithuania, with the majority of them located in small towns or villages. In 2013 State forests enterprises sold 3.7 million cubic meters of round wood of which coniferous logs sales amounted to 1.13 million cubic meters. The annual consumption of round wood in Lithuania was 5.7 million cubic meters in 2013. The increase of felling did not lead to increase of domestic consumption due to growth in exports.

### **Production of Wood Products**

Statistical information on the wood manufacturing sector is very limited in Lithuania. The wood products industry is adverse to sharing information or promoting its potential and business opportunities. Publicly data available is usually old and does not present the current market picture. The furniture and paper industries are the fastest developing segments within the sector. According to the Lithuanian Statistical Office, the furniture industry is one of the most important manufacturing industries in Lithuania, after food and beverage production. The furniture and wood processing industries provide over 30 percent of the jobs available in the whole Lithuanian manufacturing industry. In recent times the furniture industry developed mostly due to foreign investments. The biggest players in the market are Scandinavian companies, especially from Denmark, Norway, and Sweden. One of the main players in Lithuanian furniture market is IKEA. In 2008 the company bought the biggest

Lithuanian furniture producer “Giriū Bizonas” which increased the sector’s potential significantly and this was reflected in export increases pretty soon afterwards.

Statistical data available for 2014 show a significant increase in furniture sales in 2014. The main driver for this increase came from exports. According to the Lithuanian Statistical Office, Lithuania enjoys a positive foreign trade balance in furniture trade. In 2016 furniture exports from Lithuania amounted to EUR 1.486 million (6 percent increase in relation to 2015). Imports of furniture amounted to EUR 1.210 million (6 percent increase in relation to 2015). Production of sawn wood was about 0.9 million cubic meters in 2014.

### Trade

According to Eurostat data, Lithuania is a net exporter of wood and wood products. Lithuanian exports of these products amounted to U.S. \$677.8 million in 2015. The main export destinations are the main EU buyers like Germany, United Kingdom and the Scandinavian markets, mostly Norway and Denmark (together over 40 percent of exports). Although exports to Russia fell in recent years, the country still remains an important sales market for Lithuania, 6 percent of total exports. Other neighboring countries such as Latvia, Poland and Estonia together take about 13 percent share in Lithuanian wood products exports. Lithuania also sells its wood products also to China, Australia and the United States. Exports of these goods to the U.S. amounted almost U.S. \$5 million in 2015.

### Lithuania’s Export Statistics on Wood & Wood Products from Partner Countries, Calendar Years.

Partner Country	U.S. \$ (000)			% Share			% Change 2015/2014
	2013	2014	2015	2013	2014	2015	
World	678,047	748,576	677,748	100.00	100.00	100.00	- 9.46
Germany	117,091	121,990	113,855	17.27	16.30	16.80	- 6.67
Norway	69,297	77,435	62,512	10.22	10.34	9.22	- 19.27
Denmark	48,310	53,185	49,088	7.12	7.10	7.24	- 7.70
United Kingdom	29,041	42,427	48,485	4.28	5.67	7.15	14.28
Russia	72,559	55,226	40,263	10.70	7.38	5.94	- 27.09
Netherlands	32,701	38,329	34,390	4.82	5.12	5.07	- 10.28
Latvia	41,756	47,580	33,805	6.16	6.36	4.99	- 28.95
Poland				5.22	4.38	4.48	- 7.41

	35,374	32,818	30,387				
Sweden	28,063	31,028	29,615	4.14	4.14	4.37	- 4.55
France	31,695	32,491	29,589	4.67	4.34	4.37	- 8.93
Switzerland	7,438	37,335	27,218	1.10	4.99	4.02	- 27.10
Italy	15,929	18,967	22,385	2.35	2.53	3.30	18.02
Estonia	20,557	23,724	22,118	3.03	3.17	3.26	- 6.77
Belgium	21,911	24,143	18,662	3.23	3.23	2.75	- 22.70
China	7,364	9,098	10,992	1.09	1.22	1.62	20.81
Australia	9,082	12,757	10,132	1.34	1.70	1.49	- 20.58
Czech Republic	5,023	5,714	9,231	0.74	0.76	1.36	61.55
<i>United States</i>	<i>3,962</i>	<i>6,171</i>	<i>8,743</i>	<i>0.58</i>	<i>0.82</i>	<i>1.29</i>	<i>41.67</i>

