

A vertical strip on the left side of the slide shows a stack of cut logs, with some blue identification tags visible on the ends of the logs.

Global Forest Products Market and Resource Trends

Ed Pepke, Ph.D.

Forest Products Marketing Specialist
Food and Agricultural Organization
UN Economic Commission for Europe
Geneva, Switzerland



Small Log Conference – Creating Capacity to Compete
Coeur d’Alene, Idaho, USA, 1 April 2005



Contents

I. Forest products markets

- Production, consumption & trade
- Global
- Regional (N. America, Europe, Asia)
- Market sectors (logs, lumber, panels)

II. Forest resources

III. Certification and certified forest products

IV. Growing the market



Major info sources

- UNECE/FAO TIMBER database on forest products
- FAOSTAT database on forest products
- UNECE/FAO Temperate & Boreal Forest Resources Assessment
- *FAO Global Forest Resources Assessment*
- UNECE Timber Committee market forecasts
- UNECE/FAO *Timber Bulletin* "Forest products annual market review, 2003-2004"
- *Global Forest Products Model*, by Buongiorno, et al.
- UNECE/FAO *European Forest Sector Outlook Study*
- *FAO State of the World's Forests, 2005*





I. Forest products markets



Small Log Conference – Creating Capacity to Compete
Coeur d’Alene, Idaho, USA, 1 April 2005



Sectoral analysis: Logs

UNECE/FAO definitions:

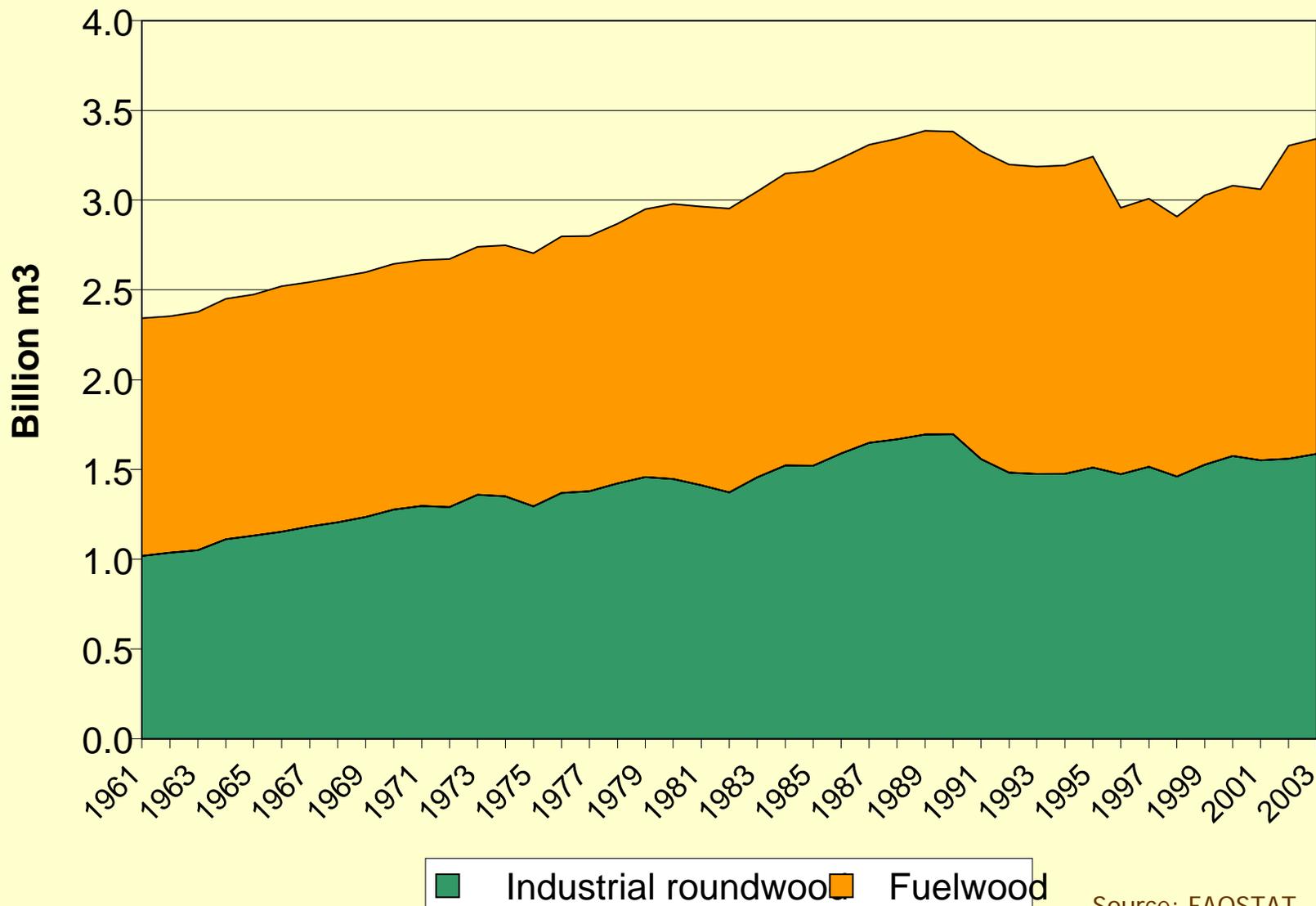
- “Roundwood” is industrial roundwood + fuelwood
- “Industrial roundwood” as sawlogs, veneer logs, pulp logs and other industrial roundwood



Small Log Conference – Creating Capacity to Compete
Coeur d’Alene, Idaho, USA, 1 April 2005



World production of roundwood, 1961-2003



Source: FAOSTAT



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



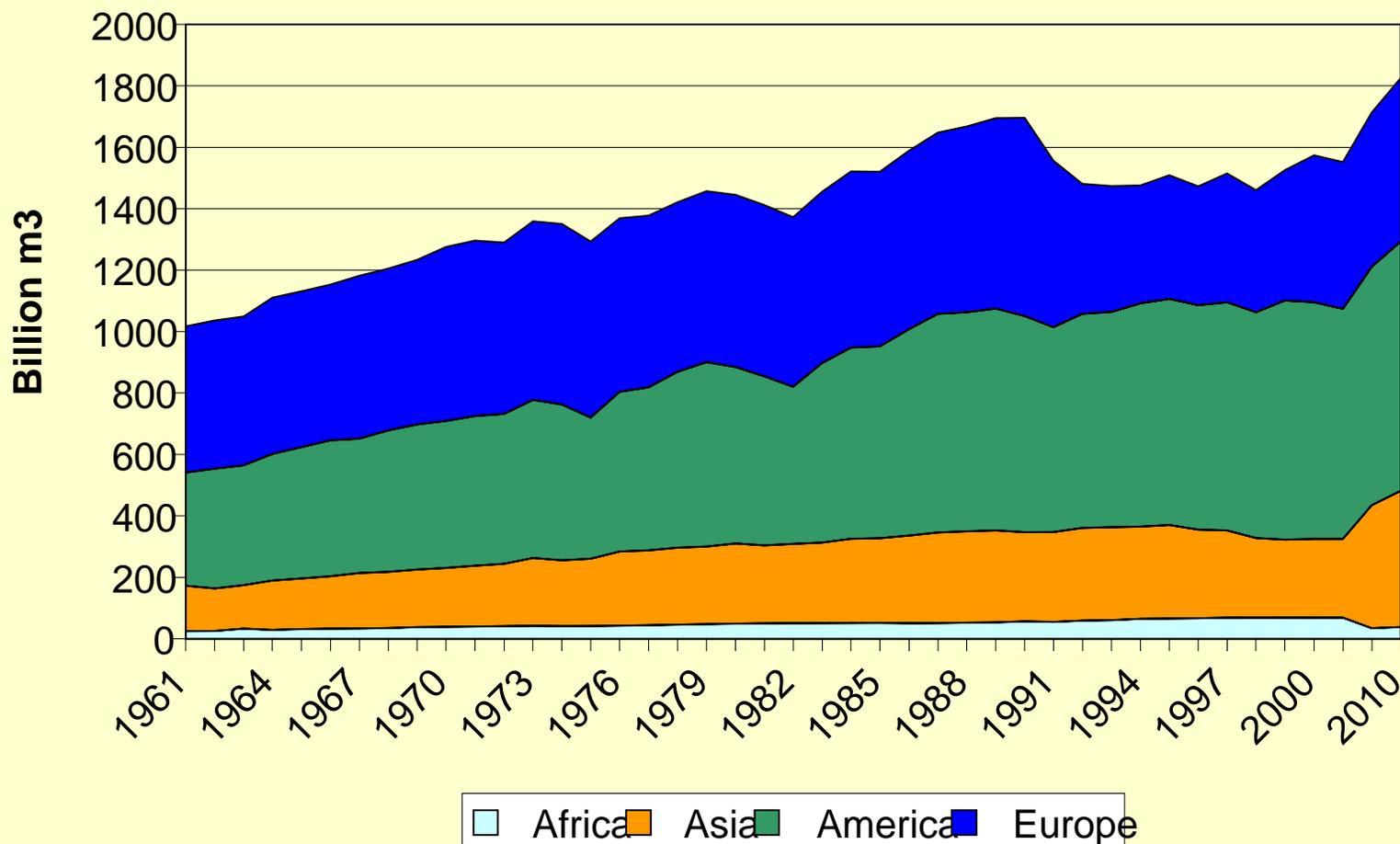
World roundwood utilization as fuel



- Over half used as fuel
 - Domestic heating
 - Cooking
- Mostly in developing countries
- Low value
- Modern wood energy
 - Small international trade
 - Growing market
 - Policy push in Europe



Regional production of industrial roundwood, 1961-2010



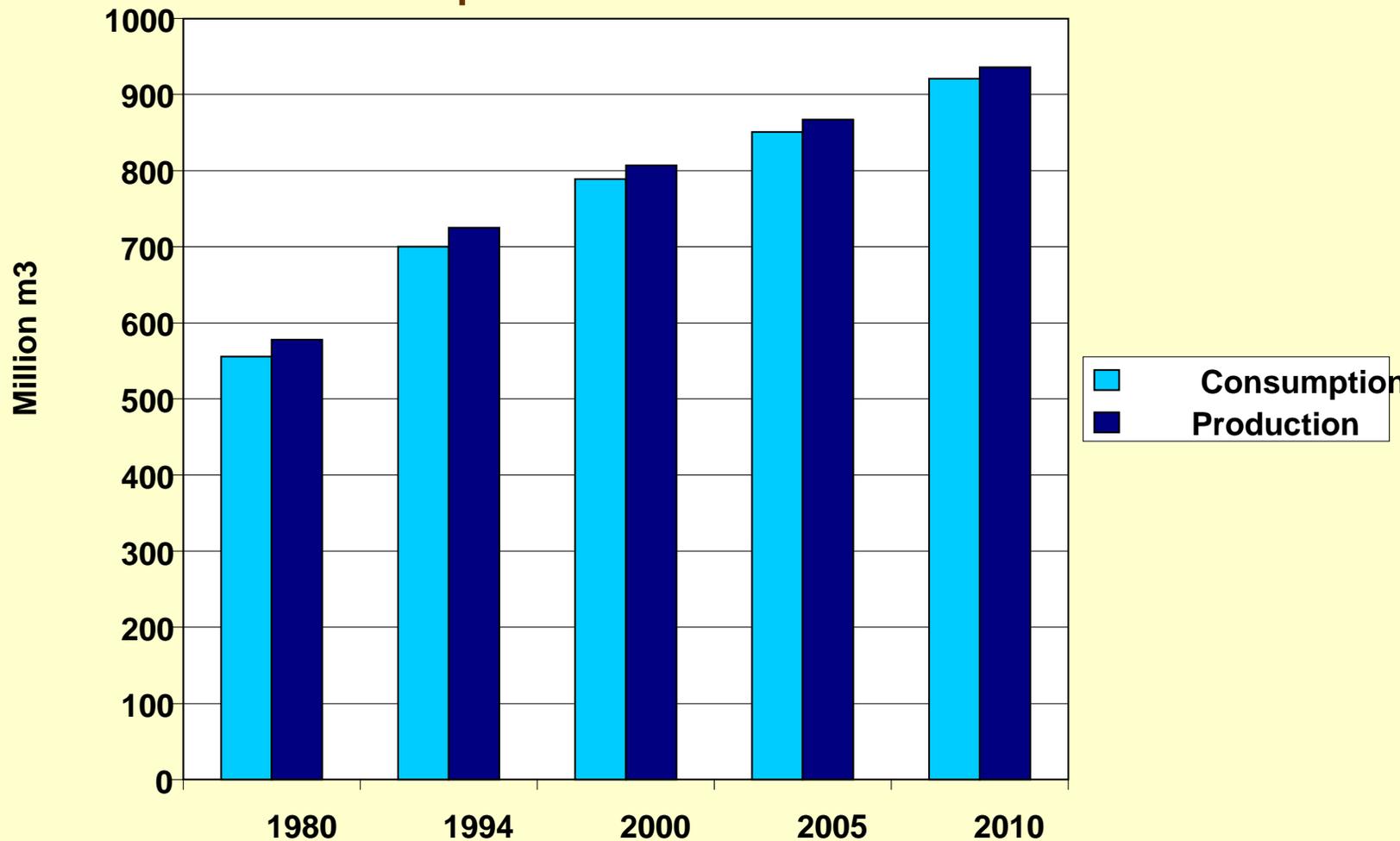
Source: FAOSTAT and FAO Global Forest Products Outlook Study



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



American industrial roundwood consumption and production to 2010



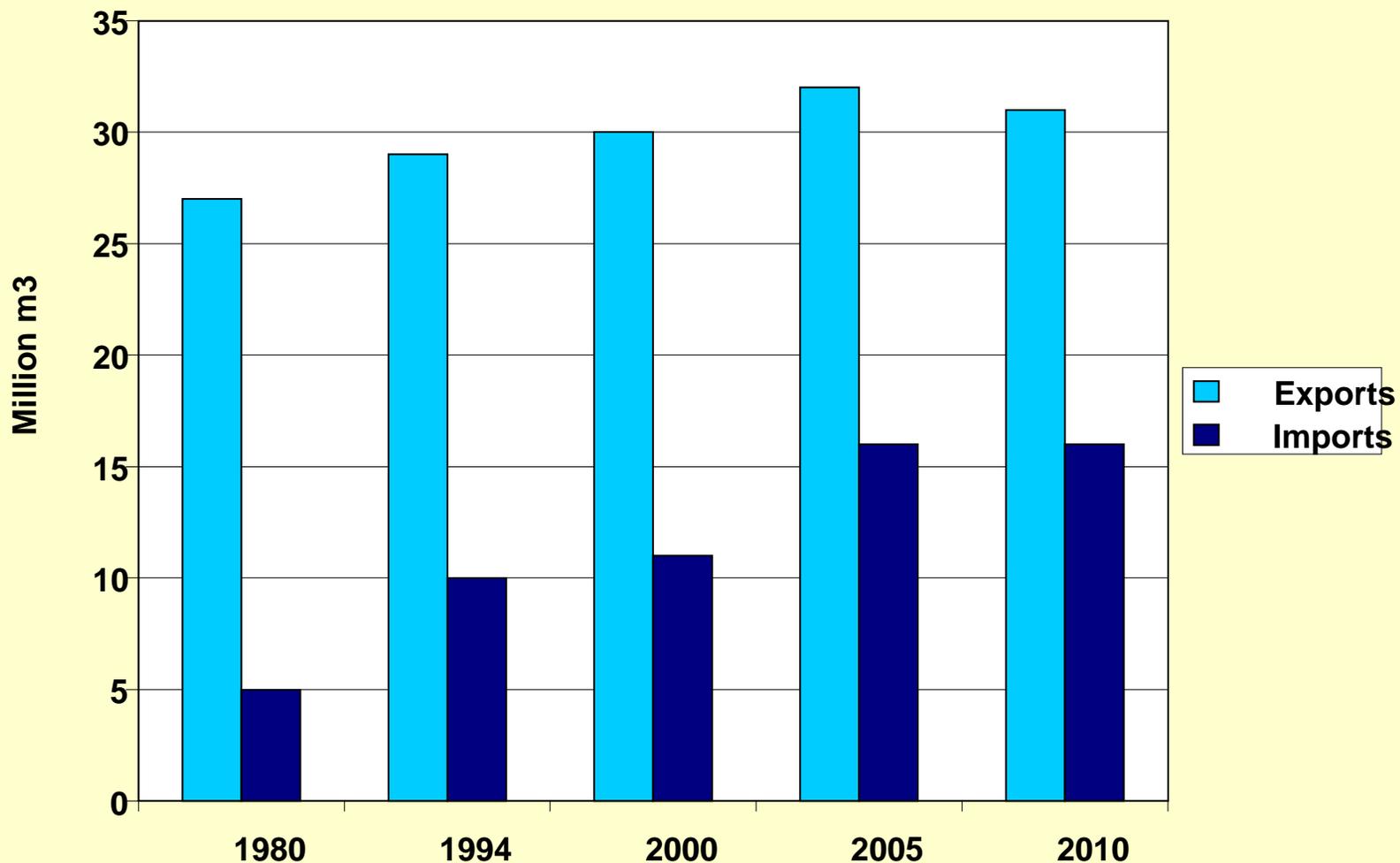
Source: *Global Forest Products Model, 2003*



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



American industrial roundwood trade to 2010



Source: *Global Forest Products Model, 2003*



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Factors affecting models *and markets*

- Gross domestic product (GDP)
- Population
- Costs and prices (labor, raw material, etc.)
- Technological change
- Government policies
- Socio-economic trends

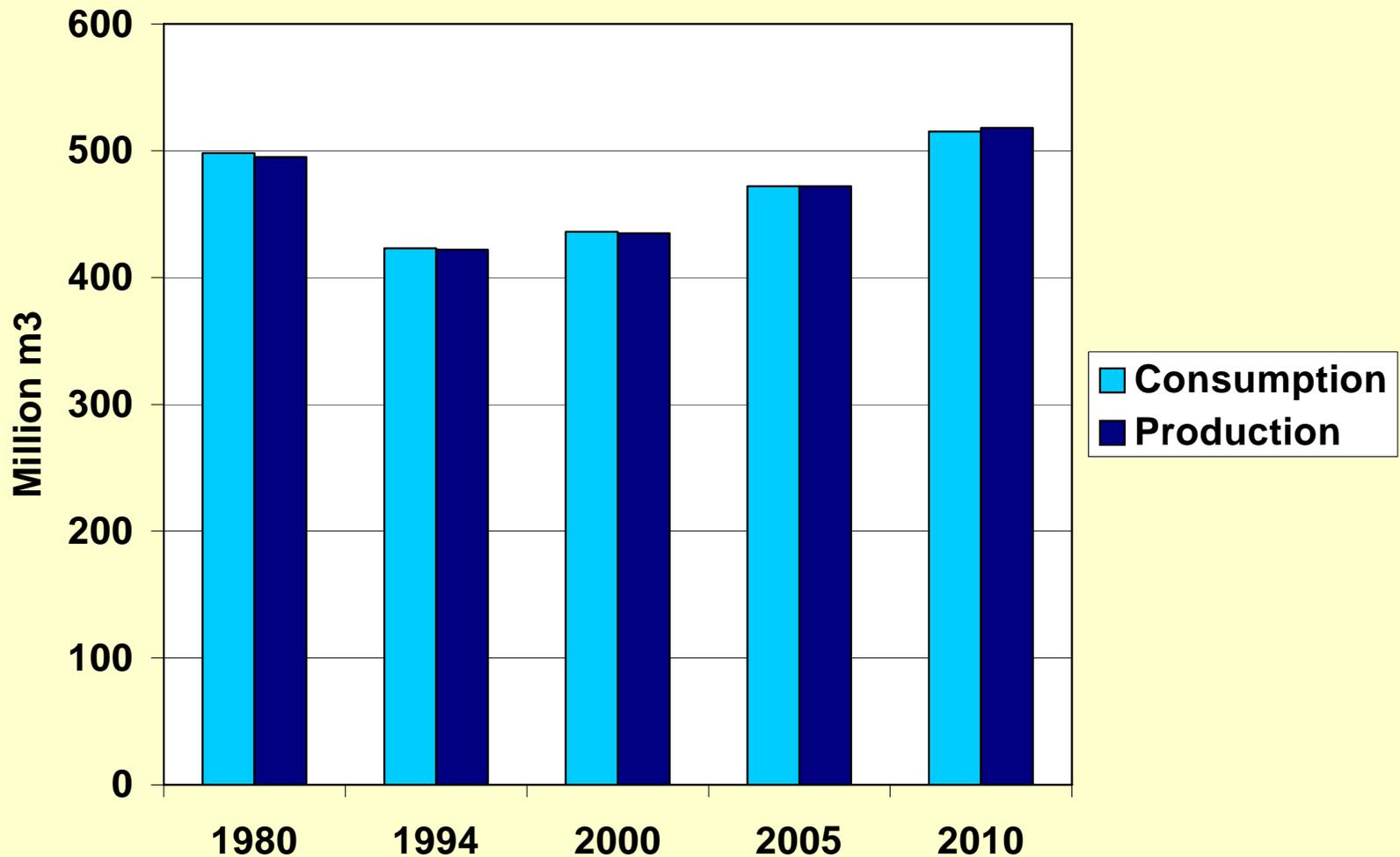
Source: FAO *Global Forest Products Consumption, Production, Trade and Prices: Global Forest Products Model Projections to 2010*. By Zhu, S; Tomberlin, D; Buongiorno, J., 1998



Small Log Conference – Creating Capacity to Compete
Coeur d’Alene, Idaho, USA, 1 April 2005



European industrial roundwood consumption and production to 2010



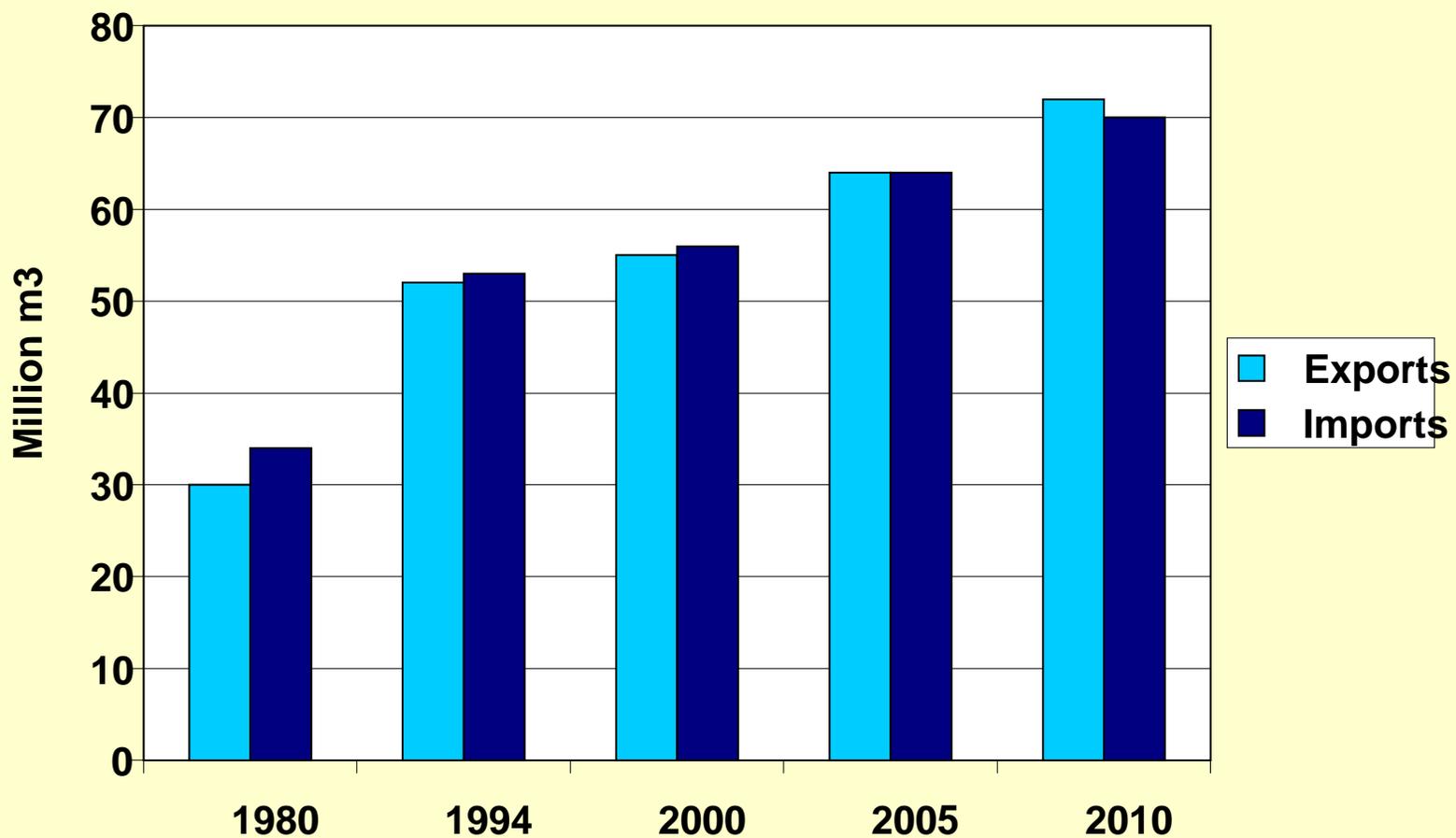
Source: *Global Forest Products Model, 2003*



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



European industrial roundwood trade to 2010



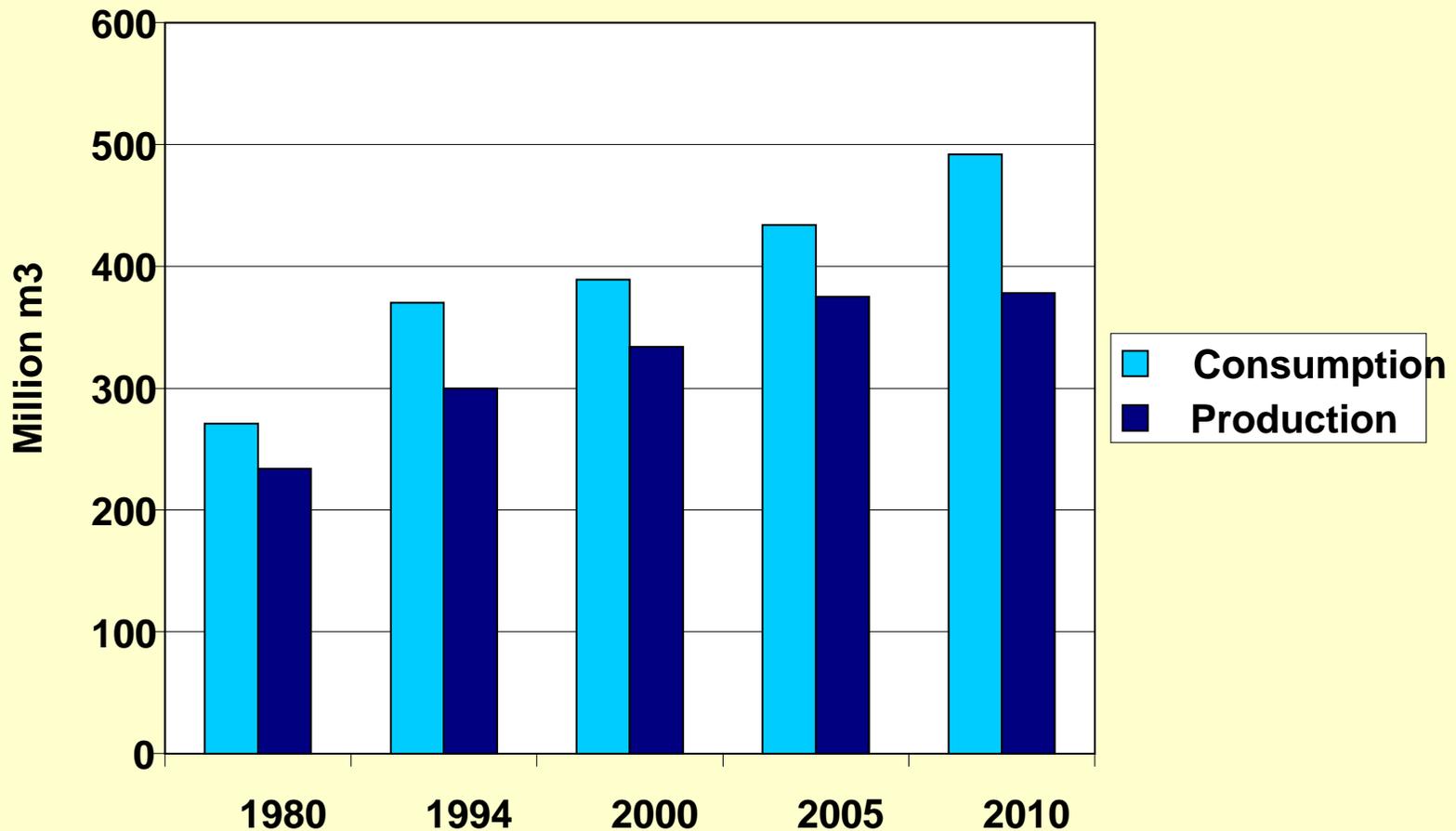
Source: *Global Forest Products Model, 2003*



