

TRENDS AND PROSPECTS ON THE TIMBER MARKET IN BELGIUM

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65th Session of the Unece Timber Committee

A. THE GENERAL ECONOMIC SITUATION

Indicator	Unit of measure	Actual 2002	Actual 2003	Actual 2004	Actual 2005	Actual 2006	Estimate 2007
GDP	% +/-	0.7	1.1	2.6	1.5	3.0	2.8
Inflation (RPI)	% +/-	1.6	1.6	2.4	2.5	2.2	2.2
Unemployment NumberX.1000	% +/-	7.3	8.1	7.8	8.4	8.3	8.3
Industrial production	% +/-	1.1	0	1.1	1.2	1.8	1.5
Housing starts	000sa	37.6	41	45.8	52	55.3	53.5

As forecasted during the 64th Session of the UNECE Timber Committee the general economic trends confirm Belgian economy was performing highly in 2006 and the impression is prevailing '07 could achieve, - with a slight differential -, the same results.

The GDP grew by 3.0% so 2006 achieved the highest annual increase since 2000.

More over economic prospects improved as a result of an increase in the export which was emerging again as a strong stimulus of economic growth.

Domestic demand in general was performing good due to an upward trend in corporate investments and above all to the component "private consumption expenditures" which was facing a solid rebound generated by an increasing purchasing power in line with more expansionary fiscal policy and with a rather low inflation rate.

During the first half-year '07 the '06 trend in general continued while since July '07 a slight slowdown affects its export component.

B. THE TIMBER OUTLETS

a. the building sector

In 2006 new housing construction which accounts still for a large share of the annual consumption of lumber continued to expand driven by 6.3% growth .

According to the latest surveys conducted amongst architects above mentioned trend should decline modestly as a result a.o. of the increase of interest rates.

It is worth to mention the further increase of the share of timber frame houses in the total housing construction and particularly the advent of massive timber frame houses or cross timber panel system.

Improvements and repairs of residential properties strengthened further its position in 2006 and should maintain further during 2007. This sector which now represents 40% of the overall activity in the building trade, has established itself as the chief buoyant market for consumption of wood and wood products. The need for a thorough renovation of the housing stock should furthermore strengthen its position.

b. industrial production

Although stagnating, the activity in the sector manufacturing of pallets and of the other forms of containers remains at a high level.

After a period of growing uncertainty from consumers side the **furniture** activity was rather down as a result of a fall in domestic as well as foreign demand.

Recently the sector is performing better as a result of a light increasing local and E.U. demand while export towards markets outside the E.U. remains under pressure. More over imported Chinese furniture has risen.

Manufacturing of **building components** performs in line with the housing sector in general. and consequently generates still significant hardwood utilisation, - especially tropical -, in the flooring industry. Wooden terraces are monopolised by tropical species above all from South America where the supplying problems are significant.

C. FORECASTS FOR 2008

Seeing the high degree of dependence of the Belgian economy on the world one the present cloud of uncertainty in the world economy : the price of crude oil, the US current account deficit and other major downside risks to growth must be taken into consideration.