Source: Eurostat

**Lithuania's Import Statistics on Wood & Wood Products from Partner Countries, Calendar Years.**

Partner Country	U.S. \$ (000)			% Share			% Change
	2013	2014	2015	2013	2014	2015	2015/2014
World	405,455	510,436	449,655	100.00	100.00	100.00	- 11.91
Poland	110,391	123,312	96,380	27.23	24.16	21.43	- 21.84
Latvia	64,856	73,441	69,624	16.00	14.39	15.48	- 5.20
Russia	36,410	48,143	49,144	8.98	9.43	10.93	2.08
Belarus	30,336	54,054	49,112	7.48	10.59	10.92	- 9.14
Ukraine	29,290	38,009	38,452	7.22	7.45	8.55	1.17
Germany	23,978	28,730	27,648	5.91	5.63	6.15	- 3.77
Estonia	17,655	24,481	20,659	4.35	4.80	4.59	- 15.61
Italy				1.48	2.94	3.27	- 2.02

	6,004	15,021	14,717				
Finland	12,431	16,092	12,970	3.07	3.15	2.88	- 19.40
Austria	10,838	13,145	11,252	2.67	2.58	2.50	- 14.40
Sweden	13,694	16,204	10,506	3.38	3.17	2.34	- 35.17
Romania	9,174	9,183	6,437	2.26	1.80	1.43	- 29.90
<i>United States</i>	<i>3,709</i>	<i>4,703</i>	<i>4,990</i>	<i>0.91</i>	<i>0.92</i>	<i>1.11</i>	<i>6.10</i>

Source: Eurostat

Lithuania is a large importer of wood and wood products. Demand for wood highly exceeds the centrally regulated supply available in the country. In 2015 imports of wood and wood products amounted to U.S. \$450 million. The main suppliers were neighbor EU countries such as Poland, Latvia, Estonia (42 percent of wood and wood products imports), and non EU neighbor countries like Russia, Belarus, and Ukraine (30 percent of imports). The Lithuanian wood industry sources mostly round wood and raw materials for further processing from these markets. United States ranked as the thirteenth largest supplier of Wood and Wood Products to Lithuania with the sales valued U.S. \$5 million in 2015.

**U.S. exports of forest products to Lithuania,  
Calendar Years, (U.S. \$million)**

	2013	2014	2015	2016	% change 2015-16
Total Agricultural Fish&Forest Products	167.8	137.2	101.4	71.0	-30
Forest Products	3.8	4.6	4.6	6.1	33.8

Source: USDA BICO

**U.S. imports of forest products from Lithuania,  
Calendar Years, (U.S. \$million)**

	2013	2014	2015	2016	% change 2015-16
Total Agricultural Fish&Forest Products	32.0	55.6	87.4	88.1	0.8
Forest Products	4.8	6.5	9.7	13.9	42.7
of which:					
Logs & Chips	0.0	0.0	0.0	0.0	-
Hardwood Lumber	0.0	0.0	0.2	0.2	30.3
Softwood&Treated Lumber	1.4	1.3	1.3	2.3	75.1
Panel Products	1.4	2.0	3.7	7.4	100.0

Other Value Added Wood Products	2.0	3.1	4.5	3.9	-13.5
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Source: USDA BICO

USDA BICO statistics show different values for bilateral trade between the U.S. and Lithuania than Eurostat statistics. According to BICO, Lithuanian imports of forest products from the U.S. in 2016 were valued at U.S. \$ 6.1 million and exports to the U.S. amounted to U.S. \$13.9 million. The difference occurs due to a different aggregation of products and transshipments included into the BICO statistics. Total trade between the U.S. and Lithuania has been constantly growing in recent years. In 2016 total trade of forest products between both countries increased by 40 percent and reached U.S. \$20.0 million.

