CBI MARKET SURVEY

THE TIMBER AND TIMBER PRODUCTS MARKET IN BELGIUM

Publication date: August, 2007

Report summary
This CBI market survey discusses the following highlights for the timber and timber products market in Belgium:

- Belgium accounts for 2.1% of EU15[1] timber consumption and for 4.1% of EU15 tropical timber consumption. Belgium's industrial demand for round wood, sawn wood, veneer and plywood combined decreased on average by 3% annually between 2001 and 2005, totalling 8.5 million m^3 in 2005.
- Consumer awareness of, and industrial demand for, Forest Stewardship Council (FSC) certified timber is increasing. It is estimated that the market share of FSC timber reached 3% in 2007.
- Belgium accounts for about 2.8% of the timber and timber products production in the EU25.
- Belgium is the seventh largest importer of timber and timber products in the EU. Between 2001 and 2005, Belgian timber imports increased 2% in value annually, amounting to € 1.6 billion in the latter year.
- Developing countries account for 31% of Belgian imports, which is well above the EU average of 19%. Imports sourced in developing countries increased by 5% in value annually, totalling € 510 million in 2005.

This survey provides exporters of timber and timber products with sector-specific market information related to gaining access to Belgium. By focusing on a specific country, the survey provides additional information, complementary to the more general information and data provided in the CBI market survey 'The timber and timber products market in the EU', which covers the EU market in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from http://www.cbi.eu/marketinfo

1 Market description: Industrial demand and production

In this survey, we will mainly focus on Forest Stewardship Council certified timber and timber products. Although several certification schemes exist in Europe, of which the Programme for the Endorsement of Forest Certification Schemes is the most widely implemented across Europe, the focus in this EU survey is on FSC-certified timber, as FSC enjoys the highest consumer recognition among the European population. It should be noted that detailed statistical data on the certified timber market are scarce and that reliable figures are hard to obtain. Please be aware that the data discussed throughout the report does not differentiate between FSC-certified and non-certified timber. However, when information is available on certified timber and timber products, this is specifically mentioned.

Consumption data are derived from the International Tropical Timber Organization (ITTO), based on their most recent Annual Timber Review (2005). Note that ITTO's data are a derivative from its members, and therefore do not capture total Belgian consumption of tropical timber. Nevertheless, its 59 members represent about 80% of the world's tropical forests and 90% of the global tropical timber trade, therefore almost resembling total Belgian

[1] EU15 refers to the 15 countries in the European Union before the expansion on 1 May 2004 [1] EU25 refers to the composition of the EU as it was until January 2007 (without Bulgaria and Romania).

demand for tropical timber. ITTO's producing members[2] are equivalent to developing countries, while ITTO's consuming members[3] embrace the Western economies. Production data is mainly derived from Foresstat, the Forest Division of Faostat.

Industrial demand
Belgium is a rather small consumer of timber and timber products, but this mainly due to its small population size, so that, consequently, Belgium's share in total EU consumption is small. In 2005, Belgium accounted for 2.1% of EU15 consumption. Belgium's industrial demand for round wood, sawn wood, veneer and plywood altogether decreased on average by 3% annually between 2001 and 2005, totalling 8.5 million m^3 in 2005. This was in contrast to EU15 market developments, where timber consumption of the four product groups increased by an annual average of 3% between 2001 and 2005.

Table 1.1 Belgium's industrial demand for all timber, 2001-2005, 1,000 m^3

	2001	2003	2005	Annual change
Round wood	7,168	5,919	5,974	-4%
Sawn wood	2,274	2,195	2,350	1%
Veneer	65	65	52	-5%
Plywood	179	155	170	-1%
Total	**9,686**	**8,334**	**8,546**	**-3%**

Source: ITTO, Timber annual review (2005)

Tropical timber consumption
A large part of Belgium's consumption in Table 1.1 consists of non-tropical species and is covered by EU/Belgium production. It is interesting for developing country suppliers to know what part of timber consumption consists of tropical timber, as these species need to be imported.

In 2005, Belgium accounted for approximately 4.1% of EU15 tropical timber consumption. Belgium is a relatively large consumer of tropical plywood, accounting for approximately 8.2% of EU15 consumption. Popular tropical timber species in Belgium are Afzelia and Moabi.

