Global Trade of Wood Products

By Ed Pepke
Forest Products Marketing Specialist
UNECE/FAO Timber Section
Geneva, Switzerland

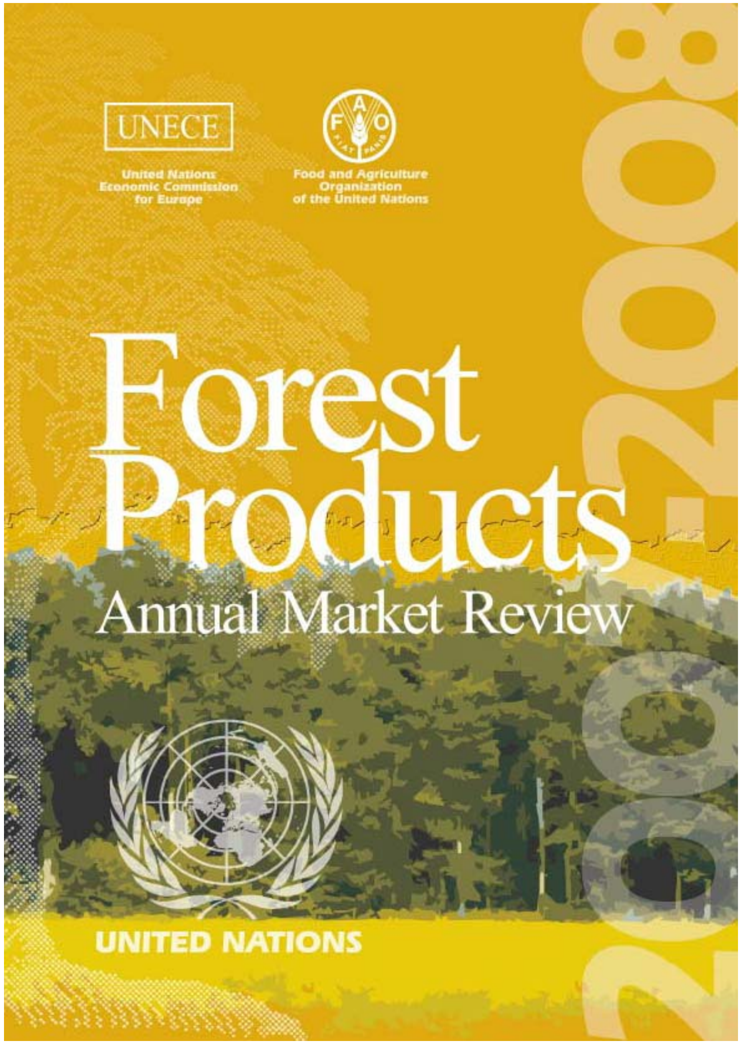
Subjects

I. Overview of developments
II. Global forest products market trends (for roundwood)
III. Trade flow trends
IV. Flooring market trends
V. Market drivers
VI. Future prospects
VII. Questions and discussion

Acknowledgements

- China National Forest Products Industry Association, especially
  - Mr. Zhang Senlin
  - Mr. Wu Shengfu
- Organizers and participants of this conference
- Reviewers in UNECE/FAO Timber Section, Geneva

Main sources of information



- UNECE/FAO *Forest Products Annual Market Review, 2007-2008*
- UNECE/FAO TIMBER database
- FAO Statistics
- *State of Europe's Forests 2007* by Ministerial Conference for the Protection of Forests in Europe/UNECE/FAO
- *State of the World's Forests 2009,* FAO

Main sources of information, continued

- UN Comtrade validated by European Forest Institute
- US Foreign Agricultural Statistics
- Chinese Customs
- State Forestry Agency, China
- International Wood Markets Group
- European Federation of the Parquet Industry

I. Overview of developments

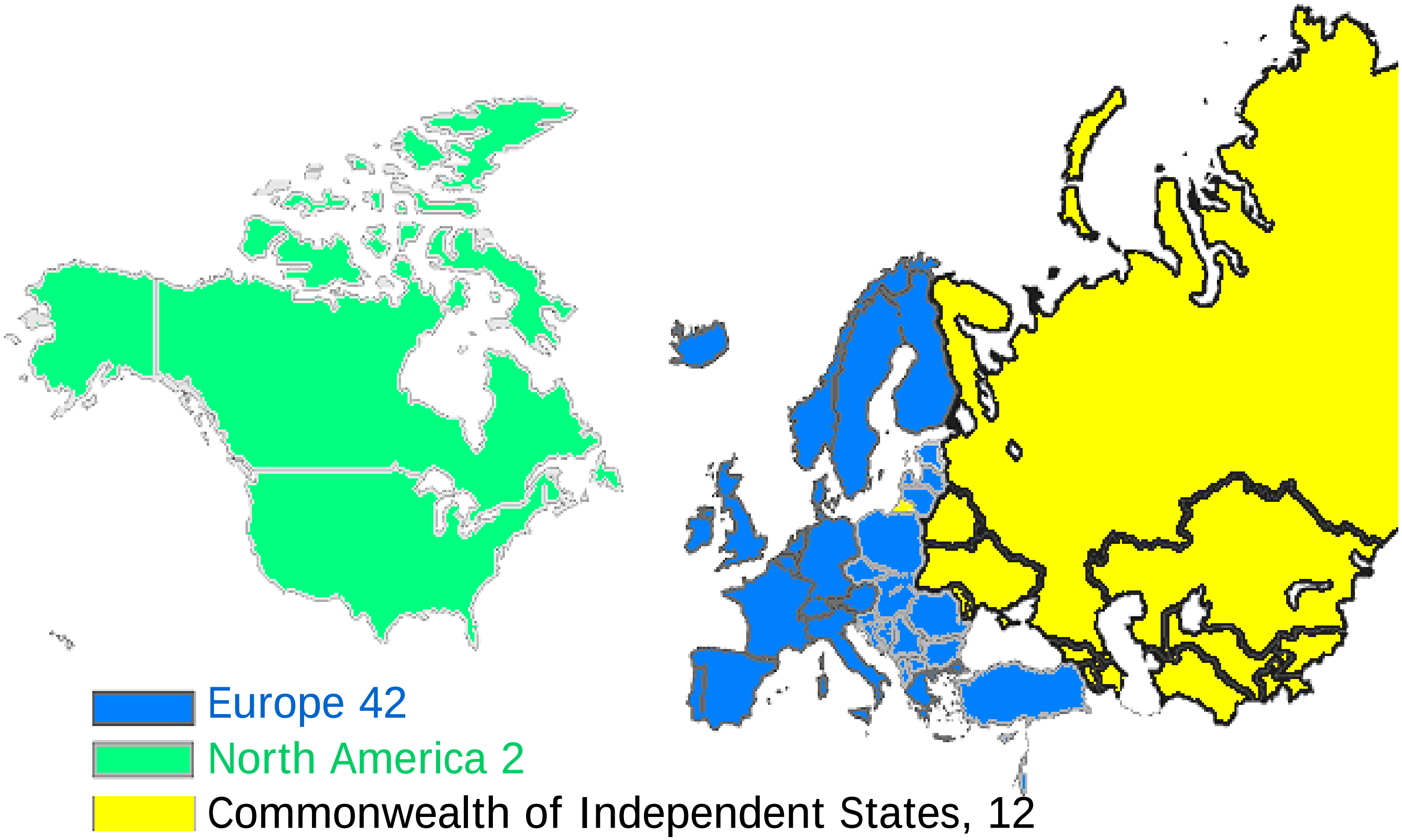
Globalization of forest products trade

- Increasing affecting local economies, governments and organizations
- Positive for consumers
- Negative for importing countries' manufacturing

Global, with emphasis on major trade

- North America (Canada and US)
- Latin America (Central and South America only)
- Europe
- CIS (mainly Russian Federation)
- Asia (mainly China)

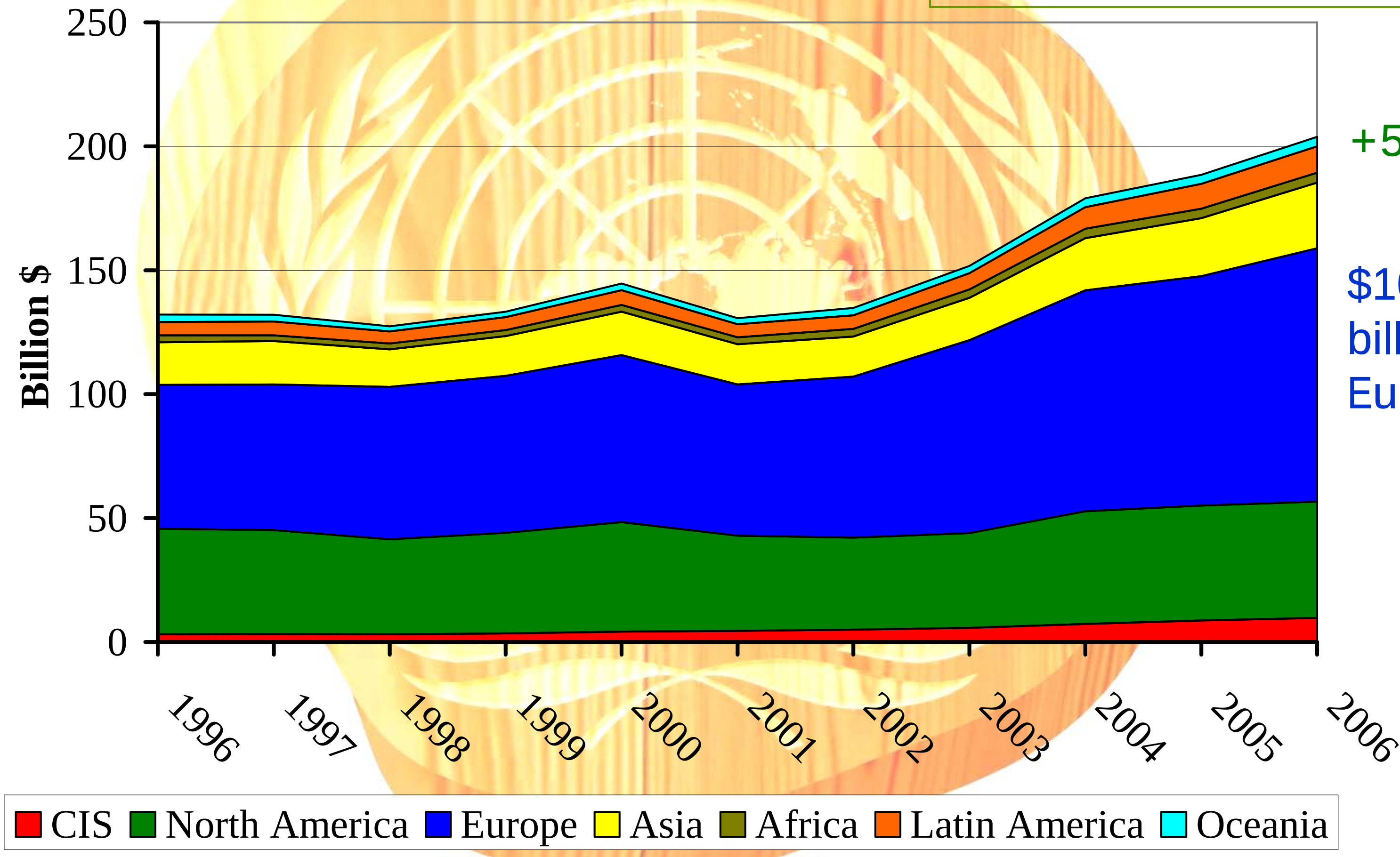
UN Economic Commission for Europe region



II. Global forest products market trends

Export Value of Wood and Paper Products

Where do exports originate?

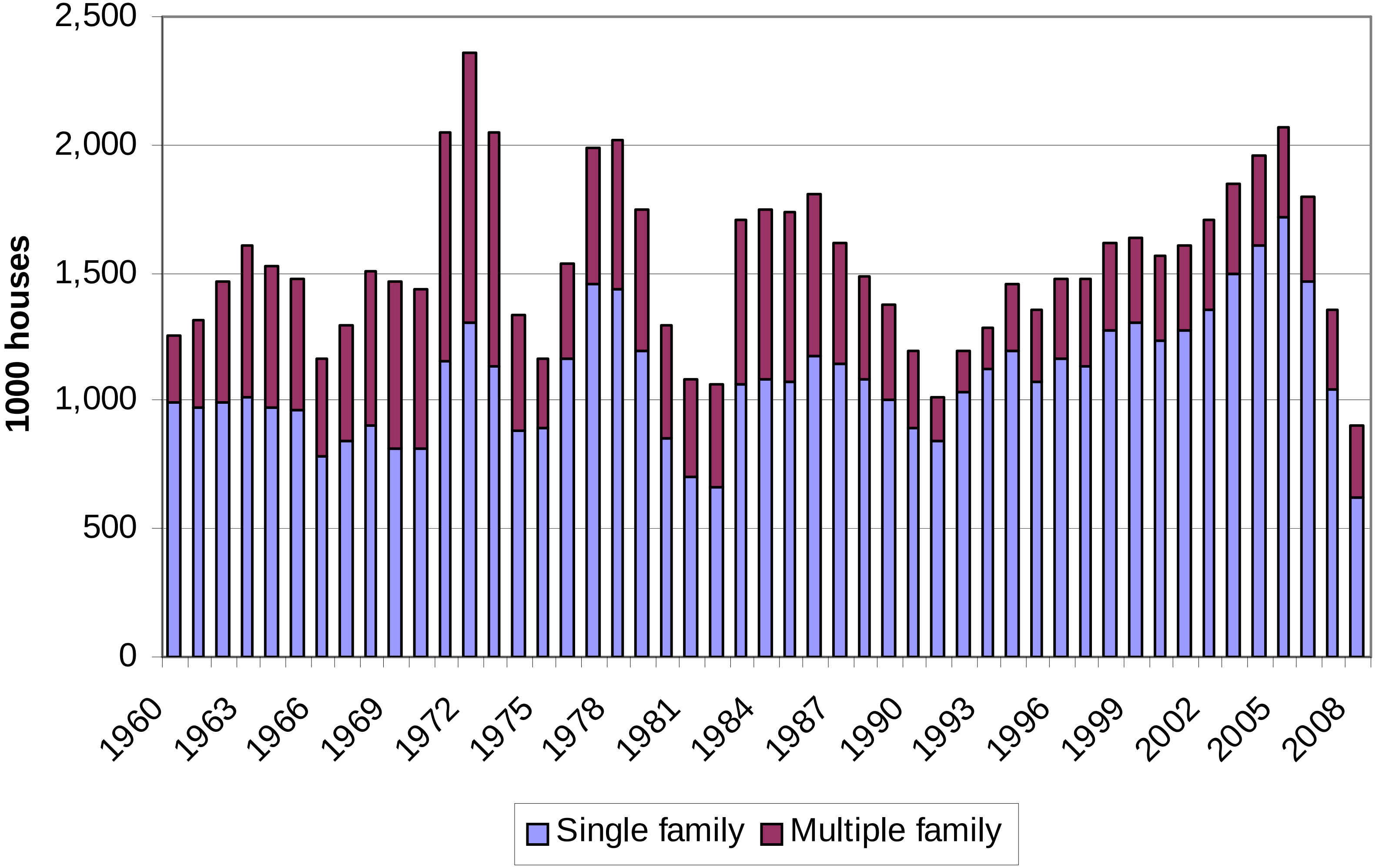


+52%

$102 billion Europe

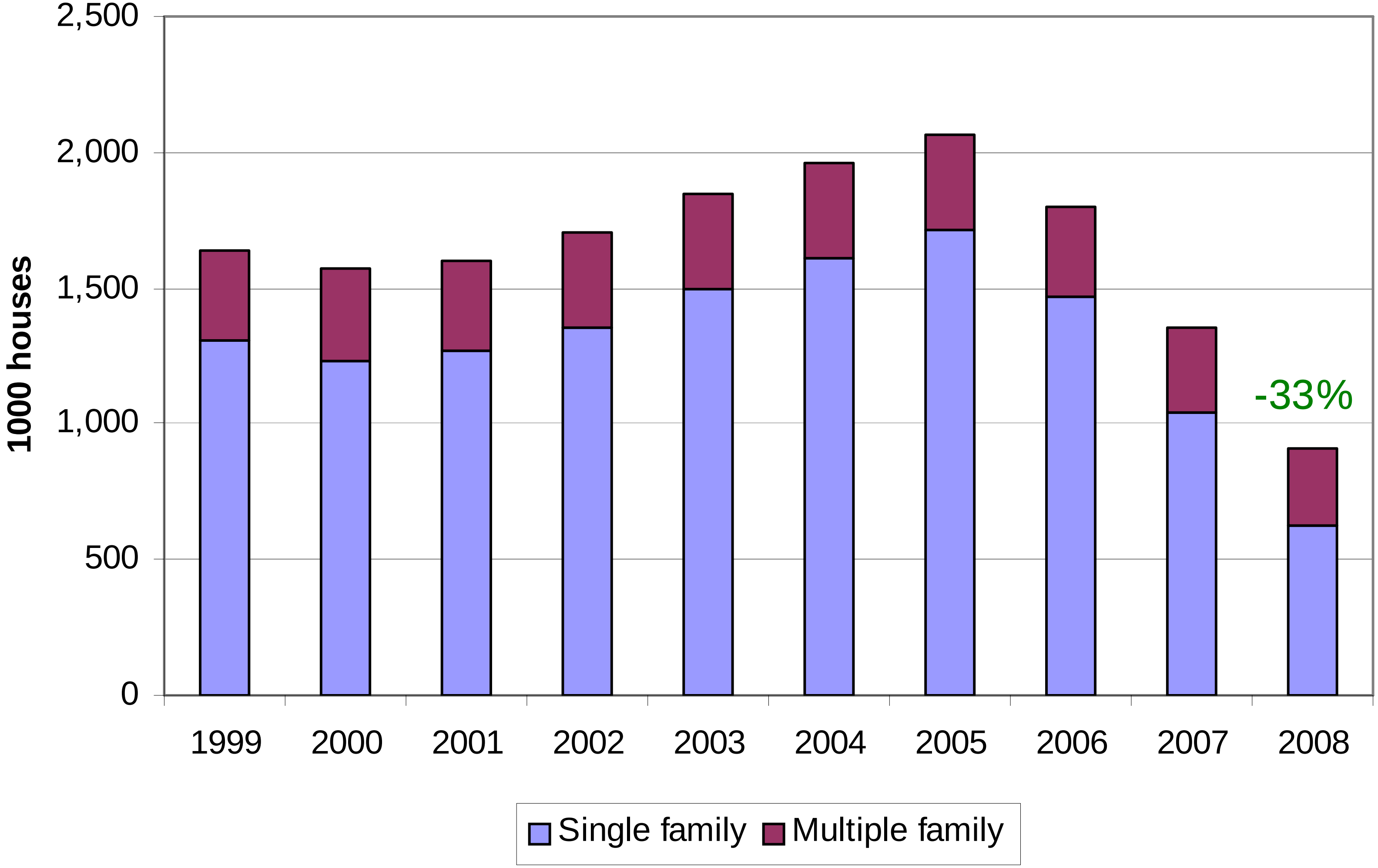
Source: FAO, 2008.

