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Key issues affecting the European hardwood trade

A range of key issues affecting the EU hardwood market were highlighted during the American Hardwood Export Council (AHEC) European Convention held in Venice during October.

Has underlying hardwood consumption improved during 2004, or is the recent upsurge in EU imports of American hardwoods due to other factors?

There was widespread consensus at the AHEC Convention that the fall of the dollar value against the euro has been a major factor boosting market prospects for US hardwoods in Europe this year. Discussion indicated that European hardwood consumption trends have varied very widely by sector and country. There have been positive trends in the interior joinery sector. Hardwood consumption in the flooring sector has been generally good. There is also a growing fashion for wood to be used in modern interior design, partly boosted by interest in the environment. As one speaker noted "wood is part of our lifestyles again". A growing fashion for European families to extend use of the kitchen beyond cooking to become the main living area of the house has boosted prospects in the kitchen cabinets sector.

Other trends affecting the European furniture sector have been less positive. Many manufacturers are struggling to maintain sales in the face of mounting global competition. European manufacturers are also struggling in export markets due to the current strength of the euro.

By region, there were reports that consumption of American hardwoods has been very good in Spain this year and reasonable in Italy. Consumption has improved in Germany this year but is still well down on 5 years ago. Consumption of American hardwoods in the UK and in the Benelux

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region has been disappointing this year with declining manufacturing activity and rising competitive pressure from European hardwoods.

To what extent are suppliers of European hardwoods competing with suppliers of American hardwoods?

Commentators from across Europe reported on the rising competitive pressure on American white oak from European oak. Until recently, all European oak was supplied as waney-edged lumber (boules). However mills throughout the continent have responded rapidly to customer demands for square edged lumber and dimension stock. European oak suppliers are proving to be adaptable. Many will now supply products tailored precisely to manufacturers' requirements, and will despatch mixed trailer-loads on a just-in-time basis. The grain and colour of European oak tends to be preferred over the American product. European oak is also dried to 12-15% moisture content, more suitable in European conditions than 6-8% moisture content which is the norm for American oak.

But the balance of advantage is not all one way. American oak is more readily available in larger sizes than European oak and tends to be more competitively priced in these specifications. Unlike European oak, American oak is supplied according to a universal grading system. Lack of an equivalent European system means that trade in European oak requires much greater experience on the part of the buyer. Despite recent progress,

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Editorial

2004 has been a buoyant year for the global hardwood trade, but not everybody is feeling the benefits.

Anecdotal reports of scintillating hardwood demand in some parts of the world are now being confirmed by trade statistics. Data for the first half of 2004 has been filtering in for the last few weeks. In this issue we publish the US trade data for the first half year (page 7), which indicates very strong growth in exports of hardwood lumber and veneer. This data follows on from Brazilian export figures published in August 2004, which showed massive growth in exports of hardwood sawn lumber and plywood during the first half of 2004.

On the demand side, the United States and China have been booming for the last 12 months, and this has supported export-oriented manufacturing growth in other parts of the world. Despite gloomy newspaper reports, even the Middle East market is buoyant (see page 4). And Japan is showing the first signs of positive growth for decade.

Unlike previous global booms in hardwood demand, this one has not been matched by a massive explosion of production. For the

Africa

African logs Sapele prices show weakness

Some reports indicate emerging weakness in sapele FOB log prices due to sluggish European and Chinese demand with stocks from the northern Congo building up at Douala port in Cameroon. However, African producers suggest that due to increased forest tax levels throughout the Congo region, margins are already extremely tight. Therefore prospects for any significant fall in prices are limited. Prices for other African hardwood logs remain generally firm on the back of restricted supplies. The rainy season in the main supplying areas north of the equator continued into early October. It is only now beginning to ease in Ghana and the Ivory Coast. Weather conditions are not expected to improve significantly in the northern Congo for several weeks. Demand for iroko, ayous and moabi logs remains good and supplies are restricted. Prices for these species remain firm. Mixed reports are emerging for logs of movingui and sipo. Sluggish demand has led to occasional reports of softening prices for these species.

The shipping problems resulting from diversion of capacity to China which

first time in many years, the balance in the hardwood market has shifted strongly towards the seller. Supplies in most of the main supplying regions – both tropical and temperate - have remained reasonably tight. So 2004 has also been a year of firm pricing for hardwood products.

But as in every business cycle, there are winners and losers. The first half import data for the leading EU markets (pages 11-15) suggests that growth in Western Europe has lagged behind the rest of the world. Some of the causes of this are identified on page 8 in an article on global economic prospects. Major factors have been the shift in wood processing capacity and manufacturing to Eastern Europe, and the strength of the euro which has undermined export growth. So for many Western European importers, 2004 is likely to be remembered more with frustration than with any sense of satisfaction.

Rupert Oliver Editor

disrupted the European market for African logs at the start of the year seem now to have eased.

African indicative prices										
	<u>Jul</u>	<u>Sept</u>	Oct							
Exchange rates										
U\$/£	1.84	1.81								
Euro/£	1.51	1.47								
All prices include agents	s commis	sion of 5%								
Sawn lumber										
Cameroon, CAR, 0	Congo ((Braz.)								
Euro/m3; FOB										
Grade/size: FAS, air drie		, 0								
Sapele	480	500	500							
Sipo	550	550	550							
Bibolo	380	380	380							
N'Gollon	580	580	580							
Iroko	660	680	680							
Cote d'Ivoire Euro/m3; FOB Abidjan Grade: FAS, air dried Size: width 6"+ avg 9"-1 thickness 1"-2"	0"; lengtl	h 6'+ avg 1	0'-11',							
Inckness I -2	660	680	680							
Mahogany	550	550	550							
Framire	370	370	355							
Samba No.1 C&S	275	275	275							
Dimension stock										
Azobe	430/	430/	430/							
	490	490	490							
Dabema	325/	325/	325/							
	375	375	375							
Gabon Euro/m3; FOB Grade and size: FAS, wi Okoume AD	idth 6"+, I 310	ength 6'+ 310	310							

Africa

African sawn lumber Iroko prices remain firm

Overall western European markets for African sawn lumber remain sluggish. This reflects continuing slow consumption and the strong euro which undermines the competitive price position of African hardwoods against Asian and Brazilian alternatives.

UWestern European buyers now tend to buy little and often. They are also looking for a wider range of species in mixed container loads.

Africa-EU trade Significant rise in prices

First half EU import data provides an insight into recent trends in the African tropical hardwood trade.

EU imports of African tropical hardwood logs fell dramatically during the first half of this year. However this was mainly due to UN sanctions on the Liberian trade.
These sanctions have encouraged EU log buyers to shift their attention to the northern Congo.

□ All the main EU log buying countries imported less from Africa during the period, with the exception of Portugal.

The overall volume of EU imports of African hardwood sawn lumber showed little change in the first half of 2004 compared to the previous year.

I There were minor changes in the main sources of sawn lumber. EU imports from Gabon continued to rise, while supplies from Ivory Coast were improving following the severe political problems last year. The volume of imports from Cameroon and Ghana continued to decline, indicative of restricted supplies.
I Considering EU countries, Spain's imports of African sawn lumber fell dramatically in the first half of this year, while Italian, Dutch and French imports were tending to rise.

□ Limited availability of African hardwoods, combined with competition for supplies from the Far East, is reflected in a significant rise in average unit values. □ The average unit value of African logs imported by EU countries this year amounts to 293 euro/m3 compared to only 270 euro/m3 last year.

Germany tends to import the highest value African logs (average value 375 euro/m3), and France the lowest (246 euro/m3).

□ The average unit value of African sawn lumber imported by EU countries this year

□ Iroko sawn lumber prices remain very firm as supplies are now extremely limited. Although the end of the rainy season in West Africa holds out some hope of an improvement in the supply situation, there is unlikely to be any significant increase in production. Remaining resources in Ivory Coast and Ghana are now very restricted. Prices are now at such a level that European buyers are reluctant to commit to new contracts. There has been a significant shift to sapele in the key Irish market.

□ FOB prices for sapele sawn lumber have

amounts to 471 euro/m3 compared to only 433 euro/m3 last year.

value lumber (average unit values of 669

been holding steady despite sluggish European demand. High tax levels now limit opportunities for African supplies to reduce prices.

□ FOB prices for framire sawn lumber have eased off the heights achieved earlier in the year. Supplies are now flowing more freely from the Ivory Coast while UK demand is less bouyant.

© Supplies of wawa sawn lumber are very tight due to resource constraints and an unusually prolonged wet season in Ghana. Prices remain stable and firm.

euro/m3 and 591 euro/m3 respectively). The Netherlands takes the lowest value African hardwood lumber (321 euro/m3).

EU-15* Imports of African Tropical Hardwood Logs and Lumber												
		Volume (00	0 m3)	V	alue (million e	uro)						
	2003	2004	% chg	2003	2004	% chg						
J	an-Jun	Jan-Jun		Jan-Jun	Jan-Jun							
Logs by importin	q countr	v										
FRANCE	315.3	250.1	-21	73.4	61.5	-16						
PORTUGAL	103.8	107.9	4	30.1	33.3	11						
ITALY	143.4	106.1	-26	40.7	34.3	-16						
SPAIN	57.4	47.1	-18	17.1	14.7	-14						
GERMANY	49.1	46.2	-6	17.4	17.3	0						
OTHER	29.1	21.6	-26	9.6	8.3	-14						
TOTAL	698.1	578.9	-17	188.2	169.5	-10						
Logs by exporting country												
GABON	261.1	255.4	-2	61.6	64.2	4						
CONGO REPUBLIC	86.2	109.1	27	27.3	35.4	29						
CAMEROON	117.1	101.3	-14	34.8	31.3	-10						
CONGO DEM. REP.	19.2	44.5	131	6.7	16.0	140						
EQUAT. GUINEA	39.1	32.7	-16	7.7	5.7	-26						
CENT. AFR. REP.	38.6	29.9	-22	13.9	13.3	-5						
IVORY COAST	1.9	2.1	8	1.0	1.6	61						
LIBERIA	130.3	0.0	-100	32.7	0.0	-100						
OTHER	4.6	4.1	-11	2.5	2.0	-20						
TOTAL	698.1	578.9	-17	188.2	169.5	-10						
Sawn timber by i	mnorting	country										
ITALY	164.8	178.7	8	68.9	77.9	13						
SPAIN	179.0	140.0	-22	63.9	64.9	2						
FRANCE	67.0	72.5	-22	32.3	35.4	9						
NETHERLANDS	50.1	57.4	15	17.5	18.5	6						
UK	33.4	40.0	20	19.2	23.6	23						
BELGIUM	35.1	31.8	-9	20.2	18.3	-9						
GERMANY	31.1	28.4	-9	14.6	15.0	3						
IRELAND	20.3	22.5	11	13.1	15.0	15						
PORTUGAL	16.7	15.3	-9	8.2	7.5	-9						
OTHER	1.7	1.6	-6	1.2	1.0	-21						
TOTAL	599.2	588.2	-2	259.2	277.0	7						
Sawn timber by e	vnorting	country										
CAMEROON	298.3	291.3	-2	118.2	131.5	11						
IVORY COAST	131.4	138.7	5	61.4	68.6	12						
GHANA	68.1	65.2	-4	29.8	30.3	2						
GABON	36.8	42.8	16	14.8	18.0	21						
CONGO REPUBLIC	31.8	28.6	-10	16.2	14.9	-8						
NIGERIA	6.4	6.6	-10	4.1	3.8	-8						
CONGO DEM. REP.	7.0	5.7	-19	4.5	3.9	-11						
CENT. AFR. REP.	7.7	3.2	-58	3.7	1.6	-58						
GUINEA	0.7	1.7	134	0.4	1.0	154						
MOZAMBIQUE	1.7	1.6	-5	1.1	1.0	-8						
LIBERIA	4.4	0.0	-100	1.1	0.0	-100						
OTHER	4.9	2.9	-41	3.2	2.4	-100						
TOTAL	599.2	588.2		259.2	277.0	-20						
* Note Denmark an			_									
time of publication	u Greece		as January	to June Gala	was not avall	מטוכ מנ						

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Middle East

The following is an assessment of Middle Eastern markets for hardwoods including Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

Gulf markets drive regional development

The Gulf markets can be characterised by rapid population growth, fast economic expansion, high levels of construction activity and, in some cases, residential and tourist development. Dubai continues to lead the way in development in the Gulf and the scale of construction activity has created a buoyant market for interior joinery and furniture. Over the last five years or so, there has been a significant increase in the number of furniture and joinery manufacturers based in the Gulf, whereas, a decade ago, very little was manufactured locally and most was imported finished or semi-finished from Europe. Today, the reverse is the case. Gulfbased manufacturers are winning contracts for the interiors of new developments - hotels, palaces, commercial centres - and even exporting their skills and products overseas. In fact, examples of hotels fitted out by Middle Eastern manufacturers can be found in Europe, the Caribbean and Central Asia. The booming construction sector has created a need for high-quality custom manufacturing in the region and cheap imported labour and low local taxes have made it possible for them to set up locally. The arrival of manufacturers in the Gulf has also led to an increased need for high-quality raw materials. This has been reflected in the growth in imports of hardwoods, witnessed over the last decade or so.

Dubai becomes region's hub

Development of hotels, offices, shopping malls, schools, hospitals and residential buildings in the UAE – notably, Dubai - continues at a rate probably only matched by certain cities in China. The opportunities that this would seem to afford the hardwood sector are enormous and, indeed, hardwoods are being used to a great extent throughout many of these developments.

Dubai has always been a trading hub for the region and, in addition to the difficulty in determining the actual volume and value of US hardwood imports into the UAE, much of what comes in to the market does not stay there. In fact, an estimated 30% of all hardwood imports are shipped to other Gulf markets, to East Africa and across the Straits of Hormuz to Iran. Hardwood buyers from as far as Libya, Pakistan and Kenya are now coming to the UAE to source their needs.

European beech dominates hardwood market

Looking at the Gulf in its entirety, hardwood imports were traditionally dominated by construction-grade meranti from Malavsia, which would have accounted for between half and three quarters of consumption in the region. The remaining market for hardwoods was filled by decorative hardwoods, including red meranti from Malaysia, iroko from Africa, teak from Myanmar, beech from Europe and North American hardwoods. Today North American hardwoods probably account for around 10% of the market for decorative hardwood lumber, while European beech is now the clear market leader. Until about five years ago, few European hardwood species had made their mark on the UAE's market in any significant volumes. This was almost entirely due to a lack of awareness of temperate species. However, a slight increase in the awareness of species, products and grades amongst those involved in the hardwood trade and end-user sectors has led to increased imports and consumption of European species today and beech is the number one hardwood species imported. However, the general awareness of wood is not as high as it is in Europe and a wood culture does not exist. In addition, knowledge of hardwoods tends to be stronger on tropical species than temperate species and more often than not, the sizes, yields and grades of Asian and African species are expected from European and U.S. species.

