

Almost 75% of timber on the Dutch market sustainably produced

The market share of certified sustainably produced sawnwood and wood based panels on the Dutch market increased in the period 2011-2013 from 65.7% to 74.0%. The market share of certified sustainably produced paper and paperboard has in the same period grown from 32.8% to 47.1%. These are the results of a market study performed by Probos in 2014.



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Green deal

The Green Deal Promoting sustainable forest management is one of the initiatives to increase the demand for sustainably produced wood in the Netherlands and thereby stimulate sustainable forest management. 27 parties, including 20 industry associations from the timber supply chain, signed the Green Deal in 2013 to make sustainably produced timber the norm in the Netherlands. The Green Deal provides for monitoring to measure impact and to know which market segments to target in order to increase market share. This is the fourth time since 2006 that Probos has measured the market share of sustainably sourced timber in the Netherlands. The study was commissioned by the Ministry of Infrastructure and the Environment, the Ministry of Economic Affairs, FSC Netherlands, PEFC Netherlands and IDH, The Sustainable Trade Initiative.

Source approach

In line with the three previous market studies, the "source approach" was used. This means that the volumes of certified wood are determined as they first enter the Dutch market. In order to quantify the market share, all Dutch processors and producers of timber, paper and/or paperboard and all Dutch importers of sawnwood and wood based panels and paper and paperboard are approached. As a consequence, the market shares presented in this study cannot be linked directly to the end user.

Sustainably produced timber

In the market study sustainably produced timber and paper and paperboard are defined as: timber (sawnwood and wood based panels) and paper and paperboard

Table 1 The total volume of sawnwood and wood based panels with a certificate of sustainable forest management on the Dutch market in 2011 and 2013 (in m³ rwe).

	FSC	PEFC	Total certified	Total market*	Certified as % of total market
2013	2,083,000	1,688,000	3,771,000	5,098,000	74.0%
2011	1,395,000	2,468,000	3,863,000	5,876,752	65.7%

* The figures for the "total market" are based on the annual Probos/CBS production and trade statistics for timber- and paper products and are the apparent consumption in that period.

demonstrably originating from forests that are certified under a certification system that has been accepted within the Dutch Timber Procurement Policy (Timber Procurement Assessment System, TPAS). In 2013 these certification systems are FSC and PEFC, excluding the Malaysian certification system MTCS. This latter system was accepted for a provisional period of two years on June 2, 2014, so that MTCS certified timber is not included for 2013, but will be included for 2015.

Slower growth in 2013

In total, in 2013 a volume of nearly 3.8 million m³ roundwood equivalent (rwe¹) of certified sustainably produced sawnwood and wood based panels were brought to the Dutch market. This is 74.0% of the total Dutch consumption of sawnwood and wood based panels (Table 1). The market share of certified sustainably produced timber on the Dutch market increased by just over 8 percentage points compared to 2011, when the market share was 65.7%. So the market is still growing, but more slowly than in the period 2008-2011. That in itself is not a surprise. Just two years have passed since the earlier survey. However, the main reason is the fact that the majority of the "low-hanging fruit", especially sawn softwood, were picked in the period 2008-2011 and it now requires greater

efforts to further increase the market share. The developments within the different product groups illustrate this.

Growth in wood based panels

The growth in market share of sustainably produced timber is almost entirely attributable to developments for wood based panels. The market share of demonstrably sustainably produced wood-based panels increased from 51.0% to 79.7%. The remaining product groups show a different picture. For example, the increase in market share of certified products in the tropical sawn hardwood market rose by only 1.4 percentage points, to 40.4%. But what is most striking is the decline in the share of certified sustainably produced sawn softwood (-5.9 percentage points) and the temperate sawn hardwood (-2.1 percentage points). The decline in both product groups is mainly caused by a decrease in the consumption of certified sustainably produced sawn timber in the packaging industry.

