

EU MARKET SURVEY 2004

Timber and timber products



Centre for the Promotion of
Imports from developing countries

EU MARKET SURVEY 2004

TIMBER AND TIMBER PRODUCTS

Compiled for CBI by:

ProFound

In collaboration with:
R. Monster and M. Bijl

November 2004

DISCLAIMER

Although the content of its market information tools has been compiled with the greatest care, the Centre for the Promotion of Imports from developing countries (CBI) is not able to guarantee that the information provided is accurate and/or exhaustive, and cannot be held liable for claims pertaining to use of the information.

In the case of the market publications, neither CBI nor the authors of the publications accept responsibility for the use, which might be made of the information. Furthermore, the information shall not be construed as legal advice. Original documents should, therefore, always be consulted where appropriate. The information does not release the reader from the responsibility of complying with any relevant legislation, regulations, jurisdiction or changes/updates of same.

In the case of the Internet tools, CBI aims at minimising disruption caused by technical errors. However, CBI cannot guarantee that its service will not be interrupted or otherwise affected by technical problems. CBI accepts no responsibility with regard to problems incurred as a result of using this site or any linked external sites.

The information provided is aimed at assisting the CBI target group, i.e. exporters and business support organisations (BSOs) in developing countries. It may, therefore, not be used for re-sale, the provision of consultancy services, redistribution or the building of databases, on a commercial basis. For utilization of the CBI market information tools by the CBI target group on a non-commercial basis, the condition applies that CBI is referred to as the source of the information. All other use is prohibited, unless explicitly approved in writing by CBI.

Photo courtesy: A. van den Berg BV, 2004

CONTENTS

- INTRODUCTION 7
- PART A: EU MARKET INFORMATION AND MARKET ACCESS REQUIREMENTS 9**
 - 1 PRODUCT CHARACTERISTICS 10**
 - 1.1 Product groups 11
 - 1.2 Custom/statistical product classification..... 18
 - 2 INTRODUCTION TO THE EU MARKET 19**
 - 3 CONSUMPTION 21**
 - 3.1 Market size 21
 - 3.2 Market segmentation 39
 - 3.3 Consumption patterns and trends 40
 - 4 PRODUCTION 48**
 - 5 IMPORTS 52**
 - 5.1 Total imports 52
 - 5.2 Imports by product group..... 59
 - 5.3 The role of the developing countries..... 67
 - 6 EXPORTS 71**
 - 7 TRADE STRUCTURE 73**
 - 7.1 EU trade channels 73
 - 7.2 Distribution channels for developing country exporters 75
 - 8 PRICES 78**
 - 8.1 Price developments 78
 - 8.2 Sources of price information 79
 - 9 REQUIREMENTS FOR ACCESS 81**
 - 9.1 Non-tariff trade barriers 81
 - 9.2 Tariffs and quota 88
- PART B: EXPORT MARKETING GUIDELINES: ANALYSIS AND STRATEGY 91**
 - 10 EXTERNAL ANALYSIS..... 93**
 - 10.1 Market developments and opportunities 93
 - 10.2 Competitive analysis..... 97
 - 10.3 Sales channel assessment 98
 - 10.4 Logistics 102
 - 10.5 Value chain 103
 - 10.6 Product profiles..... 107
 - 11 INTERNAL ANALYSIS..... 109**
 - 11.1 Product standards, quality, USP and production capacity..... 109
 - 11.2 Logistics 110
 - 11.3 Marketing and sales..... 112
 - 11.4 Financing 112
 - 11.5 Capabilities 113
 - 12 DECISION MAKING..... 114**
 - 12.1 SWOT and situation analysis..... 114

12.2 Strategic options and objectives	115
13 MARKETING TOOLS	118
13.1 Matching products and the product range	118
13.2 Building up a relationship with a suitable trade partner	119
13.3 Drawing up an offer.....	120
13.4 Handling the contract	123
13.5 Sales promotion.....	125
APPENDIX 1 DETAILED HS CODES.....	128
APPENDIX 2 DETAILED IMPORT/EXPORT STATISTICS.....	134
APPENDIX 3 USEFUL ADDRESSES.....	147
3.1 Standards and certification organisations.....	147
3.2 Sources of price information	148
3.3 Trade associations.....	148
3.4 Trade fair organisers.....	150
3.5 Trade press.....	151
3.6 Other useful addresses	151
APPENDIX 4 LIST OF DEVELOPING COUNTRIES	153
APPENDIX 5 CHECKLIST FOR FMU (FSC) AND COC	154
APPENDIX 6 REFERENCES	158

REPORT SUMMARY

This EU market survey, profiling the EU market for certified timber and timber products, 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 <http://www.cbi.nl/> for information on terms of the trade and trade promotion.

Certified timber

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. In general, the market impact of certification has been far greater in Europe (and here only in certain countries) than in Japan or the United States of America. In this market survey we will only discuss the two leading schemes in Europe: FSC and PEFC. FSC is an unified international certification system that is globally valid and takes all relevant stakeholders interest equally into consideration. Since PEFC has been set up for European producers of timber and not for tropical timber for developing countries, the latter are advised to commit themselves to the FSC label.

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 2002 and 2003, the consumption of sawn hardwood decreased more in comparison to sawn softwood. In general, market consumption increased somewhat 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 until 2000, the construction market in Europe entered a phase of stabilisation and even decline in 2001 until 2003. In Europe, overall construction markets contracted in 2003. Weakness was concentrated in new residential construction in Europe, a reflection of the weak job market and lack of any substantial income growth. For the aggregate of Western European countries, real GDP is forecast to increase by some 2% in 2004, about twice the rate achieved in the preceding year.

Forest area certified for sustainable forest management is growing rapidly, reaching 178.95 million hectares worldwide by end-2003, a 27 percent increase over the previous year. The majority of the world's certified forests are in Europe and North America.

Although there is a growing demand for certified timber products (especially in the United Kingdom, Germany, The Netherlands and the Nordic states), 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. For more specific information on demand for certified timber please refer to the data on CoC certificates provided in Chapter 3.

Development and trends

Concern for the origins of wood products imported into the UNECE region, and increasing awareness of illegal logging, led government agencies, industry associations and international organizations to initiate measures to curb the trade in such products. Certified forest products markets are being driven, in part, by government purchasing policies that ensure sustainable forest management (SFM) and legality of the source of their purchases. Especially the demand for legal and certified tropical timber is growing. Other than sustainable forest management and CFP's (Certified Forest Products), the developments and trends discussed in Section 3.3 are:

- 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 for a range of timber products
- Plantations

Production in the EU

After the accession of Austria, Finland and Sweden in 1995, the EU has become the world's second largest paper and sawn wood producer. EU forest-based industries production value amounted to € 300 billion, which is ten percent of total EU manufacturing in 2002 and provides employment for 2.6 million people. The accession of the 10 Central and East European Countries, almost 10 years later, means more self-reliance in the provision of forest products and an increase of total protected forest areas.

Sweden has relatively the widest forest area (22.2%) of the 15 EU countries, followed by Spain (19.1%). Finland has the largest area of certified forest (97.9 %), at a distance followed by Germany with 64.1 percent. The accession countries would have added 15 percent to the total forest area. Among these countries, Poland has relatively the most forest area (37.2%), of which 69.3 percent is certified.

The EU forest-based industries sell mostly to their domestic markets. Furniture is the biggest wood-working industry in the EU, followed by the construction sector. The EU wood-working industry is export-oriented, but the EU markets are increasingly supplied by low production cost countries like China and East European countries. More and more EU manufacturers demand value-added products.

Imports

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 2003, the United Kingdom was the leading timber importer in the EU. Timber imports by the United Kingdom were followed by respectively Italy, Germany, France, Spain and The Netherlands and Spain. Except for the United Kingdom, all leading importers reveal a decline in import value in comparison to the previous year, most notably for Germany.

Between 2001 and 2003, the imported value of timber and timber products to the EU originating in developing countries decreased from almost 19 per cent in 2001 to 17 per cent in 2003 to reach a total of € 3.8 billion. Timber imports from developing countries played a relatively important role on The Netherlands (26%), Italian (24%), French (23%), Spanish (23%) timber markets.

In 2003, the leading timber product in terms of value exported by developing countries to the EU was sawn wood with a value of nearly € 1.4 billion or 37 percent, followed by plywood (17.6%), builders joinery (12.6%), wood in the rough (12.5%), continuously shaped wood (9.3%), veneers (7.5%) and doors (5.2%). Between 2001 and 2003, the largest increase in terms of value for all timber and timber products originating in developing countries to the EU market, was achieved by particle board with a growth rate of 61 percent, followed by continuously shaped wood (14.6%). However, most product groups saw a decline, wood in the rough having the sharpest decline of almost 30 per cent.

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 2001 and 2003, exports by EU member countries of timber and timber products increased by around 2.8 percent in terms of value to reach a total of € 19 billion or 47.1 million tonnes in 2003. 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 2003. Other important timber exporters in the EU are Austria, Finland and Belgium.

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 (Chapters 1-8) <i>Product characteristics</i> <i>Introduction to the EU market</i> <i>Consumption and production</i> <i>Imports and exports</i> <i>Trade structure</i> <i>Prices</i>	EU Market Access Requirements (Chapter 9) <i>Quality and grading standards</i> <i>Environmental, social and health & safety issues</i> <i>Packaging, marking and labelling</i> <i>Tariffs and quotas</i>
Part B Export Marketing Guidelines: Analysis and Strategy	
External Analysis (market audit) (Chapter 10) <i>Opportunities & Threats</i>	Internal Analysis (company audit) (Chapter 11) <i>Strengths & Weaknesses</i>
Decision Making (Chapter 12) <i>SWOT and situation analysis:</i> <i>Target markets and segments</i> <i>Positioning and improving competitiveness</i> <i>Suitable trade channels and business partners</i> <i>Critical conditions and success factors (others than mentioned)</i> <i>Strategic options & objectives</i>	
Export Marketing (Chapter 13) <i>Matching products and product range</i> <i>Building up a trade relationship</i> <i>Drawing up an offer</i> <i>Handling the contract</i> <i>Sales promotion</i>	

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 provides 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 AND MARKET ACCESS REQUIREMENTS

1 PRODUCT CHARACTERISTICS

Timber and timber products encompass an enormous diversity of product groups. In this survey, we will mainly focus on 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 that they take into account environmental, social and economic principles and criteria.

Deforestation has been a point of interest and concern for several decades. The decline of global forest area is mainly concentrated in tropical and subtropical areas. Sustainable forest management focuses on the conservation of the forest, as a source for timber and timber products. The discussion regarding sustainable forest management concerns not only the forest as a depot for CO₂, but also biodiversity and related problems, threats and solutions. Initiatives of certification strongly increase and take place on different levels: international, national and regional. Some initiatives have been developed for global application; others are tailored to specific regions and forests. In general, the market impact of certification has been far greater in Europe (and here only in certain countries) than in Japan or the United States of America.

Table 1.1 Overview of timber certification developments, 2003

Global forest area	3.89 billion ha
Global active managed forest area	700 million ha
Global certified forest area	178.95 million ha
Percentage certified forest end of 2003 compared to end of 2002	+ 27%
Percentage certified forest end of 2003 compared to beginning of 2000	+ 144%
Percentage certified forest end of 2003 compared to May 1995	+ 5000%
Number of countries involved in certification	149

Source: Centrum Hout, 2004

The most important and applied initiatives of timber certificates in the world are:

- FSC: Forest Stewardship Council (45.66 million ha in 2004)
- PEFC: Programme for Endorsement of Forest Certification Schemes (52.85 million ha in 2004)
- SFI: Sustainable Forestry Initiative (37.78 million ha in 2004)
- CSA: Canadian Standard Association (32.92 million ha in 2004)
- ATFS: American Tree Farm System (10.50 million ha in 2004)

This market survey will only discuss the two leading schemes in Europe: FSC and PEFC. 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. FSC is an unified international certification system that is globally valid and takes all relevant stakeholders' interests equally into consideration. Originally, PEFC was set up for European producers of timber and not for tropical timber in developing countries. Therefore, timber producers in developing countries are advised to commit themselves to the FSC label.

For more information on the different certificates, please refer to:

- <http://www.fsc.org/>
- <http://www.pefc.org/>
- <http://www.certifiedwood.org/>

Please note that specific information on certified timber and timber products is not available for all subjects described in this market survey. In this case, information on conventional products and timber in general is used.

Section 1.1 describes the main timber product groups of this market survey. 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 & doorframes, 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). Logs are also referred to as round wood. 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 because 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. European producers of wood-based panels focus increasingly on sustainable raw material for their products.

Plywood

Plywood consists of sheets (plies) 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: <http://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: <http://www.europanel.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 either are 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 of honeycomb, plain particleboard or tubular particleboard.

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 (<http://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 <http://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)
- Baillonella 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 top 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	Mansonia	- Mansonia altissima
Apa	- Afzelia pachyloba	Mengkulang	- Heritiera spp.
Afzelia (Doussié)	- Afzelia bipindensis	Merbau	- Intsia spp
Azobe	- Lophira alata	Moabi	- Baillonella toxisperma
Balau (red and yellow)	- Shorea spp.	Movingui	- Distemonanthus benth.
Basralocus	- Dicorynia guianensis	Mutenye	- Guibourtia arnoldiana
Bilinga (Opepe)	- Nauclea diderrichii	Ovangkol	- Guibourtia ehie
Bubinga	- Guibourtia demeusii	Padouk	- Pterocarpus soyauxii
Gerutu	- Parashorea spp.	Panga panga	- Millettia sthlmanii
Guatambu	- Balfourondendron	Rubberwood	- Hevea brasiliensis
Iroko (Kambala)	- Chrlorophora excelsa	Sapelli	- Entandophragma cyl.
Jatoba	- Hymenaea spp.	Sipo	- Entandophragma utile
Kapur	- Dryobalanops spp.	Sucupira	- Bowdichia nitida

Keruing (Yang)	- Dipterocarpus spp.	Tatajuba	- Bagassa guianensis
Khaya	- Khaya spp.	Teak	- Tectona grandis
Mahogany	- Swietenia macrophylla	Wengé	- Millettia laurentii
Makore	- Tieghemella heckelli		

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.

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

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.

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, however, ten new countries joined the EU in May 2004. They are the Czech Republic, Estonia, Slovak Republic, Cyprus, Latvia, Lithuania, Malta, Romania, Poland and Hungary. Negotiations are in progress with a number of other candidate member states. In this survey, the former EU-15 will be referred to as EU, unless otherwise stated.

Table 2.1 Population and GDP of selected and new EU countries, 2003

Countries	Population <i>million</i>	Age 15-64 <i>%</i>	GDP (€) <i>estimation 2003</i>
<u>Selected EU countries</u>			
Germany	82.4	67.0	24,407
France	60.4	65.1	24,318
UK	60.3	66.3	24,495
Italy	58.1	66.9	23,699
Spain	40.3	68.0	19,455
The Netherlands	16.3	67.8	25,291
<u>New EU countries</u>			
Poland	38.6	70.0	9,727
Estonia	13.4	67.5	10,877
Czech Republic	10.2	70.9	13,884
Hungary	10.0	69.0	12,292
Slovakia	5.4	70.8	11,761
Lithuania	3.6	68.4	9,904
Latvia	2.3	69.2	8,931
Slovenia	2.0	70.6	16,183
Cyprus	0.8	67.4	14,149
Malta	0.4	68.5	6,263
Currencies used in EU-15 Exchange (2003)	€, UK £, DKr, SKr € 1 = US\$ 1.13		

Source: The World Factbook 2003

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 € 600,000 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 <http://www.cbi.nl/accessguide>

Monetary unit: Euro (€)

On 1 January 1999, the euro became the legal currency within twelve EU member states: Austria, Belgium, Finland, France, Germany, Greece, Italy, Ireland, Luxembourg, The Netherlands, Spain, and Portugal. In 2002, circulation of euro coins and banknotes replaced national currency in these countries. Denmark, United Kingdom and Sweden have decided not to participate in the euro.

The most recent Eurostat trade statistics quoted in this survey are from the year 2002. The € is the basic currency unit used to indicate value in this market survey.

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 can no longer 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. Consequently, 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 also in comparisons of different EU countries with regard to market approach, distribution structure, etc.

Table 2.2 Exchange rates of EU currencies in US\$, 1998-2004

Country	Currency	1999	2000	2001	2002	2003	April 2004
European Union	€	1.063	0.920	0.900	0.946	1.125	1.176
Denmark	Dkr	0.14	0.12	0.12	0.13	0.15	0.16
Sweden	Skr	0.12	0.10	0.10	0.10	0.12	0.13
United Kingdom	GB£	1.61	1.52	1.44	1.50	1.63	1.82

Source: CBS Statline

Selected countries

Germany, France, the United Kingdom, Italy, Spain and The Netherlands are highlighted in this survey, due to their important role as importers and consumers of timber and timber products. Besides the six selected countries, attention is paid to main developments in the accession countries (10 new EU countries i.e. Poland, Hungary, Czech Republic, Slovakia, Lithuania, Estonia, Slovenia, Malta and Cyprus).

- 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

In this Chapter, we first present a general overview of the global market for timber and timber products and the market in Europe. Moreover, the EU market for the timber products discussed in Section 1.1 are described followed by market information on the main European timber markets. It must be noted that detailed statistical data on the certified timber market are scarce and that reliable figures are hard to obtain. Where no certified timber product (CFP) consumption data are available, the description starts with data on the conventional market, subsequently trying to present insight about what is happening in the timber sector. In Section 3.3 and Section 3.4, market segmentation and consumption patterns and trends are discussed.

The global market of timber is closely related to international economic developments, which is also reflected in the construction sector in which timber is mostly used. According to UNECE/FAO¹, the United States and Asian economies remain the main engines of global growth, while Western Europe is lagging behind in the cyclical upturn. Moreover, the disappointing overall performance of most of the EU countries contrasts with the strong economic growth in the 10 countries that joined the EU at the beginning of May 2004. In Europe, overall construction markets contracted in 2003. Weakness was concentrated in new residential construction in Europe, a reflection of the weak job market and lack of any substantial income growth. For the aggregate of West European countries, real GDP is forecast to increase by some 2% in 2004, about twice the rate achieved in the preceding year.

According to USDA/Global Trade Atlas information, the USA is the world's leading importer of timber products, importing US\$ 16.6 billion in 2003. The EU is the world's second largest timber product importer, importing US\$ 15 billion and Japan is ranked third with an import value of US\$ 9.9 billion in 2003. Japan remained the leading softwood log importer with an import value of US\$ 1.3 billion. China's import of softwood logs skyrocketed from US\$ 50 million in 1997 to nearly US\$ 1 billion in 2003. The EU is ranked third as softwood log importer, with imports of US\$ 930 million in 2003. China is the top importer of hardwood logs, with an import value of US\$ 1.5 billion in 2003. 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\$ 1.3 billion, the EU was the second-largest importer of hardwood logs in 2003. The EU was the leading hardwood lumber importer with an import value of US\$ 2.7 billion in 2003. In the same year, China was the second-largest hardwood lumber importer and reached an import level of US\$ 1 billion.

Production of tropical industrial roundwood (logs) in ITTO² producer countries totalled 133.2 million m³ in 2003, an eight percent decrease compared to 2001. Tropical log production was equivalent to 12 percent of total industrial roundwood production from all forests in all ITTO member countries in 2002. The proportion of logs domestically processed in Africa declined slightly from 77 percent in 2002 to 76 percent in 2003. The Asian figure for domestic processing averaged 92 percent over the same period. This

¹ The Joint FAO (Food and Agricultural Organisation) /ECE (United Nations Economic Commission for Europe) /ILO (International Labour Organisation) Committee on Forest Technology, Management and Training assists countries to develop their forestry activities within the context of sustainable development. It fosters international cooperation on technical, economic and organisational aspects of forest management and forest working techniques and of the training of forest workers in logging and forest operations.

² ITTO is an intergovernmental organization promoting the conservation and sustainable management, use and trade of tropical forest resources. Its 59 members represent about 80% of the world's tropical forests and 90% of the global tropical timber trade. Since developing countries represent the majority of tropical timber supply, information from ITTO is used in this market survey.

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 2002-2003.

In Table 3.1 and 3.2 global consumption of all timber and tropical timber is given.

Table 3.1 Global consumption of all timber, 1999-2003, 1000 m³

	1999	2001	2003
Logs	1,019,481	995,743	1,038,960
Sawn wood	290,185	276,636	291,555
Veneer	4,895	4,659	5,330
Ply wood	46,353	46,104	48,873
Total	1,360,913	1,323,142	1,384,718

Source: ITTO, 2004

Table 3.2 Global consumption of tropical timber, 1999-2003, 1000 m³

	1999	2001	2003
Logs	13,983	13,585	13,958
Sawn wood	8,373	8,977	9,258
Veneer	1,567	1,538	1,475
Ply wood	15,254	14,920	14,616
Total	39,177	39,020	39,307

Source: ITTO, 2004

Forest area certified for sustainable forest management is growing rapidly, reaching 178.95 million hectares worldwide by end-2003, a 27 percent increase over the previous year. The majority 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.

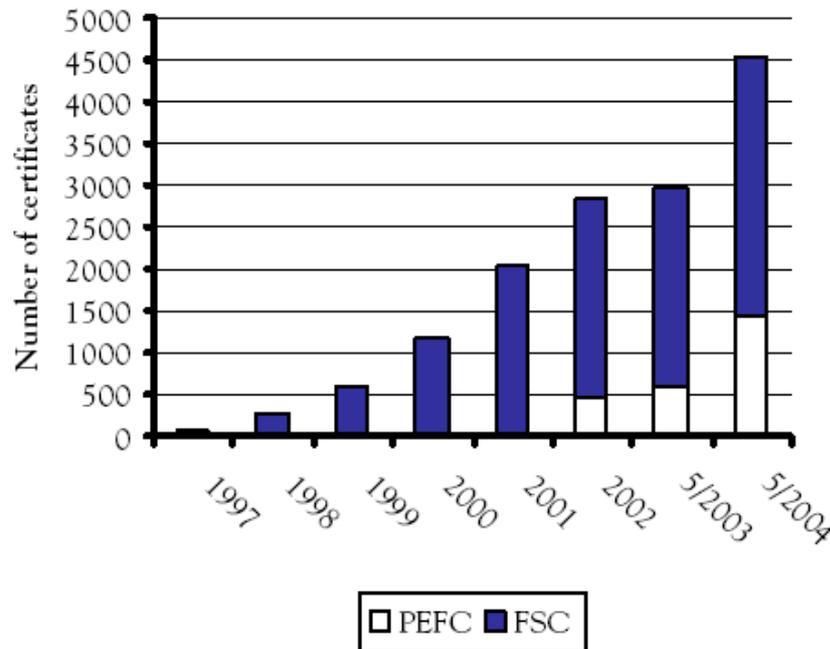
However, lack of chain-of-custody has resulted in products from certified forests being sold without a label documenting their source. This shortcoming in the distribution channel deprives producers and consumers of some of the potential benefits of trading-recognizable CFPs. Other problems include the 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.

The total market share taken by certified forest products (CFPs) continues to be difficult to assess as a result of a lack of customs coding for official trade figures. Chain of

Custody (CoC) certificate statistics may act as an indicator of demand. CoC follows the raw material through to the finished product. This is to ensure that the products have come from well-managed forests and applies to all companies taking part in the supply chain. FSC and PEFC are still effectively the only schemes offering an entire CoC for CFPs. FSC CoC certificates were issued in 66 countries and PEFC certificates in 15 countries.

CoC data show that by May 2004 a total of 4,528 certificates had been issued worldwide, of which 70% were FSC and 30% PEFC. This is an increase of approximately 50% from last year. Again, PEFC more than doubled its CoC certificates, mainly due to increases in France (344 more certificates), Germany (153 more), the Czech Republic (84 more) and Austria (76 more) (Figure 3.5).

Figure 3.1 Certification chain-of-custody trends worldwide, 1997-2004

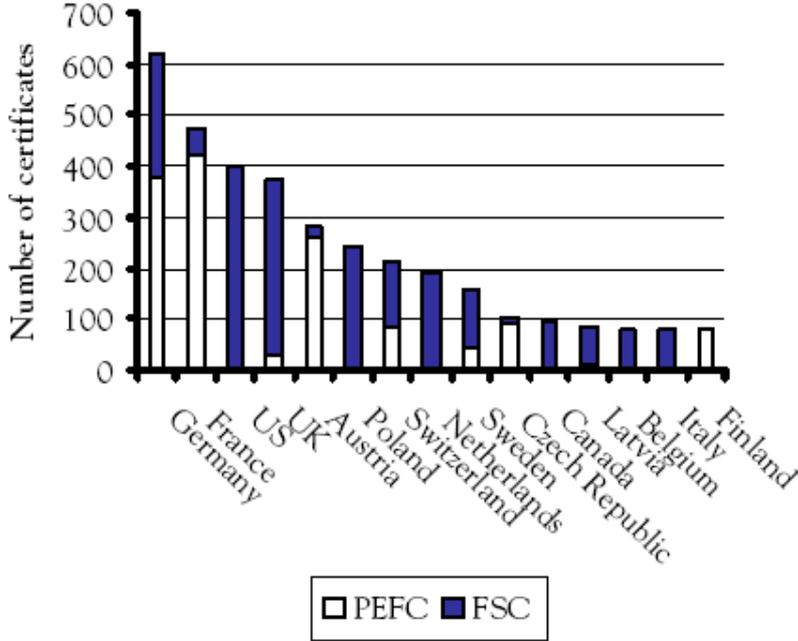


Source: UNECE, 2004

Though the amount is steadily increasing, currently only a small, although growing, proportion of wood from PEFC certified forests is actually traded as CFPs throughout the wood-processing chain. This may be due to low interest in some manufacturing industries or the “own-label only” policies of some major retailers. Some key wood products retailers prefer to use only their own label to assure customers of the origin and sustainability of their products, rather than align themselves with any one scheme. Tropical wood CFPs are currently available only in comparatively small quantities, and still suffer from unstable supply. Nevertheless, do-it-yourself chains in several European countries, including the United Kingdom, Germany, The Netherlands and Austria, are increasingly selling FSC-certified tropical timber.

The geographical distribution of (potential) demand for CFPs in business-to-business markets, according to the total number of CoC holders, shows that Germany leads the ranking in the UNECE region (Figure 3.2). While the number of FSC CoC certificates in Germany remained nearly the same as last year, there was a significant increase in PEFC certificates, which currently represent two thirds of all German certificates. The graph also shows that national markets are tending to converge toward one of the major schemes.

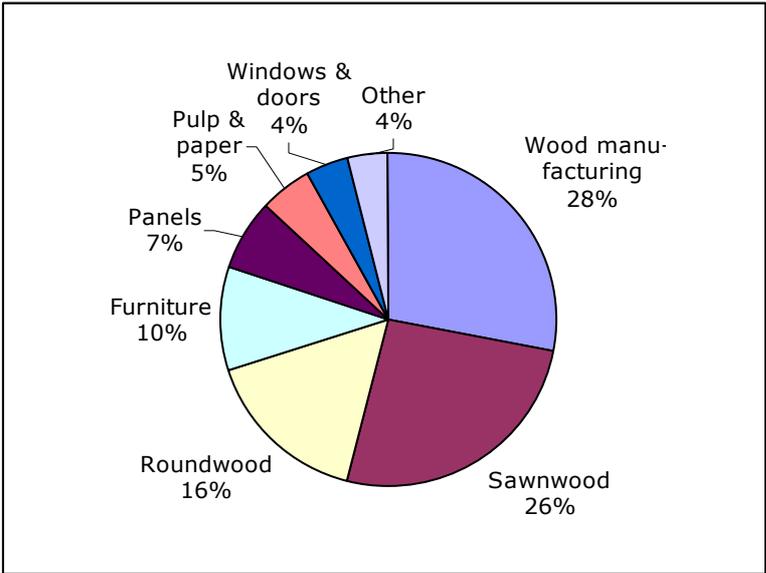
Figure 3.2 Chain-of-custody distribution in the UNECE region, 2004



Source: UNECE, 2004

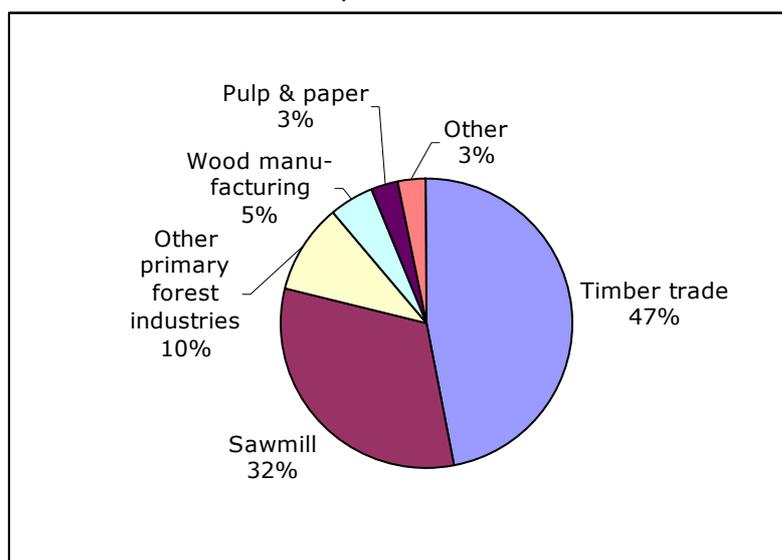
A wide range of wood-based industries and trade sectors holds CoC certificates according to the product distribution of FSC CoC certificates, which constitute 70% of the total certificates worldwide. Companies holding FSC CoC certificates cover a comparatively wide range of sectors, while the majority of certified companies operates in wood manufacturing and sawn wood production (approximately 25% each), followed by round wood. Certificates in the furniture sector hold a 10% share (Figure 3.3). Companies with PEFC CoC certificates (30% of the total) are mainly active in roundwood trading (50%) and saw milling (32%), as well as more upstream sectors in the value chain (Figure 3.4).