Saudi Arabia develops despite political difficulties

In spite of the world's press reporting difficult times in Saudi Arabia, market commentators argue that a construction boom continues unhindered. This has led to the rapid development of numerous large furniture and kitchen manufacturers, as well as large capacity joinery companies. Saudi Arabia's young and fast growing population requires that a constant development of schools, hospitals, housing, offices and shopping malls takes place in order to furnish their needs. Furthermore, in come areas of the Kingdom, notably Jeddah, the development of a tourist sector is underway. This is in complete contrast to the way the country is portrayed to the outside world.

Hardwoods have played a significant role in the interior decoration and furniture supplied to Saudi Arabia's construction sector for many years and, as in many other parts of the region, European beech is the number one species. However, for many years, American red oak has been exported to the Kingdom, both directly from the US and also from Europe. In addition, Saudi importers and manufacturers are interested in exploring the use of a wide variety of hardwood species and hardwoods from Asia, Africa and South America all end up there. However, one tempering factor to Saudi imports is the additional duty incurred for containerisation, as all shipments have to be rigorously inspected for hidden contraband.

Egyptian manufacturers focus on export

Egypt is the largest and most powerful market in North Africa and has, for hundreds of years, been the base for one of the largest furniture industries in the world. The industry, centred in a triangle between Alexandria, Cairo and Damietta is the source of millions of jobs and is by far the largest single employer in Egypt. In recent years, this industry has begun to look at increasing its focus on production for export and, with the help of Government initiatives, has achieved a certain amount of success with 18th Century reproduction furniture in France and the US. The basis of this production is a solid substrate of beech or oak from Romania and the Balkans faced in hardwood veneer. American hardwood veneers have become increasingly popular in Egypt for this kind of work and recently, numerous different species have been imported for the various complicated marquetry techniques required.

At present, Egypt is the largest export market for Romanian beech, taking approximately 200,000m³ per year for furniture production, as well as a further 100,000m³ or so of oak. Ease and speed of access for timber carrying vessels, an acceptance of low grade material, the good working properties of beech and the importance of keeping the price as low as possible have created an ideal partnership between the Egyptian furniture industry and suppliers from Romania and the Balkans.

Trade continues despite US sanctions

American hardwoods and other American products continue to reach Iraq, Iran, Libya and Syria despite trade sanctions imposed by the United States. Dubai in the UAE, which is a trading hub for the Middle East region, is regularly visited by buyers from Libya, Iran and East African countries like Ethiopia and Sudan. In the case of Iran, tran-

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Middle East

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shipments of hardwoods are made in Dubai and small, traditional vessels are used to make the short journey across the Straits of

Philippines

The following article draws from a recent Global Agriculture Information Network report by the United States Department of Agriculture.

Decline in domestic resource boosts imports

Despite a lack of official figures, the Philippine forest resource is expected to have declined to roughly 5 million hectares this year, or 16% of the 30 million hectares of total land area of the country. Tropical rainforest covers an estimated 3 million hectares, with 800,000 hectares being oldgrowth or virgin forest. Despite a ban on logging of old-growth forest since 1992, 2004 estimates show a decline in this part of the resource, due to illegal felling. Furthermore, the volume of timber available in commercial forests is also estimated to have fallen below 2003 levels. This decline is expected to continue through 2005 and into the foreseeable future, resulting in an increased need for imported hardwoods. However, the declining availability of domestic hardwood logs has not resulted in an increase in log imports, but has actually been the cause of closure for a significant number of Philippine sawmills. Instead, imports of hardwood sawn lumber, veneer and plywood are expected to increase through 2004 and 2005 to make up the shortfall in converted wood products.

In addition to the expected increase in imports, there is a forecasted stepping up of domestic veneer and plywood production through new wood processing plants. However, due to the weakness of the peso and on-going economic difficulties, a dramatic increase is not expected.

Imports of sawn lumber, veneer & plywood set to grow

Philippine imports of logs, sawn lumber, veneer and plywood in 2003, collectively declined 52% to 762,000 m3 from 1.59 million m3 the previous year. This was almost entirely accounted for by the weak performance of major wood-consuming industries, particularly the construction sector. Last year, log imports comprised 46% of overall imports of wood products (logs, sawn lumber, veneer and plywood), while sawn lumber accounted for 36%, veneer 12%, and plywood 6%. Imports of logs and sawn lum-

Hormuz. In the case of Libya, trucks regularly cross the Arabian Peninsular into North Africa. At the other end of the region from Dubai, Syrian importers and manufacturers

ber declined during the year while veneer and plywood imports increased from 2002 levels.

Tropical hardwood log imports accounted for 86% of all imported logs in 2003 and imports of tropical hardwood logs are expected to decline from the 2003 level through 2004 and 2005.

At the same time imports of semi-processed (sawn lumber) and processed (veneer and plywood) products are expected to increase during the period. Imports are likely to come from traditional sources such as Malaysia and Brazil, the dominant sources of tropical hardwood sawn lumber imports in 2003. New Zealand is also expected to be an important supplier to the country.

Sawn lumber production down, but veneer & plywood production set to increase

Philippine exports of sawn lumber increased by 32% last year, as compared to 2002. At the same time, however, exports of logs, veneer and plywood all decreased.

In 2002, there were only 36 active sawmills in the Philippines, down from 44 in the previous year, with an aggregate daily rated capacity of 2,000 m3 and an annual log requirement of 622,000 m3.

Sawn lumber production declined to 163,000 m3 in 2002 from 197,000 m3 in 2001, but recovered to its 2001 production level of 197,000 m3 in 2003. Tropical hardwood sawn lumber output increased last year due to higher log production during the period, but sawn lumber production is likely to contract in 2005, consistent with the expected decline in the number of active sawmills.

In contrast, however, veneer production increased to 245,000 m3 in 2003. The number of veneer plants increased in 2003 compared to the previous year's level but is likely to stay flat in 2004 as investors are expected to remain cautious given the sluggish economy. The number of veneer plants in 2005, however, is again expected to increase due to strong demand. Veneer production is expected to increase marginally this year and modestly expand in 2005, enhanced by the expected shift away from solid wood use. At the same time, plywood production is expected to increase in 2005, reflecting increasing veneer production. manage to fulfil their American hardwood needs through traders in Lebanon and in the case of Iraq, Jordanian traders can supply all their requirements.

Furniture industry poised for growth?

Reports from the Philippine furniture industry itself suggest 5-6% growth in the sector during 2004. This is contingent with the performance of the US economy, which is the Philippines' largest furniture export market. As well as servicing the US market, furniture manufacturers are beginning to look increasingly towards new markets and the Middle East is high on the target list, with exports already reaching the Gulf markets in significant volumes. Independent market commentators, however, suggest that the forecast growth is a little ambitious and that several factors will, in fact, temper development. Not least of these is the competition from low-cost producers in China and Vietnam. Quality is a major strength of Philippine manufacturing, but quality is improving rapidly in other Asian producer countries and unless Philippine manufacturers can secure niche markets for their less competitive products, they will find it hard to compete effectively. In addition and not to be ignored, are the increasing world crude prices and the resulting higher energy costs.

Philippine hardwood trade (000s m3)

	2002	2003	% chg
Hardwood	imports		
Logs			
Tropical	370.0	299.3	-19.1
Temperate	5.2	0.2	-96.2
Total	375.2	299.5	-20.2
Sawn Lumbe	er		
Tropical	933.1	208.6	-77.6
Temperate	39.0	65.8	68.7
Total	972.1	274.4	-71.8
Veneer			
Tropical	68.3	70.4	3.1
Temperate	1.6	10.9	581.3
Total	69.9	81.3	16.3
Plywood			
Tropical	22.6	41.5	83.6
Temperate	2.3	5.4	134.8
Total	24.9	46.9	88.4
Tropical Ha	rdwood	Exports	
Logs	0.0	9.0	100.0
Sawn lumber	90.6	119.4	31.8
Veneer	2.6	2.9	11.5
Plywood	21.9	16.4	-25.1

US hardwood trade Booming exports in 2004

The following is an analysis of the US hardwood lumber and veneer exports to the main export markets for the first six months of 2004. The data is from the US Bureau of Census.

US hardwood exports rise

In value, global US hardwood sawn lumber and veneer exports rose during the first six months of this year by just under 15% each to \$741 million and \$240 million respectively, as compared to the first half of 2003. In volume terms, US hardwood sawn lumber exports increased by a little under 11% to 1.6 million m3 in the same period. American hardwood log exports, on the other hand, dropped in volume, but increased by 21% in value. This can be attributed to tight availability of logs during 2004, which contributed to rising prices, together with rising exports of veneer quality logs to China.

Growth in exports to the EU

Exports of both hardwood logs and sawn lumber from the United States to Canada -America's largest export market - actually decreased in the first half of this year, as compared to 2003. Meanwhile, the United States' second largest export market, the European Union, saw increases across the board. US hardwood log exports to the EU reached a total volume of 156,426 m3, an increase of 16% on the previous year and US hardwood sawn lumber exports to the EU reached a total of 358,989 m3 in the same period, marking an 8.4% increase on 2003. In value terms, US hardwood log and sawn lumber exports to the European Union also increased, by 21% and 13.4% respectively, while US hardwood veneer exports increased by 7.2% to reach a value of \$87 million. The average unit value of American hardwood sawn lumber exported to the EU also increased in the first half of this year, from \$611.29 per m3 to \$639.76 per m3.

German recovery in sight?

The United States' top four European export markets for sawn hardwood lumber all saw increases in their direct imports in the first six months of 2004. The most important export market for US sawn hardwood lumber in the EU is Italy and exports in the first half of this year increased by 10% to a volume of 103,657 m3, as compared to the same period in 2003. Spain, the second most important export market in the EU, also saw an increase in imports of US hardwood sawn lumber - by 4% - but this was tempered by the market's heavy dependence on white

oak, which has been in limited supply. While the UK's imports of US hardwood sawn lumber increased by 5% to 48,068 m3, exports to Germany leapt up by over 17% to 24,394 m3. This marks a very significant turning point in the German market, where negative growth in imports of US hardwoods has been seen since 1997. The question that has to be asked is whether this could signal a positive change for the future in Germany. Part of the reason for the increase is that Germany is becoming a gateway for supplies of hardwoods into Eastern Europe.

Chinese imports leap in value

Between January and June 2004, exports of American hardwood products to Greater China increased across the board, with the exception of sawn hardwood lumber to Hong Kong. To China itself, massive increases were seen in exports of US hardwood logs and lumber, at 35% and 39% respectively by volume. However, the most remarkable change is the value increase across all three products.

In US hardwood logs, China's imports in the first half of this year increased by over 54% in value, most likely accounted for by an increase in imports of veneer grade logs. Domestic veneer production is rising rapidly, a trend that has been encouraged in recent times by Chinese government subsidy of veneer producers.

In terms of value, China's imports of American hardwood sawn lumber and veneer increased by 45% and 62% respectively. This signalled in part a change in the grades and species being imported, but more significantly, a general firming in price of US hardwood products.

Also in Greater China, Taiwan's imports of US hardwood sawn lumber increased significantly, by 72% in volume to 58,295 m3 and by 50% in value.

More recent reports suggest that Chinese demand for American hardwood lumber may have slowed in the 3rd quarter due to a buildup in stocks. Chinese export markets for wooden bedroom furniture have also been hit hard by the United States introduction of punative import tariffs on these products. Nevertheless long term market prospects in China continue to look positive, buoyed by continuing economic growth and constraints on supplies of other high value decorative hardwoods. US hardwoods also continue to benefit from the Chinese fashion away from European beech.

Other Asian markets doing well

In most other parts of Asia, including Southeast Asia and Japan, US hardwood exports also rose during the first half of this year. However, exports to South Korea did not fair so well and the volumes of US hardwood logs and lumber were both down on the same period last year, while the value of US hardwood veneer exported to the market was nearly 46% down on 2003. Nevertheless, longer term prospects in South Korea's interiors market may be improving with the introduction of laws removing a cap on the resale value of homes. This law had previously greatly inhibited spending on interior decoration.

In Japan, the volume of US hardwood log, lumber and veneer exports have picked up in 2004, the first sign of an upturn in this market for 7 years. However, the value of American hardwood sawn lumber exported to Japan was actually down on the first half of last year, which marks a significant change in species and grades being exported to the market and is in contrast with the general firming trend in US hardwood prices.

Middle East markets picking up

Following a major downturn in direct exports of US hardwoods to the Middle East and North Africa in recent years, the first half of 2004 has shown results that were better than expected. Although American hardwoods are shipped from Europe (and even China) to the Middle East's markets, direct shipments from the US have not been strong for some time and 2003 showed no sign of improvement. With exports of US hardwood logs and sawn lumber up by 53% and 37% in volume as compared to the first half of 2003 and veneer up by 53% in value, there could be signs of a better future for American hardwood exporters. The principal markets for American hardwoods in the region are Saudi Arabia and the United Arab Emirates - the latter acting as a hub for the whole Middle East region and parts of East Africa as well. While, Saudi Arabian imports of sawn hardwood lumber from the United States more than doubled during the first half of this year, as compared to 2003, exports to the UAE actually decreased. However, the shortfall was taken up by an increase in shipments to other Gulf markets (Bahrain, Kuwait, Oman and Qatar) and also to Egypt.

Mexican come-back

The Mexican market has also made a partial come-back this year as Mexican manufacturers have benefited from strong demand for finished products in the United States. Severe supply shortages of domestic pine also continue to encourage Mexican furniture manufacturers to switch to US wood products.