In contrast to EU15 consumption of tropical timber, which decreased on average by 5% annually, consumption in Belgium remained unchanged in the review period, amounting to 219 thousand m^3 in 2005. Only tropical round wood consumption decreased considerably, by 23% annually. This is higher than the 12% annual decrease of EU15 consumption of tropical round wood, the decrease being mainly due to effective import and export bans.

In 2004, the share of tropical timber imports in total Belgian imports was 46% for plywood, 25% for veneer, 14% for sawn wood and 0.9% for round wood. Compared to other EU countries, Belgium especially relies on tropical timber imports for its supplies of plywood.

Table 1.2 Belgium's industrial demand for tropical timber, 2001-2005, 1,000m^3

	2001	2003	2005	Annual change
Round wood	37	13	13	-23%
Sawn wood	85	114	105	5%
Veneer	11	12	12	2%
Plywood	89	87	89	0%
Total	**222**	**226**	**219**	**0%**

Source: ITTO, Timber annual review (2005)

[2] ITTO producing countries are: Cameroon, Central African Republic, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Gabon, Ghana, Liberia, Nigeria, Togo in Africa; Cambodia, Fiji, India, Indonesia, Malaysia, Myanmar, Papua New Guinea, Philippines, Thailand, Vanuatu in Asia & Pacific; Bolivia, Brazil, Colombia, Ecuador, Guatemala, Guyana, Honduras, Mexico, Panama, Peru, Suriname, Trinidad and Tobago, Venezuela in Latin America.
[3] ITTO consuming countries are: Australia, Canada, China, Egypt, the EU15, Japan, Nepal, New Zealand, Norway, Republic of Korea, Switzerland and the USA.

Certification

Belgian consumers are increasingly aware of the problems of illegal and unsustainable logging in tropical countries. This has resulted in a growing demand for certified timber products. According to Fair Timber Belgium, which is the country member association of FSC International, the demand for certified tropical timber is increasing particularly for sawn wood and further processed products, generating significant price premiums. The market share of FSC certified timber available in Belgium is not exactly known as data are not recorded. However, Fair Timber Belgium estimates a market share of 3% in 2007.

Certified forest products markets are partly being driven by government purchasing policies which demand sustainable forest management at, and legality of, the source of their purchases. The government of Belgium undertook action to implement “green” public procurement policies which favour Chain of Custody certificates, in particular for tropical timber. Furthermore, 70% of the municipalities signed an agreement with the government, obligating them to use FSC certified wood in municipal building projects where possible and available (http://www.samenwerkingsovereenkomst.be). In response, an increasing number of commercial companies, such as DIY stores and furniture manufacturers, demand certified wood. WWF and FSC started a “FSC company-group”. The members of this group pledge not only to offer FSC timber but also to conduct a policy leading to a reduction in illegal imports. Among the members are construction companies, timber importers and processors, and a DIY chain. Please refer to http://fsc.wwf.be/ for more information. Nevertheless, Belgian timber importers and processors are finding it difficult to obtain commercial quantities of certified wood at the right price, at the right time.

It is important to note that demand for certified products does not exist for all product groups. Therefore, you need to determine whether your final products need to be certified or whether this is not essential. For example, to enter the Belgian paper market, it is not really a necessity (and therefore may not be profitable) to grow trees under FSC certification. On the other hand, certification of tropical sawn wood is required by the market. Refer to the EU survey, fore more information.

Forecast

The future looks bright for the Belgian timber and furniture sector, according to the 2005-‘06 year report of Febelhout (the Belgian Woodworking and Furniture Industry Association) assuming that the sector focuses on quality. The main indicators for a positive forecast for the coming years are:

- Increased consumer faith: after the recession in 2003, consumer confidence recuperated up to a level of -1 in 2005, far above the EU consumer index number of -12.
- Good macro-economic prospects: +2.2% growth in 2006
- Investments by the Belgian timber and furniture sector increased by 17% between 2005 and 2006.

According to Febelhout, the market share of FSC timber on the Belgian timber market will continue to increase. This is caused by government procurement policies, the increasing public concern about the environment, a strong lobby and many promotional activities for instance by environmental organizations, to raise public awareness. The consumer demand for certified timber is increasing faster than the supply.

