Erosion of supply infra-structure suggests trouble ahead for tropical wood trade

Reviewing the position of the tropical wood trade in Europe at the turn of the year is a sobering experience. Following the all-time low in EU tropical hardwood imports in 2012, all the signs are that imports in 2013 fell even further. In addition to low demand, an emerging problem has been the progressive erosion of the infra-structure to supply tropical hardwoods into Europe. Looking ahead, prospects for tropical wood in the European market do not look good. However, an increased focus on marketing and communication offers some grounds for optimism.

Some encouraging reports have also emerged of improving market conditions in Europe from the third quarter of 2013 onwards. The economic situation in Europe seems to have stabilised for the time being as the worst fears of currency collapse in the euro-zone have waned. The European construction sector also appears to have hit bottom and is poised once again for growth, albeit slow and still uncertain (see below).

However, the end of 2013 was also marked by very troubling reports from the supply side. After such a long period of low and sluggish demand, tropical hardwood producers have inevitably looked elsewhere to sell their products and a significant proportion of the processing capacity and infra-structure to supply the European market has been dismantled.

In recent months, several commercial enterprises specialising in tropical hardwoods - and that have played a critical role by maintaining landed stocks in Europe - have closed sites or withdrawn from the market altogether. Particularly notable is the announcement by DLH, one of Europe's largest tropical hardwood trading companies, that it is looking for buyers for its remaining European business units. This followed hard on the heels of an earlier decision to close the company's Antwerp stock-holding operation (see below). Other recent closures of tropical hardwood enterprises in Europe include Precious Woods Europe (see below) and the Dutch company Bekol International.

In the short term, these closures add uncertainty and might be a further deterrent to forward orders as importers look first to obtain volumes from stock clearance sales. Longer term, they imply that European manufacturers may be even less able to obtain the full range and diversity of tropical hardwoods at short notice.

This is particularly troubling at a time when availability and turnaround times for orders of tropical hardwoods in the supplying countries have often become very lengthy. For example, until fairly recently, it used to be possible for European buyers to order a range of specifications of meranti lumber from Malaysia and receive it within three weeks. Now turnaround times are at least 2 months and may be 6 months for some specifications. There are also reports of deliveries being postponed and declining wood quality. And this is from a supply country which has in the past achieved a strong reputation for consistent product quality and reliable delivery.

Another implication of this long period of low tropical hardwood consumption was recently highlighted by the TTJ. In its latest report on African hardwood demand in the UK, TTJ observes that "during times of low consumption in Europe most buyers concentrate on a very small number of favoured species. No-one wants to speculate on a less familiar species than end users have to be persuaded to try". TTJ goes on to suggest that "the strong efforts made in the past to introduce lesser-used tropical timber species to the market seem to have fallen away almost completely".

Alongside this, TTJ laments the failure of the African forest industries to co-operate in the establishment of a strong marketing organisation, comparable to the Malaysian Timber Council or American Hardwood Export Council. Such organisations are particularly important at a time of intense competition for share in traditional markets and when there is an essential need to find new sources of demand through innovative products and marketing strategies.

Meanwhile, in so far as there is a public dialogue in Europe on tropical hardwood issues, there is little focus on mundane (but actually rather profound) issues such as availability, turnaround times, marketing, species technical performance, product quality and stock holdings. Instead the focus is on the issues of illegal logging and deforestation and the favoured tools of European policy makers - EUTR, FLEGT VPAs, and forest certification. These are all tools which would become largely irrelevant to the management of tropical forests if there is little or no trade.

There is a profound need now for the architects of these measures to take a hard look at their commercial as well as environmental and social impacts. There also needs to be much stronger focus on positive communication of progress through these and other initiatives of producer countries, and on the contribution of a sustainable tropical hardwood trade to the conservation of tropical forests.

There are at least signs that this is beginning to happen. The Congo Brazzaville Declaration, signed in October 2013 by governments, business, civil society, international organizations, and donors, strongly emphasised the need for investment in sustainable tropical timber industries across the major producing regions of Africa. Paris-based ATIBT, an organisation which for many years has provided technical support to the tropical wood industry, is now working to establish a more professional tropical wood marketing campaign in Europe.

In a parallel initiative in November 2013, over forty private and public organizations jointly launched the European Sustainable Tropical Timber Coalition (STTC). The STTC has the single specific aim to increase European demand for timber from sustainably managed tropical forests.