US Hardwoods Exports January to June 2003 and 2004

	Volume (m3) Value (\$000)									
	2003	2004	% chg	2003	2004	% chg				
World										
Logs	1,132,130	1,126,448	-0.5	258,719	313,821	21.3				
Lumber	1,400,927	1,552,653	10.8	645,037	741,234	14.9				
Veneer	na	na	na	209,194	240,220	14.8				
Canada										
Logs	764,390	643,892	-15.8	96,674	101,226	4.7				
Lumber	534,373	512,789	-4.0	213,053	219,131	2.9				
Veneer	na	na	na	72,829	78,835	8.2				
EU	135,109	156,426	15.8	62,771	75,950	21.0				
Logs			7.2			15.1				
Italy	56,094	60,113		15,654	18,013					
Germany	35,485	30,280	-14.7	24,225	22,034	-9.0				
Lumber	331,241	358,989	8.4	202,485	229,668	13.4				
Spain	82,969	86,397	4.1	46,048	51,454	11.7				
Italy	94,155	103,657	10.1	49,767	53,572	7.6				
United Kingdom	45,738	48,068	5.1	33,682	34,659	2.9				
Germany	20,790	24,394	17.3	11,837	18,224	54.0				
Veneer	na	na	na	81,153	87,002	7.2				
Germany	na	na	na	28,156	30,567	8.6				
Spain	na	na	na	20,200	22,454	11.2				
ltaly	na	na	na	13,648	12,516	-8.3				
SE Asia										
Logs	31,184	51,679	65.7	13,647	19,402	42.2				
Vietnam	3,591	8,954	149.3	1,944	4,227	117.4				
			9.8							
Lumber	60,050	65,906		26,034	30,711	18.0				
Vietnam	7,203	19,584	171.9	3,172	9,285	192.7				
Veneer Vietnam	na na	na na	na na	5,911 676	7,820 1,222	32.3 80.8				
	IIa	IId	IIa	070	1,222	00.0				
Greater China										
Logs	105,516	142,878	35.4	47,344	73,008	54.2				
China	61,818	93,913	51.9	26,338	45,326	72.1				
Hong Kong	30,800	33,282	8.1	14,324	19,727	37.7				
Taiwan	12,898	15,137	17.4	6,683	7,956	19.0				
Lumber	262,383	364,119	38.8	94,613	136,794	44.6				
China	141,612	221,114	56.1	49,218	80,291	63.1				
Hong Kong	86,870	84,710	-2.5	33,413	38,469	15.1				
Taiwan	33,901	58,295	72.0	11,983	18,033	50.5				
Veneer	na	na	na	27,045	36,918	36.5				
China				11,766	19,109	62.4				
	na	na	na		,					
Hong Kong	na	na	na	10,071	11,547	14.7				
Taiwan	na	na	na	5,208	6,262	20.2				
Japan										
Logs	48,236	66,192	37.2	14,599	17,103	17.2				
Lumber	48,821	51,051	4.6	27,321	24,576	-10.0				
Veneer	na	na	na	1,182	1,907	61.3				
South Korea										
Logs	22,106	21,165	-4.3	9,594	9,215	-4.0				
Lumber	16,906	14,995	-4.3	9,394 9,793	9,215	-4.0				
Veneer	na na	na na	na	3,958	2,153	-45.6				
Mexico	7 6 16	17.010	4 10 1	0.007	0 00 f					
Logs	7,042	17,349	146.4	2,867	6,204	116.4				
Lumber	92,171	101,719	10.4	37,288	40,190	7.8				
Veneer	na	na	na	5,670	9,937	75.3				
North Africa and	Middle Eas	t								
Logs	1,482	2,273	53.4	1,036	1,331	28.5				
•	18,922		37.3	42 402		41 0				
Lumber	10,922	25,980	57.5	13,482	19,130	41.9				

US hardwoods in a global economy

The US hardwood industry never needed exports as much as they do today. This was the opening statement of a presentation by George Barrett, Editor of Hardwood Review, at the AHEC European Convention in October. His main message was that global market trends are increasingly impacting on the United States hardwood industry. He also suggested that overall demand for US hardwoods is likely to remain strong. 2005 is likely to see tight supplies of US hardwood lumber and firm prices.

Barratt noted that a rising proportion of US hardwoods are being exported year on year. In 1994, less the 8% of US hardwood lumber was exported. Last year the figure had risen to 11%. Exports form a particularly important component of export demand for certain species. 35% of American ash, 22% of white oak, 32% of American cherry and 60% of American walnut are exported.

Considering export destinations, since 1997 exports to the EU have tended to decline, while exports to the Far East have tended to rise. However, the European Union as a whole remains by far the largest single market for American hardwoods. It is particularly important as an outlet for the highest value American hardwoods, particularly white oak. The unit value of US hardwood exports to the EU is much higher than to the Far East.

Globalisation drives restructuring

Globalisation trends are also having an effect on the supply side of the industry. Rising competition is driving a process of restructuring which is contributing to a leaner more efficient industry. The number of dedicated hardwood sawmills in the United States has declined from around 1118 in 1992 to only 679 in 2002. The average sawmill today is larger and more productive. In 1997, sawmills averaged \$4.4 million in sales, by 2002 this figure had increased to 6.5 million in sales. Total hardwood lumber production declined from 13 billion board feet in 1997 to only 10.32 billion board feet in 2003, but a significant rebound is forecast for 2004 to around 11.35 billion board feet.

Meanwhile, end using industries in the United States have come under intense pressure from imports of finished products. Barratt noted that the biggest single change in the US domestic market has been the dramatic decline in the US furniture industry. Barratt commented "this industry has probably been the worst managed in the United

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States". During the 1980s and 1990s there was very limited investment in plant, design and innovation. As a result, the industry quickly caved in to overseas competition. Between 1993 and 2003, US overall imports of furniture increased by 276% from \$2,149 million to \$8,092 million. In 1993, the United States imported only \$139 million of furniture from China. By 2002, this figure had increased to \$2,743 million. In 2003, there was another 25% increase in imports from China to \$3,433 million.

Flooring influence

The flooring industry has been another major influence on the US hardwood market in recent years. Demand for wood flooring in the United States is booming. This has provided a major new outlet for US hardwood products. However the process of import substitution which occurred in the furniture sector is now hitting the flooring sector. Between 2002 and 2003, US flooring imports increased from 4 million m2 to 7.4 million m2. Imports from China increased from 0.6 million m2 to 2 million m2 during this period, while imports from Canada increased from 0.7 million m2 to 1.9 million m2, and imports from Brazil increased from 0.5 million m2 to 1.3 million m2.

The US mouldings industry is coming under equally intense pressure. US imports of hardwood moulding increased from 374 million lineal feet in 1998 to 613 lineal feet in 2003. This year imports look set to reach 675 million lineal feet. Again China has been the leading supplier, with imports from that country rising from only 5 million to 243 million lineal feet in 2003. Meanwhile US exports of mouldings have been falling.

Rising log exports

The decline in US domestic manufacturing and the rise in overseas competition is also driving a big change in the structure of US hardwood exports. Log exports have risen progressively from only 1.2 million m3 in 1996 to a predicted 2.4 million m3 in 2004. Barratt suggested that "US log exports may exceed lumber exports in only a few years". A significant proportion of log exports are destined for Canada. In Quebec mills have been actively encouraged to become established just over the border from the United States and to import US logs. Canada imports mainly hard maple, cherry and red oak. China is also emerging as a key source of demand for US hardwood logs, with export volumes rising almost six fold between 1999 and 2003. China takes mainly white oak, walnut and hard maple.

Turning to the future, Barratt predicted that the US hardwood industry will be smaller but more efficient and productive. It will be more customer-oriented, and more profitable. In the immediate future, during 2005 there is unlikely to be any significant increase in supply. More markets are now competing for available supplies, both domestically and overseas. Log supply will remain tight. Loggers are now very hard to find as

Downside risks for the global economy

A strong global recovery began in the second half 2003, starting in the U.S. and then spreading to other regions. At present, monetary and financial conditions remain reasonably favourable, particularly as central banks are tending to maintain relatively low interest rates. However the recovery has lost some momentum since spring 2004, partly due to the dampening effect of rising oil prices, and there seem to be mounting downside risks for the global economy. These were the main conclusions of a presentation on economic prospects at the AHEC European Convention by Dieter Hesse of the UNECE.

Low interest rates around the world have contributed to very high levels of liquidity, so that fears of inflation have been mounting. There is also concern of a mounting asset price bubble. The challenge now is to withdraw the monetary stimulus without risking recovery and provoking a hard landing for the global economy.

The recent surge in commodity prices, particularly for oil, is making matters more complicated for policy makers. The oil price rise has so far been manageable, but if it continues next year, a trend which is widely forecast, they will become a more significant drag on the world economy.

There are other significant downside risks for the global economy. During the last 12 months, the United States has been acting as a "shock absorber" for the EU and Asian economies by keeping up strong demand for their exported products. Therefore any weakening of the US recovery would resonate around the world. And although investment growth remains robust in the US, there are now signs of weakening private sector consumption. Contributing factors include sluggish labour market performance and record levels of personal debt in the United States. Meanwhile the impact of the tax cuts introduced by George Bush is beginning to wane at a time when public sector finances are less healthy. US policy makers now face the difficult task of tightening monetary and fiscal policy at a measmany have left the profession and insurance costs are extremely high. More forest land is being sold to large private investment companies that are more inclined than small private owners to impose strict limits on logging. Most sawmills have no plans to increase production. Hardwood mills now face real obstacles to the raising of capital. Banks are generally unwilling to underwrite investment in the sector.

ured pace so as not to endanger recovery. Business surveys on economic activity in the US indicate that optimism rose dramatically at the end of 2003 and remained high until mid 2004, but that this optimism is now showing signs of weakening.

Other downside risks for the global economy include a stronger than expected rise in inflationary pressures; a hard landing in China; and a sharp reversal of the boom in house prices in the United States and parts of Europe.

Meanwhile, the recovery in the euro area remains subdued and fragile. European consumer consumption has been dampened by a relatively weak labour market and concerns over pensions and health reform. Slow activity in Germany has acted as a brake on the rest of the European economy. Weak domestic demand has meant that the economic recovery in the EU has been strongly dependent on export growth. And now exports are hindered by the strong euro. Business surveys suggest that confidence and economic activity in the EU area peaked at the end of 2003 and may already be waning. Policy makers are focused on the difficult and politically sensitive task of structural reform, for example liberalisation of the labour market.

Eastern Europe presents a contrast. Economic growth in this region is now broadly based. There is robust private consumption and fixed investment. Exports have been stimulated by a favourable external environment, particularly boosted by the strong euro in neighbouring EU countries. Eastern Europe also remains attractive as a target for foreign direct investment.

Assuming the major downside risks are avoided, the short term global economic outlook is that the recovery will continue in 2005, but at a more moderate pace. The US will continue as the engine of global growth, and there will be good growth in Asian emerging markets. Prospects are that the moderate recovery in the euro area will continue, while there will be dynamic economic growth in Eastern Europe and CIS.

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Eastern European suppliers are still some way behind their American counterparts in terms of distribution networks and availability of supplies in western parts of the continent.

While oak is the main focus of direct competition between European and American hardwood suppliers, there was also a reference to European beech increasingly taking market share from traditional red oak markets in the Middle East.

Which hardwood species are in fashion in the EU?

Hardwood fashion trends have always varied across Europe. For example, beech and maple have generally been more popular in the north, whereas cherry has been more popular in the south. But taking the market as a whole, the consensus at the Conference was that oak and walnut are still in fashion, whereas cherry and maple are generally declining. There is now very little interest in American red oak throughout the whole of Europe. Dark coloured species such as wenge are currently fashionable in office furniture. The interest in darker contrast timbers to offset pale coloured species continues. There is a general trend amongst designers to use a wider pallet of species to generate more interesting effects.

Some more local trends were also identified. In Spain, the trend is very strongly towards oak, with one importer noting "Spain will buy as much white oak as can be obtained". There were reports of a moderate increase in interest in ash in a few markets, including the United Kingdom. In Italy, tulipwood is still very popular, mainly because it is so good at carrying stain and so can be substituted for more expensive species such as walnut.

Is the growing interest in rustic grades in some European markets improving the competitive position of European hardwoods at the expense of American hardwoods?

There is a strong fashion for rustic grades of oak for flooring and bespoke joinery in north western Europe. The trend does not extend to southern countries where the preference continues to be for clear grades. Some contributors to the Conference suggested the trend to rustic grades tends to favour European oak at the expense of American oak. The demand is for strips which European mills are willing to supply, whereas American mills tend to supply only boards. Furthermore the preference is for wood with numerous small but sound defects. These precise characteristics are not covered in the NHLA grading rules and this has tended to restrict the use of American white oak. By contrast, European suppliers have created a huge range of grades for rustic for which there is no comparable US system. Nor are the physical characteristics of American oak well adapted to the European demand. American oak tends to have bigger knots which are further apart than in European oak.

Despite these constraints, other participants at the conference suggested that the rise in demand in rustic represented more of an opportunity than a threat for American hardwoods. While rustic grades of European oak are generally used over only small areas, for example in country cottages, American oak suppliers may be able to develop and occupy another niche market for rustic grades covering larger areas in bigger buildings. American oak with less frequent larger knots would be better adapted for this market.

There was also a comment that discussion of "rustic" grades should not be restricted to use of oak for flooring. There is already a distinct trend towards integration of wood character marks in a wide range of species into modern European design. As one speaker noted, "wood is allowed to be wood again". This presents a new opportunity for all wood suppliers to shift European manufacturers away from their current over-reliance on clear grades of timber.

Are American hardwood exporters doing enough to satisfy European customer demands?

Compared with only a few years ago, there was a clear feeling at the Conference that US exporters have adapted to the rising tide of competition in Europe by becoming more responsive to European customer demands. Much of this discussion focused on the ability of US suppliers to satisfy the significant shift in European demand away from random specifications to fixed sizes. Buyers are also increasingly demanding increased sorting for colour and other characteristics prior to delivery. These trends reflect moves by European manufacturers to minimise waste during processing and thereby cut costs. Many US suppliers have responded to this demand. They will offer premium services where required (for fixed sizes and for additional sorts for colour and sap content).

However, some European contributors highlighted the difficulties for US suppliers to compete with the level of service increasingly provided by some European suppliers. Simple distance from the customer base ensures that US suppliers are at a competitive disadvantage. Furthermore, US exporters' continuing reliance on imperial rather than metric measures creates an obstacle in Europe.

One European importer noted that to a large extent the issue boiled down to who should shoulder responsibility for satisfying enduser demand for extra sorts and fixed size lumber. Rather than relying on the US exporter, many European importers continue to buy a proportion of randoms and offer extra services to sort and cut-to-size American hardwoods for their customers.