Bilateral trade has increased on both the import and export sides. In 2016 Lithuanian imports of wood and wood products from the U.S. were higher by 34 percent than for 2015 and export of these products to the U.S. increased by 43 percent. The Lithuanian market, as in other Baltic States' wood markets, is highly sensitive due to changes in currency exchange rates and to price competitiveness. In 2015 Lithuania joined the EUR zone, which tightened its economy to global market developments and produced increased sensitivity to currency volatility between the Euro and U.S. dollar.

**Lithuania's Exports of Selected Wood & Wood Products to U.S.,  
Calendar Years, U.S. \$ (000)**

Commodity Code	Commodity	2013	2014	2015	% Share in 2015	% Change 2015/14
Wood & Wood Products		3,962	6,171	8,743	100	41.67
4407	Wood Sawn or Chipped	2,142	3,531	4,606	52.69	30.46
4409	Wood Continuously Shaped	-	3	59	0.68	1923.83
4408	Veneer Sheets	-	7	295	3.37	4132.43
4420	Wood Marquetry, Jewel Case etc.	203	72	15	0.17	-78.73
4415	Packings Etc, Wood; Pallets, Collars Etc, Of Wood	37	32	20	0.22	-38.27
4418	Builders' Joinery And Carpentry Of Wood	1,536	2,523	3,746	42.85	48.48

Source: Eurostat

**Lithuania's Imports of Selected Wood & Wood Products from U.S.,**

**Calendar Years, U.S. \$ (000)**

Commodity Code	Commodity	2013	2014	2015	% Share in 2015	% Change 2015/14
Wood & Wood Products		3,709	4,703	4,990	100	6.1
4407	Wood Sawn or Chipped	3,197	3,741	3,275	65.63	-12.47
4409	Wood Continuously Shaped	-	-	2	0.05	1085.23
4408	Veneer Sheets	344	856	1,668	33.43	94.86
4420	Wood Marquetry, Jewel Case etc.	9	2	1	0.02	-46.39
4411	Fiberboard Of Wood Or Other Ligneous Materials	139	91	36	0.71	-60.88
4418	Builders' Joinery And Carpentry Of Wood	11	1	-	0	-70.64

Source: Eurostat

**Lithuania's Import from U.S. of Wood Sawn or Chipped Lengthwise, Sliced Or Peeled, More Than 6 Mm (.236 In.) Thick (HS: 4407), Calendar Years.**

Commodity	Description	U.S. \$ (000)			% Share in 2015	% Change 2015/2014
		2013	2014	2015		
4407	Wood Sawn Or Chipped Length, Sliced Etc, Ov6 Mm Th	3,197	3,741	3,275	100	-12.47
440795	Ash, Sawn or Chipped Lengthwise, Sliced or Peeled	-	29	-	0	-100
440791	Oak Wood, Sawn, Sliced Etc, Over 6 Mm Thick	1,973	2,231	1,247	38.08	-44.1
440799	Non coniferous Wood Nesoi, Sawn, Sliced Etc, Ov 6Mm	1,214	1,197	1,770	54.04	47.79
440793	Maple Sawn or Chipped Lengthwise, Sliced Or Peeled	9	191	236	7.22	23.67
440794	Cherry, Sawn/Chipped Lengthwise, Sliced/Peeled	1,214	1,197	1,770	0	-100
440710	Coniferous Wood Sawn, Sliced Etc, Over 6 Mm Thick	2	-	22	0.66	n/a

Source: Eurostat

Wood sawn or chipped dominates in the value of products sourced from the United States to Lithuania. Veneer sheets sales take the second position in this regard. Lithuania sources mostly oak and non-coniferous wood. To some extent there is potential for U.S. hardwood exports as a niche raw material for Lithuanian wood processors, especially for the furniture industry. The wood market in Lithuania is strongly dependent on Lithuania's policy makers. A deep reform of the sector is expected. Lithuania exports about 20 percent of its wood resources, but to a great extent the wood is unprocessed and this suppresses the sector's income possibilities. More value added orientation would be beneficial for all parties in the wood industry. The growth in the furniture industry in Lithuania and solid potential for increasing processed sawn wood and wood products in Lithuania can be seen to provide opportunities for cooperation with the U.S. wood exporters.

