UNECE TIMBER COMMITTEE MARKET DISCUSSIONS

WOOD-BASED PANEL MARKETS

2008 - 2009

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European Panel Federation

European Federation Plywood Industry

Wood-based Panel Markets

Struggling through a recession

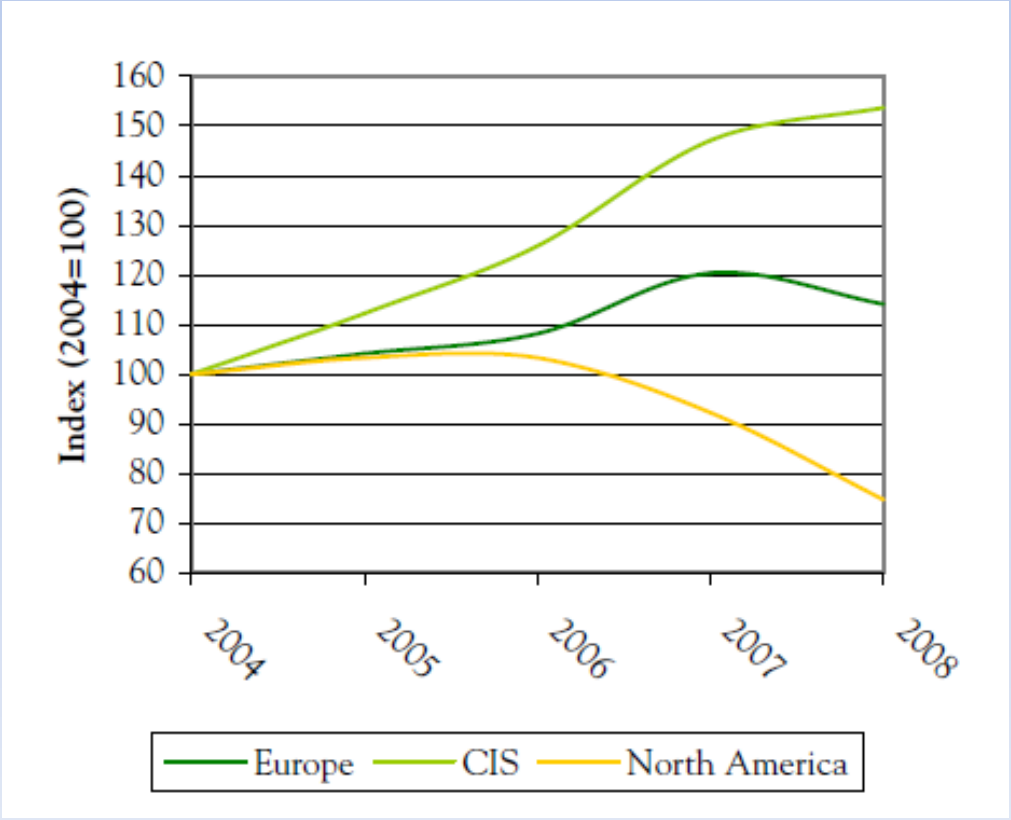
* **First** North America
  followed by Europe
  and also CIS countries

* **First** structural boards (OSB)
  followed by particlaboard
  and MDF
  and plywood

Wood-based Panel Markets

Struggling through a recession

Wood-based panel consumption



Wood-based Panel Markets

2010 slow recovery ?!

