

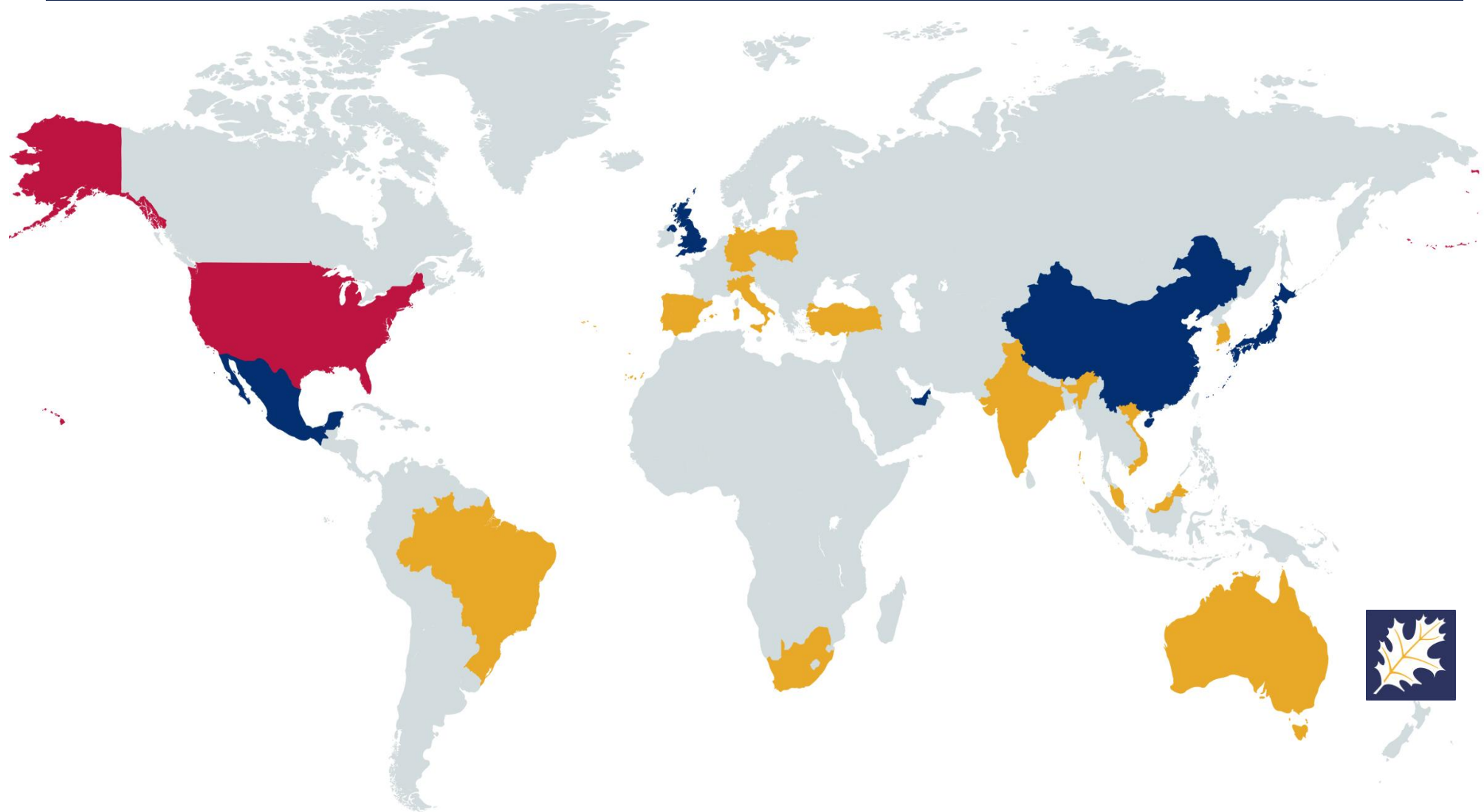


Export Market Overview: Tariffs, Trade Wars and EUDR

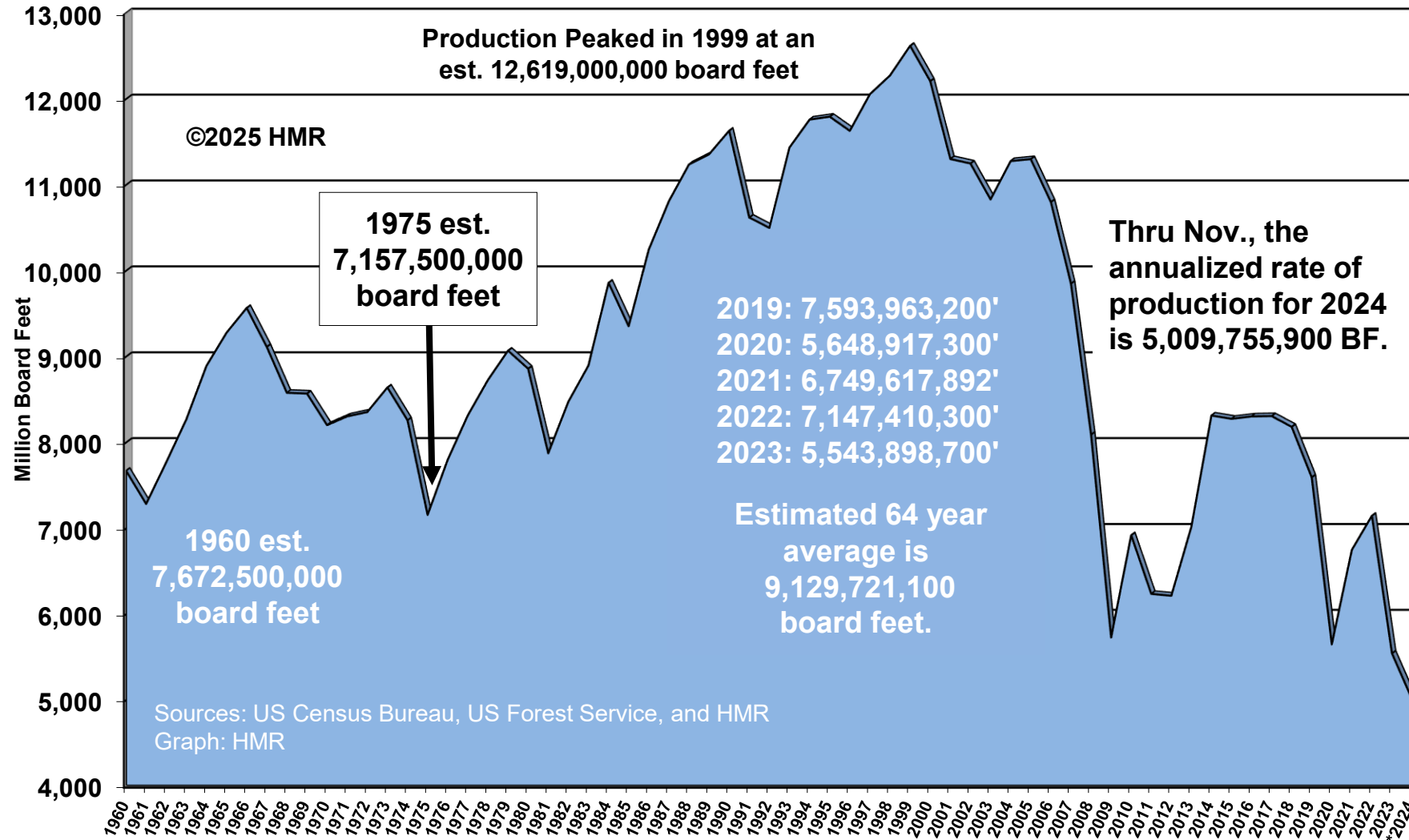
Michael S Snow
Executive Director
American Hardwood Export Council
July 2025