N. America's dramatic downturn – US housing starts



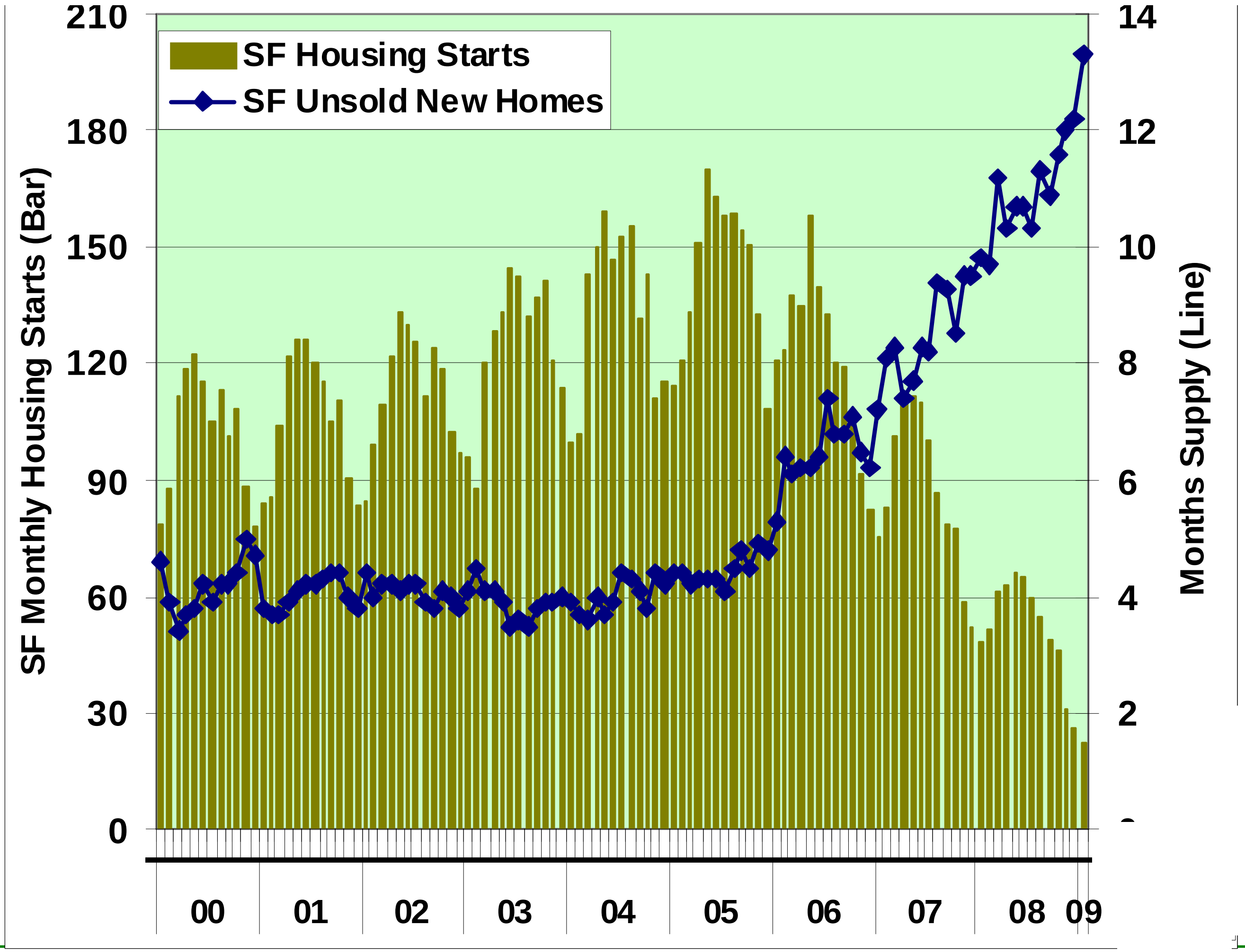
Source: National Association of Homebuilders, 2009.

US housing starts



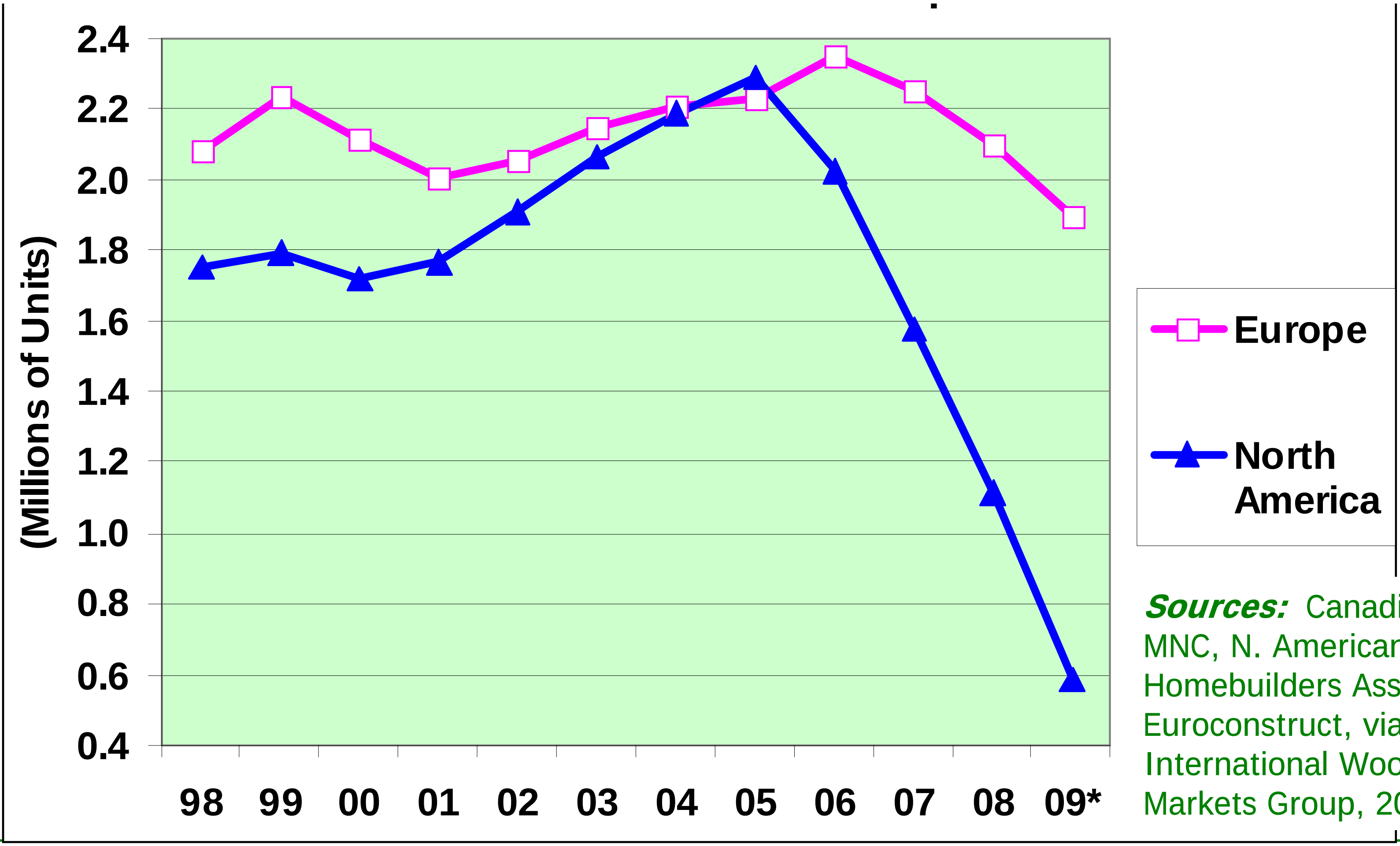
Source: National Association of Homebuilders, 2009.

US housing starts & unsold new houses



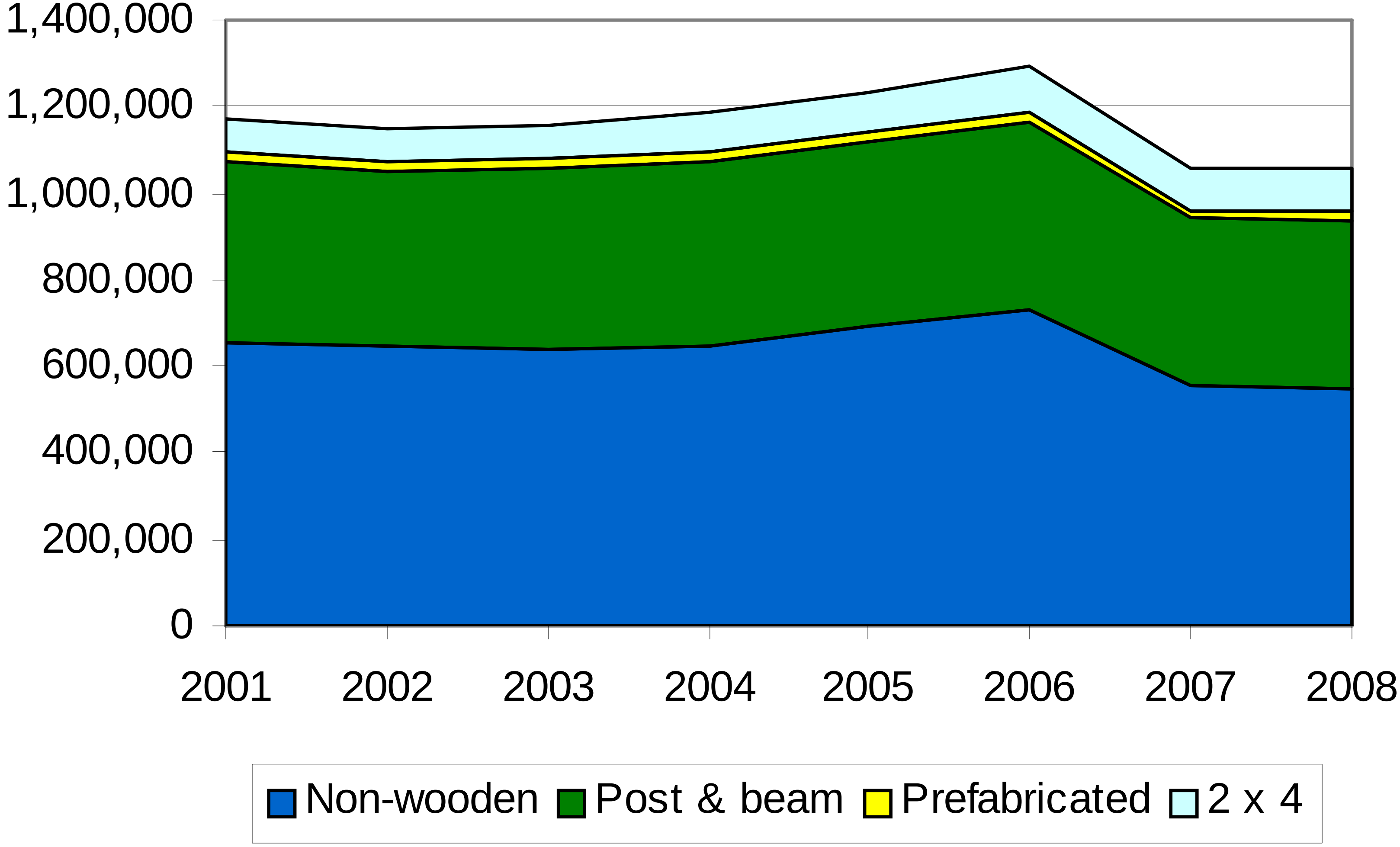
Source: US Census Bureau, via International Wood Markets Group, 2009.

Housing starts: N. America vs. Europe



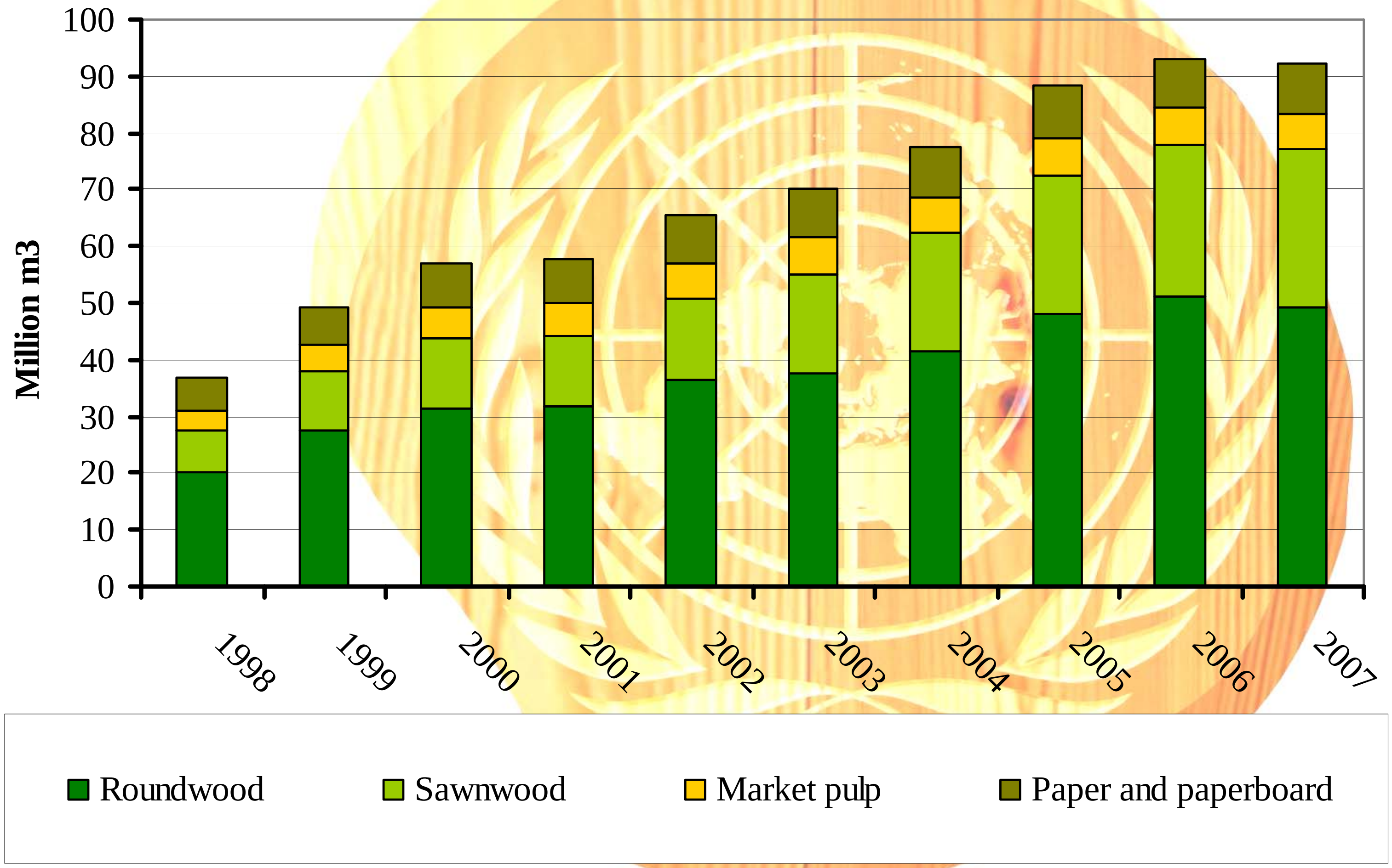
Sources: Canadian MNC, N. American Homebuilders Assn., Euroconstruct, via International Wood Markets Group, 2009.

Japan's housing starts



Source: Ministry of Land, Infrastructure and Transportation via Japan Wood Products Information and Research Center, 2009

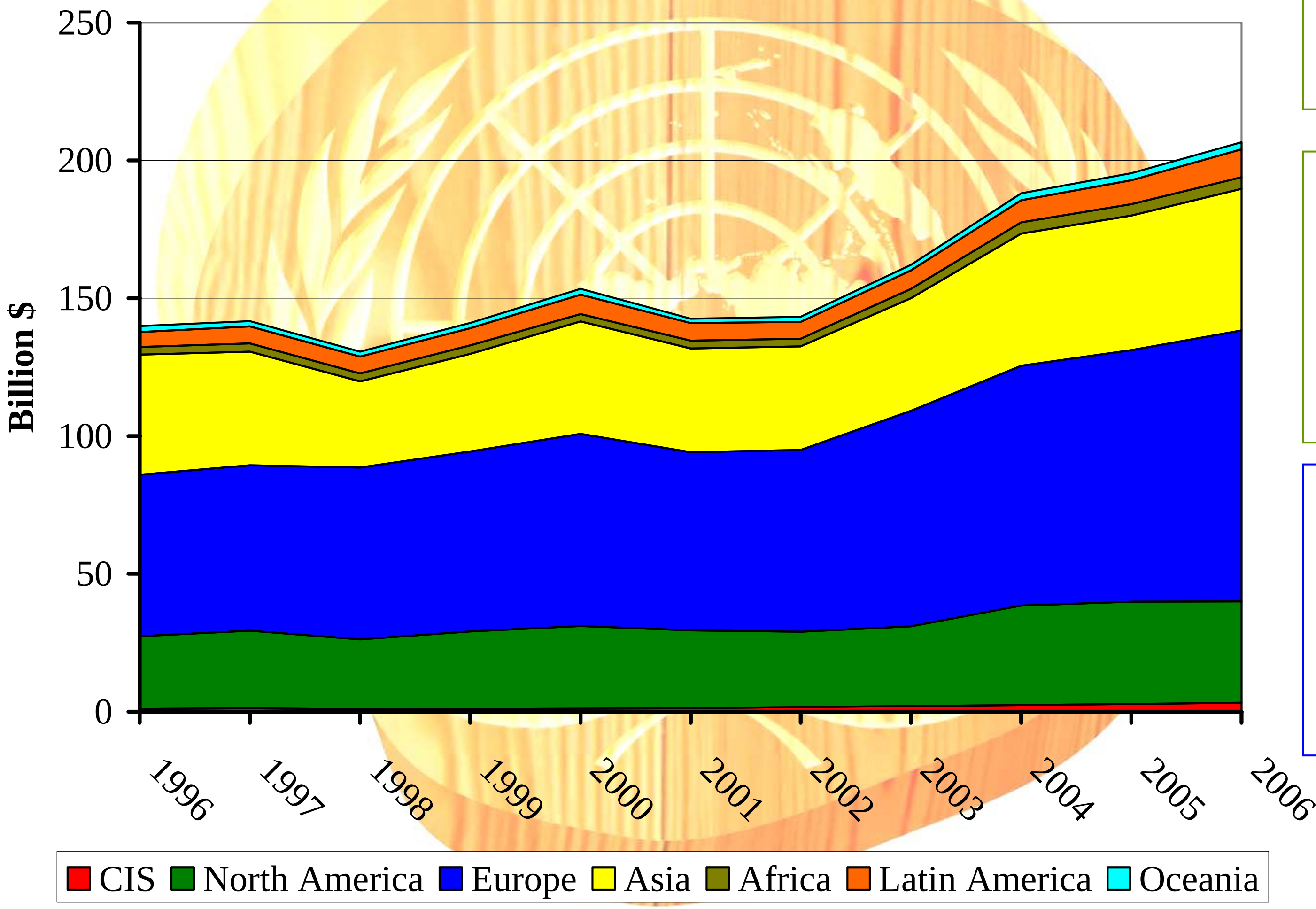
Russian wood and paper exports



Roundwood exports falling with taxes, forest sector reorganization

Source: UNECE/FAO TIMBER database, 2008.

Import Value of Wood and Paper Products



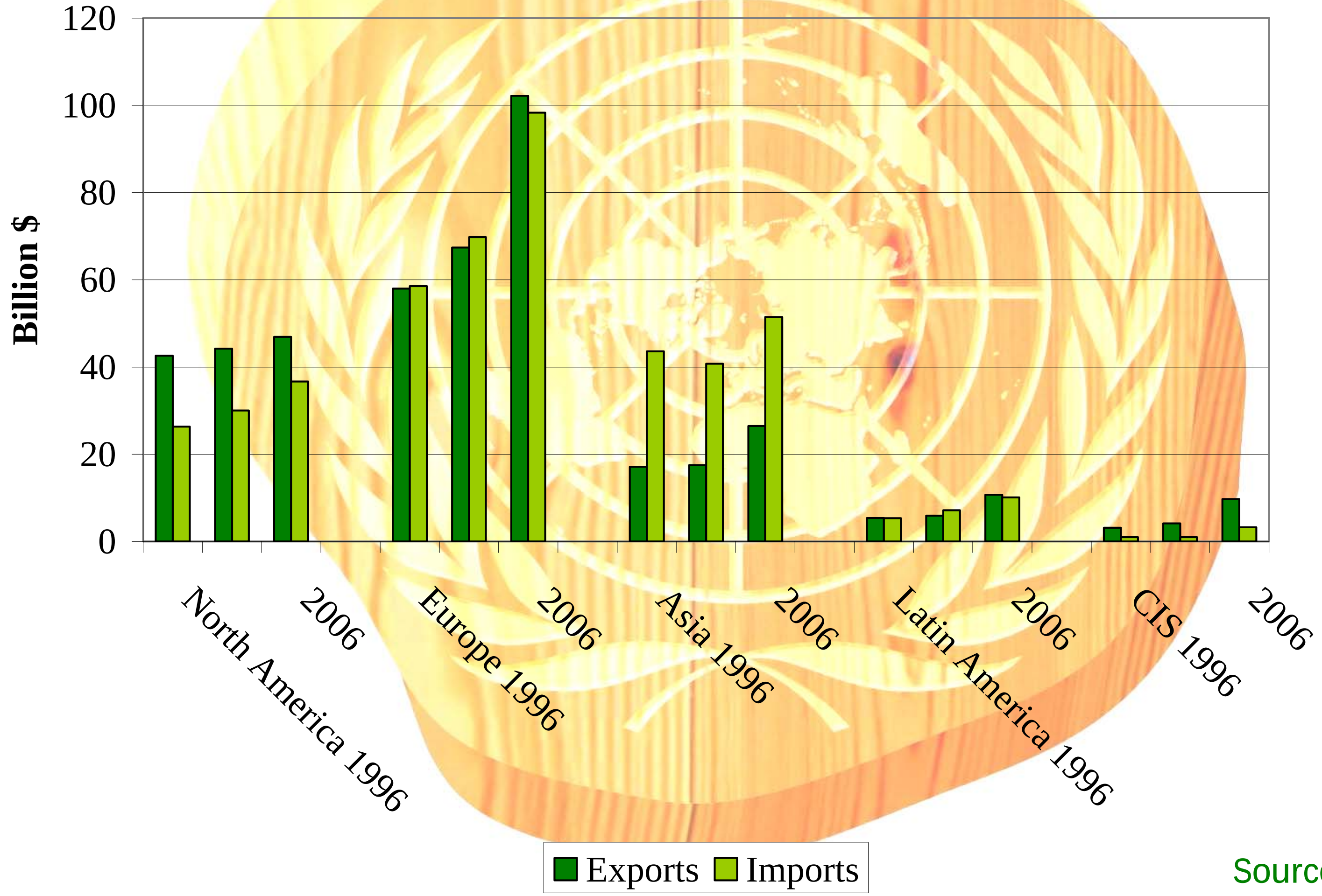
Where are importers?