WBP demand is demand driven

- Construction & furniture industry main end-users
- Sectors seriously affected by the global crisis
- No upheaval in 2009

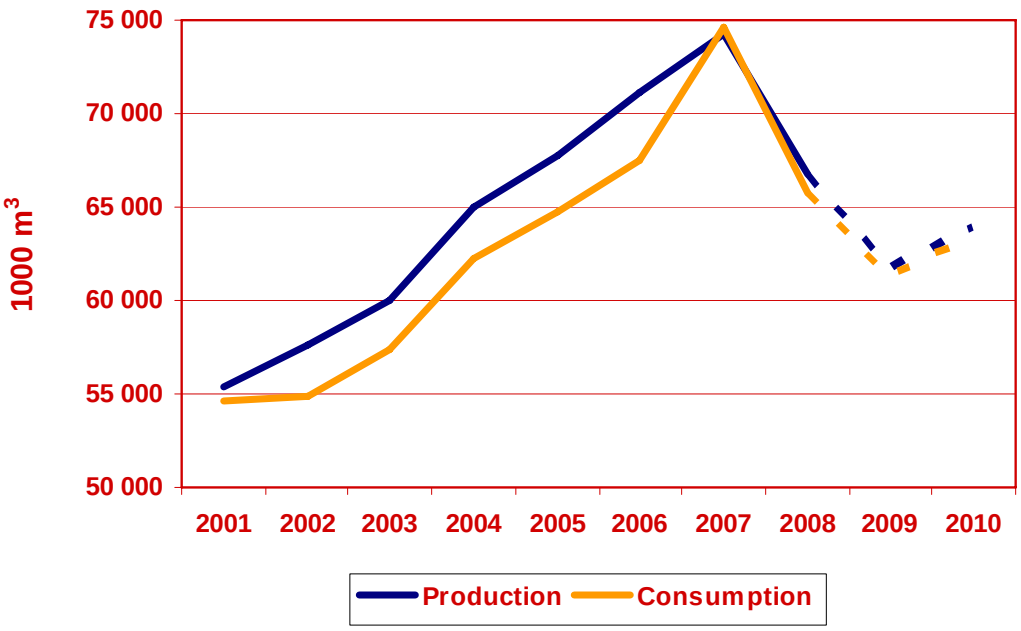
WBP sector re-organises in the meantime

Wood-based Panel Markets

EUROPE

production: -5.6%

consumption: -5.2 %



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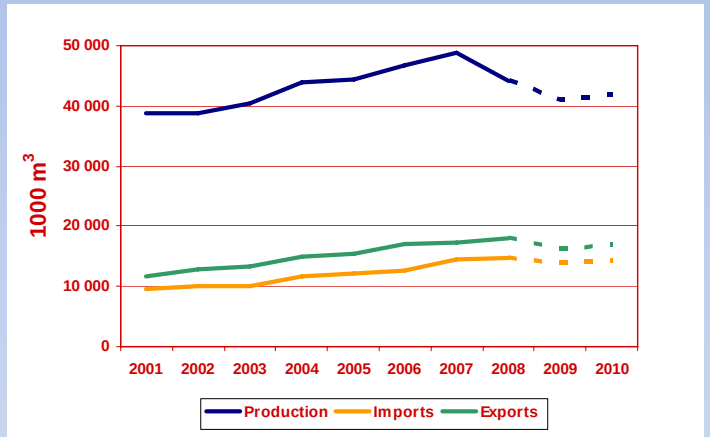
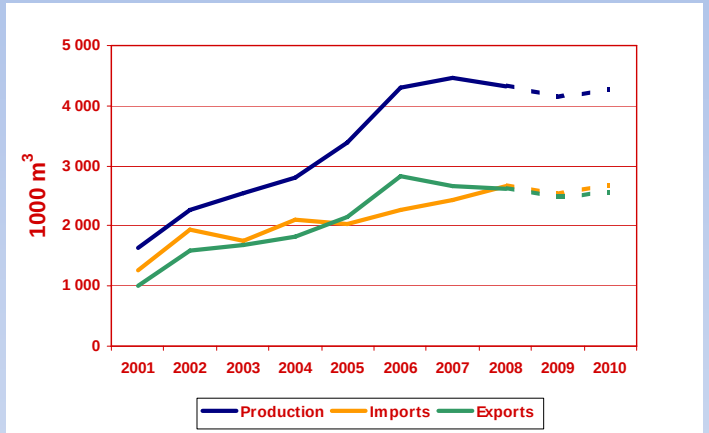
Wood-based Panel Markets (Europe)