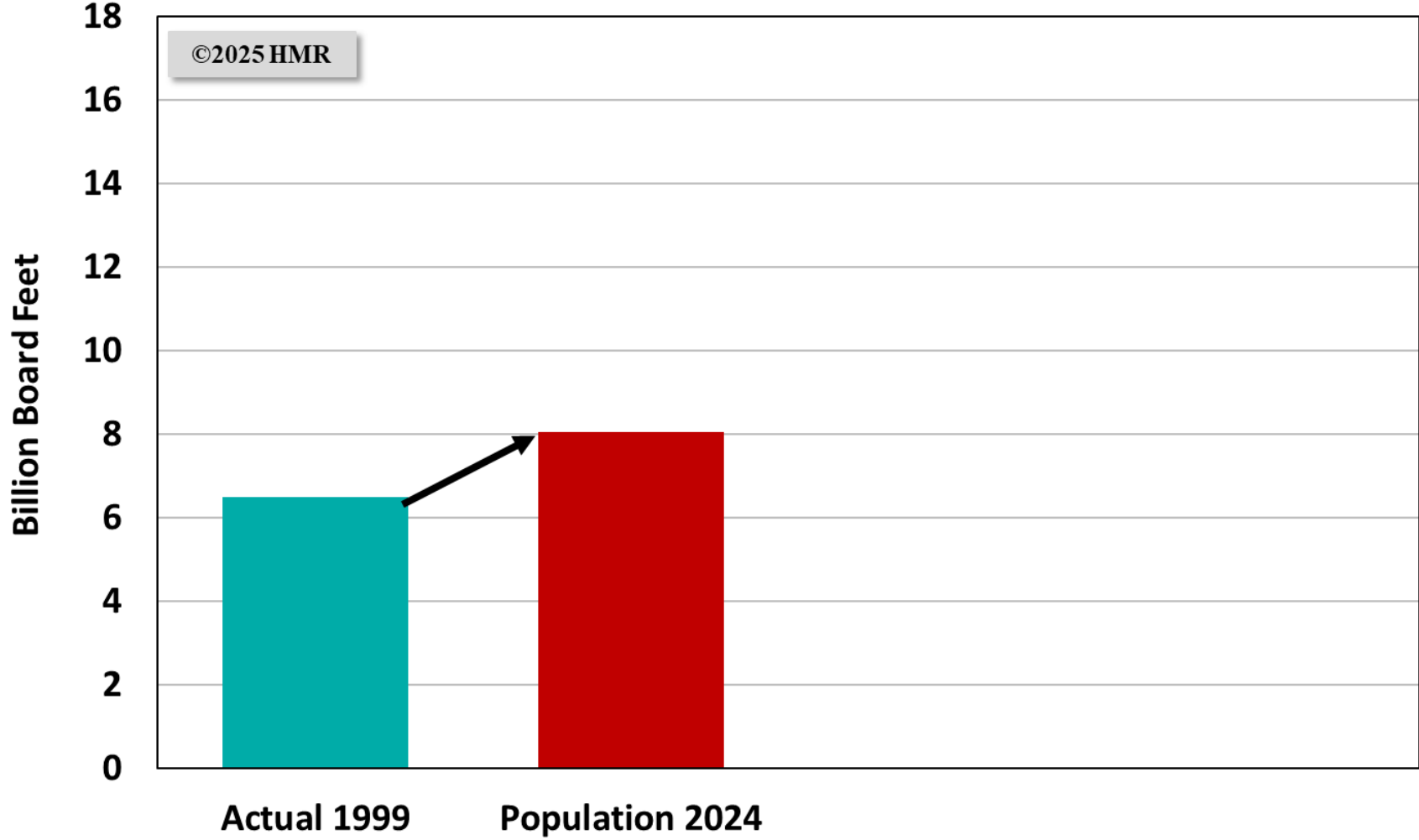
AHEC's International Reach



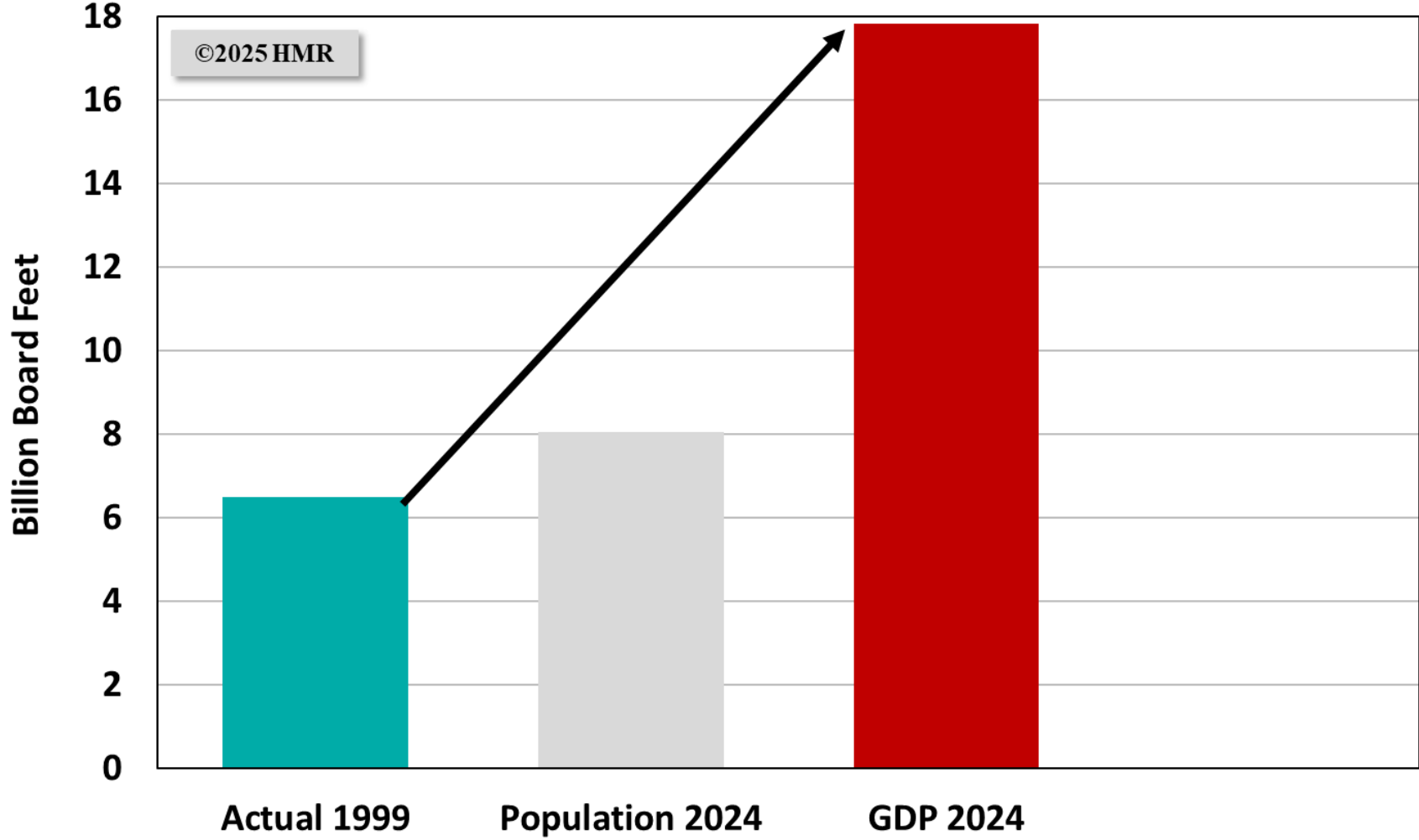
Eastern US Hardwood Production



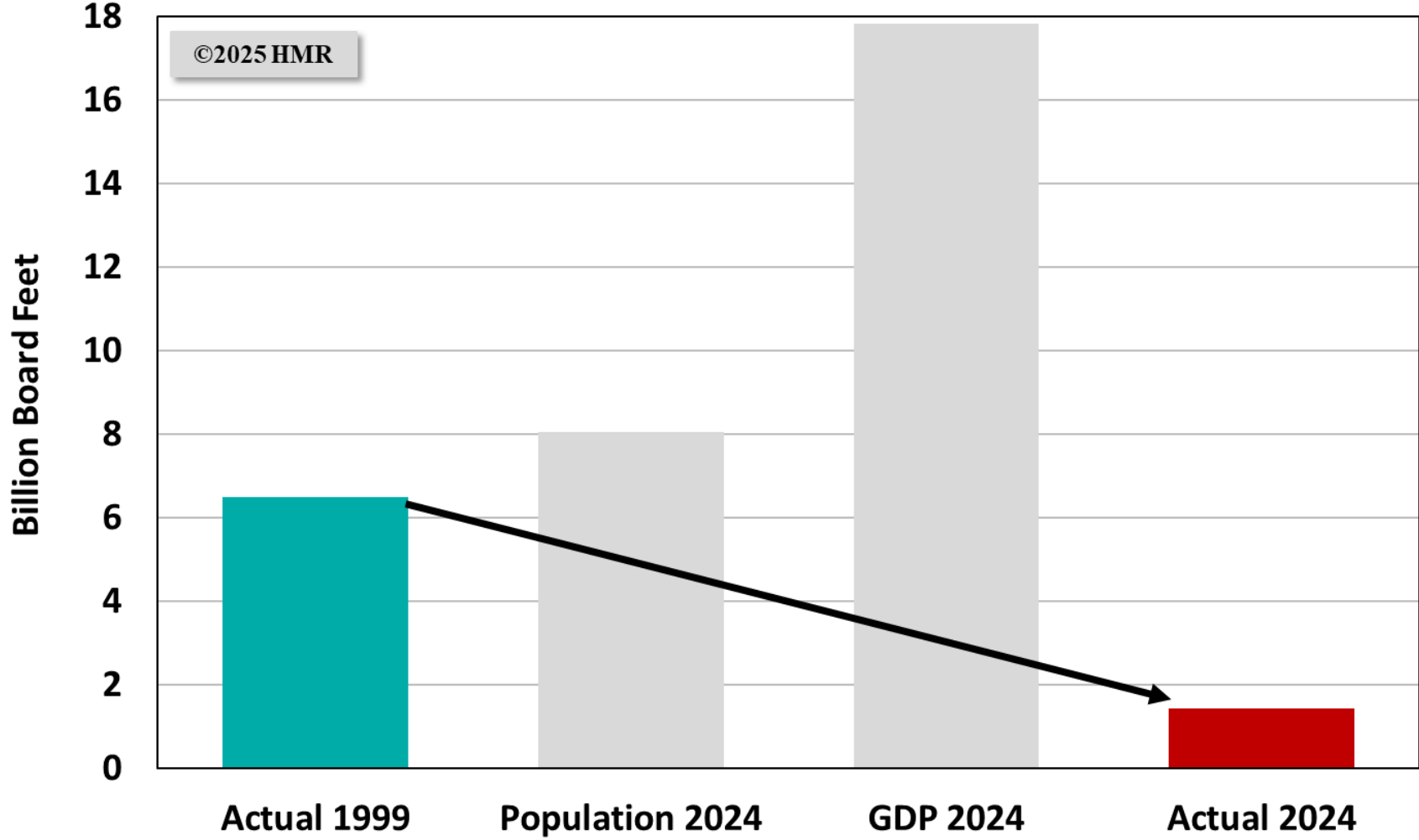
US Consumption of Hardwood Grade Lumber



US Consumption of Hardwood Grade Lumber

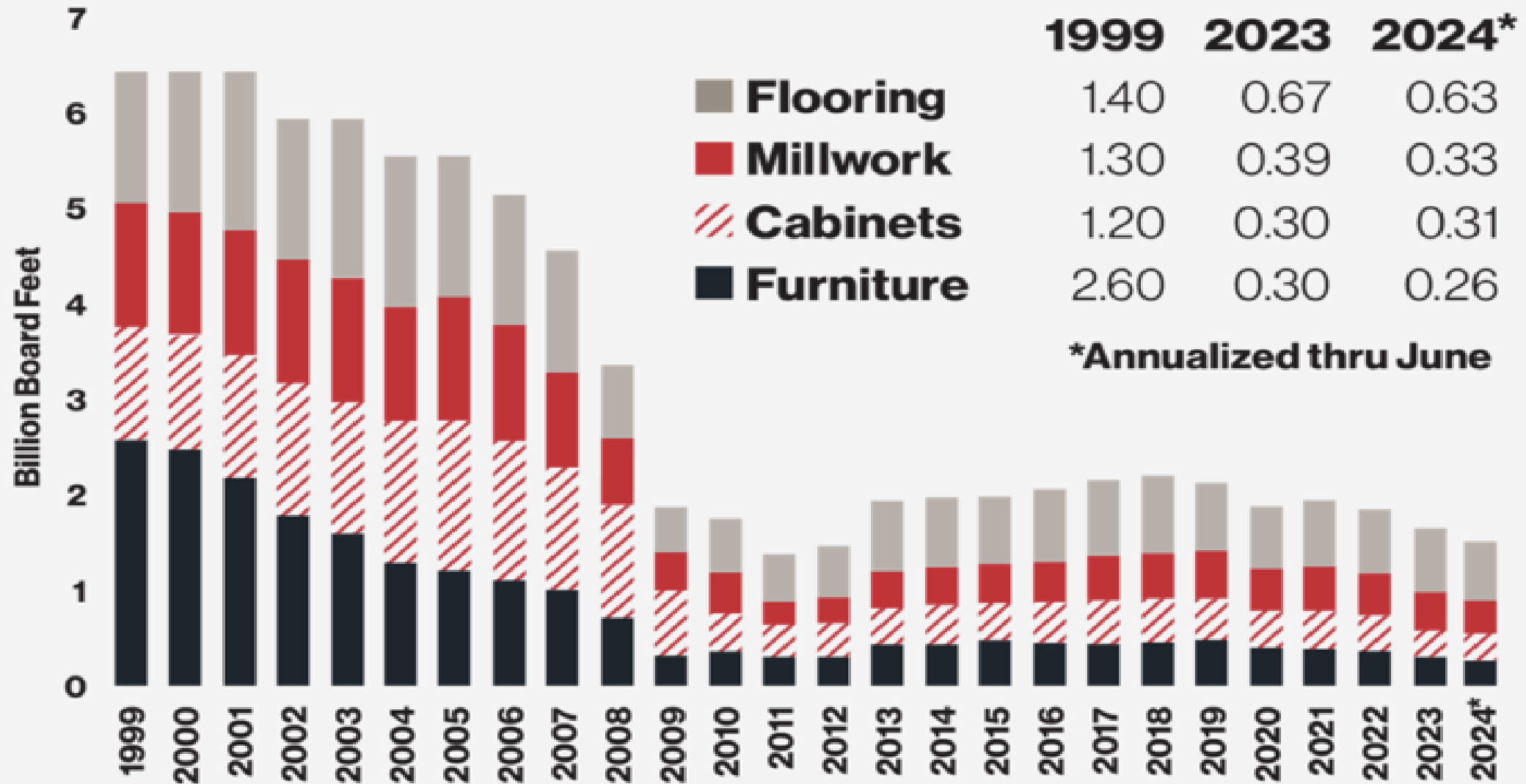


US Consumption of Hardwood Grade Lumber

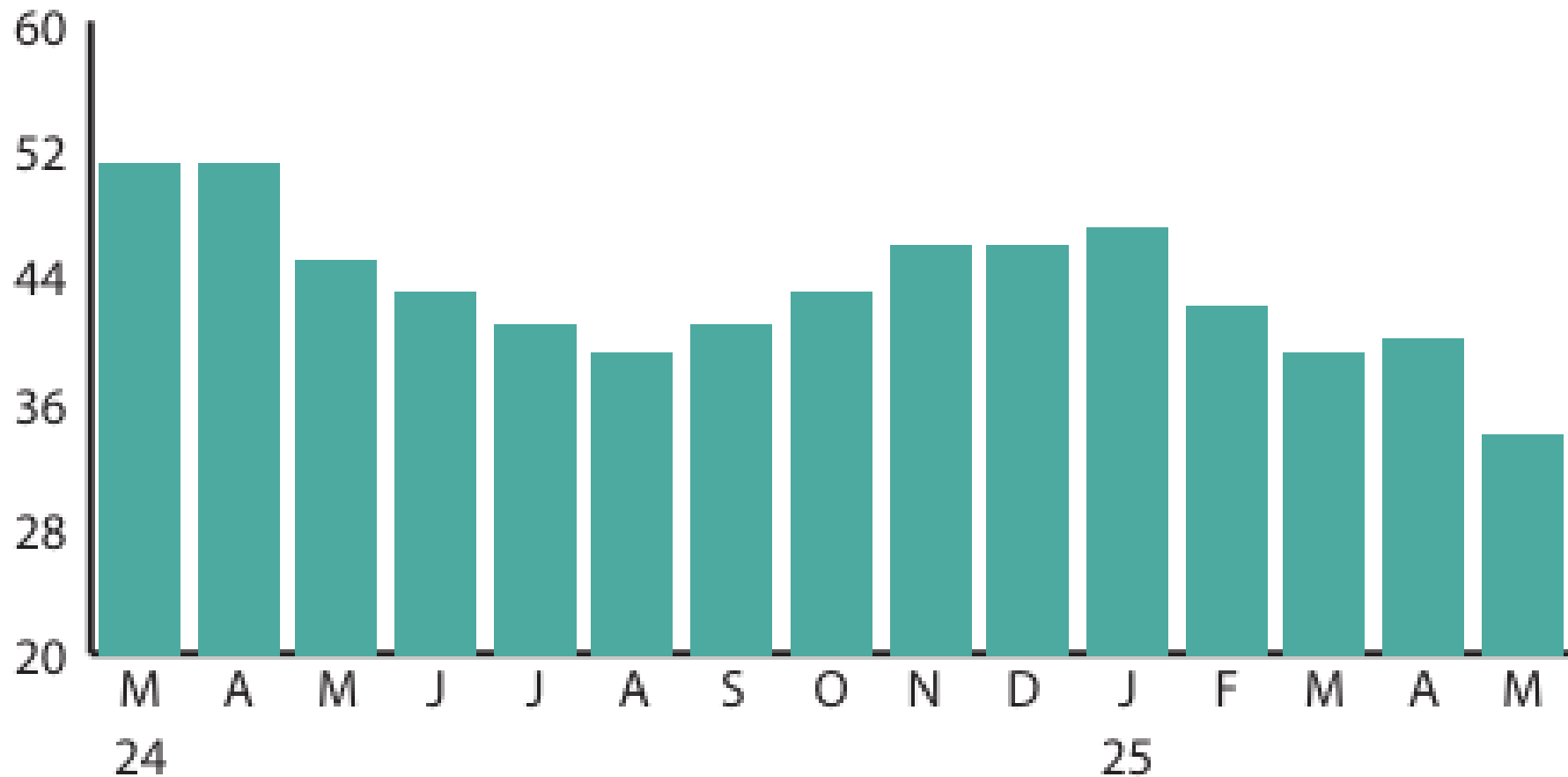


US Consumption of Hardwood Grade Lumber by Sector

Courtesy of Hardwood Market Report

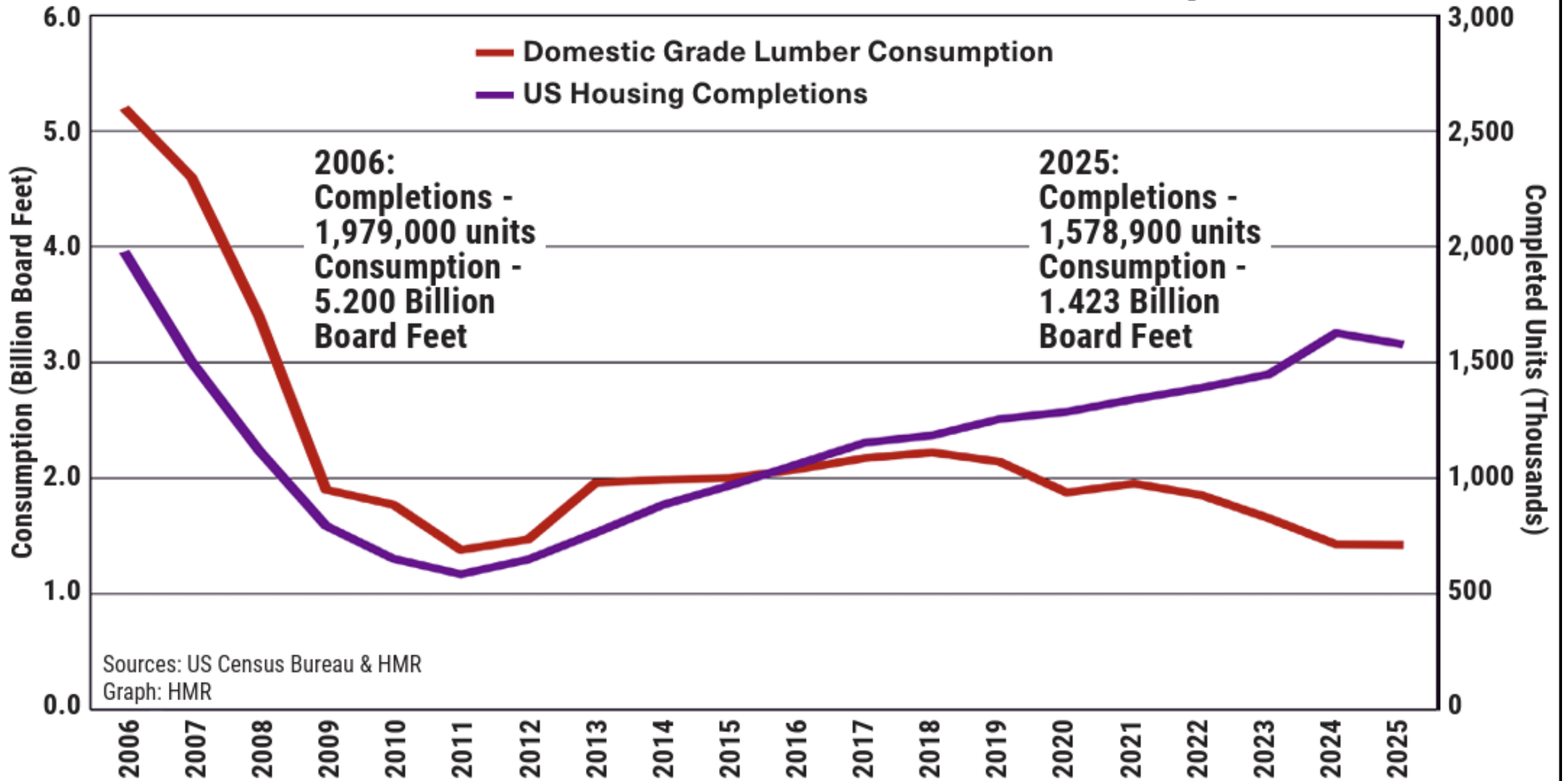


Dropping Housing Market Index Just One Factor Slowing Wood Markets



Source: National Association of Home Builders

Total US Housing Completions and Domestic Grade Hardwood Lumber Consumption

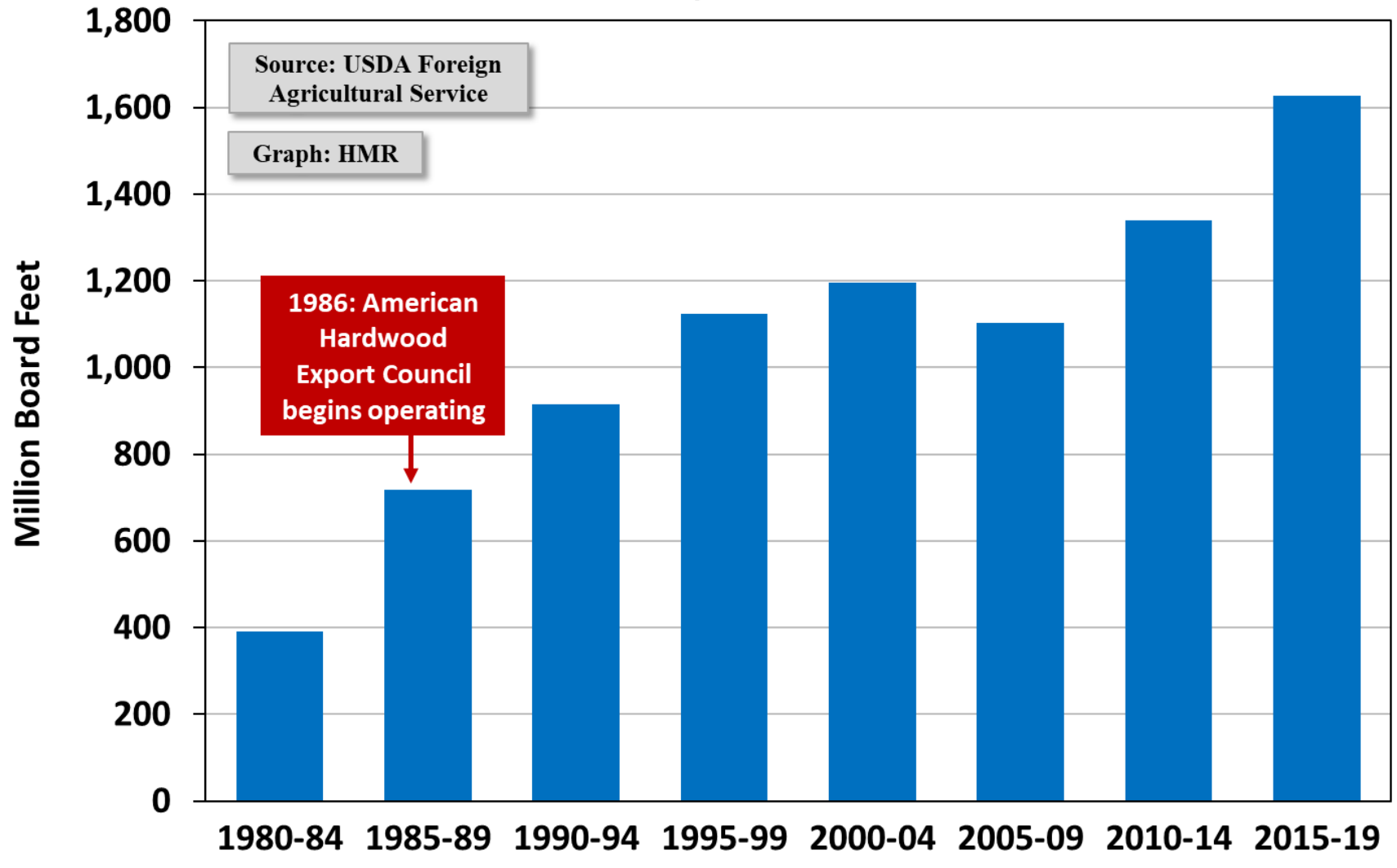




**AMERICAN
HARDWOOD
EXPORT
COUNCIL**



US Exports of Hardwood Lumber (annual average per 5-year period)