Another possibility was raised. Perhaps in time the Chinese will take on the challenge of producing the metric strips in American hardwoods that Europeans are looking for.

Is the rapid emergence of Chinese furniture manufacturing likely to impact on the European furniture sector as heavily as on the United States furniture sector?

There was a lively debate at the Conference on the ability of the Chinese furniture industry to penetrate the European furniture market. Paolo Gardino, an Italian wood industry analyst took the view that Chinese furniture manufacturers are unlikely to have the same level of success in Europe as they have had in the United States. He suggested that in the US, Chinese manufacturers were competing against a relatively unsophisticated furniture sector, heavily dependent on mass production and mass distribution of relatively low value furniture in a single reasonably well integrated market. In contrast, the European furniture sector is less integrated, adapted to supply a wide range of products to a huge array of niche markets. The European sector demonstrates high levels of innovation and design skills, and is generally selling a higher quality product. Gardino suggested that while Chinese market penetration will increase, the trend will not progress as far and as fast as in the US and will impact primarily on the lower quality end of the spectrum. However other speakers emphasised the increasing sophistication of Chinese furniture manufacturing, and the improving quality of the product. Even at the higher value end of the spectrum, the threat to European manufacturing is significant. This is particularly true as Chinese manufacturers are proving adept at stealing European designs.

While there was disagreement over the precise scale of the threat to European manufacturing, there was no doubting that the Chinese are about to mount a major new campaign targeting the European market.

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Mike Snow, Director of AHEC, through his contacts with the Chinese furniture sector noted that there is a concerted effort on the part of the Chinese furniture industry to diversify export markets away from the US. The recent introduction of tariffs on Chinese bedroom furniture exported to the US has exposed the industry's vulnerability and over-reliance on a single market. Chinese marketing efforts are now focusing heavily on Europe and Japan. The European market looks particularly attractive at present due to the relative strength of the euro against the Chinese RMB (which is tied to the dollar). Snow commented that whereas only 90 Chinese companies attended the Cologne furniture fair last year, 200 companies are already pre-registered to attend the next show

One European commentator suggested that European furniture manufacturers are likely to respond to this threat in the same way as their US counter-parts, by pushing for introduction of tariffs on Chinese furniture. The EU's imposition of punative tariffs on Chinese okoume plywood earlier this year may have set a precedent in this respect.

Does the increasing availability of PEFC and FSC certified hardwoods pose a threat to the market position of American hardwoods?

The competitive position of American hardwoods on environmental issues was a central point of discussion at the Conference. So far, American hardwoods have tended to benefit from increased market concern for environmental issues. American suppliers have been able to point to reliable inventory data going back over 70 years to demonstrate that harvesting is well below the level of growth. And because American hardwoods mainly derive from naturally regenerated forests, suppliers can legitimately claim a positive record on biodiversity issues. AHEC has focused on these aspects in it's marketing.

However, at the Conference several speakers noted that the increased European focus on independently certified wood products which are traceable to precise forest of origin will create particular challenges for US hardwood suppliers. Demands for traceability are becoming more pronounced, particularly from the European public sector as it seeks to grapple with new EU and other inter-governmental policy initiatives which aim to clamp down on illegal logging.

But establishing traceability in the American hardwood sector is particularly difficult due to the high reliance on large numbers of

small non-industrial forest owners for supply. In the EU, similar problems are being tackled through group certification of existing marketing co-operatives, or regional certification of existing regulatory frameworks. But in the United States, where the emphasis has always been on a free market in logs, similar structures on which to base regional and group certification schemes have generally been absent. Nor have American nonindustrial forest owners, who depend largely on domestic markets, been subject to the same intense market pressure to move forward in the development of these schemes. AHEC's response to demands for certified wood products is encapsulated in a new statement (see box)

Opinions were split at the Conference on the extent to which the US hardwood industry's response is sufficient for the EU market. Some European importers suggested that end-user demand for legal verification and forest certification is mainly an issue for tropical hardwoods and is not a concern for American hardwoods.

Interest only likely to increase

On the other hand, one leading UK importer commented that demand for certified wood in certain sectors is now "exploding", and that interest in environmental issues is only likely to get bigger. While there is no price premium, the real benefit from certification lies in taking market share from uncertified wood products. He noted the irony that "South America is becoming the fashionable place to buy timber" because more progress is being made to certify tropical hardwood forests in that part of the world. A Spanish importer noted that a large proportion of the biggest wood importers in Spain are now pursuing chain of custody certification in response to mounting public sector demand for certified timber.

So while European demand for certified American hardwood products may still be restricted, there was an underlying feeling at the Conference that it may soon become a key competitive issue for the industry.

One speaker noted that available supplies of European certified hardwood are rising rapidly, with FSC having certified large areas of state forests in Eastern Europe, and PEFC moving rapidly to certify the main hardwood producing areas of Germany and France. In time, European hardwood suppliers will be able to provide forest certificates for a large proportion of their products and can be expected to use these as another tool to expand their market share.

AHEC statement on Forest Certification

While there is an increasing volume of US hardwood products certified through such schemes as the Sustainable Forestry Initiative (SFI) and the Forest Stewardship Council (FSC), forest certification frameworks that rely on establishing traceability to specific forest management units are not always appropriate for the majority of U.S. hardwood forests. It is not the forestry practices which are at issue, but the nature of forest ownership.

Lack of certification does not imply lack of sustainability. In the case of American hardwoods, the forests are themselves living proof of sustainability. The U.S. Federal government has seventy years of national forest inventory data to provide ample evidence that the resource is thriving. To take just one headline statistic: over the last half century the volume of hardwoods standing in U.S. forests has increased by over 90% while the area of American hardwood forests has increased by 18%. Detailed supporting information is available at the USDA Forest Service website:

http://www.fs.fed.us/pl/rpa/list.htm

Around 73% of hardwood forest land in the United States is privately owned, often by families whose ownership stretches back several generations. There are approximately 4 million private forest owners with an average lot size of 20 hectares. It is usual for a sale of hardwood logs to occur only once, perhaps twice, in any landowners' lifetime. Timber sales are a low percentage of lifetime expected income for these owners, so even a significant increase in timber value (which at present does not occur with certification) provides no real incentive for owners to achieve certification. The lumber that an American hardwood mill supplies to its customers will often come from thousands of these small landowners - and next year it will be an entirely different group.

There can be no doubt of the sustainability of the American hardwood resource, which reflects the effectiveness of the existing regulatory framework on the federal and state levels, the natural resilience of the American hardwood forests, and the nature of forest ownership. The dominance of small non-industrial forest owners makes independent forest certification difficult. But from a sustainability perspective it is a considerable strength, creating a strong link between U.S. rural communities and their forests.

Visit **www.sustainablehardwoods.info** for more information.

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Statistical Commentary

Overall, imports of hardwood products into the EU-15 for the first half of this year were characterised by a general decline in tropical log and sawn lumber imports and a gearing up of interest in oak. The statistics, coupled with reports from market commentators, show that the fashion for oak across Europe is now very well-established. Furthermore and in many cases, it is imports of oak from the United States that have been increasing, to the detriment of European oak suppliers.

Germany Shift to North American wood

Unlike during the first quarter of this year, the first six months showed a decrease in tropical log imports into Germany. However, imports of beech logs showed a significant increase, while oak log imports remained unchanged as compared to the same period last year. This stasis, however, was born out of a significant decrease in imports of oak logs from the Ukraine, France and other European suppliers and a massive increase (68%) in imports of American oak logs. In line with the shift to American oak logs, Germany also saw significant increases in imports of American oak sawn lumber from the USA and Canada during the first half of this year, while imports from Poland dropped by 40%. This shift, and indeed the overall increase in North American hardwood exports to Germany this year, could represent a major upturn in the German market for US hardwoods. In fact, 2004 is the first year in which positive growth in exports of American hardwoods to Germany has been witnessed since 1997. However, one must always be aware that much of what goes into Germany may well be re-exported to Central and Eastern Europe to feed German-owned furniture production facilities.

Belgium Increase in log imports

The first half of the year showed an increase in Belgian imports of most primary products from both tropical and temperate sources. In contrast to Germany, however, imports of North American hardwoods have not picked up this year and the emphasis has been on beech and tropical hardwood logs.

In further processed products, imports of tropical plywood were down by over 10% on the first half of 2003, while hardwood plywood imports from European and other temperate sources saw a significant increase.

France Sawn lumber imports up

The most notable trend in France's imports of hardwood products for the first half of 2004 is the slide in log imports, both from tropical and temperate sources. However, on a more positive note, imports of beech, oak and tropical sawn lumber all increased over the period, as compared to last year. In terms of tropical sawn lumber, by far the most obvious change was the upturn in imports from Brazil, while there was also an increase in imports from most African sources and from Malaysia. While France's domestic production of beech sawn lumber has not been strong so far this year, imports of the same have been rising, with Slovakia and Romania emerging as the main sources. In terms of oak sawn lumber, imports from the United States were down on 2003, but imports from Canada and most European sources have held reasonably firm.

France's imports of further processed products during the first half of this year remained strong as compared to the same period in 2003, with imports of hardwood profiles, wooden doors, parquet panels and wood furniture all showing increases. This could signal strengthening confidence in the country's economic outlook.

United Kingdom Further processed imports rise

The strong UK demand for oak reported for the first quarter of this year has prevailed into the first six months of 2004, with imports of oak logs up by 62% on the same period last year. In the main, this increase has been seen in imports from the United States, but imports of oak logs from France have also increased significantly. Demand for tropical logs has also been fairly robust during the first half of this year, but the same cannot be said for imports tropical hardwood sawn lumber, which were down from all supplying countries, with the exceptions of Cameroon and Ivory Coast. UK stocks of hardwoods have been generally on the low side for some months, but the expected pick up in imports has been slow and is not apparent in the main from the first half statistics.

In contrast to the UK's imports of primary products, imports of further processed products faired much better during the first half of this year. For plywood, the story has been very positive, with imports of tropical and other hardwood plywood up by 26% and 20.5% respectively. On the back of a rising market, UK importers stepped up their purchases of Malaysian and Brazilian plywood during the first half of 2004. There was also an increase in American hardwood plywood imports, although the overall volume remained small.

Italy

Tropical logs down, oak up

As reported earlier on this year, imports of tropical logs to Italy have continued their decline and statistics for the first six months of 2004 show no improvement. In contrast to this development, however, is the very significant increase in imports of temperate hardwood logs, particularly oak. Temperate hardwood logs were imported in large volumes from Central and Eastern Europe during the first half of the year. As with tropical hardwood logs, the volume of tropical hardwood sawn lumber imported by Italy during the first half of this year was also down from all supplying countries, with the exception of Gabon. Like logs, sawn oak imports to Italy increased during the first six months of 2004, with a 9.4% rise overall. Increased imports were witnessed from France, Ukraine and Croatia. However, a 21% decrease in imports of American white oak lumber was also seen in the period.

There were mixed results for Italian imports of further processed products from January to June this year. Wood furniture imports are showing signs of increasing, although not at the rate experienced in some other countries. There is a significant trend amongst younger Italians to buy lower cost furniture, for example from Ikea, which is contributing to increased levels of import.

Spain

Oak, oak and more oak....

Statistics for the first half of 2004 show that Spain's imports of logs and sawn lumber were well down on the previous year, with the exception of oak and other sawn lumber, although it is not clear what this last category represents in this case. What is particularly interesting is that Spain has not switched from European suppliers to American suppliers for its imports of oak or vice versa, like other markets, but that imports of oak from Europe and the United States have both increased. Overall oak sawn lumber imports to Spain increased by 56% during the first six months of this year, as compared to the same period in 2003. One influencing factor, other than fashion and price, in the ever-increasing demand for oak and the declining use of tropical species may be tight availability of African hardwood supply.

In terms of further processed products, the first half of the year showed more positive results than for logs and sawn lumber. Increases were seen in the imports of all products, with the exception of wooden windows and window frames. Wood furniture imports continue to climb, particularly from China and Vietnam, implying greater competition for the domestic industry.

Portugal Sawn lumber imports strong

For the first half of 2004, Portugal's imports of sawn lumber showed a significant increase, with oak, beech and tropical species all gaining in volume on the same period last year. In hardwood logs, however, an increase was only seen in tropical imports and this was almost entirely accounted for by supplies from the Democratic Republic of the Congo. Imports of veneer, both temperate and tropical were also up during the first six months of 2004, while mixed results were seen for the imports of further processed products.