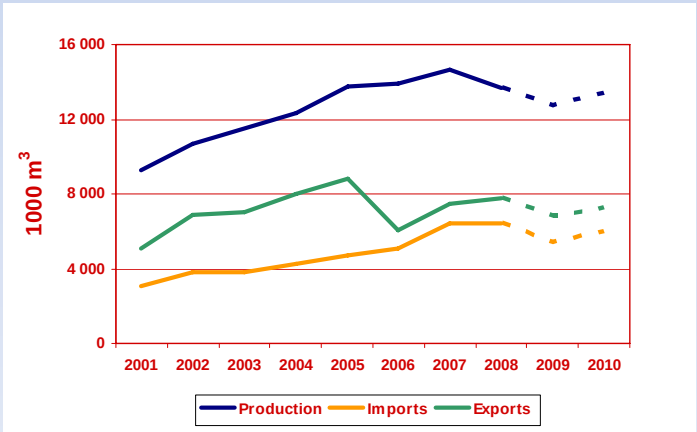
Particleboard



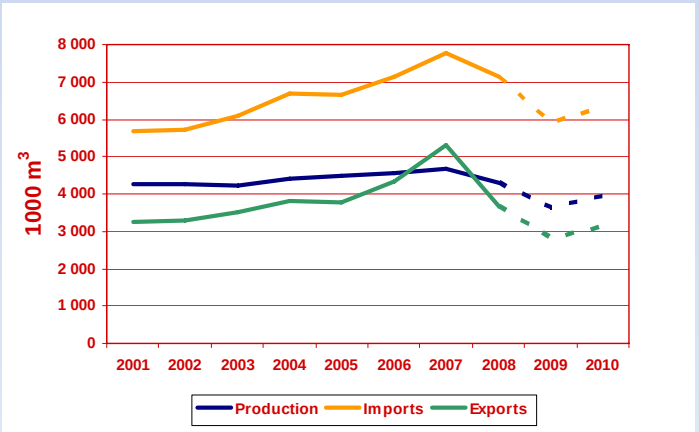
OSB



MDF



Plywood



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Wood-based Panel Markets
(Europe)

Forecasts European production

	2008	2009	2010
Plywood	4.284	3.618	3.926
Particleboard	39.757	36.787	37.643
Fibreboard	18.419	17.205	18.004

Wood-based Panel Markets (Europe)

Market characteristics

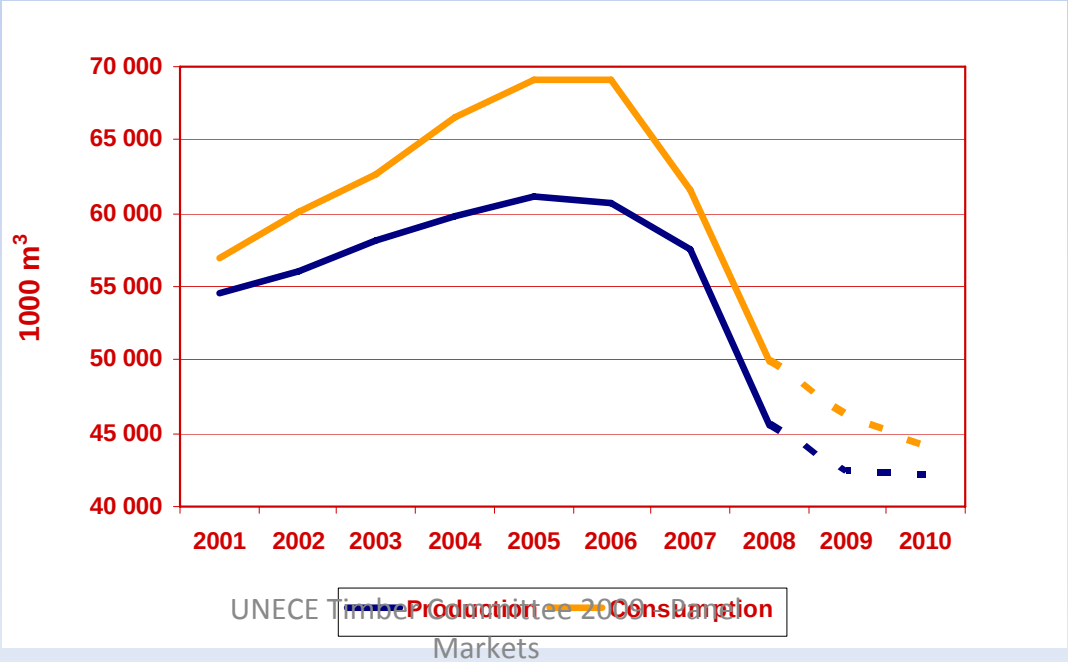
- Subdued construction sector (although smaller amplitude compared to North America)
- Lack of wood raw material because of reduced sawmill activity
- until July-2008: hike in oil prices
-> soaring resin & energy costs
-> wood cost hike because of competition with woody biomass
- Greenhouse gas emission allowances (ETS)