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Asian industrial roundwood consumption & production to 2010



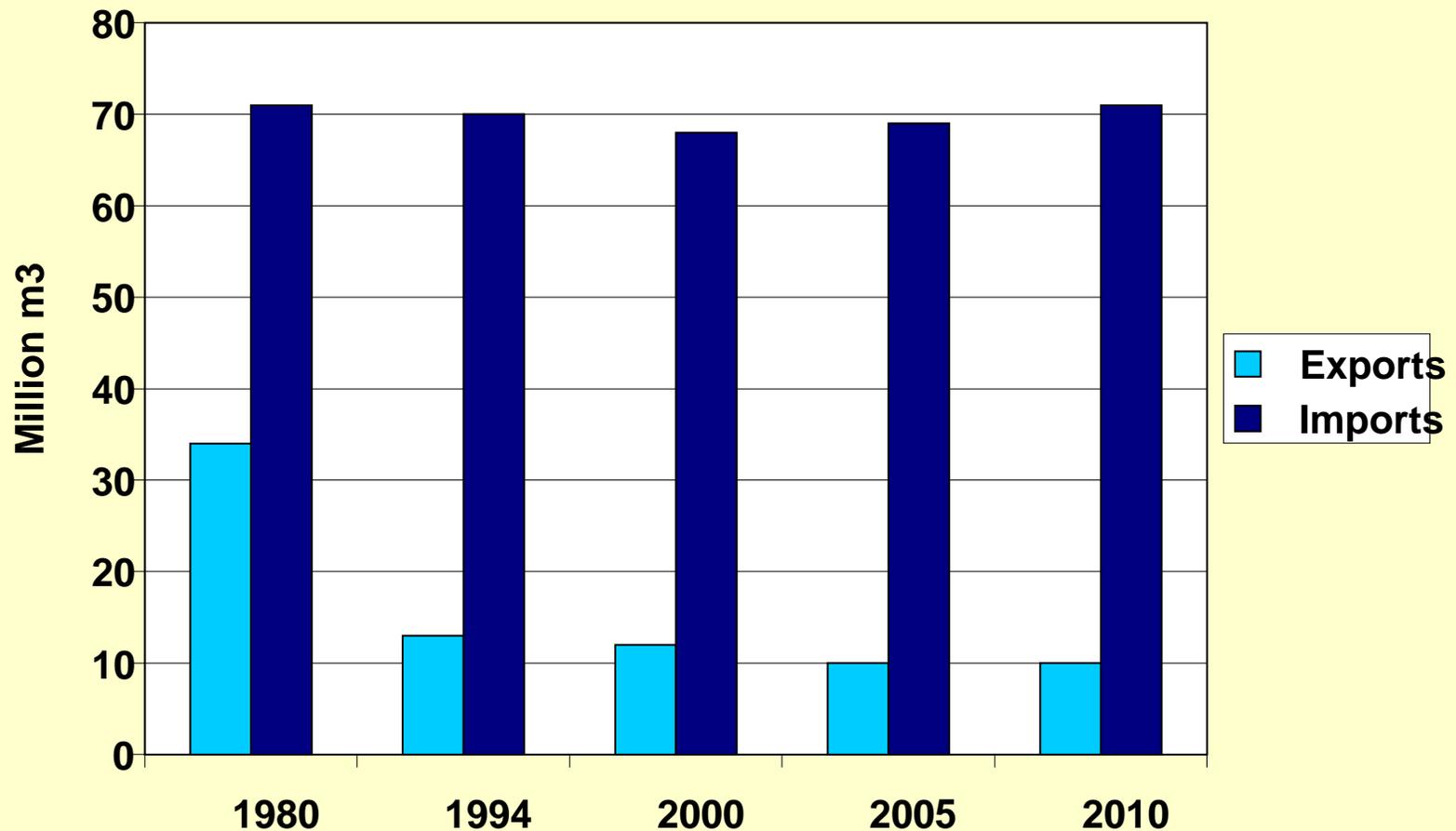
Source: *Global Forest Products Model, 2003*



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Asian industrial roundwood trade to 2010



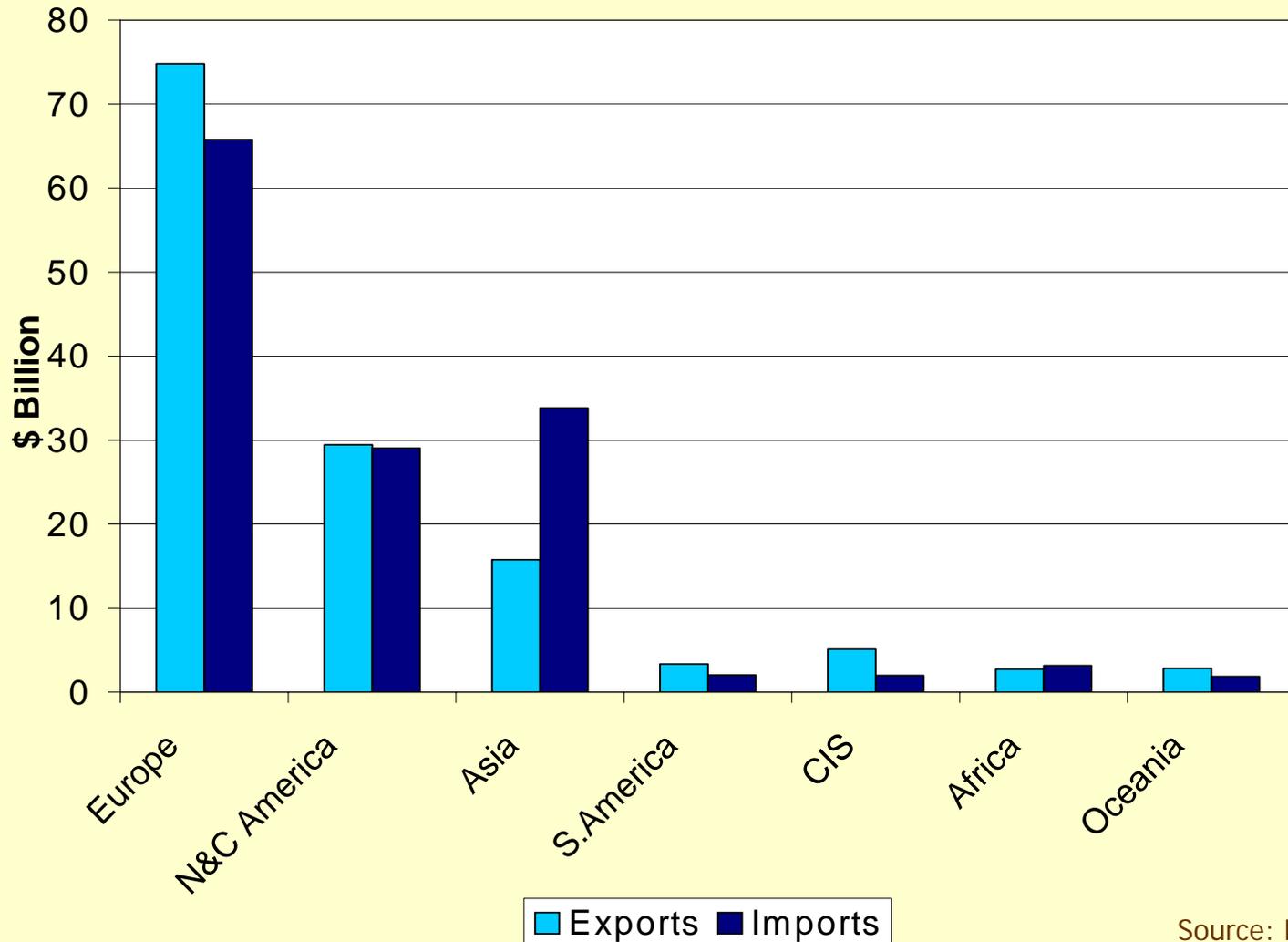
Source: *Global Forest Products Model, 2003*



Small Log Conference – Creating Capacity to Compete
Coeur d’Alene, Idaho, USA, 1 April 2005



Regional trade, all primary forest products, 2003



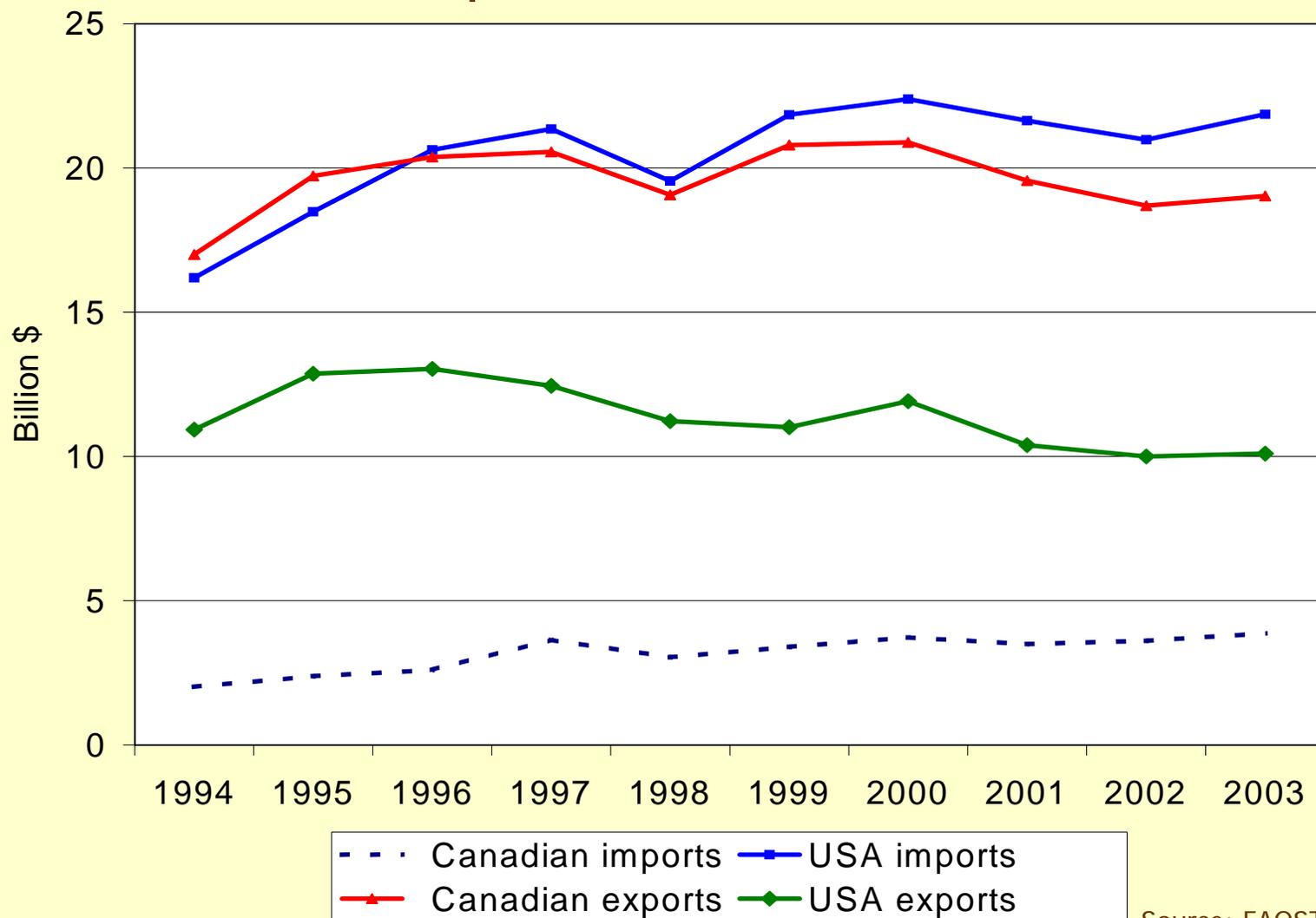
Source: FAOSTAT



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



North American trade, all primary forest products, 1994-2003



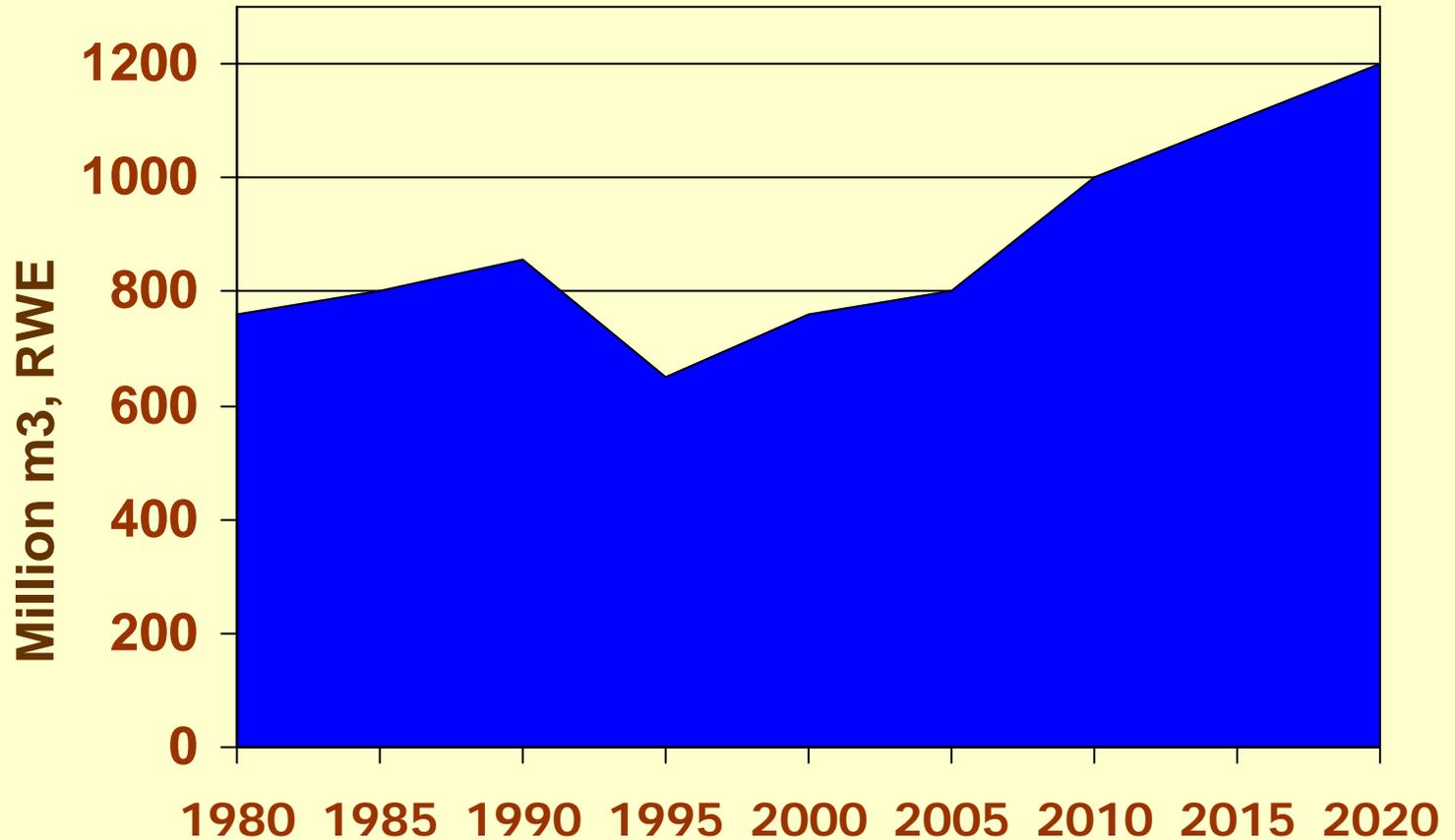
Source: FAOSTAT



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



European primary wood products demand, 1980-2020



RWE=RoundWood Equivalent.

Source: European Forest Sector Outlook Study, 2005.



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Major influences on current European forest sector

- Expanding markets, but resources outgrowing markets
- Intensifying trade
- Recovery from transition to market economies
- Non-wood forest products increasing demand, value
- Renewable energy policy of EU and member countries
- Globalization of forest products trade
- Innovation of products and processing
- Recycling of paper, use of byproducts

Source: UNECE/FAO *European Forest Sector Outlook Study*, 2005



Small Log Conference – Creating Capacity to Compete
Coeur d’Alene, Idaho, USA, 1 April 2005





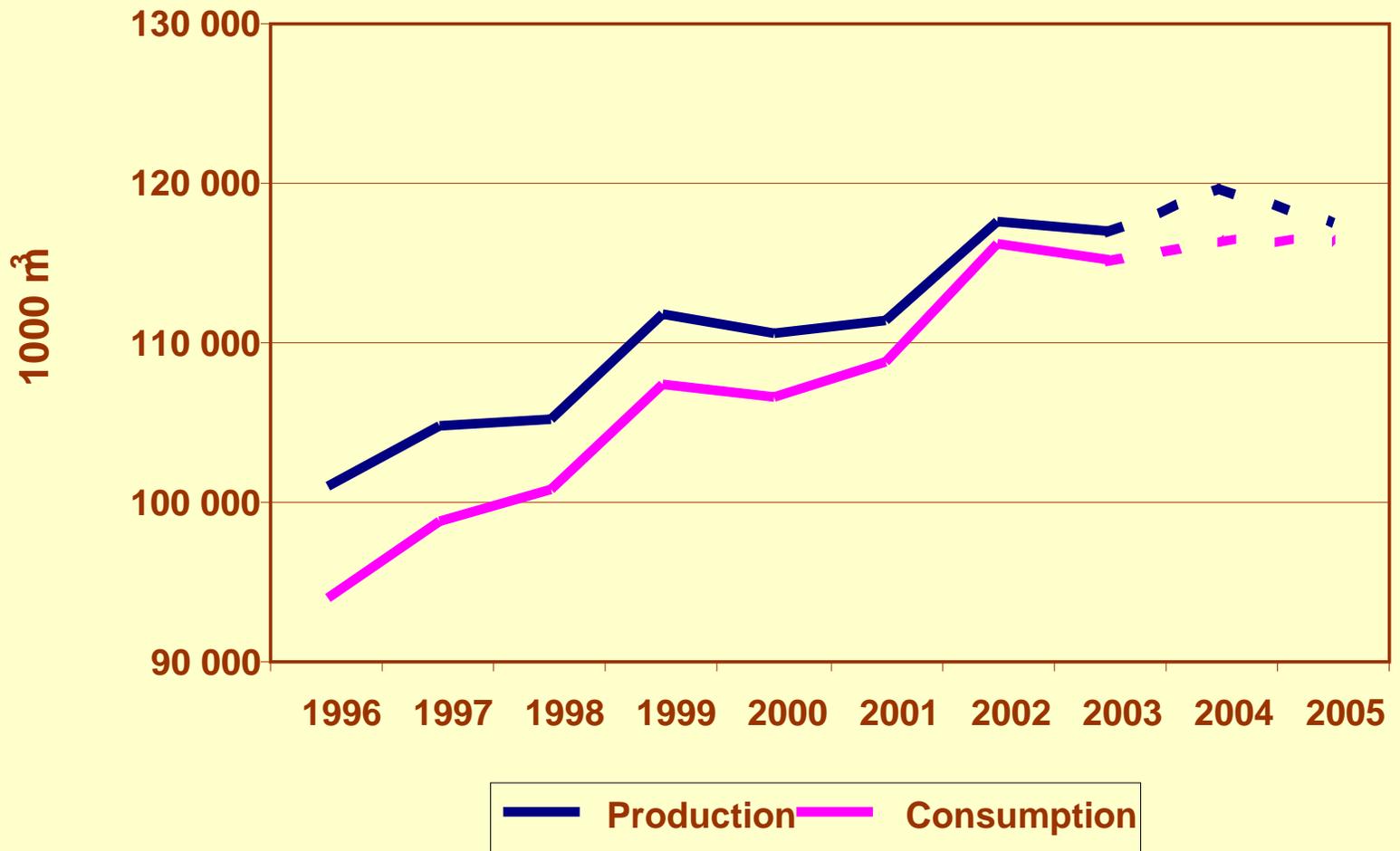
Sectoral analysis: Lumber



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



N American softwood lumber market 1996-2005



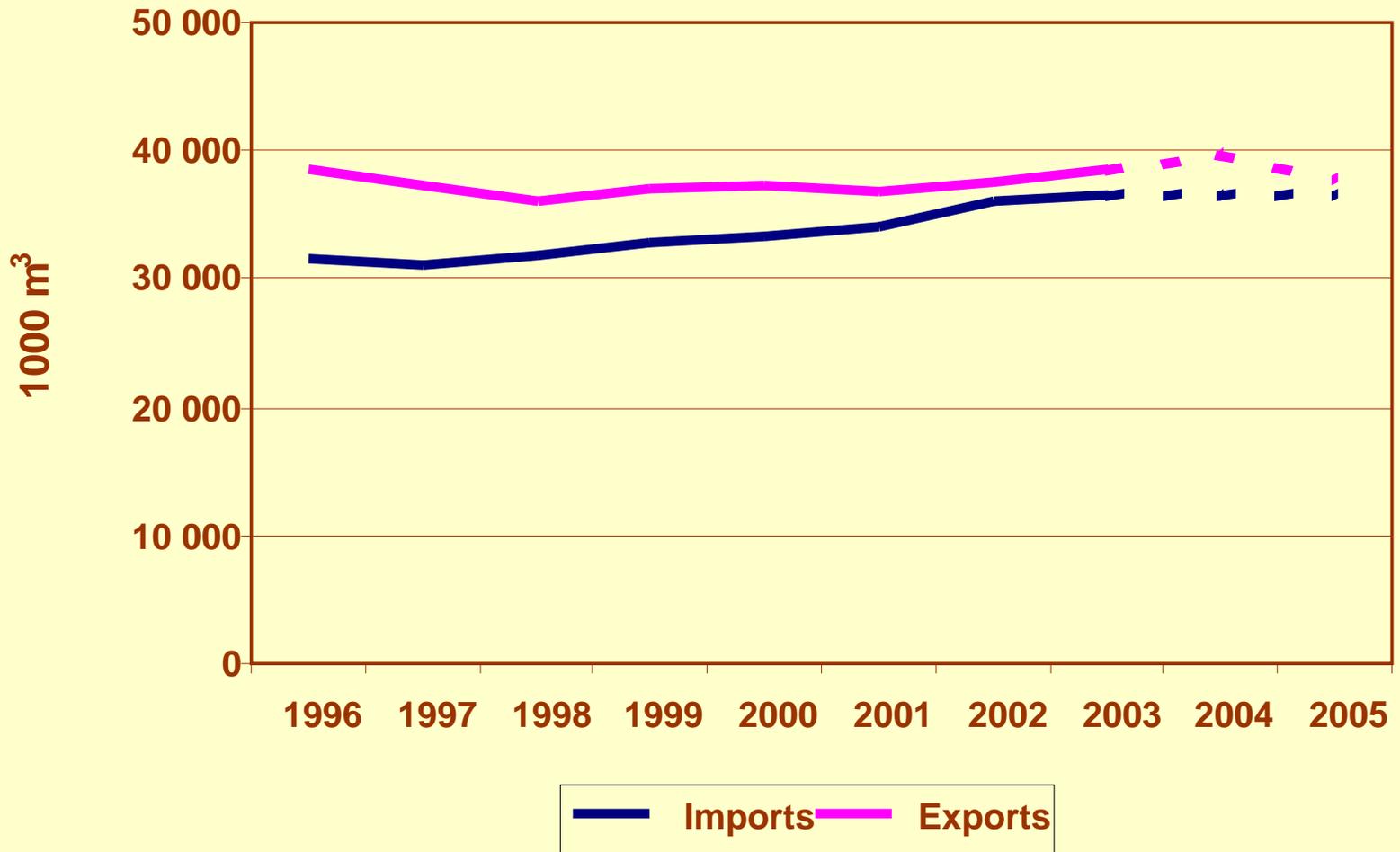
Source: UNECE Timber Committee forecasts, 10.2004



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



N. American softwood lumber trade,



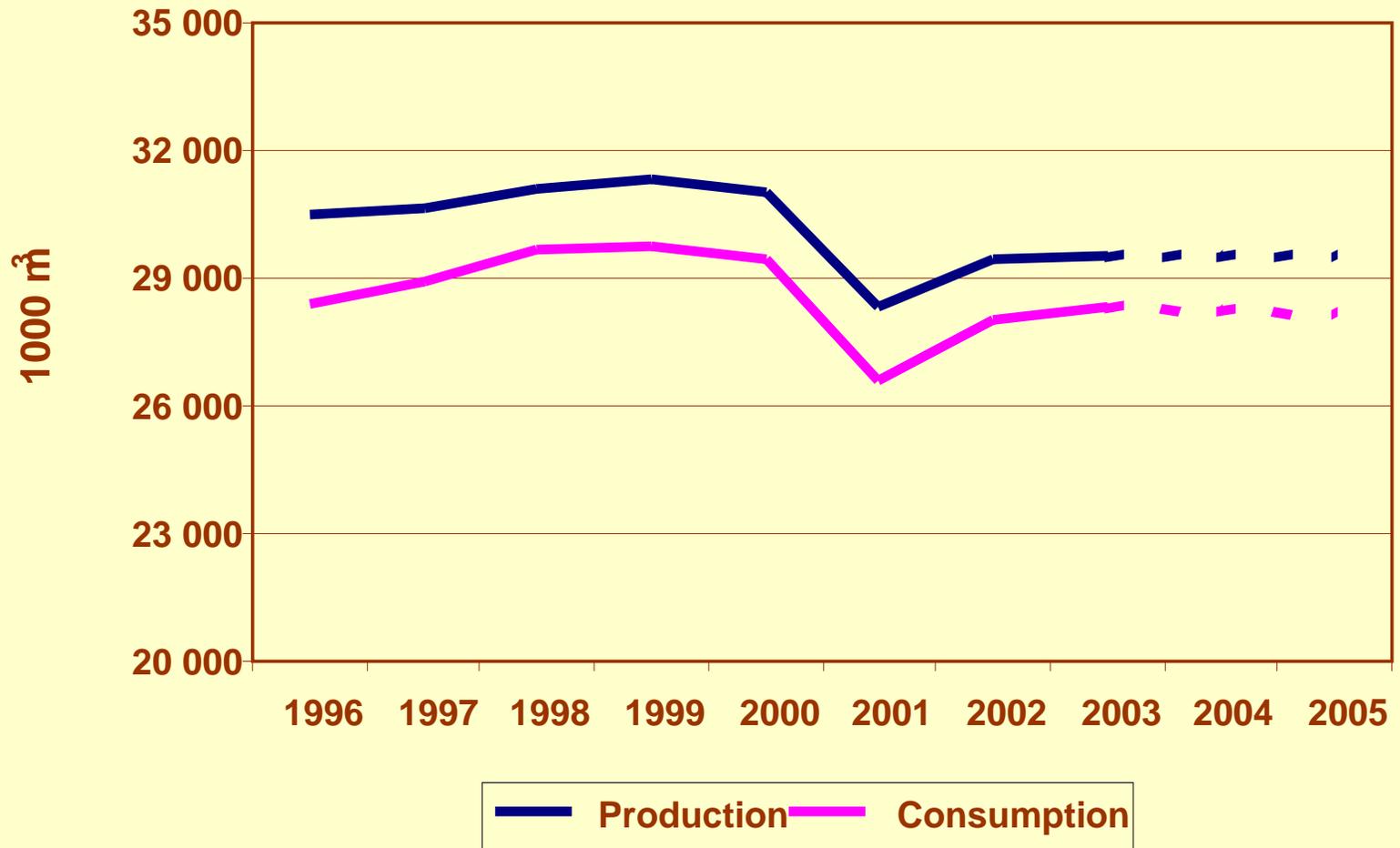
Source: UNECE Timber Committee forecasts, 10.2004



