

Value-added Wood Products

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Savcor Indufor Oy: Consulting for Timber Trade

Core know-how

- Forest industry and trade, forest and trade policy, sustainable sourcing and forest management, end-user profiling, value-added industry development, certification

Target

- To sustain the value of forests and optimize economic, social and environmental benefits from responsible business

Key figures

- 60 experts, turnover US\$ 10,5 million 2005

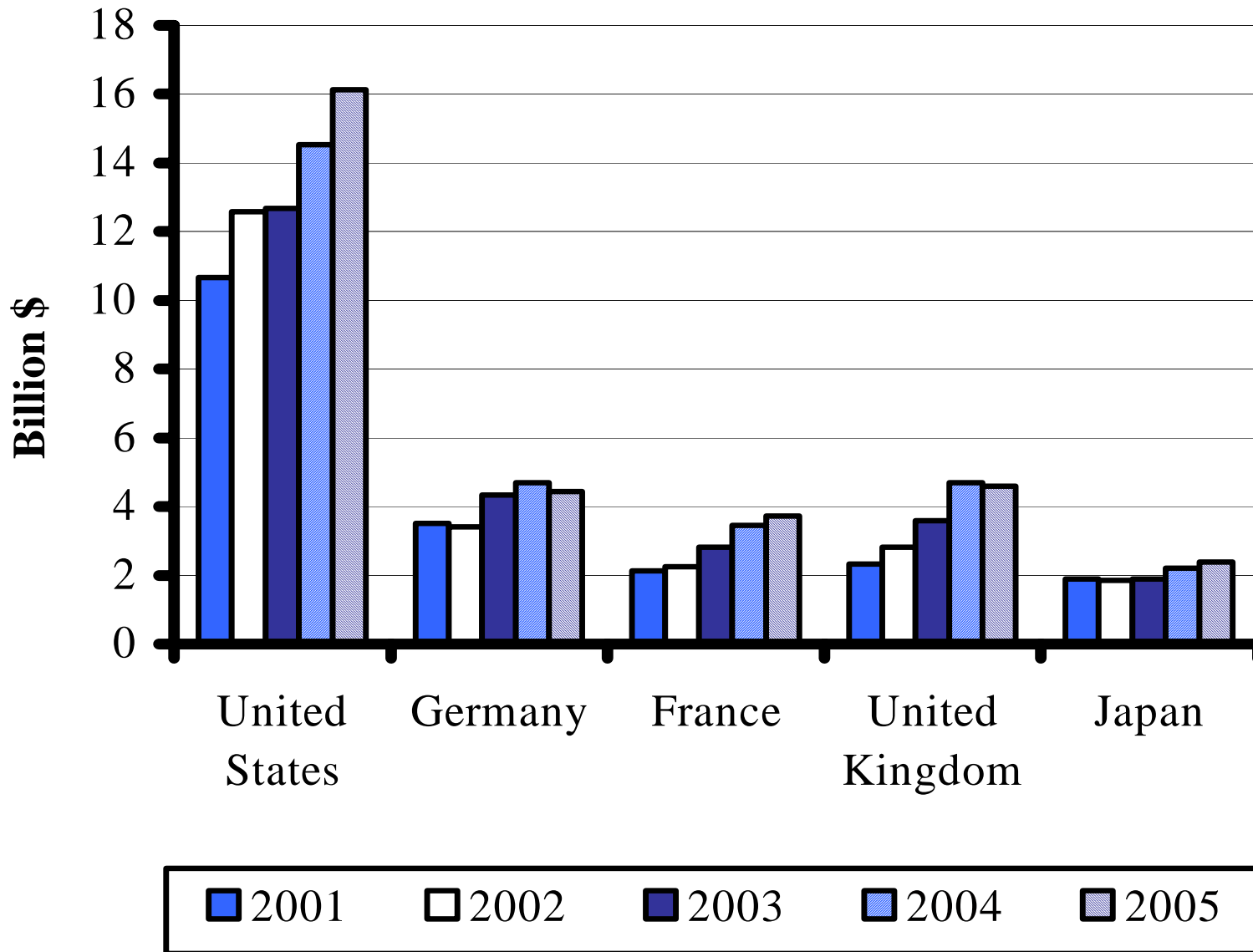
KNOWLEDGE THROUGHOUT THE FOREST VALUE CHAIN



