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"FSC or equivalent": a nonsense approach

Growing concern to tackle illegal logging has encouraged several European governments to develop environmental timber procurement policies for public sector contracts. These policies have great potential to provide consistent demand for wood from well managed forests and to limit opportunities for trade in illegally sourced wood products. But this potential is undermined by the politically motivated efforts of some ENGOs to promote an FSC-only agenda.

One such campaign was launched in November by Greenpeace at a press conference held in the UK parliament buildings. This was billed as "*a new initiative to ensure UK construction companies stop fueling illegal logging*". The press conference was held in association with UCATT, Britain's construction workers union, and coincided with publication of an UCATT report "*The case for specifying timber from sustainable and legal sources*." In their pre-publicity Greenpeace suggested the report "*makes clear that only by purchasing timber certified to the Forest Stewardship Council (FSC) can companies guarantee that timber used in their projects is from well managed forests*".

EU governments favour FSC

Encouraged by such campaigns, representatives of various European governments have announced that in future they will discriminate in favour of "*FSC or equivalent*" certificates for timber procured through public sector contracts . This phrase has been used in recent times by representatives of the French, German, and Irish governments.

But such policy statements raise more questions than they answer. How is "equivalence" to be assessed? Why is FSC viewed as an appropriate benchmark? If the intention is to ensure accordance with internationally recognised principles, why not measure conformance against sustainability criteria developed through various UN processes (such as the Pan European process or ITTO). All European governments participate in these UN processes – so why are these same governments now unwilling to recognise the outcome? And why no reference to tried and tested guidelines for third party certification developed by ISO? All the major forest certification schemes – including FSC, PEFC and the SFI Program – are taking steps to conform with these guidelines. Aren't the ISO guidelines a more appropriate benchmark for comparing schemes than the FSC?

FSC's numerous merits

There is no disputing FSC's numerous merits. The FSC Principles and Criteria deal comprehensively with environmental and social criteria. Over the years FSC has strengthened it's procedural elements – driven partly it's efforts to conform with ISO Guidelines – to provide a sound framework for independent assessment. It has done much in recent times to encourage a shift towards more scientifically rigorous and participatory models of forest management.

But if sustainability is truly meant to be built around the consensus agreement of forestry standards balancing environmental, social, and economic criteria, then FSC falls short. FSC's Principles and Criteria for "good forest management" were published in the mid 1990s. These were designed to provide a international framework for the subsequent development of national or regional forest certification standards through a consensus building process. But drafting of the

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Editorial - FSC etc.

Our lead article this month is one long argument, criticising various government proposals to discriminate in favour of timber certified by "FSC or equivalent" certification schemes. The article is not a critique of FSC itself but of the way the scheme has been presented by some of its supporters.

Of course Governments should take steps to improve environmental procurement practice and where possible derive timber from certified forests. But it is nonsense to argue that the FSC is a universally recognized standard applicable in all circumstances.

Certification schemes need to be judged on their own merits and, most importantly, on their contribution to improved forest management. In fact the whole certification movement suffers from its failure to have undertaken disinterested research into the real costs and benefits where it matters, in the forest. Instead it has come to resemble a shouting match – that scheme with the loudest supporters is the most likely to be accepted.

The limited research on forestry impacts of FSC certification suggests that it has contributed to improved participation and management planning in forestry operations, and has raised environmental and social standards under certain conditions. However this same research highlights the extent to which FSC has had to depend on external subsidy to achieve it's goals. I, for one, do not want to work in an industry which is dependent on such subsidy for it's long-term survival. Ultimately certified forests have to pay their way, and to demonstrate that they are economically sustainable as well as able to satisfy particular social and environmental criteria.

Of all FSC's achievements, perhaps the most significant has been to encourage the forest sector to develop alternative schemes – like PEFC and the SFI Program - that seek to integrate environmental and social criteria into economically viable forms of forest management. As these schemes draw on UN principles for sustainable forest management, and on tried and tested guidelines for third party certification drawn up by ISO, they come closer to the ideal of an internationally recognized standard. Their rapid growth in the last two years indicates that such schemes are more widely accepted than FSC in the forest sector. As such they may well be more effective in spreading the sustainability message. FSC has a key role to play, but as model forestry network rather than a universally applicable standard.

Rupert Oliver

Asia

Malaysian sawn lumber

Running on empty

Shippers in Peninsular Malaysia have dark red meranti stock available for December/ January shipment, but there is very little volume in the supply pipeline. Log supplies are restricted due to monsoon weather and sawmillers have refrained from cutting for the European market due to weak demand. The log export ban from Indonesia has also restricted log supply to Malaysian sawmills this year. Reports suggest that meranti lumber inventories at the large kiln drying facilities between Kuala Lumpur and Port Kelang are extremely low. So very little wood is being made available for grading, packing and onward shipment to European destinations. Therefore supplies are likely to be very restricted at least until after the Chinese New Year holidays in late January 2004.

Meranti prices low and steady

C&F Europe (dollar) prices for most grades of dark red meranti have remained steady at low levels over the last month. Further weakening of the dollar against the euro has meant that prices to European importers have seemed even lower.

Despite these low prices, forward demand for meranti-seraya and meranti-bukit in the typical Dutch window frame specifications remains extremely weak. During November, Dutch traders are reported to have embarked on yet another round of price cutting to offload existing landed stocks in a renewed effort to generate cash flow.

In the UK, reports indicate that reasonable volumes of meranti-tembaga are moving out of importers' yards, but there is little interest in buying forward as importers are winding down stocks in the run-up to Christmas. The UK market for meranti has been in long term decline as the domestic manufacturing sector has shrunk and many of the remaining manufacturers are now tied to sapele or other products. Some UK importers suggest there is no longer large scale demand for commodity grade meranti. Many manu- ▶3

Asian Sawn Lumber Indicative Prices

	Sept	Oct	Nov
Exchange rates:			
M$/£	6.33	6.35	6.54
U$/£	1.67	1.67	1.72
M$/US$	3.80	3.80	3.80
Malaysia			
All prices US$/ton, C&F UK port, including 5% agents commission			
West Malaysian Dark Red Meranti			
Grade: Select & better GMS; Kiln dried			
Size: Width 6"+ avg 7"/8"; Length: 8'+ avg 12'/14'			
1"	780	780	780
2"	810	810	810
2.5"	860	860	860
3"	900	900	900
Myanmar Teak			
US$/50 cu ft, FOB Rangoon/Bangkok/Singapore			
Grade: Air dried boards			
Size: Width 6"+ avg 8", Length 6'+ avg 8'			
1"	na na	3350/ 3600	3350/ 3600

2◀ facturers are more interested in higher grades and better quality species for which they will pay a premium.

Considering other species, supplies of Malaysian merbau are currently so limited that several specialized exporters are refusing to accept orders. European demand for keruing is extremely restricted. Freight space to Europe for such a low value commodity is limited and keruing logs are generally being diverted for plywood manufacture.

C&F Europe prices for balau/bangkarai decking profiles are stable and being quoted at around US$660-680/m3 to European importers (inclusive of agents commission).

Teak

Mounting bureaucracy

Exports of Burmese teak boards and further processed products have been severely disrupted in recent months. During the summer the U.S. banned all trade between American companies and Burma/Myanmar. This raised expectations in September that the European Union may introduce a similar ban, although by mid November these expectations had subsided.

In an effort to circumvent the U.S. trade ban and the refusal of US banks to transfer dollars to Myanmar, some shippers have set up offshore accounts in Thailand. Myanmar shippers have also been opening euro accounts and are now quoting prices in euros.

In another development, Myanmar's Forest Minister and the team responsible for regulating teak exports were sacked earlier this year following corruption charges. This led to the cessation of teak lumber exports for a period during August and September.

Quota system

Teak lumber exports have now resumed but subject to a strict quota system. Only registered sawmills are now allowed to export. The Myanmar Timber Enterprise (MTE) will calculate teak lumber export quotas for each sawmill based on their log input and using a conversion factor depending on the product for export. Shippers have to provide a huge amount of paper work in order to satisfy the authorities that teak has been sourced in accordance with regulations. Teak is regularly delayed at quayside as officials from several different Ministries inspect parcels. All this activity is designed to prevent loss of government income resulting from illegal exports.

The increased bureaucracy has meant FOB prices for Myanmar teak lumber have risen since the summer months. However Myanmar teak log exports have been unaffected by these developments.

Sabah

Sustainable forest policy

An insight into the current status of forest operations in Sabah was recently provided by the state's first Minister in a question and answer session at the State Legislative Assembly.

Sabah has around 3.6 million hectares of land classed as forest reserve. Of this land around 0.3 million hectares is totally protected (Class I Forest Reserve) and 2.7 million hectares is classed as commercial forest reserve (Class II). In addition to Class I and Class II forest reserves there are various other categories of reserve allocated for different uses – such as domestic, amenity and wildlife - totaling around 0.6 million hectares (Class III-VII).

Class II forest reserves are managed by private companies under concession agreements with the Sabah government. These agreements are long-term, usually between 25 and 100 years duration. Concession size varies from 20,000 to 80,000 hectares.

Requirement for forestry plans

In his statement, Sabah's first Minister said that since 1997, the Sabah government has been implementing a policy for sustainable forest management. In 1997, 21 of the 27 forest management units within the Class II forest reserves were licensed to 15 companies. According to this agreement, all licencees were required to prepare Forest Management Plans for their respective forest units which had to be presented and approved by the State Government. Since 2001, the State Government has monitored the development of each company and has issued reminders to abide by the conditions set in the Forest Management Plan (FMP). So far, 14 companies have presented their FMPs. On October 20, the State cancelled the remaining company's license for failure to conform with requirements for forest management plans.

Extraction of wood is also allowed in some Class III-VII reserves under special licenses, usually issued for a period of 5 years. But the government is increasingly reluctant to issue these special licenses and most of these areas are now totally reserved for eco-tourism, research, water catchment and wildlife protection.

Overall the impact of this policy has been to greatly reduce timber harvests in the state, a situation likely to be maintained long term. Under the terms of Eighth Malaysia Plan covering the period 2001 to 2005, annual sustainable log harvests from Sabah's forest reserves are estimated at 2.89 million m3.

Plywood

Indonesian price rise

Indonesian tropical plywood prices have continued to rise, in late November reaching INDO96 less 19% to 22% depending on size of order for BB/CC grade. Price gains reflect declining log availability, increased controls on illegal logging, and rising freight rates.

At present international demand for tropical hardwood plywood is difficult to assess as the market is influenced by various technical and political issues. The key Japanese market is divided depending on each supplier's ability to conform with new JAS certification requirements for low formaldehyde emissions. In practice demand is brisk for JAS certified plywood but falling away rapidly for non-certified product. Underlying Japanese plywood consumption has received a boost in recent months from improved wooden residential construction. However most importers are maintaining only limited stocks and preferring to supply on a just-in-time basis.

In the U.K., the main European market for tropical hardwood plywood, underlying consumption has remained subdued. Importers are generally maintaining low stocks, so any increase in demand may quickly translate into shortages. Furthermore, mounting concern over illegal logging has led some of the large importers to switch away from Indonesian plywood altogether. This is beginning to provide opportunities for other suppliers. New requirements for compulsory CE marking in Europe, to be introduced from 1 April 2004 will also change the dynamics of the European market, favoring those mills producing higher quality products in conformance with European standards.

Demand for imported plywood in the United States has been good in recent months due to strong residential construction activity, recent hurricane damage, and a sharp upturn in military demand for reconstruction work in Iraq. Much of this demand has focused on Brazilian softwood plywood. But this has meant that more Brazilian mills have switched from hardwood to softwood plywood production, reducing availability of the hardwood product. Therefore prices for Brazilian hardwood plywood have also tended to firm in recent months. However prices remain around 10% lower than Indonesian prices.

Malaysian suppliers are still having difficulty competing with Indonesian, Brazilian and Chinese prices. Many remain focused on supply of higher value product to niche markets, notably in Japan.

The competitive position of African plywood has been severely undermined this year by the strong euro and by rising log costs. Despite the recent gains, tropical hardwood prices remain low in historical terms and rising costs have meant that margins are still very tight. Chinese mills are producing more product and always seem able to undercut competitor prices. And tropical plywood is coming under intense pressure from substitutes, including plantation softwood plywood, MDF and OSB.

South America

Mahogany

CITES listing

Regulations governing the trade in Swietenia macrophylla (South American mahogany) from all locations were tightened from 15 November following the species listing on CITES Appendix II. The listing covers logs, sawn wood, veneer sheets, and plywood. Trade in the species now requires a CITES export permit certificate issued by the Management Authority of the exporting state. An export permit may be issued only if the wood is legally obtained and if the export is not detrimental to the survival of the species. Imports into the E.U. will also require an import permit issued by the national CITES authorities of the importing country. Import permits are not required by the United States.

Rush to export before deadline

INRENA, the Peruvian management authority, issued it's new CITES regulations on 5 November in Resolution Nº 158. This required all Peruvian timber exporters, sawmills, timber warehouses and commercial timber offices to present documentation on the legal origin of mahogany within 10 days. Only mahogany with documentation to prove that it was harvested in accordance with Peru's forestry laws would be issued with an export permit after 15 November. There are reports that in early November large quantities of mahogany sawn lumber had built up at Peru's ports as exporters rushed to beat the deadline and ship out as much volume as possible before the new CITES requirements were implemented.

Peru

Poverty, bureaucracy main causes of illegal logging

A new report by the International Tropical Timber Organization (ITTO) says that Peru's new forestry law is an important step towards reducing illegal logging, but strong additional measures are needed for it to be implemented effectively. The report also highlights that while corruption has been a contributory factor, the main underlying causes of illegal logging in Peru are related to poverty and excessive bureaucracy.

The report, which was prepared for ITTO by the Peruvian Environmental Law Society, a non-governmental organization, analyses the illegal logging and marketing of timber species in Peru and the strengths and limitations of the new forestry law, which was passed by Congress in 2000.

The report suggests that after the promulgation in 1992 of Supreme Decree No 051, which discontinued the granting of forest harvesting contracts, the existing forest management process gave way "*to a new, erratic stage of national policies for the harvesting of natural forests*". One consequence was a significant increase in the bureaucratic process for securing logging rights. When combined with a high level of poverty and unemployment in the Amazon and a lack of other income-generating opportunities, logging has increasingly been carried out without legal authorization.

Small-scale logging proliferates

The difficulties involved in obtaining logging rights on a large scale also led to a proliferation of small-scale loggers, operating with contracts covering less than 1000 hectares of forest. The "informal approach" of many such loggers, the difficulty in policing them, and their aggressiveness (in some cases) have all contributed to "*the chaos now affecting forest activities*".

The report condemns what it calls "*corruption and the unethical behaviour of officers of agricultural sector institutions*", which "*contributed to the legalization of the illegal logging and marketing of timber by approving contracts in unauthorized areas*". Nevertheless, says the report, the underlying cause of the problem is poverty. For example, in Ucayali, an Amazonian department, a large majority of the rapidly growing population is desperately poor; even in Pucallpa, the departmental capital, only 30% of houses have access to electricity or sanitary services. For many families, illegal logging is one of the few ways of generating the income they need to survive.

New concession system

Under the new forestry law, the Peruvian forestry sector is moving from a system skewed towards short-term, small-scale forest logging contracts to one involving forest concessions of 5000 hectares or greater granted for periods of 40 years. According to the report, the new law "*contains necessary changes to the country's forest regime*". However, similar changes are also required in institutional structures to enable adequate management, monitoring and control. Inattention to such changes, says the report, "*threatens the implementation and efficient operation of the forest regime*". The report notes "*there are still several illegal groups of loggers - very well organized in some cases - who, even through the use of force or prohibited or clearly illegal means, continue working in distant and difficult-access areas to harvest the last stands of high-value species such as mahogany*." More at www.itto.or.jp

North America

US supply and demand

Strong recovery

The strength of economic recovery in the United States has surprised economists. In the third quarter, GDP increased by 7.2% and productivity growth shot up to 8.1%. Unemployment has dropped to 6%, suggesting that the "jobless recovery", which has depressed consumer confidence and stoked fears of a "double-dip" recession, is finally turning into robust economic growth. Sectors central to domestic hardwood demand have been buoyant. Low interest rates and rising confidence meant strong residential construction in October 2003, reaching the highest level of activity seen in 17 years. October housing starts were reported at a seasonally adjusted rate of 1,960,000 units, an increase of 2.9% from September 2003, and up 18.6% compared to October 2002. Building permits, which provide a measure of future activity, were also rising strongly in October. Refurbishment activity is also reported to be robust.

Data from the kitchen cabinet sector provides another indication of buoyant domestic demand. The Kitchen Cabinet Manufacturers Association (KCMA) reports that September 2003 sales were up 17.5% over September 2002 sales. Sales for the January to September period were up 11.3% on the same period in 2002.

Reports from the American hardwood industry indicate that domestic demand has been good in recent weeks. Sales of most items are at the very least keeping pace with demand. Some items are oversold, resulting in rising prices.

Log supply improved

Overall log supply seems to have improved in recent weeks, but reports are varied. Many sawmills still suggest that log inventories are not as high as they would wish at this time of year. The hunting season is now underway which tends to reduce logging activity. The winter weather is also expected to hamper logging and sawmill production, leading to reduced availability of green lumber. Kilning schedules are beginning to lengthen due to the colder weather which may constrain kiln dried supplies. In the northern states, there are already reports of wet weather hampering logging. This has led to concerns about the supply of the high quality "white" hard maple logs which are harvested during the winter months.

Considering kiln dried FAS grade, prices for white oak have been firming during recent weeks due to limited supply, good domestic demand, and improving export demand.