Figure 3.3 FSC worldwide chain-of-custody distribution by industry sector, 2004



Source: UNECE, 2004

Figure 3.4 PEFC (only Europe) chain-of-custody distribution by industry sector, 2004



Source: UNECE, 2004

The figures above show the trend of the demand for certified timber products. However, they do not show actual demand of the European timber market. To provide an idea of the size of the whole EU timber market, Table 3.3 and Table 3.4 show ITTO figures of EU consumption of all timber and of tropical timber. In general, the market for timber declined due to the economic situation in the EU. Tropical timber declined less than timber products in general. Logs is the largest product group on the EU market. In the following part, the EU market for the different product groups of this market survey are described.

Table 3.3 EU consumption of all timber, 1999-2003, 1000 m³

Product	1999	2001	2003
Logs	292,278	265,243	272,360
Sawn wood	87,586	84,152	86,088
Veneer	1,676	1,526	1,608
Plywood	5,723	5,702	5,565
Total	387,264	356,624	365,622

Source: ITTO, 2004

Table 3.4 EU consumption of tropical timber, 1999-2003, 1000 m³

Product	1999	2001	2003
Logs	2,458	2,163	2,060
Sawn wood	2,605	2,809	2,555
Veneer	302	288	405
Plywood	1,269	1,405	1,304
Total	6,633	6,665	6,324

Source: ITTO, 2004

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 (<http://www.panda.org/>). Forest certification has also received relatively greater publicity in these three countries. The most important European timber markets are treated after a description of the markets of the different product groups discussed in this survey.

EU market based on timber product groups

Roundwood

The demand for roundwood³ in West European countries is increasingly dominated by an ever smaller number of large wood-processing companies. This development has led to weaker pricing power of the traditional small, private and municipal forest owners and state forest services. The trend also shows the strong competition prevalent in the European timber market. Increasingly, the processing of timber products is located in lower-income and/or sourcing countries and not in the EU itself.

Between 2002 and 2003, the apparent consumption⁴ of roundwood in the EU increased only marginally by 0.5 percent. 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 3.5 Forecast for apparent EU consumption of softwood logs, in 2003 - 2004

In 1000 m ³	2003	2004	% change from 2003 to 2004
EU	131,769	132,952	0.9%
Sweden	35,950	36,550	1.7%
Finland	26,560	26,760	0.8%
Germany	21,066	21,433	1.7%
Accession countries	22,895	22,959	0.3%
Poland	8,210	8,315	1.3%
Czech Republic	6,348	6,402	0.9%
TOTAL EU	154,664	155,911	0.8%

Source: UNECE/Timber Bulletin, Market Prospects, 2004

The EU consumption of logs is dominated by softwoods. The EU consumption of softwood logs shows a decrease of 0.9 percent between 2003 and 2004. Sweden and Finland were the leading EU consumers of softwood logs, followed by Germany. With respect to hardwood logs, France, Germany and Spain were the leading consumers of hardwood in the EU during this same period.

³ According to the definition of the European Economic Commission, this includes industrial wood in the rough and fuel wood.

⁴ Apparent consumption = Production + Imports - Exports

Table 3.6 Forecast for apparent EU consumption of hardwood logs, in 2003 - 2004

In 1000 m ³	2003	2004	% change from 2003 to 2004
EU	16,778	16,773	0.0%
France	6,355	6,155	-3.1%
Germany	2,899	2,948	1.7%
Spain	2,150	2,200	2.3%
Accession countries	7,326	7,469	2.0%
Poland	2,357	2,390	1.4%
Hungary	1,495	1,495	0.0%
TOTAL EU	24,104	24,242	0.6%

Source: UNECE/Timber Bulletin, Market Prospects, 2004

Sawn timber

The majority of EU sawn timber consumption consists of softwood. Between 2003 and 2004, the consumption of sawn hardwood increased in comparison to sawn softwood. Market consumption declined for sawn softwood 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.

Table 3.7 Forecast for apparent EU consumption of sawn softwood, in 2003 – 2004

In 1000 m ³	2003	2004	% change from 2003 to 2004
EU	75,054	71,002	-5.4%
Germany	15,769	15,769	0.0%
France	9,803	9,785	-0.2%
UK	9,725	9,755	0.3%
Accession countries	8,149	8,239	1.1%
Poland	2,380	2,485	4.4%
Czech Republic	2,345	2,345	0.0%
TOTAL EU	83,203	79,241	-4.8%

Source: UNECE/Timber Bulletin, Market Prospects, 2004

Table 3.8 Apparent EU consumption of sawn hardwood, in 2001 -2002

In 1000 m ³	2003	2004	% change from 2003 to 2004
EU	11,345	11,392	0.4%
Italy	2,650	2,755	4.0%
France	2,379	2,359	-0.8%
Spain	1,770	1,740	-1.7%
Accession countries	1,680	1,770	5.4%
Poland	640	650	1.6%
Czech Republic	375	375	0.0%
TOTAL EU	13,025	13,162	1.1%

Source: UNECE/Timber Bulletin, Market Prospects, 2004

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.

Between 2003 and 2004, apparent EU consumption of wood based panels slightly increased. Consumption of particleboard and fibreboard in the EU increased by 0.5 percent and 3.2 percent respectively. Consumption of plywood decreased with 0.7 percent.

Table 3.9 Apparent EU consumption of particleboard, in 2003 - 2004

In 1000 m ³	2003	2004	% change from 2003 to 2004
EU	25,920	26,037	0.5%
Germany	8,240	8,445	2.5%
Italy	3,410	3,400	-0.3%
France	3,250	3,250	0.0%
Accession countries	5,029	5,097	1.4%
Poland	2,940	2,950	0.3%
Czech Republic	662	670	1.2%
TOTAL EU	49,451	49,849	0.8%

Source: UNECE/Timber Bulletin, Market Prospects, 2004

Table 3.10 Apparent EU consumption of plywood, in 2003 - 2004

In 1000 m ³	2003	2004	% change from 2003 to 2004
EU	5,678	5,640	-0.7%
Germany	1,141	1,121	-1.8%
UK	1,090	1,090	0.0%
Italy	780	800	2.6%
Accession countries	590	617	4.6%
Poland	207	213	2.9%
Czech Republic	100	102	2.0%
TOTAL EU	9,586	9,583	0.0%

Source: UNECE/Timber Bulletin, Market Prospects, 2004

Table 3.11 Apparent EU consumption of fibreboard, in 2003 – 2004

In 1000 m ³	2003	2004	% change from 2003 to 2004
EU	8,626	8,898	3.2%
Germany	2,053	2,197	7.0%
UK	1,650	1,650	0.0%
Italy	1,460	1,500	2.7%
Accession countries	1,935	1,935	0.0%
Poland	1,362	1,356	-0.4%
Czech Republic	246	246	0.0%
TOTAL EU	17,332	17,782	2.6%

Source: UNECE/Timber Bulletin, Market Prospects, 2004

According to the European Panel Federation (EPF), the European wood-based panel industries produced approximately 54.2 million m³ 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, however, is expanding rapidly and increased to almost 20 percent of the total production. In addition, 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 m³ 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 m³.

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 (by EPLF members) amounted to 334 million m² in 2003. This represents an increase in the European production by around 57 million m² in comparison to the previous year. The West

European market accounts for more than 60 percent of global sales in m² and totalled 227 million m² in 2003. 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 were held by Germany (63 million m²), the United Kingdom (49 million m²), France (37 million m²) and The Netherlands (16 million m²). These markets account for a share of around 73 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.

Eastern Europe also showed very positive growth in 2003. Sales of the EPLF member companies in this region rose from 46 million square metres in 2002 to 63 million square metres in 2003. Smaller markets like the Baltic States, Czech Republic, Slovakia and Croatia often produced quite high growth rates. These markets still offer further great sales potential.

Parquetry

The European Federation of the Parquet Industry (FEP) survey on the production and consumption of parquet in 2003 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 2003, the European parquet production increased by 5.6 percent in comparison to the previous year and reached a total volume of 65.8 million m². Consumption increased by 4.6 percent in 2003 and attained a volume of 84.2 million m². As in previous years, the development in parquet consumption in the EU differs strongly from country to country, or rather from region to region. Germany claims the biggest share with 23.08% (25.3% in 2002), followed by Spain with a share of 17.5%, ahead of Italy with 15.4% and Denmark, Finland and Norway with 9.8%. The Austrians are the main parquet consumers in Europe with 0.59 m²/inhabitant, followed by the Nordic countries with 0.55 m²/inhabitant and Switzerland (0.53 m²). According to FEP information, the main wood species and their market share used for the production of parquet were as follows in 2003: oak (47.5%), beech (17.3%), tropical (17.2%) and maple (5.8%). The parquet industry has positive expectations for 2004.

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. Wooden windows grew surprisingly fast in 2002. 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.

Market in selected countries

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. 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 2004, Germany is expected by UN/ECE to continue to remain the leading EU consumer of sawn softwood with an apparent consumption of around 15.7 million m². Germany is the EU second largest producer of sawn softwood, after Sweden. Considering the size of the country, Germany is not using much sawn hardwood. In 2004, it was only the fourth EU consumer of sawn hardwood (after Italy, France and Spain) with a volume of nearly 1.2 million m². Germany is by far the leading EU consumer of particle board (including OSB) with an apparent consumption of 8.4 million m² and is the largest consumer of plywood (with a volume of approx. 1.1 million m²). Germany is the largest EU market for parquetry and windows of all materials. Until 2000, parquetry consumption showed an upward trend. From 2000 to 2004 consumption declined by 24 percent to 19.2 million m², while German production is expected to amount to 10.5 million m². Consumption of laminate flooring is much higher, amounting to 59 million m² in 2004. Total window consumption (of PVC, aluminium and wood) decreased by 40 percent between 2000 and 2004, amounting to an expected 11.7 million units.

As in other EU markets, FSC certified wood is becoming more important in the German market. The coalition of the new German federal government has agreed that all federal public forests will be certified under the Forest Stewardship Council (FSC) Principles and Criteria. However, PEFC is by far the leading timber certification scheme in Germany. Approx. 7.5 million hectares, nearly 68 percent of the forest area in Germany, had been certified according to the certification schemes of FSC and PEFC in 2004. 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.

No consumption data is available for certified wood. A number of do-it-yourself retail chains advertise that part of their wood products is FSC certified. Aside from DIY markets, the paper industry requests that their raw timber originates in certified forests. The end consumer interest in forest certification is rather limited, although consumers are quite interested to know whether or not tropical timber products originate in sustainable forests.

Construction

After years of decline, a moderate growth of 1 percent is predicted for 2005, with accelerated growth of 2.5% coming through in 2006. The German proportion of the European construction market has fallen from 26% to 19% between 1999 and 2003. Nevertheless, in 2004 the number of building permits and housing completions declined. According to forecasts by the Federal Statistical Office in Germany for 2004, 255,000 building permits will be granted, down 4 percent from the previous year and 42 percent since 1999. As in the past the construction industry will exert a great influence on timber sales in the future, as the sector uses around 65 percent of annual forest cuts.

In contrast to the building industry as a whole, prefabricated construction was able to achieve better results, growing by 10 percent in 2003. Prefabricated timber construction, dominating this sector, grew by 6 percent in 2003, amounting to € 1.5 billion. Further growth is expected, also through increased exports. This is attributed to the fact that wooden homes are better insulated and therefore imply lower energy costs.

Currently, the German government is drafting a standard for the use of wood in public investments which tends to support FSC certified timber. 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. The predominantly PEFC certified German forest owners are intensively opposing this.

Internet Information:

- You can find further information on the German timber industry and timber marketing on the following Internet sites: <http://www.bmvel.de/>, <http://www.holzabsatzfonds.de/>, <http://www.infoholz.de/>.
- The Internet site of the Gesamtverband Holzhandel e.V. (<http://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 <http://www.holz-zentralblatt.com/> you can find current news about the German market.
- More information about certified forest products in Germany can be obtained from FSC-Germany at: <http://www.fsc-deutschland.de/>. Their English sub-page at <http://www.fsc-info.org/> offers information on companies in English. Also of interest are PEFC Germany at: <http://www.pefc.de/>, or WWF Wood Group Germany at: <http://www.wwf.de/>. PEFC does not offer market information.

France

France has a significant and expanding forest industry, although the country 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 2004, France was the second largest consumer of sawn softwood in the EU (after Germany), with an apparent consumption of 9.8 million m². 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 m². 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, and shows continued growth.

Certified wood is becoming more important in France. More and more French users, under pressure from retailers and distributors, require their suppliers to provide certified wood and wood products. There is a WWF Forest Trade Network (WWF Club Pro Forests) 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). There has been a sharp increase in the area of certified wood to 3.4 million hectares, or 20 percent of French forests, as of June 2004. This area is mainly under the PEFC certificate, as FSC is hindered by small landholdings in France. The Ministry of Agriculture observed that, since 2002, the harvest of certified wood and the production of certified saw wood increased significantly. The first tripled in volume between 2002 and 2003 and amounted to 5 percent of total production, or 1.8 million m³ in 2003. The second grew by 20 percent to 300,000 m³. This is still only 3 percent of total saw wood production. The reason for lagging behind is that chains of custody are not in place as yet.

Construction

French demand for wood was to a large degree supported by the construction sector. After a dip in 2002, the French construction sector grew considerably. This growth was mainly fuelled by individual house construction (number of permits given increased by 13 percent) and renovation. Moreover, the use of wood in house construction is also increasing. Construction of non-residential and public construction lagged behind.

Internet Information:

- The Internet site <http://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 <http://www.foretriveefrancaise.com/> and <http://www.site-en-bois.net/>.

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

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 2004, the UK was the second largest EU consumer of sawn softwood, with an apparent consumption of 9.8 million m². Considering the size of the country, the UK does not use much sawn hardwood. In 2004, it was only the sixth largest EU consumer of sawn hardwood with a consumption level of 780,000 m². Consumption of wood-based panels (particle board and plywood) remained more or less stable in the UK between 2002 and 2004. The UK is not a member of the European Federation of the Parquet Industry, so data on parquetry are not available. Laminate flooring is in increased demand. Demand for wood windows has been growing particularly strongly amongst housing associations and local authorities. There is still a tendency for private house builders to regard timber windows as "luxury" items reserved for upmarket houses, but here an increased interest is also notable. The consumption by the UK of tropical timber consists mainly of added value processed products. As a whole, this market is stagnant.

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 Government has adopted a policy that its departments and agencies must procure recycled or legally and sustainably 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. Imports of tropical hardwood have remained stable, but the main trade association and many companies have taken action to address the issue of responsible sourcing and certification.

Construction

Output in the construction sector increased by 9.1% in the year to the first quarter of 2004. This was the largest increase for 5 years. The number of private housing completions is expected to increase by around 9% in 2004. Construction work in transport, education, health and social housing is expected to continue to grow, although at a slower pace. Demand from the construction sector for softwood sawn timber is good in 2004 and should continue in 2005, provided the housing market is not too depressed by the recent increases in interest rates. The proportion of timber frame building in new housing starts is steadily increasing and is likely to benefit further from the policy initiatives for modern methods of construction and sustainable building reported above.

House-builders are increasingly realising the commercial advantages as well as the speed of construction and the fact that most components can be sourced in the UK. Timber frame manufacturers are increasingly moving towards higher levels of prefabrication, signifying an increase in the use of more expensive engineered components.

Internet Information:

- The Internet site <http://www.ttjonline.com/> is a good information source on the UK and other markets.
- More information about certified forest products in the UK can be obtained from FSC-UK at: <http://www.fsc-uk.org/>, PEFC-UK at: <http://www.pefc.co.uk/>, or WWF-UK 95+ Group at: <http://www.wwf-uk.org/95+group>. <http://www.fsc-uk.info/> has a database of suppliers of certified wood.

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 2003, Italy was the leading EU consumer of sawn hardwood with an apparent consumption of 2.8 million m². 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 m² and increased its consumption by 1.6 percent in comparison to the previous year. Italy was the second largest EU consumer (after Germany and the UK) of particleboard in 2003.

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. However, certification of timber products remains a voluntary market instrument and, at the present, is not a very significant factor due to weak consumer demand (which could also be due to a lack of consumer awareness). Some of the products produced from certified forests are being sold without a proper label documenting the source. This shortcoming in the distribution channel deprives producers and consumers of some of the potential benefits of trading recognizable certified forest products.

Construction

Demand from the Italian construction sector, which uses about 65 percent of softwood lumber, was reasonable during 2002. The window industry is the biggest end-user of high quality softwood lumber and the demand is still for light colour wood (pine, fir). A slight decrease in window sales was expected in Italy during 2003. The market share for wood windows is constantly decreasing in favor of plastic windows, while the wood/aluminum combination has recorded a small increase in market share. The joinery sector, interior finishing, flooring and paneling, is strictly related by the construction sector, mainly in remodeling and building rehabilitation.

Furniture

The Italian furniture industry sources its raw materials from many countries in order to guarantee a continued and reliable supply of products. Italian demand for temperate hardwood lumber depends largely on the domestic and export performance of the furniture industry. Italian furniture manufacturers continue to prefer high-grade

hardwood, mainly tulipwood, red alder and white and red oak, as well as other species such as ash, cherry and hard maple. Poplar is the most important hardwood species harvested in Italy. Nearly 95 percent of the country's output is used by the wood manufacturing industry in the North.

Internet Information:

- For more information about the Italian wood industry: <http://www.federlegno.it/>
- The Italian based <http://www.timberandmore.com/> provides information on the Italian wood product markets.
- More information about certified forest products in Italy can be obtained from FSC Italy at <http://www.fsc-italia.it/>, PEFC Italy at: <http://www.pefc.it/>, or from the Italian Global Forest and Trade Network group (Club per il Legno Ecocertificato) at: <http://www.dubecolegno.it/>

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

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

Regarding its size in comparison to other EU countries, the consumption of sawn softwood in Spain is relatively low, with an apparent consumption of 4.5 million m³ in 2004. However, Spain is the third largest consumer of sawn hardwood in the EU in 2004 with a consumption of 1.7 million m³. The apparent consumption of fibreboard and plywood revealed a decrease between 2002 and 2004 of 10.9 percent and 9.8 percent respectively. In 2002, Spain was the second largest consumer of parquet in the EU, with a market share of 16.9 percent.

Construction

Low interest rates, lower unemployment, immigrants and foreign investors are helping fuel a housing boom. New dwelling starts are expected to attain a record 700,000 units in 2003. While renovation activity continues firm, the furniture industry is stagnant. Certain builders' joinery and carpentry industries such as doors and flooring continue strong but trade has notably deteriorated with increased imports and decreased exports. White oak continues to be the species of choice for flooring, doors, kitchen cabinets and molding. Redwood pine and iroko are the main species used for windows.

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.

Internet Information:

- For price and product information, the Spanish Association of Wood Importers (AEIM) at <http://www.aeim.org/> or the Spanish Federation of Wood-Based Industries (FEIM) at <http://www.feim.org/> could be contacted.
- More information about certified forest products in Spain can be obtained from WWF-Grupo 2000 at: <http://www.wwf.es/> or PEFC Spain at: <http://www.pefc.es/>

The Netherlands

The Netherlands does not have sufficient production of forest products to supply the domestic markets, consequently 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. Because of low domestic production and thus relatively high imports, Chapter 5 gives a good overview of apparent consumption of timber in The Netherlands.

Consumption

Dutch producers and consumers are very concerned about the origin of wood. Therefore, the market share of FSC-certified timber products is expanding rapidly. Now, a significant amount of timber is cultivated inside The Netherlands. However, to attain the target of 50% FSC-certified wood in 2006, import from other countries needs to increase significantly in the next couple of years. This may provide market opportunities for exporters in developing countries, who produce timber according to the FSC guidelines.

There is a Forest and Trade Network in The Netherlands, which operates under the name FSC Nederland (formerly Stichting Goed Hout!). FSC Nederland consists of about 100 members including forest owners, timber importers, retailers and conservation organisations. FSC Nederland figures show a steady growth of the supply of FSC timber on the Netherlands market. Almost 11 percent of FSC timber was available in 2003 (770,000 m³) and for 2005, a share of 12 percent is estimated.

Table 3.12 Overview of (FSC) timber use in The Netherlands (excl. furniture, paper and cardboard), 1999-2005, in 1,000 m³

	1999	2000	2001	2002*	2003	2004*	2005*
Available volume timber	8,392	8,169	7,047	7,084	7,324	7,389	7,456
Available volume FSC timber	327	376	468	496	770	803	886
Share FSC (%)	3.9	4.6	6.6	7.0	10.5	10.9	11.9
Growth compared to 1999 (%)	100	115	143	152	236	246	272

* Estimation

Source: FSC The Netherlands (<http://www.fscnl.org/>), 2004

FSC is becoming increasingly known among companies and the end-user on the Netherlands market. Growth of the availability of FSC is mainly due to growing imports. By the end of 2002, more than 600 timber products bearing the FSC certificate were available on the Netherlands market. The majority of these FSC products are used by the Do-It-Yourself and construction sector. Moreover, smaller volumes are used by the garden and the interior sector. 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.

Next to FSC, "Keurhout" is an important sustainable timber certificate in The Netherlands. However, no clear market data of Keurhout are available. Keurhout covers several quality marks of sustainable timber and forest management, among which also

PEFC. From 1996 onwards, the Keurhout Foundation has assessed a great many certificates for sustainable forest management on the basis of the minimum requirements set out by government. The total surface area covered by these certificates comprises some 35 million hectares worldwide. Since January 2004, the activities of Keurhout fall under VVNH, the Association of Netherlands Timber Businesses.

Both product certificates (for wood products) and process certificates (for the management of forests and the management of harvesting, trading and processing) are increasingly common in The Netherlands.

In general, The Netherlands is a relatively small consumer of sawn softwood and, between 2002 and 2004, the apparent consumption remained stable around 2.2 million m³. Considering the size of the country, The Netherlands is a big consumer of sawn hardwood, accounting for 4.9 million m³ in 2004. Between 2002 and 2004 the consumption of hardwood remained stable. Consumption of wood based panels (particleboard, plywood and fibreboard) decreased somewhat between 2002 and 2004, after increases in previous years. The use of tropical wood is declining in The Netherlands. Between 1992 and 2002, use fell from approximately 815,000 m³ to 567,000 m³. Decreases in use are noticeable in lumber, roundwood and plywood and veneer. This trend is expected to continue.

Construction

In 2003, about 11 percent of total available FSC timber was used in the construction sector in The Netherlands.

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.

In addition, the Warranty Institute for House-Building (GIW) at <http://www.giw.nl/> determined that, effective April 1, 2003, all door and window frames, windows and doors have to be made of solid hardwoods. 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. 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 (<http://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.

Internet Information

- The Internet sites <http://www.houtinfo.nl/> and <http://www.sbh.nl/> provide additional information on The Netherlands' market.
- More information about FSC timber in The Netherlands can be obtained from FSC-Nederland at: <http://www.fscnl.org/>.
- <http://www.vvnh.nl/> provides more information on VVNH, the Association of Netherlands Timber Businesses and on the Keurhout Foundation.

Please note that the majority of the information is only in Dutch. However, some publication in English can be downloaded.

Accession countries

Below, the three main timber markets of the accession countries will briefly be discussed.

Poland

- According to the Polish Central Statistical Office, the economic situation in Poland improved in the middle of 2003. There were signs of improvement in the wood market in Poland in 2002, which included increased lumber sales. Building material manufacturers and construction companies are not as optimistic but anticipated possible improvement after May 2004 EU accession except for a higher 22 percent value added tax. An increase was only noticed in the hotel and supermarket construction areas.
- The good management of Polish forests made them extremely interesting for FSC (Forest Stewardship Council) certification. FSC certification started for Polish State forests in 1996 and 2.85 million ha of Polish forests have now been certified. This puts Poland in the world's second place after Sweden (8 million ha of certified forests).

Czech Republic

- In 2003, removals of wood raw material increased compared to the previous year by 4.1% to 15 140 thousand m³.
- In the Czech Republic, the area of forests certified according to the Pan European Forest Certification (PEFC) totalled 1 909 747 ha, which is approximately 72% of the total forest area. Along with the forest certification, certification of wood and pulp and paper products is under way in the consumer chain. As at 31 December 2003, Czech companies were issued 59 individual and group certificates according to the PEFC system and 12 certificates according to Forest Stewardship Council (FSC) system.

Hungary

- In the year 2003, fellings were performed on 93 thousand hectares, out of which area some 21 thousand hectares were harvested, i.e. final cut performed. The removed gross amount of 7.084 million m³ of timber represents 72 per cent of the sustainable forest plan potentials.
- The production data in the wood-processing industries in 2003 showed an increase of 4 per cent. Production in the primary processing section, including wood-based panels, fell back in the wood processing industry. The overall expansion of the branch's output has principally been attributed to the development of house building. At the same time, the share of furniture production decreased.

Internet Information

- Poland: <http://www.wwf.pl/>, <http://www.drewno.pl/>
- Czech Republic: <http://www.czechfsc.cz/>, <http://www.pefc.cz/>
- Hungary: <http://www.wwf.hu/>, <http://www.fagosz.hu/>

For more information on the European timber market please refer to the following:

- For further information and details about certified forest products, contact the Forest Stewardship Council (FSC) at <http://www.fsc.org/> or the Pan European Forest Certification (PEFC) at <http://www.pefc.org/>.
- Moreover, almost all national Internet sites of FSC provide a database of the

availability of FSC timber and their European suppliers.

- Good sources for European Union timber market information in general are <http://www.fao.org/forestry/foris>, <http://www.ttjonline.com/> and <http://www.unece.org/trade/timber>. The latter also provides also country reports.

3.2 Market segmentation

The most important market segments for timber and timber products are the:

- Construction sector
- Further Processing Industry
- DIY (Do It Yourself) trade

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.

Please refer to Figure 3.7 and 3.8 for more insight into the distribution of Chain of Custody certificates under the main industry channels. Other sectors for FSC include sawmill by-products (2%), construction (1%), wood product trade and retailers (1%) and Do-It-Yourself products (0.2%). Other sectors for PEFC include wood products trade and retailers (2%), construction (1%) and other primary forest industries (0.2%).

Construction sector

In 2003, construction activity within the 15 EU member states was worth a total of around € 910 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 2001 reveal a small growth of 0.1 percent in comparison to the previous year. Although in certain countries construction activity was sustained (+3.7% in the UK; and +3.9% in Spain), Germany, The Netherlands and Portugal did have a difficult year with a decline of respectively 3.4, 3.0 and 12.0 percent in activity in 2003 compared to the previous year. In the accession countries, construction activities in the Czech Republic increased by 8.0 percent between 2002 and 2003, while in Poland these activities showed a decline of 5.0 percent. The forecast for 2004 is a growth of 0.8 percent, but with variations from country to country. Some countries are expected to continue experiencing negative growth rates (Portugal -5.0% and to a lesser extent Germany -1.0% and The Netherlands -0.5%), while other EU countries maintain a more sustained growth in activity (UK +1.6%, Spain +4.5% and Italy +1.5%). Overall, the FIEC expects that the EU enlargement will bring opportunities for its member companies.

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.