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



N. American hardwood lumber market, 1996-2005



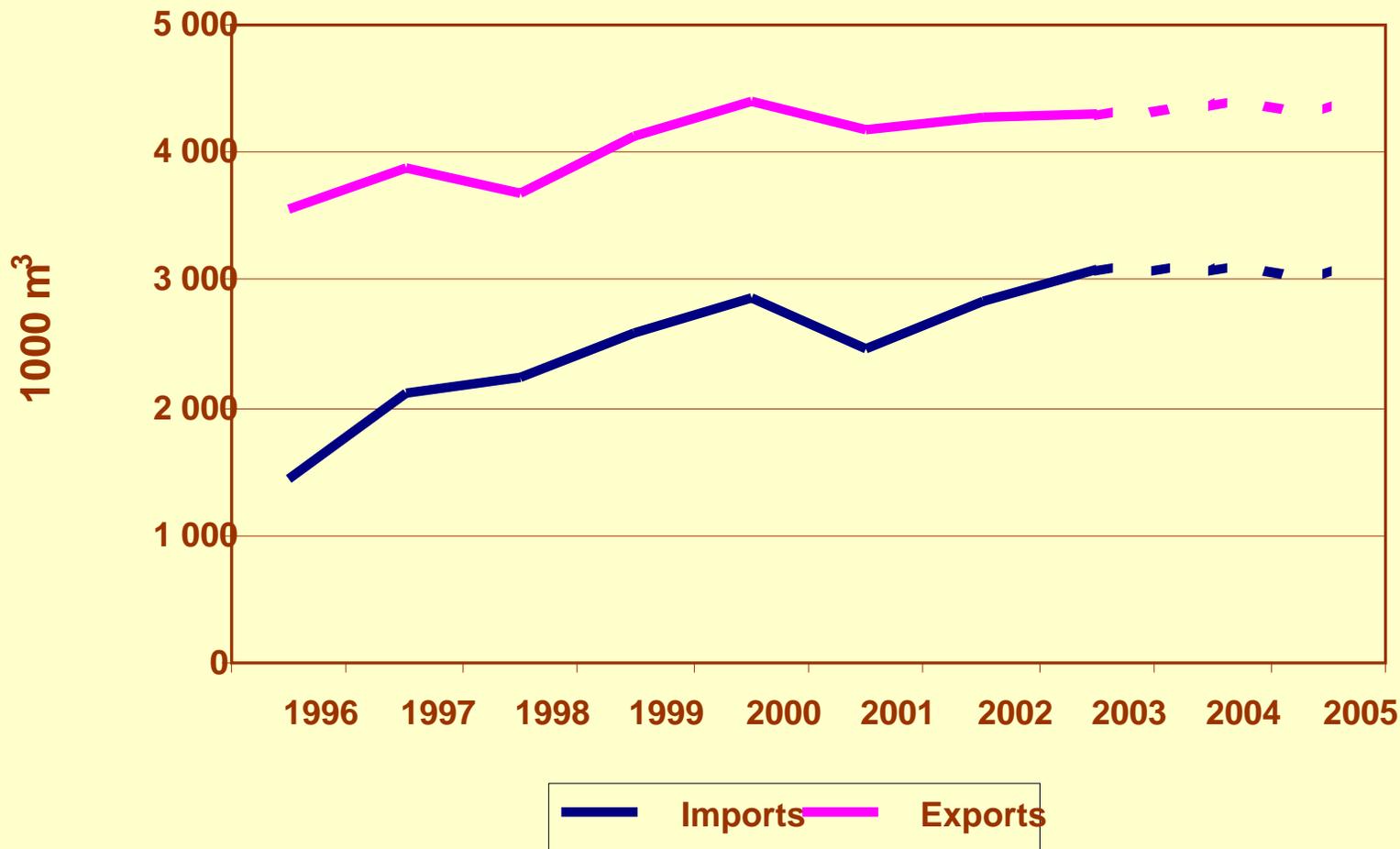
Source: UNECE Timber Committee forecasts, 10.2004



Small Log Conference – Creating Capacity to Compete
Coeur d’Alene, Idaho, USA, 1 April 2005



N. American hardwood lumber trade,



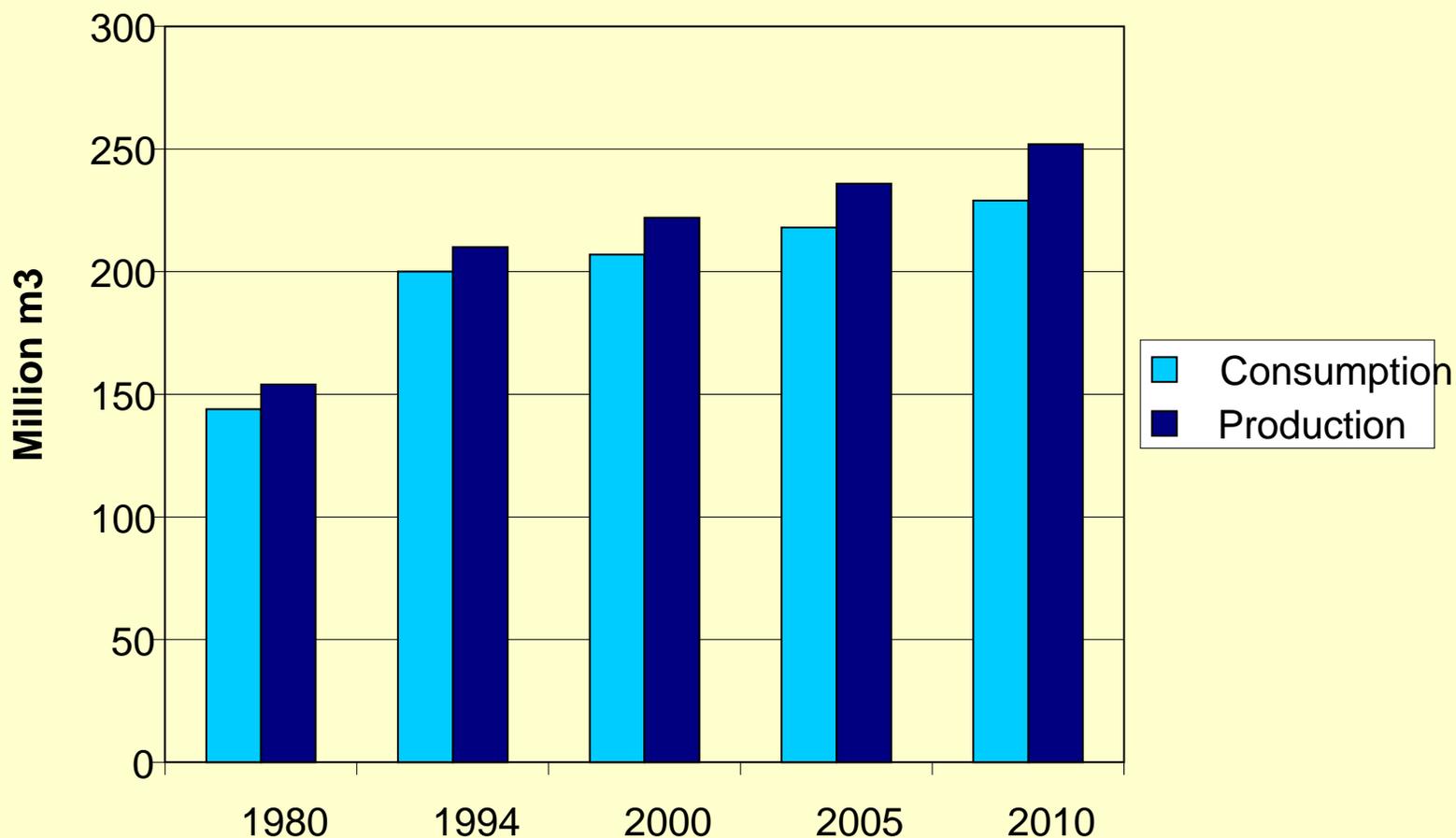
Source: UNECE Timber Committee forecasts, 10.2004



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



American lumber consumption & production to 2010



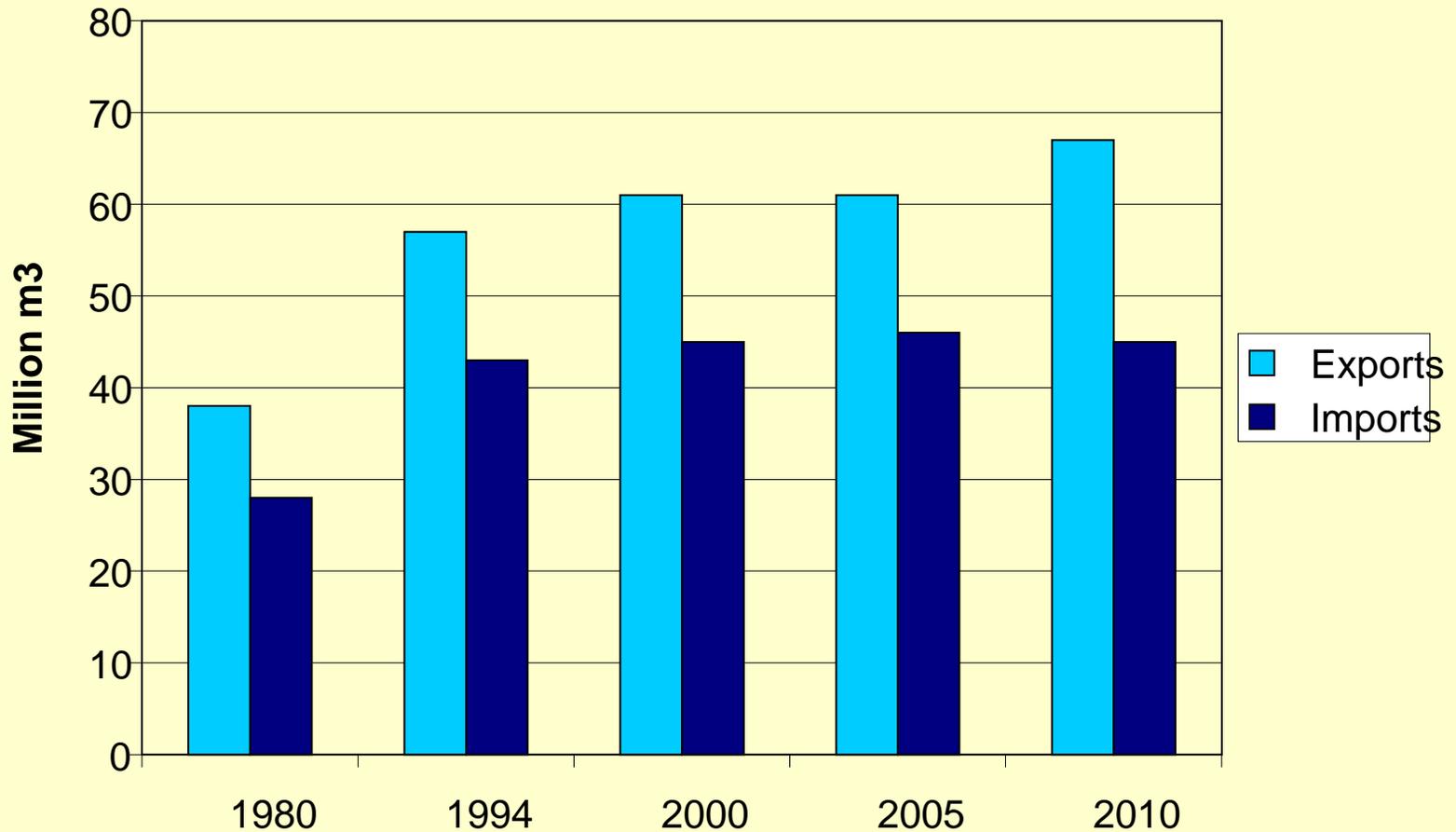
Source: *Global Forest Products Model, 2003*



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



American lumber trade to 2010



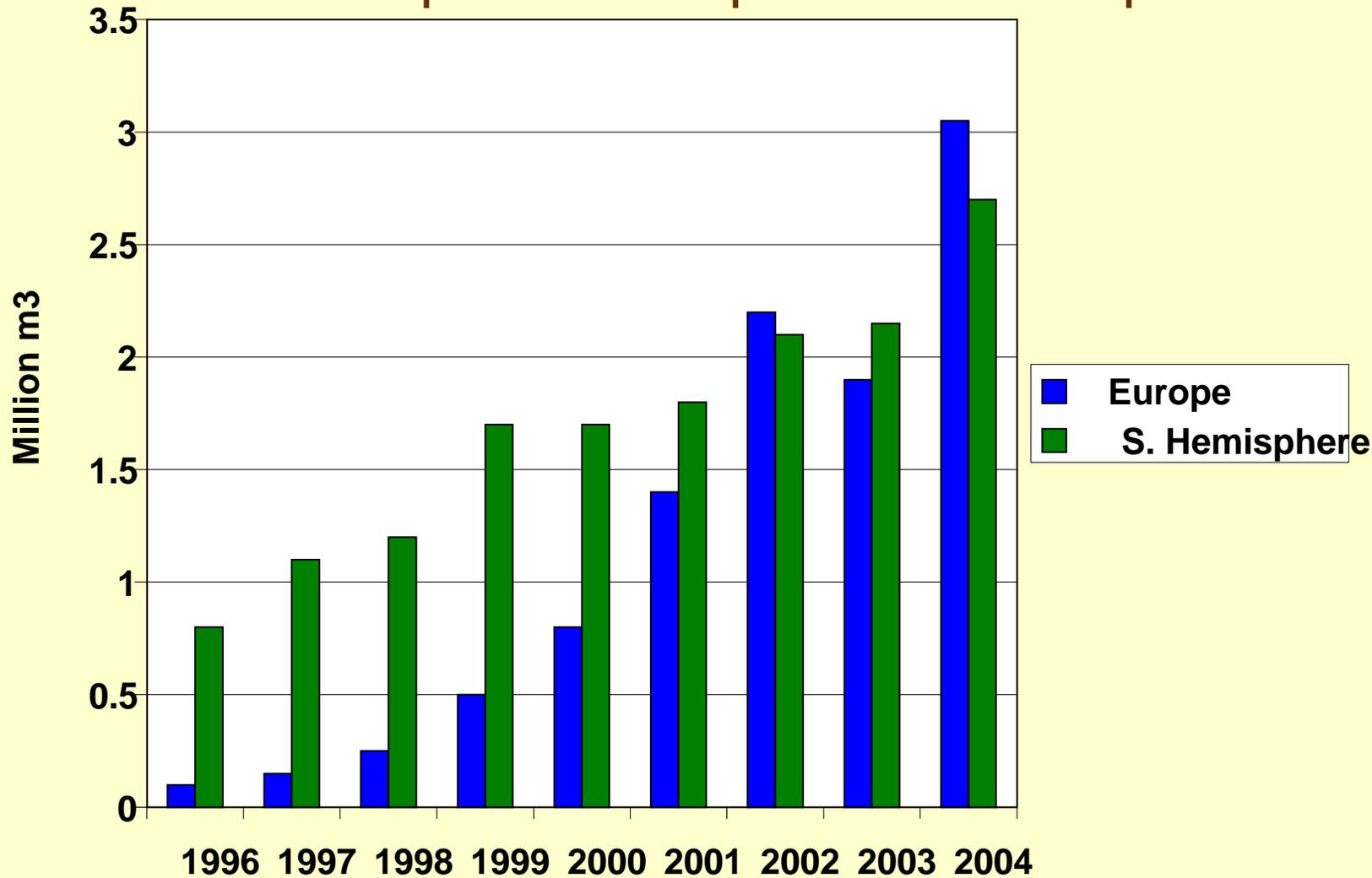
Source: *Global Forest Products Model, 2003*



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



US Lumber imports: Europe & S. Hemisphere



Sources: USDA-Foreign Ag. Svc. and *Wood Markets Monthly*, 2005



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



US lumber imports: Europe & S. Hemisphere

- Excludes Canadian imports
 - 98% of US imports in '96, but 87% 2004
 - Canadian-sourced imports up 8% 2004
- Aided by Softwood Lumber Agreement duties
- Imports of dimension softwood, some EWPs
- European-sourced imports
 - Increased 52% in 2004
 - Despite 45% rise in euro value vs. \$
 - “Semi-natural forests” vs. plantation

Sources: USDA-Foreign Ag. Svc. and *Wood Markets Monthly*, 2005



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



US lumber imports: Europe & S. Hemisphere

- Northern hemisphere sources in 2004
 1. Germany (up 73%)
 2. Austria (up 75%)
 3. Sweden (down 2%)
 4. Czech Rep., Lithuania, Russia, Finland, Estonia
- Southern hemisphere sources in 2004
 1. Brazil (up 37%)
 2. Chile (up 35%)
 3. New Zealand (down 3%)
 4. Argentina, Mexico, other

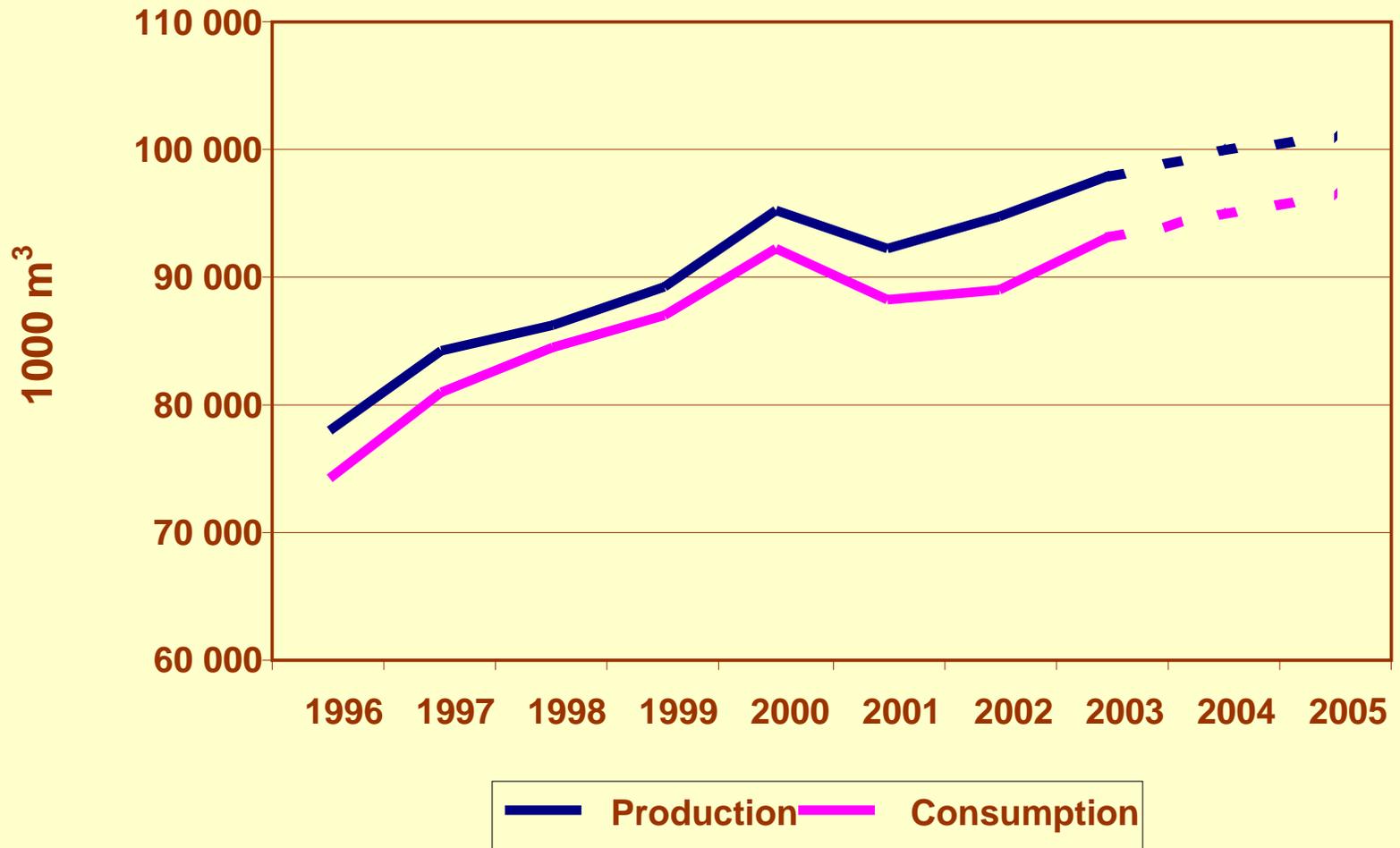
Sources: USDA-Foreign Ag. Svc. and *Wood Markets Monthly*, 2005



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



European softwood lumber market,



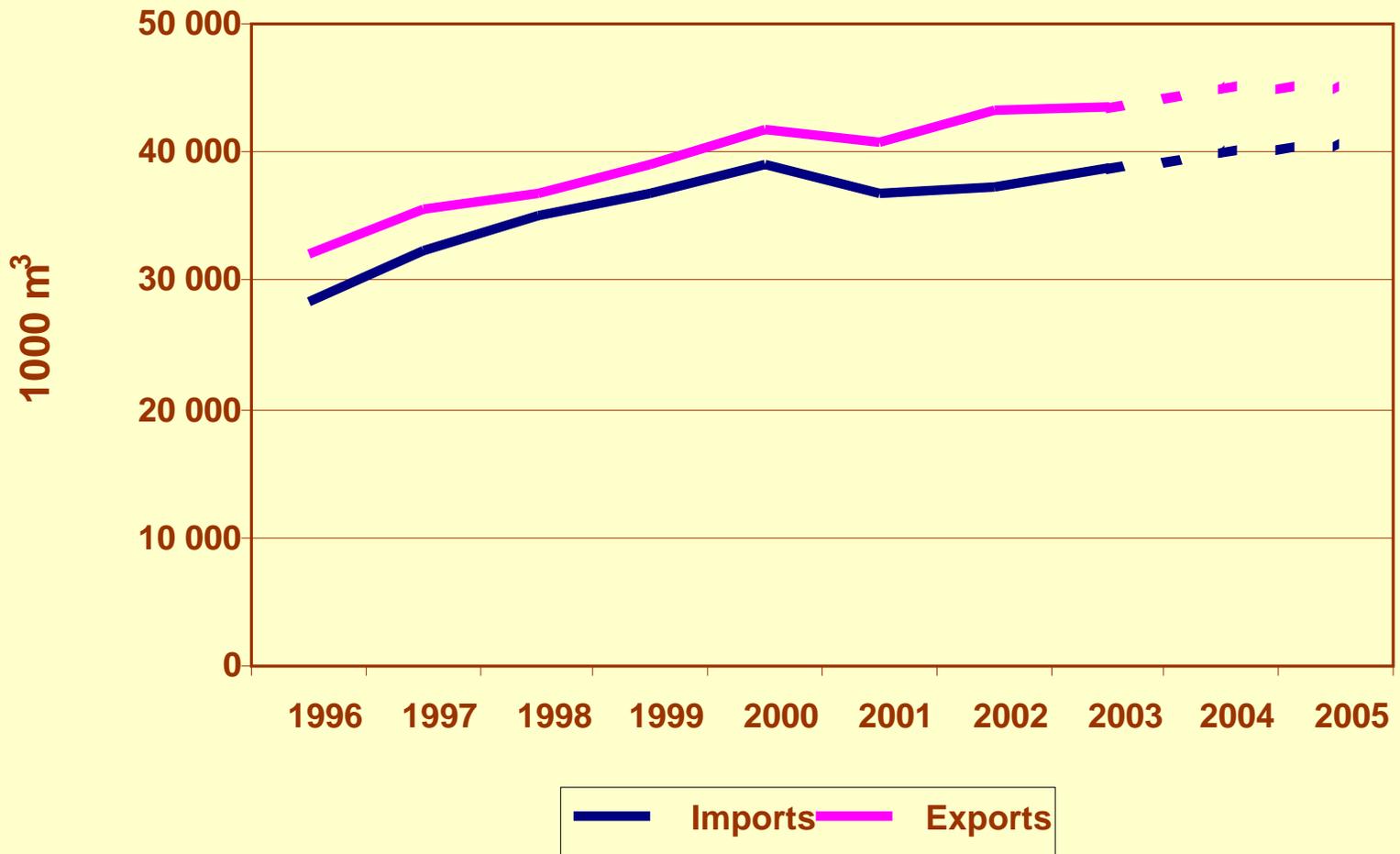
Source: UNECE Timber Committee forecasts, 10.2004



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



European softwood lumber trade, 1996-2005



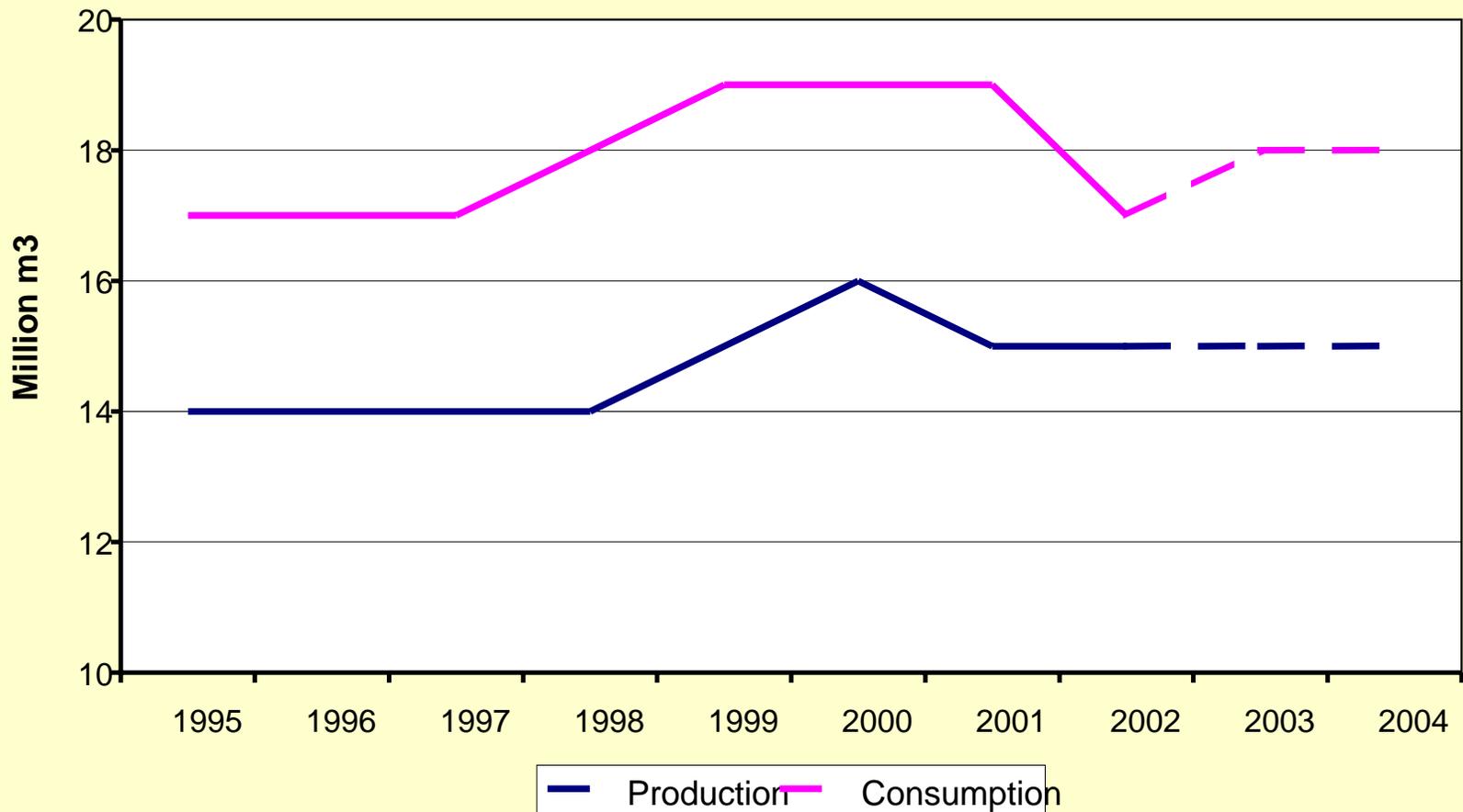
Source: UNECE Timber Committee forecasts, 10.2004



