

Sawn Hardwood Markets 2006-2007

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Key features of the 2006-2007 UNECE sawn hardwood market

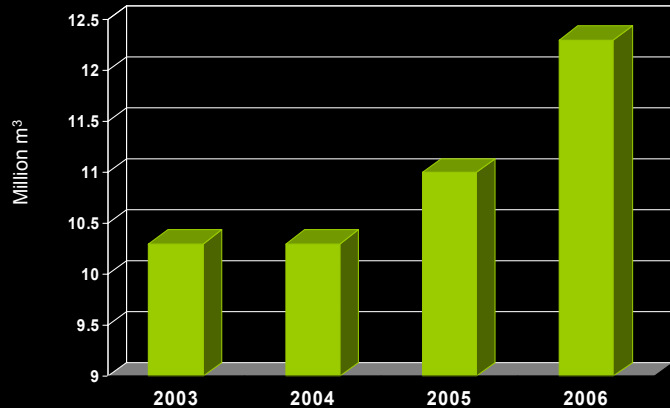
- China: engine of influence over global sawn hardwood trade
- The gaining importance of sawn hardwoods in the flooring & building sectors in the US & Europe
- The dominance of oak & new opportunities for beech & red oak
- Recession in the US hardwood industry & the gaining importance of export markets for US hardwoods
- Russia's bid to become a major sawn hardwood producer
- Sawn hardwood & forest certification
- US regulatory approach to tackle illegal hardwood trade
- Market forecasts



China: engine of influence

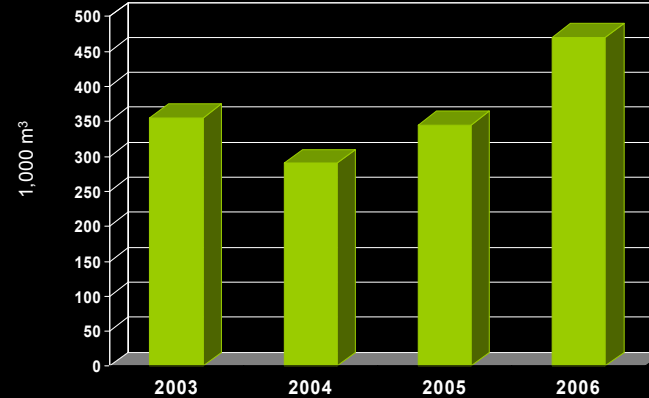


Chinese imports of hardwood logs, 2003-2006



Source: Sustainablewood.com, 2007

Chinese exports of sawn hardwood, 2003-2006



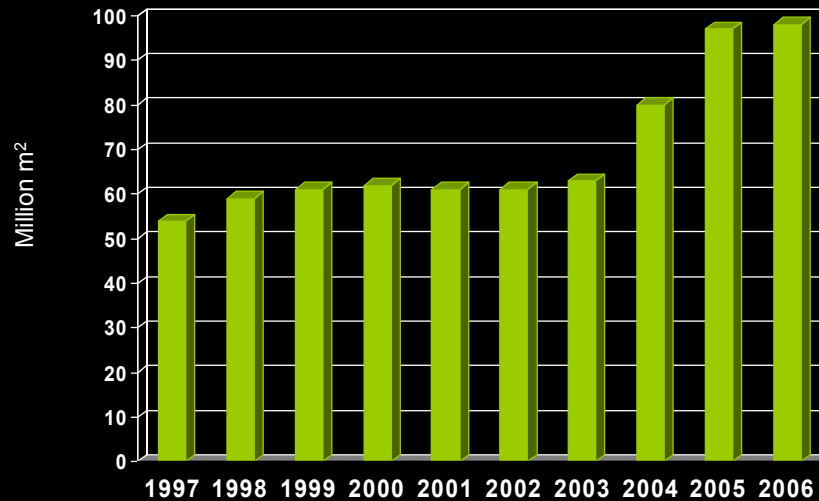
Source: Sustainablewood.com, 2007

- Significant diversion of logs away from traditional processors
- Increased competition in export markets for traditional sawn hardwood suppliers
- Consumer turned competitor



Sawn hardwoods in flooring & construction

European hardwood flooring production, 1997-2006



Source: European Federation of the Parquet Industry, 2007.