EU Nations - I	mports	- Ja	an	Jun	20	04				
	Austria	2003 Year	2003 Q2	2004 Q2	%-chg 03-04	Belgium	2003 Year	2003 Q2	2004 Q2	%-chg 03-04
Tropical logs (m3)	GERMANY ITALY HUNGARY FRANCE BURMA SIERRA LEONE GHANA OTHER TOTAL	138 170 1995 0 0 0 0 167 2470	50 8 831 0 0 0 0 105 994	109 5 223 0 0 0 0 151 488	118.0 -37.5 -73.2 na na na 43.8 -50.9	GABON CONGO DEM. REF CAMEROON NETHERLANDS GERMANY FRANCE BURMA OTHER TOTAL	5745	3608 1640 1843 1638 597 3113 74 1236 13749	4003 3554 2023 1326 294 4396 0 1426 17022	10.9 116.7 9.8 -19.0 -50.8 41.2 -100.0 15.4 23.8
Beech logs (m3)	SLOVAKIA CZECH REPUBLI OTHER TOTAL	397856 C 142303 288497 828656	193163 80785 167860 441808	158737 88585 152413 399735	-17.8 9.7 -9.2 -9.5	FRANCE LUXEMBOURG OTHER TOTAL	403200 92604 40065 535869	214937 40046 20644 275627	328361 39286 44539 412186	52.8 -1.9 115.7 49.5
Oak logs (m3)	HUNGARY GERMANY SLOVAKIA OTHER TOTAL	78140 5522 23929 9851 117442	44896 3406 8226 6170 62698	38520 12985 8487 7432 67424	-14.2 281.2 3.2 20.5 7.5	FRANCE NETHERLANDS LUXEMBOURG OTHER TOTAL	251584 4186 21423 23656 300849	123813 1441 11614 10663 147531	138593 2724 7984 12413 161714	11.9 89.0 -31.3 16.4 9.6
Other hardwood logs (m3)	HUNGARY GERMANY SLOVAKIA OTHER TOTAL	108613 37389 30705 86962 263669	54373 51292 16019 52013 173697	32170 67610 11336 47080 158196	-40.8 31.8 -29.2 -9.5 -8.9	FRANCE NETHERLANDS U.S.A. OTHER TOTAL	500191 222614 1102 136875 860782	306291 129022 761 72961 509035	164296 101726 331 39825 306178	-46.4 -21.2 -56.5 -45.4 -39.9
Tropical sawn lumber (m3)	GERMANY ITALY DENMARK IVORY COAST BRAZIL NETHERLANDS MALAYSIA GHANA OTHER TOTAL	4823 1464 167 0 184 26 67 140 507 7378	2514 828 55 0 0 0 48 83 144 3672	2701 981 13 0 217 55 0 148 82 4197	7.4 18.5 -76.4 na na -100.0 78.3 -43.1 14.3	MALAYSIA CAMEROON BRAZIL NETHERLANDS CONGO DEM. REF INDONESIA GHANA FRANCE OTHER TOTAL	109648 48538 34990 19200 5177 10600 4004 13020 26416 271593	54377 21923 16548 10308 2595 5761 2054 6025 12098 131689	64294 22349 25064 11241 2446 4281 2132 6719 9084 147610	18.2 1.9 51.5 9.1 -5.7 -25.7 3.8 11.5 -24.9 12.1
Beech sawn lumber (m3)	BOSNIA & HERZ. GERMANY HUNGARY CROATIA OTHER TOTAL	26300 7138 8963 10068 26358 78827	12638 3933 6408 8293 17225 48497	9576 4754 5017 4704 17876 41927	-24.2 20.9 -21.7 -43.3 3.8 -13.5	FRANCE GERMANY NETHERLANDS SLOVENIA OTHER TOTAL	20300 17319 1465 1039 6020 46143	10940 7717 571 627 4054 23909	9298 11377 823 605 3099 25202	-15.0 47.4 44.1 -3.5 -23.6 5.4
Oak sawn lumber (m3)	HUNGARY CROATIA UKRAINE BOSNIA & HERZ. GERMANY OTHER TOTAL	14998 7610 9121 9122 2830 13837 57518	11075 4227 4264 4768 1349 7433 33116	9976 4740 4595 3845 906 9230 33292	-9.9 12.1 7.8 -19.4 -32.8 24.2 0.5	U.S.A. FRANCE GERMANY POLAND UKRAINE OTHER TOTAL	22774 36495 7738 6739 7518 13244 94508	12823 17866 3550 4280 4017 7819 50355	10808 20711 6129 3010 3930 8085 52673	-15.7 15.9 72.6 -29.7 -2.2 3.4 4.6
Other hardwood sawn lumber (m3)	GERMANY HUNGARY CROATIA POLAND ITALY OTHER TOTAL	11503 22110 12691 14422 3893 52512 117131	5858 12056 7315 8996 1916 30902 67043	7584 11463 6952 7097 3114 26649 62859	29.5 -4.9 -5.0 -21.1 62.5 -13.8 -6.2	U.S.A. LITHUANIA LATVIA NETHERLANDS CANADA OTHER TOTAL	9944 75619 32952 7593 3195 27849 157152	6002 40976 17703 2934 1479 14452 83546	3899 25545 16240 3697 1686 17096 68163	-35.0 -37.7 -8.3 26.0 14.0 18.3 -18.4
Planed/finger jointed sawn lumber (m3)	GERMANY HUNGARY SLOVENIA OTHER TOTAL	776 0 730 2303 3809	251 0 1303 1554	357 0 58 1482 1897	42.2 na na 13.7 22.1	NETHERLANDS BURMA GHANA OTHER TOTAL	4006 1882 582 8925 15395	2262 1235 241 6001 9739	2707 361 794 3259 7121	19.7 -70.8 229.5 -45.7 -26.9
Tropical hardwood veneer (m3)	GERMANY ITALY BELGIUM FRANCE OTHER TOTAL	676 178 181 29 371 1435	266 47 143 27 312 795	529 160 58 22 543 1312	98.9 240.4 -59.4 -18.5 74.0 65.0	FRANCE GHANA GABON IVORY COAST OTHER TOTAL	1667 6357 2794 2262 4906 17986	753 2954 1209 1252 2960 9128	694 1937 941 1269 3156 7997	-7.8 -34.4 -22.2 1.4 6.6 -12.4
Other hardwood veneer (m3)	GERMANY SLOVENIA ROMANIA U.S.A. OTHER TOTAL	6579 7993 3340 1672 10153 29737	3300 4409 1609 1146 4685 15149	3920 4114 2132 1467 7814 19447	18.8 -6.7 32.5 28.0 66.8 28.4	U.S.A. GERMANY CROATIA FRANCE OTHER TOTAL	3624 1378 1042 2901 6727 15672	1917 630 610 1715 3050 7922	3025 945 659 1719 3370 9718	57.8 50.0 0.2 10.5 22.7
Tropical hardwood plywood (m3)	GERMANY ESTONIA ITALY BELGIUM OTHER TOTAL	5127 236 670 326 6213 12572	1472 118 440 368 3555 5953	1526 117 387 0 4473 6503	3.7 -0.8 -12.0 -100.0 25.8 9.2	INDONESIA BRAZIL NETHERLANDS CHINA OTHER TOTAL	197396 48734 22081 30539 47640 346390	100735 23258 8330 19308 29346 180977	92753 28043 8647 12293 20374 162110	-7.9 20.6 3.8 -36.3 -30.6 -10.4
Other hardwood plywood (m3)	FINLAND GERMANY ITALY ROMANIA OTHER TOTAL	17198 15747 5515 16463 22453 77376	9873 8442 3599 9275 11633 42822	8587 8204 4903 8113 12362 42169	-13.0 -2.8 36.2 -12.5 6.3 -1.5	NETHERLANDS GERMANY FINLAND POLAND OTHER TOTAL	11614 14251 3034 2118 11436 42453	6150 7333 1779 1297 6331 22890	6255 5516 2146 1181 13426 28524	1.7 -24.8 20.6 -8.9 112.1 24.6
Hardwood profiles (000 euro)	GERMANY ITALY HUNGARY OTHER TOTAL	5598 3565 2739 12318 24220	2419 1735 1581 6002 11737	3272 1656 2485 6779 14192	35.3 -4.6 57.2 12.9 20.9	INDONESIA FRANCE NETHERLANDS OTHER TOTAL	34667 12945 11124 38731 97467	14097 7136 6056 18962 46251	15548 5823 7164 23468 52003	10.3 -18.4 18.3 23.8 12.4
Wooden windows and frames* (000 euro)	SLOVENIA DENMARK GERMANY OTHER TOTAL	9439 6906 4924 5172 26441	3688 2697 1983 2255 10623	2634 3337 1725 4736 12432	-28.6 23.7 -13.0 110.0 17.0	DENMARK GERMANY POLAND OTHER TOTAL	13937 8548 10429 9863 42777	7217 3488 4869 3857 19431	8554 2792 7368 4363 23077	18.5 -20.0 51.3 13.1 18.8
Wooden doors and frames* (000 euro)	GERMANY SLOVENIA ITALY OTHER TOTAL	11404 8962 5764 9197 35327	4604 3782 2318 4230 14934	4900 3782 1959 4258 14899	6.4 0.0 -15.5 0.7 -0.2	GERMANY NETHERLANDS FRANCE OTHER TOTAL	14948 4740 8358 14188 42234	7662 2519 4219 6326 20726	5787 1772 3133 9668 20360	-24.5 -29.7 -25.7 52.8 -1.8
Parquet panels* (000 euro)	GERMANY SWEDEN SWITZERLAND OTHER TOTAL	28973 10743 5221 23825 68762	12864 5858 2626 12698 34046	13177 5246 3004 12306 33733	2.4 -10.4 14.4 -3.1 -0.9	SPAIN FRANCE NETHERLANDS OTHER TOTAL	21248 18275 11845 19004 70372	13168 8805 7846 8989 38808	7942 12271 2658 12754 35625	-39.7 39.4 -66.1 41.9 -8.2
Wood furniture* (000 euro)	GERMANY ITALY POLAND SLOVENIA SLOVENIA CZECH REPUBLI ROMANIA DENMARK OTHER TOTAL	367135 111531 57488 38034 40396 C 26458 31554 24959 129548 827103	181848 58370 28701 19859 18715 13087 15632 11690 60605 408507	185886 52347 27703 18383 11320 12253 21669 12801 62332 404694	2.2 -10.3 -3.5 -7.4 -39.5 -6.4 38.6 9.5 2.8 -0.9	NETHERLANDS GERMANY ITALY FRANCE POLAND INDONESIA SWEDEN CHINA OTHER TOTAL	180855 192582 153623 110085 77117 69237 36014 28816 199147 1047476	90327 92275 80808 55103 37576 41238 17521 14428 97879 527155	86801 104265 83240 55390 42561 38515 19295 21402 120817 572286	-3.9 13.0 3.0 0.5 13.3 -6.6 10.1 48.3 23.4 8.6
* All wood, includes hardwood and softw	000		Sourc	e - Euros	nai supp	olied by BTS, co	mplied	by hardw	ooumark	ະ ເຣ.com

