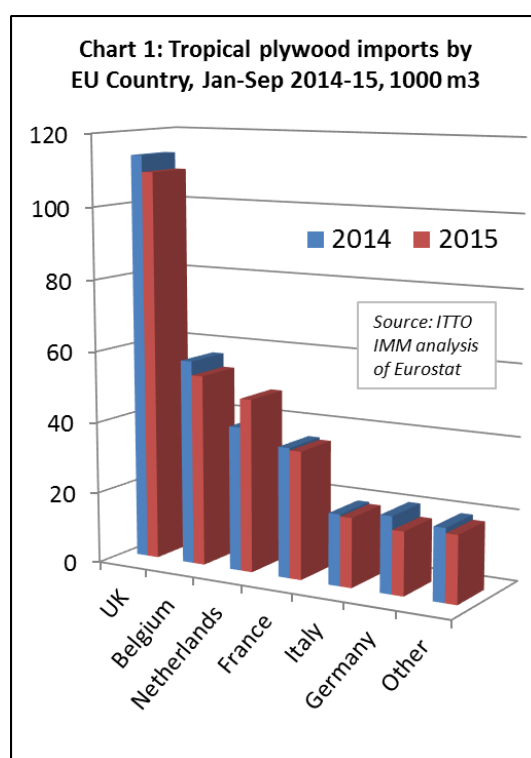


European imports of tropical plywood down 2%

The EU imported 302828m³ of tropical plywood in the first nine months of 2015, 2% less than the same period in 2014. EU demand for tropical plywood in 2015 has been negatively affected by the weakness of the euro relative to the US dollar, slow growth in the building sector in most European countries, as well as lower prices and short lead times for competing temperate plywood products from Europe, Russia and China.

Imports of tropical plywood into the UK were 109,093m³ in the first nine months of 2015, 4% less than the same period in 2014. Imports also declined into Belgium (-6.7% to 53,569m³), France (-1.7% to 35,746 m³), Italy (-2.6% to 19,384m³) and Germany (-17.2% to 17,705m³) during this period (Chart 1).

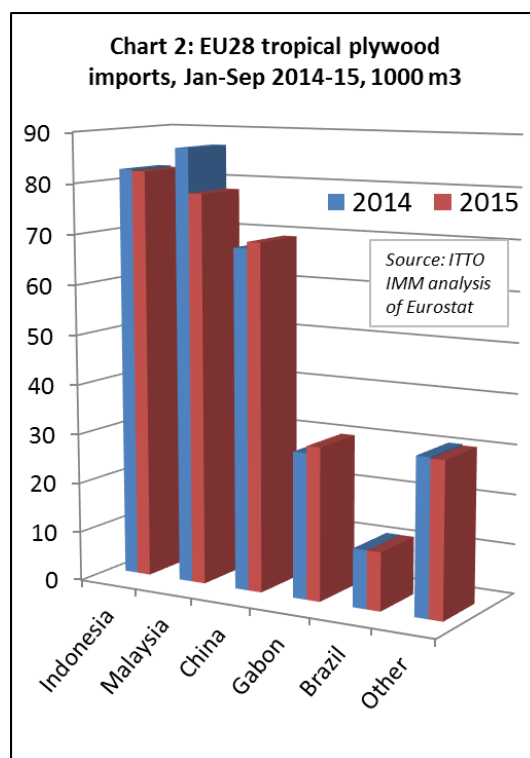


Of the six main tropical plywood consuming countries in Europe, only the Netherlands increased imports during the first nine months of 2015, by 20% to 48,471m³. This aligns with the trend in imports of other tropical wood products into the Netherlands, including sawn wood, joinery and flooring, all of which have increased significantly in 2015. After several years of decline, the Netherlands market for tropical wood has bottomed out and appears to be on the way to sustained recovery.

EU tropical plywood imports from Malaysia fall 10%

Much of the decline in EU imports of tropical plywood during the first nine months of 2015 was due to lower deliveries from Malaysia, which fell 10% to 78,148m³. Tropical

plywood imports from Indonesia, at 82,053 m³, were close to the level of the previous year (Chart 2).

