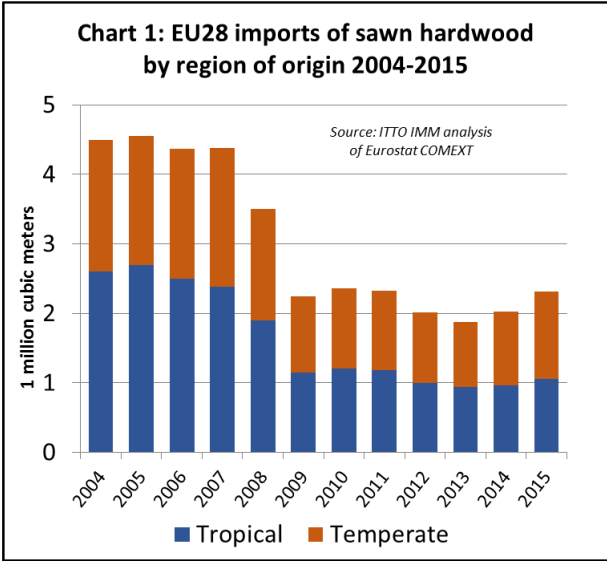


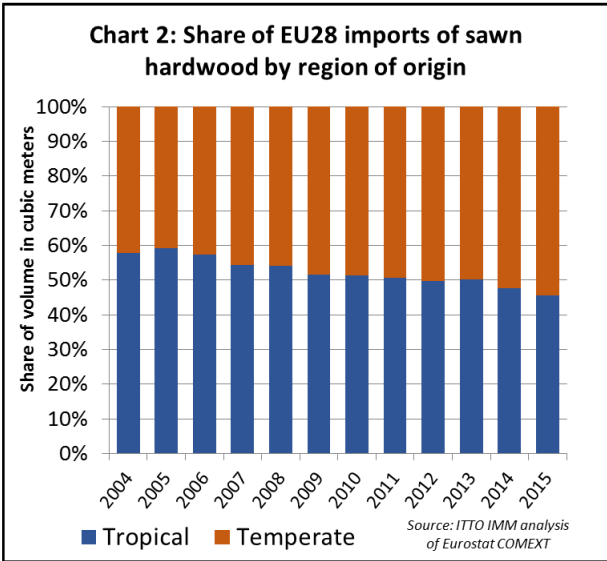
EU tropical sawn hardwood imports rise 9% in 2015

In 2015, EU imports of tropical sawn hardwood were 1.05 million m³, 9% more than previous year. The value of EU imports increased by 15% to €772 million. The average unit value of tropical sawn hardwood imports into the EU in 2015 was €732 per cubic meter, up from €670 per cubic meter the previous year, the increase due to the euro being on average 20% weaker against the US\$ in 2015 compared to 2014.

While the rise in EU imports of tropical sawn hardwood in 2015 is encouraging, the volume of imports remains at historically very low levels. Import volume in 2015 was only 40% of the level prevailing before the global financial crises and fell short even of the level between 2009 and 2011 in the immediate aftermath of the crises (Chart 1).



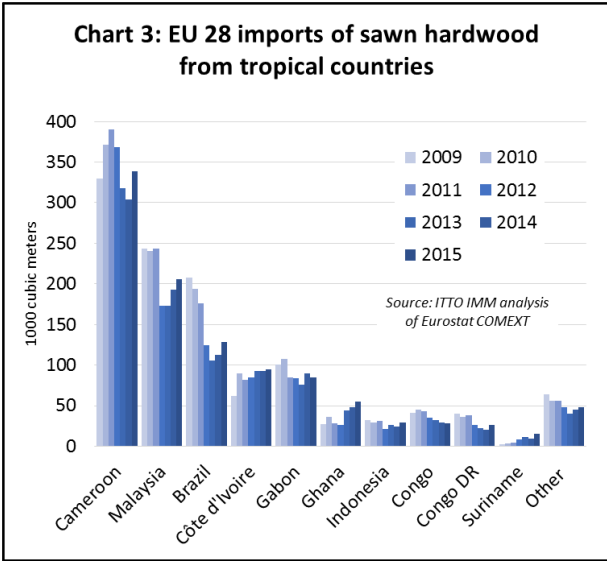
The pace of increase in import volume in 2015 was also slower than for temperate sawn hardwoods which jumped 19% to 1.26 million m³. The share of tropical in total EU sawn hardwood imports fell from 48% in 2014 to 46% in 2015, continuing a long term trend (Chart 2).



On the other hand, the loss of tropical wood’s share in EU sawn hardwood imports is less obvious in euro value terms; tropical wood’s share was 57% in 2015, the same as the previous year and not too far short of the level of 62% that prevailed before the global financial crises.

