

## **European flooring market continues to recover in 2017**

The European real-wood flooring industry continues to experience moderate growth, benefiting from encouraging economic developments, especially in construction activity. Compared to the same period last year, provisional results for the first half of 2017 point to a continuation of the positive parquet consumption trends observed in 2016 and during the first quarter of 2017.

These are the main conclusions of the market discussion of the Board of Directors of the European Federation of the Parquet Industry (FEP) when they met in September 2017.

The promising developments reported by FEP members were registered in all countries where FEP members are present, with no single country reporting a decline in consumption. The following conclusions on the market for real wood flooring were drawn for each country:

- Austrian sales increased 2% during the first half of 2017 compared to the same period last year despite intense competition from alternative flooring types.
- Belgian consumption increased 2.5% in the first three months of 2017.
- Denmark's market is growing at an annual rate of around 1%-2% in line with growth in construction activity.
- Sales have been stable in Finland this year, an improvement after several years of decline.
- French demand grew by an estimated 3% in the first half of 2017.
- Germany sales increased by 2% in first half of 2017 reflecting good performance of the construction sector and despite shortages of craftsmen and harsh competition with other flooring solutions.
- Sales in Italy increased 1.5% in the first half of 2017 on the back of positive economic developments in the country.
- Sales in the Netherlands continue to improve, rising an estimated 7% in the first half of 2017 due to good performance of the housing sector, but affordability of wood raw material and availability of some species is problematic.
- The Norwegian market was stable in the first half of 2017.
- In Poland there was a moderate increase in sales of around 2 to 3% in the first half of 2017.
- The market in Spain remains stable while economic indicators are positive with expectations of improving demand.
- Demand in Sweden increased 3% to 4% in the first six months of 2017, supported by stable development of construction projects.
- Parquet consumption in Switzerland was flat in the first half of 2017, a situation is expected to remain unchanged in the second half of the year.

## **Danzer expands production of sliced flooring deck layers**

In other news from the European flooring sector, hardwood specialist Danzer re-opened its location in Souvans, France on 7 September following a 13 million euro investment in the site which began in May 2016.

According to Danzer CEO Hans-Joachim Danzer, "in recent years, the global demand for engineered hardwood flooring has increased steadily – a trend that will continue. We have installed a new energy-saving boiler, our proprietary high-precision Danzer VS4000 veneer slicer and adequate drying kilns. Previous to the conversion, Souvans was exclusively producing veneer – now it is also a specialized production site for flooring deck layers. Annual production volume of 20,000 m<sup>3</sup> is planned for Souvans in the future, serving customers all over Europe."

Preceding the construction, the Danzer Supervisory Board approved a 15 million Euro investment plan for the thick-cut veneer expansion for the factories of Souvans, Melnik (Czech Republic) and Darlington (USA) in 2015. Prior to this, only the plant in Melnik produced thick-cut veneers.

The distinctive feature of Danzer's wear layers lies in their production. Deck layers are usually sawn but at Danzer they are sliced, as in the traditional veneer production process. "Our proprietary Danzer VS4000 slicers are capable of creating the product with a slicing process, completely eliminating the sawdust and saving roughly 30 to 40 percent of the valuable wood", explains Rudi Heinzelmann, CEO of Danzer Veneer Europe.

### **Rougier corporate revenues rise in Gabon and France**

Rougier, the Paris-based group which operates seven factories in Cameroon, Congo and Gabon, reports that corporate revenues for the first half of 2017 were €76.0 million, down 3% year-on-year.

The Rougier Afrique International branch generated €61.1 million of revenues, down 4% from the first half of 2016. This change primarily reflects volatile demand on several international markets and shipping delays at Douala Port in Cameroon which had an adverse impact on operating margins in Cameroon and Congo.

Group profitability in Gabon continued to pick up, benefiting from the good level of forest production, improvements in sawmill productivity and the launch of the contract with GSEZ (Gabon Special Economic Zone) for log supplies.

Revenues for the France Import-Distribution branch were also up 6% from the previous year to €17.7 million, continuing an upward trend which began in 2016.

The Group is focusing its actions in Africa on improving its industrial and logistics performances, as well as creating value through its more profitable timber species. In the second half of the year, the release of the first €5 million tranche from the €15 million loan set up with Proparco will enable Rougier to start up operations in the Central African Republic in the fourth quarter and give it the means to ensure its development in the Congo Basin.