While demand for certified wood for flooring and the furniture sector is still small, demand by the construction sector is increasing. Especially in The Netherlands, Germany, France and the United Kingdom government is promoting the use of sustainable timber in construction. Increasingly, governmental construction projects commit themselves to the use of certified timber. For example, The Netherlands government policy for the period 2000-2004 is sustainable construction and focuses explicitly on the use of sustainably managed timber. Public procurement policies continue to be a driving force for certification and an important source of demand for certified forest products. However,

according to FSC in The Netherlands, the availability of certified timber for the construction sector is still relatively modest and varied criticised by companies.

Further Processing Industry

Next to the construction sector, the processing industry is an important channel for timber. This segment consists of:

- Packing industry (pallets, boxes, crates and coils, etc.)
- Furniture interior industry (furniture, walls, ceilings, etc.)
- Carpentry and wood working industry (window frames, doors, stairs, etc.)

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.

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 <http://www.ueanet.com/> can provide additional details about the furniture market and trade in the EU.

Demand for certified furniture is still very small. However, in The Netherlands some negotiations have started between the furniture industry and organisations promoting sustainable timber. It is expected that with an improving European economic situation the demand for sustainable products, including furniture, will also increase.

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".

DIY trade

The DIY market has become strong in the last few years (see Section 3.3). The availability of FSC timber is viewed positively by companies. The DIY sector represents an important part of all imported and indigenous FSC timber sold. 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, but steadily also tropical developing countries. Tropical wood CFPs are currently available only in comparatively small quantities and still suffer from unstable supply. Nevertheless, do-it-yourself chains in several European countries, including the United Kingdom, Germany, The Netherlands and Austria are increasingly selling FSC-certified tropical timber.

➤ For a better understanding of possible combinations of market segments and products, please refer to Section 10.3, which gives an overview and explanations of key product-market combinations.

3.3 Consumption patterns and trends

Global trends

As mentioned at the beginning of this Chapter, timber consumption is greatly dependent on the activities of the building industry, which in turn is closely related to economic growth. Global economic recovery began in the second half of 2003, when the United

States and Asian economies provided stimulus for growth, while Western Europe lagged behind. Strong growth in the 10 accession countries contrasted with the disappointing performance of the EU-15. For the aggregate of West European countries, real GDP is forecast to increase by some 2% in 2004, about twice the rate achieved in the preceding year. Construction was weak in 2003 in Western Europe overall; however, there were some stronger markets, such as the UK. Construction, primarily non-wood, in the Accession countries, was growing twice as fast as in Western Europe, but on lower volumes.

Finished products have increasingly been processed in timber sourcing countries. Only a few EU companies demand semi-finished products such as logs. In the end, the European timber-processing industry will shift its production to lower-income countries.

SFM developments

Concern for the origins of wood products imported into the UNECE region, and increasing awareness of illegal logging, led government agencies, industry associations and international organizations to initiate measures to curb the trade in such products. Certified forest products markets are being driven, in part, by government purchasing policies that ensure sustainable forest management (SFM) and legality of the source of their purchases. In particular, the demand for legal and certified tropical timber is growing.

FSC and PEFC

There is a number of organisations, which have their own criteria and indicators for sustainable forest management. As mentioned, the leading schemes in Europe 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, Denmark, 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. Hardly any 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.

By the end of 2003, around 45 million hectares of forest in 66 countries had been independently certified under the FSC certification scheme and more than 20,000 products carry the FSC label. 644 Forest Management Certificates and 3,220 Chain of Custody certificates have been counted by FSC. 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. Increasingly, different schemes are trying to work together. Moreover, it is expected that in the future, FSC will also be applied to timber products in other industries, such as furniture and kitchen.

Forest Trade Networks

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. Forest and Trade Networks in Europe are located in Belgium, France, Germany, Ireland, Italy, The Netherlands, Sweden (for the Nordic countries), Spain and the United Kingdom. By the beginning of 2004, there were 22 Forest Trade Networks in nearly 30 producer and consumer nations throughout Europe, Asia, Africa and the Americas. While FTNs share similar objectives and values, the nature and goals of their members varies. Demand-oriented FTNs, or Buyer Groups, consist primarily of retailers, distributors and specifiers of forest products, while Production-oriented FTNs, or Producer Groups, primarily comprise forest owners and managers, processors and manufacturers that have either achieved, or are committed to achieving, credible certification.

For more information on the Global and the other Forest Trade Networks, please refer to:

- <http://www.panda.org/forestandtrade> and
- http://www.panda.org/about_wwf/what_we_do/forests/what_we_do/management/gftn/index.cfm

A contact list of all local FTNs can be downloaded on this Internet site.

FLEGT

The European Commission has urged timber-exporting countries around the world to support a voluntary timber 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. Moreover, through FLEGT the EU supports third countries in developing a legal logging system.

For more information on FLEGT, please refer to:

- http://europa.eu.int/comm/development/body/theme/forest/initiative/index_en.htm

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-known 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 most of the national FSC Internet sites (<http://www.fscnl.org/>, <http://www.fsc-uk.info/>, <http://www.fsc-deutschland.de/>, etc.) 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.

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.

Please refer to Section 9.1 for an overview of dates on which CE marking has to be adapted on specific timber products and material.

For more information on CE marking, please refer to

- The Internet site of the EU <http://europa.eu.int>
- The Internet site of CEN: <http://www.cenorm.be/>

Construction

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.

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 disassemble. 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.

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). An estimation of 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 chains in several European countries, including the United Kingdom, Germany, The Netherlands and Austria are increasingly selling FSC-certified tropical timber.

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.

E-commerce

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, <http://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: <http://www.timber-exchange.com/> or <http://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.

Research in the EU of e-commerce 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.

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

In 1999, the trade site <http://www.houtbeurs.nl/> started in The Netherlands. The site is also known as <http://www.woodexchange.net/> and uses the site of <http://www.fordaq.com/> to trade timber and timber products worldwide.

EU enlargement

In May 2004, ten more European countries, primarily from the Central and East European (CEE) region, joined 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 EU enlargement has 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 these countries have a competitive advantage over their competitors in developing countries, as strong points of these candidate countries are their relatively low labour costs, closeness of other European markets 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 adds another 100 million consumers to the EU marketplace. This will obviously increase the overall EU buying power noticeably. The average income of consumers in the ten new countries is considerably lower than the average of the current 15 member countries, but increasing. 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 a result, transaction costs for exports from developing countries will be reduced because the harmonised rules and regulations now cover a larger area. Moreover, 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 in developing countries to the EU:	
<p>Opportunities:</p> <ul style="list-style-type: none"> • Forest Certification and Certified Forest Products (most notably in UK, Germany, The Netherlands and Nordic States) • Voluntary timber licensing system (FLEGT) • Value-added Products (hardwood windows & doors, timber-frame housing) • New building decrees favouring tropical hardwoods • Lesser-Known Species (LKS) • Plantations • Construction trends (timber-frame housing) • E-commerce • EU enlargement 	<p>Threats:</p> <ul style="list-style-type: none"> • CE Marking of timber products • Dominance of temperate timber • Engineered wood products • Increased competition from OSB and MDF manufacturers. • Demand for plywood stagnating. • EU enlargement

4 PRODUCTION

After the accession of Austria, Finland and Sweden in 1995, the EU became the world's second largest paper and sawn wood producer. EU forest-based industries' production value amounted to € 300 billion, which is ten percent of total EU manufacturing in 2002 and provides employment to 2.6 million people. The accession of the 10 Central and East European Countries almost 10 years later, means more self-reliance in the provision of forest products and an increase of total protected forest areas.

The European commission on Forest-based industries (F-BI) has recognised several sectors of forest-based industries as follows: forestry, woodworking, pulp and paper, manufacturing / paper and board converting / printing and furniture.

Forestry

As part of the production process, forests are on the beginning of this chain. Therefore, a sustainable forest management is necessary to provide those industries with the resources needed. To guarantee this sustainability of the management, forests have been labelled either the FSC or the PEFC certification.

Table 4.1 Certified forest areas (1000 ha) in Europe and the accession countries, FSC and PEFC, 2004

	Total forest area	FSC as of 10/2004	PEFC as of 5/2004
Austria	3,924	4.0	3,924.0
Belgium	672	6.0	206.5
Denmark	538	0.4	7.4
Finland	22,768	0.1	22,298.2
France	16,989	15.3	3,330.0
Germany	10,740	508.3	6,883.0
Greece	6,513	-	-
Ireland	591	438.0	-
Italy	10,842	11.4	-
Luxembourg	89	-	-
The Netherlands	339	127.1	-
Portugal	3,467	-	-
Spain	25,984	1.1	188.3
Sweden	30,259	10,337.8	3,756.6
United Kingdom	2,489	1,207.3	9.1
Cyprus	280	-	-
Czech Republic	2,630	13.2	1,932.0
Estonia	2,162	1,063.6	-
Hungary	1,811	188.7	-
Latvia	2,995	-	27.7
Lithuania	2,050	803.4	-
Malta	-	-	-
Poland	8,942	6,192.5	-
Slovakia	2,031	43.7	-
Slovenia	1,166	-	-
Total EU-15	136,204	12,653	40,603
Total accession countries	24,067	8,305	1,960
Total EU-25	160,271	20,958	42,563

Source: FSC, <http://www.certified-forests.org/>; PEFC, <http://www.pefc.org/> (2004)

Sweden has relatively the widest forest area (22.2%) of the 15 EU countries, followed by Spain (19.1%). Finland has the largest area of certified forest (97.9 %), at a distance followed by Germany with 64.1 percent.

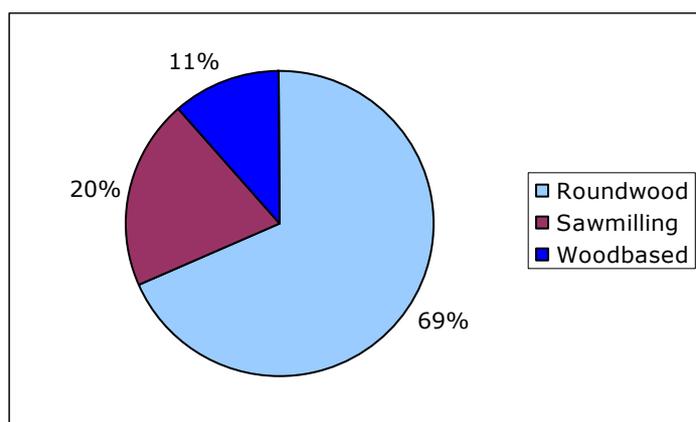
The accession countries together account for a total forest area of 24 million ha. Among these countries, Poland has relatively the most forest area (37.2%), of which 69.3 percent is certified.

Wood-working industries

The primary activities in the wood-working sector are divided over **roundwood**, **sawmilling** and **wood-based panels**. Secondary activities are **joinery** and **carpentry** and packaging.

In the EU, nearly 70 percent of the wood-working activities consist of **roundwood** with a volume of 269 million m³. This was a result of an increase between 2001 and 2003 of 4.0 percent. Sawmilling had a share of 80.4 million m³ and wood-based panels 44.9 million m³. The accession countries together accounted for 88 million m³ of roundwood, 17 million m³ of sawmilling and almost 10 million m³ of wood-based panels, resulting in a total increase of the wood-working sector of 8 percent in between 2001 and 2003.

Figure 4.1 Share in volume (m³) of sub-sectors of the European wood-working industries, 2003



Source: UNECE, 2004

Table 4.2 Production (removals) of roundwood by the leading producing EU countries, in 1000 m³

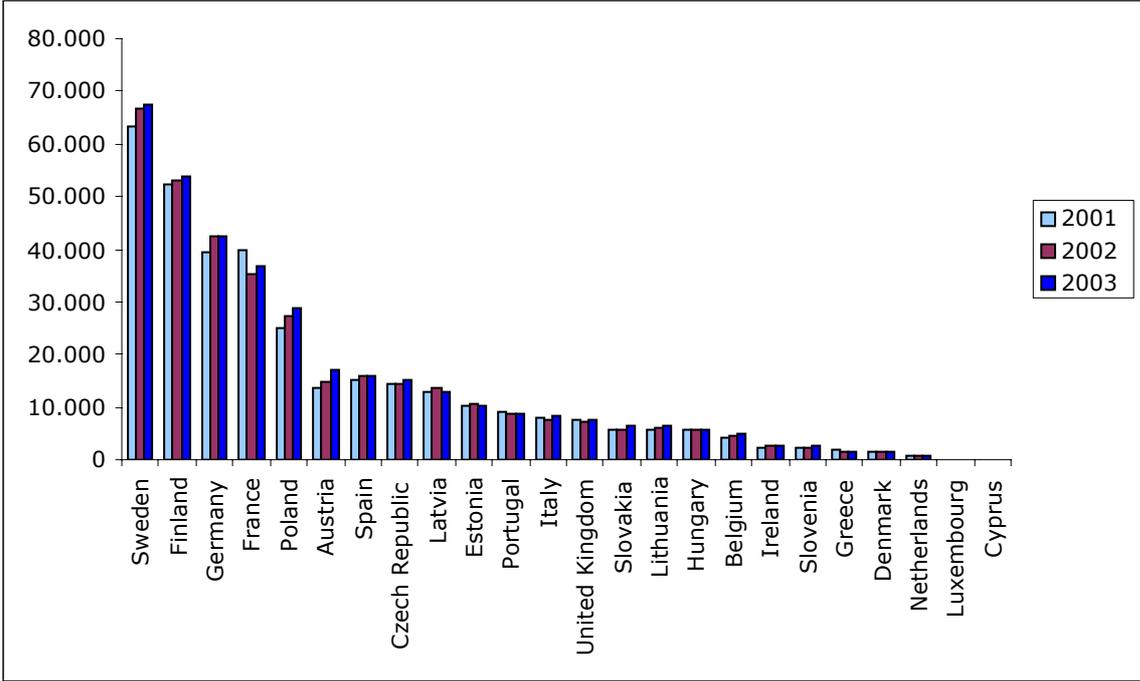
Country	2001	2002	2003
Sweden	63.200	66.600	67.300
Finland	52.210	53.011	53.779
Germany	39.483	42.380	42.380
France	39.831	35.449	36.850
Austria	13.467	14.846	17.055
Spain	15.131	15.839	16.105
Portugal	8.946	8.742	8.742
Italy	8.099	7.511	8.219
United Kingdom	7.559	7.360	7.566
Belgium	4.215	4.500	4.765
Total	252.141	256.238	262.761

Source: UNECE, 2004

Between 2001 and 2003, roundwood removals in the EU either increased slightly or stabilised. This was an overall increase of 4.0 percent. In 2003, it resulted in a total roundwood production in the EU of around 269.6 million m³; the 10 leading producing countries delivered 97.5 percent.

The Netherlands is one of the smallest EU producers, accounting for only just below the one million m³ of roundwood in 2003. This is also the case when the accession countries are included. Furthermore, Poland takes the fifth position after France with a production volume of 28.8 million m³ (and a growth of 15.3 percent), followed by the Czech Republic, Latvia, and Estonia, replacing Italy, The UK and Belgium in the top ten.

Figure 4.2 Production of roundwood in the 25 EU member countries, in volume (m³), 2001 - 2003



Source: UNECE/FAO, Market Review, 2004

In 2003, **sawnwood** production reached 80.4 million m³ after an increase of by 2.3 percent since 2001. During the same period, the accession countries experienced a much stronger increase of 7.7 percent. In total, this would mean an additional 17.3 percent production volume for the EU.

Germany is by far the leading EU producer the production of **wood-based panels**, with a production volume of 13.4 million m³. In this sector, the Polish panels manufacturing sector gained the second position after a relatively tremendous increase of 25.7 percent, leaving France behind with 3.1 percent. The accession countries' probable share would be 17.6 percent.

Finished products have increasingly been processed in timber sourcing countries. Only a few EU companies demand semi-finished products such as logs. In the end, the European timber processing industry will shift its production to lower-income countries. This trend creates opportunities for the timber processing industry in developing countries. However, the EU accession countries also provide suitable locations for the EU processing industry and they are more closely located to the end market.

Pulp and paper manufacturing and related activities

Paper is an important end product, consisting mainly of pulp that is derived from fresh wood, woodchips from sawmills, or recycled paper. The pulp sector showed an increase between 2001 and 2003 of 6.4 percent; if you add to it the 2003 production in the accession countries that increases the production by another 6.5 percent. This resulted in a total production volume of 38.066 m³, which would mean a real growth between 2001 and 2003 of 13.8 percent. In the same period, paper manufacturing in the EU experienced an increase of 4.9 percent to a total volume of 35.6 million m³. With the joining of the accession countries, real growth was 11.3 percent. Related activities that are also considered as a sub-sector are the paper and board converting, and printing, or graphic industry. Of the latter, this sub-sector comprises some 80,000 firms and employs some 962,000 EU citizens, handling a turnover of about € 80 billion.

Furniture

The EU furniture industry accounts for about half the world's furniture production, with a production value of € 82 billion. As a labour-intensive industry, this sector provides employment for around one million people. 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, followed by Italy (26.0%), France (11.8%), the United Kingdom (9.6%) and Spain (7.5%). A trend occurring in this sector is the shift of production to Eastern Europe and Asia, for reasons of lower labour costs and a good investment climate.

Furniture manufacturers are still reluctant regarding certified wood. The use of certified timber in the production process is very dependent on the economic situation of the customer. In times of financial crisis, environmental awareness has a lower priority. However, negotiations between the furniture industry and sustainable forest organisations have started.

Opportunities for timber exporters in developing countries to the EU:

As mentioned, the production of value added timber products will increasingly shift to low-income countries. For producers in developing countries this may be an opportunity, if supplying the required quality of value added timber products.

5 IMPORTS

In this chapter, data will as much as possible refer to certified wood. Eurostat and ITTO do not have data on certified timber and other statistical sources on this are not abundant. Where necessary, the Eurostat statistics will be used. 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. Please refer to Appendix 2 for detailed trade statistics of the EU and of the major national trade markets within the EU.

5.1 Total imports

Between 2001 and 2003, value imports of timber and timber products by EU member countries decreased by 2.2 percent, amounting to almost € 22.2 billion in 2003. In terms of volume, imports decreased by 1.2 percent over the same period, amounting to 79.9 million tonnes in 2003.

During the period 2001-2003, the United Kingdom kept its place as the leading importer, accounting for 16.7 percent in terms of value of total imports by EU member countries, followed by Italy (14.2%), Germany (14.2%), France (9.3%), Spain (8.0%), and The Netherlands (6.8%). Nearly all leading importers reveal a decline in import value in 2003, most notably Germany with a drop of 6.0 percent in terms of value, in comparison to the previous year. Only France and Spain show a slight increase in imports, of respectively 3.3 and 0.8 percent compared to 2002. 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. To illustrate: German building permits continued to decline in 2002 by 6 percent compared to the previous year (ITTO Review, 2003).

Table 5.1 Imports of timber and timber products by EU member countries, 2001–2003, in € million / 1,000 tonnes

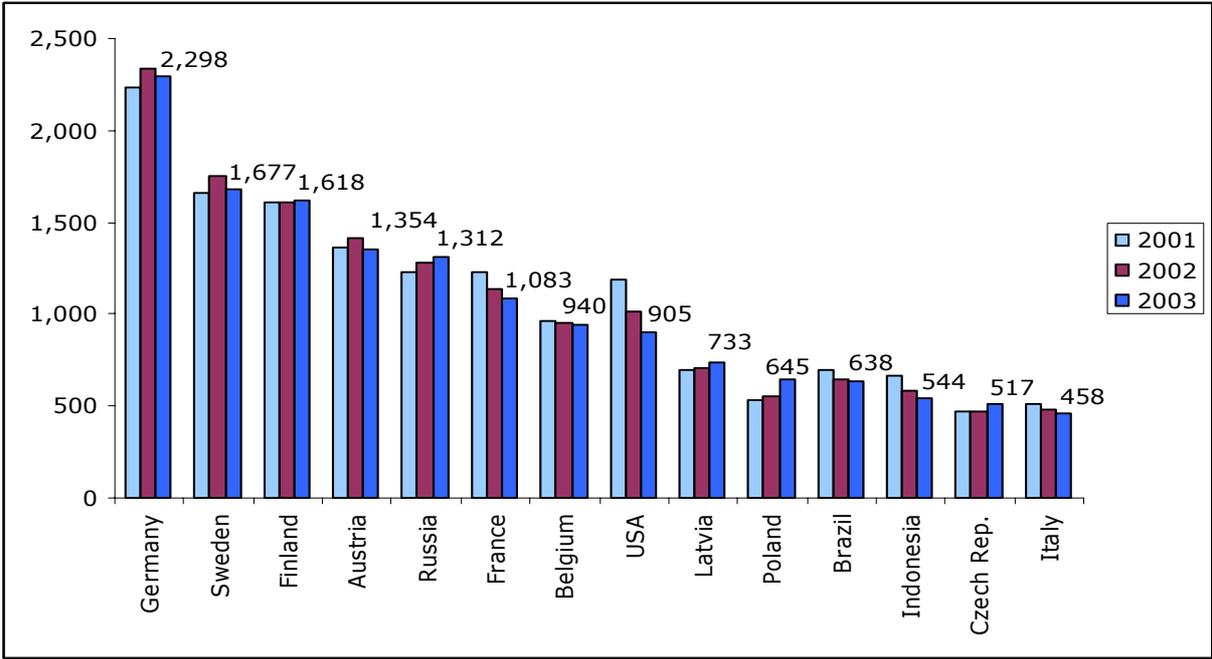
	2001		2002		2003	
	value €	volume	value €	volume	value	volume
Total	22,733	80,932	22,594	79,735	22,230	79,931
Extra-EU	11,162	46,385	10,786	45,796	10,757	45,697
Developing countries	4,223	7,842	3,919	7,218	3,789	7,015
United Kingdom	3,638	7,119	3,880	7,728	3,722	8,034
Italy	3,231	10,555	3,275	10,511	3,161	9,956
Germany	3,566	8,578	3,352	7,686	3,152	7,375
France	2,104	4,728	2,004	4,532	2,070	4,940
Spain	1,810	6,196	1,770	5,556	1,784	5,335
The Netherlands	1,687	3,441	1,612	3,402	1,519	3,259
Belgium	1,468	5,514	1,397	4,669	1,428	5,078
Austria	1,294	8,324	1,259	8,070	1,313	8,314
Denmark	1,026	2,435	1,049	2,459	1,078	2,688
Sweden	923	9,402	902	9,741	904	9,159
Finland	662	11,397	697	12,025	735	12,330
Ireland	476	643	469	736	534	871
Portugal	481	1,361	458	1,187	371	770
Greece	277	785	386	802	367	975
Luxembourg	91	455	82	631	93	846

Source: Eurostat (2004)

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 countries consist almost completely of wood in the rough. In 2003, Sweden imported 3.2 million tonnes from Latvia, 2.0 million tonnes from Russia and 1.2 million tonnes from Estonia. In the same year, Finland imported 10.0 million tonnes from Russia.

Germany, Sweden and Finland were the leading supplying countries of timber and timber products, together accounting for a quarter of total value imports by EU member countries in 2003. In the same year, almost half of total value imports by EU member countries was supplied by extra-EU countries, and 17 percent of the total timber imports by the EU originated in developing countries.

Figure 5.1 The leading suppliers of timber and timber products to the EU, 2001-2003, in € million



Source: Eurostat (2004)

In the case of certified timber and timber products, statistics are not abundant, making it difficult to assess their share in total timber imports into the EU countries. As a result, most of the statements found in the different reports (UNECE Market Review 2003, ITTO Review 2003, and Keurhout 2002) are not underpinned by concrete numbers. Except for The Netherlands, no other leading importer in the EU has conducted a survey as elaborate, figures included.

Chapter 3 on consumption can serve as an indication on the tendencies of the import of certified timber and timber products to the leading EU importing countries.

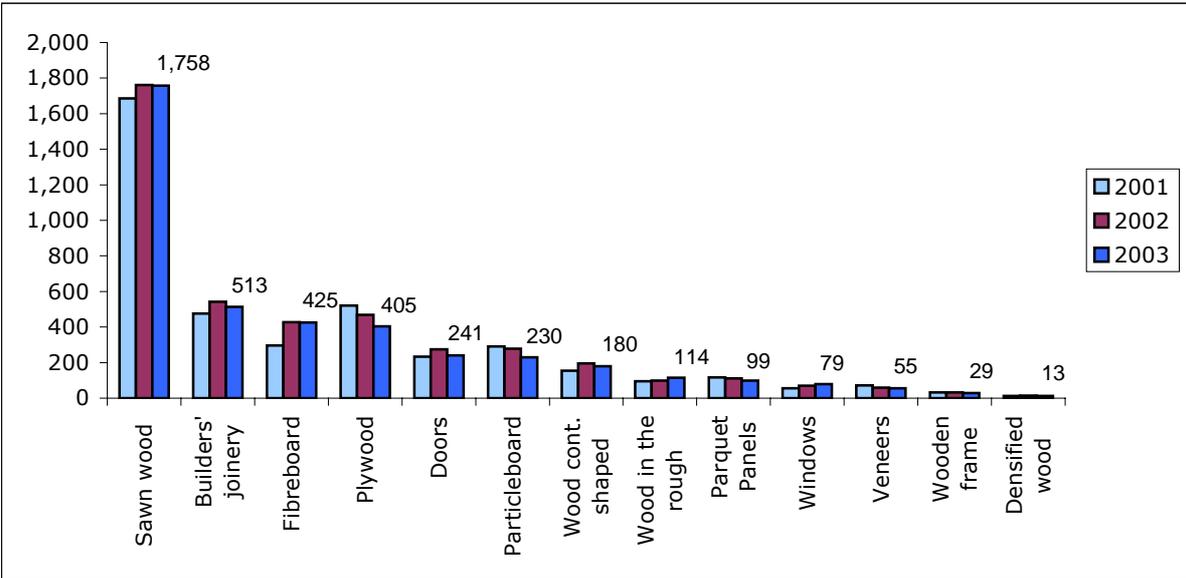
United Kingdom

In 2003, the United Kingdom was the leading EU importer of timber and timber products, with imports amounting to € 3.7 billion or around 8.0 million tonnes. Between 2001 and 2003, UK imports of timber and timber products increased in terms of value and volume, by 2.3 percent and 12.8 percent respectively. Nearly half of the imported value in 2003 was supplied by non-EU countries (€ 1.7 million), of which 36.3 percent originated in developing countries.

In 2003, the United Kingdom was the leading EU importer of sawn wood, fibreboard and doors. Between 2001 and 2003, only the imports of wood in the rough showed a slight increase, the imports of sawn wood and fibreboard stabilized, while the imports of builder's joinery, plywood, doors, particleboard, wood continuously shaped, and parquet panels, revealed a decrease. 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 2003 imports in terms of value)
 → Sweden (14.7%), Finland (11.4%), Latvia (9.8%), Germany (6.2%), Belgium (5.8%), Ireland (4.9%), USA (4.5%), Brazil (4.3%)

Figure 5.2 Imports of timber and timber products into the United Kingdom, 2001-2003, in € million



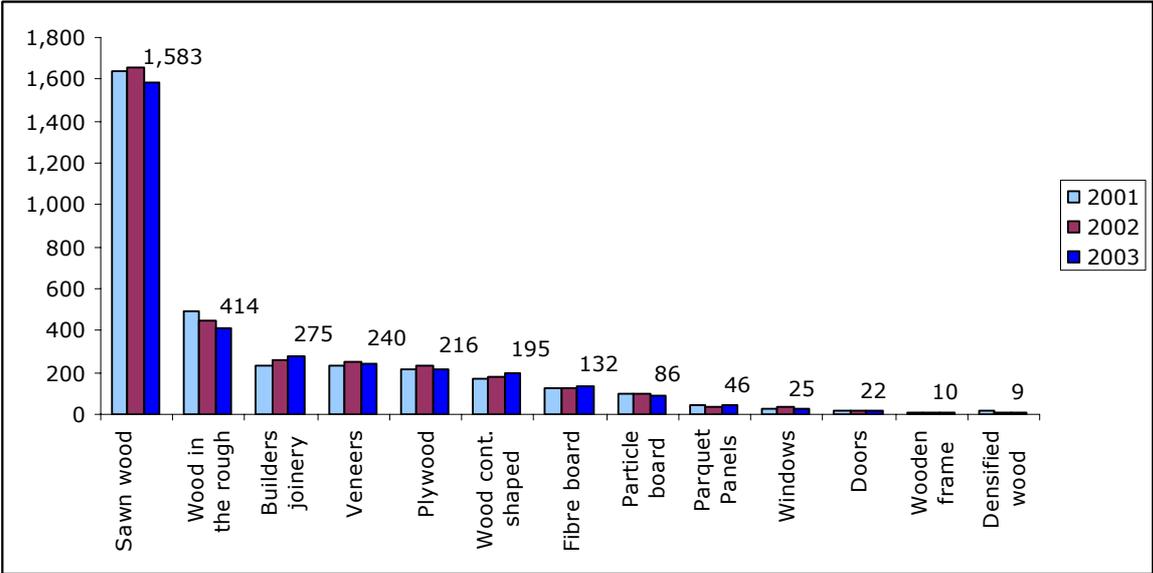
Source: Eurostat (2004)

Italy

Between 2001 and 2003, Italy was the second largest EU importer of timber and timber products. Nevertheless, imports decreased in terms of value and volume by 2.1 percent and 5.7 percent respectively after a peak in 2002. In 2003, Italian imports of timber and timber products amounted to nearly € 3.2 billion (10 million tonnes). Around 51.0 percent of the 2003 imported value originated in extra-EU countries, of which 46.8 percent had their origin in developing countries.

