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New opportunities for American hardwoods in the E.U.

American hardwood exports to Europe have fallen during the last 2 years. Overall hardwood consumption in Europe has not reduced significantly, so the fall in exports indicates that American hardwoods have lost market share. Much of the loss in share has been to European hardwoods. Nevertheless, at the American Hardwood Export Council (AHEC) European Convention held in Hamburg during October, American exporters seemed confident of their ability to turn the market around.

No-one caught this mood better than David Venables, AHEC's European Director, who focused on new opportunities for American hardwood now emerging in Europe. At present, American hardwoods account for only around 5% of total hardwood lumber consumption in the E.U. To Venables, this indicates great potential for growth.

Venables identified a host of factors that are working in favour of American hardwoods in Europe. Wood is becoming more acceptable from an environmental perspective and there is increased interest in wood from sustainable sources. There is an opportunity to exploit the environmental respect for American hardwoods that already exists.

The main opportunity for future market growth is likely to be in the construction sector. There is rising interest in the architectural use of hardwood for innovative, modern and sustainable design.

Opportunities in the E.U. furniture sector may seem more restricted as a significant part of the industry has relocated to low cost locations in East Europe and Asia. But many European manufacturers are responding effectively to the competitive pressure through new design and product innovation. European manufacturers remain global leaders in design and fashion trends. In recent years these trends have favoured temperate hardwood species. American hardwood exporters can offer a wider variety of these species than any other supplier. So they are well placed to respond to changes in fashion.

Venables was also keen to highlight the continuing importance of the European market to the American hardwood export industry. In 2002, U.S. hardwood lumber exports to the E.U. reached 675,000 m3 and were valued at US\$400 million. The E.U. accounts for 45% of the total value of American hardwood exports to destinations outside North America. Europe is a very high value market. The average unit value of American hardwoods exported to the E.U. during 2002 was US\$600/m3, compared with only US\$375/m3 for China.

AHEC firmly commited to Europe

So AHEC remains firmly committed to marketing of hardwood products in Europe. Much work still needs to be done. Venables noted that European architects and specifiers still lack knowledge of American hardwoods. This is a problem that afflicts all wood products since very few architects have formal wood training. There is also lack of awareness of American hardwood products amongst key manufacturing groups. Despite strong wood understanding, Europe's specialist joinery manufacturers often have significant gaps in their knowledge of American hardwoods. These manufacturers are a key target for marketing since they provide the products that architects and designers specify and have a major influence on the decision making process.

AHEC is addressing these issues through a variety of promotional campaigns. Working through its own staff and an well established network of public relations consultants $\triangleright 6$

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Editorial - EU: land of opportunity

We focus on the E.U. market this month, a consequence of the Editor's participation at the AHEC European Convention held in Hamburg during October. No apologies are are made for this emphasis. Despite all the talk of the growing influence of China – undoubtedly significant – no-one should lose sight of the pivotal role played by the E.U. in the global hardwood trade. And, as was made amply clear at Hamburg, the opportunities for hardwood market development are as good as ever in the European Union.

The E.U. continues to absorb a huge quantity of hardwood, well in excess of the supply capabilities of domestic hardwood forests. Last year, the EU as a whole imported primary hardwood products (logs, sawn, plywood, veneers) with a total value of almost 6 billion euro. This figure excludes the rising volume of hardwood semi-finished components and finished products imported each year. The E.U. tends to buy higher grade and higher value products. The average unit value of American hardwoods exported to the E.U. during 2002 was US\$600/m3, compared with only US\$375/m3 for China.

And while there has been a trend towards E.U. manufacturing companies relocating facilities to lower cost locations, much innovative design work continues to be undertaken close to the consumer in the E.U.

Africa

African logs Euro's strength slows demand

Overall log supplies throughout the major African supply regions are constrained by higher logging taxes in some countries, the removal of Liberia as a source of supply, and poor weather conditions. The rainy season has been prolonged in the northern Congo basin and west Africa. In early November, reports indicate that logging conditions are just beginning to improve in Ghana and Ivory Coast, but rains are persisting in Cameroon. There are also reports that rain is beginning to affect okoume log supply further south in Gabon.

But limited supply continues to be matched by weak demand. Since most African suppliers invoice in euros, the relative strength of the euro against the dollar has undermined demand for African logs. China's currency, the RMB, is tied to the dollar. Therefore Chinese importers have effectively seen a significant rise in African log prices this year. Some reports also suggest high log stocks in China in certain species, Meanwhile, new opportunities for hardwoods are emerging in the European construction sector as interest in sustainability is rising and as architects are exploring the potential for hardwood in innovative and modern design.

The global importance of the E.U. hardwood market will magnify with the accession of 10 new members in May 2004. This extension eastward will make the E.U. the world's largest trading block with an internal market of 450 million people. The E.U. will absorb several countries with substantial wood processing capacity. Following accession, living standards in the new Eastern European members are expected to progressively improve. Together these trends have potential to create new demand for hardwood products.

There are serious down-side risks, not least competition from non-wood substitutes and look-alike products; the over-exploitation of hardwood forests in some parts of the world; and the damage to the industries' reputation that this implies.

These issues present a huge challenge to the European hardwood industry. But if tackled successfully, the rewards will be immense.

Rupert Oliver Managing Editor

including padouk, andoung, niove and ekop. These factors have led Chinese importers to increase the pressure on African suppliers to drop euro prices. But faced with limited supplies and rising forest taxes, most African shippers have been reluctant.

European demand for African hardwood logs remains subdued due to economic uncertainty throughout the continent. The longer term switch away from European log imports in favour of value-added products has also progressed rapidly this year. In part this trend has been driven by relocation of western European wood processing plants to lower cost countries. Okoume plywood manufactured in the E.U. from African logs has also come under intense pressure from Chinese manufactured product.

Stable prices for most species

The fragile balance between tight supply and weak demand has contributed to stable export prices for many log species. But there are exceptions. Prices for higher grade sapele logs have been sliding, a reflection

Africa

of weak demand for sapele sawn lumber combined with the heavy reliance of many Congo basin producers on this species. Some reports suggest weakening prices for doussie logs. In contrast, stronger Asian demand has boosted prices for bubinga logs. Azobe log prices are also said to be firming.

Many log importers previously dependent on Liberian supplies have now switched to alternative species from the Congo basin. However, some manufacturers have been severely affected. Global Timber (Shandon Province), a large Chinese manufacturer of plywood which was heavily dependent on Liberian logs, has announced that it intends to temporarily cease production. ITTO reports that Global had its last delivery of Liberian logs on 5th July, and continued to operate on inventory until the end of October. The company intends to use veneer from Indonesia to resume operations in February 2004. Total production is between 15,000-16,000 m3 per month, with around two thirds destined for the Japanese market.

Meanwhile, ATIBT, the Paris-based tropical timber association has issued a press release calling for the sanctions against Liberian wood products to be lifted as soon as possible, citing the importance of the timber sector to the Liberian economy. The press release notes that the United Nations is again to review the sanctions in early November 2003. ATIBT also renewed its call for the United Nations to send a joint mission to Liberia with NGOs, donors, and ATIBT. The mission would aim to propose mechanisms to ensure effective control over Liberian forest operations, and correct use of funds derived from timber operations.

African sawn lumber Depressed market

Overall African sawn lumber demand remains depressed, undermined by the strength of the euro on international exchange markets. The market divide identified in earlier reports between the entandrophragmas (sapele, sipo, utile) from Congo basin and various West African species persists. For the entandrophragmas, demand is particularly weak, supply is in excess of demand, and prices have been soft. However, on-going supply problems in Ivory Coast and Ghana coupled with better demand has ensured more consistent pricing for iroko, framire, and khaya. Further details of market demand are provided in the species notes.

African Forest Policy Law enforcement conference

The Africa Forest Law Enforcement and Governance (AFLEG) Conference, held in Yaounde, Cameroon, from 13 to 16 October 2003, concluded with agreement on a ministerial declaration. After three days of negotiations, 31 African countries and 9 from outside the continent finally reached agreement on a 30-paragraph declaration and a two-page indicative list of actions. Among other commitments,

Species notes

■Sapele: sawn lumber prices have continued to weaken. European stocks remain in excess of current levels of limited demand. There are reports of high stocks in Douala sourced from Cameroon and Central African Republic. Some producers have tried to reduce production in an effort to bring supply back in line with demand. However this strategy has been only partially successful due to limited availability of alternative species to Congo Basin mills. Sapele demand is said to be weak in all the leading European markets, undermined both by slow consumption and the strength of the euro which has improved the competitive position of alternatives, notably Asian meranti

■Utile/sipo: market demand is very limited. In current market conditions few are willing to pay a premium for the better quality offered over sapele.

■Iroko/odum: prices are now stable at a high level. There has been some easing of the iroko supply situation from Ivory Coast. This has taken some of the heat out of the market. There is now no difficulty obtaining random sizes. However iroko in fixed sizes is still rare and readily saleable. Irish importers have filled the gaps in inventory that opened earlier in the year by stocking up on random sizes and by partial substitution for sapele. Spanish and Portuguese demand for iroko has been weak. Recent visitors to Ghana report that commercial odum supplies in the country are now almost depleted.

■Framire: the U.K. market has remained steady, even showing signs of expansion as use use of framire has diversified. There is a trend amongst UK buyers to use framire with stain for interior joinery applications as a low cost substitute for sapele. This has generated increased demand for framire in thinner sizes. Previously U.K. buyers tended to prefer thicker stock. While U.K. consumption has been rising, forward sales are being disrupted by some importers selling existing grounded stock at below replacement cost.

■Wawa: overall market demand is very slow. The species is coming under pressure from cheaper substitute materials, including MDF and softwoods. The western European market the declaration recognises the shared responsibility of exporting and importing countries to 'eliminate the illegal exploitation of forest resources and associated trade' and calls for the establishment of regional and subregional task forces on forest law enforcement and governance, and for a review of the implementation of actions by the end of 2006. A full report on the Conference can be obtained online at: http://www.iisd.ca/linkages/sd/sdyao/

may also be shrinking as manufacturers are now more inclined to import semi-finished components from low-cost locations in Eastern Europe and Asia. Some Ghanaian suppliers are seeking to reduce production in response to slow demand.

■Ayous: demand is weak in Italy, the United States and France. African mills have been reducing lumber production in an effort to stabilise prices,

■Okoume: Chinese importers are putting pressure on suppliers to reduce log prices. Faced with limited supplies and rising taxes, shippers have generally been resistant. Some Chinese importers have switched to buying log stocks from Congo (Brazzaville) and Equitorial Guinea. Production of Okoume veneers in Europe is dropping off very quickly as many of the French producers have re-located their veneer mills to Gabon.

African ind	icative	e price	s
	Aug	<u>Sept</u>	Oct
Exchange rates			
U\$/£	1.58	1.67	1.67
Euro/£	1.44	1.41	1.46
All prices include agent	s commis	sion of 5%	0
Sawn lumber			
Cameroon, CAR, Euro/m3; FOB Grade/size: FAS, air dri			6'+
Sapele	480	475	455
Sipo	560	550	545
Bibolo	380	380	380
N'Gollon	535	535	535
Iroko	630	630	630
Cote d'Ivoire Euro/m3; FOB Abidjan Grade: FAS, air dried Size: width 6"+ avg 9"-1 thickness 1"-2" Iroko	0"; length 630	n 6'+ avg ′ 630	10'-11', 630
Mahogany	430	430	430
Framire	340	340	340
Samba No.1 C&S	240	240	240
Dimension stock			
Azobe	430/	430/	430/
	490	490	490
Dabema	300/	300/	320/
	360	360	380
Gabon Euro/m3; FOB Grade and size: FAS, w Okoume AD	/idth 6"+, l 320	ength 6'+ 320	320

Asia Malaysian sawn lumber Nothing in the supply pipeline

Shippers in West Malaysia that specialize in supplying kiln dried meranti for the export market are reported to be carrying relatively high stocks due to depressed buying in Europe. However there is very little wood further up the supply chain. It has been raining in West Malaysia since mid October and logging has been interrupted. Log extraction in Sabah has been in long term decline. And new regulations and tighter border controls have meant that Malaysian mills are no longer able to supplement supplies with Indonesian logs. The sawmills supplying the independent shippers are reported to be very low on logs.

FOB prices stable, frieght rates rise

In recognition of the log supply problem, most exporters are maintaining steady meranti FOB prices. Furthermore, meranti is traded in dollars so export prices are already competitive against euro-traded African species. Exporters seem in no particular hurry to sell in the current market. Few offers are being made and exporters are not willing to commit too far ahead.

C&F Europe price levels are more difficult to judge due to the disruptive effects of freight rate increases and slow buying in Europe. ITTO reports that breakbulk freight rates from Malaysia (Port Kelang or from Sabah main ports) to Rotterdam have jumped by 80 Ringgit (US\$21) per ton. Container freight rates also seem to be rising regularly on a monthly basis. Container

Asian Sawn			
	Aug	<u>Sept</u>	Oct
Exchange rates:			
M\$/£	6.01	6.33	6.35
U\$/£	1.58	1.67	1.67
M\$/US\$	3.80	3.80	3.80
Malaysia All prices US\$/tol 5% agents comm		including	
e i agente eenni			
West Malaysi Grade: Select & b Size: Width 6"+	etter GMS; Kiln	dried	2'/14'
West Malaysi Grade: Select & b	etter GMS; Kiln	dried	2'/14' 780
West Malaysi Grade: Select & b Size: Width 6"+	oetter GMS; Kiln avg 7"/8"; Length	dried : 8'+ avg 1	
West Malaysi Grade: Select & t Size: Width 6"+ 1" 2" 2.5"	better GMS; Kiln avg 7"/8"; Length 800	dried : 8'+ avg 1 780	780 810
West Malaysi Grade: Select & t Size: Width 6"+ 1" 2"	better GMS; Kiln avg 7"/8"; Length 800 820	dried : 8'+ avg 1 780 810	780
West Malaysi Grade: Select & t Size: Width 6"+ 1" 2" 2.5" 3" Myanmar Tea US\$/50 cu ft, FO Grade: Air dried t	better GMS; Kiln d avg 7"/8"; Length 800 820 880 910 ak B Rangoon/Bang boards	dried : 8'+ avg 1 780 810 860 900 gkok/Singap	780 810 860 900
West Malaysi Grade: Select & t Size: Width 6"+ 1" 2" 2.5"	better GMS; Kiln d avg 7"/8"; Length 800 820 880 910 ak B Rangoon/Bang boards	dried : 8'+ avg 1 780 810 860 900 gkok/Singap	780 810 860 900

Note the teak board trade was disrupted in Aug-Sept following the sacking of the Forest Minister and much of the team responsible for regulating teak exports. U.S. trade sanctions against Myanmar added to the uncertainty. Trade has now resumed at higher prices due to increased scrutiny of exports by the Myanmar authorities space is limited westbound from Malaysia as more shipping capacity has been diverted to service trade with China in the run-up to Christmas.