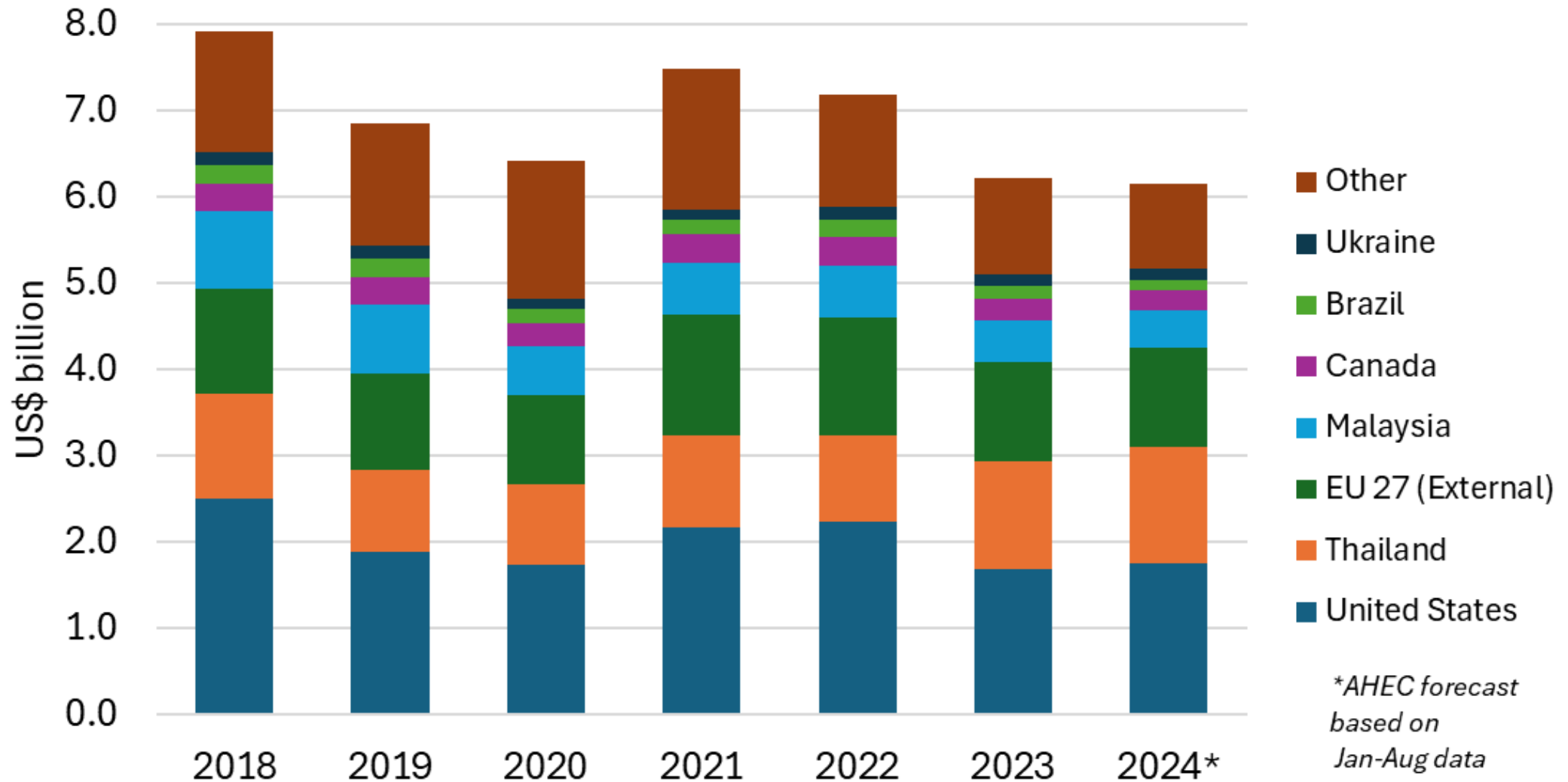
Global Middle Class will be Dominant by 2030



Figures in parenthesis indicate the increase/decrease in the number of people in each category by 2030.

Source: The Brookings Institution
Projections by World Data Lab

Hardwood lumber exporters

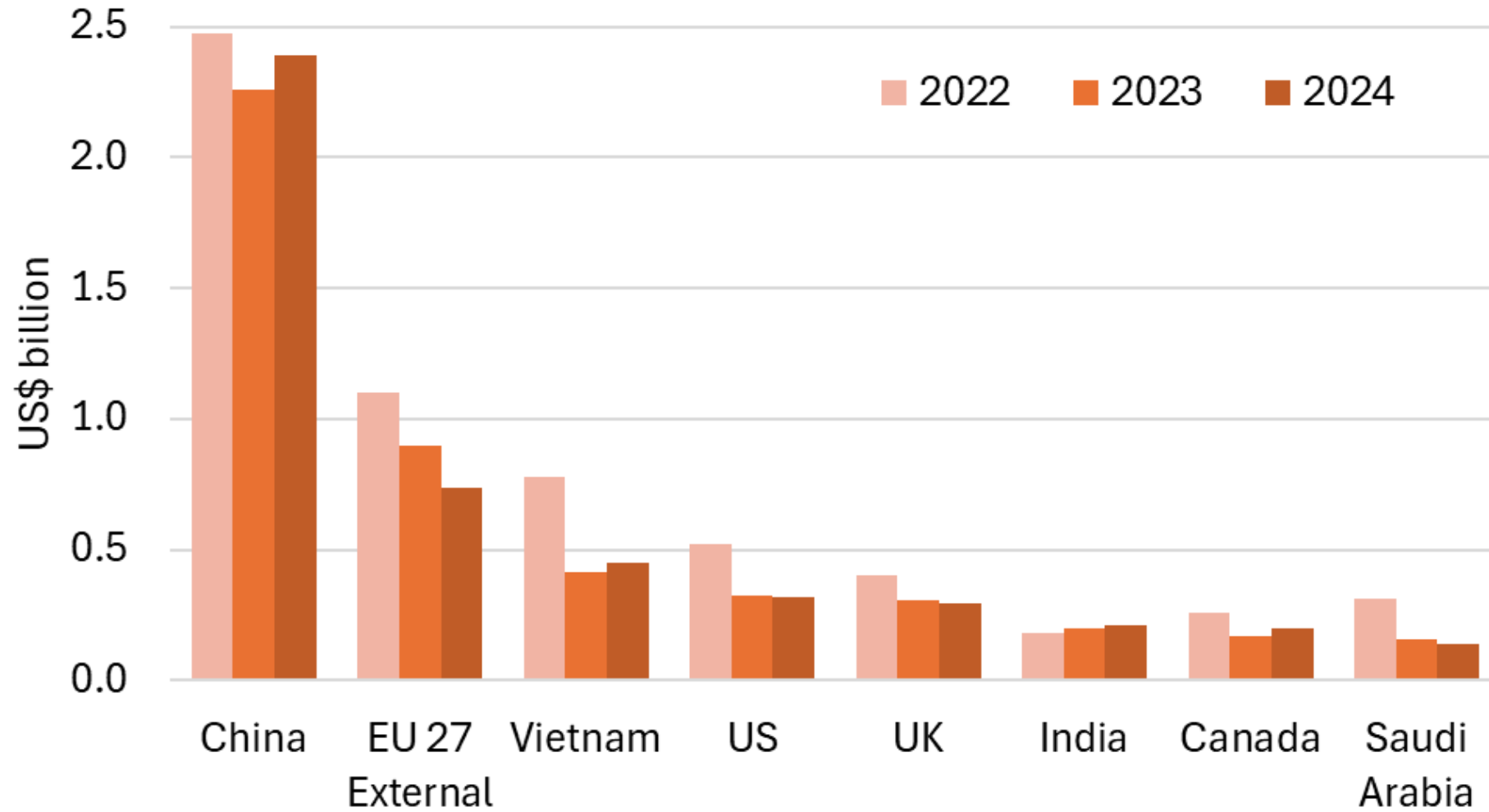


Source: Trade Data Monitor

*AHEC forecast
based on
Jan-Aug data

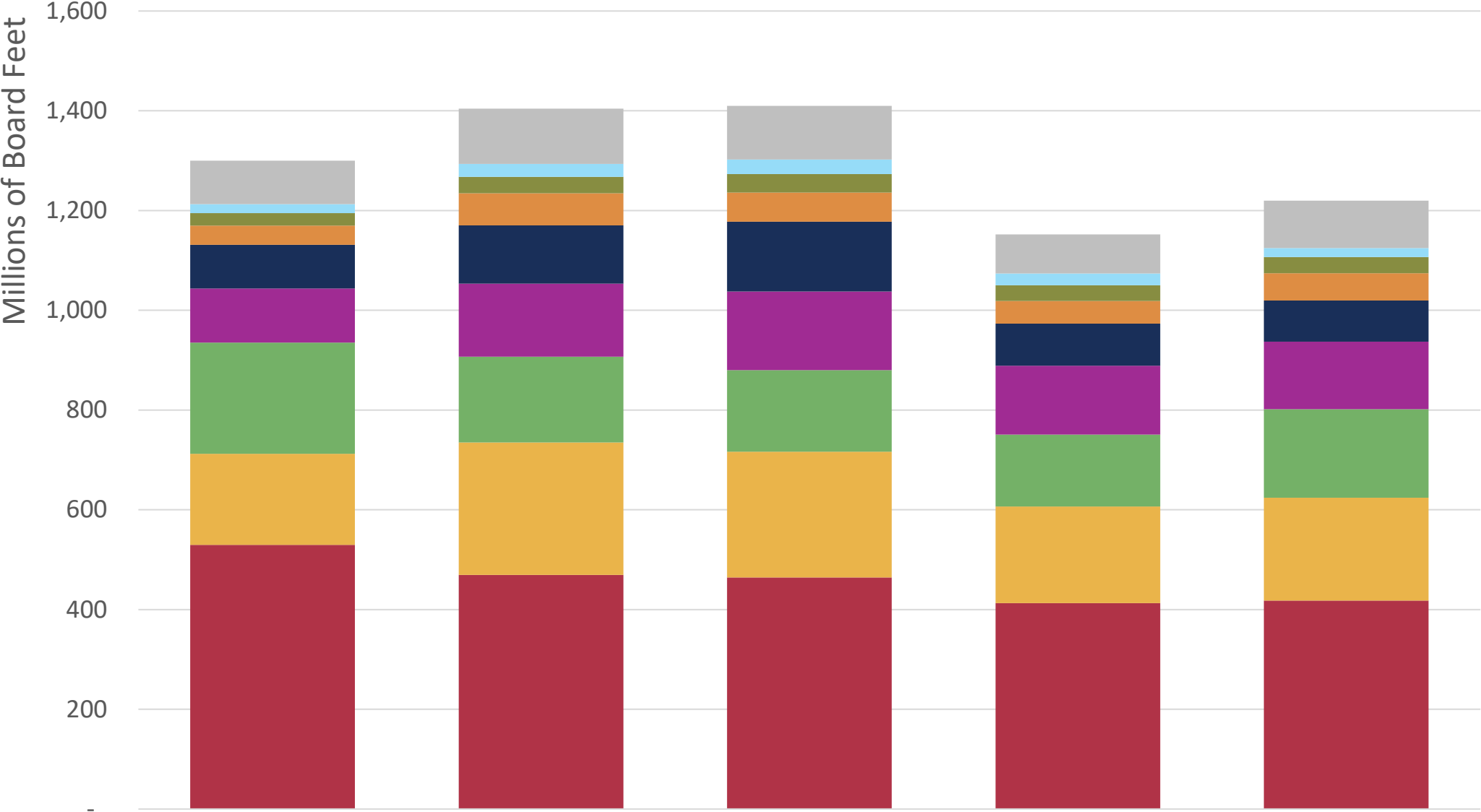
Hardwood lumber importers

January to August



Source: Trade Data Monitor

US Lumber Exports (Volume, Board Feet)

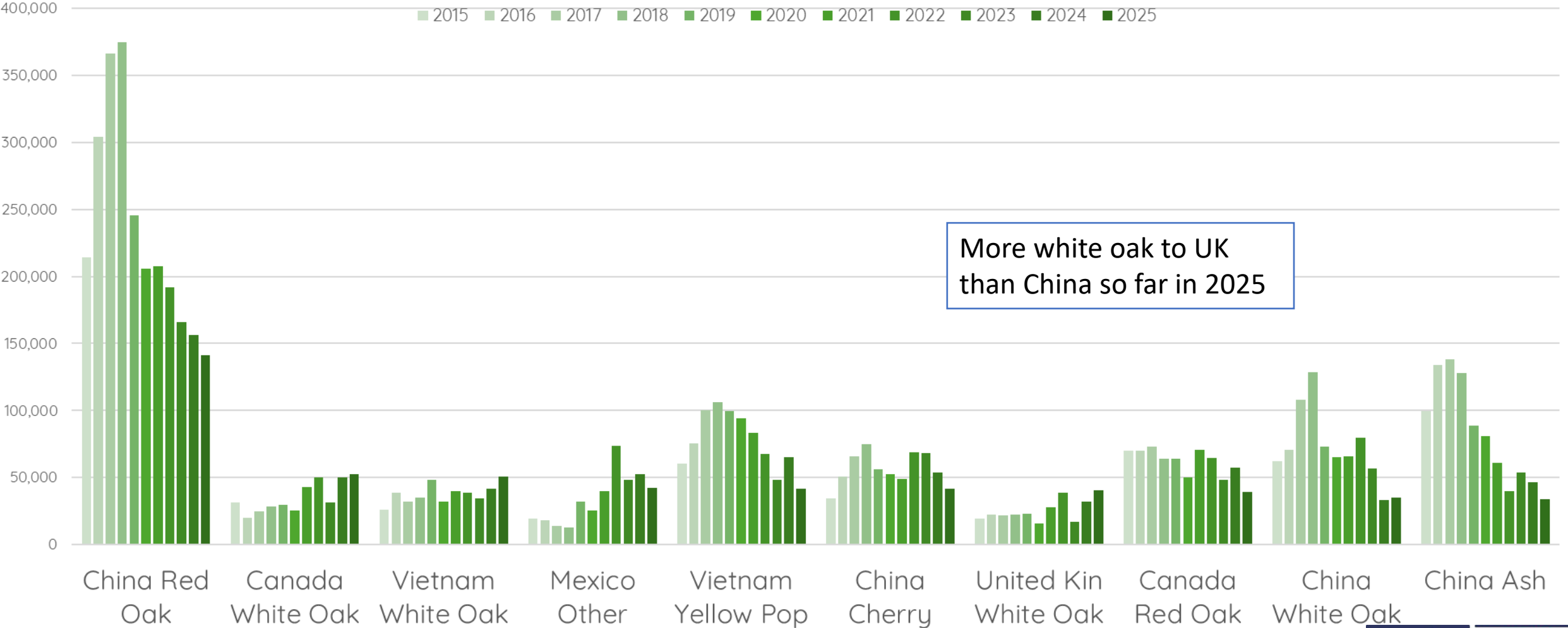


- OTHER
- Japan
- Mid. East & N. Africa
- United Kingdom
- European Union
- Mexico
- Vietnam
- Canada
- China