In 2003, imports of sawn wood into Italy represented 50.1 percent of the total Italian imports of timber and timber products. Sawn wood is relatively far above the EU average, as are wood in the rough, veneers, and continuously shaped wood. Only wooden frames and doors were relatively less imported by Italy compared to other EU member countries.

Figure 5.3 Imports of timber and timber products into Italy, 2001-2003, in € million



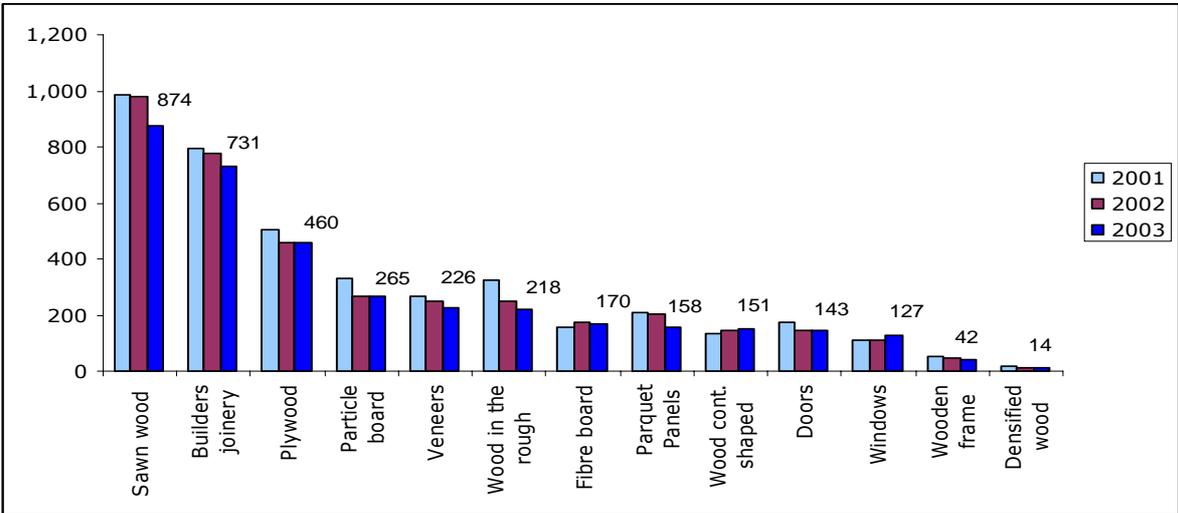
Source: Eurostat (2004)

The leading suppliers of timber and timber products to Italy (share of total 2003 imports in terms of value)
 → Austria (25.9%), Germany (9.8%), France (5.1%), USA (5.1%), Croatia (3.7%), Cameroon (3.5%), Russia (3.3%), Romania (3.3%)

Germany

In 2003, Germany among the leading importing countries showed relatively the sharpest decrease in its number of imports of timber and timber products, with imports amounting to € 3.2 billion (7.4 million tonnes). Compared to 2001, this represented a decrease in terms of value and volume of 11.6 percent and 14.0 percent respectively. Fibreboard continuously shaped wood, and veneers showed a slight increase. In 2003, 54.7 percent of total imports was supplied by extra-EU countries, of which around 18 percent originated in developing countries.

Figure 5.4 Imports of timber and timber products into Germany, 2001-2003 in € million



Source: Eurostat (2004)

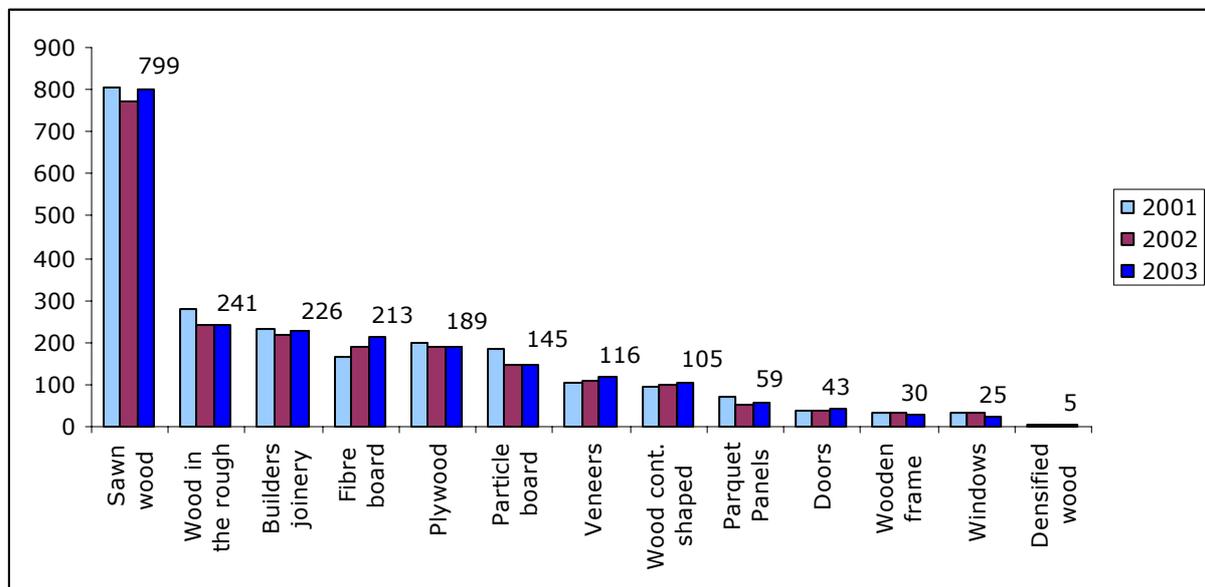
The leading suppliers of timber and timber products to Germany (share of total 2003 imports in terms of value)

→ Austria (9.5%), Poland (7.2%), Finland (6.6%), Czech Rep. (4.9%), Sweden (4.1%), Denmark (4.1%), Switzerland (3.9%), Russia (3.8%)

France

In 2003, French timber and timber product imports amounted to € 2.1 billion or 4.9 million tonnes, representing a decrease of 1.6 percent in value but at the same time an increase of 4.5 percent in volume since 2001. Of the imported value in 2003, 37.3 percent originated in extra-EU countries, of which almost two thirds came from developing countries. In 2003, compared to the EU average the imports of sawn wood and fibreboard were significantly above the average. The shares of the other product groups in total French imports were more or less comparable to the overall EU average. Between 2001 and 2003, only the imports of wood in the rough and particleboard showed a relative decline.

Figure 5.5 Imports of timber and timber products into France, 2001-2003 in € million



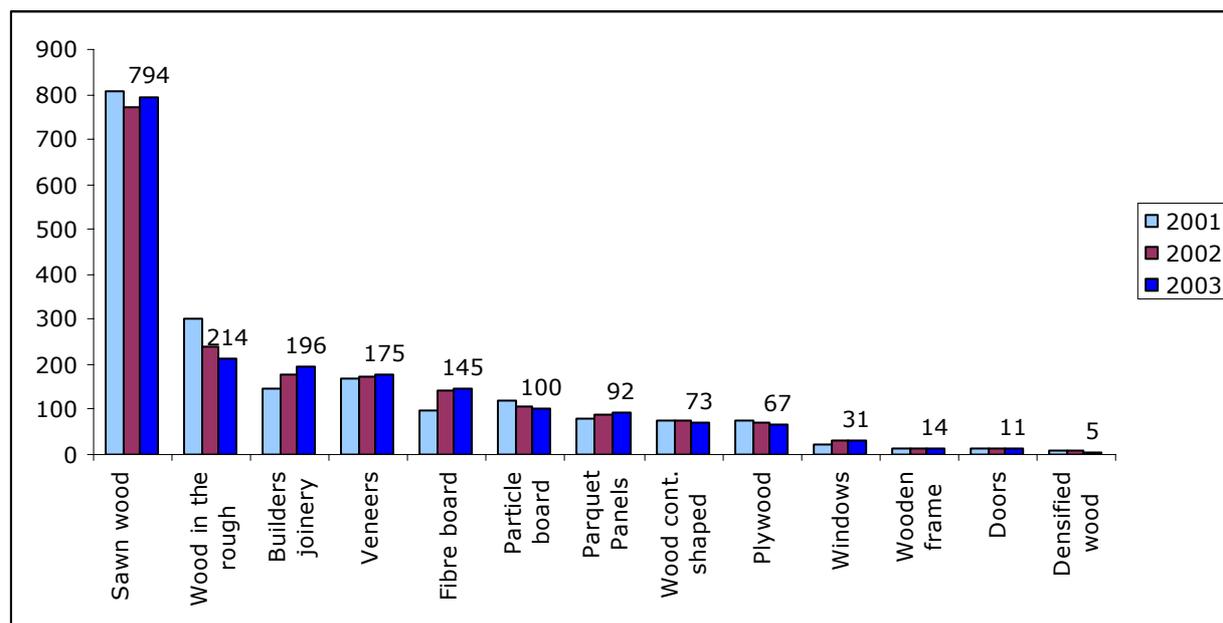
Source: Eurostat (2004)

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 € 1.8 billion and 5.3 million tonnes in 2003, representing a decrease in terms of value and volume by 1.4 percent and 13.9 percent since 2001. According to the Eurostat trade data, Spanish imports of timber and timber products from developing countries like Cameroon, Ivory Coast, Brazil, Uruguay and Chile showed some slight fluctuations, between 2001 and 2003.

In 2003, Spain's leading timber import products were sawn wood, wood in the rough and builder's joinery. Especially builder's joinery and fibreboard revealed an upward trend between 2001 and 2003. In terms of EU averages, in 2003, the import of plywood was relatively less important, whereas veneers was above average.

Figure 5.6 Imports of timber and timber products into Spain, 2001-2003 in € million



Source: Eurostat (2004)

The leading suppliers of timber and timber products to Spain (share of total 2003 imports in terms of value)

→ France (12.5%), USA (11.8%), Portugal (11.4%), Sweden (8.1%), Germany (7.8%), Finland (6.0%), Cameroon (4.3%), Brazil (3.8%)

The Netherlands

The Netherlands was among the leading EU importers of timber and timber products, accounting for € 1.5 billion (3.3 million tonnes) in 2003.

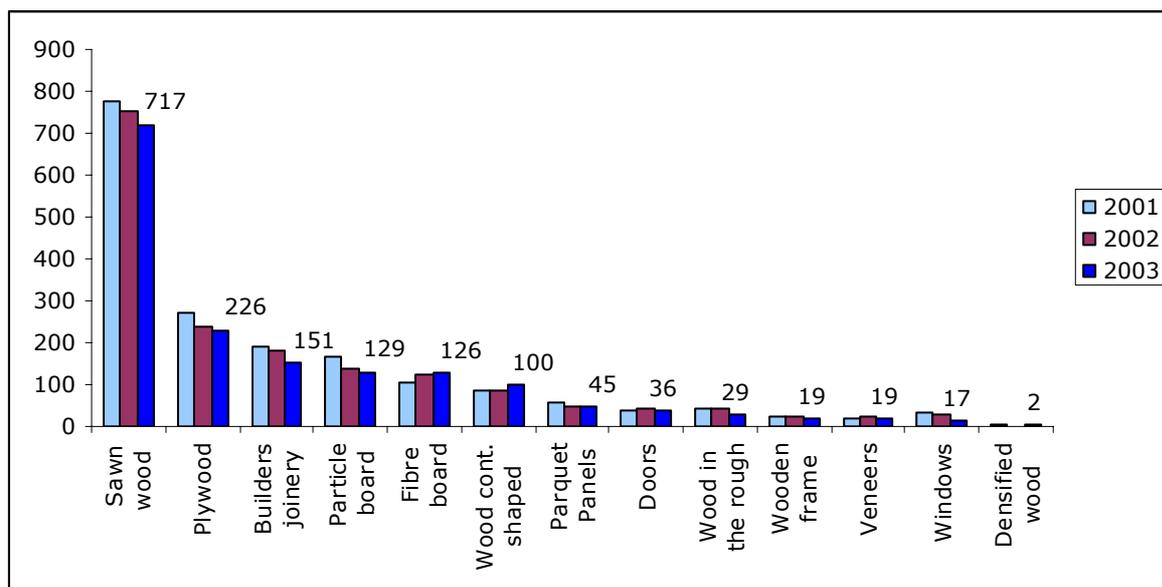
Between 2001 and 2003, The Netherlands imports of timber and timber products followed the German pace with a decrease of 10 percent in terms of value and 5.3 percent in terms of volume. In 2003, 45.7 percent of the imported value originated in extra-EU countries, of which 57.7 percent came from developing countries.

Compared to the EU average in 2003, imports of most of the product groups were around the average. Only plywood was significantly above average, while wood in the rough and veneers were relatively less popular.

The leading suppliers of timber and timber products to The Netherlands (share of total 2003 imports in terms of value)

→ Belgium (13.6%), Germany (11.3%), Finland (9.0%), Sweden (8.8%), Malaysia (8.4%), Indonesia (6.4%), France (5.6%), Russia (5.3%)

Figure 5.7 Imports of timber and timber products into The Netherlands, 2001-2003, in € million



Source: Eurostat (2004)

The attention paid to certified timber and timber products in The Netherlands has shifted from merely the importance of the certification to a step earlier in the process, i.e. illegal logging, thus pursuing improved forest management. At the same time, Netherlands importers try to find alternatives to the most commonly used timber species: an increase occurred in the use of relatively new "FSC certified lesser-used-species" (ITTO, Annual Market review, 2003).

There is a significant demand for certified timber and timber products in The Netherlands, which is not only interesting to Scandinavian exporters (ITTO review 2003), but also for suppliers in Brazil and South Africa.

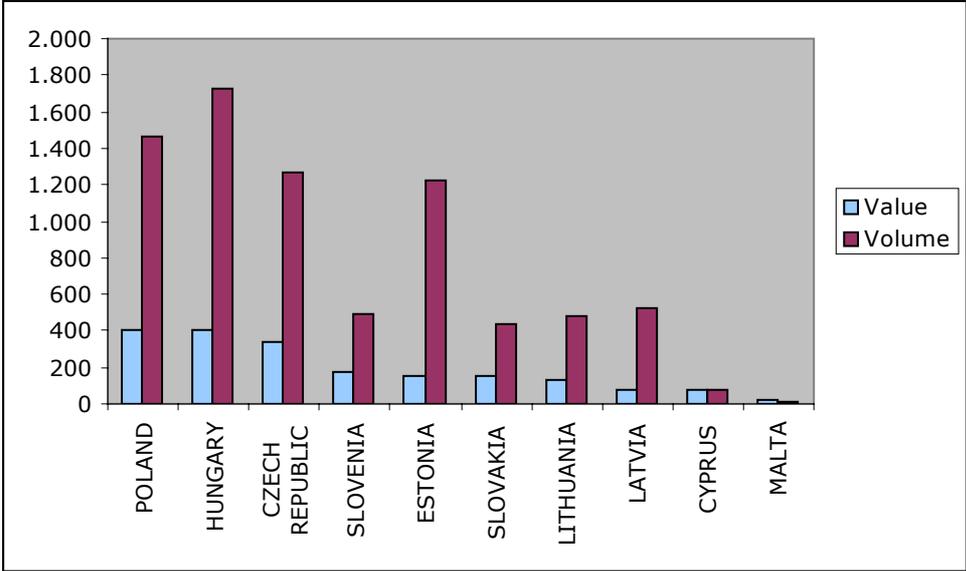
In 2001, according to a survey conducted by FSC NL (11/2002), 469,000 m³ was available, which is approximately 8 percent of total timber supply in The Netherlands. 287,000 m³ (42% of total NL-production and 56.9% of total certified timber volume) originated in The Netherlands. 35,000 m³ was exported (43.1% of total certified). The import amounted to 217,000 m³ (3% of total timber NL-import), originating in 20 countries, of which only 11 percent consisted of tropical hardwood. It is expected that the import of FSC timber will gradually increase. The demand for sustainable produced timber is higher still than the supply/availability (FSC NL, 2002).

Accession countries

The enlargement of the European Union by the ten Central and East European Countries (CEEC): Hungary, Poland, the Czech Republic, Slovakia, Slovenia, Estonia, Latvia, Lithuania, Malta and Cyprus became effective in May 2004.

In terms of value, Poland is the leading importer of timber and timber products, with imports amounting to € 408.000 (1.46 million tonnes), followed closely by Hungary with € 406,000 (1.7 million tonnes), and The Czech Republic € 344.000 (1,270 tonnes), respectively.

Figure 5.11 Imports of timber and timber products by EU-accessing countries, 2003, by value (€ 1,000) and volume (thousand tonnes)



Source: Eurostat, 2003

Due to the application of different measuring units to illustrate the developments in the varying product groups in UNECE’s Forest Products Statistics over 1999 to 2003, it is hard to develop a picture for the total imports by EU-accession countries. Therefore, focus will be placed on the leading imported product groups.

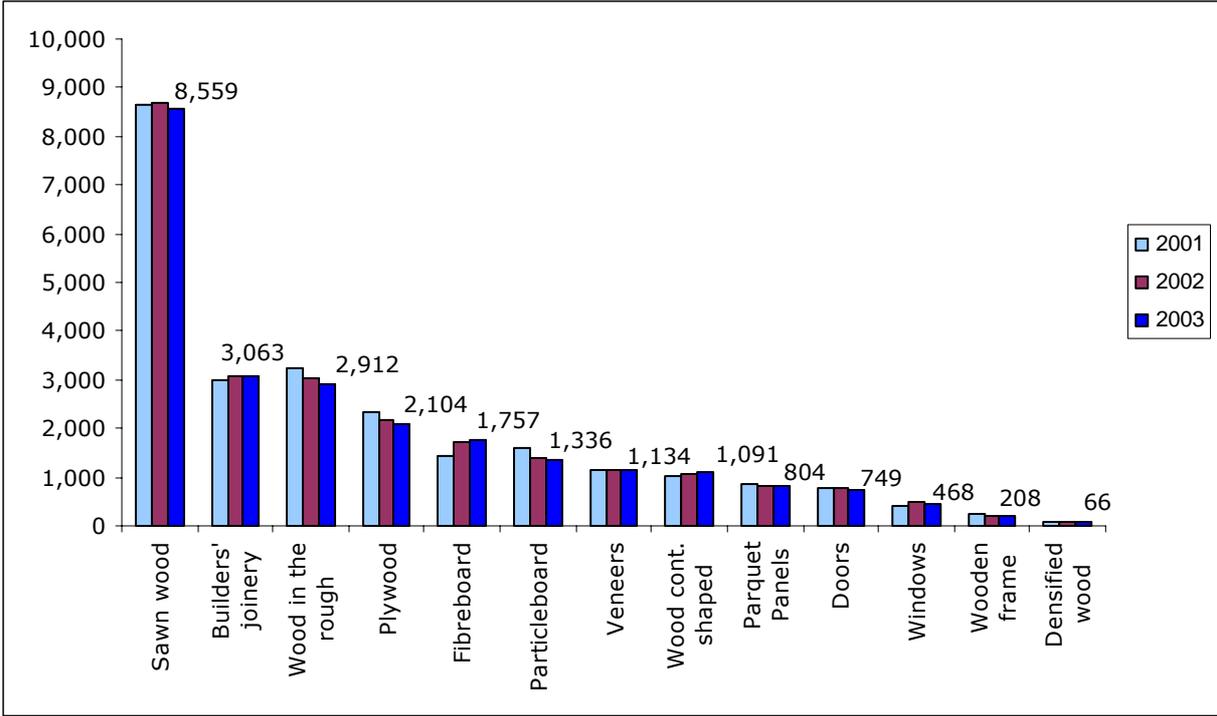
In 2003, Hungary was the leading importer of sawnwood in terms of volume, amounting to 1.1 million m³. Compared to 2001, this is an increase of 6.9 percent, but, compared to 2002 it is a result of a decrease of 8.6 percent. Real increases have been experienced by Latvia (273.8%), Estonia (69.0%), Lithuania (35.2%), and Slovenia (23.5%). The most notable decrease is revealed by Slovakia (95.1%).

Following the course of the other 15 EU member states, importers are more and more aware of the need for certified timber.

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 € 22.2 billion or 79.9 million tonnes in 2003. Sawn wood was by far the leading imported product group, representing 38.3 percent of total 2003 imports (in value) by EU member countries, followed at a distance by builders’ joinery (13.8%), wood in the rough (13.1%), plywood (9.5%), fibreboard (7.9%), particleboards (6.0%) and veneers (5.1%). The imports of timber and timber products showed an overall trend of decrease. Only builders’ joinery, fibreboard and continuously shaped wood showed some increase.

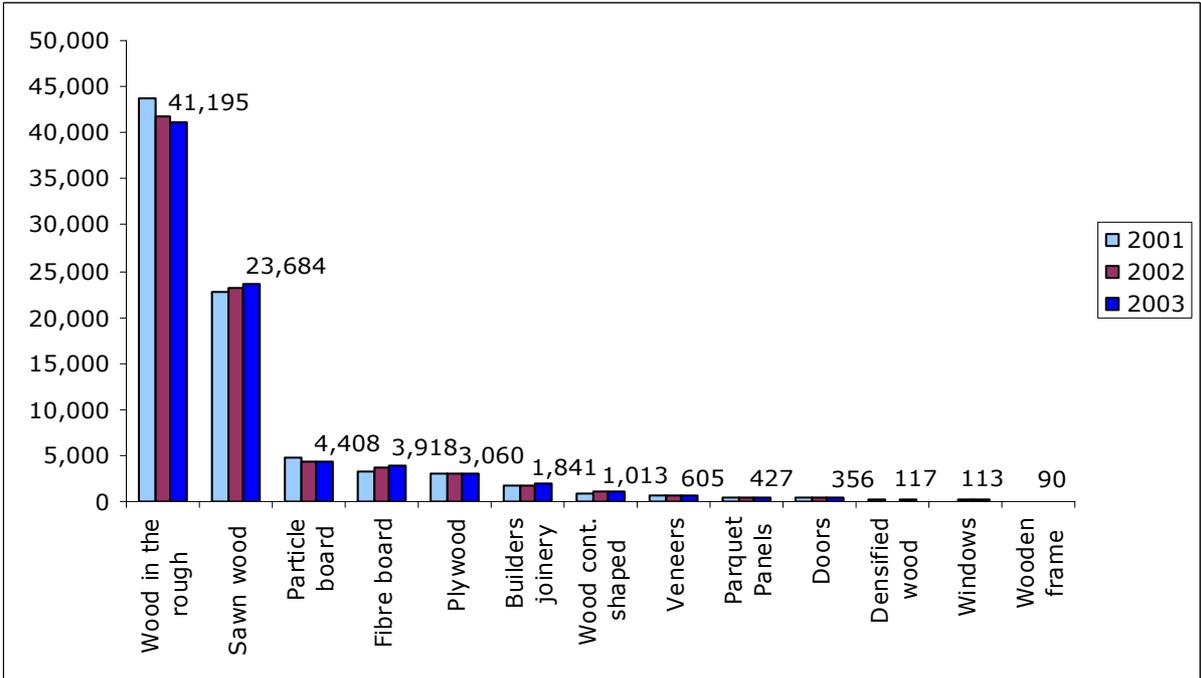
Figure 5.8 Imports of timber and timber products by EU countries, 2001-2003 in € million



Source: Eurostat (2004)

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, representing 51.5 percent of total imports by EU member countries in 2003. Other leading imported product groups were sawn wood (29.6%), particle board (5.5%) and fibre board (4.9%).

Figure 5.9 Imports of timber and timber products by EU countries, 2001-2003 in thousand tonnes



Source: Eurostat (2004)

Sawn wood

In 2003, this product group accounted for 38.5 percent of the imported value and for 51.5 percent of the imported volume of timber and timber products by EU member countries. Imports amounted € 8.6 billion (23.7 million tonnes), representing a decrease of 0.9 percent in value, but an increase of 4.1 percent in volume since 2001. 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 2003.

The leading suppliers (in import value) of sawn wood to the EU in 2003:

→ Sweden (15.1%), Finland (10.5%), Austria (7.1%), Russia (6.6), Germany (6.4%), USA (6.0%), Latvia (5.2%), Canada (3.1%), Malaysia (3.1%)

Table 5.3 Imports of sawn wood by EU countries, 2001-2003 in € million in 1,000 tonnes

	2001		2002		2003	
	value €	volume	value €	volume	value €	volume
Total	8,638	22,754	8,692	23,255	8,559	23,684
Extra-EU	4,591	11,202	4,456	11,344	4,465	11,996
United Kingdom	1,686	4,350	1,761	4,605	1,758	4,855
Italy	1,639	4,757	1,654	4,860	1,583	4,612
Germany	988	2,945	982	2,988	874	2,790
France	806	1,945	770	1,899	799	2,029
Spain	805	1,946	770	1,899	794	1,991
The Netherlands	776	1,866	755	1,780	717	1,757
Belgium	510	1,254	490	1,311	507	1,380
Denmark	503	1,259	492	1,249	507	1,335
Austria	281	1,050	294	1,107	309	1,211
Ireland	181	344	169	409	205	467
Greece	143	427	241	489	186	575
Sweden	119	181	123	248	129	228
Portugal	110	201	114	212	103	203
Finland	76	186	66	167	76	217
Luxembourg	14	43	11	31	12	32

Source: Eurostat (2004)

Builder's joinery and carpentry

In 2003, this product group accounted for 13.8 percent of the imported value and 2.3 percent of the imported volume of timber and timber products by EU member countries. Between 2001 and 2003, imports of builder's joinery and carpentry increased in terms of value and volume by 2.1 percent and 9.0 percent respectively, amounting to nearly € 3.1 billion or 1.8 million tonnes in 2003. The leading EU importer of builder's joinery and carpentry was by far Germany, accounting for nearly a quarter of the imported value in 2003, followed by the United Kingdom (16.7%), Austria (9.0%) and France (7.4%). Although Germany remained the leading EU importer of builders' joinery and carpentry, its relative market share dropped from 26.5 percent in 2001 to 23.9 percent in 2003.

Table 5.4 Imports of builders' joinery and carpentry by EU countries, 2001-2003, € thousand, in tonnes

	2001		2002		2003	
	value €	volume	value €	Volume	value €	Volume
Total	3,000	1,688	3,082	1,766	3,063	1,841
Extra-EU	1,282	804	1,347	855	1,409	945
Germany	796	456	776	463	731	447
United Kingdom	476	241	543	260	513	272
Italy	231	183	262	217	275	248
France	234	152	216	137	226	152
Denmark	167	79	196	91	225	111
Austria	236	128	198	109	207	114
Spain	147	88	179	105	196	115
Belgium	150	82	167	96	166	103
The Netherlands	192	116	182	111	151	100
Ireland	93	36	101	42	113	51
Sweden	112	47	93	42	97	45
Portugal	87	49	87	52	60	32
Luxembourg	36	6	33	7	39	15
Finland	30	17	31	19	36	20
Greece	12	7	16	15	27	16

Source: Eurostat (2004)

Parquet panels and doors played a major role within this product group, accounting for 26.2 percent and 24.4 percent of the total imported value in 2003, followed by windows with a market share of 15.3 percent.