Dutch trade depressed

Reports from the Netherlands indicate very low levels of trade in the standard PHND specification and sizes of meranti-bukit and meranti-seraya. The much hoped for autumn pick-up in business did not materialize. Construction activity remains very depressed. Sales prices for existing landed stock in the country continue to be depressed due to intense competition for sales and cost-cutting efforts by end-users. Joinery manufacturers are increasingly prudent in their purchasing and operate strictly hand to mouth. Winter weather is expected to slow construction activity even further and the Christmas holiday season is looming. So there are no signs that this situation will change in the near future.

Increased meranti interest in U.K.

In the U.K., lower prices due to the weak dollar seem to have generated more interest in meranti-tembaga. Underlying consumption from the U.K. building sector has also remained reasonable during the autumn months. But so far these trends have only benefited the limited number of companies with existing stocks of meranti-tembaga on the ground in the U.K. and continental Europe. Merchants and manufacturers are buying small volumes on a regular basis from these companies and keeping a tight control on inventory. A few U.K. importers are reported now to be considering their forward position. But there is still very little willingness to commit to the forward market. The U.K. market for keruing sawn lumber remains depressed.

More in U.K. interest in certification

Increased public sector interest in sustainable timber procurement, combined with intense ENGO campaigning targeting illegal Indonesian wood exports, has encouraged greater U.K. interest in MTCC certified wood. However most buyers have been frustrated by lack of availability.

Elsewhere in Europe, the German meranti market remains quiet. There has been some activity in Belgium, primarily restocking by the larger Belgian importers serving buyers in other parts of Europe.

The Japanese market for Malaysian sawn lumber is mixed. The Japan Lumber Journal reports slow demand for lauan lumber due to limited activity in commercial and public sector construction. However there is growing demand for new JAS-certified laminated lumber which is increasingly used in residential interior joinery applications.

With the European and Japanese markets depressed, Malaysian shippers are focusing on alternative outlets. Shippers in Sabah suggest that regional markets in South East Asia, notably Thailand, have been offering good prices for several species including meranti-seraya, selangor batu, and kapur.

Asian log supply Near the season's end

It is close to the end of the dry season in log producing regions of South East Asia. While reports from West Malaysia suggest that logging conditions are already deteriorating, recent ITTO reports suggest conditions are better in other regions. Dry conditions still prevail throughout much of Sabah, Sarawak and Indonesia, with the main problem being low river water levels. Logging has continued in recent weeks, although tighter regulations and resource constraints have meant that overall harvests have fallen this year.

FOB prices for certain species of log, including kapur and keruing have remained firm. However there has been some weakness in prices for Sarawak meranti logs as production has tended to overrun demand during the current logging season. In recent weeks some exporters have tried to take advantage of the weak dollar exchange rate to raise dollar prices for meranti logs. But buyers have not been receptive.

China logs and plywood Intense price cutting efforts

Chinese imports of tropical hardwood logs have continued at high levels this year. These imports are feeding both China's rising domestic consumption and an expanding wood processing sector geared towards re-export. However supply is becoming more of a problem due to Indonesia's log export ban and harvesting restrictions in Malaysia. During the first half of 2003, these constraints led to a partial switch by Chinese importers to log supplies from Africa and Oceania, notably Gabon, Congo Brazzaville, Liberia, and Papua New Guinea.

More recently, obstacles have emerged in the supply of African logs to China, notably the U.N. sanctions against Liberia and the strength of the euro in relation to the Chinese RMB. As African logs are invoiced in euros, this has tended to raise import costs. This has occurred at a time when ▶5

Asia

4 Chinese buyers are focusing very heavily on cutting log import costs as competition in finished products markets has intensified. In the short term these trends may increase Chinese demand for dollar-denominated Asian logs. Chinese importers are also trying new species in an effort to find cheaper alternatives.

Meanwhile China's influence on the international plywood market has continued to rise. Chinese manufacturers are exporting increasing volumes of combi-plywood, comprising a tropical hardwood veneer over several layers of either softwood or hardwood low density timber. Prices on offer are sometimes as much as 20% lower than European okoume plywood. This price differential has encouraged the European Commission to launch a formal enquiry with a view to possible anti-dumping proceedings against Chinese plywood manufacturers.

Japan logs and plywood New standards affect market

In Japan, markets for both tropical logs and plywood have been affected by new and stricter standards on formaldehyde emission levels in plywood. Plywood mills supplying the Japanese market must conform with JAS certification standards which require mills to modify production processes and to pay for external third party verification. This gave a boost to Japan's domestic plywood mills during the second quarter of 2003, increasing demand for imported tropical logs in Japan and reducing demand for imported plywood. Better than expected house start figures also increased demand for plywood. Southsea log arrivals into Japan during the January to July 2003 period reached 1.01 million cubic meters, 6.2% up on the same period the previous year.

However the trend towards increased tropical log imports into Japan is likely to be short-lived. The basic trend in Japan's lauan plywood sector is downward, as it is anticipated that even more mills will switch to softwood in future. There is also expected to be increased substitution of plywood for MDF and OSB. Furthermore, overseas plywood mills have responded to the new demand for JAS certified plywood. JAS certified product is just beginning to arrive from Indonesia, Malaysia and China. Around 40 Indonesian mills are already seeking JAS certification. As Japan's imports of tropical plywood recover, demand for tropical logs in Japan is expected to fall away. The volume of imports of tropical logs for production of lumber in Japan also continues to decline, largely due to lack of availability of good quality seraya logs from Sabah preferred in this market segment.

Indonesian plywood Prices rise, but prospects dim

In recent weeks, Indonesian tropical plywood mills have raised prices to around INDO96 less 22%, up from around INDO96 less 29% only a few months ago. But these price gains do not seem to indicate any real improvement in the market, and instead represent an effort to absorb escalating costs. Rising freight rates have been an important factor encouraging the price increase in the short term. But longer term factors are also playing a role to increase costs.

Although yet to be effective, government controls on logging have been intensifying. Irrespective of these controls, the dwindling forest resource in Indonesia has meant that logs are having to be sourced from more remote areas, pushing up harvesting and

Indonesia calls on E.U. to reject Malaysian wood

In an extraordinary outburst, Indonesia's Minister of Forestry Muhammad Prakosa sparked a furious row with Malaysia and effectively admitted that his government had lost control over forest regulation.

Prokosa is reported to have called on the E.U. to reject timber products from Malaysia "as there are indications that most of them are made of logs taken from illicit sources." According to the Jakarta Post, Prakosa made the comments in the sidelines to a media gathering during October.

The Jakarta Post claims Prakosa said that the Indonesian government and the E.U. representative in Jakarta were currently discussing joint measures aimed at preserving Indonesia's severely damaged natural forests. Apparently, Prakosa proposed that the E.U. should include a specific article in its proposed bilateral agreement with Indonesia on Forest Law Enforcement, Governance and Trade (FLEGT) requiring E.U. countries to screen all timber products from Malaysia and reject those suspected of using illegally cut logs from Indonesia. Prakosa said that the "EU is considering our proposal. It is likely to be approved."

Furthermore, the Jakarta Post claims Prakosa said that he had planned to visit Malaysia to talk with the countries' government on possible solutions but he had subsequently dropped the plan. Prakosa said "There will be no bilateral talks with Malaysia and Singapore since they are uncooperative. To date, both countries consider they have the right to legally use the smuggled logs, and blame Indonesia for its lack of preventative efforts...So what we will do instead is to approach buyer countries to reject their products."

The outburst prompted a furious response from Malaysia. Malaysia's Primary Industries Min-

transport costs. Mills are having to use meranti of steadily declining diameter and other species which are more difficult to peel and dry.

Indonesian mills are also having to comply with new JAS certification requirements in Japan, and from 1 April 2004, with new CEmarking requirements in the E.U. Some importers in the U.K., the main European market, have stated they will cease buying any Indonesian plywood until there is independent verification of legal log supplies.

Meanwhile competition has been intensifying from Chinese mills at a time of relatively slow global demand. And tropical plywood is coming under intense pressure from substitutes, including plantation softwood plywood, MDF and OSB.

A recent article in Asian timbers sums up prospects for the Indonesian tropical plywood sector: "the end of the line for thin panel tropical commodity plywood may be in sight."

ister issued a formal protest to the Indonesian government. A spokesman for the Malaysian Timber Council suggested that Indonesia "can be accused of trying to snuff out the business of a competitor." The Director of Malaysian Timber Council's London Office, S.K. Tham, commented in a letter to the Timber Trades Journal: "One wonders what the Minister is trying to achieve by making such unsubstantiated and misleading statements. It is also interesting to note that while Minister Prakosa has in the past accused Malaysia, Singapore and China of using illegal logs, he is calling for the E.U. to only reject Malaysian timber products. He has also conveniently neglected to ask the EU to also reject Indonesian timber products that are suspected of containing illegally cut Indonesian wood. Malaysia has sufficient wood resources of its own and its timber industry need not depend on illegal Indonesian logs."

Tham goes on "Malaysia has been repeatedly asking the Indonesian Government to set a date for the bilateral Malaysia-Indonesia Joint Working Group on Forestry for more than four years but to date the Indonesian Government has been unable to respond positively Contrary to what Minister Prakosa said, the Malaysian Government has never received any official notice of any previous plans by the Minister to visit Malaysia. Malaysia is always prepared to work with Indonesia to resolve the issue of the illegal trade in Indonesian logs but it needs Indonesia to put aside rhetoric and to set a definite date for constructive discussions between the two countries....Instead of putting the blame on other countries, it will be more productive for Indonesia to seek a solution in consultation and collaboration with its fellow ASEAN members and to focus its efforts on strengthening its own enforcement measures"

1 ◀ located throughout Europe, it has nurtured relationships with leading designers and the architectural and construction press. It makes the most of large public-sector projects where American hardwoods are used in innovative and creative ways. AHEC creates copy for the architectural press based on these projects. It also targets architects directly through seminars and publications. Most recently it published a glossy brochure "Hardwood References" targeting the architectural profession show-casing the use of American hardwood in a range of projects including the Rome Auditorium, the

U.S. hardwood exports January to August 2002 and 2003

Logs/lumber -	000s m3,	veneer -	mill m2
	2002	2003	% chng
World Logs Lumber Veneer	1539.0 1897.9 213.8	1473.5 1841.4 199.9	-4.3 -3.0 -6.5
Canada Logs Lumber Veneer	1053.9 648.4 69.3	1031.6 701.8 66.5	-2.1 8.2 -4.0
EJ Logs Italy Germany Lumber Spain Italy UK Germany	160.3 54.8 44.9 470.1 122.4 109.3 72.3 22.3	160.6 61.7 42.4 431.7 109.9 116.1 63.5 26.9	0.2 12.6 -5.6 -8.2 -10.2 6.2 -12.2 20.6
Veneer Germany Spain Italy	73.3 27.4 20.6 7.9	73.1 29.8 17.2 9.1	-0.3 8.8 -16.5 15.2
SE Asia Logs Lumber Veneer	38.3 89.1 7.8	37.6 76.4 5.3	-1.8 -14.3 -32.1
Greater Chin Logs China Hong Kong Taiwan Lumber China Hong Kong Taiwan Veneer China Hong Kong Taiwan	a 160.1 69.2 71.6 19.2 383.3 164.9 169.5 48.9 35.6 17.2 11.9 6.5	132.4 76.4 40.6 15.3 344.3 185.3 114.7 44.2 30.0 13.0 11.4 5.6	-17.3 10.4 -43.3 -20.3 -10.2 12.4 -32.3 -9.6 -15.7 -24.4 -4.2 -13.8
Japan Logs Lumber Veneer	65.9 67.6 1.6	50.7 63.7 0.9	-23.1 -5.8 -43.8
South Korea Logs Lumber Veneer	29.1 27.4 6.5	24.8 21.9 4.9	-14.8 -20.1 -24.6
Mexico Logs Lumber Veneer	7.0 107.6 7.5	9.8 122.5 6.4	40.0 13.8 -14.7
North Africa Logs Lumber Veneer	and Midd 2.4 38.6 4.6	le East 2.1 26.9 3.4	-12.5 -30.3 -26.1

French Ministry of Paris, the German Bundestag, and the Salamanca Scenic Arts Centre. In the furniture sector, AHEC has been championing the use of American hardwoods for innovative products, most recently sponsoring design competitions in the U.K. and Spain. AHEC also actively supports technical research work to ensure appropriate recognition for American hardwoods in European structural and durability standards. To ensure progressive improvement in marketing activity, programs are subject to independent evaluation and the attitudes of end-uses to American hardwoods are regularly assessed.

Market issues Currency, competition, fashion

Three inter-related issues played a key role in discussion at the AHEC Convention: the impact of the weaker dollar on trade this year; the growing level of competition for American hardwoods from European hardwoods and from artificial surfaces; and changing fashions for hardwood species.

Impact of exchange rates

There was discussion of the impact of the weaker dollar on American hardwood sales in Europe this year. While there was broad recognition by Conference delegates that the weaker dollar had improved the competitive position of American hardwoods this year, it was clear that exchange rates were not regarded as an over-riding factor in the market.

Delegates emphasised that much of the recent success of Eastern European hardwoods has been as much due to other positive characteristics of product quality, colour and texture as to their price. Furthermore, some of the price benefit accruing to American hardwoods from the weakening dollar has been offset as American suppliers have tended to raise prices in an effort to improve margins.

Volatility as important as rate

Delegates noted that exchange rate volatility is at least as important as the absolute level of exchange rates. The risks associated with exchange rate volatility can discourage buyers from building stocks. And in the long term, manufacturers will prefer supplies from areas that offer consistent pricing. In the euro-zone, these trends tend to give species sold in euros a competitive edge.

One American delegate noted that there is no guarantee that the weak dollar will be maintained in the medium term. American hardwood exporters need to look beyond exchange rates and pricing in order to build long term market share.

As expected, a major topic of discussion at the Convention was the level of competition American hardwoods now face from European hardwoods.