Large tropical producer countries extend their lead

Cameroon, Malaysia, and Brazil, Europe’s top three suppliers of sawn tropical hardwood all recorded significant growth in their deliveries to the EU last year (Chart 3).



Cameroon was by far the largest single supplier of tropical sawn hardwood to the EU in 2015, accounting for almost one-third of all imports. EU imports from Cameroon were 339,000 m3 last year, 12% more than in 2014. There was solid growth in sales of Cameroon sawn hardwood to several EU markets in 2015 including France, Belgium, Spain, and Italy. These gains were sufficient to offset a decline in sales to the Netherlands, Germany and the UK.

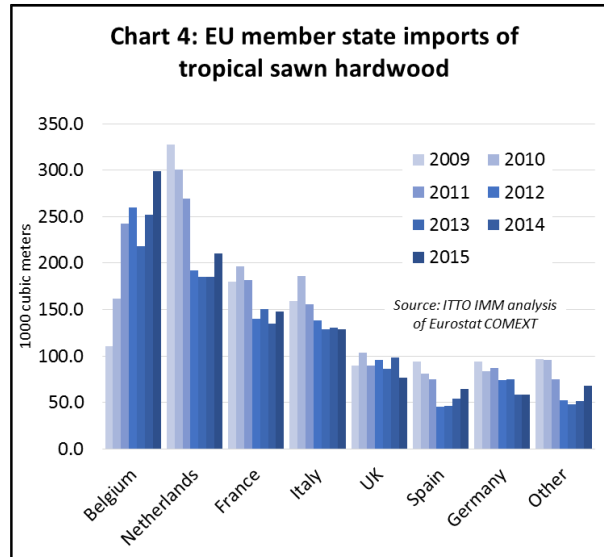
EU imports from Malaysia were up 7% to 206,000m3 in 2015, the rise being entirely due to much higher imports by the Netherlands (although the data here is highly uncertain – see next section). Most other EU countries recorded low or declining sawn hardwood imports from Malaysia last year.

European imports of sawn tropical wood from Brazil increased 14% to 128,000 m3 in 2015. The main driving forces behind this increase were France, Belgium and, to a lesser extent, Germany.

Of other significant producer countries, there was double-digit growth in tropical sawn hardwood imports into the EU in 2015 from Ghana (+15% to 55,000 m3), Indonesia (+22% to 29,000 m3), and the Democratic Republic of the Congo (+27% to 26,000 m3). However EU imports from Gabon fell 5% to 85,000 m3 and imports from Congo declined 4% to 28,000m3.

Tropical wood recovery in France and Benelux countries

The rise in EU tropical sawn hardwood imports was owing to recovery of demand in the three largest importing markets: Belgium (+19% to 299,100m³), Netherlands (+14% to 210,700m³) and France (+10% to 147,800m³). Together these three markets accounted for 62% of the EU's tropical sawn hardwood imports in 2015 (Chart 4).



By far Belgium's largest supplier of tropical sawn hardwood is Cameroon, from where the country imported 124,500 m³ last year, 22% more than in 2014 and 304% more than in the crisis year of 2009. Belgian imports from Gabon have also grown dramatically in the last six years, from just 3,800 m³ in 2009 to 53,800 m³ in 2015. As early as 2011, Gabon ousted Malaysia as Belgium's second most important supplier of tropical sawn hardwood. Malaysia is the only one among the seven top suppliers to have delivered less sawn timber to Belgium in 2015 than in 2009

Data on sawn hardwood volume imports provided by the Netherlands authorities to Eurostat is inconsistent and difficult to interpret. The data shown here has been heavily amended, based on (simplistic) assumptions that import value recorded by the Dutch authorities is accurate and unit values are likely to have remained reasonably consistent. The adjusted Netherlands data suggests a rise in tropical sawn hardwood imports in 2015, largely driven by increased trade with Malaysia.

There are reasons to believe that there might have been an increase in Netherlands imports from Malaysia in 2015. After several very depressed years, the Dutch construction sector is growing again. Meanwhile the Dutch government in 2014 finally recognised the Malaysian Timber Certification System (MTCS) as meeting their criteria for sustainable timber after many years of effort by the MTCS and Malaysian Timber Council. This at a time when the Netherlands timber trade has made very far-reaching commitments to procurement of only certified timber products in recent years, claiming that 74% of all wood imported into the country is certified. The Dutch EUTR enforcement regime also appears to be relatively more rigorous than in some other EU countries.