- Hardwood flooring production rising in Europe & North America
- Increased use of sawn hardwoods in construction sector in both Europe & North America



Oak, beech & red oak



- Oak (European & American white) remains dominant in Europe, but for how long?
- Demand for beech is increasing in certain markets & prices are rising
- Demand for red oak is picking up in Europe



US hardwood industry

- Decrease in US domestic demand
- Recession in sawmilling sector
- Production of sawn hardwood falling
- Importance of sawn hardwood exports rising



Developments in Russia

“Our neighbours continue to make billions of dollars out of Russia’s forests. We, meanwhile, are doing little to develop our own wood products and timber processing industry.” - Vladimir Putin, 2006.

- Domestic sawn hardwood production remains at a low level
- Russian government taking steps to boost production
- Tax cuts introduced (2005) on woodworking machinery
- Export tariff on logs introduced
- Further log export tariffs being phased in
- Effective ban on Russian log exports to have far-reaching impact



Sawn hardwoods & forest certification

- Temperate hardwood sector relatively slow to embrace certification
- Last two years have seen an increase in availability of FSC and PEFC certified European hardwood sawn lumber. Reflects rapid uptake of CoC. Offered with no price premium.
- Certification of hardwood forests in North America much less widespread. Fragmentation of forest ownership. Little tradition of working in co-operatives. Low level of domestic demand.
- Key issue on the demand side has been development of central government policies favouring “legal and sustainable timber” in Germany, France, Belgium, UK, Netherlands and Denmark.



US action to fight illegal hardwood trade

- AHEC-sponsored study (by end 2007) to assess risk of illegal wood entering the US hardwood supply chain
- Study will meet European requirements for verified, legal “non-controversial” timber
- Objective is to ensure US hardwoods can be traded with confidence
- Study coincides with effort to introduce Combat Illegal Logging Act by the US Senate
- Increase pressure on US hardwood importers to show due diligence and ensure all wood is legal



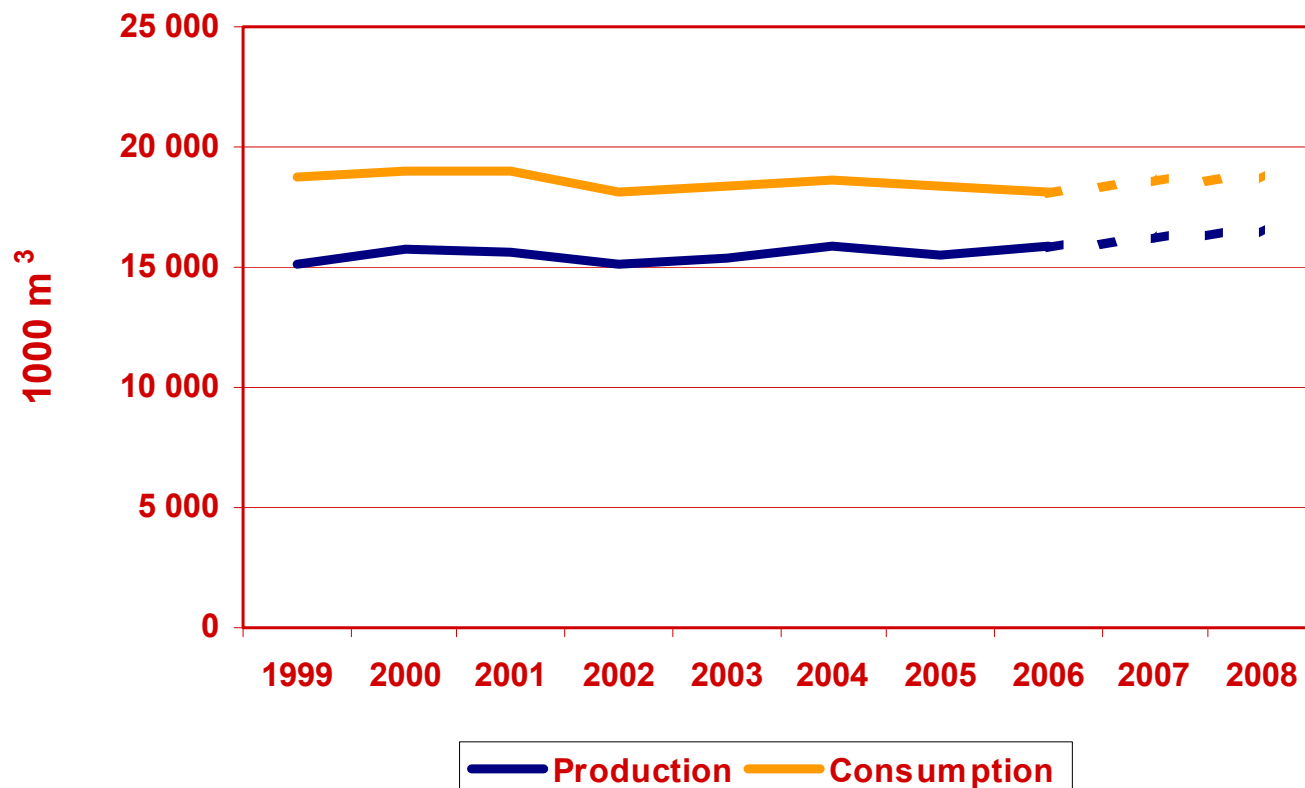
Further information available at Sustainablehardwoods.info