Reasons for buying European oak

Several speakers highlighted the reasons for buying European oak over American oak under current market conditions. European hardwood supply continues to improve, particularly as investment has increased in equipment and technology. Furthermore, as European beech markets have remained slow, European sawmills have focused more on their production of oak - increasing the level of direct competition with American white oak. There have also been shifts in fashion that have favored European over American oak. For example, European oak has been well adapted to the fashion for a "character look" in the flooring sector. Despite the weakness of the dollar, prices for European oak can be cost competitive against American oak in the lower grades. European oak is dried to only 12%-15% moisture content, which is preferred in Europe over typical American moisture content of 6% to 8% because it closer to Europe's ambient moisture level. Therefore European oak has a reputation for remaining more stable in use in Europe than American oak.

Some European oak is very high quality, notably that from Croatia. European suppliers are proving to be extremely flexible and increasingly able to satisfy manufacturers specific needs, for example for dimension material. This contrasts with American suppliers who tend to focus more on the demands of the domestic market than those of their overseas buyers.

Confidence in American hardwoods

Nevertheless, there was confidence from the U.S. side that American hardwoods had strengths that assured them a strong position in the European market. David Venables, AHEC's European Director, noted that American hardwoods are often more price competitive in the upper grades and thinner sizes. U.S. hardwood suppliers can offer longer and wider lengths than their European counter-parts. The United States also has commercial availability of a wide range of species that are either rare or absent in Europe.

While American delegates were concerned about increased use of European hardwood, some Europeans cautioned against

over-emphasis on the competition between American and European varieties. Both have their strengths and weaknesses, and may complement each other in the market place. The aim should be to expand the market for all hardwoods, and both American and European hardwoods have an important role to play. This is particularly true as European manufacturers seem increasingly prepared to mix hardwood supplies.

European hardwood species trends

Discussions during the Convention indicated that there is still a strong fashion for oak amongst European furniture and flooring manufacturers. Birch has become very dominant at the lower end of the furniture sector, a fashion driven largely by IKEA. Beech is now less fashionable, although it is still maintains a significant share of both the furniture and flooring sectors. There seems to have been a partial shift away from the blonde look, to slightly darker shades.

Fashion for "contrast wood"

In parts of Europe there has been a fashion to combine contrasting shades and textures of wood. This has contributed to walnut's continuing popularity. Some tropical woods have also benefited, notably wenge which can produce very dark colours when dried slowly.

Cherry continues to have many admirers due to its colour and texture, but high prices

have led to a search for substitutes. The tropical wood aniegre is finding a niche as a cherry substitute.

In addition to competition from alternative hardwoods, delegates also focused on the rising level of competition from non-wood substitutes. There was widepread recognition that there is strong and growing demand amongst European buyers of furniture, flooring and other joinery products for wood finishes. However, artificial surfaces are now so realistic that buyers have difficulty identifying the real thing. Furthermore, European maunfacturers have a strong incentive to shift to artificial surfaces as they are cost-competitive and easily adapted to changing fashions

Do "real wood snobs" still exist?

Delegates were sharply split on the question of whether "real wood snobs" were still an important feature of the European market. Delegates from the German veneer industry suggested that there continues to be a strong desire amongst final consumers for the real product. The problem, as they see it, lay with the furniture salesmen that have no incentive to differentiate real wood veneer products from artificial foil products. The German veneer industry is seeking to overcome this problem through promotion of an-product logo for real wood veneer direct to the final customer.

Other delegates were sceptical of these cam-

U.S. hardwood supply and domestic demand

The American hardwood trade is still suffering from supply side problems. But the situation is not as bad as last year. This was the main conclusion of an analysis of American hardwood supply and domestic by Eric Lacey of Averitt Hardwoods International in the USA.

Recent increases in American hardwood log and green lumber costs, and in insurance and power supply, have continued to outpace increases in the price of kiln dried lumber. So margins continue to come under pressure. Lumber handling costs in the United States have also tended to increase. There has been a big shift in customer demand away from random widths and lengths to specialty sorts. As a result producers are having to keep costly inventories to fill orders, and shoulder the costs of handling off-cuts. In past those offering specialty sorts could sell on at premium. But now most buyers have come to expect it, and the costs have been pushed back to the producer. As elsewhere, American hardwood mills are under growing pressure from substitutes, including alternative wood products and species; engineered products for frame stock, mouldings, and flooring; and alternative materials such as plastics.

There continue to be problems, but improving economic conditions have helped to ease pressure on American hardwood mills. Domestic hardwood markets linked to the residential sector have been quite strong, with improved demand for flooring, kitchen cabinets and flooring. As the U.S. dollar has weakened, American hardwood exporters have been able to ease some of the pressure on margins by raising dollar prices. Lacey concluded his presentation by commenting on the interaction between red oak and white oak. He noted that U.S. domestic demand for white oak has been rising, and that there has been a partial switch from red to white oak. At present, red oak is more expensive, but there are signs that the price gap may be narrowing as white oak supply is becoming more constrained.

US sawn lumber indicative prices

North Appalachian US\$ MBF* CIF- W. Europe

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Grade: FAS/IF, KD square edged
Net measure after kilning
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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

one capie motor le equiti	Aug	Sept	Oct
\$/£	1.58	1.67	1.67
\$/Euro	1.10	1.17	1.14
Red oak			
1"	1950	1950	1925
1.25"	2070	2070	2050
1.5"	2250	2250	2150
2"	2700	2700	2500
White oak			
1"	1500	1500	1475
1.25"	1750	1750	1675
1.5"	2150	2150	2175
2"	2800	2800	2675
Ash			
1"	1100	1100	1100
2"	1500	1500	1525
Tulipwood			
1"	1040	1040	1075
1.25"	1080	1080	1125
1.5"	1100	1100	1150
2"	1120	1120	1175
Cherry			
1"	3650	3650	3600
1.25"	3750	3750	3750
1.5"	3850	3850	3850
2"	3900	3900	4100
Hard Maple			
1"	2300	2300	2425
1.25"	2450	2450	2525
1.5"	2550	2550	2725
2"	2770	2770	2850

paigns, suggesting that many furniture buyers are generally fairly young, at an age when they are starting a family and setting up a home. Their major concern is price. Moreover these consumers are accustomed to modern materials. They do not necessarily equate "real wood" with "high quality". And where they are interested in buying real wood, it is more likely to be for environmental reasons. Supporting this view, one European delegate noted that the Italian wood sector launched a real wood campaign during the 1990s with only mixed results.

In the end, there seemed to be consensus that "real wood" marketing campaigns may be successful in certain countries and sectors, if carefully targetted. And an essential ingredient for success in the European market would be to ensure linkage with credible and verifiable claims of sustainable forestry practice.

Proposed hang-tag promotion

This led to a proposal by American delegates that AHEC should look at the potential for an on-product "hang-tag" promotion of American hardwood products in Europe. The aim would be to convey information about the sustainability of American hardwood forests direct to European consumers.

Market sector analysis

The AHEC European Convention held in Hamburg during October provided an insight into hardwood market prospects in various sectors of the European economy

Furniture sector hit by competition

European wood products manufacturers have been hit hard this year by the rising tide of imports of finished products from Asia and Eastern Europe. This trend was already apparent with the rising level of investment in manufacturing capacity in these regions. But it has become more pronounced this year as the euro has strengthened.

The extent of market penetration by non-EU wood products manufacturers varies by country. Furniture manufacturers in north western European countries have been under pressure for some time – notably in Germany, the U.K., Belgium and Netherlands. Until this year, the trend had been progressing more slowly in Spain. But during the first 6 months of 2003, Spain's wood furniture imports increased by 65% compared to the same period in 2002.

So far, the Italian furniture sector seems to have been more resistant to external competition, at least in their domestic markets. Furniture manufacturers in all E.U. countries have struggled to maintain export sales. While these trends sometimes seem unavoidable in the face of huge discrepancies in labour costs, delegates at the Convention suggested there are ways for western European manufacturers to defend their corner. Domestic manufacturers are often better placed to respond directly to customer needs and changes in fashion and to provide after-sales support. In some markets, notably Italy, customer loyalty to domestically manufactured product remains high.

Dimension demand continues to rise Several speakers stressed the continuing trend amongst European manufacturers to buy cut-to-size lumber. In the past, North American exporters were able to sell large quantities of random width and length lumber, leaving their European customers the task of optimizing their waste. Now, endusers are becoming increasingly reliant on supplies of dimension lumber. This trend

Worst recession in E.U. veneer sector since the war

The recent recession in the E.U. veneer sector has been the worst since the second world war, according to Hans-Berthold Hamm, a Danzer Director. The comment was made during a visit to Danzer's veneer production plant at Winsen, close to Hamburg in northern Germany, as part of the AHEC European Convention.

During the visit, Danzer staff suggested that global consumption of sliced veneer has remained reasonably constant over recent years, but there has been a huge shift in the geographical spread of the industry. While consumption and production have been falling in Eastern Europe, both have risen sharply in the Far East, notably in China.

Europe's sliced veneer market is closely allied to the furniture market. Germany has traditionally been the dominant producer and consumer of veneer in Europe. However the eastward shift in furniture manufacturing activity coupled with high production costs in Germany, has led to production capacity being moved to Eastern Europe. Danzer staff also referred to the "IKEA effect". By offering relatively low cost and low quality furniture to a mass market, IKEA has changed the nature of the European furniture sector. The industry has been driven to cut costs, undermining demand for the higher quality veneer products offered by German production

plants. IKEA has also had a huge impact on species trends, notably driving demand for birch.

Meanwhile, the real wood veneer industry has faced growing competition from nonwood foils and paper finishes. The German veneer sector has sought to counter this trend through the introduction of an onproduct Real Wood Veneer label.

Winsen is now Danzer's only veneer production plant in Germany. Danzer's main European production is now located in the Czech Republic and in Latvia. Danzer is now importing hardwood logs from a wide range of sources to supply these mills.

Meanwhile the mill at Winsen concentrates heavily on production for high value niche markets. The largest outlet for veneer from the plant is the car industry, with other product directed to the high-end joinery sector. There has also been considerable investment in new technology at the mill to increase the speed, quality and precision of cutting. The work force is experienced and highly trained. The mill provides an advanced custom cutting service, and specializes in satisfying the most demanding specifications. European furniture manufacturers now rarely carry stocks of veneers. Therefore a sophisticated inventory control system has been developed at Winsen to ensure the mill is responsive to industry demand for just-in-time delivery.

tends to give domestic European lumber suppliers a competitive edg as they are better repleced to respond quickly to customer needs.

Opportunities in construction sector

With the furniture sector so mobile, the best opportunities for long-term hardwood market development in western Europe lie mainly with the construction sector. There was widespread recognition at the AHEC Convention that architects and specifiers remain the key target for marketing activity. However short-term prospects in the European construction are very patchy. According to Euroconstruct figures, overall growth in the European construction industry stagnated in 2003, rising by just 0.2%. A slow recovery is expected in 2004 (+0.6%) and in 2005 (+1.8%). Although construction activity has slowed in most countries, the overall figures are heavily influenced by a significant recession in construction activity in Germany and Poland.

In the short term, European residential construction demand is generally declining. On the other hand civil engineering is developing positively with growth rates up to 3.2% in 2005 due to continuing public investment. There are also some continuing hot spots where construction growth has remained strong. Construction sector activity remains reasonably buoyant in Spain. Housing starts continue at a high level in the U.K. and Ireland. Greece has been experiencing a construction boom in preparation for the 2004 Olympic games.

Signs of flooring slowdown

Europe's hardwood-flooring sector, which has been a growing product sector for fifteen years, finally slowed in 2001 and 2002. At the Convention, AHEC quoted data for 2002 from the European Federation of the Parquet Industry (FEP) which shows that 2001 saw the first drop in EU production by 1.3% and in consumption by 2.2%. In 2003 FEP forecasts the levelling off of the 2002 market with 0.7% growth in production, which still leaves it behind the peak of 2000. The future of the parquet market is closely linked to the health of the construction market. Despite the recent slowdown in growth, there is still great optimism in the future of the wood flooring market. Fashion trends and health issues associated with the use of carpets continue to favor wood floors. But several speakers expressed concern over the improving quality and look of artificial "wood look" surfaces.

There was also recognition of the increased role played by Asian and Eastern European

manufacturers in the market. There was a particular focus on the growing availability and quality of Chinese flooring products, including finished solid wood flooring, laminated flooring, and unfinished dimension parts.

There has been a strong trend towards oak in the European flooring sector. This species is though to account for around 50% of E.U. flooring consumption. Beech is the second most popular species. Tropical woods account for a relatively small share of the market (perhaps 15%), but their share has been rising. The trend in the market has been away from the blonde look towards slightly darker species.

Economic prospects

As long as the U.S. recovery continues, Europe seems poised for a moderate economic upturn in 2004. This was the main conclusion of a presentation on economic prospects at the AHEC European Convention by Dieter Hesse of the UNECE.

Global economic performance has been improving in 2003 as uncertainties related to the Iraq war have diminished and as the U.SW. has shown signs of recovery. There has been stronger growth in Japan and Asian emerging markets. International equity markets have begun to rally. Oil prices remain volatile but are back at high levels.

The U.S. remains the engine of growth of the global economy. U.S. growth has been boosted by strong government support for tax cuts and steps by the Federal Reserve to lower interest rates. These measures coupled with a thriving housing market have boosted consumer confidence.

U.S. manufacturing output and capacity utilisation rates remain at relatively low levels. But purchasing activity in the manufacturing sector and business activity in nonmanufacturing sectors has improved since the beginning of 2003.

U.S. economic conditions are improving, but down side risks remain. These include the weak labour market, the emergence of large public deficits, and high levels of consumer debt.

Disappointing growth in E.U.

Meanwhile, economic performance has been disappointing in western Europe. There is recession in Germany, Italy and the Netherlands. Domestic demand in many euro-zone countries remains weak, despite low interest rates. Exports are restrained by the strong euro. Government efforts to boost growth through lower tax rates are restrained by the Stability and Growth Pact designed to limit budget deficits in the euro-zone.

Impact of the E.U. expansion

On 1 May 2004, the membership of the European Union will expand from 15 to 25 members with the accession of Czech Republic, Hungary, Poland, Slovak Republic, Slovenia, Cyprus, Malta, and the Baltic States of Estonia, Latvia, Lithuania. As a result the European Union will become the world's largest trading block, with an internal market of some 450 million persons. This issue was explored at the AHEC Convention in a presentation by Dieter Hesse of the UNECE.

Extension of the E.U. eastwards is expected to bring benefits of growth, peace and security to the new members. It is also expected to complete the radical economic transformation of Eastern European countries that began in 1990 following the collapse of the Soviet Union. It should speed creation of well functioning market economies, and deepen integration with western European markets. The new members will be required to adopt the external tariffs of the European Union. In the short to medium term, these countries are expected to experience an even stronger inflow of foreign direct investment as they exploit comparative advantages of low labour costs, a skilled labour force, and geographical proximity to Europe's huge internal market.

