



# American hardwood lumber gains momentum in Europe

*After a slow start to the year, exports of US hardwood lumber to European countries during the second quarter of 2011 were up 9% compared to the previous quarter and 10% compared to the same quarter in 2010 (Chart 1).*

Total US hardwood lumber exports to the European region for the first half of 2011 reached 225,500 m<sup>3</sup> valued at \$159.2 million, up respectively 5.1% and 9.6% compared to the same period in 2010 (Table 1). Exports to the UK, Germany, Estonia, Netherlands, Denmark, Finland, Turkey and Poland made significant gains on the same period the previous year. However, exports to several southern European markets including Italy, Spain, Portugal and Greece, and to Ireland, France and Belgium were lower than in 2010. White oak has continued to consolidate its position as the dominant US hardwood species exported to Europe, with export volume

half of 2011 compared to the same period the previous year. There are also encouraging increases in exports of US red oak, cherry and hickory this year, although absolute volumes of these species sold into Europe are well below potential. After making significant gains in 2010, exports of US tulipwood lumber to Europe have declined this year, mainly as a result of a fall-off in demand in Italy.

## Headwind of poor economic news

While still well down on levels of trade prior to the global economic crises, these results are respectable in the context of a European market which has continued to struggle against the headwind of poor economic news (see box overpage). In these uncertain times, European hardwood importers and their customers are buying only in limited volumes. There is little or no speculative purchasing and stocks are being kept low throughout the supply chain. Even the largest buyers of American hardwood are taking mixed rather than full containers of individual items. Tight credit continues to dampen business as many customers with limited cash flow are being slow to make payments while some exporters are now insisting on prepayments in situations they consider particularly risky. More positively, European importers are generally reporting that the tight supply situation which hampered trade in American hardwoods during 2010 is no longer an issue. Standard products in random lengths and widths are considered to be readily available at short notice. Relatively short lead times for US hardwood lumber remain a major competitive advantage in a market where importers and manufacturers are working off very low inventories. Volatile exchange rates have discouraged

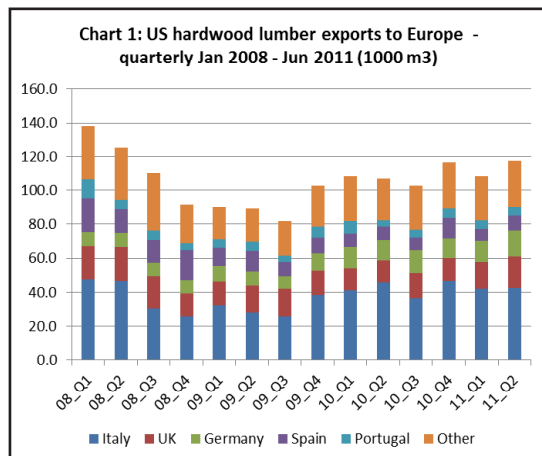
## Notes

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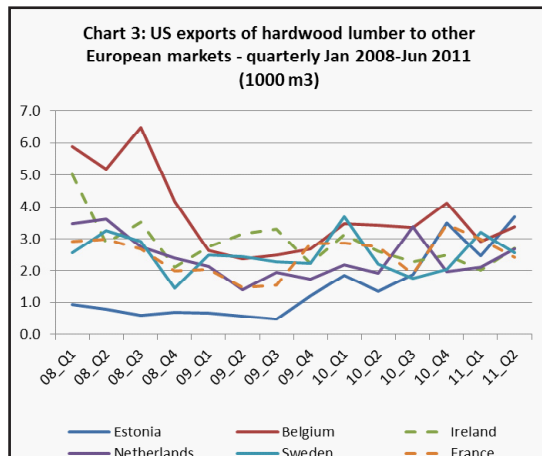
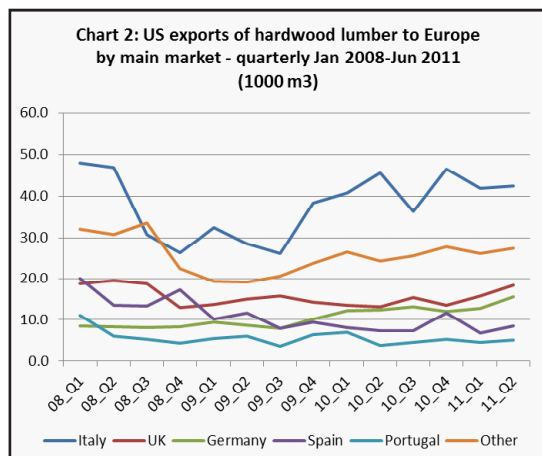
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up 8% during the first half of 2011 compared to the same period the previous year (Table 2). Exports of American ash to Europe have made significant gains, particularly to Italy where rising prices and some supply constraints for oak have encouraged a partial switch to ash. Estonia is also importing more ash for thermal-treatment to improve weather-resistance for supply to the exteriors sector. Walnut is as popular as ever, with US exports of this species rising 48% in the first



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Table 1: Exports of US hardwood lumber to Europe by destination, yearly 2009-2010, Jan-Jun 2011