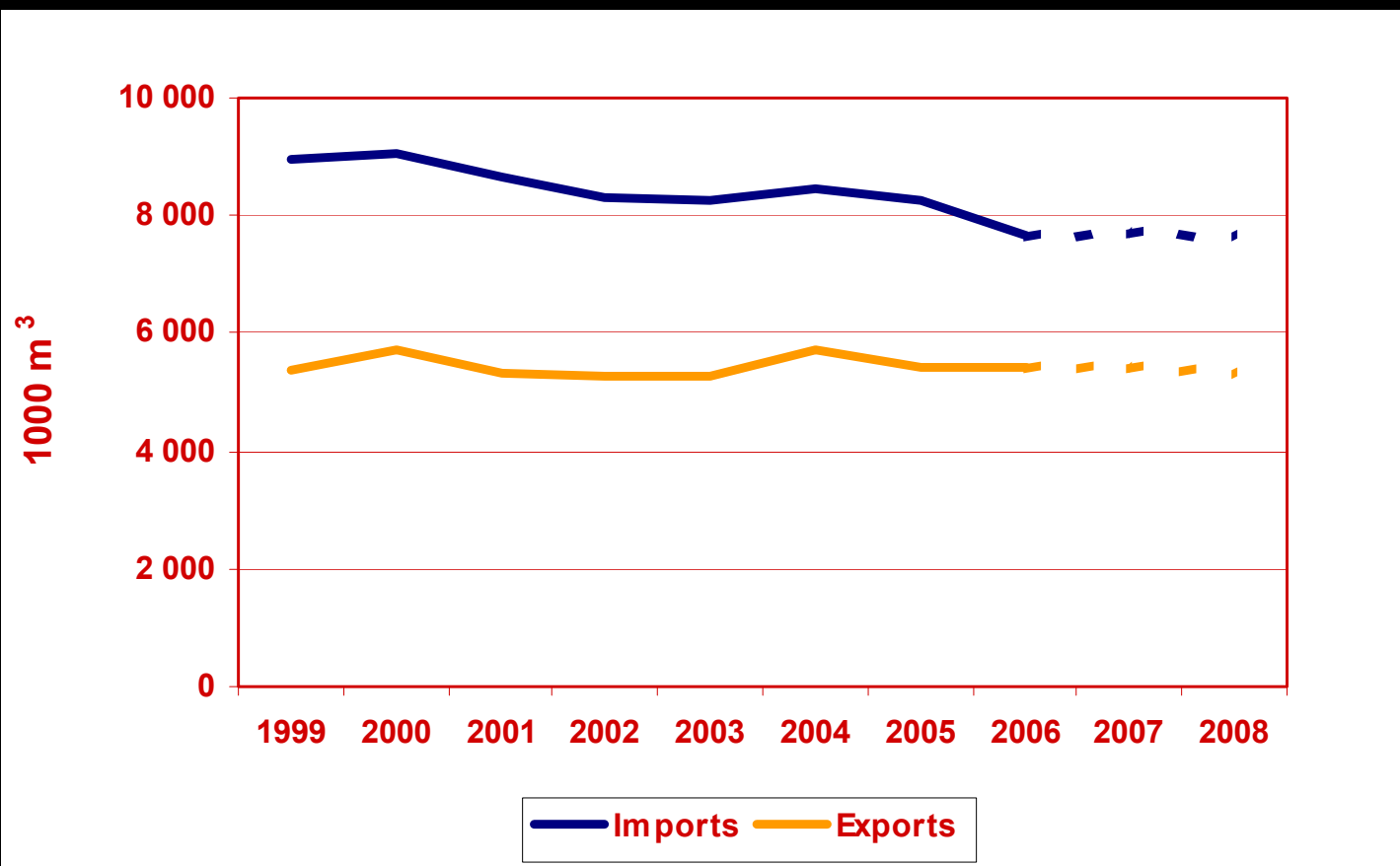
Sawn Hardwood Market Forecasts 2006-2007



