EU MARKET SURVEY 2003

TIMBER AND TIMBER PRODUCTS

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CENTRE FOR THE PROMOTION OF IMPORTS FROM DEVELOPING COUNTRIES

CBI: YOUR EUROPEAN PARTNER FOR THE EUROPEAN MARKET

The CBI (Centre for the Promotion of Imports from developing countries) is an agency of the Dutch Ministry of Foreign Affairs. The CBI was established in 1971. The CBI's mission is to contribute to the economic development of developing countries by strengthening the competitiveness of companies from these countries on the EU market. The CBI considers social values and compliance with the most relevant environmental requirements to be an integral part of its policy and activities.

CBI offers various programmes and services to its target groups:

Market information
A wide variety of tools to keep exporters and Business Support Organisations (BSOs) in developing countries in step with the very latest development on the EU market.
These include market surveys and strategic marketing guides for more than 40 product groups, manuals on export planning and other topics, fashion and interior forecasts and the CBI News Bulletin, a bi-monthly magazine. This information can also be obtained from our website at www.cbi.nl For all information on non-tariff trade barriers in the EU CBI has a special database, AccessGuide, at www.cbi.nl/accessguide
And finally CBI's Business Centre is offering free office facilities, including telephones, computers, internet and copiers for eligible exporters and BSOs. Market reports, international trade magazines, cd-roms and much more can be consulted in the information section of the business centre.

Company matching
The company matching programme links well-versed suppliers in developing countries to reliable importing companies in the EU and vice versa. The online matching database contains profiles of hundreds of CBI-audited and assisted exporters in developing countries that are ready to enter into various forms of business relationships with companies in the EU, as well as many EU companies interested in importing or other forms of partnerships such as subcontracting or private labelling.

Export development programmes (EDPs)
EDPs are designed to assist entrepreneurs in developing countries in entering and succeeding on the EU market and/or in consolidating or expanding their existing market share. Selected participants receive individual support over a number of years by means of on site consultancy, training schemes, trade fair participation, business-to-business activities and general export market entry support. Key elements usually include technical assistance in fields such as product adaptation, improving production, implementing regulations and standards and export marketing and management assistance.

Training programmes
Training programmes for exporters and BSOs on, among others, general export marketing and management; trade promotion; management of international trade fair participations and developing client-oriented market information systems. The duration of the training programmes vary between two days and two weeks and are organized in Rotterdam or on location in developing countries.

BSO development programme
Institutional support for capacity building for selected business support organisations.
The programme is tailored to the specific needs of participating BSOs and can include train-the-trainer assistance, market information systems support and staff training. CBI's role is advisory and facilitative.

Please write to us in English, the working language of the CBI.

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REPORT SUMMARY

This EU market survey profiles the EU market for timber and timber products and consists of two parts. Part A provides EU market information, highlighting the major national markets within the EU and providing statistical market information on consumption, production and trade, and information on trade structure. Moreover, Part A also covers the requirements of the EU market in terms of product quality, packaging, labelling and social, health & safety and environmental standards.

After having read Part A, it is important for an exporter to analyse the target markets, sales channels and potential customers in order to formulate marketing and product strategies. Part B regarding Export Marketing Guidelines subsequently aims to assist (potential) exporters in developing countries in their export-decision-making process.

Exporters are advised to consult CBI's Export planner, a guide that shows systematically how to set up export activities, before using the marketing guidelines in this publication. It is also recommended to visit the CBI website at www.cbi.nl for information on terms of the trade and trade promotion.

Consumption
At a global level, the timber market can be characterised by sluggish demand, expanding supply and low prices. The majority of EU sawn timber consumption consists of softwood. Between 2001 and 2002, the consumption of sawn hardwood decreased more in comparison to sawn softwood. In general, market consumption declined for both products in the EU in this period. Italy was the only leading EU country, which revealed an increase in timber consumption of sawn softwood and hardwood. The largest decline in consumption of sawn hardwood took place in Germany. The consumption of sawn wood in the UK remained more or less stable. According to ITTO (International Tropical Timber Organisation), the leading EU consumers of tropical sawn timber are Italy and Spain. Although Germany is a big user of timber, it is a relatively small consumer of tropical timber.

Timber consumption depends significantly on the activities of the building industry. After a period of growth till 2000, the construction market in Europe entered a phase of stabilisation and even decline in 2001, which is expected to last to the end of 2003 at least. Slow recovery is expected from 2004 onwards. The diminishing demand for timber and timber products in the EU can primarily be attributed to the sluggish economic growth in a number of EU member states. In addition, demand for timber and timber products has been affected by EU packaging regulation, the re-use of timber packaging material and the increased competition from the paper & cardboard industry.

The slow pick-up in demand for certified wood products reflects problems on the supply side. The impact of certification on world markets has been constrained by the difficulties in obtaining commercial quantities of certified wood at the right time and at the right price. According to UN/ECE information, the proportion of certified forest products rose to about 10 percent of the total paper and wood product consumption in the UN/ECE region in 2002. This is a considerable increase when compared to the previous year. Large volumes of certified wood from new certification schemes (most notably Pan European Forest Certification) have started to enter the EU market. Forest Stewardship Council (FSC) will no longer be the only certification brand on offer and competition between certification schemes should increase. The most important export markets for certified forest products are considered to be the UK, Germany and The Netherlands.

Development and Trends
The following developments and trends are discussed in more detail in Section 3.3:
- Forest certification and Certified Forest Products
- Dominance of temperate timber
- Marketing of lesser-known species (LKS)
- Voluntary timber licensing system (FLEGT)
- Construction trends
- E-commerce
- Future EU enlargement by East and Central European states
- Engineered (modified) wood products
- CE marking
- Plantations
- New building decrees favouring tropical hardwoods

Production in the EU
The EU is the biggest trader and second biggest consumer of forest products in the world. However, within this context, the EU is a net importer of raw materials, mainly roundwoods, which come mostly from Russia, the Baltic States and the Central and East European countries. The EU depends on imports of sawn hardwood and pulp.

In 2002, the production value of the EU forest-based industries was estimated at € 394 billion. The EU forest-based industries sell mostly to their domestic markets. Around € 65 billion of the products of the forest-based industries are traded between member

states and an estimated € 30 billion is exported outside the EU. Woodworking products represent around 20 per cent of all intra-EU trade regarding forest-based industries. Furniture is the biggest wood-working industry in the EU, followed by the construction sector. In 2001, Germany and Italy were the leading furniture producing EU countries with a production value of 53 per cent of the total EU furniture production. The EU furniture industry is export-oriented, but the EU markets are more and more supplied by low production cost countries like China and East European countries.

Around 264.5 million m^3 of roundwood was produced in EU countries in 2002, which was an increase of 2 per cent in comparison to the previous year. Production in the leading EU countries like Sweden, Finland and Germany (with the exception of France) increased in comparison to 2001.

Imports
In 2001, the United Kingdom took over from Germany as the leading timber importer in the EU. Timber imports by the United Kingdom were followed by Germany, Italy, France, The Netherlands and Spain. All leading importers reveal a decline in import value in comparison to the previous year, most notably for Germany, which showed a drop of more than 20 per cent in terms of value.

Between 1999 and 2001, the imported value of timber and timber products to the EU originating in developing countries increased from 14 per cent in 1999 to nearly 19 per cent in 2001 to reach a total of € 4.2 billion. Timber imports from developing countries played a relatively important role on the Spanish (28.9%), French (26.6%), Netherlands (25.3%), and Italian (24.7%) timber markets.

In 2001, the leading timber product in terms of value exported by developing countries to the EU was sawn wood with a value of nearly € 1.6 billion or 37.4 percent, followed by plywood (18.1%), wood in the rough (16.0%), continuously shaped wood (7.3%), veneers (6.4%) and doors (4.9%). Between 1999 and 2001, the largest increase in terms of value for all timber and timber products originating from developing countries to the EU market, was achieved by plywood with a growth rate of 138 percent, followed by wood in the rough (96%), doors (90%), parquet panels (77%), windows (62%), veneers (31%), densified wood (28%) and wooden frames (28%).

Product groups in which the share of developing country suppliers is significant are wooden frames, plywood, continuously shaped wood (HS 4409), doors and veneers. In absolute value, the most important product group for developing countries is sawn timber. Leading developing country suppliers of timber and timber products to the EU are Brazil, Indonesia, Malaysia, and Cameroon. Other important developing country suppliers to the EU were Ivory Coast, Gabon, and China.

Exports
Between 1999 and 2001, exports by EU member countries of timber and timber products increased by around 9 percent in terms of value and volume to reach a total of € 18 billion or 44.5 million tonnes in 2001. Germany and Sweden were the leading exporters of timber and timber products, together accounting for just over a third of the total exported value in 2001. Other important timber exporters in the EU are Austria, Finland and France. In 2001, nearly all EU countries, with the exception of Austria and Ireland, reveal a decline in exports in comparison to the previous year.

Trade structure
There is a general trend in the timber trade of direct buying by the timber dealer from the foreign seller, thus circumventing the importer. Thanks to improved communication facilities like Internet (e-commerce), this development will continue to expand over the coming years.

One important development is the creation of buying groups. The demand for FSC certified timber mainly comes from companies, which are often part of buyers' groups.

Opportunities for exporters in developing countries
The opportunities for exporters in developing countries lie primarily in the following fields:
- Forest Certification and Certified Forest Products
- Plantations
- Lesser-known species (LKS)
- Voluntary timber licensing system (FLEGT)
- Processed added-value timber products
- E-commerce

A new entrant to the EU market must recognise that competition from the often long-established suppliers is intense. Please also refer to CBI's EU Access Guide, which provide exporters in developing countries with practical steps to access the European market.

INTRODUCTION

This CBI's survey consists of two parts: EU market information and market access requirements (Part A), and export marketing guidelines (Part B). CBI's EU Market Survey is built up in the following way:

Market Survey

Part A
EU Market Information and Market Access Requirements

EU Market Information *(Chapter 1-8)*	**EU Market Access Requirements** *(Chapter 9)*
Product characteristics Introduction to the EU market Consumption and production Imports and exports Trade structure Prices	Quality and grading standards Environmental, social and health & safety issues Packaging, marking and labelling Tariffs and quotas

Part B
Export Marketing Guidelines: Analysis and Strategy

External Analysis (market audit) *(Chapter10)* *Opportunities & Threats*	**Internal Analysis (company audit)** *(Chapter 11)* *Strengths & Weaknesses*

Decision Making
(Chapter 12)

SWOT and situation analysis:
Target markets and segments
Positioning and improving competitiveness
Suitable trade channels and business partners
Critical conditions and success factors (others than mentioned)
Strategic options & objectives

Export Marketing
(Chapter 13)

Matching products and product range
Building up a trade relationship
Drawing up an offer
Handling the contract
Sales promotion

Chapters 1 to 8 profile the EU market for timber and timber products. The emphasis of the survey lies on those products, which are of importance to developing country suppliers. The major national markets within the EU for those products are highlighted.

Markets of selected EU countries are highlighted, since their markets are relatively more important than the markets of other EU countries in terms of production, consumption, imports and exports. By analysing these aspects of the market, the competing countries and countries with opportunities for developing countries are determined. This survey focuses mainly on The Netherlands, Germany, France, UK, Italy and Spain.

The survey also includes contact details of trade associations and other relevant organisations.

Whereas Chapters 1 to 8 provide EU market information, Chapter 9 describes the requirements, which have to be fulfilled in order to get market access for the product sector concerned. It is furthermore of vital importance that exporters comply with the requirements of the EU market in terms of product quality, packaging, labelling and social, health & safety and environmental standards.

After having read Chapters 1 to 9, it is important for an exporter to analyse the target markets, sales channels and potential customers in order to formulate marketing and product strategies. Part B subsequently aims to assist (potential) exporters from developing countries in their export-decision-making process.

After having assessed the external (Chapter 10) and internal analysis (Chapter 11), the (potential) exporter should be able to determine whether there are interesting export markets for his company.
In fact, by matching external opportunities and internal capabilities, the exporter should be able to identify suitable target countries, market segments and target product(s) within these countries, and possible trade channels to export the selected products (Chapter 12).

Chapter 13 subsequently describes which marketing tools can be used to build up successful business relationships. The subjects and outcomes of the different paragraphs of Chapter 13 can be used as input for the Market Entry Strategy and Export Marketing Plan.

The survey is interesting for both starting exporters as well as well as exporters already engaged in exporting (to the EU market). Part B is especially interesting for more experienced exporters starting to export to the EU and exporters looking for new EU markets, sales channels or customers. Starting exporters are advised to read this publication together with the CBI's Export planner, a guide that shows systematically how to set up export activities. Part A provides EU market information and describes the requirements, which have to be fulfilled in order to get market access for the product sector concerned. Part B subsequently aims to assist (potential) exporters from developing countries in their export-decision making process.

Part A
EU market information

1 PRODUCT CHARACTERISTICS

Please note that the product groups falling under the HS codes presented in Section 1.2 are not completely in line with the product groups mentioned in Section 1.1. Moreover, different statistical sources use different product groups or specifications. This places limitations on in-depth interpretation of trade figures and of the possible relationships between import figures and production and consumption data.

1.1 Product groups

The products groups regarding timber and timber products can in general be divided into two main categories: raw materials & by-products and value-added products. Raw materials and by-products consist of logs, sawn timber and veneers. Value-added products contain the following product groups: wood-based panels, mouldings, doors & door frames, windows & window frames, parquetry and stairs.

1.1.1 Logs

In HS codes, logs are indicated with wood in the rough (see HS code 4403). Very often, the rules specifying restrictions, allowances and tolerances are a matter of mutual consent between buyer and seller. Logs of West African origin are generally graded according to FAQ rules (fair average quality) i.e. 40% A, 40% B and 20% C in volume or to LM rules (*loyale et marchande*) i.e. 50% A, 35% B and 15% C in volume. Logs of A quality have hardly any, or no, defects; B logs must yield a minimum of 50% of usable sawn timber, and C logs must give at least 30% of usable timber.

There are different methods for measuring logs; measure of the girth over or under the bark, the mean of the girth at top and bottom end or the mean of the cross diameter at both ends; note that the method to be applied should be stated in the sales contract.

The general length specification is 4.50 metres and up, but here again the sales contract should mention the length range. The log buyer likes to receive the longest length possible so that he can crosscut the logs to the requirements of his customers, thereby reducing the waste to a minimum.

1.1.2 Sawn timber

The sawn timber trade is divided into softwood (by far the major group in volume) and the hardwood trade. The variety in timber species is enormous and still increasing as a result of the promotion of lesser-known species. The leading suppliers of timber have their own grading rules and global harmonisation of these rules is still far away. The final use of the product will indicate which grading should be mentioned in the contract.

Sawn timber is traded air-dried or kiln-dried. Air-dried means that the timber has been exposed to the outside air under cover for a certain period. Kiln dried means that the timber has undergone a drying process in drying chambers. The kind of drying depends on the species and on the degree of humidity that the timber has to reach, which depends on its final usage.

The method of measuring sawn timber depends on the degree of humidity and processing. Kiln-dried and planed sawn timber is invoiced on the basis of exact measurements. Rough sawn timber of random specification has to have an over-measurement of 3 mm in thickness and width, and 50 mm in length.

The bundling of the sawn timber has to be both-ends flush for economic stowage in the vessel or in the container, thus keeping the transport costs to a minimum. If the contract specifies fixed lengths, the bundles have to be palletised.

1.1.3 Veneers

Veneers are sheets of wood and can be distinguished in sliced and peeled veneer. The former is always used for beautifying a surface, the latter mostly destined to manufacture panels for a wide range of applications.

Sliced veneer can be produced in very small thickness (from 0.25 mm) and comes from a great variety of timber species. It is traded in 'books' of 32 sheets. It is obligatory that all sheets come from the same tree. Sliced veneer is graded into face and back veneer.

Peeled veneer is also produced from many different wood species by rotary cutting. It is available in thicknesses of 1.2 mm to 7 mm. The price is much lower than that of sliced veneer. The veneers are graded into face, back and core veneer.

1.1.4 Wood-based panels

The application of wood-based panels is very wide, in interior as well as exterior use. The characteristics therefore vary with its final use. Environmental demands put high requirements on the composition of panels, in particular with regards to the contents of the glue, the emission of hazardous gases, and the type of preservatives.

Plywood

Plywood consists of sheets (lies) of wood veneer, which are glued together. It is constructed with an odd number of plies, which are cross-bonded. The grain of each layer is perpendicular to the plies above and below it. The outer plies usually have the grain direction going parallel to the long dimension of the panel.

This construction guarantees the strengths and stability of plywood. Plywood can be made out of different wood species. The layers are not necessarily of the same timber species, although the more expensive plywood is made up of one species. In general, plywood is produced in the sizes 244x122 cm, 250x125 cm and 305x153 cm, although there are very special sizes as well. The most popular thickness of the sheets is from 8 to 22 mm, but there are sheets for special purposes from 3 mm upwards and from 22 to 40 mm.
More information is available from the European Federation of the Plywood Industry (FEIC) on: www.europlywood.org

The main grading specifications for plywood are based on the outer plies:
MR: Moisture Resistant, plywood for interior use only.
WBP: Water-Boil Proof, plywood for exterior use.

The major applications for plywood are:

Roof elements
Furniture
Coach bodies
Prefab construction
Flooring
Packaging
Ship building
Wall panelling
Shuttering
Exterior wall cladding

Blockboard and laminboard
Blockboard is made up of two sheets of peeled veneer with a solid core of wooden strips. It is mainly used in furniture manufacturing, wall cladding, interior decoration and exhibitions/fairs. Blockboard is core plywood, of which the core is made of strips of solid wood more than 7 mm wide, but not wider than 30mm. General sizes are 244x122 and 183x305/520 cm. Blockboard is increasingly being substituted by MDF. Laminboard is core plywood, the core of which is made of strips of veneer, not thicker than 7 mm placed on the edge. The main types of blockboard/laminboard are 3-ply and 5-ply construction. The first is normally used for out-of-sight applications, whereas the latter has a higher utility and decorative quality.

Particleboard
Particleboard is a wood based panel manufactured under pressure and heat from particles of wood (flakes, chips, shavings, sawdust or similar) and /or lignocellulosic material in particle form (flax hives, hemp shives, bagasse fragments and similar).
The particles are reconstituted by using synthetic resin adhesives containing formol, which gives an emission of formaldehyde. Currently, most manufacturers produce boards with a low to zero emission level.
The process is highly automated and most woody parts of a tree are useable. Particleboard is manufactured mainly in 250x125 cm, but also in larger sizes, and thickness ranging from 8 to 70 mm. Its application is very wide. The board is often treated with a fire-retarding chemical and a fungus protection.
By replacing solid wood in a variety of applications, particleboard makes wood furniture better affordable. Particleboard is easy to work with and flexible in its application.

MDF: Medium Density Fibreboard
MDF production has developed very fast. MDF is a wood-based panel manufactured from lignocellulosic fibres by the “dry process”, i.e. having a fibre moisture content less than 20% at the forming stage and being essentially produced under heat and pressure with the addition of an adhesive. MDF is produced in standard boards ranging in thickness from 1.8 to 60 mm and has gained a wide range of applications due to its uniform and close packed fibre distribution that allows detailed machining operations.

MDF is composed of ground timber from the same sources as particleboard. One of its attractive features is the ease in shaping its edges in soft-forming. Its application is steadily growing: traditionally it is used in furniture; currently it is used more and more in interior decoration, toys, picture frames, panelling, interior door and window frames. MDF is in many cases applied as a substitute for plywood, where its good machining and finishing characteristics are used to advantage. Moisture resistant, flame retardant, high density and exterior grades of MDF are available for use in more demanding situations.

HDF: High Density Fibreboard
HDF is produced in the size 244x122 cm and thickness of 1.2 to 8 mm. The standard thickness is 3.2 mm.
It finds its application in furniture backs, as well as in packing.

OSB: Oriented Strand Board
OSB is manufactured of flakes (strands) of about 10 cm long and 7.5 cm wide. Forest thinnings and tree tops as well as species of low market value (spruce, pine) are the main raw material sources. The flakes are mixed with phenol formaldehyde (PF), melamine fortified Urea Formaldehyde (MUF) or isocyanate (PMDI) which have no toxic emission. The strands are pressed together in layers. In the outer layers strands are generally oriented longitudinally in line with the panel length, whereas in the middle layers strands generally lie in a cross-wise direction.

OSB is commonly produced in board sizes 244x120 cm,

244x122 and 250x125cm with a thickness of 6 to 40 mm. OSB is available in four basic grades all conforming to European standard EN 300:

OSB 1: General purpose applications in dry conditions, esp. furniture and interior fitments.
OSB 2: Load-bearing building applications in dry conditions.
OSB 3: Load-bearing building applications in humid conditions.
OSB 4: Heavy-duty load-bearing building applications in dry or humid conditions (i.e. as webbing and I-beams).

The European market also requires variants within these grades, for example, sanded and unsanded, tongue-and-grooved and plan-edged panels. OSB uniformity makes it ideal for a variety of uses as it contains no knotholes, core voids or other points of weaknesses and has a relatively low chemical content, which is a positive argument in the trend towards environmentally friendly building. More technical information is available from the European Panel Federation (EPF) at: www.europanels.org

1.1.5 Mouldings

The variety of profiles is enormous, from simple to sophisticated. Some mouldings are covered with a primer, others are lacquered or covered with a foil or wood-veneer by the supplier. The execution of the moulding must be of the highest accuracy; in many cases accepted tolerances are not more than 0.1 mm. Mouldings have to be kiln-dried; generally to 14-16 percent, but for pictures frames the moisture content (MC) should be equal or less than 8 percent.

The applications of mouldings are numerous in the building industry, as well as in furniture manufacturing. The application determines the quality demands. For instance: plinths which are painted may show sound sapwood; however, for wall cladding sapwood is sometimes allowed at the non-visible side only, while for high quality mouldings the product has to be fault-free. The sales contract should mention the tolerances in quality.

1.1.6 Doors and door frames

Outer doors (mostly panelled) are often made of solid tropical timber; inner doors are either flush doors or made in solid wood. A new trend is the inner door of which the panels are in MDF, plywood, or hardboard. Flush doors are made of two sheets of veneer with a core either of honeycomb, plain particle board or tubular particle board.

The construction of the door has to be solid.
The moisture content (MC) should be between 12-14 percent. The dowels must have the same MC. The door components have to match in colour. Doors that show great variations in colour or sapwood must be offered as "paint quality", but this qualification reduces the price. The doors are manufactured from a wide range of species and are sometimes made from a mix of species.

According to houtinfo (www.houtinfo.nl) standard sizes for wooden doors in The Netherlands are:

Exterior doors thickness: 38, 40 or 54 mm
height: 2015 and 2115 mm
width: 780, 830, 880, 930 mm

Interior doors thickness: 38 and 40 mm
height: 2015, 2040 and 2115 mm
width: 627, 727, 827, 927 mm
601, 701, 801, 901 mm
730, 830, 880, 930 mm

Door frames can be made in soft or hardwood.
Very often these frames are composed by lamination of finger-jointed strips. This type of manufacturing reduces the timber waste, since it can make use of short lengths, which by finger-jointing can be made up to full lengths. Moreover, the lamination increases the stability and allows the non-visible inner part to be of lower quality than the outer parts, thus leading to waste reduction. The lamination of door frames is subject to severe regulations. The glue has to be a thermoplastic PVAc or duroplastic.
Apart from a number of softwood and hardwood species from the temperate zone, there are many tropical species suitable for door manufacturing.
Those belonging to durability Class I are:

- Afzelia Africana (Apa)
- Afzelia bipindensis (Doussié)
- Tieghemella heckelii (Makoré)
- Baillonella toxisperma (Maobi)
- Pterocarpus soyauxii (Padouk)
- Tectona grandis (Teak)
- Nauclea diderichii (Bilinga)
- Eucalyptus marginata (Jarrah)

Though very durable, Bilinga and Jarrah are less suitable on account of their instability.

Durable species belonging to class I/II and popular in the door industry are:

- Chlorophora excelsa (Iroko, Kambala)
- Intsia spp (Merbau)
- Bagassa guianensis (Tatajuba)

In the lower durability classes, Shorea spp (Meranti) class II/III is very popular. Entendophragma utile (Sipo) and Entendophragma cylindricum (Sapelli) of the same class are favoured as well, but are more expensive.

In order to achieve sustainable forest management, species, which were previously left standing in the

forest, could be marketed as well. In order to obtain access to export markets for lesser-known species, they have to be submitted to tests to acquire the certificate of suitability in the building industry.

1.1.7 Windows and window frames

The imported tropical sawn timber is used for the greater part to manufacture windows and window frames. Just as for doors, the timber species used for windows in The Netherlands has to be accepted by KOMO certification so as to be applicable in the building industry and quality demands are very strict.

Window frames must be made by lamination and finger-jointing and the most popular sizes in The Netherlands are (planed):
440 x 1160-1400-1650 mm
700 x 940-1060-1200-1440 mm
940 x 1200-1440 mm

In addition, the Warranty Institute for House-Building (GIW) at www.giw.nl determined that, effective from April 1, 2003, all door and window frames, windows and doors have to be made of solid hardwoods. The institute says sapwood may not be present in such components. This regulation applies to construction where the bricklaying is done around the already installed window or doorframes. According to the GIW softwoods are only permitted provided the joinery item is installed in the building, after the brickwork is done. There is no harmonisation in the sizes of windows and window frames and they vary between EU countries.

Softwood is an accepted raw material for window manufacturing and can substitute hardwood in the majority of the applications, if it is treated properly.

Very popular tropical species for the manufacturing of windows are:
- Milicia spp. (Iroko)
- Shorea spp. (Red meranti)
- Intsia spp (Merbau)

Other popular tropical species are:
- Entendophragma utile (Sipo)
- Entendophragma cylindricum (Sapelli)
- Afzelia spp (Afzelia)

Lesser known species are:
- Shorea spp (Red Lauan)
- Baillonela toxisperma (Moabi)
- Khaya spp (Khaya)
- Millettia laurenti (Wengé)
- Robinia pseudoacacia (Robinia)
- Parashorea malaanonan (White seraya)
- Cedrela odorata (Cedrela)
- Hymenolobium spp. (Sapupira)
- Calophyllum inophyllum (Bintangor)

Just as for doors, new species can be submitted to tests by a special commission (Stichting Keuringsbureau Hout) to investigate if they are suitable for window and window-frame manufacturing.

1.1.8 Parquetry

Parquet is mainly manufactured in hardwood, but softwood, veneered plywood, particle board and MDF are also used. It is produced in planks, strips sometimes composed in wider planks, prefab parquet with tongue and groove (T&G) on all four sides which the handyman can lay himself, tiles made up of various mosaic designs and laminated parquet of which the core is high density board. It is imported untreated or lacquered, ready to lay or stained, staining being sometimes applied to rubberwood parquet.

Parquet is manufactured in thicknesses of 4 to 23 mm, in wide as well as in narrow strips of 5 to 20 cm and in a great variety of lengths. Parquet and timber for parquet must have a moisture content of 8 percent.
In general, the European parquet manufacturers supply the following three types of parquet:
- Mosaic parquet: solid strips of smaller dimensions assembled together in a particular pattern.
- Solid parquet: solid strips or planks in thickness ranging from 6 to 23 mm with or without tongue and groove.
- Multi-layer parquet: parquet panels composed of two or more layers of wood (or wood-based material), with a lop layer of hardwood (the wear layers).

Parquet is made in many types of species. In softwood, various pine species (pitch, yellow, oregon), spruce and hemlock are suitable for parquet. However, most wooden flooring is in hardwood. The most used temperate species used in the European parquet market are oak, chestnut, tropical hardwoods, maple and ash. The range of species of tropical hardwood is very large:

Afrormosia	- Pericopsis elata
Apa	- Afzelia pachyloba
Afzelia (Doussié)	- Afzelia bipindensis
Azobe	- Lophira alata
Balau (red and yellow)	- Shorea spp.
Basralocus	- Dicorynia guianensis
Bilinga (Opepe)	- Nauclea diderrichii
Bubinga	- Guibourtia demeusii
Gerutu	- Parashorea spp.
Guatambu	- Balfourondendron
Iroko (Kambala)	- Chrlorophora excelsa
Jatoba	- Hymenaea spp.
Kapur	- Dryobalanops spp.
Keruing (Yang)	- Dipterocarpus spp.
Khaya	- Khaya spp.
Mahogany	- Swietenia macrophylla
Makore	- Tieghemella heckelli
Mansonia	- Mansonia altissima
Mengkulang	- Heritiera spp.
Merbau	- Intsia spp
Moabi	- Baillonella toxisperma
Movingui	- Distemonanthus benth.
Mutenye	- Guibourtia arnoldiana
Ovangkol	- Guibourtia ehie
Padouk	- Pterocarpus soyauxii
Panga panga	- Milettia sthlmanii
Rubberwood	- Hevea brasiliensis
Sapelli	- Entandophragma cyl.
Sipo	- Entandophragma utile
Sucupira	- Bowdichia nitida
Tatajuba	- Bagassa guianensis
Teak	- Tectona grandis
Wengé	- Millettia laurentii

Some of these species are only used in industrial flooring. Nowadays bamboo is another raw material of which parquet is made, but since it is not a timber it falls outside the scope of this survey.

1.1.9 Stairs

Current sizes for the Dutch market are 44x125-150-225-300 mm. However, the variety in models of stairs is big. There is no standardisation and stairs are mostly tailor-made.

1.1.10 Building material components

Mouldings, door frames, windows and window frames, stairs and staircases and a great deal of the parquetry, are imported in unfinished or semi-finished stages. This even applies to doors, which are imported without glass, locks and the other hardware. The development of techniques in the producing countries will gradually increase the level of processing. The components that are currently imported will become the ready-for-consumption product in the near future.

It should be noted that building materials are subject to EU Construction Products Directive 89/106/EEC that states the essential requirements viz.:

- Mechanical resistance
- Fire safety
- Durability
- Hygiene, health and environmental protection
- Safety in use
- Protection against noise
- Energy economy
- Heat retention

Impregnation, required for some species, falls under this Directive. The species are divided into five risk classes according to the European norm EN 335-1. There are variations in the application and the way of application of the kind of chemicals allowed for the different species and their different purposes.
It is important to obtain detailed indications from the importer on the subject, in order to avoid refusal of entrance in the country of destination.

1.1.11 Miscellaneous

There is a trend to replace common tropical timber species with Lesser-Known Species (LKS) with similar specifications regarding wooden frames for pictures, paintings, photographs and mirrors. Only small sizes are required, therefore providing opportunities for better recovery from forest resources.

Please note that the furniture industry and wooden packaging materials will not be discussed in this survey. Please refer to CBI's EU Market Survey Domestic Furniture and CBI's Market survey "Packaging Materials". Wooden packaging materials as such are hardly imported directly from developing countries. However, they are used to package export products from developing countries. Marketing of wooden packaging materials should therefore be aimed at the local market. The packaging materials have to respond to the following conditions:

- they should not be heavier than necessary (choice of timber species).
- the packaging should be made in relation to weight of the contents.
- the packaging must be able to stand transportation so that products arrive undamaged.

1.2 Custom/statistical product classification

On January 1, 1988, a unified coding system was introduced to harmonise the trading classification systems used world-wide. This system is called the Harmonised Commodity Description System (HS) and was developed by the World Customs Organisation (WCO). The system comprises about 5,000 commodity groups, each identified by a six digit code, arranged in a legal and logical structure and is supported by well-defined rules to achieve uniform classification.

The system is used by nearly 180 countries as a basis for their Customs tariffs and for the collection of international trade statistics. WCO is currently introducing alterations to the HS and these were intended to be included in the combined nomenclature as of January 1, 2002. After the six-digit code, countries are free to use further subheadings.
In the trade data of Eurostat, an 8-digit system is used. Most codes, however, end with two zeros, i.e. effectively only using 6-digits. In some countries even 10 digits are sometimes used.

Table 1.1 gives the four-digit list of the main HS codes for timber and timber products.

The HS codes and product descriptions have failed to keep up with changes in the goods and trades they refer to and are often now antiquated and inaccurate. The aim of the World Customs Organisation is to make the whole structure simpler and more relevant. The British Timber Research and Development Association (TRADA), has been heavily involved in the revision of Chapter 44 and believes the root of the problem is the product descriptions. Although the whole of Chapter 44 needs revising, the sections of greatest concern relate to hardwood, softwood and panel products. With support from the timber trade and others, the Business Solutions Group of TRADA Technology has now lodged proposals for wholesale change with the European woodworking body (CEI-BOIS) for consideration by the various Eurostat and Customs committees. Recommendations based on 'trade practice', following industry consultation, have been developed and these will enable the trade to define, record and more effectively use data generated by import statistics.

Table 1.1 HS code classification of timber and timber products

HS codes	Products
4403	Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared
4407	Sawn wood
4408	Veneer sheets and sheets for plywood
4409	Wood continuously shaped (tongued, grooved, rebated, chamfered, V-jointed, beaded, moulded, rounded, or the like) along any of its edges or faces, whether or not planed, sanded, or finger jointed
4410	Particle board
4411	Fibreboard
4412	Plywood, veneered panels and similar laminated wood
4413	Densified wood, in blocks, plates, strips or profile shapes
4414	Wooden frames for pictures, paintings, photographs, mirrors, etc.
4418	Builders' joinery and carpentry or wood, including cellular wood panels, assembled parquet panels, shingles and shakes

2 INTRODUCTION TO THE EU MARKET

The European Union (EU) is the current name for the former European Community. Since 1 January 1995 the EU has consisted of 15 member states. Ten new countries will join the European Union in 2004. Negotiations are in progress with a number of other candidate member states.

In 2002, the size of the EU population totalled 379.4 million; the average GDP per capita amounted to approximately € 21,023 in 2002.

Within Western Europe € covering 15 EU member countries, Iceland, Liechtenstein, Norway and Switzerland € more than 20 million enterprises are active. Small and medium-sized enterprises (SMEs) accounted for the lion's share. In 2000, the average turnover per enterprise of SMEs and large enterprises amounted to € 600 thousand and € 255 million respectively.

EU Harmonisation
The most important aspect of the process of unification (of the former EC countries), which affects trade, is the harmonisation of rules in the EU countries. As the unification allows free movement of capital, goods, services and people, the internal borders have been removed. Goods produced or imported into one member state can be moved around between the other member states without restrictions. A precondition for this free movement is uniformity in the rules and regulations concerning locally produced or imported products. Although the European Union is already a fact, not all the regulations have yet been harmonised. Work is in progress in the fields of environmental pollution, health, safety, quality and education.
For more information about harmonisation of the regulations visit AccessGuide, CBI's database on non-tariff trade barriers at www.cbi.nl/accessguide

Monetary unit: Euro
On 1 January 1999, the Euro became the legal currency within eleven EU member states: Austria, Belgium, Finland, France, Germany, Italy, Ireland, Luxembourg, The Netherlands, Spain, and Portugal. Greece became the 12th member state to adopt the Euro on January 1, 2001. In 2002 circulation of Euro coins and banknotes replaced national currency in these countries. Denmark, United Kingdom and Sweden have so far decided not to participate in the Euro.

The most recent Eurostat trade statistics quoted in this survey are from the year 2001. In this market survey, the Euro/€ is the basic currency unit used to indicate value.

Trade figures quoted in this survey must be interpreted and used with extreme caution. The collection of data regarding trade flows has become more difficult since the establishment of the single market on 1 January 1993. Until that date, trade was registered by means of compulsory customs procedures at border crossings, but, since the removal of the intra-EU borders, this is no longer the case. Statistical bodies like Eurostat cannot now depend on the automatic generation of trade figures. In the case of intra-EU trade, statistical reporting is only compulsory for exporting and importing firms whose trade exceeds a certain annual value. The threshold varies considerably from country to country, but it is typically about € 100,000.

Overview 15 EU countries, 2002

Population	**379.4 million**
Area	**31,443,000 km²**
Density	**83 people per km²**
Languages	**15 (excl. dialects)**
GDP/capita	**€ 21,023**
Currencies	**€, UK£, DKr., SKr.**
Exchange	**€ 1 = US$ 0.99**

Source: The World Factbook 2002

Population and GDP of selected EU countries, 2002

Countries/category	Population in millions	Age 15-64	GDP (€ billion)
Germany	**83.3**	**68%**	**2,206**
France	**59.8**	**65%**	**1,556**
UK	**59.8**	**66%**	**1,485**
Italy	**57.7**	**67%**	**1,416**
Spain	**40.1**	**68%**	**836**
The Netherlands	**16.0**	**68%**	**417**

Source: The World Factbook 2002

As a consequence, although figures for trade between the EU and the rest of the world are accurately represented, trade within the EU is generally underestimated.

Furthermore, the information used in this market survey is obtained from a variety of different sources. Therefore, extreme care must be taken in the qualitative use and interpretation of quantitative data, both in the summary and throughout the text, as well as in comparisons of different EU countries with regard to market approach, distribution structure, etc.

For more information on the EU market, please refer to the CBI's manual "Exporting to the European Union".

3 CONSUMPTION

3.1 Market size

According to USDA/Global Trade Atlas information, the USA is the world's leading importer of timber products, importing US$ 15.7 billion in 2002. The EU is the world's second largest timber product importer, importing US$ 12.3 billion and Japan is ranked third with an import value of US$ 9.2 billion in 2002. Japan remained the leading softwood log importer with an import value of US$ 1.2 billion. China's import of softwood logs skyrocketed from US$ 50 million in 1997 to nearly US$ 1 billion in 2002. The EU is ranked third as softwood log importer with imports of US$ 780 million in 2002. China is the top importer of hardwood logs with an import value of US$ 1.3 billion in 2002. Starting in 1999, China's imports increased rapidly as a result of reduced tariffs, a logging ban in China, and a growing furniture industry. With imports of US$ 1.2 billion, the EU was the second-largest importer of hardwood logs in 2002. The EU is the leading hardwood lumber importer with an import value of US$ 2.3 billion in 2002. In the same year, China was the second-largest hardwood lumber importer and reached an import level of US$ 1.4 billion.

Production of tropical industrial roundwood (logs) in ITTO producer countries totalled 121.9 million m3 in 2001, a 3.3 percent decrease compared to 2000. Log production further declined to 120.7 million m3 in 2002. Tropical log production was equivalent to 10 percent of total industrial roundwood production from all forests in all ITTO member countries in 2002. The proportion of logs domestically processed in Africa increased from 64 percent in 2000 to 68 percent in 2002, as a result of growing restrictions on log exports and an increase in further wood processing. The Asian figure for domestic processed timber averaged 90 percent over the same period. This reflects increasing populations, growing economies and the emphasis on exporting value-added products in this region. Latin American countries processed virtually all tropical logs harvested in 2000-2002.

A downturn in forest products markets occurred in 2002, following record levels in 2000, in Europe, North America and the Commonwealth of Independent States (CIS). Weak economic conditions in the EU persisted in 2002, and only a few forest product sectors showed signs of a recovery for 2003. In contrast, Central and East European countries and the CIS generally forecast rising consumption, production and trade levels of timber products. The EU marketplace is highly competitive.

European Union market

To provide an idea of the size of the EU market, construction activity within the 15 EU member states was worth a total of around _ 900 billion in 2002, which is almost 10 percent of the EU's GDP and it employed more than 11 million people. The figures for construction activity as a whole in 2002 reveal a growth of 0.6 percent in comparison to the previous year. Good sources for European Union timber market information are www.unece.org/trade/timber and www.ttjonline.com

Roundwood

The demand for roundwood [1] in West European countries is increasingly dominated by an ever smaller number of large wood-processing companies. This development has lead to weaker pricing power of the traditional small, private and municipal forest owners and state forest services.

Between 1997 and 1999, the apparent consumption [2] of roundwood in the EU increased only marginally. However, in 2000 there was significant growth, but this could not be maintained as levels for 2001 dropped just above the consumption rate of 1999. Log exports are decreasing as tropical timber producers add value domestically. Many countries impose extra levies or duties on round logs for export to discourage unprocessed exports.

Table 3.1 Apparent EU consumption of softwoodlogs, in 2001 - 2002

In 1000 m^3	2001	2002	% change from 2001 to 2002
EU	120,406	118,236	-1.8
Sweden	34,853	35,900	3.0
Finland	24,664	24,844	0.7
Germany	18,208	18,354	0.8
France	15,097	12,072	-20.0
Austria	7,638	7,800	2.1
Spain	6,799	6,730	-1.0

Source: UNECE/Timber Bulletin, Market Prospects, 2003

[1] According to the definition of the European Econimic Commission, this includes industrial wood in the rough and fuelwood.

[2] Apparant consumption = Production + Imports - Exports

Table 3.2 Apparent EU consumption of hardwood logs, in 2001 - 2002

In 1000 m3	2001	2002	% change from 2001 to 2002
EU	18,486	19,043	3.0
France	6,706	6,802	1.4
Germany	4,243	4,277	0.8
Spain	2,443	2,600	6.4
Finland	1,483	1,572	6.0
Italy	919	1,160	26.2
Belgium	673	675	0.0

Source: UNECE/Timber Bulletin, Market Prospects, 2003

The EU consumption of logs is dominated by softwoods. The EU consumption of softwood logs shows a decline of 1.8 percent between 2001 and 2002. Sweden and Finland were the leading EU consumers of softwood logs. The consumption of softwood logs revealed a significant decline of 20 percent in France. With respect to hardwood logs, France and Germany were the leading consumers of hardwood in the EU during this same period. Italy revealed an increase of 26.2 percent in the consumption of hardwood logs between 2001 and 2002, which can partially be attributed to the domestic furniture industry.

Sawn timber

The majority of EU sawn timber consumption consists of softwood. Between 2001 and 2002, the consumption of sawn hardwood decreased more in comparison to sawn softwood. In general, market consumption declined for both products in the EU, as in general demand is decreasing due to stricter EU packaging regulations, the considerable re-use of packaging material and increased competition from the carton & paper industry. The decline in sawn softwood is most notable for Germany (6.6%) and Spain (5.6%). The only EU country with an increase in sawn softwood and hardwood is Italy with a growth rate of 4.1% and 4.2% respectively. The largest decline in consumption of sawn hardwood is revealed by Germany (-20.0%), followed by France (-9.4%) and Spain (-8.2%). The consumption of sawn wood in the UK remained more or less stable.

Table 3.3 Apparent EU consumption of sawn softwood, in 2001 - 2002

In 1000 m3	2001	2002	% change from 2001 to 2002
EU	72,749	71,390	-1.9
Germany	15,990	14,950	-6.6
France	9,190	9,077	-1.2
UK	9,423	9,430	0.1
Italy	6,598	6,870	4.1
Austria	5,204	5,200	0.0
Sweden	5,255	5,200	-1.0
Finland	4,762	4,800	0.1
Denmark	4,239	4,239	0.0
Spain	5,240	4,940	-5.6
Netherlands	2,626	2,626	0.0

Source: UNECE/Timber Bulletin, vol. 55 no. 6, 2003

Table 3.4 Apparent EU consumption of sawn hardwood, in 2001 - 2002

In 1000 m3	2001	2002	% change from 2001 to 2002
EU	12,634	11,989	-5.1
Italy	2,590	2,700	4.2
France	2,693	2,439	-9.4
Spain	2,121	1,947	-8.2
Germany	1,463	1,170	-20.0
UK	778	780	0.1
Netherlands	632	632	0.0

Source: UNECE/Timber Bulletin, vol. 55 no. 6, 2003

Wood-based panels

According to the definition of the European Economic Commission, this includes veneer sheets, plywood, particleboard and fibreboard. UNECE does not provide figures on veneer sheets. Consumption of particleboard is the highest of the three products for which data are available. However, particleboard also includes non-wood particleboard.