Market segmentation

Comparable to most European countries, the construction sector is the most important market segment for timber and timber products and accounts for the lion’s share of timber consumed in Belgium. Exact percentages are not known. The DIY market segment is of less importance, although its market share in sales of timber and timber products is steadily increasing. Belgians are becoming more interested in the DIY outlets and renovation. DIY sales increased on average by 2.8% annually between 1999 and 2004 (Euromonitor). For more information on market segmentation, please refer to the CBI market survey covering the EU market survey.

Trends

- Trends in the Belgian timber and timber sector follow trends in The Netherlands. However, Belgium is often later in adopting these trends.
- Intensive marketing campaigns initiated by the Belgian government and FSC buying groups are increasing consumers awareness and thereby foster consumer demand for FSC timber and timber products. The increased industrial demand for FSC timber is also boosted by public procurement policies.
- Consumer demand for FSC timber products available in the DIY market is increasing. This development was first noted for gardening articles, but is now also visible for other timber products.

Production

The European commission on Forest-Based Industries (F-BI) recognises the following sectors of forest-based industries: forestry, woodworking, pulp and paper manufacturing and related activities (paper and board converting, printing).

Forestry

Forests are at the beginning of the value chain in the production process. Therefore, sustainable forest management is necessary to provide these industries with the resources needed. Total forested area in Belgium accounts for an estimated 20% of its territory which boils down to about 700 thousand hectares. The availability of FSC-certified forest in Belgium is rather small. In 2006, Belgium contained 6 thousand hectares of FSC-certified forest and 25.5 thousand hectares of PEFC-certified forest, which stands for the Programme for the Endorsement of Forest Certification Schemes.

Wood-working industries

The primary activities in the wood-working sector are divided over round wood, sawmilling and wood-based panels. Secondary activities are joinery, carpentry and packaging. Sometimes the furniture industry is also included, but ‘pure’ woodworking excludes furniture production. The sector is represented on a European and international level by CEI-Bois, the European Confederation of Woodworking Industries. In Belgium, the sector is represented by Febelhout.

The total turnover of the Belgian timber and furniture industry increased by 0.9% between 2004 and 2005, amounting to € 5.7 billion in 2005. Please note that this number can not be readily compared with consumption data, as different product groups are covered. Belgium accounts for about 2.8% of the timber and furniture production in the EU25 (Febelhout, Annual Review, ’05-’06). The furniture industry is the most important sub-sector, representing 52% of total turnover, followed by wood-based panels (22%) and builders joinery (16%).

Table 1.3 Production of selected timber and timber products in Belgium, 2001-2005, in 1,000 m^3

	2001	2003	2005	Annual change	Share in EU27 production (2005)
Round wood	4,215	4,765	4,950	4%	1%
Sawn wood	1,275	1,215	1,285	0%	1%
Wood based panels	2,647	2,698	2,803	1%	4%
Fiberboard	315	365	380	5%	*2%*
Particle board	2,250	2,265	2,365	1%	*6%*
Plywood	30	20	20	-10%	*0%*
Veneer sheets	52	48	38	-8%	*2%*
Paper and paperboard	1,662	1,919	1,897	3%	2%

Source: Foresstat (2007).

Belgium is one of the smaller producers of round wood and sawn wood in the EU. In 2005, the country accounted for 1.2% of round wood and sawn wood production in the EU27. The country is one of the larger wood-based panels producers in the EU, accounting for 4.5% of EU27 production. While Belgium's production of plywood and veneer is negligible, the country is a large producer of particle board, accounting for 5.8% of total EU27 production.