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



European hardwood lumber market, 1995-2004



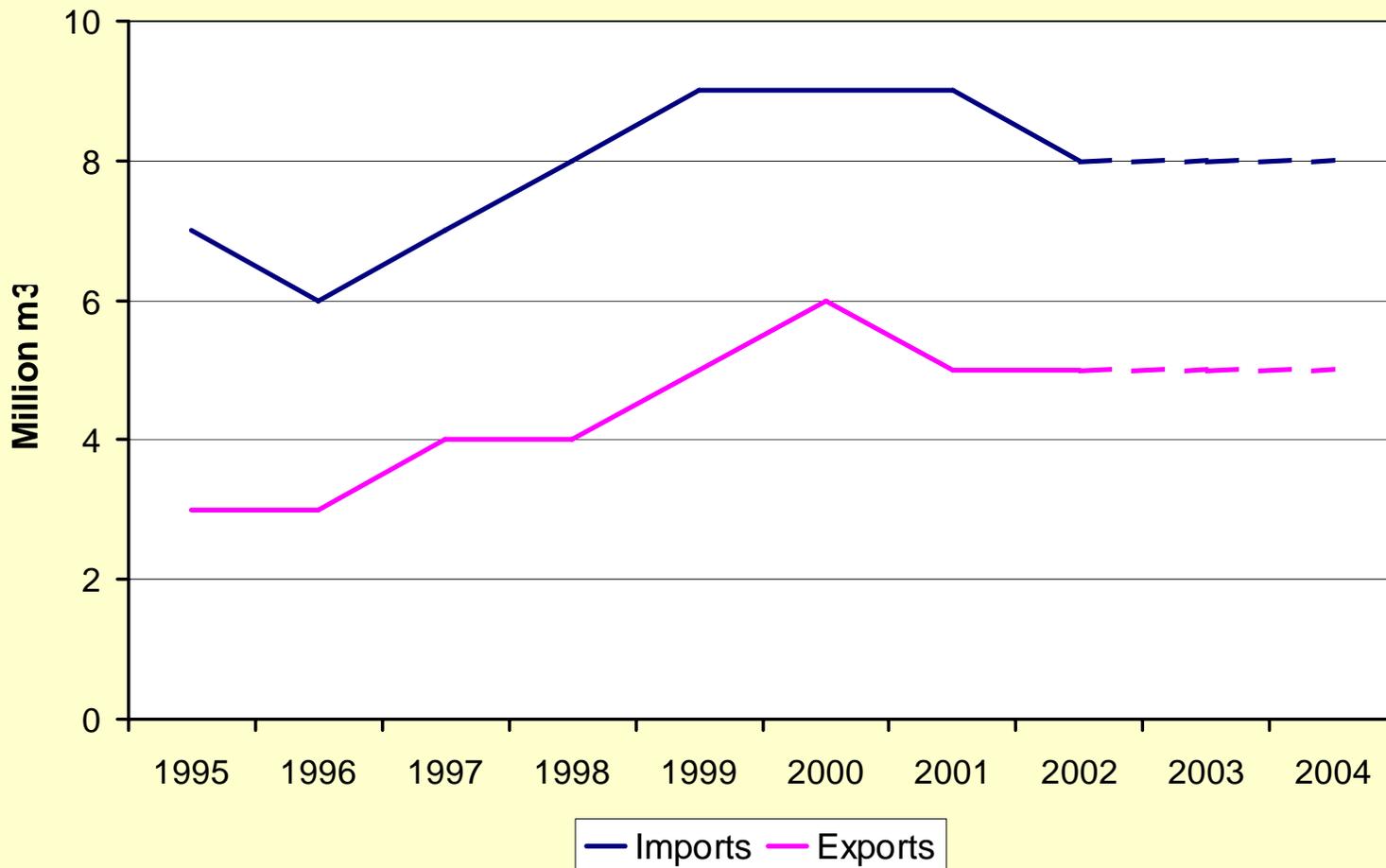
Source: UNECE Timber Committee forecasts, 10.2004



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



European hardwood lumber trade, 1995-2004



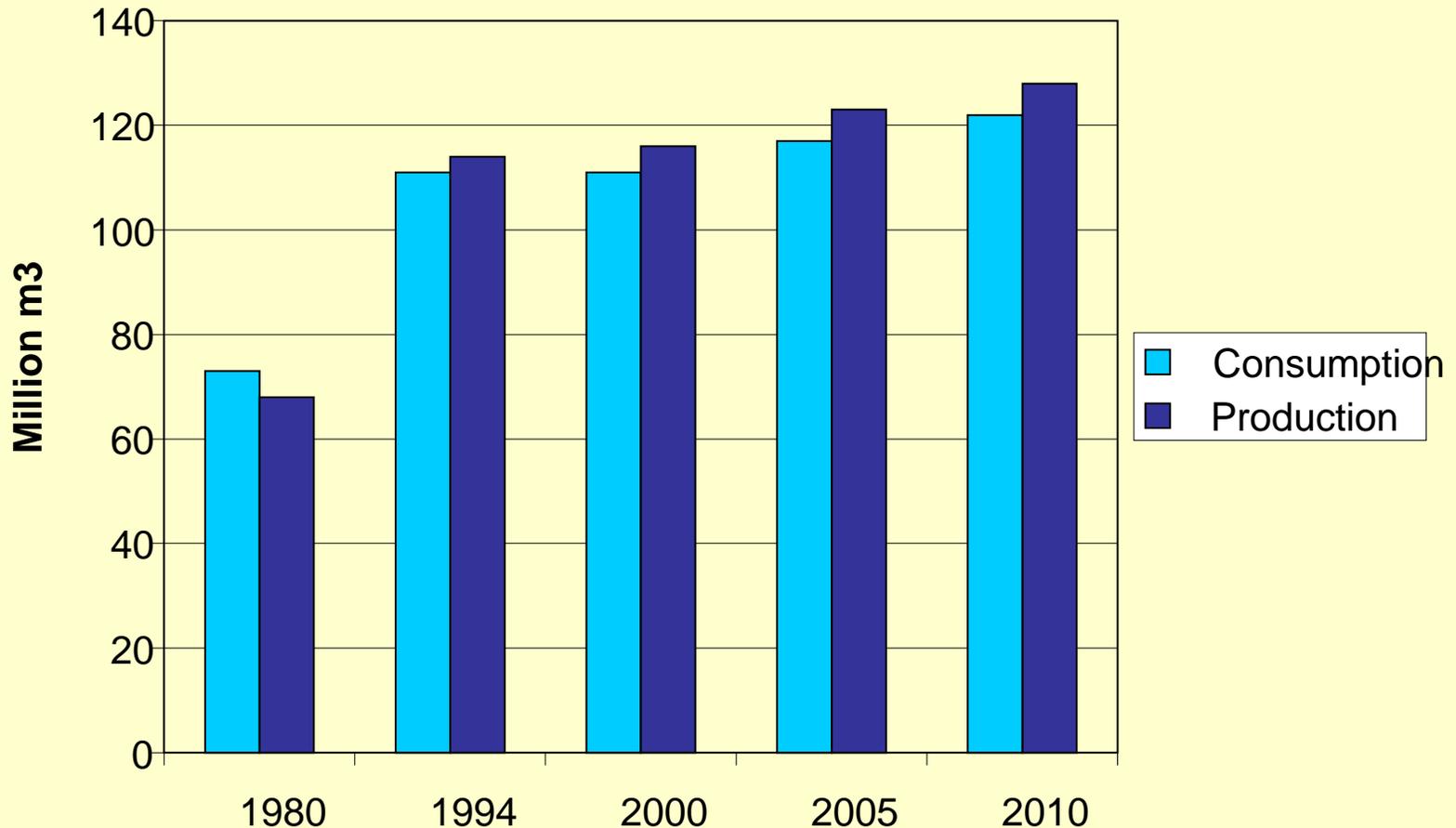
Source: UNECE Timber Committee forecasts, 10.2004



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Europe lumber consumption and production to 2010



Source: *Global Forest Products Model, 2003*

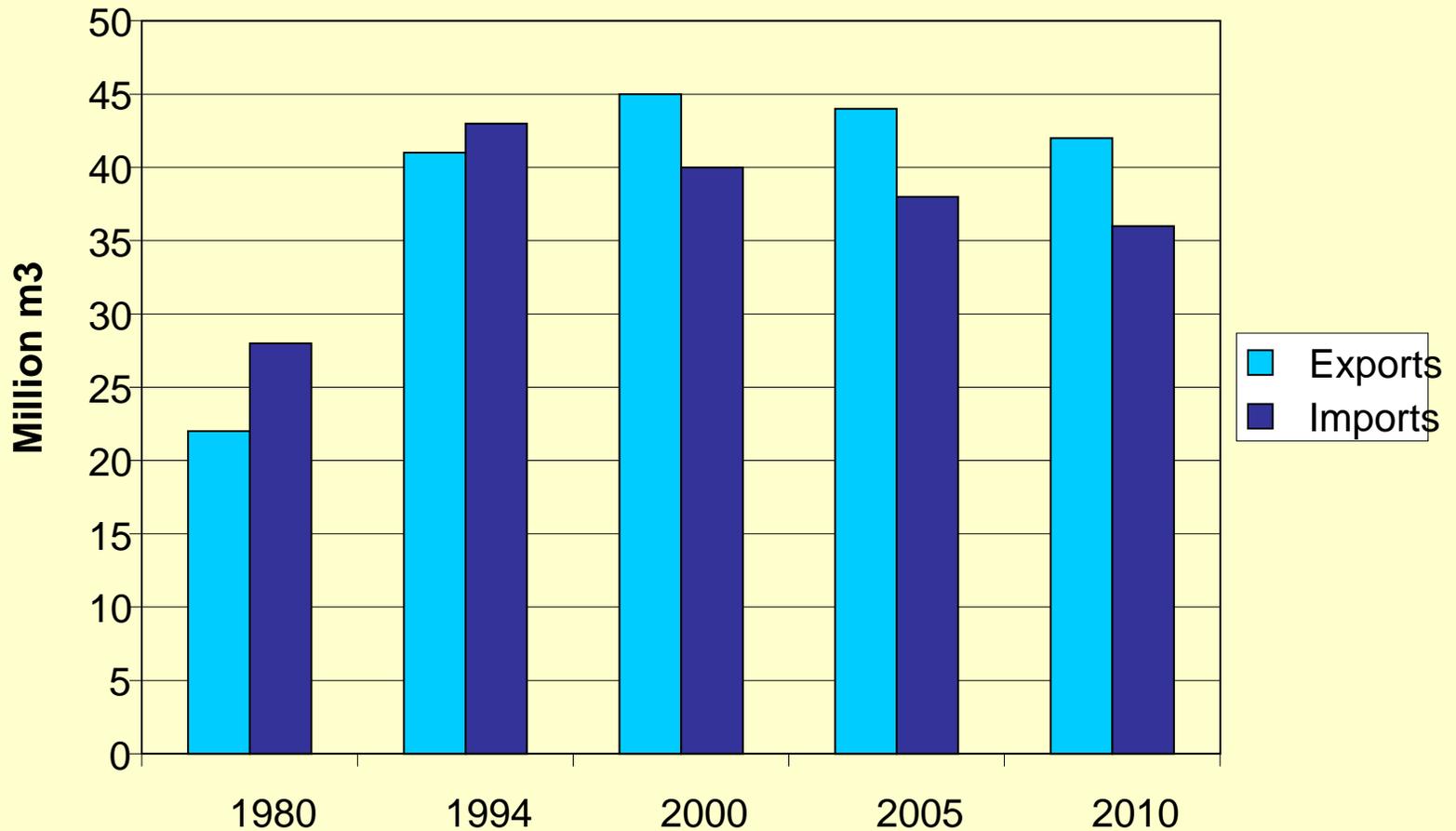


Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005





Europe lumber trade to 2010



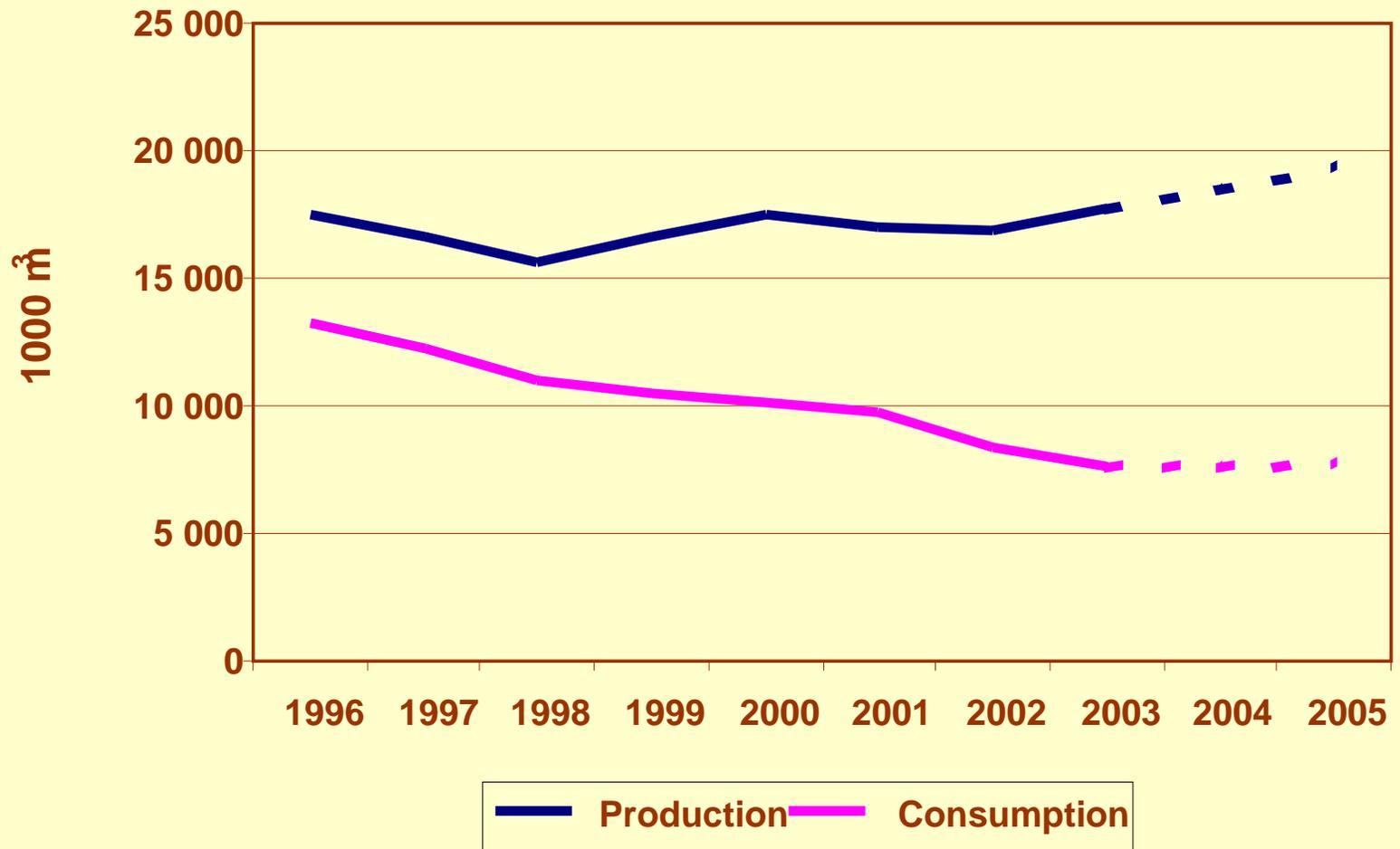
Source: *Global Forest Products Model, 2003*



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Russian softwood lumber market 1996-2005



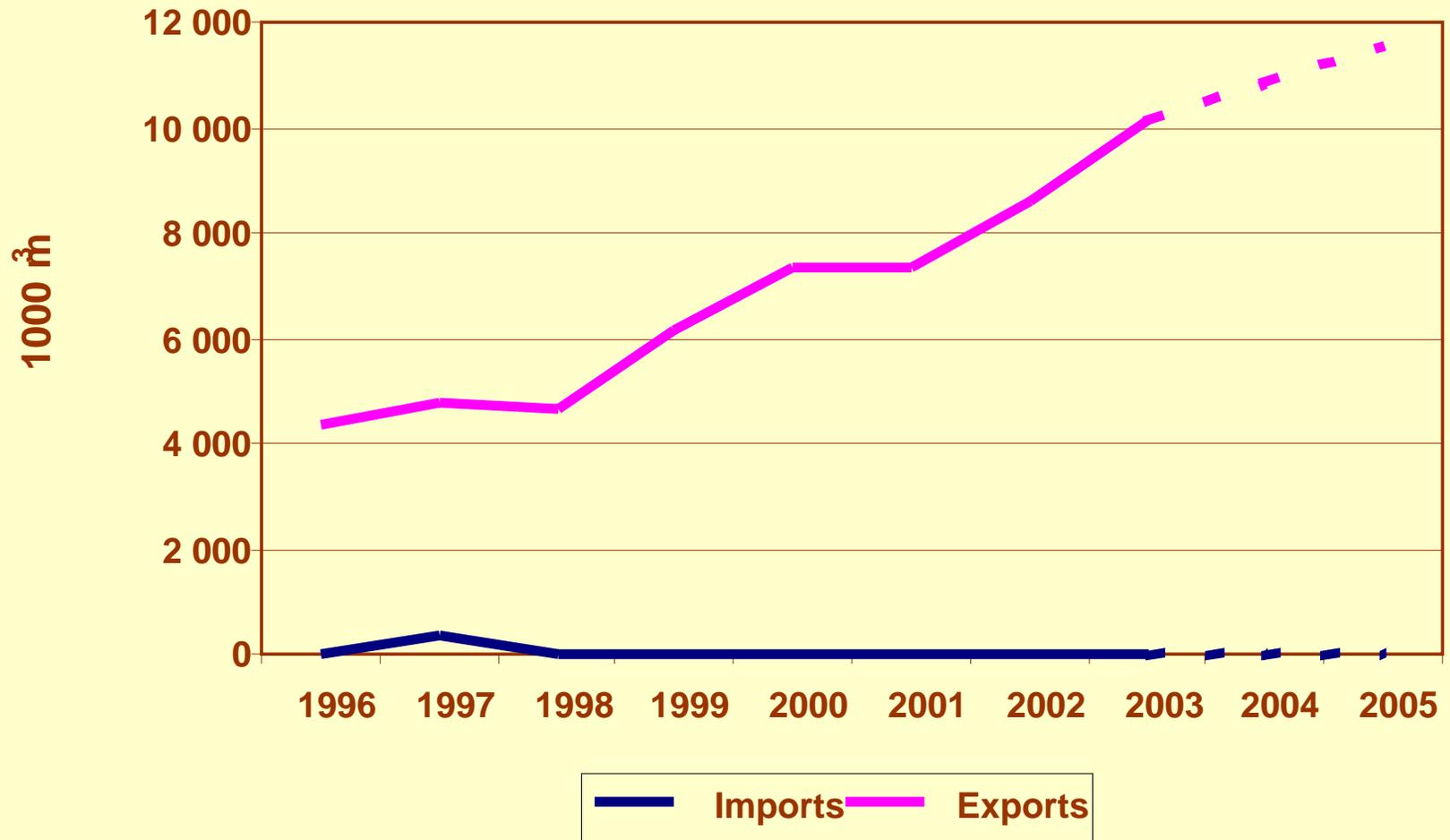
Source: UNECE Timber Committee forecasts, 10.2004



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Russian softwood lumber trade, 1996-2005



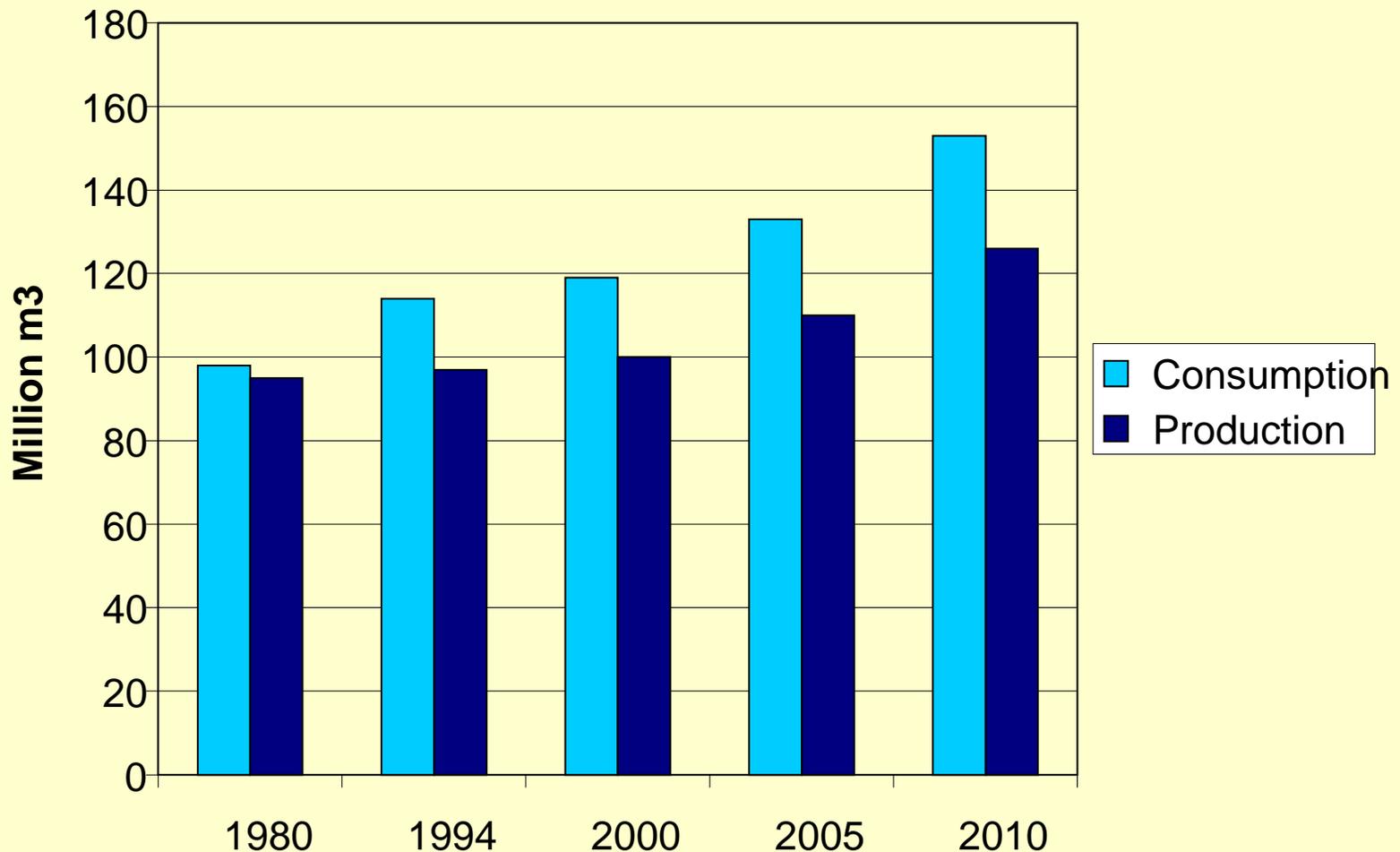
Source: UNECE Timber Committee forecasts, 10.2004



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Asia lumber production and consumption to 2010



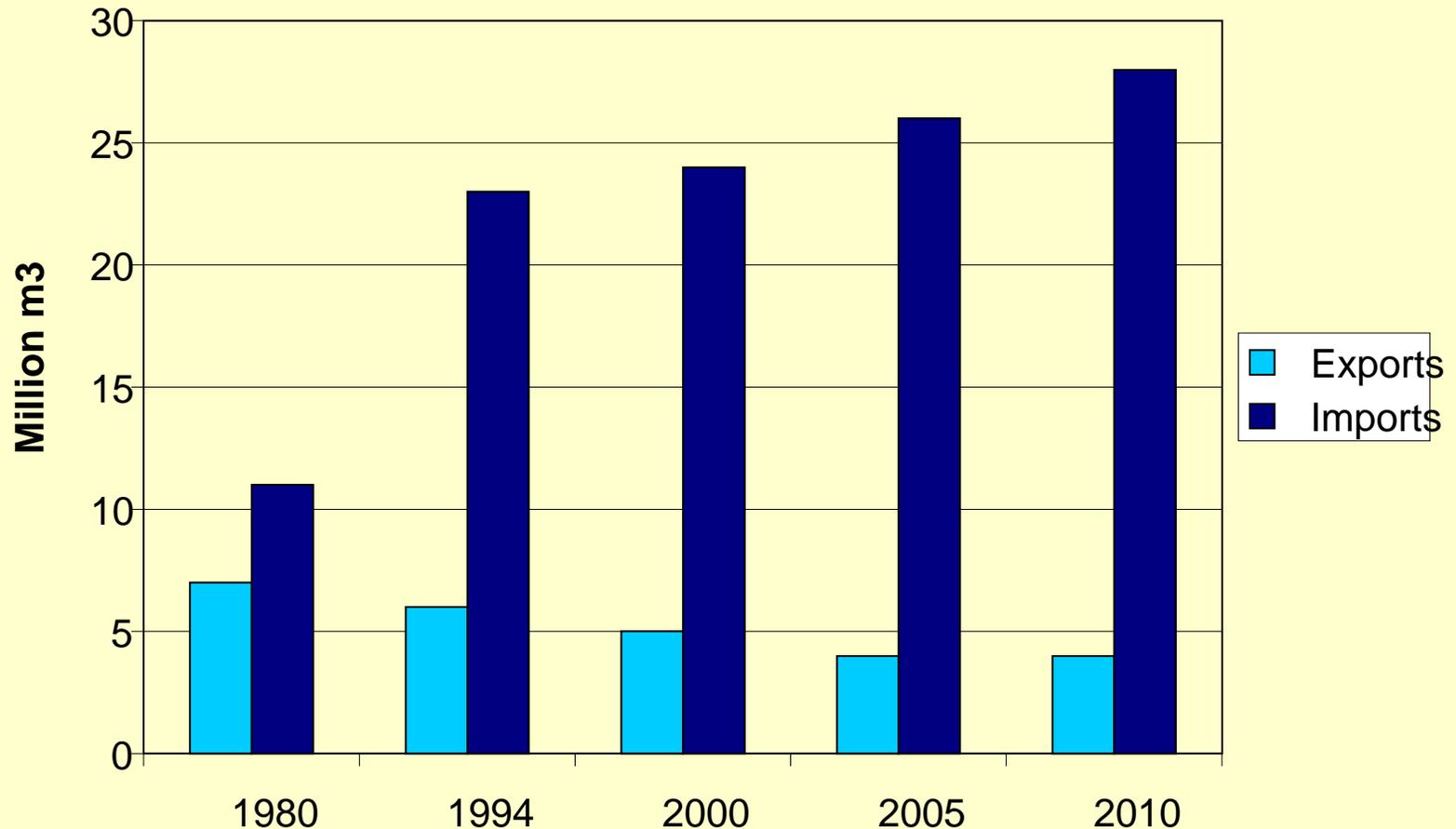
Source: *Global Forest Products Model, 2003*