Wood-based Panel Markets

NORTH AMERICA

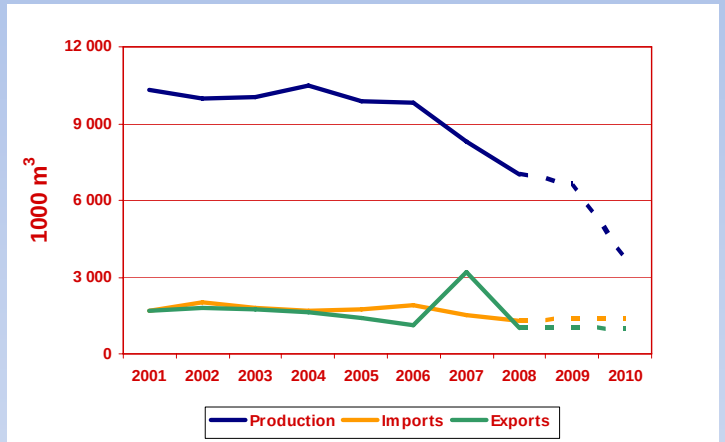
production: -18.0%

consumption: -18.9%

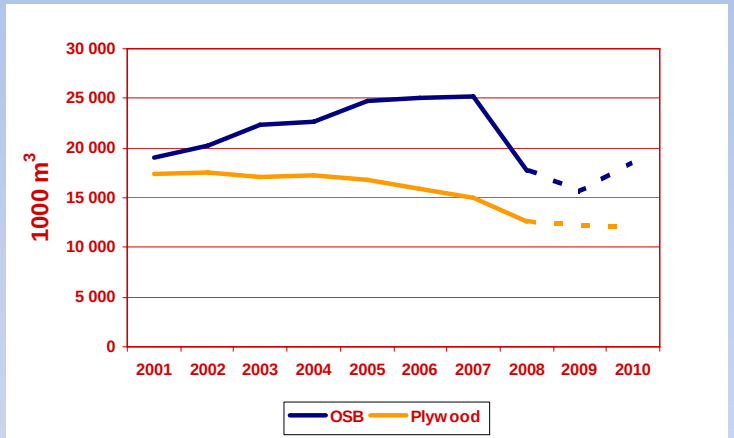


Wood-based Panel Markets (North America)