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Strong domestic demand has meant red oak prices have remained fairly stable at high levels. Prices for cherry are slipping from earlier heights. FAS-grade cherry demand is tending to fall due to increased substitution for cheaper grades and species. Prices for ash, tulipwood, maple and walnut have generally remained steady in recent weeks. The combination of good domestic demand and supply constraints is expected to result in firm dollar prices for most American hardwood items during the winter months.

U.S. hardwood exports Jan. to Sept. 2002 and 2003

Logs/lumber - 000s m3, veneer - mill m2

	2002	2003	% chng
World			
Logs	1736.4	1656.3	-4.6
Lumber	2122.3	2062.7	-2.8
Veneer	238.3	223.0	-6.4
Canada			
Logs	1211.3	1180.4	-2.6
Lumber	724.5	783.7	8.2
Veneer	77.0	74.5	-3.2
EU			
Logs	172.1	171.8	-0.2
Italy	58.0	64.0	10.3
Germany	48.0	45.4	-5.4
Lumber	526.3	486.1	-7.6
Spain	135.4	121.3	-10.4
Italy	123.9	129.4	4.4
UK	81.5	70.3	-13.7
Germany	25.2	31.8	26.2
Veneer	80.7	81.3	0.7
Germany	30.2	34.5	14.2
Spain	22.3	18.5	-17.0
Italy	9.1	9.9	8.8
SE Asia			
Logs	40.3	40.4	0.2
Lumber	100.4	83.9	-16.4
Veneer	8.4	6.1	-27.4
Greater China			
Logs	176.2	145.9	-17.2
China	76.7	82.8	8.0
Hong Kong	78.8	46.2	-41.4
Taiwan	20.6	16.9	-18.0
Lumber	426.0	390.1	-8.4
China	184.3	210.1	14.0
Hong Kong	184.5	130.0	-29.5
Taiwan	57.1	50.0	-12.4
Veneer	40.1	33.2	-17.2
China	19.8	14.5	-26.8
Hong Kong	13.3	12.8	-3.8
Taiwan	7.0	5.9	-15.7
Japan			
Logs	68.4	51.2	-25.1
Lumber	73.5	68.5	-6.8
Veneer	1.7	1.0	-41.2
South Korea			
Logs	32.4	25.9	-20.1
Lumber	30.8	24.5	-20.5
Veneer	7.3	5.3	-27.4
Mexico			
Logs	9.1	11.9	30.8
Lumber	123.6	135.4	9.5
Veneer	8.7	7.4	-14.9
North Africa and Middle East			
Logs	2.7	2.5	-7.4
Lumber	42.6	31.3	-26.5
Veneer	5.6	3.6	-35.7

US export demand

Gradual improvement

Overall U.S. hardwood exports have improved during the course of the year making some of the biggest gains since the summer. The dollar was at an all time low against the euro at the end of November and has also been depreciating against the Canadian dollar and Japanese yen. The weakness of the dollar has ensured that American hardwoods have remained price competitive and helped boost export sales.

On the downside, the dollar's depreciation has meant that European, Canadian and Japanese finished products exports have been less price competitive. As a result, underlying hardwood consumption by the these countries' manufacturing sectors has tended to decline. This has not been a factor for the Chinese manufacturing sector since the Chinese yuan exchange rate is tied to the US dollar.

Rising prices

The price competitiveness of some American hardwoods has been partly offset by rising prices in response to supply pressures, particularly of white oak. Solid demand from the North American domestic market has led to stiff competition for supply, resulting in reduced overall availability. In Europe, economic growth remains sluggish. Importers are continuing to maintain relatively low stocks. But there has been steady and improved buying of American hardwoods in some EU countries. Concern over supply shortages in certain items has encouraged some importers to make larger forward purchases in an effort to secure stocks. However overall volumes are generally down on previous years. Winter holiday schedules in Europe will also defer some business during the next month or so. The influence of European oak has continued to rise this year, particularly as European mills have been more responsive than American suppliers to increased European demand for cut-to-size lumber.

Italy favours white oak

Considering individual EU countries, the Italian market has been buying good quantities of white oak, but tulipwood sales have been slow. There has been steady buying of white oak in Spain and Portugal but volumes have been below the level of last year. Forward orders in the UK have been slow during November as many importers have been reducing stocks in advance of the Christmas vacations. Some reports suggest an increase in shipments to Belgium in recent months to replace depleted inventory.

US sawn lumber indicative prices

North Appalachian US$ MBF* CIF- W. Europe
Grade: FAS/IF, KD square edged
Net measure after kilning
NOTE US prices are highly variable depending on quality and point of orgin. These prices are shown only to highlight trends over time.
*One cubic meter is equivalent to 423.8 BF or 0.4238 MBF

	Sept	Oct	Nov
$/£	1.67	1.67	1.72
$/Euro	1.17	1.14	1.20
Red oak			
1”	1950	1925	1925
1.25”	2070	2050	2050
1.5”	2250	2150	2150
2”	2700	2500	2500
White oak			
1”	1500	1475	1550
1.25”	1750	1675	1750
1.5”	2150	2175	2300
2”	2800	2675	2750
Ash			
1”	1100	1100	1100
2”	1500	1525	1525
Tulipwood			
1”	1040	1075	1075
1.25”	1080	1125	1125
1.5”	1100	1150	1150
2”	1120	1175	1175
Cherry			
1”	3650	3600	3450
1.25”	3750	3750	3500
1.5”	3850	3850	3600
2”	3900	4100	3950
Hard Maple			
1”	2300	2425	2350
1.25”	2450	2525	2525
1.5”	2550	2725	2700
2”	2770	2850	2850

The German and French markets have been slow in recent weeks.

American hardwood exporters have focused increasingly on the Asian market this year. Demand in mainland China has been improving in recent months, but this remains a challenging market. Buyers tend to be extremely price sensitive and very willing to substitute alternative species. Much of the demand in China is focused on common grades of red oak and white oak, items for which there is also good domestic demand. Prices for these items have been rising, but American shippers have often been unwilling to push buyers too hard for fear of losing market share. There is also a trend in China towards imports of logs at the expense of sawn lumber. Nevertheless, the indications are that Chinese demand for American hardwoods will remain steady in the coming months.

Elsewhere in Asia, some reports suggest demand in Japan for ash, tulipwood and red oak has picked up to some extent after the low levels of trade recorded earlier in the year. There is good demand for American hardwoods from the picture frame manufacturers and furniture companies in Malaysia and Thailand. Demand in Vietnam has not been as good as last year.

American red oak and tulipwood have been moving well into Mexico.

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FSC principles was heavily influenced by environmental and social interests, with little participation by forest owners, economic or industrial interests. So in practice, consensus building on the basis of the Principles has been difficult. Over the last 10 years, a significant proportion of FSC certificates have been issued against forest standards drawn up internally by certification companies based on their interpretation of the FSC Principles.

Economically unsustainable

One of the few disinterested studies of the impact of FSC certification – undertaken by the London based International Institute of Environment and Development in 2001 – suggests that it's claim to economic sustainability is dubious. IIED suggest that much FSC certification to date has been driven by subsidies from governments and external donors.

This failure to satisfy economic sustainability criteria has been a principal reason for the relatively slow uptake of FSC certification over the last decade. Conversely, schemes like the SFI Program and PEFC have expanded rapidly by virtue of their ability to respond to the economic needs of forest owners.

If European governments choose to promote an approach based on "FSC or equivalent", there will be significant costs attached. These will need to be paid either through increased wood procurement costs or through greater state subsidy of forest management. If these costs are not paid, the consequences will include reduced profitability in the forest sector, increased conversion of forest land to more profitable uses, and substitution of wood for alternative (and less environmentally benign) materials.

Some European governments have now taken the trouble to analyse these issues more closely. Having done so, they have quickly come to the conclusion that a policy based on "FSC or equivalent" is a none starter.

UK government study

Last year, the U.K. government commissioned a study from Environmental Resource Management, a London-based company, to draft an environmental timber procurement strategy that was consistent, achievable, and that conformed with WTO and E.U. trade rules. ERM came to the conclusion that to specify "FSC or equivalent" would "*not only place a huge burden on procurement officers, without further elaboration it would also create a confusing 'grey' area in which decisions as to what constituted 'equivalent' may be subjective and inconsistent*". Therefore ERM recommended that UK government establish a set of minimum threshold criteria for assessing schemes and also a "Central Point of Expertise" to carry out the assessments.

Subsequent policy statements issued by the UK's Department for Environment, Food, and Rural Affairs (DEFRA), the UK's lead agency on timber procurement, have elaborated on this strategy. During September 2003, DEFRA made the following statement in an email to the Pan European Forest Certification Council:

"*Public sector buyers should not be demanding certified products of any description; that is contrary to EU procurement directives. We can demand timber from legal and sustainable sources but must leave it to suppliers to decide how they meet that particular requirement and what evidence they produce to demonstrate compliance. It would be acceptable for a supplier to arrange for independent verification of the source of timber rather than rely on a certification scheme. However, as you will appreciate, certification does offer suppliers with a quick and relatively inexpensive means of assurance and we believe that certification is the pragmatic solution. As things stand the Government makes no distinction between FSC, PEFC, SFI, CSA, LEI, and such other schemes currently operational provided they do provide assurance that the timber in question is legal and sustainable as defined in the contract specification.*"

Other EU governments

The signs are that other E.U. governments have recognized the problems arising from promotion of government procurement policies based on the idea of "FSC or equivalent". Until recently the German Federal Government was promoting a policy to require all timber purchased through Federal government contracts to be FSC certified by 2005. However more recent reports suggest this approach has been dropped. The responsible ministry for procurement is now said to be developing a set of criteria for forest certification schemes and to be discussing mechanisms to assess the legitimacy of these schemes. In a similar vein, the Danish government has just issued a guide to public procurement of tropical hardwoods emphasising the need for an inclusive approach.

So the signs are that European governments are adopting flexible procurement policies that will include recognition for a variety of certification schemes. However problems remain. The crucial importance of a non-discriminatory approach has often not been communicated effectively to public procurement officials acting at local level. And even some otherwise respectable government-sponsored programs have come into direct conflict with central government policy.

Problem with BREEAM

In the U.K., it is now a requirement that all buildings constructed under central government procurement practices must conform with the Building Research Establishment's Environmental Assessment Method (BREEAM). UK construction companies are also eligible for government grants if they conform with the BREEAM process for houses, known as Ecohomes. But at present, the BREEAM standard awards more credits for FSC than for PEFC, and does not recognise the SFI Program, the second largest forest certification scheme in the world. The BREEAM standard gives no indication of the objective basis for it's allocation of points to different forest certification schemes.

If a well respected organisation like BRE can produce such an inconsistent policy on forest certification, it is little wonder there is so much confusion.

Certified forest area

North America advances

Most of the increase in certified forest area this year has been in North America. The most dramatic increase has been certification under the Sustainable Forestry Initiative (SFI) Program. The area of SFI Program certified forest now stands at around 40 million hectares, making it the world's second largest forest certification scheme in terms of forest area, just overtaking the Forest Stewardship Council (FSC).

SFI Program transformed

The SFI Program has undergone significant changes in recent years. The Program has been transformed from an industry program for members of the American Forest and Paper Association into a fully functioning independent third party certification scheme open to any forest owner in the United States and Canada. The SFI Program is now run by an independent Sustainable Forestry Board, with two thirds of decision-making powers allocated to non-industry interests.

Throughout 2003, the total area of FSC certified forests has increased by around 5.5 million hectares. Of this area, around 4 million hectares were in North America - mainly

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the Canadian forest holdings of Tembec and Nippissing Forest Management Inc.

The rapid increase in certification of Eastern European forests experienced during 2002 has slowed considerably this year now that most of the large state owned forests in the Baltic States and Poland are already certified. A significant proportion of the remaining uncertified forests of Eastern European are in the hands of numerous small private owners, many of which have little experience of forest management having only recently received forest plots during the 1990's land restitution process. Certification of these lands will be a major challenge.

French progress

In western Europe, the only large areas certified under any scheme this year were in France. Around 1.8 million hectares of French forests have been certified through the PEFC scheme this year, mostly using PEFC's regional certification procedures.

The area of certified forest outside North America and Europe has increased more slowly this year. The most significant FSC certification was in Russia covering around 1 million hectares of model forests in the western part of the country. Russia has huge untapped potential for forest certification. The large state-owned forests with a tradition of central planning which predominate in Russia usually lend themselves well to forest certification. This fact is not lost on the Russian Federal Forest service who in recent months have been discussing with NGOs the potential for developing a national forest certification framework in Russia. Russia's Federal Authorities clearly have one eye on the potential of forest certification to improve rent-capture from forest resources and stem losses to tax income due to corrupt practices.

Southern hemisphere plantations

There is likely to be strong growth in certified forest area in temperate areas of the southern hemisphere in the next two years. Large areas of radiata pine plantation in New Zealand and eucalyptus plantations in South Africa have already been certified under FSC and this trend is likely to continue. Meanwhile, Chile's national certification scheme CERTFORCHILE has become the first non-European scheme to be put forward for endorsement by the PEFC Council. So large supplies of Chilean radiata pine should soon be available with the PEFC label. The Australian Forestry Standard (AFS) certification scheme is nearing completion and is likely to be put forward for PEFC endorsement early next year. Brazil's ABNT forest certification scheme is also nearing completion, with much of the initial certified forest area likely to comprise eucalyptus and pine plantations in southern Brazil.

Tropical certification trails behind

Tropical forest certification is trailing behind. Hardly surprising given that sustainable management of natural tropical forests is technically and politically much more demanding than management of temperate plantations, while available resources are considerably more restricted.

However the Malaysian Timber Certification Council (MTCC) scheme is now operational and expanding rapidly. By October 2003, seven State forest management units in Peninsular Malaysia covering 4.11 million has. had been certified by the scheme.

Estimated global area of certified forest under different schemes 31 October 2003, million hectares

	FSC	PEFC	SFI	CSA	Other (a)	**Total area**	**% forest area (b)**
N. America	9.1		41.0	17.9	10	**78.0**	**17%**
W. Europe	12.4	46.8				**59.2**	**47%**
E. Europe	11.2	1.9				**13.1**	**21%**
Asia	0.2				4.1	**4.3**	**<1%**
S. America	3.9					**3.9**	**<1%**
Africa	1.2				2.3	**3.5**	**<1%**
Russia	1.2					**1.2**	**<1%**
Australasia	0.7					**0.7**	**<1%**
All	**39.9**	**48.7**	**41.0**	**17.9**	**16.6**	**163.9**	**5%**

a) "Other" in North American refers to the American Tree Farm System. "Other" in Asia refers to the Malaysian Timber Certification Council scheme. Areas under "other" in Africa include 1.2 million hectares in Gabon recognised by the Dutch Keurhout scheme, and 1.1 million hectares in Congo (Brazzaville). The latter certificate was issued by SGS to CIB and was recognised by Keurhout until 8 August 2002. However Keurhout withdrew this recognition on 8 August 2002 on a technicality raised by Greenpeace.

b) Forest area draws from FAO data and includes both commercial and non-commercial forest land. The proportion of certified commercial forest land will be higher.

European hardwoods

The European beech trade is still beset with problems. But the European oak trade is thriving.

After declining sharply last year due to quality problems and overstocking, E.U. beech log exports to the Far East recovered strongly this year, with volumes increasing from Austria, Belgium, France, and Germany (see table page 8). However this rise in log exports to the Far East has been accompanied by a sharp fall in sawn lumber exports to these destinations. French and Germany exports of beech sawn lumber to China fell by 75% and 23% respectively during the first 6 months of 2003.

Tension in sawmilling sector

The recent shift from beech sawn lumber to beech log exports is creating considerable tension within the European sawmilling industry. According to the European wood trade journal EUWID, much criticism has focused on the actions of the German state-owned Hesse Forest Company which has signed an agreement to supply logs direct to China in association with a timber trading company with experience of Asian markets which operates a branch in China. European sawmillers have complained about the implications of such agreements for the domestic wood processing industry. For their part, the Hesse company has argued that their decision to sell logs direct to Asia is a symptom rather than a cause of poor market conditions in Europe. Some German states have seen considerable expansion in beech resources in recent years and in order to ensure a reasonable return from forest operations they need to find new markets for the increased log supply.

Beech market still out of balance

The French beech log market has been seriously disrupted since the storms of December 1999, which in recent years led to a massive build up in lower grade beech and placed major restrictions on supplies of new season beech in France. This year the market is still out of balance but for different reasons. EUWID reports that the French authorities have been making larger volumes of new season beech logs available during the autumn auction sales. However prices on offer for the best quality beech logs were 20% down on last year, while lower grade logs were selling at the same (depressed) prices as last year.