2013 also saw launch of the Global Timber Forum, with strong tropical industry participation, with the aim of creating a new communications hub for timber trade federations and national and regional umbrella bodies around the globe. At the Forum's inaugural meeting in Rome in May 2013, it was agreed the GTF would focus on four key themes: communicating the economic sustainability of timber use and the role of sustainable timber production in maintaining forests; meeting market legality requirements; promotion of wood products; and realising new opportunities, particularly in green building.

Alongside these communication efforts, at ITTO's market discussions in Gabon during November 2013, the EU announced its intention to provide financing to ITTO in the amount of EUR 4 million (approximately US$5,435,000) to implement an independent market monitoring system for FLEGT-licensed timber entering the EU under the terms of VPAs negotiated with tropical countries. This offers an opportunity for the tropical timber sector and policy-makers to acquire a much deeper understanding of market drivers in Europe and the measures required to build a strong sustainable trade in tropical timber.

DLH remaining business units up for sale

The individual business units of DLH, one of Europe's largest tropical hardwood trading companies, have been put up for sale. The Board's decision to sell the individual business units was confirmed at an extraordinary general meeting of the company's shareholders on 9 January 2014.

The move comes following a thorough analysis by the DLH Board of Directors, management and external consultants of the company's future options. According to a DLH statement, the move is a response to "an ever challenging market for wholesale trade in timber and timber products and an uncertain outlook in the years ahead."

According to DLH, the aim of the sale is to "deliver the greatest possible cash proceeds to the company's shareholders". Until such buyers are found, DLH "will continue to develop and optimize its business units with the aim of creating maximum value for its shareholders".

The move may be seen as the final stage in a process of divestiture and asset reduction in the face of financial losses and higher levels of debt since the start of the European financial crises. In 2010, DLH completed the sale of its' African production units in Congo-Brazzaville and Gabon to Singapore-based OLAM International Ltd. At that time, DLH aim was to turn itself a focused global wholesaler in the market for timber, sheet materials and wood-based products.

However, the sales of DLH assets continued. In February 2011, DLH's UK stock-holding operation was sold to James Latham PLC. In September 2012, DLH announced that it would be selling its inventory in Antwerp, which serves the Belgian, Dutch and German markets and would cease stock based sales in these markets during 2014.

The companies remaining business units are now being offered for sale. These include three regional European business units, covering respectively "Western Europe" (now consisting only of a stock-holding operation in France), "Nordic Area" (stock holdings in Denmark, Norway, and Sweden) and "Central Europe and Russia" (stocking holdings in Czech republic, Slovakia, Poland, UKraine and Russia).

There is also DLH's "Global Sales" business area which operates internationally with 'back to back' trade in hardwood and sheet materials with sales offices in US, Brazil, Nigeria, Cameroon, India, Dubai, Vietnam, Indonesia, Hong Kong, China. Global Sales sells directly to customers without carrying stock itself

According to DLH, "all business units make a positive contribution to the Group, although there is limited synergy between the units…..On a European level, where market conditions are particularly difficult, the view of the Board of Directors and the Management is that there is a need for consolidation and scale to ensure competitiveness. In relation to the analysis, potential buyers have expressed an interest in selected assets, albeit only at an exploratory level".

The sale announcement came shortly after release of DLH's interim financial statement to end September 2013. This notes that "the market situation in Europe remains challenging although we are seeing a gradual improvement, which indicates that we are heading towards a more stable situation". It indicated that DLH's global back-to-back sales for the first nine months of 2013 were

13% higher than the same period the previous year. However European business saw a fall of 20% "as a consequence of a generally lower activity level combined with a long winter in Europe". Global sales achieved an increase of 9% in the third quarter of 2013 whereas turnover in Europe fell by 14%.

Within Europe, the financial statement highlights "particularly difficult" market conditions in France as a consequence of weak macro-economic conditions and declining consumer confidence. While demand for sheet materials in France is better than for sawn hardwood timber, the margins in this sector are lower resulting in lower revenue overall. The report from the Nordic region is more positive. While the value of sales to this region fell 22% during the first nine months of 2013, it's suggested that "the industrial segment in Sweden and Norway offers good growth potential".