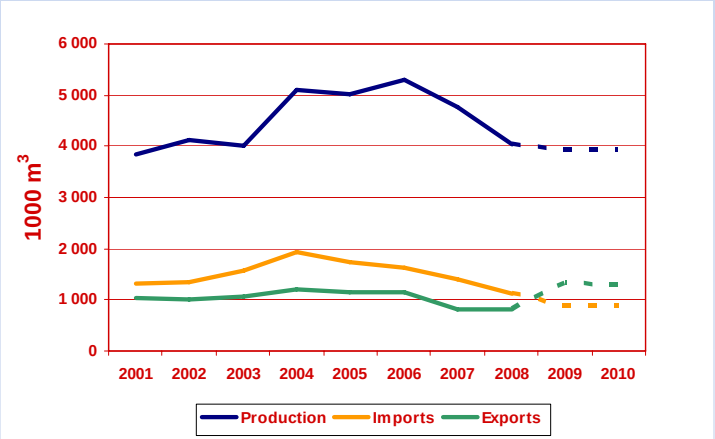
Particleboard



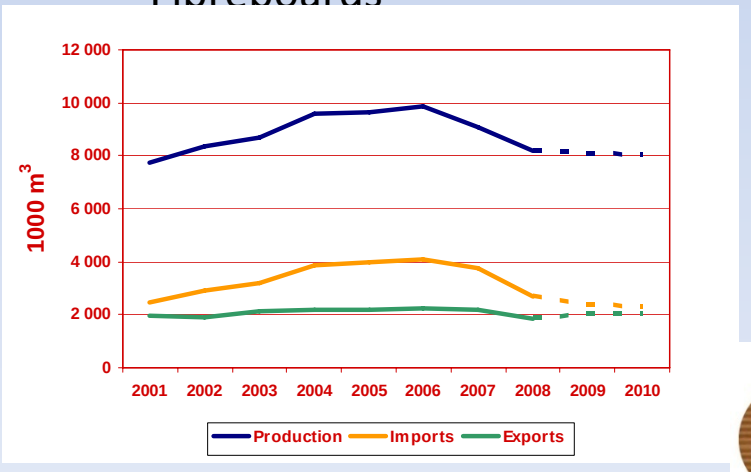
Structural Boards (OSB & Plywood)



MDF



Fibreboards



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Wood-based Panel Markets (North America)

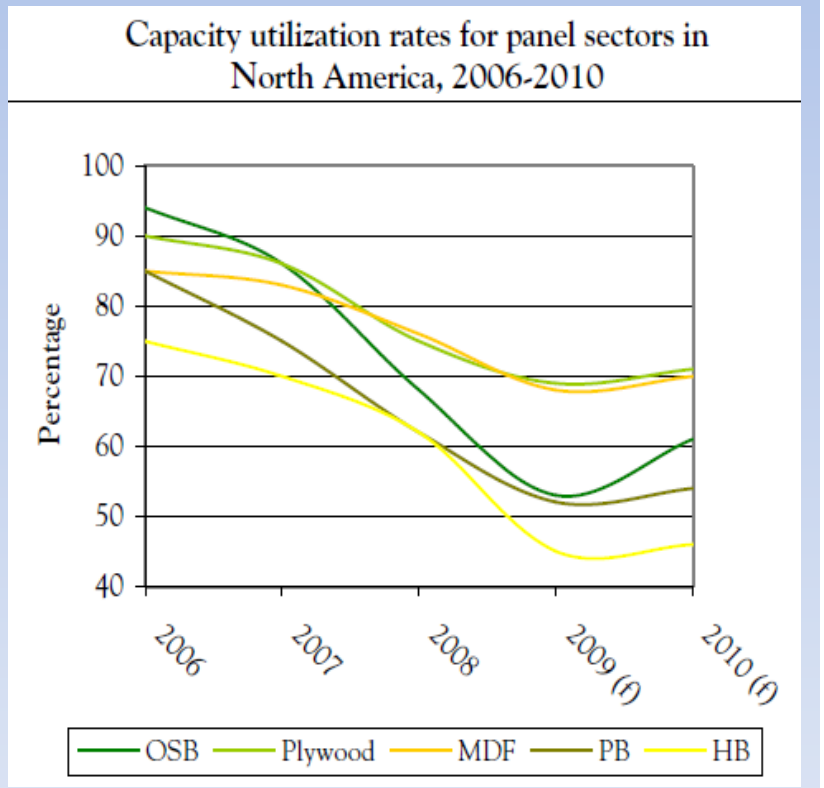
Forecasts North American production

	2008	2009	2010
Plywood	12.601	12.104	11.932
Particleboard	7.018	6.624	6.707
Fibreboard	8.179	8.049	8.035