Table 3.5 Apparent EU consumption of particleboard, in 2001 - 2002

In 1000 m3	2001	2002	% change from 2001 to 2002
EU	28,634	27,942	-2.4
Germany	9,493	9,410	-0.9
UK	3,545	3,540	0.0
Italy	3,388	3,440	1.5
Spain	3,552	3,330	-6.2
France	3,235	2,928	-9.5
Belgium	781	935	19.7
Denmark	896	896	0.0
Sweden	892	740	-17.0
Netherlands	595	595	0.0

Source: UNECE/Timber Bulletin, vol. 55 no. 6, 2003

Table 3.6 Apparent EU consumption of plywood, in 2001 - 2002

In 1000 m^3	2001	2002	% change from 2001 to 2002
EU	5,612	5,583	-0.5
UK	1,094	1,090	-0.3
Germany	1,040	957	-8.0
Italy	761	770	1.2
France	664	660	-0.6
Netherlands	545	545	0.0
Spain	396	420	6.1

Source: UNECE/Timber Bulletin, vol. 55 no. 6, 2003

Table 3.7 Apparent EU consumption of fibreboard, in 2001 - 2002

In 1000 m^3	2001	2002	% change from 2001 to 2002
EU	8,754	8,456	-3.4
UK	1,649	1,650	0.0
Italy	1,445	1,485	2.8
Spain	1,092	1,220	11.7
Germany	1,330	1,086	-18.3
France	815	655	-19.6
Netherlands	415	415	0.0

Source: UNECE/Timber Bulletin, vol. 55 no. 6, 2003

Between 2001 and 2002, EU consumption of wood based panels decreased. The decrease was the most pronounced (-3.4%) in the fibreboard segment. Consumption of particleboard and plywood in the EU decreased by 2.4 percent and 0.5 percent respectively.

According to the European Panel Federation (EPF), the European wood-based panel industries produced approximately 54.2 million m^3 of panels during 2002. Compared to the previous year, this means an increase of 2 percent. Particleboard remained by far the most important panel type, accounting for 66 percent of the total production. The share of MDF is, however, expanding rapidly and increased to almost 20 percent of the total production. Also OSB continues to develop at a rapid pace and now represents almost 4 percent of the total production, reaching the same level as wet process fibreboard, while plywood maintained its 6 percent share. The European plywood and blockboard production rose by 1.4 percent to 3.4 million m^3 in 2002 in comparison to the previous year. According to the European Federation of the Plywood Industry (FEIC), the total European plywood production has increased by 32 percent during the past 10 years. In 2002, Finland remained the largest EU plywood manufacturer, representing 36 percent of the production output, while the UK remained the biggest European market with a 22 percent market share representing 1.3 million m^3.

Laminate flooring

According to the annual evaluation of the Association of European Producers of Laminate Flooring (EPLF), the total West European production of laminate flooring amounted to 334 million in 2002. This represents an increase in the European production by around 60 million m2 in comparison to the previous year. The West European market accounts for approximately 60 percent of global sales in m2 and totalled 202 million m2 in 2002. This development was realised despite a global economic downturn and poor business progress. It is also reflective of the innovative power and the high potential of the European laminate flooring market.

As in previous years, top market sales positions are held by Germany (59 million m2), the United Kingdom (45 million m^2), France (29 million m^2) and The Netherlands (16 million m^2). These markets account for a share of around 75 percent of all European sales. Due to the globalisation of the laminate flooring market, European countries increasingly support or have shares in production sites outside Europe.

Parquetry

The European Federation of the Parquet Industry (FEP) survey on the production and consumption of parquet in 2002 shows that, in spite of tough market conditions in Europe and the generally worsened economic climate, parquet has been able to maintain its market position. In 2002, the European parquet production increased by 0.7 percent in comparison to the previous year and reached a total volume of 62.5 million m^2. Consumption increased by 0.9 percent in 2002 and attained a volume of 80.4 million m^2. As in previous years, the development in parquet consumption in the EU differs strongly from country to country, or rather from region to region. Overall, the Nordic countries, with the exception of Finland, have seen a fairly stable situation. The parquet consumption in Germany, The Netherlands and Austria reveals a declining trend. In general, the south European countries (Italy, Spain and France) performed quite well as regards the output in volume. In absolute figures, Sweden remains the most important parquet producing country within the FEP with a market share of 22.3 percent, followed by Germany (16.2%), France (11.5%) and Spain (10.6%) in 2002. According to FEP information, the main wood species and their market share used for the production of parquet were as follows in 2002: oak (47.3%), beech (19.2%), tropical (16.0%) and maple (6.5%).

In 2002, the total European flooring market declined by

1.2 percent, as reported by Intercontuft. With a volume of 96 million m^2 this means that the European parquet sector was able to maintain its position on the flooring market and holds an overall market share of 5 percent. Despite the positive data for 2002, the parquet industries expect a slowdown for 2003. No significant upswing is seen in the European construction market or the general economic conditions. In addition, the high parquet production in Europe could further toughen competition on the European parquet markets.

According to the FEP survey, the European Committee for Standardization (CEN) is reviewing standards for the various (sub)types of parquet manufactured in Europe. These standards will eventually replace all national standards.

Windows

In 2001, West European countries used 87.9 million window units (1 unit = 1.69 m2) and remained more or less stable in comparison to the previous year. Around 31.1 percent or 27,269 million window units are made of wood. Most windows sold (38.1%: 35,456 million units) in the EU are of PVC. The remaining part is taken by aluminium window frames with a market share of 30.8 percent equivalent to 27,085 million units. In 2001, Germany was still by far the largest market accounting for almost 18 million units, despite a significant decline from its 1999 level when around 22 million units were sold.. In 2001, Germany was followed by the UK (13 million window units), and Spain (10.5 million window units). Consumption in The Netherlands was just over 3 million window units in 2002. The market for window units in the UK, Spain and France has increased slowly over the last three years since 1999.

Certified timber

Forest area certified for sustainable forest management is growing rapidly, reaching 124 million hectares worldwide by mid-2002, a 25 percent increase over the previous year. The vast majority (90%) of the world's certified forests are in Europe and North America. Markets for Certified Forest Products (CFPs) have grown too, but remain at low levels. Many producing countries target the environmentally-conscious markets.

Supply drivers include access to markets, primarily for exports when the domestic market is small or non-existent. Demand drivers include corporate image enhancement, competitive advantage, market channel options, risk aversion and social responsibility. Forest owners are increasingly considering their environmental image. Some governments, both local and national, have facilitated certification of forests and are spurring demand through public procurement policies.

However, lack of chain-of-custody has resulted in products from certified forests being sold without a label documenting their source. This shortcoming in the distribution channel deprives producers and consumers of some of the potential benefits of trading-recognizable CFPs. Other problems include the lack of mutual recognition between schemes, lack of price premiums for CFPs and weak market demand (in part due to lack of consumer awareness).

To some extent, the slow pick up in demand for certified wood products reflects the problems of supply. The impact of certification on world markets has been constrained by the difficulties in obtaining commercial quantities of certified wood at the right time and at the right price. This has acted as a brake on the marketing efforts of those promoting certified products. According to UN/ECE information, the proportion of certified forest products rose to about 10 percent of the total paper and wood product consumption in the UN/ECE region in 2002. This is a considerable increase when compared to the previous year. According to UN/ECE this suggests that more certified forest products are available on the market and that the consumption has risen, mainly due to the amount of PEFC certified products on the marketplace.

The most important export markets for certified forest products are considered to be the UK, Germany and The Netherlands. These three countries have strong organisations which are members of the Global Forest and Trade Network of the World Wildlife Foundation (www.panda.org). Forest certification has also received relatively greater publicity in these three countries. For further information and details about certified forest products, contact the Forest Stewardship Council (FSC) at www.fscox.org or the Pan European Forest Certification (PECF) at www.pefc.org.

Opportunities

- Certified Forest Products (most notably in UK, Germany, The Netherlands and Nordic States)
- Value-added Products (hardwood windows & doors, timber-frame housing)

Threats

- Increased competition from OSB and MDF manufacturers. Demand for plywood stagnating.
- Stagnating construction market with decline in Germany, The Netherlands and Austria.

Germany

Germany is one of the major markets for forest products in Europe. The country also has a strong forest industry and it is one of the leading producers of wood-based

panels and paper in the world. Germany has the largest engineered wood product industry in Europe, which is based partly on sawn wood imports. Two thirds of the paper production is based on imported wood pulp. Paper recycling is well organised in Germany and it is one the largest exporters and consumers of recovered paper.

Consumption
In 2002 and 2003, Germany is expected by UN/ECE to continue to be the leading EU consumer of sawn softwood with an apparent consumption of around 15 million m^2. Germany is the second largest producer of sawn softwood after Sweden in the EU. Considering the size of the country, Germany is not using much sawn hardwood. In 2002, it was only the fourth EU consumer of sawn hardwood (after Italy, France and Spain) with a volume of nearly 1.2 million m^2.
Germany is by far the leading EU consumer of particle board (including OSB) with an apparent consumption of 9.3 million m^2 and is the second largest consumer of plywood (after the UK) with a volume of approx. 940,000 m^2.
Germany is the largest EU market for parquetry and windows of all materials. Parquetry consumption shows an upward trend and Germany had a market share of nearly 26 percent of the total EU and EFTA consumption in 2002. Germany is the second largest parquet producing country within the FEP with a market share of 16.2 percent in 2002. Total window consumption (of PVC, aluminium and wood) shows a decreasing trend between 1999 and 2001. During this period the German window market decreased from around 22 million window units in 1999 to approximately 18 million window units in 2001.
Germany is the leading EU market for laminate flooring with a consumption of 59 million m^2 in 2002.

Construction
In 2002, The German construction sector remained the largest in the EU with a production value of around € 213 billion, which represents a market share of 23.8 percent of the total EU production. Nevertheless, the number of building permits and housing g completions continued declining. According to the Federal Statistical Office in Germany in 1999, 437,584 building permits were granted, down 8 percent from the previous year. The number of permits fell sharply to 278,317 in 2002, a drop of 36.4 percent in comparison to 1999 levels. This trend is expected to continue in 2003 and the construction sector in Germany is in a recession.

As in the past the construction industry will exert a great influence on timber sales in the future. It is estimated that around 65 percent of annual German forest cuts in the form of sawn wood, boards and constructional elements goes to this economic sector. In contrast to the building industry as a whole, prefabricated construction dominated by timber was able to achieve better results (sector-specific boom for timber construction). The trade association attributed this chiefly to the fact that the prefabricated construction industry had backed the supply of energy-efficient houses at a very early stage.

Certified Forest Products
As in other EU markets, FSC certified wood is becoming more important in the German market. In some local districts, tropical timber can only be used in construction if an FSC certificate or another certificate recognised by environmental groups is available. Most certified timber on the German market has a PEFC certificate. The coalition of the new German federal government has agreed that all federal public forests and tropical timber procured for public purposes will be certified under the Forest Stewardship Council (FSC) Principles and Criteria. This decision, known as Coalition Agreement 2002-2006, came into effect on October 16, 2002.

Approx. 6.8 million hectares, nearly 63 percent of the forest area in Germany, had been certified according to the certification schemes of FSC and PEFC by June 2003. An ongoing upward tendency can be observed. Yet, the expenditure involved in verifying the chain of custody still only allows a comparatively minor percentage of certified finished products to enter the market. Great efforts are being made in Germany to shape the chain of custody system in a more feasible manner.

Certified forest areas in Germany as of June 2003:

Certification system	Certified areas (ha)	Percentage of total forest area (%)
FSC	438,879	4.0
PEFC	6,352,000	58.8

Source: FSC (April 2003) and PEFC (June 2003)

More information about certified forest products in Germany can be obtained from FSC-Germany at: www.fsc-deutschland.de, PEFC Germany at: www.pefc.de, or WWF Wood Group Germany at: www.wwf.de

Internet information
You can find further information on the German timber industry and timber marketing on the following Internet sites: www.bmvel.de, www.holzabsatzfonds.de, www.infoholz.de.

The Internet site of the Gesamtverband Holzhandel e.V. (www.bdholz.de) is a good entry for finding trade

partners in Germany. It includes a database of German importing and exporting companies. If you visit www.holz-zentralblatt.com you can find current news about the German market.

France

France has a significant and expanding forest industry, although it is a net importer of sawn softwoods and paper. France is the largest producer of sawn hardwood in Europe. The sawn wood industry is nearly self sufficient in raw material supply, but the paper industry relies heavily on pulp imports. Consumption levels for forest products are near the European average.

Consumption

In 2002, France was the third largest consumer of sawn softwood in the EU (after Germany, and the UK), with an apparent consumption of 9.1 million m^2. In the same year, France was the second largest consumer of sawn hardwood in the EU (after Italy) with an apparent consumption of 2.4 million m^2.
Compared to other leading consumers in the EU, France does not consume much wood-based panels like fibreboard and plywood.
The French market for parquet flooring is the fourth largest in the EU after Germany, Italy and Spain, with a market share of 11.5 percent in 2002.
France is the third largest consumer of laminate flooring in the EU (after Germany and the UK), with a consumption of 29 million m^2 in 2002.
The total window consumption (of PVC, aluminium and wood) reveals an increasing trend between 1999 and 2001. In 2001, the French window market consisted of approx. 9.7 million window units.

Construction

The construction sector dipped in 2002 following four years of growth. Production fell 0.7 percent in volume in building and 2 percent in public works. The total production of the French construction sector amounted to € 118 billion in 2002, which represents a market share of 13.1 percent of the total EU production.
Housing construction once again drove growth in building, whereas the construction of non-residential buildings decreased. Public works suffered a slowdown in orders due mainly to the drop in local authority investment. The outlook for housing construction in 2003 continues to be brighter than for offices, industrial buildings and public works.

Certified Forest Products

There is a WWF Forest Trade Network (WWF Club Pro Forets) in France. This group consists of 12 members that are committed to purchasing forest products from well-managed forests and to supporting independent certification. The group includes the 2nd retailer in the world (Carrefour) and one of the biggest European DIY chains (Castorama). Forested land under FSC certification in France increased by about 1,000 ha in comparison to the previous year, but remains very limited at 16,375 ha. The PEFC scheme had certified nearly 2.1 million ha by June 2003 in France.

Certified forest areas in France as of June 2003:

Certification system	Certified areas (ha)
FSC	16,375
PEFC	2,092,515

Source: FSC (April 2003) and PEFC (June 2003)

More information about certified forest products in France can be obtained from WWF Club Pro Forets at: www.wwf.fr or PEFC France at: www.pefc-france.org

Internet information

The Internet site www.bois-foret.info is a good information source on the French market, including information on industries using timber, technical specifications, quality and standards. The site provides a number of interesting links including www.foretpriveefrancaise.com and www.site-en-bois.net

The United Kingdom

The United Kingdom is one of the largest markets for forest products in Europe. Most of the demand for pulp and sawn wood in the country is met by imports.
The sawmill and panel industry based on domestic raw material is expanding steadily, as more plantations reach harvestable age. The paper industry also utilises the large domestic supply of recovered paper.
Consumption of forest products per capita is around the European average.

Consumption

In 2002, the UK was the second largest EU consumer of sawn softwood, with an apparent consumption of 9.4 million m^2. Considering the size of the country, the UK does not use much sawn hardwood. In 2002, it was only the fifth largest EU consumer of sawn hardwood with a consumption level of 780,000 m^2.
Consumption of wood-based panels (particle board and plywood) remained more or less stable in the UK between 2001 and 2002.
The UK is not a member of the European Federation of the Parquet Industry, so data on parquetry are not available.
The UK is the second largest consumer of laminate flooring in the EU (after Germany), with a consumption of 45 million m^2 in 2002.
The total window consumption (of PVC, aluminium and wood) in the UK shows an increasing trend. In

2001, the UK was the second largest UK market for window units after Germany. Between 1999 and 2001, the UK window market increased from nearly 12.2 million window units in 1999 to approximately 13 million window units in 2001.

The consumption by the UK of tropical timber consists mainly of added-value processed products.

Construction
The UK's construction industry grew by just over 8 percent in 2002, about four times that of the whole UK economy last year. Growth in the construction industry is forecasted to slow down to 4.5 percent in 2003 and drop to 2 percent in 2004. The drop will be largely due to falling levels of activity in industrial and office construction and in private house-building. Construction work in transport, education, health and social housing is expected to continue to grow, although at a slower pace. The total production of the UK construction sector amounted to € 139 billion in 2002, which represents a market share of 15.4 percent of the total EU production.

Timber frame building in the UK accounts for some 10 percent of all new private constructions. The major house-builders are increasingly realising the commercial advantages and the housing associations like it for a variety of reasons: the environmental aspect, speed of construction and the fact that many of the components can be sourced in the UK.

Certified Forest Products
The UK is among the world's largest markets for certified timber. Almost all certified woodland is under the FSC scheme, the preferred scheme for most UK processors and retailers. However the PEFC UK governing body has successfully applied for PEFC membership, and has adopted the UKWAS standard. At the end of April 2003, FSC-UK (WWF95+ Group) had issued 35 Forest Management Certificates and covered nearly 1.1 million ha. In addition, PEFC had certified 9,125 ha of forests in the UK. The United Kingdom is the largest market in the EU for certified forest products. A market share by value of about 25 percent is claimed by the United Kingdom. The UK is also considered to be the leading importer of CFPs in the EU. The UK Government has adopted a policy that its departments and agencies must procure recycled or legally and sustainable grown timber products. Guidance and monitoring schemes are now being prepared to implement this policy. It is clear that the major issue – common to both certified and other legal and sustainable sources – is the maintenance of documentary proof as products pass through the wood chain. This issue of proving chain of custody will undoubtedly be a limiting factor on environmental claims for some time to come, regardless of the quality of forest management at source. The scale of tropical hardwood imports is largely unchanged, but the main trade association and many companies have taken action to address the issue of responsible sourcing and certification.

Certified forest areas in the UK as of June 2003:

Certification system	Certified areas (ha)
FSC	2,070,481
PEFC	9,125

Source: FSC (April 2003) and PEFC (June 2003)

More information about certified forest products in the UK can be obtained from FSC-UK at: www.fsc-uk.org, PEFC-UK at: www.pefc.co.uk, or WWF-UK 95+ Group at: www.wwf-uk.org/95+group

Internet information
The Internet site www.ttjonline.com is a good information source on the UK and other markets.

Italy

Italy is a major consumer, producer and trader of forest products in Europe. Its share of European paper and wood-based panel production is nearly ten per cent. The paper industry is based mainly on imported pulp. However, the country is the biggest producer and consumer of non-wood fibre pulp in Europe. Italy is also a major importer of sawn wood. The large and dynamic furniture industry exports half of its production, and is a major consumer of panels and sawn wood. Consumption of forest products per capita is around the European average level.

Consumption
In 2002, Italy was the leading EU consumer of sawn hardwood with an apparent consumption of 2.7 million m^2. Italy remained the leading consumer of added-value tropical timber (excluding logs, including sawn timber, veneer and plywood). In the same year, Italy was the fourth largest EU consumer of sawn softwood with a consumption of 6.9 million m^2 and increased its consumption by 4.1 percent in comparison to the previous year. Italy was the third largest EU consumer (after Germany and the UK) of particle board in 2002. In 2002, Italy was the third largest EU consumer of parquetry with a market share of 15.6 percent. The total window consumption (of PVC, aluminium and wood) in Italy increased slowly from around 6.2 million window units in 1999 to about 6.5 million window units in 2001.

Construction
The total production of the Italian construction sector amounted to € 107 billion in 2002, which represents a market share of 11.9 percent of the total EU production. The forecast for growth in the construction output in Italy stands at 1.7 percent for 2003, according to FIEC, and decreasing in comparison with previous years.

Certified Forest Products
Established in 2001, the Italian Forest and Trade Network currently comprises 15 members. These members include retailers (COOP, the biggest Italian supermarket chain), DIY and furniture companies, a picture frames manufacturer, a handmade furniture workshop and one association for the small furniture industry. Nevertheless, Italy is a very limited market for CFPs in the EU and hardly any forests have been certified yet.

Certified forest areas in Italy as of June 2003:

Certification system	Certified areas (ha)
FSC	11,000
PEFC	0

Source: FSC (April 2003) and PEFC (June 2003)

More information about certified forest products in Italy can be obtained from FSC Italy at: www.unimondo.org/fsc-italia, PEFC Italy at: www.pefc.it, or from the Italian Global Forest and Trade Network group (Club per il Legno Ecocertificato) at: www.dubecolegno.it

Internet information
The Italian based www.timberandmore.com provides information on the Italian wood product markets.

Spain

The Spanish forest sector is significant despite the relatively low annual forest growth in the country. Spain produces all primary forest products, partly from imported raw materials such as eucalyptus pulpwood and hardwood logs. The pulp and paper industry also utilises the supply of recovered paper and non-wood fibre pulp. Spain is a net importer of paper and sawn wood. Part of the pulp production is exported. MDF production and exports have increased significantly during recent years.

Consumption
Regarding its size in comparison to other EU countries, the consumption of sawn softwood in Spain is relatively low, with an apparent consumption of 4.9 million m^2 in 2002. However, Spain is the third largest consumer of sawn hardwood in the EU in 2002 with a consumption of 1.9 million m^2 in 2002.
The total window consumption (of PVC, aluminium and wood) in Spain is the third largest in the EU and increased slowly from around 10.2 million window units in 1999 to about 10.5 million window units in 2001.
The apparent consumption of fibreboard and plywood revealed an increase between 2001 and 2002 of 11.7 percent and 6.1 percent respectively. Overall, both wood-based panels revealed a decline for 2002 in the total EU consumption in comparison to the previous year. In 2002, Spain was the second largest consumer of parquet in the EU with a market share of 16.9 percent.

Construction
Among the EU member states, Spain is one of the few countries that reveals an increase in the building construction sector. The total production of the Spanish construction sector came in fifth place and amounted to € 103 billion in 2002, which represents a market share of 11.4 percent of the total EU production. According to Eurostat data, the building construction sector in Spain grew by 7.6 percent in 2002 in comparison to the previous year, although a declining trend could be observed in the last quarter of 2002.

The production of wood based panels has increased in Spain since 2000. The production of particleboard in Spain increased by 18 percent and 15 percent in 2001 and 2002 respectively. Growth in MDF production was not so spectacular as in the previous years, and remained more or less stable in 2001 and 2002. Particleboard and plywood did not reveal any substantial change in 2001 and 2002.

Certified Forest Products
Forest certification started developing slowly in Spain from 1998 onwards. At present, the PEFC Council in May 2002 approved its certification scheme for Spanish forests. By June 2003, nearly 90,000 hectares of forest had been certified under this scheme. FSC Spain has developed national standards and is actively involved in raising public awareness, but no forest areas in Spain have yet been certified by FSC.

In general, CFPs hardly exist on the Spanish market, although there are marginal productions of timber products by a few companies, which import FSC

Certified forest areas in Spain as of June 2003:

Certification system	Certified areas (ha)
FSC	0
PEFC	86,679

Source: FSC (April 2003) and PEFC (June 2003)

certified timber. By June 2003, there were 7 PEFC logo user registered in Spain.

More information about certified forest products in Spain can be obtained from WWF-Grupo 2000 at: www.wwf.es or PEFC Spain at: www.pefc.es

Internet information
For price and product information the Spanish Association of Wood Importers (AEIM) at www.aeim.org or the Spanish Federation of Wood-Based Industries (FEIM) at www.feim.org could be contacted.

The Netherlands

The Netherlands does not have sufficient production of forest products to supply the domestic markets as it relies heavily on imports of forest products. Sawn softwood imports come from Europe, but over half of the sawn hardwood imports come from South East Asia (mainly Malaysia and Indonesia) The Netherlands is nearly self-sufficient in paper production, which is based on imported pulp and rather large quantities of recovered paper. The Netherlands is a significant re-exporter of forest products to other EU countries.

Consumption
The Netherlands is a relatively small consumer of sawn softwood and between 2001 and 2002 the apparent consumption remained stable. Considering the size of the country, The Netherlands is a big consumer of sawn hardwood. Between 1999 and 2000 consumption increased by almost 40 percent. In 2001 and 2002 the consumption of hardwood remained stable.
The total window consumption (of PVC, aluminium and wood) in The Netherlands remained more or less stable between 1999 and 2001 with an annual consumption of around 3.2 million window units.
In 2002, The Netherlands had a market share of 4.4 percent in the total FEP consumption of parquet.
Consumption of wood based panels (particleboard, plywood and fibreboard) remained stable in 2001 and 2002, after increases in previous years.

Construction
The construction output in The Netherlands decreased by 2.0 percent and 1.1 percent in 2001 and 2002 respectively. The FIEC forecasts a further decline of the construction sector of 2.4 percent in 2003. The total production of the Dutch construction sector amounted to € 49 billion in 2002, which represents a market share of 5.4 percent of the total EU production. A gradual improvement in the Dutch construction sector is expected for 2004 and 2005.

The Netherlands market expects a gradual shift away from PVC windows, as the product is increasingly perceived as ugly, and people who have lived with PVC windows are becoming aware of its shortcomings. PVC is now mainly regarded as a cheap replacement product, while preference is expressed for meranti and western red cedar windows. Another recent trend occurs regarding residential building extensions. For instance closed veranda extensions are dominated by pre-fab aluminium constructions, which have gradually replaced timber frame extensions. On the other hand, dormer windows on top floors are predominantly made of timber frames.

In addition, the Warranty Institute for House-Building (GIW) at www.giw.nl determined that, effective April 1, 2003, all door and window frames, windows and doors have to be made of solid hardwoods. The institute says sapwood may not be present in such components.
This regulation applies to construction where the bricklaying is done around the already installed window or doorframes. According to the GIW, softwoods are still permitted provided the joinery item is installed in the building, after the brickwork is done, the so-called KAPLA frames (KAPLA is an acronym for KAnt en klaar PLAatsbaar = ready made, installable).
The softwood for KAPLA installation has to be entirely sapfree but even then the bottom rail of the window frame must still be made from sapfree hardwood.
This GIW advice may lead to a higher consumption of hardwoods in The Netherlands such as Meranti, Sapelli, Sapupira etc. Analysts report that, in some places, more Sapupira is being sold already.

High hopes for better timber consumption are also pinned on the new building decree from the Ministry of National Housing, Town & Country Planning and Environment (VROM in The Netherlands), which became effective from January 2003. New houses have to conform to the new decree in a number of criteria such as fire, sound, security, damp-protection, strength, thermal insulation. In conjunction with the decree, the Timber Promotion Bureau and a body called BouwLokalen (www.bouwlokalen.nl) conducted a promotional effort during the 2nd quarter of 2003 to show the many applications possible when using timber and to highlight the superior qualities of timber as building material. Under the new regulations, if timber has a minimum density 450 kg per cubic metre (and many of the tropical hardwoods that find their way in the Dutch market meet this requirement) then that timber satisfies criteria set for strength, fire protection etc. One other effect of the new building regulations is that main entrance doors and room doors have to be higher and thicker, this also applies to the doorframe and jambs. Another aspect is that the maximum angle of the stairway will be lowered so more steps will be necessary. In addition, steps in certain portions will have to be wider all of which impacts timber consumption.

Certified Forest Products
There is a Forest and Trade Network in The Netherlands which operates under the name FSC Nederland (formerly Stichting Goed Hout!). By the end of 2002, FSC Nederland consisted of 99 members including forest owners, timber importers, retailers and conservation organisations. In 2001, there was 560,000 m^3 of FSC-certified timber on The Netherlands market, about 7 percent of total timber consumption. It is expected that the market share of FSC products in the Netherlands will increase to 8 percent in 2003. By the end of 2002, more than 600 timber products with FSC certificate were available on the Netherlands market. The majority of these FSC products are used by the DIY trade and utilised for ground, road and water infrastructure works. FSC Nederland believes that the availability of FSC-certified wood products on the Netherlands market can be increased significantly if certain conditions, including government backing, remain firm. No forests have been certified by PEFC in The Netherlands.

Certified forest areas in The Netherlands as of June 2003:

Certification system	Certified areas (ha)
FSC	124,163
PEFC	0

Source: FSC (April 2003) and PEFC (June 2003)

More information about certified forest products in The Netherlands can be obtained from FSC-Nederland (Stichting Goed Hout!) at: www.fscnl.org.

Internet Information
The Internet sites www.houtinfo.nl and www.sbh.nl provide additional information on The Netherlands' market.

3.2 Market segmentation

The most important market segments for timber and timber products are the:
- Construction sector
- DIY trade
- Further Processing Industry

Other segments for timber and timber products include: garden article trade, household article trade, packaging materials trade, pulp and paper trade, and the trade in tools, brushes, brooms, sticks. Except for pulp and paper, these segments are small in terms of volume. The EU construction sector is the most important market for timber and timber products, followed by the further processing industry (most notably the furniture industry). In comparison, the DIY trade is of less importance, although its market share in sales of timber and timber products is steadily increasing.

Construction sector
In 2002, construction activity within the 15 EU member states was worth a total of around € 900 billion, which is almost 10 percent of the EU's GDP and it employed more than 11 million people. The figures for construction activity as a whole in 2002 reveal a growth of 0.6 percent in comparison to the previous year. Although in certain countries construction activity was sustained (+8.1% in the UK, due to considerable intervention from the public sector; and +4.6% in Spain, the result of investments in infrastructures), Germany did have a difficult year with a decline of 5.8 percent in activity in 2002 compared to the previous year. The European Construction Industry Federation (FIEC) expects that the construction activity for 2003 should stabilise around the level of 2002. The forecasts for 2003 vary from country to country. Some countries are expected to continue experiencing negative growth rates (Germany –2.5%, Netherlands –2.4%, Belgium –1.5%, Denmark –1.2%, and France -0.7%), while other EU countries which have experienced a more sustained growth in activity are likely to slow down (UK +4.4%, Spain +3.8% and Italy +1.7%).
Overall, the FIEC does not expect a notably recovery to 2002 levels in the construction industry.

The natural durability and quality of tropical hardwood plywood is one area that could be promoted to maintain market share in marine applications and situations where the product may, even unintentionally, become exposed to water.

The main end uses of tropical veneers are the manufacture of plywood and overlays. According to the FAO, it seems likely that the use of tropical veneers for the manufacture of plywood within Europe will decline in future. However, there is a trend that suggests that darker coloured woods are becoming more fashionable, which may provide opportunities for tropical veneers in overlay applications.

DIY trade
The DIY market has become strong in the last few years (see Section 3.3). Around 6 percent of the timber sold in the DIY stores consists of FSC certified timber. Leading suppliers of certified timber are Sweden and the USA. Currently, there is not much on offer from developing countries. DIY stores in The Netherlands do sell some smaller timber articles from the Solomon Islands.

Further Processing Industry
According to the Federation of European Furniture manufacturers (UEA), around 45 percent of the total

production value of the furniture industry consists of the purchase of specific raw materials. There is a strong interdependence between wood-based industries and the furniture industry. On EU level, the furniture industry annually buys around 55 percent of the production of particleboard, 20 percent of sawn woods and about 90 percent of the production of MDF.

According to the UEA, there is a concentration process taking place in the furniture industry. EU furniture manufacturers are investing huge amounts of capital for expanding their activities, either by extension of existing plants or creation of new plants or purchases of existing enterprises. In general, the average size of the firms has recently increased. All enterprises are investing in automation and computerization, in order to standardize their production. The production is ever more automated, especially in the kitchen and office furniture industry. This requires huge amounts of capital that may be more easily collected by large firms than by smaller ones.

Some important furniture groups have recently emerged through internal and external extension. The majority of the groups have one or more units of production in one or more European countries and even in the U.S.A. In the EU, there are 50 (groups of) enterprises with a turnover exceeding 100 million Euros. The website of the UEA at www.ueanet.com can provide additional details about the furniture market and trade in the EU.

Please note that the segments furniture, wooden packaging materials, garden articles, household articles and pulp and paper, tools, brushes, brooms, sticks will not be further discussed in this survey.

Please also refer to CBI's EU Market Survey "Domestic Furniture" and CBI's Market survey "Packaging Materials".

3.3 Consumption patterns and trends

Timber consumption is greatly dependent on the activities of the building industry, which in turn is closely related to economic growth. For the short-term, a slow-down of the construction sector is expected in the EU. Nevertheless, timber is increasingly used in the construction sector. According to FAO, the demand for wood will increase at the same level as the global population. Around 2010, the demand for wood will have increased by 50 percent according to the FAO.

As from mid-2000, the EU economy started to slow down. While in 2000 EU GDP growth still amounted to 3.4 percent, the rate had fallen to 1.7 percent in 2001. GDP growth in Spain, France and the UK was higher than the EU average growth rate, the GDP growth of The Netherlands and Italy was about the same as the EU average, while growth in Germany was significantly lower than the EU average. According to the European Timber Trade Association (FEBO), the current economic downturn in Western Europe will continue throughout 2003. According to FEBO the timber trade is worst affected in Germany, Austria and Switzerland, while Belgium and France are expected to equal the results of 2002. In contrast, Sweden, Denmark and Finland are benefiting from an ongoing construction boom.

The Netherlands government is promoting the use of renewable resources. In 1995, it started a programme aiming to increase the use of wood in the construction sector by 20 percent, in comparison to the amount used in 1990. The government policy for the period 2000-2004 is sustainable construction and focuses explicitly on the use of sustainably managed timber.

Forest certification
Forest Certification is a system of forest inspection plus a means of tracking timber and paper through a "chain of custody" - following the raw material through to the finished product. This is to ensure that the products have come from forests, which are well managed - meaning that they take into account environmental, social and economic principles and criteria.

There is a number of organisations, which have their own criteria and indicators for sustainable forest management. The leading schemes are the Pan European Forest Certification Scheme (PEFC) and the scheme of the Forest Stewardship Council (FSC). Public procurement is a rather strong demand factor for Certified Forest Products in several western European countries, especially at the municipality level. In the United Kingdom, Demark, the Nordic countries, The Netherlands, Belgium, Germany and Austria, administrations have taken action to implement "green" public procurement policies that favour CFPs, especially for tropical timber. No statistics or estimations exist about the size of the market for forest products that is actually affected. Nevertheless, public procurement in these countries certainly constitutes a considerable volume.

The EU market is the leading market for certified timber and the Economic Commission for Europe (ECE) expects increased competition between the industrially introduced PEFC label and the FSC label introduced by environmental organisations. From 2000 onwards, there has been a significant increase in the total area of forest certified, due to the entrance of new third-party certification programmes like PEFC and Sustainable Forest Initiative (SFI) for the USA and Canadian market. The main differences between FSC and PEFC lie in the fact that FSC is an unified international certification system that is globally valid and takes all relevant stakeholders interest equally into

consideration. In contrast, PEFC has limited its range to Europe and is dominated by producers.

By April 2003, around 36.9 million hectares of forest in 55 countries had been independently certified under the FSC certification scheme and more than 20,000 products carry the FSC label. Seven per cent of the world's industrial wood consumption is FSC certified. Around 60 percent of FSC certified forests are in Europe, of which Sweden with 9.9 million ha was the leading European country by April 2003. In addition, the PEFC had certified 48.1 million ha by the end of June 2003. In June 2003, the majority of PEFC certified forest was in Finland (21.9 million ha), Norway (9.3 million ha), Germany (6.5 million ha), Austria (3.9 million ha), and Sweden (2.3 million ha). In addition to these schemes mentioned, a large number of national schemes exist or are being developed, including a Mandatory National Certification System in Russia, national Malaysian and Indonesian systems compatible with FSC, a Brazilian system and a pan-African certification system.

The demand for FSC certified timber mainly comes from companies, which often are members of buyers' groups. Regional and national Forest and Trade Networks are now established in Europe, North America, South America and Australia. These networks consist of organisations and companies committed to producing and purchasing forest products from well-managed forests and to supporting independent certification. At present, only the FSC meets the requirements of WWF for a credible independent certification scheme.

Forest and Trade Networks in Europe are located in Belgium, France, Germany, Ireland, Italy (in development), The Netherlands, Sweden (for the Nordic countries), Spain and the United Kingdom. Please refer to www.panda.org/forests4life or www.fsc-deutschland.de for more information.
By the middle of 2002 there were more than 700 companies and 17 (inter)national groups in the Global Forest and Trade Network (GFTN) – either producing FSC timber or goods, or buying them whenever possible. In March 2002, the East Asian Forest and Trade Network, covering Hong Kong, China, Taiwan and South Korea, was established with 4 members.

Voluntary timber licensing system
The European Commission has urged timber-exporting countries around the world to support a voluntary licensing system in a bid to clean up the trade in illegal forest products. The proposal is contained in the Commission's Action Plan for Forest Law Enforcement, Governance and Trade (FLEGT), published on May 21, 2003. The plan targets all timber exporting countries to the EU. Countries or regions signing up to the voluntary scheme must prove that timber exported to the EU comes from legal sources, otherwise shipments will not be accepted. The Commission believes the plan could lead to a global agreement on forest trading. The plan sets out support for improved governance in wood-producing countries and efforts to develop international collaboration for combating the trade in illegally harvested timber.

Dominance of temperate timber
There is an increasing preference for temperate timber and the Nordic countries (e.g. Sweden, Finland) dominate the market. Tropical sawn timbers account only for a small share of total trade in sawn timber and their share is on the decline. Tropical sawn timber continues to face strict environmental criticism in some of the big export markets. In addition, the related transport costs are much higher in comparison to using temperate timber. Moreover, some of the leading timber exporters such as Malaysia, Indonesia and Brazil are expected to continue to cut their exports of primary products in the future because of the growing domestic consumption, and due to the expansion of further processing for exports.

Lesser-Known Species (LKS)
One of the major constraints on the development of sustainable forestry management is the fact that western markets use only a very limited number of wood species. It is better for the forest if a substantial number of species can be harvested. This reduces the harvest per species through which the species richness can more effectively be kept intact. At the local market level, there is some experimentation with lesser-known species. Mil Madeira in Brazil is marketing garden furniture, trays and vacation homes on the South American market, using lesser-known species.

In the EU, The Netherlands takes a leading position in research on lesser-know species. In the Netherlands, the following lesser-known species have established a market.
- Calophyllum spp (Solomon Islands)
- Goupia glabra, Hymenaea courbaril, Mezilaurus itauba, Euxylophora paraensis, Micropholis guianensis, Hymenolobium spp, Diplotropis purpurea, Bagassa guianensis (Brazil)
- Lecythis spp (South America)

The Dutch Authority is actively testing new species in the construction of roads and water facilities such as bridges. Private companies in this construction sector are more interested in new species than in the sector of housing construction. Currently, the species seen in the market are Karri (Eucalyptus diversicolor), Louro itauba (Mezilaurus itauba), and Massaranduba (Manilkara huberi).

A number of lesser known species such as Louro

Gamela (Nectandra rubra), Sucupira amarela (Qualea paraensis), Sucupira Vermelho (Andira unifoliata), Angelim da Campina (Aldina heterophylla) Guariuba (Clarisia racemosa), Jatoba (Hymenaea courbaril) appears now and then in the Netherlands' garden furniture segment.

Other lesser-known species, which have been tested in The Netherlands to assess their opportunities, are:

- Cedrelinga catenaeformis, Couratari spp, Caryocar villosum, Aspidosperma spp, Sacoglottis guianensis, Ocotea rubra (Brazil)
- Cordia alliodora (South America)
- Vitex spp, Pometia pinnata, Dillenia spp (Solomon Islands)
- Bailonella toxisperma, Autranella congolensis (Cameroon)
- Palaquium spp (South East Asia)

At www.fsc-uk.info and www.fsc-deutschland.de you can find an overview of companies offering FSC tropical hardwoods and softwoods. The overview also includes the species on offer.

Plantations

The production of large-sized logs from the natural forests will continue to decline, particularly in the Asia-Pacific region. The primary and further processing industries have already started to adapt their manufacturing technologies and designs accordingly. Smaller-dimension logs will be increasingly used, based on timber from fast growing plantations (rubberwood, Gmelina, Acacia, Eucalyptus, teak) and secondary natural forests.

Plantation grown timber shows market promise in mass markets, like the EU, where it can be manufactured into a niche market, or semi-finished product and marketed as such. Furniture, flooring, decking, kitchen utensils, etc. are all such examples. Lamination and finger jointing may offer opportunities for utilization of small dimension pieces of plantation species in selected end uses. End products where aspects of design and quality are of importance could be developed further. Certification is likely to become an increasingly important marketing issue in the near future. If this is realised then plantation grown species, such as teak, may have an important role to play and plantations should be managed accordingly.

Trends in construction

Trends in the carpentry industry are the attention to detail and surface protection and the combination of materials. The construction industry has developed the concept of industrial building. A trend at the product level is that products have to be industrial, flexible and easily to dissemble. In the past, buildings were constructed to last forever. Nowadays, a number of architects has started working according to the idea that buildings need to be constructed in such a way that they can be easily disassembled, as ideas about construction and consumer preferences change over time.

Another construction trend focuses on timber frame building for new buildings. Timber frame building in the certain EU member states (the United Kingdom, Sweden, Denmark) could be on the verge of entering a new phase and start increasing its share in new build housing considerable. The positive signs are changes in building regulations favouring timber construction, the shortage of brick/block skilled labour, new technology and changing attitudes among major house-builders. In the UK, the UK Timber Frame Association (UKTFA) expects that timber frame building will have gained a market share of 15 percent regarding newly built houses in 2003. In addition, several new timber frame factories have opened in the UK.

Most R&D has been done in North America where, in a home-building market based mainly on timber-frame houses, they have revolutionised assembly methods, times and costs. Their use is beginning to take off in the EU as opportunities for these products are now good, in view of the need for efficient construction techniques, growing environmental concerns, and the universal requirement for affordable shelter. Engineered wood accounts for only a small fraction of the total construction timber market. However, it is forecasted that this fraction could multiply considerably over the next few years.

CE marking

One of the main issues facing wood-based panels is the CE quality marking due to be introduced by October 2003 in the EU. From April 2004 onwards all wood-based panels traded in the EU will be legally required to have a CE marking. The CE marking stems from the introduction of the Construction Products Directive which outlines that wood-based panels for use in construction must comply with the requirements of the harmonised European Standard, including mechanical stability and resistance, safety and protection against fire and noise. To comply with the standard, manufacturers must demonstrate conformity of the product with the relevant technical specifications, including testing and/or certification by a third party. Only then may a manufacturer use the CE mark.

Do-It-Yourself

The overall view is that the European DIY retailing market remains very fragmented, with no company commanding more than an estimated 8 percent share of the market. This structure is in marked contrast to other building products distribution markets, such as Builders Merchants and Electrical Wholesalers, where the leading EU countries are dominated by major

Pan-European operations. In most markets, buying groups have emerged, or are emerging, to protect and co-ordinate the interests of independents, but in general there is a trend towards further concentration of supply as the wholesalers gradually increase their share. As product specifications, standards and applications become more harmonised and as the CE marking programme expands, the opportunities for pan-European expansion will grow. The introduction of the Euro has added to these opportunities and to the synergies to be derived from merger activity. A key issue for the near future will be the potential emergence of pan-European and global operators in the DIY market.

One of the leading DIY activities is the laying of a floor covering (especially laminate). Around 6 percent of the timber sold in the DIY stores consists of FSC certified timber, which represents 20 percent of total FSC timber sales. Leading suppliers of certified timber are Sweden and the USA. Currently, there is not much on offer from developing countries. DIY stores in The Netherlands do sell some smaller timber articles from the Solomon Islands and it is expected that in the near future products from Malaysia will become available in bigger quantities.

E-commerce

In March 2000, the Lisbon European Council set the goal for the EU to become "the most competitive and dynamic economy in the world" by 2010, mainly through an information society. To help achieve this goal, the EU has adopted an e-Europe Action Plan. Research in the EU of eCommerce Research of 2002, revealed that The Netherlands has the highest percentage of companies in the EU purchasing online, estimated at 38 percent of businesses in 2002 compared with 33 percent in 2000. In 2002, The Netherlands was followed by Denmark, Germany, Finland, the UK and Sweden. Southern European countries placed and received the fewest number of electronic orders. Companies selling online to consumers tend to do so through the public Internet, while those selling to other businesses tend to operate through closed networks.