In short, all these factors may have encouraged Dutch importers to buy more Malaysian timber at the expense of imports from other tropical countries less capable of delivering certified product. It's notable that the recent apparent rise in Dutch imports of Malaysian sawn timber has been matched by a decline in imports from Cameroon.

However these comments in relation to the Netherlands are still speculative. The Malaysian export data, which seems more consistent than the Dutch import data, recorded no increase in exports of sawn hardwood to the Netherlands in 2015.

Imports of tropical sawn hardwood into France increased 9.7% to 147,800 m³ in 2015. As in the Netherlands, there were signs of improving economic performance in France in 2015. Important market players in the French tropical timber sector, such as the tropical sawn hardwood, logs and plywood producer Rougier, reported improving demand, although still in a very competitive environment.

Cameroon and Brazil were the primary beneficiaries of the rise in French imports of sawn tropical hardwood last year. Imports from Cameroon jumped 48.9% to 46,100 m³, cementing the country's position as France's leading supplier. French imports from Brazil increased 29.1% to 36,400 m³ but are still far below the volume of 61,100 m³ delivered by Brazil in 2009.

The Italian market for tropical sawn hardwood is still in the doldrums. Italian wood importers had started to be a little more optimistic again in 2014, but this trend did not last. After a 2% rise in 2014, the first increase since 2010, imports fell back again last year by 1% to 129,000m³. The share of tropical in Italy's total imports of sawn hardwood fell from 21% to 18%. This was mainly due a significant rise in Italian imports from other EU countries, a development partly due to the fashion for oak in furniture production. Also, due to the weakness of the euro, beech and other pale European hardwoods are likely being used for mouldings in place of tropical wood and American tulipwood (imports of which also declined in 2015).

Italy's imports of tropical sawn hardwood increased from both leading supply countries in 2015. Imports were up 9.5% from Cameroon to 61,200m³ and 6.2% from Côte d'Ivoire to 26,500m³. However these gains were offset by a sharp fall in imports from Gabon, the third most important supplier, down 29% at 23,200m³.

After rising in 2014, UK imports of tropical sawn hardwood fell 23% to 76,500 m³ in 2015. Total UK imports of sawn hardwood, both temperate and tropical, declined 7.6% to 428,000m³ in 2015. The share of tropical countries in total UK sawn hardwood imports fell from 22% in 2014 to 18% in 2015. Cameroon replaced Malaysia as the UK's largest supplier of tropical sawn hardwood in 2010 and maintained this position until 2014. However, last year imports from Cameroon fell by 41.4% to 20,800m³. In 2015, Malaysia overtook Cameroon to become the largest tropical sawn hardwood supplier to the UK despite a 17.5% decline in imports to 20,900m³.

The rebound in Spain's imports of tropical sawn hardwood continued last year, with imports rising 19% to 64,400 m³. This follows a similar gain in imports in 2014 and suggests the recovery in Spain's crisis-stricken market is becoming more sustainable. Tropical wood also seems to be maintaining market share in Spain: in 2015 sawn

hardwood from tropical countries accounted for 40% of total sawn hardwood imports up from 39% in 2009. Spain imports tropical timber primarily from Cameroon and Brazil, both of which showed growth last year, by 25.2% to 38,400m³ and 26.9% to 10,700m³, respectively.

USA single largest external sawn hardwood supplier to the EU

The USA remained the single largest external supplier of sawn hardwood into the EU in 2015, but deliveries fell by 6% to 366,000 m³. At the same time, the EU's sawn hardwood imports from Canada fell by 23% to 24,000 m³.

Data compiled by the American Hardwood Export Council (AHEC) indicates that exports of U.S. sawn hardwood to the EU fell 11% in volume and 10% in dollar value last year. While exports of white oak and red oak increased slightly, there was a significant fall in exports of other U.S. hardwood species, particularly tulipwood and ash.

According to AHEC, "these declines occurred at a time when European currencies weakened sharply against the dollar and there was only slow post-recession growth in key economic sectors, like construction and furniture".

AHEC also note that concerns about future supplies of ash due to the Emerald Ash Borer, combined with uncertainty over EU rules for phytosanitary certification of American ash may have encouraged manufacturers to build up stock during 2014. This combined with the weakening euro led to the sharp fall in exports of ash during 2015. American ash is now subject to very stringent phyto-sanitary requirements in the EU (AHEC argues too stringent) which is severely limiting opportunities for export of this species.

Increased EU imports of lower value Eastern European hardwood

A key trend in the EU sawn hardwood trade in recent years has been increased dependence on imports of lower value product from Eastern Europe, notably Ukraine, Belarus, Russia, Bosnia and Serbia.