Wood-based Panel Markets (North America)

Capacity reductions

- minus 690,000 m³ plywood
- minus 490,000 m³ OSB
- minus 250,000 m³ PB
- minus 350,000 m³ MDF
- minus 550,000 m³ hardboard



Wood-based Panel Markets (North America)

Market characteristics

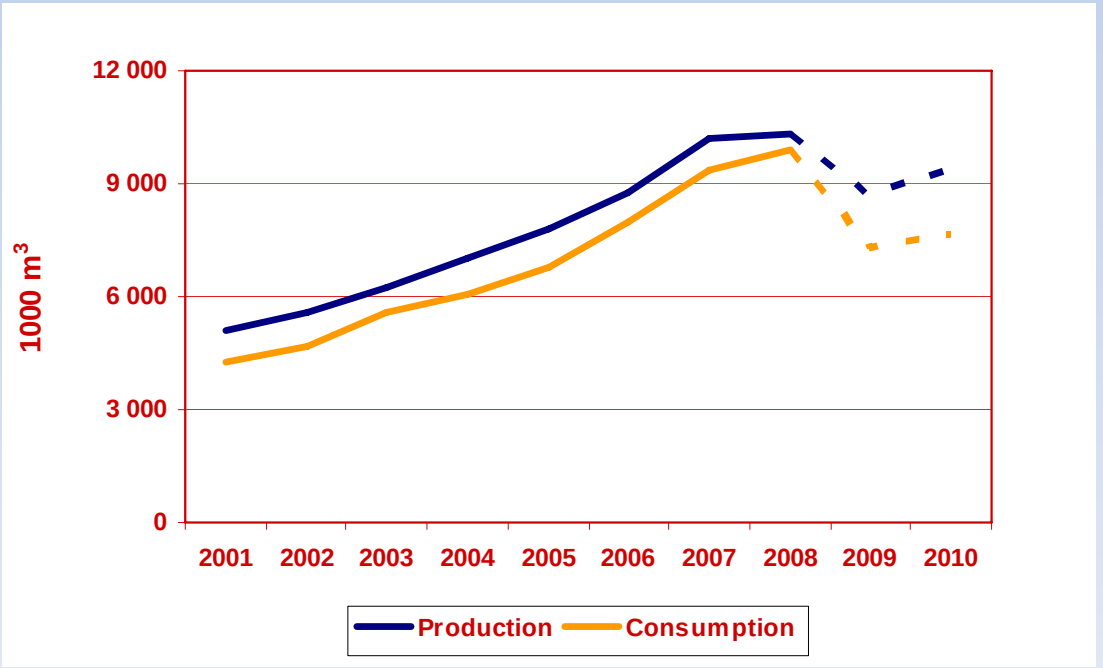
- Housing starts historically low
- suprime mortgage crisis
- Lack of wood raw material because of reduced sawmill activity
- until July-2008: hike in oil prices
-> soaring resin costs
-> wood cost hike because of competition with woody biomass
- CARB