EU N	Vat	ion	s -	Imp	orts -	- Ja	an-u	Jun	20	04				
Germany	2003	2003	2004	∎ %-chg	Spain	2003	2003	2004	%-chq	France	2003	2003	2004	%-chg
CAMEROON GABON CONGO REPUBLIC LIBERIA BURMA EQUAT. GUINEA CONGO DEM. REF OTHER TOTAL	Year 39135 15852 8685 8404 2954 6308	Q2 22810 7765 4294 7200 1404 4459 964 2709 51605	Q2 21503 10710 4827 0 1127 4438 3490 3197 49292	03-04 -5.7 37.9 12.4 -100.0 -19.7 -0.5 262.0 18.0 -4.5	CAMEROON CENT. AFR. REP. CONGO REPUBLIC GABON LIBERIA EQUAT. GUINEA FRANCE OTHER TOTAL	Year 22513 16508	Q2 8916 9639 9106 12591 7258 8522 3343 5166 64541	Q2 8373 9040 11284 10696 0 5665 2761 10433 58252	03-04 -6.1 -6.2 23.9 -15.1 -100.0 -33.5 -17.4 102.0 -9.7	GABON LIBERIA CONGO REPUBLI CAMEROON EQUAT. GUINEA CENT. AFR. REP. CONGO DEM. RE OTHER TOTAL	Year 342368 74386 IC 72417 28344 34140 . 16212	Q2 170128 71580 31401 12271 19400 6540 3755 5007 320082	Q2 159067 0 47495 9959 17974 6627 8684 4053 253859	03-04 -6.5 -100.0 51.3 -18.8 -7.4 1.3 131.3 -19.1 -20.7
FRANCE	36565	19057	20039	5.2	FRANCE	55542	37173	15671	-57.8	BELGIUM	71234	44105	49136	11.4
AUSTRIA	1967	1450	2713	87.1	GERMANY	9922	8429	4509	-46.5	GERMANY	24100	17954	17481	-2.6
OTHER	20787	13451	14643	8.9	OTHER	19954	10024	6426	-35.9	OTHER	61544	31446	31497	0.2
TOTAL	59319	33958	37395	10.1	TOTAL	85418	55626	26606	-52.2	TOTAL	156878	93505	98114	4.9
U.S.A.	3641	2773	4659	68.0	FRANCE	58801	34684	27902	-19.6	GERMANY	68973	52765	52538	-0.4
FRANCE	7889	5003	4627	-7.5	GERMANY	20800	11798	8234	-30.2	AUSTRIA	3699	1753	1200	-31.5
UKRAINE	4148	3138	2395	-23.7	UKRAINE	8396	6056	3719	-38.6	BELGIUM	11548	6420	4927	-23.3
OTHER	11176	8230	7462	-9.3	OTHER	17531	11219	16855	50.2	OTHER	15258	9790	11349	15.9
TOTAL	26854	19144	19143	0.0	TOTAL	105528	63757	56710	-11.1	TOTAL	99478	70728	70014	-1.0
U.S.A.	39980	24935	21739	-12.8	U.S.A.	12712	8003	7463	-6.7	U.S.A.	6007	4267	5563	30.4
FRANCE	9369	6186	8923	44.2	FRANCE	45512	27920	23219	-16.8	BELGIUM	105870	47775	45192	-5.4
JAPAN	1432	1225	597	-51.3	GERMANY	329	149	1188	697.3	SPAIN	116061	65518	62333	-4.9
OTHER	36537	22960	24918	8.5	OTHER	3744	1972	3741	89.7	OTHER	29443	16903	13732	-18.8
TOTAL	87318	55306	56177	1.6	TOTAL	62297	38044	35611	-6.4	TOTAL	257381	134463	126820	-5.7
MALAYSIA GHANA NETHERLANDS CAMEROON BELGIUM INDONESIA DENMARK BRAZIL OTHER TOTAL	26755 21319 22397 17495 7751 10623 802 1966 12637 121745	12371 16470 7924 8174 4150 4217 372 1067 6704 61449	15120 9218 10973 10146 4466 5814 940 1061 9781 67519	22.2 -44.0 38.5 24.1 7.6 37.9 152.7 -0.6 45.9 9.9	CAMEROON IVORY COAST BRAZIL CONGO REPUBLIC CENT. AFR. REP. PORTUGAL U.S.A. FRANCE OTHER TOTAL	248023 103449 145672 22224 9849 13164 1941 4121 34824 583267	116441 35408 54404 13033 6128 6976 621 1842 15818 250671	75558 43652 48673 11202 1863 7861 871 2725 14355 206760	-35.1 23.3 -10.5 -14.0 -69.6 12.7 40.3 47.9 -9.2 -9.2 - 17.5	BRAZIL CAMEROON IVORY COAST BELGIUM MALAYSIA CONGO REPUBLI GABON GHANA OTHER TOTAL	127076 55812 14927 20251 33536 IC 12426 15423 16253 23603 319307	66085 24324 7913 11878 10291 6451 8903 5956 12674 154475	134666 26391 10002 11524 12875 8323 5518 11472 8451 229222	103.8 8.5 26.4 -3.0 25.1 29.0 -38.0 92.6 -33.3 48.4
POLAND	9331	5649	4406	-22.0	GERMANY	67970	43413	53291	22.8	SLOVAKIA	4073	1669	2522	51.1
SLOVAKIA	6075	3438	2660	-22.6	FRANCE	42364	31524	25104	-20.4	SPAIN	1638	864	586	-32.2
BOSNIA & HERZ.	6848	3068	4916	60.2	UKRAINE	10231	2904	2754	-5.2	SWITZERLAND	2791	1561	1138	-27.1
SLOVENIA	2386	1265	1085	-14.2	ROMANIA	8640	5479	3826	-30.2	ROMANIA	2327	992	1735	74.9
OTHER	38657	20840	18974	-9.0	OTHER	40955	24537	21393	-12.8	OTHER	10560	5442	9377	72.3
TOTAL	63297	34260	32041	-6.5	TOTAL	170160	107857	106368	-1.4	TOTAL	21389	10528	15358	45.9
U.S.A.	14906	6851	9737	42.1	U.S.A.	151630	72118	124052	72.0	U.S.A.	11790	6472	6421	-0.8
UKRAINE	32265	14806	17533	18.4	CANADA	14091	6872	6338	-7.8	BELGIUM	9409	3450	4348	26.0
FRANCE	4161	2559	2749	7.4	FRANCE	12246	6892	7840	13.8	UKRAINE	3790	1780	2243	26.0
CANADA	2031	1002	1434	43.1	BELGIUM	4222	1874	1598	-14.7	CANADA	1890	1156	1742	50.7
POLAND	4269	1947	1171	-39.9	UKRAINE	10558	5337	6977	30.7	ROMANIA	1309	725	806	11.2
OTHER	20772	12304	11301	-8.2	OTHER	12158	5281	6637	25.7	OTHER	11974	6101	5410	-11.3
TOTAL	78404	39469	43925	11.3	TOTAL	204905	98374	153442	56.0	TOTAL	40162	19684	20970	6.5
CANADA	22226	12686	13306	4.9	U.S.A.	19306	11177	9047	-19.1	U.S.A.	11725	6392	5190	-18.8
LITHUANIA	146036	76061	51569	-32.2	CANADA	7955	4452	3275	-26.4	CANADA	5835	3592	3497	-2.6
U.S.A.	21566	12184	12353	1.4	FRANCE	14631	8689	5334	-38.6	BELGIUM	8333	4787	4659	-2.7
LATVIA	46993	25333	20641	-18.5	LATVIA	24363	12356	7284	-41.0	GERMANY	10213	6648	5157	-22.4
NETHERLANDS	2829	1083	850	-21.5	PORTUGAL	7362	2498	37742	1410.9	ROMANIA	1888	1263	2419	91.5
OTHER	89972	48016	57082	18.9	OTHER	19766	8977	16369	82.3	OTHER	59224	30195	25214	-16.5
TOTAL	329622	175363	155801	-11.2	TOTAL	93383	48149	79051	64.2	TOTAL	97218	52877	46136	-12.7
NETHERLANDS	2692	1398	1203	-13.9	POLAND	11155	6301	1732	-72.5	BRAZIL	28513	16980	12906	-24.0
AUSTRIA	2713	1678	1576	-6.1	FRANCE	2068	793	3360	323.7	GHANA	13899	6383	7369	15.4
GHANA	3346	782	965	23.4	PORTUGAL	2844	777	4373	462.8	BELGIUM	2313	1460	2447	67.6
OTHER	8653	4111	4427	7.7	OTHER	13881	5859	10176	73.7	OTHER	19885	9722	10403	7.0
TOTAL	17404	7969	8171	2.5	TOTAL	29948	13730	19641	43.1	TOTAL	64610	34545	33125	-4.1
IVORY COAST	25937	14327	13513	-5.7	IVORY COAST	24492	12103	14885	23.0	GABON	100809	46012	60131	30.7
ITALY	2665	1157	888	-23.2	GHANA	12520	7469	4965	-33.5	GHANA	2649	1355	1800	32.8
GHANA	8930	5469	3456	-36.8	EQUAT. GUINEA	11617	6289	8916	41.8	BELGIUM	3334	1953	2536	29.9
FRANCE	1544	502	402	-19.9	GERMANY	1043	473	419	-11.4	IVORY COAST	3486	2039	898	-56.0
OTHER	5268	2428	2572	5.9	OTHER	17310	9834	6732	-31.5	OTHER	16481	7644	15393	101.4
TOTAL	44344	23883	20831	-12.8	TOTAL	66982	36168	35917	-0.7	TOTAL	126759	59003	80758	36.9
U.S.A.	29572	15485	16851	8.8	U.S.A.	46793	11360	13211	16.3	GERMANY	5243	1877	2501	33.2
ITALY	2410	1319	1383	4.9	GERMANY	6973	3587	2263	-36.9	U.S.A.	1959	1841	891	-51.6
POLAND	14203	7933	4549	-42.7	ROMANIA	7017	3826	4993	30.5	ITALY	2333	1071	770	-28.1
SWITZERLAND	5752	2459	2572	4.6	ITALY	3764	1828	2016	10.3	SPAIN	1011	965	406	-57.9
OTHER	46603	25224	27542	9.2	OTHER	28248	14514	13267	-8.6	OTHER	15676	6958	7341	5.5
TOTAL	98540	52420	52897	0.9	TOTAL	92795	35115	35750	1.8	TOTAL	26222	12712	11909	-6.3
INDONESIA	74824	37110	18945	-48.9	LATVIA	1465	1465	61	-95.8	INDONESIA	51679	29080	16843	-42.1
ITALY	13904	7272	8172	12.4	FRANCE	2279	1250	1255	0.4	BELGIUM	39144	22901	16996	-25.8
BRAZIL	37550	16032	17626	9.9	CHINA	3958	1321	6422	386.1	GABON	12222	6886	5809	-15.6
SPAIN	15931	8782	8310	-5.4	BRAZIL	2870	1632	385	-76.4	GERMANY	9704	4783	6281	31.3
OTHER	34917	17505	22995	31.4	OTHER	7034	3184	2359	-25.9	OTHER	60361	33548	29281	-12.7
TOTAL	177126	86701	76048	-12.3	TOTAL	17606	8852	10482	18.4	TOTAL	173110	97198	75210	-22.6
FINLAND	122613	71438	68403	-4.2	FINLAND	49355	29346	28227	-3.8	FINLAND	29675	15647	23792	52.1
ITALY	44817	18476	21631	17.1	FRANCE	3802	1838	1925	4.7	BELGIUM	21746	11266	23762	110.9
RUSSIA	60801	29036	41282	42.2	RUSSIA	7376	2916	5057	73.4	GERMANY	12855	7024	7065	0.6
LATVIA	24791	13649	11558	-15.3	ROMANIA	861	534	680	27.3	ITALY	7162	2970	4423	48.9
OTHER	199032	98870	124668	26.1	OTHER	8954	4015	7072	76.1	OTHER	35292	16926	22154	30.9
TOTAL	452054	231469	267542	15.6	TOTAL	70348	38649	42961	11.2	TOTAL	106730	53833	81196	50.8
POLAND	17196	8386	6818	-18.7	CHINA	12954	5487	8210	49.6	ITALY	14541	8021	8151	1.6
AUSTRIA	11587	5885	6206	5.5	FRANCE	7910	3649	3854	5.6	GERMANY	8643	4274	5901	38.1
INDONESIA	13536	4285	5467	27.6	POLAND	6330	2696	3101	15.0	BELGIUM	8034	4155	5359	29.0
OTHER	44252	21299	22141	4.0	OTHER	38631	17737	20056	13.1	OTHER	44395	20868	30165	44.6
TOTAL	86571	39855	40632	1.9	TOTAL	65825	29569	35221	19.1	TOTAL	75613	37318	49576	32.8
DENMARK	40242	17213	11289	-34.4	DENMARK	19593	10825	2165	-80.0	DENMARK	9481	5267	7615	44.6
POLAND	44962	21466	18379	-14.4	FRANCE	4369	1891	1353	-28.5	BELGIUM	4389	2241	1276	-43.1
AUSTRIA	19393	8882	7666	-13.7	HUNGARY	2681	1141	1811	58.7	POLAND	7561	4159	6490	56.0
OTHER	22351	10054	4863	-51.6	OTHER	3923	1834	1568	-14.5	OTHER	3878	1755	2029	15.6
TOTAL	126948	57615	42197	-26.8	TOTAL	30566	15691	6897	-56.0	TOTAL	25309	13422	17410	29.7
DENMARK	71096	31975	27200	-14.9	PORTUGAL	5224	2297	1853	-19.3	BELGIUM	6718	3397	2046	-39.8
HUNGARY	12876	6650	6017	-9.5	FRANCE	776	400	549	37.3	SPAIN	5681	3045	2228	-26.8
SLOVENIA	10198	5693	2982	-47.6	U.S.A.	610	375	252	-32.8	NETHERLANDS	3705	1990	2472	24.2
OTHER	48836	23697	22063	-6.9	OTHER	4476	2000	2909	45.5	OTHER	26322	12919	14322	10.9
TOTAL	143006	68015	58262	-14.3	TOTAL	11086	5072	5563	9.7	TOTAL	42426	21351	21068	-1.3
AUSTRIA	45606	18788	29429	56.6	SWEDEN	21063	10042	9872	-1.7	GERMANY	7839	4033	3866	-4.1
SWITZERLAND	11782	7436	3219	-56.7	GERMANY	13022	5626	8569	52.3	SWEDEN	15925	7738	8255	6.7
FRANCE	11189	4900	6712	37.0	DENMARK	8415	4185	3371	-19.5	BELGIUM	4641	2250	2421	7.6
OTHER	89419	45417	46869	3.2	OTHER	49153	24727	22797	-7.8	OTHER	30495	13325	24894	86.8
TOTAL	157996	76541	86229	12.7	TOTAL	91653	44580	44609	0.1	TOTAL	58900	27346	39436	44.2
POLAND ITALY DENMARK CZECH REPUBLIC ROMANIA AUSTRIA SWEDEN NETHERLANDS OTHER TOTAL	1141796 467439 335619 154229 115971 86601 85704 84812 1009702 3481873	595544 248143 166641 74445 63002 42616 52381 44507 532962 1820241	562155 238263 165615 54697 64654 47090 35424 40362 521034 1729294	-5.6 -4.0 -0.6 -26.5 2.6 10.5 -32.4 -9.3 -2.2 -5.0	ITALY FRANCE INDONESIA PORTUGAL CHINA GERMANY VIETNAM SWEDEN OTHER TOTAL	91778 118253 63254 21857 50937 24373 13266 11631 116830 512179	45806 62920 32679 11353 21697 10120 10429 5284 57447 257735	48252 63265 33151 13409 34264 15213 17790 6490 64683 296517	5.3 0.5 1.4 18.1 57.9 50.3 70.6 22.8 12.6 15.0	ITALY BELGIUM GERMANY SPAIN ROMANIA BRAZIL INDONESIA POLAND OTHER TOTAL <i>Vied by BTS, co</i>	549183 275539 164087 157983 121994 87042 82580 88783 584891 2112082	287731 142901 79180 79410 59728 41111 47088 40977 296627 1074753 by hardw	316684 131390 84565 86437 63032 38168 46959 53917 330059 1151211 oodmark	10.1 -8.1 6.8 5.5 -7.2 -0.3 31.6 11.3 7.1 ets.com