China imports roundwood and waste paper

Europe includes intra-regional trade

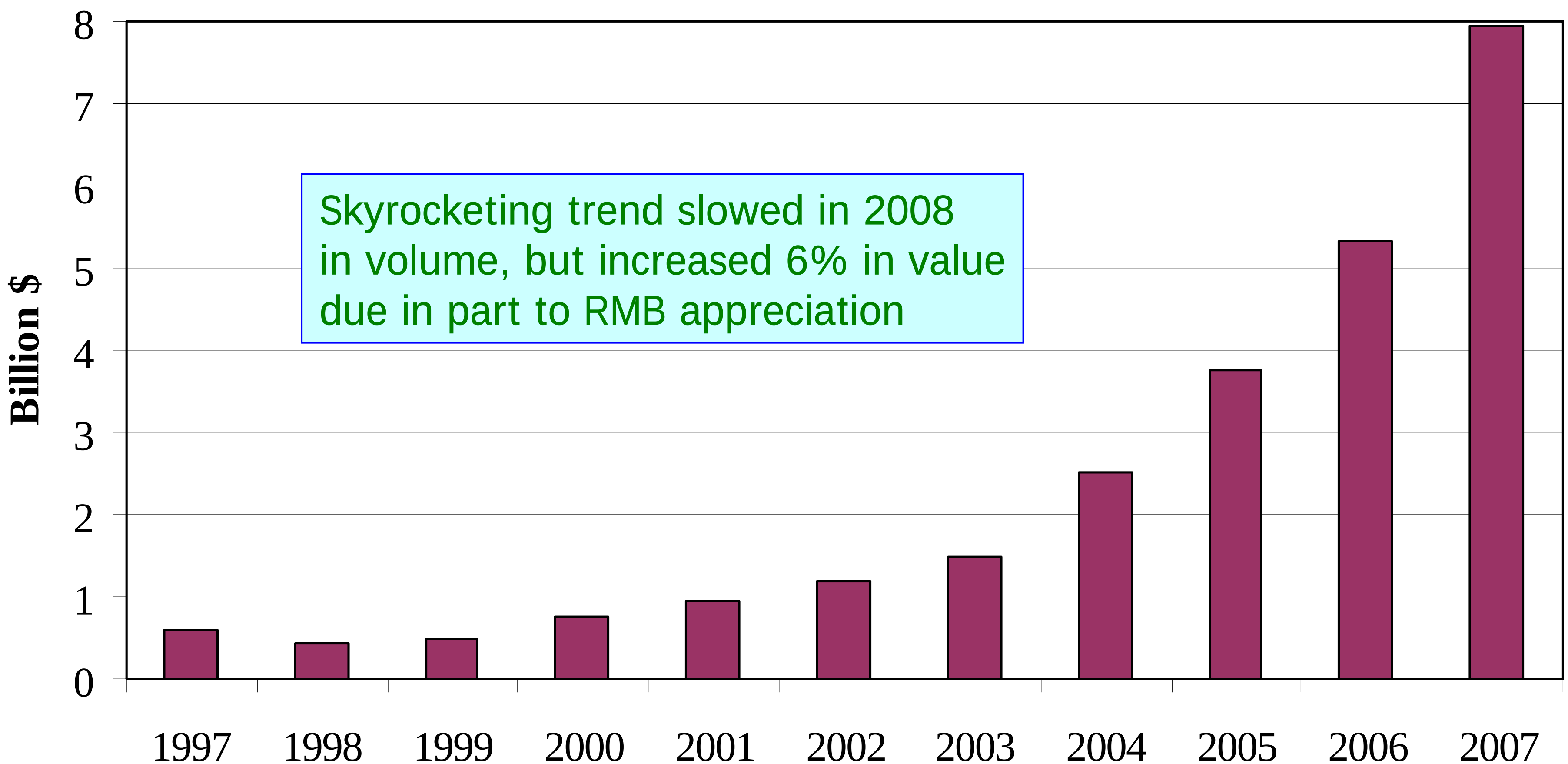
Source: FAOStat, 2008.

Trade Value Development by Major Region



Source: FAOStat, 2008.

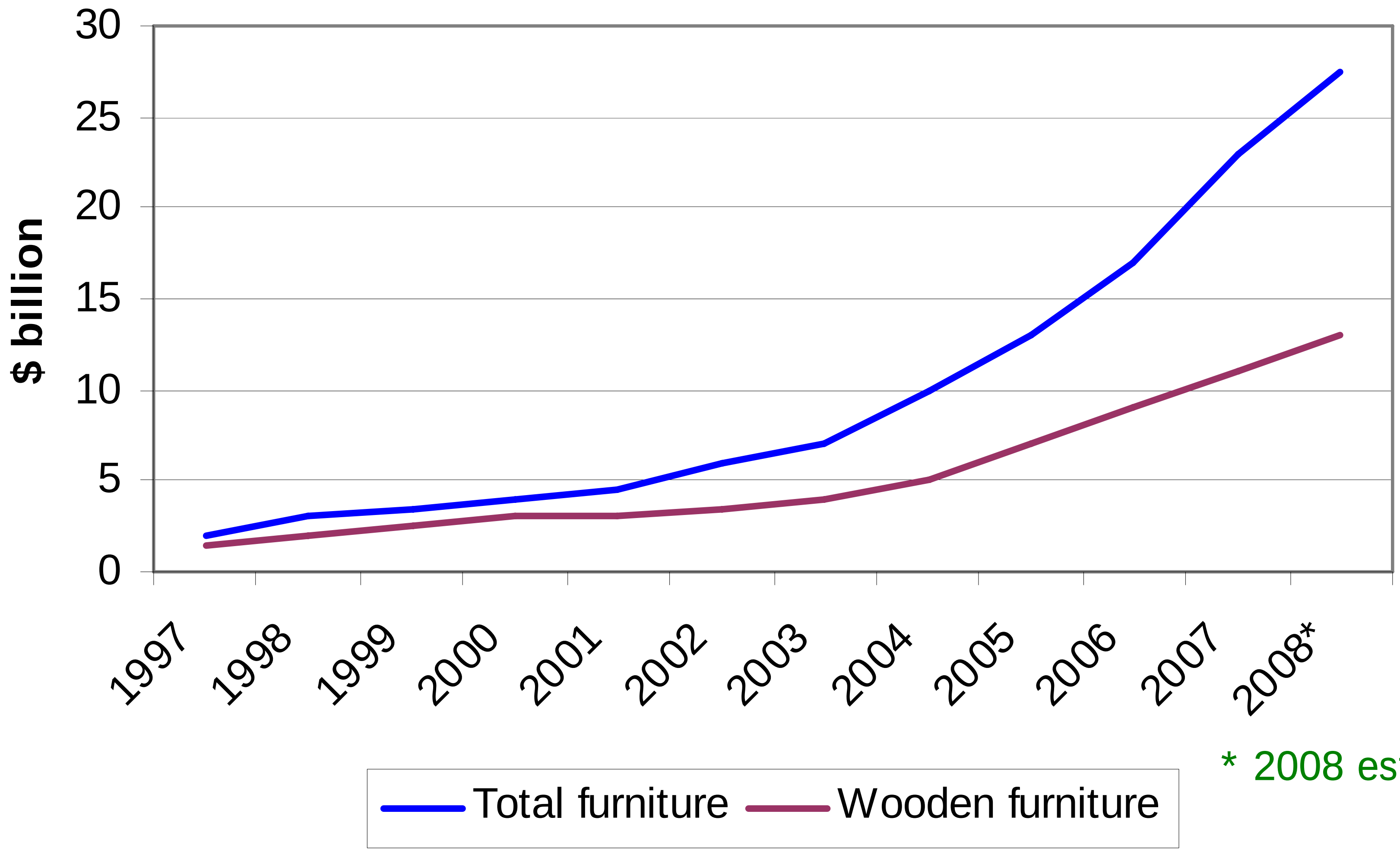
China's Wood and Paper Products Exports



Note: Includes sawnwood, panels, paper.

Source: International WOOD MARKETS Group, based on Chinese Customs, 2008.

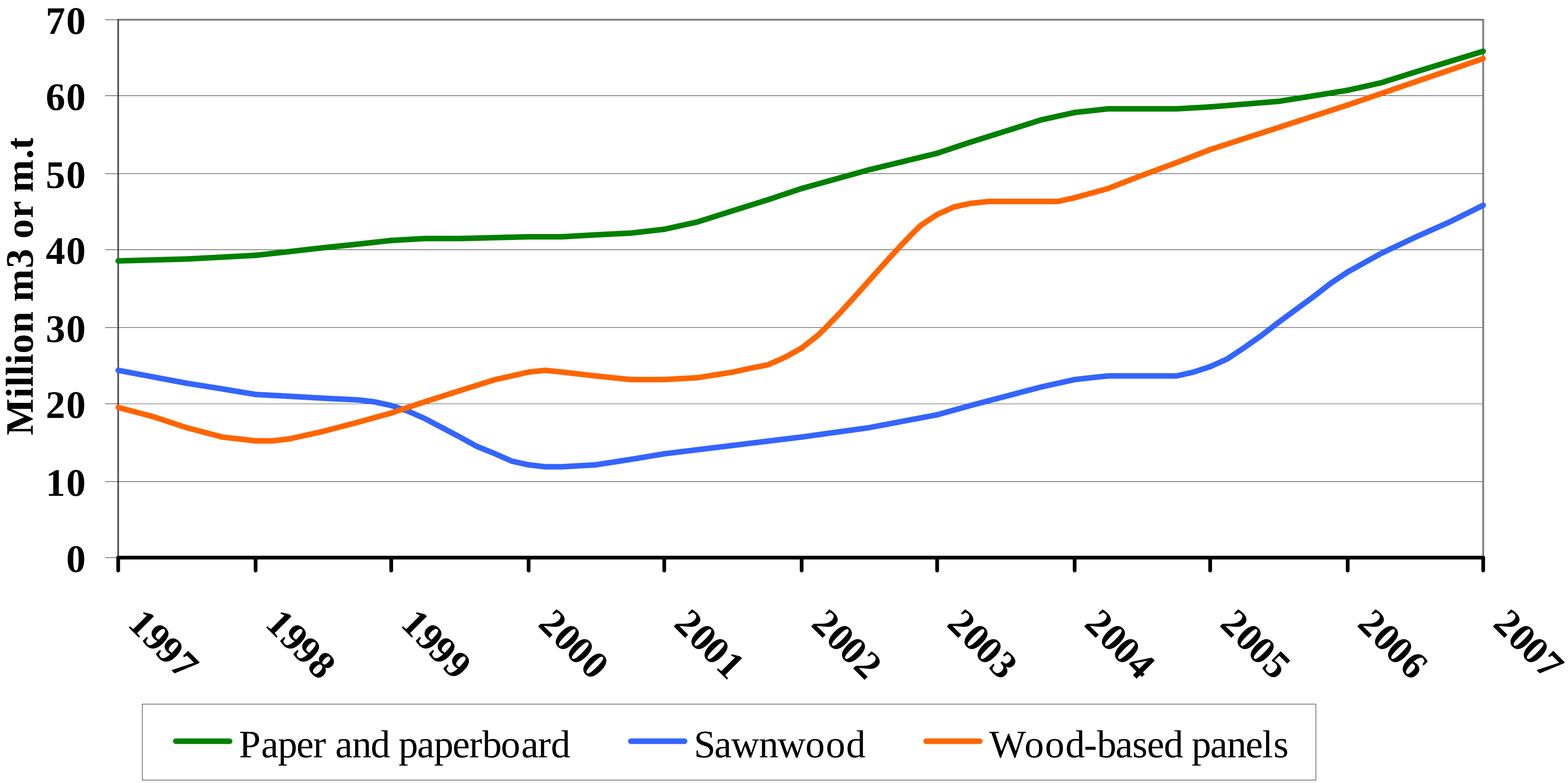
China's Wood and Non-Wood Furniture Exports



* 2008 estimated

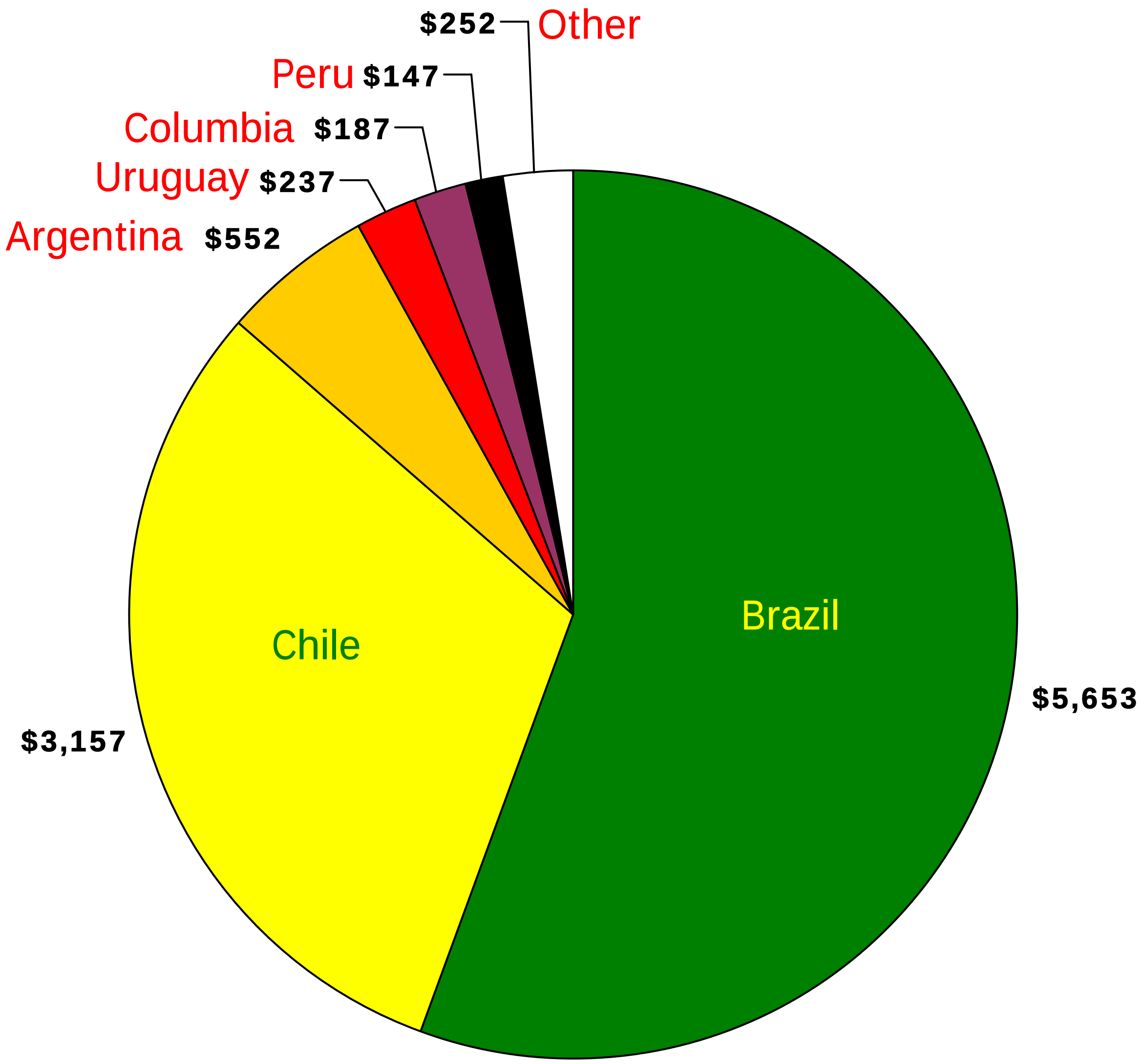
Source: IBISWorld, 2008, and Tan, X. et al., 2007.

China's Forest Products Consumption



Sources: FAOSTAT, 2008 and Tan, X. et al., 2007.

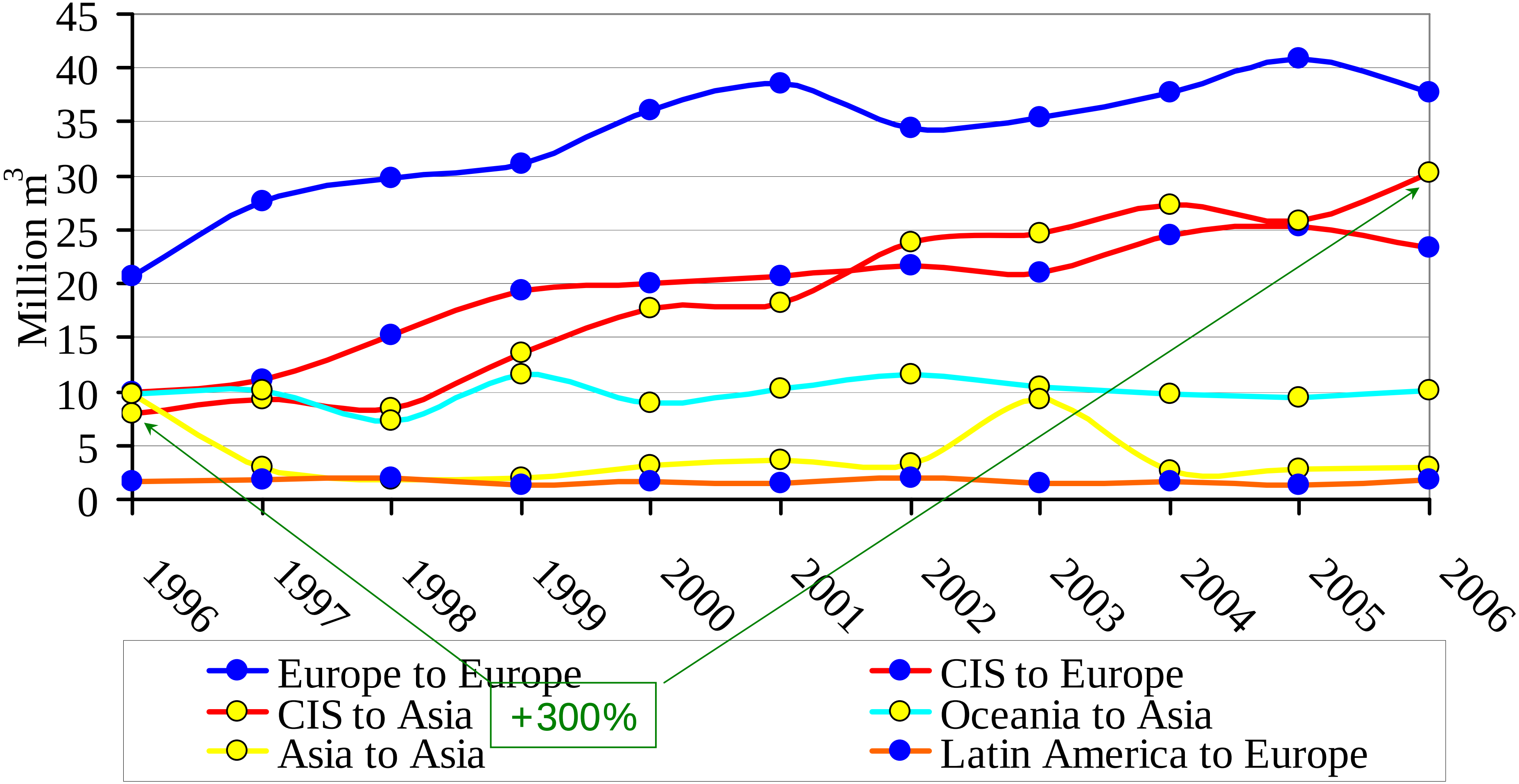
S. American forest products exports, 2006, $ million



Source: FAO, 2008.