Wood-based Panel Markets

RUSSIAN FEDERATION

production: +0.9%

consumption: +0.9%



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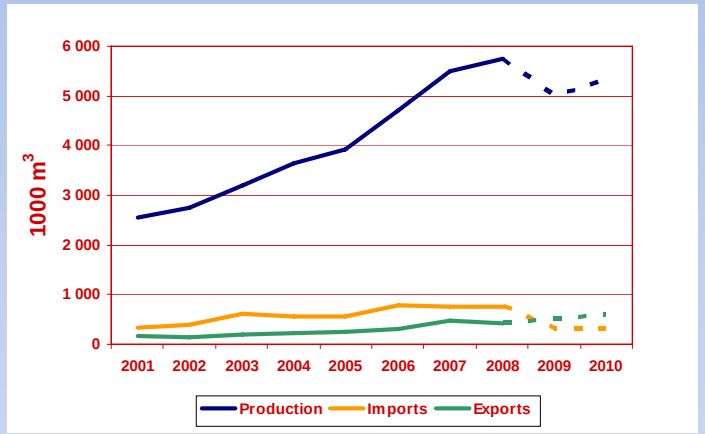
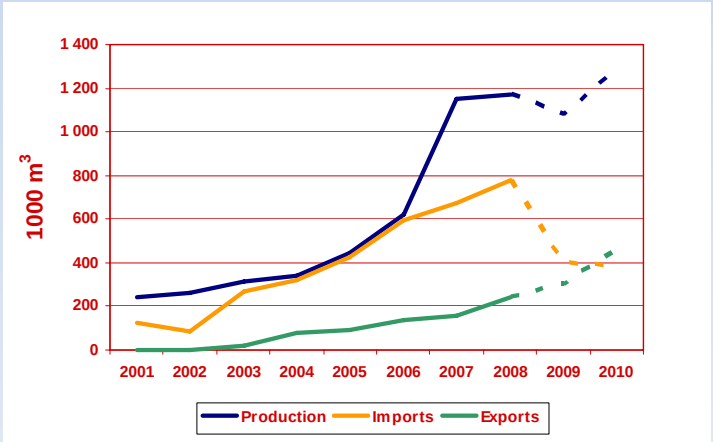
Wood-based Panel Markets (CIS Region)

Particleboard

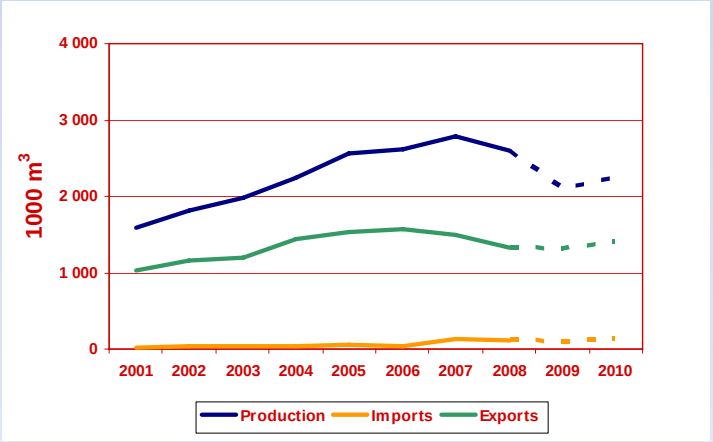


No OSB production in Russia, consumption very low

MDF



Plywood



EPF

Wood-based Panel Markets
(CIS Region)

Market characteristics

- Plywood industry is export oriented and suffered decline in international markets
- MDF and Particleboard for domestic consumption, with relatively good demand
- MDF and Particleboard suffer competition from Europe and North America
- outlook for 2009 – 2010 is weak
- Russian log export tax increased to 25% (or 15 euro / m^3)

Wood-based Panel Markets (Russiq)

Forecasts Russian production

	2008	2009	2010
Plywood	2.778	2.100	2.250
Particleboard	5.751	5.000	5.300
Fibreboard	2.000	1.600	1.820

Wood-based Panel Markets

General challenges

- Wood availability
  - afforestation
  - resource enlargement
- Recognition of carbon sequestration in wooden products
- product differentiations (light weight panels, composite panels, etc)
- CARB implementation outside California (and its testing methodes / external supervision)

Wood-based Panel Markets

Useful thought about support measures

- Communication on the positive role of wood-based products as carbon stores
- Reward consumers for using wood
- Encourage recycling and cascade use of wood
- Set guidelines for minimum content of wood in construction projects

Thank you for your attention

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