Tropical sawn hardwood

Special attention was paid to the origin of tropical sawn hardwood. As in 2011, Malaysia was the main country of origin

¹ Rwe: A m³ roundwood equivalent is the amount of round timber needed to make a certain quantity of a product.

sustainably produced

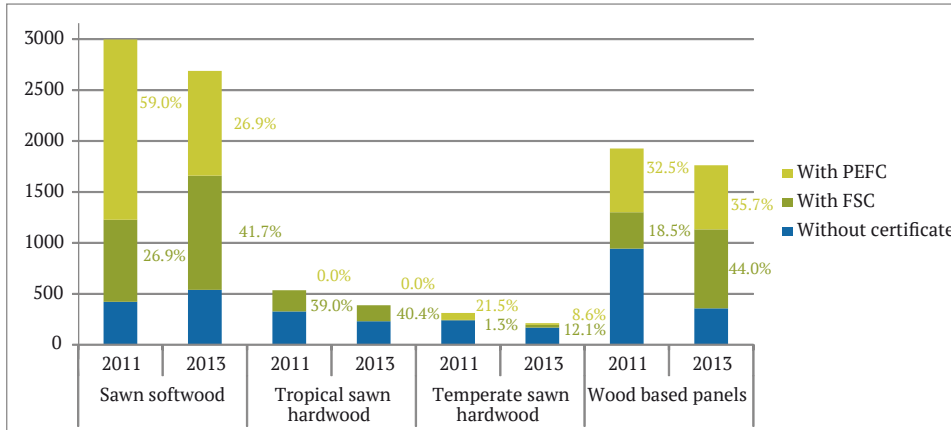


Figure 1 Total consumption of sawnwood and wood based panels (in 1000 m³ roundwood equivalent) and the shares of FSC and PEFC within the total consumption, 2011 and 2013.

within the total volume (certified and non-certified). The share of Malaysia declined from 40% in 2011 to approximately 32% in 2013. Cameroon (22%), Gabon (13%) and Brazil (13%) also play a major role. Brazil (25%), followed by Cameroon (18%) and Gabon (15%) are the main countries of origin for tropical sawn hardwood with a certificate for sustainable forest management meeting the Dutch Timber Procurement Policy (Figure 2).

Market share of FSC and PEFC

In 2013, FSC accounted for 55% by volume of sawnwood and wood based panels with a certificate for sustainable forest management on the Dutch market. The remainder (45%) was PEFC certified. In 2011, FSC had a share of 36% and the share of PEFC was 64%. Thus, there has been a remarkable shift between the certification systems. Finding out the exact cause is beyond the scope of this study, but two possible reasons may be mentioned. Firstly, the share of certified

sustainably produced material decreased in the packaging industry. That has, in particular, been at the expense of PEFC. A second reason is the choice of companies not to hold double stocks (both FSC and PEFC): instead they opt to stock only one of the certificates. Apparently most of the companies are choosing FSC. An analysis based on the results from the timber flow monitoring of the Netherlands Timber Trade Association shows that this shift from PEFC to FSC had already started in 2012.

MTCS

As indicated before, the PEFC MTCS certificate has only been accepted as demonstrably sustainable within the Dutch Timber Procurement Policy since June 2, 2014. Therefore, the volumes of tropical sawn hardwood and tropical wood based panels placed on the Dutch market in 2013 under the PEFC MTCS certificate are not included in the market share presented in this study. In order to give an impression of the contribution of PEFC MTCS the market share of certified sustainably produced timber on the Dutch market has also been calculated including PEFC MTCS. The market share is in that case 76.3%. PEFC MTCS thus represents a market share of 2.3% in the overall market. Of course, PEFC MTCS plays a

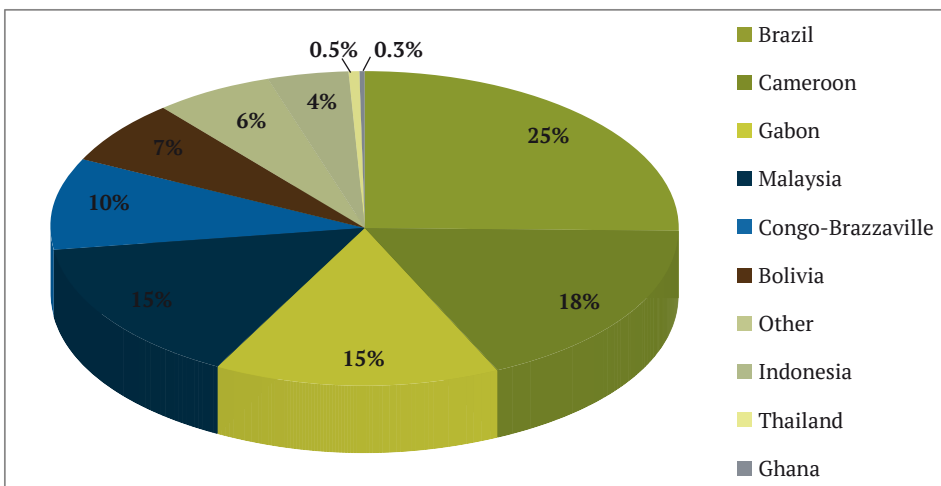


Figure 2 Countries of origin for tropical sawn hardwood with a certificate for sustainable forest management in 2013

Table 2 Market share by certification system (FSC and PEFC) within the total consumption of sawn timber and wood based panels in the Netherlands in 2013.