To a large extent the adjustments necessary of the new E.U. members have already been made. Over the last five years, Eastern European governments have focused heavily on modernizing and harmonising national economies, regulations, tariff structures and standards so that they are more aligned with those of the E.U. In one sense, the accession date is only the final step in process that has been on-going now for some time.

But that is not to under-estimate the likely extent of future change. Hesse noted that

Accounting for a third of euro-zone GDP, the recession in Germany has been a drag on overall European economic performance. Economic problems in Germany have been compounded by the slow pace of tax and labour market reform, and by the economic consequences of unification.

Economic growth in E.U.countries outside the euro-zone has been stronger than in the euro-zone. U.K. growth picked up in the second quarter of 2003, supported by increased private consumption. The Swedish economy has also remained reasonably resilient.

In Eastern Europe, economic growth has maintained relatively strong momentum. Domestic demand has become the mainstay in the long term, the new accession countries face the challenge of catching up with EU average for productivity and standards of living. To achieve this, foreign direct investment flows will have to accelerate. Many of the new accession countries will be looking eventually to join the European single currency, which implies even more fundamental economic transformation. They will have to conform with tough conditions to limit government borrowing, and will progressively hand over control over monetary policy to the European Central Bank. But longer term, they should benefit from stable exchange rates, reduced transaction costs, and transparent pricing.

Rod Wiles of AHEC commented on the immediate impact of the accession for the hardwood trade. At present the new accession countries only buy very limited quantities of American hardwood products direct from the United States. Given the rapid growth in wood processing and furniture manufacturing facilities in Eastern Europe, the low level of direct trade may seem surprising. However, Wiles highlighted the growth in the indirect hardwood trade to these countries. Western European hardwood importers, having recognized the potential for market growth in Eastern Europe, have been selling rising quantities of hardwood lumber into Eastern Europe. At present this trade is inhibited by border controls between eastern and western Europe. For example, Wiles noted that on the border between Germany and Poland, it is not unusual to have 700 lorries backed-up for up to 4 days to clear customs. On 1 May 2004, these controls will be removed over-night, greatly reducing transaction costs and providing an immediate boost to trade both ways.

of economic activity in Eastern Europe with notably strong growth of private consumption. This year Eastern European exports have been dampened by stagnation in western Europe. However this has been partly off-set by re-direction of goods to other markets, for example to Asia and the United States.

Hesse concluded that the short term outlook for Europe is for modest growth in 2003, followed by a moderate cyclical upturn in 2004. Exports are expected to benefit from the improving external economic environment. Growth in Eastern Europe is expected to be stronger than in Western Europe.

Hardwood imports - Netherlands

		v	/alue (10	- 00s euros	;)				Volu	ıme (m3)		
	2001	2002	% chg	2002	2003	% chg	2001	2002	%chg	2002	2003	% chg
	Year	Year	01-02	Jan-Jun	Jan-Jun	02-03	Year	Year	01-02	Jan-Jun	Jan-Jun	02-03
Tropical logs												
GABON	9776	7336	-25.0	3749	1934	-48.4	44049	39087	-11.3	20777	8340	-59.9
CAMEROON	3723	1326	-64.4	474	258	-45.6	15804	3124	-80.2	1492	474	-68.2
SURINAM	568	1065	87.5	469	518	10.4	1809	3718	105.5	1558	1628	4.5
BELGIUM	507	962	89.7	278	997	258.6	1183	2407	103.5	490	3016	515.5
LIBERIA	2041	960	-53.0	0	1162	na	15253	5647	-63.0	0	5749	na
MALAYSIA	150	540	260.0	441	212	-51.9	89	552	520.2	493	145	-70.6
OTHER	2442	1959	-19.8	715	1719	140.4	5001	5514	10.3	1494	4545	204.2
TOTAL	19207	14148	-26.3	6126	6800	11.0	83188	60049	-27.8	26304	23897	-9.2
Beech logs	429	454	5.8	408	407	-0.2	5522	5858	6.1	3903	5807	48.8
LUXEMBOURG	458	211	-53.9	211	126	-40.3	4902	3378	-31.1	3246	1300	-60.0
EU-UNKNOWN	250	97	-61.2	97	0	-100.0	1470	919	-37.5	919	0	-100.0
UKRAINE BELGIUM	230 0 2	23 7	250.0	0	0	-100.0 na -100.0	0	33 6	-07.0 na 500.0	0	Ŭ 0	na
OTHER	11	2	-81.8	2	16	700.0	109	19	-82.6	19	29	52.6
TOTAL	1150	794	- 31.0	719	549	-23.6	12004	10213	-14.9	8087	7136	- 11.8
Oak logs									-			
UKRAINE GERMANY	1504	1070	-28.9	919	493	-46.4	5444	3731	-31.5	2591	1341	-48.2
	163	185	13.5	145	135	-6.9	2342	1627	-30.5	902	3635	303.0
LUXEMBOURG	235	146	-37.9	146	23	-84.2	2373	1064	-55.2	795	143	-82.0
HUNGARY	13	80	515.4	15	0	-100.0	64	121	89.1	30	0	-100.0
CROATIA	13	63	384.6	19	0	-100.0	19	75	294.7	18	0	-100.0
OTHER	341	66	-80.6	0	28	na	645	98	-84.8	0	48	na
	2269	1610	-29.0	1244	679	-45.4	10887	6716	-38.3	4336	5167	19.2
Other hardwo	2005	1603	-20.0	751	774	3.1	46002	47060	2.3	17406	24573 22123	41.2
BELGIUM U.S.A.	598 251 95	1339 131	123.9 -47.8	599 91 78	853 33 0	42.4 -63.7	15712 492	36421 342 162	131.8 -30.5	18083 280	22123 69 0	22.3 -75.4
CHINA RUSSIA	0	85 19	-10.5 na	78 19 7	17	-100.0 -10.5	140 0	162 30	15.7 na	136 30	29	-100.0 -3.3
OTHER	145	15	-89.7	1545	37	428.6	591	38	-93.6	13	210	1515.4
TOTAL	3094	3192	3.2		1714	10.9	62937	84053	33.6	35948	47004	30.8
Tropical sawn	107659	er 102321	-5.0	56496	47759	-15.5	162852	166506	2.2	72846	85088	16.8
CAMEROON	34969	29043	-16.9	14824	8008	-46.0	74441	59500	-20.1	35606	17842	-49.9
BRAZIL	30046	25692	-14.5	13084	13891	6.2	77631	90366	16.4	45756	57697	26.1
BELGIUM	13150	15137	15.1	8869	7199	-18.8	21494	25198	17.2	13900	11333	-18.5
INDONESIA	4210	5823	38.3	2793	2796	0.1	6220	9750	56.8	3964	5001	26.2
IVORY COAST	8221	4293	-47.8	2920	1171	-59.9	19614	11022	-43.8	7041	2686	-61.9
GHANA	3178	3173	-0.2	1730	2130	23.1	7547	8181	8.4	4184	5427	29.7
BURMA	1507	2613	73.4	1814	858	-52.7	845	1211	43.3	1074	731	-31.9
SINGAPORE	1401	1765	26.0	690	663	-3.9	1489	2268	52.3	629	1108	76.2
GERMANY	2389	1459	-38.9	536	1044	94.8	5064	3198	-36.8	1113	1744	56.7
SOUTH AFRICA	1064	1411	32.6	550	180	-67.3	3214	4170	29.7	1941	494	-74.5
OTHER	4958	4624	-6.7	1997	3376	69.1	6771	8135	20.1	3224	6101	89.2
TOTAL	212752	197354	-7.2	106303	89075	- 16.2	387182	389505	0.6	191278	195252	2.1
Beech sawn I												
GERMANY	4777	4583	-4.1	2400	1836	-23.5	18766	17811	-5.1	7148	10100	41.3
BELGIUM	1942	1364	-29.8	756	1015	34.3	7409	5549	-25.1	1927	5010	160.0
POLAND	534	1019	90.8	716	235	-67.2	766	1494	95.0	1173	473	-59.7
SERBIA & MONT.	203	465	129.1	196	123	-37.2	368	882	139.7	313	262	-16.3
BOSNIA & HERZ.	534	443	-17.0	267	185	-30.7	665	752	13.1	386	290	-24.9
FRANCE	405	236	-41.7	103	99	-3.9	1245	525	-57.8	193	166	-14.0
ROMANIA	132	217	64.4	112	156	39.3	249	323	29.7	164	181	10.4
CROATIA	87	134	54.0	101	121	19.8	148	241	62.8	267	240	-10.1
SLOVAKIA	48	94	95.8	72	47	-34.7	47	140	197.9	108	74	-31.5
OTHER	519	311	-40.1	165	254	53.9	1007	695	-31.0	438	520	18.7
Oak sawn lun	9181	8866	-3.4	4888	4071	-16.7	30670	28412	-7.4	12117	17316	42.9
FRANCE	10139	9990	-1.5	4542	4251	-6.4	24537	20394	-16.9	7465	8751	17.2
U.S.A.	9383	7921	-15.6	4675	2988	-36.1	12780	11227	-12.2	5392	4837	-10.3
BELGIUM	2201	3705	68.3	1859	1394	-25.0	4519	2988	-33.9	1036	2196	112.0
GERMANY	2576	2865	11.2	1021	1365	33.7	5875	5697	-3.0	1818	2582	42.0
POLAND	1384	2643	91.0	1269	1947	53.4	2550	5395	-0.8	3417	5466	60.0
CROATIA	1844	1941	5.3	1091	1299	19.1	2663	2643	-0.8	2132	1652	-22.5
UKRAINE BOSNIA & HERZ.	1630 391	1930 890	18.4 127.6	926 388	1604 399	73.2	5567 972	6178 1670	-0.8 11.0 71.8	2582 717	5385 748	108.6 4.3
CZECH REPUBLIC	1820	646	-64.5	392	579	47.7	5830	1833	-68.6	957	1690	76.6
OTHER	2574	2020	-21.5	1156	1118	-3.3	5038	3447	-31.6	2144	1505	-29.8
TOTAL	33942	34551	-21.5 1.8	17319	1 6944	-3.3 -2.2	70331	61472	-12.6	27660	34812	25.9
Other hardwo	od sav	vn lum 10573	ber -31.8	5505	4860	-11.7	15136	11277	-25.5	4739	5373	13.4
CANADA	12148	8928	-26.5	5633	2238	-60.3	8418	7524	-10.6	3474	2388	-31.3
LITHUANIA	1916	1825	-4.7	816	909	11.4	17075	17187	0.7	6415	8143	26.9
HUNGARY	1049	1079	2.9	569	521	-8.4	3975	3679	-7.4	2454	1647	-32.9
LATVIA	2679	1029	-61.6	508	904	78.0	20120	8980	-55.4	3824	8044	110.4
BELGIUM	1541	972	-36.9	488	720	47.5	7859	2659	-66.2	1186	1370	15.5
FRANCE	651	749	15.1	319	209	-34.5	2044	2389	16.9	635	899	41.6
ITALY	364	716	96.7	302	242	-19.9	488	1032	111.5	445	310	-30.3
OTHER	3165	2492	-21.3	1293	1265	-2.2	19968	13406	-32.9	6264	4728	-24.5
TOTAL	39006	28363	-27.3	15433	11868	-23.1	95083	68133	-28.3	29436	32902	11.8
Tropical hard	203	1673	724.1	856	656	-23.4	43	2114	4816.3	966	771	-20.2
GABON	1521	1608	5.7	730	1026	40.5	2897	2815	-2.8	1123	1371	22.1
GERMANY	975	735	-24.6	541	186	-65.6	528	632	19.7	403	134	-66.7
THAILAND	841	671	-20.2	331	504	52.3	194	138	-28.9	79	99	25.3
BELGIUM	396	562	41.9	281	512	82.2	563	788	40.0	391	798	104.1
SWEDEN	586	284	-51.5	260	0	-100.0	93	65	-30.1	52	0	-100.0
OTHER	421	401	-4.8	142	107	-24.6	334	270	-19.2	128	170	32.8
TOTAL	4943	5934	20.0	3141	2991	-4.8	4652	6822	46.6	3142	3343	6.4
Other hardwo	2691	1532	-43.1	505	1101	118.0	1882	1076	-42.8	424	573	35.1
HUNGARY	448	606	35.3	207	300	44.9	731	1240	69.6	632	573	-9.3
BELGIUM	919	596	-35.1	325	471	44.9	565	332	-41.2	127	610	380.3
FRANCE	381	383	0.5	258	229	-11.2	417	315	-24.5	145	159	9.7
U.S.A.	175	334	90.9	245	191	-22.0	84	120	42.9	90	162	80.0
POLAND	419	248	-40.8	75	281	274.7	350	206	-41.1	99	428	332.3
OTHER	543	97	-82.1	55	110	100.0	310	50	-83.9	10	47	370.0
TOTAL	5576	3796	-31.9	1670	2683	60.7	4339	3339	-23.0	1527	2552	67.1

Gloomy picture

Dutch domestic hardwood consumption is depressed as the Dutch economy is in the middle of the deepest downturn since the early 1980's. Expectations for the Netherlands are 0% growth in 2003: the lowest figure since 1982 and the lowest in the EU

and the lowest in the EU. Growth is expected to recover to 1% in 2004

With a relatively small domestic furniture sector, Dutch hardwood consumption is dominated by the construction sector. Tropical timbers, notably Malaysian meranti are used extensively, particularly for the manufacture of window frames. But there has been a major downturn in construction activity during the last 18 months. Hardwood consumption has tended to decline, and hardwood lumber prices on the ground have been very weak as there has been ferocious competition for the limited number of orders available.

JIT boosts Dutch trade

The Dutch import figures need also to be considered in light of the country's role in transshipment of goods to other E.U. countries. Dutch importers have traditionally been significant suppliers of hardwood to German and Belgian furniture manufacturers. The trend towards just-in-time (JIT) purchasing in Europe has also encouraged development of concentration yards in the Netherlands. This may partly explain the stability of Dutch imports of tropical hardwood lumber over the last 18 months despite the down-turn in domestic consumption.

African decline

Considering supply sources, the volume of tropical hardwood lumber imports from African countries seems to have declined sharply this year, while imports from Malaysia and Brazil have increased. This may be explained by supply problems in Africa and by ex-

Hardwood imports - Netherlands

change rate movements favouring dollar-denominated stock this year.