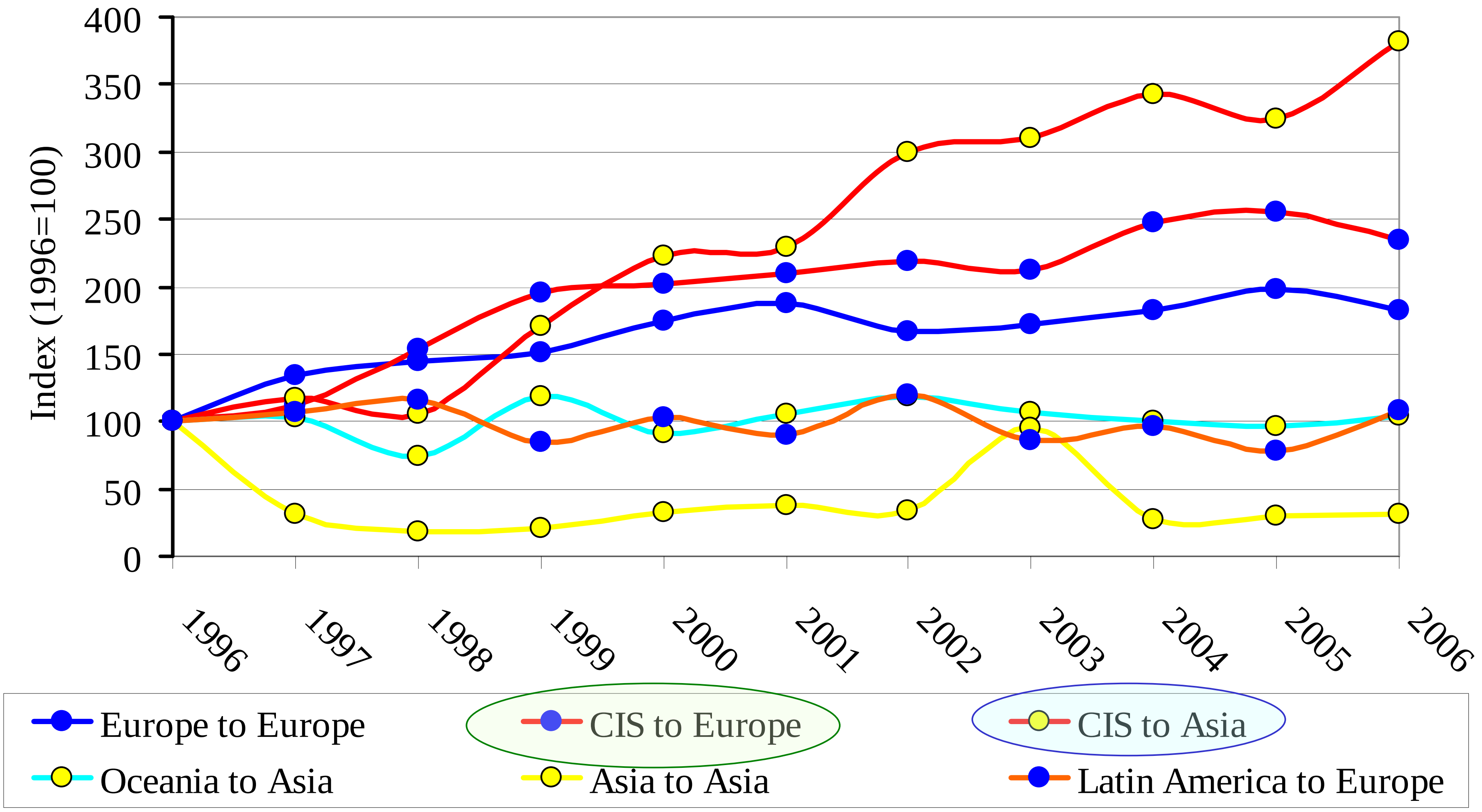
III. Trade flow trends

Industrial Roundwood Trade Flows



Source: UN Comtrade, FAO, 2008.

Industrial Roundwood Trade Flows



Source: UN Comtrade, FAO, 2008.

International Flooring Conference

26 March 2009, Changzhou, China

Global industrial roundwood vs. fuelwood

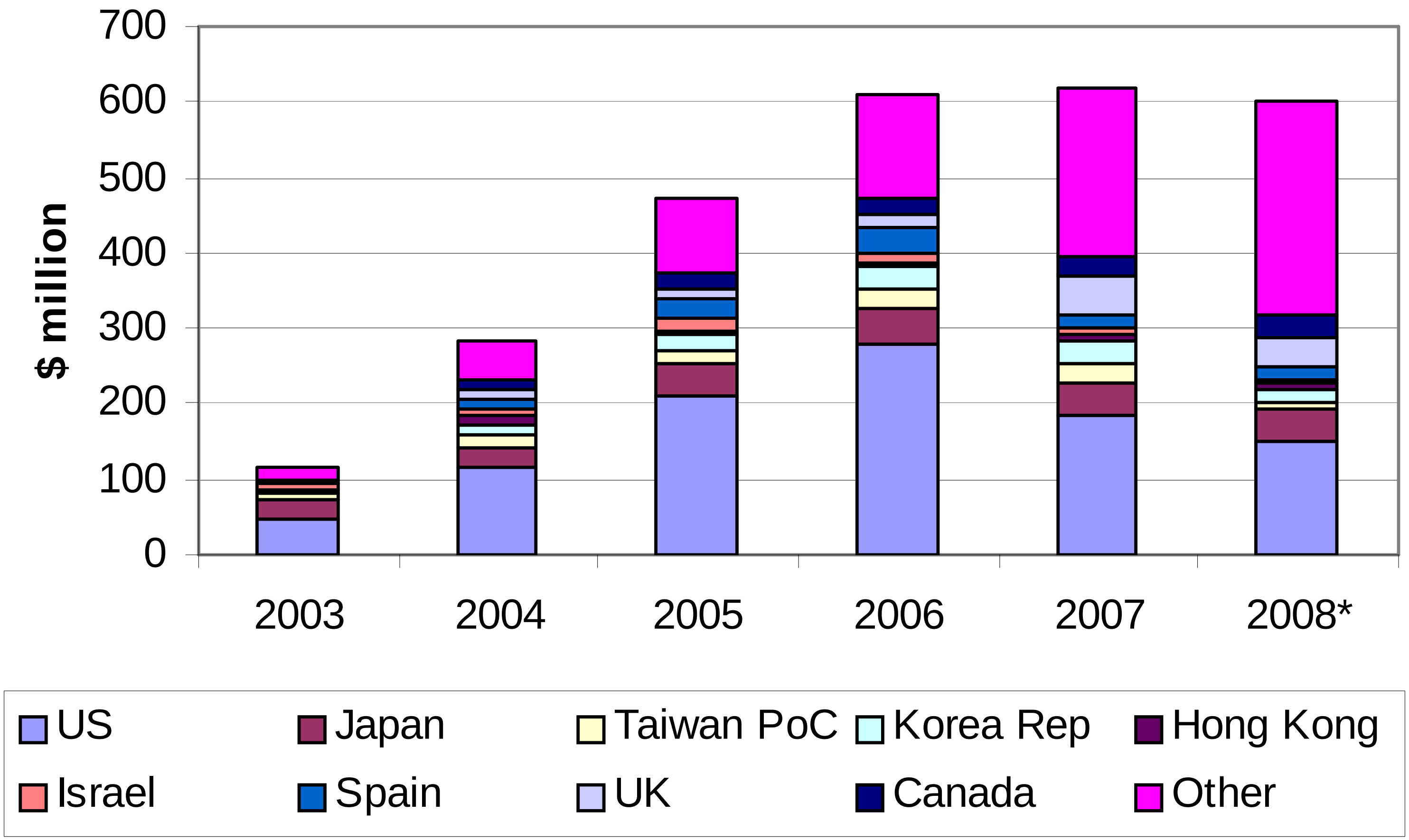
- Over half used as fuel
  - Domestic heating
  - Cooking
- Mostly in developing countries
- Low value
- Modern wood energy
  - Small international trade
  - Growing market
  - Policy push in Europe

IV. Flooring market trends

Factors affecting demand and trade

- Economic conditions, mortgage (home loan) rates
- Housing starts
- Remodelling
- Demand for wood flooring vs. other flooring options

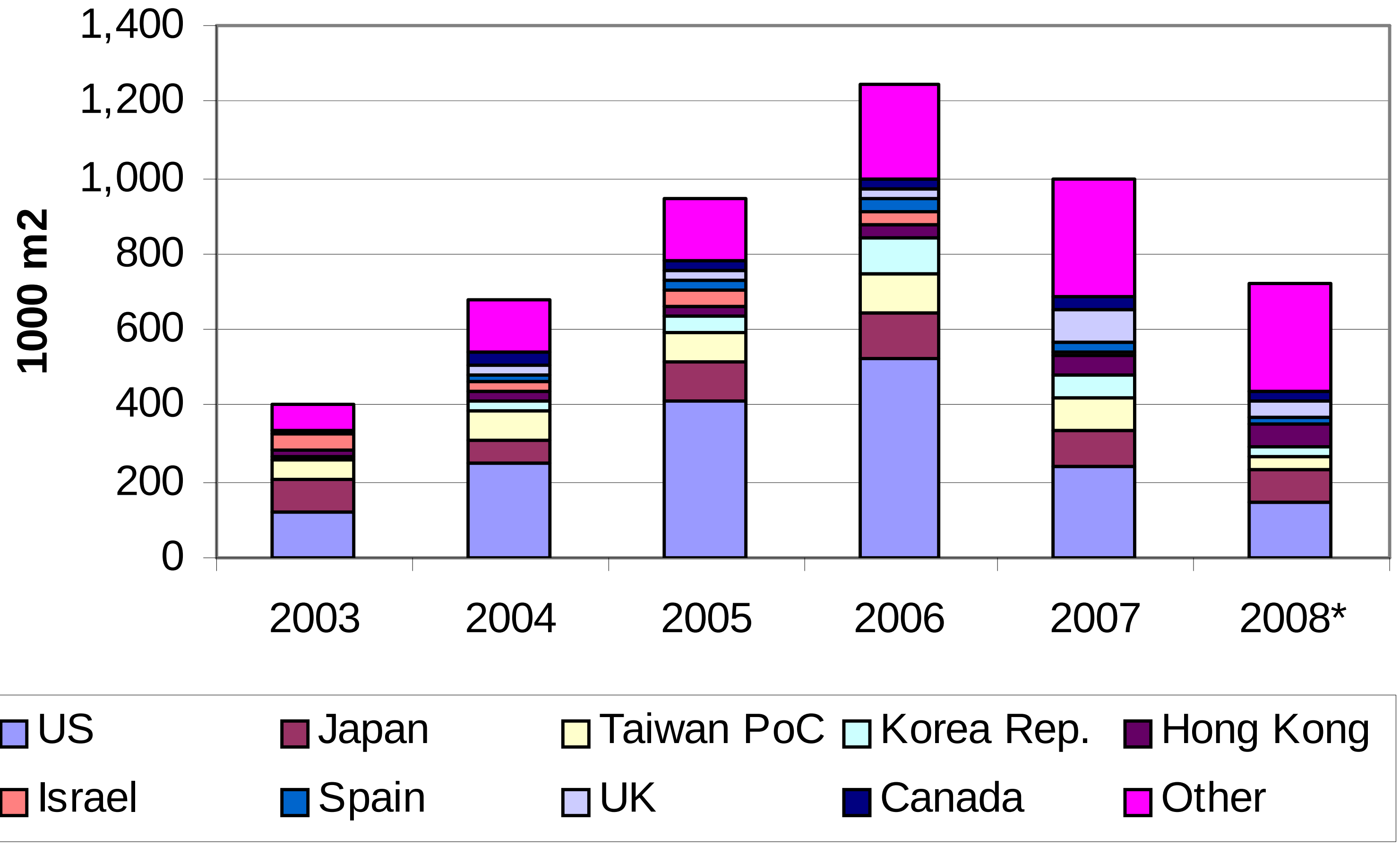
China's engineered flooring exports, value



*** Note:** 2008 data is January to November, only 11 months.

Source: Chinese Customs, 2009.

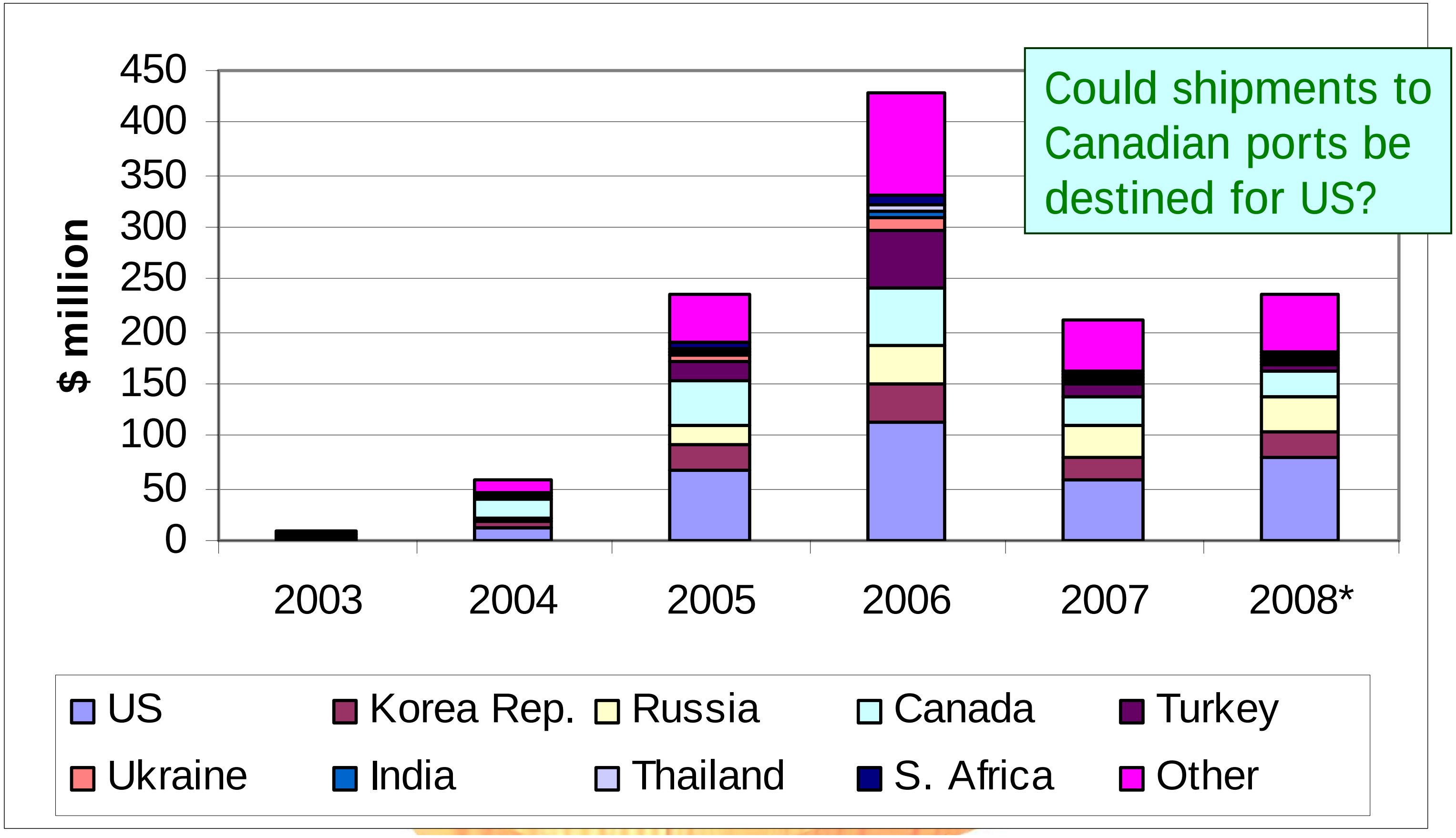
China's engineered flooring exports, volume



*** Note:** 2008 data is January to November, only 11 months.

Source: Chinese Customs, 2009.

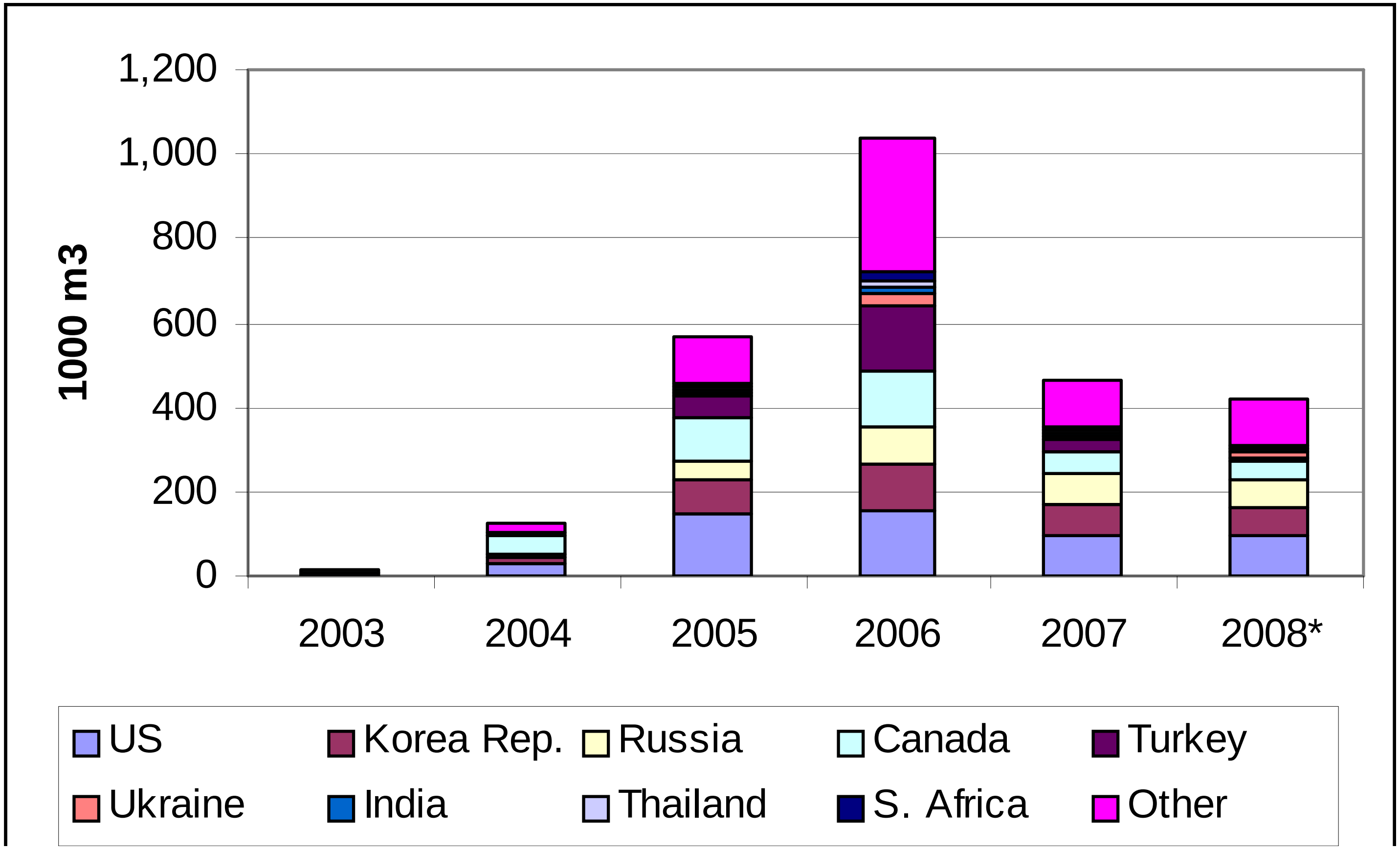
China's laminated flooring exports, value



* ***Note:*** 2008 data is January to November, only 11 months.

Source: Chinese Customs, 2009.