More and more timber and timber products are traded via e-commerce. Larger and specialist businesses in the forestry and forest product sector are gradually converting to e-commerce driven by the fact that there is real scope to eliminate some of the sector's production and distribution costs through improved planning and management of sourcing, transport and storage. There is a growing shift from Business-to-Consumer to a more Business-to-Business approach in e-commerce. E-mail is beginning to be seen as the preparatory stage to have all quotation information directly on the desktop of the potential buyer. The quantity of timber products sold through e-commerce remains limited in the EU, but many sources expect that this will increase significantly in the future.

In 1997, www.timberweb.com in the UK was one of the first online platforms for buyers and sellers of sawn timber. Initially, the platform had only a British scope. In 2000, this platform was made accessible to buyers and sellers worldwide. The virtual International Timber Exchange (IHB) at: www.timber-exchange.com or www.holzboerse.de is an online timber-trading site with stock, which includes timber, machinery and services. IHB's virtual stock reveals a turnover of twice per month in June 2003 and more than doubled the numbers reported in January 2003. More than 5,000 members in 118 countries are using this site, which is available in five languages (English, French, Spanish, German and Italian). According to IHB, the veneers category has seen a significant growth in online trading volume, while an increase of more than 70 percent was registered for timber construction material.

Other e-commerce timber sites that could be interesting are www.globalwood.org, www.timber-online.net, and www.asiatimber.net. The latter is a timber exchange site dedicated to Asian origin hardwood timber products.

In 1999, the trade site www.houtbeurs.nl started in The Netherlands. The site is also known as www.woodexchange.net and uses the site of www.fordaq.com to trade timber and timber products worldwide. The trading site offers opportunities in eight languages and has more than 2,000 members from over 80 countries, including companies from a wide range of developing countries.

Engineered wood products

The worldwide supply of virgin timberland is dwindling rapidly and the supply of tall, large diameter trees is diminishing. In response, several approaches have been developed to turn lower quality wood into higher quality wood products. These manufacturing processes use less wood fibre to do the same job as, or better than, conventional or commodity wood products. They utilise much more of the tree, including particles, flakes, strands and sheets of veneer – and that minimises waste. Various engineered wood products, such as panels or structural beams, and composed into ready-to-use building or joinery elements, have seen a huge development in recent years.

A number of basic types of engineered wood have been developed, including Oriented Strand Board (OSB), Laminated Veneer Lumber (LVL), Parallel Strand Lumber (PSL), Laminated Strand Lumber (LSL), I-beams and PLATO wood. These modern composites, notably in I-beams, can create structures of outstanding strength and reliability, which are far superior to sawn timber. PLATO is the abbreviation of Providing Lasting Advanced Timber Option. The durability of the PLATO

wood can be compared with the durability of azobe and teak. Softwoods suitable for the process are poplar, pinewood, Douglas fir, beech, birch, larch, obeche (ayous) and also the Pinus radiata.

The timber-frame home building market is beginning to take off in the EU as opportunities for these products are now good, in view of the need for efficient construction techniques, growing environmental concerns, and the universal requirement for affordable shelter. Engineered wood accounts for only a small fraction of the total construction timber market. However, it is forecasted that this fraction could multiply considerably over the next few years.

Trade in secondary processed wood products (including builders' joinery, frames for paintings etc., and mouldings) is growing faster than that of primary products in both temperate and tropical species. However, the comparative advantage derived purely from resource endowment tends to reduce with the increasing degree of processing. Semi-finished products, such as rough sawn lumber, veneer or standard plywood, can be efficiently transported over long distances and further processed practically anywhere. Nevertheless, there are opportunities in secondary processed products such as doors, parquet panels and building components, as long as producers comply strictly with the specification set by importers.

EU enlargement

In 2004, ten more European countries, primarily from the Central and East European (CEE) region, will join the European Union: Hungary, Poland, the Czech Republic, Slovakia, Slovenia, Estonia, Latvia, Lithuania, Malta and Cyprus. As part of the integration process, these countries are adopting the common body of law in the EU. The new member countries have also entered into bilateral agreements with the EU in areas such as industrial and agricultural tariffs, and standards and certification procedures.

The future EU enlargement towards the CEE region will have significant effects on the European timber sector. Long-term growth in timber product sales is expected, which can be attributed to the fact that the EU East Enlargement will mean an increase of the forested area within the EU of around 25 per cent with an additional 33 million hectares of commercial forests. Moreover, with a population of over 100 million, the candidate Central and Eastern European Countries represent a significant potential growth market for EU forest-based and related products.

Threats from the enlargement:

The forest industries in these countries are often at the centre of key industrial activities and export revenues sources. Forest-based industries are ranked among the top three industry sectors in the Baltic States (Estonia, Latvia and Lithuania), Slovenia and Poland. Many companies in CEE have a competitive advantage over their competitors in developing countries, as strong points of these candidate countries are their relatively low labour costs and the high level of technical qualifications.

After the enlargement, therefore, imports from developing countries may expect to be partially replaced by imports from the new member states. However, this will only be the case for timber product groups and products (most notably softwoods), which find their origin in these new EU countries.

Opportunities of the enlargement:

The accession of the new member countries will add another 100 million consumers to the EU marketplace. This will obviously increase the overall EU buying power noticeably. However, keep in mind that the average income of consumers in the ten new countries is considerably lower than the average of the current 15 member countries.

One of the greatest attributes of EU membership in terms of how it benefits exporters in developing countries is the transparency and homogeneity of the EU regulatory system. As the CEE countries move through the accession process, they are required to adopt EU laws and regulations. Each of the new member countries already has these EU laws in place, or is in the process of adapting their laws to EU standards. As a result, transaction costs for exports from developing countries will be reduced because the harmonised rules and regulations now cover a larger area. Prior to actual membership, a number of the new member countries (such as Hungary, Czech Republic, Poland, Slovakia, Lithuania, Latvia and Estonia) already enjoy duty-free access for their products entering the EU market. In other words, the situation for exporters competing with East-European companies will not change after the actual accession. On the other hand, duties currently applying to exporters to CEE countries will most probably diminish after these countries have become part of the EU market. This is the result of the fact that most EU tariff levels for developing countries' products are generally lower than those imposed in CEE countries. On the subject of tariff barriers, the overall effect of the enlargement on the developing countries' comparative advantage will be positive.

Opportunities and threats for timber exporters from developing countries:

Opportunities:

- Forest Certification and Certified Forest Products
- Voluntary timber licensing system (FLEGT)
- New building decrees favouring tropical hardwoods
- Lesser-Known Species (LKS)
- Plantations
- Construction trends (timber-frame housing)
- E-commerce
- EU East Enlargement

Threats:

- CE Marking (wood-based panels)
- Dominance of temperate timber
- Engineered wood products
- EU East Enlargement

4 PRODUCTION

In this chapter, we will first present an overview of the EU forest-based industries and then provide details on production by timber group.

Industrial production

The EU accounts for around a quarter of the worldwide production of forest-based industries related products. The EU forest-based industries constitute one of Europe's largest industrial sectors, providing employment to around 2.6 million people directly and accounting for about 10 percent of the European manufacturing industry's total value of production. Furthermore, these industries are clients to around 12 million private forest owners in the EU.

The EU is the biggest trader and second biggest consumer of forest products in the world. However, within this context, the EU is a net importer of raw materials, mainly roundwoods that comes mostly from Russia, the Baltic States and the Central and East European countries. The EU depends on imports of sawn hardwood and pulp.

The addition of Austria, Finland and Sweden to the EU in 1995, brought significant changes to the importance of the EU forest-based and related industries. The EU exploitable forest resources doubled, pulp production tripled, paper and board production increased by 50 percent, woodworking output went up by 30 percent and the printing industries expanded by 10-15 percent. The EU East future enlargement in 2004 will further increase these industries' relative importance. The proposed expansion of the EU will increase the EU forest area by 33 million hectares.

The production of the leading 20 forest-based industries in the EU corresponds close to 70 percent of the total EU production. Nevertheless, the industry is characterised by small, medium and micro enterprises, often family-owned, which have less than 20 employees and are therefore not always included in EU statistics. This leads to an underestimation of the socio-economic importance of the sector in the EU.

In 2000, the production value of the European woodworking industries was about € 150 billion. Figure 4.1 shows that furniture is the biggest woodworking industry, followed at a considerable distance by construction elements. In 2001, Germany was the largest furniture producing EU country with a production value of 27.3 percent of the total EU furniture production. Germany is followed closely by: Italy (26.0%), France (11.8%), the UK (9.6%), Spain (7.5%) and The Netherlands (3.2%). The EU furniture industry is export oriented, but the EU markets are more and more supplied by low production cost countries like China.

In 2002, the production value of the EU forest-based industries was estimated at € 394 billion. The EU forest-based industries sell mostly to their domestic markets. Around € 65 billion of the products of the forest-based industries are traded between member states, and an estimated € 30 billion is exported outside the EU. Woodworking products represent around 20 percent of all intra-EU trade regarding forest-based industries.

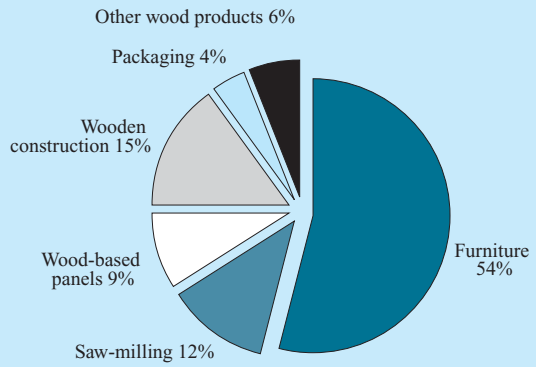
The European woodworking industries underwent a crisis in the early 1980s. During the second half of that decade there was a rapid expansion in the demand for wood products. The companies in the wood processing industry made substantial investments in order to respond to this increased demand. New investments resulted in a rationalisation of the production process

Table 4.1 Production value of furniture and woodworking industries in the EU, 1998-2000 in € billion

	1998	1999	2000
Furniture	75.7	78.2	81.5
Wooden construction	19.5	20.7	21.8
Saw-milling	15.5	16.4	17.6
Wood-based panels	12.0	11.9	12.9
Packaging	4.5	4.7	5.2
Other wood products	7.9	8.6	9.3

Source: European Commission, Forest-Based Industries, 2002

Figure 4.1 Share of the different sectors in the European woodworking industries in 2000



Source: European Commission – Forest Based Industries, 2002

and an improvement in efficiency and productivity. The capital intensity of the production process increased considerably. Investments were also focused on the introduction of new products like MDF and OSB. An increasing number of companies in the German wood and furniture industry shifted their production to outside Germany, with Central and Eastern Europe being the preferred new locations. The general trend in production of the EU woodworking industries has continued to be an upward one since the mid-1990s. In recent years, growth rates were highest in packaging (pallets), in certain wood-based panels (MDF and OSB) as well as in engineered wood products.

Production of roundwood

Around 264.5 million m^3 of roundwood was produced in EU countries in 2002. Removals in all leading producing countries (with the exception of France) increased in comparison to the previous year.

The Netherlands is one of the smallest EU producers, accounting for only 0.8 million m^3 of roundwood in 2002.

In 2002, sawn softwood production increased by 2.6 percent to 72.3 million m^3 among member countries of the European Organisation of the Sawmill Industry (EOS). The European hardwood sawmilling sector was confronted by a 5.4 percent decrease in comparison to the previous year and reached an output of 5.6 million m^3. Between 1999 and 2002, the European hardwood production was reduced by more than 1.3 million m^3 or over 20 percent. The falling trend in hardwood production is expected to continue in 2003, although at a more moderate level, and will probably not pick up again unless the hardwood consuming furniture and flooring sectors improve considerably.

Table 4.2 **Production (removals) of roundwood by selected EU countries, in 1000 m^3**

Country	2000	2001	2002
Sweden	63,300	63,200	67,500
Finland	54,262	52,210	53,011
Germany	53,710	39,483	42,380
France	45,828	39,831	35,894
Spain	14,321	15,131	15,839
Austria	13,276	13,467	14,845
Italy	9,329	8,099	7,789
UK	7,481	7,559	7,577
Netherlands	1,039	865	839
Total EU	**286,017**	**258,965**	**264,500**

Source: FAOSTAT/Timber database, August 2003

EU furniture industry

The EU furniture industry accounts for about half of the world's furniture production. It uses a wide variety of raw materials to manufacture its products with a production value of € 82 billion in 2001. The materials used range from wooden board through leather and glass to metal. Timber products account for roughly 40 percent of all material (sawn wood 15 percent, particleboard 11 percent, MDF 7 percent, plywood 3 percent, and other timber products 5 percent) used in the EU furniture production. The EU furniture industry is export-oriented, and low production costs countries supply the EU market more and more. Germany was the largest furniture producing country EU country in 2001 with a production value accounting for 27.3 percent of the total EU furniture production. In 2001, Germany was closely followed by: Italy (26.0%), France (11.8%), the United Kingdom (9.6%) and Spain (7.5%).

Wood-based panels

The chipboard industry is a capital-intensive sector. Production is practically fully automated, requiring massive research and development efforts, and the investment threshold is high, especially for the continuous production lines. Therefore, the companies in this industry are generally bigger than in the rest of the wood-processing industry.

In the fibreboard sector, investments are focused on the development of new products, the modernisation of existing products, the increase in capacity and the shift to environmentally friendly production methods.

In the plywood sector, technological development and computer applications in production control and the operation of machinery have lowered production costs to a large extent. Investments by European companies are characterised by modernisation and new product development. Finland remained the largest EU manufacturer in 2002, accounting for 36 percent of the total EU output.

During 2002, particleboard production within Europe remained almost unchanged from its 2001 level and registered just a slight decline of 0.3 percent amounting to 35.9 million m^3. Compared to the record year of 2000, this means a decrease of 1.6 percent. During 2002, particleboard production failed to pick up again and even deteriorated further. This negative business climate persists into 2003 and the outlook for the particleboard industry remains subdued until the end of 2003. In addition, stocks remained above the acceptable standards, while the markets continued to face declining demand. In addition, the European particle industry is also confronted with conflicting developments in raw material costs and increasing competitive pressures.

European production of MDF enjoyed solid growth during 2002 and set a new record at 10.5 million m3, buoyed by its increasing acceptance and the strong growth in laminate flooring. The previous record of 2001 was thus beaten by 9.7 percent. European consumption of MDF also rose to the same extent in production and equally set a new record during 2002 at 9.6 million m^3. For the next few years, the demand/capacity ratio of MDF is expected to increase to 90 percent, while the industry will be operating near to full capacity and more investments have been announced for the near future.

OSB production in Europe also reached a new record during 2002 with production amounting to 2.1 million m^3, representing an increase of 31 percent in comparison to the previous year. However, this recent rise was mainly due to the new industrial capacities that became operational at the end of 2001 and boosted the overall result. During 2002, European consumption of OSB grew by 27 percent to 1.7 million m^3 in comparison to the previous year. Compared to the massive growth rate in production, the European markets failed to absorb the additional output to the same extent. Extra-EU exports, on the other hand, rose by more than 40 percent and provided for a substantial expansion of overall sales. Nevertheless, the European OSB industry is still facing considerable overcapacity with the installed capacity of around 3 million m^3.

In 2002, the parquet production in the countries [3] represented in the European Federation of the Parquet Industry (FEP), reached a production volume of around 62.5 million m^2. Compared to the previous year, this corresponds to a 0.7 percent increase. This indicates that parquet has been able to maintain its market position. The table below gives an overview of parquet production since 1992. Please note that the UK is not represented in the FEP.
In 2002, the most important parquet producing country within FEP remained Sweden with a market share of 22.3 percent, followed by Germany (16.2%), France (11.5%), and Spain (10.6%). Spain has overtaken Italy and Norway/Denmark as one of the leading parquet producing countries within the EU. The parquet production in Germany and Austria reveals declining trends. The Nordic countries (Sweden, Finland, Norway and Denmark) are the most important producers of parquet per capita.

It is expected that the production in the parquetry industry in Europe will be affected by the difficulties faced in the European construction market and the general economic conditions. In addition, the latest currency developments between € and US$. have rendered it more difficult for European producers to compete on dollar markets. This situation is also likely to lead to higher import pressure from producers outside Europe.

Table 4.3 Parquet production by FEP countries

	1,000 m2	+ / - %
1992	37,977	7,6%
1993	40,396	6,4%
1994	44,972	11,3%
1995	49,798	10,7%
1996	50,578	1,6%
1997	53,836	6,4%
1998	58,308	8,3%
1999	60,774	4,2%
2000	62,957	3.6%
2001	62,121	-1.3%
2002	62,526	0.7%

Source: FEP, 2003

[3] These include: Austria, Belgium, Switzerland, Sweden, Norway, Denmark, Finland, The Netherlands, Italy, France, Spain and Germany.

5 IMPORTS

5.1 Total imports

Chapter 44 of the Harmonised System covers the timber and timber products discussed in this survey. Of the latter product group builders' joinery and carpentry, whenever applicable, windows (441810), doors (441820) and parquet panels (441830) will be highlighted in the tables and figures.

The International Tropical Timber Organisation (ITTO) specifies the product group HS 4403 as logs. Together, these product groups comprise around 85 percent of total timber and timber products covered by Chapter 44 of the Harmonised System. Please refer to Appendix 2 for detailed trade statistics of the EU and of the major national trade markets within the EU.

There are no trade data on certified timber from Eurostat and/or ITTO. There is a much smaller volume of certified timber coming from developing countries than that originating in developed countries. Currently, the UK imports FSC certified timber from countries like Malaysia and Indonesia. The Netherlands imports substantial amounts of FSC certified timber from Brazil.

Between 1999 and 2001, value imports of timber and timber products by EU member countries increased by 4.7 percent, amounting to almost € 22.3 billion in 2001. In terms of volume, imports increased by 3.1 percent over the same period, amounting to 78.7 million tonnes in 2001.

However, it should be noted that Eurostat trade statistics are expressed in €. Nevertheless, values quoted in US$ are commonly used in the international timber trade. In 2001, the United Kingdom took over from Germany as the leading importer, accounting for 16.5 percent in terms of value of total imports by EU member countries, followed by Germany (15.0%), Italy (14.3%), France (9.4%), The Netherlands (7.6%) and Spain (7.4%). All leading importers reveal a decline in import value in 2001, most notably Germany with a drop of 21.6 percent in terms of value, in comparison to the previous year. The sharp decline of timber imports by Germany is primarily caused by the diminishing demand due to the stagnation of the German economy and the problems faced by the German construction sector.

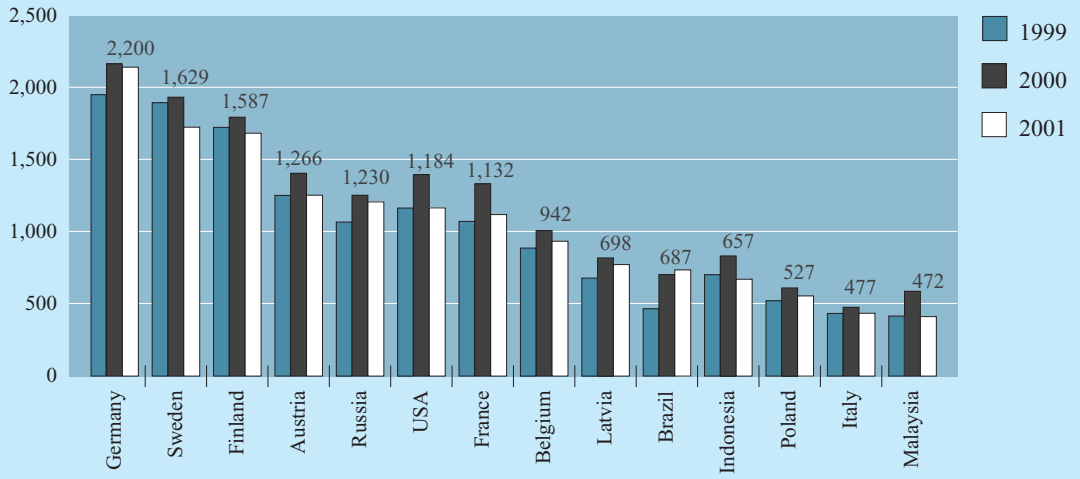
Please note that Sweden and Finland import large volumes of low value timber from Latvia, Russia and Estonia. The imports originating in these East European

Table 5.1 Imports of timber and timber products by EU member countries, 1999-2001 in € million / 1,000 tonnes

	1999		2000		2001	
	Value €	Volume	Value €	Volume	Value €	Volume
Total	**21,260**	**76,362**	**24,192**	**85,165**	**22,263**	**78,741**
Extra-EU	**10,986**	**31,860**	**12,216**	**36,788**	**11,112**	**32,398**
Developing countries	**3,655**	**7,619**	**4,441**	**8,329**	**4,218**	**7,821**
United Kingdom	3,133	6,277	3,687	6,942	3,668	7,175
Germany	4,024	9,133	4,256	9,676	3,337	8,059
Italy	3,075	10,175	3,437	11,378	3,188	10,377
France	1,790	4,398	2,149	4,814	2,103	4,728
Netherlands	1,676	3,680	1,878	3,730	1,687	3,441
Spain	1,344	4,418	1,749	5,983	1,646	5,224
Belgium	1,339	4,788	1,613	5,821	1,416	4,931
Austria	1,260	7,309	1,349	9,036	1,294	8,324
Denmark	981	2,482	1,081	2,589	1,029	2,446
Sweden	859	10,038	1,018	11,588	922	9,424
Finland	521	9,663	572	9,665	662	11,397
Ireland	369	560	487	665	474	642
Portugal	457	1,572	516	1,575	465	1,320
Greece	325	892	302	841	285	800
Luxembourg	108	976	96	861	88	454

Source: Eurostat, 2002

Figure 5.1 The leading suppliers of timber and timber products to the EU, 1999-2001 in € million



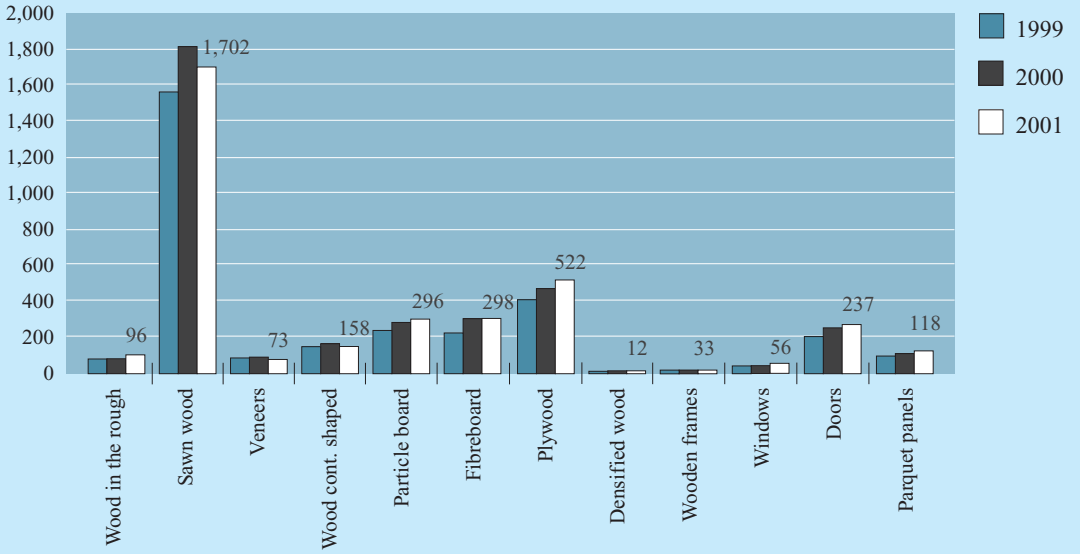
Source: Eurostat, 2002

countries consist almost completely of wood in the rough. In 2001, Sweden imported 3.2 million tonnes from Latvia, 2.4 million tonnes from Russia and 1.5 million tonnes from Estonia. In the same year, Finland imported 9.6 million tonnes from Russia.
Germany, Sweden and Finland were the leading supplying countries of timber and timber products, together accounting for around a quarter of total value imports by EU member countries in 2001. In the same year, around half of total value imports by EU member countries was supplied by extra-EU countries.
In 2001, in terms of value about 19 percent of the total timber imports by the EU originated in developing countries.

United Kingdom

In 2001, the United Kingdom was the leading EU importer of timber and timber products, with imports amounting to nearly € 3.7 billion or around 7.2 million tonnes. Between 1999 and 2001, UK imports of timber

Figure 5.2 Imports of timber and timber products into the United Kingdom, 1999-2001 in € million



Source: Eurostat, 2002

and timber products increased in terms of value and volume, by 17.1 percent and 14.3 percent respectively. Nearly half of the imported value in 2001 was supplied by non-EU countries, of which 38.6 percent originated in developing countries.

The United Kingdom was the leading EU importer of sawn wood. Between 1999 and 2001, imports of plywood, particleboard, doors, fibreboard, parquet panels and windows revealed an upward trend. In comparison to the EU average; wood in the rough and veneers were relatively less important for the UK market.

The leading suppliers of timber and timber products to the UK (share of total 2001 imports in terms of value)

→ Sweden (15.4%), Finland (10.5%), Latvia (8.9%), Germany (6.7%), USA (5.8%), Belgium (5.2%), Brazil (4.9%), Indonesia (4.7%)

Germany

In 2001, Germany was the second largest EU importer of timber and timber products, with imports amounting to € 3.3 billion (8.1 million tonnes). Compared to 1999, this represented a decrease in terms of value and volume of 17.1 percent and 11.8 percent respectively. In 2001, 55.8 percent of total imports was supplied by extra-EU countries, of which around 20 percent originated in developing countries.
Compared to other leading markets, veneers and plywood were relatively more important in Germany, while sawn wood was relatively less important. With the exception of wood in the rough, all the product groups imported into Germany decreased, in some cases considerably, between 1999 and 2001.

The leading suppliers of timber and timber products to Germany (share of total 2001 imports in terms of value)

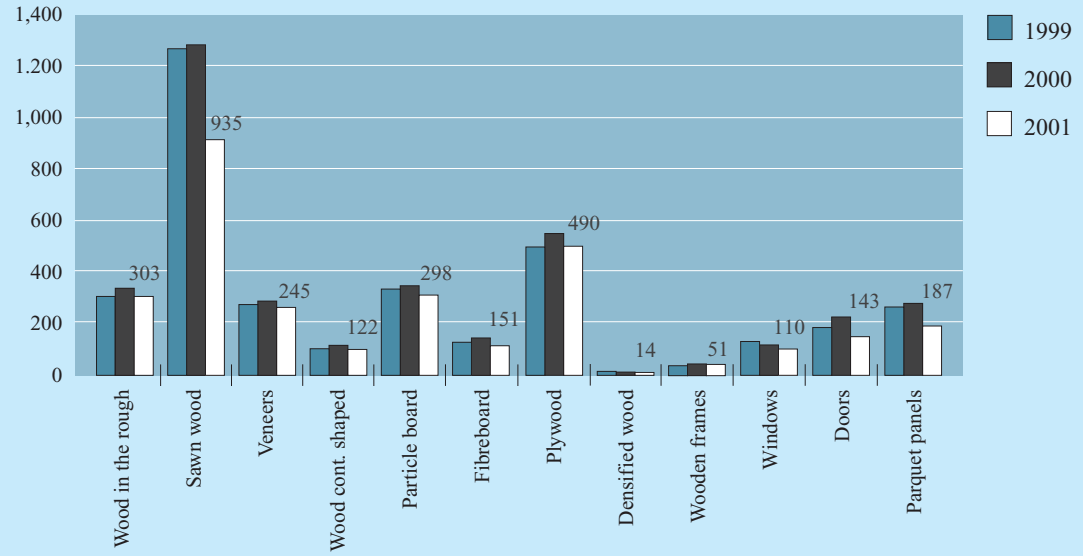
→ Austria (10.0%), Finland (8.4%), Poland (7.7%), Czech Rep. (5.9%), USA (5.7%), Sweden (5.1%), France (4.6%), Russia (4.6%), Italy (4.5%)

Italy

Between 1999 and 2001, imports of timber and timber products to Italy increased in terms of value and volume by 3.7 percent and 2.0 percent respectively after a peak in 2000. In 2001, Italian imports of timber and timber products amounted to nearly € 3.2 billion (10.4 million tonnes). In comparison to other leading EU markets, Italy imports relatively larger volumes of timber and timber products for lower cost prices. Around 50.9 percent of the 2001 imported value originated in extra-EU countries, of which 48.5 percent had their origin in developing countries.

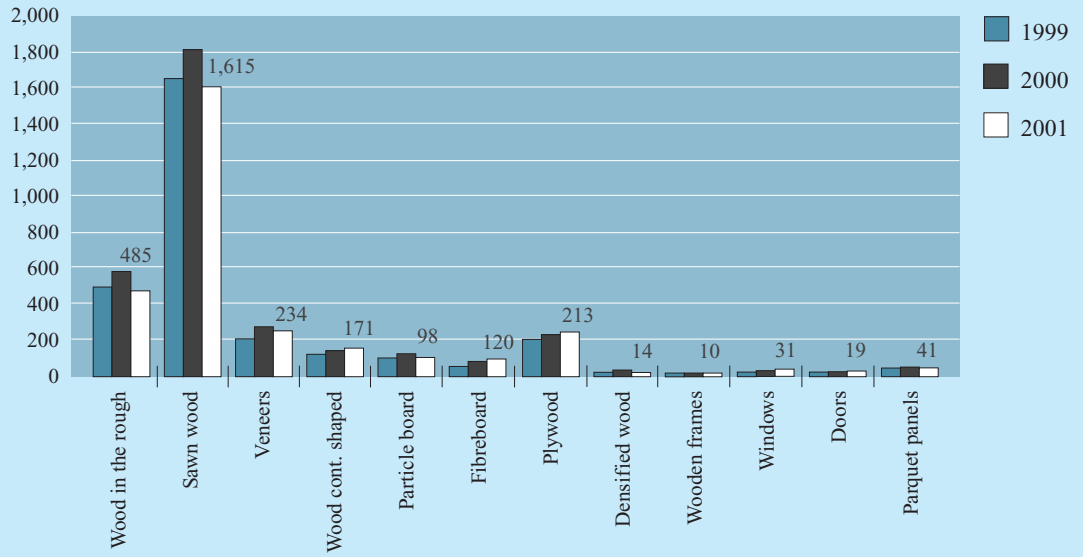
In 2001, imports of sawn wood into Italy represented 50.7 percent of the total Italian imports of timber and timber products. Wood in the rough and veneers were also relatively more important compared to the EU average. The other product groups, in particular plywood, particleboard, fibreboard, windows, doors and parquet panels, were relatively less imported by Italy compared to other EU member countries.

Figure 5.3 Imports of timber and timber products into Germany, 1999-2001 in € million



Source: Eurostat, 2002

Figure 5.4 Import of timber and timber products into Italy, 1999-2001 in € million



Source: Eurostat, 2002

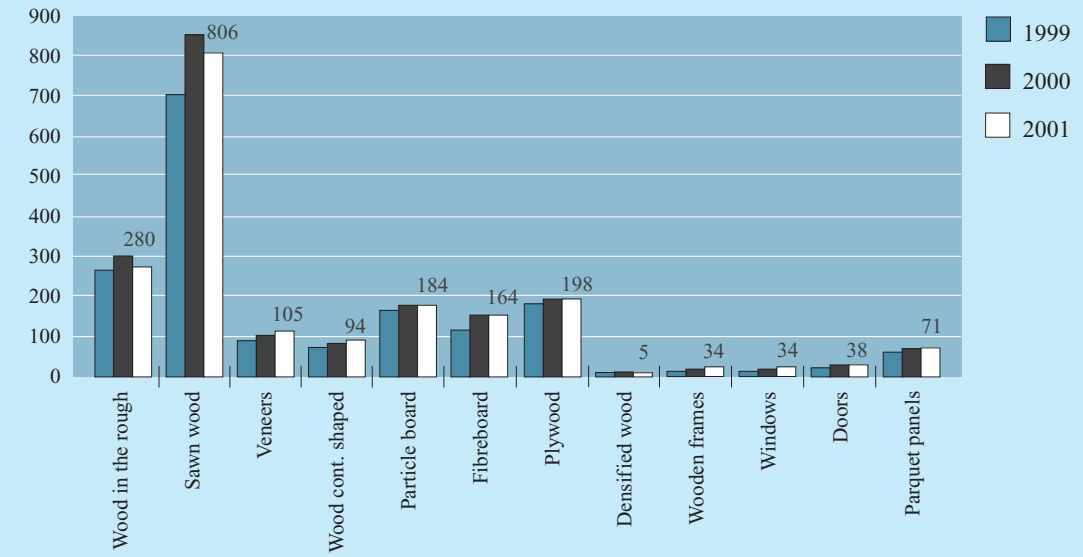
The leading suppliers of timber and timber products to Italy (share of total 2001 imports in terms of value)

→ Austria (25.3%), Germany (9.5%), USA (6.2%), France (5.6%), Cameroon (4.0%), Croatia (3.7%), Switzerland (3.6%), Ivory Coast (3.4%)

France

In 2001, French timber and timber product imports amounted to € 2.1 billion or 4.7 million tonnes, representing an increase of 17 percent in value and 3.1 percent in volume since 1999. Of the imported value in 2001, 41.3 percent originated in extra-EU countries, of which nearly two thirds came from developing countries. In 2001, the shares of the different products

Figure 5.5 Import of timber and timber products into France, 1999-2001 in € million



Source: Eurostat, 2002

groups in total French imports were more or less comparable to the overall EU average.

The leading suppliers of timber and timber products to France (share of total 2001 imports in terms of value)

→ Germany (14.8%), Belgium (13.7%), Finland (9.4%), Gabon (6.7%), Brazil (5.7%), Sweden (4.7%), Italy (4.3%), Spain (3.4%), USA (2.9%), Cameroon (2.8%)

The Netherlands

The Netherlands was among the leading EU importers of timber and timber products, accounting for € 1.7 billion (3.4 million tonnes) in 2001.

Between 1999 and 2001, Netherlands imports of timber and timber products increased marginally by 0.7 percent in terms of value and decreased by 6.5 percent in terms of volume. In 2001, around 44.0 percent of the imported value originated in extra-EU countries, of which 57.3 percent came from developing countries.

The leading suppliers of timber and timber products to The Netherlands (share of total 2001 imports in terms of value)

→ Belgium (13.5%), Germany (11.2%), Finland (9.4%), Sweden (9.1%), Malaysia (8.2%), France (6.6%), Indonesia (6.0%), Russia (4.4%), Brazil (3.1%)

Compared to the EU average, sawn wood, particleboard and plywood were relatively more popular in The Netherlands in 2001, while wood in the rough, densified wood and veneers were relatively less popular.

Spain

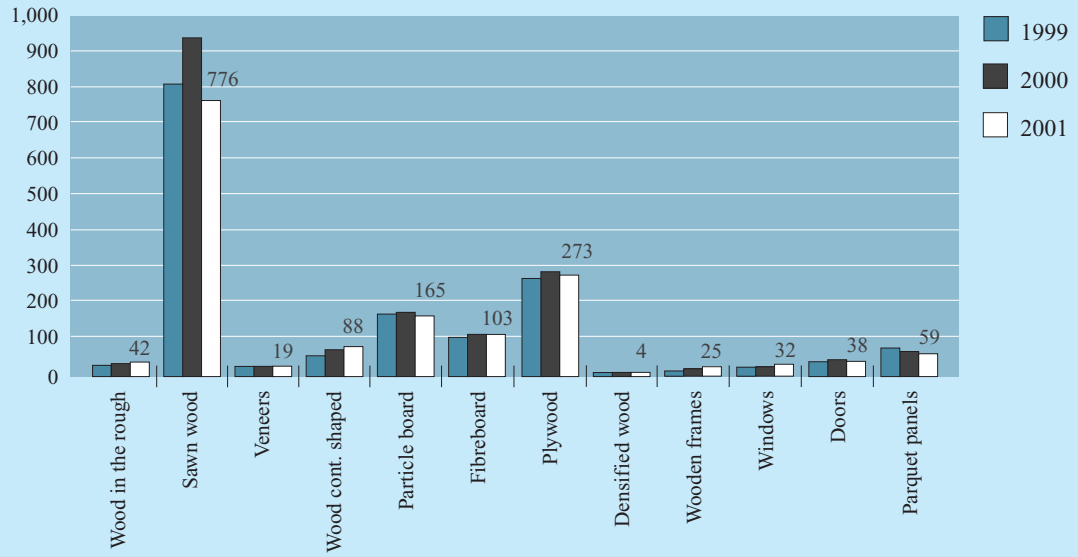
Spain is an important market for tropical timber, in particular for timber from South America because of the long-existing trading relations. Spanish imports amounted to € 1.6 billion and 5.2 million tonnes in 2001, representing an increase in terms of value and volume by 22.5 percent and 18.2 percent since 1999. According to trade data, Spanish imports of timber and timber products from developing countries like Cameroon, Ivory Coast, Brazil, Uruguay and Chile increased considerably during the survey period.

Spain's leading timber import products were sawn wood, wood in the rough and veneers in 2001. Especially plywood and parquet panels revealed an upward trend between 1999 and 2001.

The leading suppliers of timber and timber products to Spain (share of total 2001 imports in terms of value)

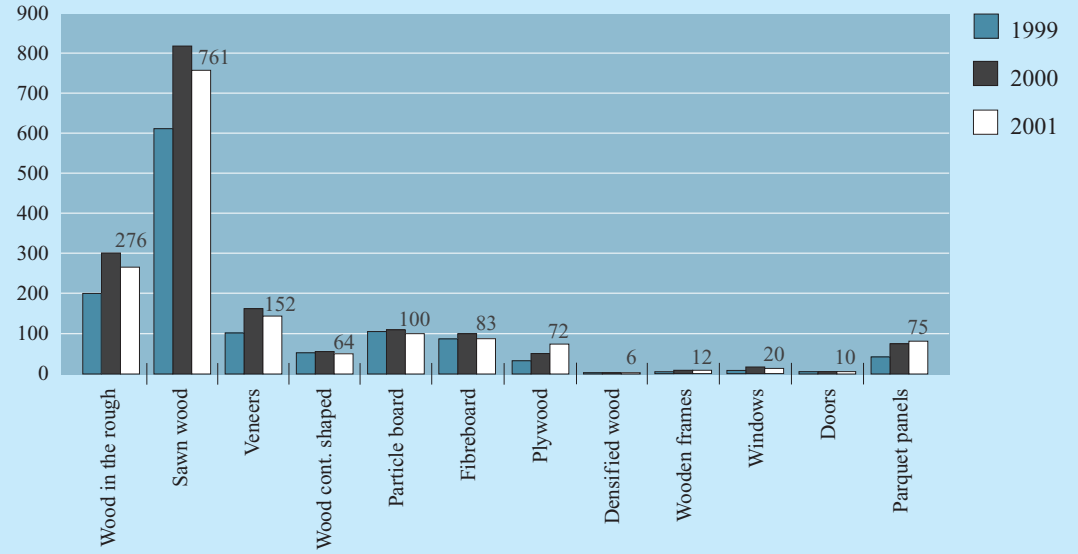
→ USA (16.0%), France (13.0%), Portugal (9.5%), Sweden (6.6%), Germany (5.8%), Cameroon (5.3%), Finland (5.2%), Ivory Coast (4.8%), Brazil (4.1%), Uruguay (3.1%)

Figure 5.6 Import of timber and timber products into The Netherlands, 1999-2001 in € million



Source: Eurostat, 2002

Figure 5.7 Import of timber and timber products into Spain, 1999-2001 in € million



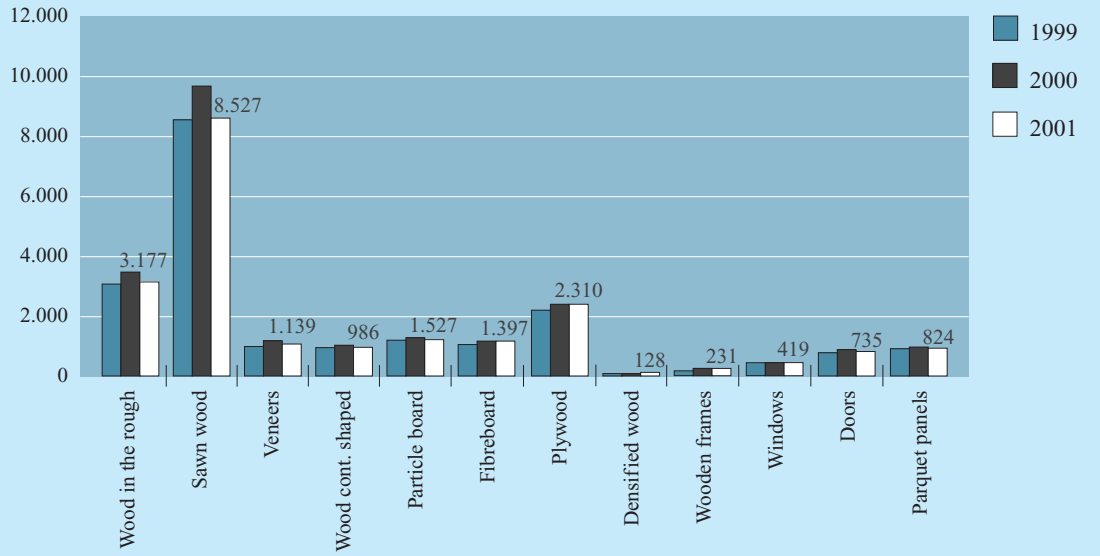
Source: Eurostat, 2002

5.2 Imports by product group

Figure 5.8 presents an overview of value imports by EU member countries of timber and timber products. As already mentioned, total imports amounted to nearly € 22.3 billion or 78.7 million tonnes in 2001.
Sawn wood was by far the leading imported product, representing 38.3 percent of total 2001 imports (in value) by EU member countries, followed at a distance by wood in the rough (14.3%), plywood (10.4%), particleboard (6.9%), fibreboard (6.3%) and veneers (5.1%). In terms of value, the imports of windows, doors, parquet panels and densified wood remained more or less stable.

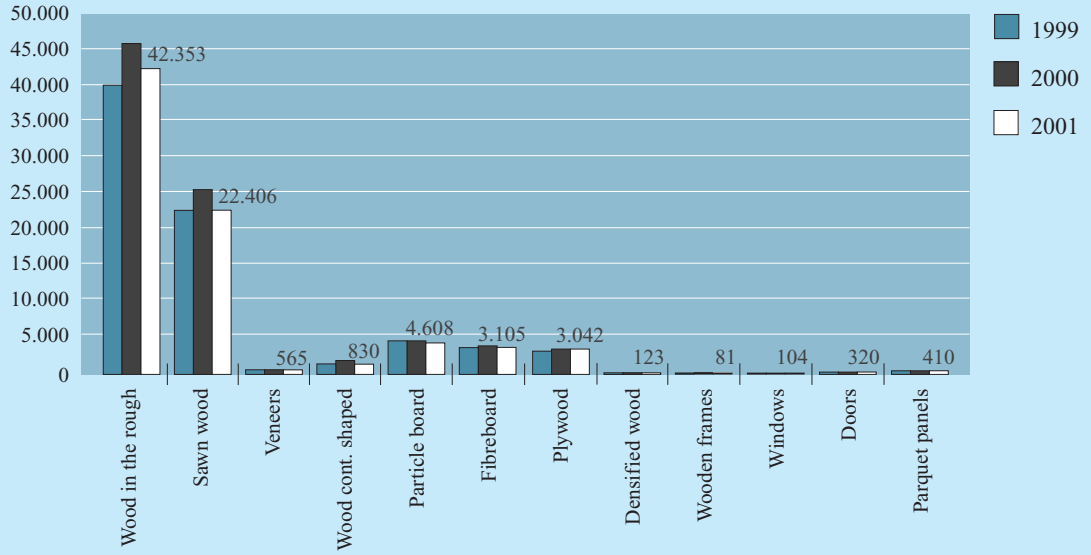
In terms of volume, the picture was somewhat different, as is shown in Figure 5.9. In terms of volume, wood in the rough was by far the most imported product group,

Figure 5.8 Import of timber and timber products by EU countries, 1999-2001 in € million



Source: Eurostat, 2002

Figure 5.9 Import of timber and timber products by EU countries, 1999-2001
thousand tonnes



Source: Eurostat, 2002

representing 53.9 percent of total imports by EU member countries in 2001. Other leading imported product groups were sawn wood (28.5%), particle board (5.8%), fibreboard (3.9%) and plywood (3.8%).