Tropical log imports fall

In the past, the Netherlands has also been a significant importer of tropical logs, partly to serve processing plants in other parts of Europe, and partly to supply domestic processing plants. The Netherlands has been a significant processor and supplier of tropical timbers such as ekki for large civil engineering projects. During the last 18 months, tropical hardwood log imports have declined sharply into the Netherlands. This reflects supply side trends as tropical countries have placed more restrictions on log exports. It may also be due to falling demand and intensifying environmentalist pressure.

Dutch imports of temperate hardwood lumber have fallen during the last 18 months. The decline has been strongest from North America and France. Rising levels of import from Eastern Europe, notably Poland and Ukraine, have partly off-set this trend.

The Netherlands is a large importer of hardwood plywood, with much of the volume derived from other European countries. Overall Dutch imports of plywood have been climbing over the last 18 months, perhaps surprising given the current state of the Dutch construction sector. But again, the figures need to be viewed in light of the Netherlands role as a supplier to neighbouring countries.

Rise of Chinese plywood

A notable trend has been a sharp increase in plywood imports from China. Plywood imports from Indonesia rose strongly between 2001 and 2002, but have fallen away again this year. There seems to have been strong growth in Dutch imports of birch plywood from Finland and Latvia over the last 18 months.

As in other E.U. countries, there has been a trend towards increased imports of dimension and further processed wood

		١	alue (10	00s euros	;)				Volu	me (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 h	ardwood	plywoo	d									
FRANCE NON-EU SUPP.	36831 21580	38787 19775	5.3 -8.4	16674 9682	21940 8233	31.6 -15.0	54462 30995	56264 32943	3.3 6.3	22974 11586	30654 12097	33.4 4.4
BELGIUM INDONESIA	24901 11930	19364 15429	-22.2 29.3	8559 7990	12676 3406	48.1 -57.4	59568 26110	47523 40697	-20.2 55.9	22507 17205	32273 7616	43.4 -55.7
CHINA MALAYSIA	763 886	9254 3018	1112.8 240.6	3978 2186	7112 557	78.8 -74.5	1770 1610	20811 5500	1075.8 241.6	7180 4079	18874 952	162.9 -76.7
OTHER	13157 110048	9299	-29.3 4.4	3584	5366	49.7	23303	18105	-22.3	6058	10878	79.6
TOTAL		114926	4.4	52653	59290	12.6	197817	221842	12.1	91589	113345	23.8
Other hard	14273	17417	22.0	8602	11801	37.2	19480	27390	40.6	10941	24229	121.5
BELGIUM LATVIA	6054 3365	6034 3909	-0.3 16.2	4222 1900	2139 2733	-49.3 43.8	9720 5400	9812 6415	0.9 18.8	5884 3835	3141 4224	-46.6 10.1
UKRAINE RUSSIA	3176 2201	3245 3221	2.2 46.3	1711 1415	1282 2416	-25.1 70.7	8068 5393	7346 8726	-8.9 61.8	3497 3119	2900 6286	-17.1 101.5
FRANCE	1570 6300	2308 5885	47.0 -6.6	843 3156	747 3627	-11.4 14.9	2329 12529	3956 11014	69.9 -12.1	1218 5491	1098 6208	-9.9 13.1
TOTAL	36939	42019	-0.0 13.8	21849	24745	14.9	62919	74659	18.7	33985	48086	41.5
Sleepers Germany	1467	2025	38.0	1108	1228	10.8	21757	18311	-15.8	7408	11574	56.2
FRANCE	0	178	na	58	9	-84.5	0	543	na	213	9	-95.8
BELGIUM NEW ZEALAND	6 13	23	433.3 76.9	11 0	133 0	1109.1 na	10 22	493 56	4830.0 154.5	286 0	596 0	108.4 na
OTHER TOTAL	154 1640	36 2294	-76.6 39.9	6 1183	98 1468	1533.3 24.1	201 21990	134 19537	-33.3 -11.2	5 7912	316 12495	6220.0 57.9
				00s euros		<i></i>			-	(tonnes)		04
	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, sa	nded and	d finger 12934	-jointe	d hard	wood 8851	51.9	3542	9674	173.1	4345	7055	62.4
INDONESIA	4050	9084	124.3	4373	4160	-4.9	16351	7782	-52.4	3702	12819	246.3
CAMEROON BELGIUM	3557 1567	5069 3667	42.5 134.0	2897 2157	3781 1236	30.5 -42.7	2480 2290	17241 2824	595.2 23.3	9858 1223	3589 1419	-63.6 16.0
BRAZIL OTHER	1103 3533	1863 4313	68.9 22.1	1107 2134	1168 3148	5.5 47.5	2994 4554	3270 7166	9.2 57.4	1775 3759	1699 6470	-4.3 72.1
TOTAL	18299	36930	101.8	18494	22344	20.8	32211	47957	48.9	24662	33051	34.0
Hardwood INDONESIA	profiles 28104	25324	-9.9	12393	14467	16.7	24660	29479	19.5	13762	18796	36.6
BELGIUM BRAZIL	9502 5563	8209 7929	-13.6 42.5	4004 5056	6480 6303	61.8 24.7	7250 13098	5790 20295	-20.1 54.9	2706 12700	4800 15295	77.4 20.4
MALAYSIA	12079	6781	-43.9	4185	3708	-11.4	9160	5996	-34.5	3368	3878	15.1
OTHER TOTAL	21429 76677	24122 72365	12.6 -5.6	11039 36677	13543 44501	22.7 21.3	12995 67163	18098 79658	39.3 18.6	8845 41381	9783 52552	10.6 27.0
Planed ha	rdwood N	/eneers	274.0	802	457	-43.0	38	177	365.8	117	59	-49.6
BELGIUM	54	424	274.9 685.2	307	195	-36.5	19	299	1473.7	215	180	-16.3
OTHER TOTAL	45 378	397 1867	782.2 393.9	231 1340	105 757	-54.5 -43.5	31 88	175 651	464.5 639.8	80 412	58 297	-27.5 -27.9
Windows a												
DENMARK POLAND	12220 1669	3747 1828	-69.3 9.5	3747 830	2152 1178	-42.6 41.9	2961 787	936 725	-68.4 -7.9	936 330	487 416	-48.0 26.1
HUNGARY GERMANY	765 1102	786 755	2.7 -31.5	501 190	447 517	-10.8 172.1	435 646	491 750	12.9 16.1	315 164	171 486	-45.7 196.3
OTHER TOTAL	4345 20101	2515 9631	-42.1 - 52.1	1494 6762	940 5234	-37.1 -22.6	1630 6459	1496 4398	-8.2 -31.9	744 2489	683 2243	-8.2 -9.9
Doors and			-52.1	0/02	5254	-22.0	0400	4000	-01.0	2403	2245	-5.5
INDONESIA CHINA	15438 3781		5.4 47.6	6873 2396	9009 2558	31.1 6.8	7537 1046	9259 1764	22.8 68.6	3588 695	5568 893	55.2 28.5
MALAYSIA	3970	2648	-33.3	1785	596	-66.6	1895	1415	-25.3	917	315	-65.6
SPAIN OTHER	1914 9504	1489 9109	-22.2 -4.2	1099 5072	0 4353	-100.0 -14.2	1146 6040	557 5711	-51.4 -5.4	415 3744	0 2048	-100.0 -45.3
TOTAL	34607	35099	1.4	17225	16516	-4.1	17664	18706	5.9	9359	8824	-5.7
Parquet pa	9489		23.4	3949	5565	40.9	7211	12441	72.5	4145	6269	51.2
BELGIUM CHINA	15856 10122	10406 9341	-34.4 -7.7	7041 4523	3567 3636	-49.3 -19.6	11553 4182	8133 3854	-29.6 -7.8	6211 1773	2026 1576	-67.4 -11.1
MALAYSIA OTHER	4331 10891	3789 11561	-12.5 6.2	2031 4912	3086 6202	51.9 26.3	2355 5650	2049 6643	-13.0 17.6	1063 2417	1501 3131	41.2 29.5
TOTAL	50689		-7.7	22456	22056	- 1.8	30951	33120	7.0	15609	14503	-7.1
Wooden fu GERMANY	Irniture 126897	156316	23.2	73370	85339	16.3	48428	55548	14.7	25679	28805	12.2
BELGIUM	146798	144710	-1.4	79728	66326	-16.8	1071528	3 62548	-94.2	36468	26640	-26.9
INDONESIA	75923 92086	92064 87808	21.3 -4.6	48441 48587	56511 45944	16.7 -5.4	31472 33456	32700 31734	3.9 -5.1	17128 17723	19984 18247	16.7 3.0
ROMANIA ITALY	64423 64478	73097 68753	13.5 6.6	37488 34038	35944 32805	-4.1 -3.6	37733 8817	39952 11863	5.9 34.5	20998 5812	20164 5612	-4.0 -3.4
BRAZIL CHINA	37001 29700	36825	-0.5 8.0	19837 14364	17847 24373	-10.0 69.7	18862 11210	20886 12708	10.7 13.4	10375 5297	11908 10665	14.8 101.3
OTHER	223155	202431	-9.3	103923	122824	18.2	88508	86048	-2.8	40700	55617	36.7
TOTAL	860461	894093	3.9	459776	487913	6.1	1350014	4 353987	-73.8	180180	197642	9.7

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. For breakdown of harmonised system (HS) codes used to prepare these tables see page 13.

products during the last 18 months. The value of the Netherlands furniture imports has continued to climb, particularly from Germany, Poland and China. But weakness in the construction sector is reflected in a decline in Dutch imports of windows, doors and parquet panels.

Environmental issues are playing an increasingly important role in the Dutch hardwood market. The Dutch government has established the goal of realizing 25 % certified wood on the Dutch market by 2005.