These low prices reflect continuing weakness in the market for European

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Beech exports - selected E.U. countries

	Value (1000s euros)						Volume (m3)					
	2001 Year	2002 Year	% chg 01-02	2002 Jan-Jun	2003 Jan-Jun	% chg 02-03	2001 Year	2002 Year	%chg 01-02	2002 Jan-Jun	2003 Jan-Jun	% chg 02-03
Beech logs												
Austria												
ITALY	17653	17353	-1.7	9861	8670	-12.1	307366	261424	-14.9	117460	136399	16.1
CHINA	4622	4859	5.1	4076	237	-94.2	10549	11518	9.2	667	9206	1280.2
OTHER	3022	2408	-20.3	1193	898	-24.7	17577	9228	-47.5	3963	5626	42.0
TOTAL	25297	24620	-2.7	15130	9805	-35.2	335492	282170	-15.9	122090	151231	23.9
Belgium												
ITALY	1396	1742	24.8	1463	1315	-10.1	11402	17704	55.3	15270	13702	-10.3
CHINA	4362	2138	-51.0	1873	472	-74.8	19609	10052	-48.7	2816	9351	232.1
SPAIN	1201	1968	63.9	938	744	-20.7	4665	9646	106.8	3631	3752	3.3
FRANCE	767	1020	33.0	803	1934	140.8	8230	8362	1.6	28442	6877	-75.8
OTHER	4229	1291	-69.5	763	1372	79.8	22209	6057	-72.7	17111	2945	-82.8
TOTAL	11955	8159	-31.8	5840	5837	-0.1	66115	51821	-21.6	67270	36627	-45.6
France												
BELGIUM	7050	5897	-16.4	3291	3215	-2.3	162302	122844	-24.3	123265	64313	-47.8
CHINA	20757	9350	-55.0	7734	1869	-75.8	105857	61566	-41.8	15109	51605	241.6
SPAIN	8399	7819	-6.9	4635	3363	-27.4	69055	54737	-20.7	25405	30611	20.5
ITALY	5590	4221	-24.5	3041	2013	-33.8	64061	48861	-23.7	20892	32434	55.2
GERMANY	3490	2903	-16.8	1796	1630	-9.2	23981	31804	32.6	12705	18675	47.0
PORTUGAL	2138	2826	32.2	1804	1250	-30.7	15272	20558	34.6	8856	13190	48.9
HONG KONG	6507	2440	-62.5	1702	907	-46.7	15583	4836	-69.0	2531	3038	20.0
OTHER	6644	5450	-18.0	3673	2471	-32.7	43289	40497	-6.4	23667	27634	16.8
TOTAL	60575	40906	-32.5	27676	16718	-39.6	499400	385703	-22.8	232430	241500	3.9
Germany												
SWEDEN	14510	17572	21.1	9935	10171	2.4	382656	412857	7.9	223465	233517	4.5
CHINA	97610	56034	-42.6	45288	30706	-32.2	332366	312290	-6.0	204481	241268	18.0
DENMARK	7499	4936	-34.2	3020	4117	36.3	122675	117708	-4.0	117007	63567	-45.7
ITALY	4487	3569	-20.5	1710	3318	94.0	72083	59542	-17.4	50136	24302	-51.5
AUSTRIA	3379	2181	-35.5	1272	855	-32.8	68068	52956	-22.2	18028	29292	62.5
HONG KONG	18216	5767	-68.3	5067	598	-88.2	47646	28929	-39.3	3725	25593	587.1
JAPAN	2095	2947	40.7	2529	2614	3.4	10991	15574	41.7	15260	13634	-10.7
NETHERLANDS	1226	470	-61.7	370	266	-28.1	12825	8201	-36.1	3948	5138	30.1
SWITZERLAND	1344	542	-59.7	335	406	21.2	9639	7301	-24.3	4648	2504	-46.1
OTHER	4726	5303	12.2	3529	5219	47.9	25044	31671	26.5	29905	17310	-42.1
TOTAL	155092	99321	-36.0	73055	58270	-20.2	1083993	1047029	-3.4	670603	656125	-2.2
Denmark												
CHINA	12986	2776	-78.6	2383	4029	69.1	36061	8799	-75.6	11310	8650	-23.5
GERMANY	1002	842	-16.0	696	366	-47.4	5370	6082	13.3	1484	5041	239.7
HONG KONG	1728	628	-63.7	619	7	-98.9	4307	5445	26.4	42	5423	12811.9
PORTUGAL	1257	1707	35.8	808	609	-24.6	3657	4969	35.9	1681	2439	45.1
OTHER	4297	2169	-49.5	1370	1171	-14.5	19685	6763	-65.6	4302	4397	2.2
TOTAL	21270	8122	-61.8	5876	6182	5.2	69080	32058	-53.6	18819	25950	37.9
Beech sawn lumber												
Austria												
ITALY	6969	6045	-13.3	3249	4078	25.5	25963	26925	3.7	13996	18288	30.7
GERMANY	6067	4818	-20.6	2664	3288	23.4	14481	10675	-26.3	5835	7662	31.3
CHINA	5227	2385	-54.4	2010	792	-60.6	11787	6289	-46.6	5102	3657	-28.3
HONG KONG	6455	2787	-56.8	1859	195	-89.5	11717	5085	-56.6	3170	539	-83.0
HUNGARY	701	796	13.6	480	540	12.5	4088	4263	4.3	2707	3144	16.1
OTHER	5303	3880	-26.8	2394	2492	4.1	11938	8359	-30.0	5251	5649	7.6
TOTAL	30722	20711	-32.6	12656	11385	-10.0	79974	61596	-23.0	36061	38939	8.0
Belgium												
FRANCE	774	636	-17.8	411	205	-50.1	3463	2646	-23.6	1872	921	-50.8
SPAIN	1224	606	-50.5	420	367	-12.6	3912	1807	-53.8	1207	1195	-1.0
ALGERIA	78	195	150.0	62	318	412.9	551	439	-20.3	136	1295	852.2
OTHER	3380	2090	-38.2	1121	1328	18.5	8483	5735	-32.4	3414	5071	48.5
TOTAL	5456	3527	-35.4	2014	2218	10.1	16409	10627	-35.2	6629	8482	28.0
France												
SPAIN	11727	11552	-1.5	6251	6156	-1.5	42679	40272	-5.6	23336	19797	-15.2
GERMANY	5570	4727	-15.1	2588	3093	19.5	34412	29825	-13.3	9649	22229	130.4
CHINA	10931	7787	-28.8	6176	1561	-74.7	44842	26574	-40.7	21035	5437	-74.2
MOROCCO	2772	3013	8.7	1747	1395	-20.1	20413	19630	-3.8	10870	9108	-16.2
ALGERIA	5182	4362	-15.8	2013	2642	31.2	18560	16507	-11.1	7266	9938	36.8
BELGIUM	4087	4246	3.9	2508	2077	-17.2	13300	16023	20.5	9432	6566	-30.4
LUXEMBOURG	1480	1494	0.9	744	637	-14.4	14527	15201	4.6	8022	4435	-44.7
ITALY	2510	2027	-19.2	1252	1182	-5.6	11491	11175	-2.7	5950	4933	-17.1
PORTUGAL	880	1857	111.0	953	1457	52.9	4986	8379	68.1	4885	3672	-24.8
HONG KONG	4374	2746	-37.2	1860	470	-74.7	8870	6694	-24.5	4416	1193	-73.0
NETHERLANDS	1002	621	-38.0	311	319	2.6	2487	2528	1.6	775	1213	56.5
U.K.	1389	1231	-11.4	729	546	-25.1	2714	2508	-7.6	1120	842	-24.8
OTHER	5963	5507	-7.6	3439	1775	-48.4	17360	14804	-14.7	9148	5090	-44.4
TOTAL	57867	51170	-11.6	30571	23310	-23.8	236641	210120	-11.2	115904	94453	-18.5
Germany												
CHINA	46048	35306	-23.3	24654	14238	-42.2	112045	94443	-15.7	62638	48106	-23.2
SPAIN	16303	12228	-25.0	7411	7833	5.7	54433	40044	-26.4	24297	24909	2.5
HONG KONG	22097	14669	-33.6	8916	4398	-50.7	46060	35366	-23.2	19976	14061	-29.6
ITALY	5950	7204	21.1	3003	3936	31.1	23231	30494	31.3	12561	14524	15.6
U.K.	12947	11888	-8.2	5125	5816	13.5	31771	26111	-17.8	11612	12297	5.9
NETHERLANDS	6062	5501	-9.3	2724	2930	7.6	20636	22034	6.8	10880	13448	23.6
POLAND	4802	5312	10.6	2897	3464	19.6	13174	19936	51.3	10381	12454	20.0
BELGIUM	1836	2721	48.2	1318	1135	-13.9	9348	12087	29.3	4511	5751	27.5
U.S.A.	886	5049	469.9	1357	2775	104.5	1414	10121	615.8	2625	6229	137.3
DENMARK	2396	2855	19.2	1802	1030	-42.8	5186	8376	61.5	5266	3105	-41.0
JAPAN	3180	2806	-11.8	1622	1522	-6.2	6047	5333	-11.8	2945	3103	5.4
CZECH REPUBLIC	1700	1629	-4.2	734	1071	45.9	4050	5252	29.7	2138	2218	3.7
AUSTRIA	2182	2115	-3.1	857	1150	34.2	4799	5035	4.9	2411	2676	11.0
OTHER	20917	21326	2.0	10062	9588	-4.7	47215	45349	-4.0	20732	20513	-1.1
TOTAL	147306	130609	-11.3	72482	60886	-16.0	379409	359981	-5.1	192973	183394	-5.0
Denmark												
U.K.	3917	3574	-8.8	1989	1860	-6.5	7139	6316	-11.5	3211	3631	13.1
SWEDEN	5082	2890	-43.1	1648	1163	-29.4	4973	3080	-38.1	1414	1664	17.7
CHINA	253	671	165.2	561	103	-81.6	358	1260	252.0	1018	215	-78.9
GERMANY	2182	1818	-16.7	948	839	-11.5	2346	1242	-47.1	321	1032	221.5
OTHER	4982	3316	-33.4	1744	1403	-19.6	6171	3952	-36.0	2082	1348	-35.3
TOTAL	16416	12269	-25.3	6890	5368	-22.1	20987	15850	-24.5	8046	7890	-1.9
Italy												
HONG KONG	23560	9379	-60.2	5998	2454	-59.1	41940	17449	-58.4	10613	5621	-47.0
CHINA	7679	7548	-1.7	5948	1402	-76.4	14406	14802	2.7	11551	3701	-68.0
SPAIN	1301	2675	105.6	978	1493	52.7	2650	5580	110.6	2078	3003	44.5
GERMANY	4625	2435	-47.4	1408	764	-45.7	6649	3481	-47.6	1991	1220	-38.7
U.K.	1198	1336	11.5	783	560	-28.5	1208	1448	19.9	840	558	-33.6
OTHER	11829	10469	-11.5	4853	5271	8.6	19138	20814	8.8	8827	10151	15.0
TOTAL	50192	33842	-32.6	19968	11944	-40.2	85991	63574	-26.1	35900	24254	-32.4

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beech sawn lumber. The furniture and joinery manufacturing sectors throughout western Europe have been hit by relatively low consumption, notably in Germany, and by intensfying competitive pressure from Eastern Europe and the Far East. E.U. exports of both beech sawn lumber and finished furniture have been undermined by the strong euro this year. Meanwhile Western European beech sawmills are struggling to cope with new market requirements. Increasingly manufacturers are asking for mixed container-loads of small volumes of different species which is significantly increasing the costs of maintaining inventory.

Sawmillers respond

The European sawmilling sector has not been passive in the face of these problems. The German wood industry association GD Holz has been developing a standard contract document for German beech exporters with the aim of preventing future bouts of market volatility. In future members of the association will be required to invoice only in euros, to use standard measurement procedures and to provide a standard set of documents (including certificates of origin, insurance and phytosanitary certificates). In addition, GD Holz members will be obliged to inform forest owners of their expected timber requirements in order to prevent future oversupply.

Bouyant oak

The European oak trade is a complete contrast to the beech trade. Overall levels of trade have been bouyant this year. Key factors in the western European oak log trade have been a significant reduction in the availability of French oak logs combined with continuing bouyancy in the western European market for oak barrel

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Oak exports - selected E.U. countries

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staves. Furthermore, the weak beech market has encouraged many western European sawmills to convert oak instead of beech.

Falling French oak harvest

Over the last two years there has been a massive fall in the level of French oak log exports. This is partly a reflection of greater balance in the market after the flood of French material that hit the market after the December 1999 storms. It also reflects lack of availability of high quality oak logs as the French authorities have resticted new harvests in an effort to allow the forests to recover. With less oak available from France, there has been increasing reliance on oak logs from other European countries. Oak log exports from Germany, Austria, Belgium and Denmark have been rising this year.

The level of trade in European oak sawn lumber has also been rising strongly over the last 18 months. This seems strongly indicative of the fashion for oak that has emerged in the E.U for flooring, furniture and interior fittings. European oak has also been one of the major beneficiaries of the recent trend amongst manufacturers to demand cut-to-size lumber.

Regional trade

Another feature of the European oak trade which differentiates it from the beech trade is it's regional nature. Very little western European oak is exported outside the E.U. However the German export data hints that this may be about to change. Although still relatively restricted, German exports of oak logs to China have risen sharply over the last 18 months. Indonesia is also becoming an increasingly important market for German oak sawn lumber.

Spanish importers of European oak sawn lumber are shifting from their traditional French suppliers in favour of German suppliers. UK imports of French sawn oak have been rising strongly this year.

	Value (1000s euros)						*Volume (m3)*					
	2001 Year	*2002 Year*	*% chg 01-02*	*2002 Jan-Jun*	*2003 Jan-Jun*	*% chg 02-03*	*2001 Year*	*2002 Year*	*%chg 01-02*	*2002 Jan-Jun*	*2003 Jan-Jun*	*% chg 02-03*
Oak logs												
Austria												
ITALY	513	1231	140.0	628	1583	152.1	4019	12124	201.7	3969	13487	239.8
FRANCE	2696	1402	-48.0	749	1107	47.8	8523	4473	-47.5	2347	3012	28.3
GERMANY	1481	920	-37.9	595	685	15.1	4088	2727	-33.3	1764	1757	-0.4
OTHER	330	381	15.5	251	308	22.7	1877	3003	60.0	2205	1466	-33.5
TOTAL	5020	3934	-21.6	2223	3683	65.7	18507	22327	20.6	10285	19722	91.8
Belgium												
GERMANY	271	340	25.5	249	136	-45.4	2101	4159	98.0	2424	3120	28.7
FRANCE	870	645	-25.9	349	561	60.7	6200	3116	-49.7	1696	4768	181.1
U.K.	435	142	-67.4	39	182	366.7	3116	790	-74.6	176	1487	744.9
OTHER	1724	1418	-17.7	861	755	-12.3	7255	5202	-28.3	2881	2926	1.6
TOTAL	3300	2545	-22.9	1498	1634	9.1	18672	13267	-28.9	7177	12301	71.4
France												
BELGIUM	6913	6701	-3.1	3799	2425	-36.2	91416	54875	-40.0	32683	20514	-37.2
ITALY	3272	3371	3.0	1880	2262	20.3	34643	34180	-1.3	19740	15930	-19.3
SPAIN	6292	4181	-33.6	2810	2552	-9.2	40415	22648	-44.0	14494	14730	1.6
GERMANY	2920	1587	-45.7	1133	929	-18.0	48513	18671	-61.5	15185	4960	-67.3
U.K.	3850	2853	-25.9	1825	1123	-38.5	25536	17902	-29.9	11742	7866	-33.0
PORTUGAL	3165	2663	-15.9	1846	1963	6.3	20200	12402	-38.6	10862	9133	-15.9
OTHER	5758	4745	-17.6	2317	2562	10.6	24673	18943	-23.2	8916	8302	-6.9
TOTAL	32170	26101	-18.9	15610	13816	-11.5	285396	179621	-37.1	113622	81435	-28.3
Germany												
DENMARK	2934	2671	-9.0	1470	1874	27.5	54243	44333	-18.3	23654	31389	32.7
FRANCE	3714	3376	-9.1	2274	4722	107.7	19839	16571	-16.5	11678	18078	54.8
SWEDEN	1867	766	-59.0	246	616	150.4	19576	9745	-50.2	2962	7431	150.9
POLAND	1789	973	-45.6	431	450	4.4	10459	8640	-17.4	3743	2422	-35.3
NETHERLANDS	1340	731	-45.4	307	183	-40.4	9572	6143	-35.8	3107	1954	-37.1
SPAIN	2381	1966	-17.4	1437	1125	-21.7	4407	3431	-22.1	2460	2102	-14.6
ITALY	1110	265	-76.1	115	657	471.3	13387	2714	-79.7	532	8147	1431.4
CHINA	167	440	163.5	228	923	304.8	826	2301	178.6	1118	5363	379.7
OTHER	1559	1236	-20.7	573	1183	106.5	9393	4582	-51.2	2072	4326	108.8
TOTAL	16861	12424	-26.3	7081	11733	65.7	141702	98460	-30.5	51326	81212	58.2
Denmark												
SWEDEN	2984	2476	-17.0	791	1303	64.7	21302	16409	-23.0	5970	10240	71.5
GERMANY	72	485	573.6	87	90	3.4	767	2567	234.7	611	599	-2.0
OTHER	447	209	-53.2	202	117	-42.1	1075	891	-17.1	746	335	-55.1
TOTAL	3503	3170	-9.5	1080	1510	39.8	23144	19867	-14.2	7327	11174	52.5
Oak sawn lumber												
Austria												
GERMANY	3926	5590	42.4	2909	2914	0.2	6901	8648	25.3	4714	4409	-6.5
ITALY	1446	1885	30.4	878	1348	53.5	3181	3803	19.6	1714	2962	72.8
OTHER	5443	5585	2.6	3072	3431	11.7	11965	11733	-1.9	6446	6890	6.9
TOTAL	10815	13060	20.8	6859	7693	12.2	22047	24184	9.7	12874	14261	10.8
Belgium												
NETHERLANDS	8032	7260	-9.6	4089	3353	-18.0	12507	10355	-17.2	5656	4618	-18.4
FRANCE	6032	6276	4.0	3505	2953	-15.7	9156	9534	4.1	5303	3887	-26.7
U.K.	2603	2417	-7.1	1293	1595	23.4	4233	3214	-24.1	1675	1973	17.8
SPAIN	3838	3178	-17.2	2164	2552	17.9	3969	3119	-21.4	2135	2543	19.1
OTHER	4412	4206	-4.7	2150	3549	65.1	4917	5307	7.9	2465	8914	261.6
TOTAL	24917	23337	-6.3	13201	14002	6.1	34782	31529	-9.4	17234	21935	27.3
France												
U.K.	15999	17895	11.9	8717	10293	18.1	25644	49726	93.9	12250	15579	27.2
BELGIUM	19648	16761	-14.7	9352	9128	-2.4	37441	34576	-7.7	19741	16965	-14.1
NETHERLANDS	12115	13352	10.2	6699	7143	6.6	25619	27775	8.4	12855	15370	19.6
GERMANY	8260	6934	-16.1	3792	3480	-8.2	35313	19487	-44.8	11069	10044	-9.3
SPAIN	10841	7827	-27.8	4167	4538	8.9	21464	14760	-31.2	7935	8725	10.0
ITALY	1778	2765	55.5	1527	1418	-7.1	2874	7150	148.8	2977	2386	-19.9
PORTUGAL	2256	2477	9.8	1296	1002	-22.7	5043	5519	9.4	2738	4058	48.2
SWITZERLAND	3002	3190	6.3	1446	1596	10.4	6085	4003	-34.2	1981	2673	34.9
OTHER	6595	6156	-6.7	3185	3003	-5.7	8954	13861	54.8	6705	7549	12.6
TOTAL	80494	77357	-3.9	40181	41601	3.5	168437	176857	5.0	78251	83349	6.5
Germany												
SPAIN	8040	6744	-16.1	2390	2165	-9.4	16787	16641	-0.9	7198	4845	-32.7
NETHERLANDS	6798	5661	-16.7	2657	2683	1.0	16868	13837	-18.0	6263	7894	26.0
INDONESIA	1239	3735	201.5	1918	2399	25.1	4500	13170	192.7	6486	8760	35.1
BELGIUM	4758	5017	5.4	2257	1153	-48.9	8988	10114	12.5	4479	2647	-40.9
U.K.	3790	5446	43.7	2187	2813	28.6	6410	9014	40.6	3820	4388	14.9
POLAND	3509	3697	5.4	2273	1945	-14.4	7917	8661	9.4	5035	4598	-8.7
SWITZERLAND	2945	3756	27.5	1486	1668	12.2	4031	6694	66.1	2435	3171	30.2
DENMARK	1930	2493	29.2	1121	933	-16.8	2745	3269	19.1	1428	1404	-1.7
AUSTRIA	1068	1344	25.8	711	600	-15.6	2602	3023	16.2	1320	1243	-5.8
FRANCE	2400	1629	-32.1	690	837	21.3	5304	2908	-45.2	1403	3233	130.4
ITALY	389	996	156.0	298	1251	319.8	1178	2632	123.4	673	3081	357.8
OTHER	5105	6421	25.8	2761	3665	32.7	11119	12392	11.4	5214	8792	68.6
TOTAL	41971	46939	11.8	20749	22112	6.6	88449	102355	15.7	45754	54056	18.1
Denmark												
SWEDEN	1790	2174	21.5	1025	1026	0.1	1995	2528	26.7	1162	1377	18.5
MALAYSIA	191	423	121.5	211	149	-29.4	286	792	176.9	402	247	-38.6
OTHER	655	980	49.6	356	519	45.8	1056	1371	29.8	443	699	57.8
TOTAL	2636	3577	35.7	1592	1694	6.4	3337	4691	40.6	2007	2323	15.7
Italy												
U.K.	2229	5311	138.3	2168	2098	-3.2	1996	3939	97.3	1688	1807	7.0
GERMANY	2581	2621	1.5	1463	1201	-17.9	1504	1803	19.9	992	924	-6.9
SLOVENIA	1074	1442	34.3	806	1033	28.2	1382	1799	30.2	967	1232	27.4
SPAIN	1636	1735	6.1	953	481	-49.5	2120	1731	-18.3	978	400	-59.1
FRANCE	2709	2889	6.6	1632	2113	29.5	1637	1322	-19.2	719	1106	53.8
OTHER	3745	4448	18.8	2429	2488	2.4	3118	3651	17.1	1954	2257	15.5
TOTAL	13974	18446	32.0	9451	9414	-0.4	11757	14245	21.2	7298	7726	5.9
Netherlands												
BELGIUM	2402	1966	-18.2	472	1446	206.4	3525	2284	-35.2	517	1413	173.3
CZECH REPUBLIC	225	915	306.7	251	664	164.5	480	1907	297.3	494	1403	184.0
GERMANY	1491	1408	-5.6	611	652	6.7	1853	1873	1.1	815	1300	59.5
OTHER	2477	3529	42.5	1319	1657	25.6	3299	5510	67.0	2175	2349	8.0
TOTAL	6595	7818	18.5	2653	4419	66.6	9157	11574	26.4	4001	6465	61.6