Source: U.S. Census Bureau Trade Data, in Board Feet



Top Markets for US Hardwood Lumber Jan-May, Volume m3



More white oak to UK than China so far in 2025

Source: U.S. Census Bureau Trade Data





A Word About Tariffs

Mike Snow

American Hardwood Export Council

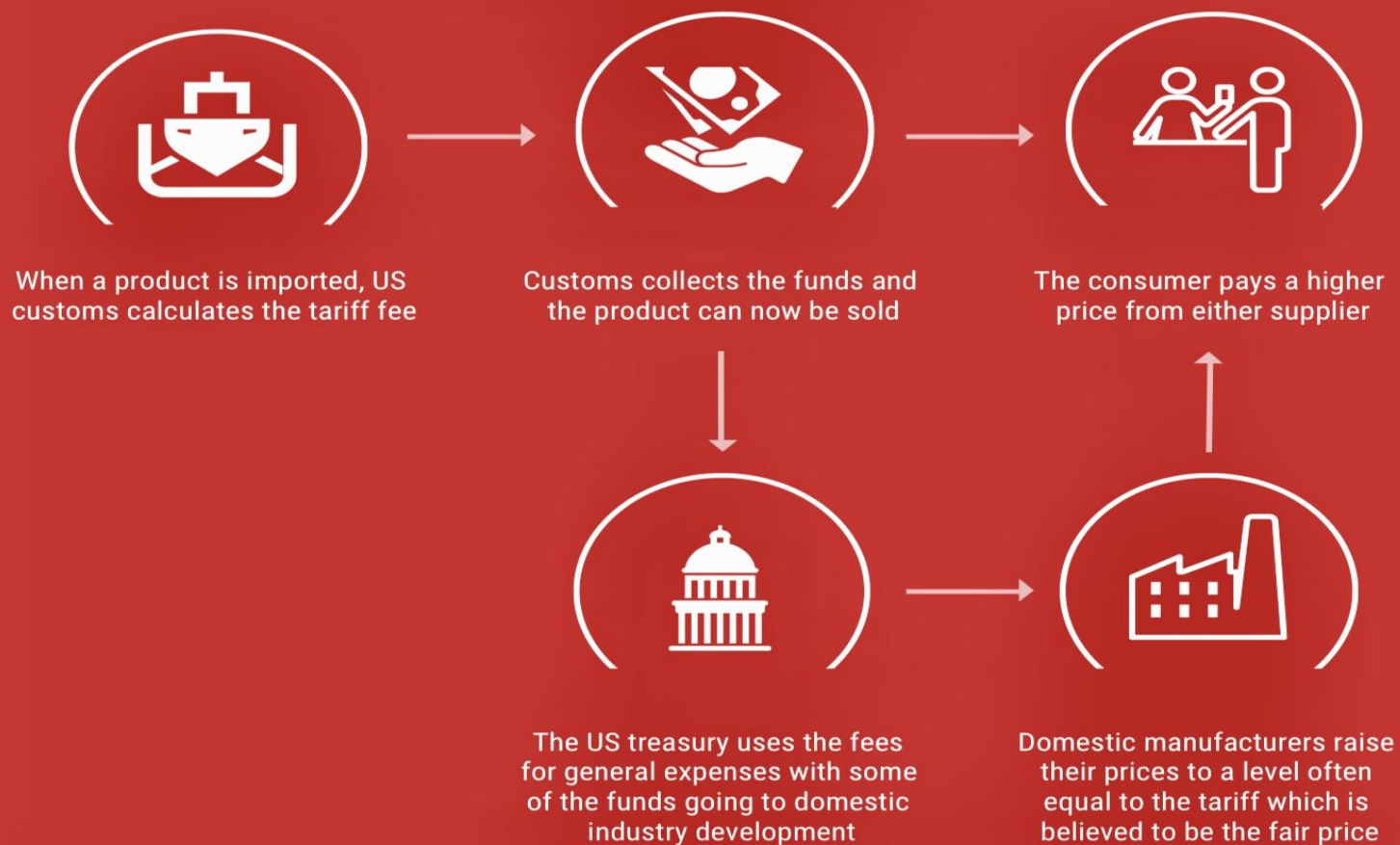
July 2025



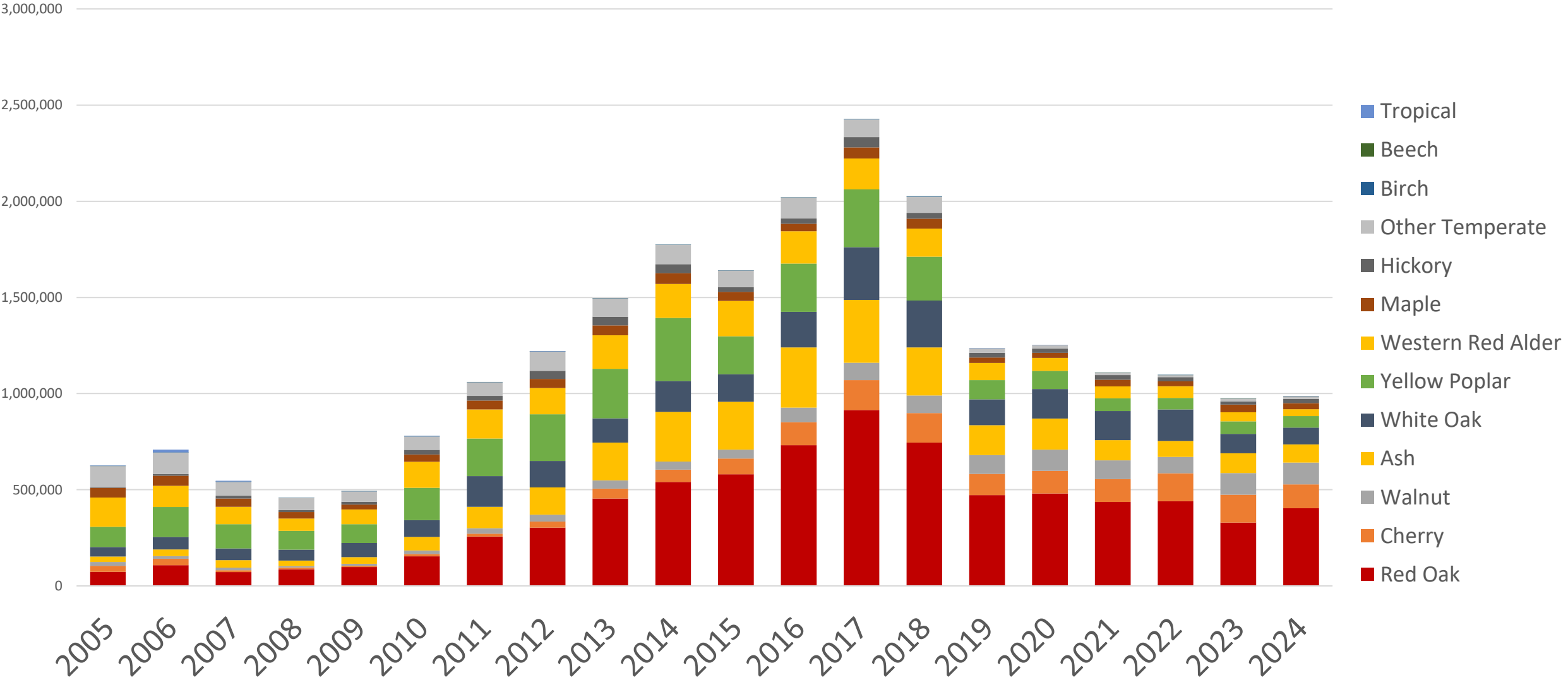
IMPORT TARIFFS 101

WHY THE PRICE OF DOMESTIC GOODS INCREASES

How Tariffs Work



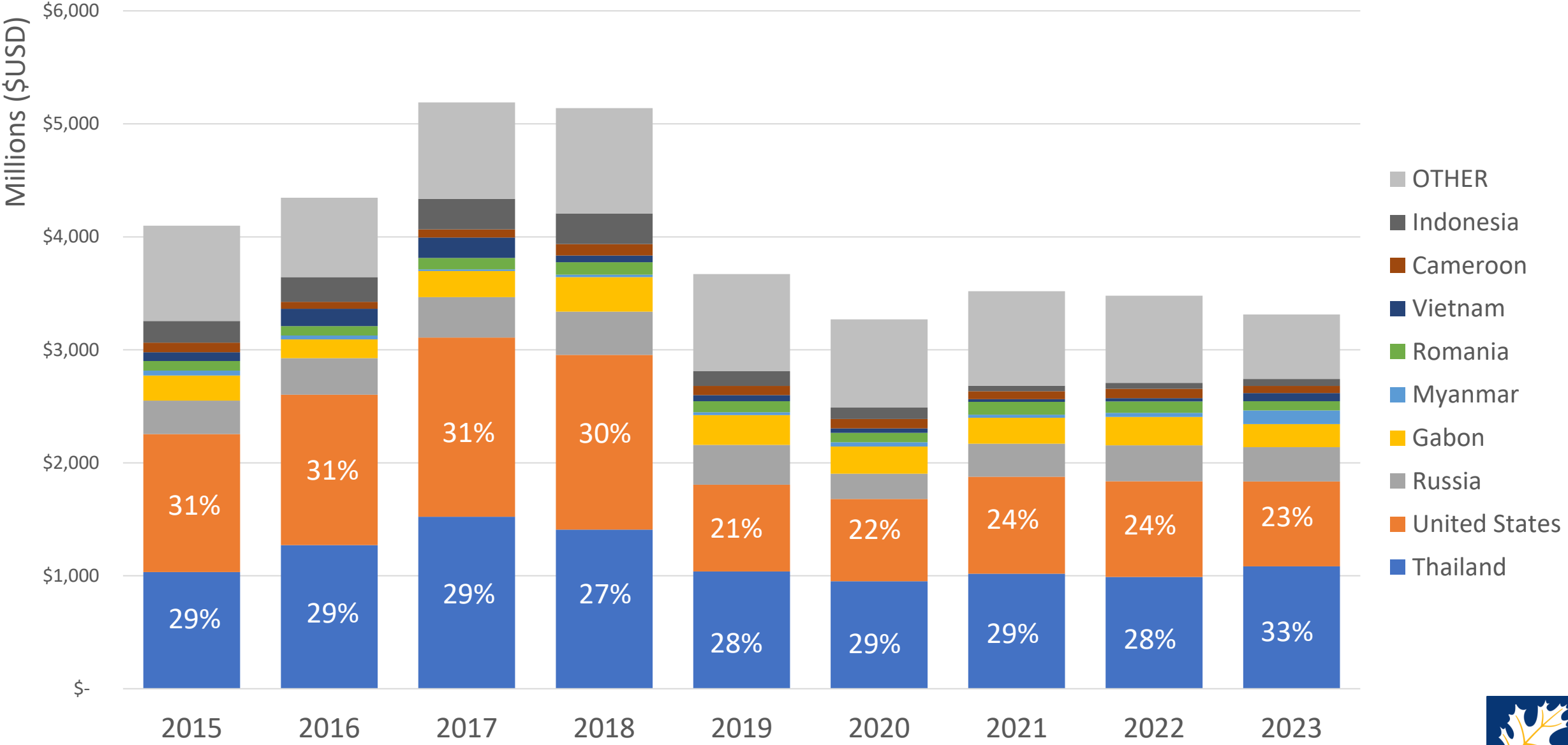
US Hardwood Lumber to China (Volume m3)



Source: U.S. Census Bureau Trade Data



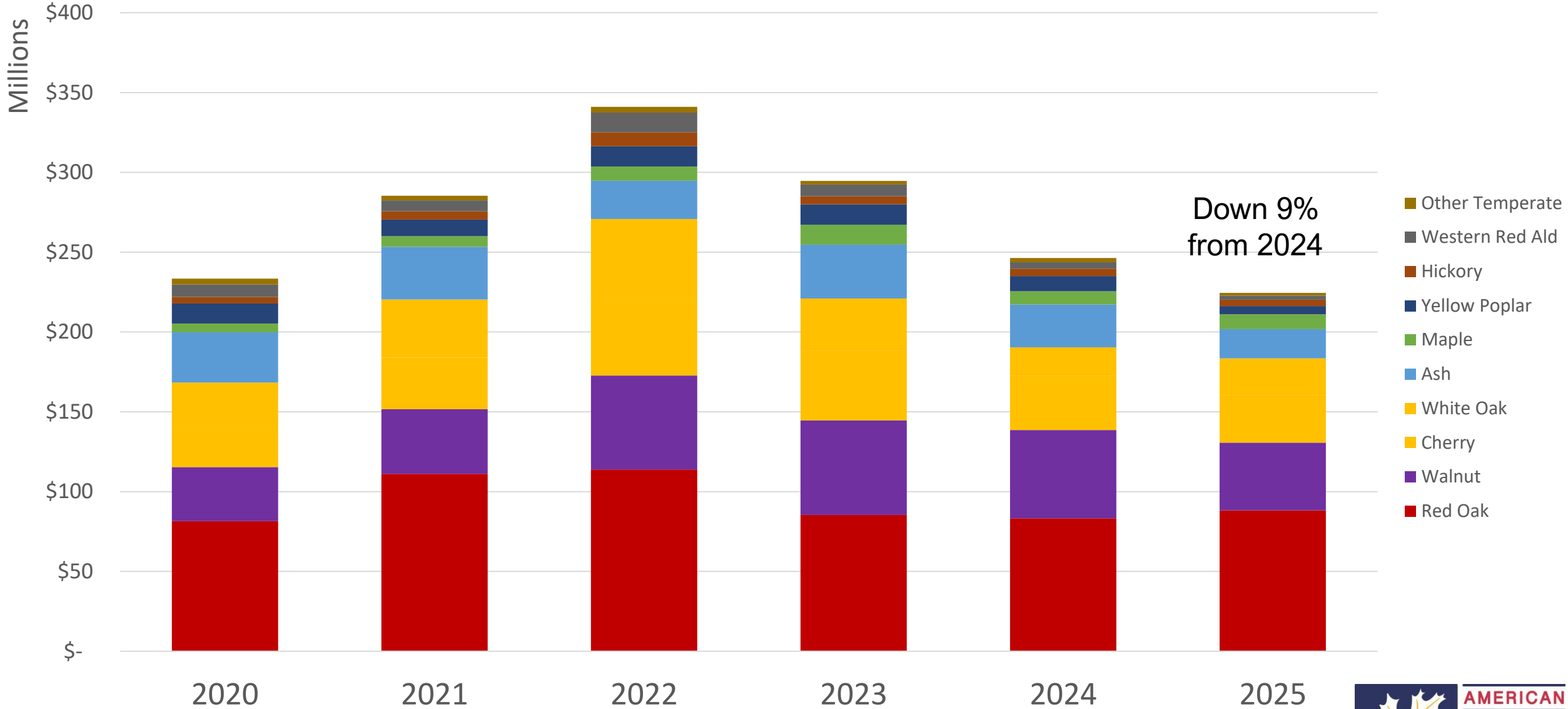
China Lumber Imports from All Sources



Source: U.S. Census Bureau Trade Data

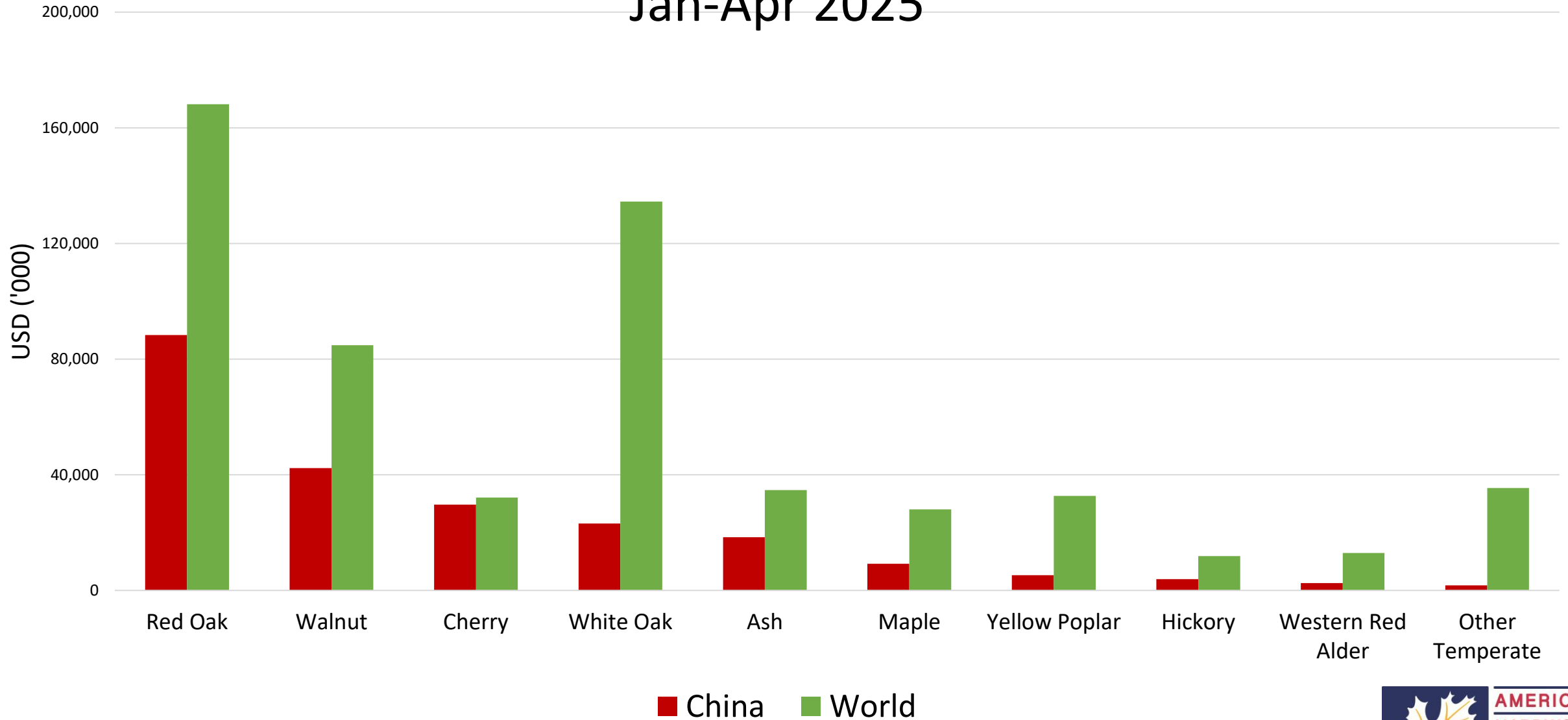


US Hardwood Lumber Exports to China (Jan-April)