China's laminated flooring exports, volume

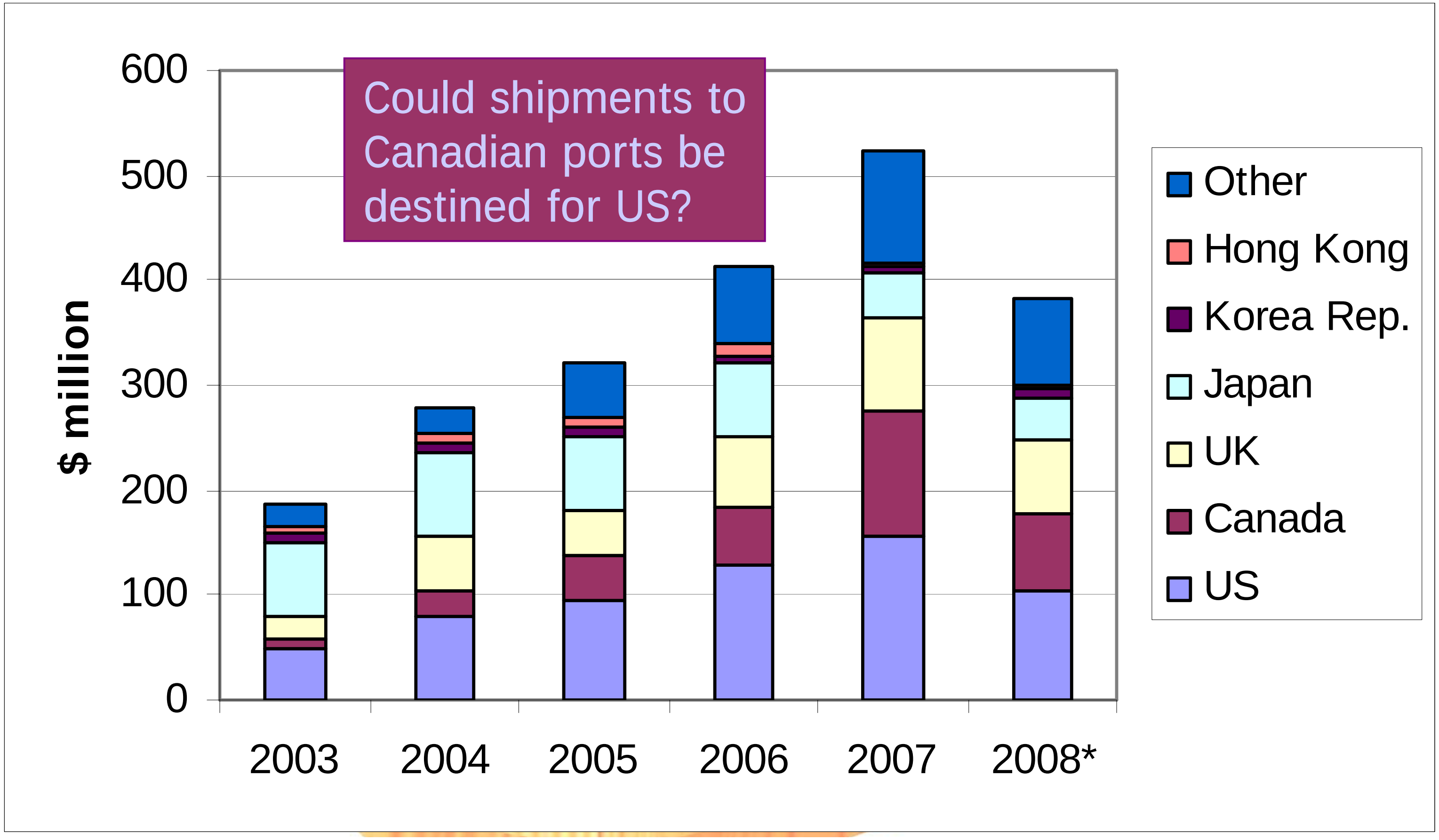


Converted from ton to m³ by 750kg/m³.

* ***Note:*** 2008 data is January to November, only 11 months.

Source: Chinese Customs, 2009.

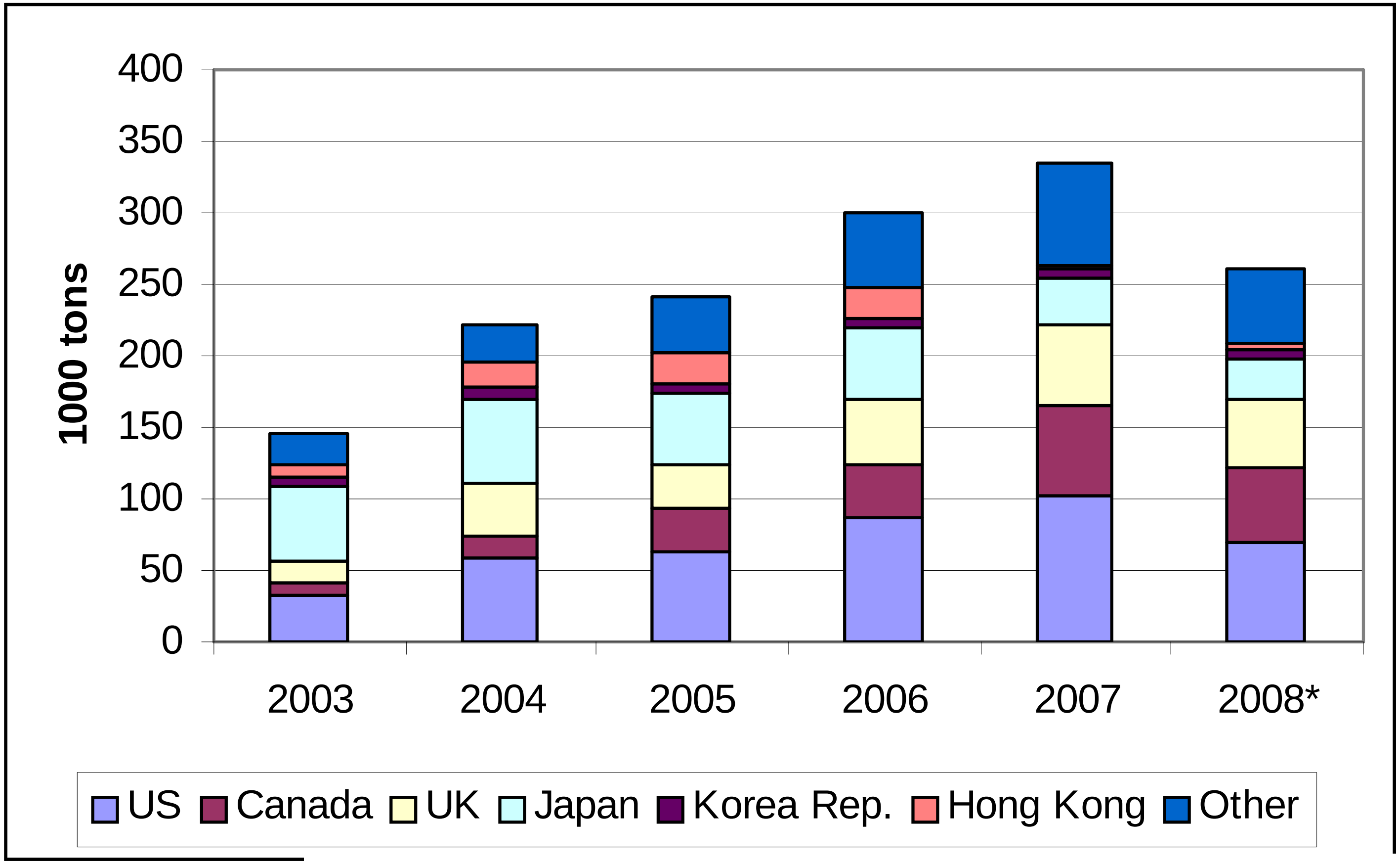
China’s solid wood flooring exports, value



*** *Note:*** 2008 data is January to November, only 11 months.

Source: Chinese Customs, 2009.

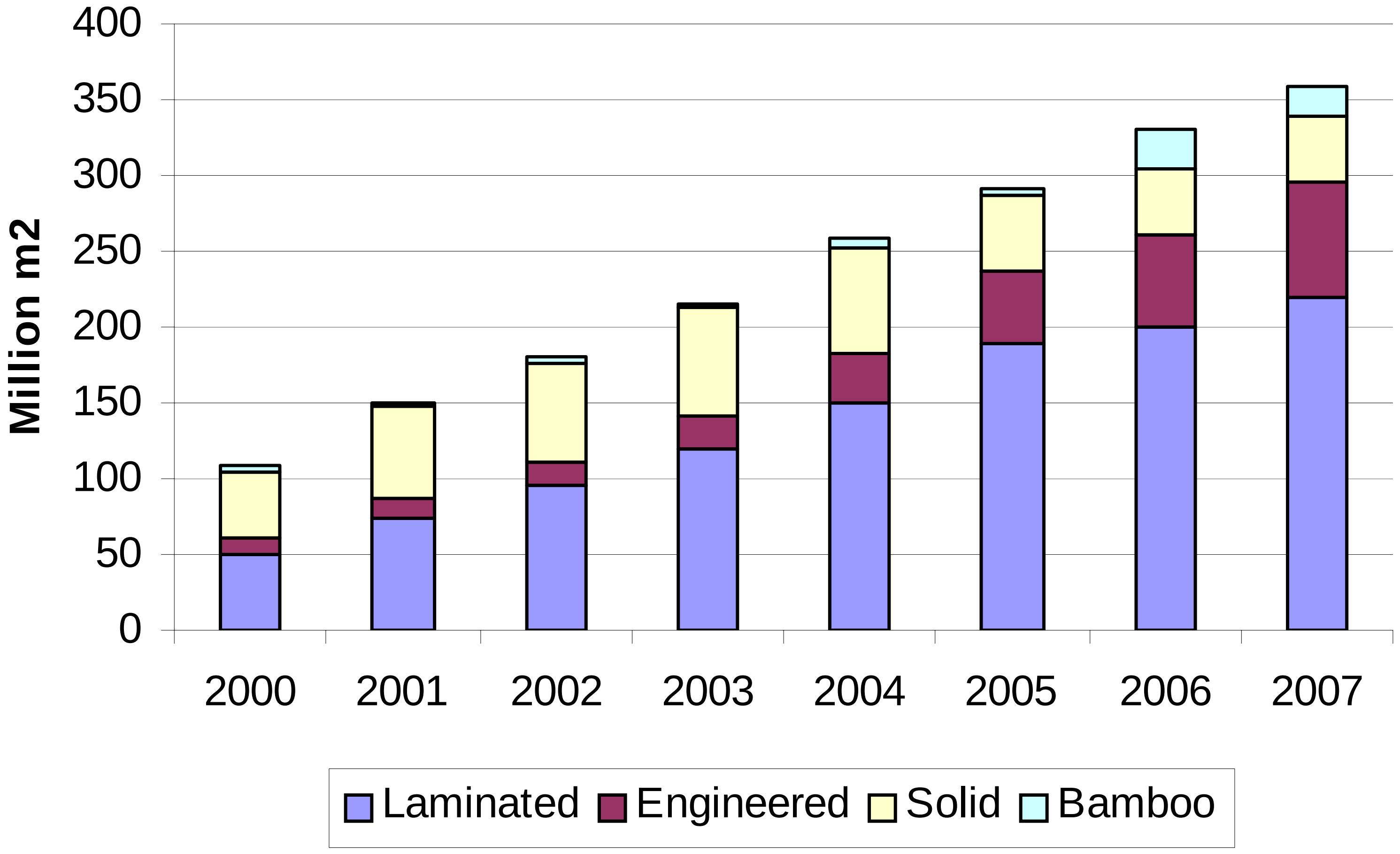
China's solid wood flooring exports, volume



* ***Note:*** 2008 data is January to November, only 11 months.

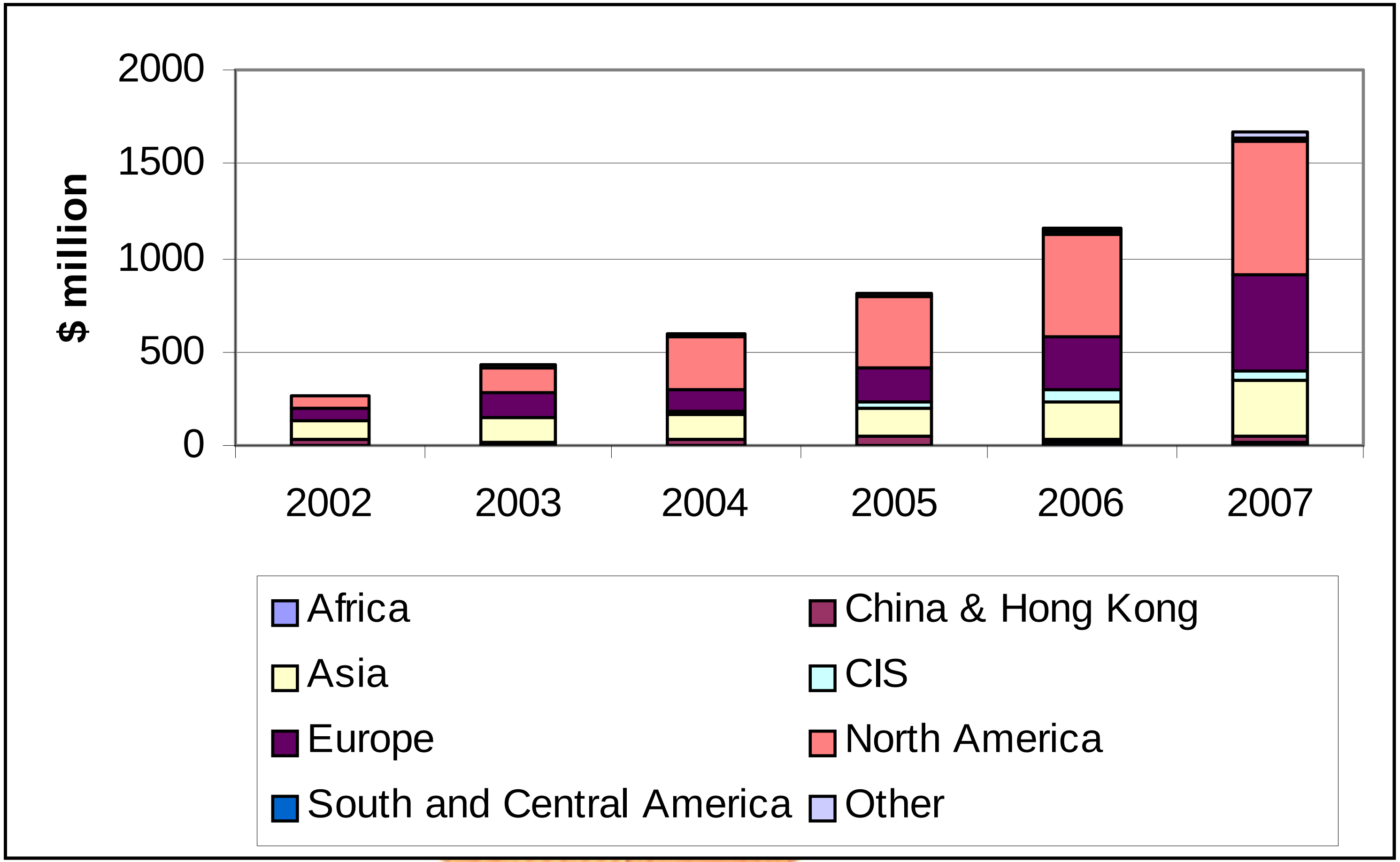
Source: Chinese Customs, 2009.

China’s wood flooring production



Source: State Forestry Administration, China, 2009.

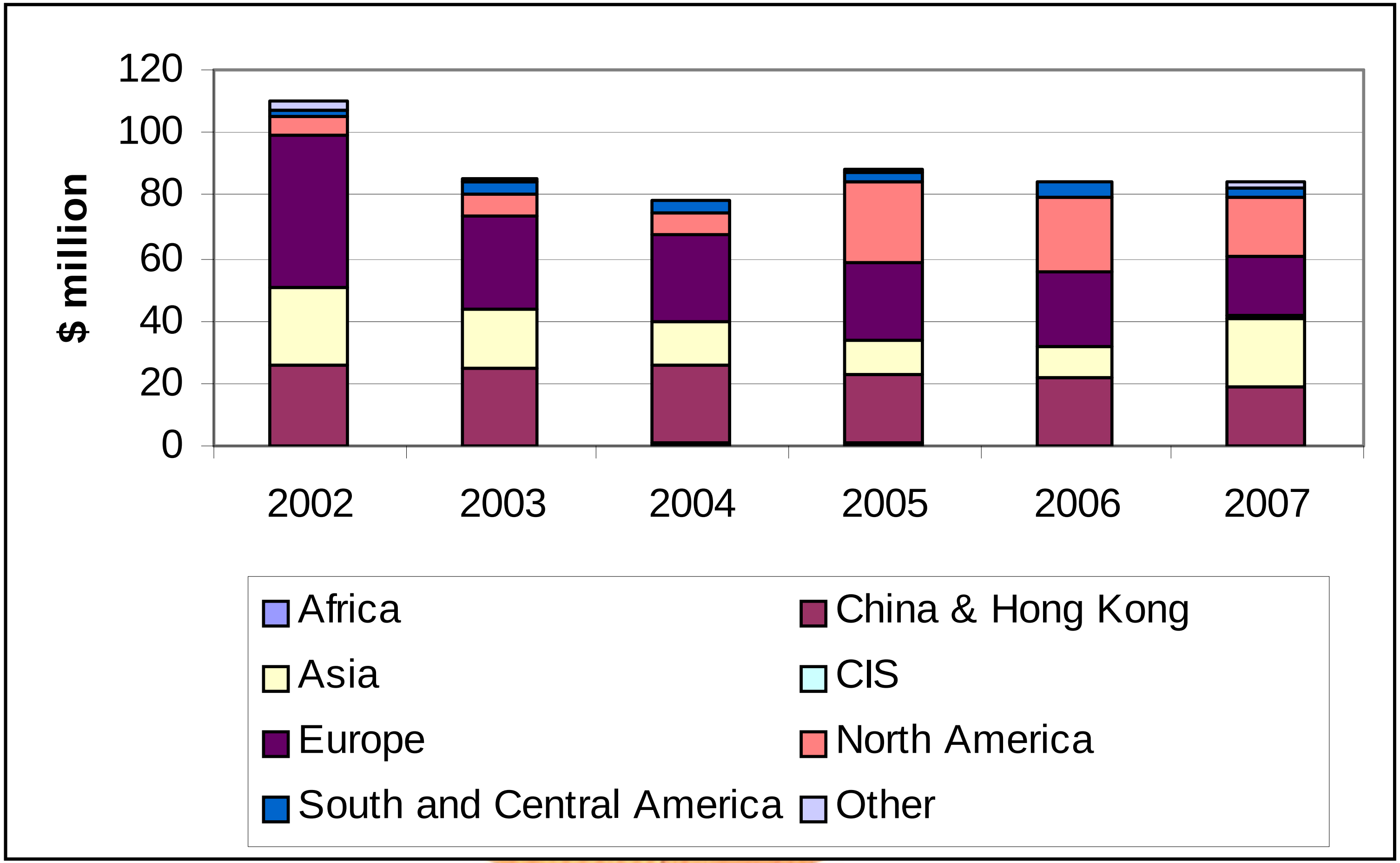
Exporters of wood flooring and shaped wood



Note: Includes much more than flooring.

Source: UN Comtrade, 2009.

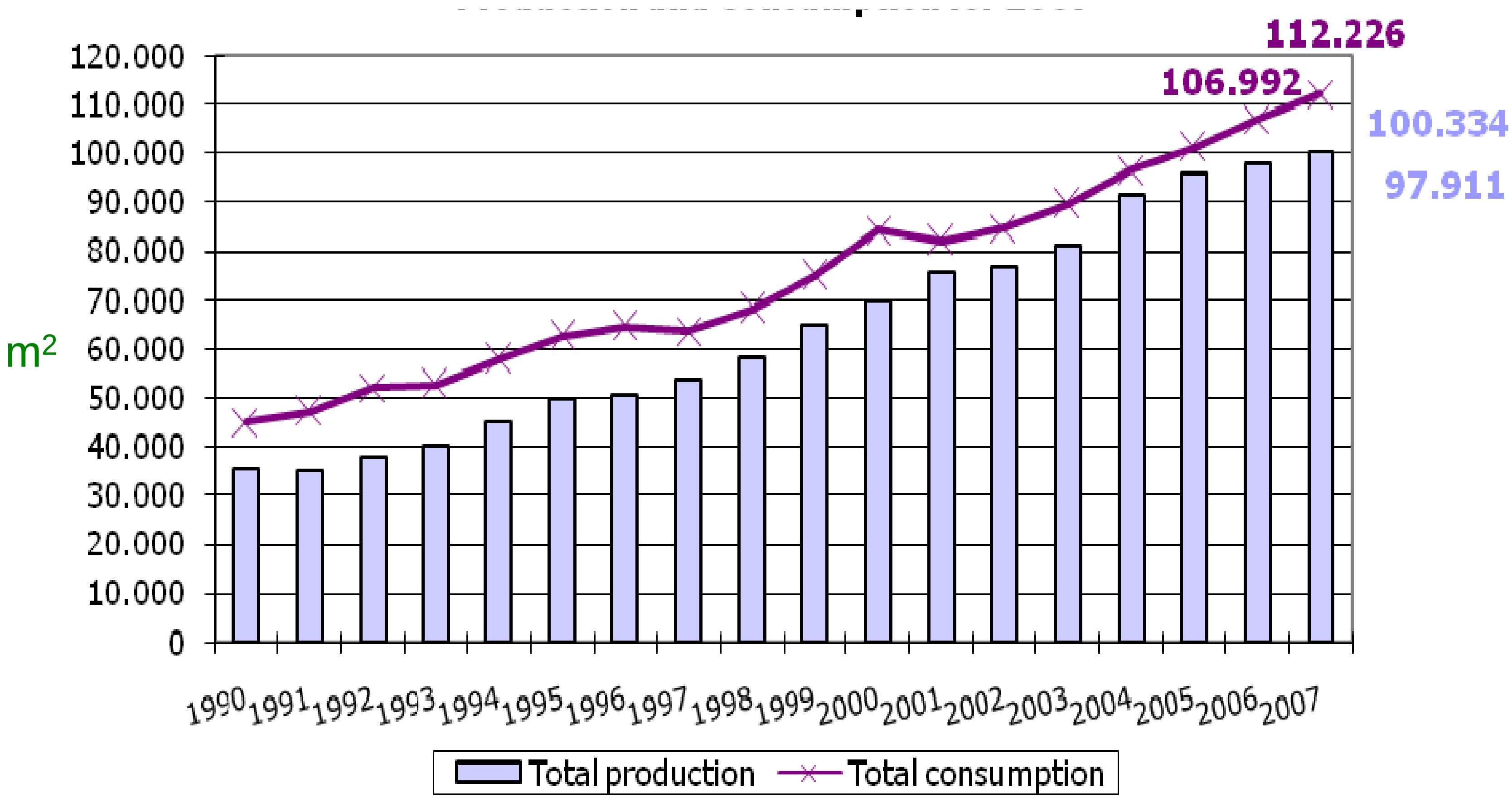
Importers of wood flooring and shaped wood



Note: Includes much more than flooring.