Hardwood imports - Belgium

		1	/alue (10	00s euros)				Volu	me (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	2841	2323	-18.2	1365	1075	-21.2	9807	7704	-21.4	4597	3608	-21.5
CONGO DEM. REP. CAMEROON	724 2231	1765 1474	143.8 -33.9	659 607	1277 709	93.8 16.8	2446 5744	3157 3703	29.1 -35.5	981 1493	1640 1843	67.2 23.4
NETHERLANDS GERMANY	1403 1165	903 816	-35.6 -30.0	390 402	585 253	50.0 -37.1	3272 2749	3999 1375	22.2 -50.0	1900 790	1638 597	-13.8 -24.4
FRANCE OTHER	2006 2116	758 1913	-62.2 -9.6	475 862	694 526	46.1 -39.0	6776 3977	2813 2748	-58.5 -30.9	1905 1255	3113 1310	63.4 4.4
TOTAL	12486	9952	-20.3	4760	5119	7.5	34771	25499	-26.7	12921	13749	6.4
Beech logs FRANCE LUXEMBOURG	15298 2860	9505 1769	-37.9 -38.1	5402 962	5891 793	9.1 -17.6	691883 153257	366039 84725	-47.1 -44.7	191081 44784	214937 40046	12.5 -10.6
GERMANY	1306 585	1570 333	20.2 -43.1	795 181	789 270	-0.8 49.2	23731 2127	28861 1841	21.6	14090 1198	18384 1916	30.5 59.9
BOSNIA & HERZ. OTHER	628 575	326 184	-48.1 -68.0	326 152	45 73	-86.2 -52.0	2186 4316	845 588	-61.3 -86.4	845 452	107 237	-87.3 -47.6
	21252	13687	-35.6	7818	7861	0.6	877500	482899	-45.0	252450	275627	9.2
Oak logs	10177	11701	15.0	6449	5421	-15.9	219028	232335	6.1	111825	123813 1441	10.7
NETHERLANDS LUXEMBOURG GERMANY	1117 133 448	731 459 417	-34.6 245.1 -6.9	415 192 133	407 408 312	-1.9 112.5 134.6	2153 6900 6340	1750 23854 13171	-18.7 245.7 107.7	827 10314 5123	11614 9933	74.2 12.6 93.9
UKRAINE OTHER	64 1417	138 475	115.6 -66.5	91 329	55 304	-39.6 -7.6	215 3758	447 843	107.9	287 684	185 545	-35.5 -20.3
TOTAL	13356	13921	4.2	7609	6907	-9.2	238394	272400	14.3	129060	147531	14.3
Other hardwo	14059	10921	-22.3	5163	5067	-1.9	622701	567471	-8.9	261805	306291	17.0
NETHERLANDS U.S.A.	5802 3511	5539 2919	-4.5 -16.9	2872 2798	3177 366	10.6 -86.9	232072 3153	229255 5177	-1.2 64.2	118161 4929	129022 761	9.2 -84.6
GERMANY LUXEMBOURG OTHER	3039 709 5603	2211 385 1062	-27.2 -45.7 -81.0	1151 219 604	1724 221 188	49.8 0.9 -68.9	80639 32373 10810	81411 14216 2984	1.0 -56.1 -72.4	41820 6667 1525	61536 10422 1003	47.1 56.3 -34.2
TOTAL	32723	23037	-29.6	12807	10743	-06.9 -16.1	981748	2904 900514	-72.4 -8.3	434907	509035	-34.2 17.0
Tropical sawn MALAYSIA	1032	er 50917	-28.3	23408	28245	20.7	115045	89229	-22.4	40007	54377	35.9
CAMEROON BRAZIL	25964 13621	28044 14898	8.0 9.4	14357 6811	12404 7020	-13.6 3.1	43695 26911	48438 30852	10.9 14.6	24807 13413	21923 16548	-11.6 23.4
NETHERLANDS CONGO DEM. REP. (4.3 106.6	4978 2322	6005 2254	20.6 -2.9	15625 3528	16649 6746	6.6 91.2	8379 3285	10308 2595	23.0 -21.0
INDONESIA GHANA	5189 4245	3293 3072	-36.5 -27.6	1154 1992	2766 1236	139.7 -38.0	8056 10871	5989 7041	-25.7 -35.2	1955 4474	5761 2054	194.7 -54.1
FRANCE GABON	1954 910	2153 1685	10.2 85.2	1072 901	3113 804	190.4 -10.8	3830 2071	4297 3613	12.2 74.5	2058 1969	6025 1613	192.8 -18.1
IVORY COAST CENT. AFR. REP. OTHER	2013 241 8707	1528 1222 6554	-24.1 407.1 -24.7	671 983 3305	1842 276 4259	174.5 -71.9 28.9	3602 369 12965	2858 2115 9587	-20.7 473.2 -26.1	1207 1643 5052	3386 561 6538	180.5 -65.9 29.4
TOTAL	145361	127767	-12.1	61954	70224	13.3	246568	227414	-7.8	108249	131689	21.7
Beech sawn I FRANCE	5060	4742	-6.3	2875	2235	-22.3	25630	21669	-15.5	11815	10940	-7.4
GERMANY NETHERLANDS	1536 1367	2867 1134	86.7 -17.0	1455 439	1400 306	-3.8 -30.3	13052 5513	17301 1591	32.6 -71.1	8369 755	7717 571	-7.8 -24.4
SLOVENIA ITALY	467 796	657 419	40.7 -47.4	300 225	409 264	36.3 17.3	1011 1358	1151 675	13.8 -50.3	545 331	627 424	15.0 28.1
POLAND ROMANIA BOSNIA & HERZ.	519 396 142	385 373 373	-25.8 -5.8 162.7	177 244 184	209 115 187	18.1 -52.9 1.6	1136 791 317	978 782 867	-13.9 -1.1 173.5	287 503 439	574 234 754	100.0 -53.5 71.8
SERBIA & MONT. OTHER	158 774	138 591	-12.7 -23.6	78 370	187 701	139.7 89.5	320 1603	207 1746	-35.3 8.9	118 1219	305 1763	158.5 44.6
TOTAL	11215	11679	4.1	6347	6013	-5.3	50731	46967	-7.4	24381	23909	-1.9
Oak sawn lum	24304	20064	-17.4	12877	8674	-32.6	32179	27624	-14.2	16978	12823	-24.5
FRANCE GERMANY	16746 5161	16333 5420	-2.5 5.0	8805 3071	8701 1894	-1.2 -38.3	37371 10563	33442 9484	-10.5 -10.2	18317 5570	17866 3550	-2.5 -36.3
POLAND UKRAINE NETHERLANDS	2539 2479 2460	3501 3329 2639	37.9 34.3 7.3	1947 1645 1360	1944 2002 1570	-0.2 21.7 15.4	5536 4960 4888	5479 6862 3782	-1.0 38.3 -22.6	2869 3355 1940	4280 4017 2300	49.2 19.7 18.6
ROMANIA	691 1750	1386 1171	100.6 -33.1	579 829	859 599	48.4	1355 2532	2141 1498	-22.0 58.0 -40.8	984 1117	1591 802	61.7 -28.2
CANADA OTHER	1137 3308	736 2758	-35.3 -16.6	518 1305	263 1557	-49.2 19.3	1374 6971	942 5348	-31.4 -23.3	668 2576	538 2588	-19.5 0.5
TOTAL	60575	57337	-5.3	32936	28063	-14.8	107729	96602	-10.3	54374	50355	-7.4
Other hardwo	12318	10300	-16.4	6623	4959	-25.1	14779	12520	-15.3	7906	6002	-24.1
LITHUANIA LATVIA NETHERI ANDS	3725 966 2781	5528 2644 2602	48.4 173.7	2847 1468 1081	4871 2058 1330	71.1 40.2 -32.4	29745 7743 2010	44012 23496 2000	48.0 203.4	22339 13180 1776	40976 17703 2934	83.4 34.3
NETHERLANDS CANADA FRANCE	2781 3253 3523	2602 2583 2258	-6.4 -20.6 -35.9	1981 1631 1208	1339 1155 1015	-32.4 -29.2 -16.0	2910 2685 18687	2999 2628 14430	3.1 -2.1 -22.8	1776 1689 7596	2934 1479 5005	65.2 -12.4 -34.1
BELARUS GERMANY	563 905	2258 949 826	-35.9 68.6 -8.7	515 395	382 677	-16.0 -25.8 71.4	5068 2609	8647 1608	-22.0 70.6 -38.4	4793 672	3492 1482	-34.1 -27.1 120.5
OTHER TOTAL	8666 36700	2242 29932	-74.1 - 18.4	958 17626	1069 17525	11.6 - 0.6	22292 106518	8566 118906	-61.6 11.6	3872 63823	4473 83546	15.5 30.9
Tropical hard	wood	veneer										
FRAÑCE GHANA GABON	3670 1967	4371 3742	19.1 90.2	2376 2396	979 1683 721	-58.8 -29.8 20.0	1576 3630 1562	3057 6345 2573	94.0 74.8 64.7	1697 3977	753 2954 1200	-55.6 -25.7
GABON IVORY COAST GERMANY	868 1018 468	1860 1524 1224	114.3 49.7 161.5	911 825 579	721 557 696	-20.9 -32.5 20.2	1562 2727 226	2573 3570 590	64.7 30.9 161.1	1154 2083 275	1209 1252 324	4.8 -39.9 17.8
SPAIN OTHER	468 181 2894	1224 1181 4814	552.5 66.3	442 2046	893 2447	20.2 102.0 19.6	226 201 2922	899 3952	347.3 35.2	275 328 1969	324 764 1872	17.8 132.9 -4.9
TOTAL	11066	18716	69.1	9575	7976	- 16.7	12844	20986	63.4	11483	9128	-4.9
Other hardwo	8927	6621	-25.8	4025	3494	-13.2	4663	3563	-23.6	2303	1917	-16.8
GERMANY CROATIA	4447 3563	3753 3297	-15.6 -7.5	1640 2018	1426 1648	-13.0 -18.3	4099 1506	2295 1193	-44.0 -20.8	724 749	630 610	-13.0 -18.6
FRANCE CANADA	2601 913	2049 1103	-21.2 20.8	1042 648	1640 261	57.4 -59.7	3928 419	2421 490	-38.4 16.9	1241 267	1715 185	38.2 -30.7
SPAIN OTHER TOTAL	2444 7058 29953	779 3721 21323	-68.1 -47.3	524 1770 11667	582 3469 12520	11.1 96.0 7 3	2184 10346 27145	666 3398 14026	-69.5 -67.2	461 1404 7149	491 2374 7922	6.5 69.1 10.8
TOTAL	29953	21323	-28.8	11667	12520	7.3	27145	14026	-48.3	7149	7922	10.8

Wood trade hub

Despite is relatively small size, Belgium has traditionally been a significant player in wood products markets. It has a relatively large domestic wood processing sector. And like the Netherlands, Belgium plays an important role in the transshipment of goods to other parts of the E.U..

In 2002, the total value of Belgian production of wood and wood products was in excess of US\$4 billion. The Belgian primary processing sector (sawmills, veneering plants and wood drying and treatment industries) counts 269 companies and employs 3,000 people. The secondary processing industry (furniture, construction elements, panels and other producers) employs 26,000 people. Around two thirds of this capacity is located in the Flanders region, with the remainder split between the Walloon region and Brussels. Much of the output from this input is re-exported to other European countries. This high reliance on export sales has made the Belgian industry vulnerable to international economic fluctuations.

Weak domestic economy

The domestic economy has been weak, having experienced three years of near-stagnation. However it is forecast to pick up gradually in 2004, helped by stronger private consumption, business and housing investment and improved demand from export markets. GDP growth in 2004 is forecast by the Economist Intelligence Unit to reach around 1.75%, followed by 2.2% in 2005.

A striking feature of the Belgium hardwood trade data is the large volumes of low grade industrial roundwood imported each year, derived almost excluseively from France and the Netherlands, a reflection of Belgium's importance as a wood processing nation.

The uncertain economic envi-

Hardwood imports - Belgium

ronment in Belgium in recent years has resulted in patchy trade figures. Belgium's tropical hardwood imports fell back in 2002, but seem to have staged a recovery this year. Tropical hardwood lumber imports from Malaysia and Brazil have been rising while imports from African countries have tended to fall.

Falling oak imports

Despite anecdotal reports of oak's popularity in the European furniture sector, Belgium's imports of oak have been declining this year. Imports of North American and German oak have fallen away particularly sharply. Oak lumber imports from Poland, Ukraine and Romania have been stable or rising. The value of imports of other temperate hardwood lumber species has tended to fall over the last 18 months, while volumes have increased significantly. This suggests a significant shift to lower value lumber, perhaps as a cost saving device.

After remaining stable between 2001 and 2002, Belgium's imports of tropical hardwood plywood have been rising strongly this year, notably from Brazil, China and Ghana. Indonesia remains the main supplier of tropical hardwood plywood to Belgium, but has been losing market share.

Boom in parquet imports

Belgium's imports of further processed products present a mixed picture. There has been a huge increase in Belgium's imports of parquet panels in the last 18 months, largely due to a surge in imports from Spain. But unlike some other European nations, Belgium has not seen a massive influx of imported furniture. The value of wood furniture imports has remained stable during the last 18 months. Only China has significantly increased wood furniture exports to Belgium, but Chinese products still account for only a small proportion of the total market.

<u>ipons -</u>		<u>ei</u>	jiu									
				00s euros	-					me (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
BRAZIL NETHERLANDS CHINA GHANA FRANCE OTHER 10 TOTAL 12	5347 1713 9142 1943 2386 3257 0052 3840	78292 9340 8509 4747 4688 3212 8310 117098	1 -17.9 445.2 -6.9 144.3 96.5 -1.4 -17.3 -5.4	34958 4196 4368 2076 2199 1855 4196 53848	36527 6740 4338 6090 3399 1829 5036 63959	4.5 60.6 -0.7 193.4 54.6 -1.4 20.0 18.8	237335 4148 15944 5058 7213 6132 21822 297652	209253 26958 15718 13733 15195 5910 18612 305380	-11.8 549.9 -1.4 171.5 110.7 -3.6 -14.7 2.6	93094 11879 12193 5822 7283 2948 9015 142234	100735 23258 8330 19308 11730 4039 13576 180977	8.2 95.8 -31.7 231.6 61.1 37.0 50.6 27.2
GERMANY 4 FINLAND 2 POLAND 5 FRANCE CHINA 0THER 10	ply 0096 1344 2024 777 352 455 0509 3557	7 wood 7280 4515 1667 1205 599 438 1736 17440	-27.9 3.9 -17.6 55.1 70.2 -3.7 -83.5 -38.9	3709 2341 641 657 422 423 836 9029	4332 3060 1334 626 288 726 1363 11729	16.8 30.7 108.1 -4.7 -31.8 71.6 63.0 29.9	13370 7513 2802 1685 523 854 24812 51558	10271 9770 2324 2580 1088 985 3866 30884	-23.2 30.0 -17.1 53.1 108.0 15.3 -84.4 -40.1	5060 5031 832 1355 867 939 1652 15736	6150 7333 1779 1297 481 2625 3225 22890	21.5 45.8 113.8 -4.3 -44.5 179.6 95.2 45.5
BELGIUM 1 NETHERLANDS GERMANY OTHER	1903 1354 432 112 8 3809	3065 1300 1134 63 44 5606	61.1 -4.0 162.5 -43.8 450.0 47.2	1925 355 278 12 30 2600	1892 543 442 5 116 2998	-1.7 53.0 59.0 -58.3 286.7 15.3	11884 5076 2721 2677 61 22419	15506 5628 6190 311 93 27728	30.5 10.9 127.5 -88.4 52.5 23.7	9691 1544 1580 58 45 12918	10171 469 4419 10 467 15536	5.0 -69.6 179.7 -82.8 937.8 20.3
		V	alue (10	00s euros	5)				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
BURMA GHANA INDONESIA BRAZIL OTHER 7	and 5191 3741 2524 2115 2055 7203 2829	finger- 3505 2510 1874 1745 1420 6834 17888	-32.5 -32.9 -25.8 -17.5 -30.9 -5.1 -21.6	d hard 1916 1322 919 880 733 3650 9420	2017 1211 989 842 821 3428 9308	5.3 -8.4 7.6 -4.3 12.0 -6.1 -1.2	5201 3539 854 1241 1955 9776 22566	3926 1065 2164 1559 2179 6507 17400	-24.5 -69.9 153.4 25.6 11.5 -33.4 -22.9	2222 531 790 1013 1095 3678 9329	2444 1295 877 436 1549 3220 9821	10.0 143.9 11.0 -57.0 41.5 -12.5 5.3
FRANCE13NETHERLANDS10GERMANY7OTHER33	e s 5921 3352 0926 7870 3040 1109	24731 12787 10795 9685 26904 84902	-31.2 -4.2 -1.2 23.1 -18.6 -16.0	11612 6795 5911 6208 13412 43938	14097 7136 6056 3392 15570 46251	21.4 5.0 2.5 -45.4 16.1 5.3	42342 9349 5595 4201 28048 89535	32380 8507 5816 6923 20649 74275	-23.5 -9.0 3.9 64.8 -26.4 -17.0	14785 4728 3284 4767 9916 37480	20977 4706 3573 2298 13299 44853	41.9 -0.5 8.8 -51.8 34.1 19.7
Planed hardwoo GERMANY NETHERLANDS OTHER TOTAL	d ve 946 288 300 1534	eneers 1661 528 349 2538	75.6 83.3 16.3 65.4	869 259 259 1387	866 206 73 1145	-0.3 -20.5 -71.8 -17.4	87 215 43 345	216 479 85 780	148.3 122.8 97.7 126.1	115 222 67 404	98 77 34 209	-14.8 -65.3 -49.3 -48.3
GERMANY 5 POLAND 2 BELGIUM 4 OTHER 6	eir 2383 5231 2642 4332 5224 5224 5812	frames 17244 8308 5998 3917 5329 40796	-23.0 58.8 127.0 -9.6 -14.4 0.0	10818 3470 630 1806 3107 19831	7217 3488 4869 1524 2333 19431	-33.3 0.5 672.9 -15.6 -24.9 -2.0	5351 562 866 457 1905 9141	4141 1065 1705 376 1934 9221	-22.6 89.5 96.9 -17.7 1.5 0.9	2611 409 213 171 1277 4681	1638 422 1632 128 819 4639	-37.3 3.2 666.2 -25.1 -35.9 -0.9
NETHERLANDS SFRANCE SPAIN 2 OTHER 16 TOTAL 44	frar 3896 9658 3823 4949 5155 3481	nes 12922 7500 4934 4817 10338 40511	-7.0 -22.3 29.1 -2.7 -36.0 -16.4	5385 4006 1615 2588 6333 19927	7662 2519 4219 1961 4365 20726	42.3 -37.1 161.2 -24.2 -31.1 4.0	2652 6120 1799 2612 5715 18898	4889 5056 4522 2343 3940 20750	84.4 -17.4 151.4 -10.3 -31.1 9.8	1745 2758 1249 1236 2480 9468	3025 1652 4391 1033 1995 12096	73.4 -40.1 251.6 -16.4 -19.6 27.8
NETHERLANDS GERMANY & OTHER 15	687 5430 9950 3144 5374 9585	18740 16848 11934 8411 9170 65103	2627.8 9.2 19.9 3.3 -40.4 31.3	7343 8761 4015 3536 5255 28910	13168 8805 7846 4298 4691 38808	79.3 0.5 95.4 21.5 -10.7 34.2	399 6570 4766 5358 8172 25265	12212 7614 6335 6367 4790 37318	2960.7 15.9 32.9 18.8 -41.4 47.7	4898 4019 2159 2491 2740 16307	8948 3968 3356 3914 2637 22823	82.7 -1.3 55.4 57.1 -3.8 40.0
GERMANY 177 ITALY 177 FRANCE 122 POLAND 66 INDONESIA 67 SWEDEN 52 CHINA 11 OTHER 183	1068 7658 0427 4131 3492 7622 4028 3337 3669 0432	182578 181234 169176 114400 75771 63987 37069 21754 178172 1024141	13.4 2.0 -0.7 -7.8 10.6 -5.4 -3.14 63.1 -3.0 0.4	95985 90267 90886 58693 38135 33196 18547 9505 88761 523975	90327 92275 80808 55103 37576 41238 17521 14428 97879 527155 awn from El	-5.9 2.2 -11.1 -6.1 -1.5 24.2 -5.5 51.8 10.3 0.6 <i>urostat. V</i>	48091 45570 26024 39734 35438 16967 22090 4405 67690 306009 alue and weic	59684 161890 25675 36081 38269 19410 24998 8312 69810 444129 wht data is	24.1 255.3 -1.3 -9.2 8.0 14.4 13.2 88.7 3.1 45.1 provided	30461 132326 14405 18839 18424 9383 13349 3461 33905 274553 as supplie	25795 28735 12205 16130 18763 13093 9912 6189 40562 171384 d by BTS, D	-15.3 -78.3 -15.3 -14.4 1.8 39.5 -25.7 78.8 19.6 - 37.6