Interesting players

- Fruytier group, founded as a softwood merchant, is now also involved in saw milling and forward processing of sawn products. With 6 sawmills in Belgium, and 3 in Germany under the Karl Decker brand, the group ranks among the European market leaders: http://www.fruytier.com
- ITS Wood S.A is specialised in the containerised export of European and tropical hardwood: http://www.itssa-wood.com/
- Decolvenaere is an international timber importer specialised in tropical woods. The company's main activity is the supply of sawn timber. Decolvenaere is one of the few companies in Belgium which has private concessions in Africa, integrating the whole production process with its logging and timber-milling company SFIL-Madex in Cameroon: http://www.decolvenaere.be

The just mentioned producers and exporters can be competitors to developing country suppliers, however, at the same time, these companies can also import tropical timber species, making them a potential trade channel for developing country suppliers aiming to enter the Belgian market. Depending on the product you can supply, companies could either be competitors, buyers, or are active in entirely different trade channels/industries. Please refer to chapter 2 for a more complete list on interesting players in the Belgian timber market.

Opportunities and threats

+ The Belgian timber and timber products market is very dependent on international trade and therefore offers opportunities for developing country suppliers of (FSC) timber. Most opportunities will probably exist in the supply of FSC sawn wood, as Belgium is a small producer of this products, but needs sawn wood for further processing activities.

- The declining combined consumption of round wood, sawn wood, plywood and veneer can be a threat. However, this decrease in consumption is mostly applicable to temperate timber species, as the consumption of FSC tropical timber is expected to increase due to successful marketing campaigns.

Please refer to chapter 7 of the CBI market survey covering the EU market for more information on opportunities and threats.

Useful sources

- Fair Timber is a network organization which promotes certified and fair produced timber in Belgium: http://www.fair-timber.be (in Dutch and French only).
- Belgian Woodworking and Furniture Industry: http://www.febelhout.be/ (in Dutch and French only).
- Belgian Wood Forum, promoting the Belgian wood industry: http://www.bois.be (in Dutch and French only).
- Fédération Nationale des Négociants en Bois (FNN) / Nationale Federatie der Houthandelaars (NFH): http://www.fnn.be/ (in Dutch and French only).
- The federation of sawmills in Brussel represents the sawmills of hardwood and softwoods, as well as firms specialized in slicing and rotary veneers, drying, steaming and preservation of wood. Tel: +32 (0) 22192743.

2 Trade channels for market entry

Trade channels

The timber market is a rather conservative market and not very sensitive to trends. Also, trade channels do not differ much among European countries. Belgium's trade channel resembles that of other Northern European countries. See the CBI survey covering the EU for more in–depth information on the EU timber trade channel and the differences between North and South European countries.

The most important trade channels for exporters in developing countries to enter the Belgian market are through sales agents, importers/traders and importers/processors.
Characteristics and trends of the timber trade in Belgium:

- Increased concentration of the product chain. A relatively new but growing trend is that processors or other large consumers of timber are looking into the possibility of producing timber themselves in the sourcing countries. An example is Decolveneare Cameroon, an affiliate of Belgium-based Decolveneare, which is operating two FSC forest concessions totalling about 138 thousand hectares in southeast Cameroon.
- Despite a tendency towards concentration of the product chain, the garden timber market is still widely scattered in Belgium. Almost every village still has a small wood market. These small markets are mainly doing garden timber, garden items and child-play items. If a Belgian buyer contacts an exporter, it is very important for the exporter to find out the exact volume of the order the buyer will opt for.
- The construction market is dominated by a few timber wholesalers.
- The DIY market segment is characterised by mergers, acquisitions and consolidation.
- The main timber port of Belgium is Ghent.

Retail and DIY outlets

- Belgian DIY retail sales grew by 2% in value in 2005. Sales conducted through the Internet showed the most dynamic increase in terms of current value growth, as more and more Belgians came to appreciate the convenience of this method of shopping.
- Leading retailers in Belgium are Carrefour Belgium, Delhaize Group and Etn Franz Colruyt.
- According to Euromonitor, Belgians are becoming more interested in undertaking do-it-yourself renovation projects, which is demonstrated by the steady growth in DIY sales (2.8% average annually between 1999 and 2004).
- The leading retailer Vendex (originally from The Netherlands) recently acquired the market leader in Belgium, Brico, as well as the Belgian outlets of the French retailer Leroy Merlin. Hubo is the number two DIY retailer and is also rapidly expanding through mergers. Gamma, from The Netherlands, comes third in the Belgian DIY market.
- Multiple retailers continued to develop their non-food offerings in 2005, as increasing price competition in food retailing forced them to seek other ways to maintain their margins. Some retailers now also offer garden furniture and other wooden furniture.