	With certificate
FSC	40.9%
PEFC	33.1%
Total	74.0%



particularly important role in the tropical sawn hardwood sector. Including PEFC MTCS in this product group, results in a certified market share of 66.0% instead of the current 40.4%.

Sustainably produced paper and paperboard

Almost 1.3 million tons of certified sustainably produced paper and paperboard were brought on the Dutch market in 2013. This corresponds to a market share of certified products of 47.1% (37.7% FSC and 9.4% PEFC) in a total consumption of paper and paperboard in 2013 of almost 2.8 million tonnes (Table 3). Figure 3 shows the share of paper and paperboard with a certificate for sustainable forest management by product group.

Conclusion

The Netherlands is well known to have one of the most well developed markets for certified timber products anywhere in the world. This is a result of public / NGO pressure, resulting in far-reaching timber procurement policies promoted by trade federations, national and local governments and individual (large) companies. In addition, a wide range of activities have been carried out in the Netherlands to boost demand for certified timber products and to remove obstacles that prevent it from becoming commonplace. Many of these activities are based on market intelligence gathered through the monitoring of market shares. More in depth studies are incorporated by Probos into or connected to these overall market studies in order to pinpoint bottlenecks that hamper the growth of the market share of sustainably sourced timber on the Dutch market. Using the findings from the market study

Table 3 The total volume of paper and paperboard certified as coming from sustainable forest management that was brought onto the Dutch market in 2013 and 2011 (in tons).

	FSC	PEFC	Total	In %
Total Total market 2013			2,755,000	
With certificate 2013	1,038,900	258,100	1,297,400	47.1%
Total market 2011			3,085,800	
With certificate 2011	716,000	275,000	991,300	32.1%

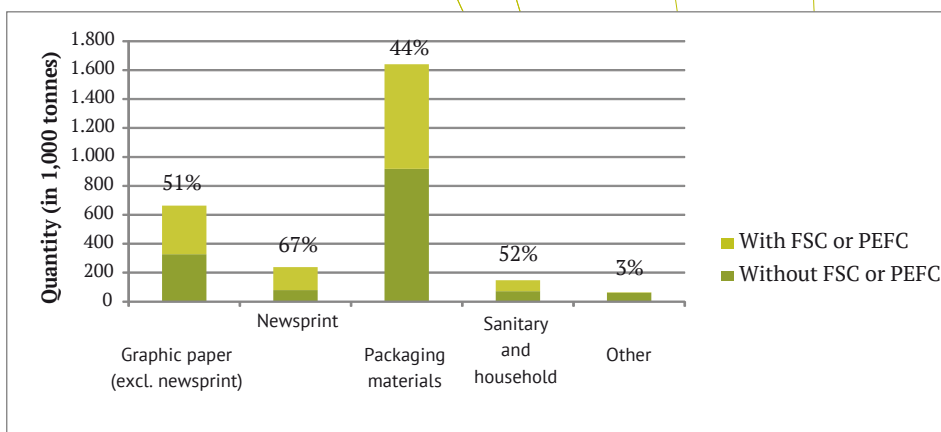


Figure 3 Quantities of paper and paperboard (1,000 tons) on the Dutch market in 2013 by product group and market shares of FSC and PEFC certified paper and paperboard within each product group.

for the year 2013, it is possible to target actions on specific parts of the market. The largest increase could be achieved by increasing the share of certified products in the packaging industry. This would increase the market share of certified timber in the product groups sawn softwood and temperate sawn hardwood. The biggest challenge, especially for the forest, lies in increasing the market share of certified wood in the tropical sawn hardwood market. Within that product group the market share (excl. PEFC MTCS) is still below 50%. The Green Deal Promoting sustainable forest management and the European Sustainable Tropical Timber Coalition (STTC) are both

engaged in activities that focus on increasing this market share. The next market study for the year 2015 will show the impact of these and other activities.

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The report (in Dutch) with all results can be downloaded from: www.probos.nl.
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