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.)

- Top-five importers (USA, the UK, Germany, France, Japan)
- Role of China
- Trade Policy
Wooden Furniture: Major Importers

- United States
- Germany
- France
- United Kingdom
- Japan

Billion $

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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

- United States
- Germany
- France
- United Kingdom
- Japan

Billion $
Profiled Wood: Major Importers

United States
Germany
France
United Kingdom
Japan

2001  2002  2003  2004  2005
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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