Source: hardwoodmarkets.com based on BTS data. ***H.S. codes: Beech logs:*** *44039200, 44039290, 44039210.* ***Oak logs:*** *44039100, 44039190, 44039110.* ***Beech sawn lumber:*** *44079200.* ***Oak sawn lumber:*** *44079190.*

Hardwood imports - European Union

	Value (million euros)						Volume (000 m3)					
	2001 Year	2002 Year	% chg 01-02	2002 Jan-Jun	2003 Jan-Jun	% chg 02-03	2001 Year	2002 Year	%chg 01-02	2002 Jan-Jun	2003 Jan-Jun	% chg 02-03
Tropical logs												
GABON	198.5	152.2	-23.3	80.2	65.8	-17.9	815.7	669.1	-18.0	347.3	282.0	-18.8
CAMEROON	98.6	84.2	-14.6	45.0	36.3	-19.3	342.9	281.7	-17.9	151.0	120.0	-20.5
CONGO REPUBLIC	58.4	71.9	23.2	35.3	27.7	-21.7	174.4	226.4	29.9	109.8	87.3	-20.5
LIBERIA	69.1	62.8	-9.0	38.5	36.0	-6.3	259.7	246.1	-5.2	145.2	143.8	-1.0
CENT. AFR. REP.	29.3	21.5	-26.7	9.3	13.9	50.3	85.6	64.4	-24.7	27.6	38.6	39.8
EQUAT. GUINEA	20.8	14.5	-30.4	7.2	7.7	6.9	104.1	69.0	-33.8	33.4	39.1	17.3
OTHER	53.8	42.0	-22.0	21.7	24.3	12.2	117.2	89.0	-24.1	43.0	47.4	10.2
TOTAL	**528.4**	**449.1**	**-15.0**	**237.1**	**211.8**	**-10.7**	**1899.5**	**1645.6**	**-13.4**	**857.2**	**758.2**	**-11.5**
Beech logs												
SLOVAKIA	18.8	16.5	-12.1	9.2	7.1	-22.4	596.7	493.2	-17.3	263.8	195.5	-25.9
SWITZERLAND	17.1	14.1	-17.5	10.8	9.3	-14.1	166.0	141.8	-14.5	93.3	91.8	-1.7
CROATIA	5.2	5.3	0.6	3.6	1.7	-51.1	50.4	57.5	14.1	34.2	18.4	-46.2
CZECH REPUBLIC	5.4	5.2	-3.9	3.1	2.6	-17.0	181.4	175.6	-3.2	103.1	81.3	-21.1
HUNGARY	4.7	4.6	-3.0	2.7	5.2	94.6	92.5	95.8	3.6	52.3	90.8	73.7
OTHER	33.3	10.3	-69.0	5.4	7.3	35.9	989.4	114.7	-88.4	59.1	75.0	27.1
TOTAL	**84.6**	**56.0**	**-33.8**	**34.8**	**33.3**	**-4.2**	**2076.4**	**1078.6**	**-48.1**	**605.7**	**552.8**	**-8.7**
Oak logs												
U.S.A.	16.1	13.5	-16.5	9.2	8.3	-9.2	32.4	24.1	-25.5	16.8	18.5	10.4
HUNGARY	9.6	7.8	-18.6	5.4	5.5	0.8	127.3	98.2	-22.9	66.9	49.8	-25.6
UKRAINE	6.6	6.0	-8.4	4.0	4.1	1.7	21.1	19.9	-5.6	12.8	13.4	5.3
CROATIA	3.7	4.1	9.0	2.7	2.7	-1.1	11.0	10.6	-3.7	7.1	6.9	-3.1
POLAND	1.3	1.5	11.9	0.9	1.4	64.4	3.0	3.0	-1.7	2.0	2.9	46.2
OTHER	21.3	6.3	-70.6	3.0	5.8	89.7	320.4	43.1	-86.5	20.4	29.6	44.7
TOTAL	**58.6**	**39.1**	**-33.4**	**25.2**	**27.8**	**10.0**	**515.2**	**198.9**	**-61.4**	**126.0**	**121.1**	**-3.9**
Other hardwood logs												
RUSSIA	236.3	232.5	-1.6	106.8	115.7	8.3	7296.1	7449.5	2.1	3293.6	3627.6	10.1
U.S.A.	123.8	101.5	-18.0	69.7	55.4	-20.5	222.6	173.7	-22.0	123.2	102.3	-17.0
LATVIA	69.9	90.1	28.9	38.9	47.0	20.8	1860.2	2262.8	21.6	971.5	1116.9	15.0
ESTONIA	54.3	58.8	8.3	29.5	27.8	-5.8	1416.0	1546.8	9.2	747.7	681.4	-8.9
HUNGARY	27.4	24.0	-12.4	13.3	12.3	-8.0	531.5	515.4	-3.0	286.4	234.8	-18.0
OTHER	118.6	77.4	-34.8	44.2	43.6	-1.4	2056.3	1025.8	-50.1	522.3	526.2	0.8
TOTAL	**630.3**	**584.3**	**-7.3**	**302.5**	**301.8**	**-0.2**	**13382.6**	**12974.0**	**-3.1**	**5944.6**	**6289.2**	**5.8**
Tropical sawn lumber												
CAMEROON	301.5	248.6	-17.5	124.3	114.0	-8.3	617.0	518.2	-16.0	265.0	278.8	5.2
MALAYSIA	263.5	233.8	-11.3	115.4	119.1	3.2	421.6	394.1	-6.5	173.6	217.6	25.3
BRAZIL	212.0	172.4	-18.7	92.0	83.1	-9.7	515.1	441.9	-14.2	222.7	253.2	13.7
IVORY COAST	173.7	166.1	-4.4	100.3	60.1	-40.0	377.6	327.9	-13.2	183.5	131.4	-28.4
GHANA	77.0	56.3	-26.8	31.0	26.0	-16.0	168.3	129.7	-23.0	66.7	59.9	-10.2
CONGO REPUBLIC	19.9	28.8	44.9	13.8	16.6	19.9	39.9	56.7	42.3	26.5	32.6	23.3
GABON	18.3	26.2	43.2	13.3	14.5	9.1	47.3	62.4	31.9	30.8	36.5	18.5
INDONESIA	27.8	24.2	-13.1	11.0	15.9	43.7	38.3	38.2	-0.4	16.2	27.5	69.5
BURMA	20.6	18.7	-9.4	11.5	10.9	-5.2	10.7	10.0	-6.1	6.1	6.7	10.9
U.S.A.	13.0	15.0	15.2	7.1	6.7	-5.6	11.5	11.3	-1.2	6.2	5.8	-5.6
CONGO DEM. REP.	7.0	12.6	80.2	5.8	4.5	-23.1	12.4	21.3	71.4	9.7	7.1	-26.7
OTHER	98.3	73.9	-24.8	37.1	33.2	-10.5	213.9	129.0	-39.7	64.1	68.0	6.1
TOTAL	**1232.7**	**1076.7**	**-12.7**	**562.6**	**504.5**	**-10.3**	**2473.6**	**2140.6**	**-13.5**	**1071.0**	**1125.2**	**5.1**
Beech sawn lumber												
BOSNIA & HERZ.	42.6	38.6	-9.5	23.8	17.6	-26.0	128.1	115.1	-10.1	70.6	58.2	-17.6
CROATIA	32.9	31.6	-3.9	18.9	18.5	-2.1	135.5	113.2	-16.5	67.8	66.2	-2.4
SLOVENIA	21.4	21.7	1.5	12.8	11.3	-11.9	59.4	60.9	2.6	33.6	30.2	-10.2
SLOVAKIA	20.1	19.9	-1.0	11.4	10.8	-5.1	67.1	64.4	-3.9	37.4	33.9	-9.2
SERBIA & MONT.	14.8	18.1	21.9	9.4	9.2	-1.7	45.8	84.7	84.9	29.6	29.6	0.1
POLAND	22.2	17.7	-20.3	10.5	10.9	4.3	48.5	39.1	-19.4	25.1	30.0	19.6
ROMANIA	14.5	15.1	3.7	7.4	8.8	20.1	35.2	37.0	4.9	17.4	21.5	23.2
UKRAINE	8.1	8.9	10.0	4.9	5.3	9.3	24.7	26.7	7.9	14.3	16.7	16.8
ALBANIA	6.6	6.8	3.6	3.3	2.3	-31.2	21.0	21.0	0.1	11.7	7.9	-32.3
OTHER	38.5	23.0	-40.3	13.1	13.2	1.2	163.9	81.8	-50.1	49.1	44.8	-8.7
TOTAL	**221.7**	**201.3**	**-9.2**	**115.3**	**108.0**	**-6.4**	**729.3**	**644.0**	**-11.7**	**356.5**	**339.0**	**-4.9**
Oak sawn lumber												
U.S.A.	288.7	245.7	-14.9	138.4	110.4	-20.2	455.3	457.4	0.5	226.1	181.1	-19.9
CROATIA	39.0	36.6	-6.2	20.8	22.6	8.7	80.4	75.6	-5.9	43.5	44.1	1.4
UKRAINE	24.7	31.1	26.0	14.9	18.8	26.1	76.3	89.9	17.9	42.4	51.1	20.6
CANADA	30.2	26.8	-11.3	14.9	10.0	-32.4	37.9	39.0	3.0	19.6	15.3	-22.0
ROMANIA	16.1	20.1	24.6	10.7	10.1	-5.9	32.8	40.1	22.1	21.5	20.3	-5.7
HUNGARY	20.0	19.9	-0.1	10.7	10.7	-0.1	50.7	43.8	-13.5	26.6	26.6	0.0
POLAND	13.8	19.1	38.5	8.9	12.4	39.7	28.0	33.3	18.8	16.7	24.1	44.6
LITHUANIA	8.9	8.9	0.6	5.1	4.6	-10.5	11.5	12.4	7.8	7.3	6.5	-10.6
BOSNIA & HERZ.	4.5	6.9	53.8	3.0	3.7	23.1	13.2	19.5	48.4	8.0	12.2	52.0
OTHER	60.0	35.5	-41.0	18.4	18.4	-0.2	162.1	107.2	-33.9	51.3	65.4	27.6
TOTAL	**505.8**	**450.6**	**-10.9**	**245.9**	**221.8**	**-9.8**	**948.1**	**918.3**	**-3.1**	**462.9**	**446.7**	**-3.5**
Other hardwood sawn lumber												
U.S.A.	240.5	206.0	-14.3	116.8	101.8	-12.9	382.2	262.6	-31.3	177.6	165.7	-6.7
CANADA	111.8	86.9	-22.3	48.8	39.7	-18.8	97.8	87.7	-10.3	44.9	45.4	1.0
LATVIA	44.0	41.9	-4.7	22.1	24.7	11.7	296.4	284.3	-4.1	146.6	164.8	12.4
HUNGARY	32.5	32.3	-0.6	17.6	16.2	-7.9	170.4	156.2	-8.3	83.7	68.2	-18.4
LITHUANIA	25.9	31.4	21.3	14.8	19.7	33.1	216.6	260.3	20.1	121.3	150.6	24.2
ROMANIA	15.6	21.8	39.4	10.8	10.8	-0.2	37.2	56.0	50.5	26.1	31.5	20.7
CROATIA	20.9	20.3	-2.5	10.8	11.2	4.4	65.6	62.5	-4.7	33.7	33.5	-0.5
ESTONIA	16.7	15.0	-9.7	8.5	7.0	-17.2	79.5	59.5	-25.1	34.4	24.2	-29.5
OTHER	119.9	93.9	-21.7	51.0	47.2	-7.5	583.9	423.4	-27.5	227.7	207.4	-8.9
TOTAL	**627.7**	**549.6**	**-12.4**	**301.2**	**278.3**	**-7.6**	**1929.5**	**1652.4**	**-14.4**	**895.9**	**891.4**	**-0.5**
Tropical hardwood veneer												
IVORY COAST	58.4	47.7	-18.3	25.7	24.1	-6.1	128.4	110.6	-13.8	57.2	52.3	-8.5
GABON	31.1	45.3	45.5	21.3	25.4	18.9	66.0	100.6	52.4	46.5	58.9	26.6
GHANA	38.7	38.5	-0.5	21.0	20.7	-1.6	48.5	52.2	7.6	26.4	30.6	15.7
CAMEROON	23.2	25.1	8.0	11.8	16.4	39.3	46.1	47.5	3.1	22.9	30.6	33.5
BRAZIL	11.1	9.9	-11.1	4.7	4.4	-8.0	18.1	15.3	-15.2	7.2	7.4	3.2
EQUAT. GUINEA	9.0	9.8	9.2	4.4	5.0	14.5	23.4	21.4	-8.3	10.0	11.0	10.3
OTHER	37.5	30.3	-19.3	15.8	20.8	31.9	18.8	19.7	5.3	9.4	13.8	47.8
TOTAL	**209.1**	**206.6**	**-1.2**	**104.7**	**116.8**	**11.5**	**349.3**	**367.5**	**5.2**	**179.5**	**204.6**	**13.9**
Other hardwood veneer												
U.S.A.	196.1	173.1	-11.7	92.8	90.6	-2.4	91.1	75.6	-17.0	39.2	41.5	6.1
SLOVENIA	24.9	28.3	13.9	15.5	15.2	-1.7	18.7	20.2	8.1	11.2	11.0	-1.9
POLAND	19.0	25.9	36.0	12.8	14.4	12.6	14.2	20.2	42.6	10.6	15.1	42.3
CROATIA	22.7	19.3	-14.7	11.4	12.9	12.6	16.6	14.2	-14.6	7.9	7.5	-5.4
CANADA	19.8	15.6	-21.2	9.0	6.9	-23.2	8.2	6.4	-22.2	3.5	3.3	-4.8
SWITZERLAND	22.0	15.5	-29.6	9.1	6.5	-28.2	10.7	9.1	-15.0	4.8	3.2	-32.7
OTHER	88.2	91.3	3.5	42.8	61.9	44.6	113.6	112.4	-1.1	52.2	75.8	45.3
TOTAL	**392.7**	**369.1**	**-6.0**	**193.3**	**208.3**	**7.8**	**273.1**	**258.0**	**-5.5**	**129.4**	**157.5**	**21.7**

Shift to added value imports

E.U. import data indicates that the trend towards greater imports of secondary processed wood products at the expense of primary wood products has continued strongly this year.