Interesting players for exporters in developing countries

Traders

- Lemahieu is a timber importer of various species of timber from various origins: http://www.lemahieu.be
- Bekol International is specialised in the import, export and processing of (FSC) timber and timber products. Bekol supplies its European customers, such as civil engineering, DIY, wholesale, timber processing, parquetry and construction companies, from stock or on demand: http://www.bekol.com
- Eurabo imports and further processes FSC certified timber for the construction sector: http://www.eurabo.be/
- Fortim Trading NV is specialized in selling and buying Brazilian tropical (hard)wood and finished timber products. Fortim represents some of the major Brazilian timber exporters, and recently set up its own purchasing office in Bolivia. Fortim is a member of the FSC buying group Belgium: http://www.fortim.be/

Retail and DIY outlet

- Gamma Belgium is a DIY franchise organisation with over 74 stores across Belgium. It is member of the FSC buying group Belgium: http://www.gamma-belgie.be/
- Hubo is a Belgian DIY chain with over 90 stores across the country, and outlets in Luxemburg and in the south of The Netherlands. It is member of the FSC Belgium buying group. In 2006, Hubo became a member of Bricoalliance, an international DIY purchasing group consisting of the Spanish Brico Group, the Italian Puntolegno and the Portuguese Mestre Maco: http://www.hubo.be / http://www.bricoalliance.eu.
- French Carrefour is the leading hypermarket chain in Belgium. It is member of the FSC buying group Belgium: http://www.hypercarrefour.be/

Brokers/agents

- Marine-Link, agents, brokers & traders for Burmese and Indian Teak Logs and associated products for the marine business: http://www.marine-link.com

Price structure

It is very difficult to present an overview of the different margins which apply throughout the various trade channels, as margins depend on species, quantity, quality and stage of processing. Also, the transport costs vary, depending on the country of origin and destination, the proximity of the forest plantation and the saw mill to a port, the volume of the shipment, fuel prices etc. In general, timber prices at the final consumer destination (DIY, wholesalers, garden centres) do not vary much across Europe. As a rule of thumb you should be able to offer products for not more than 40% of retail prices. In general, one can say that Belgian importers, just like in the other Benelux countries and France, pay the lowest prices for tropical hardwood.

As shown in Figure 2.1, European importers (generally also taken care of wholesale and distribution activities) acquire the largest price margin. Brokers and agents can be from the country of origin or have the European nationality. In the case of FSC certified timber, the brokers/ agents are normally Europeans, as FSC is still in its infancy in most developing countries.

Figure 2.1 Average price margins per trade channel

Trade channels	Average margin
Wood production	± 20%
Wood processing	± 20%
Brokers/agents	± 20%
Importers, wholesalers, distributers	± 40%
Wood finishing (joinery, furniture)	± 20%
DIY and retail	± 5-15%

Source: ProFound – Advisers in Development, in collaboration with consultants.

Selecting a suitable trading partner

There is a growing trend in the timber trade towards online sourcing of timber and timber products (E-commerce). The use of Internet reduces the trade chain by several links, cuts transaction costs and improves efficiency.

- *On-line company database* for finding companies working in the timber and timber products market are:
  - Europages, an online business directory, with full EU coverage. Wood and furniture are a separate product group and it is possible to include Belgium in the search options: http://www.europages.com
  - Wood it be: http://www.wood-it.be (Belgian online timber market place containing information on products, companies, importers and suppliers).
- Furthermore, the European Panel Federation contains a country-specific companies directory. Look at: http://www.europanels.org/

- At most of the national FSC Internet sites you can find an overview of companies importing and supplying FSC tropical hardwoods and softwoods. The overview also includes the species on offer. The Belgian affiliate is Fair Timber; in collaboration with WWF, they compiled an FSC suppliers database, at: http://fsc.wwf.be/

3 Trade: imports and exports

Imports
Bulgaria and Romania are not included as members of the EU in the analysis underneath. When the EU is mentioned, it should thus be interpreted as EU25.