The leading suppliers (share of total 2003 imports in terms of value) of the EU:	
Parquet panels →	Sweden (12.4%), Germany (12.2%), Austria (8.6%), China (6.0%), France (5.7%), Norway (5.7%), Indonesia (4.7%), Denmark (4.3), and Poland (4.3)
Doors →	Denmark (11.5%), Indonesia (8.0%), Italy (6.9%), South Africa (6.4%), Spain (5.7%), Germany (5.5%), Poland (4.9%), Finland (4.5), Sweden (4.5 %), Brazil (4.1%)
Windows →	Denmark (32.0%), Poland (19.6%), Germany (5.4%), Hungary (5.3%), Norway (5.2%), Austria (5.1%), Austria (5.1%), France (4.5%), Slovenia (3.7%), UK (3.6%)

Wood in the rough

Although this product group accounted for only 13.1 percent of the total imported value, in terms of volume it accounted for 51.5 percent of timber and timber product imports by EU member countries in 2003. In that year, imports of wood in the rough by EU member countries amounted to nearly € 2.9 billion (41.2 million tonnes), representing a decrease in terms of value and volume of 10.4 percent and 6.0 percent respectively in comparison to 2001. The leading EU importer was Finland, accounting for 17.6 percent of all EU imports (in value) for 2003, followed by Austria (14.6%), Italy (14.2%), and Sweden (13.7%). Of the leading importers, only Finland increased its imports of wood in the rough between 2001 and 2003 with a percentage of 10.5%.

The leading suppliers (in import value) of wood in the rough to the EU in 2003:	
→	Russia (20.3%), Germany (11.2%), France (7.1%), Latvia (5.8%), Czech Republic (5.2%), Gabon (4.5%), USA (4.6%), Estonia (3.6%)

Table 5.5 Imports of wood in the rough by EU countries, 2001-2003 in € million in 1,000 tonnes

	2001		2002		2003	
	value €	volume	value €	volume	value €	volume
Total	3,249	43,808	3,024	41,881	2,912	41,195
Extra-EU	2,220	29,943	2,069	29,389	1,939	28,298
Finland	463	11,044	497	11,676	512	11,918
Austria	426	6,710	435	6,435	426	6,487
Italy	491	4,225	448	3,964	414	3,681
Sweden	409	8,674	423	9,007	399	8,377
France	280	1,461	243	1,358	241	1,526
Germany	322	2,713	249	2,038	218	1,902
Spain	303	3,263	239	2,571	214	2,246
United Kingdom	95	270	99	373	114	526
Belgium	143	3,166	102	2,158	102	2,319
Portugal	142	920	128	741	93	382
Ireland	38	80	39	94	61	157
Denmark	45	411	38	373	39	450
The Netherlands	42	366	41	423	29	322
Greece	32	123	26	99	26	120
Luxembourg	18	382	17	573	23	781

Source: Eurostat (2004)

Plywood

This product group, in terms of value and volume, respectively accounted for 9.5% and 3.8% of the total timber and timber products by EU member countries in 2003. Between 2001 and 2003, plywood imports by EU member countries decreased in terms of value and volume by 10.4% and 1.1% respectively. Plywood imports amounted to € 2.1 billion (3.1 million tonnes) in 2003. The leading EU importers of plywood were by far the United Kingdom and Germany, together accounting for 41.1 percent of the imported value by EU member countries in 2003. Between 2001 and 2003, EU imports of plywood from developing countries decreased by 13.8 percent in terms of value, but increased by 1.5 percent in terms of volume.

The leading suppliers (in import value) of plywood to the EU in 2003:

→ Finland (21.3%), Brazil (13.6%), Indonesia (9.5%), Russia (6.6%), France (5.7%), Germany (4.4%), Belgium (4.0%), Italy (3.6%)

Table 5.6 Imports of plywood by EU countries, 2001-2003, € 1,000 / in tonnes

	2001		2002		2003	
	value €	volume	value €	volume	value €	volume
Total	2,349	3,096	2,168	2,994	2,104	3,060
Extra-EU	1,238	1,955	1,141	1,888	1,085	1,944
Germany	506	661	456	594	460	623
United Kingdom	521	763	469	733	405	701
The Netherlands	273	325	238	298	226	276
Italy	215	278	234	321	216	313
France	198	230	189	224	189	234
Belgium	205	293	179	277	184	312
Austria	87	87	83	91	88	104

Denmark	88	146	83	147	87	163
Sweden	74	91	70	85	72	94
Spain	77	67	71	79	67	72
Ireland	50	72	44	66	43	68
Finland	22	40	27	48	25	45
Greece	14	17	8	11	23	33
Portugal	16	19	14	15	14	16
Luxembourg	4	5	4	5	5	5

Source: Eurostat (2004)

Fibreboard

Between 2001 and 2003, imports of fibreboard by EU countries increased in terms of value and volume by 23.4 percent and 23.5 percent respectively. In 2003, imports of fibreboard amounted to nearly € 1.8 billion or 3.9 million tonnes, which represents a share of 7.9%. The leading EU importer was the United Kingdom, accounting for 24.2 percent of the imported value in 2003, followed by Belgium (12.7%), France (12.1%), and Germany (9.7%). The leading supplier of fibreboard was Germany, accounting for just over a quarter of total imports (25.5%) in terms of value by EU member countries in 2003, followed by Belgium (16.7%), France (11.1%), Ireland (6.2%), Spain (5.5%) and Austria (5.1%).

Particleboard

The import into EU countries of particleboard between 2001 and 2003 revealed a relatively strong decrease in value of 15.4 percent and 7.8 percent in volume. Nevertheless, the supply from developing countries into EU countries was apparently not particularly interesting, as just 0.3 percent of value imports by EU countries in 2003 originated in developing countries. In 2003, total imports amounted to € 1.3 billion or 4.4 million tonnes, and revealed a slight decrease in comparison to 2001 (0.4%). In 2003, Germany, the United Kingdom and France were the leading EU importers of particleboard, together accounting for almost 47.9 percent of the imports (in value) by EU member countries. The leading supplier of particleboard was Germany, supplying 23.4 percent of the imported value in 2003, followed by Belgium (14.5%), Austria (13.8%), France (11.2%) and Switzerland (5.2%).

Veneers

In 2003, veneers accounted for 5.1 percent in value imports, but for only 0.8 percent in volume of total imports of timber and timber products by all EU member countries. Although, between 2001 and 2003, EU imports in terms of value from developing countries increased by 5.7% and in volume by 9.2%, the share in total imports of timber and timber products accounted only for 1.3 percent and 0.3 percent, respectively. In 2003, the total veneer imports by EU member countries amounted to € 1.1 billion or 605 thousand tonnes. Italy and Germany account for 41.1 percent of total imported value. Since 2001 total imports into EU countries decreased by 2.9 percent, due to relatively strong decreases in the UK (24%) and Denmark (22.6%).

The leading suppliers (share of total year 2003 imports in terms of value) of veneers to the EU:

→ USA (16.4%), Germany (15.4%), France (5.0%), Gabon (4.7%), Italy (4.5%), Spain (4.2%), Ivory Coast (4.1%), Ghana (3.3%)

Table 5.7 Imports of veneers by EU countries, 2001-2003, in € 1,000 / tonnes

	2001		2002		2003	
	value €	volume	value €	volume	value €	Volume
Total	1,168	577	1,167	603	1,134	605
Extra-EU	667	353	655	364	674	408
Italy	236	132	250	138	240	142
Germany	266	99	252	92	226	95
Spain	167	92	171	91	175	100
France	105	87	111	97	116	102
Austria	73	21	72	20	92	26
United Kingdom	72	25	60	25	55	21
Belgium	51	26	53	26	48	22
Sweden	49	22	45	21	42	22
Denmark	48	20	47	26	37	23
Portugal	40	22	39	22	37	18
Greece	22	9	26	17	27	12
The Netherlands	19	11	22	13	19	11
Finland	12	8	11	6	11	6
Ireland	7	2	9	9	8	4
Luxembourg	1	0	1	0	1	0
Total	1,168	577	1,167	603	1,134	605

Source: Eurostat (2004)

Continuously shaped wood

In 2003, continuously shaped wood accounted for 4.9 percent of imports in value and even 19.6 percent of volume imports of timber and timber products by EU member countries. This resulted from an increase between 2001 and 2003 by 8.0 percent in value, and nearly 20% in volume. Although, with regard to developing countries, the value share of this product group in total EU imports of timber and timber products accounts only for 1.6%, while representing 9.3% in imports, the supply from developing countries grew between 2001 and 2003 by 14.6 percent and even by 42%, in value and volume respectively.

The leading EU importers were Italy, the United Kingdom, and Germany, together accounting for almost half (45.7%) of value imports by EU member countries in 2003.

The leading suppliers (share of total year 2003 imports in terms of value) of continuously shaped wood:

→ Indonesia (11.6%), Italy (7.7%), Austria (6.7%), Germany (6.2%), Sweden (5.2%), France (4.8%), China (4.6%), The Netherlands (4.3%), Poland (4.3%)

Table 5.8 Imports of continuously shaped wood by EU member countries, 2001-2003, € 1,000 / tonnes

	2001		2002		2003	
	value €	volume	Value €	volume	value €	volume
Total	1,011	847	1,062	979	1,091	1,013
Extra-EU	477	409	478	432	553	544
Italy	172	157	177	161	195	175
United Kingdom	155	104	196	213	180	154
Germany	133	153	143	155	151	168
France	94	70	102	77	105	84
Belgium	106	98	94	85	102	106
The Netherlands	88	77	85	94	100	122
Spain	74	48	73	48	73	47
Ireland	50	35	52	36	49	35
Austria	50	40	44	39	45	44
Denmark	20	21	25	29	23	29
Portugal	33	23	25	18	21	13
Greece	8	6	18	10	18	16
Sweden	16	9	14	8	15	9
Finland	9	5	9	5	10	6
Luxembourg	6	2	5	2	5	4
Total	1,011	847	1,062	979	1,091	1,013

Source: Eurostat (2004)

Parquet panels

In 2003, imports of parquet panels by EU member countries amounted to € 158 million (81.1tonnes) of which almost 20 percent was imported by Germany. Other major EU importers were the United Kingdom (12.3%), Spain (11.4%), and Denmark (9.1%). Between 2001 and 2003, total EU imports of parquet panels showed a decrease of 5.7%. The Netherlands and Germany both experienced a decrease of 23.9 percent, followed by France (16.8%) and the UK (16.0).

Sweden is the leading supplier of parquet panels with a share of 12.4%, followed by Germany (12.2%) in value of total imports to the EU. Other leading suppliers are Austria (8.6%), China (6.0%), France (5.7%), Norway (5.7%), and Indonesia (4.7%).

Doors

The total EU import of doors amounted to € 748 million, in 2003, after a decrease of 2.2% between 2001 and 2003. Only Italy showed an increase. The UK was the leading importer of doors with a share in value of 32.3%, followed by Germany with 19.1%. The import from developing countries amounted 26.4% of total imports. Thereby, Indonesia holds 30.4 percent of this share.

Leading suppliers for the EU are Denmark (11.5%), Indonesia (8.0%), Italy (6.9), South Africa (6.4%), Spain (5.7%), and Germany (5.5%).

Wooden frames

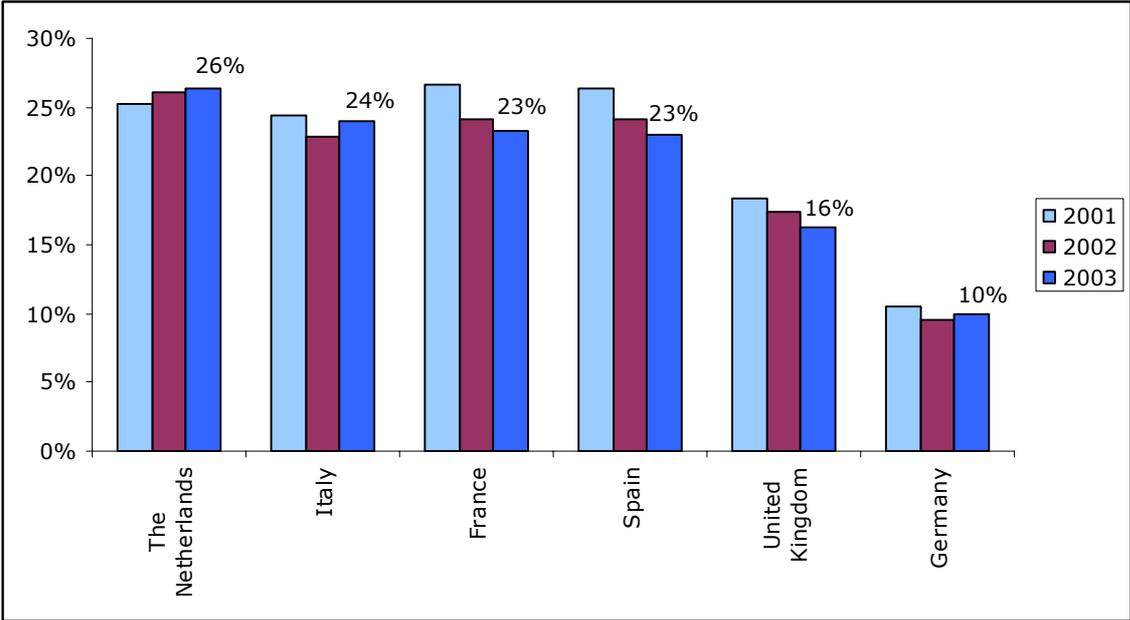
After a peak in 2002, EU imports in 2003 slid slightly down to just below the value of 2001. The largest decrease was revealed in The Netherlands (23.1%), followed by Germany (20.6%). Only Spain (9.3%), Italy (4.4%), and Greece (66.7%) showed an increase between 2001 and 2003.

In 2003, imports by EU member countries amounted to € 208 million (90.5 tonnes) of which 20 percent was imported by Germany. Other major EU importers were France (14.5%), the United Kingdom (14.1%), Belgium (12.4%) and The Netherlands (9.3%). Between 2001 and 2003, imports of this product group from developing countries to the EU revealed a decrease in terms of value by 12.1 percent, while in terms of volume by 11.4 percent. In 2003, nearly 43 percent of wooden frames was supplied by developing countries. The leading supplier of wooden frames to the EU is by far China, supplying 32.7% in value of total imports to the EU, and supplying more than three quarters of total imports by EU member countries, followed by Italy (11.4%), The Netherlands (9.1%), Belgium (6.3%), Poland (4.0%), and Germany (4.0%).

5.3 The role of the developing countries

Between 2001 and 2003, the value of timber and timber products imported into the EU originating in developing countries decreased from 18.6 percent in 2001 to 17.0 percent in 2003. In 2003, imports by EU member countries from developing countries amounted to € 3.8 billion or 7.0 million tonnes. The overall tendency among the leading importers of timber and timber products is that, except for the UK and Germany, the share of imports from developing countries is around one quarter of total import of each of these countries. Furthermore, between 2001 and 2003, in all leading countries except The Netherlands, these shares have been decreasing slightly.

Figure 5.10 Share of developing countries in imports of timber and timber products into selected EU countries, 2001-2003, % of imported value



Source: Eurostat (2004)

This decreasing trend between 2001 and 2003 can also be seen from the share of imports from developing countries in total imports by EU countries. In terms of value the decrease was 10.3% resulting in €10.8 million, and 11.8% in terms of volume, resulting in 45.7 billion tonnes in 2003. The leading timber product in 2003 was by far sawnwood, in terms of value (€1.4 billion) as well as in terms of volume (2.5 million tonnes). This represented a share in total imports by EU countries of 6.3 percent, followed by plywood (3.0%), builder’s joinery (2.1%), and wood in the rough (2.1%). Between 2001 and 2003, the biggest change occurred in the product group of veneers, in which the imports

increased by 60.8 percent. The biggest decrease (29.8%) was experienced by the parquet panels.

Table 5.9 Imports of timber and timber products by EU member countries from developing countries, 2001-2003 in € 1,000 / thousand tonnes

	2001		2002		2003	
	value €	volume	value €	volume	value €	volume
Total	22,733	80,932	22,594	79,735	22,230	79,931
Extra-EU	11,162	46,385	10,786	45,796	10,757	45,697
Developing countries	4,223	7,842	3,919	7,218	3,789	7,015
of which DC share:						
Sawn wood	1,572	2,534	1,451	2,385	1,404	2,468
Plywood	774	1,231	703	1,189	667	1,249
Builder's joinery	478	276	500	296	476	323
Wood in the rough	676	3,201	568	2,730	475	2,224
Wood cont. shaped	306	250	296	263	351	355
Veneers	268	210	268	214	283	230
Doors	206	109	225	122	198	125
Parquet panels	156	83	145	79	151	88
Wooden frame	101	36	91	36	89	40
Fibre board	37	89	31	88	34	108
Windows	8	3	7	2	7	3
Densified wood	9	13	7	12	7	14
Particle board	2	2	3	4	4	5

DC = Developing Countries
Source: Eurostat (2004)

The leading timber product group supplied by developing countries to the EU market in 2003 was sawn wood, with a share of 6.3 percent in total imports of all timber and timber products. This product group is followed by plywood (just at 3 %), builders joinery (2.1%), wood in the rough (1.6%), and wood continuously shaped (1.3%).

Among the top twenty countries supplying the EU with timber and timber products in 2003 were the following developing countries: Brazil, Indonesia, Malaysia and Cameroon. Other important developing country suppliers to the EU were Ivory Coast, Croatia, Gabon, and China.

Product groups	Main developing country suppliers (share in % of imported value supplied by developing countries, 2003)	Share DC in total product group's imported value
Sawnwood	→ Malaysia (18.7%), Cameroon (18.6%), Brazil (16.8%), Ivory Coast (9.2%), Ghana (4.4%), Indonesia (3.6%)	37.0%
Plywood	→ Brazil (42.8%), Indonesia (29.9%), China (8.2%), Malaysia (6.6%), Chile (3.0%), Gabon (2.2%)	17.6%
Builders joinery	→ Indonesia (33%), China (17%), Malaysia (13%), South Africa (10%), Brazil (10%), Thailand (4%)	12.6%
Wood in the rough	→ Gabon (27.9%), Cameroon (14.5%), Congo (13.3%), Uruguay (8.7%), Liberia (8.2%), Central African Republic (5.8%), Croatia (5.1%)	12.5%

Wood cont. shaped	→ Indonesia (36.1%), China (14.5%), Brazil (10.5%), Malaysia (9.3%), Croatia (4.6%), Ivory Coast (4.5%)	9.3%
Veneers	→ Gabon (18.9%), Ivory Coast (16.4%), Ghana (13.3%), Cameroon (10.7%), Croatia (8.3%), Brazil (3.8%), South Africa (3.3%)	7.5%
Doors	→ Indonesia (30.4%), South Africa (24.4%), Brazil (15.7%), Malaysia (11.6%), China (10.1%)	5.2%
Parquet panels	→ China (31.7%), Indonesia (24.9%), Malaysia (19.4%), Thailand (12.2%), Croatia (6.0%)	4.0%
Wooden frames	→ China (77.0%), Thailand (8.4%), India (3.4%), Indonesia (2.7%), Morocco (1.9%), Tunisia (1.2%), South Africa (1.2%), Malaysia (1.1%)	2.4%
Fibreboard	→ China (22.3%), Indonesia (12.9%), Malaysia (11.9%), South Africa (9.4%), Brazil (8.8%), Chile (4.5%), Vietnam (3.6%), India (1.4%)	0.9%
Windows	→ Indonesia (22.6%), China (20.9%), Croatia (17.5%), Malaysia (7.9%), Brazil (5.6%), Turkey (5.2), Philippines (4.7%), Tunisia (3.9%)	0.2%
Densified wood	→ Brazil (58.7%), Indonesia (12.0%), Chile (7.4%), Croatia (5.8), Sri Lanka (5.7%), China (2.1%), Bosnia and Herzegovina (2.0%)	0.2%
Particleboard	→ Turkey (28.4%), Croatia (18.5%), Brazil (16.2%), China (14.3%), Malaysia (5.2%), Cuba (3.8%), India (2.2%), Argentina (1.6%), Indonesia (1.5%)	0.1%
Total timber products	→ Brazil (16.8%), Indonesia (14.4%), Malaysia (10.8%), Cameroon (9.8%), Ivory Coast (5.4%), Croatia (4.8%)	17.0%

DC = Developing Countries

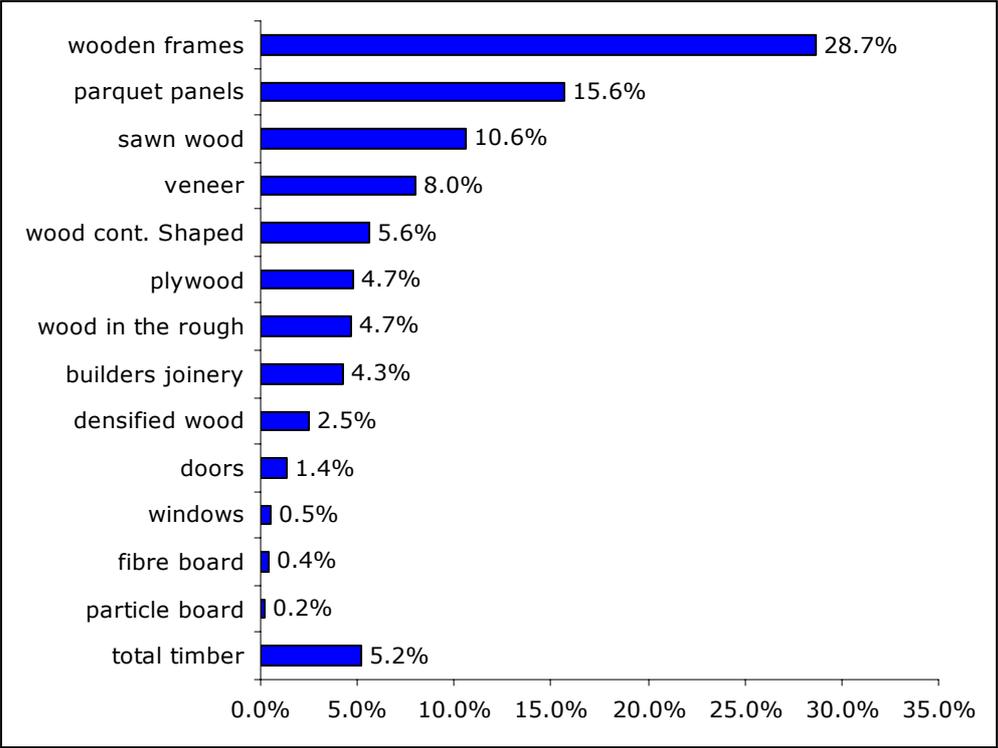
Source: Eurostat (2004)

In the case of certified wood supplied by developing countries, at present, Brazil has the largest area of FSC certified forests in developing countries (Globalwood.org). In 2002, Brazil's certified forests crossed the 1 million hectare landmark, achieving 1,049,510 hectares (<http://www.brazil.org.uk/>). In the case of Brazil, there is a continuing high demand, notably from the US. This has resulted in the increase of export prices. However, Brazilian producers could not enjoy the benefits of this increase as higher freight costs eroded the returns. (Globalwood.org)

New EU member states

As can be seen in Figure 5.11, developing countries are not as strong in the supply to the markets to the ten new EU member states than they are in the supply to the original EU member states. The two main imported timber products from developing countries are wooden frames and parquet panels. However, their absolute imported value (1,724 and 4,722 thousand euro respectively) is low compared to the total imports of € 89 million of these countries from developing countries. Of this total imports, € 51 million could be ascribed to imports of sawn wood.

Figure 5.11 Share of imports of new member states of timber products supplied by developing countries, 2003, % of imported value



Source: Eurostat (2004)

6 EXPORTS

In 2003, exports by EU member countries of timber and timber products amounted to more than € 19 billion (47.1 million tonnes), representing an increase in terms of value and volume of 2.9 percent and 2.1 percent respectively in comparison to 2001. Germany and Sweden were the leading exporters of timber and timber products, together accounting for more than 36 percent of the total exported value in 2003, followed by Austria (14.9%), Finland (12.9%), and Belgium (8.6%). In 2003, the overall trend throughout the EU was a decline in comparison to the previous year, with the exception of Austria, Finland, and also Portugal, UK and Ireland.

Table 6.1 Exports of timber and timber products by EU member countries, 2001-2003, € million / 1,000 tonnes

	2001		2002		2003	
	value	volume	value	volume	value	volume
Total	18,540	46,096	19,457	48,161	19,071	47,065
Extra-EU	5,725	11,599	6,316	13,148	6,033	12,455
Germany	3,748	9,975	4,135	11,119	3,885	10,326
Sweden	2,793	7,155	3,022	7,838	2,995	7,348
Austria	2,471	6,348	2,684	6,801	2,832	7,105
Finland	2,413	5,552	2,457	5,645	2,461	5,577
Belgium	1,650	3,616	1,664	3,756	1,638	3,743
France	1,569	6,120	1,449	5,378	1,451	5,390
Italy	1,125	990	1,116	1,098	980	835
Spain	647	1,148	738	1,253	652	1,142
Denmark	672	830	674	563	643	470
The Netherlands	427	802	434	973	386	863
Portugal	333	1,743	350	1,844	367	2,148
United Kingdom	327	460	344	563	361	707
Ireland	224	869	263	928	279	966
Luxembourg	112	415	96	318	102	355
Greece	30	71	32	83	40	89

Source: Eurostat, 2004

In 2003, the leading destinations were Germany, the United Kingdom, Italy, France and The Netherlands, together receiving a little more than half (51%) of total exports by EU member countries in terms of value. Most of the trade was intra-EU oriented (68.4% of total exported value). Leading extra-EU destinations were USA, Japan, Russia, China, Czech Republic, Canada, Algeria, Saudi Arabia and Israel.

Between 2001 and 2003, German exports of timber and timber products reveal a fluctuating trend in terms of value and amounted to € 3.8 billion in 2003, after a record high of € 4.1 billion in the previous year. In terms of volume, exports increased by 3.5 percent between 2001 and 2003, amounting to nearly 10.3 million tonnes in 2003.

In 2003, French exports of timber and timber products amounted to € 1.5 billion or 5.4 million tonnes, representing an increase of 7.6 percent in value and an increase of nearly 12 percent in terms of volume in comparison with 2001.

In terms of value, Italian exports of timber and timber products experienced relatively the biggest decrease (14%) compared to other EU exporters. In 2003, Italian exports

amounted to € 979 million, resulting from a 12 percent decline compared to the previous year.

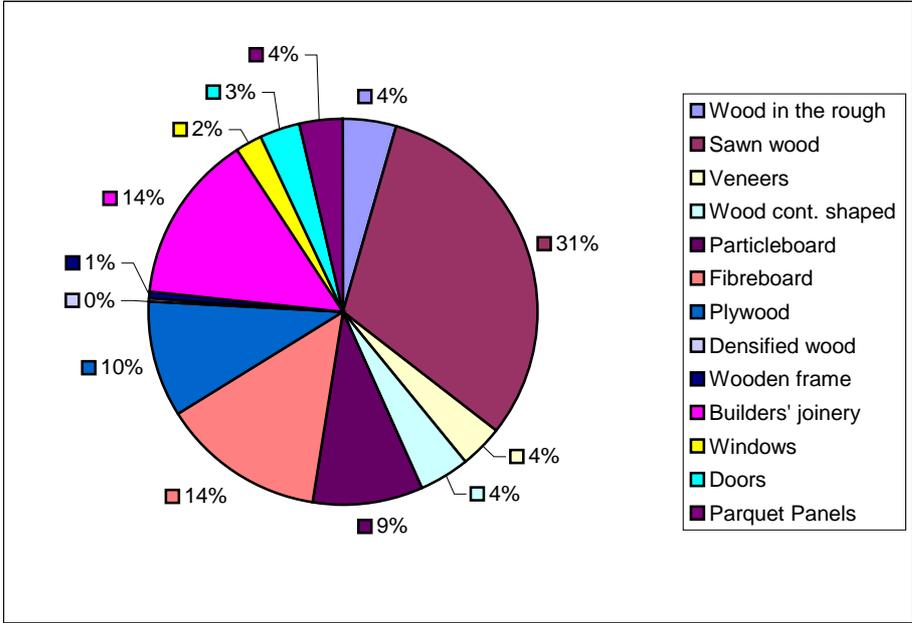
In 2003, Spanish exports of timber and timber products amounted to € 652 million or 1,142 million tonnes. Between 2001 and 2003, Spanish exports show a fluctuating trend. In terms of value, between 2001 and 2002, an increase of 14 percent occurred, while in the following period this export sector showed a decrease of almost 12 percent. This resulted in an increase of merely 0.7 percent in value but a decrease in terms of volume of 0.5 percent.