This trend has been driven both by long-term globalisation factors which are encouraging companies to shift manufacturing facilities to lower cost countries, and by short term currency fluctuations. The strength of the euro has inflated the relative costs of wood processing in Europe.

Tropical logs down 11%

During the first 6 months of 2003, the volume of tropical log imports into the E.U. declined by 11% from around 857,000 m3 to 758,000 m3, continuing the trend evident last year. Supply restrictions and rising taxation levels in Gabon, Congo Republic and Cameroon have encouraged a partial switch to imports from the Central African Republic and Equatorial Guinea this year. The decline in EU tropical log imports has been partially compensated by a rise in imports of tropical sawn lumber and veneers.

Considering temperate hardwood log imports, the Nordic countries have been importing large and increasing quantities of low value industrial birch roundwood from Russia.

Low beech log imports

Weakness in the European beech sector has been reflected in low levels of EU beech log imports this year. EU imports of oak saw logs have been more stable, tending to rise from the U.S., Ukraine and Poland, but to decline from Croatia.

During the first 6 months of this year, EU import volumes of tropical sawn lumber regained some of the ground lost during 2002. However the euro value of imports declined, primarily due to the strength of the euro. EU imports from Cameroon, the EU's largest

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supplier of tropical sawn lumber, have remained stable this year, while imports from Malaysia and Brazil have rebounded strongly.

Malaysian and Brazilian products are invoiced in American dollars and have been price competitive during 2003. Political problems in Ivory Coast contributed to a 28% fall in EU imports from this country in the January to June period.

EU imports of beech sawn lumber fell during the opening six months of 2003. Countries of the former Yugoslavia remain the EU's largest external suppliers of beech sawn lumber, but Romania, Poland, and Ukraine were increasing market share in the first half of 2003.

Eastern European impact

Eastern European suppliers continue to expand market share in the EU oak lumber market. During the first six months of 2003, there was strong growth in EU oak lumber imports from Ukraine, Poland, and Bosnia, while imports from Croatia remained stable. However imports from the United States and Canada fell sharply during this period.

Big shifts are underway in the tropical hardwood plywood market. EU imports of tropical plywood from Indonesia were stable during the first 6 months of 2003. But there was strong recovery in imports of Brazilian and Malaysian hardwood plywood. EU imports of tropical hardwood plywood from China were up 75% in the first half of 2003.

Russia has been expanding sales of birch plywood in the EU this year.

EU imports of all categories of value added wood products, including doors, windows, hardwood profiles, and wood furniture have risen this year. Indonesia, Poland, China and Malaysia are particularly prominent suppliers.

	Value (million euros)						*Volume (000 m3)*					
	2001 Year	*2002 Year*	*% chg 01-02*	*2002 Jan-Jun*	*2003 Jan-Jun*	*% chg 02-03*	*2001 Year*	*2002 Year*	*%chg 01-02*	*2002 Jan-Jun*	*2003 Jan-Jun*	*% chg 02-03*
Tropical hardwood plywood												
INDONESIA	293.8	236.4	-19.6	107.3	104.2	-2.9	732.4	631.6	-13.8	277.4	281.1	1.3
BRAZIL	95.3	103.3	8.3	41.4	48.7	17.9	305.8	331.6	8.4	136.1	175.6	29.0
MALAYSIA	49.2	37.1	-24.7	16.9	19.0	12.8	127.3	97.9	-23.1	43.9	53.5	21.8
CHINA	10.4	25.8	149.7	8.8	24.2	175.4	26.9	70.3	161.0	19.9	75.7	280.1
NON-EU SUPP.	21.6	19.8	-8.4	9.7	8.2	-15.0	31.0	32.9	6.3	11.6	12.1	4.4
GABON	12.4	14.1	14.0	8.4	8.4	0.4	22.3	24.5	10.1	14.2	14.7	3.5
OTHER	70.7	51.9	-26.6	26.6	27.0	1.4	144.5	117.7	-18.5	59.3	67.3	13.4
TOTAL	**553.4**	**488.4**	**-11.7**	**218.9**	**239.8**	**9.5**	**1390.2**	**1306.6**	**-6.0**	**562.5**	**680.0**	**20.9**
Other hardwood plywood												
RUSSIA	91.2	97.5	6.9	47.0	52.7	12.2	268.7	277.2	3.1	127.2	161.6	27.1
LATVIA	49.0	45.7	-6.7	24.4	23.7	-3.1	88.7	86.5	-2.5	48.2	45.4	-5.8
POLAND	19.3	23.2	20.5	11.1	13.5	22.2	37.8	46.4	22.7	21.8	26.3	20.7
ROMANIA	8.8	15.1	71.4	8.1	9.5	18.1	20.8	38.6	85.4	20.8	24.0	15.5
CZECH REPUBLIC	16.5	14.2	-13.9	7.6	6.9	-8.6	36.8	36.3	-1.5	18.6	18.4	-1.5
ESTONIA	8.6	12.0	39.5	6.1	7.4	21.8	23.2	29.5	26.7	15.1	17.1	13.7
OTHER	99.7	72.9	-26.9	36.6	37.2	1.6	218.2	176.1	-19.3	85.4	93.7	9.7
TOTAL	**293.1**	**280.7**	**-4.2**	**140.8**	**151.0**	**7.2**	**694.4**	**690.6**	**-0.5**	**337.0**	**386.4**	**14.7**
Sleepers												
IVORY COAST	2.9	3.1	9.2	1.8	1.2	-34.2	7.0	6.6	-5.9	4.0	2.6	-35.1
U.S.A.	2.4	1.3	-45.2	0.8	0.1	-86.0	5.2	2.7	-49.0	1.6	0.3	-82.2
AUSTRALIA	2.7	1.1	-60.3	0.6	0.2	-57.3	10.0	3.5	-65.2	1.8	1.0	-46.1
SWITZERLAND	0.4	0.7	95.6	0.4	0.0	-98.8	22.1	38.8	75.4	22.7	0.0	-99.8
OTHER	11.1	3.9	-64.6	2.2	2.5	15.0	59.6	18.4	-69.1	10.3	9.3	-10.1
TOTAL	**19.4**	**10.1**	**-47.7**	**5.8**	**4.1**	**-29.9**	**104.0**	**70.0**	**-32.7**	**40.4**	**13.2**	**-67.4**

	Value (million euros)						*Weight (000 tonnes)*					
	2001 Year	*2002 Year*	*% chg 01-02*	*2002 Jan-Jun*	*2003 Jan-Jun*	*% chg 02-03*	*2001 Year*	*2002 Year*	*%chg 01-02*	*2002 Jan-Jun*	*2003 Jan-Jun*	*% chg 02-03*
Planed, sanded and finger-jointed hardwood												
BRAZIL	27.8	29.7	7.0	16.5	15.6	-5.8	29.0	33.7	16.3	18.2	20.9	15.0
MALAYSIA	18.9	26.4	39.6	13.4	15.0	11.9	14.1	19.3	37.1	9.8	12.5	27.4
INDONESIA	21.7	16.6	-23.1	8.3	8.7	5.3	18.4	14.0	-23.7	6.9	8.4	22.7
GHANA	6.3	13.3	111.5	7.2	4.3	-39.9	7.9	13.2	67.7	7.0	4.3	-39.3
LATVIA	0.8	10.4	1282.3	4.6	6.9	49.3	0.9	33.5	3435.0	15.9	18.2	14.3
OTHER	64.8	61.4	-5.3	31.3	35.4	12.9	84.2	84.4	0.3	42.9	52.4	22.0
TOTAL	**140.2**	**157.8**	**12.6**	**81.4**	**85.9**	**5.5**	**154.5**	**198.2**	**28.4**	**100.7**	**116.7**	**15.8**
Hardwood profiles												
INDONESIA	108.9	99.8	-8.4	46.7	55.4	18.7	96.1	101.1	5.3	45.1	63.6	40.9
POLAND	34.8	39.7	14.3	19.3	23.8	23.4	31.3	32.6	4.1	16.6	19.6	17.6
CHINA	33.0	39.7	20.5	16.5	25.1	52.1	17.5	21.7	24.1	9.0	14.7	63.5
MALAYSIA	44.0	34.3	-22.1	18.0	14.8	-17.8	34.0	26.5	-22.1	13.2	12.3	-7.2
OTHER	524.0	521.4	-0.5	265.1	281.9	6.3	334.2	378.6	13.3	173.5	196.0	13.0
TOTAL	**744.7**	**734.9**	**-1.3**	**365.6**	**401.1**	**9.7**	**513.1**	**560.5**	**9.2**	**257.5**	**306.1**	**18.9**
Planed hardwood veneers												
HUNGARY	4.2	4.4	4.1	2.0	2.4	16.5	1.2	1.0	-20.3	0.5	0.6	22.1
ESTONIA	2.2	3.1	39.6	1.0	3.0	184.6	1.7	1.4	-21.8	0.6	8.7	1381.4
OTHER	16.1	12.5	-22.4	6.9	7.1	2.4	6.5	6.7	3.0	3.8	3.6	-5.1
TOTAL	**22.5**	**19.9**	**-11.4**	**10.0**	**12.4**	**24.2**	**9.4**	**9.0**	**-4.6**	**4.8**	**12.9**	**166.8**
Windows and their frames												
POLAND	40.2	61.4	52.6	26.3	41.1	56.3	13.0	17.5	35.2	8.1	12.5	53.9
NORWAY	25.2	26.6	5.5	12.8	11.6	-9.4	3.9	3.7	-4.0	1.8	2.0	6.1
HUNGARY	5.7	24.0	324.5	11.3	11.9	5.0	1.7	6.6	284.6	3.2	3.3	2.2
SLOVENIA	19.5	14.7	-24.4	6.0	6.9	15.2	4.1	3.2	-22.1	1.4	1.5	8.0
OTHER	94.2	44.3	-53.0	22.9	20.9	-8.7	25.3	15.2	-40.0	8.2	7.3	-10.6
TOTAL	**184.8**	**171.1**	**-7.4**	**79.3**	**92.4**	**16.5**	**48.0**	**46.2**	**-3.7**	**22.7**	**26.5**	**16.7**
Doors and their frames												
INDONESIA	68.3	66.8	-2.1	32.9	30.8	-6.2	35.6	36.4	2.2	16.3	19.0	16.4
SOUTH AFRICA	48.2	56.5	17.3	28.4	26.8	-5.9	27.7	34.4	24.1	17.1	18.4	7.1
POLAND	36.7	33.5	-8.5	17.1	18.2	6.4	24.1	20.0	-17.2	10.4	12.4	19.3
BRAZIL	34.5	31.4	-8.9	16.8	18.2	8.6	22.7	22.1	-2.4	11.8	14.6	23.4
OTHER	197.8	179.3	-9.3	88.2	90.6	2.7	92.4	85.0	-8.0	42.2	47.7	13.1
TOTAL	**385.4**	**367.6**	**-4.6**	**183.4**	**184.6**	**0.7**	**202.5**	**197.9**	**-2.3**	**97.9**	**112.1**	**14.5**
Parquet panels												
NORWAY	49.8	52.0	4.4	25.6	24.1	-5.9	16.2	17.8	9.8	8.5	9.0	5.0
CHINA	43.7	45.7	4.6	21.5	23.4	9.0	20.9	22.3	6.7	10.2	12.3	20.1
INDONESIA	35.4	35.1	-0.9	17.8	17.8	-0.1	18.0	18.4	2.6	9.2	10.3	11.5
SWITZERLAND	33.6	31.1	-7.6	14.2	15.3	7.9	9.1	10.5	15.0	4.5	5.0	10.5
OTHER	209.4	153.6	-26.6	78.4	82.6	5.3	123.7	97.6	-21.1	48.8	53.9	10.6
TOTAL	**371.8**	**317.4**	**-14.6**	**157.6**	**163.2**	**3.6**	**188.0**	**166.7**	**-11.3**	**81.3**	**90.5**	**11.3**
Wooden furniture												
POLAND	1499.3	1631.4	8.8	825.9	927.5	12.3	815.5	851.6	4.4	426.4	485.6	13.9
INDONESIA	558.9	532.6	-4.7	306.4	310.8	1.5	178.2	187.6	5.3	101.9	117.2	14.9
CHINA	389.7	530.1	36.0	251.7	341.5	35.7	151.1	209.4	38.6	100.4	141.9	41.4
ROMANIA	440.9	480.8	9.0	243.9	255.3	4.7	281.6	286.3	1.6	149.3	150.9	1.0
CZECH REPUBLIC	267.2	251.7	-5.8	125.4	124.1	-1.0	159.4	145.3	-8.8	71.9	68.7	-4.6
BRAZIL	209.1	215.0	2.8	103.9	114.8	10.5	108.0	121.3	12.4	55.5	72.0	29.6
MALAYSIA	208.2	210.5	1.1	115.6	118.3	2.3	88.1	97.6	10.8	51.6	57.7	11.8
VIETNAM	161.9	186.9	15.4	131.6	165.4	25.7	61.5	75.5	22.9	52.6	79.7	51.4
OTHER	2127.0	2177.5	2.4	1087.6	1171.3	7.7	933.6	989.8	6.0	478.6	563.9	17.8
TOTAL	**5862.2**	**6216.5**	**6.0**	**3192.1**	**3529.1**	**10.6**	**2777.0**	**2964.3**	**6.7**	**1488.4**	**1737.4**	**16.7**

Data sources: data is derived from data supplied by BTS Ltd drawn from Eurostat. Value and weight data is provided as supplied by BTS. Due to numerous errors in the Eurostat volume data, data provided here is estimated where necessary from weight data.

HS codes for EU trade data

Tropical logs: 44034980, 44034995, 44034920, 44034100, 44034910, 44034940, 44039995 (from tropical countries), 44039998 (from tropical countries).
Beech logs: 44039200, 44039290, 44039210.
Oak logs: 44039100, 44039190, 44039110.
Other hardwood logs: 44039950, 44039910, 44039959, 44039951, 44039995 (from non tropical countries), 44039998 (from non tropical countries).
Tropical hardwood plywood: 44121390, 44121310, 44129299, 44122299, 44129210, 44122210, 44129291, 44122291.
Other hardwood plywood: 44121400, 44122980, 44122300, 44122920.
Tropical sawn lumber: 44079994, 44079996, 44072969, 44072999, 44072995, 44072961, 44072560, 44072580, 44072490, 44072690.
Beech sawn lumber: 44079200.
Oak sawn lumber: 44079190.
Other hardwood lumber: 44079997, 44079991.
Planed, sanded, or finger jointed hardwood: 44079910, 44079115, 44072905, 44072510, 44072610, 44079930, 44079139, 44072931, 44072983, 44072930, 44072939, 44072920, 44072530, 44072430, 44072630, 44079950, 44072950, 44072985, 44072550, 44072650 44072415.
Hardwood profiles: 44092091, 44079131, 44092011, 44092098.
Tropical hardwood veneers: 44083985, 44083995, 44083935, 44083980, 44083990, 44083931, 44083921, 44083130.
Other hardwood veneers: 44089089, 44089085, 44089081, 44089095.
Planed hardwood veneers: *These include all products which are planed, sanded, or finger jointed and boards for pencils:* 44083111, 44089035, 44083970, 44083121, 44083955, 44089015, 44083125, 44083915.
Doors and frames: 44182080, 44182010.
Windows and their frames: 44181090, 44181010.
Wood furniture:
Includes finished furniture, furniture components, and prefabricated buildings of wood 94016100, 94016900, 94019030, 94033011, 94033019, 94033091, 94033099, 94034090, 94035000, 94036010, 94036030, 94036090, 94039030, 94060010.