### **FLEGT IMM completes first cycle of market surveys**

The FLEGT Independent Market Monitoring (IMM) programme has undertaken its first cycle of market surveys, following the project's relaunch by ITTO in April. Correspondents in seven key EU consumer markets – Belgium, France, Germany, Italy, the Netherlands, Spain, and the UK – as well as in Indonesia and Ghana, have gauged industry and government agency views on the start of Indonesian FLEGT licensing, the FLEGT-VPA initiative and the scope and ease of doing business with VPA partner countries.

They also asked interviewees about EUTR enforcement and implementation. An encouraging finding is that the start of FLEGT-licensing in Indonesia has revived trade interest in FLEGT. "FLEGT-licensed timber going from distant promise to physical reality restored faith", one importer told IMM. That it is Indonesia doing the licensing also changed mind-sets. If such a large, complex country could do it, said respondents, others could too.

A previous IMM pilot survey in Germany, Spain and the UK in 2015 had found more widespread frustration and "FLEGT-fatigue", as repeated forecasts about the start of licensing came to nothing.

IMM will publish a summary of its survey findings, as well as comprehensive background information on VPA partner countries and EU trade with them, on a new website soon and a quarterly

newsletter starts publication later this year. In the meantime, IMM information can be found at [www.itto.int/imm](http://www.itto.int/imm).

IMM is a multi-year programme funded by the European Commission and managed by ITTO. It monitors the timber trade and market impact of FLEGT Voluntary Partnership Agreements (VPAs) using a range of indicators. Besides analysing and contributing to work on improving trade flow data, monitoring is based on a range of surveys in EU countries and FLEGT-licensing and selected VPA-implementing countries.

Activities in 2017 have included updating analysis of VPA partner trade flows and preparation of the EU, Indonesian and Ghanaian market scoping studies. Indonesia, as the first FLEGT-licensing country, received particular attention.

Next steps include the launch of the IMM website and newsletter. Work planned for 2018 includes an IMM-hosted FLEGT Market Opportunities Roadshow. To subscribe to the IMM newsletter, please email subject line "Newsletter" to [sarah@flegtimm.eu](mailto:sarah@flegtimm.eu)

### **International Hardwood Conference, Venice, 15-17 November**

Hosted by Italy's Fedecomlegno federation in association with the ETTF and European Organisation of Sawmillers, the International Hardwood Conference will take place 15 to 17 November and is expecting delegates from 20 countries worldwide. The core theme will be maximising the hardwood resource, both in terms of sustainable yield and realising its potential in new applications.

Expert speakers will provide market trend analysis. "It's no longer enough for a hardwood conference to talk just about logs, sawn goods volume and prices," said Fedecomlegno Director Stefano Dezzutto. "Today you must address market tendencies, legality, sustainability and other environmental aspects, international standards, innovative technology and new applications. Our goal is a line-up of qualified speakers addressing a range of themes to envelop the whole hardwood supply chain. The fact we have registrations worldwide is an encouraging signal we've got it right."

The conference starts with market overviews. Rupert Oliver of Forest Industries Intelligence will address the global hardwood scene, with Nicolae Tunel of the EOS and Andreas von Möller focusing on the EU. American Hardwood Export Council Chief Executive Michael Snow will then give his perspective on North American production and trade.

The topic of mobilising the global hardwood resource will be tackled by Pierre Marie Desclos, while Elvio Florian, CEO of Florian Legno Spa, will provide insight into the modern integrated production line. Part two of the IHC turns to hardwood application. Andreas Kleinschmit Von Lengefeld of the European Hardwood Innovation Alliance takes the theme of broadening hardwood use, and AHEC European Director David Venables will discuss hardwood's growing potential in architecture.

Other themes will be dualism in wood products markets, hardwood in Italian furniture and conservation of Venice's timber foundations.

Delegates will also hear from the International Tropical Timber Technical Association (ATIBT) about its innovative new sustainable hardwood promotion and branding scheme, Fair & Precious. The IHC takes place in Venice's Hilton Molina Stucky hotel and the Gala Dinner will be in the historic Palazzo Zeno.

For more information and to register <http://ihc2017.info/en/welcome/>

## **Certified wood accounts for 83% of Dutch timber market**

The headline statistic in the 'Sustainably produced wood on the Dutch market' study from sustainability, forestry and forest products institute Probos, is that the market share of FSC and PEFC certified timber increased from just 13.3% in 2005 to 83.3% in 2015.

This is the fifth analysis of the sector undertaken by Probos, covering the primary wood products and paper and cardboard markets in the Netherlands. It also breaks down market share figures for sawnwood, temperate and tropical hardwoods, sheet materials, packaging paper, cardboard, graphic paper, newsprint and sanitary paper.