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Asia lumber trade to 2010



Source: *Global Forest Products Model, 2003*



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005





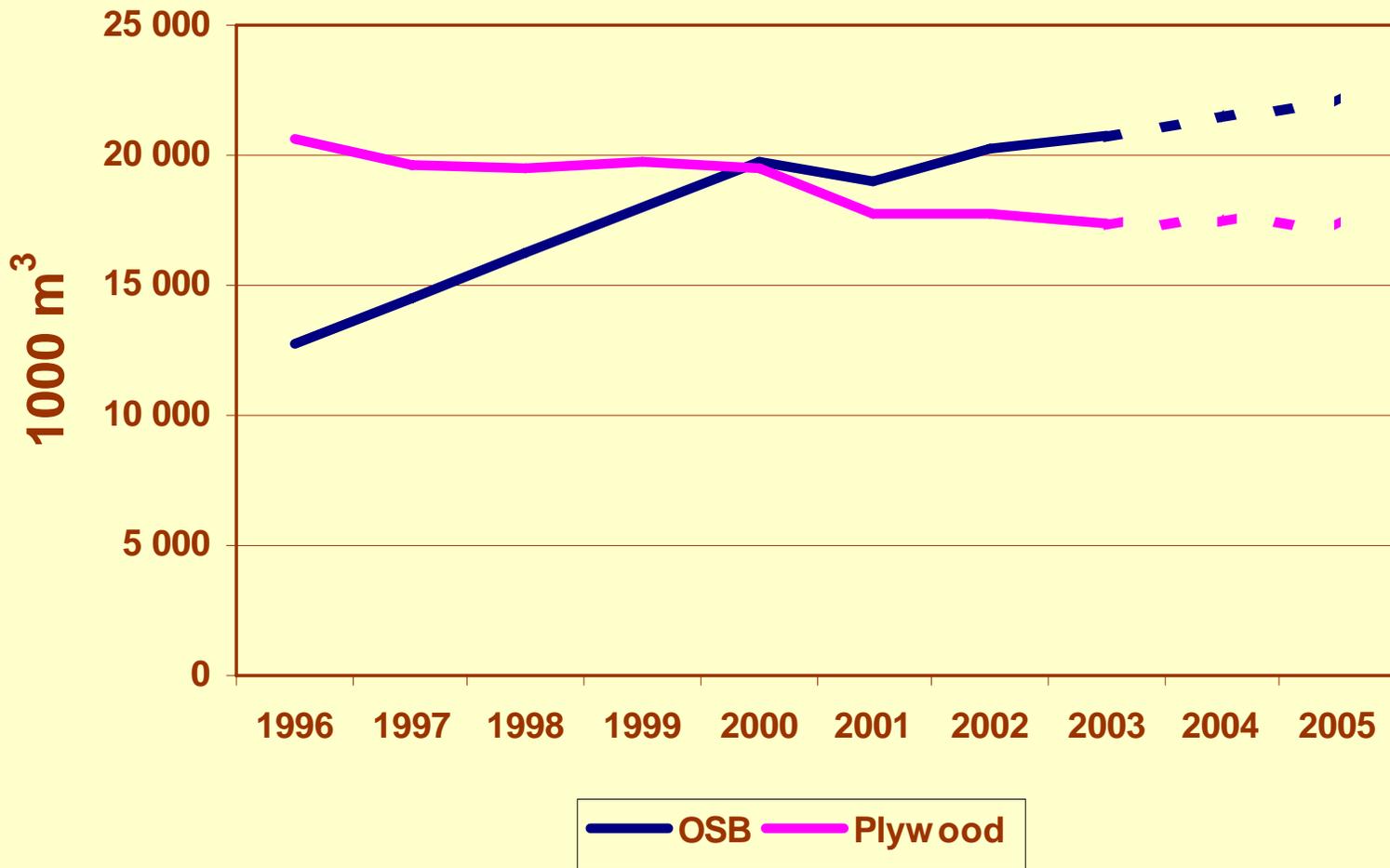
Sectoral analysis: Panels



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



North America structural panel production, 1996-2005



Source: UNECE Timber Committee forecasts, 10.2004

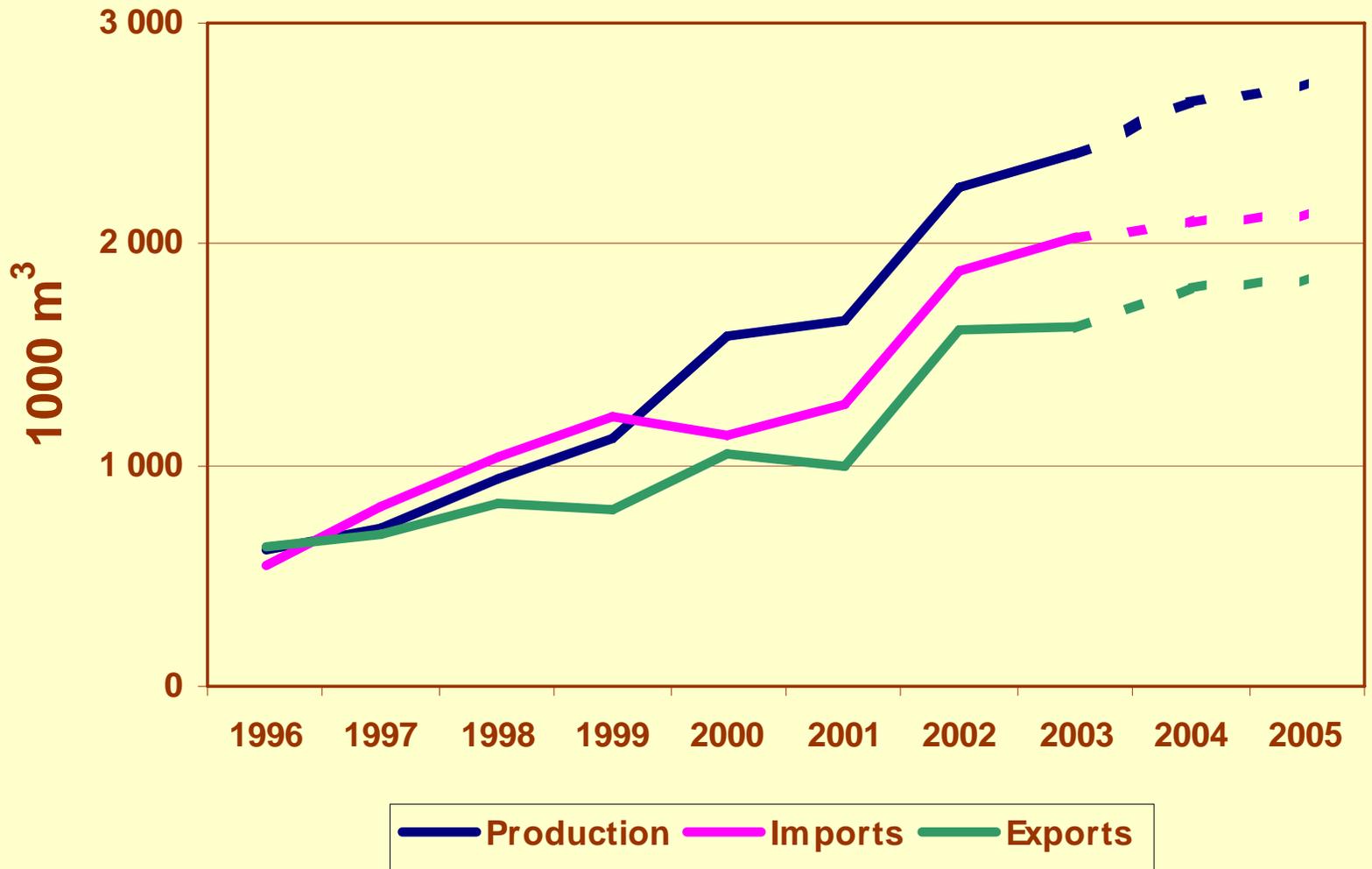


Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005





European OSB market, 1996-2005



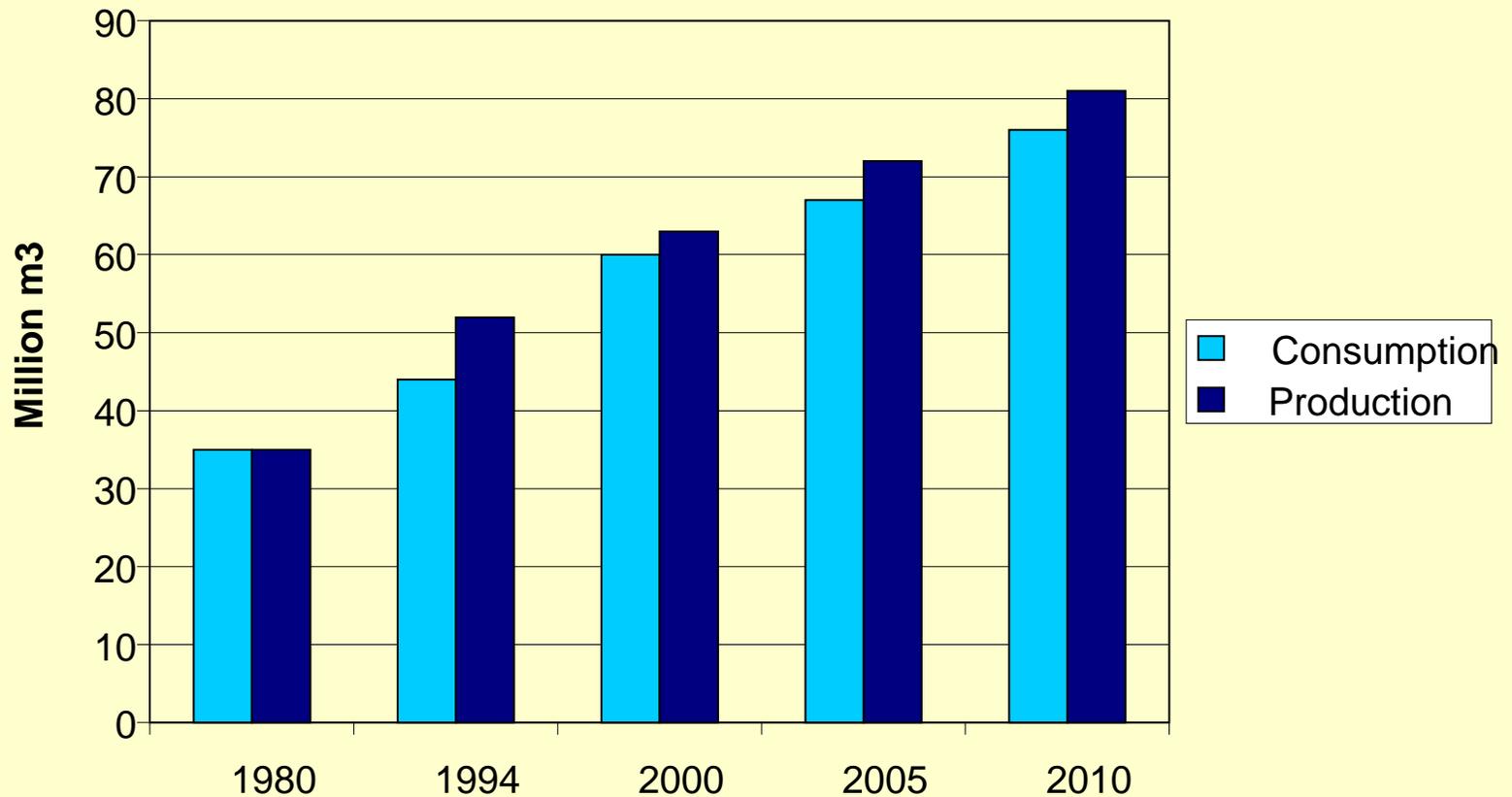
Source: UNECE Timber Committee forecasts, 10.2004



Small Log Conference – Creating Capacity to Compete
Coeur d’Alene, Idaho, USA, 1 April 2005



America panel consumption & production to 2010



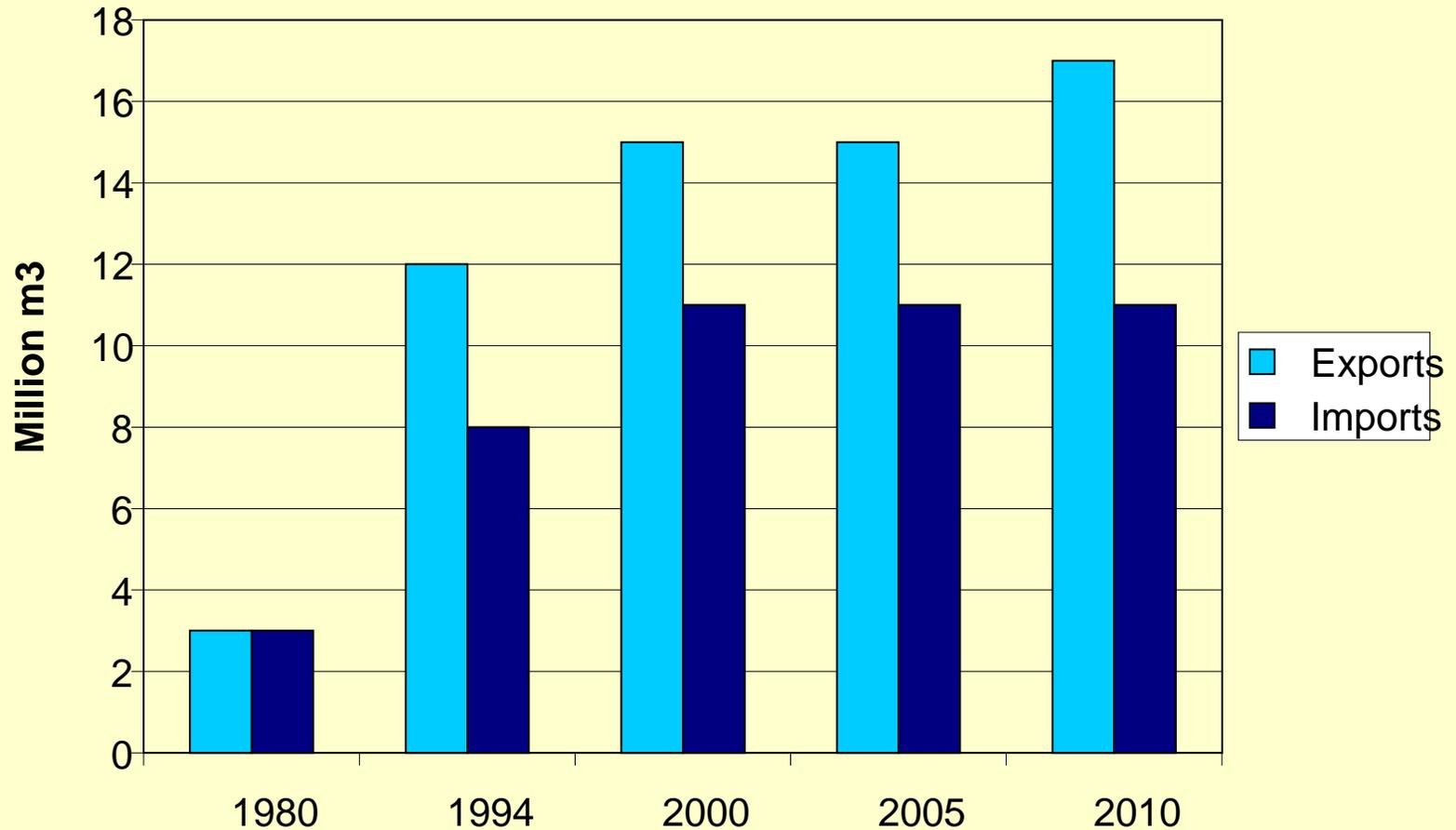
Source: *Global Forest Products Model, 2003*



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



America panel trade to 2010



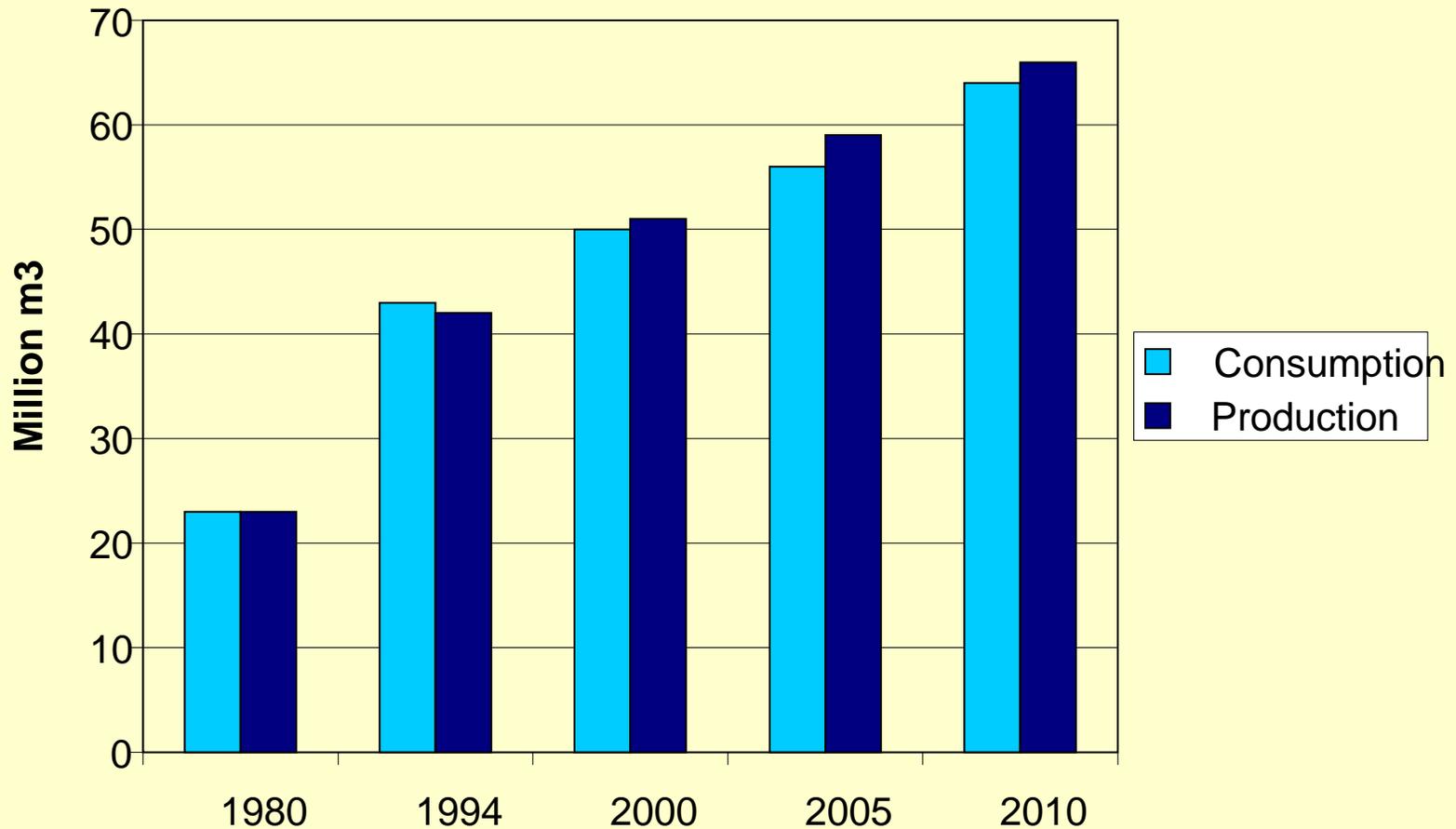
Source: *Global Forest Products Model, 2003*



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Europe panel consumption & production to 2010



Source: *Global Forest Products Model, 2003*



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Increasing small log demand

- For increasing panels production
- Lumber production rising slower
- For growing paper demand
- For rising packaging demand
 - Cardboard (paperboard)
 - Pallets
- Wood-based energy

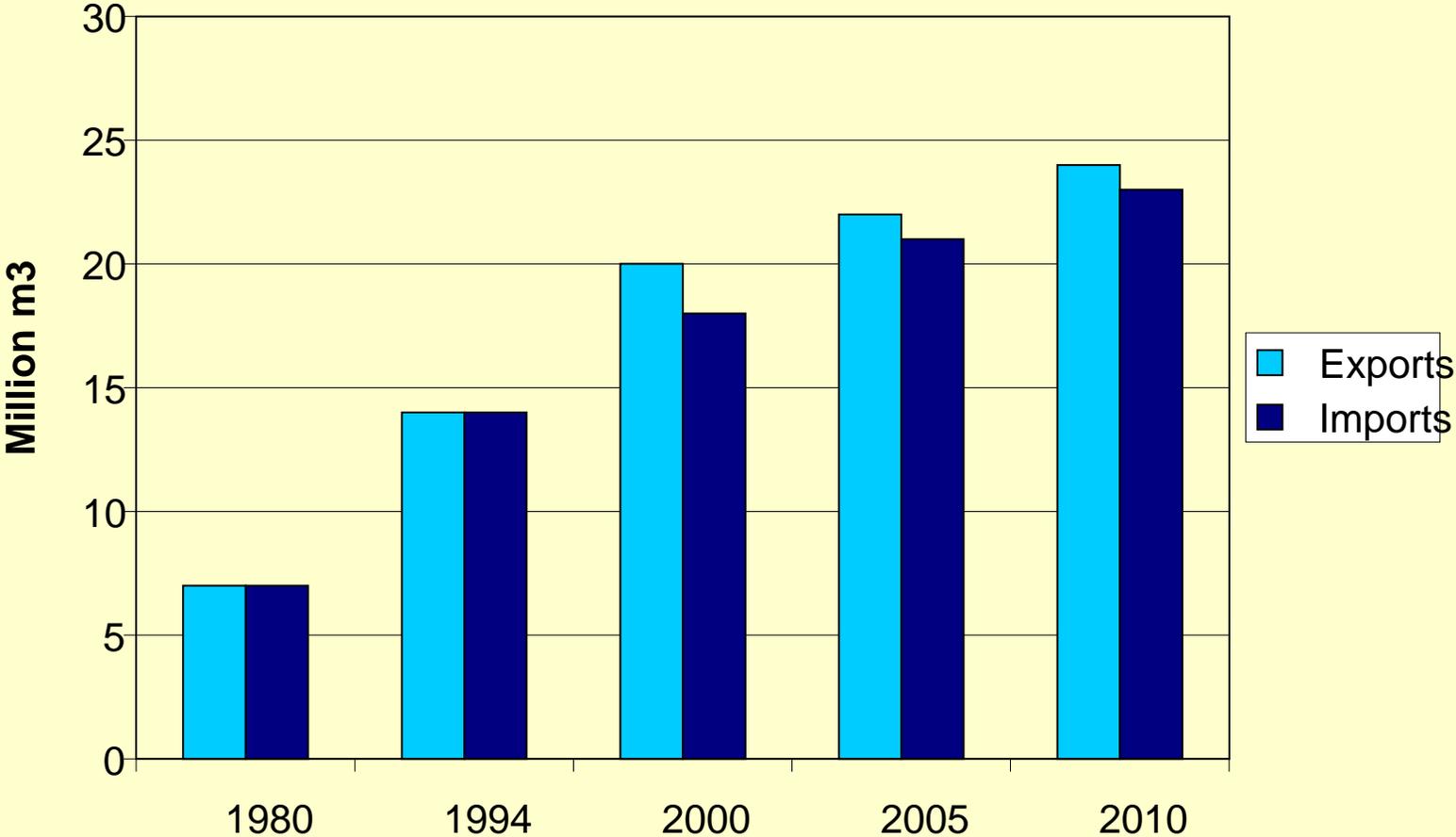
Main source: European Forest Sector Outlook Study, 2005.



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Europe panel trade to 2010



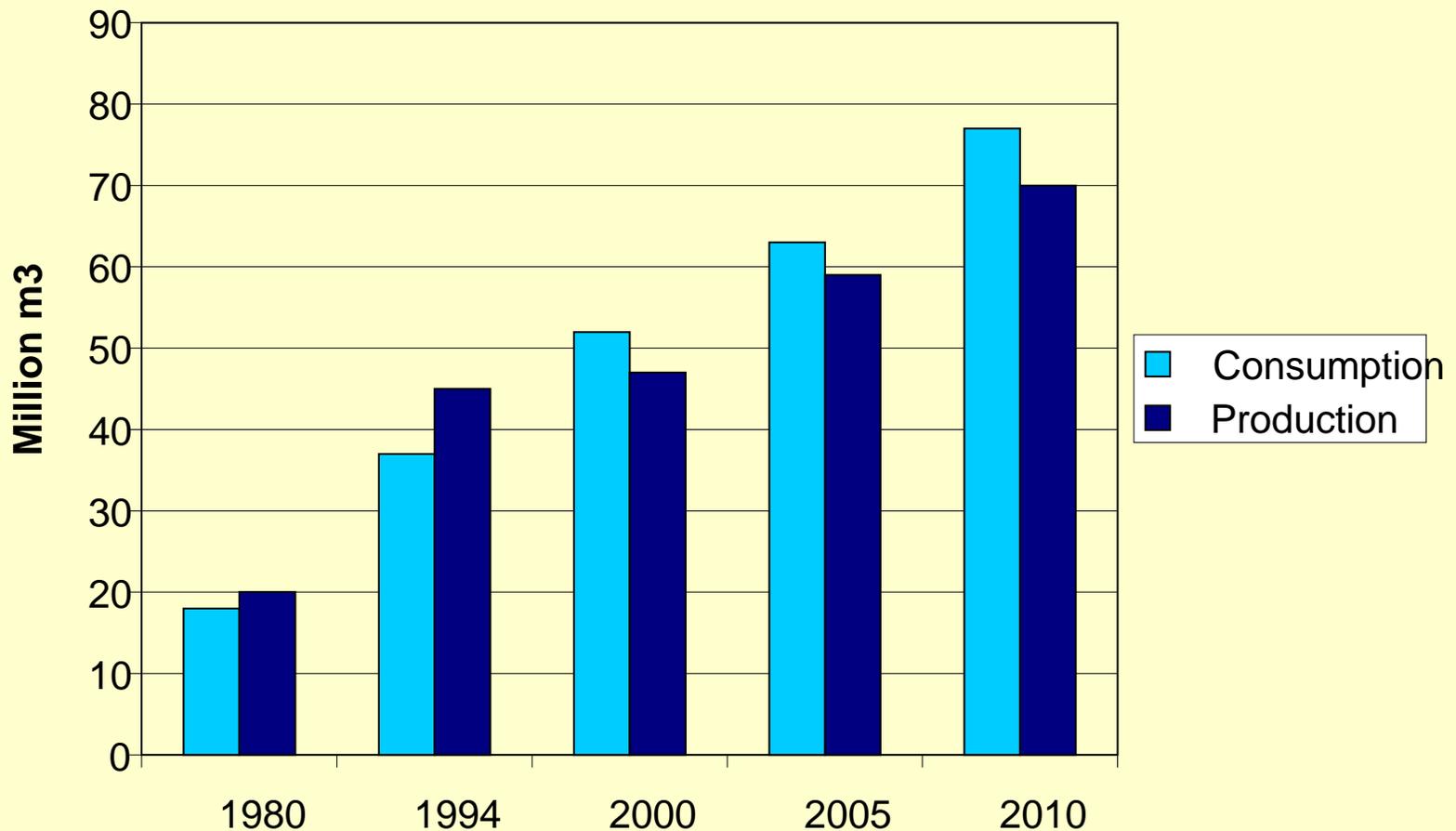
Source: *Global Forest Products Model, 2003*



Small Log Conference – Creating Capacity to Compete
Coeur d’Alene, Idaho, USA, 1 April 2005



Asia panel consumption & production to 2010



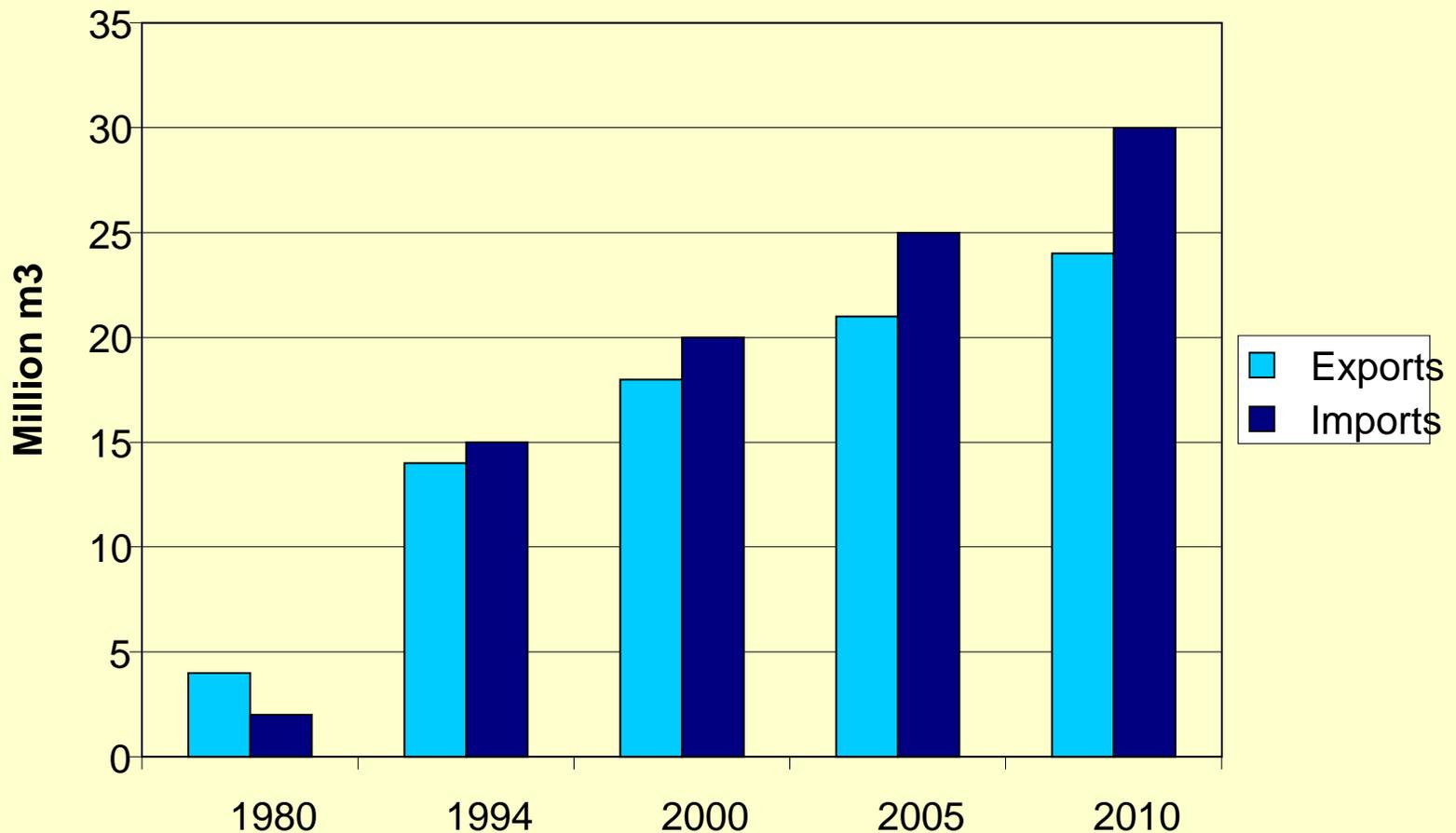
Source: *Global Forest Products Model, 2003*