Partner	Volume (000 m3)				Value (\$ million)				% change	
	2009	2010	2010	2011	2009	2010	2010	2011	Volume	Value
	Year	Year	Jan-Jun	Jan-Jun	Year	Year	Jan-Jun	Jan-Jun		
Italy	125.5	169.2	86.4	84.3	69.0	105.6	50.7	47.8	-2.4	-5.8
UK	58.7	55.5	26.7	34.2	39.9	41.8	19.7	26.4	28.1	33.9
Germany	36.2	49.7	24.5	28.4	23.6	36.2	17.2	21.8	15.9	26.4
Spain	39.3	34.6	15.5	15.4	26.2	25.3	11.3	11.6	-0.8	2.3
Portugal	21.5	20.7	10.8	9.7	14.5	16.9	8.4	7.2	-10.6	-13.9
Estonia	2.9	8.5	3.2	6.2	2.1	6.5	2.4	5.0	94.5	107.6
Belgium	10.2	14.4	6.9	6.3	7.3	10.2	4.9	5.2	-9.0	6.2
Ireland	11.5	10.5	5.7	4.7	8.6	8.0	4.1	3.6	-17.5	-12.7
Netherlands	7.1	9.4	4.1	4.8	5.6	7.8	3.4	4.6	16.6	34.2
Sweden	9.4	9.7	5.9	5.8	7.8	8.1	4.8	5.4	-2.4	12.5
France	7.9	11.0	5.6	5.4	5.4	8.1	4.2	3.9	-3.8	-6.3
Greece	11.6	10.7	5.9	3.6	8.6	8.0	4.4	2.8	-38.9	-35.8
Denmark	2.7	3.5	1.8	2.3	2.5	3.3	1.6	2.4	27.3	50.4
Finland	1.9	2.2	1.2	1.6	1.7	1.9	1.0	1.7	33.5	71.3
Poland	1.4	4.7	0.6	2.4	1.0	3.1	0.5	1.7	337.7	242.9
Malta	1.8	2.7	1.3	0.9	1.1	1.9	0.9	0.7	-35.1	-25.5
Lithuania	0.7	1.0	0.5	0.5	0.6	0.7	0.3	0.7	1.8	105.7
Other-EU	1.9	2.9	1.8	1.1	1.3	1.8	1.0	1.0	-41.5	8.6
<b>EU-27</b>	<b>352.3</b>	<b>420.9</b>	<b>208.5</b>	<b>217.5</b>	<b>226.6</b>	<b>295.3</b>	<b>140.7</b>	<b>153.3</b>	<b>4.3</b>	<b>9.0</b>
Turkey	4.3	4.8	1.9	3.6	2.6	3.8	1.4	2.5	89.4	69.3
Norway	5.0	5.1	2.7	3.0	3.7	3.8	2.0	2.3	12.0	15.8
Russia	1.5	1.2	0.4	0.7	0.9	1.1	0.4	0.5	65.8	45.7
Croatia	0.2	0.1	0.1	0.2	0.2	0.1	0.1	0.4	291.5	237.5
Iceland	0.3	0.4	0.1	0.4	0.3	0.3	0.1	0.2	156.8	41.0
Other Europe	0.3	1.0	0.8	0.1	0.2	0.7	0.5	0.1	-92.5	-87.1
<b>Total</b>	<b>363.9</b>	<b>433.5</b>	<b>214.5</b>	<b>225.5</b>	<b>234.6</b>	<b>305.1</b>	<b>145.3</b>	<b>159.2</b>	<b>5.1</b>	<b>9.6</b>

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speculative purchasing by European importers this year. However, currency movements have also given US hardwoods a slight competitive edge in Europe during 2011 as the dollar weakened against the euro from 0.77 at the start of 2011 to 0.69 in May 2011. This low level then held steady until the end of August 2011. This advantage for US hardwoods only began to erode in September 2011 as the problems in the euro-zone led the dollar to rise to 0.75 against the euro by the end of the month.

### Signs of stalling recovery in Italy

There are signs that the recovery in the Italian hardwood market may be stalling as domestic consumption is weakening and the

Italian furniture sector is struggling to maintain momentum.

After a reasonably robust recovery in US hardwood lumber exports to Italy in 2010, exports have slowed again during 2011. During the first half of 2011, US hardwood lumber exports to Italy were down 2.4% in volume and 5.8% in value compared to the same period the previous year (Table 1). Quarterly exports to Italy of 42,400 m3 in the April to June period of 2011 were almost exactly the same as the previous quarter and down 7% on the same quarter in 2010. US exports of tulipwood lumber to Italy have fallen from the robust levels achieved the previous year, a trend which has been partly offset by a significant rise in Italian consumption of Ameri-

### IMF forecasts deteriorating economic conditions in Europe

In their October 2011 Regional Economic Outlook for Europe, the IMF forecasts that growth for all of Europe will slow from 2.3% in 2011 to 1.8% in 2012. Achieving even this level of growth is dependent on strong action being taken to contain Europe's worsening sovereign debt crisis. IMF notes that "after a strong start in 2011, a barrage of negative shocks slowed the global economy toward mid-year and exposed underlying economic fragilities. Europe also contributed to the slowdown with home-grown difficulties from escalating tensions in the euro area's sovereign debt and financial markets."

IMF forecasts that economic growth in Western Europe will slow this year due to strong

austerity and declining private expenditure in response to high debt levels. Growth in the UK is expected to be hampered this year by weak income prospects before rebalancing in 2012. Financial conditions in a few northern European countries, notably Germany and Sweden, are more robust, but nevertheless these countries face strong headwinds from the global slowdown and necessary repair of public finances. Banks' funding pressures are denting confidence across Europe, with negative consequences for private domestic demand. While Eastern Europe continues to do relatively well, it too could be affected, given its close financial and economic links with the west.