**Lithuania's Imports of Logs & Chips per countries of origin, Calendar Years.**

Partner Country	U.S. \$ (000)			% Share			% Change 2015/2014
	2013	2014	2015	2013	2014	2015	
World	32,255	38,911	27,376	100.00	100.00	100.00	- 29.65
Belarus	10,848	12,770	11,789	33.63	32.82	43.06	- 7.68
Latvia	10,866	14,122	6,816	33.69	36.29	24.90	- 51.74
Poland	6,505	8,320	5,803	20.17	21.38	21.20	- 30.25
Ukraine	3,047	2,613	1,631	9.45	6.72	5.96	- 37.58
Russia	10	32	743	0.03	0.08	2.72	2223.72
Germany	188	312	228	0.58	0.80	0.83	- 27.14
Estonia	380	54	133	1.18	0.14	0.49	144.68
Norway	176	148	74	0.55	0.38	0.27	- 49.70
Belgium	137	262	38	0.43	0.67	0.14	- 85.41

Source: Eurostat

**Lithuania's Imports of Panel Products (incl. Plywood) per countries of origin, Calendar Years.**

Partner Country	U.S. \$ (000)			% Share			% Change 2015/2014
	2013	2014	2015	2013	2014	2015	
World	208,913	245,449	205,668	100.00	100.00	100.00	- 16.21
Poland	83,717	90,270	69,409	40.07	36.78	33.75	- 23.11
Latvia	35,779	37,829	37,755	17.13	15.41	18.36	- 0.19
Germany	14,335	15,454	17,544	6.86	6.30	8.53	13.53
Russia	10,765	14,192	12,826	5.15	5.78	6.24	- 9.63
Belarus	8,346	16,185	12,703	4.00	6.59	6.18	- 21.51
Ukraine	6,296	9,732	10,984	3.01	3.97	5.34	12.86
Estonia	7,091	12,020	9,763	3.39	4.90	4.75	- 18.78
Romania	9,151	9,134	6,189	4.38	3.72	3.01	- 32.24
Finland	6,786	7,286	5,853	3.25	2.97	2.85	- 19.67
Italy	2,899	6,006	3,382	1.39	2.45	1.64	- 43.69
Netherlands	3,361	3,113	2,772	1.61	1.27	1.35	- 10.95

Czech Republic	4,402	4,832	2,749	2.11	1.97	1.34	- 43.12
Belgium	2,699	3,166	2,539	1.29	1.29	1.23	- 19.80
Austria	3,064	3,212	2,118	1.47	1.31	1.03	- 34.06
United States	489	954	1,704	0.23	0.39	0.83	78.63

Source: Eurostat

**Lithuania's Imports of Softwood and Treated Lumber per countries of origin,  
Calendar Years.**

Partner Country	U.S. \$ (000)			% Share			% Change
	2013	2014	2015	2013	2014	2015	2015/2014
World	64,543	90,711	82,853	100.00	100.00	100.00	- 8.66
Belarus	17,453	30,369	28,852	27.04	33.48	34.82	- 5.00
Russia	17,170	21,457	19,766	26.60	23.65	23.86	- 7.88
Latvia	16,215	19,689	19,327	25.12	21.71	23.33	- 1.84
Finland	2,896	5,308	4,763	4.49	5.85	5.75	- 10.28
Sweden	4,960	6,346	4,512	7.68	7.00	5.45	- 28.91
Estonia	2,803	2,997	2,378	4.34	3.30	2.87	- 20.66
Ukraine	829	2,437	1,421	1.28	2.69	1.72	- 41.70
Austria	281	151	530	0.44	0.17	0.64	251.12
United Kingdom	-	-	420	0.00	0.00	0.51	-
Denmark	534	613	414	0.83	0.68	0.50	- 32.48
Germany	313	326	139	0.48	0.36	0.17	- 57.29
Poland	627	473	117	0.97	0.52	0.14	- 75.29
Canada	156	327	71	0.24	0.36	0.09	- 78.40
Norway	173	94	56	0.27	0.10	0.07	- 40.71
<i>United States</i>	<i>2</i>	<i>-</i>	<i>22</i>	<i>0.00</i>	<i>0.00</i>	<i>0.03</i>	<i>0.00</i>