Value-added Wood Products: Scope

- Wooden furniture & parts (including cane & bamboo)
 - BJC (doors, windows & frames, parquet, etc.)
 - Profiled wood (mouldings, strips and friezes for parquet, etc.)
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- Top-five importers (USA, the UK, Germany, France, Japan)
 - Role of China
 - Trade Policy

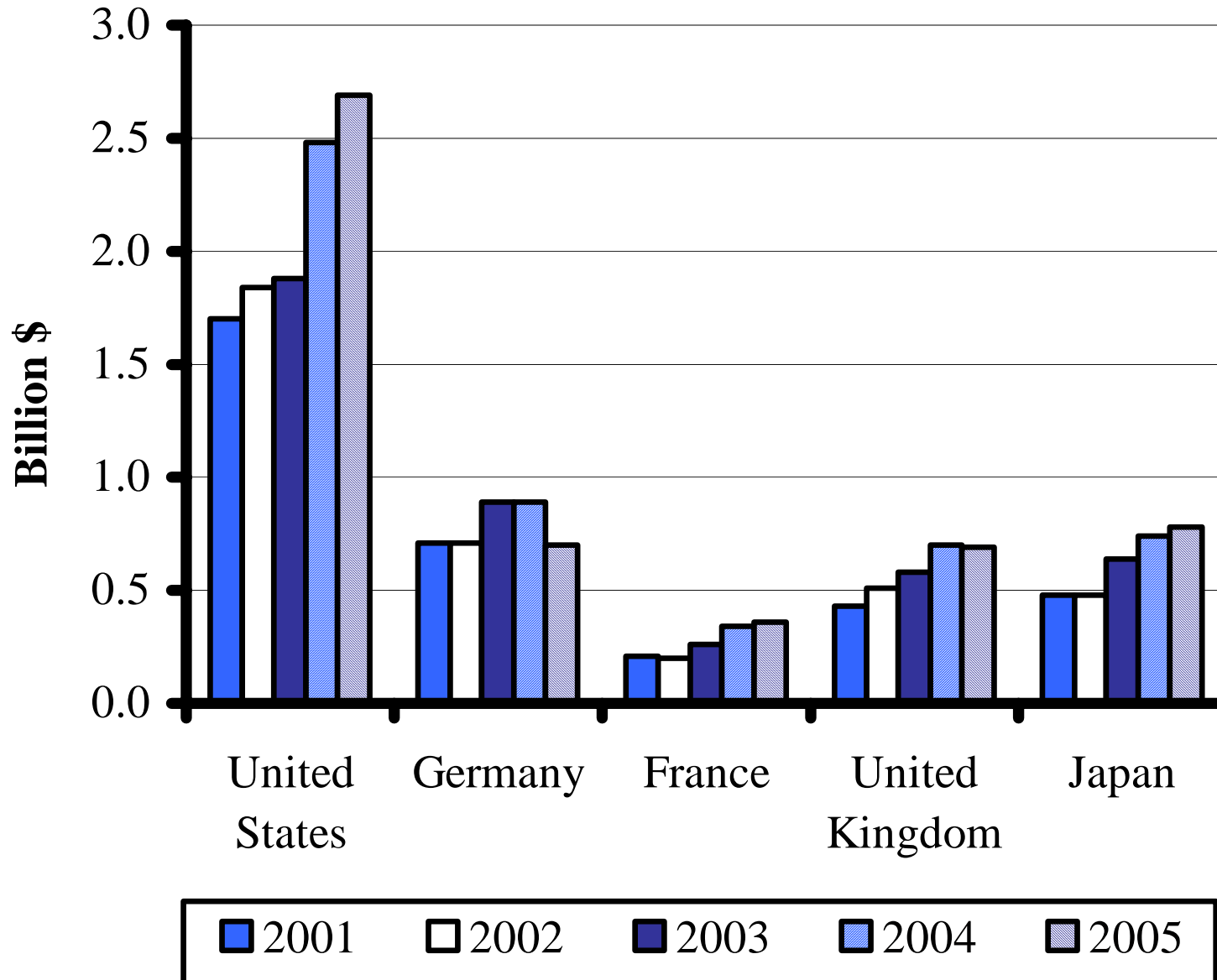
Wooden Furniture: Major Importers



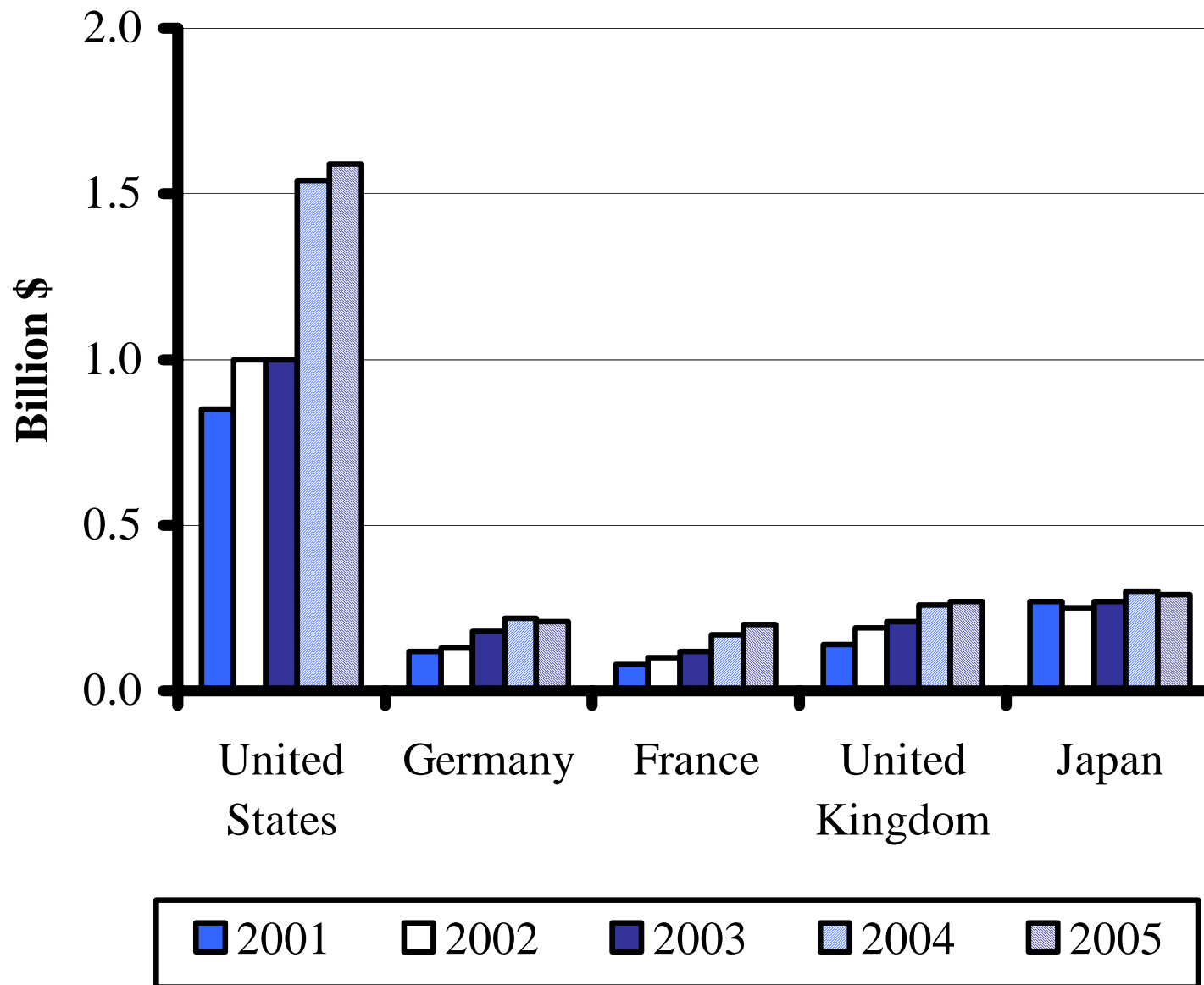
Wooden Furniture: Highlights

- US furniture imports totalled \$16.1 billion in 2005 (+11% growth)
- UK, Germany, France, Japan combined imported \$15.1 bill.
- China's and Asia's deliveries continue to increase to major EU markets after capturing a large share of the US market
- China's wooden furniture exports to the US were \$6.9 bill. (43% of total)
- Rest of Asia (Vietnam, Indonesia, Thailand, Malaysia) exported \$3.0 bill.
- Asian imports' penetration in the European markets has continued, mainly at the cost of intra-European trade.