Hardwood imports - Italy

	Value (1000s euros)						Volume (m3)					
	2001 Year	2002 Year	% chg 01-02	2002 Jan-Jun	2003 Jan-Jun	% chg 02-03	2001 Year	2002 Year	%chg 01-02	2002 Jan-Jun	2003 Jan-Jun	% chg 02-03
Tropical logs												
CAMEROON	29709	27451	-7.6	14633	11455	-21.7	121270	107726	-11.2	57126	46787	-18.1
CONGO REPUBLIC	14450	16792	16.2	9815	5947	-39.4	40331	45641	13.2	25588	16329	-36.2
LIBERIA	18841	14161	-24.8	10554	9211	-12.7	68441	53811	-21.4	39484	35159	-11.0
GABON	17537	14115	-19.5	6650	7339	10.4	65730	66012	0.4	26736	27477	2.8
CENT. AFR. REP.	6810	7219	6.0	4066	6136	50.9	17693	20838	17.8	11928	16168	35.5
BURMA	4962	3462	-30.2	1774	2553	43.9	3075	2545	-17.2	1085	1595	47.0
OTHER	6718	6242	-7.1	3614	2781	-23.0	15237	15292	0.4	8652	4741	-45.2
TOTAL	**99027**	**89442**	**-9.7**	**51106**	**45422**	**-11.1**	**331777**	**311865**	**-6.0**	**170599**	**148256**	**-13.1**
Beech logs												
AUSTRIA	11238	11121	-1.0	7162	5146	-28.1	148783	140117	-5.8	82173	56471	-31.3
SWITZERLAND	14486	10763	-25.7	8144	6324	-22.3	143280	116712	-18.5	73796	64329	-12.8
FRANCE	7495	5688	-24.1	3673	2082	-43.3	99851	72544	-27.3	39569	25523	-35.5
GERMANY	4917	4841	-1.5	2740	2227	-18.7	71972	60359	-16.1	31842	29105	-8.6
SLOVENIA	2683	3689	37.5	1989	2179	9.6	48968	62910	28.5	33837	32472	-4.0
OTHER	7081	6006	-15.2	4130	2663	-35.5	68347	74956	9.7	44074	35485	-19.5
TOTAL	**47900**	**42108**	**-12.1**	**27838**	**20621**	**-25.9**	**581201**	**527598**	**-9.2**	**305291**	**243385**	**-20.3**
Oak logs												
CROATIA	3250	3591	10.5	2428	2258	-7.0	9972	9609	-3.6	6471	5866	-9.3
FRANCE	2636	2754	4.5	1661	1294	-22.1	27320	29988	9.8	16873	11223	-33.5
HUNGARY	3154	1448	-54.1	1034	952	-7.9	61753	11154	-81.9	8471	4218	-50.2
AUSTRIA	780	844	8.2	466	646	38.6	10297	7779	-24.5	3548	5279	48.8
GERMANY	659	842	27.8	241	298	23.7	6723	8865	31.9	2769	2536	-8.4
OTHER	1084	1677	54.7	878	1672	90.4	7345	10128	37.9	5279	7901	49.7
TOTAL	**11563**	**11156**	**-3.5**	**6708**	**7120**	**6.1**	**123410**	**77523**	**-37.2**	**43411**	**37023**	**-14.7**
Other hardwood logs												
FRANCE	38657	30499	-21.1	16060	14094	-12.2	432124	286888	-33.6	144713	119524	-17.4
U.S.A.	36715	26329	-28.3	19640	14577	-25.8	104320	64922	-37.8	47174	45000	-4.6
CROATIA	19733	18664	-5.4	10999	8182	-25.6	299080	310274	3.7	175023	130729	-25.3
HUNGARY	20635	18166	-12.0	9833	9252	-5.9	396000	382101	-3.5	204462	179565	-12.2
AUSTRIA	7452	6547	-12.1	3684	3291	-10.7	94127	90332	-4.0	52240	39237	-24.9
OTHER	31463	26589	-15.5	14673	16612	13.2	281352	225443	-19.9	115832	140738	21.5
TOTAL	**154655**	**126794**	**-18.0**	**74889**	**66008**	**-11.9**	**1607003**	**1359960**	**-15.4**	**739444**	**654793**	**-11.4**
Tropical sawn lumber												
CAMEROON	67920	55946	-17.6	31058	24310	-21.7	151936	134849	-11.2	75681	58661	-22.5
IVORY COAST	59632	55622	-6.7	31451	22280	-29.2	137589	139413	1.3	79748	57513	-27.9
MALAYSIA	16244	21666	33.4	8948	15163	69.5	25453	33967	33.4	14222	24117	69.6
GABON	9108	12228	34.3	6433	7147	11.1	25905	31733	22.5	16190	19935	23.1
GHANA	13943	12116	-13.1	6457	6781	5.0	31729	28317	-10.8	15508	16526	6.6
BRAZIL	8745	8110	-7.3	3454	4987	44.4	16879	17903	6.1	6590	13356	102.7
NIGERIA	9614	5249	-45.4	3060	3181	4.0	18512	8132	-56.1	4647	4895	5.3
LIBERIA	1990	5220	162.3	2782	351	-87.4	4262	11606	172.3	6313	800	-87.3
BURMA	5148	5076	-1.4	2863	4675	63.3	2485	2648	6.6	1422	2510	76.5
INDONESIA	5791	3078	-46.8	1157	2969	156.6	7161	4636	-35.3	1611	5158	220.2
THAILAND	619	2887	366.4	1243	355	-71.4	121	463	282.6	206	73	-64.6
OTHER	16905	16786	-0.7	8379	8180	-2.4	32016	32338	1.0	15831	16316	3.1
TOTAL	**215659**	**203984**	**-5.4**	**107285**	**100379**	**-6.4**	**454048**	**446005**	**-1.8**	**237969**	**219860**	**-7.6**
Beech sawn lumber												
CROATIA	27855	26387	-5.3	15615	14094	-9.7	120528	96003	-20.3	56137	51170	-8.8
BOSNIA & HERZ.	26316	23522	-10.6	15218	11323	-25.6	83009	75126	-9.5	47016	37859	-19.5
SLOVENIA	15366	14799	-3.7	8746	7686	-12.1	49628	50573	1.9	27649	24319	-12.0
SERBIA & MONT.	6534	8211	25.7	4521	4554	0.7	22110	54672	147.3	14785	15484	4.7
SLOVAKIA	8413	8018	-4.7	4405	4396	-0.2	27351	27025	-1.2	15144	13720	-9.4
ALBANIA	6457	6765	4.8	3263	2236	-31.5	20466	20800	1.6	11549	7735	-33.0
ROMANIA	5319	5807	9.2	2866	3065	6.9	14717	15614	6.1	7018	8504	21.2
AUSTRIA	6357	4991	-21.5	2514	2547	1.3	25702	22301	-13.2	11137	12139	9.0
GERMANY	5555	4951	-10.9	2424	1657	-31.6	22679	20431	-9.9	9670	5744	-40.6
OTHER	19987	15091	-24.5	8914	8211	-7.9	88199	47047	-46.7	27993	26133	-6.6
TOTAL	**128159**	**118542**	**-7.5**	**68486**	**59769**	**-12.7**	**474389**	**429592**	**-9.4**	**228098**	**202807**	**-11.1**
Oak sawn lumber												
CROATIA	28064	28130	0.2	15851	17928	13.1	55555	56131	1.0	31210	34640	11.0
U.S.A.	16530	13883	-16.0	7919	9221	16.4	25864	22819	-11.8	12594	16877	34.0
HUNGARY	6094	7031	15.4	3931	3818	-2.9	14259	15087	5.8	8294	7916	-4.6
FRANCE	7537	6467	-14.2	3452	3592	4.1	6127	7532	22.9	4454	3472	-22.0
UKRAINE	4069	5437	33.6	2572	3759	46.2	9422	11807	25.3	5729	7939	38.6
SLOVENIA	3837	5171	34.8	2635	3022	14.7	5933	7874	32.7	3945	4429	12.3
ROMANIA	3327	4663	40.2	2394	3220	34.5	5308	7324	38.0	3824	5382	40.7
BOSNIA & HERZ.	2067	3103	50.1	1196	1561	30.5	4757	6516	37.0	2517	4726	87.8
AUSTRIA	1545	2168	40.3	797	1070	34.3	5265	7607	44.5	2471	4281	73.2
OTHER	4839	5871	21.3	2744	3017	9.9	10602	13510	27.4	6257	7117	13.7
TOTAL	**77909**	**81924**	**5.2**	**43491**	**50208**	**15.4**	**143092**	**156207**	**9.2**	**81295**	**96779**	**19.0**
Other hardwood sawn lumber												
U.S.A.	89077	82754	-7.1	45493	41564	-8.6	208506	117265	-43.8	97618	86958	-10.9
HUNGARY	22988	22238	-3.3	11966	9656	-19.3	132853	115787	-12.8	62034	44574	-28.1
SPAIN	17473	21022	20.3	11304	10158	-10.1	12130	11540	-4.9	5867	5966	1.7
ROMANIA	12217	16900	38.3	8340	8738	4.8	29309	42728	45.8	20370	23116	13.5
CROATIA	14554	14687	0.9	7685	7805	1.6	45312	45363	0.1	23862	23523	-1.4
CANADA	9502	8881	-6.5	4742	5009	5.6	9590	9833	2.5	5432	6073	11.8
SLOVENIA	7919	8196	3.5	5125	3259	-36.4	14921	13218	-11.4	8404	5481	-34.8
AUSTRIA	4792	6420	34.0	2737	3361	22.8	24367	33930	39.2	14794	19011	28.5
OTHER	56639	49923	-11.9	25710	27946	8.7	333828	223742	-33.0	117277	137870	17.6
TOTAL	**235161**	**231021**	**-1.8**	**123102**	**117496**	**-4.6**	**810816**	**613406**	**-24.3**	**355658**	**352572**	**-0.9**
Tropical hardwood veneer												
IVORY COAST	24991	22741	-9.0	11974	11010	-8.1	38294	39424	3.0	21513	21305	-1.0
CAMEROON	17825	20732	16.3	9113	15112	65.8	33409	38769	16.0	17117	27974	63.4
GHANA	18368	15005	-18.3	8734	8105	-7.2	19247	17816	-7.4	9442	10862	15.0
GABON	2621	3080	17.5	1690	3442	103.7	5028	4584	-8.8	2750	7596	176.2
GERMANY	1861	2560	37.6	1196	1357	13.5	815	1128	38.4	465	688	48.0
SPAIN	2288	2373	3.7	1067	994	-6.8	2043	2019	-1.2	868	1104	27.2
OTHER	11776	13491	14.6	5519	7392	33.9	8929	9691	8.5	3920	5924	51.1
TOTAL	**79730**	**79982**	**0.3**	**39293**	**47412**	**20.7**	**107765**	**113432**	**5.3**	**56075**	**75454**	**34.6**
Other hardwood veneer												
GERMANY	39349	39775	1.1	20152	18761	-6.9	11189	12266	9.6	7105	5388	-24.2
U.S.A.	23328	26621	14.1	14545	14626	0.6	7006	8827	26.0	4734	5127	8.3
FRANCE	16297	15402	-5.5	7367	5659	-23.2	50762	48674	-4.1	24136	15984	-33.8
SLOVENIA	6878	10863	57.9	5709	5784	1.3	7558	9767	29.2	5405	5221	-3.4
CROATIA	8072	8223	1.9	5175	5817	12.4	7321	6945	-5.1	4273	3669	-14.1
TURKEY	7027	7503	6.8	3948	4736	20.0	4967	4989	0.4	2587	2650	2.4
OTHER	35198	37836	7.5	17762	19691	10.9	47529	55728	17.3	24998	34999	40.0
TOTAL	**136149**	**146223**	**7.4**	**74658**	**75074**	**0.6**	**136331**	**147196**	**8.0**	**73238**	**73038**	**-0.3**

Economic recession hits hardwood trade

The economic recession in Italy this year has clearly had an impact on the Italian hardwood import trade, but the news is not all bad.

The Italian economy has been weak this year, with the Economist Intelligence Unit forecasting only 0.3% growth rising to perhaps 1.9% next year. Many Italian importers have suffered cash flow problems as their customers have been very slow to pay for goods and have had to deal with declining consumption. The crucial Italian furniture manufacturing sector succeeded in expanding export sales during the first half of 2003. Italian furniture exports for this period were valued at US$4,605 million, 14.6% up on the same period in 2002. However domestic consumption was poor and competitive pressure has been intensifying from overseas producers.

Log imports down across the board

Italian hardwood log imports during the first 6 months of 2003 were down across the board, a reflection of slow underlying consumption, resource constraints in some supply countries and a partial shift in processing capacity to lower cost countries. One indication of this shift was a 35% rise in Italian imports of tropical hardwood veneer during this period. The strength of the euro further undermined the cost competitiveness of primary processing in the euro-zone this year.

Sawn oak remains strong

Italian imports of sawn lumber were down during the first 6 months of 2003, with the exception of sawn oak imports. Italian sawn oak imports have risen strongly over the last 18 months, a trend confirming the fashion for oak in the Italian and wider European furniture sector. Croatia is now the dominant supplier of sawn oak to Italy,

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with some of this volume subsequently re-exported to other EU countries. Italian imports of American white oak sawn lumber have recovered somewhat this year, benefiting from exchange rate movements.

Huge furniture sector

Despite the economic downturn, Italy's high-end wood furniture sector remains a huge market for better quality sawn lumber and dimension. The market is also innovative, with less of a tendency to standardize production. It is open to experimentation with new species. Due to the exceptional finishing capabilities of the Italian wood processing sector, it can work with both the cheapest and most expensive species.

Demand for cut-to-size

There has been a strong trend in the Italian market towards purchasing of cut-to-size timber and big shift away from randoms as manufacturers have sought to reduce costs and waste.

Eastern European hardwood producers have been quick to exploit this trend. With inward investment, Eastern European suppliers have improved their ability to provide regular supply of high quality dimension lumber at competitive prices. They have also benefitted from their close proximity to the Italian market.

New opportunities in construction sector

New opportunities for hardwoods are also emerging in the Italian construction sector. Recent Italian government policy has favoured increased home restoration activity. This is likely to generate new demand from the window, door, moulding, flooring , and furniture sectors. Growth of the Italian flooring manufacturing sector, which supplies both the domestic and export markets, is also generating new demand for dimension lumber, notably of hard maple, white oak, and red elm.

	Value (1000s euros)						Volume (m3)					
	2001 Year	2002 Year	% chg 01-02	2002 Jan-Jun	2003 Jan-Jun	% chg 02-03	2001 Year	2002 Year	%chg 01-02	2002 Jan-Jun	2003 Jan-Jun	% chg 02-03
Tropical hardwood plywood												
FRANCE	17521	15919	-9.1	8450	8963	6.1	23371	21703	-7.1	11722	11948	1.9
MOROCCO	6585	8056	22.3	4435	3726	-16.0	8416	10474	24.5	5814	4958	-14.7
GABON	5652	7911	40.0	5191	4792	-7.7	8602	11919	38.6	7812	7576	-3.0
INDONESIA	8920	7760	-13.0	5177	3407	-34.2	22605	21633	-4.3	14367	10183	-29.1
CAMEROON	3512	3634	3.5	2504	1444	-42.3	9785	10479	7.1	7185	4267	-40.6
BRAZIL	2423	3390	39.9	1743	3221	84.8	6514	9735	49.4	4913	10916	122.2
OTHER	8992	9630	7.1	4286	6032	40.7	20076	20484	2.0	8880	13759	54.9
TOTAL	**53605**	**56300**	**5.0**	**31786**	**31585**	**-0.6**	**99369**	**106427**	**7.1**	**60694**	**63607**	**4.8**
Other hardwood plywood												
RUSSIA	21821	24595	12.7	13241	11825	-10.7	59565	69490	16.7	36018	35775	-0.7
FINLAND	23426	24592	5.0	12930	13232	2.3	31786	33177	4.4	17371	18645	7.3
ROMANIA	3794	6856	80.7	4030	2974	-26.2	11168	21562	93.1	12823	9584	-25.3
AUSTRIA	5562	5435	-2.3	3080	2419	-21.5	11937	11814	-1.0	6720	4961	-26.2
SLOVAKIA	3126	4173	33.5	1668	2841	70.3	13783	18288	32.7	7376	12457	68.9
CZECH REPUBLIC	3839	4105	6.9	1930	1928	-0.1	10971	12121	10.5	5681	5706	0.4
OTHER	22324	26836	20.2	14145	13553	-4.2	50072	60017	19.9	30852	32381	5.0
TOTAL	**83892**	**96592**	**15.1**	**51024**	**48772**	**-4.4**	**189282**	**226470**	**19.6**	**116841**	**119509**	**2.3**
Sleepers												
FRANCE	2974	4273	43.7	1964	1537	-21.7	14464	19058	31.8	8664	7756	-10.5
BOSNIA & HERZ.	563	339	-39.8	309	44	-85.8	2386	1386	-41.9	1264	208	-83.5
AUSTRIA	234	320	36.8	127	82	-35.4	636	1097	72.5	321	442	37.7
GERMANY	84	114	35.7	37	53	43.2	424	580	36.8	241	199	-17.4
OTHER	89	230	158.4	72	113	56.9	673	513	-23.8	145	370	155.2
TOTAL	**3944**	**5276**	**33.8**	**2509**	**1829**	**-27.1**	**18583**	**22634**	**21.8**	**10635**	**8975**	**-15.6**