In 2015 there were higher deliveries from the Ukraine (+37% to 350,000m³), Belarus (+63% to 128,000m³), Russia (+117% to 125,000m³), Bosnia (+17% to 112,000 m³) and Serbia (+3% to 77,000 m³). Growth in import volumes was significantly higher in each case than the rise in euro-based import value, as all three countries' currencies fell dramatically against the euro in 2015. This is likely to have a decisive factor for the sharp rise in volumes from this region last year.

Much of the product arriving from Ukraine, Bosnia and Serbia is oak which remains very fashionable in the EU flooring and furniture sectors. Material from Belarus and Russia is mainly lighter lower grade hardwoods such as birch and aspen used for packaging and other industrial uses.

To some extent the rise in imports from these Eastern European countries is an inevitable result of the EU's manufacturing centre of gravity shifting from higher cost countries in the west to lower cost countries in the east. The latter are more inclined to source hardwood from neighbouring non-EU countries than from tropical countries or

North America.

Regulatory changes may have been an additional factor in the case of the Ukraine. In April 2015, the Ukrainian government banned exports of logs for 10 years effective from 1 November 2015. The log export ban affects logs and poles as well as sawn wood with thickness exceeding 70 mm and over 22% moisture content. In addition to the log export ban, Ukraine added oak to the list of “rare and valuable” timber species for which controls are imposed on a wider range of secondary and tertiary processed products.

These various new regulations contributed to a significant shift in the make-up of hardwood imports into the EU from Ukraine during 2015. Ukrainian oak log deliveries to the EU plummeted to 29,000 m³ last year, down from 82,000 m³ in 2014. Meanwhile EU imports of Ukrainian sawn oak rose dramatically, probably a short-lived trend as importers purchased additional supplies before November 2015 to beat the extra controls on oak which are now in force.

Underlying challenges despite rising imports

While imports have been rising and some key sectors of the European economy, such as construction, furniture and flooring, are now growing slowly, these remain challenging times for the European hardwood industry.

Use of all hardwood in traditional applications in Europe, but particularly for mass-produced goods like doors and flooring, continues to come under pressure. Many consumers are still cash-strapped and, while they want the look of hardwood, they often won't pay the price for what is perceived to be a luxury product. Share continues to be lost to alternative materials perceived to be cheaper and easier to maintain. Alternatives include panel products like MDF, softwood – sometimes chemically or thermally modified or engineered - as well as laminates and plastics.

Challenges are particularly pronounced for tropical hardwood. There is a persistent “image problem”, while the EU Timber Regulation together with uncertainty over the legality of product seems to be limiting EU procurement of tropical timber to a narrower range of companies, both on the importing and exporting side. Importers also continue to mention lack of supply continuity, transport problems and long lead times as factors impeding increased use of tropical timber in the EU.

STTC gains momentum and puts money on the table

But the news is not all bad. There is a growing coalition of companies and other organisations in the EU committed to making the case for a long-term trade in tropical hardwoods in the EU – although with the important qualification that all tropical wood promoted for use in the EU should be either third party certified or, at minimum, subject to independent legality verification. That of course raises questions, still not satisfactorily addressed, about equitable market access, particularly for community and other non-industrial forest operators.

The FLEGT Action Plan and associated work through Voluntary Partnership Agreements (VPAs) with most of the leading tropical wood suppliers to the EU is beginning to

encourage the development of more enlightened policy environment and positive image for tropical wood products in the EU.

Meanwhile there are signs that the European Sustainable Tropical Timber Coalition (STTC), which started in 2013, is gaining momentum. The STTC brings together companies in timber sector, retail, and end-use industries, with government officials and NGOs in the interests of promoting increased use of certified tropical timber in the EU. STTC has established a target to increase EU sales of certified tropical timber by 50% over 2013 levels by 2020.

In March STTC launched a new phase of development involving a closer strategic partnership with the European Timber Trade Federation (ETTF), re-energised communications and membership drives and, critically, a funding initiative to back private and public sector Action Plans and projects.

Timber businesses can now receive match-funding for activities in the framework of an STTC Action Plan for up to 30% of the cost, or €15,000. Federations are eligible for grants of up to €30,000 for developing sustainable sourcing policies. In addition, STTC partners and participants can submit project proposals with a requested STTC contribution up to €50,000 if it contributes to STTC objectives.

A new website (www.europeansttc.com) lays out STTC goals and the all-round case for using sustainable tropical timber. It provides technical data, tropical timber application case studies, lists STTC partners and members and explains how to join and apply for funding.