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Asia panel trade to 2010



Source: *Global Forest Products Model, 2003*



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005





An aside on the Chinese market



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



China's expanding trade

- Total export value 2003: \$390 billion, +36%
- Total import value 2003: 371 billion, +39%
- Trade surplus: \$20 billion
- China & Japan 2003 trade: \$120 billion, +31%
- China & US 2003 trade: \$114 billion, +29%
- China & Europe 2003 trade: \$112 billion, +43%
- "Sudden growth" of primary product imports: timber, steel, oil, soybeans

Source: "China Forest Products Market Information", December 2003



China's booming timber imports

- Housing construction
 - Only minority wood-based
 - Green and healthy communities
 - Affordable
- Renovation market for houses and municipal
- Infrastructure development
- Interior woodwork and furnishings
- Olympic-related construction (2008 Beijing)

Source: "China Forest Products Market Information", 2003



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005





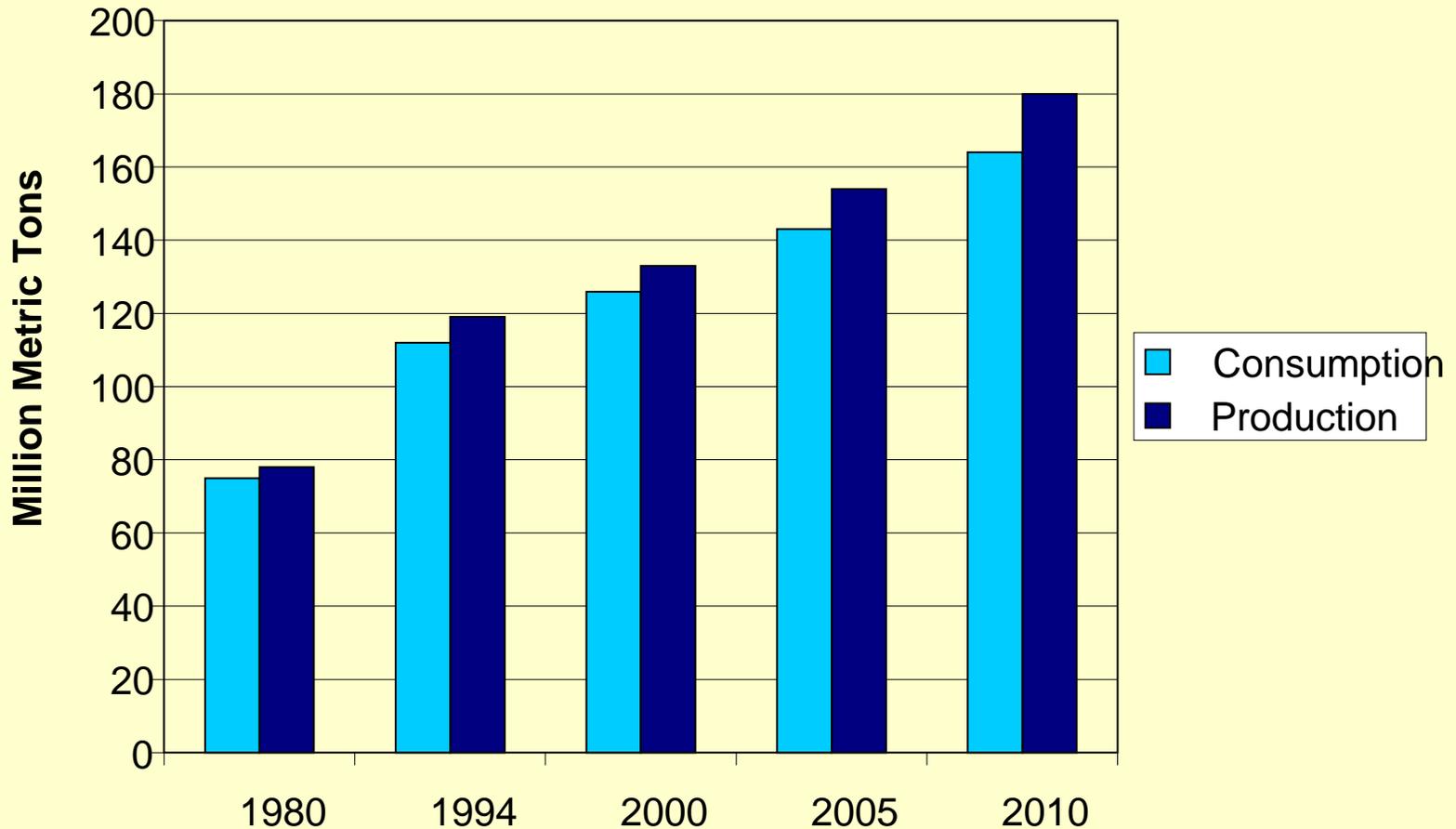
Sectoral analysis: Paper



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



N. American paper & paperboard consumption and production to 2010



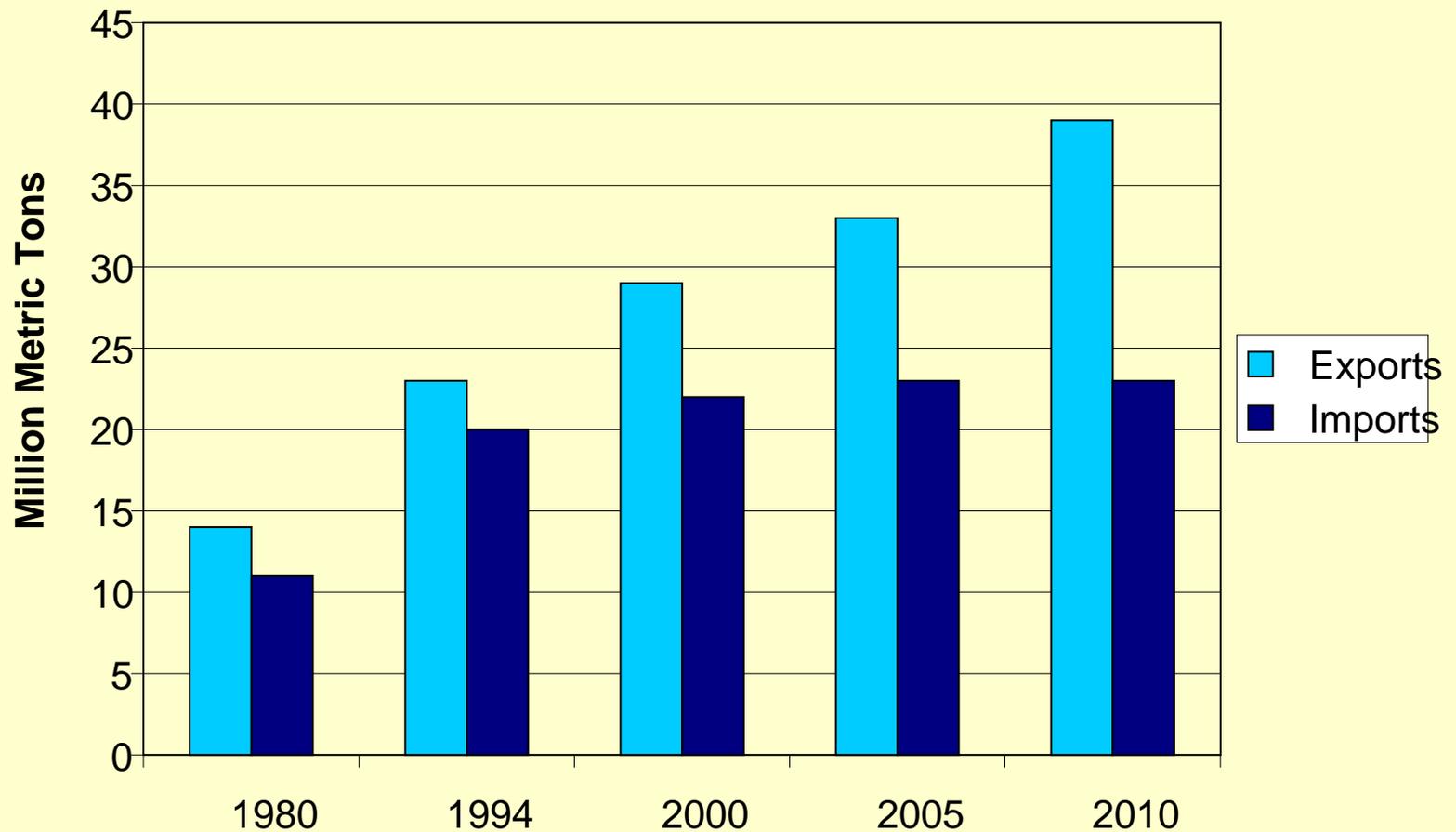
Source: *Global Forest Products Model, 2003*



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



N. America paper & paperboard trade to 2010



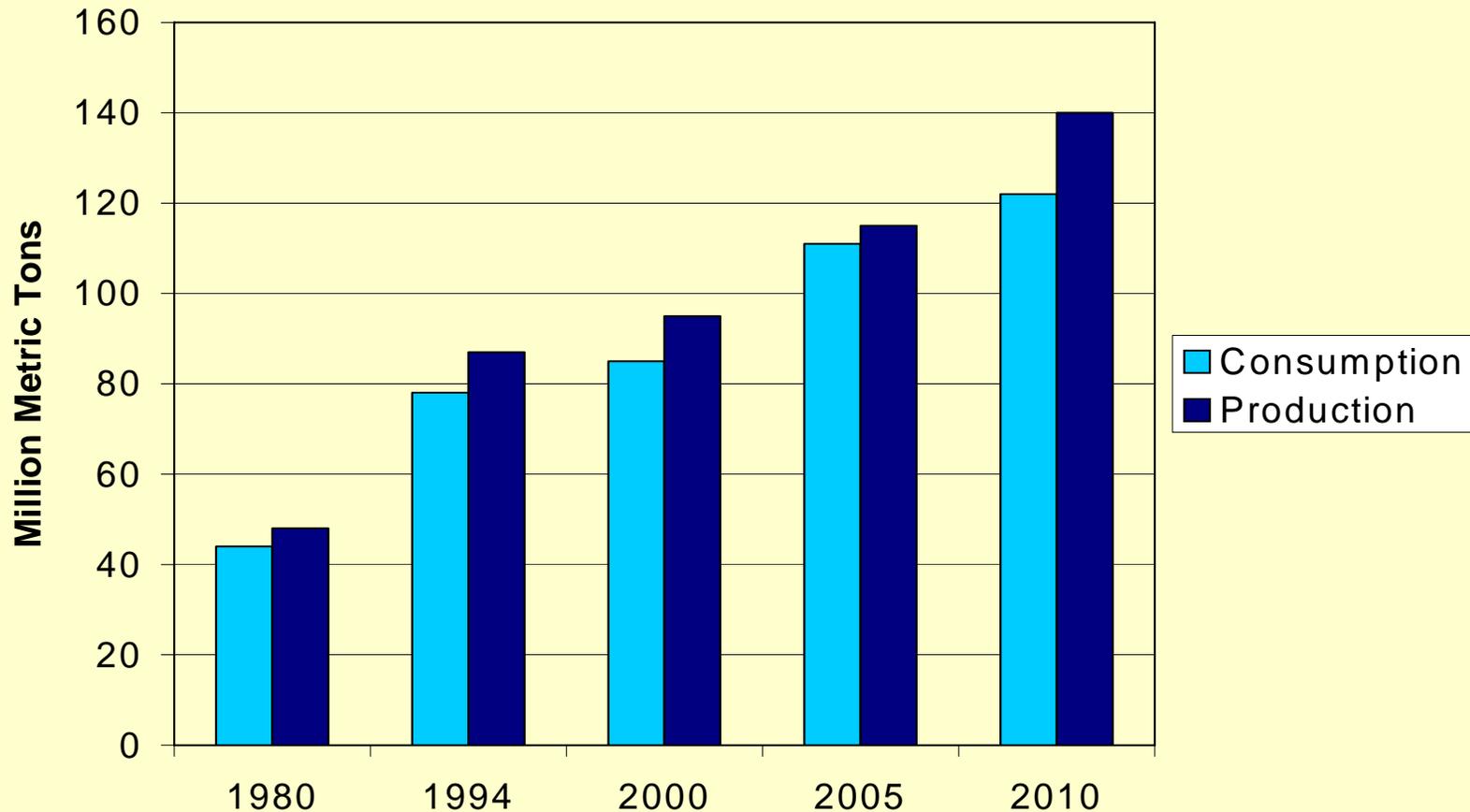
Source: *Global Forest Products Model, 2003*



Small Log Conference – Creating Capacity to Compete
Coeur d’Alene, Idaho, USA, 1 April 2005



European paper & paperboard consumption and production to 2010



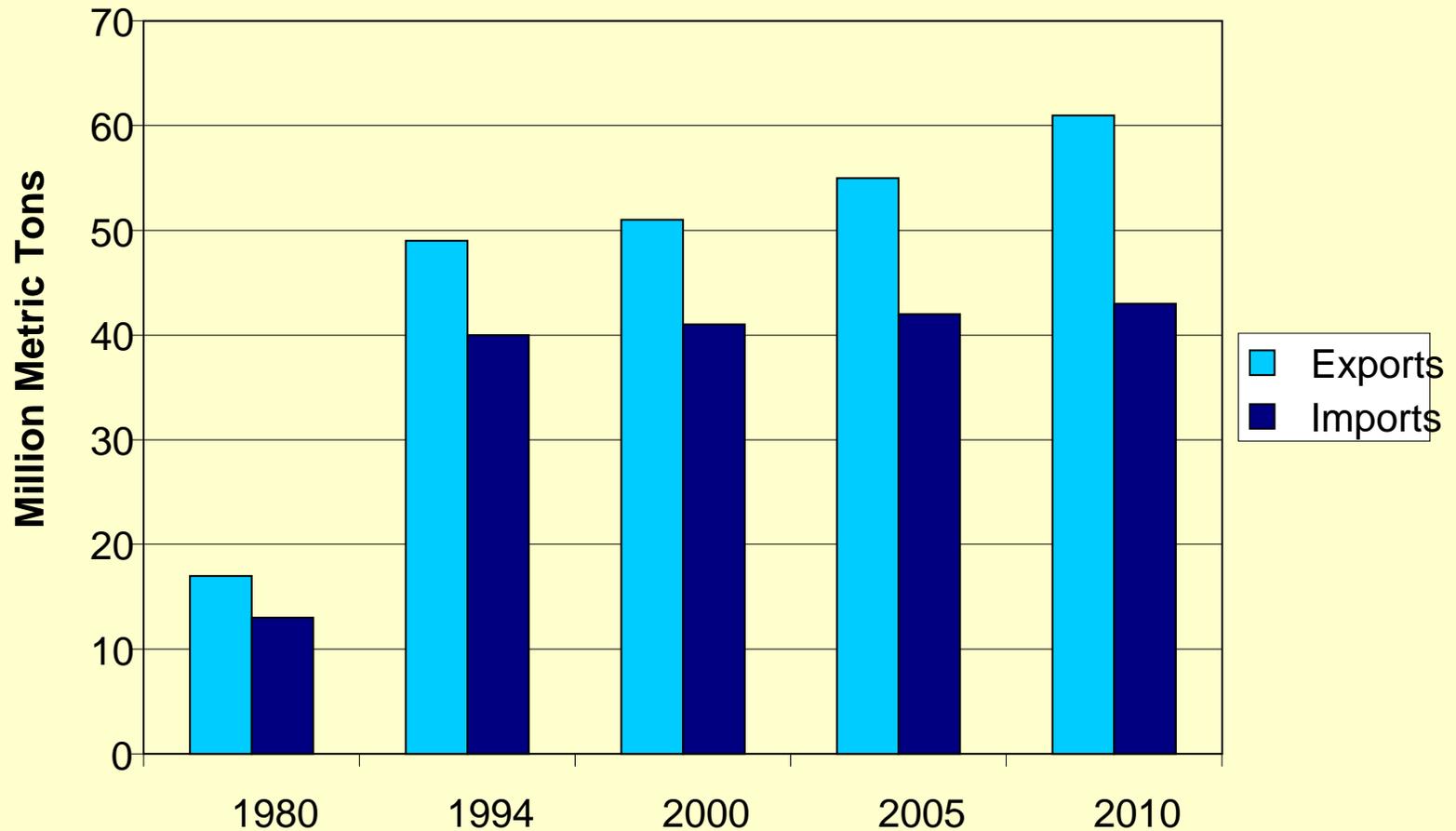
Source: *Global Forest Products Model, 2003*



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Europe paper & paperboard trade to 2010



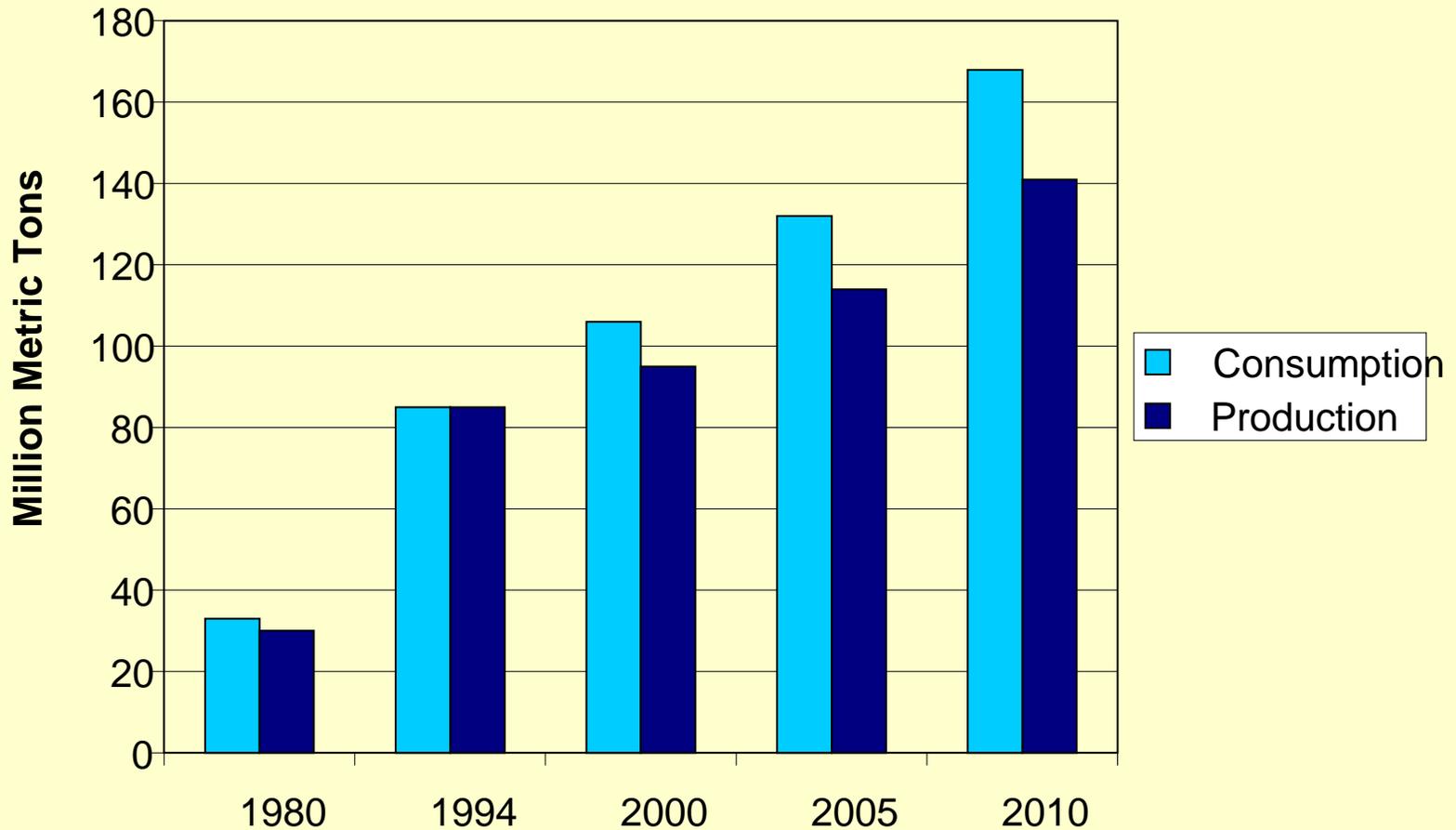
Source: *Global Forest Products Model, 2003*



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Asia paper & paperboard consumption and production to 2010



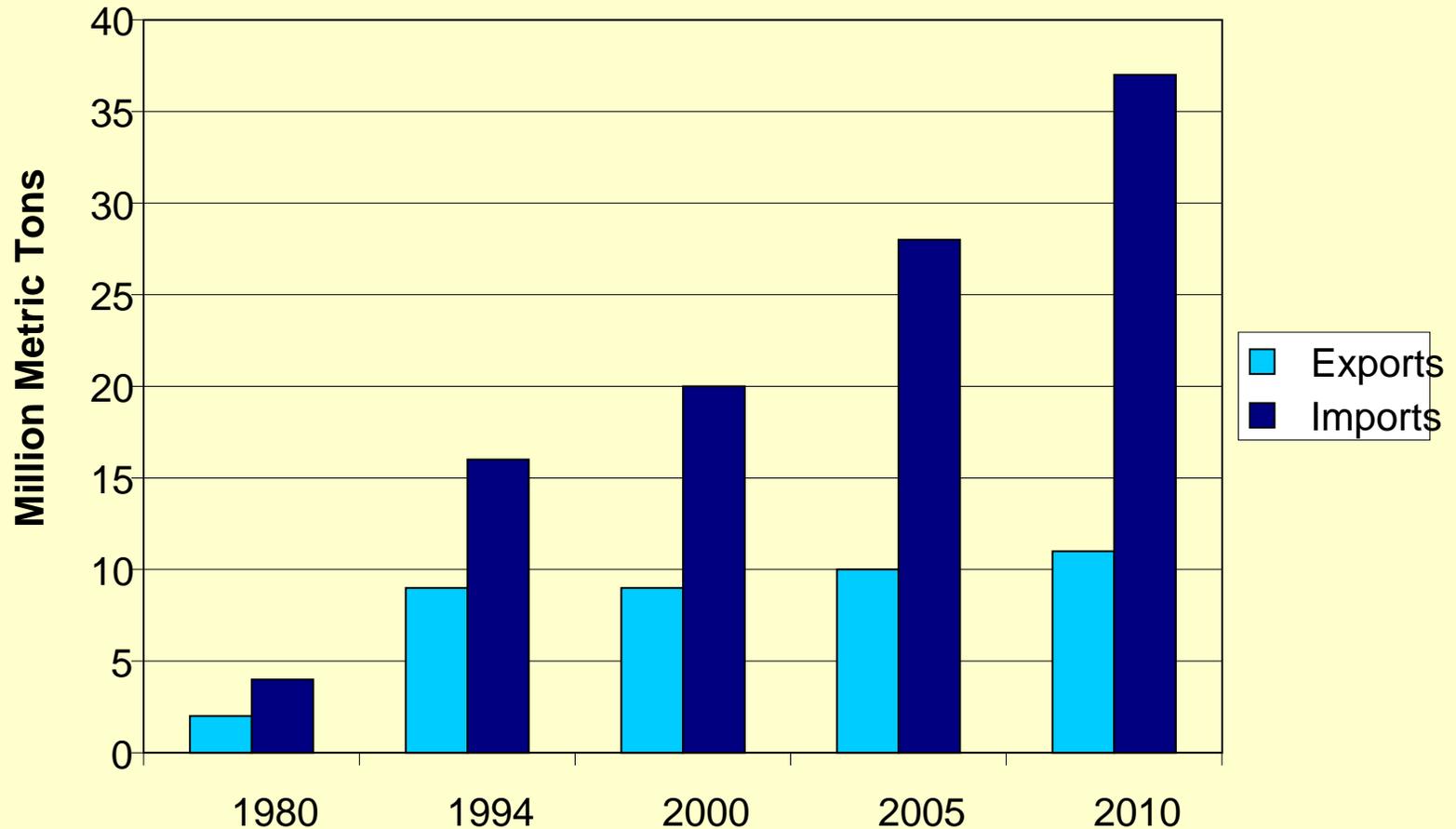
Source: *Global Forest Products Model, 2003*



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Asia paper & paperboard trade to 2010



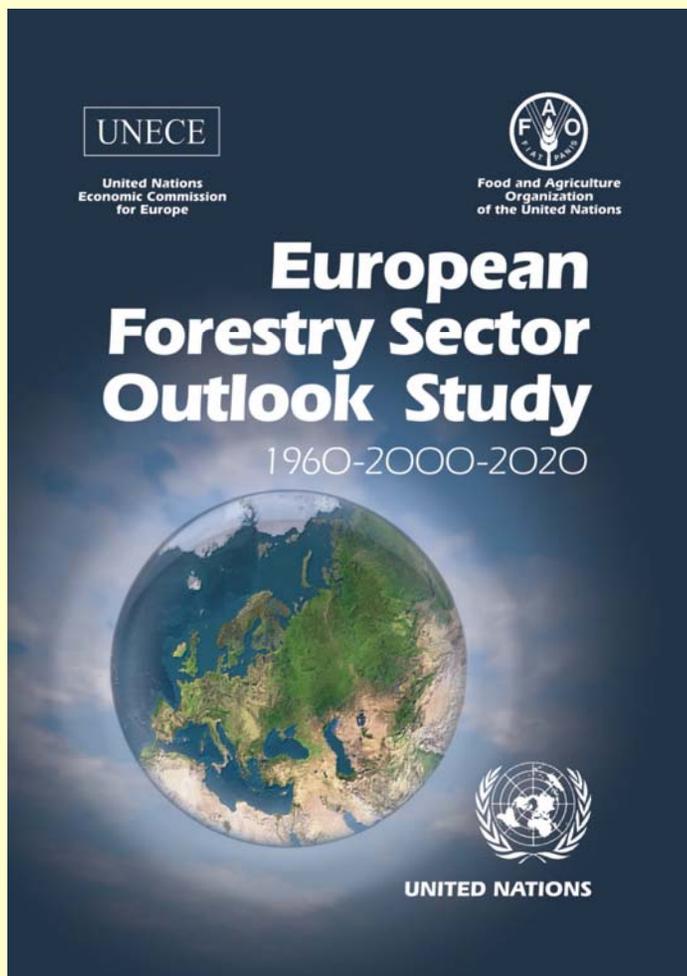
Source: *Global Forest Products Model, 2003*