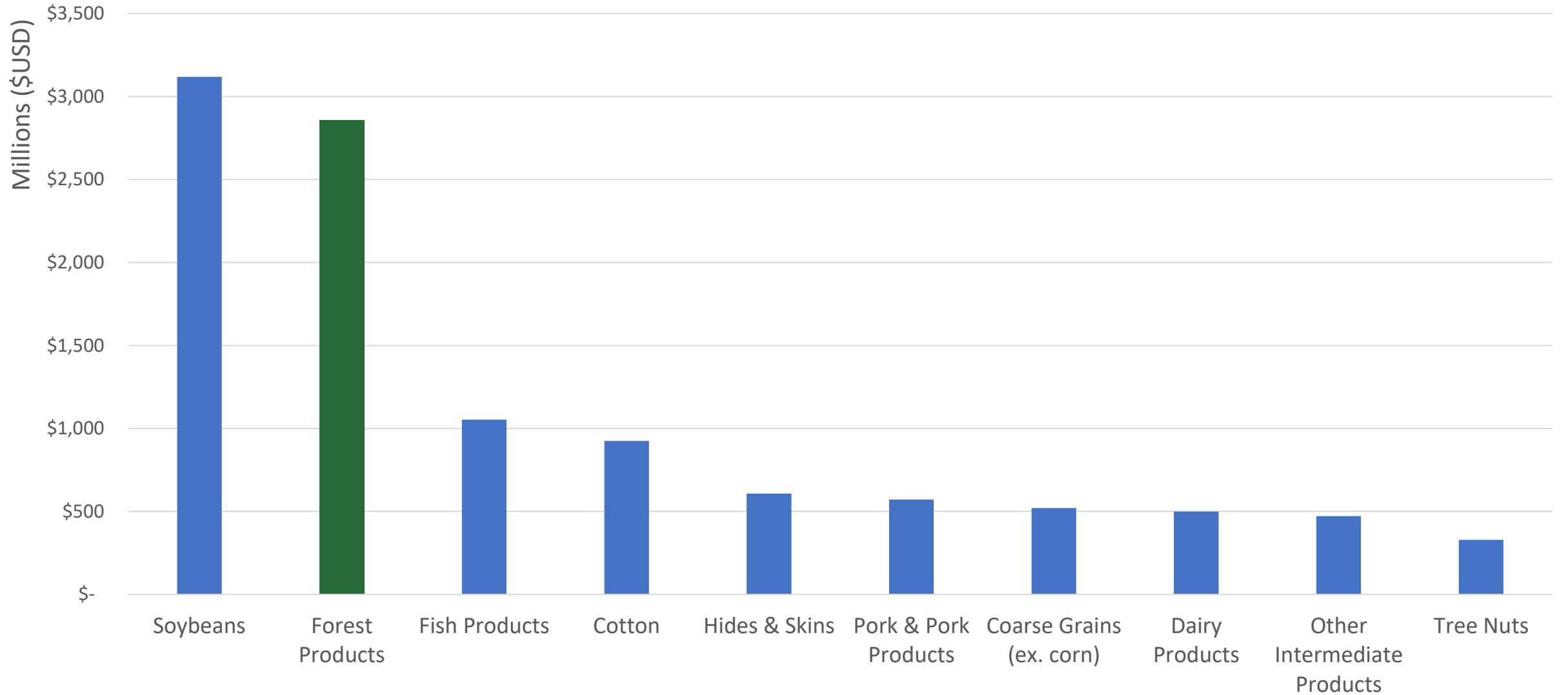


Top Species to Mainland China vs World Total

Jan-Apr 2025

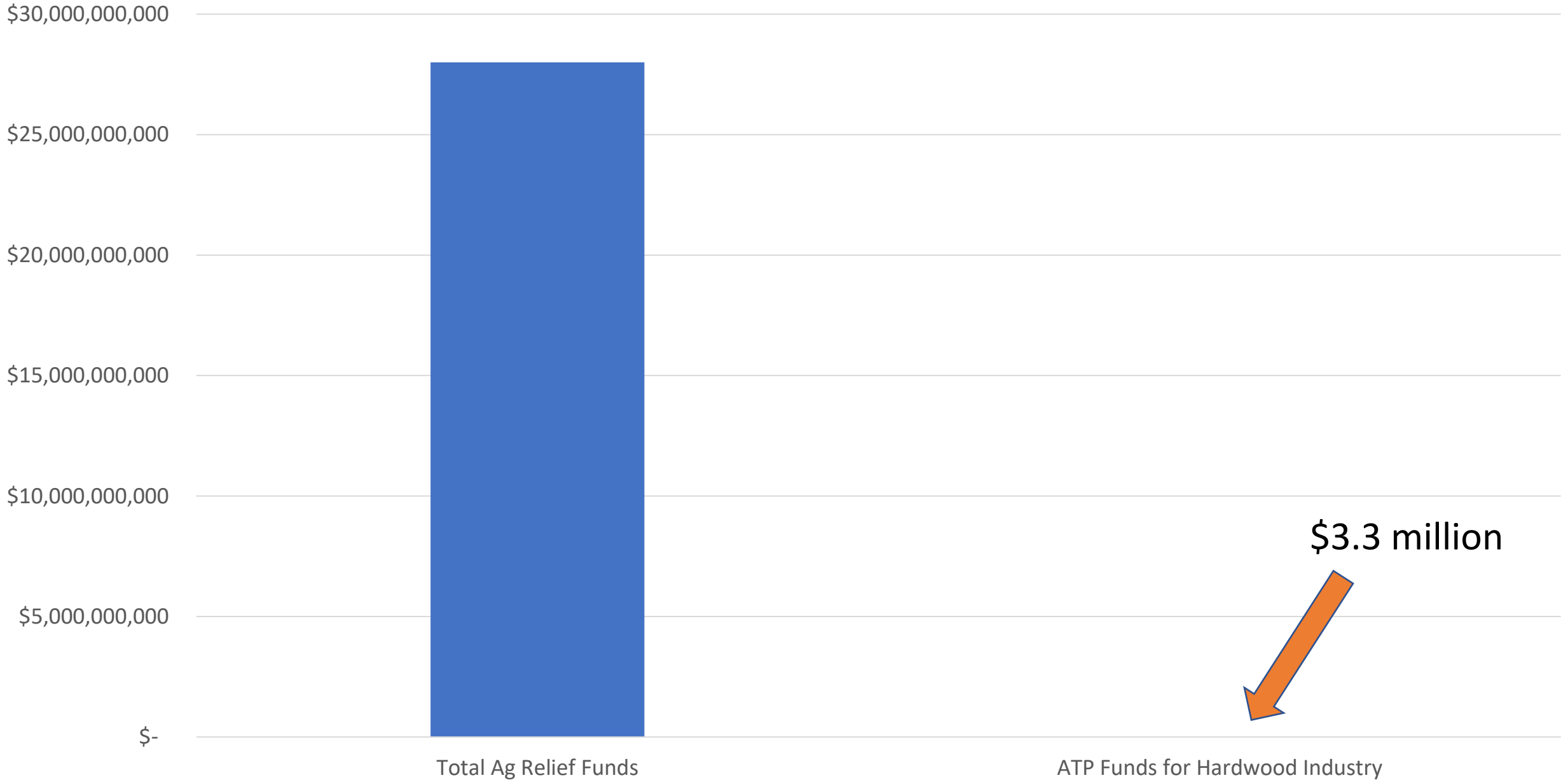


US Agricultural Exports to China, 2018



Source: US Census Bureau Trade Data, USDA GATS

Total Agricultural Relief Funds – 2018-2019



US Exports of Hardwood Lumber to Key Markets

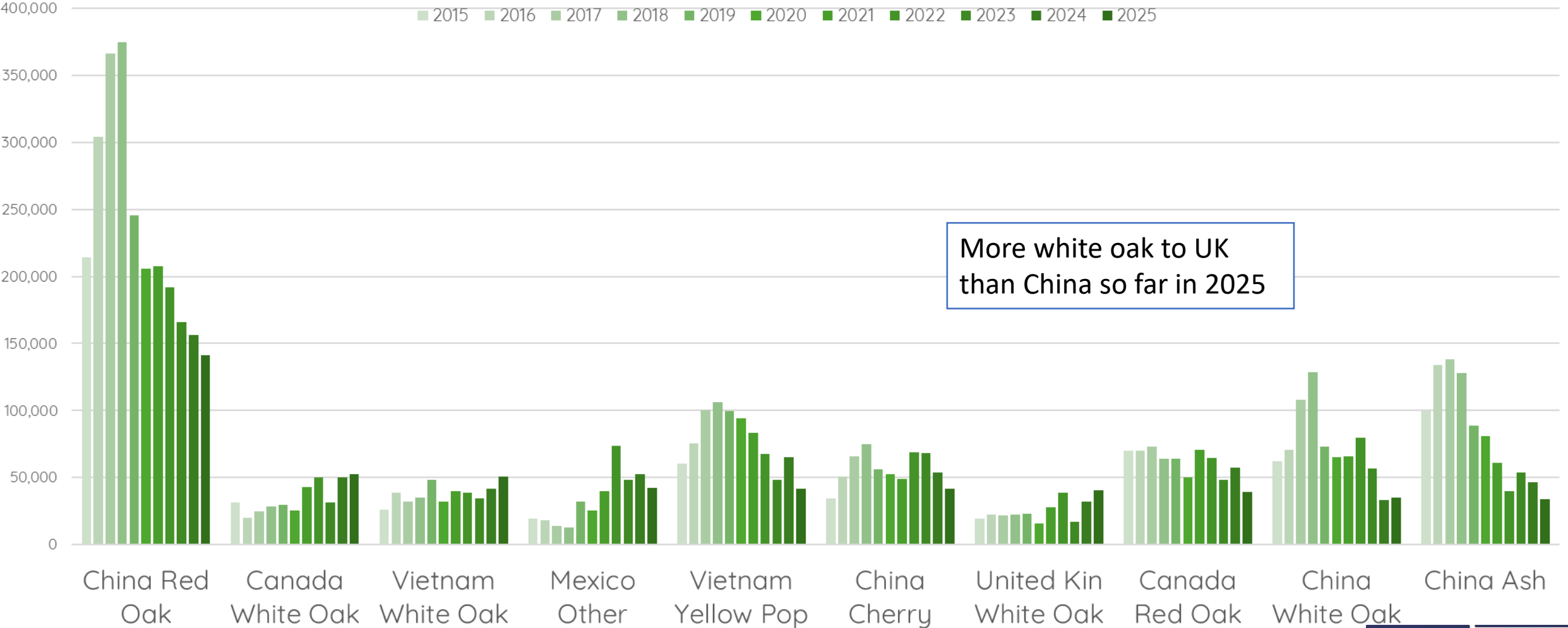
Board Feet

COUNTRY	2024	*2025	Change
China	417,757,184	356,073,404	-14.8% ▼
Vietnam	177,424,799	162,421,391	-8.5% ▼
Canada	209,141,710	157,011,421	-24.9% ▼
Mexico	135,259,446	114,689,416	-15.2% ▼
United Kingdom	54,544,596	69,960,120	+28.3% ▲
Japan	17,932,679	24,997,147	+39.4% ▲
Indonesia	12,582,619	15,049,690	+19.6% ▲
Italy	15,307,434	14,187,154	-7.3% ▼
Germany	14,166,833	14,121,423	-0.3% ▼
Malaysia	7,869,804	12,870,493	+63.5% ▲
World Total	1,222,837,180	1,096,787,908	-10.3% ▼