Total imports
Belgium is the seventh largest importer of timber and timber products in the EU, accounting for 6% of EU25 imports. Between 2001 and 2005, Belgian timber imports increased 2% in value annually, amounting to € 1.6 billion in the latter year. In terms of volume, imports remained unchanged, totalling 6.6 million tonnes in 2005. Developing countries account for an import market share of 31%, which is well above the EU average of 19%. Imports sourced in developing countries increased by 5% in value annually, totalling € 510 million in 2005.

Belgium sources its timber in various countries and the leading supplier, France, has a moderate import market share of 18%. The leading developing country suppliers of timber were Indonesia, Brazil and China. In the latter years, imports from Indonesia decreased by 7% annually, while those from Brazil and China increased by 11% and 56% annually respectively.

Table 3.1 Imports by and leading suppliers to Belgium 2001 - 2005, share in % of value

Product	2001 € mln	2003 € mln	2005 € mln	Leading suppliers in 2005 Share in %	Share (%)
Timber and timber products	868	854	996	Intra-EU: France (18), Germany (15), The Netherlands (12), Luxembourg (3), Sweden (2)	61
	217	207	135	Extra-EU ex. D.C*: Canada (3), Russia (3), USA (2), Norway (0.3), Singapore (0.3)	8
	419	378	510	DC*: Indonesia (7), Brazil (6), China (5), Malaysia (4), Cameroon (3), Congo Dem. Rep. (1), Ghana (0.7), Belarus (0.6), Ukraine (0.5), Chile (0.5)	31
Fuel wood	35	31	37	Intra-EU: France (27), The Netherlands (26), Germany (18), Luxembourg (3), Poland (1)	77
	0.8	0.3	10	Extra-EU ex. DC*:Canada (20), Russia (1), USA (0.1)	21
	0.03	0.07	1	DC*: South Africa (2), Moldova (0.1)	2
Round wood	118	91	100	Intra-EU: France (40), Germany (20), The Netherlands (18), Luxembourg (6), Sweden (2)	86
	11	3	3	Extra-EU ex. DC*: Russia (2), USA (0.5)	3
	13	6	13	DC*: Congo Dem. Rep. (5), Gabon (3), Cameroon (2), Congo (0.3)	11
Sawn wood	202	212	284	Intra-EU: Germany (12), The Netherlands (12), France (10), Sweden (6), Finland (3)	52
	157	151	96	Extra-EU ex. DC*: Russia (7), Canada (5), USA (4), Singapore (0.4)	18
	150	139	163	DC*: Malaysia (9), Cameroon (8), Brazil (5), Congo Dem. Rep. (2), Indonesia (1), Ukraine (1), Côte d'Ivory (0.7), Ghana (0.4), Gabon (0.4), Croatia (0.2)	30
Mouldings	48	43	50	Intra-EU: The Netherlands (15), France (11), Poland (5), Germany (3), Italy (3)	40
	5	8	3	Extra-EU ex. DC*: Singapore (2), Canada	3

Product	2001 € mln	2003 € mln	2005 € mln	Leading suppliers in 2005 Share in %	Share (%)
	52	49	69	(0.6) DC*: Indonesia (32), China (11), Brazil (7), Malaysia (3), Myanmar (1), Belarus (0.4)	57
Wood based panels	332	337	398	Intra-EU: France (24), Germany (21), The Netherlands (9), Luxembourg (4), United Kingdom (2)	66
	24	21	13	Extra-EU ex. DC*:USA (1), Canada (0.6)	2
	171	154	194	DC*: Indonesia (11), Brazil (10), China (6), Ghana (1), Chile (1), Croatia (0.5)	32
Densified Wood	5	3	4	Intra-EU: Germany (61), The Netherlands (29), France (2), Luxembourg (1), Italy (1)	96
	0.05	0.05	0.01	Extra-EU ex. DC*:	0.3
	0.04	0.04	0.16	DC*: Brazil (2), Côte d'Ivory (0.7), Cambodia (0.4)	4
Wooden frames	18	15	17	Intra-EU: The Netherlands (41), Poland (19), France (7), Romania (6), Slovakia (6)	70
	4	4	1	Extra-EU ex. DC*:	7
	3	6	5	DC*: China (19), Thailand (2), India (0.6)	23
Builders joinery	108	119	111	Intra-EU: France (15), The Netherlands (12), Germany (10), Denmark (9), Poland (7)	62
	14	20	6	Extra-EU ex. DC*: Canada (0.6), USA (0.3)	4
	28	23	63	DC*: China (18), Indonesia (5), Thailand (3), Philippine (3), Malaysia (2), Brazil (2)	35