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



New EFSOS market conclusions



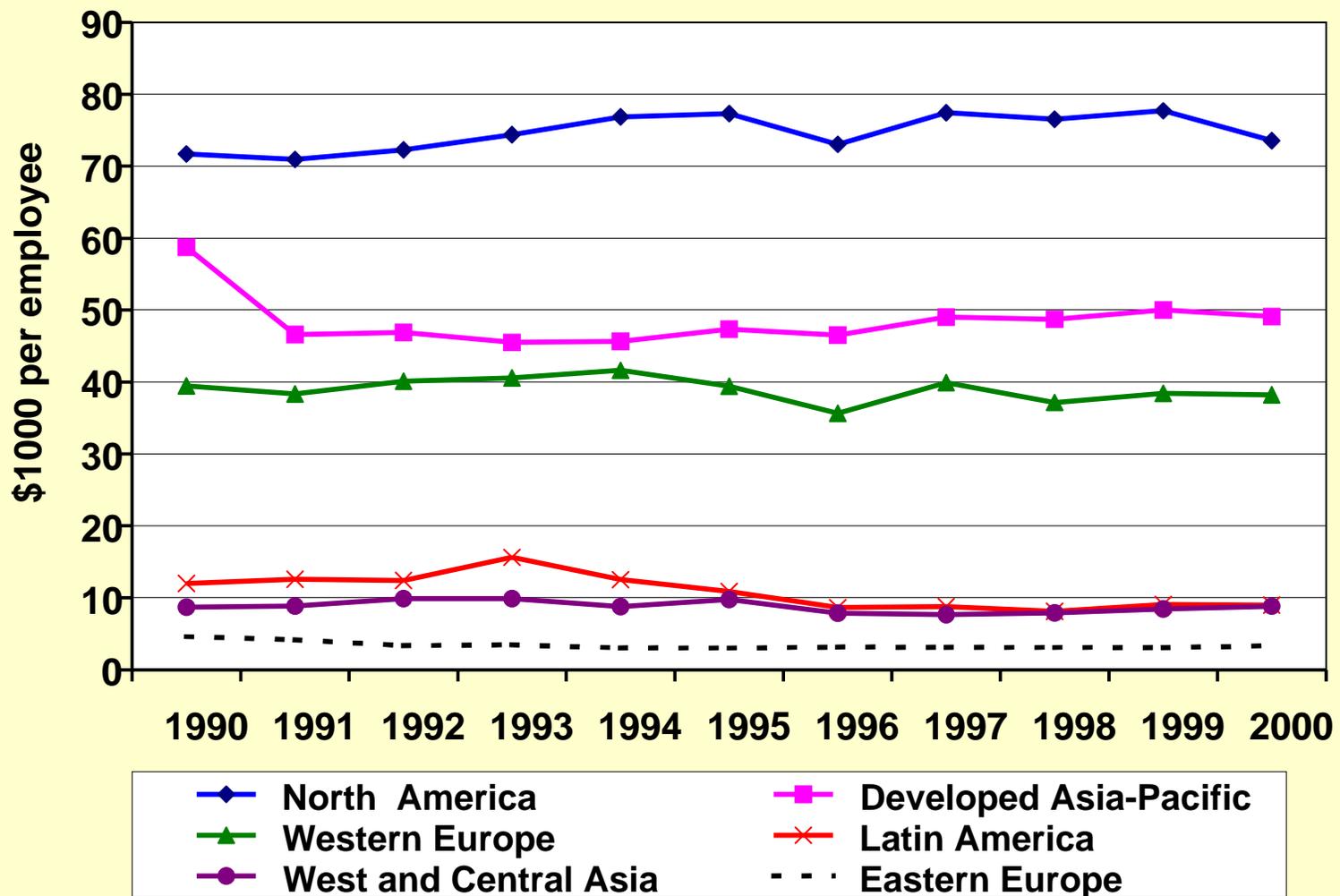
- Collapse in CIS and eastern Europe, 1990s
- Partial recovery
- Increased small log demand
- Increased recovered materials
- Intensifying trade
- Declining log prices
- Renewable energy



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Productivity in wood industry by region



Source: *FAO Trends and current status of the contribution of the forestry sector to national economies, 2004*



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Summary: Key market issues (1 of 2)

- Illegal logging and trade of illegally-sourced wood
- Certification of sustainable forest management, markets for certified forest products
- Policies for promotion of sound use of wood
- Research and development policies
- Industry competitiveness and investment policy

Source: *Forest Products Annual Market Review, 2003-2004*



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Summary: Key market issues (2 of 2)

- Global competition → Increased efficiency in manufacturing, new marketing strategies
- Climate change policy, carbon trading
- Wood energy promotion policies
- Trade policy, tariff and non-tariff barriers

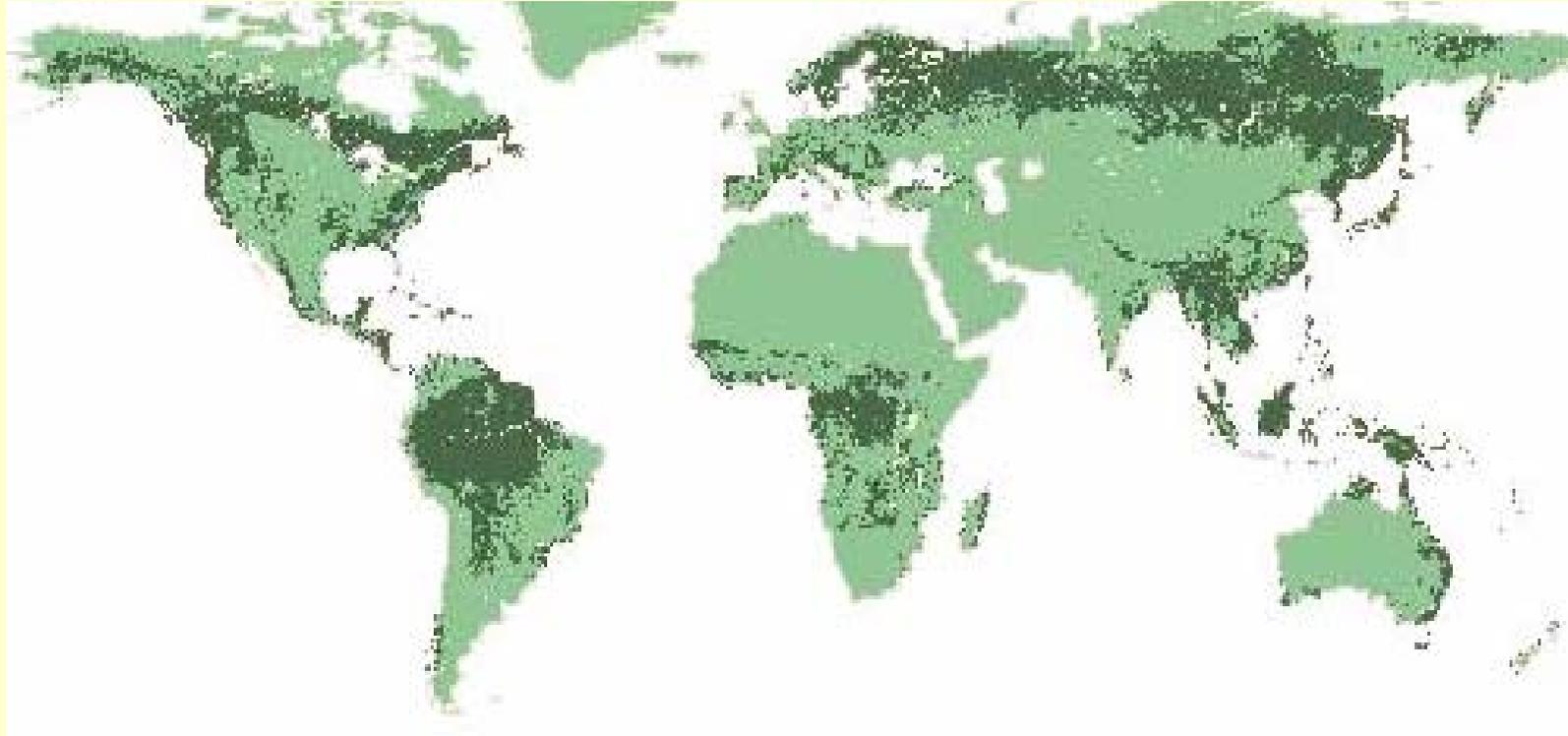
Source: Forest Products Annual Market Review, 2003-2004



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



III. Forest resources

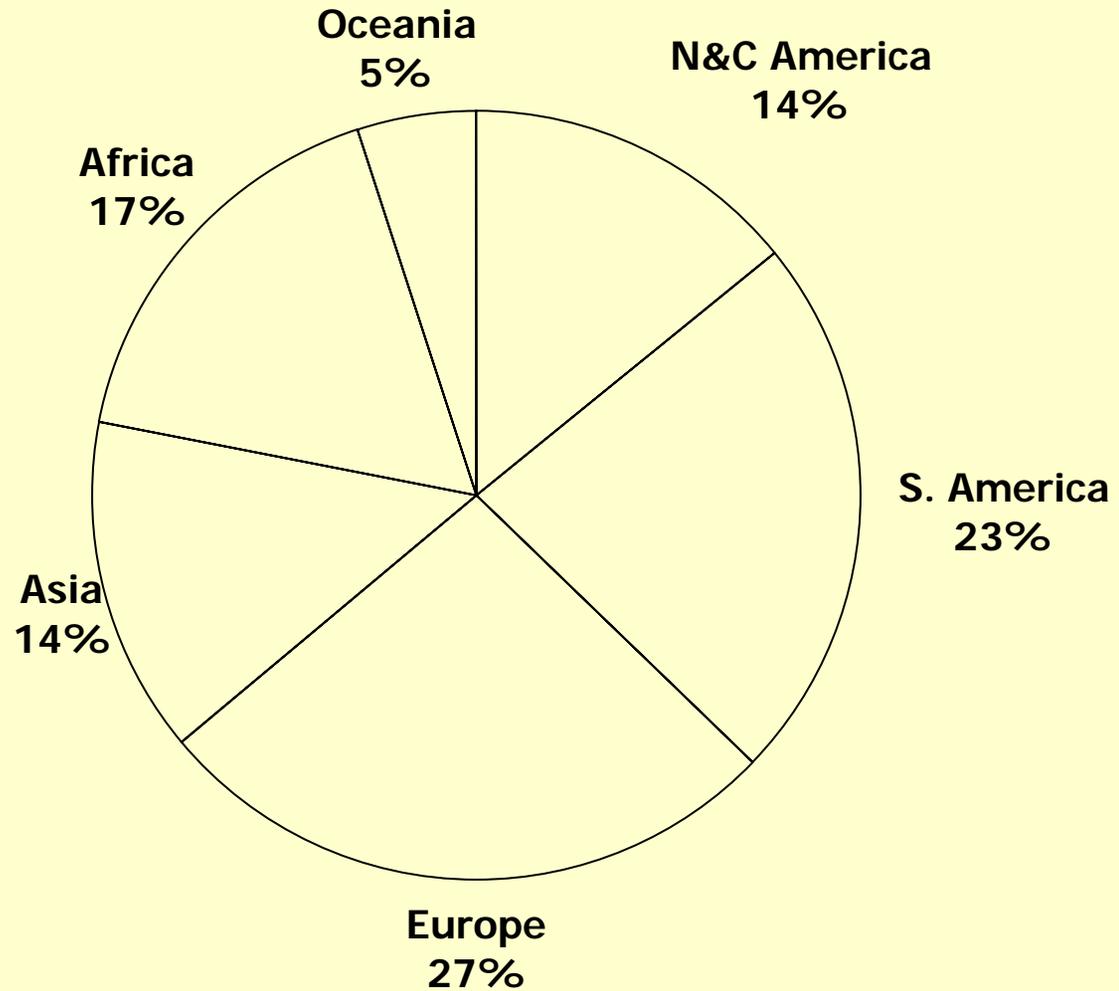


Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005





Where are the forests?



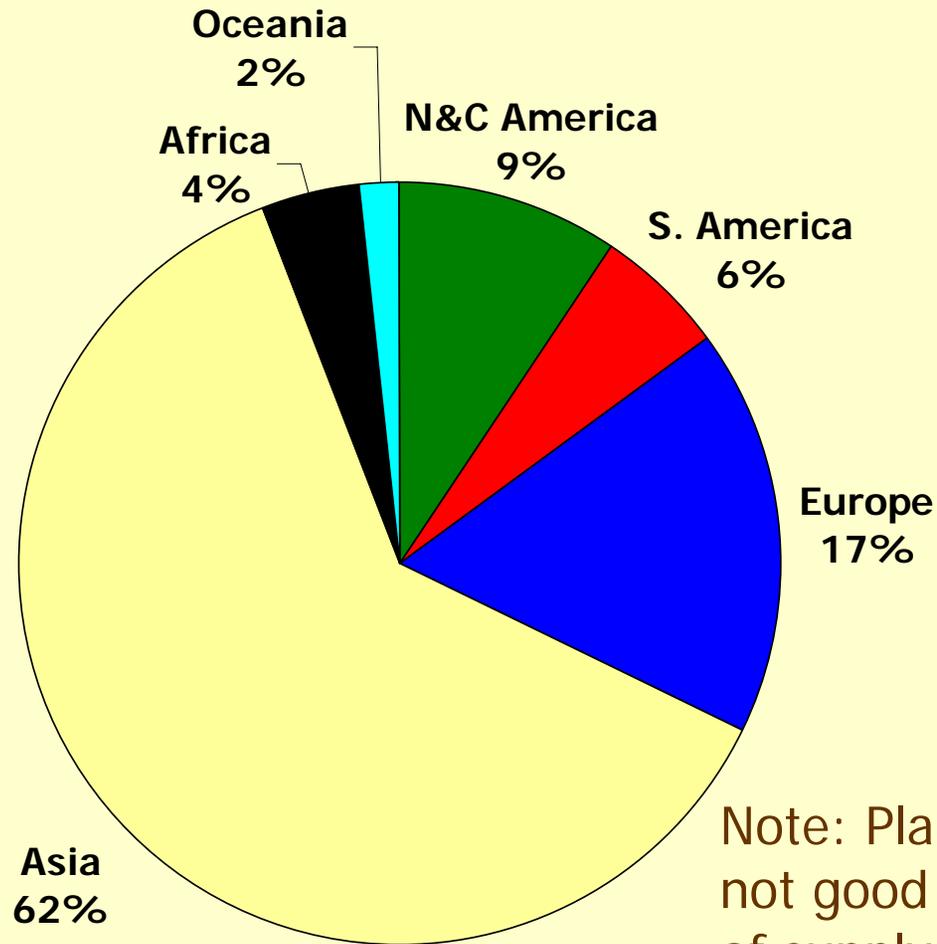
Source: FAO *State of the World's Forests 2005*



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Where are the plantations?



Note: Plantation area not good indicator of supply.

Source: FAO *State of the World's Forests 2005*

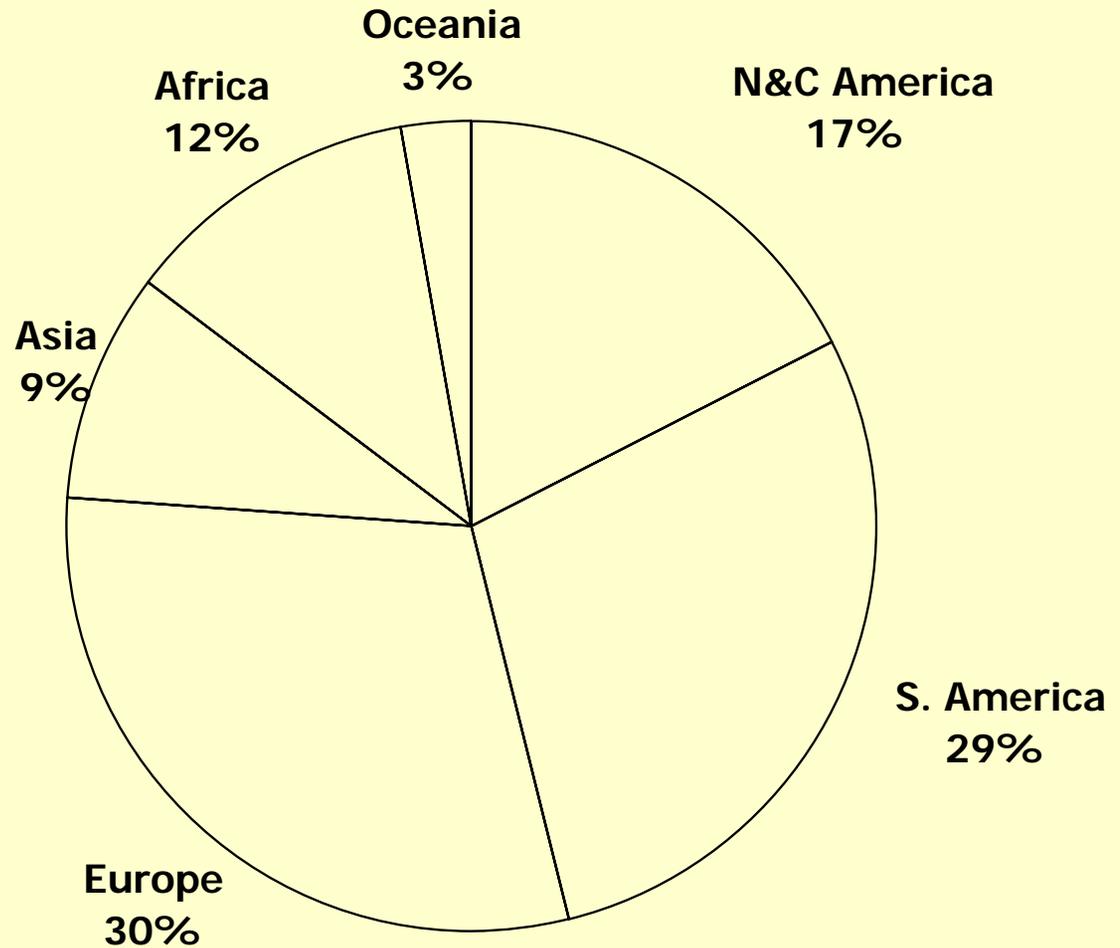


Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005





Where's the wood?



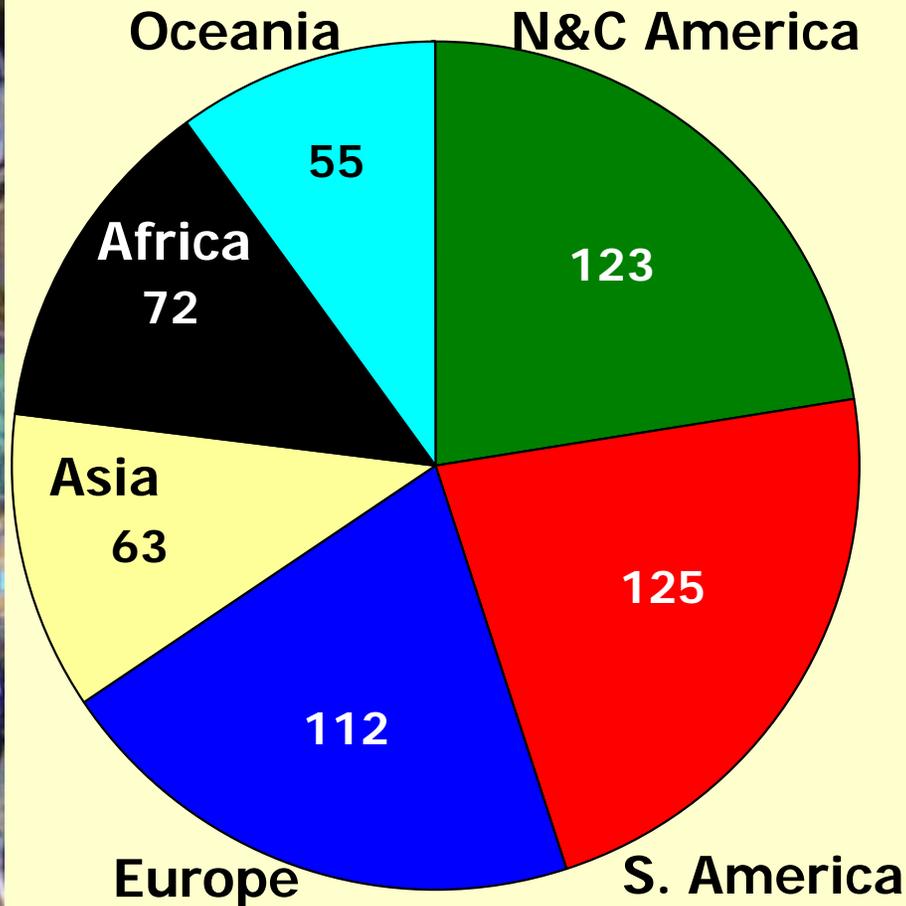
Source: FAO *State of the World's Forests 2005*



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Wood volume (m³) per hectare



- N&C America
 - US 135 m³
 - Canada 120 m³
 - Guatemala 350 m³
- Oceania: NZ 125 m³
- S. America: Chile 160
- Europe
 - Switzerland 340 m³
 - Germany 270 m³
 - France 190 m³
 - Russia 105 m³



Big logs in Switzerland

- 2nd highest wood volume per forest
 - 340 m³ per hectare
 - Only Guatemala higher at 355 m³
- 1/3 forested, mostly on higher ground
- Why? Centuries of big log forest management
- Not only lumber and beams, also protection
- But...1999 windstorms
 - Took tall, old, large diameter
 - 2 years' harvest in 3 days in Switzerland
 - 1 year's in all of Europe in 3 days.



Small logs in Switzerland?

- Climate change → more windstorms, more storm damage and windthrow
- Large logs cost more energy and time for
 - Transportation and handling
 - Conversion
- Reduced consumption of solid beams and wide lumber
- Increased composite panels, edge-glued panels, glulam and other EWPs
- European foresters changing “big log” mentality



Annual change in forest area, 1990-2000, (million hectares)

	Deforestation	Increase in forest area	Net change in forest area
Tropics	-14.2	+1.9	-12.3
Non-tropics	-0.4	+3.3	+2.9
World	-14.6	+5.2	-9.4

Source: FAO Global Forest Resources Assessment 2000



Small Log Conference – Creating Capacity to Compete
Coeur d’Alene, Idaho, USA, 1 April 2005





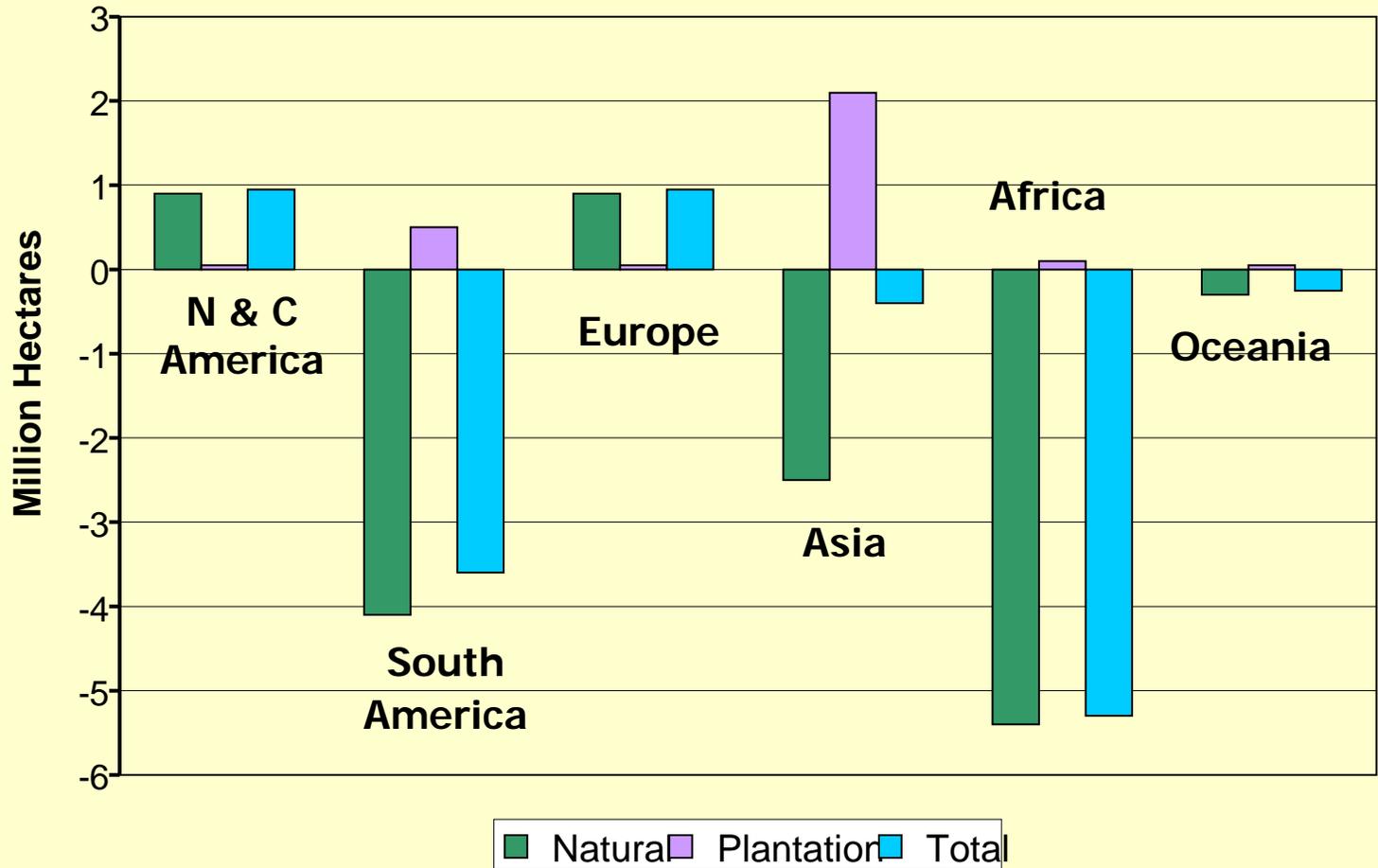
Global deforestation
of 14 million
hectares/year > ½ of
Idaho deforested
every year.



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Annual change in forest area, 1990-2000



Source: FAO Global Forest Resources Assessment 2000



Small Log Conference – Creating Capacity to Compete
Coeur d’Alene, Idaho, USA, 1 April 2005



Reasons behind deforestation

- Conversion to other land uses (0.4% of worlds' forests annually in the '90s)
 - Agricultural, including grazing
 - Urbanization
- Unsustainable silvicultural practices
 - Unmanaged harvesting
 - Poor regeneration
 - Fire, insects and diseases
 - Overharvesting fuelwood
- Poverty and overpopulation



Forest resources in N. America

- 80% of net annual increment harvested
- Forest volume increases ~3 million m³ daily
- Forest area 1990 to 2000
 - USA +0.2%
 - Canada, no significant change

Sources: *State of the World's Forests 2001;*
Global Forest Resources Assessment 2000;
Temperate and Boreal Forest Resources Assessment 2000



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Forest resources in Europe

- Only 60% of wood grown is harvested
- Forest volume increases ~2 million m³ daily
- Forestland increases by 500,000 hectares per year

Sources: *State of the World's Forests 2001;*
Global Forest Resources Assessment 2000;
Temperate and Boreal Forest Resources Assessment 2000



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



State of Europe's Forests

- Resources and area increasing
- Forest health and vitality are critical
- Productive functions maintained
- Biodiversity is a focus
- Plantations are only 3%
- Protective forests are 12%
- Socio-economic functions important

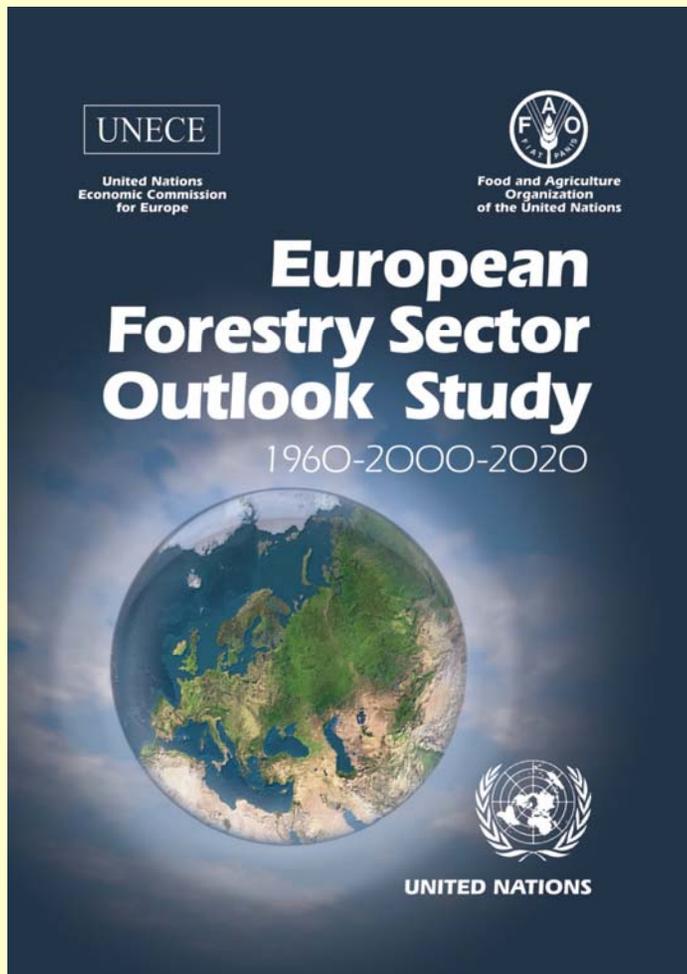
Source: Ministerial Conference on the Protection of Forests in Europe, 2003



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



New EFSOS forest conclusions



- Harvests < growth
- Growing stock rising
- Increased trade → local forest problem
- Problems in economic viability with falling prices



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



A vertical strip on the left side of the slide shows a stack of cut logs, with the circular ends of the logs visible. Some logs have small blue tags attached to them.