The same trend as in the Spanish export occurred in the export of Netherlands timber and timber products. Between 2001 and 2003, exports decreased by 9.7 percent in value, but increased by 7.6 percent in volume, amounting to € 386 million or 863 thousand tonnes in 2003. Additionally, in 2001 the export of certified timber accounts for 6.9 percent in terms of volume destined for Belgium, Germany, France and the UK (FSC Netherlands, 2002)

The United Kingdom was a relatively minor exporter of timber and timber products, although showing a stable increase of around 5 percent per year. In 2003, exports amounted to € 361 million or 707 thousand tonnes.

The most important product groups exported by EU member countries in terms of value were sawn wood (€ 6.7 billion: 31%), builder’s joinery (€ 3.1 billion: 14%), fibreboard (€ 2.9 billion; 14%), plywood (€ 2.1 billion: 10%), and particleboard (€ 2.0 billion; 9%).

Figure 6.1 Exports of timber and timber products by EU member countries, 2003, % of total value



Source: Eurostat, 2004

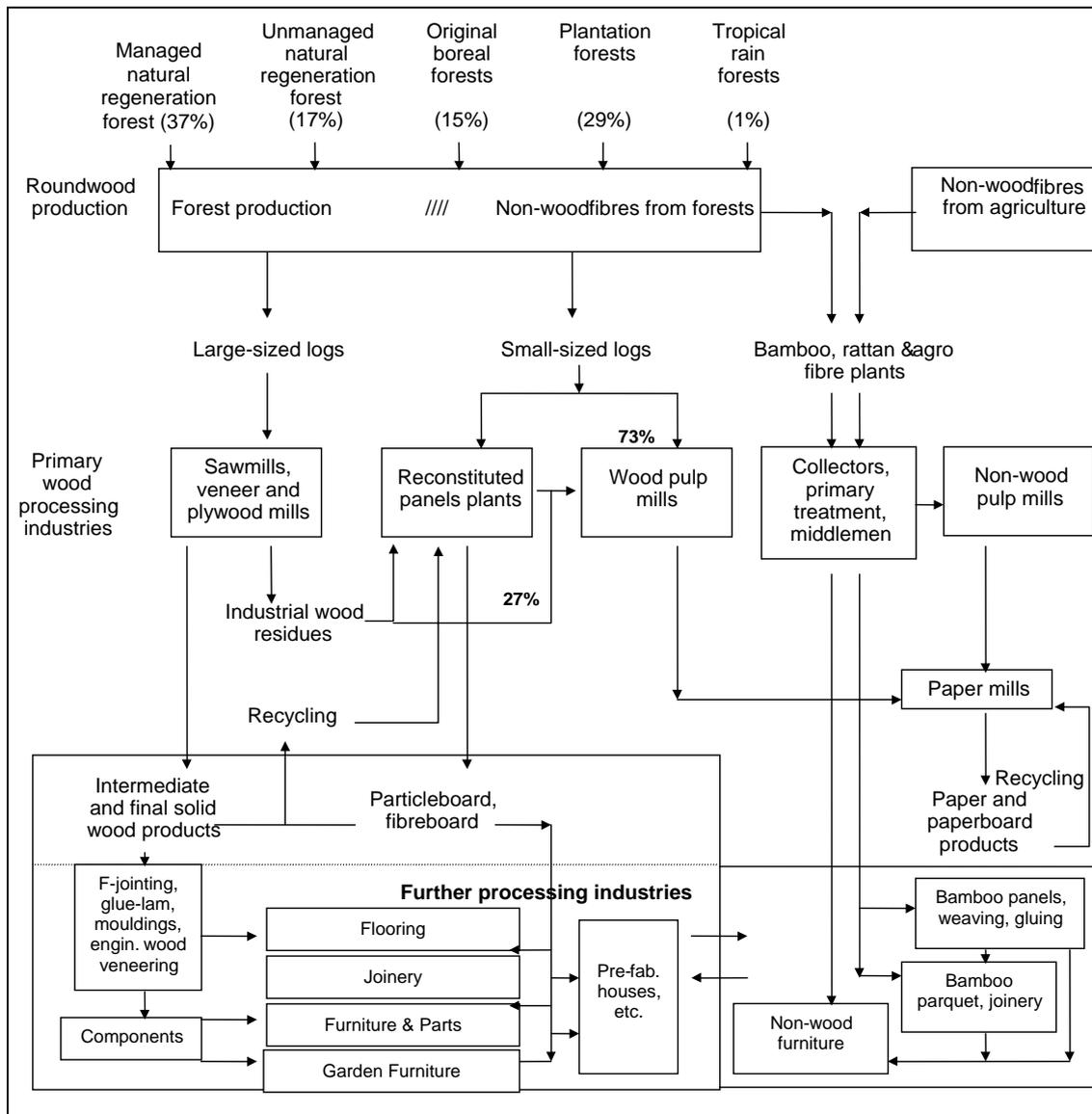
The accession countries show an increase of exports in volume between 2001 and 2003, led by wood in the rough (42.3%) and followed by densified wood (37.9%) (UNECE, Forest Products Statistics, 2004). The leading economies have shown an increase too. Poland showed an increase of 40% in the first part of 2003 amounting to € 1 billion, the Czech Republic, in the first part of 2004 saw an increase of 18.4%, and Hungary experienced an increase between 2002 and 2003 of 16.4 percent to € 381.6 million (UNECE, Market Review and MIS, 2004). The export is mostly regionally oriented, but there is a move towards the rest of Europe.

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.

Figure 7.1 Raw material and product flows in forest industries



Source: ITC/ITTO (2001), adapted by ProFound (2004)

The timber sector includes sawmilling and wood-based panel manufacturing, as well as further processing 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 is clear 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.

Certified timber

At this moment, the share of imported FSC timber is approximately 10 percent of total timber imports, of which 3 percent is tropical timber and 5 percent soft wood. Moreover, the share of PEFC is approximately 21 percent.

The demand for FSC certified timber mainly comes from companies, which often are members of buyers' groups. 22 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. Forest and Trade Networks in Europe are located in Belgium, France, Germany, Ireland, Italy, The Netherlands, Sweden (for the Nordic countries), Spain and the United Kingdom. By the beginning of 2004, there were 22 Forest Trade Networks in nearly 30 producer and consumer nations throughout Europe, Asia, Africa and the Americas. While FTNs share similar objectives and values, the nature and goals of their members varies. Demand-oriented FTNs, or Buyer Groups, consist primarily of retailers, distributors and specifiers of forest products, while Production-oriented FTNs, or Producer Groups, primarily comprise forest owners and managers, processors and manufacturers that have either achieved, or are committed to achieving, credible certification.

- *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.*
- *For more information on the Global and the other Forest Trade Networks, please refer to: <http://www.panda.org/forestandtrade> and http://www.panda.org/about_wwf/what_we_do/forests/what_we_do/management/gftn/index.cfm*

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. Because 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) 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 a distribution channel, the following has to be borne in mind:

	What?	When?
Agent	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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 of timber 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. Internet is increasingly becoming an important medium in the timber trade.

Interesting links in this respect are <http://www.timberweb.com/>, <http://www.houtbeurs.nl/>, <http://www.houttref.nl/>, <http://www.timber-exchange.com/> or <http://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 <http://www.houtbeurs.nl/> trade site is also known as <http://www.woodexchange.net/> and uses the site of <http://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 <http://www.globalwood.org/>, <http://www.timber-online.net/>, and <http://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 <http://www.itto.or.jp/>, and <http://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 <http://www.panda.org/> for more information.

Trade fairs

The “old-fashioned” markets are also important meeting points for developing countries’ exporters and EU importers. A trade fair is a good opportunity for more personal contact between business partners. Please refer to Appendix 3.5 and Section 13.5 for contact details of trade fairs. Moreover, CBI provides the handbook “Your show master - a guide for selection, preparation and participation in trade fairs”, which can be downloaded from <http://www.cbi.nl/>.

8 PRICES

8.1 Price developments

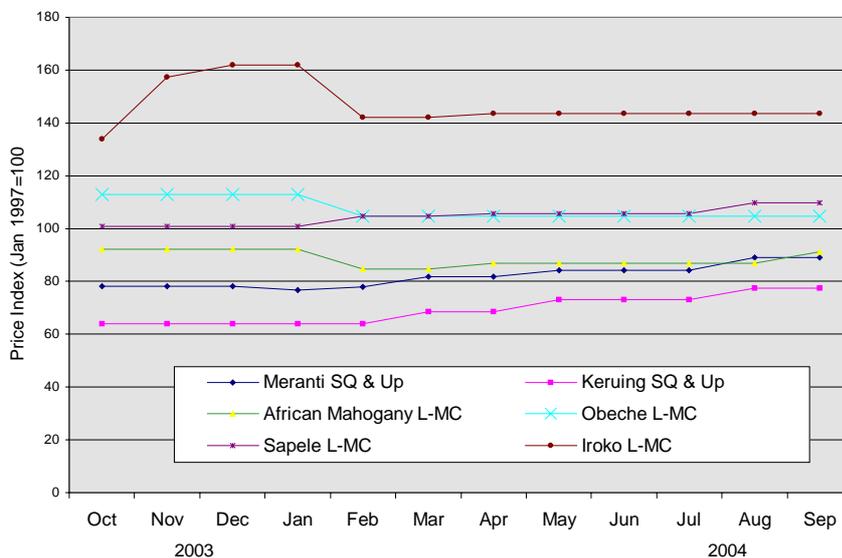
Prices for timber and timber products are highly dependent on factors such as the total supply, the type of product, its density, proportions, origin, etc. Whilst price is undoubtedly a key issue in the purchasing decisions of buyers of tropical timber products, quality consistency and supply regularity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

Depending on the specie, availability, volume, value addition, etc. prices of sustainable certified timber are likely to be higher than conventional timber. Since certification requires relatively high investments, the price of certified timber is in general 10 to 30 percent higher than conventional timber. Only half of the consumers is willing to pay this higher price for sustainable timber. According to a European survey by 'Centrum Hout' only 13 percent is prepared to pay more than 10 percent of the conventional timber price for certified timber.

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 that exporters monitor world markets and price movements, in order to be able to set a realistic price.

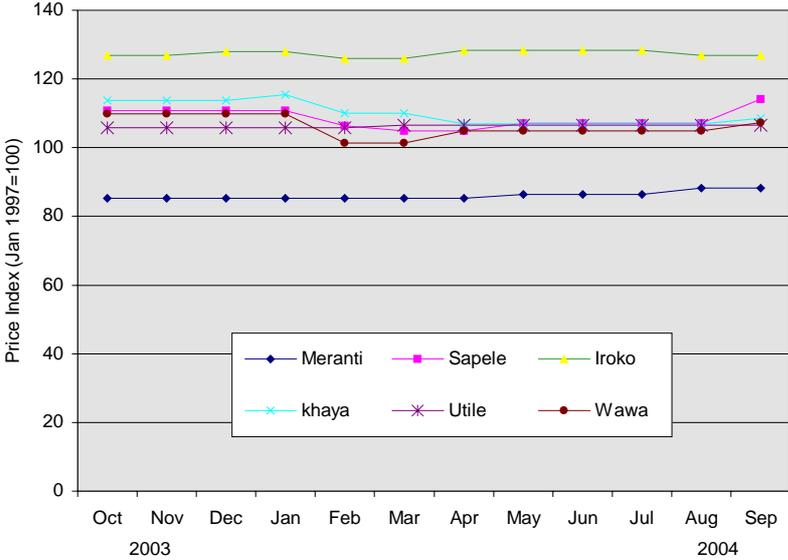
ITTO provides extensive information on prices. Below the price trends of tropical logs, sawn wood and plywood are given. Please refer to the next Section for the different information sources on prices.

Figure 8.1 Tropical Log FOB Price Trends



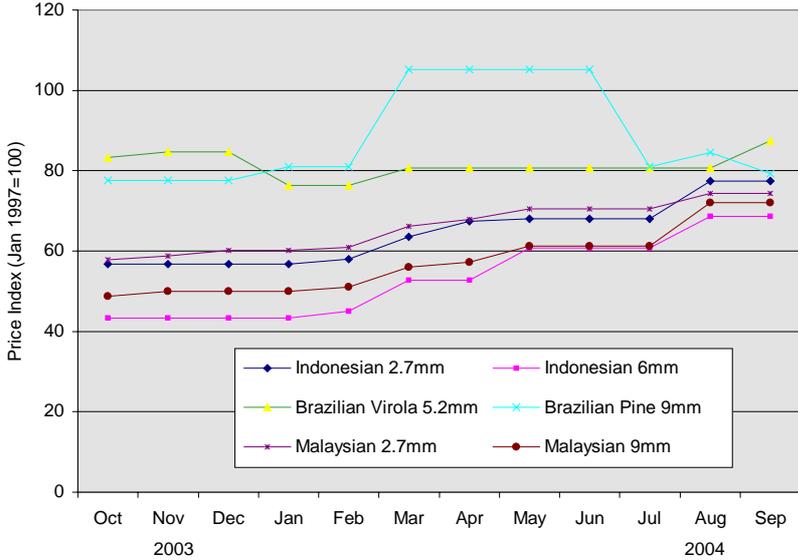
Source: ITTO, October 2004

Figure 8.2 Tropical Sawn Wood FOB Price Trends



Source: ITTO, October 2004

Figure 8.3 Tropical Plywood FOB Price Trends



Source: ITTO, October 2004

8.2 Sources of price information

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.

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> 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.

➤ **Journals**

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

➤ **Individual importers and other trade parties**

Trading companies can give you information on the price level of individual products. The majority of the national FSC Internet sites provides a database on the local suppliers of FSC timber products. These suppliers could serve as a good reference point for prices of FSC timber.

➤ **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

Timber products entering the European market are subject to a number of legislative restrictions and bans on hazardous substances. For example, the use of creosote, used as wood preservative, has been restricted in all European Member States. Secondly, the international CITES agreement on endangered species has put a ban on the use of certain wood types originating in rainforests. Furthermore, additional legislative restrictions on wood products have been established in Germany and The Netherlands, e.g. in both countries the use of formaldehyde has been restricted.

The trend in the timber products trade is towards more added-value processing, for which there are no general standards. Some EU countries emphasize more added value and special permits are required for large dimensions of sawn timber, while many countries have abolished exports of round logs. It is of great importance that buyer and seller confer and 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 disrupted contacts, which have often been built up at great expense in time and energy. In Section 1.1 of this market survey, quality and grading standards generally required by the industry in The Netherlands are described per product group.

This Chapter first deals with quality and grading standards for timber and timber products in general and then, under 'Trade related environmental, social and health & safety issues' focus on certified timber.

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 <http://www.cbi.nl/accessguide>. Click on the Information Scan for legislation and other market requirements for Timber products for a starting overview.

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 have led to the CE marking of the relevant products. 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. Table 9.1 provides an overview of the dates on which CE marking has to be adapted on specific timber products and material

Table 9.1 Overview of dates on which CE marking has to be adapted on specific timber products and material

Timber product	Date
Timber materials construction use	1 March, 2004
Lowered ceilings	Mid 2005
Laminate floorings	Mid 2005
Floor parts and parquets	Mid 2005
Laminate timber	Mid 2006
Sorted timber on fibre	Mid 2006
Upholstery of house fronts	Mid 2006
Front doors and window-frames	Mid 2006
Inner doors and window-frames	Mid 2007
Simple walls	1 April, 2004
Timber framework construction systems	24 May, 2004
Pre-fabricated stairs	16 October, 2004
Self supporting large lampshades	24 September, 2004
Simple composed timber beams	16 October, 2004
Timber construction systems	1 March, 2004
Composed simple panels	Medio 2006
Pre-fabricated support timber elements	End 2006

Source: Houtkrant, 2004

- The CEN Internet site <http://www.cenorm.be/> provides information regarding the work programme and recent progress reports for candidate harmonized standards.
- In addition, the Internet site of BSI at <http://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. If plywood exporters in developing countries have not adjusted production and secured inspection to qualify for CE Marking after 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).

➤ The Internet site of NEN (Netherlands Normalisation Institute) <http://www.nen.nl/> provides a database with all NEN standards. Although the greatest part of the Internet site is in Dutch, the information on standards is also available in English.

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 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.

The legislation on endangered wood species may be of special importance for wood and wood products. Examples of timber species for which trade is prohibited are different types of mahogany, the Chile pine, Brazilian rosewood, etc. Another example is 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 Internet site <http://www.cites.org/> about the restrictions applicable to certain timber species. Moreover, the two Appendices can be downloaded from this Internet site.

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
- Continual 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.

For more information on ISO 9000, please refer to:

- ISO's Internet site <http://www.iso.ch/> for up-to-date information, and;
- to CBI's AccessGuide at <http://www.cbi.nl/acessguide> for an overview of all ISO 9000 standards.

Trade-related environment, social and health & safety issues

Besides legal requirements, timber producers are being confronted with additional requirements. EU buyers want more information from producers, for example about the social or environmental conditions at production sites. Although the requirements in this field do not constitute part of official legislation and have no legal basis, it is recommended to consider them in order to be competitive. Such market requirements can be related to social aspects of production, environmental aspects or quality of products and processes. There is a lot going on regarding sustainable forest management (SFM), especially in the case of timber and timber products.

Environment

Unsustainable timber production has large impact on the environment, the supply of natural resources and the local biodiversity. Producers of wooden products are encouraged to produce wood according to criteria for (environmental) sustainability and use a label, a code or a management system to show compliance to certain standards. The FSC label is the most widely used label. The most well known environmental management system is ISO 14000.

Due to mounting pressure from environmental, governmental and consumer organisations in the EU, there is a growing concern about local environmental impact of production processes. Consumers want to be sure that the products they buy are environmentally sound. The EU is increasingly trying to ban timber products that do not comply with certain requirements. Due to this development, producers in developing countries using environmentally unsound production processes may find it 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".

ISO 14000

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 <http://www.iso14000.com/> and/or <http://www.iso.ch/iso/en/iso9000-14000> and <http://www.iso14000-iso14001-environmental-management.com/>. The downloadable documents provide an introduction to ISO 14000 and in particular ISO 14001.

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 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 in the EU 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. However, since FSC is used worldwide and PEFC, in general, is not used for tropical timber, the FSC label is the most relevant label for timber producers in developing countries.



Exporters can use certification 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. Consequently, 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.

For more information on the implementation of FSC and Chain of Custody (CoC) certification, please refer to:

- Appendix 5 which provides a checklist for FSC and CoC;
- MIV (Modular Implementation and Verification), a toolkit for the phased application of forest management standards and certification, can be downloaded free from <http://www.proforest.net/>.

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. However, not all FSC timber importers in The Netherlands are prepared to comply with the system of the Keurhout Foundation. Nevertheless, according to this Netherlands foundation, in the future, the hallmark system will be used for all timber entering The

Netherlands and possibly the EU as a whole. This also applies to legal/illegal logged timber entering the EU.

FLEGT

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 products 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. It is expected that FLEGT will become increasingly important for timber trade issues in the EU.

Environmentally sound production

There are several methods for environmentally sound production (ESP) that are not legally compulsory when exporting to the EU, but you might be confronted, for example, with requirements on recycling. In AccessGuide you can find a document that explores recycling options for timber and timber products (mainly furniture). You can also find some examples of several initiatives that aim to promote the use of alternative materials that are more sustainable. When looking at the preferences in reduction of emissions and waste, recycling is preferred after prevention and re-use.

Bottlenecks for developing countries

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.

In the case of Indonesia, the Dutch and British Timber Trade Associations have developed a collaboration programme together with the Indonesian Authorities to combat illegal trade from Kalimantan. Other similar initiatives are being studied to become operational in 2005.

Social issues

Social issues are becoming increasingly important in international trade by a variety of companies ranging from large multinationals like Shell to 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, who 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 <http://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. Therefore, 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 Pentachlorophenol (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 <http://www.cbi.nl/accessguide>

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 could 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. In the case of shipping in container loads, special attention has to be given to this issue because of under/overweight claims.

The official FSC logo should be applied to FSC certified timber (products) for recognisability by consumers. Moreover, strict rules exist for using the FSC logo correctly. These are described in a "logo guide", which can be found on the Internet sites of FSC (or PEFC).

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 cannot 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 <http://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.

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.

HS group	General Tariff	SPGA/SPGE	SPGL	Chile
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

Value Added Tax (VAT)

All fiscal borders disappeared in the EU on 1 January 1993. The EU decided at that moment that all VAT (tax levied at the consumption level) rates for timber for industrial use should be harmonised at a high level.

Table 9.2 VAT rates on timber for industrial use, September 2004

Country	Percentage	Country	Percentage
Belgium	21	Luxembourg	15
Czech Republic	19	Hungary	25
Denmark	25	Malta	18
Germany	7/16	The Netherlands	19
Estonia	18	Austria	10/20
Greece	18	Poland	22
Spain	16	Portugal	19
France	19.6	Slovenia	20
Ireland	21	Slovak Republica	19
Italy	20	Finland	22
Cyprus	15	Sweden	25
Latvia	18	United Kingdom	17.5
Lithuania	18		

Note: * the reduced tariff rate depends on the product, which is imported. For a number of products the standard rate is applied while, for a number of product groups, the reduced tariff is applied.

Source: European Commission, Directorate-General Taxation and Customs Union (2004)

- Additional information about the EU's GSP legislation can be obtained from <http://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 http://europa.eu.int/comm/taxation_customs/dds/en/tarhome.htm At this Internet site also information on VAT rates can be found.
- At <http://export-help.cec.eu.int/> you can search for EU tariff information via HS code and country of origin. This helpdesk is an online resource, provided by the European Commission, to facilitate access for developing countries to markets within the European Union.

PART B:

EXPORT MARKETING GUIDELINES: ANALYSIS AND STRATEGY

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. Where necessary, the information in Part B has been adjusted to certified timber products.

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, although European companies increasingly demand finished products. Sometimes, 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 a relatively easy first step. Specific market developments as described in Chapters 3, 4, 5, 8 and 9 should be used as a good 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. Please note that some European countries have committed themselves more to FSC while others more the PEFC. Since FSC is more common for timber producers in developing countries, this should also be kept in mind when selecting the most promising market.

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 Chapter 3). In some countries FSC is more common, while in others PEFC is the leading timber certificate.
- Value-added and finished 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).
- A growing market with the 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).
- More competition of the accession countries (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?
- Do your selected business partners and/or countries require FSC or PEFC timber?

Where to find information?

- ① 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.
- ① 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> or through the EU helpdesk for developing countries: <http://export-help.cec.eu.int/>
- ① **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.
- ① **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. The demand for certified qualified timber is higher than the supply and demand is still increasing.

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.

Regarding sustainable timber, 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 through the earlier mentioned FLEGT proposal. In this way, it bans illegal forest products. However, through FLEGT, the EU also supports third countries in developing a legal logging system.

- **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.

A major challenge for these countries is to find the balance between the benefits of forest and forest products certification, and the benefits for local stakeholders or small-scale community enterprises. In this light, the reasons for developing countries to commit themselves to this system are not merely for trade arguments. These countries are well aware of the fact that the leading importing markets have shifted towards a more eco-sensitive market for timber and timber products. Therefore, certification would be the *passé-partout* into these markets. However, a more profound reason is motivating NGOs and investors to apply for the schemes, namely, the fact that sustainable management of forests is necessary for the interest of the forest dwellers as well. Furthermore, outsourcing the certification scheme to a third party (like FSE or PEFC) is a release from government dependency. It serves as an opportunity to criticize the government when necessary. In addition, through this scheme stakeholders aim more towards a partnership between certifier and forest management unit with common goals, rather than using a confrontational and inspectorial approach. Finally, through the participation of different stakeholders, more transparency in the management of a forest can be achieved.

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 in fact 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
<ul style="list-style-type: none"> • Forest Certification and Certified Forest Products (see Section 3.3 and Chapter 9). • Voluntary timber licensing system (see Section 3.3).
Threats
<ul style="list-style-type: none"> • CE Marking for an increasing number of timber products (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?

- ① 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.

- ① For information on trade-related environmental issues, please refer to Section 9.1.
- 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?

- ① Refer to Section 9.2, for information on import tariffs applied.
- ① At <http://export-help.cec.eu.int/> you can search for EU tariff information via HS code and country of origin.
- ① 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 EU accession 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. Finished timber products are increasingly processed in the sourcing countries themselves. In the end, most European timber manufacturers are being forced to shift their production to lower-income countries.

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\$ 1.25 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?

Where to find information for your competitive analysis?

- ① Market research and market information, such as this CBI market survey.
- ① At <http://www.certifiedwood.org/> all suppliers of certified timber can be found.
- ① Visiting local and international trade fairs is an important way of finding out who your main competitors are.

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 its own specific conditions that should be met by the exporter.

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.

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					

(a) Logs for hydraulic sector

- In the European hydraulic sector, wood is used for the construction of piers, lock gates, bracing 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 & flooring 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:

<p>Import agent</p> <p>⇒ An import agent can be an interesting channel for smaller exporters aiming to penetrate a local European market. Ideally, an import agent:</p> <ul style="list-style-type: none">• 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.
<p>Importer / trader</p> <p>⇒ An importer/trader is a good distribution channel for sizeable exporters to penetrate the European market:</p> <ul style="list-style-type: none">• 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.
<p>Importer / processor</p> <p>⇒ This distribution channel is interesting for exporters of down-stream timber products, although it involves more risks for the exporter:</p> <ul style="list-style-type: none">• 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.
<p>Importer for DIY chain</p> <p>⇒ 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:</p> <ul style="list-style-type: none">• 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.

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 following specialised organisations:

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

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. E-commerce 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/>

Environmentally certified products and the chain-of-custody

FSC timber is mainly traded through companies, which often are members of buyers' groups. Demand-oriented FTNs, or Buyer Groups, consist primarily of retailers, distributors and specifiers of forest products, while Production-oriented FTNs, or Producer

Groups, primarily comprise forest owners and managers, processors and manufacturers that have either achieved, or are committed to achieving, credible certification.

Moreover, 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.

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)

① Refer to Chapter 7 and Section 7.2 in particular, for information on potential sales channels.

① For more information on the Global and the other Forest Trade Networks, please refer to: <http://www.panda.org/forestandtrade>

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.

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)?

- ① Freight forwarders are the best sources for obtaining freight rates. There are also companies that specialise in publishing (notably air) cargo tariffs.
- ① International Federation of Freight Forwarders Association (FIATA): <http://www.fiata.com>
- ① Directory of Freight Forwarding Services: <http://www.forwarders.com>
- ① 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>
- ① 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.

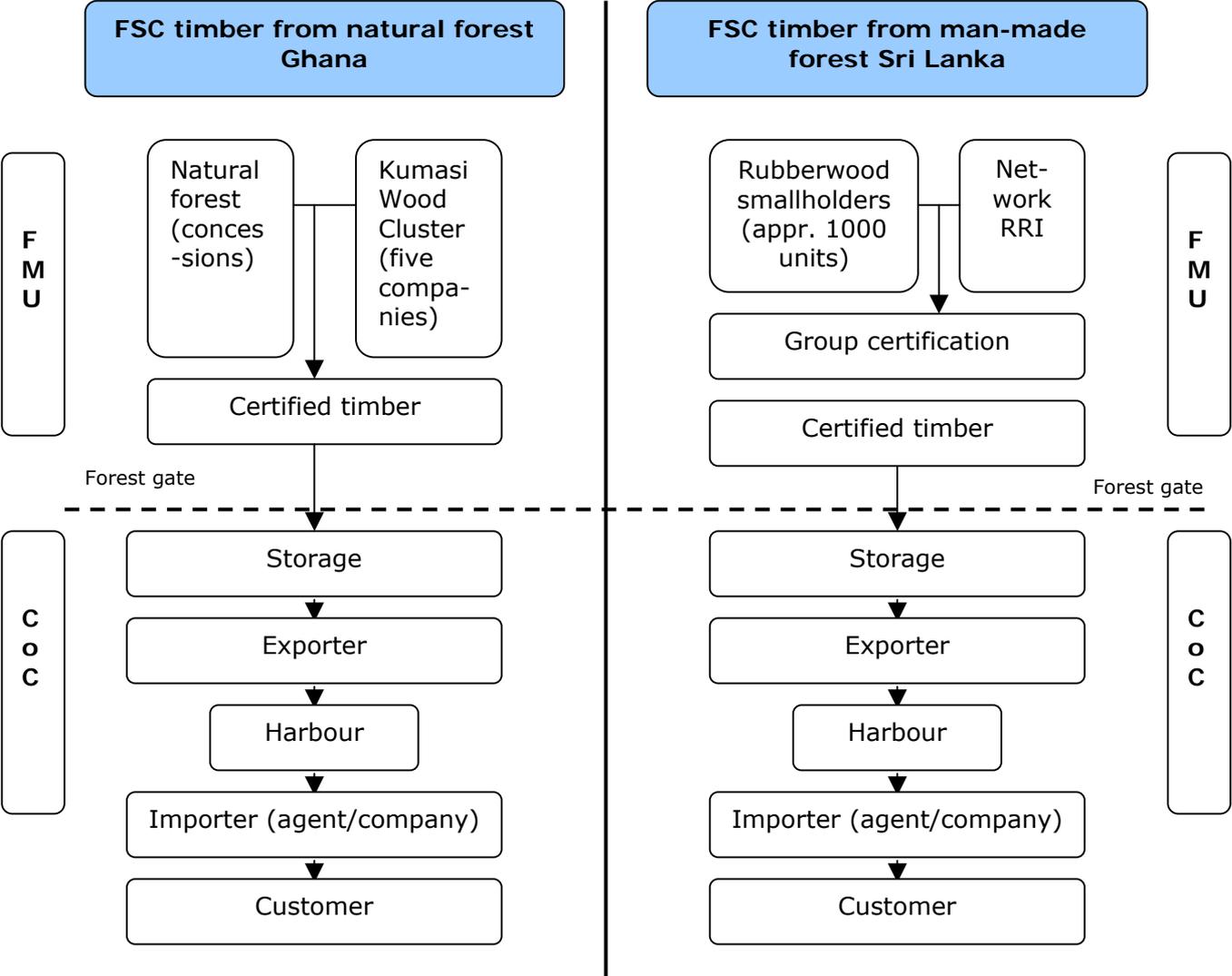
It is important to understand where you, as a producer or exporter, fit into the supply chain, to ensure that the value you add continues to be important both for your direct customers as well as your customers' customers. The value chain can be a useful tool to help in this process.

