

# Sawn hardwood markets 2002 - 2003

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# Just to re-cap

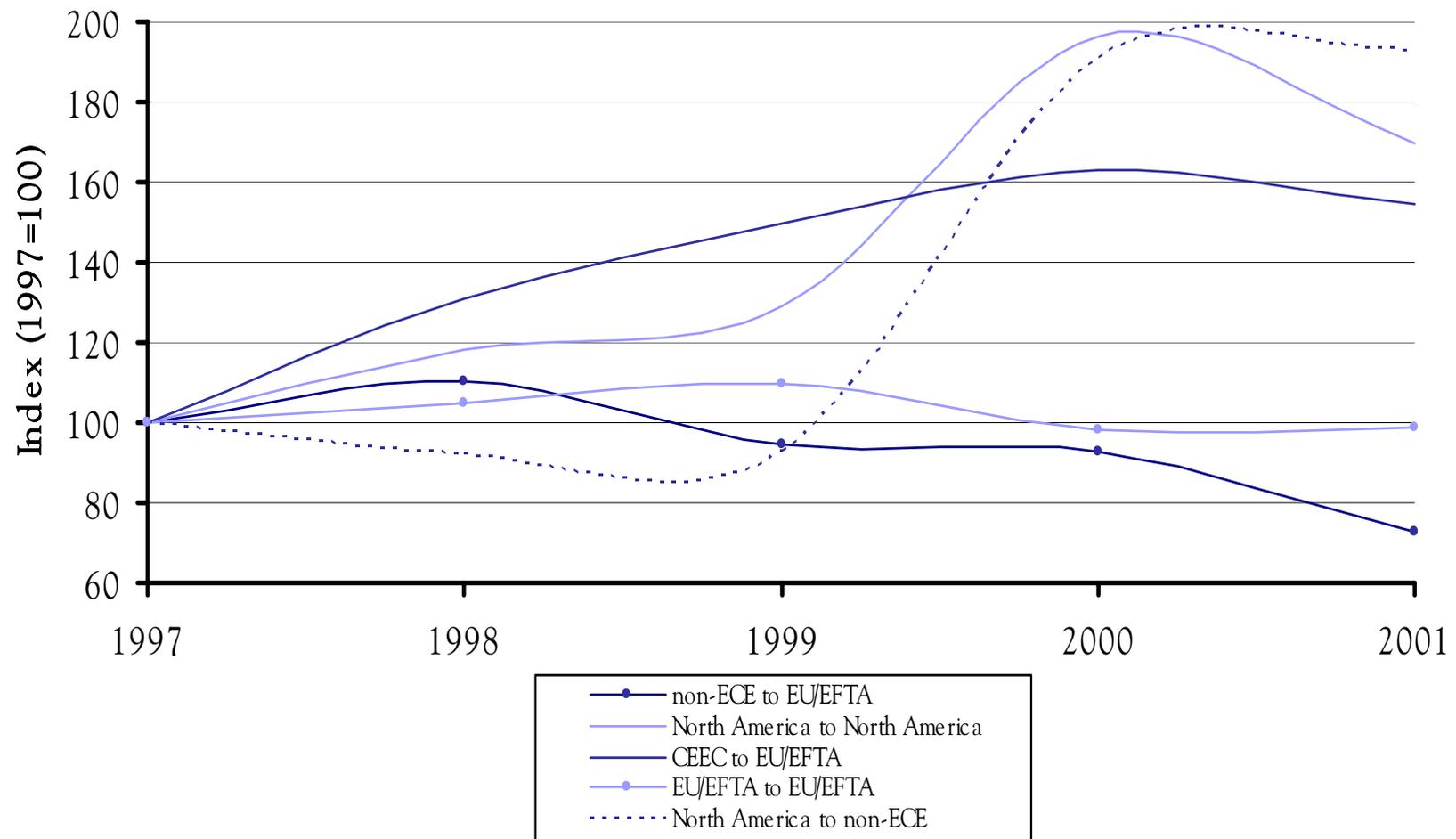
- Growth in exports from Asia affecting manufacture and trade in UN/ECE
- Production remained stable in 2002 after fall in 2001
- Apparent consumption fell 6% in EU/EFTA, but rose 6% in "Other Europe" sub-region
- Trade in dimension continues to grow
- Romanian exports rose 21% in 2002
- Hardwood flooring in EU levelled off in 2002
- Demand for certified sawn grew in 2002/3 but availability is in question