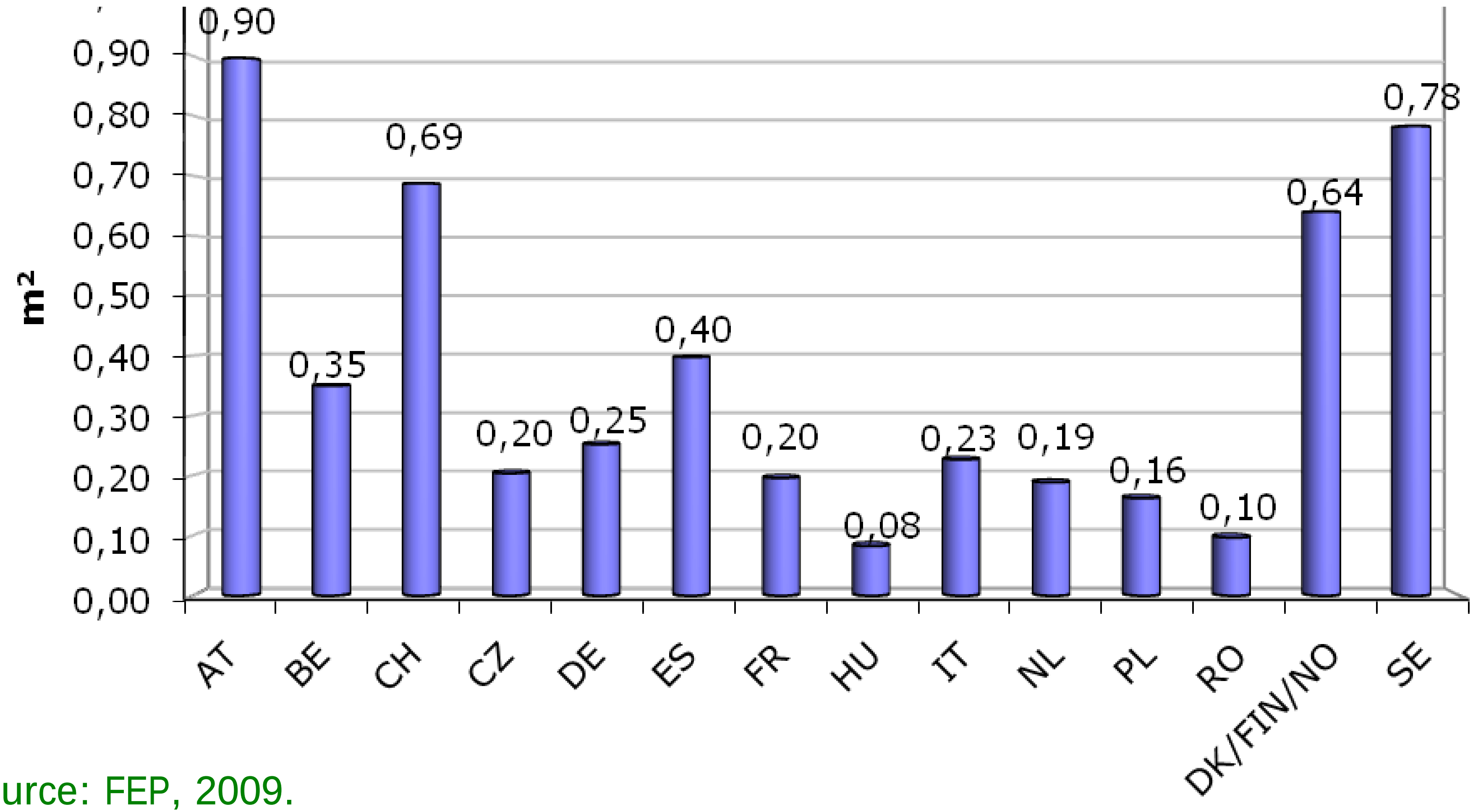
Source: UN Comtrade, 2009.

European parquet production and consumption



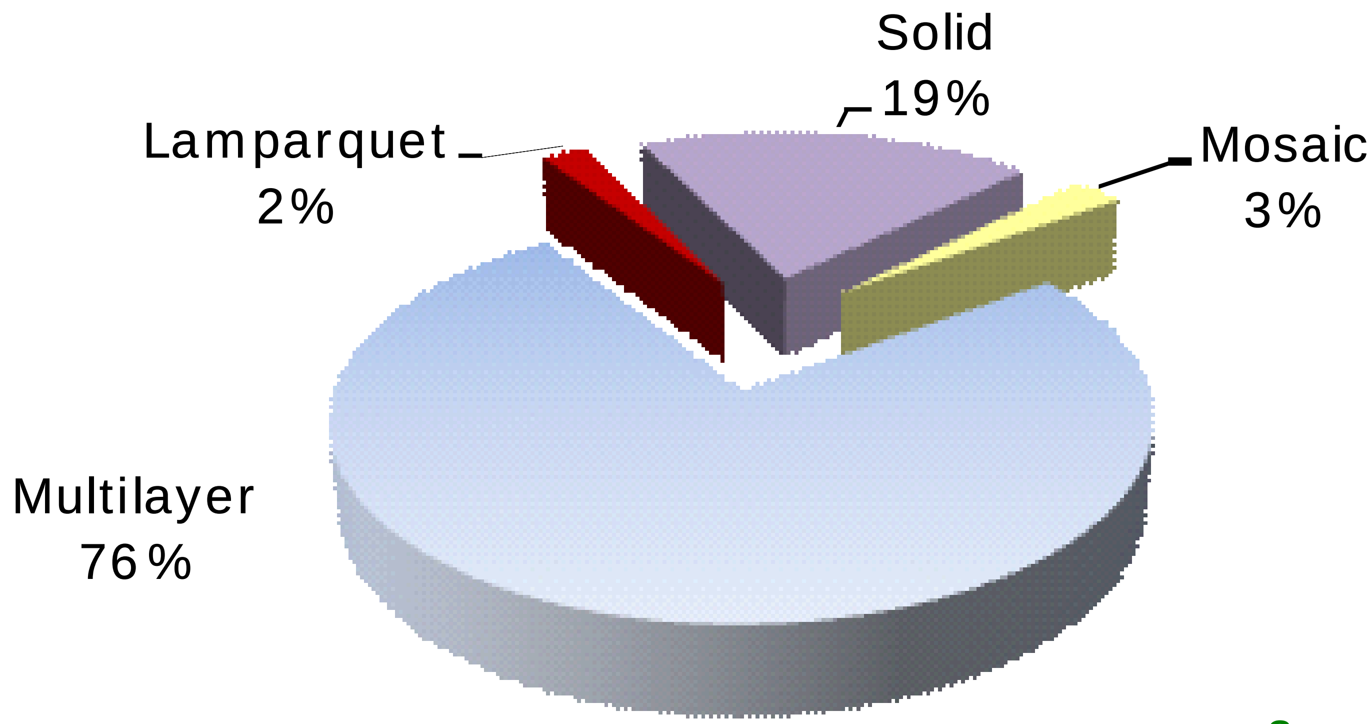
Source: FEP, 2009.

European parquet consumption per capita



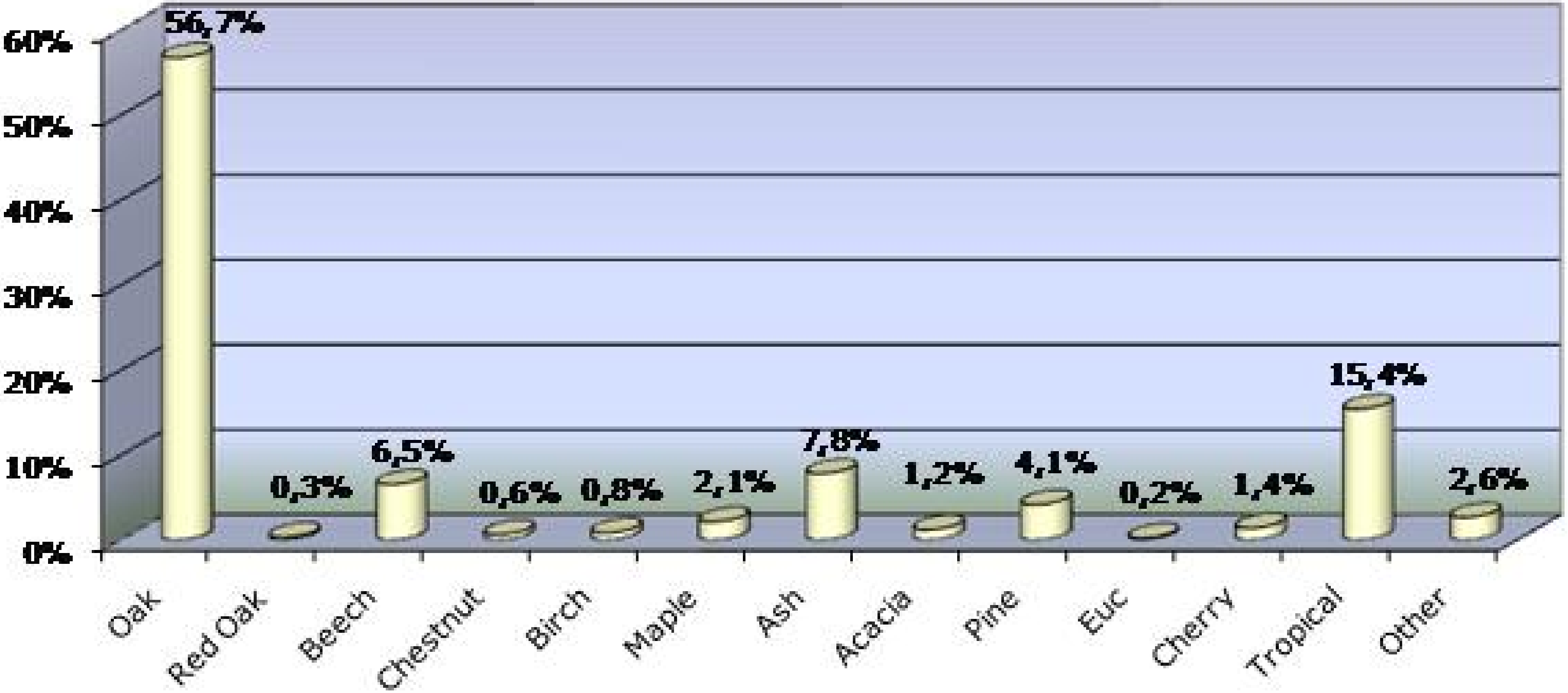
Source: FEP, 2009.

European parquet production, 2007



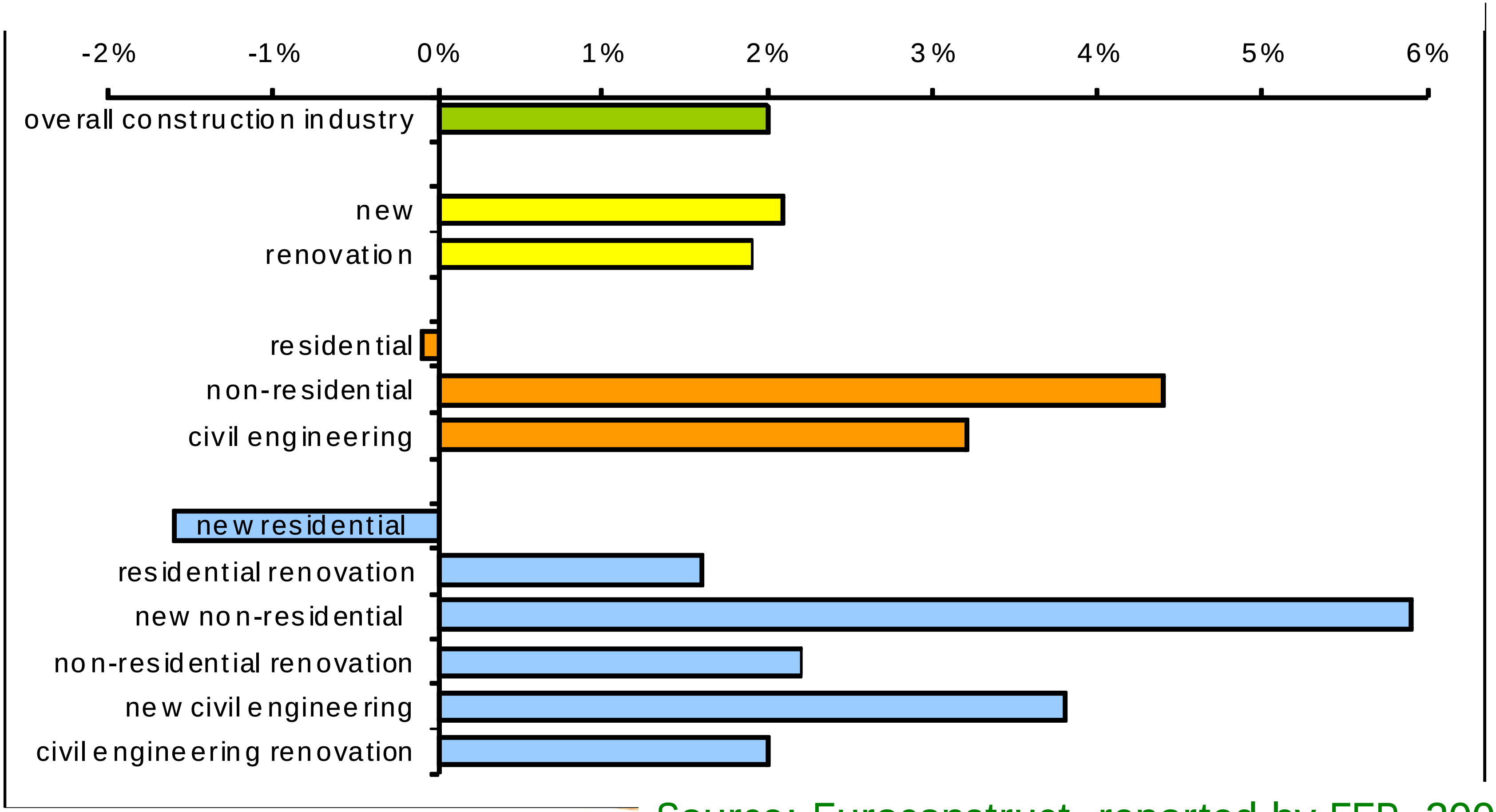
Source: FEP, 2009.

European species used, 2007



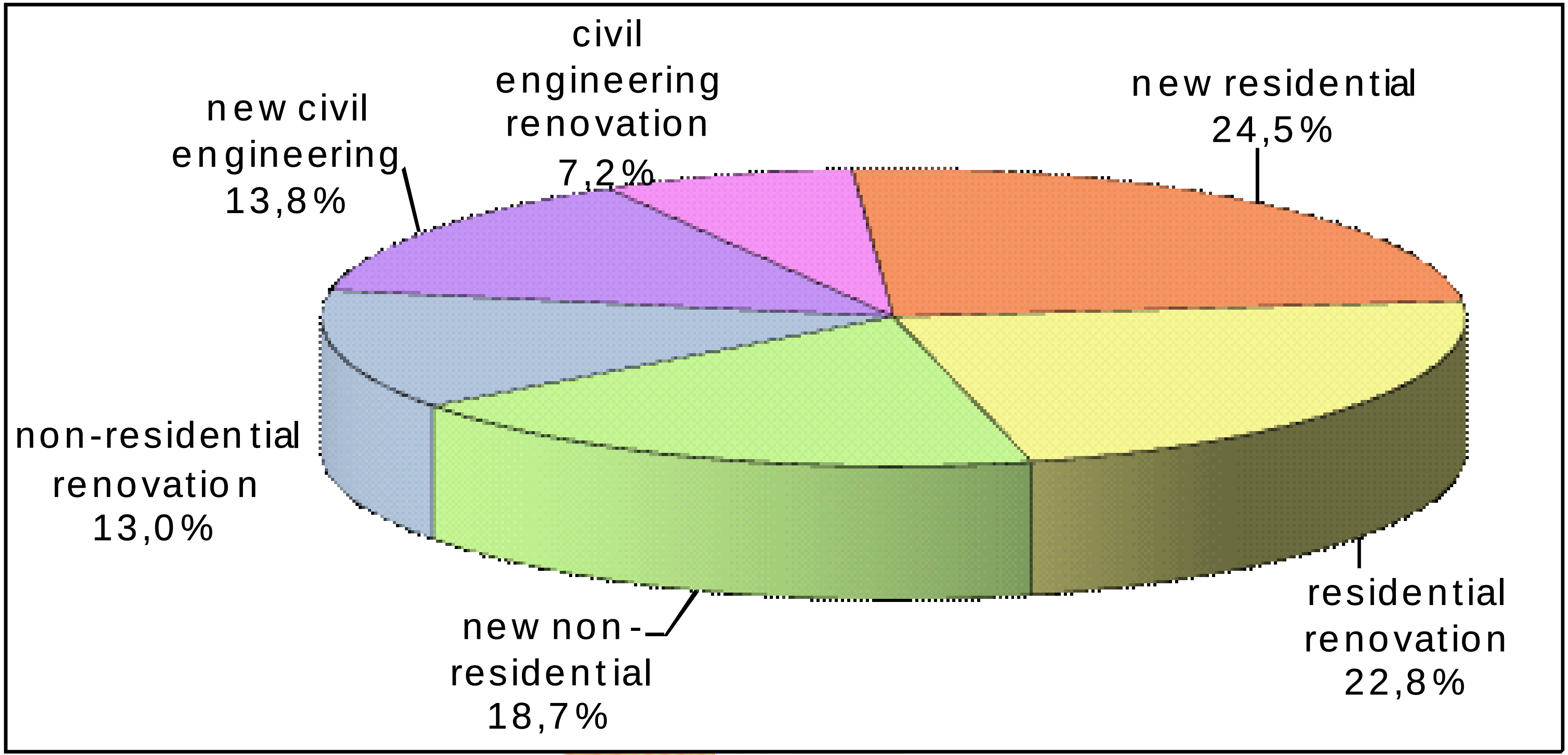
Source: FEP, 2009.

European construction sectors' growth rates, 2007



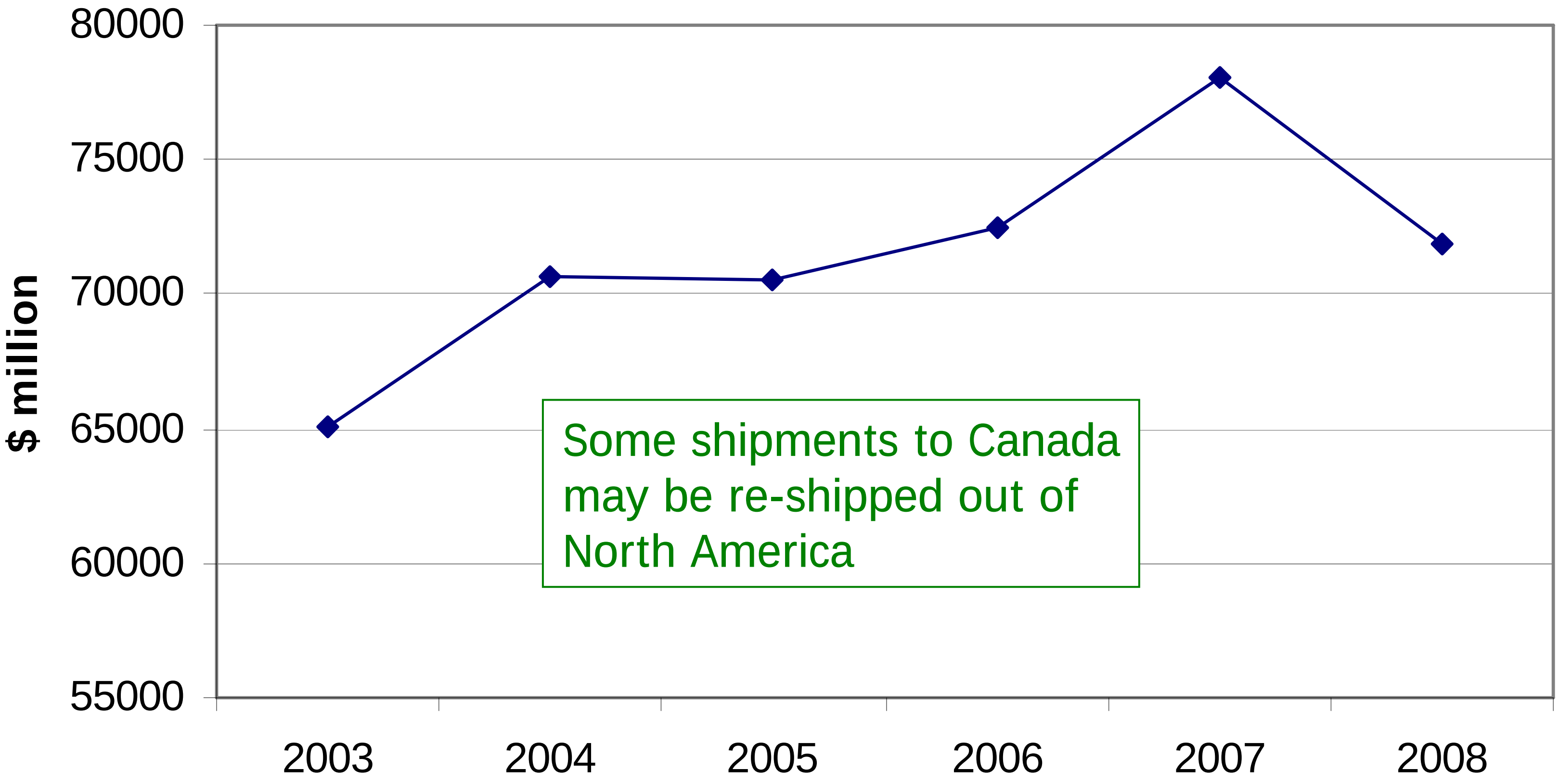
Source: Euroconstruct, reported by FEP, 2009.