Source: Eurostat (2006)
*Developing Countries

Imports by product group

The major timber product imported by Belgium was wood based panels, accounting for a 40% import market share. A notable figure in the imports of wood based panels between 2001 and 2005 was the decrease in the imports from Indonesia. Imports decreased on average by 11% annually in the period reviewed, totalling € 66 million in 2005. On the other hand, imports from China increased on average by 89% annually in the same time period, from € 3 million in 2001 to a remarkable € 37 million in 2005.

The second largest timber product imported by Belgium was sawn wood, accounting for 29% of total timber imports. A notable figure in the imports of sawn wood was the annual decrease in imports from Malaysia. Between 2001 and 2005, imports decreased on average by 8% annually, totalling € 49 million in 2005. Imports from Cameroon increased considerably, on average by 11% annually in the same time period.

Round wood and builder's joinery are other important timber products imported by Belgium. France, the main supplier of round wood, lost market share, as Belgian imports from France decreased on average by 9% annually from € 66 million down to € 46 million in 2005. A notable development in the import of builder's joinery was the 46% annual increase in imports from China.

Fuel wood, mouldings, densified wood and wooden frames have a small share in Belgium's total timber imports. Interesting to note is that fuel wood imports from Canada increased on average by 300% between 2001 and 2005.

Exports

Belgium is one of the few countries in the EU with a positive trade balance in timber and timber products. The country is the fifth largest exporter of timber and timber products in the EU, accounting for 8% of EU25 exports. Exports increased on average by 3% annually, totalling € 1.9 billion / 4.8 million tonnes in 2005. Most exports are destined for The Netherlands, France, Germany and the UK, accounting for more than three quarters of Belgian exports. Part of this comprises re-exports, however exact percentages are not known. Exports to Eastern Europe increased considerable, especially to Russia, Poland and Romania. Nevertheless, the timber trade balance with these countries is still deficit.

Belgium was the second largest exporter of wooden frames in the EU, with exports amounting to € 27 million in 2005. Nevertheless, its export of wooden frames decreased by 8% annually between 2001 and 2005. Fuel wood exports increased by 13% annually between 2001 and 2005, totalling € 50 million in 2005. Although Belgium is a small exporter of densified wood in the EU, the country is still an important player. Between 2001 and 2005, exports increased on average by 57% annually, from € 0.4 million in 2001 to almost € 3 million in 2005.

Opportunities and threats

+ Belgium is an attractive market for timber and timber products originating in developing countries. Although its main import markets are intra-EU markets, the developing country import market share is still 31%, which is higher than the EU average of 19%.

+ Imports from developing countries look promising. Belgian imports from developing countries increased by 5% annually between 2001 and 2005, whilst EU imports increased by only 3% annually. Some countries, like China, performed very well in the period observed.

Exporters should note that a development or trend can be an opportunity for one exporter, while posing a threat to other exporters. Exporters should therefore analyse if the developments and trends discussed in the previous chapters provide opportunities or threats depending on their specific situation.

Useful sources

- EU Expanding Exports Helpdesk

http://export-help.cec.eu.int/ ➔ go to: trade statistics

- Eurostat – official statistical office of the EU

http://epp.eurostat.cec.eu.int ➔ go to 'themes' on the left side of the home page ➔ go to 'external trade' ➔ go to 'data – full view' ➔ go to 'external trade - detailed data'

4 Price developments

Prices for timber and timber products are extraordinarily high at the moment because of a supply shortage due to last year's devastating storms in Scandinavia and The Baltic states and because of shortage of supply of tropical hardwood. This is related to the import and export bans on logs and the increased demand from India, China and other emerging markets. Apart from weather conditions, fuel prices also greatly influence EU and world market prices.