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). Beech logs: 44039200, 44039210, Oak logs: 44039100, 44039210, 4403910. Other hardwood logs: 44039995 (from non tropical countries). Tropical hardwood logs: 44039950, 44039910, Contenties), 44039998 (from non tropical countries). Tropical hardwood logs: 44039950, 4412310, 4129299, 44122299, 44129210, 44122210, 4412929, 4412229. Chter hardwood plywood: 44121400, 44122980, 44122300, 44122920. Tropical hardwood plywood: 44121400, 44122980, 44122300, 44122910. Chter hardwood plywood: 44121400, 44122980, 44122300, 44122910. Tropical hardwood plywood: 44121400, 4412980, 44122300, 44122910. Tropical hardwood plywood: 44121400, 4412980, 44122300, 44122910. Tropical hardwood plywood: 44121400, 4412980, 44122300, 44122910.

44072969, 44072999, 44072995, 440 44072560, 44072580, 44072490, 44072690. Beech sawn lumber: 44079200. Oak sawn lumber: 44079190 Car Sawi Humber: 44079130. Other hardwood Lumber: 44079997, 44079991. Planed, sanded, or finger jointed hardwood: 44079910, 4407915, 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

Adossols, 4408905, 4408905, 4408905, 4408905, 4408905, 4408905, 4408905, 4408905, 4408905, 4408905, 44083905, 44083915, 44083015, 44038015, 4408305, 44083005, 44083005, 44083005, 44083015, 4408305, 4408305, 44083005, 44083005, 44083005, 4408305, 4408

94036030, 94036090, 94039030, 94060010.

Hardwood imports - Denmark

		N	/alue (10	- 00s euros)				Volu	me (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 GERMANY BURMA NETHERLANDS U.S.A. BELGIUM SINGAPORE OTHER TOTAL	2032 1409 817 76 266 0 322 4922	1721 876 808 60 58 140 3749	-15.3 -37.8 -1.1 13.2 -77.4 na -56.5 -23.8	912 381 118 55 49 58 127 1700	1000 691 381 52 278 71 282 2755	9.6 81.4 222.9 -5.5 467.3 22.4 122.0 62.1	3058 1230 1246 91 358 0 476 6459	2841 781 725 85 60 44 320 4856	-7.1 -36.5 -41.8 -6.6 -83.2 na -32.8 -24.8	1341 321 101 58 35 44 261 2161	2227 616 1673 85 205 53 4182 9041	66.1 91.9 1556.4 46.6 485.7 20.5 1502.3 318.4
Beech logs GERMANY UKRAINE U.K. SWEDEN U.S.A. OTHER TOTAL	8606 76 0 264 0 829 9775	6603 66 53 31 34 6853	-23.3 -13.2 na -79.9 na -95.9 -29.9	3727 60 50 43 11 12 3903	4724 9 68 3 24 25 4853	26.8 -85.0 36.0 -93.0 118.2 108.3 24.3	183740 230 5685 0 12904 202559	190511 214 353 1287 69 164 192598	3.7 -7.0 -77.4 -77.4 -98.7 -4.9	80065 195 252 617 45 103 81277	150087 55 286 26 48 112 150614	87.5 -71.8 13.5 -95.8 6.7 8.7 85.3
Oak logs GERMANY U.S.A. POLAND UKRAINE CANADA OTHER TOTAL	2374 240 120 281 0 543 3558	1323 70 66 62 58 103 1682	-44.3 -70.8 -45.0 -77.9 na -81.0 -52.7	528 29 36 9 31 49 682	935 57 54 17 0 66 1129	77.1 96.6 50.0 88.9 -100.0 34.7 65.5	66450 377 570 715 0 2294 70406	36436 177 349 218 94 598 37872	-45.2 -53.1 -38.8 -69.5 na -73.9 -46.2	11031 46 220 37 23 505 11862	26252 84 323 57 0 129 26845	138.0 82.6 46.8 54.1 -100.0 -74.5 126.3
Other hardwood POLAND GERMANY U.S.A. CANADA RUSSIA OTHER TOTAL	555 2348 392 54 33 1284 4666	1939 883 461 389 117 273 4062	249.4 -62.4 17.6 620.4 254.5 -78.7 -12.9	822 577 360 315 0 175 2249	1091 535 168 30 85 362 2271	32.7 -7.3 -53.3 -90.5 na 106.9 1.0	8232 32947 609 47 91 4282 46208	34634 18218 836 480 4952 1010 60130	320.7 -44.7 37.3 921.3 5341.8 -76.4 30.1	14158 10495 597 329 0 531 26110	20109 11546 230 41 2900 4466 39292	42.0 10.0 -61.5 -87.5 na 741.1 50.5
Tropical sawn U.S.A. GERMANY BURMA BRAZIL MALAYSIA SINGAPORE NETHERLANDS GHANA CAMEROON CONGO REPUBLIC BELGIUM OTHER TOTAL	lumbe 6199 6081 6503 3737 3261 1869 2455 1216 1455 440 826 5545 39587	7211 6082 5362 1798 1490 1358 1185 891 784 570 535 3470 30736	16.3 0.0 -17.5 -51.9 -54.3 -27.3 -51.7 -26.7 -46.1 29.5 -35.2 -37.4 -22.4	3578 3536 3763 1078 938 997 396 548 462 433 268 1172 17169	2192 2899 2073 743 1059 821 1081 308 354 455 244 1693 13922	-38.7 -18.0 -44.9 -31.1 12.9 -17.7 173.0 -43.8 -23.4 5.1 -9.0 44.5 -18.9	1673 9612 4048 7007 4423 1429 3760 1838 2057 696 1008 8951 46502	1903 8637 3484 4749 2047 1131 1706 1302 1157 958 737 4852 32663	13.7 -10.1 -13.9 -32.2 -53.7 -20.9 -54.6 -29.2 -43.8 37.6 -26.9 -45.8 -29.8	973 4679 2350 2425 1234 739 535 836 629 679 371 2018 17468	609 4978 1508 1736 1784 628 1499 466 445 824 345 2693 17515	-37.4 6.4 -35.8 -28.4 44.6 -15.0 180.2 -44.3 -29.3 21.4 -7.0 33.4 0.3
Beech sawn lu SLOVAKIA POLAND GERMANY UKRAINE CZECH REPUBLIC ROMANIA SERBIA & MONTENE HUNGARY SWEDEN OTHER TOTAL	2783 2017 2223 577 311 598	2268 1582 1255 601 452 374 348 315 144 610 7949	-18.5 -21.6 -43.5 4.2 45.3 -37.5 1060.0 -8.4 -47.8 -9.5 -19.2	1195 999 689 321 322 231 106 288 82 340 4573	1449 872 663 272 209 200 167 24 72 631 4559	21.3 -12.7 -3.8 -15.3 -35.1 -13.4 57.5 -91.7 -12.2 85.6 -0.3	6207 4922 4874 2006 467 1123 53 786 384 1202 22024	4357 2594 7159 1880 719 419 733 589 225 1018 19693	-29.8 -47.3 46.9 -6.3 54.0 -62.7 1283.0 -25.1 -41.4 -15.3 -10.6	2370 2453 2396 1041 593 262 222 533 115 596 10581	2781 2020 1196 756 239 202 363 36 100 693 8386	17.3 -17.7 -50.1 -27.4 -59.7 -22.9 63.5 -93.2 -13.0 16.3 -20.7
Oak sawn lum U.S.A. GERMANY LITHUANIA CANADA HUNGARY ROMANIA LATVIA POLAND AUSTRALIA OTHER TOTAL	ber 8398 2325 608 1276 400 144 823 465 295 1493 16227	7029 2159 1234 1198 833 666 456 405 356 1654 15990	-16.3 -7.1 103.0 -6.1 108.3 362.5 -44.6 -12.9 20.7 10.8 -1.5	4208 978 744 758 383 480 158 265 221 838 9033	2633 1176 588 283 294 128 199 384 238 824 6747	-37.4 20.2 -21.0 -62.7 -23.2 -73.3 25.9 44.9 7.7 -1.7 -25.3	9194 3293 1020 1225 801 286 1681 1518 366 2066 21450	7847 3078 2008 1174 1421 867 1395 802 439 2594 21625	-14.7 -6.5 96.9 -4.2 77.4 203.1 -17.0 -47.2 19.9 25.6 0.8	4639 1373 1213 680 681 676 503 529 263 1291 11848	3455 1820 890 301 362 132 676 688 285 1302 9911	-25.5 32.6 -26.6 -55.7 -46.8 -80.5 34.4 30.1 8.4 0.9 -16.3
Other hardwood U.S.A. SWEDEN CANADA RUSSIA GERMANY FINLAND LITHUANIA LATVIA OTHER TOTAL	0d sav 9067 2602 2112 788 2714 649 310 933 3307 22482	vn lum 6331 2779 1892 1598 1502 781 685 677 3545 19790	.30.2 6.8 -10.4 102.8 -44.7 20.3 121.0 -27.4 7.2 -12.0	3795 1331 857 1383 772 383 239 302 1871 10933	3181 1447 756 670 719 586 641 516 1519 10035	-16.2 8.7 -11.8 -51.6 -6.9 53.0 168.2 70.9 -18.8 -8.2	7817 13083 2058 4318 6302 1946 1568 4872 9967 51931	5911 13155 1950 8333 2452 2565 5136 3217 8078 50797	-24.4 0.6 -5.2 93.0 -61.1 31.8 227.6 -34.0 -19.0 -2.2	3325 6490 901 6608 1178 1198 1467 1562 4310 27039	3280 6030 876 3282 963 2067 2985 2820 4490 26793	-1.4 -7.1 -2.8 -50.3 -18.3 72.5 103.5 80.5 4.2 -0.9
Tropical hardv THAILAND GERMANY FRANCE AUSTRIA SWEDEN BELGIUM OTHER TOTAL	4072 4506 313 0 5 127 2894 11917	/eneer 4121 3514 950 535 352 223 1500 11195	1.2 -22.0 203.5 na 6940.0 75.6 -48.2 - 6.1	2036 1845 572 10 215 58 558 5294	2180 1583 331 175 615 25 733 5642	7.1 -14.2 -42.1 1650.0 186.0 -56.9 31.4 6.6	946 3362 257 0 5 114 3464 8148	907 3142 868 209 272 150 1924 7472	-4.1 -6.5 237.7 na 5340.0 31.6 -44.5 -8.3	422 1751 492 3 179 26 660 3532	522 1189 329 57 514 22 818 3451	23.7 -32.1 -33.1 1800.0 187.2 -15.4 23.9 -2.3
Other hardwoo GERMANY POLAND U.S.A. FRANCE CZECH REPUBLIC LATVIA OTHER TOTAL	od ver 16422 2124 3995 4361 756 493 7725 35876	166r 7439 3248 1581 1528 1453 1303 4613 21165	-54.7 52.9 -60.4 -65.0 92.2 164.3 -40.3 -41.0	4592 1514 748 841 836 946 2278 11755	3602 1777 844 716 725 41 2538 10243	-21.6 17.4 12.8 -14.9 -13.3 -95.7 11.4 -12.9	10657 1359 1781 3628 228 220 6104 23977	4198 1938 671 1239 454 760 3427 12687	-60.6 42.6 -62.3 -65.8 99.1 245.5 -43.9 -47.1	3800 987 319 669 273 476 1315 7838	2515 1061 397 631 224 11 1918 6757	-33.8 7.5 24.5 -5.7 -17.9 -97.7 45.9 -13.8

Staying ahead in markets for finished goods

With furniture production of US\$2.3 billion of which 80 percent is exported, Denmark is a significant importer of wood for furniture. Denmark is also a significant manufacturer of window components and doors for supply to other European markets.

Most reports indicate that the Danish furniture production has not fallen away as dramatically as in several other European countries in recent times. Judging from the import figures of other European countries, Danish exporters have been reasonably successful in maintaining export levels of these products despite the economic downturn and rising level of competition from Eastern Europe and Asia. It seems to have achieved this through a combination of innovation, investment in technology, flexibility and responsiveness to customer demands.

Hardwood trade not immune to downturn

However it seems that the hardwood trade in Denmark has not been immune to recent economic fluctuations. Import trends for tropical and temperate hardwood lumber and veneers have been generally downward in the last 18 months. Meanwhile Denmark's own imports of certain finished wood products has risen sharply, notably of window frames from Poland and Hungary. Danish wood furniture imports have also been on the rise, most notably from Norway.

Softwood dominant

Much of the solid wood used for Danish furniture manufacture comprises softwood rather than hardwood, and a large proportion is made of MDF and other fiber or particle boards with a veneer face. As a result veneers have formed a major component of Denmark's hardwood import figures, although

Hardwood imports - Denmark

volumes have declined in the last 18 months. During this time, there has also been a noticeable shift from German, French and North American sources of veneer to Eastern European sources.