# 2011 Jan-Jun



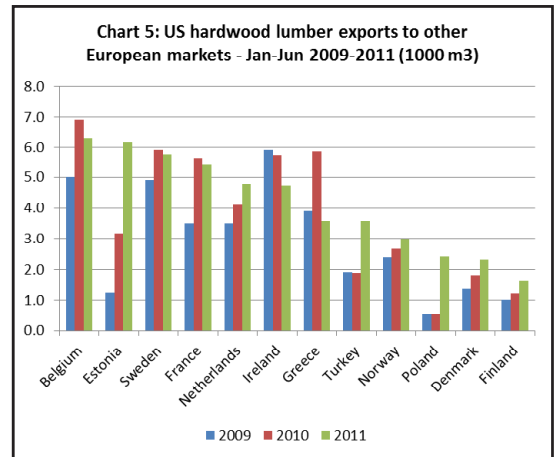
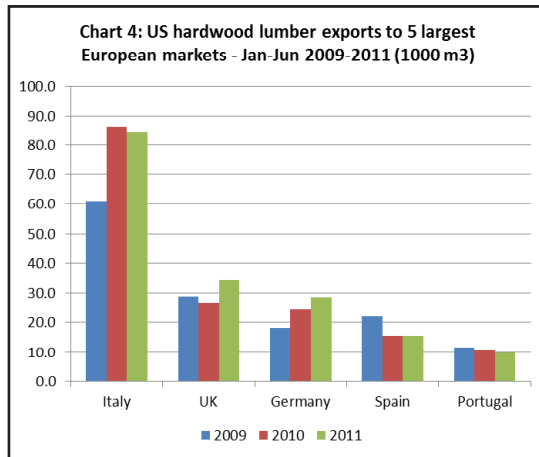
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can ash (Charts 8 and 9). Slowing construction sector activity in Italy provides one indication of mounting problems in Italy's domestic market. According to the latest forecasts of the Italian construction industry association ANCE in July 2011, construction sector investment will decrease by 4% in 2011 (this compares to a decline of 2.4% forecast at the beginning of 2011). The Association forecasts that investment will continue to decrease by 3.2% in 2012 to its lowest level since 1994. Factors hampering recovery, according to ANCE, include reduced credit supply to companies and delays in payments by public bodies, as well as the decline in infrastructure funding. One small consolation for the hardwood sector is that ANCE forecast that the renovation/maintenance sector, which tends to be more important than new build for hardwoods, is the only sector likely to register any growth in investment this year with an increase of 0.5%. These factors are also now impeding a stronger recovery in Italy's furniture sector. While Italy is one of the world's largest furniture exporting countries, the domestic market still accounts for at least 80% of the industry's €25.4 billion of annual sales. Domestic sales are now struggling under pressure from the slowing housing market and from the public sector wage and hiring freeze and rising fuel and product prices.

Although Italy's furniture exports partially recovered in 2010, the pace of increase in exports has been slowing this year. Italy's furniture industry is facing increased competition in overseas markets, particularly from China which is becoming adept at imitating not only Italian designs but also its brands. Italian furniture companies are responding to these threats, for example by emphasizing their sustainability credentials, through a focus on "affordable design", offering products which provide the best quality/price ratio is important, and by a significant move to bespoke and contract furniture. While these measures are helping, they can only go so far in raising furniture sales in the face of mounting economic problems.

### UK set to remain "fair"

The UK market for US hardwood lumber recovered robustly during the first half of 2011. During the 6 month period, US hardwood lumber exports to the UK were up 28% in volume and 34% in value compared to the same period the previous year (Table 1). At 18,400 m3, exports to the UK in the second quarter of 2011 were significantly higher than the previous quarter and the largest quarterly volume to this market for nearly three years (Chart 2).

Underlying this trend has been resilient demand in parts of the interior joinery sector, notably for doors and flooring in the refit mar-

**Table 2: Exports of US hardwood lumber to Europe by species, yearly 2009-2010, Jan-Jun 2011**

Species	Volume (000 m3)				Value (\$ million)				% change	
	2009	2010	2010	2011	2009	2010	2010	2011	Volume	Value
	Year	Year	Jan-Jun	Jan-Jun	Year	Year	Jan-Jun	Jan-Jun		
White oak	162.0	176.0	83.8	90.2	113.0	137.0	62.3	69.3	7.7	11.2
Tulipwood	77.4	106.9	55.7	50.6	37.4	57.1	29.9	24.7	-9.0	-17.3
Ash	26.6	38.4	14.5	25.1	16.1	25.8	9.6	17.1	72.6	78.3
Walnut	13.9	18.7	9.0	13.3	18.0	25.8	12.2	19.2	48.3	57.3
Red oak	14.7	14.9	6.0	7.5	9.8	11.0	4.4	5.5	24.7	24.0
Red Alder	14.2	12.4	7.6	5.5	6.3	5.8	3.4	3.0	-27.4	-12.5
Cherry	4.5	5.9	2.8	3.2	5.7	7.0	3.3	3.4	12.1	3.1
Hard maple	4.8	5.0	2.6	2.7	4.3	4.3	2.3	2.2	4.9	-2.5
Hickory	1.8	2.0	0.5	2.2	0.8	1.3	0.4	1.3	300.5	259.7
Other maple	1.8	2.1	1.2	1.0	1.3	1.7	1.0	0.8	-20.3	-14.7
Other	42.1	51.2	30.8	24.2	22.0	28.4	16.5	12.7	-21.3	-23.0
Total	363.9	433.5	214.5	225.5	234.6	305.1	145.3	159.2	5.1	9.6