EU Nations - Imp	oorts	- Ja	an-	Jun	20	04				
·	United Ki	ngdon 2003 Year	2003 Q2	2004 Q2	%-chg 03-04	Ireland	2003 Year	2003 Q2	2004 Q2	%-chg 03-04
Tropical logs (m3)	SWEDEN LIBERIA U.S.A. BELGIUM GERMANY IVORY COAST CAMEROON OTHER TOTAL	0 2279 545 31 1707 831 746 9773 15912	0 2149 209 0 429 519 168 2822 6296	0 0 133 68 1004 290 238 5308 7041	na -100.0 -36.4 na 134.0 -44.1 41.7 88.1 11.8	GHANA U.K. INDONESIA BELGIUM U.S.A. FINLAND IVORY COAST OTHER TOTAL	3023 2889 21 513 0 538 944 3668 11596	1520 1639 0 315 0 277 272 1350 5373	727 567 114 460 31 332 1090 688 4009	-52.2 -65.4 na 46.0 na 19.9 300.7 -49.0 -25.4
Beech logs (m3)	FRANCE ROMANIA OTHER TOTAL	195 263 2270 2728	195 82 1150 1427	0 172 1032 1204	-100.0 109.8 -10.3 -15.6	FRANCE ROMANIA OTHER TOTAL	75 200 343 618	75 66 93 234	0 36 206 242	-100.0 -45.5 121.5 3.4
Oak logs (m3)	FRANCE U.S.A. NETHERLANDS OTHER TOTAL	31080 5390 3047 8706 48223	11756 2501 2007 4238 20502	14757 5785 318 12351 33211	25.5 131.3 -84.2 191.4 62.0	U.S.A. U.K. CANADA OTHER TOTAL	5161 793 119 899 6972	2850 83 34 260 3227	4744 277 21 673 5715	66.5 233.7 -38.2 158.8 77.1
Other hardwood logs (m3)	LATVIA U.S.A. ESTONIA OTHER TOTAL	68215 7992 17427 15559 109193	28289 6103 7972 3943 46307	14693 7121 4727 17780 44321	-48.1 16.7 -40.7 350.9 -4.3	U.S.A. U.K. CANADA OTHER TOTAL	2509 2590 729 4460 10288	1076 1179 358 1120 3733	3394 1309 447 452 5602	215.4 11.0 24.9 -59.6 50.1
Tropical sawn lumber (m3)	MALAYSIA CAMEROON NETHERLANDS IVORY COAST GHANA BRAZIL GERMANY INDONESIA OTHER TOTAL	50085 33984 14482 18821 15604 26423 9190 5030 55769 229388	27027 13483 7880 8867 7543 13806 4906 2448 29019 114979	18884 17214 7537 13806 7064 13145 5185 2147 16449 101431	-30.1 27.7 -4.4 55.7 -6.4 -4.8 5.7 -12.3 -43.3 -43.3 -11.8	CAMEROON IVORY COAST GHANA U.K. CANADA U.S.A. AZERBAIJAN BELGIUM OTHER TOTAL	21631 14744 4016 5233 157 312 0 164 2579 48836	8466 9162 2118 3707 109 48 0 247 1072 24929	15473 3743 2632 905 193 48 0 80 1340 24414	82.8 -59.1 24.3 -75.6 77.1 0.0 na -67.6 25.0 -2.1
Beech sawn lumber (m3)	GERMANY FRANCE DENMARK ITALY OTHER TOTAL	22558 4657 3476 821 3402 34914	11879 2487 2070 446 1336 18218	11883 2500 1554 3722 1566 21225	0.0 0.5 -24.9 734.5 17.2 16.5	GERMANY SWEDEN U.K. ITALY OTHER TOTAL	281 619 962 254 365 2481	108 721 633 145 224 1831	293 59 592 148 141 1233	171.3 -91.8 -6.5 2.1 -37.1 -32.7
Oak sawn lumber (m3)	U.S.A. FRANCE ESTONIA CANADA GERMANY OTHER TOTAL	54325 19814 58536 5532 9089 18937 166233	26536 10553 31233 2790 4314 7308 82734	29593 11509 21855 3043 5682 12835 84517	11.5 9.1 -30.0 9.1 31.7 75.6 2.2	U.S.A. CHINA U.K. CANADA LATVIA OTHER TOTAL	7708 492 645 174 0 397 9416	4238 117 371 168 0 222 5116	1548 427 219 32 0 245 245 2471	-63.5 265.0 -41.0 -81.0 na 10.4 -51.7
Other hardwood sawn lumber (m3)	U.S.A. LATVIA CANADA ESTONIA SWEDEN OTHER TOTAL	37674 172368 10965 18942 7723 24576 272248	19637 79258 5357 8532 4093 11291 128168	18229 117476 6587 20832 2744 27463 193331	-7.2 48.2 23.0 144.2 -33.0 143.2 50.8	U.S.A. CANADA U.K. EU-UNKNOWN CHINA OTHER TOTAL	4241 1124 1408 0 59 576 7408	2207 682 830 0 27 306 4052	2461 585 713 0 62 132 3953	11.5 -14.2 -14.1 na 129.6 -56.9 -2.4
Planed/finger jointed sawn lumber (m3)	LATVIA U.S.A. NETHERLANDS OTHER TOTAL	31166 1324 548 7372 40410	18254 276 416 2690 21636	26091 1337 1270 5965 34663	42.9 384.4 205.3 121.7 60.2	U.K. EU-UNKNOWN SWEDEN OTHER TOTAL	4223 1433 1472 646 7774	2105 724 301 452 3582	1218 993 1848 618 4677	-42.1 37.2 514.0 36.7 30.6
Tropical hardwood veneer (m3)	GERMANY SOUTH AFRICA FRANCE GHANA OTHER TOTAL	785 2435 597 1750 4711 10278	383 1341 236 782 2733 5475	609 1440 88 908 2279 5324	59.0 7.4 -62.7 16.1 -16.6 -2.8	U.S.A. U.K. GERMANY BELGIUM OTHER TOTAL	1637 450 102 36 498 2723	753 251 36 39 253 1332	278 143 59 27 208 715	-63.1 -43.0 63.9 -30.8 -17.8 -46.3
Other hardwood veneer (m3)	GERMANY BELGIUM FRANCE U.S.A. OTHER TOTAL	2656 1196 2155 3593 7772 17372	1344 869 2284 1346 4258 10101	965 174 789 2303 3621 7852	-28.2 -80.0 -65.5 71.1 -15.0 -22.3	U.S.A. GERMANY FRANCE U.K. OTHER TOTAL	273 319 224 631 368 1815	204 191 170 325 141 1031	415 379 413 214 285 1706	103.4 98.4 142.9 -34.2 102.1 65.5
Tropical hardwood plywood (m3)	INDONESIA BRAZIL MALAYSIA CHINA OTHER TOTAL	164114 216917 130717 40930 45411 598089	86497 84742 38044 22674 24842 256799	60385 134098 80508 23387 24903 323281	-30.2 58.2 111.6 3.1 0.2 25.9	BRAZIL U.K. SWEDEN BELGIUM OTHER TOTAL	29795 10936 1378 1234 3051 46394	16918 5663 616 1051 1580 25828	19967 4280 43 516 1239 26045	18.0 -24.4 -93.0 -50.9 -21.6 0.8
Other hardwood plywood (m3)	FINLAND GERMANY RUSSIA LATVIA OTHER TOTAL	51653 2869 43436 15121 44299 157378	20002 2272 23877 8086 22477 76714	19922 3554 22993 14385 31578 92432	-0.4 56.4 -3.7 77.9 40.5 20.5	U.K. SPAIN FINLAND RUSSIA OTHER TOTAL	3161 374 1049 374 2872 7830	860 195 559 225 893 2732	2279 89 463 86 2554 5471	165.0 -54.4 -17.2 -61.8 186.0 100.3
Hardwood profiles (000 euro)	ITALY CANADA MALAYSIA OTHER TOTAL	21028 16455 9458 89188 136129	11370 9365 4360 41754 66849	9533 7924 7860 53000 78317	-16.2 -15.4 80.3 26.9 17.2	CHINA U.K. CANADA OTHER TOTAL	12670 4982 3856 11695 33203	5345 2680 1993 5844 15862	11181 1806 1607 6076 20670	109.2 -32.6 -19.4 4.0 30.3
Wooden windows and frames* (000 euro)	DENMARK NORWAY SWEDEN OTHER TOTAL	31327 22450 6723 17589 78089	15705 10858 2621 6642 35826	15354 11707 3671 14355 45087	-2.2 7.8 40.1 116.1 25.8	U.K. DENMARK U.S.A. OTHER TOTAL	16140 8671 2832 3663 31306	7197 3751 1352 1048 13348	6892 5074 1898 1453 15317	-4.2 35.3 40.4 38.6 14.8
Wooden doors and frames* (000 euro)	SOUTH AFRICA INDONESIA ITALY OTHER TOTAL	39245 35259 30459 136060 241023	22113 18031 15022 72113 127279	24649 16799 9972 74617 126037	11.5 -6.8 -33.6 3.5 -1.0	U.K. SOUTH AFRICA SPAIN OTHER TOTAL	20407 8010 4063 19119 51599	11162 4140 2066 9323 26691	10518 3563 1412 12153 27646	-5.8 -13.9 -31.7 30.4 3.6
Parquet panels* (000 euro)	SWEDEN DENMARK BELGIUM OTHER TOTAL	25306 13437 6150 53508 98401	12558 7683 3415 23923 47579	14763 5499 2265 32615 55142	17.6 -28.4 -33.7 36.3 15.9	U.K. CHINA INDONESIA OTHER TOTAL	2653 2376 1274 9488 15791	1401 1274 440 4327 7442	1028 2085 670 4367 8150	-26.6 63.7 52.3 0.9 9.5
Wood furniture* (000 euro)	ITALY CHINA GERMANY POLAND DENMARK MALAYSIA BELGIUM INDONESIA OTHER	761852 306110 171055 176666 159457 124383 67658 73817 984646	352856 143819 80195 81081 69596 71442 38265 42735 481382	436869 225291 83612 115155 71815 71947 35962 49991 558933	23.8 56.6 4.3 42.0 3.2 0.7 -6.0 17.0 16.1	U.K. ITALY MALAYSIA INDONESIA ROMANIA BELGIUM DENMARK CHINA OTHER	101655 22156 14644 11086 8890 6460 6433 12226 61902	50477 10434 6822 3744 4088 3168 2939 4517 28059	49511 11551 9834 8012 6186 2872 2976 12413 31190	-1.9 10.7 44.2 114.0 51.3 -9.3 1.3 174.8 11.2
* All wood, includes hardwood and softwood	TOTAL	2825644	1361371 Sour	1649575 ce - Euros	21.2 stat supp	tota∟ blied by BTS, c	245452 compiled b	114248 by hardw	134545 oodmarke	17.8 ets.com