Sawn wood

In 2001, this product group accounted for 38.3 percent of the imported value and for 28.5 percent of the imported volume of timber and timber products by EU member

Table 5.2 Imports of sawn wood by EU countries, 1999-2001
in € million / in 1,000 tonnes

	1999		2000		2001	
	Value €	Volume	Value €	Volume	Value €	Volume
Total	**8,431**	**22,626**	**9,665**	**24,753**	**8,527**	**22,406**
Extra-EU	**4.295**	**11,104**	**5,156**	**12,350**	**4,591**	**11,182**
United Kingdom	1,521	3,931	1,811	4,412	1,702	4,392
Italy	1,652	4,733	1,810	5,129	1,615	4,658
Germany	1,273	3,851	1,286	3,772	935	2,818
France	702	1,743	850	1,962	806	1,945
The Netherlands	813	2,058	942	2,167	776	1,866
Spain	632	1,562	817	1,964	761	1,824
Denmark	498	1,255	549	1,366	504	1,260
Belgium	486	1,191	617	1,406	498	1,204
Austria	261	942	294	1,069	281	1,050
Ireland	158	313	202	381	180	343
Greece	141	423	149	452	151	441
Sweden	103	177	123	202	119	181
Portugal	110	213	118	208	109	197
Finland	67	192	85	227	76	186
Luxembourg	14	42	13	37	14	42

Source: Eurostat, 2002

countries. In the same year, these imports amounted to € 8.5 billion (22.4 million tonnes), representing an increase of 1.1 percent in value, but a decrease of 0.9 percent in volume since 1999. The leading EU importers of sawn wood were the United Kingdom, Italy and Germany, together accounting for nearly 50 percent of imports (in value) by EU member countries in 2001.

Wood in the rough

Although this product group accounted for only 14.3 percent of the total imported value, in terms of volume it accounted for 53.7 percent of timber and timber product imports by EU member countries in 2001. In that year, imports of wood in the rough by EU member countries amounted to nearly € 3.2 billion (42.4 million tonnes), representing an increase in terms of value and volume of 1.1 percent and 6.0 percent respectively in comparison to 1999. The leading EU importer was Italy, accounting for 15.3 percent of all EU imports (in value) for 2001, followed by Finland (14.6%), Austria (13.4%), and Sweden (12.9%). Of the leading importers, only Finland increased its imports of wood in the rough between 1999 and 2001.

The leading suppliers (in import value) of wood in the rough to the EU in 2001:

→ Russia (19.5%), Germany (9.9%), France (8.1%), Gabon (6.3%), Latvia (4.9%), Switzerland (4.7%), USA (4.6%), Estonia (3.7%), Czech Republic (3.3%), Cameroon (3.1%)

Builder's joinery and carpentry

In 2001, this product group accounted for 13.0 percent of the imported value and 2.1 percent of the imported volume of timber and timber products by EU member countries. Between 1999 and 2001, imports of builder's joinery and carpentry increased in terms of value and volume by 6.2 percent and 5.4 percent respectively, amounting to nearly € 2.9 billion or 1.6 million tonnes in 2001. The leading EU importer of builder's joinery and carpentry was by far Germany, accounting for nearly a quarter of the imported value in 2001 (in 2000: 32.4%), followed by the United Kingdom (16.5%), Austria (8.2%) and France (8.1%). Although Germany remained the leading EU importer of builders' joinery and carpentry, its relative market share dropped significantly from 32.4 percent in 2000 to 24.9 percent in 2001.

Parquet panels and doors played a major role within this product group, accounting for 28.5% and 25.4 percent of the total imported value in 2001, followed by windows with a market share of 14.5 percent.

Table 5.3 Imports of wood in the rough by EU countries, 1999-2001 in € million / in 1,000 tonnes

	1999		2000		2001	
	Value €	Volume	Value €	Volume	Value €	Volume
Total	**3,142**	**39,956**	**3,490**	**45,527**	**3,177**	**42,353**
Extra-EU	**2,121**	**28,406**	**2,336**	**30,756**	**2,218**	**29,938**
Italy	499	4,062	552	4,663	485	4,169
Finland/Sweden	368	9,355	381	9,294	463	11,045
Austria	442	5,750	476	7,364	426	6,710
Sweden/Finland	449	9,410	531	10,884	410	8,697
Germany	299	2,211	344	2,754	303	2,502
France	271	1,502	299	1,512	280	1,461
Spain	206	1,940	295	3,052	267	2,549
Portugal	169	1,173	174	1,133	140	899
Belgium	158	2,314	169	2,851	133	2,685
United Kingdom	81	207	84	195	96	274
Denmark	68	598	53	481	46	417
Netherlands	37	317	41	355	42	366
Ireland	32	71	37	74	38	80
Greece	33	154	31	134	31	119
Luxembourg	31	891	23	781	18	382

Source: Eurostat, 2002

Table 5.4 Imports of builder's joinery and carpentry by EU countries, 1999-2001 in € thousand / in tonnes

	1999		2000		2001	
	Value €	Volume	Value €	Volume	Value €	Volume
Total	**2,722,054**	**1,545,063**	**3,125,761**	**1,764,344**	**2,892,290**	**1,629,226**
Extra-EU	**1,125,416**	**763,786**	**1,341,565**	**855,094**	**1,283,094**	**805,006**
Germany	949,724	551,188	1,014,431	572,278	718,800	421,953
United Kingdom	381,778	168,695	451,288	217,012	477,871	237,098
Austria	233,122	115,623	246,375	136,004	235,526	127,889
France	175,073	113,024	240,472	158,475	234,036	152,116
Italy	178,742	139,319	215,501	172,610	228,051	179,919
Netherlands	197,323	129,798	205,266	125,062	192,305	115,812
Denmark	143,510	73,117	165,828	87,850	167,679	79,426
Belgium	145,301	81,880	153,316	86,857	146,879	78,790
Spain	84,489	48,783	127,697	69,304	130,326	78,337
Sweden	47,338	23,779	74,190	33,670	111,784	47,298
Ireland	58,016	26,090	87,664	35,234	92,208	36,277
Portugal	54,015	25,398	70,153	36,884	80,718	44,086
Luxembourg	31,949	8,346	31,909	9,552	34,563	6,227
Finland	25,011	14,981	31,592	18,709	29,950	17,132
Greece	16,672	7,042	10,084	4,843	11,588	6,866

Source: Eurostat, 2002

The leading suppliers (share of total year 2001 imports in terms of value) of the EU:

Parquet panels	Belgium (12.6%), Germany (12.4%), Sweden (8.7%), Norway (6.1%), China (5.3%), Austria (5.1%), Denmark (5.0%), France (4.7%), Malaysia (4.4%), Indonesia (4.2%)
Doors	Indonesia (9.3%), Denmark (8.3%), Italy (7.9%), Spain (6.5%), South Africa (6.5%), Germany (5.4%), Sweden (5.2%), Poland (5.0%), Brazil (4.8%)
Windows	Denmark (38.9%), Poland (9.5%), Norway (6.0%), Austria (5.0%), Germany (4.7%), Switzerland (4.7%), Slovenia (4.7%), France (4.4%), UK (3.8%), Estonia (2.4%)

Plywood

This product group, in terms of value and volume, accounted for 10.4% and 3.9% respectively of the total timber and timber products by EU member countries in 2001. Between 1999 and 2001, plywood imports by EU member countries increased in terms of value and volume by 12.9% and 8.8% respectively. Plywood imports amounted to € 2.3 billion (3.0 million tonnes) in 2001. The leading EU importers of plywood were by far the United Kingdom and Germany, together accounting for 43.8 percent of the imported value by EU member countries in 2001. In 2001, imports of plywood by the EU from developing countries nearly doubled in comparison to the previous year. Between 1999 and 2001, in terms of value and volume EU imports of plywood from developing countries increased by 138 percent and 126 percent respectively.

The leading suppliers (in import value) of plywood to the EU in 2001:

→ Finland (19.1%) Indonesia (13.4%), Brazil (12.6%), France (6.3%), Russia (6.2%), Germany (5.4%), Belgium (3.9%), Italy (3.3%), Latvia (2.9%), Malaysia (2,5%)

Particleboard

Although particleboard represents 6.9 percent of the total import value of timber and timber products in 2001, it is not particularly interesting for developing country exporters, as just 0.2 percent of value imports by EU countries in 2001 originated in developing countries. In 2001, imports amounted to €1.5 billion or 4.6 million tonnes, and revealed a slight decrease in comparison to 1999. In 2001, Germany, the United Kingdom and France were the leading EU importers of particleboard, together accounting for 51 percent of the imports (in value) by EU member countries. The

Table 5.5 Imports of plywood by EU countries, 1999-2001
in € thousand / in tonnes

Total	**2,046,397**	**2,797,063**	**2,316,227**	**2,997,002**	**2,310,402**	**3,041,563**
Extra-EU	**1,080,838**	**1,757,396**	**1,241,547**	**1,901,868**	**1,225,948**	**1,934,331**
United Kingdom	419,469	639,501	469,305	675,439	522,252	764,554
Germany	488,916	622,447	545,300	688,075	489,557	645,955
Netherlands	245,373	356,409	277,976	320,929	273,190	324,808
Italy	184,784	242,610	205,674	270,678	213,367	276,273
France	177,556	214,965	197,359	226,727	198,404	230,301
Belgium	196,955	299,651	217,203	302,196	189,849	269,197
Denmark	74,394	118,435	91,986	149,317	88,004	146,404
Austria	78,325	77,961	81,925	82,316	86,825	86,931
Sweden	71,719	87,075	81,498	99,542	73,747	90,589
Spain	36,588	35,335	51,437	49,377	71,514	56,496
Ireland	35,993	52,776	51,096	67,574	49,927	71,998
Finland	7,742	15,287	12,622	22,919	22,146	40,324
Portugal	12,302	12,050	17,582	17,182	14,068	15,134
Greece	12,437	17,253	11,777	15,288	13,976	17,768
Luxembourg	3,853	5,308	3,486	9,443	3,578	4,831

Source: Eurostat, 2002

leading supplier of particleboard was Germany, supplying 23 percent of the imported value in 2001, followed by Belgium (17.2%), Austria (13.1%), France (9.7%) and Sweden (4.6%).

Fibreboard

Between 1999 and 2001, imports of fibreboard by EU countries increased in terms of value and volume by 21.5 percent and 6.6 percent respectively. In 2001, imports of fibreboard amounted to nearly € 1.4 billion or 3.1 million tonnes. The leading EU importer was the United Kingdom, accounting for 21.3 percent of the imported value in 2001, followed by Belgium (14.0%), France (11.7%), and Germany (10.8%). Only 2.6 percent of fibreboard imports (in terms of value) originated in developing countries in 2001. The leading supplier of fibreboard was Germany, accounting for just over a quarter of value imports by EU member countries in 2001, followed by France (11.4%), Belgium (9.6%), Ireland (6.8%), Spain (5.6%) and Switzerland (5.4%).

Veneers

In 2001, veneers accounted for 5.1 percent of value imports and only 0.7 percent of volume imports of timber and timber products by all EU member countries. However, this product group is relatively important to developing country exporters, as nearly a quarter of value imports and 37 percent of volume imports originated in developing countries. Between 1999 and 2001, EU imports in terms of value from developing countries increased in terms of value and volume by 30.6 percent and 22.1 percent respectively.

In 2001, the total veneer imports by EU member countries amounted to € 1.1 billion or 564 thousand tonnes. The leading EU importers of veneers remained Germany and Italy, together accounting for 42.8 percent of the imported value by EU countries in 2001. Of the larger EU importers, France and Austria increased their imports value of veneer by 27.2 percent and 70.4 percent respectively between 1999 and 2001.

The leading suppliers (share of total year 2001 imports in terms of value) of veneers to the EU:

→ USA (20.6%), Germany (15.8%), France (6.4%), Ivory Coast (5.4%), Spain (3.9%), Italy (3.8%), Ghana (3.7%), Finland (2.9%), Gabon (2.8%)

Table 5.6 Imports of veneers by EU countries, 1999-2001
in € thousand / tonnes

	1999		2000		2001	
	Value €	**Volume**	**Value €**	**Volume**	**Value €**	**Volume**
Total	**1,054,386**	**543,385**	**1,211,358**	**590,767**	**1,139,315**	**564,553**
Extra-EU	**597,180**	**329,768**	**684,595**	**353,311**	**666,332**	**352,805**
Germany	279,723	108,855	297,980	110,044	254,297	93,706
Italy	206,448	133,353	243,050	150,071	233,694	130,897
Spain	116,260	66,020	161,280	80,525	151,940	86,457
France	82,380	68,445	98,073	76,332	104,795	87,504
Austria	42,797	14,424	52,430	17,832	72,905	21,032
United Kingdom	76,315	30,680	82,589	27,933	72,653	25,284
Belgium	55,362	26,819	59,506	32,383	51,860	26,235
Sweden	51,643	26,139	54,567	25,107	49,181	21,899
Denmark	49,981	20,824	54,716	22,995	47,754	20,371
Portugal	32,577	18,595	46,375	22,533	39,994	21,192
Greece	23,447	7,981	22,938	7,544	21,819	8,942
Netherlands	18,266	11,973	18,268	10,749	18,659	10,626
Finland	11,515	5,195	11,120	3,415	12,157	7,815
Ireland	7,202	3,887	7,800	3,041	7,041	2,444
Luxembourg	477	195	669	263	569	149

Source: Eurostat, 2002

Table 5.7 Imports of continuously shaped wood by EU member countries, 1999-2001
€ thousand / tonnes

	1999		2000		2001	
	Value €	**Volume**	**Value €**	**Volume**	**Value €**	**Volume**
Total	**902,795**	**1,115,242**	**1,044,940**	**1,275,672**	**986,232**	**829,907**
Extra-EU	**401,255**	**390,819**	**511,773**	**454,613**	**478,720**	**410,195**
Italy	150,988	142,574	164,130	147,323	170,605	154,720
United Kingdom	150,948	100,564	173,668	112,237	158,166	106,978
Germany	146,536	175,176	148,913	167,400	121,959	141,609
Belgium	88,858	386,966	129,438	504,519	103,016	95,238
France	63,302	52,299	80,730	65,829	93,718	69,616
Netherlands	66,914	69,603	86,178	82,063	87,878	76,900
Spain	61,901	52,894	66,449	51,716	64,281	44,633
Austria	46,000	37,325	50,979	40,198	49,638	39,884
Ireland	37,039	25,146	49,907	28,292	49,502	34,633
Portugal	36,028	25,666	35,083	24,446	29,809	21,460
Denmark	20,808	20,749	22,093	22,809	20,068	21,432
Sweden	10,555	6,042	15,366	10,409	15,880	9,179
Finland	3,695	2,106	4,756	2,685	8,524	4,742
Greece	13,297	15,096	11,396	12,555	7,657	6,539
Luxembourg	5,937	3,036	5,854	3,191	5,529	2,344

Source: Eurostat, 2002

Continuously shaped wood
In 2001, continuously shaped wood accounted for 4.4 percent of value imports of timber and timber products and 1.1 percent of volume imports of timber and timber products by EU member countries. This product group can also be of relative importance to developing country exporters, as nearly a third of the imported value and around 30 percent of imported volume in 2001 originated in developing countries. Between 1999 and 2001, EU imports of continuously shaped wood from developing countries nearly doubled in terms of value and increased by 80 percent in terms of volume. In 2001, total imports by EU member countries amounted to € 986 million or 829,907 tonnes. Between 1999 and 2001, EU imports of continuously shaped wood increased by 9.2 percent in terms of value, but decreased by nearly a quarter in terms of volume. The leading EU importers were Italy, the United Kingdom, and Germany, together accounting for 45.7 percent value imports by EU member countries in 2001. Of the leading EU importers, only Italy and France increased their imported value between 1999 and 2001.

The leading suppliers (share of total year 2001 imports in terms of value) of continuously shaped wood:

→ Indonesia (11.0%), Italy (9.4%), Germany (7.0%), Austria (6.2%), Sweden (5.3%), France (4.7%), Malaysia (4.5%), Finland (3.6%), Netherlands (3.5%), Belgium (3.3%), Poland (3.2%), China (3.0%)

Wooden frames
Although wooden frames accounted for around 1 percent of total imports of timber and timber products by EU member countries in 2001, this product group can be of relative importance for developing country exporters. In 2001, EU imports of wooden frames were for nearly 44 percent supplied by developing countries. Between 1999 and 2001, imports of this product group from developing countries to the EU revealed an increase in terms of value and volume by 27.8 percent and 29.6 percent respectively. In 2001, imports by EU member countries amounted to € 231 million (80,600 tonnes) of which 22 percent was imported by Germany. Other major EU importers were France (14.5%), the United Kingdom (14.2%), Belgium (11.1%) and The Netherlands (10.8%). The leading supplier of wooden frames to the EU is by far China, supplying 32.7% of 2001 imports (in value) by EU member countries, followed by Italy (11.9%), The Netherlands (7.7%), Belgium (6.6%), Poland (5.1%), and Thailand (4.5%).

Densified wood
Densified wood represented only around 0.3 percent of value imports and 0.1 percent of volume imports of timber and timber products by EU member countries in 2001. Between 1999 and 2001, imports of densified wood increased by 9.2 percent in value and by 13.3 percent in volume, amounting to € 75.5 million or 123 thousand tonnes in 2001. The leading EU importers were Italy, Germany and the United Kingdom accounting for a combined 53.0 percent of the imported value in 2001. Exporters of densified wood in developing countries, with the exception of Brazil and Indonesia, have a rather limited share of 11 percent to the EU market. Besides being a major importer, Germany was also the leading supplier of densified wood to EU member countries, accounting for 25.6 percent of the imported value in 2001. Other major suppliers were the USA (14.1%), The Netherlands (8.6%), Brazil (5.7%) and Poland (5.4%).

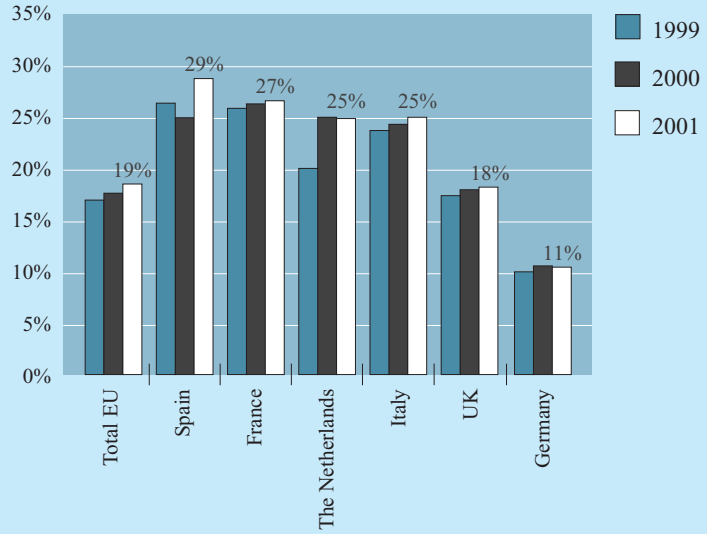
5.3 The role of the developing countries

Between 1999 and 2001, the value of timber and timber products imported into the EU originating in developing countries increased from 17 percent in 1999 to 19 percent in 2001. In 2001, imports by EU member countries from developing countries amounted to € 4.2 billion or 7.8 million tonnes, accounting for 19 percent of overall value imports and 10 percent of overall volume imports by EU member countries. As shown in Figure 5.10, developing countries played a relatively important role in Spanish (29%), French (27%), The Netherlands (25%), and Italian (25%) imports of timber and timber products in 2001 compared to the EU average.

Between 1999 and 2001, imports of timber and timber products by the EU from developing countries increased in terms of value and volume by 15.4 percent and 2.7 percent respectively. The overall EU trend regarding imports of timber and timber products reveal a fluctuating trend with the highest level in 2000. In 2001, the leading timber product in terms of value exported by developing countries to the EU was sawn wood with a value of €1,577 million or 37.4 percent, followed by plywood (18.1%), wood in the rough (16.0%), continuously shaped wood (7.3%), veneers (6.4%) and doors (4.9%). As table 5.8 reveals, between 1999 and 2001 of all timber and timber products originating from developing countries the largest increase in terms of value was achieved by parquet panels (41%) followed by veneers (27%) and doors (27%), plywood (22%) and wooden frames (19%).

According to relative importance, wooden frames were the leading timber product group supplied by developing countries to the EU market in 2001 with a share of 43.8 percent. In the same year, wooden frames, were followed in importance by plywood (33.0%), continuously shaped wood (31.2%), doors (28.2%), veneers (23.5% and wood in the rough (21.2%).

Figure 5.10 Share of developing countries in imports of timber and tiber products into selected EU countries, 1999-2001
% of imported value



Source: Eurostat, 2002

Table 5.8 Imports of timber and timber products by EU member countries from developing countries, 1999-2001
in € million / thousand tonnes

	1999		2000		2001	
	Value €	Volume	Value €	Volume	Value €	Volume
Total	**21,261**	**76,362**	**24,192**	**85,165**	**22,263**	**78,741**
Extra-EU	**10,274**	**44,501**	**11,976**	**48,377**	**11,150**	**46,343**
Developing countries	**3,655**	**7,619**	**4,441**	**8,329**	**4,218**	**7,821**
of which DC share:						
Sawn wood	1,363	2,453	1,698	2,773	1,577	2,535
Plywood	626	1,020	749	1,133	763	1,211
Wood in the rough	636	3,247	713	3,531	675	3,196
Cont. shaped wood	261	244	340	283	308	251
Veneers	211	175	240	199	268	210
Doors	163	100	210	109	207	109
Parquet panels	111	67	158	83	156	83
Wooden frames	85	30	100	33	101	36
Fibreboard	44	135	31	78	37	89
Densified wood	9	12	12	17	9	13
Windows	7	4	9	4	8	3
Particle board	4	7	3	6	3	3

DC = Developing Countries
Source: Eurostat, 2002

Among the top twenty countries supplying the EU with timber and timber products in 2001 were the following developing countries: Brazil, Indonesia, Malaysia and Cameroon. Other important developing country suppliers to the EU were Ivory Coast, Gabon, and China.

Timber investors in developing countries have shown interest in so-called "down-stream processing". This is a trend whereby a shift is made to start processing added-value products instead of only logs and sawn timber. Timber exporters especially in Latin America, South-East Asia and China are gradually increasing their share on the EU market with added-value timber products.

Product groups		**Main developing country suppliers (share in % of imported imported value value supplied by developing countries, 2001)**	**Share DC in total**
Wooden frames	→	China (74.8%), Thailand (10.2%), India (3.4%), Indonesia (2.8%), Morocco (2.4%), Malaysia (1.5%)	43.8%
Plywood	→	Indonesia (40.6%), Brazil (38.1%), Malaysia (7.6%), China (2.1%), Chile (1.8%), Gabon (1.7%)	33.0%
Wood cont. shaped	→	Indonesia (35.2%), Malaysia (14.4%), China (9.8%), Brazil (7.3%), Ivory Coast (6.0%), Nigeria (5.1%), Thailand (3.5%)	31.2%
Doors	→	Indonesia (33.0%), South Africa (23.3%), Brazil (16.7%), Malaysia (13.2%), China (7.4%)	28.2%
Veneers	→	Ivory Coast (22.8%), Ghana (16.0%), Gabon (11.9%), Cameroon (8.7%), Brazil (5.5%), South Africa (5.1%)	23.5%
Wood in the rough	→	Gabon (29.6%), Cameroon (14.7%), Liberia (10.3%), Congo (10.2%), Uruguay (7.8%), Central African Republic (4.4%)	21.2%
Parquet panels	→	China (28.0%), Malaysia (23.3%), Indonesia (22.6%), Thailand (12.7%), Brazil (2.2%)	18.9%
Sawn wood	→	Cameroon (19.8%), Malaysia (18.1%), Brazil (17.5%), Ivory Coast (11.9%), Ghana (5.3%), Indonesia (3.6%)	18.5%
Densified wood	→	Brazil (50.2%), Indonesia (25.4%), China (11.5%), Sri Lanka (2.6%), Ecuador (1.4%)	11.4%
Fibreboard	→	Brazil (28.3%), Chile (24.2%), Morocco (12.5%), Malaysia (12.0%), South Africa (9.4%), Zimbabwe (2.8%)	2.6%
Windows	→	Indonesia (35.0%), Philippines (11.6%), Malaysia (9.9%), Tunisia (5.5%), China (3.4%), India (2.4%), Brazil (2.3%)	1.8%
Particle board	→	Turkey (18.7%), Brazil (14.0%), Chile (10.5%), Ivory Coast (7.1%), China (5.7%), Malaysia (4.2%), Thailand (3.4%)	0.2%
Total timber products	→	**Brazil (16.3%), Indonesia (15.6%), Malaysia (11.2%), Cameroon (10.7%), Ivory Coast (6.8%), Gabon (6.2%)**	**18.9%**

DC = Developing Countries
Source: Eurostat, 2002

6 EXPORTS

In 2001, exports by EU member countries of timber and timber products amounted to more than € 18 billion (44.5 million tonnes), representing an increase in terms of value and volume of 8.4 percent and 9.4 percent respectively in comparison to 1999. Germany and Sweden were the leading exporters of timber and timber products, together accounting for nearly 35 percent of the total exported value in 2001, followed by Austria (13.7%) Finland (13.4%), and France (8.7%). In 2001, nearly all EU countries, with the exception of Austria and Ireland, reveal a decline in exports in comparison to the previous year.

In 2001, the leading destinations were Germany, the United Kingdom, Italy, The Netherlands and France, together receiving 46 percent of total exports by EU member countries in terms of value. Most of the trade was intra-EU oriented (68.3% of total exported value). Leading extra-EU destinations were USA, Japan, Switzerland, Norway, China, Poland, Russia, Czech Republic and Hong Kong.

Between 1999 and 2001, German exports of timber and timber products reveal a fluctuating trend in terms of value and amounted to € 3.5 billion in 2001, after a record high of € 3.6 billion in the previous year.

In terms of volume, exports increased by 10.1 percent, amounting to nearly 9 million tonnes in 2001.

The United Kingdom was a relatively minor exporter of timber and timber products, with exports amounting to € 333 million or 465 thousand tonnes in 2001.

In terms of value, Italian exports of timber and timber products increased to over € 1.1 billion. In 2001, exports declined in terms of volume by about 10 percent in comparison to the previous year.

In 2001, French exports of timber and timber products amounted to € 1.6 billion or 6.1 million tonnes, representing an increase of 3.8 percent in value and an increase of around 40 percent in terms of volume in comparison with 1999.

In 2001, Spanish exports of timber and timber products amounted to € 578 million or 1,046 million tonnes. Between 1999 and 2001, Spanish exports increased in terms of value and volume by 23.5 percent and 27.7 percent respectively.

Between 1999 and 2001, Netherlands exports of timber and timber products decreased by 6.9 percent in value,

Table 6.1 Exports of timber and timber products by EU member countries, 1999-2001
€ million / 1,000 tonnes

	1999		2000		2001	
	Value €	Volume	Value €	Volume	Value €	Volume
Total	**16,631**	**40,651**	**19,069**	**47,143**	**18,024**	**44,471**
Extra-EU	**4,668**	**9,372**	**5,725**	**11,474**	**5,711**	**11,583**
Germany	2,939	8,144	3,626	10,334	3,455	8,970
Sweden	2,777	7,174	3,031	7,108	2,786	7,087
Austria	2,187	5,522	2,456	6,101	2,471	6,348
Finland	2,330	5,790	2,567	5,793	2,413	5,552
France	1,512	4,373	1,769	6,826	1,569	6,120
Belgium	1,364	3,458	1,639	3,740	1,521	3,246
Italy	995	892	1,153	1,100	1,110	984
Denmark	671	610	723	1,119	671	828
Spain	468	819	609	1,071	578	1,046
Netherlands	459	745	482	791	427	802
United Kingdom	303	428	340	440	333	465
Portugal	303	1,467	328	1,528	325	1,669
Ireland	157	654	187	645	223	869
Luxembourg	133	521	126	480	111	413
Greece	33	55	32	68	31	71

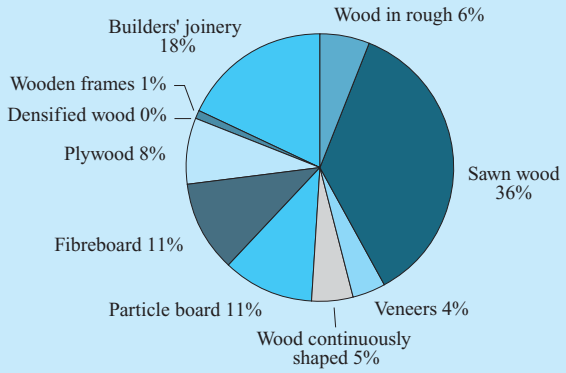
Source: Eurostat, 2002

but increased by 7.6 percent percent in volume, amounting to € 427 million or 802 thousand tonnes in 2001.

The most important products groups exported by EU member countries in terms of value were sawn wood (_ 6.4 billion: 36%), builders' joinery (€ 3.1 billion: 18%), fibreboard (€ 2.1 billion; 11%), particle board (€ 2.0 billion; 11%) and plywood (€ 1.5 billion: 8%). It should be noted that an important share of the exports consisted of products, which were originally produced extra-EU and imported into one EU country before being re-exported to other EU markets.

Presently, timber exporters in developing countries are faced with new developments regarding modified timber like Providing Lasting Advanced Timber Options (PLATO). A recent trend is that relative low-value timber are exported from developing countries that are, after arrival in the EU, modified and up-graded for re-export to another EU country for certain niche markets like for instance the garden sector.

Figure 6.1 Exports of timber and timber products by EU member countries, 2001 % of total value



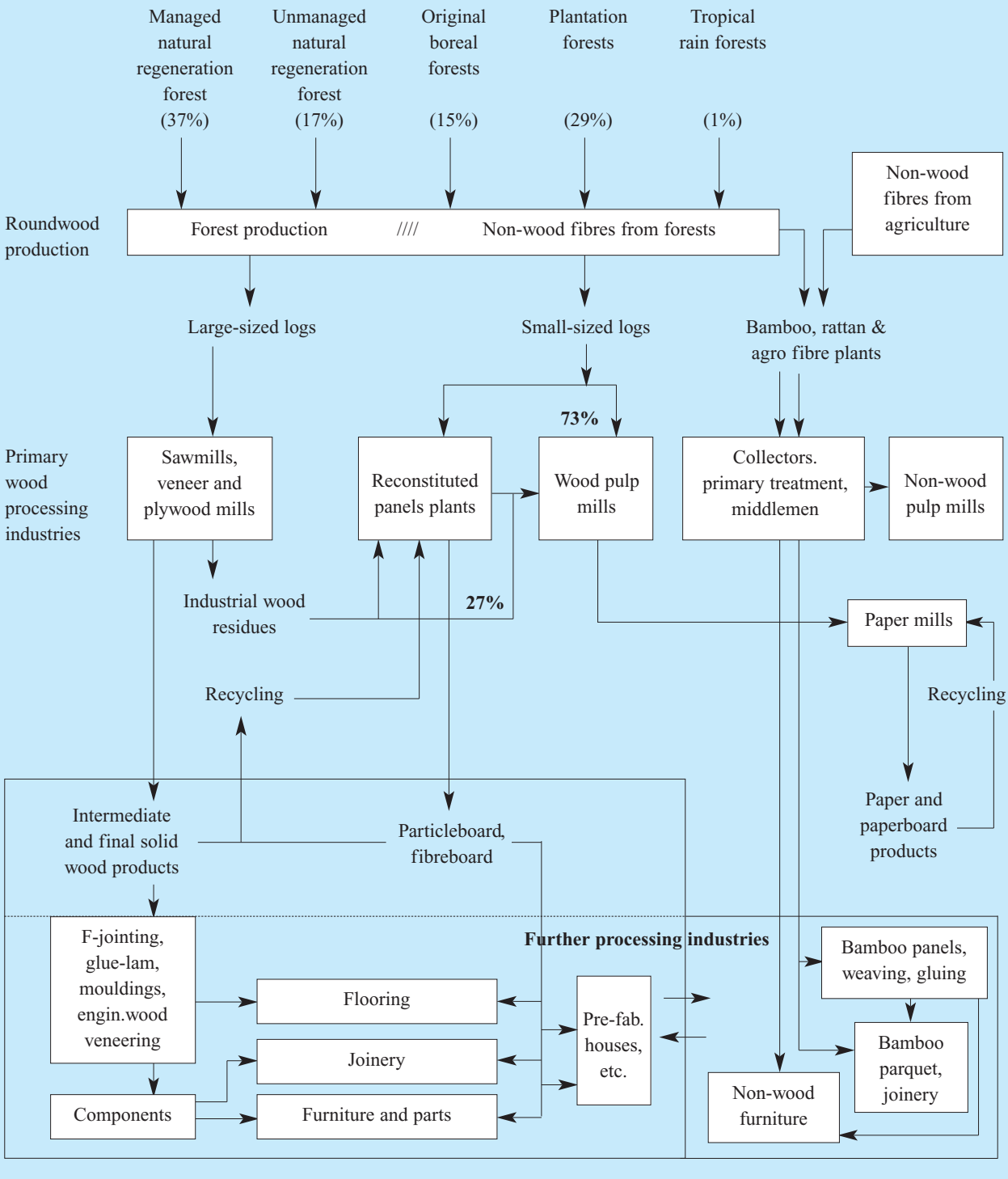
Source: Eurostat 2002

7 TRADE STRUCTURE

7.1 EU trade channels

The route from the producer/manufacturer to the ultimate consumer varies with the kind of timber product. The table below gives an overview of raw material and product flows in forest industries.
The timber sector includes sawmilling and wood-based panel manufacturing, as well as further processing

Figure 7.1 Raw material and product flows in forest industries



Source: ITC/ITTO, 2001

activities. In economic terms, it is the pulp and paper industry where capital intensity has led to large production units. The two sectors are integrally linked with about one quarter of the pulp industry's wood requirements being met by mill residues from sawmills and plywood plants.

The timber trade starts at the location of the forest/concession owner, who may be the exporter as well, but he often sells to exporters or local sawmillers. Sawmills specialised in local wood species are usually located in or near forests/plantations. Sawmills specialised in imported wood species, on the contrary, often prefer to be established near ports or in the proximity of their customers (e.g. the furniture industry).

Nowadays, the European timber importer is practically always a timber processor. As log exports are decreasing, because tropical timber producers add value domestically, very few importers do primary processing. Importers carry out secondary processing, including: peeling, slicing, dimension cutting, sometimes tertiary processing such as plywood manufacturing and assembling building components.

The closer the exporter can come to the specification required by the last links in the trade chain, the shorter the chain can be. For sawn timber, this demands kiln-drying facilities, planing facilities and transport per container. Wood-based panels have to be covered with melamine or some other foil or a high class veneer. The panel can be cut in specific sizes required by the further processor or in the most popular size for the DIY trade.

The length of the chain is determined by another factor: the closer one comes to the consumer, the smaller the stock holding. Retailers and processors do not house big stocks. The burden of stock carrying falls on the importer. The importer is the link, which can import in bulk, for distribution in smaller parcels to his customers. However, the importer also tries to keep his stocks low and works according to the "just in time" policy. This implies the right product, in the right quantity, at the right price, at the right time. It requires strict adherence to each of the contract terms by each link in the trade chain. It goes without saying that the nearest (in distance) supplier has an advantage.

The structure of the importing trade is not rigid.
The link between overseas sources and the EU trade is the agent/broker. He is based in the EU and has detailed knowledge and experience of the supplier countries and he mostly represents specific timber producers.
The agent is in constant touch with EU timber importers and reconciles the purchasing needs of importers with the selling needs of producers. He prepares the contract, which is signed by both buyer and seller and provides other services. He works on a commission. Agents competing in the EU market represent various combinations of expertise in different wood products and different geographic wood sources. Some bigger groups combine the role of agent and overseas purchaser. They buy timber themselves to sell to EU importers.

Traditionally the importer has the task of buying timber to hold in stock for other users. He irons out the seasonal and transport fluctuations, which can occur in this international raw material trade. In this way he offers a more prompt and certain service to customers. The importer re-organises his imported stocks and may undertake some further manufacturing activities in order to meet his customers' needs. He sells mainly to commercial users like furniture makers and the construction industry. He also sells to the timber merchant who fulfils the distribution need for retail, as well as wholesale outlets. In practice the importers' and the merchants' roles are often combined, and larger groups may have their own networks of retail outlets.

There is a general trend in the timber trade of direct buying by the timber dealer from the foreign seller, thus circumventing the importer. Thanks to improved communication facilities like Internet (e-commerce) this development will continue to expand over the coming years.

An important development is the creation of buying groups. In some sectors, consolidation in the retail sector has created buying groups, which have unprecedented leverage. This is placing pressure on distributors, furniture manufacturers and other suppliers to keep their prices low and costs down. These buying groups, about 20, are joined in the Global Forest and Trade Network, which is coordinated by the World Wealth Organisation (WWF). Contact details of international buying groups can be found at www.panda.org/forests4life.

The demand for FSC certified timber mainly comes from companies, which are often members of buyers' groups. Regional and national Forest and Trade Networks are now established in Europe, North America, South America and Australia. These networks consist of organisations and companies committed to producing and purchasing forest products from well-managed forests and to supporting independent certification. At present, only the FSC meets the requirements of WWF for a credible independent certification scheme.

Information on the EU's internal trade flows can be found on the Eurostat website. Information regarding timber and timber products can be obtained from the

annual market reviews of the Economic Commission for Europe (ECE) for forest products. The Timber Committee of the United Nations Economic Commission for Europe (UNECE) holds annual market discussions about the current and following year's forest products markets. Further information on international trade flows (production, imports and exports), including the EU can be found on the FAO Forestry Statistics database.

7.2 Distribution channels for developing country exporters

International trade acts as a link between tropical timber producers and consumer countries; it also establishes the value of forest resources through the prices of products derived from them. Trade's many potential roles to contribute to among others sustainable forest management have not yet been fully explored.
Trade liberalisation encourages increased returns and thereby possibilities for the improvement of the environmental and social performance of the wood-processing industry. As a result of WTO arrangements (Uruguay Round), the market access of tropical timber and timber products has been improved through the reduction of tariff barriers. However, tariff escalation exists (higher tariffs applied to value-added products than to raw material or primarily processed products), which represents an obstacle to the development of further processing in tropical timber producer countries. In addition, various non-tariff barriers (for instance, CE marking for plywood) represent a constraint to market access to the EU consumer market.
Trade promotion is a positive measure, which can reduce the effect of barriers to market access.
The certification of forest management and labelling of wood products, as potential tools to promote trade from sustainable sources, have recently received much attention.

When choosing distribution channels, the following has to be borne in mind:
Agent:
- Protects your interests
- Establishes contact with a number of prospective buyers
- Opens channels to contact buyers outside the EU importing country
- Gives regular market information
- Will ask for sole representation
- Receives an agency commission which may be an important part of the profit
- His services may save substantial costs of travelling.

An agent is an interesting channel for smaller exporters aiming to penetrate a local European market.
Importer/trader:
- Closer contact with the consumer market
- More indication about product adaptation
- More opportunities to develop valuable personal relationship
- Will ask for exclusivity
- Market information will be given only if it is to his advantage or in his particular product field.

An importer/trader is a good distribution channel for sizeable exporters to penetrate the European market.

Importer/processor:
- Closer contact with the consumer market
- Product developer
- Highest chances to enter component market
- Greatest flexibility in quality
- Limited or no market information on price development.

This distribution channel is interesting for exporters of down-stream timber products, although it involves more risks for the exporter.

Importer for DIY chain:
- Best contact with consumer market
- In general interested in low-price bracket products
- Wide range of products
- Publishes monthly/quarterly brochures for his markets which indicate price developments
- This transparency gives good price indications, particularly if his colleagues issue similar catalogues/brochures.

This distribution channel is the most challenging one, since retail outlets place great demands on delivery and continuity of the cooperation. This channel is, however, highly profitable for exporters of timber products to the European market.

E-commerce
Exporters in developing countries have to make intelligent use of improved communication facilities like internet (e-commerce). By using these facilities, they may be able to circumvent the importer and trade directly with timber dealers. There is a lot of attention for e-commerce in the timber sector. A number of Internet sites in different countries are developing cooperation arrangements. Although there is not much trade through the Internet yet in absolute terms, exporters should realise that the Internet is becoming an important medium in the timber trade and the number of users is increasing. Interesting links in this respect are **www.timberweb.com**, **www.houtbeurs.nl**, **www.timber-exchange.com** or **www.holzboerse.de**; they are online timber trading sites with stock, which includes timber, machinery and services. Most sites offer their services in various international languages. The www.houtbeurs.nl trade site is also known as **www.woodexchange.net** and uses the site of www.fordaq.com to trade timber and timber products worldwide. The trading site offers opportunities in eight languages and has more than 2,000 members in over 80 countries, including companies in a wide range of developing countries.

Other e-commerce timber sites that could be interesting are **www.globalwood.org**, **www.timber-online.net**, and **www.asiatimber.net**, which is a timber trade site dedicated to Asian origin hardwood timber products. Many of these sites also offer market information. For more specific market information, the site of ITTO **www.itto.or.jp**, and **www.hardwoodmarkets.com** can be visited.

If your company is FSC certified, important trade channels are the regional and international Forest and Trade Networks. These networks consist of organisations and companies committed to producing and purchasing forest products from well-managed forests and to supporting independent certification.

Please refer to **www.panda.org/forests4life** for more information.
Trade fairs are also important meeting points for developing countries' exporters and EU importers. A trade fair is a good opportunity for personal contact between business partners. Please refer to Appendix 3.5 for contact details of trade fairs. More information on trade fairs is provided in Part B, section 13.5 at the end of the market survey.

8 PRICES

8.1 Price developments

It is important to realise that prices for timber and timber products are highly dependent on factors such as the total supply, the type of product, its density, proportions, origin, etc. Whilst price is undoubtedly a key issue in the purchasing decisions of buyers of tropical timber products, quality consistency and supply regularity and dependability are also important features. In these latter aspects, tropical timbers often do not fare well against competitive products.

Measures taken to increase links between European companies and supplier countries are important so as to ensure that products being supplied are of the required specifications. On the other hand, market information about end-users' needs and requirements are equally essential. Improved stability of prices could assist trade in tropical hardwoods. Large fluctuations and instability in prices make it difficult for architects, for example, (who may be preparing quotations up to a year in advance of purchasing materials), to have confidence in project costs and, as a consequence, specify other materials.

A large number of sources (see box below) publish prices that look a lot like world-market prices. It is however important to comprehend that price setting is always the result of negotiations between seller and buyer. Nevertheless, it is recommended to monitor these published prices and their price movements, in order to be able to set a realistic current price.

In Europe, as everywhere in the world, market prices for most primary timber products and species exhibited mixed trends during 2001-2002, with significant fluctuations in many cases.

According to ITTO's annual reports, prices for African logs and sawn wood reached record lows in late 2001 as European markets' demand decreased or sought substitute softwoods. In 2002, prices started to recover as a result of a shortage of logs in West Africa, following the adoption of more stringent logging regulations and log export policies, increased demand from China and price increases in Asian tropical logs.