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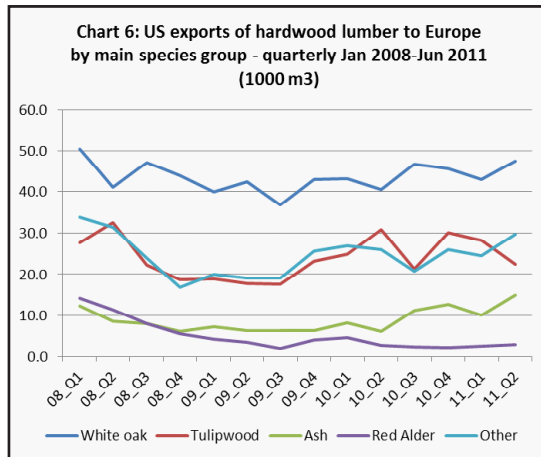
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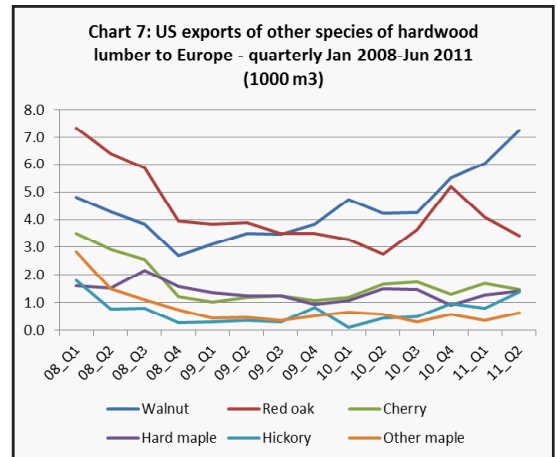
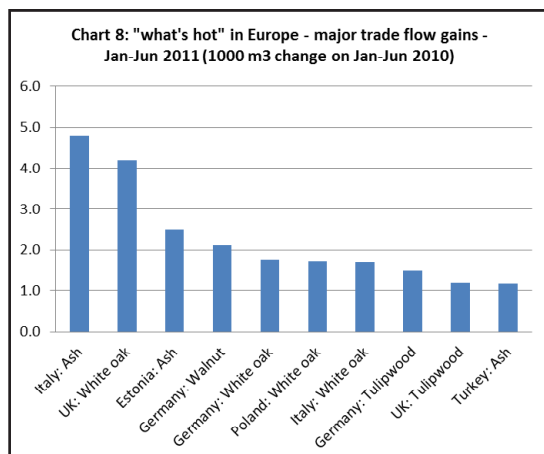
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ket and for shop-fitting. There is particularly strong demand in the high quality flooring sector with a growing trend of customers trading up to higher value floors. Shop-fitting has been boosted this year by retailers that delayed refits during the depths of the recession but which have been forced to go-ahead this year as interiors have become run-down. Activity in the stair-case manufacturing sector has been less buoyant partly because of relatively greater dependence on new build which remains at historically low levels. Exports of US white oak sawn lumber and tulipwood to the UK have been particularly strong this year (Chart 8). American white oak and European oak continue to be the most fashionable species in the UK, while walnut also remains popular. Maple and cherry remain out of fashion in this market. Prospects for the rest of the year are uncertain. Distributors are nervous about the impact of UK government spending cuts, Olympic business dropping out of the equation, and declining consumer confidence. But most reports suggest that demand is likely to remain "steady" or "fair".

### Bouyant demand in Germany

Germany has been a buoyant market for US hardwoods in 2011. During the first half of 2011, US hardwood lumber exports to Germany were up 16% in volume and 26% in value compared to the same period the previous year. In fact quarterly exports of 15,400

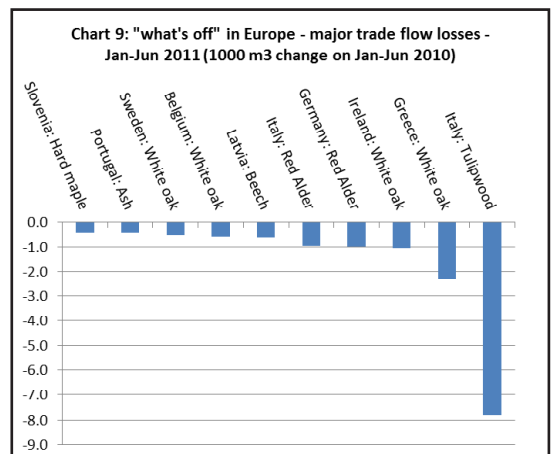


m3 to Germany in the April to June 2011 period were significantly higher even than levels prevailing before the onset of the financial crises (Chart 2). Exports of white oak, walnut and tulipwood lumber to Germany have all been strong this year (Chart 8).

German end-use markets have showed variable but generally good performance in recent months. Building activity in Germany has risen well this year after a period of stasis during 2010 when overall building completions (at 160,000 units) were at the same level as the previous year. Activity has been good in both the residential and commercial sectors. Interior door manufacturers were recording brisk orders during the summer months with good business attributed to private homebuilding and high levels of corporate contract business.

Overall German furniture sector sales were up 7.3% in the first half of 2011 compared to the same period in 2010, with particularly strong growth in office and shop furniture. Export sales of furniture also grew during the first half of 2011, although concerns a now mounting over future export prospects with mounting economic uncertainty in the euro-zone and tough competition from overseas suppliers.

Germany's parquet furniture industry appears to be following a similar trend. Manufacturers are generally positive about business trends with most expecting sales growth of between 5% and 15% for 2011 as a whole. Recent



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market reports have suggested relatively high capacity utilisation but sales in the second quarter of 2011 were not as brisk as in the opening months of the year.

In the short term, the relatively high level of exports to Germany recorded in the first half of 2011 is expected to dip slightly in the second half of the year as importers and manufacturers had built up healthy stocks by the summer months. German orders of US hardwood lumber were quite slow to pick up in September 2011 after the summer vacation.

However US hardwoods seem to be establishing a stronger long-term presence in Germany and the expectation is for continuing robust exports to this market in the future.