* 2025 annualized from Jan-Apr data

Source: USDA Foreign Agricultural Service – Table: HMR

Top Markets for US Hardwood Lumber Jan-May, Volume m3

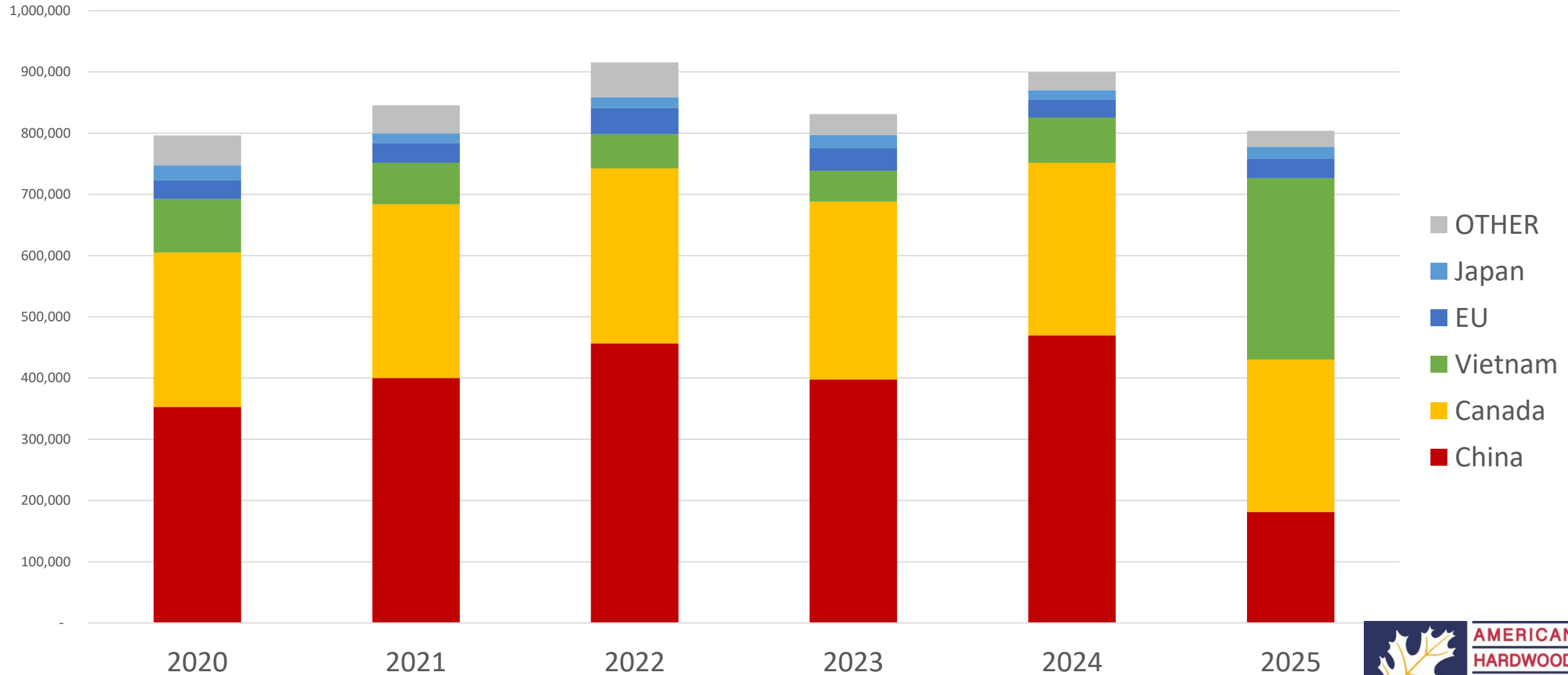


More white oak to UK than China so far in 2025

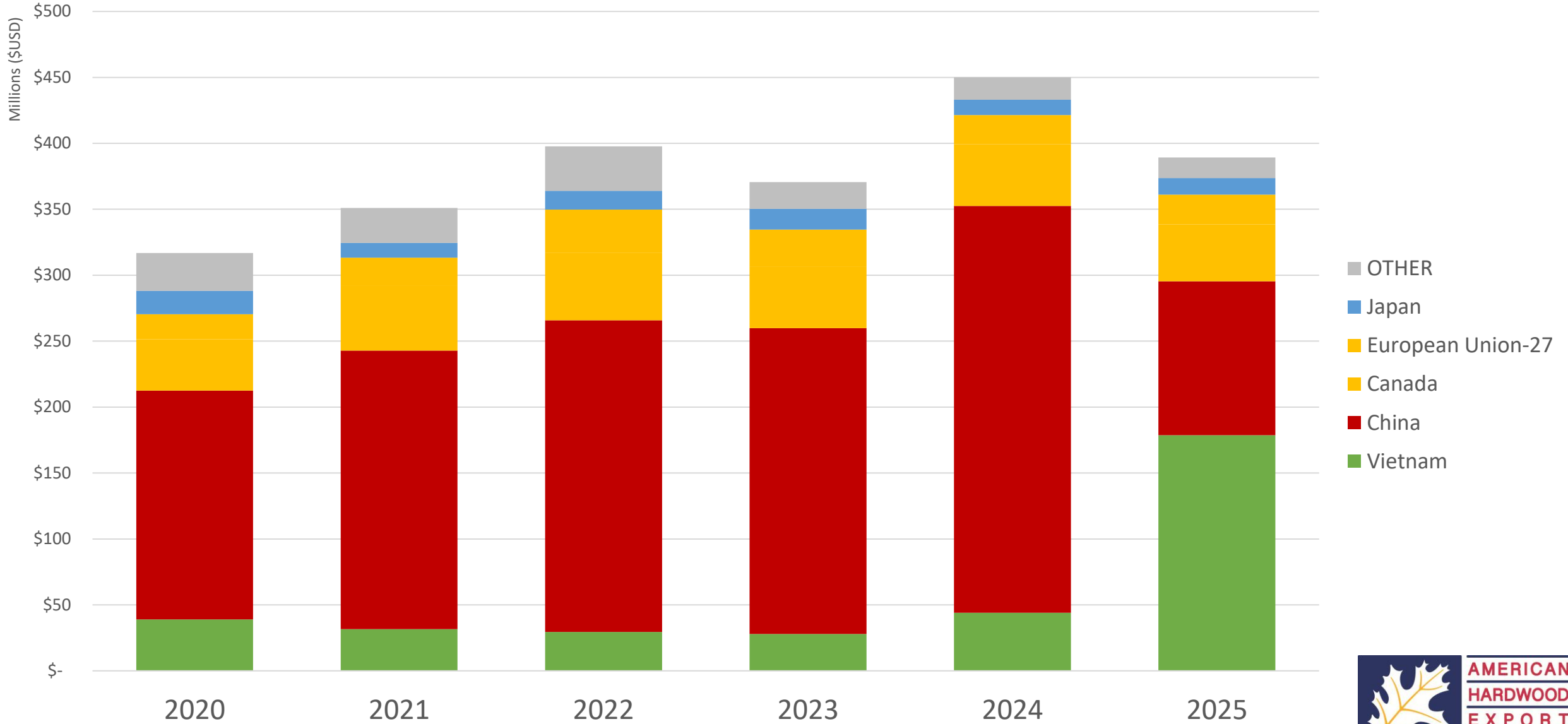
Source: U.S. Census Bureau Trade Data



US Hardwood Log Exports Jan-May, Volume m3



US Hardwood Log Exports Jan-May, Value \$USD

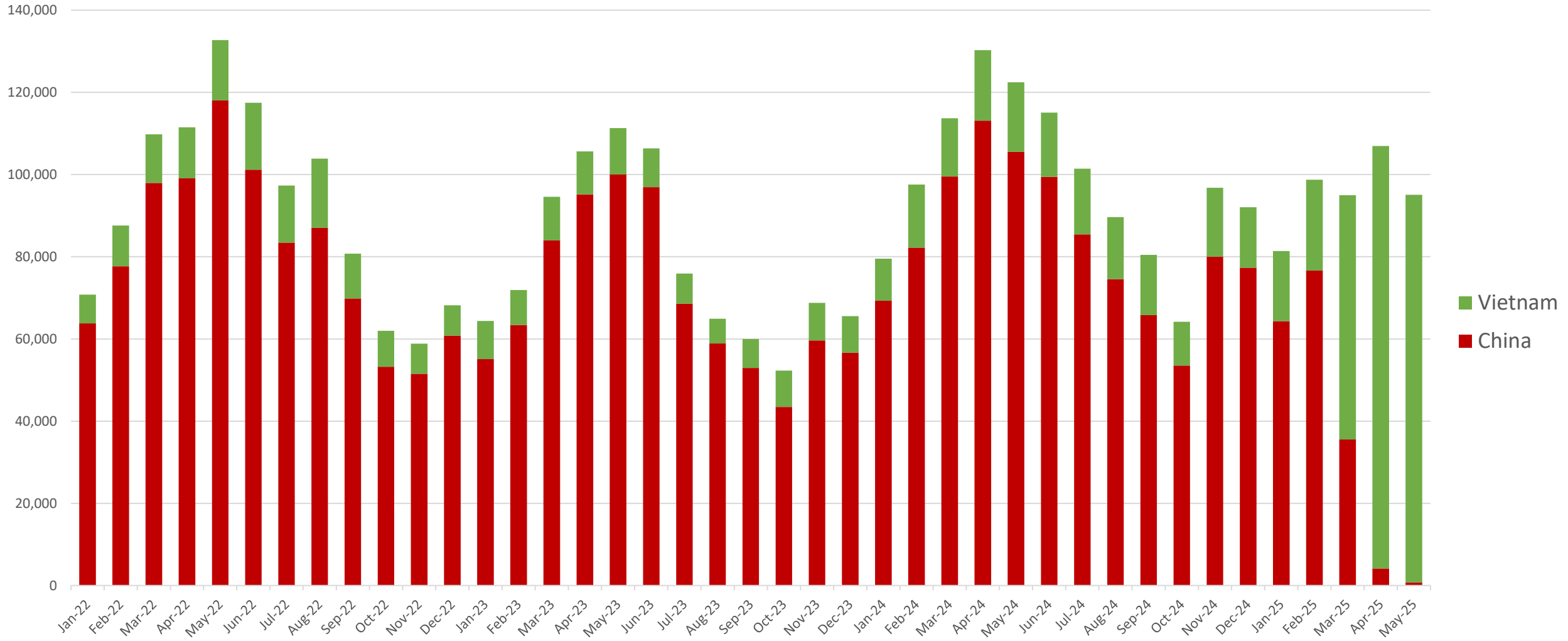


Source: U.S. Census Bureau Trade Data



Logs to China and Vietnam

Monthly, Volume m3



Source: U.S. Census Bureau Trade Data

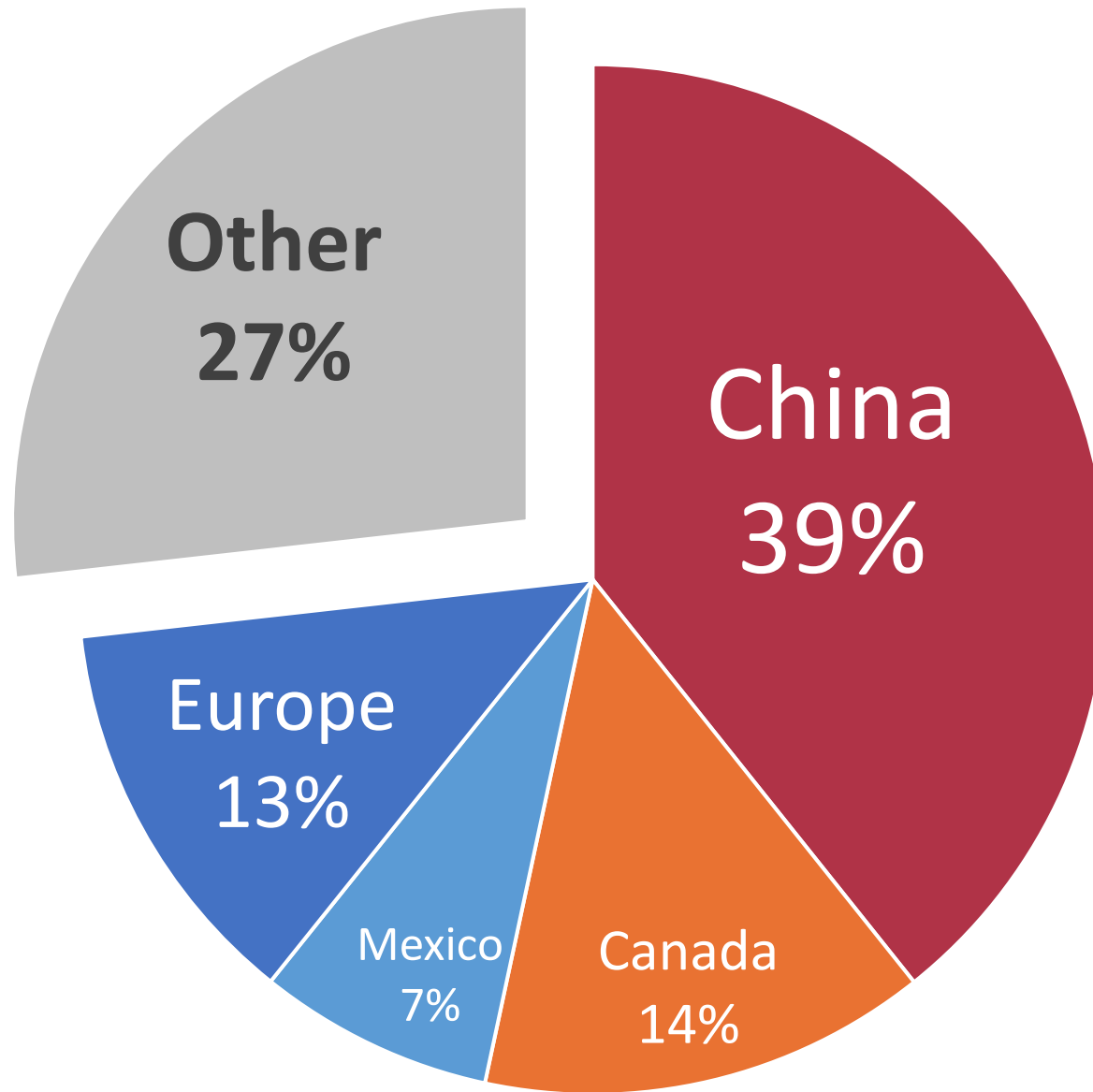




EUDR Update: Implications for US Hardwoods



US Hardwood Lumber to “Tariff” Markets



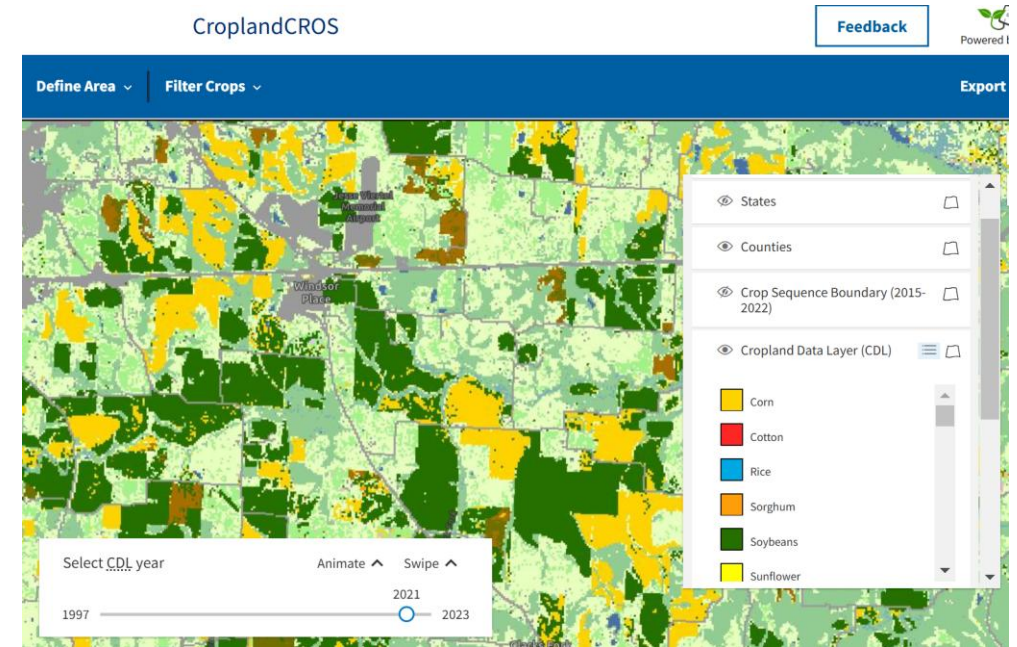
Source: U.S. Census Bureau Trade Data, data for 2024 by Value, \$USD



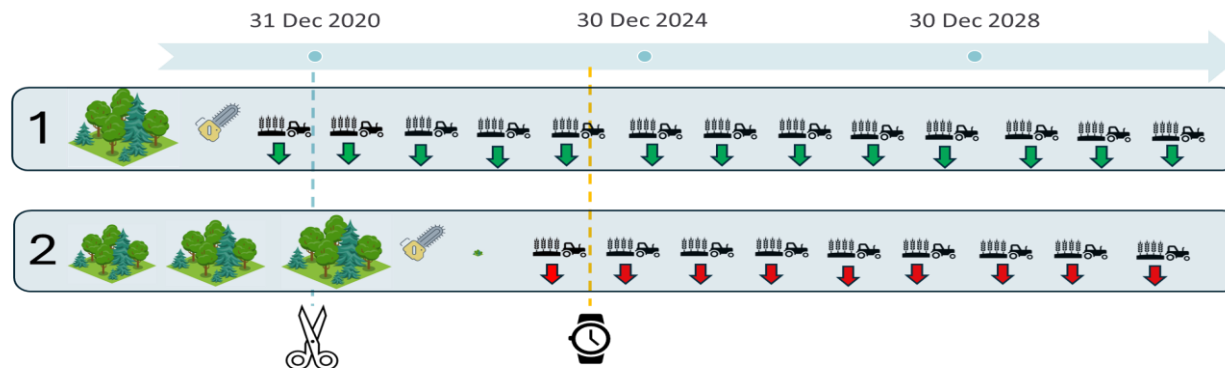
	EUTR	EUDR
Policy context	FLEGT: tackle illegal logging, promote good forest governance	EU Green Deal: reduce embodied carbon in imports, de-risk supply chains
Products	Timber	Timber, cattle, cocoa, coffee, oil palm, rubber, soya
Prohibitions	Illegally harvested	Illegally harvested, contrary to laws covering labour, human & indigenous rights, deforested, degraded
Operator obligations	Due diligence system (DDS) maintained	DDS maintained & DD statement submitted with each consignment before it is placed on, made available on (by non-SMEs), or exported from, the EU market
Traceability	To country of harvest and, beyond that, to the extent necessary to demonstrate negligible risk	Geolocation of "plot of land(s) within a single real estate property" where harvesting took place with each consignment irrespective of risk

EUDR for agricultural crops: determining a past event

- “Deforestation-free” means:
 - “relevant commodities that were produced on land that has not been subject to deforestation after 31 December, 2020”
- A past event where there can be legal certainty
- Compliance can be readily determined & checked when products are placed on the EU market using satellite data.

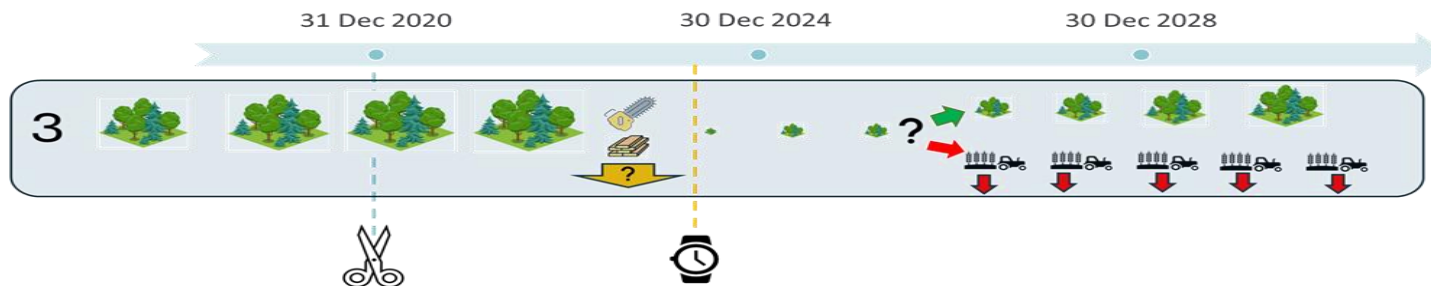


The USDA Cropland Data Layer is a nationwide publicly available dataset updated every year and shows the specific fields occupied by each agricultural crop



EUDR for forest products: assessing the probability of a **future event**

- “Deforestation-free” means:
 - the wood has been harvested from the forest without “inducing” deforestation or forest degradation
- a future event where there can be no certainty, particularly when sourcing from family forest owners
- always dealing in probabilities
- satellite data CAN assess past trends and identify deforestation drivers at landscape level
- but due to time lag, satellite data CANNOT determine conformance at time when forest products are placed on the market



FSC certified harvest location
in Wisconsin on 26 April 2015



Same location on 31 May 2023
A long time before 10% canopy cover!



Images from Google Earth



EUDR definition of a “plot of land”

Not applicable to the 73% of world forest area that is publicly owned.

Article 2 (para 27)

*‘plot of land’ means land **within a single real-estate property**, as recognised by the law of the country of production, which enjoys sufficiently homogeneous conditions to allow an evaluation of the aggregate level of risk of deforestation and forest degradation associated with relevant commodities produced on that land;*



EUDR definition of a “plot of land”

Not applicable to the 73% of world forest area that is publicly owned.

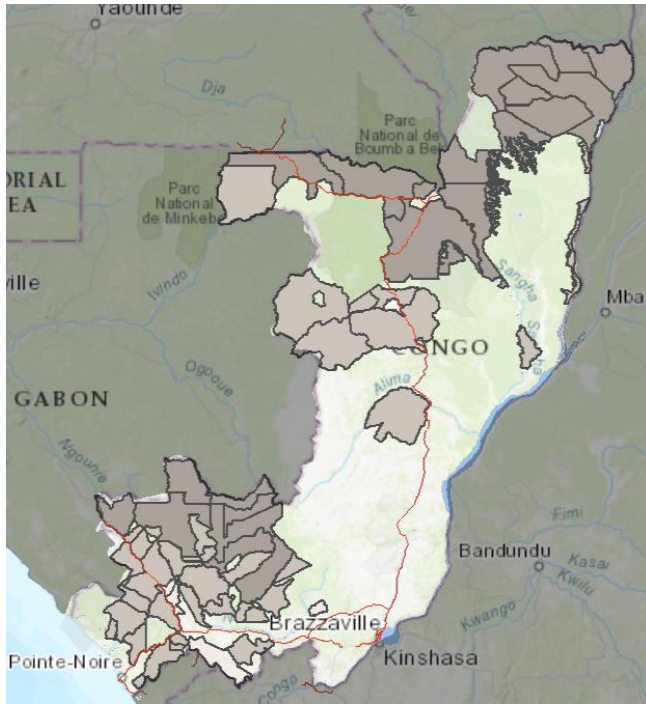
Article 2 (para 27)

*‘plot of land’ means land **within a single real-estate property**, as recognised by the law of the country of production, which enjoys sufficiently homogeneous conditions to allow an evaluation of the aggregate level of risk of deforestation and forest degradation associated with relevant commodities produced on that land;*

Universally applicable



Property-level geolocation creates inequity between supplies from smallholder, industry and state lands



Republic of Congo:
Country area: 34m hectares
State owns all production forest
Concession area: 15m hectares
Number of concessions: 62
Average concession:
240,000 hectares



Buckingham County, Local District 7, Virginia, an area of 20k hectares, has more than 1000 real estate properties containing forests

EUDR Country Benchmarking Results Issued 20 May 2025

- US identified as “low risk”
- Alongside 140 other countries, including all EU Members and other high-income countries, China, and some more surprising (e.g. Congo Republic, Central African Republic, Laos, PNG, Solomon Islands).
- For low-risk countries
 - no additional due diligence required by operators, but geolocation data still mandatory
 - only 1% of relevant operators checked each year
- Deforestation hotspots such as DRC, Indonesia, Brazil all standard risk
- Only 4 “high risk” countries, all subject to UN sanctions: Russia, Belarus, North Korea, Myanmar