Builders' Joinery and Carpentry: Major Importers



Profiled Wood: Major Importers



BJC & Profiled Wood: Highlights

- World imports are growing more moderately than in furniture
- European and North American BJC markets mostly intra-regional (60% to 90% of imported BJC products from within the region)
- But change is coming: China's deliveries to USA jumped by 50%, Brazil equally strong, and Indonesia gains markets in Germany and the UK

- Profiled wood imports run steady, the US is the leading buyer
- Non-European (inter-regional) exporters have taken the lead: Indonesia the largest supplier to Germany, China to the UK and Brazil to France
- In the US, Brazil is the largest supplier, followed by China, Chile and Canada

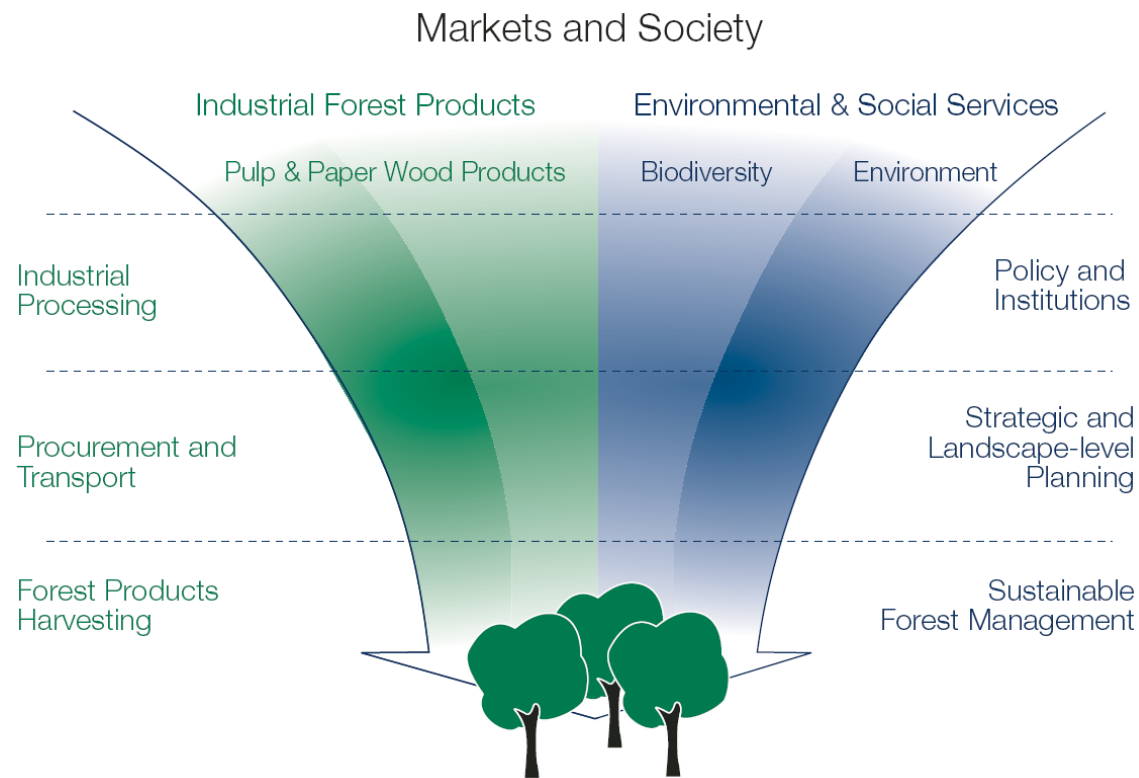
Role of China

- Furniture industry success: low production costs, especially labour – and efficiently managed factories with high technology and productivity (proper industrialization)
- Risk factor: availability of legal and sustainable timber
- Tariff cuts for logs encouraged imports, which have been higher than officially recorded (mostly from Russia)
- Sustainable sawn hardwood purchased from the North America and the EU
- Tropical supplies: highly suspicious trade practices
- Challenge to policy makers: China's role as "third country" help escape e.g. FLEGT bilateral VPAs

Trade Policy

- World furniture trade has opened up faster & more profoundly than anticipated
- Power game between retailers and manufacturers
- Escalation of trade disputes between countries:
 - China, Vietnam common suspects
 - USA, Canada, Germany, Italy file complaints
- Policy impacts of trade measures are short-lived
- Long-term viability based on strengthening competitiveness & flexibility
- World Furniture Organization to facilitate relations

THANK YOU!



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