Forest resources in Russian Federation

- Only 16% of wood grown is harvested
- Forest volume increases ~3 million m³ daily
- Forest area 1990 to 2000: no significant change

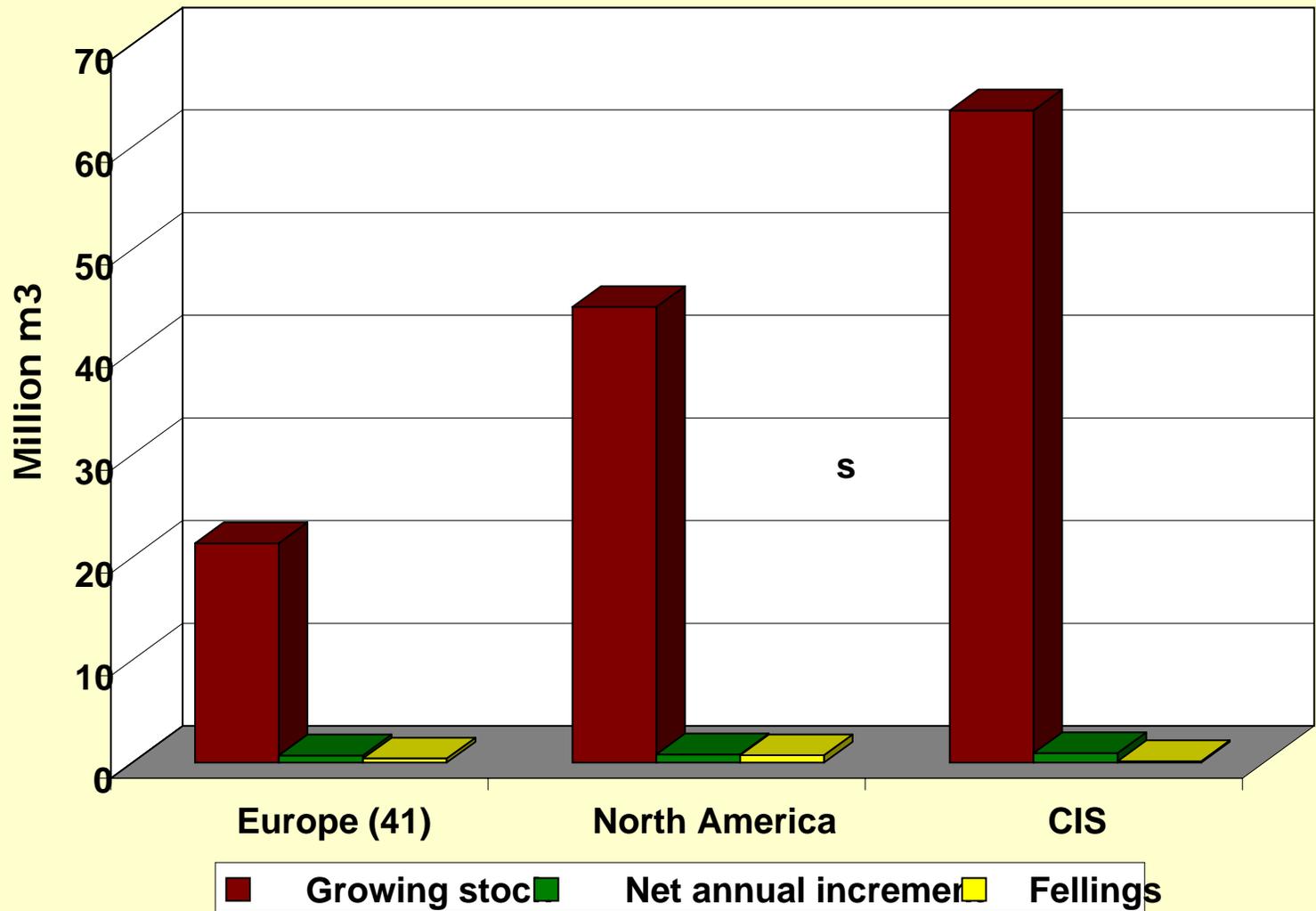
Sources: *State of the World's Forests 2001;*
Global Forest Resources Assessment 2000;
Temperate and Boreal Forest Resources Assessment 2000



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Forest resources: growing stock



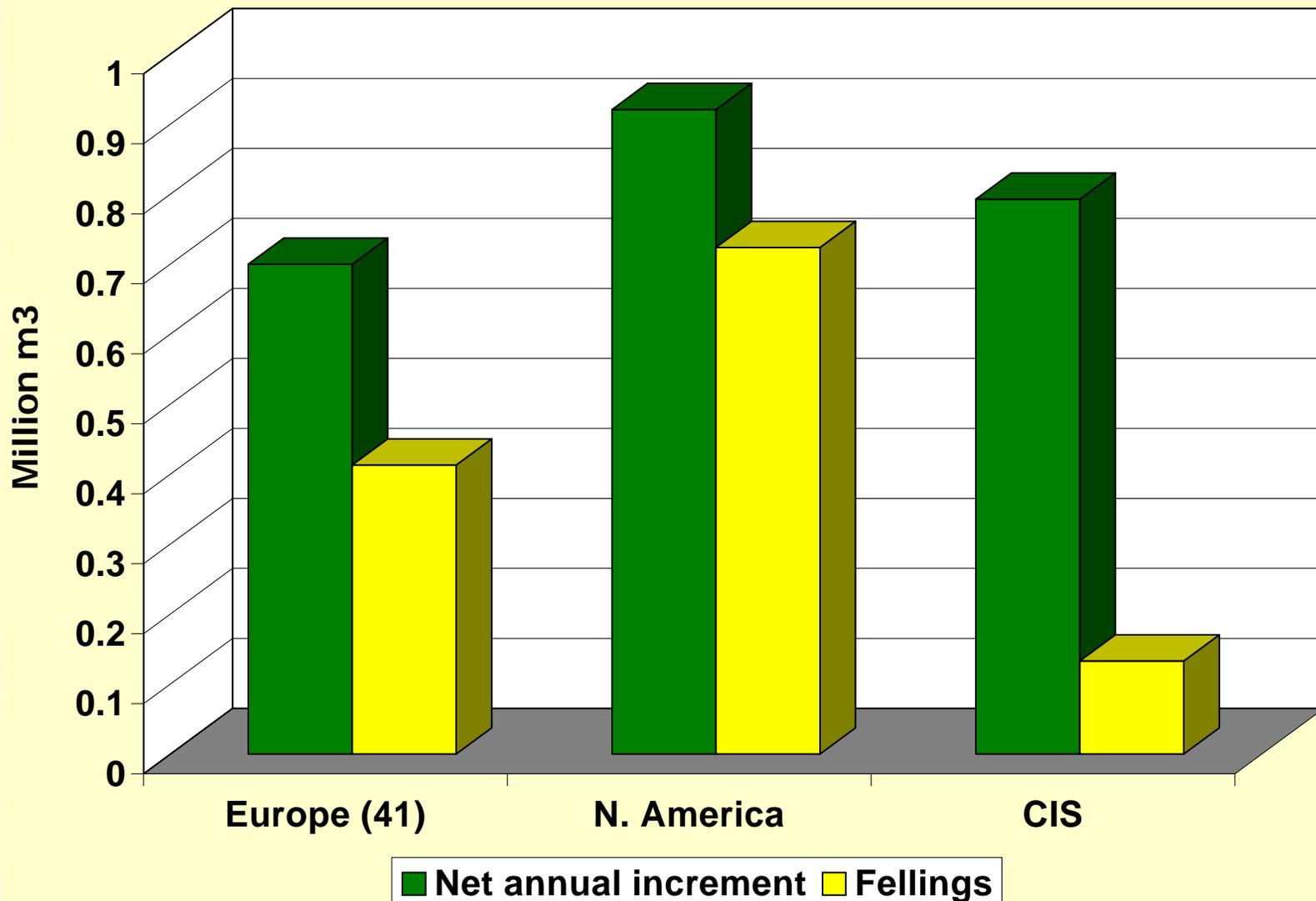
Source: *Temperate and Boreal Forest Resources Assessment 2000*



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Forest resources: NAI vs. fellings



Source: *Temperate and Boreal Forest Resources Assessment 2000*



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005





Forest resources: NAI vs. fellings

	Fellings as % of NAI
North America	80%
Europe-41	60%
Western Europe	64%
Nordic countries	72%
Baltic countries	50%
Central & eastern Europe	56%
Russia	16%

Source: Temperate and Boreal Forest Resources Assessment 2000



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Regional forest resource utilization

	Wood in forest (billion m3)	Roundwood harvest 2002 (million m3)	Roundwood harvest 2002 (%)
S & C America	117	439	0.4 %
Russia	89	192	0.2 %
N. America	60	678	1.1 %
Africa	46	613	1.3 %
Asia	35	1,005	2.9 %
Europe	28	395	1.4 %
Oceania	11	63	0.6 %

Note: *Not all "forest available for wood supply"
Roundwood does not include chips. Therefore, %ages are gross.*
Sources: *State of the World's Forests 2003, FAO Stat.*



Forest resources summary

- Removals considerably below growth
- Wide variance in utilization rates of NAI
- Growing stock increasing in Europe
- Southern hemisphere plantations expanding
- Oversupply compared to demand for wood
- Increasing alternative demands on forests





III. Certified forest products markets



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



A vertical strip on the left side of the slide shows a stack of cut logs, with some blue identification tags visible on the ends of the logs.

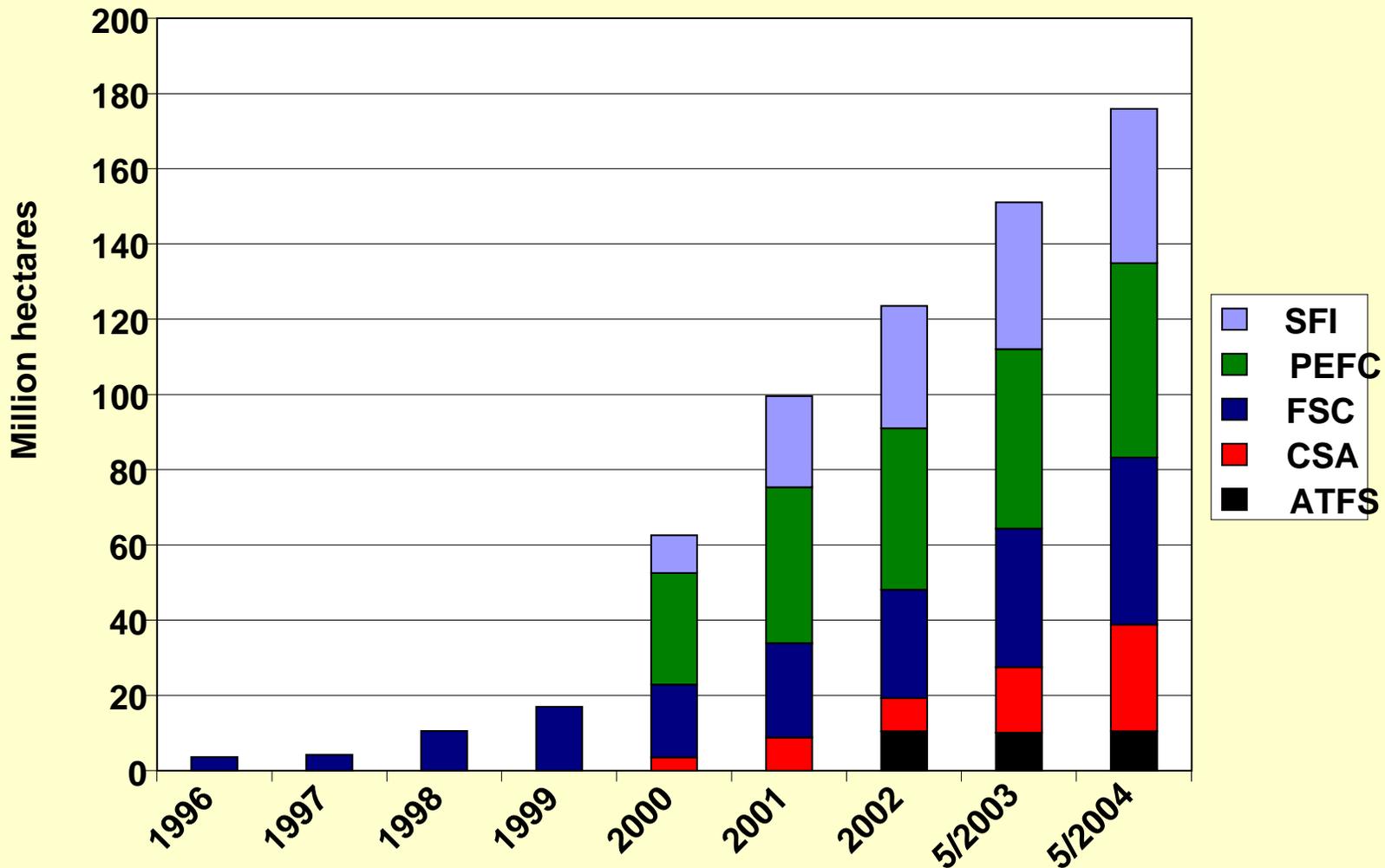
Certification of sustainable forest management

- Over 200 million hectares worldwide (5%)
- Over half of world's certified area in N. America
- Another 40% in Europe





Area of certified forests, 1996-2004



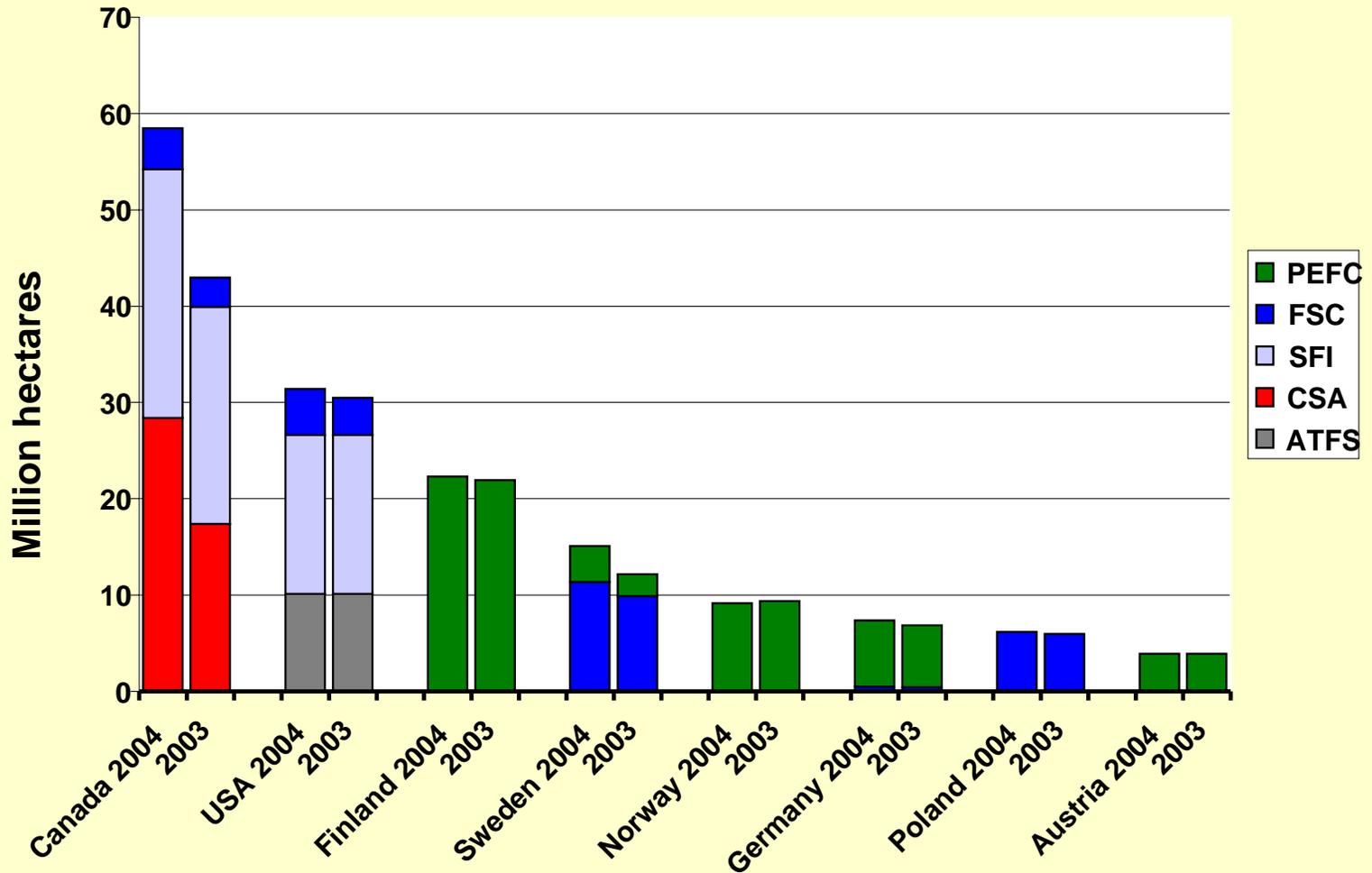
Source: Forest Products Annual Market Review, 2003-2004



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Top 8 countries certified forest area, 2003 and 2004



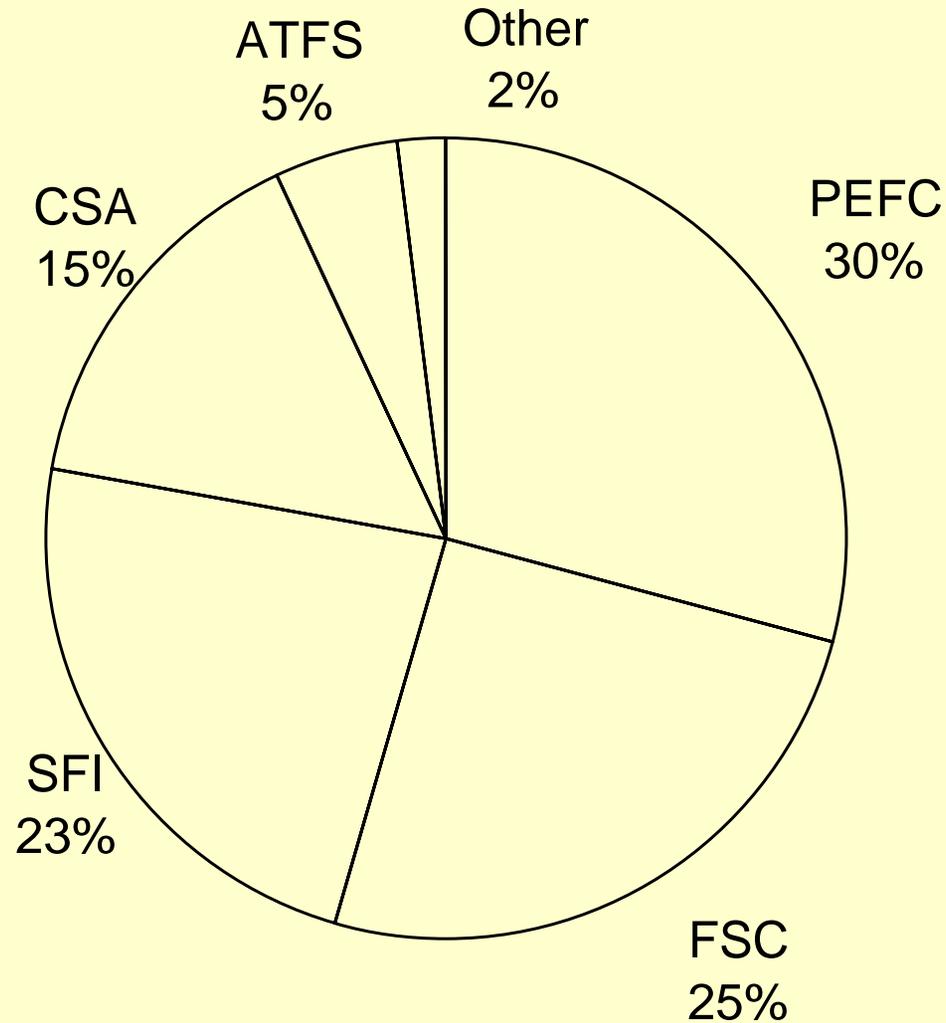
Source: Forest Products Annual Market Review, 2003-2004



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Certification schemes' market share



Source: *Forest Products Annual Market Review, 2003-2004*

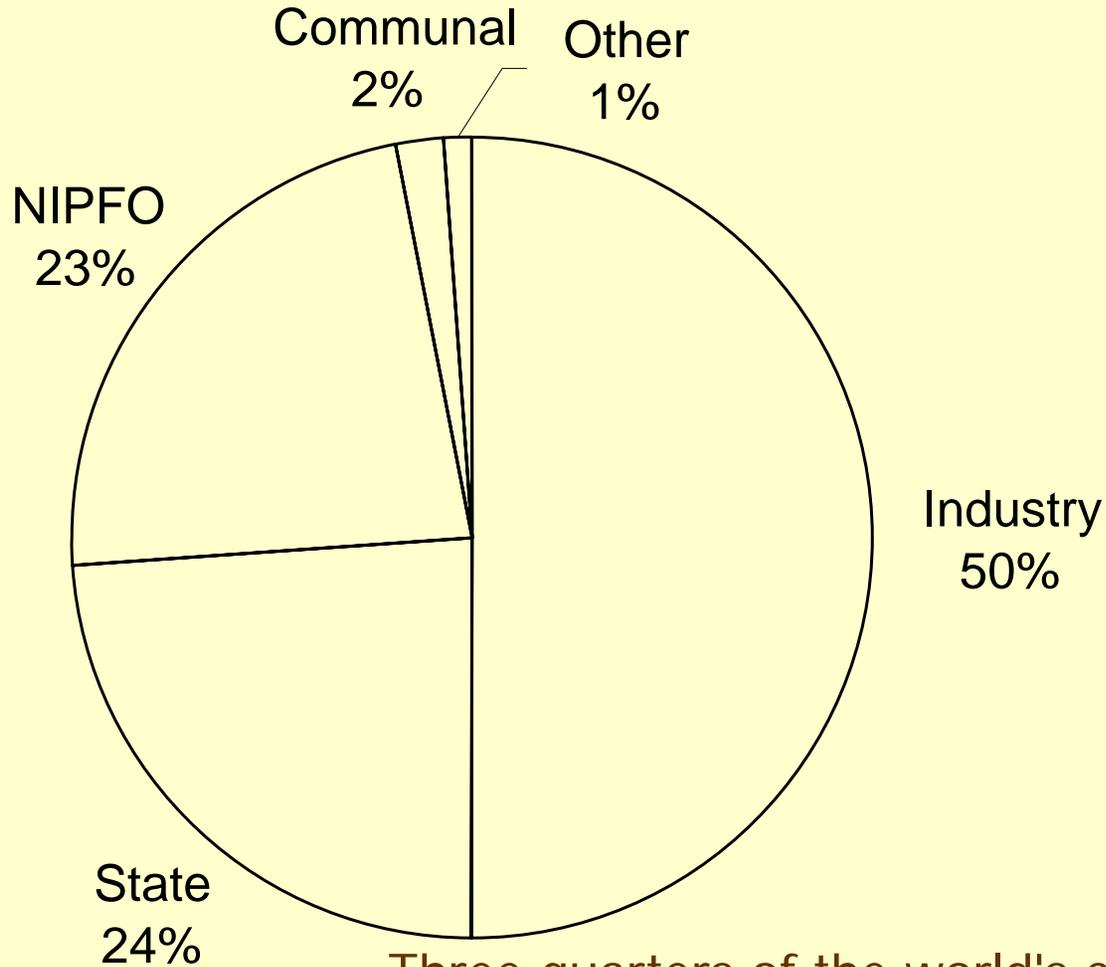


Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005





Certified forests by ownership type



Three quarters of the world's certified forests are privately owned or managed

Source: Savcore Indufor, 2005



Certified forest products markets

- Growing demand via wholesalers & retailers
- Demand boost by government procurement
- Private consumer demand remains minor
- Chain-of-custody key current development
- Most certified timber sold without label
 - Potential over 300 million m³ (20% world roundwood production)
 - Lost opportunities for market promotion and PR

Source: Forest Products Annual Market Review, 2003-2004



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Certified forest products markets

- Certification system conflicts discredit forest products in the marketplace
- Variety of schemes necessary for different stakeholders' interests
- Impacts of forest certification locally significant
- Difficulties in certifying natural tropical forests, but less so for tropical plantations
- Markets developing slower than forest certification

Source: Savcor Indufor, 2005



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



Certification

- Introduced to combat deforestation in tropics
- Most certified forests are temperate & boreal
- Therefore, not an instrument to combat deforestation, but to promote sustainable forest management
- Mutual recognition between schemes an issue
- Potential additional roles
 - Verification mechanism in Kyoto Protocol
 - Indication of source, but not proof of legality

Sources: Savcor Indufor, and UNECE/FAO, 2005



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005





IV. Growing the market



Small Log Conference – Creating Capacity to Compete
Coeur d’Alene, Idaho, USA, 1 April 2005



A vertical strip on the left side of the slide shows a stack of cut logs, with some blue identification tags visible on the ends of the logs.

Growing too much wood?

Not enough wood products demand?

What are the solutions?



Small Log Conference – Creating Capacity to Compete
Coeur d’Alene, Idaho, USA, 1 April 2005



Grow the wood markets !

- Guarantee that today's wood products meet consumers' needs
- Develop new products to meet evolving needs
- Develop new markets for wood products: substitute for non-renewable materials
- Promote wood culture outside N. America and Nordic Countries





How can we grow the wood markets?

- Build coordinated, international promotion programs
- Enlarge existing networks and coalitions
- Create favorable policy environments
- Promote public awareness of key issues and messages



Market effects of wood promotion policies

- Multi-country wood promotion essential to enlarge wood's market share
- Promotion must be cost justified
- Identify and know target markets: cultural and technical dimensions
- Fund raising a problem in fragmented industry
- Key elements: competence, neutrality, credibility, resources

Source: UNECE/FAO *Forest Products Annual Market Review, 2001-2002*



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005



UNECE Timber Committee recommendations

- Develop new products to expand existing markets
- Establish new markets to meet consumers' needs
- Build international cooperation in promoting environmental advantages of sustainable wood production
- Promote wood culture



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005





Discussion and Questions



8 9 2004



Small Log Conference – Creating Capacity to Compete
Coeur d’Alene, Idaho, USA, 1 April 2005



Questions and Discussion

Ed Pepke

Forest Products Marketing Specialist

UNECE/FAO Timber Branch

448 Palais des Nations

CH-1211 Geneva 10, Switzerland

Telephone +41 22 917 2872

Fax +41 22 917 0041

Ed.Pepke@unece.org

www.unece.org/trade/timber



Small Log Conference – Creating Capacity to Compete
Coeur d'Alene, Idaho, USA, 1 April 2005