Low

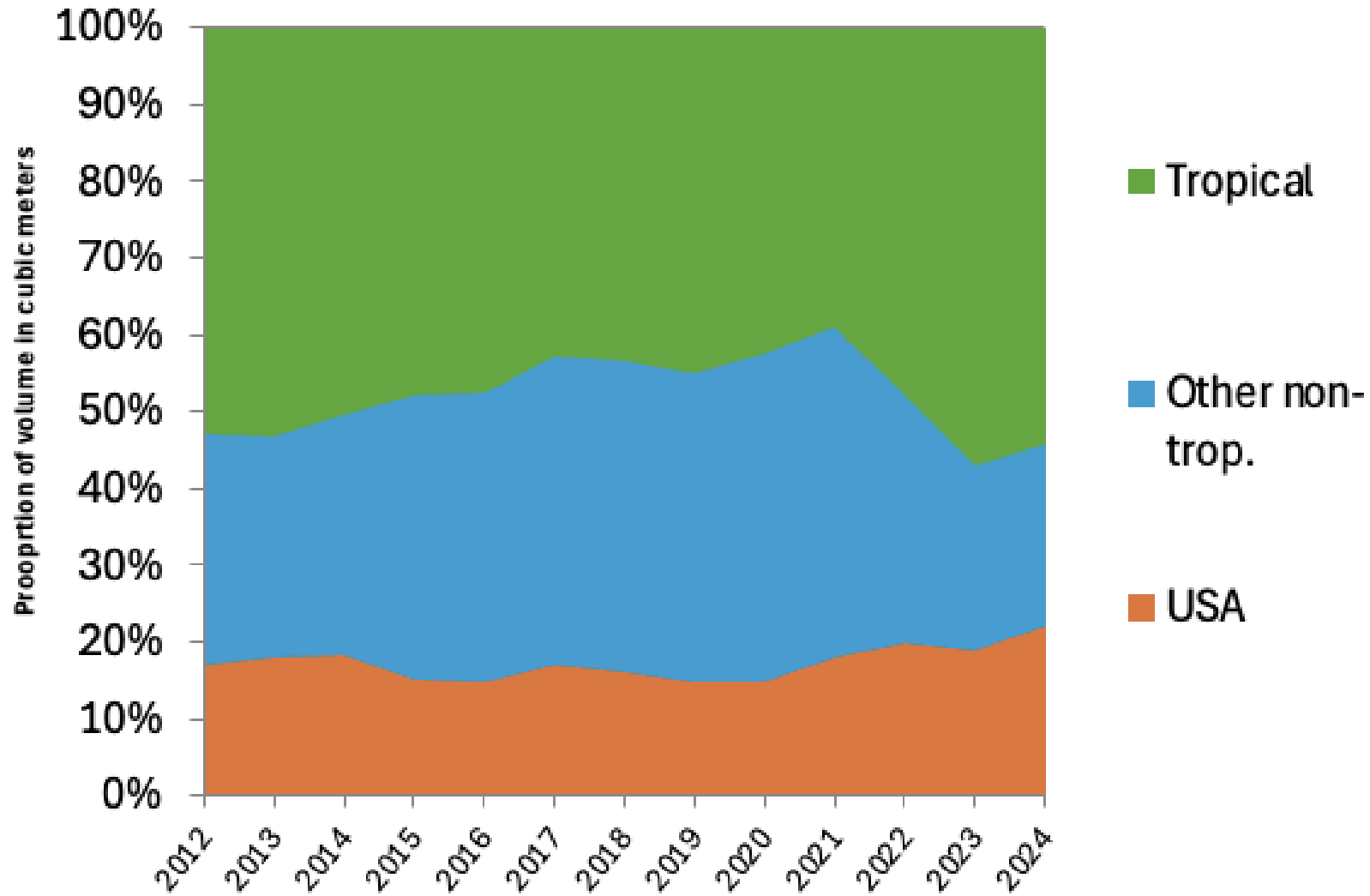


Standard



High

Share of EU27+UK imports of hardwood lumber by region of origin 2012-2024



EUDR Guidance Apr 2025

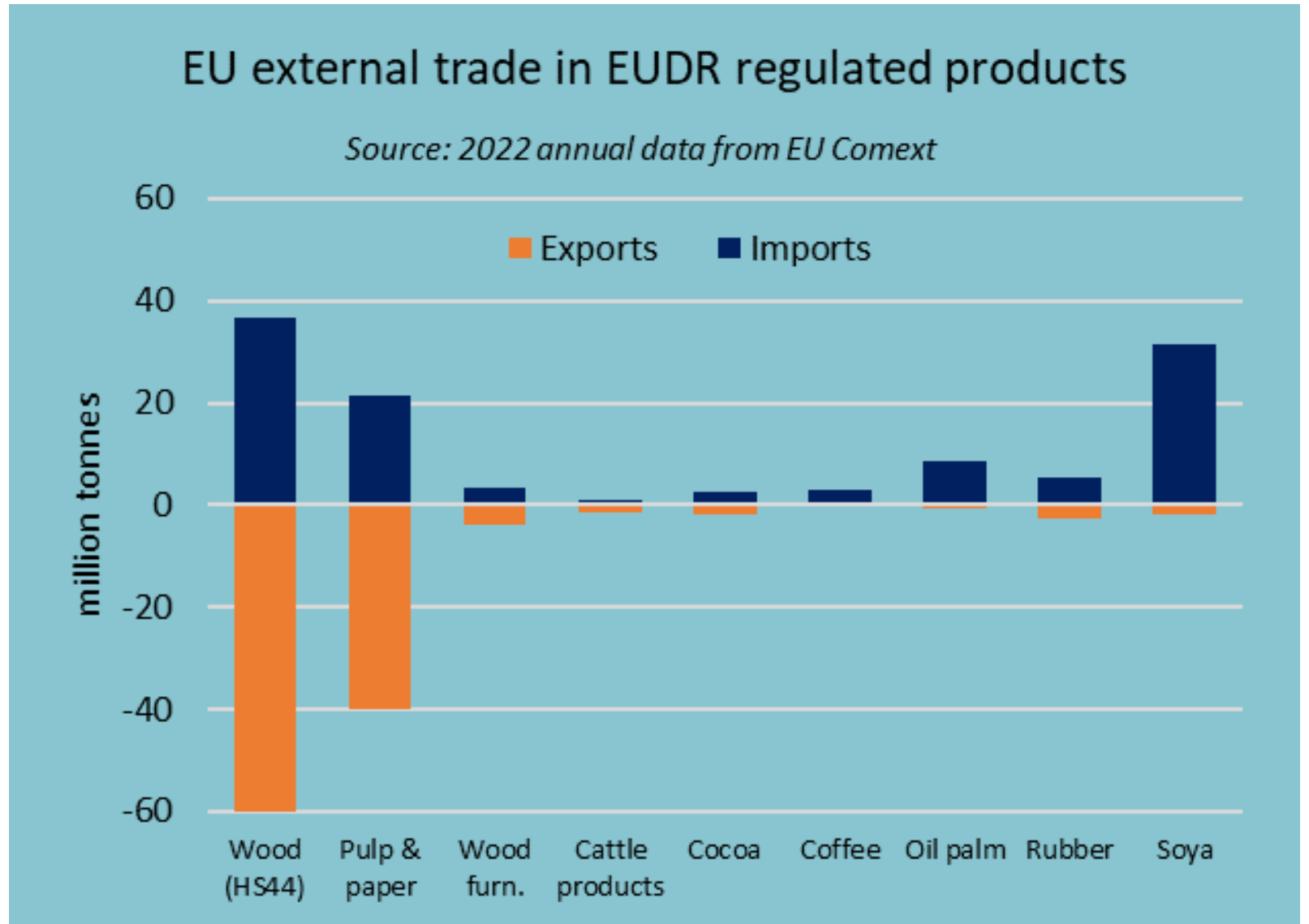
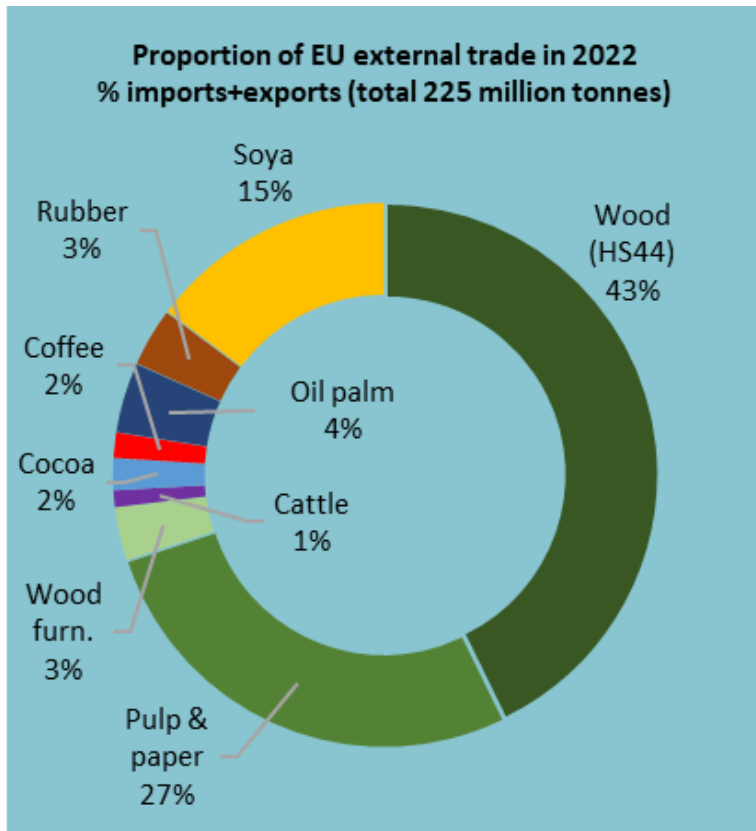
Simplifications inside EU market

- Downstream traders and exporters in the EU need only collect Due Diligence Statement (DDS) reference numbers from their own suppliers and convey these numbers to their own customers. No need to convey any additional due diligence data, including geolocation.
- EU companies may reuse existing due diligence statements when goods, previously on the EU market, are reimported – e.g. effectively allows furniture manufacturer in e.g. Vietnam to use the DDS reference number provided by the EU exporter if manufacturing using EU oak

No meaningful simplifications for external suppliers

- Mass balance/volume credit systems explicitly “not allowed”
- Jurisdictional/mill supply area approaches excluded: “polygon cannot be used to trace the perimeter of an area of land that might include plots of land only in some of its parts”
- Limits placed on in-excess approach: cannot declare an “excessive number of plots of land (for instance, on a regional or country-wide basis)”
- Zero tolerance of risk: “If one plot of land ‘geolocated’ in the due diligence statement is not compliant, the entire set of plots of land ‘geolocated’ is non-compliant”.
- Operators must be certain, in advance of harvesting, that it will not “induce” deforestation:

Wood based products account for 73% of all EU external trade volume in EUDR-regulated products, agricultural commodities for 27%



Continuing political resistance to EUDR in the EU

- Nearly all European forest products associations issued joint statement in February 2025 calling for inclusion of EUDR in “Omnibus” regulatory package
- German conservative-led government coalition calling for introduction of “zero-risk” country classification
- Joint letter 7 July to the EU Commission signed by 18 Member State Agriculture Ministers:
 - “the requirements imposed on farmers and foresters remain high, if not **impossible to implement**. They are disproportionate to the objective of the regulation, which is to prevent deforestation where it actually occurs”
 - Commodities from countries classified as “insignificant risk” should be exempt
 - Proposes additional 12-month delay
- GD Holz letter to German Chancellor Merz: EUDR is “unworkable” – “product must be considered safe when traded in the internal market” – obligation to transfer DDS numbers should be removed
- 9 July 2025 European Parliament resolution calling for repeal of country benchmarks
 - Passed by slim majority, mainly right wing but including several green MEPs
 - Highly critical of methodology
 - Reiterates call for introduction of negligible risk category
 - But US singled out as “high-deforestation” country, implying even “low-risk” is unmerited without providing any supporting information

American Hardwood Assured (AHA)

Annual deforestation
assessment – identify county
level trends

Ver 1 by Jul 25

USDA Crop Data Layer (Landsat/Sentinel-2),
ground truthing tool, USDA FIA Data

Hardwood State Legality
Risk Assessments

Completed December 2024

Commissioned from Dovetail, one for each
of the 37 U.S. hardwood producing states.

Phase 1 Web Portal for U.S.
hardwood exporters

Pilot by Feb 25, Operational Sep 25

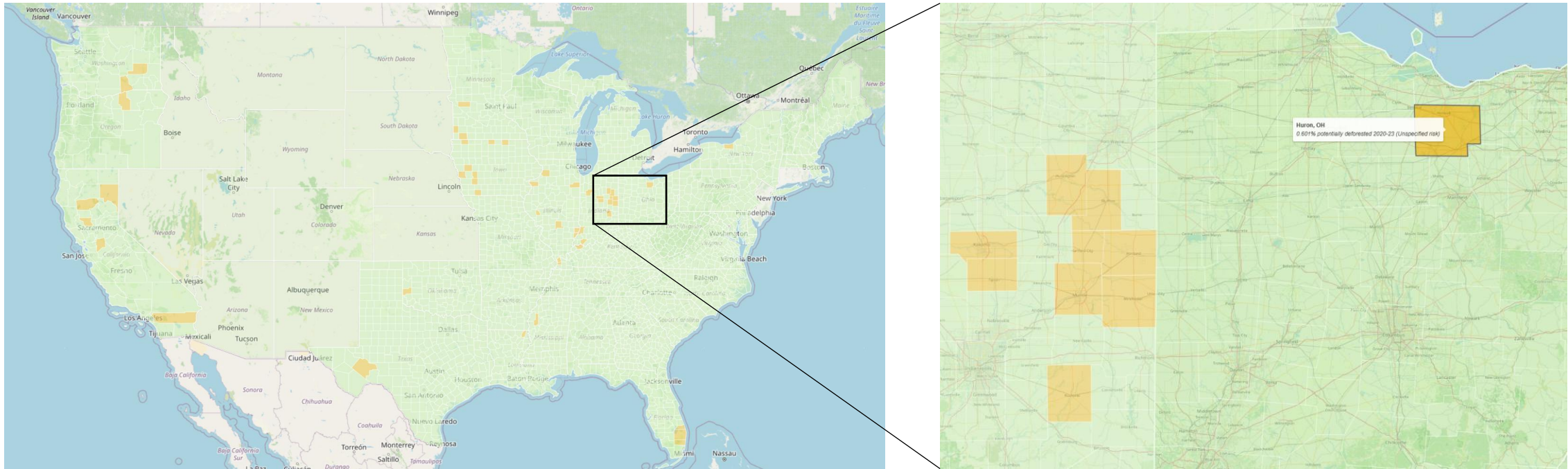
Generates standardised due diligence
statements drawing on deforestation &
legality assessments

Phase 2 Web Portal for
global supply chain

By Sep 2026

Proof of Provenance (PoP), blockchain (US
exporter or primary processor creates
genesis block), guidance to mitigate risk,
plant-chemistry-based surveillance

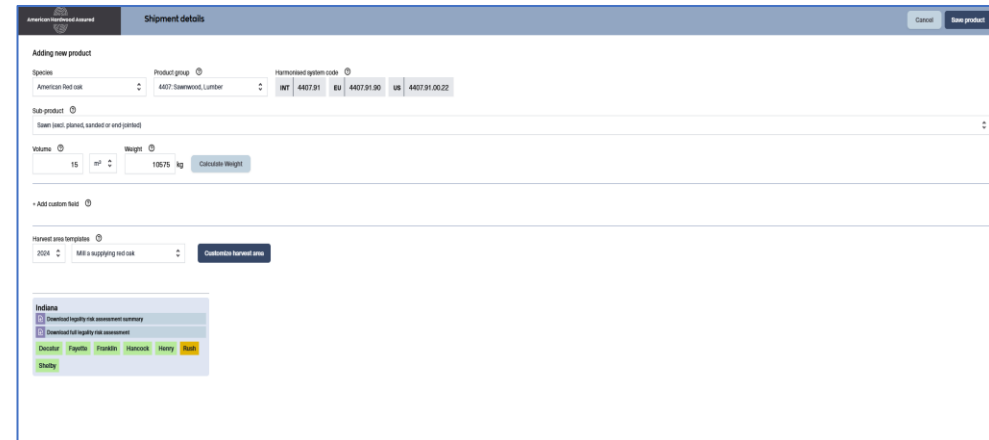
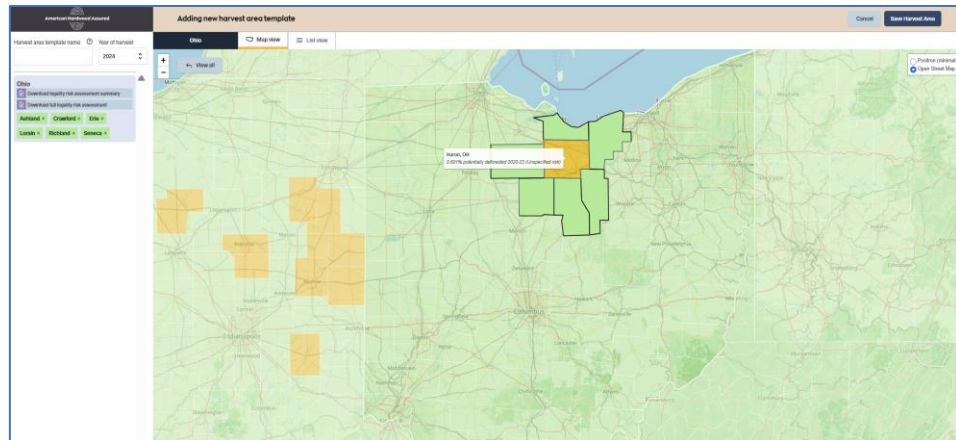
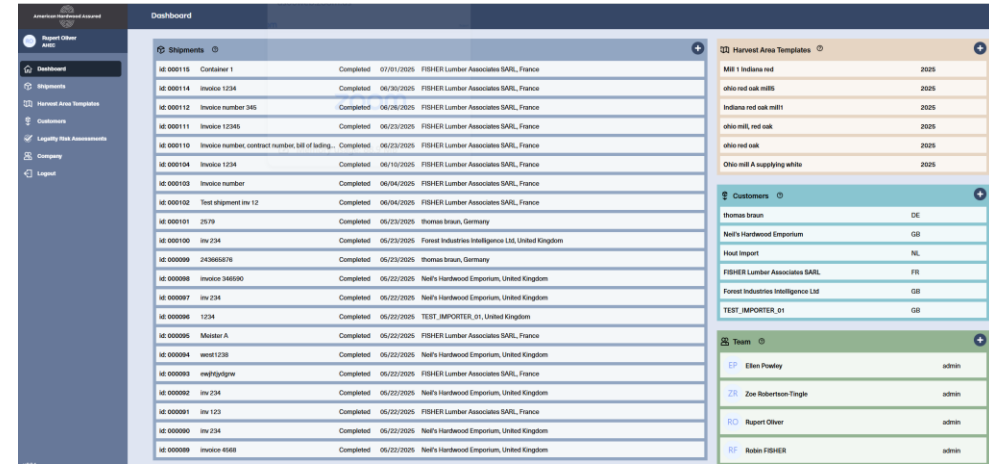
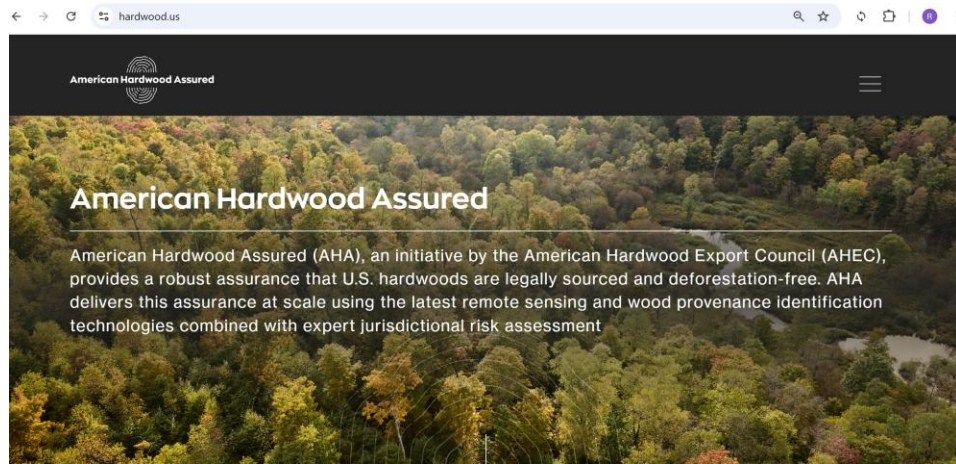
AHA Version 1 Deforestation Analysis