The financial statement showed that the value of DLH turnover in Central Europe and Russia fell 16% in the first nine months of 2013. Sales were affected by "weak macroeconomic conditions and the long, tough winter at the start of the year". The fall in turnover covered all countries and product groups. Intense price pressure continues.

The increase in DLH Global Sales during the first nine months of 2013 was achieved primarily in China whereas the business in India, in particular, saw a decline. Competition in the global market continued to be tough and price pressure significant. Moreover, growth in turnover was achieved primarily within bulk supplies with a lower gross margin.

Vandecasteele acquires Precious Wood stock of Brazilian hardwood

In another sign of the challenges faced by tropical hardwood stock holding operations in Europe, in November 2013 the Swiss tropical-timber company Precious Woods announced closure of its Dutch sales subsidiary in Nieuwerbrug and its intention to terminate the activities of Precious Woods Europe BV. Precious Woods will in future concentrate only on direct sales from the company's Brazilian production sites, a strategy already used for wood products supplied by Precious Woods operations in Gabon.

In December, the Belgian family company, Vandecasteele Houtimport announced acquisition from Precious Woods Europe of the entire 8200m3 of FSC certified Brazilian timber stocks . Vandecasteele said that "this strategic procurement sits perfectly with the Vandecasteele philosophy of legal and sustainable timber supply".

Rougier reports upturn from third quarter of 2013

Rougier, the France-based specialist in certified African hardwoods, recorded €102.1 million in revenues during the nine months to end September 2013, down 4.2% compared to the same period in 2012. However, the third quarter of 2013 confirmed the positive turnaround seen during the second quarter, with revenues climbing 11.9% compared to the third quarter of 2012 to reach €36.8 million. Looking forward, Rougier are confident that final sales for the whole of 2013 should slightly exceed those of 2012. But it's also noted that the longer-term market outlook is still uncertain.

Rougiers' International branch achieved third-quarter 2013 revenues of €30.7 million, up 12.0% on the third quarter of 2012. As a result the overall contraction in sales for the first nine months of 2013 is only 2.6% compared to the same period in 2012. Business has been temporarily affected by the difficulties with port handling issues in Douala, resulting in longer shipping times for logs from

Cameroon and Congo. In Gabon, business shows signs of improving, thanks in particular to a good level of forest production, combined with the development of log sales on the local market.

During the third quarter, the France Import-Distribution branch generated €7.6 million in revenues, an increase of 18.0% in relation to last year, following a first six months marked by a difficult economic environment and relatively unfavorable weather conditions. This upturn in business meant the overall contraction in revenues over the first nine months of 2013 was only 6.1% (€24.4 million).

Rougier overall sales to Europe were €50.6 million in the first nine months of 2013, 13.3% down compared to the same period in 2012. This decline was largely offset by a rise in sales to Asia (+14.3% to €26.5 million), the Mediterranean Basin and Middle East (+17.2% to €8.3 million), America (+103.4% to €7.4 million), and sub-saharan Africa (+40.6% to €9.3 million).

Considering individual product groups, Rougier log sales were down 25% during the first nine months of 2013 compared to the same period in 2012. This was due to delays with shipments from Cameroon and Congo. Log sales generated 23% of company revenue in the first nine months of 2013. Sawn timber sales generated 56% of total revenue for the first nine months of 2013 and were up 7.9% compared to the previous year. The third quarter was particularly buoyant, with sales coming in 28.5% higher than the third quarter of 2012. The positive trend was due both to an increase in sales prices and to diversification of certified product ranges on offer.

Rougier plywood sales generated 21% of total revenue for the first nine months of 2013, down 6% on the previous year. Rougier note the market for African plywood remains difficult and highly competitive. Nevertheless, revenues for the third quarter of 2013 were 4.2% up on the same quarter in 2012, confirming the turnaround that began during the second quarter of 2013.

TRAFFIC report highlights declining European trade in Amazonian timber products

A new report by TRAFFIC, the wildlife trade monitoring network, highlights the significant decline in the overall value of European trade with countries of the Amazonian region in recent years. The report was supported by the EC and forms part of EU efforts to monitor the impact and effectiveness of Forest Law Enforcement, Governance and Trade (FLEGT) policy measures. The report analyses timber trade trends in four focus countries, namely Brazil, Colombia, Ecuador and Peru.