	Value (1000s euros)						Weight (tonnes)					
	2001 Year	2002 Year	% chg 01-02	2002 Jan-Jun	2003 Jan-Jun	% chg 02-03	2001 Year	2002 Year	%chg 01-02	2002 Jan-Jun	2003 Jan-Jun	% chg 02-03
Planed, sanded and finger-jointed hardwood												
MALAYSIA	9837	3665	-62.7	2062	3251	57.7	8486	3405	-59.9	1972	3199	62.2
INDONESIA	4350	2999	-31.1	1707	1950	14.2	4106	2341	-43.0	1335	1687	26.4
FRANCE	3049	2602	-14.7	1420	1253	-11.8	2468	1195	-51.6	649	2019	211.1
IVORY COAST	2877	1996	-30.6	866	1200	38.6	1201	1530	27.4	725	1083	49.4
HUNGARY	1208	1286	6.5	558	1133	103.0	1909	1780	-6.8	714	510	-28.6
OTHER	7915	8115	2.5	4234	6000	41.7	9085	9714	6.9	5120	6843	33.7
TOTAL	**29236**	**20663**	**-29.3**	**10847**	**14787**	**36.3**	**27255**	**19965**	**-26.7**	**10515**	**15341**	**45.9**
Hardwood profiles												
INDONESIA	21416	20887	-2.5	10411	11288	8.4	11124	13317	19.7	5949	8072	35.7
IVORY COAST	12858	14209	10.5	7150	7343	2.7	8632	9170	6.2	4520	4764	5.4
NIGERIA	15133	12333	-18.5	6403	5589	-12.7	10925	9205	-15.7	4701	4465	-5.0
FRANCE	6520	10399	59.5	5307	7251	36.6	2347	3729	58.9	1793	2008	12.0
OTHER	71514	77883	8.9	39941	44623	11.7	53627	56194	4.8	29104	31715	9.0
TOTAL	**127441**	**135711**	**6.5**	**69212**	**76094**	**9.9**	**86655**	**91615**	**5.7**	**46067**	**51024**	**10.8**
Planed hardwood veneers												
CAMEROON	596	1052	76.5	948	907	-4.3	374	817	118.4	745	149	-80.0
PORTUGAL	555	838	51.0	601	306	-49.1	129	249	93.0	183	147	-19.7
OTHER	2361	3397	43.9	1853	969	-47.7	1001	1861	85.9	968	633	-34.6
TOTAL	**3512**	**5287**	**50.5**	**3402**	**2182**	**-35.9**	**1504**	**2927**	**94.6**	**1896**	**929**	**-51.0**
Windows and their frames												
DENMARK	15342	16870	10.0	9109	4071	-55.3	2878	3131	8.8	1728	719	-58.4
HUNGARY	14	9460	67471.4	4128	4464	8.1	4	2082	51950.0	904	1122	24.1
AUSTRIA	1823	4859	166.5	1646	1842	11.9	636	672	5.7	215	268	24.7
ROMANIA	758	1925	154.0	1250	293	-76.6	707	2091	195.8	1264	309	-75.6
OTHER	13137	6568	-50.0	2687	3617	34.6	3381	1989	-41.2	980	1084	10.6
TOTAL	**31074**	**39682**	**27.7**	**18820**	**14287**	**-24.1**	**7606**	**9965**	**31.0**	**5091**	**3502**	**-31.2**
Doors and their frames												
ROMANIA	7278	8369	15.0	4143	7109	71.6	5509	6767	22.8	3332	6018	80.6
GERMANY	2948	1932	-34.5	1315	1038	-21.1	1796	1068	-40.5	783	617	-21.2
INDONESIA	1695	1470	-13.3	953	428	-55.1	681	551	-19.1	369	178	-51.8
AUSTRIA	770	933	21.2	491	242	-50.7	243	377	55.1	230	98	-57.4
OTHER	5908	5649	-4.4	2842	2558	-10.0	3287	3034	-7.7	1497	1258	-16.0
TOTAL	**18599**	**18353**	**-1.3**	**9744**	**11375**	**16.7**	**11516**	**11797**	**2.4**	**6211**	**8169**	**31.5**
Parquet panels												
AUSTRIA	8698	8878	2.1	4164	5467	31.3	3402	3048	-10.4	1496	1796	20.1
GERMANY	9719	6804	-30.0	3443	3252	-5.5	3997	3128	-21.7	1464	1935	32.2
SWEDEN	2001	3787	89.3	1685	1825	8.3	775	1625	109.7	754	827	9.7
FINLAND	2512	3578	42.4	1842	1863	1.1	845	1055	24.9	555	554	-0.2
OTHER	17824	15280	-14.3	6933	9458	36.4	10484	7769	-25.9	3404	5312	56.1
TOTAL	**40754**	**38327**	**-6.0**	**18067**	**21865**	**21.0**	**19503**	**16625**	**-14.8**	**7673**	**10424**	**35.9**
Wooden furniture												
ROMANIA	53988	61990	14.8	29429	35132	19.4	43912	45972	4.7	22766	25365	11.4
AUSTRIA	38266	60408	57.9	26604	31301	17.7	14732	27547	87.0	12064	14811	22.8
SWITZERLAND	44741	42471	-5.1	21952	18529	-15.6	21212	19646	-7.4	10166	8044	-20.9
GERMANY	36706	35046	-4.5	17542	14264	-18.7	9999	9904	-1.0	5082	4638	-8.7
INDONESIA	29179	31056	6.4	19070	20235	6.1	11316	13522	19.5	7441	8897	19.6
SLOVENIA	21993	26799	21.9	14024	14142	0.8	12220	16789	37.4	8961	8225	-8.2
FRANCE	37923	24092	-36.5	12530	8796	-29.8	13427	5749	-57.2	2796	1929	-31.0
CROATIA	18856	22934	21.6	11963	13382	11.9	15343	16455	7.2	8483	8712	2.7
OTHER	173670	186142	7.2	92387	109397	18.4	89680	100560	12.1	50523	59132	17.0
TOTAL	**455322**	**490938**	**7.8**	**245501**	**265178**	**8.0**	**231841**	**256144**	**10.5**	**128282**	**139753**	**8.9**

Data sources: data is derived from data supplied by BTS Ltd drawn from Eurostat. Value and weight data is provided as supplied by BTS. Due to numerous errors in the Eurostat volume data, data provided here is estimated where necessary from weight data.

HS codes for EU trade data

Tropical logs: 44034980, 44034995, 44034920, 44034100, 44034910, 44034940, 44039995 (from tropical countries), 44039998 (from tropical countries).
Beech logs: 44039200, 44039290, 44039210.
Oak logs: 44039100, 44039190, 44039110.
Other hardwood logs: 44039950, 44039910, 44039959, 44039951, 44039995 (from non tropical countries), 44039998 (from non tropical countries).
Tropical hardwood plywood: 44121390, 44121310, 44129299, 44122299, 44129210, 44122210, 44129291, 44122291.
Other hardwood plywood: 44121400, 44122980, 44122300, 44122920.
Tropical sawn lumber: 44079994, 44079996, 44072969, 44072999, 44072995, 44072961, 44072560, 44072580, 44072490, 44072690.
Beech sawn lumber: 44079200.
Oak sawn lumber: 44079190.
Other hardwood lumber: 44079997, 44079991.
Planed, sanded, or finger jointed hardwood: 44079910, 44079115, 44072905, 44072510, 44072610, 44079930, 44079139, 44072931, 44072983, 44072930, 44072939, 44072920, 44072530, 44072430, 44072630, 44079950, 44072950, 44072985, 44072550, 44072650 44072415.
Hardwood profiles: 44092091, 44079131, 44092011, 44092098.
Tropical hardwood veneers: 44083985, 44083995, 44083935, 44083980, 44083990, 44083931, 44083921, 44083130.
Other hardwood veneers: 44089089, 44089085, 44089081, 44089095.
Planed hardwood veneers: *These include all products which are planed, sanded, or finger jointed and boards for pencils:* 44083111, 44089035, 44083970, 44083121, 44083955, 44089015, 44083125, 44083915.
Doors and frames: 44182080, 44182010.
Windows and their frames: 44181090, 44181010.
Wood furniture:
Includes finished furniture, furniture components, and prefabricated buildings of wood 94016100, 94016900, 94019030, 94033011, 94033019, 94033091, 94033099, 94034090, 94035000, 94036010, 94036030, 94036090, 94039030, 94060010.

Hardwood imports - Portugal

	Value (1000s euros)						Volume (m3)					
	2001 Year	2002 Year	% chg 01-02	2002 Jan-Jun	2003 Jan-Jun	% chg 02-03	2001 Year	2002 Year	%chg 01-02	2002 Jan-Jun	2003 Jan-Jun	% chg 02-03
Tropical logs												
CONGO REPUBLIC	17988	23142	28.7	11099	7122	-35.8	61265	80561	31.5	39364	23568	-40.1
GABON	32533	22051	-32.2	12707	9032	-28.9	114378	80668	-29.5	46966	30982	-34.0
CAMEROON	13887	15797	13.8	9649	6664	-30.9	45936	51415	11.9	32408	23183	-28.5
CONGO DEM. REP.	8951	5840	-34.8	2890	3401	17.7	30151	20216	-33.0	10426	11722	12.4
CENT. AFR. REP.	5225	3059	-41.5	1350	1876	39.0	16173	10060	-37.8	4492	5728	27.5
EQUAT. GUINEA	1359	2412	77.5	672	1486	121.1	5716	10607	85.6	3319	6755	103.5
OTHER	5747	2829	-50.8	1948	859	-55.9	21916	10812	-50.7	7274	3143	-56.8
TOTAL	**85690**	**75130**	**-12.3**	**40315**	**30440**	**-24.5**	**295535**	**264339**	**-10.6**	**144249**	**105081**	**-27.2**
Tropical sawn lumber												
BRAZIL	26411	23855	-9.7	14214	9646	-32.1	59320	62292	5.0	33710	27558	-18.2
CAMEROON	7768	8196	5.5	4185	3562	-14.9	14497	16139	11.3	8365	7166	-14.3
CONGO DEM. REP.	3314	5204	57.0	2085	1025	-50.8	6580	10466	59.1	4093	2208	-46.1
CONGO REPUBLIC	1529	4025	163.2	1338	2160	61.4	3292	8041	144.3	2666	4023	50.9
IVORY COAST	1889	3453	82.8	2126	498	-76.6	4702	8600	82.9	5370	1305	-75.7
GABON	1803	2151	19.3	1302	627	-51.8	4715	4745	0.6	2878	1327	-53.9
SPAIN	587	562	-4.3	280	381	36.1	2339	2054	-12.2	1162	572	-50.8
U.S.A.	11	411	3636.4	255	6	-97.6	39	1527	3815.4	1222	28	-97.7
OTHER	1708	1078	-36.9	643	647	0	4316	2539	-41.2	1422	1420	0
TOTAL	**45020**	**48935**	**8.7**	**26428**	**18552**	**-29.8**	**99800**	**116453**	**16.7**	**60888**	**45607**	**-25.1**
Beech sawn lumber												
SPAIN	1648	2372	43.9	899	762	-15.2	4722	5255	11.3	1981	1751	-11.6
FRANCE	775	1287	66.1	654	817	24.9	2189	3443	57.3	1793	2038	13.7
GERMANY	419	1260	200.7	600	650	8.3	946	2601	174.9	1291	1130	-12.5
DENMARK	350	806	130.3	414	271	-34.5	774	2076	168.2	1056	752	-28.8
ROMANIA	171	194	13.5	83	324	290.4	394	410	4.1	195	539	176.4
UKRAINE	84	147	75.0	93	7	-92.5	223	393	76.2	245	19	-92.2
SWEDEN	239	122	-49.0	22	148	572.7	821	344	-58.1	60	446	643.3
ITALY	63	85	34.9	31	118	280.6	74	208	181.1	38	246	547.4
BOSNIA & HERZEGOVINA	24	83	245.8	43	25	-41.9	47	208	342.6	123	53	-56.9
OTHER	62	85	37.1	71	73	2.8	116	153	31.9	128	164	28.1
TOTAL	**3835**	**6441**	**68.0**	**2910**	**3195**	**9.8**	**10306**	**15091**	**46.4**	**6910**	**7138**	**3.3**
Oak sawn lumber												
U.S.A.	17995	19059	5.9	8642	9099	5.3	25568	27844	8.9	12110	14206	17.3
FRANCE	1835	2311	25.9	1145	1280	11.8	4347	4564	5.0	2016	2584	28.2
CANADA	2427	2113	-12.9	1293	722	-44.2	2903	2424	-16.5	1487	901	-39.4
SPAIN	1994	1397	-29.9	751	544	-27.6	1997	1740	-12.9	826	678	-17.9
BELGIUM	816	1017	24.6	664	212	-68.1	1482	1003	-32.3	677	187	-72.4
UKRAINE	512	908	77.3	296	529	78.7	1183	2027	71.3	624	1177	88.6
GERMANY	848	885	4.4	418	63	-84.9	3133	1474	-53.0	721	110	-84.7
HUNGARY	321	416	29.6	305	69	-77.4	1078	1322	22.6	984	155	-84.2
CROATIA	670	351	-47.6	230	54	-76.5	1401	634	-54.7	399	101	-74.7
OTHER	1398	721	-48.4	404	458	13.4	3131	1321	-57.8	781	775	-0.8
TOTAL	**28816**	**29178**	**1.3**	**14148**	**13030**	**-7.9**	**46223**	**44353**	**-4.0**	**20625**	**20874**	**1.2**
Tropical hardwood veneer												
BRAZIL	4818	3495	-27.5	1660	1195	-28.0	9978	8038	-19.4	3660	2889	-21.1
SPAIN	1368	3481	154.5	1532	1808	18.0	3178	3107	-2.2	1125	1683	49.6
EQUAT. GUINEA	1062	1825	71.8	869	376	-56.7	2381	3339	40.2	1371	915	-33.3
GHANA	0	672	na	268	313	16.8	0	1764	na	667	813	21.9
IVORY COAST	534	381	-28.7	288	203	-29.5	1637	1346	-17.8	1007	737	-26.8
GERMANY	724	367	-49.3	145	73	-49.7	1006	356	-64.6	219	24	-89.0
OTHER	890	952	7.0	570	962	68.8	952	969	1.8	599	1273	112.5
TOTAL	**9396**	**11173**	**18.9**	**5332**	**4930**	**-7.5**	**19132**	**18919**	**-1.1**	**8648**	**8334**	**-3.6**
Other hardwood veneer												
U.S.A.	6042	7259	20.1	4166	2726	-34.6	2621	3327	26.9	1855	1423	-23.3
FRANCE	4184	4187	0.1	2146	1991	-7.2	2872	3804	32.5	1668	1374	-17.6
GERMANY	4563	3385	-25.8	1647	1250	-24.1	1789	1847	3.2	803	654	-18.6
SPAIN	4806	2190	-54.4	1099	3519	220.2	2902	1863	-35.8	1074	2572	139.5
TURKEY	207	668	222.7	449	168	-62.6	98	343	250.0	244	101	-58.6
ITALY	687	405	-41.0	158	105	-33.5	345	170	-50.7	74	28	-62.2
OTHER	2814	1262	-55.2	745	640	-14.1	1828	940	-48.6	557	540	-3.1
TOTAL	**23303**	**19356**	**-16.9**	**10410**	**10399**	**-0.1**	**12455**	**12294**	**-1.3**	**6275**	**6692**	**6.6**

	Value (1000s euros)						Weight (tonnes)					
	2001 Year	2002 Year	% chg 01-02	2002 Jan-Jun	2003 Jan-Jun	% chg 02-03	2001 Year	2002 Year	%chg 01-02	2002 Jan-Jun	2003 Jan-Jun	% chg 02-03
Hardwood profiles												
SPAIN	14249	12812	-10.1	6280	5121	-18.5	10103	7531	-25.5	3320	2760	-16.9
BRAZIL	5303	2736	-48.4	1662	1082	-34.9	6238	3514	-43.7	2057	1654	-19.6
ITALY	1776	1358	-23.5	780	763	-2.2	337	292	-13.4	177	196	10.7
NETHERLANDS	673	966	43.5	391	291	-25.6	544	468	-14.0	245	159	-35.1
OTHER	5119	2245	-56.1	1043	1150	10.3	2987	1608	-46.2	784	632	-19.4
TOTAL	**27120**	**20117**	**-25.8**	**10156**	**8407**	**-17.2**	**20209**	**13413**	**-33.6**	**6583**	**5401**	**-18.0**
Doors and their frames												
SPAIN	20817	17617	-15.4	7293	8429	15.6	7399	5617	-24.1	2287	2958	29.3
ITALY	559	746	33.5	252	132	-47.6	202	170	-15.8	71	36	-49.3
FRANCE	733	253	-65.5	94	93	-1.1	311	45	-85.5	13	16	23.1
BRAZIL	548	167	-69.5	27	163	503.7	223	81	-63.7	35	70	100.0
OTHER	1061	214	-79.8	79	74	-6.3	310	52	-83.2	18	20	11.1
TOTAL	**23718**	**18997**	**-19.9**	**7745**	**8891**	**14.8**	**8445**	**5965**	**-29.4**	**2424**	**3100**	**27.9**
Parquet panels												
SWEDEN	2801	4357	55.6	2076	1234	-40.6	893	1457	63.2	724	407	-43.8
SPAIN	3797	3723	-1.9	1670	1598	-4.3	2281	2674	17.2	1595	954	-40.2
CHINA	1675	2496	49.0	718	1853	158.1	832	1111	33.5	302	817	170.5
INDONESIA	1493	1217	-18.5	572	888	55.2	755	624	-17.4	274	527	92.3
OTHER	11925	8273	-30.6	4728	1490	-68.5	7058	4838	-31.5	2951	941	-68.1
TOTAL	**21691**	**20066**	**-7.5**	**9764**	**7063**	**-27.7**	**11819**	**10704**	**-9.4**	**5846**	**3646**	**-37.6**
Wooden furniture												
SPAIN	71483	81362	13.8	32757	31423	-4.1	17444	24131	38.3	8810	11649	32.2
ITALY	24343	27905	14.6	12954	11827	-8.7	3917	4646	18.6	2249	2192	-2.5
FRANCE	13120	15905	21.2	6626	7127	7.6	5591	7782	39.2	3459	3256	-5.9
BELGIUM	3062	4871	59.1	2315	2206	-4.7	943	1986	110.6	920	869	-5.5
GERMANY	3738	4372	17.0	2312	1736	-24.9	899	1271	41.4	639	612	-4.2
SWEDEN	554	3252	487.0	1171	1124	-4.0	79	206	160.8	120	91	-24.2
NETHERLANDS	3248	3012	-7.3	1140	1784	56.5	1096	1226	11.9	462	795	72.1
DENMARK	2369	2729	15.2	1002	1319	31.6	1131	1347	19.1	519	625	20.4
OTHER	18661	12561	-32.7	6419	6000	-6.5	6235	6441	3.3	3300	3507	6.3
TOTAL	**140578**	**155969**	**10.9**	**66696**	**64546**	**-3.2**	**37335**	**49036**	**31.3**	**20478**	**23596**	**15.2**

Steep decline in tropical wood trade

Portugal is experiencing its steepest economic downturn in two decades. The economy is in recession, and real GDP is expected to contract by around 0.7% in 2003 as domestic demand has collapsed. In an effort to get to grips with an excessively high public deficit, the Portuguese government has implemented a severely restrictive budget policy and a swathe of far-reaching structural reforms. However these are widely expected to lay the foundations for a recovery in 2004-05. The Economist Intelligence Unit forecasts that GDP will grow by 1.7% in 2004, before rising to 2.6% in 2005.