- % hardwood forest area potentially converted to agriculture in each county 2020-2024. Counties classified as:
 - Negligible risk (green) – deforestation confirmed < 0.5% over the 4-year period (< 0.125%/annum).
 - Unspecified risk (amber) - deforestation possibly > 0.5%, subject to further assessment by AHA
 - Specified risk (red) – deforestation > 0.5% confirmed following further AHA assessment
- Where hardwood from “unspecified” or “specified” risk counties, users should declare mitigation action

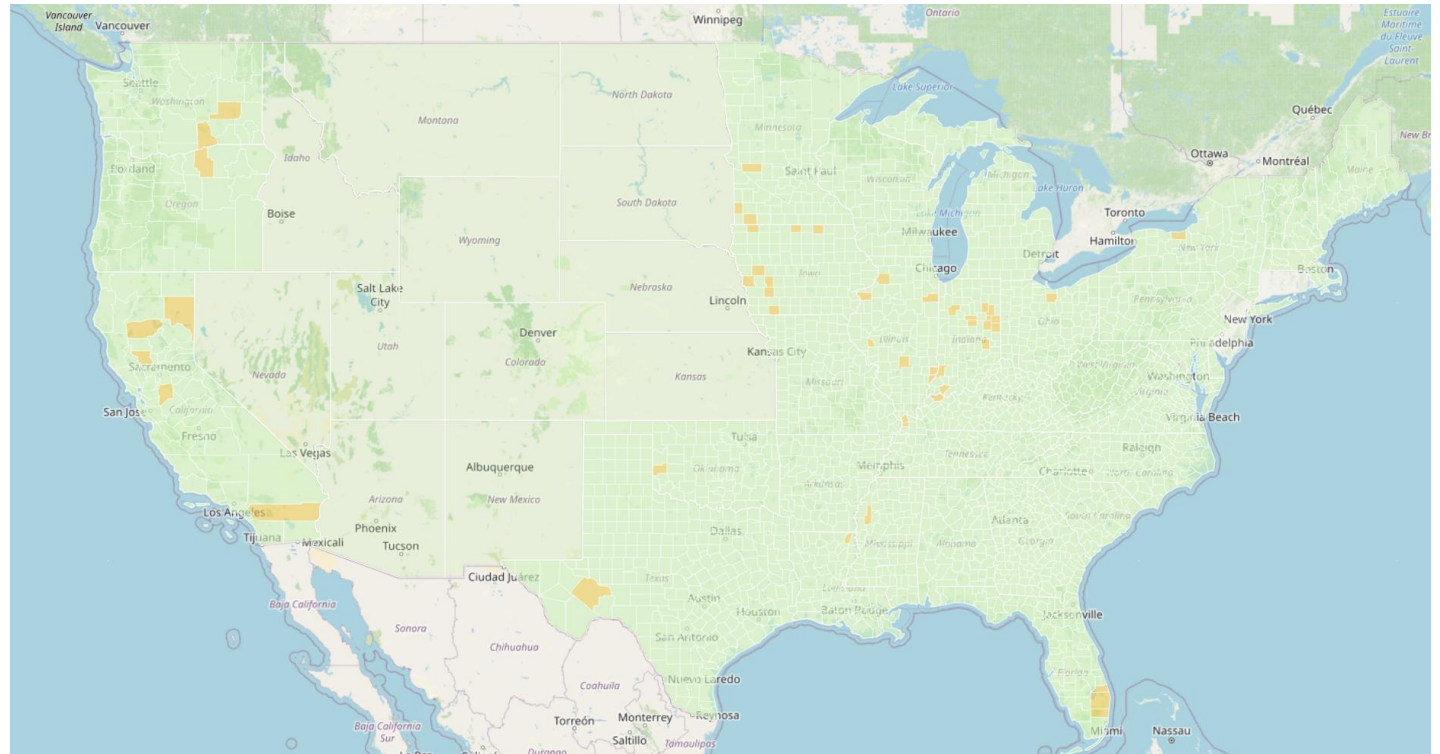
American Hardwood Assured (AHA)

www.hardwood.us



AHA Version 1 Deforestation Analysis: preliminary results

- For U.S. forests with a hardwood component between 2020-24:
 - 10,400 has/yr potentially converted to agriculture
 - 0.01% of total forest area (106m has) per year
- 2420 (98%) of 2471 counties confirmed negligible risk
- 99.35% of US hardwood sawlog production in counties confirmed negligible risk
- **0.001% exposure to deforestation risk per m³ of hardwood sawlog**



AHA Statement

AHA ID: 00103
Creation Date: 06/04/2025

Internal reference:
Invoice number:

Exporter:
AHEC
Secondhome Holland Park
48-49 Princes Pl
London
AL
W11 4QA
United States of America

Importer Details:
FISHER Lumber Associates SARL
91, rue Philippe-Laurent Roland
Lille
59000
France

Products in shipment

American Red oak Quercus spp. mainly Q. rubra (northern) & Q. falcata (southern). May include Q. velutina, Q. nigra, Q. coccinea, Q. phellos, Q. laurifolia, Q. palustris, Q. ellipsoidalis 10575Kg
Harvested: 2024

Indiana

[Download legality risk assessment summary](#)

[Download full legality risk assessment](#)

Decatur Fayette Franklin Hancock Henry Rush Shelby

Please note. This shipment includes American Hardwood products which have been sourced from one or more counties where the AHA risk assessment has identified an unspecified risk of conversion to crops during the period of harvest. The exporter has confirmed that additional mitigation action has been undertaken to demonstrate negligible risk of conversion to crops at the harvest sites in this county (or counties). This was confirmed by Rupert Oliver of AHEC.

Description of action taken to mitigate risk of conversion to crops and any additional comments:
Only buy from a certain supplier in that county

AHA Statement Example

Origin Geo Data [Download as GeoJSON file](#)

```
American Red oak Quercus spp. mainly Q. rubra (northern) & Q. falcata (southern). May include Q. velutina, Q. nigra, Q. coccinea, Q. phellos, Q. laurifolia, Q. palustris, Q. ellipsoidalis 10575Kg

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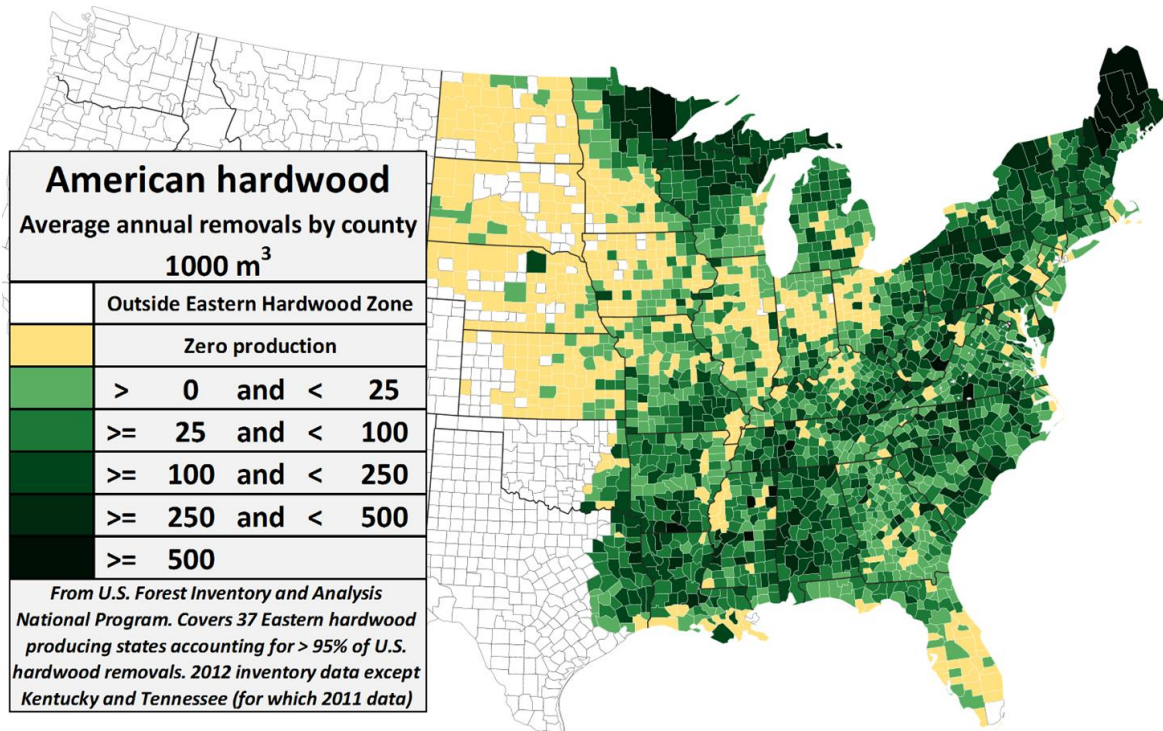
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Why county geolocations?



US counties supplying hardwood average 160k hectares & 100k m³ of hardwood log harvest per year

More manageable - 1360 counties account for > 99% of hardwood supply (compared to > 9m forest owners)

Equity in relation to state forest areas, tropical concessions, & industrial plantations where there is greater flexibility in the EUDR definition of “plot of land”

Sufficiently compact to ensure a homogenous level of deforestation risk

Verifiable using plant-chemistry-based provenance technologies (TEA, SIRA, LIBS)

Resolves confidentiality and anti-trust issues surrounding provision of data on individual properties



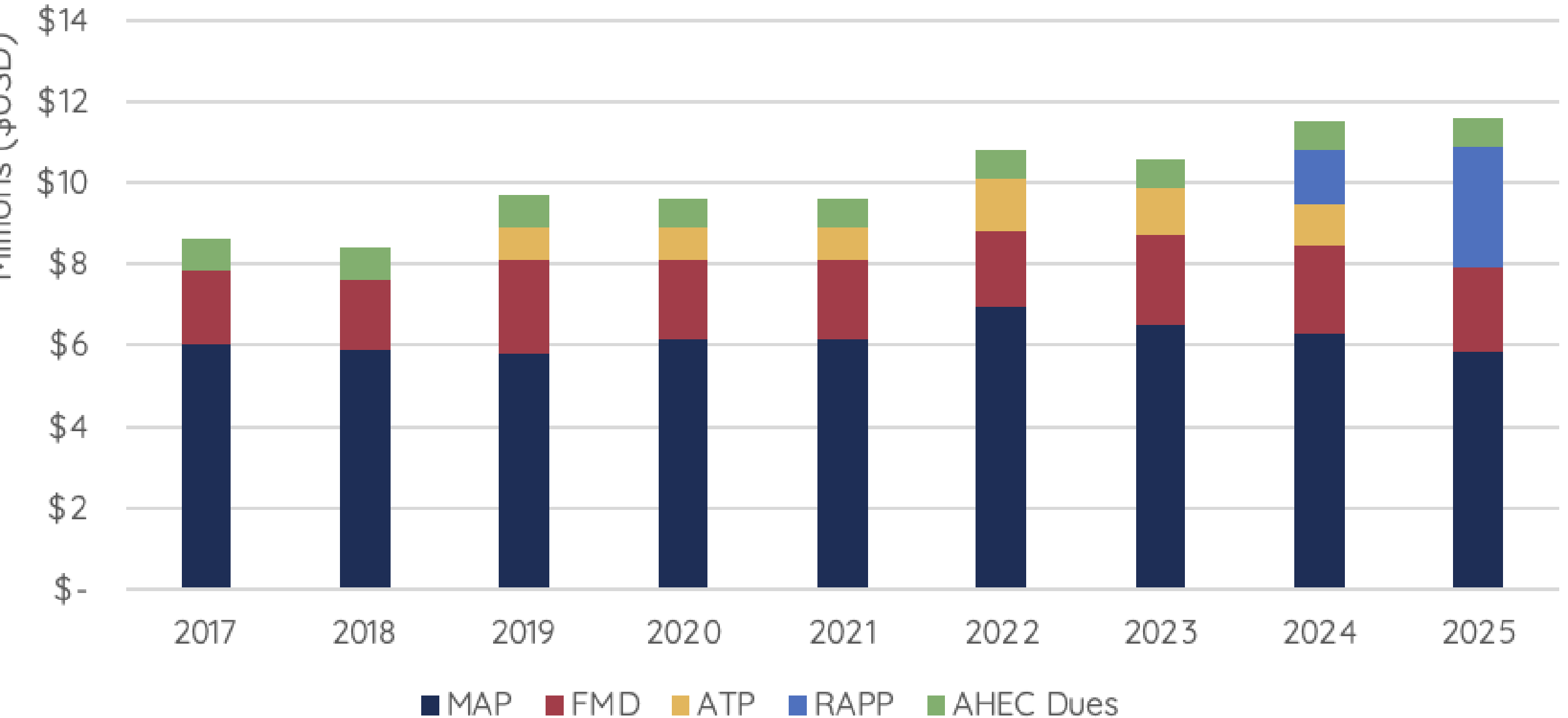
Plant-chemistry-based provenance testing

	USDA WISC	WFID
Scope	US only	International
Current financing	Uncertain. Bulk of US government funding withdrawn. All existing projects were due to be terminated end May 2025. May be in line for new funding, but no details yet available.	Although 4 US government funded projects recently closed, WFID now receives funding of between 25k-300k each from APHIS, UK DEFRA, Moore Foundation, Mulago Foundation, Australian DAFF. More projects starting with PEFC, Danzer, IKEA and others. Funding now secured for at least 2 years of full operation. New membership model will also provide secure long-term funding. So far 8 regulators and 6 companies signed up, each paying £25k/annum. Target to have at least 20 signed up before end of the year.
Potential future funding	<ul style="list-style-type: none"> • Hoping for resumption of US gov finance • Seeking expressions of industry support • Potential private venture capital 	<ul style="list-style-type: none"> • Communication campaigns generating interest from retailers, regulators, certifiers • Influential board (Google, WRI, FSC) • Ag commodity sectors generating more income than wood sector • Widening network of universities, labs, and scientific agencies with diverse funding
Staffing	Forest Service Leadership uncertainties. Scientific staff reductions at USFS. Some working on a voluntary basis	6 operational staff, 17 scientific staff, 15 collectors (in tropics), 8 Board members

Plant-chemistry-based provenance testing

	USDA WISC	WFID
Data access platform	None developed	On-line platform now being rolled out
Timber sample collection	<ul style="list-style-type: none"> • Mill based collection • Protocols under development • Evidence of good support from mills, • Potential to proceed rapidly at low cost 	<ul style="list-style-type: none"> • Collection of field samples, strict protocols • Machine learning tools to fill geographic gaps & reduce need for field collections • US oak samples sufficient to identify US regional origin collected by Columbia Forest Products • Peer reviewed paper on comparability of different hardwood species samples
Unit testing costs	<ul style="list-style-type: none"> • Handhelds purchased for \$50k • Testing costs very low after that \$0.35 per sample. • Testing of products is not destructive 	<ul style="list-style-type: none"> • Previously \$600 per sample when a single lab involved, but down to \$400 per sample now that 3-4 labs are involved, lower costs likely to be offered for bulk sampling • Testing of products is destructive
Accuracy	<ul style="list-style-type: none"> • Early indications of high accuracy, comparable to best lab tests • Calibration & consistency of results between handhelds is an issue - proof of concept work is looking at this 	<ul style="list-style-type: none"> • SIRA in isolation low accuracy beyond country id • SIRA-TEA in combination delivers high accuracy • WFID works with lab partners to ensure comparable and consistent results • ISO17025 certification of labs for international credibility
Conclusion	<ul style="list-style-type: none"> • Potentially relatively low cost & high accuracy solution that might work internally for AHA • But significant concerns around delivery, consistency of results, and international recognition. 	<ul style="list-style-type: none"> • Potentially higher costs to prepare sample database and undertake on-going testing due to the need for lab tests and destructive testing • But platform and scientific basis already well developed • Much stronger guarantee of delivery, consistency of results and international recognition

All AHEC Funding Sources



Questions?