ATIBT, PEFC and STTC link up to promote tropical timber

Also in March, STTC acquired two influential new partners with potentially important implications for the future scope, direction and level of support for STTC activities. One new STTC partner is the International Tropical Timber Technical Association (ATIBT), which supports development of international trade in tropical timber, both as a viable business, and a means of helping maintain the tropical forest and the habitats and biodiversity it supports.

On announcing the partnership, ATIBT President Robert Hunink emphasised the important role of STTC to encourage introduction and promotion of so-called 'lesser used species', noting that "successful promotion of these species is especially crucial for the economic viability of operators in the Congo Basin and to maintain a balanced species composition in the forest."

PEFC is the other new STTC member and is already in discussion with STTC about a project which aims to increase European imports of certified tropical timber from Asia, now one of PEFC's principal focus areas. The specific objective of the joint project is to create improved linkages between growing certified Asian timber output and the EU market and to address critical bottlenecks in supply of certified wood products from the region.

Tropical wood LCA performance beats other materials

By [Forest Industries Intelligence](#)
For [ITTO Market Information Service](#)

15 Apr 2016 7 | 9

Sustainably sourced tropical timber species out-performed competitor materials in a demanding life cycle analysis project backed by the European STTC. Eric de Munck of Netherlands-based timber research body Centrum Hout led the trials, which pitted tropical timbers against key market rivals in the manufacture of marine application pile planking and window frames.

The pile planking life cycle analysis (LCA) project was proposed to the STTC by the Netherlands Timber Trade Association (NTTA) and other industry players due to the fact that tropical timber faces increasingly strong competition in this market from steel, PVC, plus other varieties of wood. The research team also said that existing environmental data for the species used in this application was out-dated and unreliable.

The study, undertaken in association with the FSC Netherlands, has already generated impressive figures in favour of tropical timber in terms of cradle to grave environmental cost per square metre.

The species used were sustainably sourced African Azobé and Okan and South American Angelim vermelho. They were evaluated against two types of PVC planking – one comprising all virgin raw material, the other recycled – and steel.

The researchers chose a popular form of pile planking and applied equivalent LCA methods to all materials types. Preliminary results showed that, over a 30-year lifespan, the environmental performance of tropical timber planking is 24 times better than virgin-material PVC and 21 times better than recycled. Compared to steel it's 133 times better.

The final LCA data from the research will be added to the Dutch Environmental Database and international data resources Ecoinvent and ILCD (the International Reference Life Cycle database). The results will also be publicised via the trade media, presentations to industry events and direct to tropical timber end users and specifiers.

The window frame LCA, which is being undertaken in association with the Netherlands Woodworking Industry Association, is using sustainably sourced African, Asian and South American reference wood species. The competitor materials in this case are softwood, modified softwood and PVC and initial results are expected by the end of next March.

Both studies will be completed and implemented by the end of next June, with the outcomes widely publicised.

STTC June Conference to focus on timber procurement policies

The 2016 Sustainable Tropical Timber Coalition Conference to be held 23 June 2016 in the Netherlands will focus on the role and impacts of sustainable timber procurement policies. The conference will gather timber trade federations, companies in the timber supply chain, policy makers and procurement officers from national and local governments, NGOs, certification schemes and representatives from research institutes.

The Conference will begin with a presentation by Stéphane Glannaz (Chief Commercial Officer Precious Wood) on the challenges of sustainable forest management in the tropics, including a commentary on what the private sector expects from sustainable timber procurement policies and the commitments that the private sector can realistically make.

Duncan Brack (Researcher and Chatham House associate) will provide an overview of sustainable timber procurement policies worldwide and their impact on the market.

Three Dutch presenters Maja Valstar (Ministry of Infrastructure and the Environment), Paul van den Heuvel (Netherlands Timber Trade Association) and Léon Dijk (City of Rotterdam) will talk about “how the Netherlands achieved a market share of 74% sustainably sourced timber”. Peter Gijsen (Royal BAM Group) will comment on best practice in providing assurances of sustainability to a large European construction company.

Robert Kaukewitsch (Policy Officer European Commission) will provide an update on the impact of the new EU directive on public procurement, together developments in field of Green Public Procurement on EU level, the FLEGT Action Plan as a tool to promote sustainable forest management and the scope and limitations of the EUTR.

This will be followed by a series of break-out sessions to discuss a wide range of related issues such as LCA, details and design of public procurement policies, achieving price premiums and other financial incentives for sustainable sourced timbers, how to improve the image of tropical timber and to convey messages about its contribution to forest conservation

The conference will take place at Wereldmuseum (World Museum): Willemskade 22-25, 3016 DM Rotterdam, the Netherlands. Further details:

<http://www.europeansttc.com/23-june-2016-conference/>