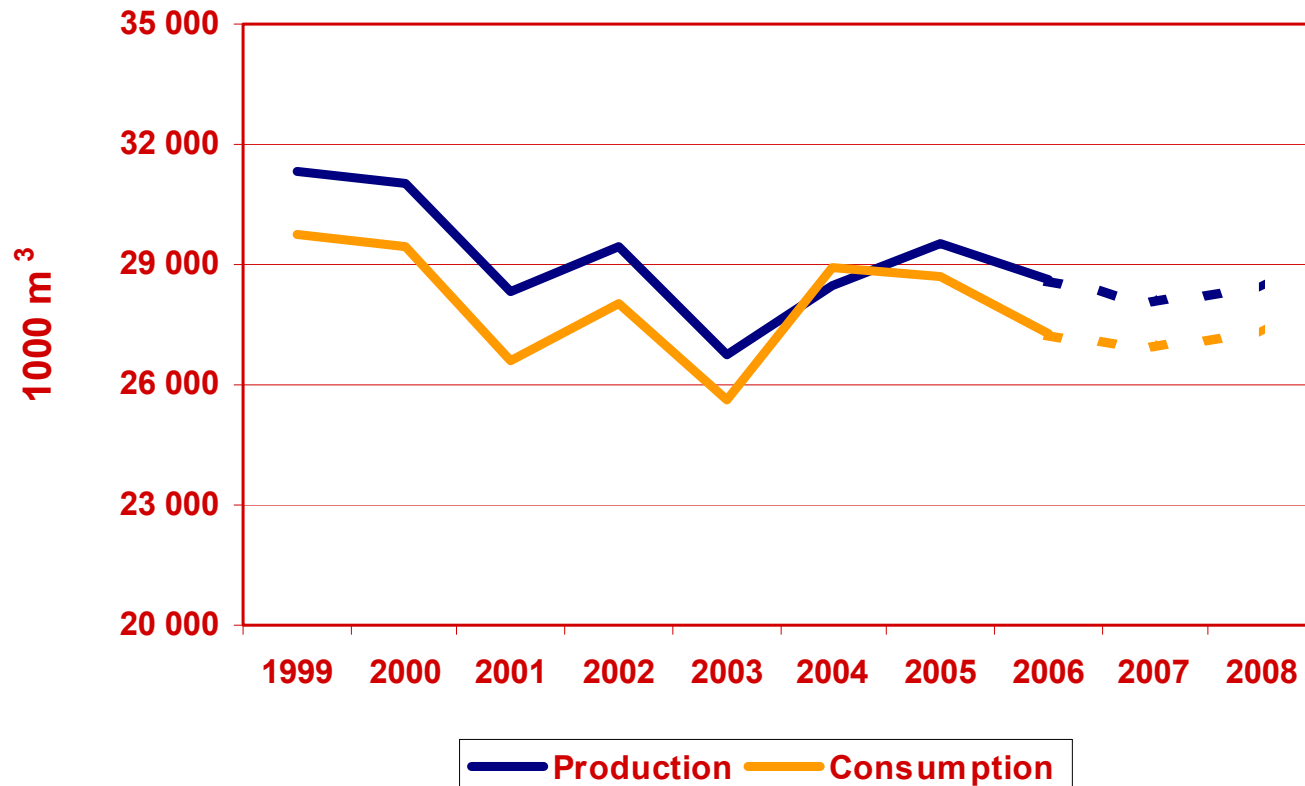
Europe: production & consumption of sawn hardwood



Europe: imports & exports of sawn hardwood



North America: production & consumption of sawn hardwoods



North America: imports & exports of sawn hardwoods