### Spain bumps along the bottom

At 15,400 m<sup>3</sup>, US hardwood lumber exports to Spain during the first 6 months of 2011 were almost exactly equivalent to the low levels recorded during the same period the previous year (Table 1). Exports to Spain of 8,500 m<sup>3</sup> in the April to June 2011 period were 25% up on the previous quarter. However this is small consolation when it is considered that the 6,900 m<sup>3</sup> exported to Spain during the first three months of 2011 was by far the lowest quarterly volume recorded for many years.

There is little prospect of any near-term return to growth in the Spanish market. Latest data from the Spanish Government (Fomento) indicate no end in sight for the devastated construction sector. Planning approvals in the first seven months of 2011 (50,209) were 13% down on the same period in 2010, and 11% down in July alone. Planning approvals in July 2011 were just over 7,000 and have been flatlining around or below 10,000/month since the start of 2009. This compares to levels of 60,000/month between 2004 and 2007. The Spanish Land Registry also indicates that after 3 consecutive quarters of growth, home sales fell 32% between the first and second quarters of 2011. Quarterly sales in the April to June 2011 period were the lowest level recorded since the Registry started publishing the data series.

A new report on the Spanish construction sector by ICD Research (published September 2011) concludes that growth in the Spanish construction sector will remain extremely slow at around 1% per annum between 2011 and 2015. This is due to the large quantity of newly built unsold housing (numbering 1.4 million units at the end of 2010), together with large areas of unoccupied office and retail space. Growth will also be weakened by the Spanish government's austerity measures, which aim to bring the budget deficit in the country within the EU 3% limit by 2013. Meanwhile private consumption is expected

to remain weak in the foreseeable future in a country where the official unemployment rate hit 21% in September 2011. Spain's domestic furniture industry is also feeling the heat from overseas competition. While Spanish furniture imports valued at €2.2 billion in 2010 were well down on their peak of over €2.6 billion in 2007, they were up 20% on 2009.

### Notable trends in other markets

Notable trends in other European markets for US hardwood lumber during the first half of 2011 include:

■ A near doubling of US hardwood lumber exports to **Estonia** during 2011 compared to the previous year. The vast majority is destined for thermal treatment to supply Europe's market for exterior wood. This market has significant potential for continued expansion due to relatively limited availability and long lead times for durable tropical hardwoods in Europe. There is also increased concern to reduce exposure to potentially "high risk" tropical wood with imminent introduction of mandatory due diligence requirements through the EU's Timber Regulation. While the thermal treatment market for hardwood currently focuses on ash, there may well be potential to broaden the species mix.

■ Signs of robust recovery in the **Netherlands** market after several years of relatively poor performance. During the first half of 2011, exports of US hardwood lumber to the Netherlands were up 17% in volume and 34% in value terms compared to the same period the previous year.

■ A 39% fall in exports to **Greece** this year compared to the relatively buoyant figures recorded in 2011 – a sign of the country's severe underlying economic problems.

■ A near doubling in US hardwood lumber exports to **Turkey** in 2011 compared to the previous year. This a very positive signal in a market that has traditionally favoured imports of hardwood logs over lumber. Turkey's lumber imports this year have been a mix of white oak (42%), ash (35%) and walnut (18%). Turkey has enjoyed blistering economic growth, with gross domestic product up 7.3% in 2010 and rising to an annual rate of 11% in the first three months of 2011, outstripping even China's growth. The pace of GDP growth decreased to around 7% in the second quarter, as consumers have become more concerned about personal debt and with the troubled external economic environment. However, long term prospects for rising wood exports to this market seem very good in a country with a large and relatively young population, robust fiscal and financial position, limited domestic forest resources and expanding furniture sector.



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# Poland's potential

Direct exports of US hardwood lumber into Poland reached 2400 m<sup>3</sup> in the first six months of 2011, over three times the level of the same period the previous year. Although the numbers are still small compared to other EU markets, this is a significant development and indicates both rising consumption of US hardwoods in Poland and a change in approach to importing these products into the country.

Clearly more Polish companies are now buying U.S. hardwoods direct, but AHEC believes that indirect imports through other EU markets still accounts for the greater volume, which means the market consumption could already be in region of 10-15,000m<sup>3</sup> per annum.

Analysis of Poland's hardwood lumber import data (see chart P1) suggests that direct imports from the US account for only a small proportion of the total, and that the majority of imports derive from other EU countries and the Ukraine. However, a lot of American hardwood is known to be coming into Poland indirectly, particularly from German stockists, who have the buying power and the experience to offer competitively priced stock at short notice to Polish manufacturers. It is also easier for them to buy mixed species loads and trial small volumes in order to establish which grades and specifications work best. German stockists are also prepared to sort and select stock to suit specific manufacturers.

It's also possible that at least some of the relatively large volumes of hardwood lumber imported into Poland from Estonia every year may comprise thermally-treated American ash used for manufacture in Poland of wood products for outdoor use.

Even though direct imports of US hardwood lumber into Poland are increasing, there is no indication at this stage that indirect imports are decreasing; in fact it is quite possible they are also increasing. Feedback from Polish importers and manufacturers suggests that overall consumption of US hardwood lumber is rising in the country. White oak and walnut are particularly popular as these are the species currently in fashion all over Europe. Some Polish companies also report increased demand for red oak largely driven by re-export.