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 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 processed product then passes through various intermediary stages until it reaches the final customer, who after use consigns it for recycling or refuses.

In the case of certified timber products, the value chain approach is even more important. Since the process of certification is relatively costly for individual timber producers, co-operation between them opens up opportunities. Figure 10.1 presents two examples of how timber producers in Ghana and Sri Lanka work together, in order to get their timber certified.

In Ghana, the Forest Management Unit (FMU) consists of the five (or more in the future) companies that together form the Kumasi Wood Cluster. In Sri Lanka, smallholders of rubber wood have opted for another FMU construction: through the network of the Rubber Research Institute (RRI) they obtained a group certification. Through international seller and buyer groups, the certified timber is globally traded. The individual exporters and importers taking part in this trade need to own a Chain of Custody (CoC) certificate, in order to assure the certified timber to the end-customer.

Figure 10.1 Cost structure for FSC certifiable wood from natural forest in Ghana and manmade forest in Costa Rica



Source: CBI Export Development Programma, CBI consultant

Composition of total costs of certified timber at forest gate:	
Pre-operation activities (feasibility, mapping, etc)	+/- 20%
Logging operations (roads, logging, management, etc)	+/- 60%
Administration (logging administration, tally sheets, etc)	+/- 10%
Other costs	appr. 10%

Composition of the export costs of certified timber:	
Transport costs (transport, insurance, etc.)	+/- 60%
Further processing	+/- 30%
Other costs (Custom duties, etc.)	appr. 10%

The tables above give the composition of total costs of certified timber at the different stages of the value chain. Recharging these costs, in general, the price of certified timber is approximately 6 percent higher than the price of conventional timber.

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.

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 include 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 WITH FSC	
1. Product information:	<p><u>Product name:</u> Sawn timber (hardwood)</p> <p><u>Main species with FSC accepted in the market:</u> virola, imbuia and balsa, white lauan, white seraya, and alan, keruing, ramin, kapur, young teak, jongkong, jelutong, kempas, okoume, obeche, sapelli, sipo, acajou d'afrique, makore, iroko, tiama, mansonia, ilomba, dibetou, limba, palissandre (de rio, de para, de rose), angelim campina, cumaru, massaranduba, muiracatiara, piquia, purperhart, Sapucaya, sucupira vermelho, jatoba, guariuba, ipe / groenhart, Louro spec. Muiracatiara.</p>
2. Market requirements:	<p><u>European quality standards:</u> 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).</p> <p><u>Sizes/dimensions:</u> As per contract specification.</p> <p><u>Minimum labelling:</u></p> <ul style="list-style-type: none"> - product description/label - certificate/logo (You can only use the FSC logo when your products are certified and according to a "logo guide"). <p><u>Packaging:</u> According to bundling specification in the contract and to EU regulations (refer to Chapter 9)</p> <p><u>Import regulation:</u> The general import tariff for sawn timber ranges between 0 and 2.5 percent. The GSP is zero.</p> <p><u>Relevant import documents:</u></p> <ul style="list-style-type: none"> - AWB or Bill of Loading - Proforma invoice - EUR 1 form for ACP countries - FORM A for other countries
3. Market development:	<p><u>Main markets:</u> The main EU markets for tropical FSC sawn timber are, in order of importance: the UK, the Netherlands, Belgium, Germany, Italy, France and Spain.</p> <p><u>Market trends:</u> Besides certified timber as a trend the use of lesser-known species is promoted in many countries, due to limited supply and decrease of resources in the production countries.</p> <p><u>Prices:</u> 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 (http://www.itto.or.jp/). Some price trends are described in Chapter 8 of the EU Market Survey Timber and timber products.</p>
4. Main suppliers:	<ul style="list-style-type: none"> • The leading suppliers of FSC softwood sawn timber are Sweden and Finland, while Eastern Europe is becoming more important. • Important FSC hardwood suppliers are (in order of importance): • Brazil, Guatemala, Honduras, Bolivia, and some smaller countries. For the latest information please refer to http://www.fsc.org/ • Leading EU re-exporters of tropical sawn timber are Belgium and The Netherlands.
5. Quality improvement:	<ul style="list-style-type: none"> • <u>Raw material:</u> Special emphasis should be given to accuracy when cutting the timber. Also drying should be according 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 and the species are accepted in the market.

PRODUCT PROFILE: PLYWOOD WITH FSC

1. Product information:	<p><u>main items:</u> moisture resistant, interior <u>other items:</u> water-boil-proof, exterior, decorative plywood</p> <p><u>species:</u> In most cases, only a percentage of the total plywood product will be made of FSC wood, the so-called "percentage based claims". Amapa, Sande, Anyimi, Pechaco, Virole okoumé, white lauan, sipo, limba, obeche, acajou d'afrique, sapelli, virola, palissandre (de rio/de para/ de rose)</p>
2. Market requirements:	<p><u>European quality standards:</u> Voluntary EU quality standards by CEN/TC. See Chapter 9</p> <p>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.</p> <p><u>Sizes/dimensions:</u> 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)</p> <p><u>Minimum labelling:</u> - product description/label - certificate/logo</p> <p><u>Packaging:</u> According to bundling specification in the contract and to EU regulations. Wrapping in damp-proof material.</p> <p><u>Import regulation:</u> The general import tariff for plywood ranges between 6 and 10 percent. The GSP tariff is zero.</p> <p><u>Relevant import documents:</u> - AWB or Bill of Loading - Proforma invoice - EUR 1 form for ACP countries - FORM A for other countries</p>
2. Market development:	<p><u>Main markets:</u> The main EU markets for tropical plywood are (in order of importance) the United Kingdom, Belgium, Germany, The Netherlands and France.</p> <p><u>Market trends:</u> Besides FSC as a trend, the use of lesser-known species is promoted in many countries, due to limited supply and decrease of resources in the production countries.</p> <p><u>Prices:</u> 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 (http://www.itto.or.jp/). Some price trends are described in Chapter 8 of the EU Market Survey Timber and timber products.</p>
3. Main suppliers:	<p>The leading EU suppliers are Germany, France, and Italy, which produce limited amounts of FSC plywood. France is the only supplier producing a considerable amount of tropical plywood. However, most of it is still without FSC.</p> <p>The leading non-EU suppliers of plywood are Brazil (FSC) and Indonesia & Malaysia (non-FSC). For the latest information, please refer to: http://www.fsc.org/</p>
4. Quality improvement:	<ul style="list-style-type: none"> • <u>Raw material:</u> 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 9 and 10 for information on the importance of the various quality standards for your product-market combinations. Regarding certified timber, it is important to know to what extent you are able to obtain FSC (or CoC if you are an exporter) for your timber products.

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 market identified?
- In the case environmental labelling significantly could improve the competitiveness of your export product, which one is the most interesting for your situation?

Useful information regarding your status for certification is:

- ① MIV (Modular Implementation and Verification), a toolkit for the phased application of forest management standards and certification, to be downloaded for free from <http://www.proforest.net/>.
- ① Appendix 5 with a checklist to be used when applying for CoC of FSC certification of your timber product.

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 or 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.

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 at:
① 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 mailto:ruth_nussbaum@sgsgroup.com). Moreover, the two examples of group certification shown in Section 10.5 were set up during the Export Development Programme Timber and Timber Products of CBI.

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 the company has staff that is 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 initially be used. A SWOT analysis can be applied as a tool to analyse the identified opportunities and threats and the company's identified relative strengths and weaknesses.

12.1 SWOT and situation analysis

A SWOT (Strengths, Weaknesses, Opportunities and Threat) analysis is recommended while you are planning your business. The SWOT will help you in structuring your thoughts, analysing your risks and setting-up your strategy. It is one of many good techniques that can help an exporter to build a strong competitive position for his organisation.

Specifically, the SWOT will be of value in helping you to:

- a) Build on your strengths
 - b) Identify your weaknesses
 - c) Exploit opportunities
 - d) Develop strategies to deal with threats
- Strengths and weaknesses are internal factors over which you have some influence
 - Opportunities and threats are external issues that you cannot control (UNCTAD, Businessplan SOFI Manual).

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.

☛ Simple rules for successful 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.

Useful sources for SWOT analysis are, for example:

- Organisations such as ITC, UNCTAD and CBI provide (free) information on writing your business plan. Please check their Internet sites for more information: <http://www.intracen.org/>, <http://www.unctad.org/> and <http://www.cbi.nl/>.
- <http://www.quickmba.com/strategy/swot/> and <http://www.mindtools.com/> are examples of commercial services offering information on management strategy, decision making etc.

An example of a SWOT analysis for an exporter of timber and timber products in developing country is given in Table 12.1. It should be noted that this matrix should be treated as an example and that it should be adapted to the exporter's own situation.

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

INTERNAL FACTORS	
Strengths	Weaknesses
<ul style="list-style-type: none"> • Natural resources • Low labour costs • Low or zero import duty • Value addition at source 	<ul style="list-style-type: none"> • Entrepreneurial capacity • Language and communication • Access to finance / banking systems • National laws and regulations • Unsustainable forest production • Out-dated production techniques • Lack of information on regulations, prices etc.
EXTERNAL FACTORS	
Opportunities	Threats
<ul style="list-style-type: none"> • Certified Forest Products • Value-added products (hardwood windows & doors, timber-frame housing) • Lesser-Known Species (LKS) • Construction trends (timber-frame housing) • E-commerce • EU East enlargement 	<ul style="list-style-type: none"> • Increased competition from OSB and MDF manufacturers. Demand for plywood stagnating. • Dominance of temperate timber. • Engineered wood products. • EU East enlargement. • CE marking

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.

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.

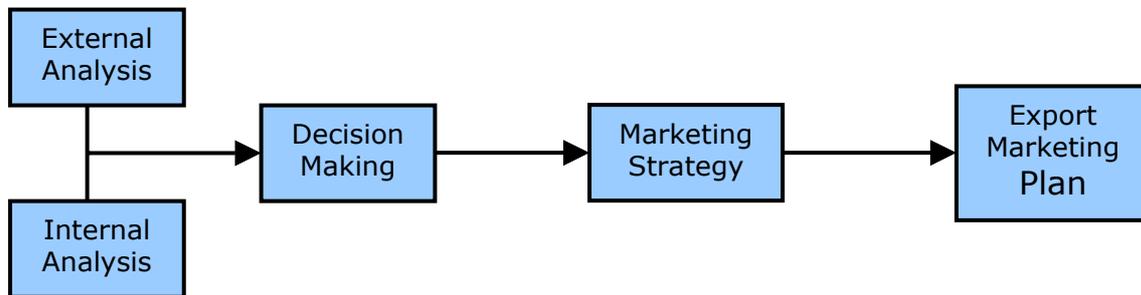
- ☑ You have identified the best sales channel (direct exporting or co-operation agreements).
- ☑ You know what special challenges pertain to the selected markets (competition, import controls etc.) and what strategies you will use to address them.

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 resources be better spent developing new domestic business?

Advantages and disadvantages of exporting	
Advantages:	Disadvantages:
<ul style="list-style-type: none"> • enhance domestic competitiveness • increase sales and profits • gain global market share • reduce dependence on existing markets • exploit corporate technology and know-how • extend the sales potential of existing products • stabilise seasonal market fluctuations • enhance potential for corporate expansion • sell excess production capacity • gain information on foreign competition 	<ul style="list-style-type: none"> • develop new promotional material • subordinate short-term profits to long-term gains • incur added administrative costs • allocate personnel for travel • wait longer for payments • modify your product or packaging • apply for additional financing • obtain special export licenses

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 above figure 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.

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, 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 ITTO⁵, 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

⁵ "The Marketing of Lesser-Used Tropical Timber Species", by Ivan Eastin, Augustus Addae-Mensah and S K Appiah

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:
 - (a) **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.
 - (b) **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, certification costs, 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. In general, the price of certified timber is approximately 6 percent higher than the price of conventional timber.

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

Export price calculation	
Total costs per unit	
	+ Profit
	+ Commissions
	+ Banking fees
	+ Palletisation / export packing
	+ Freight forwarding and documentation fees
	+ USDA inspection and phytosanitary certificate 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)	

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 contracts, 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:

(a) 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.

(b) Contract fulfilment:

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

Main European trade fairs			
Trade fair	Where?	When?	What?
DIY & Garden Show	London, UK	16 - 18 January 2005 (annual)	DIY and garden trade event.
Building Trade Fair	Leipzig, Germany	1 - 4 February, 2005 (annual)	International trade fair for the building and construction industry.
Batibouw	Brussels, Belgium	February - March 2005 (annual)	International fair for building, renovation and decoration.
Construmat	Barcelona, Spain	11 - 16 April, 2005 (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.
Ligna+	Hannover, Germany	2 - 6 May, 2005 (every two years)	Leading trade fair for the forestry and wood industries.
Gafa	Cologne, Germany	3 - 5 September, 2005 (every two years)	Trade fair for garden articles.
Batimat	Paris, Frankfurt	7 - 12 November 2005 (every two years)	International building exhibition.
Bautec	Berlin, Germany	14 - 18 February 2006 (every two years)	International building fair.
Interbuild	Birmingham, UK	23 - 27 April 2006 (every two years)	International trade fair for building and construction industry.

☞ 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.

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.

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

- 441129 fibreboard; laminated wood with a layer of plywood; composite panels with outer layers of fibreboard; paperboard; identifiable furniture components) 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 & Príncipe, 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

IMPORTS

Imports of TIMBER AND TIMBER PRODUCTS by EU member countries,
2001-2003, € thousand / tonnes

	2001		2002		2003	
	value	volume	value	volume	value	volume
Total	22,733	80,932	22,594	79,735	22,230	79,931
Intra EU	11,571	34,548	11,808	33,939	11,473	34,234
Extra EU	11,162	46,385	10,786	45,796	10,757	45,697
Developing countries	4,223	7,842	3,919	7,218	3,789	7,015
<i>Leading suppliers:</i>						
Germany	2,232	7,874	2,333	8,427	2,298	8,510
Sweden	1,663	4,103	1,754	4,178	1,677	4,167
Finland	1,605	3,442	1,608	3,478	1,618	3,617
Austria	1,359	4,245	1,415	4,197	1,354	3,868
Russia	1,233	14,925	1,277	15,461	1,312	15,037
France	1,234	6,991	1,139	5,555	1,083	5,270
Belgium	959	2,561	948	2,452	940	2,695
USA	1,189	990	1,014	890	905	895
Latvia	698	5,523	711	5,640	733	5,649
Poland	528	1,180	556	1,316	645	1,685
Brazil	692	1,533	643	1,523	638	1,448
Indonesia	663	699	580	624	544	643
Czech Republic	470	2,703	476	2,741	517	3,412
Italy	513	397	484	315	458	323
Malaysia	466	460	425	423	411	459
Estonia	360	3,201	380	3,160	402	2,973
Denmark	422	385	418	269	391	297
The Netherlands	399	915	409	1,052	380	1,134
Cameroon	451	812	383	685	373	643
Spain	366	838	409	776	372	711

Imports of timber and timber products into GERMANY, 2001-2003
€ thousand / tonnes

	2001		2002		2003	
	value	volume	value	value	volume	value
Total	3,566	8,578	3,352	7,686	3,152	7,375
Intra EU	1,703	3,895	1,655	3,524	1,426	3,182
Extra EU	1,863	4,682	1,697	4,162	1,725	4,193
Developing countries	373	516	321	438	315	446
<i>Leading suppliers:</i>						
Austria	399	848	400	721	354	617

Poland	257	519	235	420	266	530
Finland	300	497	286	508	245	403
Czech Republic	196	678	179	502	182	542
Sweden	193	518	210	510	154	446
Denmark	148	138	136	76	152	104
Switzerland	122	287	108	222	144	323
Russia	152	1,013	140	864	143	704
USA	189	105	149	90	139	91
France	177	787	148	590	131	595
Italy	171	135	145	80	117	83
Belgium	136	548	119	503	107	516
The Netherlands	98	203	101	230	86	208
Indonesia	84	90	78	80	76	90
Latvia	93	275	81	224	76	211
Belarus	54	312	66	407	69	446
Lithuania	54	263	56	280	58	262
Estonia	47	241	56	259	58	213
Brazil	66	137	52	116	56	136
Romania	47	55	45	48	49	53

Imports of timber and timber products into UNITED KINGDOM, 2001-2003
€ thousand / tonnes

	2001		2002		2003	
	value	volume	value	value	volume	value
Total	3,638	7,119	3,880	7,728	3,722	8,034
Intra EU	1,913	3,784	2,117	4,251	2,053	4,451
Extra EU	1,725	3,335	1,763	3,477	1,669	3,582
Developing countries	666	800	672	815	606	843
<i>Leading suppliers:</i>						
Sweden	553	1,332	581	1,421	549	1,408
Finland	379	876	415	952	426	1,034
Latvia	328	1,257	348	1,282	365	1,346
Germany	242	341	264	422	229	440
Belgium	185	397	221	349	215	344
Ireland	152	374	173	460	181	613
USA	213	154	188	145	168	149
Brazil	179	284	181	319	159	329
France	115	182	124	299	134	276
Indonesia	173	199	153	165	123	147
Russia	112	413	129	496	123	479
Canada	130	122	119	108	104	104
Malaysia	115	124	111	118	97	123
Estonia	70	242	81	258	89	287
Italy	80	39	84	32	77	27
Denmark	59	28	69	36	70	36
China	36	20	57	38	69	57
Norway	60	89	58	71	53	66
South Africa	54	36	57	42	52	34
Spain	46	72	61	106	51	75

**Imports of timber and timber products into ITALY, 2001-2003,
€ thousand / tonnes**

	2001		2002		2003	
	value	volume	value	value	volume	value
Total	3,231	10,555	3,275	10,511	3,161	9,956
Intra EU	1,607	5,800	1,686	5,991	1,548	5,387
Extra EU	1,623	4,755	1,589	4,520	1,613	4,570
Developing countries	787	1,635	750	1,598	756	1,667
<i>Leading suppliers:</i>						
Austria	832	3,142	871	3,263	817	2,973
Germany	309	1,209	334	1,333	311	1,150
France	185	945	181	874	161	773
USA	197	211	177	194	161	198
Croatia	117	575	118	588	118	545
Cameroon	128	201	116	184	112	165
Russia	96	317	100	335	106	357
Romania	75	129	84	124	104	166
Finland	97	157	104	168	97	155
Switzerland	114	894	96	743	90	712
Ivory Coast	109	127	99	112	83	93
Slovenia	70	300	79	297	79	310
Hungary	73	618	82	555	77	444
Sweden	68	140	71	144	65	122
Canada	50	38	51	40	59	49
Indonesia	57	44	45	39	47	43
Gabon	36	77	39	76	46	81
Brazil	38	63	37	67	46	95
Malaysia	28	27	32	31	38	38
Slovakia	32	145	32	108	36	112

**Imports of timber and timber products into FRANCE, 2001-2003
€ thousand / tonnes**

	2001		2002		2003	
	value	volume	value	value	volume	value
Total	2,104	4,728	2,004	4,532	2,070	4,940
Intra EU	1,234	2,799	1,230	2,862	1,298	3,191
Extra EU	869	1,929	774	1,670	772	1,749
Developing countries	559	1,091	483	897	483	918
<i>Leading suppliers:</i>						
Germany	311	842	326	931	349	1,059
Belgium	288	696	259	686	276	840
Finland	197	469	203	450	203	431
Gabon	141	370	132	320	131	310
Sweden	99	232	104	239	115	236
Brazil	119	177	92	144	97	181
Italy	91	63	86	53	92	62

Spain	72	277	77	275	78	261
Russia	59	208	68	248	73	256
Austria	39	53	36	45	48	57
Switzerland	48	290	43	225	43	260
Indonesia	44	45	39	43	40	46
Luxembourg	34	63	30	49	40	92
Cameroon	59	109	40	73	38	69
USA	60	56	48	48	33	40
The Netherlands	32	35	31	41	31	81
Congo	18	59	25	62	28	67
Poland	23	29	24	26	28	31
Canada	35	29	29	26	27	28
Malaysia	28	32	19	23	24	32

Imports of timber and timber products into THE NETHERLANDS, 2001-2003
€ thousand / tonnes

	2001		2002		2003	
	value	volume	value	value	volume	value
Total	1,687	3,441	1,612	3,402	1,519	3,259
Intra EU	942	2,001	889	1,947	824	1,850
Extra EU	745	1,440	723	1,455	694	1,410
Developing countries	427	553	420	547	401	572
<i>Leading suppliers:</i>						
Belgium	228	504	223	495	207	454
Germany	189	475	192	518	171	501
Finland	158	328	136	285	137	275
Sweden	153	386	131	335	134	333
Malaysia	139	120	136	126	128	128
Indonesia	101	82	107	101	98	102
France	112	139	101	135	85	116
Russia	75	354	78	409	81	331
Brazil	53	115	50	120	55	156
China	36	16	44	26	46	30
Canada	34	25	38	27	30	24
Cameroon	43	108	37	79	27	64
Poland	20	56	22	57	25	67
USA	44	33	30	22	24	19
Austria	14	24	13	22	22	35
Latvia	25	104	20	75	21	77
Secr.Extra	23	20	21	19	18	19
Estonia	17	65	17	57	18	57
Denmark	27	9	26	8	14	7
Belarus	11	63	11	68	13	86

Imports of timber and timber products into SPAIN, 2001-2003,
€ thousand / tonnes

	2001	2002	2003
--	------	------	------

	value	volume	value	value	volume	value
Total	1,810	6,196	1,770	5,556	1,784	5,335
Intra EU	925	4,105	949	3,787	980	3,670
Extra EU	885	2,091	821	1,769	804	1,664
Developing countries	477	1,487	427	1,196	411	1,021
<i>Leading suppliers:</i>						
France	265	1,992	246	1,567	224	1,307
USA	264	254	231	227	211	241
Portugal	188	1,317	199	1,353	203	1,430
Sweden	128	305	128	313	145	315
Germany	115	184	131	204	139	217
Finland	90	149	92	188	107	224
Cameroon	88	166	72	142	77	149
Brazil	67	165	66	153	68	174
Ivory Coast	80	117	61	89	50	68
Italy	51	59	50	58	50	50
Poland	21	48	33	73	38	92
Belgium	30	50	35	59	36	52
Chile	37	207	38	157	35	102
Romania	14	31	23	35	33	52
Austria	15	14	19	20	31	31
China	20	11	22	13	30	19
Denmark	24	17	32	10	29	7
Russia	33	103	22	76	27	90
Uruguay	51	521	40	408	22	279
Canada	21	17	22	19	20	20

Imports of SAWN WOOD by EU member countries, by country of origin, 2001-2003, € thousand / tonnes

	2001		2002		2003	
	value	volume	value	value	volume	value
Total	8,638	22,754	8,692	23,255	8,559	23,684
Intra EU	4,047	11,552	4,236	11,912	4,094	11,688
Extra EU	4,591	11,202	4,456	11,344	4,465	11,996
Developing countries	1,572	2,534	1,451	2,385	1,404	2,468
<i>Leading suppliers:</i>						
Sweden	1,270	3,376	1,357	3,485	1,296	3,447
Finland	899	2,370	921	2,393	896	2,302
Austria	627	2,237	642	2,275	606	2,168
Russia	454	1,803	493	1,980	563	2,199
Germany	504	1,713	540	1,837	551	1,861
USA	696	654	590	597	512	593
Latvia	422	1,694	418	1,605	443	1,664
Canada	330	278	306	275	268	262
Malaysia	279	286	261	270	263	300
Cameroon	311	511	258	430	261	434
Brazil	276	501	236	473	236	579

France	222	673	207	603	200	588
Estonia	154	515	166	522	183	543
Czech Republic	179	834	176	765	175	757
Belgium	162	374	179	425	161	394
Poland	131	440	137	453	157	556
Lithuania	96	472	108	534	131	609
Ivory Coast	188	276	177	232	129	179
The Netherlands	115	217	120	231	117	252
Romania	80	201	94	232	104	279

Imports of WOOD IN THE ROUGH by EU member countries, by country of origin, 2001-2003, € thousand / tonnes

	2001		2002		2003	
	value	volume	value	value	volume	value
Total	3,249	43,808	3,024	41,881	2,912	41,195
Intra EU	1,029	13,864	955	12,492	974	12,896
Extra EU	2,220	29,943	2,069	29,389	1,939	28,298
Developing countries	676	3,201	568	2,730	475	2,224
Leading suppliers:						
Russia	621	12,786	627	13,150	590	12,485
Germany	319	4,173	342	4,415	325	4,384
France	290	5,198	219	3,625	206	3,272
Latvia	155	3,678	171	3,880	169	3,831
Czech Republic	104	1,578	114	1,711	152	2,399
Gabon	201	623	152	484	132	418
USA	146	189	119	163	108	169
Estonia	118	2,516	116	2,474	105	2,239
Switzerland	148	2,071	108	1,295	97	1,126
Finland	50	358	48	349	76	528
Cameroon	100	266	85	219	69	172
Belgium	64	744	65	784	69	1,025
Congo	69	318	73	196	63	187
Sweden	66	378	58	313	63	403
Austria	85	846	73	727	62	585
Hungary	52	967	46	921	48	856
Portugal	46	788	44	809	47	883
Poland	19	165	31	352	46	570
Uruguay	53	544	49	562	41	621
Liberia	70	236	63	218	39	146

Imports of PLYWOOD by EU member countries, by country of origin, 2001-2003 € thousand / tonnes

	2001		2002		2003	
	value	volume	value	value	volume	value
Total	2,349	3,096	2,168	2,994	2,104	3,060
Intra EU	1,111	1,141	1,028	1,106	1,019	1,116
Extra EU	1,238	1,955	1,141	1,888	1,085	1,944

Developing countries	774	1,231	703	1,189	667	1,249
<i>Leading suppliers:</i>						
Finland	443	443	416	452	448	513
Brazil	295	568	287	588	286	650
Indonesia	317	449	245	368	200	325
Russia	143	307	141	301	139	320
France	150	127	130	116	119	99
Germany	125	124	108	112	93	90
Belgium	91	120	86	117	85	124
Italy	82	73	79	66	76	60
Latvia	68	84	65	84	62	79
China	16	20	36	48	55	81
Austria	58	56	55	54	52	58
Spain	43	43	48	45	47	44
Malaysia	58	91	50	79	44	81
Poland	38	46	42	51	41	51
The Netherlands	38	36	35	36	36	34
Romania	14	17	22	29	27	35
Czech Republic	35	52	29	44	27	41
Chile	14	23	17	29	20	38
United Kingdom	20	26	17	19	17	21
Denmark	15	18	15	21	16	33

Imports of FIBREBOARD by EU member countries, by country of origin, 2001-2003, € thousand / tonnes