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EU N	Vat	ion	s -	Imp	orts -	- Ja	an-u	Jun	20	04				
Italy	2003	2003	2004	- %-chg	Netherlan	ds 2003	2003	2004	%-chg	Portugal	2003	2003	2004	%-chg
CAMEROON CONGO REPUBLIO LIBERIA GABON CENT. AFR. REP. BURMA FRANCE OTHER TOTAL	Year 81766 C 38341 37636 50430 31543 2812 2364 7095 251987	Q2 46787 16329 35159 27477 16168 1595 1338 3403 148256	Q2 36881 19029 0 35221 10703 2500 584 7045 111963	03-04 -21.2 16.5 -100.0 28.2 -33.8 56.7 -56.4 107.0 -24.5	GABON CAMEROON SURINAM BELGIUM LIBERIA MALAYSIA GERMANY OTHER TOTAL	Year 18685 1373 2658 6074 5749 238 1228 5149 41154	Q2 8340 474 1628 3016 5749 145 1119 3426 23897	Q2 7442 502 483 3802 0 27 172 1856 14284	03-04 -10.8 5.9 -70.3 26.1 -100.0 -81.4 -84.6 -45.8 -40.2	CONGO REPUBLIC GABON CAMEROON CONGO DEM. REP CENT. AFR. REP. EQUAT. GUINEA ANGOLA OTHER TOTAL	54105 39257	Q2 23568 30982 23183 11722 5728 6755 206 2937 105081	Q2 25588 28116 21542 23597 2974 4652 173 3346 109988	03-04 8.6 -9.3 -7.1 101.3 -48.1 -31.1 -16.0 13.9 4.7
AUSTRIA	115485	56471	67699	19.9	GERMANY	6093	5807	594	-89.8	FRANCE	6828	5221	4334	-17.0
SWITZERLAND	99120	64329	79347	23.3	LUXEMBOURG	1896	1300	164	-87.4	SPAIN	931	415	535	28.9
OTHER	241150	122585	144619	18.0	OTHER	66	29	135	365.5	OTHER	1472	778	918	18.0
TOTAL	455755	243385	291665	19.8	TOTAL	8055	7136	893	-87.5	TOTAL	9231	6414	5787	-9.8
CROATIA	8399	5866	7987	36.2	UKRAINE	2100	1341	397	-70.4	FRANCE	6932	4591	5167	12.5
FRANCE	21710	11223	18453	64.4	GERMANY	4692	3635	1329	-63.4	U.S.A.	5542	3613	3174	-12.2
HUNGARY	6116	4218	26550	529.4	LUXEMBOURG	1770	143	0	-100.0	SPAIN	709	641	371	-42.1
OTHER	33790	15716	21144	34.5	OTHER	809	48	2118	4312.5	OTHER	993	286	193	-32.5
TOTAL	70015	37023	74134	100.2	TOTAL	9371	5167	3844	-25.6	TOTAL	14176	9131	8905	-2.5
FRANCE	244558	119524	137309	14.9	GERMANY	40998	24573	15329	-37.6	U.S.A.	22297	11769	14972	27.2
U.S.A.	67289	45000	46888	4.2	BELGIUM	38542	22123	15211	-31.2	SPAIN	49453	20760	14218	-31.5
CROATIA	274493	130729	138179	5.7	U.S.A.	179	69	85	23.2	FRANCE	36523	27326	16958	-37.9
OTHER	629092	359540	306604	-14.7	OTHER	284	239	90	-62.3	OTHER	4673	2947	4008	36.0
TOTAL	1215432	654793	628980	-3.9	TOTAL	80003	47004	30715	-34.7	TOTAL	112946	62802	50156	-20.1
CAMEROON	129075	58661	73973	26.1	MALAYSIA	170067	85088	95836	12.6	BRAZIL		27558	37233	35.1
IVORY COAST	112097	57513	53877	-6.3	CAMEROON	38380	17842	14381	-19.4	CAMEROON		7166	6237	-13.0
MALAYSIA	37929	24117	16158	-33.0	BRAZIL	130208	57697	70003	21.3	CONGO DEM. REP		2208	870	-60.6
GABON	44587	19935	28377	42.3	BELGIUM	22819	11333	11759	3.8	CONGO REPUBLIC		4023	2272	-43.5
GHANA	28123	16526	12385	-25.1	INDONESIA	9413	5001	2859	-42.8	IVORY COAST		1305	1131	-13.3
BRAZIL	25966	13356	9192	-31.2	IVORY COAST	4631	2686	3233	20.4	GABON		1327	2835	113.6
NIGERIA	8905	4895	4297	-12.2	GHANA	15088	5427	8797	62.1	SPAIN		572	1700	197.2
LIBERIA	808	800	0	-100.0	BURMA	1119	731	326	-55.4	U.S.A.		28	0	-100.0
OTHER	45317	24057	17735	-26.3	OTHER	17634	9447	10576	12.0	OTHER		1420	3444	142.5
TOTAL	432807	219860	215994	-1.8	TOTAL	409359	195252	217770	11.5	TOTAL		45607	55722	22.2
CROATIA	89366	51170	48880	-4.5	GERMANY	23690	10100	10147	0.5	SPAIN	3321	1751	2009	14.7
BOSNIA & HERZ.	69026	37859	34858	-7.9	BELGIUM	8306	5010	1343	-73.2	FRANCE	3500	2038	2415	18.5
SLOVENIA	43713	24319	18560	-23.7	POLAND	856	473	246	-48.0	GERMANY	2719	1130	2132	88.7
SERBIA & MONT.	31466	15484	0	-100.0	SERBIA & MONT.	403	262	0	-100.0	DENMARK	2158	752	1938	157.7
OTHER	138514	73975	86602	17.1	OTHER	3052	1471	1281	-12.9	OTHER	3156	1467	3135	113.7
TOTAL	372085	202807	188900	-6.9	TOTAL	36307	17316	13017	-24.8	TOTAL	14854	7138	11629	62.9
CROATIA	60731	34640	39755	14.8	FRANCE	22659	8751	5833	-33.3	U.S.A.	30290	14206	17278	21.6
U.S.A.	31801	16877	13300	-21.2	U.S.A.	8275	4837	3928	-18.8	FRANCE	4230	2584	3605	39.5
HUNGARY	15062	7916	7842	-0.9	BELGIUM	4085	2196	1621	-26.2	CANADA	2174	901	583	-35.3
FRANCE	7329	3472	6869	97.8	GERMANY	9289	2582	5665	119.4	SPAIN	1679	678	650	-4.1
UKRAINE	17275	7939	10898	37.3	POLAND	6538	5466	3154	-42.3	BELGIUM	458	187	105	-43.9
OTHER	52128	25935	27164	4.7	OTHER	24663	10980	12948	17.9	OTHER	4166	2318	1643	-29.1
TOTAL	184326	96779	105828	9.4	TOTAL	75509	34812	33149	-4.8	TOTAL	42997	20874	23864	14.3
U.S.A.	154284	86958	82123	-5.6	U.S.A.	10206	5373	5964	11.0	U.S.A.	9412	5728	4012	-30.0
HUNGARY	82494	44574	31887	-28.5	CANADA	5128	2388	3014	26.2	FRANCE	6159	2923	2519	-13.8
SPAIN	6050	5966	723	-87.9	LITHUANIA	13339	8143	3160	-61.2	SWEDEN	5010	2306	2931	27.1
ROMANIA	41637	23116	20874	-9.7	HUNGARY	2996	1647	1217	-26.1	CANADA	2242	1397	748	-46.5
CROATIA	44889	23523	25739	9.4	LATVIA	18729	8044	9430	17.2	SPAIN	3028	1416	1672	18.1
OTHER	312717	168435	138466	-17.8	OTHER	14878	7307	7674	5.0	OTHER	3469	678	831	22.6
TOTAL	642071	352572	299812	-15.0	TOTAL	65276	32902	30459	-7.4	TOTAL	29320	14448	12713	-12.0
MALAYSIA	8898	4008	3051	-23.9	MALAYSIA	3579	1926	1619	-15.9	FRANCE	1626	773	1246	61.2
INDONESIA	3539	2341	1013	-56.7	INDONESIA	38856	19724	27428	39.1	SPAIN	633	107	1244	1062.6
FRANCE	3	3	0	-100.0	CAMEROON	8372	4196	4557	8.6	BRAZIL	289	260	281	8.1
OTHER	14661	8421	6562	-22.1	OTHER	20821	10699	11852	10.8	OTHER	237	134	496	270.1
TOTAL	27101	14773	10626	-28.1	TOTAL	71628	36545	45456	24.4	TOTAL	2785	1274	3267	156.4
IVORY COAST	38210	21305	21292	-0.1	FRANCE	1034	771	166	-78.5	BRAZIL	6895	2889	2822	-2.3
CAMEROON	51542	27974	23018	-17.7	GABON	2130	1371	1277	-6.9	SPAIN	2858	1683	1914	13.7
GHANA	19548	10862	8051	-25.9	GERMANY	286	134	165	23.1	EQUAT. GUINEA	1465	915	987	7.9
GABON	14514	7596	9249	21.8	THAILAND	193	99	45	-54.5	GHANA	1616	813	272	-66.5
OTHER	14073	7717	6457	-16.3	OTHER	1948	968	473	-51.1	OTHER	3507	2034	3299	62.2
TOTAL	137887	75454	68067	-9.8	TOTAL	5591	3343	2126	-36.4	TOTAL	16341	8334	9294	11.5
GERMANY	10001	5388	5168	-4.1	GERMANY	1157	573	578	0.9	U.S.A.	2836	1423	1508	6.0
U.S.A.	9157	5127	4355	-15.1	HUNGARY	1053	573	387	-32.5	FRANCE	2220	1374	1109	-19.3
FRANCE	28860	15984	12366	-22.6	BELGIUM	1189	610	386	-36.7	GERMANY	1078	654	601	-8.1
SLOVENIA	9132	5221	3705	-29.0	FRANCE	211	159	130	-18.2	SPAIN	4998	2572	4621	79.7
OTHER	78274	41318	41475	0.4	OTHER	1249	637	1264	98.4	OTHER	1458	669	897	34.1
TOTAL	135424	73038	67069	-8.2	TOTAL	4859	2552	2745	7.6	TOTAL	12590	6692	8736	30.5
FRANCE	21509	11948	11906	-0.4	FRANCE	53555	30654	20378	-33.5	SPAIN	2106	823	1162	41.2
MOROCCO	9899	4958	7010	41.4	NON-EU SUPP.	23963	12097	0	-100.0	BRAZIL	3439	1775	2567	44.6
GABON	13116	7576	6366	-16.0	BELGIUM	59631	32273	24189	-25.0	LATVIA	0	0	0	na
INDONESIA	23346	10183	4931	-51.6	INDONESIA	16318	7616	4778	-37.3	GERMANY	44	35	14	-60.0
OTHER	57733	28942	27439	-5.2	OTHER	49952	30705	38144	24.2	OTHER	326	147	539	266.7
TOTAL	125603	63607	57652	-9.4	TOTAL	203419	113345	87489	-22.8	TOTAL	5915	2780	4282	54.0
RUSSIA FINLAND ROMANIA AUSTRIA OTHER TOTAL	68462 31606 17184 10488 89637 217377	35775 18645 9584 4961 50544 119509	36780 16655 7635 6568 48450 116088	2.8 -10.7 -20.3 32.4 -4.1 -2.9	FINLAND BELGIUM LATVIA UKRAINE OTHER TOTAL	40582 6166 7497 6223 28435 88903	24229 3141 4224 2900 13592 48086	25280 5199 3725 4066 21922 60192	4.3 65.5 -11.8 40.2 61.3 25.2	SPAIN GERMANY U.K. FINLAND OTHER TOTAL	4049 4115 1685 711 1244 11804	1778 1937 738 127 487 5067	1044 111 626 1420 3201	-41.3 -94.3 -100.0 392.9 191.6 -36.8
INDONESIA	22389	11288	10523	-6.8	INDONESIA	32504	14467	21182	46.4	SPAIN	9220	5121	4329	-15.5
IVORY COAST	13202	7343	6627	-9.8	BELGIUM	12150	6480	4008	-38.1	BRAZIL	1765	1082	747	-31.0
NIGERIA	10887	5589	5060	-9.5	BRAZIL	12984	6303	11636	84.6	ITALY	1404	763	523	-31.5
OTHER	100154	51874	58762	13.3	OTHER	35092	17251	13807	-20.0	OTHER	2745	1441	2193	52.2
TOTAL	146632	76094	80972	6.4	TOTAL	92730	44501	50633	13.8	TOTAL	15134	8407	7792	-7.3
DENMARK	4088	4071	9	-99.8	DENMARK	8325	2152	6796	215.8	DENMARK	1794	948	837	-11.7
HUNGARY	8427	4464	3369	-24.5	POLAND	2383	1178	1018	-13.6	SPAIN	791	514	237	-53.9
AUSTRIA	4485	1842	1691	-8.2	HUNGARY	779	447	402	-10.1	FRANCE	922	387	264	-31.8
OTHER	8220	3910	3176	-18.8	OTHER	2827	1457	1596	9.5	OTHER	417	196	119	-39.3
TOTAL	25220	14287	8245	-42.3	TOTAL	14314	5234	9812	87.5	TOTAL	3924	2045	1457	-28.8
ROMANIA	12998	7109	6900	-2.9	INDONESIA	17335	9009	9369	4.0	SPAIN	15015	8429	5405	-35.9
GERMANY	1790	1038	212	-79.6	CHINA	5080	2558	2231	-12.8	ITALY	258	132	144	9.1
INDONESIA	903	428	436	1.9	MALAYSIA	867	596	297	-50.2	FRANCE	128	93	50	-46.2
OTHER	6175	2800	4397	57.0	OTHER	11856	4353	8066	85.3	OTHER	540	237	382	61.2
TOTAL	21866	11375	11945	5.0	TOTAL	35138	16516	19963	20.9	TOTAL	15941	8891	5981	-32.7
AUSTRIA	11425	5467	7083	29.6	GERMANY	10310	5565	4185	-24.8	SWEDEN	2578	1234	1561	26.5
GERMANY	7534	3252	4441	36.6	BELGIUM	8219	3567	3050	-14.5	SPAIN	3681	1598	3195	99.9
SWEDEN	3183	1825	1940	6.3	CHINA	8193	3636	2115	-41.8	CHINA	3187	1853	1652	-10.8
OTHER	23857	11321	14856	31.2	OTHER	17969	9288	7155	-23.0	OTHER	5420	2378	3121	31.2
TOTAL	45999	21865	28320	29.5	TOTAL	44691	22056	16505	-25.2	TOTAL	14866	7063	9529	34.9
ROMANIA AUSTRIA SWITZERLAND GERMANY INDONESIA SLOVENIA FRANCE CROATIA OTHER TOTAL	72827 64024 39127 32025 33654 27678 17260 24953 217766 529314	35132 31301 18529 14264 20235 14142 8796 13382 109397 265178	43706 26111 21923 18545 24570 10631 9694 12279 135519 302978	24.4 -16.6 18.3 30.0 21.4 -24.8 10.2 -8.2 23.9 14.3	GERMANY BELGIUM POLAND INDONESIA ROMANIA ITALY BRAZIL CHINA OTHER TOTAL	160629 98654 106611 88614 66877 57981 37384 48528 220447 885725	85339 66326 56511 45944 32805 17847 12824 487913 Source	78290 41005 53641 47760 33444 27884 22231 32365 119004 455624 e - Euros	-8.3 -38.2 -5.1 4.0 -7.0 -15.0 24.6 32.8 -3.1 -6.6 stat supp	SPAIN ITALY FRANCE BELGIUM GERMANY SWEDEN NETHERLANDS DENMARK OTHER TOTAL Diled by BTS, co	68169 25498 15346 5569 4329 3701 4403 2553 13767 143335	31423 11827 7127 2206 1736 1124 1784 1319 6000 64546 by hardwo	31782 13313 9236 2105 2046 259 2451 1474 9764 72430	1.1 12.6 29.6 -4.6 17.9 -77.0 37.4 11.8 62.7 12.2 ets.com

News Summary

Mixed reports on African logs

Mixed reports are emerging from African log markets. As the rainy season nears it's end in the main producing regions north of the equator, availability is limited and prices are firm for some key species, such as iroko and ayous. In contrast, demand for sapele, the main redwood species derived from the Congo basin, has been sluggish. This has led to talk of softer prices. However, African producers suggest that due to increased forest tax levels throughout the Congo region, margins on sapele production are already extremely tight. Therefore prospects for any significant fall in prices may be limited. **(page 2)**

African lumber finely balanced

Generally speaking the fine balance between tight supplies and sluggish demand for African sawn lumber has been maintained. Prices are generally steady, despite slow consumption. This year the strong euro has undermined the competitive price position of African hardwoods against Asian and Brazilian alternatives. (page 3)

African-EU log trade falls again

First half EU-Africa trade data provides an insight into recent trends in the African tropical hardwood trade. EU imports of African tropical hardwood logs fell dramatically during the first half of this year. The overall volume of EU imports of African hardwood sawn lumber showed little change in the first half of 2004 compared to the previous year. However there were significant changes in the direction of trade. Spain's imports of African sawn lumber fell dramatically in the first half of this year, while Italian, Dutch and French imports were tending to rise. (page 3)

Middle East market bouyant

Despite gloomy newspaper reports, markets for hardwoods in the Middle East can be characterised by rapid population growth, fast economic expansion, high levels of construction activity and, in some cases, residential and tourist development. Dubai continues to lead the way in development in the Gulf and the scale of construction activity has created a buoyant market for interior joinery and furniture. (page 4)

Philippines shifts to veneer

Before the early 1990s, the Philippines was a major exporter of tropical logs. But following excessive over-exploitation, the country is now

heavily dependent on imported raw material. Over the last decade, much of this has comprised imported tropical logs and sawn lumber. However, constraints on tropical hardwood supply have meant there is a now significant shift in the country's wood market towards greater use of veneer, plywood and temperate hardwoods. Meanwhile the country's furniture sector is feeling the heat of Chinese competition. (page 5)

Bouyant US exports

US hardwood lumber and veneer exports have been bouyant this year. In value, global US hardwood sawn lumber and veneer exports rose during the first six months of this year by just under 15% each compared to the first half of 2003. In volume terms, US hardwood sawn lumber exports increased by a little under 11%. American hardwood log exports, on the other hand, dropped in volume, but increased by 21% in value. This can be attributed to tight availability of logs during 2004, which contributed to rising prices, together with rising exports of veneer quality logs to China. **(page 6)**

Oak all the rage in the EU

Overall, imports of hardwood products into the EU-15 for the first half of this year were characterised by a general decline in tropical log and sawn lumber imports and a gearing up of interest in oak. The statistics, coupled with reports from market commentators, show that the fashion for oak across Europe is now very well-established. Furthermore and in many cases, it is imports of oak from the United States that have been increasing, to the detriment of European oak suppliers. (page 11)

AHEC discusses EU trade

The AHEC European Convention was held in Venice during October. Discussions at the Convention highlighted some key issues affecting the European trade in hardwoods.

□ A UN economist reported on the strong global recovery that began in the second half of 2003, starting in the U.S. and spreading to other regions. At present, global monetary and financial conditions remain favourable, particularly as central banks are tending to maintain relatively low interest rates. However the recovery has lost some momentum since spring 2004, partly due to the dampening effect of rising oil prices. There seem to be mounting downside risks for the global economy. (page 8)

□ George Barratt of Hardwood Review suggested that overall global demand for US hardwoods is

likely to remain strong next year. 2005 is also likely to see tight supplies of US hardwood lumber and firm prices. Barratt also highlighted the importance of export markets generally, and the EU in particular to the US hardwood industry. (pages 7/8)

□ The fall of the dollar value against the euro was identified as the major factor boosting market prospects for US hardwoods in Europe this year. However, discussions indicated that EU hardwood consumption trends have not all been positive and there have been huge variations by sector and country this year. (page 1)

© Commentators from across Europe reported on the rising competitive pressure on American white oak from European oak. (pages 1/9)

□ There was much comment on fashion trends. Oak and walnut still seem much in favour in Europe, whereas cherry and maple are declining. There is now very little interest in American red oak throughout the whole of Europe. Dark coloured species such as wenge are currently fashionable in office furniture. (page 9)

□ There was discussion of the strong fashion for rustic grades of oak for flooring and bespoke joinery in north western Europe. To some extent this trend favors European oak over American oak. (page 9)

□ A distinct trend towards integration of wood character marks in a wide range of species into modern European design was identified. As one speaker noted, "wood is allowed to be wood again". This presents a new opportunity for all wood suppliers (page 9).

□ There was discussion of the significant shift in European demand away from random specifications to fixed sizes and it's likely impact on trade in American hardwoods. (page 9)

□ It was noted that Chinese furniture manufacturers are mounting a major campaign to increase penetration of the European market. There was a lively debate at the Conference on the likely success of this initiative. (pages 9/10)

□ The competitive position of American hardwoods on environmental issues was a central point of discussion. So far, American hardwoods have tended to benefit from increased market concern for environment. However increased European focus on independently certified and fully traceable wood products may create particular challenges for US hardwood suppliers. (page 10)

□ AHEC issued a new statement on the American hardwood industry's approach to forest management and certification. (page 10)