Poland has a sizeable wood manufacturing sector, especially furniture and flooring production, a lot of which, especially at the higher quality end, is exported. In fact nearly 90% of furniture produced in Poland is exported. Only China, Italy, and Germany export more furniture than Poland. In terms

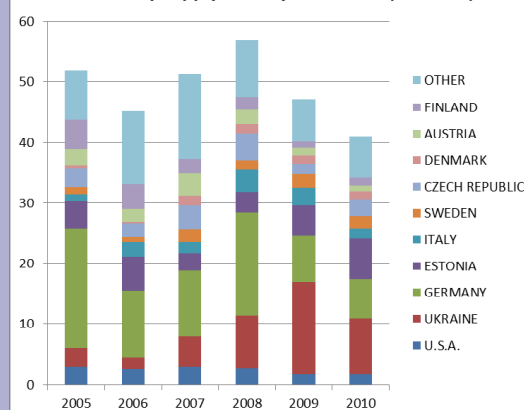
of kilograms and tons, Poland is the third biggest exporter of furniture in the world. The onset of the financial crises led to the first recorded decline in the value of Polish furniture exports for many years from around €5870 million in 2008 to €5014 in 2009. However, it is estimated that export value recovered to around €5750 million in 2010 (Tomasz Wiktorski for the Polish Chamber of Commerce of Furniture Manufacturers, January 2011).

Poland's furniture sector is highly diverse made up of 21,250 small companies (0-9 employees), 1770 small-medium companies (10-49 employees), 410 medium-large companies (50-250 employees), and 110 large companies (>250 employees). The large companies account for around 50% of total production.

Germany is the biggest recipient of Poland's furniture, buying over US\$2.5 billion every year (30% of Poland's furniture exports). Nearly 10% of exports go to France, followed by the Czech Republic, the United Kingdom, Sweden, and the Netherlands, each of which takes around 5-7% of exports. Poland's dependence on the German furniture market has been declining in recent years and sales have been diversifying, particularly in other Central and Eastern European countries. In these emerging markets there is a preference in high-end furniture for American species such as oak and walnut which are seen as superior and more consistent than local hardwoods.

Poland's domestic furniture market is also growing and sales in the domestic market are currently 8 billion zlotys (over US\$2.5 billion). This represents approximately 30% of the production potential of Polish furniture companies. Domestically-produced furniture accounts for about 50% of domestic furniture sales.

Chart P1: imports of hardwood lumber into Poland by supply country 2005-2010 (1000 m<sup>3</sup>)



Source: Forest Industries Intelligence Ltd analysis of Eurostat/BTS Ltd data



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# Rising US share of EU hardwood market

While the market for hardwoods in Europe has suffered severely in recent years, the signs are that US hardwood has weathered the storm better than most. Analysis of Eurostat data shows that between 2005 and 2010, the share of US hardwood lumber in total EU imports increased from 14% to 19% (Figure 1). Furthermore, US hardwood share of total imports increased in nearly all EU Member States and in some cases very dramatically. Over this period, tropical countries have suffered the largest loss of share, from 52% to 45% of total EU

imports. Most of this loss is attributable to Brazil and the Ivory Coast. Cameroon and Malaysia, the two largest tropical suppliers to the EU, have held on to share of around 13% and 9% respectively. The most recent quarterly data (Figure 3) suggests that US hardwood share of EU lumber imports has slipped slightly to around 18% this year since reaching a peak of 20% in the first quarter of 2010. This is largely due to rising EU imports from Croatia and Bosnia and a partial recovery in imports from Cameroon through 2010 and into 2011.

Figure 1: % share of US hardwood lumber in EU-25 and EU Member State import volume in 2005 and 2010

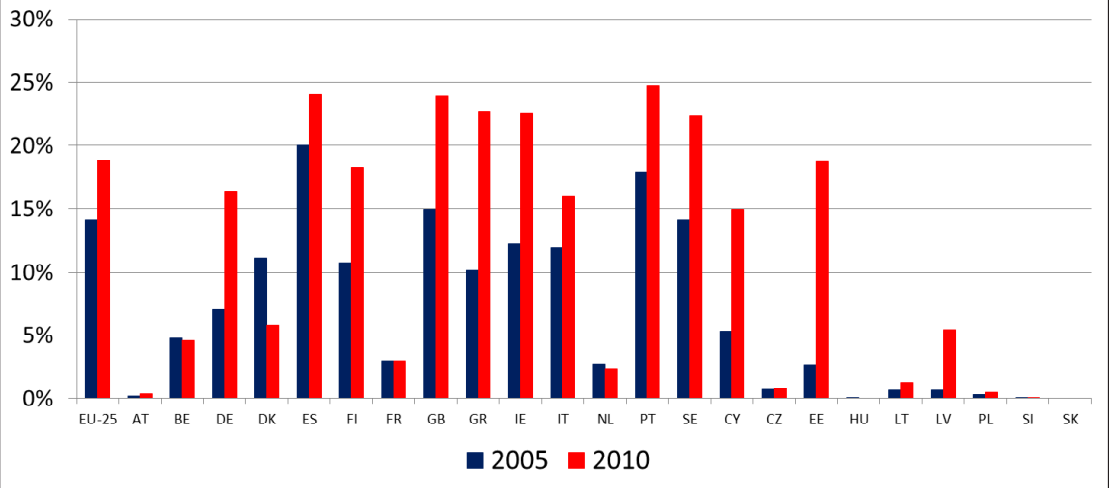


Figure 2: EU hardwood lumber imports by supply country - quarterly Jan 2008 - Jun 2011 (1000 m3)

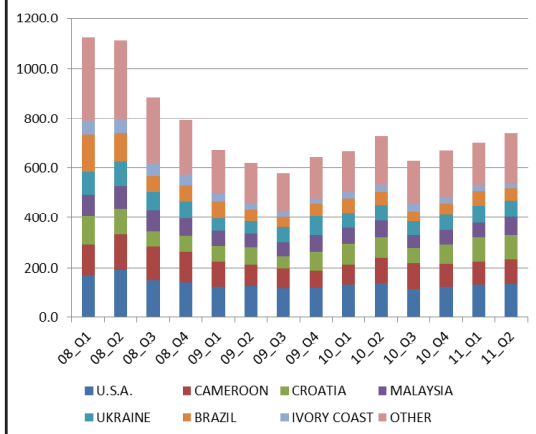


Figure 3: Share of EU hardwood lumber import volume by main supply region - quarterly Jan 2008 - Jun 2011