The report shows that the contribution of the Amazonian region to commercial supply of timber on international markets has been falling. It suggests this trend is driven by a range of factors including low international competitiveness of Amazonian timber suppliers and increased forest law enforcement. Other factors include volatility in exchange rates and rising regional demand which has further reduced incentives to export.

The report also suggests that the economic downturn in Europe and North America has transformed the principal export markets for Amazonian wood products. Importers in these countries are now much less inclined to purchase from areas like Amazonia where supplies are uncertain and irregular and prices volatile. Introduction of the US Lacey Act amendment in 2008 and the European Union Timber Regulation (EUTR) from March 2013 have further encouraged a more risk-adverse attitude amongst western importers.

More positively, the report notes the concerted efforts now being made to help reverse the decline through a focus on more secure and less volatile supply of Amazonian wood products from legallyverified and certified forest areas. It also notes that in the case of Brazil, much of the decline in exports of Amazonian hardwoods to Europe has been offset by a significant rise in exports of chemical hardwood pulp from eucalyptus plantations in southern Brazil. Increased European demand for chemical pulp is being driven by increased use of recycled fibres for paper manufacturing. The chemical pulp is blended with the weaker recycled fibers to enhance the strength of the finished paper.

The report shows that EU imports of Brazilian solid timber products (excluding pulp and paper) declined from 7 million m3 RWE volume in 2007 to 2.5 million m3 RWE in 2012. EU Imports of sawnwood and mouldings from Brazil have fallen particularly dramatically and around two thirds now consist of plywood, mostly softwood.

The report notes that only 140,000 m3 RWE (5%) of EU timber product import volume from Brazil in 2012 is specifically identified as tropical hardwood. However, the report also notes that many so-called “lesser known species” – which are particularly dominant in the South American tropical hardwood trade – are not identified as tropical in the Harmonized System of trade codes and are instead listed as “other hardwood”. Therefore most of the 415,000 m3 RWE (35%) of EU solid timber product imports from Brazil identified as “other hardwood” in 2012 were also likely to be composed of tropical species.

EU imports of solid timber products from Ecuador were rising between 2009 and 2012, from 14000 m3 RWE to 20 000 m3 RWE. Around 95% of import volume in 2012 consisted of sawnwood. Most was balsa for which there has been rising demand for manufacture of wind farms in Europe.

EU solid timber imports from Peru fell from around 20000 m3 RWE in 2007 to below 10000 m3 RWE between 2007 and 2009 but rebounded strongly to over 25000 m3 RWE in 2011 and 2012. The vast majority of imports in all years comprised sawnwood and mouldings. EU trade statistics provide little insight into species composition, as nearly all product is identified under various “other hardwood” codes. This implies that most imports comprise “lesser known” species such as cumaru, marupa, and ishpingo, and that the EU is no longer engaged in Peruvian trade in “big name” species like mahogany and cedro.

In terms of volume, EU imports of Colombian solid timber products have been quite small and erratic in recent years. Imports were consistent at around 2000 m3 RWE per annum between 2007 and 2010, but then increased sharply to 6600 m3 RWE in 2011 – mainly due to a short-lived rise in imports of sawnwood into Portugal – and then fell away again to 3600 m3 RWE in 2012.

European construction hits bottom and set to grow

Construction activity in Europe hit bottom in 2013 and should grow slowly in 2014. This new forecast was issued in on 28th November 2013 at the 76th Euroconstruct Conference in Prague. Euroconstruct’s new projection for 2013 represents a slight upgrade on their earlier forecast issued at the 75th Conference in June 2013. This is due to rising confidence and strong growth in Scandinavia and Poland.

The latest Eurocontruct construction output expectations point to a 3% dip overall in 2013 across the 19 Euroconstruct countries - 15 in Western Europe and four in Central and Eastern Europe. The decline is a slowing of the 5.2% cent fall seen in 2012, attributed largely to a sharp reduction in Spanish output but also the UK and Italy.

The forecasts for 2014 and 2015 are also marginal upgrade on the forum's June predictions, and now show growth of 0.9% in 2014 and 1.8% in 2015. November's publication also forecasts a 2.2% growth in 2016.

Although quite small, the recent upgrades in forecasts are the first for several years. Euroconstruct forecasts issued every 6 months during the previous three years have typically been downgraded as construction activity consistently failed to live up to expectations.