	2001		2002		2003	
	value	volume	value	value	volume	value
Total	1,424	3,173	1,703	3,637	1,757	3,918
Intra EU	1,130	2,380	1,405	2,893	1,456	3,137
Extra EU	294	793	298	743	301	781
Developing countries	37	89	31	88	34	108
<i>Leading suppliers:</i>						
Germany	351	667	428	811	434	911
Belgium	136	266	242	313	285	339
France	163	285	174	415	189	566
Ireland	96	168	115	196	105	194
Spain	79	218	98	280	94	260
Austria	65	143	81	176	88	171
Switzerland	76	166	79	143	78	138
Portugal	71	222	81	257	75	244
Poland	55	164	62	185	63	188
Luxembourg	56	163	62	170	55	163
Italy	35	69	35	53	31	58
The Netherlands	26	64	31	84	28	75
Sweden	13	31	17	43	25	40
United Kingdom	12	20	17	34	25	62
Finland	17	49	18	49	16	42
Norway	17	25	17	26	16	23

USA	19	17	19	17	14	16
Bulgaria	14	56	13	53	13	57
Slovenia	12	42	11	36	12	34
Estonia	11	44	10	40	11	45

Imports of PARTICLE BOARD by EU member countries, by country of origin, 2001-2003, € thousand / tonnes

	2001		2002		2003	
	value	volume	value	value	volume	value
Total	1,580	4,782	1,406	4,426	1,336	4,408
Intra EU	1,359	3,949	1,217	3,733	1,152	3,718
Extra EU	221	832	189	693	184	690
Developing countries	2	2	3	4	4	5
<i>Leading suppliers:</i>						
Germany	353	856	341	899	313	883
Belgium	264	908	218	699	193	719
Austria	217	715	207	677	184	579
France	167	567	149	601	150	616
Switzerland	70	234	70	224	69	229
Italy	58	90	46	65	51	84
Portugal	41	174	41	176	42	194
United Kingdom	26	72	40	130	38	125
Norway	37	157	35	138	35	134
Sweden	72	110	43	105	34	66
Ireland	33	125	19	78	32	129
Luxembourg	33	88	31	81	32	84
Poland	59	199	31	107	29	118
Finland	32	102	30	88	29	110
Spain	28	78	25	71	25	68
The Netherlands	23	48	22	55	21	52
Czech Republic	18	110	14	87	14	86
Estonia	13	60	12	50	13	55
Denmark	8	10	7	7	7	9
Bulgaria	3	15	7	35	5	28

Imports of VENEERS by EU member countries, by country of origin, 2001-2003 € thousand / tonnes

	2001		2002		2003	
	value	volume	value	volume	value	volume
Total	1,168	577	1,167	603	1,134	605
Intra EU	501	224	512	239	460	196
Extra EU	667	353	655	364	674	408
Developing countries	268	210	268	214	283	230
<i>Leading suppliers:</i>						
USA	235	57	200	50	186	51
Germany	186	45	182	48	174	42

France	76	46	78	49	57	34
Gabon	32	31	46	46	54	57
Italy	49	13	51	12	50	12
Spain	46	23	45	23	47	22
Ivory Coast	61	60	50	46	46	45
Ghana	43	29	40	27	38	28
Poland	21	9	28	13	31	17
Slovenia	26	14	32	16	31	15
Cameroon	23	19	26	21	30	24
Finland	34	39	40	44	29	28
Austria	26	9	26	9	27	9
Romania	5	5	17	11	27	15
Croatia	24	11	22	10	24	9
Czech Republic	13	5	15	5	22	12
Belgium	29	12	28	14	22	12
Hungary	19	14	20	17	20	18
Portugal	15	18	16	17	18	18
South Africa	14	6	8	4	17	6

Imports of CONTINUOUSLY SHAPED WOOD by EU member countries, by country of origin, 2001-2003, € thousand / tonnes

	2001		2002		2003	
	value	volume	value	value	volume	value
Total	1,011	847	1,062	979	1,091	1,013
Intra EU	534	438	584	547	539	470
Extra EU	477	409	478	432	553	544
Developing countries	306	250	296	263	351	355
<i>Leading suppliers:</i>						
Indonesia	107	95	100	101	127	150
Italy	97	25	91	21	84	19
Austria	65	85	74	90	74	91
Germany	70	55	77	62	68	63
Sweden	55	96	61	105	57	96
France	51	34	56	71	52	34
China	30	16	34	19	51	30
The Netherlands	41	24	44	27	47	30
Poland	32	34	38	38	47	45
Finland	37	40	51	63	44	55
Brazil	22	33	25	42	37	70
Malaysia	44	34	34	27	33	28
Belgium	32	25	29	43	31	27
Spain	28	15	30	16	27	13
Canada	27	14	27	15	25	15
Romania	13	14	18	15	22	19
Czech Republic	18	24	17	20	20	20
USA	19	7	16	6	18	9
Croatia	13	10	15	11	16	10
Ivory Coast	18	15	14	11	16	11

Imports WOODEN FRAMES by EU member countries, by country of origin, 2001-2003, € thousand / tonnes

	2001		2002		2003	
	value	volume	value	value	volume	value
Total	234	81	221	86	208	90
Intra EU	94	29	96	36	85	36
Extra EU	141	52	125	50	123	55
Developing countries	101	36	91	36	89	40
<i>Leading suppliers:</i>						
China	76	29	69	29	69	34
Italy	29	7	28	7	24	5
The Netherlands	18	8	21	11	19	9
Belgium	15	4	16	5	13	4
Poland	12	6	9	4	8	4
Germany	6	2	9	4	8	11
Romania	7	4	6	4	8	5
Thailand	10	2	7	1	7	2
Spain	6	2	6	2	6	2
Czech Republic	6	2	7	2	5	2
France	7	3	5	3	5	1
Portugal	4	2	5	3	4	2
India	3	1	3	1	3	1
Hungary	2	1	3	1	3	1
United Kingdom	4	1	3	1	3	1
Indonesia	3	1	3	1	2	1
Estonia	2	1	2	1	2	1
Slovakia	2	1	2	1	2	1
Sweden	2	1	2	1	2	1
Morocco	2	1	2	1	2	1

Imports of PARQUET PANELS by EU member countries, by country of origin, 2001-2003, € thousand / tonnes

	2001		2002		2003	
	value	volume	value	value	volume	value
Total	1.580	4.782	1.406	4.426	1.336	4.408
Intra EU	1.359	3.949	1.217	3.733	1.152	3.718
Extra EU	221	832	189	693	184	690
Developing countries	2	2	3	4	4	5
<i>Leading suppliers:</i>						
Sweden	353	856	341	899	313	883
Germany	264	908	218	699	193	719
Austria	217	715	207	677	184	579
China	167	567	149	601	150	616
France	70	234	70	224	69	229
Norway	58	90	46	65	51	84
Indonesia	41	174	41	176	42	194
Denmark	26	72	40	130	38	125
Poland	37	157	35	138	35	134

Malaysia	72	110	43	105	34	66
Spain	33	125	19	78	32	129
Switzerland	33	88	31	81	32	84
Belgium	59	199	31	107	29	118
Finland	32	102	30	88	29	110
Thailand	28	78	25	71	25	68
Hungary	23	48	22	55	21	52
The Netherlands	18	110	14	87	14	86
Italy	13	60	12	50	13	55
Slovakia	8	10	7	7	7	9
Luxembourg	3	15	7	35	5	28

Imports of DOORS by EU member countries, by country of origin, 2001-2003
€ thousand / tonnes

	2001		2002		2003	
	value	volume	value	value	volume	value
Total	766	331	770	348	749	356
Intra EU	418	142	403	151	392	145
Extra EU	348	188	368	198	357	211
Developing countries	206	109	225	122	198	125
<i>Leading suppliers:</i>						
Denmark	81	20	73	22	86	26
Indonesia	68	36	67	36	60	37
Italy	57	13	54	14	51	14
South Africa	48	28	56	34	48	32
Spain	51	20	55	18	43	16
Germany	41	13	38	14	41	15
Poland	37	24	34	20	37	24
Finland	32	11	32	10	34	11
Sweden	39	11	32	10	33	10
Brazil	35	23	31	22	31	25
Romania	14	10	19	13	24	18
Portugal	22	13	23	13	24	15
Malaysia	27	12	29	14	23	14
United Kingdom	18	8	22	10	21	10
China	15	5	19	8	20	10
Slovenia	27	10	23	10	20	8
The Netherlands	30	14	21	10	17	8
Hungary	15	12	17	12	15	9
Estonia	5	3	8	4	15	7
Belgium	14	5	13	5	14	6

Imports of DENSIFIED WOOD by EU member countries, by country of origin, 2001-2003, € thousand / tonnes

	2001		2002		2003	
	value	volume	value	value	volume	value
Total	80	127	68	107	66	117
Intra EU	48	86	40	70	41	81

Extra EU	32	41	28	37	25	35
Developing countries	9	13	7	12	7	14
<i>Leading suppliers:</i>						
Germany	20	47	17	40	15	41
USA	11	10	12	12	11	11
The Netherlands	7	12	4	6	4	8
Brazil	4	9	4	9	4	11
Austria	3	5	3	5	4	9
Italy	5	4	5	4	3	1
France	2	5	3	6	3	5
Poland	4	7	2	6	2	5
Ireland	0	0	0	0	2	2
Sweden	1	2	1	3	2	3
Portugal	2	4	2	2	2	3
Belgium	1	1	1	1	2	3
Finland	1	1	1	1	1	2
Luxembourg	0	1	0	0	1	1
United Kingdom	2	1	2	2	1	1
Russia	2	3	2	3	1	2
Spain	1	2	1	1	1	1
Romania	1	1	1	1	1	1
Indonesia	2	2	2	2	1	1
Denmark	1	0	0	0	1	1

EXPORTS

Exports of TIMBER AND TIMBER PRODUCTS by EU member countries, by country of destination, 2001-2003, € thousand / tonnes

	2001		2002		2003	
	value	volume	value	volume	value	volume
Total	18,540	46,096	19,457	48,161	19,071	47,065
Intra-EU	12,815	34,497	13,141	35,013	13,038	34,610
Extra-EU	5,725	11,599	6,316	13,148	6,033	12,455
<i>Leading destinations:</i>						
Germany	2,008	4,170	2,166	4,597	2,181	4,608
Sweden	2,201	4,303	2,086	4,145	2,040	4,101
Austria	1,665	5,955	1,825	6,342	1,852	6,329
Finland	1,339	2,910	1,354	2,903	1,345	3,050
Belgium	1,377	2,840	1,325	2,725	1,251	2,566
France	918	3,791	972	3,762	1,062	4,247
Italy	809	908	1,105	1,463	968	1,402
Spain	799	1,341	890	1,566	854	1,558
Denmark	763	2,626	794	2,587	747	2,525
The Netherlands	637	1,706	662	1,813	680	1,800
Portugal	582	658	582	703	606	754
United Kingdom	519	1,644	545	1,664	532	1,712
Ireland	576	2,198	595	2,745	508	1,886
Luxembourg	381	615	427	702	478	842
Greece	310	1,254	314	1,153	301	1,208

Germany	224	396	252	474	266	532
Sweden	289	921	265	497	228	424
Austria	186	118	188	133	213	178
Finland	380	994	263	910	191	749
Belgium	168	428	178	424	181	430

APPENDIX 3 USEFUL ADDRESSES

3.1 Standards and certification organisations

INTERNATIONAL

International Standardisation Institute (ISO)

E-mail: <mailto:central@iso.ch>

Internet: <http://www.iso.ch/>

Forest Stewardship Council (FSC) International Center Bonn

E-mail: <mailto:fsc@fsc.org>

Internet: <http://www.fsc.org/>

PEFC Council

E-mail: <mailto:pefc@pt.lu>

Internet: <http://www.pefc.org/>

EUROPEAN UNION

Comité Européen de Normalisation (CEN)

European Normalisation Committee

E-mail: <mailto:infodesk@cenorm.be>

Internet: <http://www.cenorm.be/>

SGS European Quality Certification Institute E.E.S.V.

SGS Netherlands Group

E-mail : <mailto:sgs.nl@sgs.com>

Internet : <http://www.sgs.nl/>

FRANCE

Association Française de Normalisation (AFNOR)

E-mail: <mailto:communication@afnor.fr>

Internet: <http://www.afnor.fr/>

Centre Technique du Bois et de l'Ameublement

E-mail: <mailto:bnba@ctba.fr>

Internet: <http://www.ctba.fr/>

GERMANY

Deutsches Institut für Normung eV (DIN)

E-mail: <mailto:postmaster@din.de>

Internet: <http://www.din.de/>

RAL Deutsches Institut für Gütesicherung und Kennzeichnung e.V.

E-mail: <mailto:ral-institut@ral.de>

Internet: <http://www.ral.de/>

ITALY

Ente Nazionale Italiano di Unificazione (UNI)

E-mail: <mailto:uni@uni.com>

Internet: <http://www.uni.com/>

THE NETHERLANDS

Nederlands Normalisatie Instituut (NEN)

E-mail: <mailto:info@nen.nl>

Internet: <http://www.nen.nl/>

Stichting Keuringsbureau Hout (SKH)

E-mail: <mailto:mail@skh.org>

Internet: <http://www.skh.org/>

Keurhout Foundation

E-mail: <mailto:keurhout@stichtingkeurhout.nl>

Internet: <http://www.stichtingkeurhout.nl/>

FSC Nederland / Stichting Goed Hout!

E-mail: <mailto:info@fscnl.org>

Internet: <http://www.fscnl.org/>

UNITED KINGDOM

British Standards Institution (BSI) Group HQ

E-mail: <mailto:cservices@bsi-global.com>

Internet: <http://www.bsi-global.com/>

BM TRADA Certification Limited

E-mail: <mailto:enquiries@bmtrada.com>

Internet: <http://www.bmtrada.com/>

3.2 Sources of price information

International Tropical Timber Organization (ITTO)

E-mail: <mailto:itto@itto.or.jp>

Internet: <http://www.itto.or.jp/>

GERMANY

Zentrale Markt- und Preisberichtsstelle für Erzeugnisse der Land-., Forst- und Ernährungswirtschaft GmbH (ZMP)

E-mail: <mailto:info@zmp.de>

Internet: <http://www.zmp.de/>

3.3 Trade associations

EUROPEAN UNION

European Timber Trade Association (FEBO)

E-mail: <mailto:febo@fnn.be>

Internet: <http://www.febo.org/>

CEI-Bois (European Confederation of Woodworking Industries)

E-mail: <mailto:info@cei-bois.org>

Internet: <http://www.cei-bois.org/>

EuroWindowor

E-mail: <mailto:eurowindow@window.de>

Internet: <http://www.window.de/>

European Panel Federation (EPF)

E-mail: <mailto:info@europanel.org>

Internet: <http://www.europanel.org/>

European Federation of the Plywood Industry (FEIC)

E-mail: <mailto:info@europlywood.org>

Internet: <http://www.europlywood.org/>

Association of European Producers of Laminate Flooring (EPLF)

E-mail: <mailto:info@eplf.com>

Internet: <http://www.eplf.com/>

European Federation of the Parquet Industry (FEP)

E-mail: <mailto:info@parquet.net>

Internet : <http://www.parquet.net/>

European Federation of Furniture Manufacturers (UEA)

E-mail: <mailto:secretariat@uea.be>

Internet : <http://www.ueanet.com/>

FRANCE

Le Commerce du Bois

E-mail : <mailto:lecommercedubois@wanadoo.fr>

Internet : <http://www.lecommercedubois.com/>

Fédération Nationale du Bois (FNB)

E-mail: <mailto:infos@fnbois.com>

Internet: <http://www.fnbois.com/>

Fédération Française du Négoce de Bois (FFNB)

E-mail : <mailto:contact@bois-mat.com>

Internet : <http://www.bois.tm.fr/>

GERMANY

Gesamtverband Holzhandel e.V.

E-mail: <mailto:info@gdholz.de>

Internet: <http://www.holzhandel.de/>

ITALY

FEDERLEGNO-ARREDO

Federazione Nazionale dei Commercianti del Legno

E-mail: <mailto:fla@federlegno.it>

Internet: <http://www.federlegno.it/>

THE NETHERLANDS

Nederlandse Vereniging van Houtagenten (NATA)

E-mail: <mailto:info@nata-timberagents.nl>

Internet: <http://www.nata-timberagents.nl/>

Nederlandse Bond van Timmerfabrikanten (NBvT)

E-mail: <mailto:info@nbvt.nl>

Internet: <http://www.nbvt.nl/>

Vereniging van Nederlandse Houtondernemingen (VVNH)

E-mail: <mailto:vvnh@wxs.nl>

Internet: <http://www.centrumhout.nl/>

SPAIN

Spanish Timber Importers' Association (AEIM)

E-mail : <mailto:aeim@aeim.org>

Internet : <http://www.aeim.org/>

Confemadera Confederación Española de Empresarios de la Madera

E-mail : <mailto:info@confemadera.es>

Internet : <http://www.confemadera.es/>

UNITED KINGDOM

British Woodworking Federation (BWF)

E-mail: <mailto:bwf@bwf.org.uk>

Internet: <http://www.bwf.org.uk/>

Timber Trade Federation

E-mail: <mailto:tff@tff.co.uk>
Internet: <http://www.tff.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: <mailto:info@batibouw.com>
Internet: <http://www.batibouw.com/>

FRANCE

Batimat

(building fair)

E-mail: <mailto:info@batimat.com>
Internet: <http://www.batimat.com/>

GERMANY

Ligna +

(European timber industry fair)

E-mail: <mailto:info@messe.de>
Internet: <http://www.ligna.de/>

Bautec

(timber, veneers, etc.)

E-mail: <mailto:bautech@messe-berlin.de>
Internet: <http://www.bautech.com/>

Interzum

(materials for timber products)

E-mail: <mailto:info@koelnmesse.de>
Internet: <http://www.interzum.com/>

Gafa

(international garden trade fair)

E-mail: <mailto:info@koelnmesse.de>
Internet: <http://www.gafa-cologne.de/>

Baufach / Building Trade Fair

(building fair)

E-mail: <mailto:info@baufach.de>
Internet: <http://www.baufach.de/>

SPAIN

Construmat

(international building exhibition)

E-mail: <mailto:construmat@firabcn.es>
Internet: <http://www.construmat.com/>

UNITED KINGDOM

Interbuild Birmingham

(building and construction industry)

E-mail: <mailto:info@interbuild.co.uk>

Internet: <http://www.interbuild.com/>

DIY & Garden Show

(timber products)

E-mail: <mailto:info@firstevents.com>

Internet: <http://www.diyandgardenshow.com/>

3.5 Trade press

INTERNATIONAL

Tropical Forest Update (ITTO)

E-mail: <mailto:itto@itto.or.jp>

Internet: <http://www.itto.or.jp/>

FRANCE

Commerce Internationale du Bois (FFBTA)

E-mail: <mailto:contact@boistropicaux.com>

Internet: <http://www.boistropicaux.com/>

GERMANY

Holz-Zentralblatt

DRW-Verlag Redaktion Holz-Zentralblatt

E-mail: <mailto:info@holz-zentralblatt.com>

Internet: <http://www.holz-zentralblatt.com/>

Holz Journal

Zentrale Markt- und Preisberichtsstelle (ZMP) GmbH

E-mail: <mailto:info@zmp.de>

Internet: <http://www.zmp.de/>

EUWID

E-mail: <mailto:info@euwid.de>

Internet: <http://www.euwid.de/>

THE NETHERLANDS

Houtwereld

E-mail: <mailto:houtwereld@nijgh.nl>

Internet: <http://www.nijgh.nl/houtwereld>

Het houtblad

E-mail: <mailto:houtblad@centrum-hout.nl>

Internet: <http://www.houtblad.nl/>

UNITED KINGDOM

Timber Trade Journal (TTJ)

E-mail: <mailto:editor@ttjonline.com>

Internet: <http://www.ttjonline.com/>

3.6 Other useful addresses

INTERNATIONAL

ATIBT (Association Technique Internationale des Bois Tropicaux)

E-mail: <mailto:sec@atibt.com>

Internet: <http://www.atibt.com/>

Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)

E-mail: <mailto:cites@unep.ch>

Internet: <http://www.cites.org/>

FAO

Forestry Department. Publications and Information Coordinator

E-mail: <mailto:nfp-facility@fao.org>

Internet: <http://www.fao.org/forestry>

International Chamber of Commerce

E-mail: <mailto:icc@iccwbo.org>

Internet: <http://www.iccwbo.org/>

UN/ECE Timber Section

E-mail: <mailto:info.timber@unece.org>

Internet: <http://www.unece.org/trade/timber>

UNCTAD

(United Nations Conference on Trade and Development)

E-mail: <mailto:info@unctad.org>

Internet: <http://www.unctad.org/>

EUROPE

Contact point EU ECO-label

Commission of the European Communities

E-mail: <mailto:ecolabel@cec.eu.int>

Internet: <http://www.europa.eu.int/ecolabel>

FRANCE

Service des Etudes et des Statistiques Industrielles (SESSI)

E-mail: <mailto:sessi.information@industrie.gouv.fr>

Internet: <http://www.industrie.gouv.fr/sessi>

GERMANY

GTZ Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH

(service enterprise for development cooperation)

E-mail: <mailto:webmaster@gtz.de>

Internet: <http://www.gtz.de/>

THE NETHERLANDS

CBI / Accesguide

(CBI's database on European non-tariff trade barriers)

Email: <mailto:accessguide@cbi.nl>

Internet: <http://www.cbi.nl/accessguide>

SKAL

(Internationally operating inspecting and certifying organisation)

E-mail: <mailto:info@skal.com>

Internet: <http://www.skal.com/>

UNITED KINGDOM

Forests Forever

E-mail: <mailto:mbw@forestsforever.org.uk>

Internet: <http://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 1/1/2004.

Afghanistan	Georgia	Pakistan
Albania	Ghana	Palau Islands
Algeria	Grenada	Palestinian Admin. Areas
Angola	Guatemala	Panama
Anguilla	Guinea	Papua New Guinea
Antigua and Barbuda	Guinea-Bissau	Paraguay
Argentina	Guyana	Peru
Armenia	Haiti	Philippines
Azerbaijan	Honduras	Rwanda
Bahrain	India	Samoa
Bangladesh	Indonesia	São Tomé & Príncipe
Barbados	Iran	Saudi Arabia
Belize	Iraq	Senegal
Benin	Jamaica	Serbia and Montenegro
Bhutan	Jordan	Seychelles
Bolivia	Kazakhstan	Sierra Leone
Bosnia & Herzegovina	Kenya	Solomon Islands
Botswana	Kiribati	Somalia
Brazil	Korea, rep of	South Africa
Burkina Faso	Kyrgyz Rep.	Sri Lanka
Burundi	Laos	St. Helena
Cambodia	Lebanon	St. Kitts-Nevis
Cameroon	Lesotho	St. Lucia
Cape Verde	Liberia	St. Vincent and Grenadines
Central African rep.	Macedonia	Sudan
Chad	Madagascar	Surinam
Chile	Malawi	Swaziland
China	Malaysia	Syria
Colombia	Maldives	Tajikistan
Comoros	Mali	Tanzania
Congo Dem. Rep.	Marshall Islands	Thailand
Congo Rep.	Mauritania	Togo
Cook Islands	Mauritius	Tokelau
Costa Rica	Mayotte	Tonga
Côte d'Ivoire	Mexico	Trinidad & Tobago
Croatia	Micronesia, Fed. States	Tunisia
Cuba	Moldova	Turkey
Djibouti	Mongolia	Turkmenistan
Dominica	Montserrat	Turks & Caicos Islands
Dominican republic	Morocco	Tuvalu
Ecuador	Mozambique	Uganda
East Timor	Myanmar	Uruguay
Egypt	Namibia	Uzbekistan
El Salvador	Nauru	Vanuatu
Equatorial Guinea	Nepal	Venezuela
Eritrea	Nicaragua	Vietnam
Ethiopia	Niger	Wallis & Futuna
Fiji	Nigeria	Yemen
Gabon	Niue	Zambia
Gambia	Oman	Zimbabwe

APPENDIX 5 CHECKLIST FOR FMU (FSC) AND COC

Checklist FMU details of aspects

The checklist below can be used by forest- or control managers who wish to apply for certification. When you are able to meet all specifications, your management unit is ready for certification. When one or more items stay open or questionable, it is possible, in consultation with a FSC accredited appointed certifier, to come to a phased process towards certification in conformity to all relevant requirements and conditions.

- Detailed maps, with information on the extent and location of the forest areas, living areas of local population, roads, important areas of historical, ecological and cultural value, etc.
- A clear and written long-term management plan, in which the targets of the forest management are clearly described and explained, as well as the means to achieve these targets, the way in which changing ecological, social and economic circumstances are approached and how all important functions of the forest (multifunctional, production, nature conservation, etc.) are filled in.
- A policy towards small-scale forest management. This means for instance that the felling areas have to be in harmony with the scale and intensity of the forest management operations.
- Overview of tasks, responsibilities and decision-making structures within the different parts of the management.
- Fire prevention and action plan.
- Safety plan for employees.
- Operational working plan (per year), with information on the expected harvest of trees/wood, from which area and in which period.
- Controlled, clear way of felling, extraction etc. in harmony with the scale and intensity of the forest management operations, which cause as few as possible negative effects to the environment in the respect of fauna, biodiversity, water regulation, soil, forest and forest by-products, etc.
- Evaluations, in harmony with the scale and intensity of the forest management operations, on the forest condition, the harvest of forest products, management activities and social and economic consequences of these activities.
- A clear and verifiable administration of:
 - o the purchase of all materials used in the forest management operation:
 - amount number
 - technical specifications
 - supplier (name, address, city)
 - o the sale of timber and forest by-products:
 - amount (trees/m³/codes)
 - from which forest areas.
 - to which buyer (name, address, city).
- Written procedures for implementing improvements to the forest management, obtained via own monitoring systems and/or instructions given by the inspector.
- Clear and verifiable warrant for the preservation (seed trees, etc.) and sustainable yield of the entire ecosystem.
- Written procedures for handling questions, remarks, and complaints of outsiders.

Checklist CoC (Chain-Of-Custody)

The checklist below can be used for chain-of-custody activities (processors, timber trade importers, etc.) applying for certification. When you are able to meet all items/aspects, your process/products is ready for certification. When one or more items stay open, it is possible, in consultation with a FSC accredited appointed certifier, to come to a phased process towards certification in conformity to all relevant requirements and conditions.

- Detailed maps of the company, with information on the location(s) of processing, (temporary) storage, locations where possible contamination or mix with non-certified materials can occur and other activities of importance.
- Extensive descriptions of the product range of the company and the products for which the company applies for certification.
- Overview of tasks, responsibilities and decision-making structures within the several parts of the company.
- Detailed description of the timber processing.
- A clear physical and administrative separation, from raw material until end product, between certified and non-certified timber.
- An end product of which at least 95% of the timber, used in the end product, is purchased from certified sources.
- Product specification present (overview of materials and/or supplements used for the end product).
- An end product which is produced with materials which have no negative effect on humanity and environment.
- A clear and verifiable administration of:
 - o the purchase or intake of timber species certified by appointed certifier and/or by an FSC recognized certification organization.
 - Proof of purchase of certified timber (by means of a delivery certificate) has to be present in the administration
 - amount/number (trees/m3/codes)
 - supplier (name, address, city)
 - certifier who guarantees the delivered party (incl. delivery certificate)
 - o materials used during processing and in the end product: amount/number/codes
 - technical specifications
 - supplier (name, address, city)
 - o the sale of timber products
 - amount (number/m3/article codes)
 - to which buyer (name, address, city).
- Safety plan for employees.
- Overview of technical aspects of the processing, such as fault percentages, etc.
- Written procedures for handling questions, remarks, complaints of outsiders.

Source: CBI Export Development Programme Timber and Timber Products

APPENDIX 6 USEFUL INTERNET SITES

<http://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.

<http://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.

<http://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).

http://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.

http://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.

<http://www.ttjonline.com/>

Good information source on the UK and other European markets.

<http://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.

<http://www.bdholz.de/>

Internet site of the Gesamtverband Holzhandel e.V. includes a database of German importing and exporting companies.

<http://www.sbh.nl/>

Provides statistical information on The Netherlands timber sector.

APPENDIX 6 REFERENCES

- Houtwereld, various issues
- Eurostat, 2004, EU trade statistics 2003
- ITC/ITTO, 2001, Review of the Status of Further Processing of Tropical Timber in Producing Countries
- ITTO, 2003, Annual Review and Assessment of the World Timber Situation
- ITTO, Tropical Timber Market Report, various issues
- European Commission, Forest Based Industries, 2003
- Timber Trade Journal, various issues
- UNECE Timber Committee, 2004, Forest Products Annual Market Review 2003-2004
- UNECE/FAO, 2003, Forest Product Markets: Prospects for 2004
- UNECE/FAO, Timber Committee Yearbook 2003