Source: Eurostat

**Lithuania's Imports of Hardwood Lumber per countries of origin, Calendar Years.**

Partner Country	U.S. \$ (000)			% Share			% Change
	2013	2014	2015	2013	2014	2015	2015/2014
World	57,622	68,561	69,383	100.00	100.00	100.00	1.20
Ukraine	21,446	25,174	25,520	37.22	36.72	36.78	1.37
Poland	10,270	11,883	12,118	17.82	17.33	17.46	1.98
Austria	4,256	5,963	7,232	7.39	8.70	10.42	21.28
Russia	1,636	2,958	5,314	2.84	4.31	7.66	79.66
Ecuador	3,563	3,348	4,300	6.18	4.88	6.20	28.42
United States	3,196	3,741	3,253	5.55	5.46	4.69	- 13.04
Belarus	606	1,579	2,063	1.05	2.30	2.97	30.68
Latvia	2,477	2,723	1,903	4.30	3.97	2.74	- 30.12
Germany	1,535	2,285	1,852	2.66	3.33	2.67	- 18.95
Estonia	651	1,066	861	1.13	1.56	1.24	- 19.27
Sweden	3,771	1,686	713	6.55	2.46	1.03	- 57.70

Canada	746	1,526	610	1.29	2.23	0.88	- 59.98
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Source: Eurostat

## Policy

Lithuania benefits from financial support for forest management from the European Union (EU). According to the Ministry of Environment, more than ten forestry and related measures are supported from the EU Rural Development Program (RDP) 2014-2020. EUR 130 million (U.S. \$136.7 million) was allocated for the program from the EU budget, accounting for 10-15 percent of total income in the forestry sector in Lithuania. EUR 160 million (U.S. \$168.2 million) had been already used for forestry activities from then RDP 2007-2013 budget. 70 percent of this support was used for afforestation of non-forest land, and most of this support was consumed by private forests.

In Lithuania the general forest policy is strongly oriented towards forest land protection. In 2014 the national protected areas covered over 1 million hectares, 16 percent, of total Lithuanian territory. Lithuanian Law requires mandatory reforestation of clear-cuts and expansion of forest area through afforestation of abandoned lands. Clear-cut areas should be reforested within 3 years after cutting. State forests reforest 10,000 hectares of clear cuts and private forests reforest 4-7,000 hectares.

As a policy measure, Lithuania applies an electronic system for round wood sales. Since 2012, electronic auctions handle sales and marketing of wood produced by State Forest Enterprises. The auction system can be found on the web site: [www.gmu.lt](http://www.gmu.lt)

In 2012 the Lithuanian Government adopted The National Forestry Sector Development Program for 2012–2020. The Program plans to increase the volume of non-merchantable timber and forest felling residues used for biofuel production each year from 0.3 million cubic meters in 2015 to 0.5 million cubic meters in 2020. In 2015 the Ministry of Environment adopted the Biofuel Mobilization Plan which increases the amount of biofuel supplied to the market from forests while matching biodiversity conservation and forest industry needs.

### Certification Schemes for forest products

State Forest Enterprises is certified for Forest Stewardship Council (FSC) forest management and chain of custody. According to UNECE, State Forest Enterprises produce about 3.8 million cubic meters of FSC certified round wood, 50 percent of all round wood volume produced in Lithuania.

### Lithuanian timber industry associations

Asociacija Lietuvos Mediena  
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**End of Report.**