# Trends in 2002 & 2003

*"It is now very clear that 2000 was a peak year"*

- 1. Change in hardwood trade with semi-finished and finished products replacing logs and sawn wood**
- 2. Discernable shifts in species preference**
- 3. Exchange rate dynamics**

# Major trade flows 97-01



# 1. Change in hardwood trade

Comparison of EU imports of sawn hardwood and logs

	2001	2002	% Change 2001 to 2002
Tropical logs	527.1	449.1	-15%
Beech logs	68.0	56.0	-18%
Oak logs	46.6	39.1	-16%
Other hardwood logs	603.9	584.3	-3%
Tropical sawn hardwood	1 293.4	1 156.1	-11%
Beech sawn hardwood	212.8	201.3	-5%
Oak sawn hardwood	497.4	468.8	-6%
Other sawn hardwood	631.7	579.2	-8%

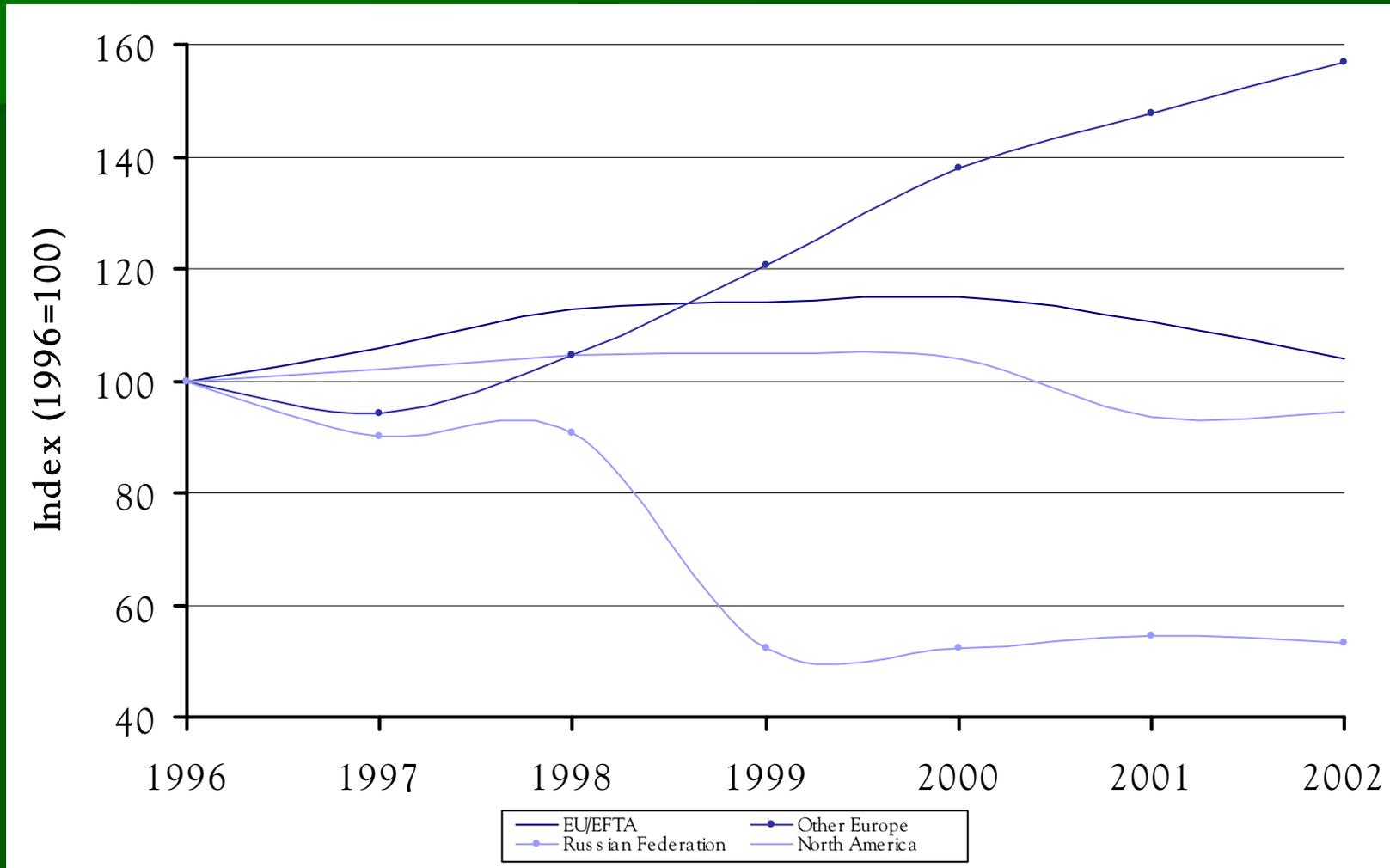
## 2. Shift in species preference

- Measured return to darker species
- An end to the blonde wood trend in Europe
- Increased consumption of tropical species in flooring
- Return to fashion for oak

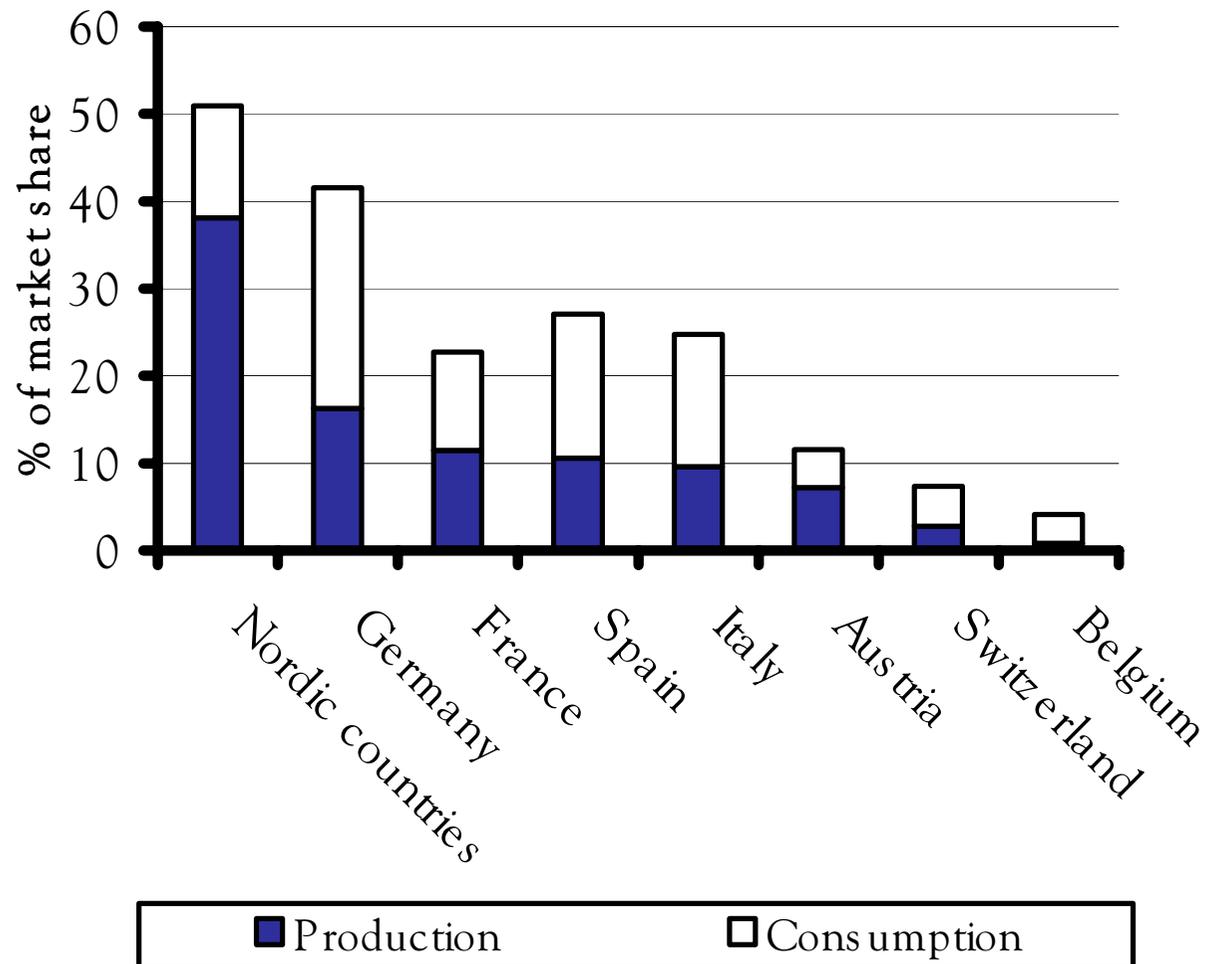
# 3. Exchange rate dynamics

- Reduction of the U.S. Dollar
  - Helps exports from:
    - USA
    - Asia
- Improvement of the Euro
  - Strengthens competition from imports:
    - USA
    - Asia