DLH dominates trade

All wood for furniture production is imported through the major wood importers, of which DLH is reported to have a very significant market share. Denmark is a reasonably significant importer of tropical hardwood lumber, with much of the volume coming indirectly via Germany. The figures suggest that Denmark is importing low volumes of very high value tropical hardwood lumber indirectly via the United States. Denmark has been a relatively small but consistent market for Burmese teak.

Significant domestic beech resource

Considering temperate hardwoods, Denmark has a significant domestic beech resource of its own, a fact reflected in relatively low beech import figures. In addition to beech, oak, maple and cherry have been popular in Denmark. However imports of all temperate hardwood lumber has been falling in recent years.

Danish demand for hardwood floors (either solid or engineered with a hardwood overlay) has been rising. The strength of the flooring sector is reflected in rising Danish imports of parquet panels, notably from Norway.

Economy showing signs of weakness

Analysts have been revising their forecasts of Denmark's economic growth downwards in recent weeks following weaker than anticipated second-quarter figures. The Economist Intelligence Unit estimates that GDP growth will slow in 2003 to just 0.8%. However EIU expect that rising private consumption may boost growth to 2.2% in 2004 and to 2.5% in 2005.

-		ı	'alue (10	00s euros	s)			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 hardy	wood	plywoo	d										
INDONESIA MALAYSIA	6789 4304	5382 3284	-20.7 -23.7	2851 1532	3408 1619	19.5 5.7	17549 11156	13696 8906	-22.0 -20.2	7076 4199	9370 5175	32.4 23.2	
GERMANY	1552	1965	26.6	697	657	-5.7	3213	6152	91.5	1712	1702	-0.6	
BRAZIL BELGIUM	1023 586	1578 1017	54.3 73.5	740 523	950 996	28.4 90.4	3401 1353	5435 2441	59.8 80.4	2705 1160	3476 1513	28.5 30.4	
FRANCE	854	698	-18.3	234	365	56.0	1039	874	-15.9	283	545	92.6	
OTHER TOTAL	2167 17275	2385 16309	10.1 -5.6	784 7361	1300 9295	65.8 26.3	4591 42302	5468 42972	19.1 1.6	1689 18824	2901 24682	71.8 31.1	
Other hardwo	od ply	/wood	7.8	5283	5337	1.0	14586	17671	21.2	7709	11127	44.3	
RUSSIA	7562	8697	15.0	4344	4616	6.3	22443	25404	13.2	11373	14694	29.2	
LATVIA GERMANY	1248 1612	1274 1013	2.1 -37.2	469 356	749 595	59.7 67.1	2203 3095	2093 1813	-5.0 -41.4	821 708	1298 1122	58.1 58.5	
POLAND	1364	881	-35.4	465	602	29.5	2473	1484	-40.0	878	827	-5.8	
CHINA OTHER	603 5675	545 2038	-9.6 -64.1	352 892	344 1917	-2.3 114.9	1287 15848	1276 4164	-0.9 -73.7	755 1681	826 3382	9.4 101.2	
TOTAL	29463	26740	-9.2	12161	14160	16.4	61935	53905	-13.0	23925	33276	39.1	
Sleepers Germany	493	546	10.8	310	465	50.0	644	605	-6.1	357	508	42.3	
UKRAINE	4	40	900.0	13	0	-100.0	21	157	647.6	66	0	-100.0	
POLAND	2 0	18 0	800.0 na	15 0	0 0	-100.0 na	30 0	134 0	346.7 na	113 0	0	-100.0 na	
OTHER	9	0	-100.0	0	0	na	33	0	-100.0	0	0	na	
TOTAL	508	604	18.9	338	465	37.6	729	896	22.9	536	508	-5.2	
		١	/alue (10	00s euro:	5)				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, sande					wood	60 7	0400	20.44	00.0	4050	0.47	40.7	
MALAYSIA SWEDEN	5817 1497	6868 1634	18.1 9.2	4053 612	1470 975	-63.7 59.3	2482 1525	3044 2731	22.6 79.1	1650 759	847 1838	-48.7 142.2	
GERMANY	1009	1198	18.7	588	952	61.9	1066	1058	-0.8	1486	702	-52.8	
FINLAND LITHUANIA	463 258	536 339	15.8 31.4	333 243	379 253	13.8 4.1	200 153	1977 481	888.5 214.4	1325 404	1306 381	-1.4 -5.7	
OTHER TOTAL	1822 10866	2554 13129	40.2 20.8	1056 6885	1378 5407	30.5 -21.5	1889 7315	3853 13144	104.0 79.7	1603 7227	1677 6751	4.6 -6.6	
Hardwood pro		13123	20.0	0005	5407	-21.5	7313	13144	13.1	1221	0/51	-0.0	
GERMANY	1836	1885	2.7	1165	893	-23.3	919	1032	12.3	657	526	-19.9	
POLAND INDONESIA	565 821	963 781	70.4 -4.9	520 354	548 243	5.4 -31.4	398 593	771 585	93.7 -1.3	421 310	483 259	14.7 -16.5	
ITALY	1635	674	-58.8	428	340	-20.6	145	48	-66.9	27	105	288.9	
OTHER TOTAL	4111 8968	4126 8429	0.4 -6.0	1928 4395	2833 4857	46.9 10.5	2621 4676	2996 5432	14.3 16.2	1355 2770	1967 3340	45.2 20.6	
Planed hardw										-			
GERMANY	3049	4618	51.5	2148	1962	-8.7	323	614	90.1	346	_303	-12.4	
SLOVENIA OTHER	444 767	154 388	-65.3 -49.4	124 222	139 61	12.1 -72.5	247 385	46 135	-81.4 -64.9	35 71	7747 12	22034.3 -83.1	
TOTAL	4260	5160	21.1	2494	2162	-13.3	955	795	-16.8	452	8062	1683.6	
Windows and POLAND	their 2547	frames 13294	421.9	4766	6611	38.7	686	3252	374.1	1233	1657	34.4	
HUNGARY	3231	7954	146.2	4834	4553	-5.8	897	2437	171.7	1494	1366	-8.6	
GERMANY SWEDEN	2249 3558	6077 4115	170.2 15.7	3538 2032	3027 617	-14.4 -69.6	512 687	1491 710	191.2 3.3	835 323	795 115	-4.8 -64.4	
OTHER	6999	7777	11.1	4172	3330	-20.2	2048	2126	3.8	1076	902	-16.2	
Doors and the	18584 air frai	39217 mes	111.0	19342	18138	-6.2	4830	10016	107.4	4961	4835	-2.5	
SWEDEN	27999	25466	-9.0	13017	11929	-8.4	8650	8691	0.5	4422	3564	-19.4	
FINLAND GERMANY	18356 1833	19931 3246	8.6 77.1	10843 1087	11509 1378	6.1 26.8	7116 506	6950 990	-2.3 95.7	3823 313	3700 613	-3.2 95.8	
NORWAY	2755	2471	-10.3	1381	1637	18.5	773	576	-25.5	342	344	0.6	
OTHER TOTAL	6551 57494	7841 58955	19.7 2.5	3586 29914	5013 31466	39.8 5.2	2312 19357	2855 20062	23.5 3.6	1356 10256	1793 10014	32.2 -2.4	
Parquet panel		47101	o -	705.1			50.40	50.10	10.5	0500	0005		
NORWAY	16114 9443	17194 9843	6.7 4.2	7854 5785	8611 5429	9.6 -6.2	5240 4277	5913 6460	12.8 51.0	2588 3991	3395 3544	31.2 -11.2	
MALAYSIA	9390	7288	-22.4	4448	3453	-22.4	4941	4155	-15.9	2457	2052	-16.5	
INDONESIA OTHER	4086 14187	7166 18917	75.4 33.3	3809 9903	5592 13673	46.8 38.1	1779 6849	3730 9262	109.7 35.2	1932 4738	3568 7211	84.7 52.2	
TOTAL	53220	60408	13.5	31799	36758	15.6	23086	29520	27.9	15706	19770	25.9	
Weeder	τure	115415	0.5	63458	56379	-11.2	44877	52201	16.3	28388	25065	-11.7	
Wooden furni SWEDEN	114888				55222	122.4	3626	4304	18.7	1911	3602	88.5	
SWEDEN NORWAY	44776	64270	43.5 -2 0	24825 29019		-21 /		14267				-18 1	
SWEDEN NORWAY ITALY POLAND	44776 54537 37432	64270 53433 39499	-2.0 5.5	29019 20204	22812 20467	-21.4 1.3	15041 14438	14267 14918	-5.1 3.3	7738 7095	6336 8637	-18.1 21.7	
SWEDEN NORWAY ITALY POLAND ESTONIA	44776 54537 37432 28464	64270 53433 39499 33272	-2.0 5.5 16.9	29019 20204 15772	22812 20467 15924	1.3 1.0	15041 14438 20178	14918 23813	-5.1 3.3 18.0	7738 7095 10825	6336 8637 11448	21.7 5.8	
SWEDEN NORWAY ITALY POLAND ESTONIA GERMANY INDONESIA	44776 54537 37432 28464 39668 32892	64270 53433 39499 33272 32585 25634	-2.0 5.5 16.9 -17.9 -22.1	29019 20204 15772 15954 16283	22812 20467 15924 17869 17899	1.3 1.0 12.0 9.9	15041 14438 20178 29646 12063	14918 23813 22340 10923	-5.1 3.3 18.0 -24.6 -9.5	7738 7095 10825 10915 6458	6336 8637 11448 11115 7743	21.7 5.8 1.8 19.9	
SWEDEN NORWAY ITALY POLAND ESTONIA GERMANY	44776 54537 37432 28464 39668	64270 53433 39499 33272 32585	-2.0 5.5 16.9 -17.9	29019 20204 15772 15954	22812 20467 15924 17869	1.3 1.0 12.0	15041 14438 20178 29646	14918 23813 22340	-5.1 3.3 18.0 -24.6	7738 7095 10825 10915	6336 8637 11448 11115	21.7 5.8 1.8	

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 page 13.

Due to delays in issue of Eurostat data, we were unable to bring you import data for Italy, Greece and Portugal in this issue. We hope to be able to provide this information in the December issue.

Africa finely balanced

Overall log supplies throughout the major African supply regions are constrained by higher logging taxes in some countries, the U.N. sanctions against Liberia, and poor weather conditions. But limited supply continues to be matched by weak demand. Since most African suppliers invoice in euros, the strength of the euro against the dollar has undermined export demand for African logs. The fragile balance between tight supply and weak demand has contributed to stable export prices for many log species. But there are exceptions, for example prices for higher grade sapele logs have been sliding. **Pages 2,3**

African lumber demand depressed

Overall African sawn lumber demand remains depressed, undermined by the strength of the euro. The market divide identified in earlier reports between the entandrophragmas (sapele, sipo, utile) from Congo basin and various West African species persists. For the entandrophragmas, demand is particularly weak, supply is in excess of demand, and prices have been soft. However, on-going supply problems in Ivory Coast and Ghana coupled with better demand has ensured more consistent pricing for iroko, framire, and khaya. **Page 3**

Mixed reports on SE Asian supply

It is close to the end of the dry season in log producing regions of South East Asia. While reports from West Malaysia suggest that logging conditions are already deteriorating, reports suggest conditions are better in Sabah, Sarawak and Indonesia. However tighter regulations and resource constraints have meant that overall harvests have fallen this year. FOB prices for certain Asian log species, including kapur and keruing, have remained firm. However there has been some weakness in prices for Sarawak meranti logs as production has tended to overrun demand towards the end of the logging season. **Page 4**

Meranti pipeline running dry

Shippers in West Malaysia specialising in supply of kiln dried meranti for export are

carrying relatively high stocks due to depressed buying in Europe. But the sawmills supplying the shippers are very low on logs. In recognition of the log supply problem, most exporters are maintaining steady FOB prices for kiln dried meranti seraya, bukit, and tembaga. C&F Europe price levels are more difficult to judge due to slow buying and the disruptive effects of freight rate increases. **Page 4**

Chinese hit supply problems

Chinese imports of tropical hardwood logs have continued at high levels this year. However supply is becoming more of a problem due to resource constraints in Asia, Indonesia's log export ban, and sanctions on Liberian log exports. China has become more reliant on tropical logs from the Congo Basin, but now the strong euro has increased costs. Chinese importers are placing intense pressure on their African suppliers to reduce prices. **Pages 4, 5**

EU launch Chinese plywood enquiry

Chinese manufacturers are exporting increasing volumes of combi-plywood, comprising a tropical hardwood veneer over several layers of either softwood or hardwood low density timber. Prices on offer are sometimes as much as 20% lower than European okoume plywood. This price differential has encouraged the European Commission to launch a formal enquiry with a view to possible anti-dumping proceedings against Chinese plywood manufacturers. **Page 5**

Indonesian plywood price rise

In recent weeks, Indonesian tropical plywood mills have raised prices to around INDO96 less 22%, up from around INDO96 less 29% only a few months ago. But these price gains do not seem to indicate any real improvement in the market, and instead represent an effort to absorb escalating costs. **Page 5**

Indonesia vs. Malaysia

Indonesia's Minister of Forestry Muhammad Prakosa has sparked a row with Malaysia and effectively admitted that his government has lost control over forest regulation. Prokosa is reported in the Indonesian press to have called on the E.U. to reject timber products from Malaysia "as there are indications that most of them are made of logs taken from illicit sources." His comments prompted a furious response from Malaysia. **Page 5**

AHEC Convention Special Report

American hardwood exports to Europe have fallen during the last 2 years. Overall hardwood consumption in Europe has not reduced significantly, so the fall in exports indicates that American hardwoods have lost market share. Nevertheless, at theAHEC European Convention held in Hamburg during October, American exporters were confident of their ability to turn the market around. Convention report:

Opportunities for American hardwood in Europe: Pages 1, 6

■Market issues for American hardwood in Europe; competition, exchange rates, fashion: **Pages 6,7**

American hardwood supply and domestic demand: **Page 7**

- ■E.U. market sector analysis: Pages 8,9
- Germany's veneer sector: Page 8
- European economic prospects: Page 9
- ■Impact of E.U. expansion: Page 9

Dutch depression

Dutch domestic hardwood consumption is depressed as the Dutch economy is in the middle of the deepest downturn since the early 1980's. But the increased trend towards just-in-time ordering from Dutch concentration yards has partly off-set the decline in overall hardwood imports. **Pages 10,11**

Patchy Belgian imports

Belgium's hardwood imports have been patchy during the last 18 months due to uncertain economic conditions at home and increased competition in export markets for Belgian finished products. **Pages 12,13**

Danish resilience

Denmark's significant wood processing sector has proved relatively resilient in the face of mounting competition. However the hardwood import trade has not been immune to recent economic fluctuations. **Pages 14,15**