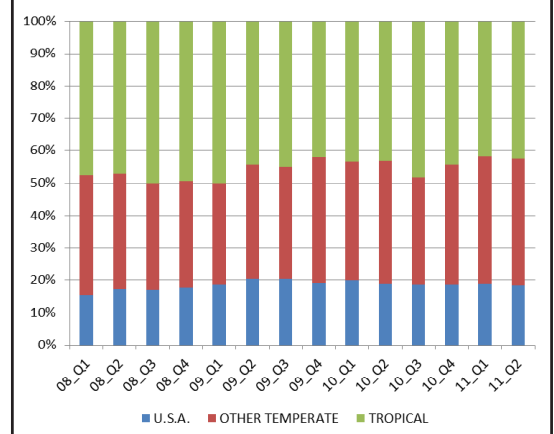


Table S1: Imports of hardwood lumber into the EU by major suppliers, yearly 2009-2010, Jan-Jun 2011

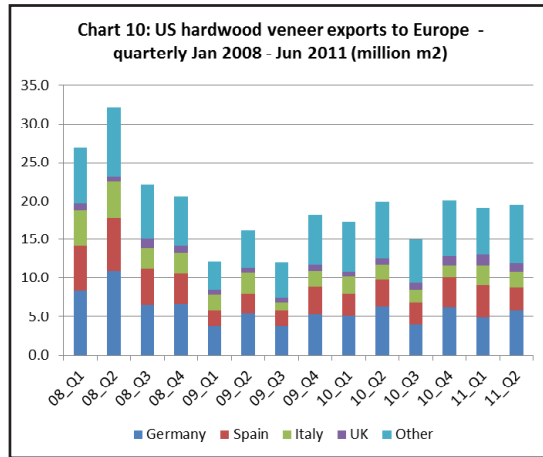
Partner	Volume (000 m3)				Value (€ million)				% change	
	2009	2010	2010	2011	2009	2010	2010	2011	Volume	Value
	Year	Year	Jan-Jun	Jan-Jun	Year	Year	Jan-Jun	Jan-Jun		
U.S.A.	488.4	507.3	268.7	265.8	257.9	322.0	163.9	164.4	-1.1	0.3
CAMEROON	329.9	372.4	181.1	190.0	170.8	202.9	94.5	111.0	4.9	17.4
CROATIA	251.0	304.1	165.9	193.0	87.0	103.2	55.4	64.3	16.3	15.9
MALAYSIA	243.3	239.2	128.8	132.0	173.7	186.4	97.8	97.4	2.4	-0.4
UKRAINE	231.1	242.1	126.0	134.2	62.3	63.7	31.9	35.6	6.5	11.5
BRAZIL	208.4	193.8	109.2	105.3	123.9	122.4	67.7	68.8	-3.6	1.7
IVORY COAST	101.2	107.5	51.2	40.1	60.4	65.5	31.3	25.4	-21.6	-18.9
RUSSIA	66.6	68.6	42.1	39.6	12.7	15.2	9.1	8.8	-6.0	-3.2
GABON	62.0	89.1	38.1	41.5	29.4	44.0	18.0	22.2	8.7	23.1
BOSNIA	59.8	66.1	33.5	36.9	21.5	24.1	11.8	14.7	10.3	23.9
BELARUS	46.9	51.6	27.9	27.9	5.2	6.4	3.3	3.9	-0.1	19.2
CANADA	41.4	48.9	27.3	22.5	32.0	40.8	21.8	19.7	-17.6	-9.4
OTHER	383.2	397.8	193.8	214.8	240.6	238.6	116.9	128.6	10.8	10.0
TOTAL	2513.3	2688.5	1393.7	1443.4	1277.3	1435.3	723.5	764.8	3.6	5.7

Source of all data on this page: Forest Industries Intelligence Ltd analysis of Eurostat/BTS Ltd data



# Only slow recovery in European veneer market

*While gains have been made in US veneer exports to a few European countries this year, the data gives little confidence of any concerted rebound in the European veneer market. Key end use sectors including doors, furniture, and flooring continue to suffer from high consumer debt levels, weak activity in the housing market and construction sector, and pressure from substitutes.*



to this country during the second quarter of 2011 were a significant increase on the previous quarter. However since mid-2009, the quarterly bumps and troughs have fluctuated around 5.5 million m2 without any consistent longer term trend. This market has yet to show any genuine sign of recovery from the severe recession that hit the German veneer sector in 2008.

Exports of US hardwood veneers to all three of the other large European markets – Italy, Spain and the UK – suffered a reversal in the second quarter of 2011 after making significant gains in the two previous quarters (Chart 12).

Numerous “minor” European markets for veneers have become relatively more important in recent years, notably Portugal, Netherlands, Greece, Slovakia, Sweden, Poland and Turkey. Veneer trade trends tend to highly volatile in these smaller European markets and market signals have been mixed in recent times (Chart 13).

Recent trends include: a robust rebound in veneer exports to Portugal after a period of significant decline in the first three quarters of 2010; a more gradual recovery in exports to Sweden over the last two years; a decline in veneer exports to Belgium since mid 2010;

US exports of veneer to Europe during the first half of 2011 were up 4% in both value and volume terms compared to the same period the previous year (Table 3). However at 19.5 million m2, exports to the region during the second quarter of 2011 were only 2% up on the previous quarter and were 2% down compared to the second quarter of 2010 (Chart 10).