Asian log prices showed upward trends in 2001-2002 due mainly to the renewal of a ban on Indonesian log exports in late 2001. Asian log prices are still up to 30 percent below the levels of early 1997. Teak log prices continued rising through 2001-2002, as the demand for furniture and other joinery products made from this species remained firm in European markets.

Prices for Asian and African tropical sawn wood have, in most cases, been rising steadily since record lows in late 2001 and in some instances (e.g. wawa) are now surging to record highs.

Prices of Latin American mahogany sawn wood exports continued an upward trend during 2001-2002 and are expected to rise further due to relatively strong demand in the US and European markets and the on-going ban of all harvesting, processing and trade of mahogany adopted in Brazil in October 2001.

Prices for tropical plywood continued declining in 2001 and early 2002. Indonesian and Malaysian plywood export prices fluctuated during this period at less than half of the price levels observed in 1996. Asian plywood prices firmed in the second half of 2002 as the effects of the ban on Indonesian log exports meant reduced availability of raw material, especially for Malaysia. Brazilian plywood prices showed a less dramatic decline than Asian plywood in 2001-2002, due to volume shortages caused by the closure of some plywood mills, competitive prices as a result of devaluation in the Brazilian currency and comparatively low operational costs.

In the case of mouldings and other value-added products (mainly from Asia-Pacific producers), the general trend is for a gradual reduction in prices. The main reasons are the declining worldwide demand and the resulting increased competition. Secondary processed sawn wood exported from developing countries is generally of lower quality than products from developed countries. These products are therefore often concentrated in the lower end of the market and subject to fierce price competition.

Recent logging restrictions in the Far East have led to higher raw material costs and to shipping delays as vessels have to travel around to accumulate full cargoes. Timber companies in the Far East have to rely more on their own concessions than in the past, so that any local logging restriction will lead to a struggle to meet supply requirements.

Prices for timber and timber products are highly dependent on several factors, such as the total supply, the type of product, its density, proportions, origin, etc. Therefore, it is recommended to monitor world markets and price movements, in order to be able to set a realistic price.

More information on price trends for raw materials and added-value products can be found in ITTO's "Annual Report 2002" and "Annual Review 2002", both obtainable at no charge through ITTO's Internet site.

8.2 Sources of price information

Whilst price is undoubtedly a key issue in the purchasing decisions of buyers of tropical timber products, quality consistency and supply regularity and dependability are also important features.
The following organisations and their websites provide additional information regarding timber and timber products prices.

International Tropical Timber Organisation (ITTO)
Nominal prices were reported biweekly by the ITTO and ITC's Market News Service (MNS) from 1990 until the end of 1995, and have continued to be reported by the ITTO Market Information Service (MIS) from then onwards. ITTO provides a Tropical Timber Market Report every fortnight containing detailed price information and figures with price trends on logs and on added value products. This market report is freely available through ITTO's Internet site http://www.itto.or.jp

Journals
Some journals provide information on market prices on an irregular basis (e.g. The Timber Trade Journal and Houtwereld).

Individual importers and other trade parties
Trading companies can give you information on the price level of individual products.

Internet
The list of Internet sites offering price information is quite extensive. Besides ITTO's site, the following two useful could be particularly useful:

- World Market for the Wood & Furniture Industry: http://www.globalwood.org/
- Wood Market Reports, Prices, News & Statistics: http://www.forestindustry.com/

9 REQUIREMENTS FOR ACCESS

9.1 Non-tariff trade barriers

Quality and grading standards
The trend in the timber products trade is towards more added-value processing, for which there are no general standards. It is of great importance that buyer and seller deal in detail with the completion of the product, including specifying the tolerance and defects accepted or not accepted. There should be total clarity, in order to avoid claims and possible disrupt contacts, which have often been built up at great expense in time and energy. In Section 1.1 of the EU Market Survey Timber and timber products, quality and grading standards generally required by the industry in The Netherlands are described per product group.

Quality management: ISO 9000
The International Organisation for Standardisation (ISO) developed the ISO 9000 series for quality management and assurance of the production process. The ISO 9000 standards represent an international consensus on the essential features of a quality system. Producers who have obtained an ISO 9000 series certificate possess an important asset. It is a major selling point when doing business in the competitive EU market. Quality, health, safety and environmental management programmes are usually strongly interwoven with the overall ISO management plan. Importers in the EU highly appreciate this production quality guarantee. ISO published the new, thoroughly reviewed version of the ISO 9000 quality standards on December 15, 2000. Everyone/everything which is certified according to the 'old' ISO 9000:1994 series will have to adjust their quality management to the new demands before December 15, 2003. The revisions are based on eight quality management principles, which reflect best management practices. These are:

- Customer focused organisation
- Leadership
- Involvement of people
- Process approach
- System approach to management
- ontinual improvement
- Factual approach to decision making

The revision of the ISO quality management standards includes a significant change to the structure of ISO 9001 and ISO 9004, which are repositioned in four main sections:

- Management responsibility
- Resource management
- Product realisation
- Measurement, analysis and improvement.

Please refer to ISO's Internet site www.iso.ch for up-to-date information and to CBI's Access Guide at www.cbi.nl/acessguide for an overview of all ISO 9000 standards.

EU Construction Products Directive
Building materials are subject to EU Construction Products Directive 89/106/EEC, which states the essential requirements, viz.:

- Mechanical resistance
- Fire safety
- Hygiene, health and environmental protection
- Safety in use
- Protection against noise
- Energy economy
- Heat retention

This Directive is designed to usher in a single market for construction products showing compliance with regulations via compulsory CE marking.

European product specific norms
The European Committee for Standardization (CEN) is developing European standards to be used in building and civil engineering over a wide range of products, materials and structures. Around 600 standards mandated under the EU directive for construction products are in progress and will eventually lead to the CE marking of the relevant products. The CEN website www.cenorm.be provides information regarding the work programme and recent progress reports for candidate harmonized standards. In addition the website of BSI at www.bsi-global.com gives also information about the European Norms and British Standards.

Wood-based panels
The attestation of conformity and factory Production Control System requirements for wood-based panels for use in construction is defined in EN 13986. The new standard forms part of the Construction Products Directive. Although the new CE Marking for wood-based panels will only be compulsory by April 2004, many orders for plywood exports to the EU will already be requiring this new treatment. If plywood exporters in developing countries have not adjusted production and secured inspection to qualify for CE Marking by April 2004 they run the risk of losing significant export revenues.

Parquet and wood flooring
In September 2000, an important breakthrough was realised in the European standardisation activities for parquet and wood flooring. At a meeting of the CEN (European Committee for Standardisation) working group, European standards for parquet flooring were

approved. At the start of 2003, three CEN norms were approved (EN 13226, 13227 and 13228) regarding wood flooring of parquet.

Netherlands norms for tropical timber species and other relevant norms
The EU has developed a number of standards to determine size, measuring irregularities and biological damage, the moisture content and for the testing of a shipment of timber. These standards have, however, only been developed for European species. Some member states have laid down norms for non-European species as well (e.g. The Netherlands).
In The Netherlands, timber used for construction purposes has to receive the Komo Keur. This certificate indicates that the timber is suitable for application in the building industry. Other organisations dealing with timber quality certification are RAL in Germany, BM TRADA in the United Kingdom, CTBA in France and ICMQ in Italy.

Convention on International Trade in Endangered Species (CITES)
The Convention on International Trade in Endangered Species (CITES) lays down provisions for the protection of endangered species of flora and fauna through controls on international trade in specimens of these species. For producers in developing countries it is important to know that this legislation is supported by two EU regulations which harmonise the implementation of CITES in the EU. Council Regulation EC/338/97, Commission Regulation EC/938/97 and EC/2307/97 are the legislative instruments regulating the trade in wild fauna and flora at EU level. These regulations fully implement the provisions of CITES and include a number of stricter measures. CITES lists the relevant endangered species in three separate appendices. Countries act by banning commercial international trade in an agreed list (Appendix I) of endangered species (including tree species) and by regulating and monitoring trade in others (Appendix II), which might become endangered. It is important for timber producers in developing countries to know which provisions apply to which timber species.
For example, the inclusion of Big-Leaf Mahogany in appendix II was approved by CITES in November 2002 and the new requirements for export permits, etc will take effect from November 2003 onwards. Additional information can be obtained on the CITES website **www.cites.org** about the restrictions applicable to certain timber species.

Trade-related environment, social and health & safety issues
Environment
Due to mounting pressure from consumers in the EU, there is a growing concern among EU market partners about local environmental impact of production processes. Consumers want to be sure that the products they buy are environmentally sound. Products that do not comply with certain requirements, might eventually disappear from the EU market. Due to this development, producers in developing countries using environmentally unsound production processes may find it more and more difficult to gain market access in the EU. All activities, which aim to reduce the damage caused by production processes to the environment can be categorised under environmentally sound production, sometimes referred to as “cleaner production”. On the CBI website (**www.cbi.nl/accessguide**) documents can be downloaded that provide information on the pressures, the contents and the benefits related to environmentally sound production.

Norms for tropical timber species in The Netherlands/EU

NEN 5480:1983 NL Quality requirements for timber, Species azobe
NEN 5481:1988 NL Quality requirements for timber, Species merbau
NEN 5482:1989 NL Quality requirements for timber, Species iroko
NEN 5483:1989 NL Quality requirements for timber, Species red meranti
NEN 5484:1990 NL Quality requirements for timber, Species red lauan

Other timber norms in The Netherlands/EU

NEN 5461:1999 NL Requirements for timber (KVH 2000), Sawn timber and round wood, General part
NEN-EN 312-1:1996 Particle boards, Specifications, Part 1: General requirements for all board types
NEN-EN 314-1:1994 EN Plywood, Bonding quality, Part 1: Test methods
NEN-EN 314-2:1993 EN Plywood, Bonding quality, Part 2: Requirements
NEN-EN 315:2000 EN Plywood, Tolerances for dimensions
NEN-EN 460:1994 EN Durability of wood and wood based products, Natural durability of solid wood, Guide to the durability requirements for wood to be used in hazard classes
NEN-EN 1084:1995 EN Plywood, Formaldehyde release classes determined by the gas analysis method

Regarding timber products, two documents are available on this website focussing on cleaner production options and recycling methods. The intention of the improvement options is to provide an idea as to what companies can do to make their timber products and production process environmentally sounder. The options are not meant to give tailor-made solutions. Recycling of timber (wood) and timber products such as furniture is becoming increasingly important. EU policies indicate that the environmental impact of products is becoming much more important. When looking at recycling possibilities, one should be looking into the development phase of a product. The possibility of recycling depends on the way the product is constructed and the kinds of materials used. In the downloadable document from the CBI website, an introduction is provided on how to start thinking about recycling options for your timber product. When looking at the preferences in reduction of emissions and waste, recycling is preferred after prevention and re-use.

Environmental management is an area in which major developments are taking place on an international scale. The process of standardising the efforts towards an integral and fully recognised environmental management system is driven by both market forces and the need for uniform operating standards to which companies have to adhere. The International Organisation for Standardisation (ISO) is active in the field of environmental standardisation. The ISO published its comprehensive environmental management system, called ISO 14000, in 1996.
For more detailed information please look at the ISO website **www.iso14000.com** and/or **www.iso.ch/iso/en/-iso9000-14000** and **www.iso14000-iso14001-environmental-management.com**.
The downloadable documents provide an introduction to ISO 14000 and in particular ISO 14001.

Social issues
Social issues are becoming increasing important in international trade by a variety of companies ranging from large multinationals like Shell too much smaller sized companies. In addition, European consumers are also concerned about general labour conditions of employees, who have made the product they buy. Looking at instruments such as social labels and codes of conduct, social standards are related to labour conditions mainly in developing countries. Standards (conventions) of the ILO, the UN international Labour Organisation, are often the basis for standards used in these instruments.

Social Accountability 8000 (SA8000) is a universal management system for companies to guarantee the basic rights of their workers. The standard is applicable to all industries and is based on the internationally accepted ILO Conventions.

Trade promotion officers and exporters in developing countries should be aware of this development. European trading partners might expect exporters in developing countries to have knowledge on these issues. Social labels and codes of conduct may be a tool to improve or protect the position on the EU market.

Health & safety issues
Occupational health and safety (OHS) issues are becoming very important in international trade. Community action on health and safety at work as outlined in the framework Directive 89/654/EEC (June 29,1989) is considered the most important piece of health and safety legislation in the EU. One of the objectives of the framework directive is to ensure the improvement and at least a minimum of protection for all workers throughout the 15 member states. Attention for working conditions is not only important with regard to demands from trading partners on EU markets. These issues are also essential to attract better motivated personnel, which are crucial with respect to productivity and product quality in general and, as a result, an improved position on the EU market. On the website of CBI www.cbi.nl/accessguide documents can be found that describe OHS aspects specific to the timber and wood-processing industry. In these industries, a variety of processes can pose a threat to worker's safety and health. The documents provide an overview of the most common concerns as well as recommendations on how to prevent and handle them. The strictest EU legislation regarding health and safety issues can be found in Germany, The Netherlands and the United Kingdom.

Regarding forest-based industries, the legislation is applicable to certain wood preservatives, which are based on the use of arsenic. In addition, the European Commission adopted more strict legislation (Directive 2001/90/EC) prohibiting the marketing of wood treated with the preservative creosote oil (bensapyrene) and use of this preservative as of July 2003. The reason for implementing the stricter legislation is creosote's potential to cause cancer. Although timber originating in developing countries usually is not treated with the mentioned preservatives, it can be expected that the demand for non-preserved timber will increase. As a consequence, new opportunities for tropical timber may arise.

In Germany and The Netherlands, legislation exists for formaldehyde-containing fibreboard that is used in the building industry. It is prohibited to market fibreboard in these two markets, if the formaldehyde emission of the board exceeds a certain value in a testing room. In addition, Germany and The Netherlands have set stricter legislation on the use of Penthachlorophenol (PCP) than the EU. PCP is used to reduce and combat bacteria and is therefore used in many different industries, for

instance timber products. For more details please refer to **www.cbi.nl/accessguide**

Certified timber and timber products
Forest Certification is a system of forest inspection plus a means of tracking timber and paper through a "chain-of-custody" - following the raw material through to the finished product. This is to ensure that the products have come from forests, which are well managed - meaning they take into account environmental, social and economic principles and criteria.

Besides ISO 14001 (see above) there is a number of organisations that have their own criteria and indicators for sustainable forest management. The leading schemes are the Pan European Forest Certification Scheme (PEFC) and the scheme of the Forest Stewardship Council (FSC). The EU market is the leading market for certified timber and the Economic Commission for Europe (ECE) expects more competition between the industry introduced PEFC label and the FSC label introduced by environmental organisations.

Exporters can use certification (FSC certification is the most relevant for timber from developing countries) as a marketing tool for the promotion of timber on the European market, since forest management certification has become an important market requirement. However, the implementation of forest management certification is costly. The objective of the Forest Stewardship Council (FSC) is to promote environmentally appropriate, socially beneficial and economically viable management of the world's forests. FSC applies to forests and plantations all over the world and is mainly used for timber (wood) and timber products. FSC has the support of a large and growing number of companies, like large DIY retail chains in various EU markets. Producers and consumers in The Netherlands are very concerned about the origin of wood. As a consequence, the market share of FSC-certified wood products is increasing. This may provide market opportunities for exporters in developing countries, who produce wood according to the FSC guidelines.

The Keurhout Foundation in The Netherlands developed a hallmark system guaranteeing timber from sustainable (environmentally and socially sound) managed forests. Through this hallmark sustainable timber is recognisable for timber buyers (consumer, importer) in The Netherlands. The Foundation does not certify products nor does it set its own criteria. In order to guarantee sustainable timber, all companies within the chain of custody have to be members of the Keurhout Foundation. Since 2001, the internationally used certification system FSC recognises the Keurhout chain-of-custody system.

The European Commission has urged timber exporting countries around the world to support a voluntary licensing system in a bid to clean up the trade in illegal forest products. The proposal is contained in the Commission's Action Plan for Forest Law Enforcement, Governance and Trade (FLEGT), published on May 21, 2003. The plan targets all timber exporting countries to the EU. Countries or regions signing up to the voluntary scheme must prove that timber exported to the EU comes from legal sources, otherwise shipments will not be accepted. The Commission believes the plan could lead to a global agreement on forest trading. The plan sets out support for improved governance in timber-producing countries and efforts to develop international collaboration for combating the trade in illegally harvested timber.

A number of developing countries possess significant forest resources. Nevertheless, there are many limitations for efficient and sustainable utilisation of the natural tropical timbers. Most of the constraints are associated with domestic political and economic problems, poor infrastructure, inaccessibility of the resources, and the overall weak capability of the nations to generate investments and new processing capacities. External problems add on to this, as the trade in tropical timber has come under threat by environmentalists, and this has created market access limitations for some species. Information on relevant trade fairs and magazines as well as a checklist for exporters is included in the CBI Strategic Marketing Guide.

Packaging, marking and labelling
Apart from the safety aspects and the protection against damage, the focus of packaging is definitely on environmentally friendly transport - as well as sales-promotion packaging. This means, among other things, that it should be considered whether returnable systems can be used on a much greater scale than before.

In general, the buyer indicates the packaging requirements for semi-finished products. Concerning doors, it invariably involves individual packaging in shrink foil, with a strip of corrugated carton along the sides, on which should be printed the exact sizes and the wood species. An extra protection using hard plastic at the four corners will be required as well. This is only one example. Finished products, such as parquet ready to be laid, should be packed in quantities that can be carried by the final consumer without special equipment. Here again, the buyer will indicate the particulars. Packaging must be marked not only to be identifiable during transport, but also to indicate the quantity, the weight, the timber species and the brand.

The rules are less strict for unprocessed or primary processed products. Logs, for instance, have to be numbered and to carry the logo/name of the exporter.

What is of great importance is the exact weight of each log to be indicated on the shipping specification.
An extra heavy log, indicated on the list with too-low a weight can cause the lifting crane to topple over. Sawn timber has to be correctly bundled, so that the package can not fall apart. It has to be taken in consideration that air-dried timber shrinks during transport, causing the iron/plastic bands to lose their hold on the pieces. The way of palletising has to be the subject of contract conditions.

Packaging waste
Exporters in developing countries targeting the European market have to be aware of these agreements and take appropriate measures in order to become or remain interesting trade partners for European businesses. The environmental requirements will be transposed to the exporter. That means that packaging (transport packaging, surrounding packaging and sales packaging) materials should be limited and be re-usable or recyclable. Otherwise, the importer will be confronted with additional costs, thus reducing the competitiveness of the exporter.

In 1994, the EU adopted a Directive (Directive 94/62/EC) concerning packaging and waste material. This Directive establishes an overall legislative structure for the treatment of packaging wastes, consisting of quantitative objectives to be achieved by each of the participating EU member states over a defined period. In Germany, the most important issue in the Packaging Act for companies in developing countries is the obligation to take back the packaging materials (Duales System Deutschland or Green Dot System).
The developing country exporter (unless the company actually brings the product on the German market) will not be held responsible, but his German importer will. In this case, the importer will exert influence on his foreign partner so that in future the only type of packaging material imported is the one that meets the environmental requirements of the Packaging Act, in other words which can be recycled and/or re-used. The EU requirements are also transposed in the Netherlands Ministerial Packaging and Packaging Waste Regulations in force since August 1997. Further information regarding packaging and packaging waste can be obtained from www.cbi.nl/accessguide

Since changes in the environmental policy in the EU follow each other at a rapid pace, exporters are advised to ask the importer about the latest regulations and/or requirements related to packaging.

CE marking wood-based panels
One of the main issues facing wood-based panels is the CE quality marking which was set to be introduced by October 2003 in the EU. From April 1, 2004 onwards all wood-based panels traded in the EU will be legally required to have a CE marking. The CE marking stems from the introduction of the Construction Products Directive which outlines that wood-based panels for use in construction must comply with the requirements of the harmonised European Standard, including mechanical stability and resistance, safety and protection against fire and noise. To comply with the standard, manufacturers must demonstrate conformity of the product with the relevant technical specifications, including testing and/or certification by a third party. Only then may a manufacturer use the CE mark.

AccessGuide

AccessGuide is CBI's database on European non-tariff trade barriers, specially developed for companies and business support organisations in developing countries. Registered companies and organisations have unlimited access to AccessGuide information.
Exporters in developing countries wishing to penetrate the European Union should be aware of the many requirements of their trading partners and EU governments. Standards that are being developed through legislation, codes, markings, labels and certificates with respect to environment, safety, health, labour conditions and business ethics are gaining importance. Exporters need to comply with legislation in the EU and also have to be aware of the many market requirements. AccessGuide provides clear information on these standards and their implications.

For more information please refer to www.cbi.nl/accessguide.

9.2 Tariffs and quota

In general, all goods, including timber and timber products, entering the EU are subject to import duties. External trade conditions in the European Union are mostly determined by EU regulations. In the case of timber and timber products, the level of the tariffs depends on:
- the country of origin
- the product.

In order to support the export from developing countries, the EU operates the Generalised System of Preferences. Under the GSP scheme of the EU (Regulation 2501/2001/EC), imports from a number of developing countries are admitted at a reduced tariff and imports from a group of least-developed countries at a zero tariff. The EU Commission has established a new scheme of preferential rights for the period from January 1, 2002 to December 31, 2004. This new

scheme has formally been published under Regulation 2501/2001/EC in the Official Journal Nr. L 346. It also applies to timber and timber products.

Under the current GSP, which covers the period 2002-2004, the preferential regime includes:

- preferential market access into Europe for industrial and agricultural goods from developing countries, depending on the sensitivity of goods. The 'sensitivity' of goods refers to the degree to which imported products cause, or threaten to cause, serious difficulties to EU producers of similar or directly competing products;
- special treatment for Least Developing Countries(LDCs), and a grouping of Andean and Central American countries;
- an encouragement regime to stimulate developing countries to establish and implement trade-related social and environment policies.

Addition information about the EU's GSP legislation can be obtained from **www.eurunion.org/legislat** and/or **http://europa.eu.int/comm/trade/gsp/-gspguide.htm**.

Please refer to Appendix 1 for detailed Nomenclature and for a list of countries falling under the groups mentioned below (SPGA/SPGE, SPGI). Up-to-date tariff information of the European Community Integrated Tariff (TARIC) can be obtained from a.o. The Netherlands Customs at www.douane.nl/taric-nl

Import ban on tropical timber
On occasions, the EU will ban timber import originating in certain countries. For instance, on 6 May 2003 the United Nations Security Council adopted Resolution 1478 (2003) prohibiting exports of wood products from Liberia. The ban came into effect on 7 July 2003 and will run for ten months. According to the Security Council, revenue from timber exports has been used for illegal arms' transactions since restrictions were placed on diamond imports from Liberia. As a consequence, tropical timber originating in Liberia will not be allowed to access the EU market for the duration of this period.

HS groupHS group	General Tariff	SPGA/SPGE	SPGL	Chili
4403	0	0	0	0
4407	0-2.5	0	0	0
4408	0-6.0	0	0	0
4409	0	0	0	0
4410	7.0	0	3.5	0
4411	7.0	0	3.5	0
4412	6.0-10.0	0	2.5-6.5	1.8-4.8
4413	0	0	0	0
4414	0-2.5	0	0	0
4418	0-3.0	0	0	0

Source: Dutch Customs; August 28, 2003

Part B
Export marketing guidelines: analysis and strategy

PART B

How do you get involved in the international marketplace? How much time and money will it take? Should you make exporting part of your business plan? These are common concerns of producers who realise the importance of international trade, but are not sure if they are capable of exporting. That is what Part B is all about: to help you evaluate whether to get involved in international business, and learn how to go about exporting.

Part B of this survey largely deals with the following strategic steps:

1) External analysis (market audit, Chapter 10) and internal analysis (company audit, Chapter 11);
2) SWOT-analysis (Chapter 12);
3) Decision making & formulation of objectives (Chapter 12); and
4) Elements which can be used as inputs for the Market Entry Strategy (MES) and Export Marketing Plan (EMP) (Chapter 13).

The first Chapters 10, 11 and 12 aim at assisting potential exporters in the decision-making process whether or not to export. By matching external opportunities (Chapter 10) and internal capabilities (Chapter 11), the exporter will be able to identify suitable export products, target countries, market segments, and possible trade channels (Chapter 12).

Subsequently, Chapter 13 provides sector specific knowledge and sources to enable the exporter to further investigate what to export, to which markets, through which channels, and at what prices. In other words, which export marketing actions must be undertaken to penetrate the EU market? The tools in Chapter 13 should enable you to draw up the MES and EMP. For general information on export marketing, please refer to CBI's "Export Planner". For general information and how to conduct market research, please refer to CBI's new manual on market research.

Keep in mind that the export marketing process is integrated; each individual part is inter-linked.

The information provided in the previous parts of this survey is an essential ingredient in conducting the analysis and formulating a clearly targeted export strategy. Where applicable, reference will be made to the relating sections in Parts A.

10 EXTERNAL ANALYSIS

The external analysis or market audit assists the exporter to identify market opportunities, suitable sales channels and much more relevant information on the market and the external environment.

10.1 Market developments and opportunities

As a first step towards the identification of the most suitable export markets, the exporter needs to research and understand the importance of potential markets and the ongoing developments shaping the European market structure. This should be done by means of a systematic method of market research, involving a preliminary screening of potential markets followed by a more detailed assessment of the targeted markets.

Most timber products exported to the EU will be further processed, used as a building material or as an input for the production of other products like furniture. In some cases, finished consumer products will be directly sold to the end-user through Do-It-Yourself stores.
If conducting market research, it is important to understand your place in the supply chain so you can focus your research accordingly.

Markets should be researched using primary as well as secondary data sources. In the case of primary market research, data is directly collected from the foreign marketplace through interviews, surveys, and other direct contact with market participants. In general, European timber importers are quite willing to give information on market developments. Primary research has the advantage of being tailor-made to meet your company's needs and provide answers to specific questions, but this data collection can be very time-consuming and expensive.

In order to obtain a global scan of the market, most companies make use of secondary data sources such as trade statistics. This type of research is a valuable and relatively easy first step. Specific market developments as described in Chapters 3, 4, 5, 8 and 9 should be used as a starting point for your export market research.

Market research should inform the company of the largest markets for its product, niche markets, the fastest growing markets, market trends and outlook, market conditions and practices, and competitors and their products. Based on all the information, a company must decide which markets are the most promising.

During the market assessment you should not only focus on large markets, but also try to find out whether there are interesting niche markets. Particularly for starting exporters from developing countries, niche markets could present interesting export opportunities.

Opportunities

- Certified Forest Products (most notably in UK, Germany, The Netherlands and Nordic States) (see Section 3.1).
- Value-added Products (hardwood windows & doors, timber-frame housing) (see Section 3.1).
- Lesser-Known Species (LKS) (see Section 3.3).
- Construction trends (timber-frame housing) (see Section 3.3).
- E-commerce (see Section 3.3).
- EU East Enlargement (see Section 3.3).

Threats

- Increased competition from OSB and MDF manufacturers. Demand for plywood stagnating (see Section 3.1).
- Stagnating construction market with decline in Germany, The Netherlands and Austria (see Section 3.1).
- Dominance of temperate timber (see Section 3.3).
- Engineered wood products (see Section 3.3).
- EU East Enlargement (see Section 3.3).

Questions that need to be answered:

- What is the (estimated) market size for your potential export products? Try first to focus on your product group, then on your specific products.
- How has the total market volume developed during the last 3-5 years? If there is no information on your specific products or varieties, then try to obtain information on the development of markets for related products.
- How have imports developed during the last 3-5 years? Again, there probably is no specific information on all products available.
- Are importers and potential business partners in the EU interested in new suppliers of your particular products?

Where to find information?

- ⓘ The market information described in **Part A of this market survey** can be a useful starting point for your export market research. Where applicable, the sources for this market information are also mentioned in the specific chapters.
- ⓘ For more general information and a list of the European **national trade statistics bureaus**, you can use the EU statistics bureau **Eurostat**: http://europa.eu.int/comm/eurostat
- ⓘ **Trade associations** are often able to assist you with more specific information on product trends. For a list of trade associations, please refer to Appendix 3.3.
- ⓘ **Trade press**

  Trade magazines are useful sources for information on market developments. Some of the most interesting magazines for exporters timber and timber products are:
  - ***Houtwereld*** (in Dutch language and internationally oriented)
    Dealing with all aspects of the timber world (market overviews and new regulations).
  - ***Het houtblad*** (in Dutch and internationally oriented)
    Trends in timber products, like new construction ideas, timber species and their applications.
  - ***Holz-Zentralblatt*** (in German and primarily oriented on the German market)
    All aspects of timber: resources, trade, manufacturing equipment, and international conferences.
  - ***EUWID*** (in German and primarily oriented on the German market)
    Dealing with commercial aspects of the timber trade; separate issues for hardwood, panels, etc.
  - ***Tropical Forest Upgrade*** (in English and internationally oriented)
    Showing matters relating to its objectives in the timber world.
  - ***Commerce International du Bois*** (FFBTA) (in French and primarily oriented on French market)
    News on forestry, trade and statistics
  - ***Timber Trade Journal (TTJ)*** (in English and primarily oriented on UK market)
    Trade in the UK, forestry, company news and environmental issues.

  Appendix 3.5 presents a more extensive list of names and addresses of publishers.

Market access requirements

Often, importers demand a broad assortment. Specialisation is good, but exporters, who are only able to supply a very limited product range (in terms of varieties, sizes, and quality), will not be interesting for many sales channels. This particularly applies to exporters of sawn timber, but also to exporters of all kinds of value-added products. Flexibility in product range is another important issue for European importers. European importers expect you to be able to adjust products to their requirements.

Quality: non-tariff barriers

As Section 9.1 of this survey already showed, the European market sets high demands on quality. However, for many processed products, no general quality standards are available. In many cases, individual European buyers have their own product requirements, which often depend on the type of sales channel they are supplying themselves.

Also note that not every sales channel demands first quality goods. Exceptions, for instance, could be the European processing industry, which sometimes prefers cheaper second quality timber and timber products.

In the same section, a wide array of non-tariff barriers was described. It is important to determine which standards and regulations apply to your product and situation.

- *Compulsory standards and regulations*

  Compulsory standards should always be met. For instance, if supplying the European construction sector, your products must comply with the **EU Construction Products Directive**. In the case of non-compliance, your products will be taken out of the market and in some cases a fine could even be imposed.

  Although harmonisation of European regulation has already been going on for some time, there are still compulsory national regulations that could apply to exporters from developing countries. An example is the 'Komo Keur' in The Netherlands, a mandatory certificate indicating that the timber is suitable for application in the construction sector.

- *Voluntary standards*

  Not all standards are compulsory or even widely recognised by all sales channels. Nevertheless, voluntary standards can play a crucial role in the success of your export endeavour. It is therefore essential to identify these standards. In fact, some voluntary standards have become a de facto requirement for successfully competing in several European market segments or supplying specific customers.

  The most widely recognised voluntary standard for quality management is **ISO 9000**. Importers in the

EU highly appreciate this production quality standard. It is therefore a major selling point in the competitive European market.

There is a lot of talk about environmental aspects of the international timber industry. Tropical timber producers are often concerned about the difficulties they face in achieving certification status, while market benefits might look uncertain. In developing countries, certification is often perceived as yet another difficult-to-meet market requirement imposed by importers and as something that can constitute a barrier to trade, rather than be an aid for promoting their exports.

Furthermore, over the last five to ten years many initiatives have resulted in a jungle of hallmarks and labels. In the EU market, however, not every environmental label is equally recognised. In some North-European markets, the FSC label is becoming virtually an industry standard for sustainably produced timber. Environmental standards like ISO 14001 are also increasingly recognised. The EMAS standard is not relevant to exporters from developing countries.

In Section 9.1 of this survey, the relative importance of the various standards and ecolabels has already been described in detail. For instance, exporters have to be aware that if you want to supply timber products to large retail chains like IKEA or Home Depot, obtaining FSC certification is more or less a requirement.

Note that regulations and standards are continuously changing. Therefore, it is recommended to check:

- ✓ The up-to-date situations of compulsory regulations. Source: relevant organisations and importers.
- ✓ Specific standards and requirements for potential customers / sales channels. Which voluntary regulations are important to your customers? Source: importers

Opportunities

- Forest Certification and Certified Forest Products (see Section 3.3).
- Voluntary timber licensing system (see Section 3.3).

Threats

- CE Marking (wood-based panels) (see Section 3.3).

Questions that an exporter should answer are:

- What compulsory standards are set on the quality of your products (EC Construction Products Directive, CITES)?
- What voluntary and informal trade standards are applicable to your products?
- What standards on the quality of your company's quality management are preferred or even required (ISO)?
- How high are the standards demanded on packaging methods?
- How high is the demand on environmentally sound production methods (Ecolabelling, FSC, ISO 14001, PEFC label)?

Where to find information?

- ⓘ In Sections 9.1, you find information on quality standards; trade-related environmental, social and health & safety issues; and packaging, marking and labelling. This section also provides Internet sites like CBI's AccessGuide, which can be of assistance in obtaining product specific information.
- ⓘ For information on trade-related environmental issues, please refer to Section 9.1.
- ⓘ Other potentially useful information sources are colleague exporters, European importers and European branch organisations.

Tariff barriers

Two different parties are involved in the payment of Customs duties: the party that is charged with the duties (i.e. the one who bears the financial burden) and the party that makes the payment itself.

In the EU, the importer must bear the financial burden of Customs duties. However, they settle the duties with their supplier, the exporters. The forwarding agent mostly handles all the import formalities, i.e. they collect the goods from the seaport or the airport, deal with the Customs formalities and pay the respective Customs duties for the importer.

Questions that an exporter should answer are:

- Are there import restrictions that limit sales opportunities?
- Which import tariffs apply to your export products?

Where to find information?

- ⓘ Refer to Section 9.2, for information on applied import tariffs.
- ⓘ At http://europa.eu.int/comm/taxation_customs/dds/en/tarhome.htm you can search for EU tariff information via HS code and country of origin.
- ⓘ Another important source of information on the level of import tariffs is your importer or forwarding agent.

10.2 Competitive analysis

Competitors and their pricing will have a direct effect on the potential success of your trade activities. As an initial step towards understanding your competition, you should prepare an overview of your competition and then pinpoint who your main competitors are. To learn more about competition you can do secondary research by asking customers and suppliers for their opinions. You can also prepare a list of your main competitors' strengths and weaknesses.

The timber industry is open to new entrants and you should expect increasing competition. Constantly check with customers and suppliers to see if they have heard of any new businesses. These sources may also give you some insight into where and how the competition is selling its products. Which trade channels are used by your competitors, and why?

Note that your key competitors can be other timber producers located in your own country or region, but also producers in European countries. Many timber exporters in developing countries suffer major competition from producers in Scandinavian countries. The same applies to Central and East European countries where, for instance, sawmill production has been increasing significantly.

In general, as far as manufacturing costs are concerned, European producers have considerably higher costs than most exporters in developing countries. An assessment comparing hardwood sawmills in France with those in Brazil and Indonesia put costs per cubic metre of output about 25 percent lower in Brazil and 50 percent lower in Indonesia compared with France. The main differences were the lower log costs in Brazil and Indonesia, plus much lower labour costs in Indonesia. Similar situations face the European plywood industry.

More information on the situation on the EU market can be found in this survey: Chapter 4 gives you insight into production of timber and timber products in the EU; Chapter 5 describes the major suppliers from outside the EU.

In addition, trade shows can be helpful for gaining contact with new customers and learning about market developments. It can however also be used to find out more about competition. Take the time to attend industry trade shows to see what your competition is like.

Producers of timber products in developing countries benefit from their geographic location, which offers them the suitable climatic conditions for producing specific species, and low labour costs and costs of land, etc. These are often the most important factors that positively distinguish your company from competitors in other countries, particularly from competitors in Europe. Needless to say, there are also factors that weaken your competitive position. European companies for instance have the advantage of being close to their customers, which in general facilitates marketing of products and communication.

Exchange rate

The exchange rates between your local currency, the US$, and the euro can be an important factor influencing your competitive position. In 2002, for instance, the strong fall in the value of the Brazilian Real gave Brazilian exporters the chance to increase exports of pine plywood as prices fell in the international market. On the other hand, prices of imported raw materials increased, pushing up costs of resins.

At the moment of writing this survey, the US$ to Euro exchange rate was hovering around US$ 1,10 for one euro, which is above the launch rate of the euro a few years ago. As a result of the expensive euro, timber from abroad has become cheaper for European importers.

Important questions to be answered are:

- How many suppliers are currently active in the market? (local and foreign suppliers)
- Who are your main competitors? What are their strengths and weaknesses compared to your company?
- To what degree is the industry in the target market supported by the local government?
- What do we offer that the competition does not offer?
- What do we have that the competition has, but ours is better?

10.3 Sales channel assessment

After having assessed the prospective markets and market segments, you should research the trade structure and supply chains supplying these market segments. Each supply chain has it's own specific conditions that should be met by the exporter.

Key product-market combinations

	Construction sector	DIY-stores	Further processing industry				
			Veneer	Wood-based panels	Parquet & Flooring	Furniture	Paper & & Pulp
Logs	a		b				
By-products				c			d
Sawn timber	e	f			g	h	
Veneers				i	j	k	
Wood-based panels	l	m			n	o	
Other value-added products	p	q					

To assist you in determining the potential sales channels, an overview is given of the key product-market combinations. Note that this matrix is not exhaustive, it merely gives a number of combinations that are frequently observed. The overview is followed by additional notes on the various product-market combinations.

(a) Logs for hydraulic sector

- In the European hydraulic sector, wood is used for the construction of piers, lock gates, braking constructions, facings, sheet-pile walls, etc. Traditionally, much tropical hardwood is used in the Dutch hydraulic sector, because of its strength (source: GAIN Report No. NL2014). Agents mainly service this trade channel as they have sufficient knowledge of the supply side of the market to be able to find suppliers satisfying the specific requirements of their customers. In The Netherlands, (semi-)government institutions purchase only FSC certified logs for the use in the hydraulic sector.

(b) Logs for the European veneer industry

- In this sales channel, logs are further processed into sliced and peeled veneer. It is a potentially interesting sales channel for smaller suppliers of logs. Most importers of logs for the veneer industry are not interested in bulk. Demand for timber species is strongly influenced by trends in interior design.

(c)and (d) By-products for the wood-based panels and paper & pulp industry

- Pulp is the main input to paper production, itself having two inputs, pulpwood and wastepaper. Pulpwood is traded in the form of roundwood or woodchips. Different types of wood pulp are required for different types of paper, so both hardwood and softwood woodchips are utilised.
- The competition in the market for wood residues is extremely fierce. Only large suppliers or combinations of suppliers are able to maintain their market position.

(e), (l), and (p)
Timber products for the construction sector

- This product-market combination demands sharply priced products in large volumes. Larger producer groups therefore often service it.

(f), (m) and (q) Timber product for DIY stores

- Many larger European DIY chains have their own buying department directly importing timber products for their stores. When doing business with DIY chains, exporters often find out that the bargaining power of the large DIY chains can be very strong.

(g) and (n) Sawn timber and wood-based panels for the parquet & flouring industry

- Although parquet is mainly manufactured in hardwood, also softwood, veneered plywood, particleboard and MDF are used.

(h) Sawn timber for the furniture industry

- For several years, the biggest producer of plastic garden furniture (Hartman) has also been producing wooden furniture. Presently, this company is one of the largest buyers of FSC-certified timber in The Netherlands.

(i), (j), and (k)Veneers for further processing industries

- Sliced and peeled veneers exported from developing countries are mainly used in the production of wood-based panels, but also in the production of furniture and parquet and flooring.

(m) Wood-based panels for the furniture industry

- The European furniture industry is under heavy pressure as a result of increased competition by exporters of furniture from developing countries. Nevertheless, the European furniture industry is still a major importer of wood-based panels.

For more information on the different market channels, please refer to Chapter 7.

Direct exporting
A producer of timber and timber products can sell his products directly to the foreign importer. The producer is usually responsible for shipping the product overseas. Direct exporting provides greater control over the export marketing procedures for your products. However, in general, there are higher start-up costs and fewer economies of scale under this organisational structure. Depending on the product and market, direct selling could involve working with foreign sales representatives, agents, or distributors. For example, agents are very active in the timber and timber products trade in many European countries.

To give you an understanding of some of the potential business partners, an overview of their scope of work is given in the table below:

Indirect exporting (using intermediaries)
A producer of timber and timber products can also decide not to market his products themselves but make use of one of the specialised organisations in the table on page 79.

E-commerce
As described in Chapter 7, there is a general trend in the timber trade of direct buying by the timber dealer from the foreign seller, thus circumventing the importer. Thanks to improved communication facilities like Internet (E-commerce) this development will continue to expand over the coming years.

Import agent
→ An import agent can be an interesting channel for smaller exporters aiming to penetrate a local European market. Ideally, an import agent:
- Protects your interests.
- Establishes contact with a number of prospective buyers.
- Opens channels to contact buyers outside the EU importing country.
- Gives regular market information.
- Will ask for sole representation.
- Receives an agency commission, which can be an important part of the profit.
- His services can save substantial costs of travelling.

Importer / trader
→ An importer/trader is a good distribution channel for sizeable exporters to penetrate the European market:
- Closer contact with the consumer market.
- More indication about product adaptation.
- More opportunities to develop valuable personal relationship.
- Will ask for exclusivity.
- Market information will be given only if it is to his advantage or in his particular product field.

Importer / processor
→ This distribution channel is interesting for exporters of down-stream timber products, although it involves more risks for the exporter:
- Closer contact with the consumer market.
- Product developer.
- Highest chances to enter component market.
- Greatest flexibility in quality.
- Limited or no information on market and price developments.

Importer for DIY chain
→ This distribution channel is the most challenging one, since retail outlets place great demands on delivery and continuity of the cooperation. This channel is, however, highly profitable for exporters of timber products to the European market:
- Best contact with consumer market.
- In general, interested in low-price bracket products.
- Wide range of products.
- Publishes monthly/quarterly brochures for his markets which indicate price development.
- This transparency gives good price indications, particularly if his colleagues issue similar catalogues/brochures.

Export management companies (EMC or export agents)

→ Export management companies (EMC) are generally small companies, which are specialised in representing (a number of) manufacturers in export marketing. The EMC can provide benefits (economies of scale) relating to foreign sales, marketing missions, and scheduling or shipping products for export. The EMC often retains the identity of the manufacturer when dealing with foreign importers, whereas agents often work under their own names.

Export trading companies (ETC)

→ Lack of knowledge of foreign marketing, and limited credit facilities are major barriers to exporting. These barriers can be hurdled by forming an export trading company (ETC). ETCs assume the risks involved with international trade by taking title to the products and assuming responsibility for marketing and selling the products overseas.

Export merchants (EM)

→ Similar to an export trading company, an export merchant (EM) can take title to a producer's goods and be responsible for selling to the foreign importer. The advantages of using an export merchant include the fact that a producer does not need to be familiar with foreign business as its products are sold to an export merchant domestically. Furthermore, the EM can handle all intermediate processing and handling functions, such as pressure treatments or kiln-drying of lumber prior to export. EMs can also serve as a sorter or distribution yard.

E-commerce is a relatively new method of transacting business using information technology, which allows physical processes to be replaced by electronic ones. It is fundamentally an open system, usable by all enterprises anywhere, provided an appropriate infrastructure is present, and has low barriers to entry, unlike earlier forms of electronic data interchange. In the coming years, it will therefore also have a significant impact on exporters in developing countries.

With the aim to create a broader marketplace for timber and timber products, business-to-business (B2B) companies have proliferated. The development of these B2B sites can be explained by three main targets: cut transaction costs, improve efficiency, and expand the trading horizon. Some of these sites sell any type of timber and timber products:

- http://www.globalwood.org/
- http://www.timberhunt.com/
- http://www.fordaq.com/
- http://www.forestexpress.com/timber/
- http://www.asiatimber.net/

ⓘ Refer to Chapter 7 and Section 7.2 in particular, for information on potential sales channels.