In Belgium, the prices for builder's joinery in particular increased. Part of this increase comes on account of speculation by raw material suppliers and the increased competition on raw material markets by buyers from emerging economies and from the bio-fuel sector. Furthermore, domestic stock is decreasing. Febelhout expects that the increase in timber prices on the Belgian market will remain, due to the combination of increased consumer demand, higher raw material prices and shrinking of the domestic stocks. All this together will lead to longer delivery prices which in turn will lead to an increase in end product prices.

Depending on the species, availability, volume, value addition, etc. prices of sustainable certified timber are likely to be higher than conventional timber as certification requires relatively high investments. Nevertheless, price premiums of FSC timber are low. The average price premium for FSC timber in Belgium varies according to each product, but it is rather high compared to EU average price premiums. The premium for tropical sawn timber is at least 20% and for further processed products, such as builders joinery, the premium price is 5% to 10%. Premiums for non-tropical certified timber, mainly Scandinavian timber, are negligible.

For more information on price developments, please refer to Chapter 5 of the CBI market survey covering the EU market.

5 Market access requirements

As a manufacturer in a developing country preparing to access Belgium you should be aware of the market access requirements of your trading partners and the Belgian government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select timber and Belgium in the category search, click on the search button and click on market access requirements.

Additional information on packaging can be found at the website of ITC on export packaging: http://www.intracen.org/ep/packaging/packit.htm

Information on tariffs and quota can be found at http://export-help.cec.eu.int/

6 Doing business

General information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'. Furthermore cultural awareness is a critical skill in securing success as an exporter. Information on cultural differences in the EU can be found in chapter 3 of CBI's export manual 'Exporting to the EU'. These manuals can be downloaded from http://www.cbi.eu/marketinfo - go to search publications. Also, the Internet provides many sources on business practices and culture, such as http://www.kwintessential.co.uk/resources/global-etiquette/belgium-country-profile.html. Please keep in mind that these pages only give general remarks. Therefore, when conducting business, use your intuition and an understanding attitude.

Sales promotion
Common practices of trade promotion in Belgium should not differ considerably from other European countries. Besides the Dutch language and/or French, many inhabitants of Belgium also speak English and English is therefore common in the trade business. In general, great care should be taken of existing contacts through prompt, constant and reliable communication. Letters of inquiry should always be replied to. Essential tools are detailed and up-to-date customer databases and websites proposing well-defined products, competitive advantages (e.g. USP, quality, cost reduction and delivery reliability) and client references to facilitate the building of trust.

Assistance with market entry can also be sought through local business support organisations, import promotion organisations such as CBI and branch organisations focussing on timber and timber products. Refer to chapter 1 for information on Belgian industry associations.

Trade fairs
Trade fairs offer companies in developing countries the opportunity to establish contacts and a trustworthy image through several participations, promote their products and conduct EU market orientation. Major fairs of EU-wide significance are mentioned in the CBI document 'From survey to success: guidelines for exporting timber and timber products to the EU'. Trade fairs of interest in Belgium are:

- Prowood, an international trade fair for the wood working industry and related sectors, hosted in Flanders Expo in Ghent. The last fair was held in November 2006, the next one will be held in November 2009: http://www.prowood-fair.be/pages/intro_E.html

Trade press

Trade press can function as a means for gaining insight into market developments and competition, but can also have a promotional function. This concerns finding potentially interesting companies, as well as promotion of your own activities and products. Major trade press of EU-wide significance is mentioned in the CBI document 'From survey to success: guidelines for exporting timber and timber products to the EU'. Trade press of interest in Belgium is:

- Houtinfobois informs professional and private consumers about the properties and characteristics of Belgian sawn wood: http://www.houtinfobois.be/nl/home.asp (In Dutch and French only).
- Interfederal wood information centre provides scientifically and technical information addressing all kinds of issues about wood and wood products. 'Houtnieuws' is the industry's trade press: http://www.bois.be/. (In Dutch and French only).
- Centrum Hout, occupied with informing and promotion activities, consultancy and research destined for people active in the wood-based industry sector in The Netherlands and Belgium: http://www.centrum-hout.nl/algemeen.htm (Most information on the website is in Dutch).

This survey was compiled for CBI by ProFound - Advisers in Development
in collaboration with Rop Monster and Marco Bijl