Patterns of veneer exports to different European markets have varied widely (Charts 11, 12 and 13). Exports to Germany, the largest European market, have been very volatile on a quarterly basis. At 5.9 million m2, exports

## Notes

■ The European region includes all countries covered by the AHEC European office including the EU-27 together with Albania, Bosnia and Herzegovina, Croatia, Iceland, Montenegro, Norway, Russia, Serbia and Kosovo, Switzerland, and Turkey

■ Unless otherwise stated, all data derived from USDA FAS GATS database drawing on Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

■ Prepared by the European office of the American Hardwood Export Council

■ Data last accessed on 29 September 2011

**Table 3: Exports of US hardwood veneer to Europe by main destination, yearly 2009-2010, Jan-Jun 2011**

Partner	Quantity (million m2)				Value (\$ million)				% change	
	2009	2010	2010	2011	2009	2010	2010	2011	Volume	Value
	Year	Year	Jan-Jun	Jan-Jun	Year	Year	Jan-Jun	Jan-Jun		
Germany	18.3	21.7	11.5	10.7	27.9	30.6	16.4	14.7	-6.2	-10.2
Spain	10.3	12.9	6.2	7.1	16.7	20.7	10.0	11.2	15.6	11.2
Italy	7.9	7.5	4.3	4.6	13.7	12.5	7.0	7.3	6.5	4.2
Portugal	3.5	4.0	2.3	2.7	6.2	6.1	3.4	4.3	19.0	24.8
UK	2.6	3.7	1.5	2.5	4.0	5.0	2.2	3.8	64.0	76.0
Belgium	5.1	5.7	2.9	2.2	7.6	8.2	4.4	3.4	-24.3	-23.4
Greece	1.6	1.6	0.8	0.9	2.8	2.3	1.2	1.3	23.7	5.7
Poland	0.2	0.1	0.1	0.5	0.2	0.1	0.1	0.6	762.1	1005.4
Sweden	0.2	1.3	0.7	0.7	0.3	1.9	1.0	0.8	-1.7	-18.2
Netherlands	2.2	2.5	1.3	0.6	3.3	4.0	2.2	1.1	-51.8	-49.8
Ireland	1.1	1.0	0.7	0.5	1.5	1.3	0.9	0.6	-28.8	-29.6
Austria	0.6	0.7	0.5	0.7	1.0	1.2	0.7	1.1	31.2	51.9
France	0.5	0.8	0.3	0.5	0.9	1.1	0.4	0.6	52.2	27.7
Estonia	0.3	1.0	0.6	0.5	0.5	1.2	0.8	0.8	-14.4	9.8
Czech Republic	0.4	1.0	0.4	0.3	0.7	1.4	0.6	0.4	-25.5	-35.9
Romania	0.1	0.2	0.2	0.6	0.1	0.3	0.2	0.8	261.3	356.5
Other EU	1.2	2.7	1.4	1.2	1.8	3.9	2.2	2.0	-16.7	-7.1
<b>EU-27</b>	<b>56.6</b>	<b>69.9</b>	<b>36.0</b>	<b>37.4</b>	<b>89.6</b>	<b>103.6</b>	<b>53.9</b>	<b>55.3</b>	<b>3.9</b>	<b>2.7</b>
Turkey	1.2	2.1	1.0	1.0	1.8	3.8	1.7	2.2	-0.2	33.0
Russia	0.5	0.1	0.0	0.1	0.8	0.1	0.1	0.2	226.0	317.6
Other Europe	0.3	0.2	0.1	0.0	0.5	0.2	0.1	0.1	-60.5	-37.2
<b>Total</b>	<b>58.6</b>	<b>72.2</b>	<b>37.1</b>	<b>38.6</b>	<b>92.7</b>	<b>107.7</b>	<b>55.8</b>	<b>57.9</b>	<b>3.8</b>	<b>3.8</b>

# 2011 Jan-Jun



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**Table 4: Exports of US hardwood veneer to Europe by species, yearly 2009-2010, Jan-Jun 2011**

Species	Quantity (million m <sup>2</sup> )				Value (\$ million)				% change	
	2009	2010	2010	2011	2009	2010	2010	2011	Volume	Value
	Year	Year	Jan-Jun	Jan-Jun	Year	Year	Jan-Jun	Jan-Jun		
White oak	16.2	21.3	9.2	12.3	23.7	29.1	12.6	17.1	33.5	35.6
Walnut	5.9	9.4	3.6	7.7	9.3	15.6	5.9	12.4	111.9	111.0
Maple	3.9	3.7	2.1	2.8	5.9	5.5	3.2	4.1	33.2	27.8
Cherry	2.0	4.1	1.9	2.3	3.5	7.4	3.4	4.5	19.6	31.4
Red oak	2.4	2.6	1.0	2.0	3.1	3.2	1.4	2.2	96.1	57.2
Ash	0.2	0.6	0.3	0.7	0.3	0.8	0.4	1.0	155.4	173.7
Other	28.0	30.6	19.1	10.9	46.8	46.1	28.9	16.7	-43.1	-42.3
Total	58.6	72.2	37.1	38.6	92.7	107.7	55.8	57.9	3.8	3.8

and a sharp increase in exports to Poland during the second quarter of 2011 (to around 500 million m<sup>3</sup>) from the negligible levels that prevailed during the previous three years. Considering species, the second quarter data indicates a slowing in exports of white oak veneers, partially offset by continuing growth

in exports of walnut veneers, and relatively stable exports of red oak, hard maple and cherry veneers (Chart 14). However analysis of veneer species trends is constrained by the fact that US trade data allocates – perhaps incorrectly – a large proportion of product to the “other hardwood” category.