Germany, the continent's largest country for construction output, is forecast for flat growth this year before a 2.7% rise in 2014, with an 8% increase in residential construction. After declining 7.8% in 2012, UK construction weakened a further 1.1% in 2013. However construction in the UK is forecast to rise 2.4% in 2014 and 3.1% in 2015. In France, construction output was quite stable in 2012, but is estimated to have fallen 2.8% in 2013. A further 1.5% decline in French construction is expected in 2014.

The largest falls in European construction output in recent times have been in southern Europe. Construction value in Spain fell 32% in 2012 and then by 23% in 2013. In total, Spanish construction output fell nearly 80% between 2007 and 2013. Euroconstruct reckon Spanish construction is likely to fall a further 6.7% in 2014. Spain's construction sector output is now little more than that of relatively smaller countries like Switzerland and Norway.

The decline in Italian construction, while much less dramatic than in Spain, is nevertheless severe. Italian construction output fell 6.3% in 2012 and 3.3% in 2013. Euroconstruct forecast a further decline of 0.3% in 2014 before a slow recovery of 1.1% in 2015.

Construction in the Netherlands, after declining 7.2% in 2012 and a further 5% in 2013, is expected to stabilize and recover by 0.4% in 2014 and 3.4%, in 2015.

Euroconstruct identify Ireland, Norway, Poland and Denmark as potentially strong performers over the 2014-2016 period. Ireland has the largest forecast growth, at 9.8% in 2014 followed by 8.2% and 10.6% in the next two years. However this follows a dramatic downturn and the country will still fall short of 2010 output levels in 2016. Poland's forecast growth, totaling 13.5% between 2014 and 2016, is largely attributed to civil engineering. The 2014-20 budget plans for Poland are particularly expected to benefit infrastructure.

Residential construction across Europe has seen the strongest growth, and will account for 45.4% of European construction in 2013, according to Euroconstruct. This proportion is set to grow at the expense of the slower-moving non-residential construction market, following the pattern seen in previous recessions of housing becoming one of the first recovery sectors. European residential construction is forecast to grow by 2.4% in 2014 and 4% in 2015.

Forecast EU wood fiber supply deficit of 60 million m3

A new study for the European Commission (EC) suggests that over the long term demand for wood based material is rising and will overshoot supply by 60 million m3 per annum if measures are not taken to increase forest and wood utilization.

The report by Indufor was commissioned by the EC to identify and analyze trends in the supply and use of wood fiber - including recovered wood and paper - to the EU wood-processing and bio-energy sectors. The study considers demand and supply trends during the period 2001 to 2011 and provides projections for the period 2012 to 2016. It provides recommendations on measures to overcome the projected short-fall in supply.

The study suggests that the EU-27's total use of wood fiber increased from 798 million m3 RWE (roundwood equivalent) in 2000 to 942 million m3 RWE in 2011. Use of fiber is forecast to increase by a further 97 million m3 by 2016.

Increasing use of fiber in the 2001 to 2010 period was partly due to rising production capacity and demand for wood panels, construction timbers and paper products. However, over the last 15 years the energy sector has become an increasingly important driver of rising demand.

By 2020, EU member states are collectively under a legal obligation to more than double total renewable energy generation from the level of 2005. This is having a huge impact on the use of wood raw material. In 2011, about 350 million m3 of wood was utilized in the EU for energy purposes. Biomass – mainly wood - already accounts for around 55% of total renewable energy used for heat production in the EU. In some countries, notably the UK, projects are underway to generate more electricity in biomass-fueled power-plants.

A large proportion of the wood fiber consumed in the EU by the pulp and paper, wood product and bio-energy industries is derived from virgin logs. EU log consumption was around 454 million m3 in 2011 and is forecast to increase to 495 million m3 by 2016. Around 97% of log consumption derived from domestic European forests.

While raw logs are still the dominant source of fiber to the wood processing and bio-energy industries, other sources of raw material are becoming more important. The use of recovered paper by these industries increased from 120 million m3 RWE in 2000 to 145 million m3 RWE in 2011. Use of recovered paper is expected to remain stable or rise slightly between 2012 and 2016.

EU consumption of industrial wood-processing residues increased from 135 million m3 in 2000 to 173 million m3 in 2011. Use of wood processing residues is expected to rise to 186 million m3 in 2016.

Other sources of supply are forest residues, recovered wood and black liquor which together accounted for 118 million m3 RWE of wood fiber used by EU wood processing industries in 2011. These three fiber sources are together expected to contribute an additional 28 million m3 by 2016.