European construction market shares, 2007



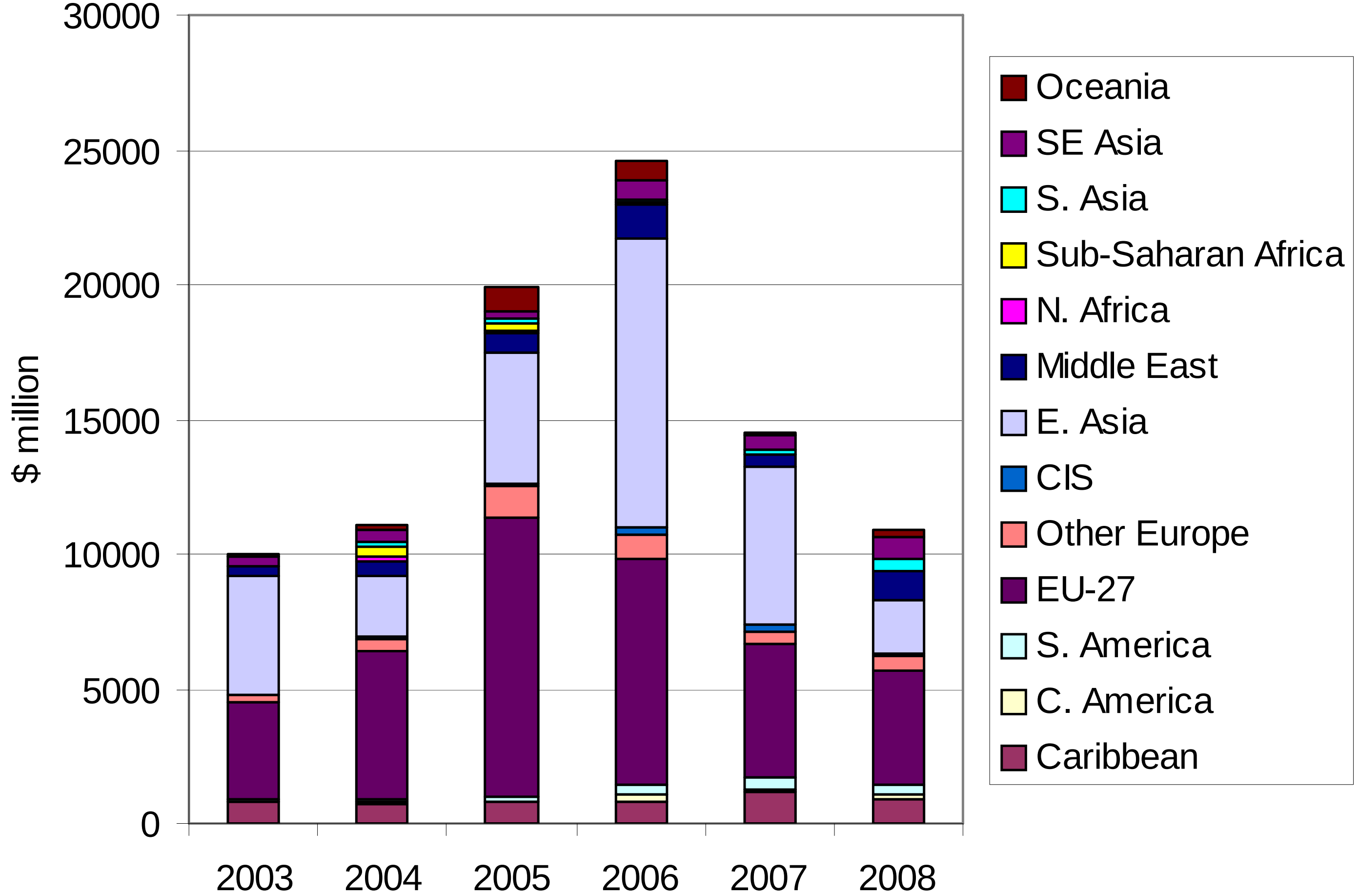
Source: Euroconstruct, reported by FEP, 2009.

US hardwood flooring exports to Canada and Mexico, value



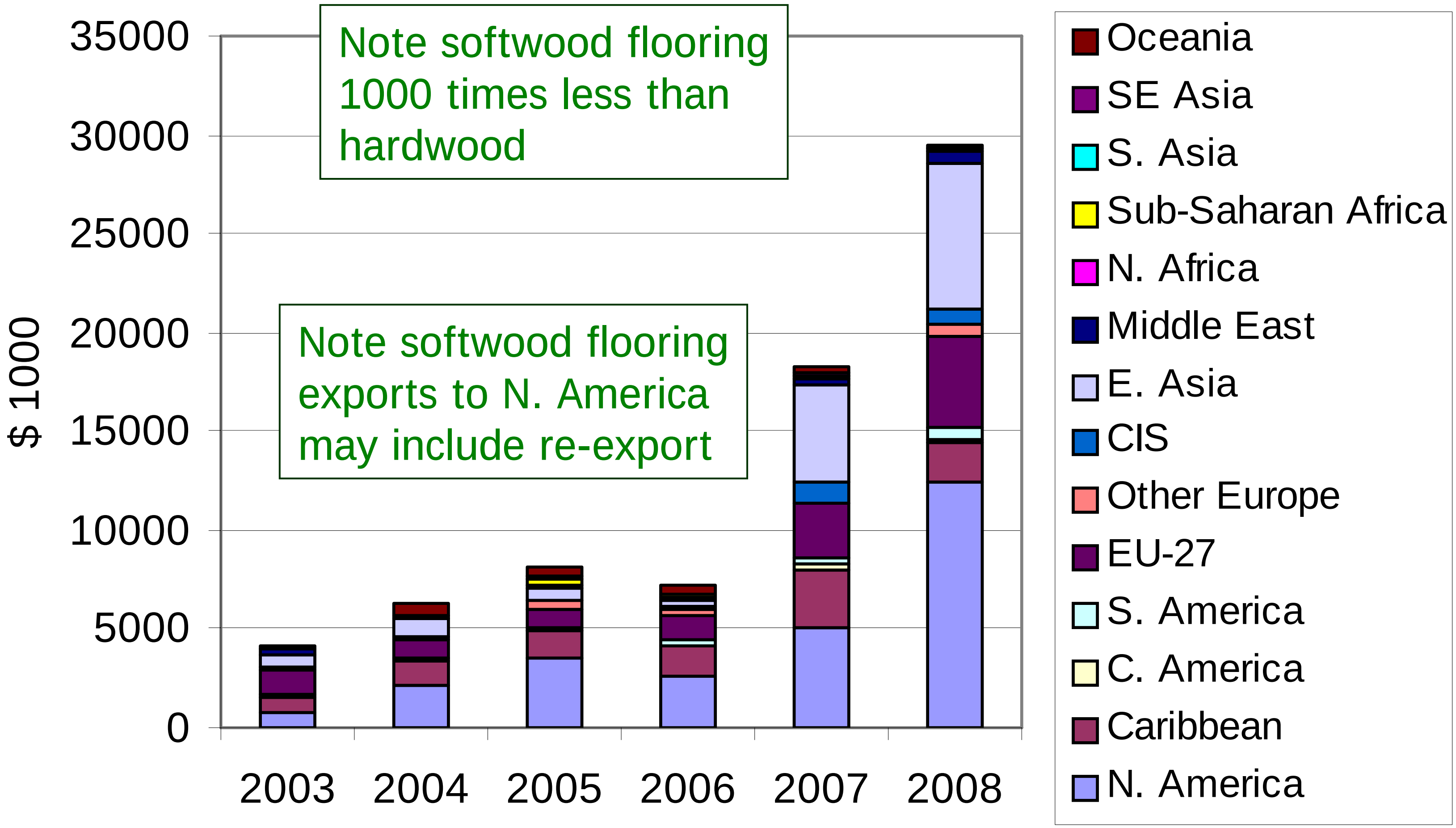
Source: USDA FAS, 2009.

US hardwood flooring exports to non-North America, value



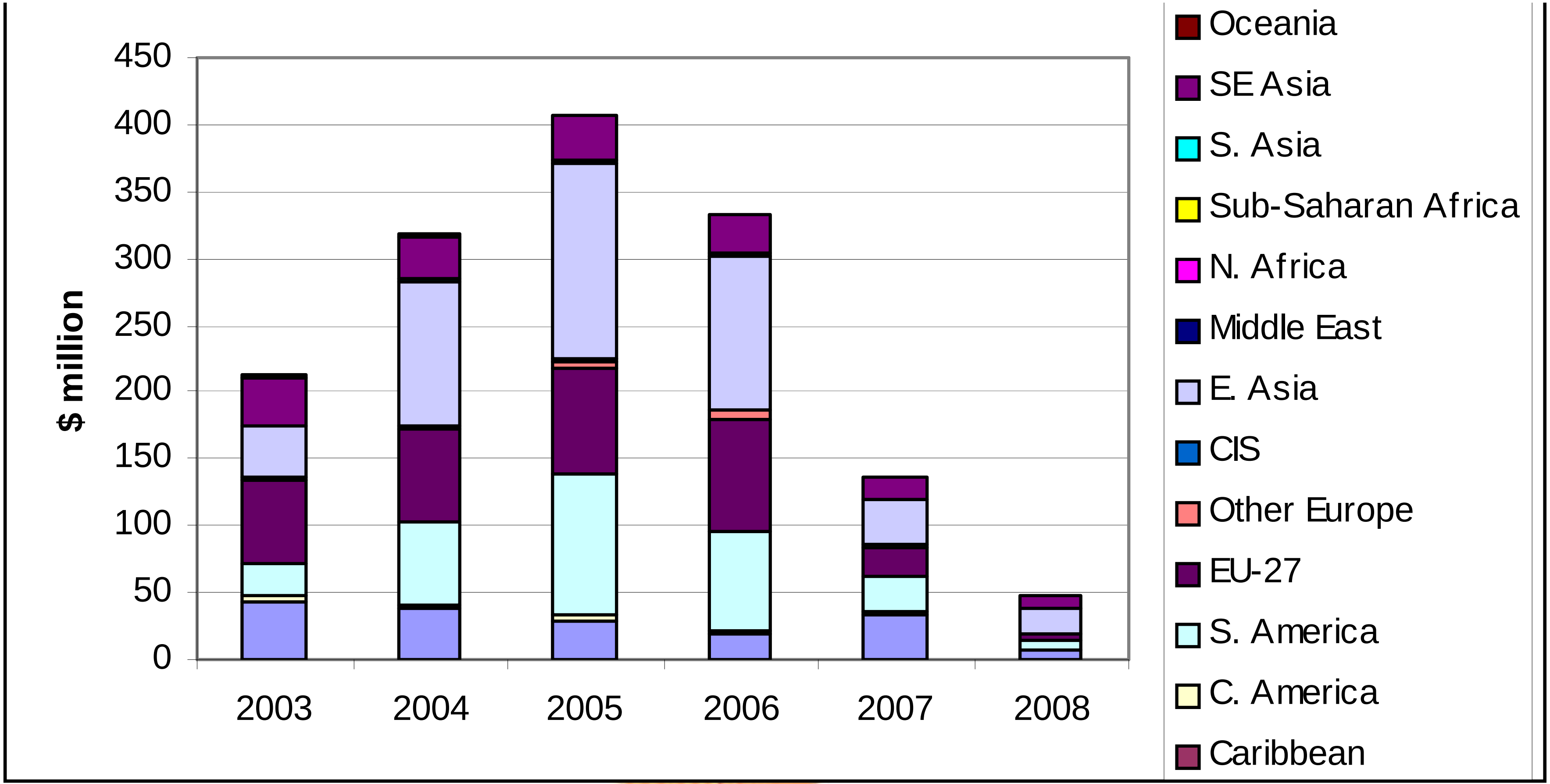
Source: USDA FAS, 2009.

US softwood flooring exports, value



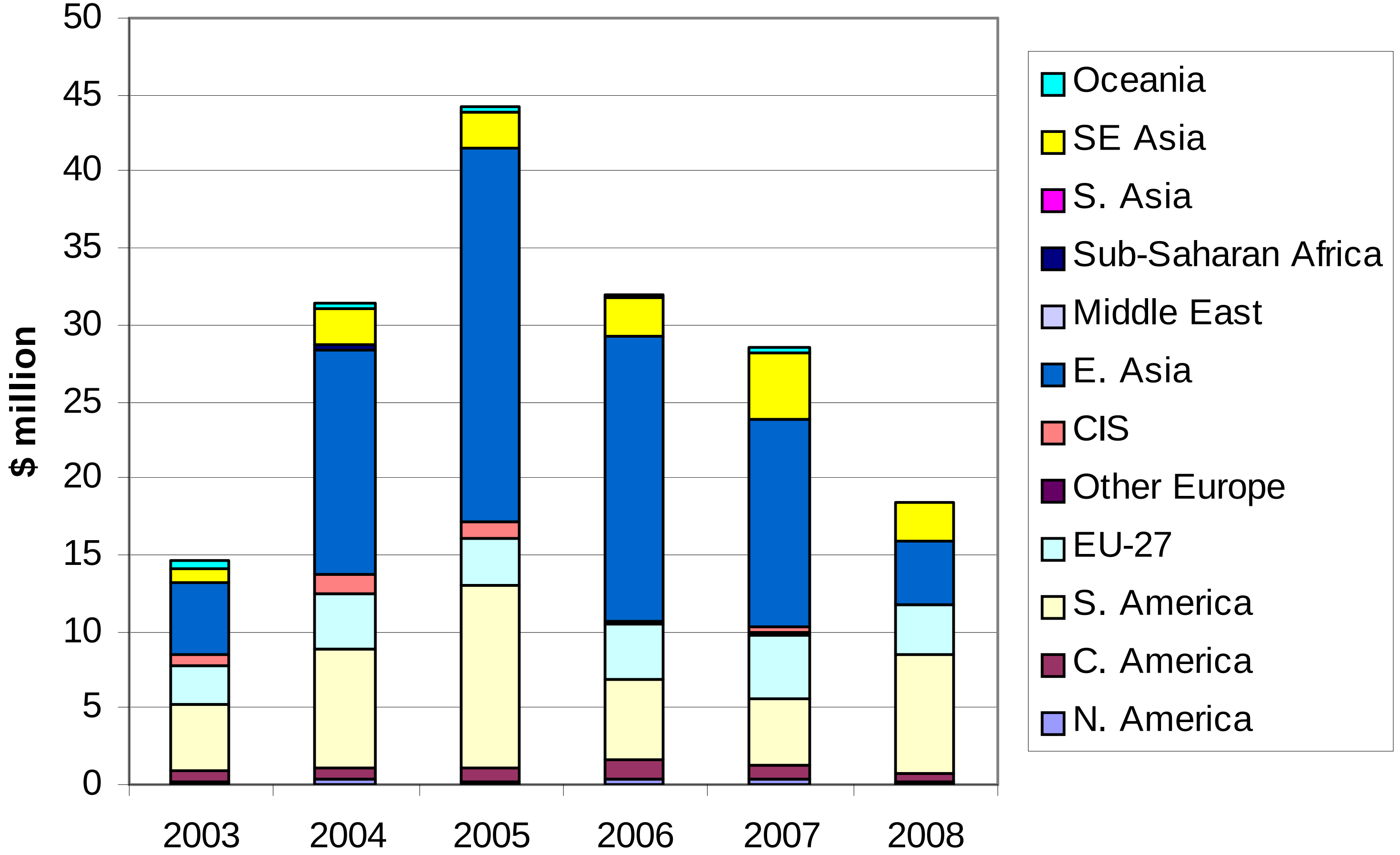
Source: USDA FAS, 2009.

US hardwood flooring imports, value



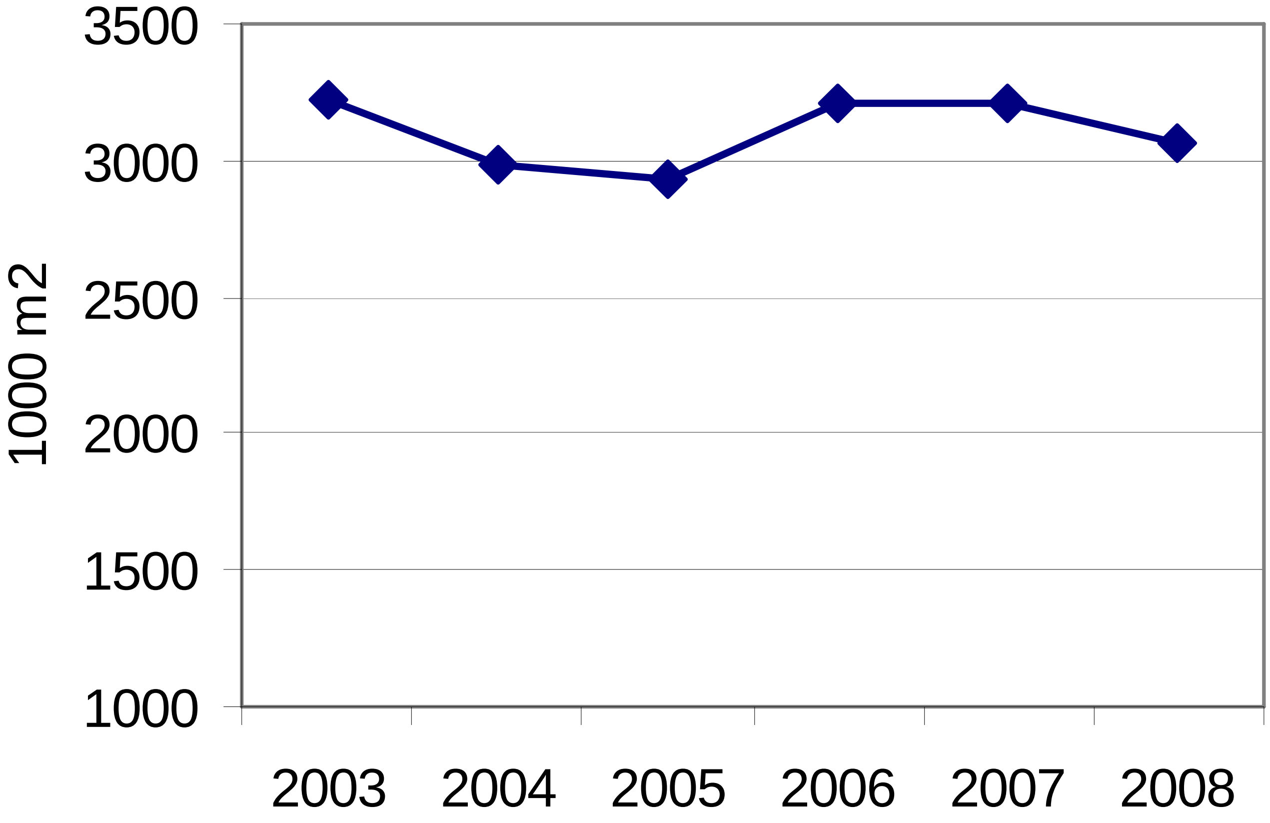
Source: USDA FAS, 2009.