Environmentally certified products and the chain-of-custody

When assessing potential sales channels, exporters who produce certified products need to understand that maintaining the chain-of-custody could be a bottleneck. Some European sales channels will sell products produced from certified forests without a label documenting their source. This shortcoming in the distribution channel deprives producers (and consumers) of some of the potential benefits of trading certified timber and timber products.

10.4 Logistics

Timber products are shipped by a variety of methods including break bulk, containers, flat racks, and lash barge. The most common methods are break bulk for lumber and plywood shipments and containers for higher valued shipments such as kiln-dried dimension stock, lumber clears, and veneer.

Important questions to be answered are:

- Which potential sales channels exist for your products and target market?
- Which products do the different sales channels trade? What product assortment does this sales channel demand?
- What are the most important requirements of the identified sales channels? What are the conditions for an exporter to take part in a specific supply chain?
  - What quality standards do the sales channels demand?
  - What kind of packaging is used in the various sales channels?
  - What are the requirements related to the production process (environmental certification, ISO)?
- What sales support material is necessary for business contact with this sales channel?
  (price lists, quality certificates, campaign folders,
  sales statistics, sales folders)

When transporting products overseas, the exporter ideally looks for the fastest and most efficient mode(s) of transportation that will deliver the product in perfect condition at the lowest possible costs. The actual selection will be a compromise among these factors.

Ocean cargo
In the case of exports of timber and timber products from developing countries to the EU mainly ocean cargo is used. Three types of ocean carriers ship products overseas. The first are conference lines, which consist of an association of ocean carriers providing common rates and services. Individual conference carriers can take independent action and offer shippers lower rates. Shippers can also form associations to negotiate lower rates with conferences.

The second type of carriers are the independents. Independent rates are sometimes higher than other carriers, but they can also be lower when in direct competition with conference carriers. Both conference and independent carriers operate on regular schedules and trade routes. Independent proprietary carriers include major forest products companies with their own transportation operations.

The third type of carrier is the tramp vessel. These carriers generally handle only bulk cargo and are not on regular schedules or trade routes. Economical rates make these carriers the most common means of shipping timber and timber products.

Freight rates vary depending on the product being shipped, its value, level of service provided, destination, weight, and seasonal variations in demand for cargo space. The weight of a shipment is calculated on either the actual weight (in kilograms), the dimensional weight (length x width x height), or the positional weight, whichever is greater.
Terminals
Transporting lumber and other forest products through general cargo terminals can be very expensive. Transportation costs can be significantly reduced by using specialised forest products handling facilities at the ports of export and destination, which will result in lower freight rates and landed costs.

Stock-holding and Just-In-Time
The closer one comes to the consumer, the smaller the stock holding will be. European retailers and processors do not house big stocks. In stead, the burden of stock carrying more and more falls on the importer. The importer also tries to keep his stocks low and works according to the "just-in-time" policy. This implies the right product, in the right quantity, at the right price, at the right time. It requires strict adherence to each of the contract terms by each link in the trade chain. It goes without saying that the nearest (in distance) supplier has an advantage.

Important questions to be answered are:

- How often does a specific sales channel normally require delivery (cycle of delivery)?
- What lot sizes do the sales channels demand?
- What is the importance of year-round supply, just-in-time delivery and delivery reliability for your potential sales channels?
- What transportation methods are preferred by your potential customers?
- What are the costs of freight to the various export markets?
- What formalities does a specific sales channel require to be handled by the exporter (shipping documents)?

ⓘ Freight forwarders are the best sources for obtaining freight rates. There are also companies that specialise in publishing (notably air) cargo tariffs.
ⓘ International Federation of Freight Forwarders Association (FIATA): http://www.fiata.com
ⓘ Directory of Freight Forwarding Services: http://www.forwarders.com
ⓘ Holland International Distribution Council (information on various aspects of using The Netherlands as a distribution centre for Europe; setting up a representative office, warehouse facilities and transport facilities, etc.): http://www.hidc.nl
ⓘ Extensive lists of freight forwarders can be found at: http://www.cargoweb.nl and http://www.shipguide.com

10.5 Value chain

The value chain covers the full range of activities required to bring a product from its conception to its end use and beyond, such as research and development, raw material supply and all activities of production, marketing and sales to international buyers, and beyond that to disposal and recycling. Activities that comprise a value chain can be contained within a single company or divided over different companies, and can cover a single geographical location or be spread over wider areas.

The value chain approach is a systematic approach for designing strategy with respect to buyer requirements and market conditions (market access regulations, standards and consumer preferences) with which a company has to conform in order to gain access to a market and be competitive.

The value chain approach builds upon sustainable supply chain management, by providing a framework to:
- improve efficiencies within the existing supply chain

(thereby enhancing sector competitiveness);
- capture and retain a higher proportion of the product's final market value within the existing value chain;
- increase the sector's added value by establishing new value chains within the sector;
- improve the sector's contribution to development objectives.

From a company perspective, the value chain approach offers more than a theoretical concept. It is a very practical tool for analysing linkages in the supply chain and assesses potential for capturing, retaining and adding value to the company's product, keeping in mind its final user.

Guiding value chain analysis at company level

a. Try to note all the steps required to get from raw materials to end-users.
b. Make this list as detailed as possible since one of the objectives of value chain analysis is to understand where, when and how to simplify or adjust the chain.
c. Determine the value each step adds to the final product from the point of view of the end user.
d. Once this chain is clear you can explore avenues to increase your profitability as well as increase the benefits to the end user; for example:
   → identify which steps can be combined to more efficiently add value;
   → determine which steps are not adding any value but just adding costs;
   → determine better communication flows in both directions to assist rapid change to market factors;
   → determine your own "value niche" along this chain.

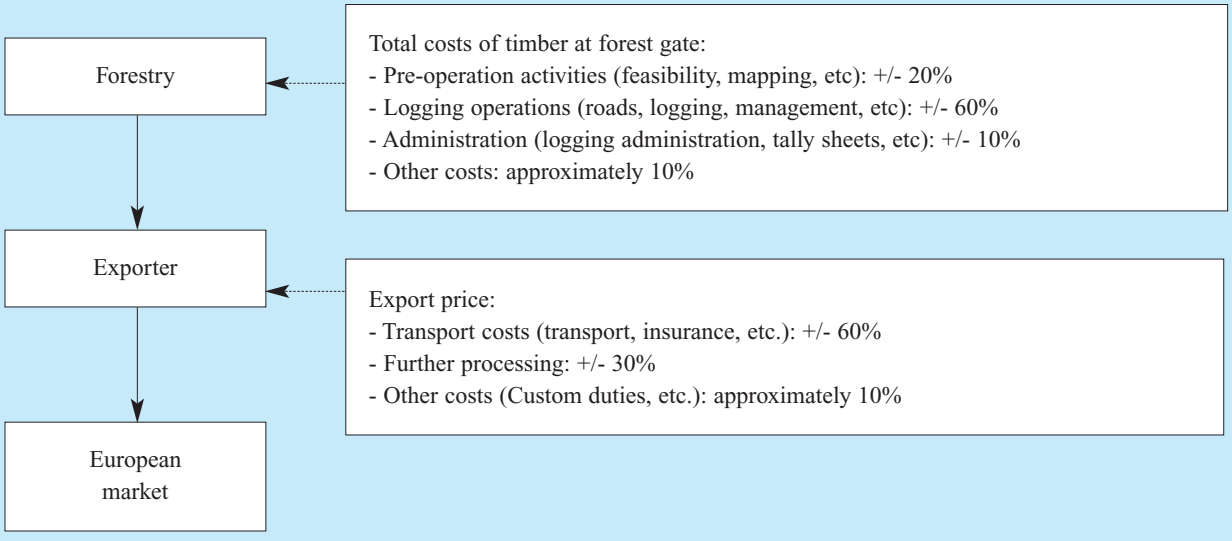
It is important to understand where you, as a producer or exporter, fit into the supply chain, to ensure that the value you add continues to be important both for your direct customers as well as your customers' customers. The value chain can be a useful tool to help in this process.

In the case of the wood furniture value chain, for instance, for the forestry sector it involves the provision of seed inputs, chemicals, equipment and water. Cut logs then go to the sawmill, which obtains its primary inputs from the machinery sector. From there, sawn timber moves to furniture manufacturers who, in turn, obtain inputs from the machinery, adhesives and paint industries and also draw on design and branding skills from the service sector. Depending on which market is served, the furniture then passes through various intermediary stages until it reaches the final customer, who after use consigns the furniture for recycling or refuse.

As another example, figure 10.1 shows the cost structure for FSC certifiable wood.

The forces of supply and demand ultimately determine the final price of the end product. However, in the international timber trade, the process of price formation is complex. On the supply side, exporters' European prices are influenced by their costs of production and ex-mill price, any export taxes, freight and insurance costs, import tariffs levied by the European Union, distributors' margins, discount structures and exchange rates. The exporters supply price to Europe will also be influenced by the state of the market and prices in other export markets, e.g. in Asia, Southeast Asia, Japan and North America.

Figure 10.1 Cost structure for FSC certifiable wood from Ghana



On the demand side, the buyer's willingness to pay is influenced by the strength of demand for his end products: the prices of substitutes, i.e. other species (tropical and temperate), other wood-based products and non-wood based materials; the costs of conversion to different materials.

Please refer to Chapter 8, which deals with price developments and sources of price information, and Chapter 13.3, which includes information on price setting.

10.6 Product profiles

In this section, we give two examples of product profiles: sawn timber and plywood. These stand model for the product profiles the exporter should develop for his own (prospective) export products. By constructing an overview of the most important products, exporters are better able to determine which products to export to the EU.

PRODUCT PROFILE: SAWN TIMBER

1. Product information:

Product name: Sawn timber (hardwood)

Main species: virola, mahogany 'swietenia spp.', imbuia and balsa, dark/light red meranti, meranti bakau, white lauan, white/yellow meranti, white seraya, and alan, keruing, ramin, kapur, teak, jongkong, merbau, jelutong, kempas, okoume, obeche, sapelli, sipo, acajou d'afrique, makore, iroko, tiama, mansonia, ilomba, dibetou, limba, azobe, palissandre (de rio, de para, de rose).

2. Market requirements:

European quality standards: The EU has developed a number of standards to determine size, measuring irregularities and biological damage, the moisture content and for the testing of a shipment of timber. These standards have, however, only been developed for European species. Some member states have laid down norms for non-European species as well (e.g. The Netherlands).

Sizes/dimensions: As per contract specification.

Minimum labelling:
- product description/label
- certificate/logo

Packaging: According to bundling specification in the contract

Import regulation: The general import tariff for sawn timber ranges between 0 and 2.5 percent. The GSP is zero.

Relevant import documents:
- AWB or Bill of Loading
- Proforma invoice
- EUR 1 form for ACP countries
- FORM A for other countries

3. Market development:

Main markets: The main EU markets for tropical sawn timber are Italy and Spain, followed by The Netherlands, France and the UK.

Market trends: Use of lesser-known species is promoted in many countries, due to limited supply and decrease of resources in the production countries.

Prices: Due to the fact that there are many types of sawn timber and various applications, we refer to ITTO's Internet site for current price information (www.itto.or.jp). Some price trends are described in Chapter 8 of the EU Market Survey Timber and timber products.

4. Main suppliers:
- The leading suppliers of sawn timber are Sweden and Finland.
- Malaysia dominates the trade in tropical sawn timber.
- Other important suppliers include Brazil, Indonesia, Ivory Coast, Cameroon and Ghana.
- Leading EU re-exporters of tropical sawn timber are Belgium and The Netherlands.

5. Quality improvement:
- *Raw material:* Special emphasis should be given to accuracy when cutting the timber. Also drying should be according to contract.
- Bundling and packaging should be done according to contract.
- The use of lesser-known species can be introduced when durability is within the same, or equal, specification.

PRODUCT PROFILE: PLYWOOD

1. Product information:

main items:	moisture resistant, interior
other items:	water-boil-proof, exterior
species:	okoumé, dark/light red meranti, white lauan, sipo, limba, obeche, acajou d'afrique, sapelli, virola, mahogany 'swietenia spp.', palissandre (de rio/de para/ de rose)

2. Market requirements:

European quality standards: Voluntary EU quality standards by CEN/TC.
See section 1.2 EU Market
Survey "Timber and timber products" for quality and grading standards.The UK Timber Trade Federation (TTF) will exclude Brazilian, Indonesian and Malaysian plywood from a list of approved producers of plywood suitable for structural applications up to BS5268, the British Standard for structural plywood (ITTO, April 2001). Only Canadian Swedish Finnish and US producers are listed. According to the TTF, in order to be listed, the tropical producers would need to have a quality assurance system controlled by a third party or a certificate proving that plywood meets BS5268.

Sizes/dimensions:
As per contract specification.
Popular sizes are: 244x122 cm, 250x125 cm and 305x153 cm.
Thickness ranges from 8 to 22 mm (special purpose ranges from 3 mm to 40 mm)

Minimum labelling:
- product description/label
- certificate/logo

Packaging:
According to bundling specification in the contract
Wrapping in damp-proof material

Import regulation:
Non-tariff barrier:
The general import tariff for plywood ranges between 6 and 10 percent. The GSP tariff is zero.

Relevant import documents:
- AWB or Bill of Loading
- Proforma invoice
- EUR 1 form for ACP countries
- FORM A for other countries

3. Market development:

Main markets: The main EU markets for tropical plywood are the United Kingdom, Belgium, Germany and France.

Market trends: Use of lesser-known species is promoted in many countries, due to limited supply and decrease of resources in the production countries.

Prices: Due to the fact that there are many types of plywood and various applications, we refer to ITTO's Internet site for current price information (www.itto.or.jp). Some price trends are described in Chapter 8 of the EU Market Survey Timber and timber products.

4. Main suppliers:

The leading EU suppliers are France, Germany, and Italy, which produce plywood. France is the only supplier producing a considerable amount of tropical plywood.

The leading non-EU suppliers of plywood are Indonesia, Malaysia and Brazil.

5. Quality improvement:

- *Raw material*: Special emphasis should be given to finishing.
- Bundling and packaging should be done according to contract.
- The use of lesser know species can be introduced if durability is within the same or equal specification.

11 INTERNAL ANALYSIS

The internal analysis or company audit is a review of the company's strength and weaknesses in terms of all company resources such as export marketing capabilities, finance, personnel, internal organisation, management, infrastructure, etc. As a result of this internal analysis, you will be able to assess to which extent your company is able to take advantage of the opportunities identified in the former chapter. Furthermore, with a thorough understanding of your company's unique capabilities, you will be able to invest in opportunities that exploit your strengths.

11.1 Product standards, quality, USP and production capacity

A means to assess your company's potential in exporting is by examining the unique or important features of your company and products. If those features are hard to duplicate abroad, then it is likely that you will be successful overseas. A unique product could have little competition and demand for it could be quite high. A unique selling proposition or USP defines what makes your business unique from every other competitor in the field. It spells out the precise niche you seek to fill, and how you aim to fill it.

Together with your prices, quality is probably the main competitive factor on which you will compete. It is important to consider the extent to which your company is able to deliver the quality that is required in the identified markets and sales channels.

Note that quality not only means product quality. Management quality is just as important. For European companies looking for new (long-term) suppliers, delivery reliability and the ability to learn and adapt are important selection criteria. Furthermore, keeping to the agreed quality is indispensable for building up a long-term business relationship.

Check your current quality standards with the voluntary and compulsory standards described in Chapter 9. Also refer to Chapters 8, 9 and 10 for information on the importance of the various quality standards for your product-market combinations.

Questions an exporter needs to answer:

- What product quality standards does your product comply with?
- What management quality standards does your company fulfil?
- What is the general level of your product quality compared to other products in the identified market?
- In the case environmental labelling significantly could improve the competitiveness of your export product, which one is the most interesting for your situation?

Production capacity

Particularly in the case of added-value timber products most importers are searching for suppliers producing quality products at a fair price with continued availability. If you are merely seeking to market your sporadic surplus capacity, the entry into the European market will probably be a disappointment.

On the other hand, if the company is willing to devote even 10 percent of its production capacity to foreign markets and the servicing of these accounts, then it can reasonably expect to build substantial and permanent trade in those markets suited to its products. However, keep in mind that the volume of the product marketed is often not as important as the consistent and reliable supply of the product.

Questions that need to be answered:

- What quantities do you generally produce?
- How is the present capacity being used?
- Will new export activity hurt domestic sales?
- What will be the cost of setting up additional production capacity?
- What cycles of production apply to your products? Is there a seasonal emphasis and how does this match up to the demand in the target market?
- Are there fluctuations in the annual workload? When? Why?

11.2 Logistics

The development of a successful export strategy must encompass a thorough knowledge of shipping procedures, documents required, and methods. The mechanics of shipping include: (1) attention to packaging, including banding of bundles, grade stamping, labelling, and colour coding; (2) proper documentation; (3) scheduling the best shipping routes and carriers; and (4) an understanding of domestic and foreign Customs, regulations, tariff rates, and plant health or phytosanitary requirements.

Availability of low-cost and high-quality freight services between your country and the destination country is a major criterion for a successful export business. Depending on your product's characteristics and trade channel's requirements, you will have to

decide which sea freight carrier offers the best way of moving your goods to the European market.
When shifting from exporting raw timber towards value-added timber products, improved and more competitive delivery logistics are often major issues.

Freight forwarders
Usually, a freight forwarder, who acts as an exporter's agent when shipping goods overseas, handles the details of export shipping. It is therefore a good idea to use a freight forwarder to arrange transportation services on your behalf. They can simplify the shipping process because they are familiar with import and export regulations. It is important to use a forwarder who is experienced in handling timber of timber products, as well as one who is experienced in the destination country. Freight forwarders can also assist you in handling all the documents.

Freight forwarders are cost effective to use, because they can negotiate the best rates with airlines. They usually operate on a fee basis paid by the exporter, and these costs should be passed along to your customer.

Clustering
In many developing countries, exporters organise themselves in exporter's associations or shipping boards to be able to negotiate time and volume rates with ocean carriers. It could be interesting for you to determine whether your company could hook up with other exporters in your country. Port authorities and trade publications of origin and destination countries are the best sources of current information on services provided by competing air and ocean carriers.

Questions that need to be answered:

- How often are you able to deliver?
- What lot sizes do you generally produce or are you able to supply?
- What is the preferred transportation method for your products?
- What are the typical costs of logistics? (Check with freight forwarders)

Packaging
When shipping for export you must consider whether you are able to package your products properly. Lumber, plywood, and veneer bundles must be securely strapped and protected from such hardships as rough handling, moisture, or weathering. In foreign ports, bundles are sometimes stored uncovered while awaiting pickup or delivery, making proper protection essential. Bundles should be clearly marked according to foreign specifications and include the company logo or colour coding.

Special transport packaging is necessary to ensure that the produce travels safely from the producer to the end-user. It is an essential factor in determining the product's quality. However, according to the way in which packaging sometimes is applied, it can also be a risk to quality.

The transportation volume must be as efficient as possible and a high level of uniformity is desirable. Packaging design should take the following into account:
→ Proper storage and transport;
→ Standard packaging sizes;
→ Recyclable materials or two-way systems; and
→ Attractive and sales-promoting design.

Where the sizes of the packaging are concerned, the general standards, as are common in practice, should be taken into account. One should adapt to the generally accepted sizes:
- Boxes: 600 x 400 mm (ISO module), or 300 x 400 mm (half ISO module)
- Palettes: 1,000 x 1,200 mm (industrial palettes), or 800 x 1,200 mm (Europalettes)

The exporter should always discuss the preferred type of packaging with their customer.

Points of interest when choosing the right packaging:

Have your importers ever complained about the quality of your products?
→ Look for possible causes:
- Unsuitable packaging material
- Unclean packaging
- Insufficient ventilation during transport
- Wrong climatic conditions (cooling) during transport
- Problems with the products themselves
- Other causes

Do you use different packaging methods for different products?
→ Different products require different climatic conditions (temperature, ventilation) during transport.

Does your importer use special transport packaging?
→ Perhaps you could use this special transport packaging as well? Using the wrong packaging size can have a negative effect on your business.
→ Maybe you could make use of the import's packaging know-how.

continue

continued

Fully recyclable packages must be used when trading with certain business partners.

→ In the case of one-way systems, use cardboard and avoid plastic foil if possible.
→ Colouring materials, used for printing, should not be harmful to the environment.
→ Use glue that does not harm the environment or no glue at all.
→ Do not use metal clips for cartons.
→ Avoid if possible any combined packaging materials

Useful information on packaging for marine container transport can be found
ⓘ http://postharvest.ucdavis.edu/Pubs/Marine_Transport /Marine_Transport.shtml

11.3 Marketing and sales

How do you sell to current export markets? What works in one market is likely to work in another, subject to refinement based on market intelligence and knowledge about specific trade channel requirements.

The organisation of a firm and how its timber and timber products are sold overseas are related to and depend on several factors including the size of the company, productive capacity, types of wood products and degree of processing, previous exporting experience, and business conditions overseas.

What existing contacts does the company have in the target markets - relatives, friends, suppliers, etc? It is an advantage to have some local presence in the target market, to gather information, monitor progress and follow up leads.
A serious export marketing campaign requires substantial management time to execute it properly. Therefore, the company needs to be realistic as to how much time can be devoted to export marketing.

Questions that need to be answered:

- Does your company have people specifically assigned to marketing and sales activities?
- Which persons do you know in the target markets?
- What sales support material is available (brochures, Internet site)?
- How often do you visit your customers personally?
- Where do you hold your sales negotiations?

11.4 Financing

Export marketing is expensive. Exporting can involve extra costs for adaptation of your products and production process, and costs for obtaining certification. If financial resources are limited, then marketing plans will have to be modest. It is no good developing five new markets if the company only has the money to develop one.

Environmental certification for small-scale producers
Independent certification for environmental standards is expensive since it includes site visits by accredited certification bodies. The audit costs are relatively independent of the size of operation to be certified. Small-scale producers are therefore at a disadvantage in meeting the requirements for certification. One option is to group producers together to spread the costs of certification. The Forestry Research Programme (FRP) has been supporting the development of a Group Certification. In May 2001, FRP received formal endorsement for the Group Certification Guide from the FSC (for further information please contact ruth_nussbaum@sgsgroup.com).

Questions that need to be answered:

- What amount of money can be allocated to setting up new export activities?
- What level of export operating costs can be supported?
- How are the initial expenses of export effort to be allocated?
- What other new development plans are in the works that can compete with export plans?
- Is outside capital necessary to support efforts?

11.5 Capabilities

Commitment to export
It is important to consider whether or not the company has staff who are able to sell and develop an international business. Your company should be able to generate the physical and administrative infrastructure to deal with increased activities related to exporting - not only in dealing with orders but also with processing Customs and shipping documentation. If this type of infrastructure is limited, then it is a weakness in developing sustained export activities.

Questions that should be answered are:

- What kind of commitment is the top-level management willing to make to an export effort? How much senior management time should be allocated? How much could be allocated?
- What organisational structure is required to ensure that export sales are adequately serviced? Who will be responsible for the export activities (export department's organisation and staff)?
- What are the management's expectations of the effort?

Export experiences

It is important to learn from past experiences. If the company has tried and failed to penetrate and export market previously, this can be analysed to determine where things went wrong.

Questions that should be answered are:

- In which countries has business already been conducted?
- From which countries have inquiries already been received?
- What general and specific lessons have been learned from past export experiences?

Language skills

When dealing with European trade partners, English is the most used language. Although most European trade partners will not be native speakers themselves, the vast majority speaks English fluently. In almost all cases, foreign language skills, particularly English, are essential when entering the European market.

On the few occasions when correspondence and documents in English will not suffice, exporters can usually find sources of translation capabilities for the more popular European languages. Language capability can be advantageous since it facilitates cultural and social relationships.

Questions that should be answered are:

- Which language skills are necessary when dealing with your selected markets?
- Which language capabilities are available within the export company?

12 DECISION MAKING

Answers to the questions mentioned in Chapters 10 and 11 can help an exporter not only to decide whether or not to export but also determine what methods of exporting should be initially used. A SWOT analysis can be used as a tool to analyse the identified opportunities and threats and the company's identified relative strengths and weaknesses. Carrying out an analysis using the SWOT framework helps an exporter to focus his activities into areas where he is strong and where the greatest opportunities lie. It should be noted that the matrix included in Section 12.1 should be treated as an example and that it should be adapted to the exporter's own situation.

Questions that should be answered:

Strengths:

- What are your advantages?
- What do you do well?
- What relevant resources do you have?
- What do other people see as your strengths?

☛ Consider this from your own point of view and from the point of view of the people you deal with. Do not be modest, but do be realistic. If you are having any difficulty with this, try writing down a list of your characteristics. Some of these will hopefully be strengths.

☛ In looking at your strengths, think about them in relation to your competitors. For example, if all your competitors provide high quality products, then a high quality production process is not a strength in the market, it is a necessity.

Weaknesses:

- What could you improve?
- What do you do badly?
- What should you avoid?

☛ Again, consider this from an internal and external basis: Do other people seem to perceive weaknesses that you do not see? Are your competitors doing any better than you? It is best to be realistic now, and face any unpleasant truths as soon as possible.

Opportunities:

- Where are the good opportunities awaiting you?
- What are the interesting trends you are aware of?
- Useful opportunities can come from such things as: changes in technology and markets on both a broad and narrow scale, changes in government policy related to your field, changes in social patterns, population profiles, lifestyle changes, etc.

☛ A useful approach to looking at opportunities is to look at your strengths and ask yourself whether these open up any opportunities. Alternatively, look at your weaknesses and ask yourself whether you could open up opportunities by eliminating the weaknesses.

Threats:

- What obstacles do you face?
- What is your competition doing?
- Are the required specifications for your job, products or services changing?
- Is changing technology threatening your position?
- Do you have bad debt or cash-flow problems?
- Could any of your weaknesses seriously threaten your business?

☛ Carrying out this analysis will often be illuminating - both in terms of pointing out what needs to be done, and in putting problems into perspective.

☛ You can also apply SWOT analysis to your competitors. This may produce some interesting insights.

☛ **Simpel rules for successfull SWOT analysis**

- Be realistic about the strengths and weaknesses of your organisation
- Analysis should distinguish between where your organisation is today, and where it could be in the futures
- Be specific. Avoid grey areas.
- Always analyse in context to your competition i.e. better than or worse than your competition
- Keep your SWOT short and simple

12.1 SWOT and the situation analysis

A SWOT analysis is a framework for analysing strengths and weaknesses, the opportunities and threats an exporter is facing. This will help an exporter to focus on his strengths, minimise weaknesses, and take the greatest possible advantage of opportunities available. A SWOT analysis is just one of many good techniques that can help an exporter to build a strong competitive position for his organisation. An example of a SWOT analysis for an exporter of timber and timber products in developing country is given in the next table. Within the SWOT matrix, a distinction is made between internal factors (strengths and weaknesses) and external factors (opportunities and threats).

Such an analysis should be adapted to your personal circumstances since the factors differ for each exporter in the world.
Please note that also within a company a threat or weakness can change into an opportunity or strength.

Be aware that success in export is by no means guaranteed by taking into account all the factors mentioned so far. Your environment consists of other critical conditions and success factors, that are often more difficult to influence as an individual company, than changing for example internal factors. Some of the critical conditions such as low level of organisation in the industry and financing have already been included in the figure above. However, other factors (sector-specific) should also be included in the SWOT analysis are:

- sector policies;
- availability of assistance from sector/branch organisations;
- clustering/co-operation within the sector, organisation of supply and production, value chain management (please also refer to Section 10.4);
- know-how and technical assistance;
- foreign trade assistance;
- financing.

☛ Inquiring through local business support organisations or colleague exporters can be a good starting point in being aware of other critical conditions for successful exporting.

Table 12.1 Example of a SWOT analysis for exporters of timber and timber products in developing countries

INTERNAL FACTORS	
Strengths	**Weaknesses**
• Natural resources • Low labour costs • Low or zero import duty • Value addition at source	• Entrepreneurial capacity • Language and communication • Access to finance / banking systems • National laws and regulations • Out-dated production techniques • Lack of information on regulations, prices etc
EXTERNAL FACTORS	
Opportunities	**Threats**
• Certified Forest Products (most notably in UK, Germany, The Netherlands and Nordic States) • Value-added products (hardwood windows & doors, timber-frame housing) • Lesser-Known Species (LKS) • Construction trends (timber-frame housing) • E-commerce • EU East enlargement	• Increased competition from OSB and MDF manufacturers. Demand for plywood stagnating • Stagnating construction market with decline in Germany, The Netherlands and Austria • Dominance of temperate timber • Engineered wood products • EU East enlargement • CE marking (wood-based panels)

12.2 Strategic options and objectives

Through of conducting the external analysis (market audit) and internal analysis (company audit) (Chapters 10 and 11), you will be able to come to a decision whether or not to export.

- ✓ You have identified products suitable for export development. Also, you know what modifications, if any, must be made to adapt them to overseas markets.
- ✓ You know what countries and market segments you are going to target for sales development and/or co-operation agreements.
- ✓ You have identified the best sales channel (direct exporting or co-operation agreements).
- ✓ You know what special challenges pertain to the selected markets (competition, import controls etc.) and what strategies you will use to address them.

Once a company has determined that it has exportable products, it must still consider whether the development of an export business adheres to the company objectives. In order to arrive at this conclusion the management should ask itself the following questions:

- What does the company want to gain from exporting?
- Is the goal of exporting consistent with other company goals?
- Are the benefits worth the costs or would company urces be better spent developing new domestic business?

Companies can waste a lot of time and money attempting to enter markets which do not have potential or for which their product is not suitable. To be successful in export marketing, exporters need to focus on specific products and markets and be prepared to deal with all foreseeable situations. Therefore, several possible strategies have to be considered.

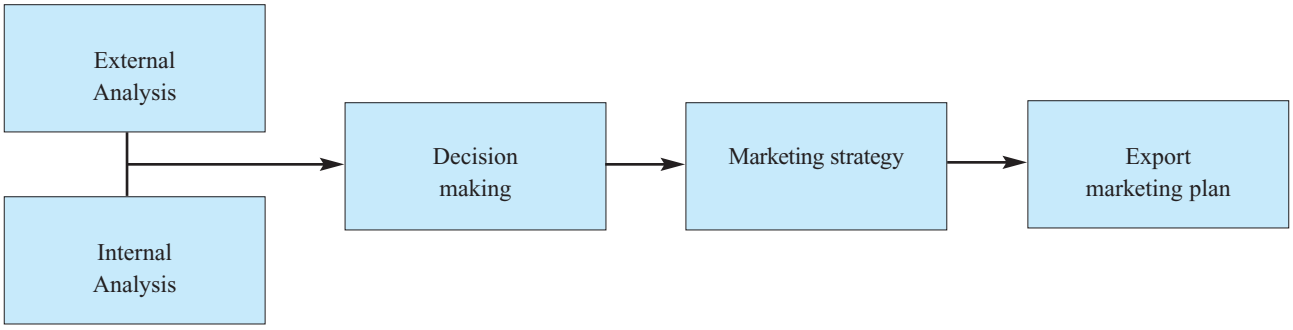
The figure below could be summarised in the following strategic steps:

- External analysis (market audit, Chapter 10) and internal analysis (company audit, Chapter 11)
- SWOT analysis (Chapter 12)
- Decision making & formulation objectives (Chapter 12)
- Elements which can be used as inputs for the Market Entry Strategy and Export Marketing Plan (Chapter 13).

If you have come to the decision to export, the next phase of the export marketing process is to draw up an Export Marketing Plan (EMP) which defines a marketing strategy stating how the company is going to penetrate the identified market. The marketing strategy is designed around the information collected in the internal and external analysis and the marketing tools will be described in the following chapter.

Advantages and disadvantages of exporting

Advantages	Disadvantages
• enhance domestic competitiveness	• develop new promotional material
• increase sales and profits	• subordinate short-term profits to long-term gains
• gain global market share	• incur added administrative costs
• reduce dependence on existing markets	• allocate personnel for travel
• exploit corporate technology and know-how	• wait longer for payments
• extend the sales potential of existing products	• modify your product or packaging
• stabilise seasonal market fluctuations	• apply for additional financing
• enhance potential for corporate expansion	• obtain special export licenses
• sell excess production capacity	• gain information on foreign competition



An international business plan should define your company's:

- readiness to export
- export pricing strategy
- reason for exporting
- potential export markets and customers
- methods of foreign market entry
- exporting costs and projected revenues
- export financing alternatives
- legal requirements
- transportation method
- overseas partnership and foreign investment capabilities
- corporate commitment to the exporting process

Formulating an export marketing strategy based upon sound information and its proper assessment increases the chances that the best options will be selected, resources will be utilised effectively, and efforts will consequently be carried through to completion.

For assistance in writing an EMP and to formulate answers to the questions asked in this chapter, please refer to the CBI's "*Export Planner*".

13 MARKETING TOOLS

Which marketing tools can you use to help build your export business? This chapter will provide you insight and give tips on how to make use of your marketing tools to promote the sales of your products and to build a favourable trade relationship.

13.1 Matching products and the product range

In the company audit (see Section 11.1), the exporter already reviewed the company's product range and product characteristics. The aim of this review was to enable the exporter to match market opportunities with the company's products on offer. This review is also the starting point for considering opportunities for improving the exporter's product range.

In many cases, exporters will find out that the current product range does not match the demand of the identified market. A possible cause of this mismatch can be that there is no demand in the European market for such products, even if the products are successfully sold in your own country or other export markets. Another point of interest is the fact that ideally the products and the range should be flexible so that adjustments and changes can be made if the need arises.

Nowadays, the European timber importer is practically always a timber processor. As log exports are decreasing, because tropical timber producers add value domestically, very few importers do primary processing. Importers carry out secondary processing, including: peeling, slicing, dimension cutting, sometimes tertiary processing, such as plywood manufacturing and assembling building components.

The closer the exporter can come to the specification required by the last links in the trade chain, the shorter the chain can be. For sawn timber, this demands kiln-drying facilities, planing facilities and transport per container. Wood-based panels have to be covered with melamine or some other foil or a high-class veneer. The panel can be cut in specific sizes required by the further processor or in the most popular size for the DIY trade.

Grading your export products
Importers demand high quality products in return for the high prices they pay. Growers and shippers should use the buyer's specifications for grading to monitor quality, condition, and size. While not all products have official grading standards, common sense techniques can be used to ensure the packing and transportation of only high quality items.

Lesser-Known Species (LKS)
According to a survey conducted by ITTO[4], exporters marketing lesser-known species should pay extra attention to:

1. Developing technical information.
   The technical information should describe the physical and mechanical properties of each lesser-known species as well as the processing, drying and finishing characteristics of the lumber. It should also list the appropriate end-uses for each lesser-used species and identify specific combinations of established species and end-uses for which the LKS can be substituted.
2. Developing promotional materials.
   These materials should document the resource availability of each product. In addition, individual pamphlets should be produced for each specie summarising the information on individual species including a colour photograph of the species. This pamphlet could be distributed to potential end-users to provide them with more information on the species and encourage them to try the species. Both the booklet and pamphlets should include general information about the species as well as incorporating the specific technical information about each species.
3. Identifying appropriate market niches.
   Marketing efforts should be focused on appropriate market niches by considering the appropriate end-use applications of each LKS and identifying for which established species each LKS can substitute. Specific distribution channels should be identified by looking for medium- to large-size importers who currently specialise in tropical hardwoods. Not only do these channel intermediaries have an established base of customers with whom to promote LKS but, because they are larger size companies, they should be better able to assume the risk of promoting an LKS.
4. Developing an effective marketing strategy.
   Offering low introductory prices is an effective strategy to encourage rapid market penetration and trial of LKS. However, it is important to understand that low introductory prices are a short-term marketing strategy to encourage trial use and that, as demand for a particular species increases and the LKS becomes accepted by end-users, prices will be adjusted upward to reflect market demand. Within the context of an integrated marketing strategy it is important to remember that price is simply one component. To complement the pricing strategy, effective promotional and technical materials must be developed to help reduce the perceived risk of using an LKS, customers must be assured that a reliable supply of the LKS will be available over the long-term, and manufacturers

should develop the ability to export small trial volumes of LKS.

5. Ensuring an adequate supply of the LKS is available before promoting it.
   It doesn't matter how good the marketing strategy is if customers are unable to obtain the product when they want it and in the quantities they need.

13.2 Building up a relationship with a suitable trade partner

One of the most ominous obstacles for exporters can be the search to contact, attract and secure a good importer or trade partner. Many avenues are available for locating trade partners. You should employ any and all that seem appropriate for your sales channel.

Note that most European importers of timber and timber products are looking for long-term trust-based relationships with their suppliers. This is particularly important when dealing with added-value products, as exporting often involves adaptation to the importers specific requirement.

How to find a potential trading partner
The best ways for exporters in developing countries to approach potential trading partners in the European timber and timber products market are:

- Visit international trade fairs. In the European timber trade, the importance of trade fairs for networking and making new contacts can not be exaggerated. You can also find contacts in trade fair catalogues.
- Direct mail: You can write a letter, e-mail or fax directly to a European company. Most companies will probably respond that they are not interested or that they already carry a competitive line. However, only a few positive replies are needed to continue your search and evaluation of prospective distributors.
- Personal visits: Once you have received a number of "interested" replies, plan a trip to that market. Additionally while travelling, stop in other potential markets to assess the situation as well as attempt to make contacts. Many times a personal visit will pay for itself in terms of the benefits gained.
- Invite EU importers or potential business partners to visit your company;
- Build a network in order to extend your contacts (use the power of word-of-mouth);

How to identify the most suitable trade partner?
Evaluate the potential trade partners on which you have obtained information, using the following criteria:

- ❏ Is the information complete? (full address, telephone / fax number, e-mail address, contact person)
- ❏ Is the importer active in the country you selected?
- ❏ Does the importer focus his activities on the corresponding products?
- ❏ What kind of trade relation is the potential trade partner interested in (arm's-length, contract basis)? Does this correspond with your preferred type of relationship?
- ❏ What is the position of the potential trade partner in the market?
- ❏ What is the financial status and credibility of the company?

Using these criteria, draw up a priority list of the contact addresses you have received.

You must use the priority list to identify the trade partners that best match your own company profile, product range and export strategy. Particularly in the case of future long-term close cooperation, it is important to gain a clear picture of the company you are dealing with and understand their business activities.

13.3 Drawing up an offer

There are two different kinds of offers:
1. general offers (or company introduction); and
2. specific offers.

(a) Drawing a general offer

- The purpose of a general offer is to make the first contact with potential trading partners not yet personally known to the supplier.
- A general offer consists of sending a short profile of your own company and a summary of your product range.
- In a personal letter, briefly introduce your company and what you have to offer.

(b) Drawing up a specific offer
A specific offer is legally binding for a certain period of time. You must therefore be capable of fulfilling the terms of contract. You should make up a specific offer only when you know the business partner personally or after you have made the initial contact.

When sending a specific offer, it should include:

- Name of the person responsible in your company;
- Exact description of the products offered;
- Price of the products offered in accordance with the Incoterms 2000 (if applicable, split up by delivery quantities or quality); and
- Possible delivery date and terms of delivery.

In the case a sample of the product is required:

- Product samples must correspond to the goods available for delivery (if they do not, this can have a lasting negative effect on business relations).
- State the treatment methods used. If possible, provide quality certificates from an internationally recognised inspection company.

Some more tips to increase the effectiveness of your offer:

- A telephone call to ask whether the offer (and the samples, if applicable) has arrived.
- An invitation to visit your company.
- Possibly propose a visit to the country of destination.

In that case:

  - If necessary, hire an interpreter.
  - Ask your own consulate, business support organisation, or other intermediary for assistance.

- First-time exporters should start with small samples, rather than large high-value commercial shipments. An exporter should be testing whether his products meet the phytosanitary requirements, transportation routing, handling and packing methods.

Price setting

Price setting is always the result of individual negotiations between seller and buyer. In the case of logs and plain timber products, published prices (see Section 10.4) can offer some guideline. Larger commodity producers generally use some form of status quo type pricing. This is normally based on industry figures from publications such as Random Lengths or the Hardwood Market Review.

What does this mean for you? Well, it is important to remember that pricing practices should both fit into and help determine overall company strategy. Setting the right price is important to the success of any firm.
Try not to use price as the focal point of differentiation efforts. It is always possible to add value to your product through some non-price attribute. This will help to set your company apart from the competition in the minds of customers and help create the opportunity for a price premium.
However, in the case of value-added products, which for instance are manufactured according to buyer's specifications, an exporter needs to consider many of the same factors involved in pricing for the domestic market. These factors include competition; costs such as production, packaging, transportation and handling, promotion and selling expenses; the demand for your product and the maximum price that the market is willing to pay.

There are three basic pricing strategies that can be used. These are cost-based strategies, demand-based strategies, and competition-based strategies:

1) Cost-based: Basically cost-based methods determine price based on the costs associated with bringing the product to the market. These costs can be considered from different perspectives. Two common methods of pricing can be distinguished:

- *Domestic Pricing* is a common but not necessarily accurate method of pricing exports. This type of pricing uses the domestic price of the product as a base and adds export costs, including packaging, shipping and insurance. Because the domestic price already includes an allocation of domestic marketing costs, prices determined using this method could be too high to be competitive.
- *Incremental Cost Pricing* determines a basic unit cost that takes into account the costs of producing and selling products for export, and then adds a mark-up to arrive at the desired profit margin. To determine a price using this method, first, establish the 'export-base cost' by stripping profit mark-up and the cost of domestic selling. In addition to the base cost, include genuine export expenses (export overheads, special packing, shipping, port charges, insurance, overseas commissions, and allowance for sales promotion and advertising) and the unit price necessary to yield the desired profit margin.

2) Demand-based: This type of strategy determines the price of the product based on what the market is willing to pay. The price of producing the product is still important and determines the minimal acceptable price. However, often customer value/quality associations and perceptions allow for a higher margin to be obtained than when using a set cost-based strategy. Perceived-value and price/quality association pricing are examples of this type of strategy. This is often used with specialty type products.

3) Competition-based: Competitor pricing is the basis for pricing with this strategy. This is largely observed in commodity type markets. Firms need to realise it is possible in this situation to create some extra value for their product and gain a price premium. They can use status quo type pricing where they use one of the many published wood product price lists. This is rare, however, because it is believed price is the sole determinant in the buying decision, which is not true. In practice, most companies in the value-added timber trade use some sort of cost-based. How you price your product is worth some thought and effort since it directly affects your ability to make a profit. Take some time to research the following management questions:

Questions to ask when setting your price

How much does it cost to produce your product?
→ Production costs not only include costs for growing, but also for packaging, distribution and promoting your products.
→ The costs of unsold products should also be included.

What are your profit goals?
→ A profit goal states how much a business should earn.
→ You can set the profit goal as a percentage (margin) above the product costs or set the total profit figure for the entire business.
→ A profit goal can guide decisions on the amount of produce you will grow and the price you will charge.

What price do competitors charge?
→ Try to gain an industry focus on your pricing by researching your competitor's price levels.
→ By walking through the steps indicated in Section 10.2 you will know the prices competitors charge and why they charge what they do. Use the competitive analysis to develop the upper limit of your price range. Be sure you compare your products to competitors.
→ In many sub-sectors of the (value-added) timber industry competition is very intense. You should therefore try to price at the lower end of the price range unless you can distinguish your product through quality or a unique selling feature.

What is the customer demand for my product?
→ How unique is your product or assortment?
→ To price according to demand you have to know more about the size and nature of your customer base and their feelings about pricing.
→ You will need to keep an eye on general market trends, particularly if your product range has many substitutions. See also Chapter 3.

Understanding how to price your product is an essential step in developing your business. You must continually monitor your price including your costs of production, your competition and your customers and be prepared to make adjustments. In competitive businesses like timber and timber products trade, the successful company is the one able to adapt and continue to operate profitably.

On the right you find an overview of the way you can calculate the price of your export product.