Limited opportunities to expand European domestic supply

While demand for wood fiber is rising in the EU, there are significant constraints to expansion of domestic supply. The study notes that European forest area is rising and already accounts for 178 million hectares (41%) of EU land area. However, around 25% of forest is not available for wood supply due to various legal and ecological restrictions. Even within the available forest area, ownership structure and the goals of the forest owner, as well as economic and technical restrictions, reduce harvestable timber volumes.

Furthermore, the rate of increase in European forest area and volume is now declining. There are only limited opportunities to establish new plantations on agricultural land. At the same time the growing stock of existing European forest is aging and accumulating much more slowly than in the past.

The report suggests various solutions to the burgeoning gap between wood fiber demand and supply. One response is to try to increase utilization of existing forests. The major challenge here is to overcome the problem of fragmentation, with a large proportion of forest area owned by smaller forest owners. More active engagement in commercial forest production by these owners may be encouraged through development of co-operatives and forestry associations.

More use could also be made of forest residues (tree tops, branches, bark, stumps). The study estimates that only about 10-15% of such residues are currently utilized, so there is potential for significant expansion.

Promotion of “cascaded” wood use

The EC/Indufor study particularly emphasizes the need to promote the “cascade principle” of wood utilization in Europe. The idea is to ensure all parts of the harvested tree - logs, pulpwood, chippings etc. - are put to optimal use from an economic and technical point of view. Better quality lumber should always be used for higher value products. Even virgin chips and offcuts should be used for manufacture of panels and integrated into higher value products. These products should be recycled at the end of life wherever possible. Fiber should be used for energy production only when other options are exhausted.

The study suggests that significant progress has already been made towards cascaded use in Europe. It includes calculation of a “cascade factor” defined as the overall use of wood raw material divided by its roundwood component. It's therefore a measure of the extent to which European wood processing industry has succeeded in increasing utilization of residues and recycled fibers. The cascade factor for EU 27 has risen from 1.96 in 2000 to 2.07 in 2011 and is projected to increase to 2.10 in 2016.

The study proposes additional measures in support of cascaded use in Europe. These include enhanced government support for a modern and diverse wood manufacturing sector in Europe with capacity to efficiently process every part of the harvested tree and to utilize recycled fibers. It suggests that international standards should be introduced to limit use of contaminants during manufacturing of wood products to enhance opportunities for recycling. It recommends establishment of reliable networks for collection and sorting of wood products at end of life in Europe.

The study also recommends more widespread use of environmental life-cycle analysis and regulations to diminish the climate footprint of construction and building activities. In that context, construction products made of wood and wood composites (e.g. combined with steel) would be given a chance to compete fairly while demonstrating their environmental credentials.

EU hardwood sector competitive on sustainability

The EC/Indufor study also comments on the relative international competitiveness of EU wood processing industries. In the sawmilling and veneer sectors, the low price of sawn wood in comparison with the relatively high price of logs is a major factor constraining margins and reducing competitiveness. Increasing demand for by-products, particularly from the energy sector, is only partly compensating for this. In addition, labour and raw material costs are much higher in the EU than in many other global regions. Europe’s competitiveness in these sectors has depended partly on higher productivity through efficient processing, but suppliers in other regions are now closing the productivity gap.

More positively for European wood processors, the EC/Indufor study argues that they maintain a strong competitive position from a sustainability perspective. This conclusion was based on analysis of four indices: Environmental Performance Index (Yale University), Corruption Perception Index (Transparency International), Ease of Doing Business (The World Bank) and Human Development Index (The United Nations Development Programme).

The study notes that that, across the full range of wood product groups, production in Europe is either declining or static, very rarely increasing. However, indications are that Europe's hardwood sawmilling sector has remained reasonably competitive relative to other regions of supply. Since the start of the economic downturn in 2007, imports have fallen more dramatically than domestic production while exports have been rising in importance. EU's annual sawn hardwood production has been fairly stable over the last decade at around 10 million m3. While domestic consumption has fallen, the EU is now exporting significant volumes of sawn hardwood to a widening range of countries, notably in Asia, North Africa and the Middle East. The EU has traditionally been a large net importer of hardwood sawnwood but this situation is now changing. In 2011, the net import volume of sawn hardwood fell to less than 1 million m3.