US softwood flooring imports, value



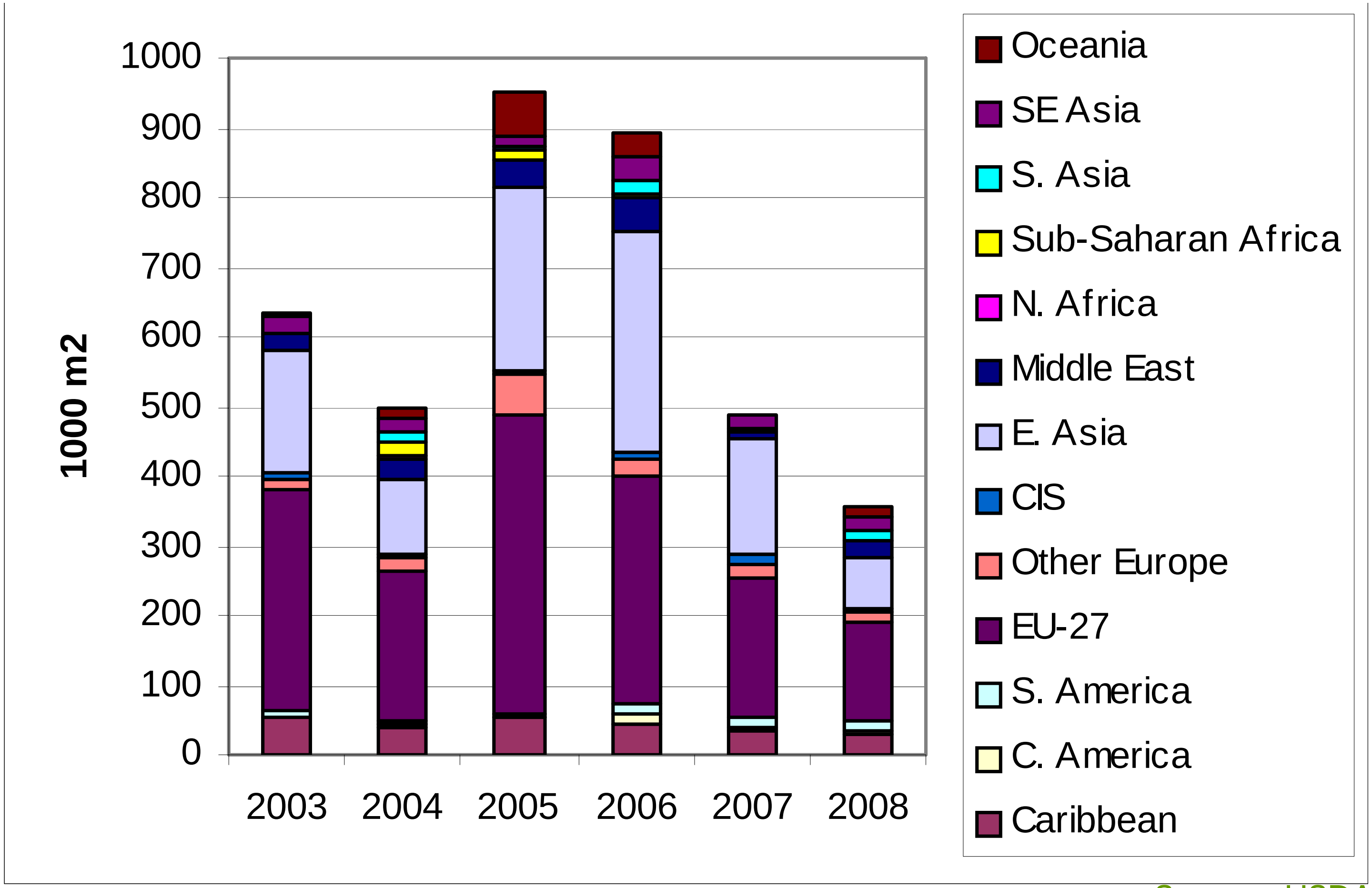
Source: USDA FAS, 2009.

US hardwood flooring exports to Canada and Mexico, volume



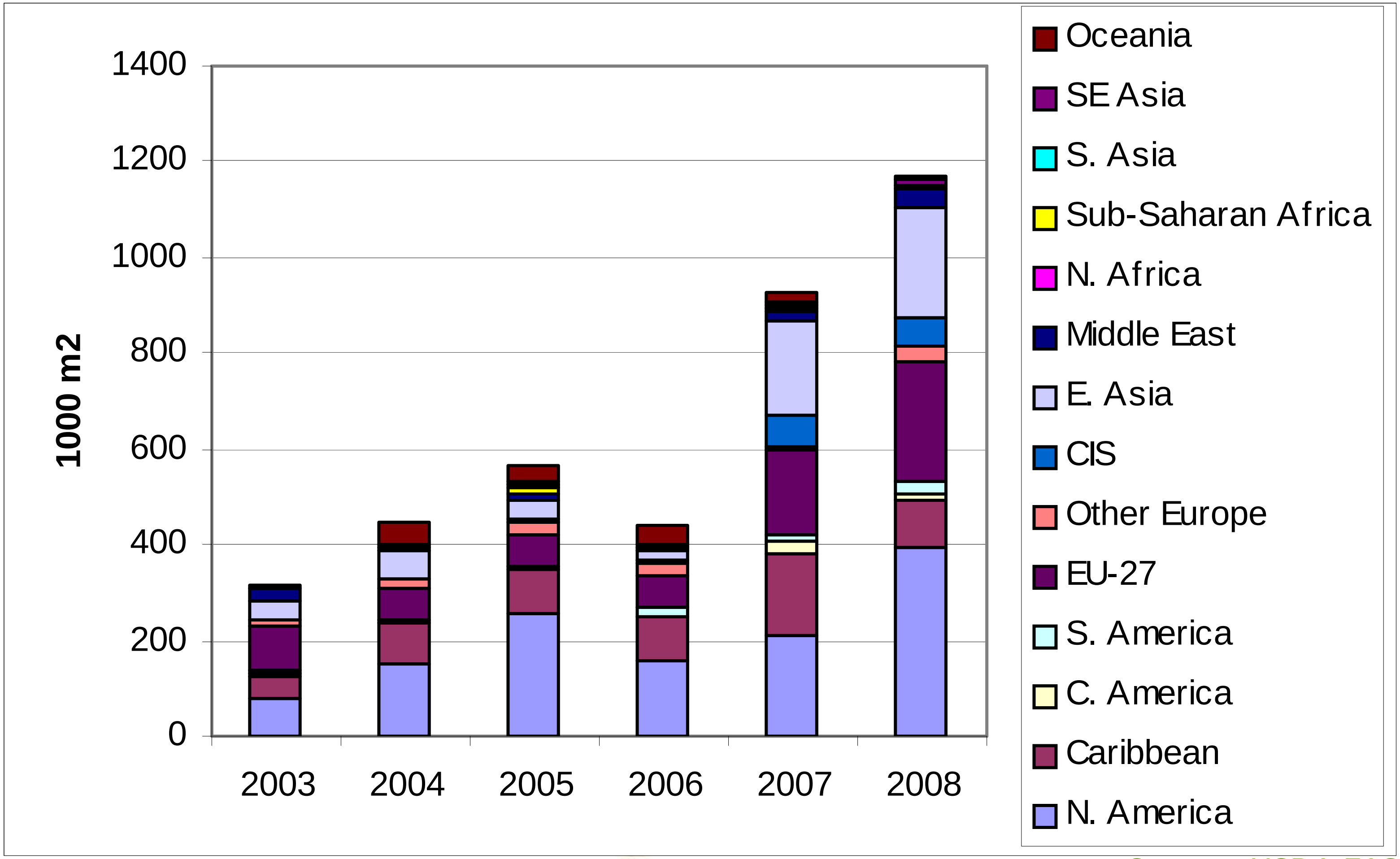
Source: USDA FAS, 2009.

US hardwood flooring exports to non-North America, volume



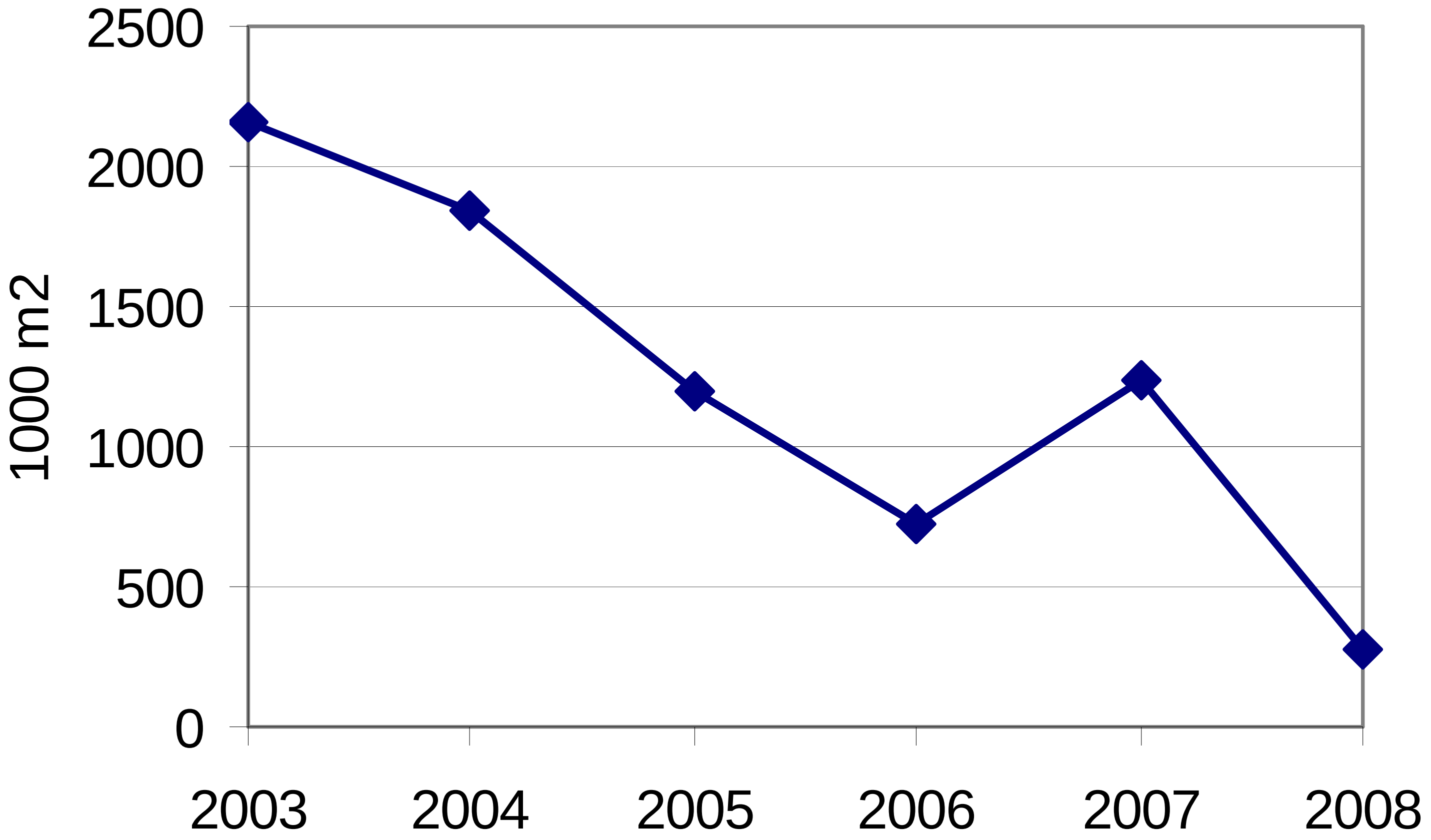
Source: USDA FAS, 2009.

US softwood flooring exports, volume



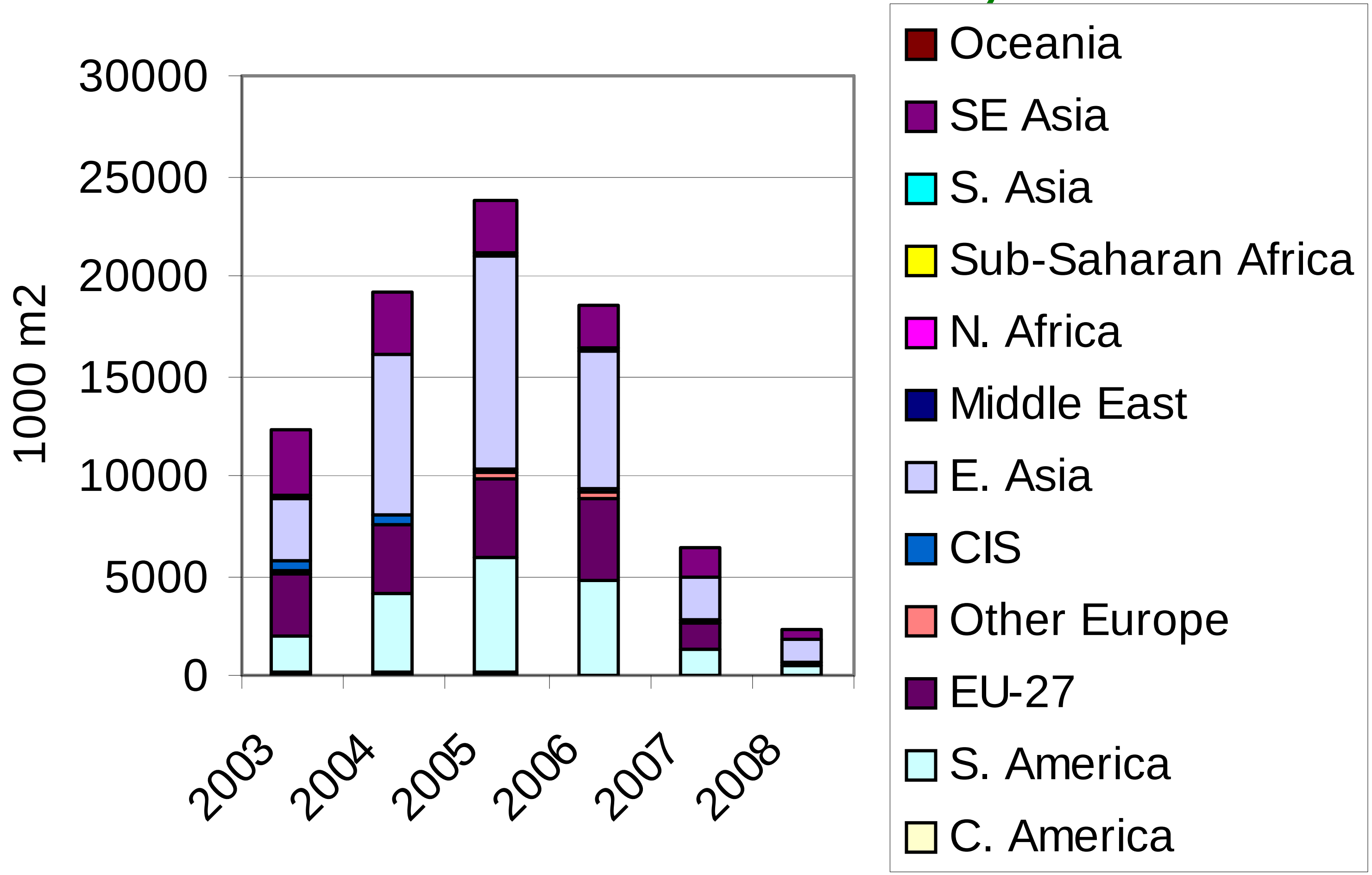
Source: USDA FAS, 2009.

US hardwood flooring imports from Canada and Mexico, volume



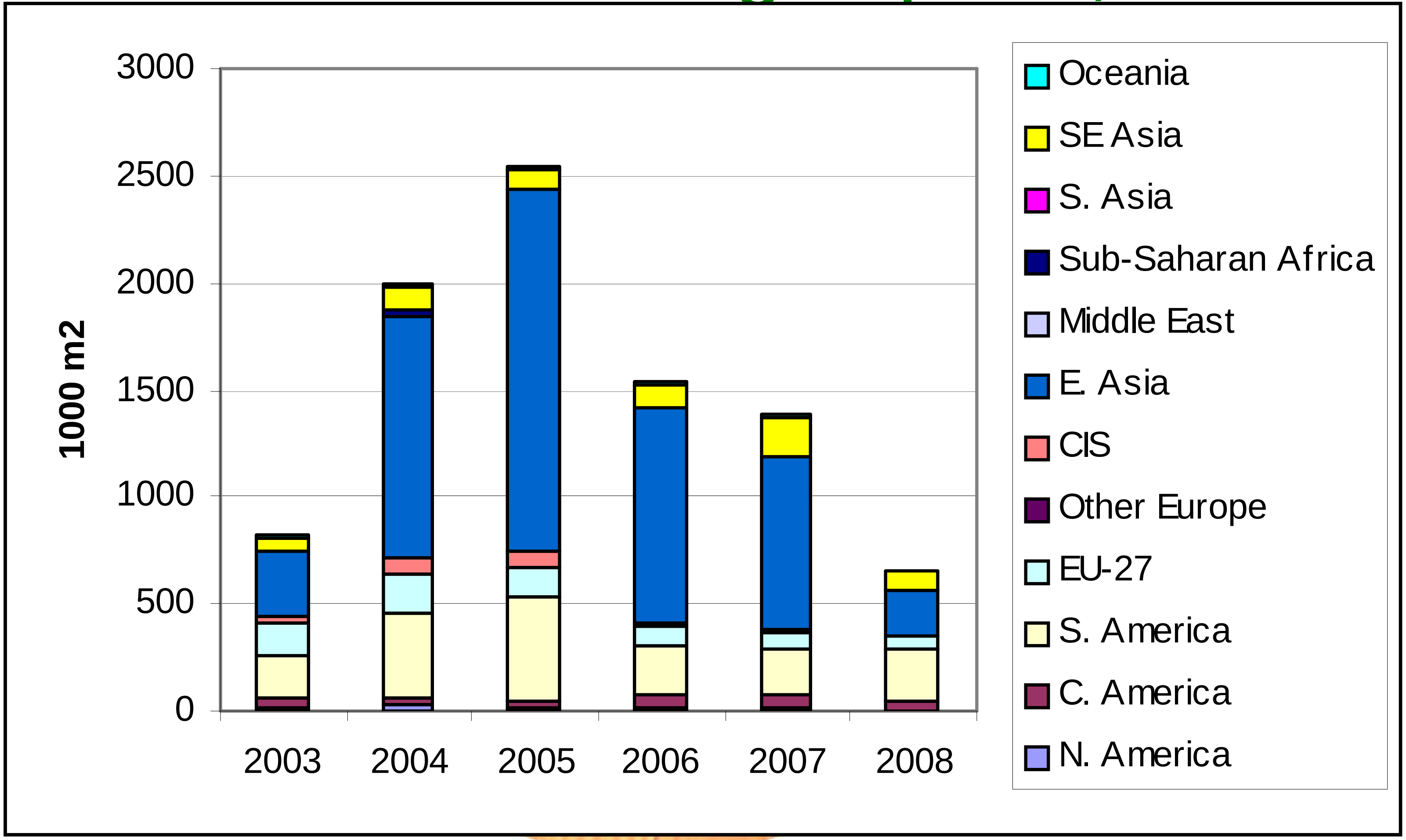
Source: USDA FAS, 2009.

US hardwood flooring imports from non-North American countries, volume



Source: USDA FAS, 2009.

US softwood flooring imports, volume



Source: USDA FAS, 2009.

Russian flooring market

- Parquet demand forecast to increase 84% by 2010
- From 5.7 million m^2 in 2007
- To 10.5 million m^2 in 2010
- Market shares in 2007
  - Tarkett (Germany) 17%
  - Grabo 7%
  - Woodpecker 7%

Source: Delovoi Petersburg, September 2008, as reported by *Maskayu*, of the Malaysian Timber Industry Board, September 2008.

IV. Market drivers

- Socio-economic factors
- Currency rate variations
- Green building programs
- Public procurement
- Social responsibility
- Environmental consciousness
- Climate change
- Deforestation and afforestation
- Alternative demands on forests

V. Future prospects

- Increased environmental consideration
- Wood-based energy
- Promotion of wood and paper products as sustainable, recyclable materials
- Continued long-term growth of forest products markets

V. Future prospects (continued)

- CE marking for European Union flooring
  - March 2010
  - Certifies that product has met EU consumer safety, health and environmental requirements
  - Attention producers in EU and exporters to the EU!

V. Future prospects (continued)

- Laws, duties, tariffs, taxes, regulations
- Raw material costs
- Labour costs & benefits
- Manufacturing costs
- Goal: Raise standard of living → and domestic consumption of wood products

V. Future prospects

- Greater harvests
- Economic and trade recovery
- Alternative demands on forestlands
- Competition based on marketable attributes other than price, for example corporate responsibility for
  - Social aspects
  - Environmental aspects, including certification of sustainable supply sources
- More research and development

VI. Discussion & questions

Ed Pepke
Forest Products Marketing Specialist
UNECE/FAO Timber Section
448 Palais des Nations
CH-1211 Geneva 10, Switzerland
Tel. +41 22 917 2872
Fax +41 22 917 0041
www.unece.org/timber
Ed.Pepke@unece.org