Hardwoods imported into Portugal are destined for three main end-user sectors; pulp and paper (eucalyptus - excluded from this data), joinery and furniture. Poor economic conditions have undermined imports this year.

Big user of logs

Portugal has traditionally been a major buyer of hardwood logs. The country has numerous small sawmills where logs are often cut through and through for resale as boules. Portugal's imports of tropical logs fell by 27% during the first 6 months of 2003. Imports fell from all the major supply countries – Congo Republic, Gabon and Cameroon.

Portugal's imports of tropical sawn lumber fell by 25% in the first half of 2003. Portugal is a significant buyer of African and Brazilian sawn lumber, partly due to strong linguistic and trade links left over from its colonial past. Of major supply countries, only Congo Republic increased sawn lumber sales to Portugal during this period.

Portugal's imports of temperate hardwood sawn lumber have been more stable. The US is the leading supplier of temperate hardwoods to Portugal, with a strong focus on white oak, as in Spain. Eastern European suppliers have made little impression on this market.

Hardwood imports - Ireland

Tropical sawn and white oak dominate

***The main primary hardwood product imports into Ireland are tropical sawn lumber, notably iroko, tropical hardwood plywood, and American white oak*.**

Irish imports of tropical sawn lumber recovered strongly this year after a downturn in 2002. Imports during the first half of 2003 reached 25,000 m3, up 62% of the same period in 2002. Despite the political problems in Ivory Coast, Irish importers were able to source more product from that country this year. Much of this volume comprises iroko in fixed sizes. Irish importers have also been buying larger volumes from Cameroon, mainly iroko in random sizes and sapele.

Tropical plywood up 10%

The volume of Ireland's imports of tropical hardwood plywood increased by 10% to nearly 26,000 m3 during the first half of 2003. Nearly 17,000 m3 derived from Brazil.

Ireland's imports of American oak sawn lumber declined in euro value terms during the first half of 2003 but increased in volume terms. These divergent trends may be partly due to the weakness of the dollar against the euro.

Increasing volumes of hardwood are being imported into Ireland in machined form, notably from China. Ireland's imports of wood doors, parquet panels and wood furniture have also been rising strongly this year.

The Irish economy has slowed considerably this year, but with GDP growth forecast at around 2.2% it remains one of the fastest growing in the EU. GDP is expected to grow at around 3.1% next year. Construction activity is still high but forecasts suggest a levelling off in housing demand and a slowdown in commercial construction over the next few years.

	Value (1000s euros)						Volume (m3)					
	2001 Year	2002 Year	% chg 01-02	2002 Jan-Jun	2003 Jan-Jun	% chg 02-03	2001 Year	2002 Year	%chg 01-02	2002 Jan-Jun	2003 Jan-Jun	% chg 02-03
Tropical sawn lumber												
CAMEROON	14642	9617	-34.3	4588	5632	22.8	28527	15218	-46.7	6842	8466	23.7
IVORY COAST	7926	5744	-27.5	2133	5890	176.1	12494	9073	-27.4	3491	9162	162.4
GHANA	9647	3761	-61.0	2012	1187	-41.0	15965	8133	-49.1	2672	2118	-20.7
U.K.	1518	757	-50.1	309	2344	658.6	1794	1092	-39.1	402	3707	822.1
CANADA	251	481	91.6	246	123	-50.0	281	413	47.0	213	109	-48.8
U.S.A.	748	474	-36.6	346	50	-85.5	1387	644	-53.6	504	48	-90.5
AZERBAIJAN	0	198	na	198	0	-100.0	0	189	na	189	0	-100.0
BELGIUM	87	198	127.6	70	113	61.4	134	167	24.6	42	247	488.1
NIGERIA	541	161	-70.2	112	161	43.8	1015	383	-62.3	310	216	-30.3
INDONESIA	104	155	49.0	22	9	-59.1	247	189	-23.5	29	16	-44.8
NON-EU UNKNOWN	1	94	9300.0	27	0	-100.0	1	137	13600.0	35	0	-100.0
OTHER	886	556	-37.2	376	536	42.6	1367	827	-39.5	577	840	45.6
TOTAL	**36351**	**22196**	**-38.9**	**10439**	**16045**	**53.7**	**63212**	**36465**	**-42.3**	**15306**	**24929**	**62.9**
Oak sawn lumber												
U.S.A.	7863	6240	-20.6	3349	2169	-35.2	7559	6700	-11.4	3665	4238	15.6
CHINA	48	554	1054.2	74	115	55.4	51	338	562.7	40	117	192.5
U.K.	56	274	389.3	44	434	886.4	44	211	379.5	54	371	587.0
CANADA	268	225	-16.0	29	215	641.4	269	188	-30.1	41	168	309.8
LATVIA	525	209	-60.2	209	0	-100.0	302	254	-15.9	254	0	-100.0
GHANA	0	130	na	55	0	-100.0	0	90	na	22	0	-100.0
GERMANY	77	82	6.5	31	25	-19.4	120	112	-6.7	54	44	-18.5
BRAZIL	0	61	na	14	0	-100.0	0	84	na	25	0	-100.0
ALBANIA	0	51	na	51	0	-100.0	0	28	na	28	0	-100.0
OTHER	647	240	-62.9	176	135	-23.3	2093	272	-87.0	164	178	8.5
TOTAL	**9484**	**8066**	**-15.0**	**4032**	**3093**	**-23.3**	**10438**	**8277**	**-20.7**	**4347**	**5116**	**17.7**
Tropical hardwood plywood												
BRAZIL	11939	10677	-10.6	4212	5057	20.1	34945	34095	-2.4	14046	16918	20.4
U.K.	4151	5269	26.9	2458	2761	12.3	8735	8874	1.6	3418	5663	65.7
SWEDEN	2143	1110	-48.2	823	428	-48.0	2721	2217	-18.5	1161	616	-46.9
BELGIUM	2019	922	-54.3	514	517	0.6	4039	1792	-55.6	1095	1051	-4.0
CANADA	511	486	-4.9	486	105	-78.4	895	968	8.2	968	201	-79.2
NETHERLANDS	1190	373	-68.7	859	161	-81.3	411	802	95.1	665	547	-17.7
OTHER	3848	1788	-53.5	1025	695	-32.2	7947	4302	-45.9	2029	832	-59.0
TOTAL	**25801**	**20625**	**-20.1**	**10377**	**9724**	**-6.3**	**59694**	**53050**	**-11.1**	**23382**	**25828**	**10.5**

	Value (1000s euros)						Weight (tonnes)					
	2001 Year	2002 Year	% chg 01-02	2002 Jan-Jun	2003 Jan-Jun	% chg 02-03	2001 Year	2002 Year	%chg 01-02	2002 Jan-Jun	2003 Jan-Jun	% chg 02-03
Hardwood profiles												
CHINA	5742	8573	49.3	4488	5345	19.1	2866	4750	65.7	2338	3352	43.4
U.K.	8202	6046	-26.3	2818	2680	-4.9	2750	2632	-4.3	835	1334	59.8
CANADA	5367	4797	-10.6	2757	1993	-27.7	2625	2734	4.2	1546	1209	-21.8
MALAYSIA	2248	1910	-15.0	972	836	-14.0	1314	1162	-11.6	650	511	-21.4
OTHER	14781	13781	-6.8	7468	5008	-32.9	7648	8179	6.9	4387	3133	-28.6
TOTAL	**36340**	**35107**	**-3.4**	**18503**	**15862**	**-14.3**	**17203**	**19457**	**13.1**	**9756**	**9539**	**-2.2**
Windows and their frames												
U.K.	13081	15827	21.0	6598	7197	9.1	2470	3168	28.3	1264	1633	29.2
DENMARK	4370	5119	17.1	1977	3751	89.7	451	602	33.5	231	477	106.5
U.S.A.	2872	2861	-0.4	1174	1352	15.2	195	198	1.5	82	97	18.3
ESTONIA	122	802	557.4	308	559	81.5	28	130	364.3	54	76	40.7
OTHER	2371	1093	-53.9	639	489	-23.5	431	292	-32.3	169	166	-1.8
TOTAL	**22816**	**25702**	**12.6**	**10696**	**13348**	**24.8**	**3575**	**4390**	**22.8**	**1800**	**2449**	**36.1**
Doors and their frames												
U.K.	13526	16862	24.7	6829	11162	63.4	6143	7185	17.0	3168	5016	58.3
SOUTH AFRICA	7553	8451	11.9	3871	4140	6.9	4570	5373	17.6	2455	2598	5.8
SPAIN	3587	4617	28.7	1682	2066	22.8	974	1189	22.1	333	443	33.0
BRAZIL	3373	3669	8.8	2034	2555	25.6	2162	2538	17.4	1379	1951	41.5
OTHER	15935	14073	-11.7	7724	6768	-12.4	4482	4414	-1.5	2221	2144	-3.5
TOTAL	**43974**	**47672**	**8.4**	**22140**	**26691**	**20.6**	**18331**	**20699**	**12.9**	**9556**	**12152**	**27.2**
Parquet panels												
U.K.	878	2789	217.7	1074	1401	30.4	565	1633	189.0	673	744	10.5
CHINA	2224	2471	11.1	1043	1274	22.1	1177	1372	16.6	577	729	26.3
INDONESIA	1434	1920	33.9	747	440	-41.1	809	1057	30.7	416	253	-39.2
SWITZERLAND	1174	1841	56.8	635	1149	80.9	1041	2244	115.6	744	1556	109.1
OTHER	7466	7051	-5.6	3820	3178	-16.8	3842	3025	-21.3	1616	1573	-2.7
TOTAL	**13176**	**16072**	**22.0**	**7319**	**7442**	**1.7**	**7434**	**9331**	**25.5**	**4026**	**4855**	**20.6**
Wooden furniture												
U.K.	89131	104631	17.4	45548	50477	10.8	18693	20926	11.9	9685	10077	4.0
ITALY	21014	22102	5.2	11400	10434	-8.5	3685	4735	28.5	2866	1907	-33.5
MALAYSIA	13336	14756	10.6	7573	6822	-9.9	6096	7526	23.5	3626	3887	7.2
INDONESIA	5332	13397	151.3	6690	3744	-44.0	2089	5384	157.7	2744	1472	-46.4
ROMANIA	4170	7117	70.7	3273	4088	24.9	1577	2479	57.2	1162	1400	20.5
BELGIUM	6035	7017	16.3	3751	3168	-15.5	1322	1635	23.7	854	697	-18.4
DENMARK	6984	6963	-0.3	4387	2939	-33.0	1568	1867	19.1	1164	712	-38.8
CHINA	3781	5924	56.7	2743	4517	64.7	1417	2124	49.9	1072	1912	78.4
OTHER	59391	51851	-12.7	27975	28059	0.3	16444	17182	4.5	8453	10798	27.7
TOTAL	**209174**	**233758**	**11.8**	**113340**	**114248**	**0.8**	**52891**	**63858**	**20.7**	**31626**	**32862**	**3.9**

Data sources: data is derived from data supplied by BTS Ltd drawn from Eurostat. Value and weight data is provided as supplied by BTS. Due to numerous errors in the Eurostat volume data, data provided here is estimated where necessary from weight data. For breakdown of harmonised system (HS) codes used to prepare these tables see below.

HS codes for EU trade data

Tropical logs: 44034980, 44034995, 44034920, 44034100, 44034910, 44034940, 44039995 (from tropical countries), 44039998 (from tropical countries).
Beech logs: 44039200, 44039290, 44039210.
Oak logs: 44039100, 44039190, 44039110.
Other hardwood logs: 44039950, 44039910, 44039959, 44039951, 44039995 (from non tropical countries), 44039998 (from non tropical countries).
Tropical hardwood plywood: 44121390, 44121310, 44129299, 44122299, 44129210, 44122210, 44129291, 44122291.
Other hardwood plywood: 44121400, 44122980, 44122300, 44122920.
Tropical sawn lumber: 44079994, 44079996, 44072969, 44072999, 44072995, 44072961, 44072560, 44072580, 44072490, 44072690.
Beech sawn lumber: 44079200.
Oak sawn lumber: 44079190.
Other hardwood lumber: 44079997, 44079991.
Planed, sanded, or finger jointed hardwood: 44079910, 44079115, 44072905, 44072510, 44072610, 44079930, 44079139, 44072931, 44072983, 44072930, 44072939, 44072920, 44072530, 44072430, 44072630, 44079950, 44072950, 44072985, 44072550, 44072650 44072415.
Hardwood profiles: 44092091, 44079131, 44092011, 44092098.
Tropical hardwood veneers: 44083985, 44083995, 44083935, 44083980, 44083990, 44083931, 44083921, 44083130.
Other hardwood veneers: 44089089, 44089085, 44089081, 44089095.
Planed hardwood veneers: *These include all products which are planed, sanded, or finger jointed and boards for pencils:* 44083111, 44089035, 44083970, 44083121, 44083955, 44089015, 44083125, 44083915.
Doors and frames: 44182080, 44182010.
Windows and their frames: 44181090, 44181010.
Wood furniture:
Includes finished furniture, furniture components, and prefabricated buildings of wood 94016100, 94016900, 94019030, 94033011, 94033019, 94033091, 94033099, 94034090, 94035000, 94036010, 94036030, 94036090, 94039030, 94060010.

Malaysia running on empty

C&F Europe (dollar) prices for most grades of dark red meranti have remained steady at low levels over the last month. Further weakening of the dollar against the euro has meant that prices have seemed even lower to European importers. Shippers in Peninsular Malaysia have dark red meranti stock available for December/January shipment, but there is very little volume in the supply pipeline. Log supplies are restricted due to monsoon weather and sawmillers have refrained from cutting for the European market due to weak demand. **Pages 2/3**

Myanmar teak disruption

Exports of Burmese teak boards and further processed products have been severely disrupted in recent months. During the summer the U.S. banned all trade between American companies and Myanmar. Teak sawn and machined lumber exports ceased temporarily in August and September after the Forest Minister was arrested for corruption. Exports have now resumed but subject to a strict quota system. The increased bureaucracy has meant FOB prices for Myanmar teak lumber have risen since the summer months. Myanmar teak log exports have been unaffected by these developments **Page 3**

Price gains for tropical plywood

Indonesian tropical plywood prices have continued to rise, in late November reaching INDO96 less 19% to 22% depending on size of order for BB/CC grade. Price gains reflect declining log availability, increased controls on illegal logging, and rising freight rates. Brazilian hardwood plywood prices have also tended to firm but remain around 10% below Indonesian prices. In Japan, demand is brisk for JAS certified plywood but falling away rapidly for non-certified product. UK demand has remained subdued. Demand for imported plywood in the United States has been good in recent months. **Page 3**

Mahogany regulations tightened

Regulations governing the trade in Swietenia macrophylla (South American mahogany) from all locations were tightened from 15 November following the species listing on CITES Appendix II. **Page 4**

Rising demand for U.S. hardwoods

Domestic demand for American hardwoods has been good in recent weeks.The strength of U.S. economic recovery has surprised economists. In October 2003, residential construction reached the highest level of activity seen in 17 years, boosted by low interest rates and rising confidence. Overall U.S. hardwood exports have improved during the course of the year making some of the biggest gains since the summer. U.S. hardwood log supply seems to have improved in recent weeks, but reports are varied. Many sawmills still suggest that log inventories are not as high as they would wish at this time of year. Expectations are for firm dollar prices for most U.S. hardwood items during the winter months. **Pages 4/5**

Beech and oak on different tracks

The European beech trade is still beset with problems. E.U. beech log exports to the Far East recovered strongly this year, but sawn lumber exports have fallen sharply. E.U. domestic demand for beech sawn lumber is weak due to the furniture sector recession. The shift from beech lumber to log exports is creating considerable tension within the European sawmilling industry. Meanwhile, the European oak market, both for logs and sawn lumber, is thriving. **Pages 5/6/7**

E.U. shifts to secondary wood product imports

The trend towards greater E.U. imports of secondary processed wood products at the expense of primary wood products has continued strongly this year. This trend has been driven both by long-term globalisation factors which are encouraging companies to shift manufacturing facilities to lower cost countries, and by short term currency fluctuations. The strength of the euro has inflated the relative costs of wood processing in Europe. **Pages 10/11**

Some good news from Italy

The economic recession in Italy this year has had an impact on Italian hardwood imports, but the news is not all bad. Italian hardwood log imports during the first 6 months of 2003 were down across the board. Imports of tropical and beech sawn lumber were declining, but imports of sawn oak lumber were rising strongly. There has been a strong trend in the Italian market towards purchasing of cut-to-size timber. Eastern European suppliers have been quick to exploit this trend. **Pages 12/13**

Portugal's tropical wood imports fall

Portugal is experiencing its steepest economic downturn in two decades. Imports of tropical logs and sawn lumber have fallen sharply. Imports of beech and oak sawn lumber have been more stable. **Page 14**

Ireland's tropical imports recover

Ireland's imports of tropical sawn lumber and plywood have recovered this year after a downturn in 2002. Ireland's imports of American white oak have increased in volume terms but declined in euro value terms. **Page 15**

SFI program overtakes FSC

Between March and October this year, global certified forest area increased from around 139 million to 164 million hectares. This growth focused strongly on North America. The SFI Program has overtaken the FSC as the world's second largest certification program in terms of area (after PEFC). Other significant gains have been in Malaysia where the MTCC scheme is beginning to make headway. The rapid increase in certified forest area in Eastern Europe seen in 2002 has not been repeated this year as most of the large state owned forests of the Baltics and Poland are already certified. Future major expansion in certified forest area may focus on Southern hemisphere plantations and eucalyptus forests. **Pages 6/7**

Illegal logging in Peru

An ITTO report says that Peru's new forestry law is an important step towards reducing illegal logging, but strong additional measures are needed. The report also highlights that while corruption has been a contributory factor, the main underlying causes of illegal logging in Peru are related to poverty and excessive bureaucracy. **Page 4**