The report indicates that share of certified wood on the Dutch market increased across all product groups, although the rate of increase has slowed in recent years. Share of softwood increased from 76% in 2009 to 96% in 2012 before rising to 98% in 2016. Share of panel products increased from 61% in 2009, to 89% in 2014 before rising to 92% in 2016. Share of hardwoods increased from 24% in 2009 to 55% in 2013 and 61% in 2016.

The share of certified in tropical sawn hardwood supply to the Netherlands increased from 56.5% in 2013 to 63.2% in 2015. Almost half of the certified tropical sawn supply is under the Malaysian Timber Certification Scheme (MTCS) which is PEFC-recognised and was endorsed as fully compliant with the sustainability criteria of the Dutch government from January this year. The rest of the volume is mainly FSC certified from Cameroon, Gabon, and Indonesia.

The report notes that the most rapid rate of proportional increase in certified supply in recent years is in temperate sawn hardwood, from 20.7% in 2013 to 33.7% in 2015, but this is against the background of a sharp decline in Dutch imports of temperate hardwood. Probos suggest that temperate hardwoods are lagging other product groups because much is lower grade used in the packaging industry in the Netherlands, very little of which is certified.

Probos do not mention an alternative explanation, which is that a relatively high proportion of temperate hardwood derives from small non-industrial owners in both Europe and North America, which are less likely be certified than the large state and industry-owned forests that supply a majority of softwood and panel products.

The share of total Dutch consumption of timber and wood-based panels taken by timber certified under the schemes was 40.9% for FSC and 33.1% for PEFC in 2015. The relative share of FSC and PEFC on the market was little changed from 2013.

## **Spanish trade association legality risk assessment of Brazil**

According to the European Timber Trade Federation (ETTF), the Spanish Timber Trade Association AEIM has produced a preliminary risk assessment report on sourcing from Brazil to support members implementation of the EU Timber Regulation (EUTR).

The risk assessment, which was presented to the association's latest board of directors meeting, was commissioned from a 'committee of experts'. It lists and analyses official documentation that must accompany Brazilian sawn timber products to satisfy AEIM's compulsory EUTR-aligned due diligence system.

The report breaks Brazil into three areas; Pará, Matto Grosso and 'other states'. Legality risk assessment documentation is covered along the supply chain, from forest to export. Brazil is rated

'very high risk' on AEIM's illegality risk assessment website [www.maderalegal.info](http://www.maderalegal.info) and the report is therefore seen as a key trading tool.

Brazil is Spain's second biggest tropical timber supplier after Cameroon, on which AEIM commissioned a similar risk assessment and due diligence report last year. In 2016, Spain imported 10,312 m<sup>3</sup> of Brazilian sawn lumber, worth €6.1m.

While addressing illegality risk, the AEIM report also highlights efforts being made by the Brazilian Environment Institute (IBAMA) to tackle illegal trade, and the development of Brazil's National Control System for Forest Products Origin (SINAFLOR), its timber supply chain tracking database. The final AEIM report will be available soon.

In a separate report, AEIM note that a recent survey of members revealed that only 4% of all tropical timber imported into Spain is certified. AEIM is committed to raising this percentage to 12% by 2020.

### **LCA provides foundation for new tropical wood promotion**

According to the ETTF, a 12-strong group of Netherlands Timber Trade Association (NTTA) members is planning to use the findings of two recent Life Cycle Assessment (LCA) projects as the basis of a campaign to promote greater use of sustainable tropical timber.

The campaign will target civil engineers, and focus on both sustainable tropical timber's environmental benefits, in relation to climate change mitigation, renewability and low environmental impacts, and its technical, design and maintenance attributes.

The campaign draws on a 2016 LCA study, backed by the EU Sustainable Tropical Timber Coalition (STTC), on the use of tropical timber for pile planking. It was commissioned from EY Climate Change and Sustainability Services by the NTTA's Centrum Hout operation, with support from FSC Netherlands.

This study put three sustainable tropical species through LCA, alongside planking in plastic. The timber scored significantly better, both in overall impact and carbon performance.

Earlier, the Dutch government commissioned a similar comparative study for pedestrian bridges, measuring the LCA performance of tropical timber versus concrete, steel and reinforced composites. Again, tropical wood came out on top.

The campaign will involve meetings for engineers, and distribution of literature, including fact sheets already prepared on sustainable tropical timber and environmental impact, CO<sub>2</sub> reduction and the bio-based and circular economy.

The pile planking study has also generated literature on total cost of ownership of the product through its life, and a design and calculation guide. There is also an online facility to calculate embodied and lifetime in-use carbon performance of a particular timber application.