

Cooling EU tropical hardwood imports during 2008

Newly released trade data reinforces anecdotal reports of a significant slowdown in Europe's hardwood imports from tropical countries this year. However the news is not all bad. There has been growth in imports of some commodities into a few countries. Plywood imports from tropical countries increased significantly in the second quarter of 2008. In addition EU imports of hardwood flooring have been rising this year.

The following series of tables provides data on EU hardwood imports from tropical countries during the first half of 2008. The data draws on an analysis of Eurostat statistics undertaken by Forest Industries Intelligence Limited. The data covers 22 of the 27 EU countries (data for Spain, Denmark, Estonia, Bulgaria and Romania was not available at time of this review). All intra-EU trade in tropical wood products is excluded from the analysis. Note that the term "tropical country" is taken to include those countries like China and Brazil that are partially located in the tropical zone. And due to rising trade in temperate hardwood species with tropical countries, hardwood products imported by the EU from some tropical countries is likely to comprise both tropical and temperate species.

The fall in EU imports of hardwood logs from tropical countries has been particularly dramatic this year. Overall imports of hardwood logs from tropical countries by the 22 EU countries reached around 380,000 m³ in the first half of 2008, down over 15% on the same period in 2007. While tropical log imports into Belgium and France held up reasonably well during the review period, there were dramatic falls in imports of this commodity into Italy (down 33%), Portugal (down 26%), Germany (down 44%) and Greece (down 14%). Considering leading supply countries, log imports from Congo Republic and Gabon were up 23.5% and 3.6% respectively during the first 6 months of 2008 compared to the same period in 2007. However log imports from all other leading supply countries including Congo DR, Cameroon, CAR and Equatorial Guinea declined dramatically.

Imports of hardwood rough sawn lumber into the 22 EU countries hit around 825,000 m³ during the first 6 months of this year, down 12% on the same period in 2007. Of all the main EU markets for tropical rough sawn lumber, only Portugal and Italy maintained imports at a level similar to the previous year. Imports into the Netherlands, France, Belgium and the UK were down respectively 8%, 9%, 27% and 26%.

Tough supply conditions in Brazil were reflected in a 21% drop in imports of rough sawn lumber from that country during the review period. Sluggish European demand, particularly for sapele, is reflected in a respective 15.4% and 12.3% drop in imports of rough sawn lumber from Cameroon and Ivory Coast. Imports from Malaysia were also down nearly 10% during the review period. However the EU has been importing more rough sawn lumber from Gabon, Congo DR, and Congo Republic this year.

EU imports from tropical countries of planed, sanded and finger jointed hardwood lumber have held up more strongly than imports of rough sawn. Overall imports of this commodity into the 22 EU countries during the first 6 months of 2008 stood at 65,000 m³, only 2% down on the same period in 2007. The vast majority of this commodity imported into the EU is destined for either the Netherlands or France. During the review period, imports of planed, sanded and finger-jointed hardwood lumber increased from both Cameroon and Malaysia, the two leading tropical suppliers of this commodity to the EU. There are also signs of improved availability of these added value products from Ivory Coast this year. However imports of planed, sanded and finger jointed hardwood lumber were down from Brazil and Indonesia during the 6 month review period.

EU imports of hardwood veneer from tropical countries also held up well during the 6 month period. Total imports into the 22 EU countries between January and June 2008 amounted to around 190,000 m³, up 4.5% on the same period in 2007. Imports from Gabon, by far the leading tropical veneer supplier to the EU - mainly rotary veneers destined for France - were down 4.1%. However EU imports of hardwood veneers from Congo Republic have increased dramatically this year, with the majority of extra volume destined for France. Italy and Germany have also been importing larger volumes of veneer from Ivory Coast this year. The

EU has been importing more veneer from China this year, although overall volumes still remain small at just over 8,000 m3 during the first 6 months of 2008.

Imports of hardwood plywood into the 22 EU countries from tropical countries reached 817,000 m3 during the opening 6 months of 2008, around 4% up on the same period in 2007. After a slow start to the year, EU hardwood plywood imports picked up in the second quarter of 2008, particularly into the UK. However the data suggests that EU imports of hardwood faced plywood from China, which increased dramatically during the 2006-2007 period, may have hit a ceiling. Anecdotal reports of mounting supply problems are reflected in a 9% drop in EU imports of hardwood plywood from China in the first 6 months of 2008 compared to the same period in 2007. Meanwhile EU imports from Malaysia have increased sharply, up over 50% during the first half of 2008 compared to the same period of 2007. There has also been a partial recovery in EU hardwood plywood imports from Indonesia this year.

The analysis also includes data on EU imports from tropical countries of flooring products – covering parquet panels for mosaic floors and multi-layer products together with unassembled blocks and strips for parquet or wood block flooring. Imports of these products into the 22 EU countries from tropical countries increased dramatically during the first 6 months of this year, up 23% compared to the same period in 2007 to stand at 16.4 million m2. The vast majority of this product – around 10.9 million m2 – derived from China, with lesser volumes coming from Indonesia, Thailand and Brazil. While EU consumption of wood flooring has been rising in recent times, such a rapid increase in imports is indicative of mounting competitive pressure on Europe's domestic flooring manufacturers. This may in turn feed through into declining EU demand for flooring grades of hardwood sawn lumber.

29 September 2008