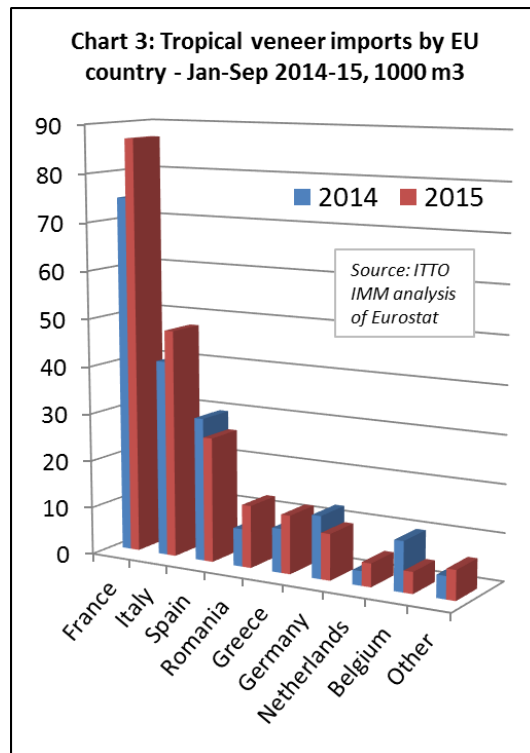


Indonesia's comparatively good performance is mainly due to recovery in the Netherlands and increasing sales in the UK. However Indonesian plywood has been losing market share in Germany this year, both to alternative European and Russian plywood and to wood plastic composites.

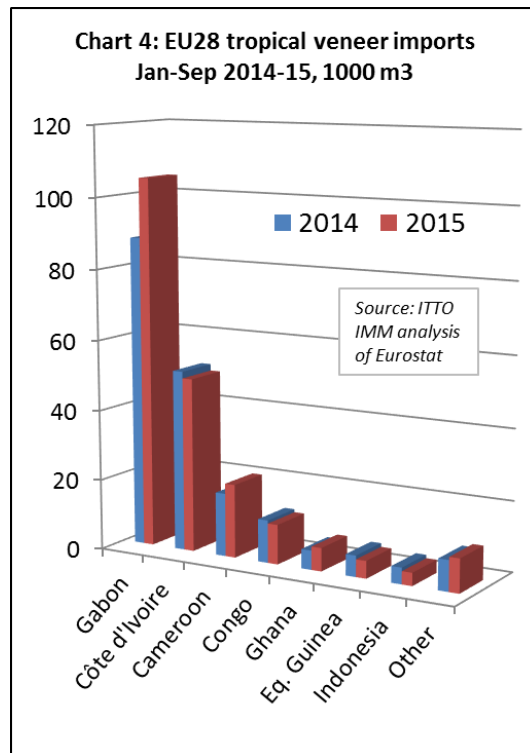
Of the three remaining large suppliers of tropical plywood to the EU, imports in the first nine months of 2015 increased from China (+1.9% to 69,346m³) and Gabon (+4.8% to 30,627m³) and remained stable from Brazil (at 11.646m³).

France and Italy increase tropical veneer imports

EU imports of tropical veneers increased 8.8% to 311,372m³ in the first nine months of this year, mainly due to recovery in the traditional markets in France and Italy which together account for almost half of the EU's tropical veneer imports. Imports increased into France by 16.4% to 86,915m³ and Italy by 15.9% to 47,725m³. There were also gains in imports by Romania (+64.8% to 13,073m³) and Greece (+32.9% to 12,235m³). However there was a sharp decline in imports into Spain (-12.9% to 26,166m³) and Germany (-26.2% to 9,659m³) during the same period (Chart 3).