13.4 Handling the contract

In the international trade in timber and timber products, setting up written contracts for every shipment is a widespread practice. Nevertheless, for importers working on a trust base is also important. In other words: long-term contacts, but short-term contracts.

An exporter should keep in mind, however, that in the case of a conflict with you importer, communication via e-mail, fax or even over a telephone, also functions as a contract.
In the case contracts are used, the following terms should be considered:

Contract terms:
- Conclude the delivery conditions according to Incoterms 2000.
- When delivering for the first time, it is usual to deliver the goods free on commission and freight paid.

Contract fulfilment:
- Procure the delivery documents in good time.
- Comply strictly with all parts of the supply agreement.

Export price calculation

Total costs per unit
+ Profit
+ Commissions
+ Banking fees
+ Palletisation / export packing
+ Freight forwarding and documentation fees
+ Other direct expenses related to special shipping requirements such as temperature recorder charges
= EXW price (Ex Works)
+ Inland transportation
= FAS price (Free Alongside Ship)
+ Terminal handling charges
= FOB price (Free On Board)
+ Ocean freight charges
+ Ancillary charges
= CFR price (Cost & Freight)
+ Insurance
= CIF price (Cost, Insurance, Freight)

- If you cannot comply with any part of the agreement (e.g. delivery delays or quality problems), inform the customer clearly and in good time.
- Co-operate on a partnership basis and seek a common solution even if conflicts arise.
- Fulfilling the contract should have a high priority, particularly when delivering for the first time.

Trade relations between exporter and importer are based on trust and can only be built up by meeting the high expectations of the importer. If an importer finds out that the product does not meet his expectations, this will immediately backfire on the business relationship with the exporter.

It is important that an exporter discusses the 'what ifs' with his trade partner: what if there's a problem with inspection, what if a claim is necessary because the logistical service provider mishandles the products during shipment, and what if your customer has a problem with product quality after arrival.

Other more practical questions that should be asked are:
- When is the shipment needed?
- Does the customer have a preferred freight carrier?
- Which ocean port is most convenient?
- Does he have an agent to clear the shipment through Customs?
- Does the customer want to pay for the shipment to be insured?

Terms of payment
There are various methods of receiving payment for your exports. A Letter of Credit is common practice, but is often considered cumbersome and prevents the option of retaining the money if the consignment does not prove to be as good as expected. When relations are established, Cash Against Documents (CAD) is also a method used. Nevertheless, both LC and CAD are payment methods commonly used in the timber and timber products.

- **Cash Against Documents (CAD)**
  Also known as Documents against Payment (D/P). The buyer takes possession of the goods only after payment. Although this method is not very popular, it is very safe and the costs amount to one pro mille. One can also make use of a 'documents against acceptance of a Bill of Exchange'. However, the Bill of Exchange is not commonly used in the European Union and it does not guarantee that the bill will be paid; it is less secure than the D/P.

- **Letter of Credit (LC)**
  In other sectors, the irrevocable LC is very often used in the beginning of a business relationship when the importer and exporter do not know each other very well yet. The LC is irrevocable and will always be paid. The costs are higher when compared to the D/P method, namely five pro mil.

Terms of sale
Export terms of sale determine what costs are covered in the price of the cargo. They also indicate at what point ownership transfers to the buyer and at what point responsibility for the cargo is transferred. International commercial terms (Incoterms 2000) provide "the international rules for the interpretation of trade terms."

The most commonly used trade terms are:
- **CIF (Cost, Insurance, Freight)**
  Under this term, for shipments to designated overseas port of import, the seller quotes a price for the goods, including insurance costs and all transportation and miscellaneous charges, to the point of debarkation from the vessel or aircraft. The seller pays for the cost of unloading cargo at the port of destination, to the extent that they are included in the freight charges. If the charges are separate then they fall to the account of the buyer.

- **FOB (Free on Board)**
  Under this term, the seller quotes a price for goods that includes the cost of loading at the port of departure. The buyer arranges for transportation and insurance.

Other trade terms less frequently encountered are:
- **CFR (Cost and Freight)**
  For shipments to designated overseas port of import, the seller quotes a price for the goods that includes the cost of transportation to the named point of debarkation. The buyer is responsible for the cost of insurance. This is referred to as C&F in the old Incoterms. The seller pays for the cost of unloading cargo at the port of destination, to the extent that they are included in the freight charges. If the charges are separate, they fall to the account of the buyer.

It is recommended that quotations to European customers should be made on a CIF basis. However, supplier and importer are free to negotiate and agree whether quotations and subsequent trade are based on CIF or FOB prices. It is best to quote prices (FOB or CIF) in euro or US$, always remembering that the exchange rate between the US$ and the European currencies varies, influencing the eventual prices at the moment of the transaction. Due to the fluctuating exchange rate it is strongly advised not to guarantee product prices over an extended period of time, but to quote the price linked to date and exchange rate. Regarding the final price of the product, transactions must always be subject to a final confirmation. This avoids problems with fluctuating exchange rates.

13.5 Sales promotion

One of the major critical success factors for exporters of timber and timber products to the European Union is attention to customer requirements and the ability to maintain good relationships with their European business partners. Sales promotion revolves around developing and expanding these customer relations and thereby maintaining and increasing sales quantities.

Some tips for developing customer relations:
- Take good care of existing contacts. This includes for example expressions of thanks to business partners, regular information on the company developments like product range, quality improvements, etc.
- Always answer a letter of inquiry. If you cannot supply this contact, say so, explaining that you will get in touch with him for the next campaign.

Communication
It is advisable to commence with communication measures, which only require a small amount of planning and co-ordinating, such as revising the company's standard printed matter:
- Standardise all printed paper used outside the company (letterheads, visiting cards, fax form, etc.)
- A brochure of your company (including photos of production sites and produce) can be useful for promoting new contacts and sales.

Constant, prompt and reliable communication is a vital prerequisite for maintaining a long-term business relationship with your customers. If possible, smaller firms should also try to be reachable by (mobile) phone at office hours.

Sales organisation
The term 'sales organisation' refers to the organisational system that carries out the sales of the company's products. A sales organisation usually consists of back office and sales force.

As most sales are conducted by telephone, fax or e-mail, having well-functioning sales staff is an absolute precondition for successful market participation. This also applies to smaller company where one person has to take up different (sales) functions.
An essential tool used in sales is a detailed and up-to-date customer database. This database can vary from a simple collection of customer data sheets to an advanced customer relation management system. However, the customer database should at least contain the following information:
- Basic information on the customer: name, address, telephone numbers, etc.
- Changing data on the customer: data resulting from business activities with the customer, such as telephone calls, offers, sales information, etc.

The customer database should give the sales person a quick review of the most important customer information when making or answering a telephone call or planning a visit.

If possible, the database should be computerised, because this simplifies changes, updating, sorting and selection procedures, etc. If computerisation is not possible, the customer database should be on file cards.

Internet
As a means of communication, Internet is generally considered to have many opportunities for companies in developing countries. The main advantages of the Internet are:
- Low cost of communication;
- Fast delivery;
- Independence of distance and timeline;
- Hardly any limits in size; and
- Multimedia possibilities.

Besides one-to-one communication, Internet offers opportunities for presentation, (market) research, distribution, sales and logistical improvements. If your target group consists of importers/growers in overseas countries, you can advertise for (new) customers on your Internet site, showing your company, product range and indicating the production circumstances. A good Internet site can present your company to every potential client in any country with access to the Internet. You must realise, however, that your organisation must be thoroughly prepared to receive inquiries and requests from all over the world.

To find the right site offering the right product is very time-consuming. Internet users are increasingly looking for sites offering a line of products around a certain theme or area of interest. Consequently, unlike traditional marketing, export marketing through Internet should focus on themes or areas of interest.

It can also be useful to present your organisation's name at several search engines on the Internet. If you include links to other interesting sites on your site to other interesting places on the Internet, your site could add value as well. If other sites put a link to your site, you will also attract more visitors.

Besides the Internet, there are other electronic media, which can be used in export marketing, such as video and CD-ROM.

Trade fairs
European importers and the buyers for multiple retail chains and buying groups are very well informed and source merchandise all over the world. They travel extensively to foreign trade fairs and visit exporters' factories to view products and the production facilities

at first hand. Visiting or even participating in a trade fair abroad can therefore be an effective tool for communicating with prospective customers. It provides more facilities for bringing across the message than any other trade promotional tool. It can also be an important source of information on market development, production techniques and interesting varieties.

Important motives for companies visiting European trade fairs are:
- Establishing contacts with potential customers;
- Orientation on the European market;
- Gathering information on specific subjects; and
- Promotion of timber.

Although significant costs are involved, actually participating in a trade fair could be interesting for a number of companies to give your export activities an extra boost. One of the major advantages of participating yourself in a trade fair is the ability to present your company and products in a more extensive way (3-D presentation, company video, and product displays).

The most relevant fairs for exporters from developing countries are listed in the box below. The contact addresses of these and other trade fairs are listed in Appendix 3.4.

For additional information on trade fair participation, please refer to CBI's Handbook *"Your show master - a guide for selection, preparation and participation in trade fairs."* and the recently published CBI manual *"Your image builder"*.

Assistance with market entry

Local business support organisations

Before approaching organisations abroad, an exporter should first check with local business support organisations (trade promotion organisations, Chambers of Commerce, etc.) and foreign representatives in his or her country.

Main European trade fairs

Trade fair	Where?	When?	What?
Ligna+	Hannover, Germany	2 - 6 May, 2005 (every two years)	Leading trade fair for the forestry and wood industries.
Construmat	Barcelona, Spain	Spring 2004 (annual)	International construction materials trade fair.
Interzum	Cologne, Germany	29 April - 3 May 2005 (every two years)	International exhibition for furniture production and interior works.
Gafa	Cologne, Germany	Autumn 2004 (annual)	Trade fair for garden articles.
Building Trade Fair	Leipzig, Germany	6 - 9 November 2003 (annual)	International trade fair for the building and construction industry.
Batimat	Paris, France	3 - 8 November 2003 (annual)	International building exhibition.
DIY & Garden Show	London, UK	18 - 20 January 2004 (annual)	DIY and garden trade event.
Bautec	Berlin, Germany	17 -21 February 2004 (annual)	International building fair.
Batibouw	Brussels, Belgium	28 February - 7 March 2004 (annual)	International fair for building, renovation and decoration.
Interbuild	Birmingham, UK	25 - 29 April 2004 (every two years)	International trade fair for building and construction industry.

Import Promotion Organisations
In most EU countries, there are organisations promoting imports from developing countries through specific export promotion programmes:

- Supplying information on: statistics and other information on national markets, regular news bulletins, importer databases, and market opportunities;
- Individual assistance: management training, testing products by display and adaptation services; and
- Establishing contacts: collective trade fair participation and selling missions.

Branch organisations
In most European countries, producers, wholesalers and often retailers are also organised in so-called branch organisations. These organisations can be of use to new exporters to the EU.

Information how to reach these organisations can be found in Appendix 3.3.

Appendices

APPENDIX 1 DETAILED HS CODES

The products in Section 1.1 have the following detailed HS codes:

44031000	Wood in the rough, treated with paint, stains, creosote or other preservatives (excl. rough-cut wood for walking sticks, umbrellas, tool shafts and the like; wood in the form of railway sleepers; wood cut into boards or beams, etc.)
44032000	Coniferous wood in the rough, whether or not stripped of bark or sapwood, or roughly squared (excl. rough-cut wood for walking sticks, umbrellas, tool shafts and the like; wood in the form of railway sleepers; wood cut into boards or beams, etc.; wood treated with paint, stains, creosote or other preservatives).
44032010	Spruce of the kind 'picea abies karst.' or silver fir 'abies alba mill.', in the rough, whether or not stripped of bark or sapwood, or roughly squared (excl. rough-cut wood for walking sticks, umbrellas, tool shafts and the like; wood in the form of railway sleepers; wood cut into boards or beams, etc.; wood treated with paint, stains, creosote or other preservatives).
44032030	Pine of the kind 'pinus sylvestris l.' in the rough, whether or not stripped of bark or sapwood, or roughly squared (excl. rough-cut wood for walking sticks, umbrellas, tool shafts and the like; wood in the form of railway sleepers; wood cut into boards or beams, etc.; wood treated with paint, stains, creosote or other preservatives).
44032090	Coniferous wood in the rough, whether or not stripped of bark or sapwood, or roughly squared (excl. rough-cut wood for walking sticks, umbrellas, tool shafts and the like; wood in the form of railway sleepers; wood cut into boards or beams, etc.; wood treated with paint, stains, creosote or other preservatives; and spruce of the kind 'picea abies karst.', silver fir 'abies alba mill.' and pine of the kind 'pinus sylvestris l.').
440341	Dark red meranti, light red meranti and meranti bakau wood in the rough, whether or not stripped of bark or sapwood, or roughly squared (excl. rough-cut wood for walking sticks, umbrellas, tool shafts and the like; wood cut into boards or beams, etc.; wood treated with paint, stains, creosote or other preservatives)
44034100	Dark red meranti, light red meranti and meranti bakau wood in the rough, whether or not stripped of bark or sapwood, or roughly squared (excl. rough-cut wood for walking sticks, umbrellas, tool shafts and the like; wood cut into boards or beams, etc.; wood treated with paint, stains, creosote or other preservatives).
440349	Tropical wood specified in the subheading note 1 to this chapter in the rough, whether or not stripped of bark or sapwood, or roughly squared (excl. dark red meranti, light red meranti, meranti bakau; rough-cut wood for walking sticks, umbrellas, tool shafts and the like; wood cut into boards or beams, etc.; wood treated with paint, stains, creosote or other preservatives).
440391	Oak 'quercus spp.' in the rough, whether or not stripped of bark or sapwood, or roughly squared (excl. rough-cut wood for walking sticks, umbrellas, tool shafts and the like; wood in the form of railway sleepers; wood cut into boards or beams, etc.; wood treated with paint, stains, creosote or other preservatives.
44039100	Oak 'quercus spp.' in the rough, whether or not stripped of bark or sapwood, or roughly squared (excl. rough-cut wood for walking sticks, umbrellas, tool shafts and the like; wood in the form of railway sleepers; wood cut into boards or beams, etc.; wood treated with paint, stains, creosote or other preservatives).
440392	Beech 'fagus spp.' in the rough, whether or not stripped of bark or sapwood, or roughly squared (excl. rough-cut wood for walking sticks, umbrellas, tool shafts and the like; wood in the form of railway sleepers; wood cut into boards or beams, etc.; wood treated with paint, stains, creosote or other preservatives).
44039200	Beech 'fagus spp.' in the rough, whether or not stripped of bark or sapwood, or roughly squared (excl. rough-cut wood for walking sticks, umbrellas, tool shafts and the like; wood in the form of railway sleepers; wood cut into boards or beams, etc.; wood treated with paint, stains, creosote or other preservatives).
440399	Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared (excl. rough-cut wood for walking sticks, umbrellas, tool shafts and the like; wood cut into boards or beams, etc.; wood treated with paint, stains, creosote or other preservatives, coniferous wood in general, oak 'quercus spp.', beech 'fagus spp.' and tropical wood of subheadings 4403.31 to 4403.35).

4407	Wood sawn or cut lengthwise, sliced or barked, whether or not planed, sanded or finger-jointed, with a thickness of > 6 mm.
440710	Coniferous wood sawn or cut lengthwise, sliced or barked, whether or not planed, sanded or finger-jointed, with a thickness of > 6 mm.
440724	Virola, mahogany 'swietenia spp.', imbuia and balsa, sawn or cut lengthwise, sliced or barked, whether or not planed, sanded or finger-jointed, of a thickness of > 6 mm.
440725	Dark red meranti, light red meranti and meranti bakau, sawn or cut lengthwise, sliced or barked, whether or not planed, sanded or finger-jointed, of a thickness of > 6 mm.
440726	White lauan, white meranti, white seraya, yellow meranti and alan, sawn or cut lengthwise, sliced or barked, whether or not planed, sanded or finger-jointed, of a thickness of > 6 mm
440729	Tropical wood specified in subheading note 1 to this chapter, sawn or cut lengthwise, sliced or barked, whether or not planed, sanded or finger-jointed, of a thickness of > 6 mm (excl. virola, mahogany 'swietenia spp.', imbuia, balsa, dark red meranti, light red meranti, meranti bakau, white lauan, white meranti, white seraya, yellow meranti and alan).
440791	Oak 'quercus spp.', sawn or cut lengthwise, sliced or barked, whether or not planed, sanded or finger-jointed, with a thickness of > 6 mm.
440792	Beech 'fagus spp.', sawn or cut lengthwise, sliced or barked, whether or not planed, sanded or finger-jointed, with a thickness of > 6 mm.
440799	Wood, sawn or cut lengthwise, sliced or barked, whether or not planed, sanded or finger-jointed, with a thickness of > 6 mm (excl. tropical wood of subheadings 4407.21 to 4407.23, coniferous wood, oak 'quercus spp.' and beech 'fagus spp.').
4408	Veneer sheets, sheets for plywood, whether or not spliced, and other wood, sawn lengthwise, sliced or barked, whether or not planed, sanded or finger-jointed, with a thickness of =< 6 mm.
440810	Veneer sheets and sheets for plywood, whether or not spliced, of coniferous wood and other coniferous wood, sawn lengthwise, sliced or barked, whether or not planed, sanded or finger-jointed, with a thickness of =< 6 mm.
440831	Veneer sheets and sheets for plywood, whether or not spliced, and other wood, sawn lengthwise, sliced or barked, whether or not planed, sanded or finger-jointed, of a thickness of <= 6 mm, of dark red meranti, light red meranti and meranti bakau.
440839	Veneer sheets and sheets for plywood, whether or not spliced, and other wood, sawn lengthwise, sliced or barked, whether or not planed, sanded or finger-jointed, of a thickness of <= 6 mm, of tropical wood specified in subheading note 1 to this chapter (excl. dark red meranti, light red meranti and meranti bakau).
440890	Veneer sheets and sheets for plywood, whether or not spliced, and other wood, sawn lengthwise, sliced or barked, whether or not planed, sanded or finger-jointed, with a thickness of =< 6 mm (excl. tropical wood of subheading 4408.20 and coniferous wood).
4409	Blocks, strips and friezes for parquet flooring, not assembled, moulded, grooved, tongued, rebated, bevelled, friezed, rounded or similarly worked along one or more edges or faces, whether or not planed, sanded or finger-jointed.
440910	Coniferous wood, incl. blocks, strips and friezes for parquet flooring, not assembled, moulded, grooved, tongued, rebated, bevelled, friezed, rounded or similarly worked along one or more edges or faces, whether or not planed, sanded or finger-jointed.
440920	wood, incl. blocks, strips and friezes for parquet flooring, not assembled, moulded, grooved, tongued, rebated, bevelled, friezed, rounded or similarly worked along one or more edges or faces, whether or not planed, sanded or finger-jointed (excl. coniferous wood).
4410	Particle board and similar board of wood or other ligneous materials, whether or not agglomerated with resins or other organic bonding agents (excl. fibreboard, veneered particle board, hollow-core composite panels and board of ligneous materials agglomerated with cement, plaster or other mineral bonding agents).
441011	Waferboard, incl. oriented strand board
441019	Particle board and similar board, of wood, whether or not agglomerated with resins or other organic bonding agents (excl. waferboard and oriented strand board, fibreboard, veneered particle board and hollow-core composite panels).
441090	Particle board and similar board, of particles of bagasse, bamboo or cereal straw, or other ligneous materials, whether or not agglomerated with resins or other organic bonding agents (excl. fibreboard, hollow-core composite panels, veneered particle board, board of other ligneous materials, agglomerated with cement, plaster or other mineral bonding agents, plus particle board of wood).
4411	Fibreboard of wood or other ligneous materials, whether or not agglomerated with resins or other organic bonding agents (excl. particle board, whether or not bonded with one or more sheets of fibreboard; laminated wood with a layer of plywood; composite panels with outer layers of fibreboard; paperboard; furniture components identifiable as such)

441111	Fibreboard of wood or other ligneous materials, whether or not agglomerated with resins or other organic bonding agents, with a density of > 0.8 g per cc, not mechanically worked or surface-coated (excl. particle board, whether or not bonded with one or more sheets of fibreboard; laminated wood with a layer of plywood; composite panels with outer layers of fibreboard; paperboard; furniture components identifiable as such).
441119	Fibreboard of wood or other ligneous materials, whether or not agglomerated with resins or other organic bonding agents, with a density of > 0.8 g per cc, mechanically worked or surface-coated (excl. sanded only; particle board, whether or not bonded with one or more sheets of fibreboard; laminated wood with a layer of plywood; composite panels with outer layers of fibreboard; paperboard; identifiable furniture components).
441121	Fibreboard of wood or other ligneous materials, whether or not agglomerated with resins or other organic bonding agents, with a density of > 0.5 g to 0.8 g per cc, (excl. mechanically worked or surface-coated; particle board, whether or not bonded with one or more sheets of fibreboard; laminated wood with a layer of plywood; composite panels with outer layers of fibreboard; paperboard; identifiable furniture components).
441129	Fibreboard of wood or other ligneous materials, whether or not agglomerated with resins or organic bonding agents, with a density of > 0.5 g to 0.8 g per cc, mechanically worked or surface-coated (excl. sanded only; particle board, whether or not bonded with one or more sheets of fibreboard; laminated wood with a layer of plywood; composite panels with outer layers of fibreboard; paperboard; identifiable furniture components).
441131	Fibreboard of wood or other ligneous materials, whether or not agglomerated with resins or other organic bonding agents, with a density of > 0.35 g to 0.5 g per cc (excl. mechanically worked or surface-coated; particle board, whether or not bonded with one or more sheets of fibreboard; laminated wood with a layer of plywood; composite panels with outer layers of fibreboard; paperboard; identifiable furniture components).
441139	Fibreboard of wood or other ligneous materials, whether or not agglomerated with resins or organic bonding agents, with a density of > 0.35 g to 0.5 g per cc, mechanically worked or surface-coated (excl. sanded only; particle board, whether or not bonded with one or more sheets of fibreboard; laminated wood with a layer of plywood; composite panels with outer layers of fibreboard; paperboard; identifiable furniture components).
441191	Fibreboard of wood or other ligneous materials, whether or not agglomerated with resins or other organic bonding agents, with a density of =< 0.35 g per cc (excl. mechanically worked or surface-coated; particle board, whether or not bonded with one or more sheets of fibreboard; laminated wood with a layer of plywood; composite panels with outer layers of fibreboard; paperboard; identifiable furniture components).
441199	Fibreboard of wood or other ligneous materials, whether or not agglomerated with resins or other organic bonding agents, with a density of =< 0.35 g per cc, mechanically worked or surface-coated (excl. sanded only; particle board, whether or not bonded with one or more sheets of fibreboard; laminated wood with a layer of plywood; composite panels with outer layers of fibreboard; paperboard; identifiable furniture components).
4412	Plywood, veneered wood and similar laminated wood (excl. sheets of compressed wood, hollow-core composite panels, parquet panels or sheets, inlaid wood and sheets identifiable as furniture components).
44121100	Plywood consisting solely of sheets of wood =< 6 mm thick, with at least one outer ply of the following tropical woods: dark red meranti, light red meranti, white lauan, utile, limba, okoume, obeche, african mahogany, sapele, baboen, mahogany ‘swietenia spp.’, rio rosewood ‘brazilian rosewood’ or female rosewood, n.e.s.
44121200	Plywood consisting solely of sheets of wood =< 6mm thick, with at least one outer ply of non-coniferous wood (excl. sheets of compressed wood, hollow-core composite panels, parquet panels or sheets, inlaid wood and sheets identifiable as furniture components).
44121900	Plywood consisting solely of sheets of wood =< 6 mm thick (excl. plywood of subheadings 4412.11 and 4412.12; sheets of compressed wood, hollow-core composite panels, parquet panels or sheets, inlaid wood and sheets identifiable as furniture components).
441229	Veneered wood and similar laminated wood with at least one outer ply of non-coniferous wood but not containing particle board (excl. plywood, sheets of compressed wood, hollow-core composite panels, parquet panels or sheets, inlaid wood and sheets identifiable as furniture components).
44122910	Veneered wood and similar laminated wood with at least one outer ply of non-coniferous wood and a block, lamina or batten core (excl. sheets of compressed wood, hollow-core composite panels, inlaid wood and sheets identifiable as furniture components).
44122990	Veneered wood and similar laminated wood with at least one outer ply of non-coniferous wood but not containing particle board or a block, lamina or batten core (excl. plywood, sheets of compressed wood, hollow-core composite panels, inlaid wood and sheets identifiable as furniture components).
44129100	Veneered wood and similar laminated wood with at least one particle board (excl. wood of subheadings 4412.21; hollow-core composite panels and sheets identifiable as furniture components).
441299	Veneered wood and similar laminated wood not containing particle board (excl. wood of subheadings 4412.29; plywood, sheets of compressed wood, hollow-core composite panels, parquet panels or sheets, inlaid wood and sheets identifiable as furniture components).

44129910	Veneered wood and similar laminated wood with a block, lamina or batten core (excl. wood of headings 4412.29-10; sheets of compressed wood, hollow-core composite panels, inlaid wood and sheets identifiable as furniture components).
44129990	Veneered wood and similar laminated wood not containing particle board and without a block, lamina or batten core (excl. Wood of subheadings 4412.29-10; sheets of compressed wood, hollow-core composite panels, inlaid wood and sheets identifiable as furniture components).
441213	Plywood consisting solely of sheets of wood <= 6 mm thick, with at least one outer ply of tropical wood specified in subheading note 1 to this chapter (excl. sheets of compressed wood, hollow-core composite panels, inlaid wood and sheets identifiable as furniture components).
441214	Plywood consisting solely of sheets of wood <= 6 mm thick, with at least one outer ply of non-coniferous wood or other tropical wood than specified in subheading note 1 to this chapter (excl. sheets of compressed wood, hollow-core composite panels, inlaid wood and sheets identifiable as furniture components).
441219	Plywood consisting solely of sheets of wood =< 6 mm thick (excl. plywood of subheadings 4412.11 and 4412.12; sheets of compressed wood, hollow-core composite panels, parquet panels or sheets, inlaid wood and sheets identifiable as furniture components).
441222	Veneered wood and similar laminated wood with at least one outer ply of tropical wood specified in subheading note 1 to this chapter (excl. sheets of compressed wood, hollow-core composite panels, inlaid wood and sheets identifiable as furniture components).
441223	Veneered wood and similar laminated wood with at least one outer ply of non-coniferous wood or other tropical wood than specified in subheading note 1 to this chapter and containing at least one layer of particle board (excl. hollow-core composite panels and sheets identifiable as furniture components).
441229	Veneered wood and similar laminated wood with at least one outer ply of non-coniferous wood but not containing particle board (excl. plywood, sheets of compressed wood, hollow-core composite panels, parquet panels or sheets, inlaid wood and sheets identifiable as furniture components).
441292	Veneered wood and similar laminated wood with at least one ply of a tropical wood specified in subheading note 1 to this chapter (excl. wood of subheading no 4412.22, sheets of compressed wood, hollow-core composite panels, inlaid wood and sheets identifiable as furniture components).
441293	Veneered wood and similar laminated wood with at least one layer of particle board (excl. wood of subheading no 4412.23, hollow-core composite panels and sheets identifiable as furniture components).
441299	Veneered wood and similar laminated wood not containing particle board (excl. wood of subheadings 4412.29; plywood, sheets of compressed wood, hollow-core composite panels, parquet panels or sheets, inlaid wood and sheets identifiable as furniture components).
44140000	Wooden frames for pictures, photographs, mirrors and the like.
4418	Joinery and carpentry, incl. Hollow-core composite panels, parquet panels, shingles and shakes, of wood (excl. plywood panelling, blocks, strips and friezes for parquet flooring, not assembled, and pre-fabricated buildings).
44181000	Windows, french windows and their frames and coverings, of wood.
44182000	Doors and their frames, coverings and sills, of wood.
441830	Parquet panels of wood (excl. blocks, strips and friezes for parquet flooring, not assembled).
44183010	Parquet panels for mosaic flooring, of wood (excl. blocks, strips and friezes for parquet flooring, not assembled).
44183090	Parquet panels of wood (excl. mosaic flooring, blocks, strips and friezes for parquet flooring, not assembled)
44184000	Wooden shuttering for concrete work (excl. plywood boarding).
44185000	Shingles and shakes, of wood.
44189000	Joinery and carpentry, incl. Hollow-core composite panels (excl. windows, french windows and their frames and coverings, doors and their frames, coverings and sills, parquet panels, blocks, strips and friezes, wooden shuttering for concrete work, shingles, shakes and prefabricated buildings).

Countries falling under the groups mentioned in in the taric system of customs in section 9.2 of the EU market survey “Timber and timber products”.

SPGA

Afghanistan, Angola, Bangladesh, Burkina Faso, Burundi, Benin, Bhutan, Congo, Central African Republic, Cape Verde, Djibouti, Eritrea, Ethiopia, Gambia, Guinea, Equatorial Guinea, Guinea-Bissau, Haiti, Cambodia, Kiribati, Comoros (excl. Mayotte), Laos, Liberia, Lesotho, Madagascar, Mali, Myanmar, Mauritania, Maldives, Malawi, Mozambique, Niger, Nepal, Rwanda, Salomon Islands, Sudan, Sierra Leone, Somalia, Sao Tomé & Principe, Chad, Togo, Tuvalu, Tanzania, Uganda, Vanuatu, Samoa, Yemen, Zambia.

SPGE

Bolivia, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Nicaragua, Panama, Peru, El Salvador, Venezuela

SPGL

United Arab Emirates, Antigua and Barbuda, Anguilla, Armenia, Netherlands Antilles, Antarctica, Argentina, American-Samoa, Aruba, Azerbaijan, Barbados, Bahrain, Bermuda, Brunei, Brazil, Bahamas, Bouvet Island, Botswana, Belarus, Belize, Cocos Islands, Congo (Republic), Ivory Coast, Cook Islands, Chile, Cameroon, China, Cuba, Christmas Island, Cyprus, Dominica, Dominican Republic, Algeria, Egypt, Fiji, Falkland Islands, Micronesia, Gabon, Grenada, Georgia, Ghana, Gibraltar, Greenland, South Georgia and the South Sandwich Islands, Guam, Guyana, Heard and McDonald Islands, Indonesia, India, British Oceania, Iraq, Iran, Jamaica, Jordan, Kenya, Kyrgyz Republic, St. Kitts-Nevis, Kuwait, Cayman Islands, Kazakhstan, Lebanon, St. Lucia, Sri Lanka, Libya, Morocco, Moldavia, Marshall Islands, Mongolia, Macao, Montserrat, Mauritius, Mexico, Malaysia, Namibia, New Caledonia, Norfolk, Nigeria, Nauru, Niue Island, Oman, French Polynesia, Papua-New-Guinea, Philippines, Pakistan, St Pierre and Miquelon, Pitcairn, Palau, Paraguay, Qatar, Russia, Saudi-Arabia, Seychelles, St Helena, Senegal, Surinam, Syria, Swaziland, Turks & Caicos Islands, French Southern Areas, Thailand, Tajikistan, Tokelau Islands, Turkmenistan, Tunisia, Tonga, Trinidad and Tobago, Ukraine, Uruguay, Uzbekistan, St Vincent (VC), British Virgin Islands, Virgin Islands (USA), Vietnam (VN), Wallis and Futuna Islands, Republic of South Africa, Zimbabwe

APPENDIX 2 DETAILED IMPORT/EXPORT STATISTICS

The source of the data presented below is Eurostat COMEXT 2002. In the 2002 Eurostat statistics no data was provided regarding Indonesia for the years 1999 and 2000. As such, data from COMEXT 2001 was used for Indonesia.

IMPORTS

Imports of timber and timber products by EU member countries, 1999-2001
€ thousand / tonnes

	1999		2000		2001	
	value	volume	value	volume	value	volume
Total	**21,260,791**	**76,361,915**	**24,191,711**	**85,164,567**	**22,262,905**	**78,741,119**
Intra EU	**10,986,351**	**31,860,432**	**12,215,871**	**36,787,816**	**11,112,423**	**32,398,339**
Extra EU	**10,274,440**	**44,501,483**	**11,975,840**	**48,376,751**	**11,150,482**	**46,342,780**
Developing countries	**3,655,335**	**7,618,874**	**4,440,794**	**8,328,679**	**4,217,564**	**7,821,316**
Leading suppliers:						
Germany	1,921,152	7,457,940	2,222,345	8,956,352	2,199,711	7,796,688
Sweden	1,896,562	4,450,870	1,910,135	4,297,341	1,628,709	4,044,151
Finland	1,634,907	3,734,983	1,764,280	3,816,344	1,586,976	3,430,510
Austria	1,266,735	3,912,032	1,398,245	4,314,538	1,266,268	4,002,103
Russia	1,053,839	13,547,595	1,241,606	14,116,712	1,229,912	14,915,692
USA	1,182,053	1,159,544	1,393,339	1,163,961	1,183,810	985,113
France	1,091,229	4,458,228	1,309,496	6,873,728	1,132,218	5,806,135
Belgium	877,950	2,852,625	996,105	2,834,995	941,863	2,484,494
Latvia	606,408	4,984,808	750,139	5,988,872	698,045	5,518,816
Brazil	495,687	1,222,216	680,176	1,562,547	687,340	1,522,835
Indonesia	660,737	801,195	795,034	772,175	657,420	689,664
Poland	516,381	1,397,924	568,653	1,389,552	526,985	1,177,648
Italy	469,566	391,859	519,523	419,464	477,133	361,199
Malaysia	470,077	583,432	595,541	561,141	472,203	463,652
Czech Rep.	510,136	3,131,355	485,647	2,692,793	470,295	2,703,836
Cameroon	398,080	984,718	478,287	965,156	450,901	811,781
Canada	505,049	555,387	579,846	499,049	434,887	350,658
Switzerland	359,388	1,307,696	469,784	3,020,788	430,611	2,596,181
Denmark	387,089	314,561	470,460	771,133	384,473	353,995
The Netherlands	405,191	1,109,316	441,398	1,102,135	364,323	858,588

Imports of timber and timber products into Germany, 1999-2001
€ thousand / tonnes

	1999		2000		2001	
	value	**volume**	**value**	**volume**	**value**	**volume**
Total	**4,023,535**	**9,132,698**	**4,255,814**	**9,676,055**	**3,337,066**	**8,059,244**
Intra EU	**2,023,290**	**3,975,053**	**2,141,365**	**4,586,712**	**1,474,301**	**3,378,778**
Extra EU	**2,000,245**	**5,157,645**	**2,114,449**	**5,089,343**	**1,862,765**	**4,680,466**
Developing countries	**390,245**	**572,700**	**450,521**	**599,646**	**372,797**	**515,819**
Leading suppliers:						
Austria	382,536	689,195	421,808	799,431	335,216	697,042
Finland	390,647	798,478	380,329	683,246	280,210	460,487
Poland	283,123	715,664	286,687	657,624	257,372	518,503
Czech Rep.	234,862	971,466	215,385	737,526	195,767	678,341
USA	201,005	127,682	229,504	126,655	188,912	104,662
Sweden	360,931	693,324	308,032	620,973	170,057	467,935
France	207,699	465,284	233,519	863,692	152,627	661,087
Russia	107,540	692,573	140,359	883,400	151,756	1,012,999
Italy	172,666	112,476	188,079	130,075	150,179	120,713
Switzerland	133,938	291,880	147,681	391,754	121,883	287,450
Belgium	181,267	795,369	188,851	43,937	121,336	475,676
Denmark	141,760	83,944	192,167	232,773	114,139	110,608
Latvia	98,294	335,442	97,861	313,893	93,398	273,079
Indonesia	119,093	139,842	140,402	135,876	84,112	89,646
The Netherlands	114,994	171,800	130,403	247,714	75,795	177,948
Canada	84,248	78,431	84,315	62,169	69,063	44,013
Brazil	59,980	127,004	71,091	143,464	65,746	136,953
Belarus	44,848	266,583	55,461	322,997	53,999	311,887
Lithuania	56,469	303,183	57,947	286,425	53,558	262,591
Slovenia	63,821	50,541	59,751	48,574	48,045	42,427

Imports of timber and timber products into United Kingdom, 1999-2001
€ thousand / tonnes

	1999		2000		2001	
	value	volume	value	volume	value	volume
Total	**3,132,774**	**6,277,184**	**3,687,072**	**6,941,980**	**3,667,575**	**7,175,019**
Intra EU	**1,645,918**	**3,299,741**	**1,894,289**	**3,596,046**	**1,942,314**	**3,839,491**
Extra EU	**1,486,856**	**2,977,443**	**1,792,783**	**3,345,934**	**1,725,261**	**3,335,528**
Developing countries	**545,869**	**730,062**	**662,199**	**751,349**	**666,265**	**800,025**
Leading suppliers:						
Sweden	555,368	1,279,087	571,104	1,279,038	562,696	1,359,331
Finland	345,899	792,265	408,682	893,156	385,786	891,059
Latvia	273,619	1,046,946	349,727	1,288,662	328,265	1,257,115
Germany	148,014	207,527	211,908	303,823	244,728	343,092
USA	194,056	168,665	236,008	175,780	212,756	154,108
Belgium	94,111	215,862	142,987	257,418	188,846	404,445
Brazil	117,870	174,748	171,272	250,841	178,925	284,040
Indonesia	148,159	192,383	171,596	172,552	173,439	199,111
Ireland	138,748	349,269	149,694	337,380	153,744	378,722
Canada	129,112	182,902	158,859	183,227	130,128	122,470
France	93,654	141,950	113,852	193,546	116,678	183,030
Malaysia	116,449	148,463	122,916	121,953	115,233	123,765
Russia	97,183	304,907	117,762	379,725	111,733	412,911
Italy	65,873	26,244	74,264	32,992	79,415	34,731
Estonia	63,180	212,173	70,851	228,692	69,694	242,275
Denmark	56,266	29,487	61,001	35,953	59,615	27,739
Norway	59,330	88,882	63,659	95,586	59,573	88,588
South Africa	40,922	31,650	49,362	30,622	54,032	36,289
The Netherlands	46,714	60,574	54,111	55,671	46,691	42,838
Spain	41,816	76,959	39,895	72,985	46,349	72,368

Imports of timber and timber products into Italy, 1999-2001
€ thousand / tonnes

	1999		2000		2001	
	value	**volume**	**value**	**volume**	**value**	**volume**
Total	**3,075,009**	**10,175,149**	**3,437,229**	**11,377,545**	**3,187,518**	**10,376,678**
Intra EU	**1,510,527**	**5,642,932**	**1,686,699**	**6,301,868**	**1,564,293**	**5,621,424**
Extra EU	**1,564,482**	**4,532,217**	**1,750,530**	**5,075,677**	**1,623,225**	**4,755,254**
Developing countries	**715,611**	**1,449,506**	**816,632**	**1,631,163**	**787,230**	**1,635,231**
Leading suppliers:						
Austria	796,266	3,062,344	864,317	3,339,522	806,040	3,044,965
Germany	267,838	1,097,332	326,121	1,339,283	302,532	1,183,175
USA	213,522	256,895	239,075	258,704	197,289	210,623
France	191,648	974,793	206,613	1,087,355	178,841	897,288
Cameroon	107,262	214,463	136,630	236,625	127,984	201,296
Croatia	111,523	411,025	117,645	531,047	117,322	574,558
Switzerland	116,753	720,390	121,748	959,497	113,893	894,070
Côte d'Ivoire	98,435	124,396	103,915	129,144	108,695	127,082
Russia	93,054	294,554	101,489	327,255	95,993	317,045
Finland	97,572	174,416	102,958	169,703	95,969	155,339
Romania	52,105	124,603	65,844	143,535	74,525	128,824
Hungary	74,013	694,209	76,701	682,329	72,551	618,278
Slovenia	62,692	299,834	71,482	304,757	69,761	300,223
Sweden	70,351	146,713	76,636	150,422	66,213	136,597
Indonesia	77,804	71,117	71,785	59,705	56,661	44,142
Canada	80,745	74,651	84,927	59,962	50,085	37,624
Spain	34,646	35,523	43,196	51,327	46,721	45,218
Ghana	30,119	34,884	34,296	37,040	40,510	38,578
Brazil	33,090	62,703	45,008	78,248	37,998	63,461
Gabon	20,390	56,969	27,641	63,832	36,286	77,335

Imports of timber and timber products into France, 1999-2001
€ thousand / tonnes

	1999		2000		2001	
	value	**volume**	**value**	**volume**	**value**	**volume**
Total	**1,789,666**	**4,398,517**	**2,149,284**	**4,814,376**	**2,103,522**	**4,728,430**
Intra EU	**1,069,014**	**2,624,365**	**1,243,471**	**2,806,800**	**1,234,254**	**2,799,286**
Extra EU	**720,652**	**1,774,152**	**905,813**	**2,007,576**	**869,268**	**1,929,144**
Developing countries	**462,202**	**1,125,446**	**570,238**	**1,171,967**	**558,987**	**1,091,130**
Leading suppliers:						
Germany	265,425	779,746	314,958	899,399	310,715	842,162
Belgium	245,268	673,754	280,802	697,410	287,827	696,246
Finland	202,816	477,390	213,863	467,597	196,668	469,494
Gabon	112,921	342,769	131,952	376,438	140,796	370,255
Brazil	80,966	160,865	113,788	190,383	118,834	177,306
Sweden	105,207	242,346	110,923	234,820	99,319	231,629
Italy	63,908	49,883	80,285	56,784	91,187	62,908
Spain	49,536	200,714	68,209	231,578	72,289	276,891
USA	63,040	66,977	69,809	62,800	60,296	56,297
Cameroon	61,445	174,235	58,504	113,868	58,879	108,791
Russia	42,192	156,087	62,878	218,462	58,671	207,945
Switzerland	39,630	170,577	50,010	257,425	48,306	290,264
Indonesia	36,405	42,420	50,310	49,240	44,419	44,893
Austria	23,941	36,305	31,808	39,795	38,843	52,801
Canada	35,323	38,268	45,580	34,470	35,371	29,475
Luxembourg	18,767	41,228	30,696	64,971	33,583	62,877
Liberia	16,745	68,884	35,842	118,533	32,166	104,331
The Netherlands	32,234	37,022	34,290	37,850	32,026	34,996
Denmark	23,103	15,922	32,562	13,686	30,747	14,394
Malaysia	29,026	41,752	41,476	46,186	27,544	32,023

Imports of timber and timber products into The Netherlands, 1999-2001
€ thousand / tonnes

	1999		2000		2001	
	value	**volume**	**value**	**volume**	**value**	**volume**
Total	**1,675,938**	**3,680,235**	**1,878,346**	**3,730,358**	**1,687,274**	**3,440,638**
Intra EU	**994,673**	**2,350,701**	**1,022,613**	**2,193,749**	**941,904**	**2,001,006**
Extra EU	**681,265**	**1,329,534**	**855,733**	**1,536,609**	**745,370**	**1,439,632**
Developing countries	**353,133**	**519,283**	**480,171**	**616,471**	**426,734**	**553,389**
Leading suppliers:						
Belgium	242,869	585,053	262,693	551,904	227,686	504,074
Germany	186,068	575,527	184,433	525,621	188,620	474,998
Finland	151,973	348,439	175,223	375,313	158,469	327,928
Sweden	186,558	486,635	175,425	413,693	153,109	386,111
Malaysia	132,700	154,948	185,060	155,797	138,544	119,739
France	106,867	147,045	118,272	152,754	112,495	139,465
Indonesia	83,650	91,651	122,367	87,521	100,539	81,715
Russia	56,345	226,908	82,274	298,763	75,233	354,223
Brazil	29,182	65,036	38,970	85,362	53,185	115,485
USA	40,597	41,062	57,844	49,237	43,593	33,309
Cameroon	31,284	106,827	48,972	134,822	43,335	108,282
China	19,253	9,177	33,194	14,438	35,564	16,423
Canada	42,197	40,692	48,409	36,194	34,328	24,940
Denmark	32,114	15,266	23,705	11,064	27,135	8,770
Latvia	25,907	110,689	28,408	118,766	24,708	103,673
Poland	23,316	87,598	26,653	85,985	19,802	55,890
Norway	28,819	66,253	27,066	57,391	16,791	40,867
Estonia	11,735	41,900	15,179	53,192	16,675	65,030
Austria	16,910	32,518	15,857	27,224	13,666	23,699
Ireland	21,528	68,573	15,125	42,652	12,321	40,481