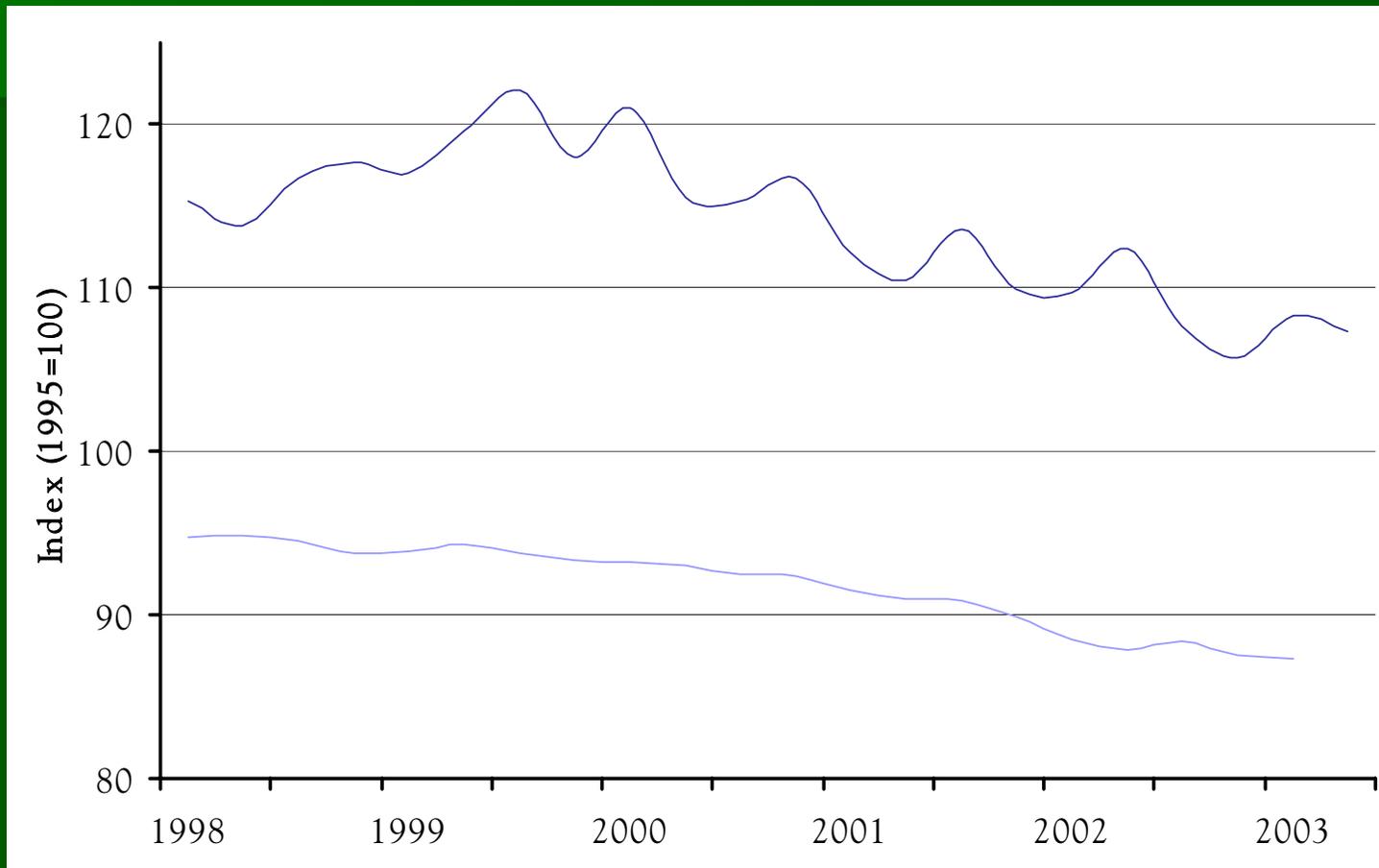
# Sawn consumption 96-02



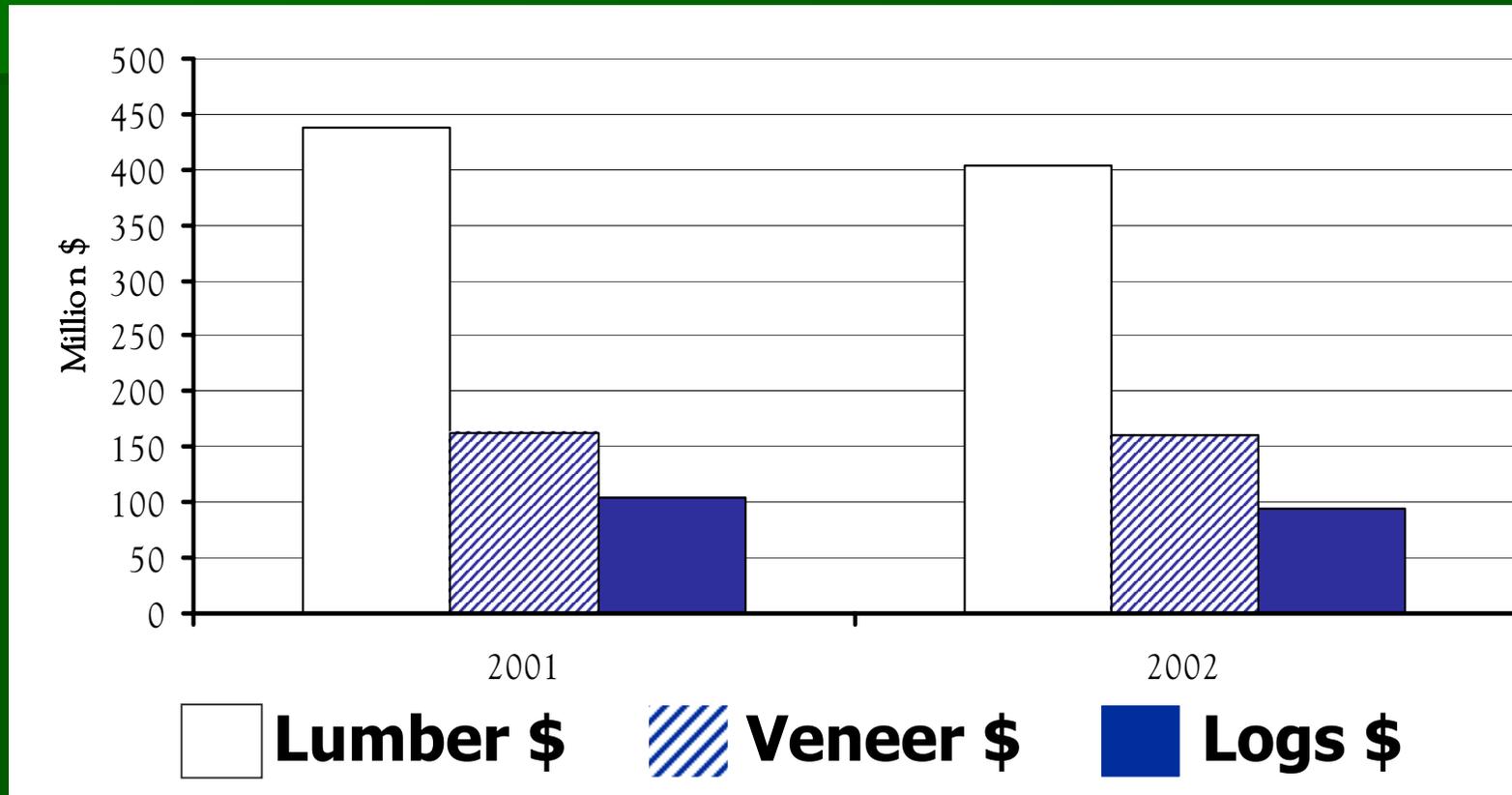
# Flooring EU 2002



# Beech sawn prices 98-03



# US Exports to EU 01-02



# Certified sawn hardwood

- Pressure from ENGOs continues
- Producers are responding
- PEFC and SFI still seek mutual recognition with other credible schemes such as FSC
- Availability in species, grades and specifications in dry sawn stock remains too limited
- Demand from private and public sectors differ significantly