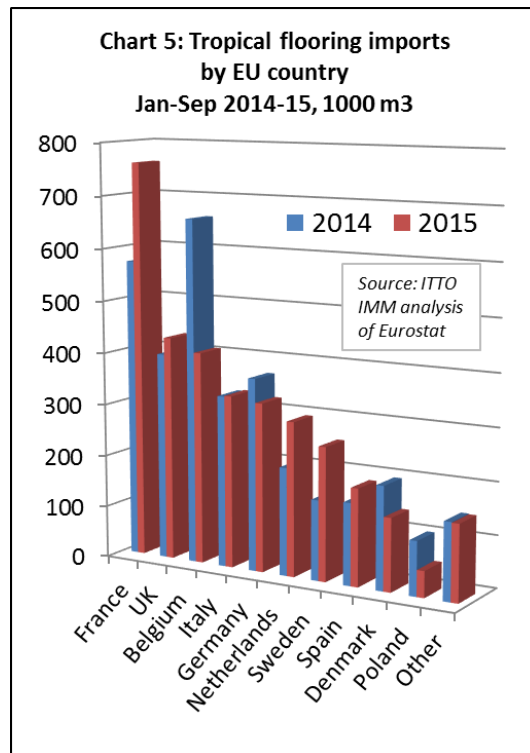
Much of the increase in EU imports of tropical veneer during the first nine months of 2015 was due to a sharp rise in deliveries from Gabon (+19.2% to 104,987m3) (Chart 4). French and Italian okoumé plywood producers sourcing veneer primarily from Gabon have benefitted from improved demand this year. Demand has recovered in the Netherlands, while some improvement is also reported in both the French and Italian domestic markets.



Besides Gabon, Cameroon (+16.3% to 20,866m3) and Ghana (+21.1% to 6,600m3) also stepped up deliveries of tropical veneer to Europe during the first nine months of 2015. However imports from all other major supply countries decreased this year, including from Ivory Coast (-3.6% to 49,469m3), Congo (-7.0% to 11,249m3), Equatorial Guinea (-17.3% to 4,953m3) and Indonesia (-21% to 3.673m3).

Tropical wood flooring imports shift from Belgium to France

Total EU imports of wood flooring from tropical countries were practically unchanged (+1% to 3.327 million m2) in the first nine months of 2015. However import trends varied widely between European countries. Most notably imports into France increased 32.9% to 760,784m3, a gain offset by a 38.3% decline to 407,264m2 in imports by Belgium (Chart 5).



These trends are more likely due to alterations in distribution networks for wood flooring in north-western Europe than to any significant change in consumption levels. The European Federation of the Parquet Industry (FEP) reports that wood flooring sales in France were merely stable in the first nine months of this year; an increase in sales by around 3% in the first few months was followed by a satisfactory second and a weaker third quarter. FEP also reports stable sales and consumption of wood flooring in Belgium in the first nine months of this year.

UK imports of wood flooring from tropical countries increased 8.2% to 430,659m² in the first nine months of 2015. This aligns with FEP estimates that overall wood flooring sales in the UK increased by around 5% in the first nine months of this year. Italian imports of wood flooring from tropical countries were stable at 330,829m² in the first nine months of 2015, also in line with FEP estimates of stable overall wood flooring consumption in Italy.

Imports of wood flooring from tropical countries into Germany declined 12.2% to 323,661m² in the first nine months of 2015. FEP reports that luxury vinyl tiles (LVT) remain a strong competitor to wood flooring assortments in this market. However, the total market for wood flooring in Germany appears to be performing better than the tropical wood segment. FEP records stable sales of all wood flooring in Germany in the first nine months of 2015. The German market continues to see a strong trend of using oak in both flooring and furniture.

In the Netherlands, recovery in the building sector is reflected in a 42.6% increase in imports (to 295,344m²) of wood flooring from tropical countries in the first nine months of 2015. Unlike Germany, imports of wood flooring in the Netherlands from tropical countries increased more rapidly than overall demand. FEP records no more than a 2% increase in overall wood flooring sales in the Netherlands during the period. However FEP confirms that the Dutch housing market has “a better outlook than in the last seven years”.

Sweden (+66.4% to 255,746m²) and Spain (+18.5% to 186,178m²) also registered significant increases in wood flooring imports from tropical countries in the first nine months of 2015, although from a very small base. In contrast, imports declined sharply into Denmark (-29.1% to 139,810m²) and Poland (-51.5% to 50,486m²), despite FEP reporting a slightly positive development in overall wood flooring sales in both countries during the same period.

Indonesia is currently the single largest tropical supplier of wood flooring into the EU market. EU imports from Indonesia increased 7.6% to 1.144 million m² in the first nine months of 2015. Imports also increased from Viet Nam (+22.4% to 315,903m²) and Brazil (+3.7% to 526,114m²) during the same period. However imports fell from Malaysia (-7.0% to 963,560m²), Thailand (-4.1% to 80,609m²), Peru (-29.9% to 66,562m²) and China (-2.3% to 53,497m²). (Chart 6).