Imports of timber and timber products into Spain, 1999-2001
€ thousand / tonnes

	1999		2000		2001	
	value	**volume**	**value**	**volume**	**value**	**volume**
Total	**1,344,461**	**4,418,200**	**1,748,804**	**5,983,151**	**1,645,856**	**5,223,959**
Intra EU	**636,162**	**2,497,082**	**865,511**	**3,693,195**	**763,376**	**3,138,297**
Extra EU	**708,299**	**1,921,118**	**883,293**	**2,289,956**	**882,480**	**2,085,662**
Developing countries	**351,875**	**1,326,364**	**426,547**	**1,593,678**	**475,842**	**1,484,390**
Leading suppliers:						
USA	237,076	268,575	307,203	289,498	262,665	253,468
France	178,964	851,837	253,105	1,747,990	213,371	1,443,226
Portugal	163,989	1,046,710	175,342	1,131,891	156,380	1,003,981
Sweden	94,593	237,527	134,122	323,563	109,045	267,927
Germany	73,063	131,306	107,489	188,602	94,763	155,031
Cameroon	75,067	183,455	84,148	182,830	87,733	165,397
Finland	47,085	95,352	71,408	142,886	84,969	137,213
Côte d'Ivoire	70,391	116,761	69,908	111,419	79,589	116,401
Brazil	51,305	132,752	64,200	149,785	66,941	164,593
Uruguay	21,830	264,950	42,857	464,044	51,015	520,299
Italy	28,284	39,503	43,776	58,361	37,155	46,071
Chile	27,270	238,514	42,658	340,838	36,763	206,458
Russia	25,578	85,831	32,768	112,328	32,366	101,714
Belgium	21,537	72,530	29,804	63,602	23,824	39,999
Poland	15,128	30,858	22,710	50,694	20,587	47,815
Canada	18,760	16,659	21,239	15,215	20,466	17,368
Denmark	16,182	6,652	23,760	11,846	20,170	11,973
China	14,346	10,223	17,945	10,511	19,745	11,412
Central Africa	13,535	35,087	17,084	39,306	19,273	44,544
Congo	11,106	77,624	14,818	108,752	16,464	89,384

Imports of wood in the rough by EU member countries, by country of origin, 1999-2001
€ thousand / tonnes

	1999		2000		2001	
	value	volume	value	volume	value	volume
Total	**3,142,494**	**39,955,502**	**3,490,520**	**45,527,001**	**3,177,257**	**42,353,269**
Intra EU	**1,021,315**	**11,549,456**	**1,154,366**	**14,771,130**	**959,372**	**12,415,519**
Extra EU	**2,121,179**	**28,406,046**	**2,336,154**	**30,755,871**	**2,217,885**	**29,937,750**
Developing countries	**636,969**	**3,248,513**	**714,274**	**3,531,393**	**675,007**	**3,196,309**
Leading suppliers:						
Russia	551,644	11,737,592	579,738	11,814,950	620,966	12,785,100
Germany	338,261	4,224,224	366,646	5,162,269	314,335	4,157,896
France	243,723	2,765,169	354,480	4,821,426	257,304	4,176,125
Gabon	160,294	555,285	190,062	611,578	199,884	620,819
Latvia	141,176	3,297,321	176,944	4,032,130	155,390	3,675,735
Switzerland	89,690	849,128	177,693	2,499,132	148,471	2,071,277
USA	107,720	185,457	158,254	214,058	145,377	188,218
Estonia	165,969	3,186,485	149,932	3,106,770	118,114	2,519,359
Czech Rep.	138,008	1,901,959	96,144	1,463,357	104,366	1,578,118
Cameroon	192,144	617,200	139,955	411,136	99,396	265,973
Austria	82,249	777,998	81,512	814,259	78,140	797,576
Liberia	29,664	122,408	67,961	264,699	69,611	236,188
Congo	58,885	359,328	63,329	308,406	69,301	318,404
Sweden	62,769	376,596	59,671	330,357	64,058	369,244
Belgium	97,919	1,177,136	80,946	1,038,134	59,607	698,286
Uruguay	23,918	293,989	42,612	464,769	52,964	543,349
Hungary	52,567	939,861	52,556	961,171	51,984	967,111
Finland	64,125	497,067	51,923	427,143	49,377	378,539
Slovakia	46,428	842,725	48,625	1,126,186	47,825	1,113,420
Portugal	27,909	509,984	32,056	570,575	33,382	535,179

Imports of sawn wood by EU member countries, by country of origin, 1999-2001
€ thousand / tonnes

	1999		2000		2001	
	value	**volume**	**value**	**volume**	**value**	**volume**
Total	**8,431,400**	**22,625,802**	**9,665,126**	**24,753,381**	**8,526,985**	**22,406,383**
Intra EU	**4,136,438**	**11,521,609**	**4,509,123**	**12,403,747**	**3,936,211**	**11,224,809**
Extra EU	**4,294,962**	**11,104,193**	**5,156,003**	**12,349,634**	**4,590,774**	**11,181,574**
Developing countries	**1,362,690**	**2,452,710**	**1,698,063**	**2,733,208**	**1,576,658**	**2,535,489**
Leading suppliers:						
Sweden	1,399,483	3,676,663	1,435,990	3,591,607	1,248,515	3,338,375
Finland	982,234	2,580,819	1,070,729	2,694,814	890,936	2,348,443
USA	718,078	778,992	827,988	762,487	691,696	649,526
Austria	634,275	2,198,441	695,513	2,443,082	597,267	2,126,735
Germany	450,085	1,471,220	518,755	1,734,418	492,301	1,667,396
Russia	368,923	1,513,910	495,968	1,951,031	451,473	1,794,966
Latvia	370,038	1,528,256	455,343	1,784,488	421,940	1,692,391
Canada	364,761	402,371	439,169	391,846	329,501	274,664
Cameroon	176,302	340,034	300,745	520,927	311,547	511,279
Malaysia	284,565	363,076	398,783	387,708	284,835	289,392
Brazil	206,522	435,036	260,260	494,433	275,894	500,211
France	199,366	543,364	235,742	699,713	204,148	608,181
Côte d'Ivoire	184,809	276,435	176,544	276,277	188,169	276,417
Czech Rep.	200,496	949,137	205,942	960,133	178,977	833,878
Belgium	152,758	322,724	174,782	386,002	158,132	361,580
Estonia	122,140	427,754	161,585	515,940	153,904	514,246
Poland	161,203	638,730	172,669	634,749	130,539	438,283
The Netherlands	128,781	259,165	151,786	304,564	105,736	209,102
Lithuania	91,517	470,249	103,350	500,300	95,305	468,759
Croatia	96,241	264,316	103,797	285,478	95,134	257,799

Imports of veneers by EU member countries, by country of origin, 1999-2001
€ thousand / tonnes

	1999		2000		2001	
	value	volume	value	volume	value	volume
Total	**1,054,386**	**543,385**	**1,211,358**	**590,767**	**1,139,315**	**564,553**
Intra EU	**457,206**	**213,617**	**526,763**	**237,456**	**472,983**	**211,748**
Extra EU	**597,180**	**329,768**	**684,595**	**353,311**	**666,332**	**352,805**
Developing countries	**211,080**	**174,524**	**240,436**	**198,578**	**267,639**	**210,362**
Leading suppliers:						
USA	237,511	68,531	275,845	67,233	235,443	57,453
Germany	168,050	46,703	194,962	55,494	179,655	43,321
France	71,925	36,812	82,790	44,550	72,842	44,180
Côte d'Ivoire	49,900	51,910	55,429	56,220	61,042	59,897
Spain	35,240	18,932	44,880	21,607	44,857	22,642
Italy	42,866	11,300	54,190	14,068	43,076	10,915
Ghana	35,820	27,591	39,918	29,841	42,705	28,360
Finland	30,601	32,525	33,197	34,942	32,920	36,875
Gabon	9,068	8,648	18,298	18,891	31,741	30,656
Belgium	33,804	16,836	35,032	15,206	27,446	11,577
Slovenia	18,113	11,397	22,637	12,805	26,278	13,573
Switzerland	33,282	7,752	36,146	8,760	24,841	6,424
Croatia	17,635	8,179	22,990	9,899	23,908	10,859
Austria	22,285	8,060	24,847	8,438	23,405	7,787
Cameroon	18,924	16,689	23,166	20,499	23,295	19,091
Canada	22,936	7,150	28,164	7,564	22,249	5,662
Poland	14,552	6,575	18,283	7,690	20,562	8,601
Hungary	19,587	22,977	20,739	25,207	18,588	13,937
Brazil	11,769	15,948	15,579	15,503	14,593	16,550
South Africa	10,975	5,217	13,354	6,090	13,712	5,548

Imports of continuously shaped wood by EU member countries, by country of origin, 1999-2001
€ thousand / tonnes

	1999		2000		2001	
	value	**volume**	**value**	**volume**	**value**	**volume**
Total	**902,795**	**1,115,242**	**1,044,940**	**1,275,672**	**986,232**	**829,907**
Intra EU	**501,540**	**724,423**	**533,167**	**821,059**	**507,512**	**419,712**
Extra EU	**401,255**	**390,819**	**511,773**	**454,613**	**478,720**	**410,195**
Developing countries	**260,795**	**243,813**	**339,700**	**283,356**	**307,532**	**251,234**
Leading suppliers:						
Indonesia	103,406	104,157	143,365	126,918	108,025	95,576
Italy	96,888	22,939	98,142	23,496	92,631	22,990
Germany	62,427	89,164	69,076	141,019	69,064	53,524
Austria	56,422	69,570	54,636	70,246	60,891	81,304
Sweden	61,320	107,752	59,362	97,844	52,520	90,818
France	49,263	136,380	48,731	202,358	46,698	30,627
Malaysia	33,051	31,158	40,964	33,130	44,299	34,149
Finland	35,672	42,324	37,825	38,154	35,806	39,884
The Netherlands	36,922	185,521	42,687	158,689	34,404	21,375
Belgium	21,148	16,358	33,604	33,293	32,644	24,902
Poland	20,550	28,909	31,322	39,936	31,969	34,008
China	17,367	12,528	27,765	15,645	30,027	15,739
Canada	25,812	17,183	35,694	19,547	26,978	14,111
Spain	24,600	13,466	25,890	13,632	25,992	13,591
Brazil	21,180	30,146	25,802	34,526	22,478	32,766
USA	17,116	7,998	18,197	7,360	19,143	7,147
Côte d'Ivoire	15,944	13,505	17,078	14,732	18,347	14,938
Czech Rep.	13,627	19,360	15,573	21,592	18,085	23,820
United Kingdom	15,228	9,756	14,627	4,984	16,210	8,465
Nigeria	14,152	9,794	17,116	12,068	15,671	11,663

Imports of particle board by EU member countries, by country of origin, 1999-2001
€ thousand / tonnes

	1999		2000		2001	
	value	**volume**	**value**	**volume**	**value**	**volume**
Total	**1,543,332**	**4,694,401**	**1,624,690**	**4,747,846**	**1,526,968**	**4,608,181**
Intra EU	**1,299,458**	**3,775,964**	**1,377,131**	**3,883,645**	**1,305,448**	**3,774,207**
Extra EU	**243,874**	**918,437**	**247,559**	**864,201**	**221,520**	**833,974**
Developing countries	**4,090**	**6,887**	**3,402**	**5,624**	**2,526**	**2,537**
Leading suppliers:						
Germany	294,988	762,461	350,375	902,005	350,804	851,342
Belgium	244,164	891,482	256,344	874,416	261,758	896,753
Austria	184,296	582,660	209,813	651,167	199,908	664,001
France	167,677	546,599	153,895	499,621	147,818	492,762
Sweden	77,271	105,257	82,249	100,373	70,205	107,572
Switzerland	76,904	240,757	76,530	235,889	69,634	233,549
Poland	64,423	231,174	72,994	209,398	58,614	198,677
Italy	59,225	100,843	59,514	84,952	54,278	81,777
Norway	34,884	148,032	42,484	177,426	37,438	156,485
Portugal	53,667	224,064	51,773	236,053	37,437	163,507
Ireland	50,046	169,712	44,201	136,872	33,370	125,213
Finland	31,476	98,930	32,901	108,845	32,253	102,128
Luxembourg	24,212	54,916	33,994	70,170	31,275	79,311
Spain	24,394	62,438	27,928	71,281	27,207	76,585
United Kingdom	33,415	75,267	29,489	63,777	23,552	68,151
The Netherlands	28,181	47,502	24,107	44,147	21,839	45,759
Czech Rep.	15,994	95,189	12,846	75,934	18,072	109,984
Estonia	10,341	50,164	13,448	62,676	13,461	60,241
Denmark	25,457	51,625	16,996	33,234	8,253	10,090
Hungary	7,671	37,508	6,893	30,328	4,536	19,192

Imports of fibreboard by EU member countries, by country of origin, 1999-2001
€ thousand / tonnes

	1999		2000		2001	
	value	**volume**	**value**	**volume**	**value**	**volume**
Total	**1,149,136**	**2,913,353**	**1,403,914**	**3,310,272**	**1,396,658**	**3,104,745**
Intra EU	**879,389**	**2,156,537**	**1,117,439**	**2,560,755**	**1,102,715**	**2,310,450**
Extra EU	**269,747**	**756,816**	**286,475**	**749,517**	**293,943**	**794,295**
Developing countries	**43,059**	**135,419**	**30,707**	**77,808**	**36,520**	**88,980**
Leading suppliers:						
Germany	263,007	576,395	317,396	647,606	350,801	663,564
France	85,870	237,588	159,839	399,000	159,537	279,033
Belgium	82,869	209,444	132,264	242,510	133,493	260,970
Ireland	80,576	183,332	98,094	175,832	94,844	165,835
Spain	72,407	208,855	83,617	236,744	78,416	215,056
Switzerland	49,234	81,400	73,066	149,546	75,711	165,868
Portugal	74,114	237,448	72,303	237,427	63,300	196,327
Austria	52,379	102,626	58,146	119,735	60,394	133,209
Poland	56,726	186,597	54,198	170,988	55,351	163,895
Luxembourg	40,242	115,535	60,191	199,375	54,645	159,789
Italy	48,219	118,975	51,890	123,064	33,390	64,537
The Netherlands	20,463	37,245	24,583	47,215	24,212	59,524
USA	28,405	30,047	28,993	24,897	19,231	17,141
Norway	17,035	22,120	19,061	25,586	16,715	24,906
Finland	16,811	44,429	15,973	44,651	15,897	46,001
Bulgaria	10,345	45,103	11,256	41,217	14,234	56,761
Sweden	20,514	43,293	17,255	37,454	12,597	30,851
Slovenia	8,737	29,693	8,853	29,715	12,434	42,002
Estonia	11,146	46,369	10,520	43,307	10,673	44,639
Brazil	13,377	48,243	9,935	38,649	10,332	40,482

Imports of plywood by EU member countries, by country of origin, 1999-2001
€ thousand / tonnes

	1999		2000		2001	
	value	**volume**	**value**	**volume**	**value**	**volume**
Total	**2,046,397**	**2,797,063**	**2,316,227**	**2,997,002**	**2,310,402**	**3,041,563**
Intra EU	**965,559**	**1,039,667**	**1,074,680**	**1,095,134**	**1,084,454**	**1,107,232**
Extra EU	**1,080,838**	**1,757,396**	**1,241,547**	**1,901,868**	**1,225,948**	**1,934,331**
Developing countries	**625,598**	**1,019,724**	**749,476**	**1,132,562**	**762,883**	**1,210,906**
Leading suppliers:						
Finland	375,753	390,627	427,791	426,091	441,198	439,041
Indonesia	305,942	483,228	318,117	433,531	309,674	439,102
Brazil	173,146	320,333	282,441	505,321	291,010	557,708
France	145,807	131,373	150,881	140,263	144,663	120,768
Russia	117,110	255,931	147,148	314,044	143,384	307,234
Germany	85,827	127,137	106,539	104,269	124,285	123,528
Belgium	98,601	130,806	97,598	130,919	90,037	118,645
Italy	78,673	62,806	86,163	74,645	76,324	68,694
Latvia	47,415	62,780	59,955	77,427	67,660	83,764
Malaysia	66,269	113,863	57,391	81,577	58,019	90,632
Austria	45,347	41,791	57,796	50,081	51,798	49,671
Spain	37,995	37,527	39,631	39,210	42,177	39,244
Poland	33,486	39,737	37,243	44,100	37,540	46,061
The Netherlands	36,875	39,680	36,846	35,648	35,480	33,420
Czech Rep.	33,924	52,043	38,082	58,205	35,276	52,065
Canada	50,869	74,579	35,634	41,489	22,479	24,704
Sweden	21,404	23,009	23,331	30,088	20,174	31,011
United Kingdom	13,102	14,553	16,377	19,396	18,577	21,837
USA	32,079	58,382	31,964	52,046	16,280	26,495
China	7,421	8,299	9,496	12,634	15,805	20,289

Imports of densified wood by EU member countries, by country of origin, 1999-2001
€ thousand / tonnes

	1999		2000		2001	
	value	**volume**	**value**	**volume**	**value**	**volume**
Total	**69,148**	**108,271**	**83,610**	**127,677**	**75,497**	**122,692**
Intra EU	**43,427**	**74,985**	**47,202**	**80,930**	**43,736**	**81,638**
Extra EU	**25,721**	**33,286**	**36,408**	**46,747**	**31,761**	**41,054**
Developing countries	**8,653**	**11,826**	**12,316**	**16,887**	**8,637**	**13,045**
Leading suppliers:						
Germany	11,566	24,864	14,680	26,800	19,299	46,698
USA	9,616	10,237	11,314	11,175	10,680	10,014
The Netherlands	7,788	15,170	9,084	18,448	6,505	10,868
Brazil	4,231	7,132	6,746	11,489	4,334	9,104
Poland	1,959	3,868	3,713	7,534	4,046	7,215
Italy	6,097	3,719	5,231	3,498	3,576	2,399
Austria	5,671	9,475	3,626	7,313	3,118	4,393
France	2,094	3,060	3,214	8,827	2,449	5,051
Indonesia	1,902	1,744	2,252	1,591	2,191	1,677
Russia	1,875	3,246	1,890	3,207	1,824	3,129
Lithuania	361	537	1,444	1,747	1,749	2,209
Portugal	873	4,259	1,762	4,454	1,524	3,726
Denmark	1,731	1,567	1,127	923	1,266	355
Spain	316	184	565	766	1,164	1,829
United Kingdom	1,401	762	2,424	1,469	1,148	698
Belgium	1,611	2,129	1,632	1,997	1,121	1,254
China	1,050	1,696	1,892	2,666	997	1,299
Sweden	2,689	7,563	2,059	4,823	985	2,292
Finland	1,484	2,128	1,435	1,365	880	640
Romania	329	420	1,484	1,539	854	893

Imports wooden frames by EU member countries, by country of origin, 1999-2001
€ thousand / tonnes

	1999		2000		2001	
	value	**volume**	**value**	**volume**	**value**	**volume**
Total	**199,649**	**63,833**	**225,565**	**70,605**	**231,301**	**80,600**
Intra EU	**85,381**	**22,897**	**91,804**	**24,710**	**90,796**	**28,804**
Extra EU	**114,268**	**40,936**	**133,761**	**45,895**	**140,505**	**51,796**
Developing countries	**84,857**	**29,806**	**99,662**	**32,902**	**101,222**	**35,788**
Leading suppliers:						
China	58,571	22,219	69,019	24,544	75,727	29,060
Italy	29,043	6,416	26,929	5,581	27,542	6,455
The Netherlands	11,642	3,963	12,451	4,548	17,721	8,130
Belgium	12,246	2,948	16,899	4,481	15,195	4,206
Poland	7,977	3,924	7,795	3,854	11,725	5,646
Thailand	9,381	1,970	11,784	2,442	10,358	1,941
Romania	1,452	877	4,156	2,656	6,511	4,109
France	8,462	2,514	9,438	2,706	6,473	2,570
Germany	6,714	1,686	7,093	1,881	6,323	1,664
Czech Rep.	4,015	1,195	5,974	1,794	6,266	2,133
Spain	2,949	753	4,304	1,244	5,352	1,844
Portugal	2,783	1,452	4,336	1,766	4,422	1,881
United Kingdom	5,068	924	4,830	895	3,426	760
India	2,917	689	3,165	666	3,393	524
Taiwan	1,737	273	2,261	503	2,857	691
Indonesia	5,623	2,197	5,639	1,878	2,827	799
Morocco	1,270	835	2,396	1,248	2,474	1,365
Hungary	2,881	1,775	2,803	1,142	2,446	1,170
Estonia	1,673	563	2,301	746	2,320	725
Sweden	2,115	563	2,676	691	1,957	572

Imports of windows by EU member countries, by country of origin, 1999-2001
€ thousand / tonnes

	1999		2000		2001	
	value	**volume**	**value**	**volume**	**value**	**volume**
Total	**415,148**	**108,457**	**423,741**	**107,494**	**418,694**	**103,520**
Intra EU	**259,409**	**58,730**	**274,514**	**62,625**	**270,009**	**62,834**
Extra EU	**155,739**	**49,727**	**149,227**	**44,869**	**148,685**	**40,686**
Developing countries	**7,010**	**3,827**	**9,287**	**3,980**	**7,636**	**2,988**
Leading suppliers:						
Denmark	142,009	30,854	158,764	34,586	162,642	34,012
Poland	44,556	18,279	42,681	15,569	40,225	12,952
Norway	26,944	4,726	25,719	4,264	25,248	3,883
Austria	28,294	4,798	25,621	4,700	20,591	3,911
Germany	13,022	2,582	15,043	5,124	19,523	5,063
Switzerland	15,227	3,463	12,654	2,995	19,505	4,603
Slovenia	25,042	5,991	22,274	5,224	19,495	4,109
France	25,676	6,822	22,207	6,733	18,325	5,200
United Kingdom	17,154	3,850	19,364	3,765	16,117	3,192
Estonia	8,381	3,509	9,356	3,263	9,951	3,218
Belgium	9,508	1,790	8,652	1,323	9,859	1,791
Sweden	10,229	2,569	10,482	2,781	9,013	1,799
Czech Rep.	12,445	3,383	8,333	2,384	6,063	1,671
Hungary	3,426	1,297	5,531	1,720	5,703	1,726
USA	4,328	441	5,066	585	5,510	487
Lithuania	1,665	661	2,006	794	3,621	1,227
Spain	3,268	1,386	5,185	1,549	3,615	1,249
Italy	3,654	1,038	3,005	652	3,414	1,258
Ireland	1,852	427	1,969	518	2,776	3,832
Indonesia	2,297	1,590	3,163	1,163	2,673	1,040

Imports of doors by EU member countries, by country of origin, 1999-2001
€ thousand / tonnes

	1999		2000		2001	
	value	**volume**	**value**	**volume**	**value**	**volume**
Total	**674,500**	**312,357**	**782,149**	**339,839**	**734,676**	**319,568**
Intra EU	**379,385**	**138,999**	**424,926**	**150,623**	**386,230**	**131,146**
Extra EU	**295,115**	**173,358**	**357,223**	**189,216**	**348,446**	**188,422**
Developing countries	**163,257**	**100,079**	**209,809**	**109,119**	**207,026**	**109,646**
Leading suppliers:						
Indonesia	54,261	31,724	73,420	35,874	68,303	35,575
Denmark	47,709	12,351	91,174	24,854	61,264	13,567
Italy	46,596	10,921	49,241	13,070	58,209	13,673
Spain	42,751	17,131	46,417	17,980	48,380	18,780
South Africa	34,538	21,074	44,222	24,598	48,154	27,728
Germany	42,330	13,619	37,220	13,021	40,183	13,056
Sweden	37,032	12,862	37,490	12,029	37,853	11,097
Poland	29,781	18,365	34,106	21,099	36,656	24,123
Brazil	31,931	25,751	38,851	26,214	34,529	22,676
Finland	28,233	11,642	29,848	10,788	30,316	10,622
Malaysia	24,514	12,992	30,861	14,301	27,373	12,192
Slovenia	36,798	15,676	33,198	12,822	27,195	10,491
The Netherlands	28,916	14,114	30,569	14,454	26,942	12,739
Portugal	15,733	9,310	21,151	12,693	20,191	11,572
United Kingdom	19,165	9,101	16,797	7,362	16,668	7,890
China	9,325	3,653	13,242	4,055	15,345	5,624
Hungary	16,157	14,847	19,427	15,902	15,248	11,966
Romania	6,998	5,683	11,765	8,743	14,110	10,034
Belgium	25,411	13,114	20,316	8,834	13,829	4,717
Czech Rep.	13,110	4,883	12,899	5,096	12,957	5,316

Imports of parquet panels by EU member countries, by country of origin, 1999-2001
€ thousand / tonnes

	1999		2000		2001	
	value	**volume**	**value**	**volume**	**value**	**volume**
Total	**803,378**	**396,712**	**900,858**	**446,619**	**823,821**	**410,320**
Intra EU	**545,391**	**256,909**	**580,658**	**283,627**	**489,439**	**241,035**
Extra EU	**257,987**	**139,803**	**320,200**	**162,992**	**334,382**	**169,285**
Developing countries	**111,342**	**66,633**	**157,638**	**83,397**	**155,890**	**83,169**
Leading suppliers:						
Belgium	66,431	44,378	96,898	64,861	104,141	68,083
Germany	83,345	37,424	94,213	49,072	101,553	49,709
Sweden	163,898	66,100	134,263	52,865	71,957	27,586
Norway	36,576	13,744	46,572	16,175	49,804	16,258
China	19,594	10,570	41,018	20,145	43,692	20,918
Austria	32,783	16,006	47,194	22,410	42,024	15,687
Denmark	50,058	20,125	51,837	19,223	40,645	16,967
France	45,548	21,600	44,773	22,924	39,002	20,142
Malaysia	31,259	18,363	38,986	20,900	36,245	18,589
Indonesia	23,030	13,390	39,417	17,620	35,288	17,933
Switzerland	31,546	8,810	31,614	8,016	33,642	9,135
Finland	45,503	16,501	41,854	15,308	32,256	11,886
Poland	10,872	11,854	14,160	14,062	26,333	21,115
Thailand	16,384	9,285	16,285	9,006	19,819	10,713
The Netherlands	23,046	11,605	23,026	11,703	19,462	9,257
Romania	23,328	12,579	21,997	12,132	18,812	10,702
Hungary	12,364	7,226	15,809	8,476	16,440	8,801
Italy	14,067	8,936	17,081	8,004	14,596	5,740
Slovakia	6,143	4,349	9,058	6,928	12,968	9,075
Croatia	13,980	9,924	14,591	10,425	11,350	8,365

EXPORTS

Exports of timber and timber products by EU member countries, by country of destination, 1999-2001
€ thousand / tonnes

	1999		2000		2001	
	value	**volume**	**value**	**volume**	**value**	**volume**
Total	**16,631,093**	**40,651,196**	**19,068,698**	**47,143,209**	**18,024,092**	**44,471,164**
Intra EU	**11,963,040**	**31,278,697**	**13,343,931**	**35,668,846**	**12,313,112**	**32,887,753**
Extra EU	**4,668,053**	**9,372,499**	**5,724,767**	**11,474,363**	**5,710,980**	**11,583,411**
Leading destinations:						
Germany	2,685,192	5,060,870	2,629,927	5,343,785	2,174,199	4,214,688
United Kingdom	1,678,574	3,881,372	1,901,637	3,781,394	1,951,913	3,972,880
Italy	1,460,481	5,360,644	1,686,847	6,138,998	1,611,137	5,771,449
The Netherlands	1,360,025	2,875,359	1,502,108	2,995,014	1,318,017	2,693,260
France	1,072,809	2,421,973	1,294,479	2,868,810	1,254,301	2,723,908
Spain	765,660	2,837,666	917,942	3,510,857	890,178	3,684,541
USA	427,079	368,989	637,924	601,913	802,526	903,859
Japan	622,059	1,048,342	826,756	1,298,135	798,871	1,338,772
Belgium	645,887	2,073,282	738,404	2,737,058	742,731	2,550,078
Denmark	637,208	1,788,316	693,190	1,839,541	621,284	1,658,111
Switzerland	571,108	745,217	597,719	702,145	580,067	657,147
Norway	451,579	1,554,852	523,861	1,721,415	519,099	1,643,871
Austria	548,535	1,915,324	599,571	2,445,703	471,675	1,658,237
Ireland	330,158	567,212	393,878	614,043	383,488	615,086
China	288,571	504,977	515,176	1,159,776	379,055	987,559
Sweden	265,656	1,147,550	315,714	1,320,366	288,162	1,189,151
Portugal	216,138	515,329	295,972	890,909	261,189	880,727
Poland	182,281	236,200	203,534	300,335	223,741	397,168
Russia	105,830	58,867	137,398	83,652	186,120	117,552
Greece	149,064	394,469	174,300	443,251	165,544	425,796
Czech Rep.	148,253	636,380	159,518	685,593	161,890	693,903

APPENDIX 3 USEFUL ADDRESSES

3.1 Standards and certification organisations

INTERNATIONAL

International Standardisation Institute (ISO)
E-mail: central@iso.ch
Internet: www.iso.ch

Forest Stewardship Council (FSC)
FSC International Center Bonn
E-mail: fscoax@fscoax.org
Internet: www.fscoax.org

PEFC Council
E-mail: pefc@pt.lu
Internet: www.pefc.org

EUROPEAN UNION

Comité Européen de Normalisation (CEN)
European Normalisation Committee
E-mail: infodesk@cenorm.be
Internet: www.cenorm.be

SGS European Quality Certification Institute E.E.S.V.
SGS Netherlands Group
E-mail: sgs.nl@sgs.com
Internet: www.sgs.nl

FRANCE

Association Française de Normalisation (AFNOR)
E-mail: communication@afnor.fr
Internet: www.afnor.fr

Centre Technique du Bois et de l'Ameublement
E-mail: courrier@ctba.fr
Internet: www.ctba.fr

GERMANY

Deutsches Institut für Normung e.V. (DIN)
E-mail: postmaster@din.de
Internet: www.din.de

RAL Deutsches Institut für Gütesicherung und Kennzeichnung e.V.
E-mail: ral-institut@ral.de
Internet: www.ral.de

ITALY

Ente Nazionale Italiano di Unificazione (UNI)
E-mail: uni@uni.com
Internet: www.uni.com

THE NETHERLANDS

Nederlands Normalisatie Instituut (NEN)
E-mail: info@nen.nl
Internet: www.nen.nl

Stichting Keuringsbureau Hout (SKH)
E-mail: mail@skh.org
Internet: www.skh.org

Keurhout Foundation
E-mail: keurhout@worldonline.nl
Internet: www.stichtingkeurhout.nl

FSC Nederland / Stichting Goed Hout!
E-mail: info@fscnl.orgl
Internet: www.fscnl.nl

UNITED KINGDOM

British Standards Institution (BSI)
E-mail: cservices@bsi-global.com
Internet: www.bsi-global.com

BM TRADA Certification Limited
E-mail: enquiries@bmtrada.com
Internet: www.bmtrada.com

3.2 Sources of price information

International Tropical Timber Organization (ITTO)
E-mail: itto@itto.or.jp
Internet: www.itto.or.jp

GERMANY

Zentrale Markt- und Preisberichtstelle für Erzeugnisse der Land-, Forst- und Ernährungswirtschaft GmbH (ZMP)
E-mail: info@zmp.de
Internet: www.zmp.de

3.3 Trade associations

EUROPEAN UNION

European Timber Trade Association (FEBO)
E-mail: febo@fnn.be
Internet: www.febo.org

CEI-Bois (European Confederation of Woodworking Industries)
E-mail: info@cei-bois.org
Internet: www.cei-bois.org

EuroWindoor
E-mail: eurowindoor@window.de
Internet: www.window.de

European Panel Federation (EPF)
E-mail: info@europanels.org
Internet: www.europanels.org

European Federation of the Plywood Industry (FEIC)
E-mail: info@europlywood.org
Internet: www.europlywood.org

Association of European Producers of Laminate Flooring (EPLF)
E-mail: info@eplf.de
Internet: www.eplf.com

European Federation of the Parquet Industry (FEP)
E-mail: info@parquet.net
Internet: www.parquet.net

European Federation of Furniture Manufacturers (UEA)
E-mail: secretariat@uea.be
Internet: www.ueanet.com

FRANCE

Le Commerce du Bois
E-mail: lecommercedubois@wanadoo.fr
Internet: www.lecommercedubois.com

Fédération Nationale du Bois (FNB)
E-mail: infos@fnbois.com
Internet: www.fnbois.com

Fédération Francaise du Négoce de Bois d'Oeuvre et Produits Dérivés (Bois Négoce)
E-mail: bois@nat.fr
Internet: www.bois.tm.fr

GERMANY

Gesamtverband Holzhandel e.V.
E-mail: bdholz@bdholz.de
Internet: www.holzhandel.de

ITALY

FEDECOMLEGNO
Federazione Nazionale dei Commercianti del Legno
E-mail: fedecomlegno@federlegno.it
Internet: www.federlegno.it

THE NETHERLANDS

Nederlandse Vereniging van Houtagenten (NATA)
E-mail: info@nata-timberagents.nl
Internet: www.nata-timberagents.nl

Nederlandse Bond van Timmerfabrikanten (NBvT)
E-mail: info@nbvt.nl
Internet: www.nbvt.nl

Vereniging van Nederlandse Houtondernemingen (VVNH)
E-mail: vvnh@wxs.nl
Internet: www.centrumhout.nl

SPAIN

Spanish Timber Importers Association (AEIM)
E-mail: aeim@aeim.org
Internet: www.aeim.org

Confemadera Confederación Espanola de empresarios de la Maders
E-mail: info@confemadera.es
Internet: www.condemadera.es

UNITED KINGDOM

British Woodworking Federation (BWF)
E-mail: bwf@bwf.org.uk
Internet: www.bwf.org.uk

Timber Trade Federation
E-mail: ttf@ttf.co.uk
Internet: www.ttf.co.uk

3.4 Trade fair organisers

For more details on trade fairs, please refer to Section 13.5 of the EU Strategic Marketing Guide 'Timber and Timber Products.

BELGIUM

Batibouw n.v.
(building fair)
E-mail: info@batibouw.com
Internet: www.batibouw.com

FRANCE

Batimat
(building fair)
E-mail: info@batimat.com
Internet: www.batimat.com

GERMANY

Ligna +
(European timber industry fair)
E-mail: info@messe.de
Internet: www.ligna.de

Bautec
(timber, veneers, etc.)
E-mail: bautec@messe-berlin.de
Internet: www.bautec.com

Interzum
(materials for timber products)
E-mail: info@koelnmesse.de
Internet: www.interzum.com

Gafa
(international garden trade fair)
E-mail: info@koelnmesse.de
Internet: www.gafa-cologne.de

Baufach / Building Trade Fair
(building fair)
E-mail: info@baufach.de
Internet: www.baufach.de

SPAIN

Construmat
(international building exhibition)
E-mail: construmat@firabcn.es
Internet: www.construmat.com

UNITED KINGDOM

Interbuild Birmingham
(building and construction industry)
E-mail: info@interbuild.co.uk
Internet: www.interbuild.com

DIY & Garden Show
(timber products)
E-mail: info@firstevents.com
Internet: www.diyandgardenshow.com

3.5 Trade press

INTERNATIONAL

Tropical Forest Update (ITTO)
E-mail: itto@itto.or.jp
Internet: www.itto.or.jp

FRANCE

Commerce Internationale du Bois (FFBTA)
E-mail: contact@boistropicaux.com
Internet: www.boistropicaux.com

GERMANY

Holz-Zentralblatt
DRW-Verlag Redaktion Holz-Zentralblatt
E-mail: info@holz-zentralblatt.com
Internet: www.holz-zentralblatt.com

Holz Journal
Zentrale Markt- und Preisberichtstelle (ZMP) GmbH
E-mail: info@zmp.de
Internet: www.zmp.de

EUWID
E-mail: info@euwid.de
Internet: www.euwid.de

THE NETHERLANDS

Houtwereld
E-mail: houtwereld@nijgh.nl
Internet: www.nijgh.nl/houtwereld

Het houtblad
E-mail: houtblad@centrum-hout.nl
Internet: www.houtblad.nl

UNITED KINGDOM

Timber Trade Journal (TTJ)
E-mail: editor@ttjonline.com
Internet: www.ttjonline.com

3.6 Other useful addresses

INTERNATIONAL

ATIBT (Association Technique Internationale des Bois Tropicaux)
E-mail: sec@atibt.com
Internet: www.atibt.com

Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)
E-mail: cites@unep.ch
Internet: www.cites.org

FAO
Forestry Department. Publications and Information Coordinator
E-mail: nfp-facility@fao.org
Internet: www.fao.org/forestry

International Chamber of Commerce
E-mail: icc@iccwbo.org
Internet: www.iccwbo.org

UN/ECE Timber Section
E-mail: info.timber@unece.org
Internet: www.unece.org/trade/timber

UNCTAD
(United Nations Conference on Trade and Development)
E-mail: info@unctad.org
Internet: www.unctad.org

EUROPE

Contact point EU ECO-label
Commission of the European Communities
E-mail: ecolabel@cec.eu.int
Internet: www.europa.eu.int/ecolabel

FRANCE

Service des Etudes et des Statistiques Industrielles (SESSI)
E-mail: sessi.information@industrie.gouv.fr
Internet: www.industrie.gouv.fr/sessi

GERMANY

GTZ Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH
(service enterprise for development cooperation)
E-mail: webmaster@gtz.de
Internet: www.gtz.de

THE NETHERLANDS

CBI/Accesguide
(CBI's database on European non-tariff trade barriers
Email: accessguide@cbi.nl
Internet: www.cbi.nl/accessguide

SKAL
(Internationally operating inspecting and certifying organisation)
E-mail: info@skal.com
Internet: www.skal.com

UNITED KINGDOM

Forests Forever
E-mail: mbw@forestsforever.org.uk
Internet: www.forestsforever.org.uk

APPENDIX 4 LIST OF DEVELOPING COUNTRIES

The list of developing countries as applied in this market survey, is the OECD DAC list of countries receiving Official Development Assistance (Part I). The list used is the one as at 1/1/2003.

Afghanistan
Albania
Algeria
Angola
Anguilla
Antigua and Barbuda
Argentina
Armenia
Azerbaijan
Bahrain
Bangladesh
Barbados
Belize
Benin
Bhutan
Bolivia
Bosnia and Herzegovina
Botswana
Brazil
Burkina Faso
Burundi
Cambodia
Cameroon
Cape Verde
Central African Republic
Chad
Chile
China
Colombia
Comoros
Congo, Democratic Republic
Congo, Republic
Cook Islands
Costa Rica
Côte d'Ivoire
Croatia
Cuba
Djibouti
Dominica
Dominican Republic
Ecuador
Egypt
El Salvador
Equatorial Guinea
Eritrea
Ethiopia
Fiji
Gabon
Gambia
Georgia
Ghana
Grenada
Guatemala
Guinea
Guinea-Bissau
Guyana
Haiti
Honduras
India
Indonesia
Iran
Iraq
Jamaica
Jordan
Kazakstan
Kenya
Kiribati
Korea, Democratic People's Republic
Kyrgiz, Republic
Laos
Lebanon
Lesotho
Liberia
Macedonia
Madagascar
Malawi
Malaysia
Maldives
Mali
Marshall Islands
Mauritania
Mauritius
Mayotte
Mexico
Micronesia, Federal States
Moldova
Mongolia
Montserrat
Morocco
Mozambique
Myanmar
Namibia
Nauru
Nepal
Nicaragua
Niger
Nigeria
Niue
Oman
Pakistan
Palau Islands
Palestinian Administrated Areas
Panama
Papua New Guinea
Paraguay
Peru
Philippines
Rwanda
Samoa
Sao Tome & Principe
Saudi Arabia
Senegal
Seychelles
Sierra Leone
Solomon Islands
Somalia
South Africa
Sri Lanka
St. Helena
St. Kitts-Nevis
St. Lucia
St. Vincent And Grenadines
Sudan
Suriname
Swaziland
Syria
Tajikistan
Tanzania
Thailand
Timor, East
Togo
Tokelau
Tonga
Trinidad & Tobago
Tunisia
Turkey
Turkmenistan
Turks & Caicos Islands
Tuvalu
Uganda
Uruguay
Uzbekistan
Vanuatu
Venezuela
Vietnam
Wallis & Futuna
Yemen
Yugoslavia, Fed. Republic
Zambia
Zimbabwe

APPENDIX 5 USEFUL INTERNET SITES

www.unece.org/trade/timber/mis/mis.htm
This site contains all market-related reports and statistics of the Timber Committee. One of the main functions of the Committee is to follow and report on timber markets in the UNECE region of Europe, North America and the Commonwealth of Independent States. Statistics are collected twice per year on forest products production and trade from member countries. Analyses of these statistics are reported before the Committee's annual autumn market discussions and again following the discussions with the short-term forecasts. Periodically other reports on specific forest products markets are issued and included on this site.

www.unece.org/trade/timber/tc-publ.htm
The Committee publishes the Timber Bulletin, which provides regularly, detailed information on the forest products sector: statistics on production, removals, trade (total and by origin and destination), prices; the results of an annual survey on forest fires; analyses of market developments and prospects for the coming year.

www.fao.org/forestry/index.jsp
On-line FAO information including links to FAO Forestry databases (statistical, textual and graphical). The FAOSTAT data provides annual production and trade estimates for numerous forest products, primarily wood products such as timber, wood panels, pulp and paper. These estimates are provided by countries through an annual survey conducted by FAO in partnership with the International Tropical Timber Organisation, the UN Economic Commission for Europe and EUROSTAT (the Council for European Statistics).

www.panda.org/about_wwf/what_we_do/forests/what_we_do/management/gftn/
This site provides information on companies and businesses that are part of the Global Forest and Trade Network (GFTN). The GFTN promotes partnerships between non-governmental organisations and companies to improve the quality of forest management world-wide.

www.itto.or.jp/inside/Inside_ITTO.html
The ITTO facilitates discussion, consultation and international co-operation on issues relating to the international trade and utilisation of tropical timber and the sustainable management of its resource base.

http://certificationwatch.org
Forest Certification Watch is an independent source of information on forest certification, responsible procurement and related developments. It provides authoritative and factual coverage on key developments in North America, Europe and worldwide. It attracts a diversified readership of decision-makers in over 20 countries.

http://europa.eu.int/comm/enterprise/forest_based/interorg_en.html
This website provides interesting links with various international organisations and European forest industry federations.

www.ttjonline.com
Good information source on the UK and other European markets.

www.boisforet.info/bfi2/index.asp
Good information source on the French market, including information on industries using timber, technical specifications, quality, standards. The site provides a number of interesting links including some to other sites.

www.bdholz.de
Internet site of the Gesamtverband Holzhandel e.V. includes a database of German importing and exporting companies.

www.sbh.nl
Provides statistical information on The Netherlands timber sector.

APPENDIX 6 REFERENCES

- Houtwereld, various issues
- Eurostat, 2003, EU trade statistics 2002
- ITC/ITTO, 2001, Review of the Status of Further Processing of Tropical Timber in Producing Countries
- ITTO, 2003, Annual Review 2002
- ITTO, Tropical Timber Market Report, various issues
- European Commission, Forest Based Industries, 2003
- Timber Trade Journal, various issues
- UNECE Timber Committee, 2002, Forest Products Annual Market Review 2002-2003
- UNECE/FAO, 2002, Forest Product Markets: Prospects for 2003
- UNECE/FAO, Timber Committee Yearbook 2003