

Timber market and trade from EU perspective

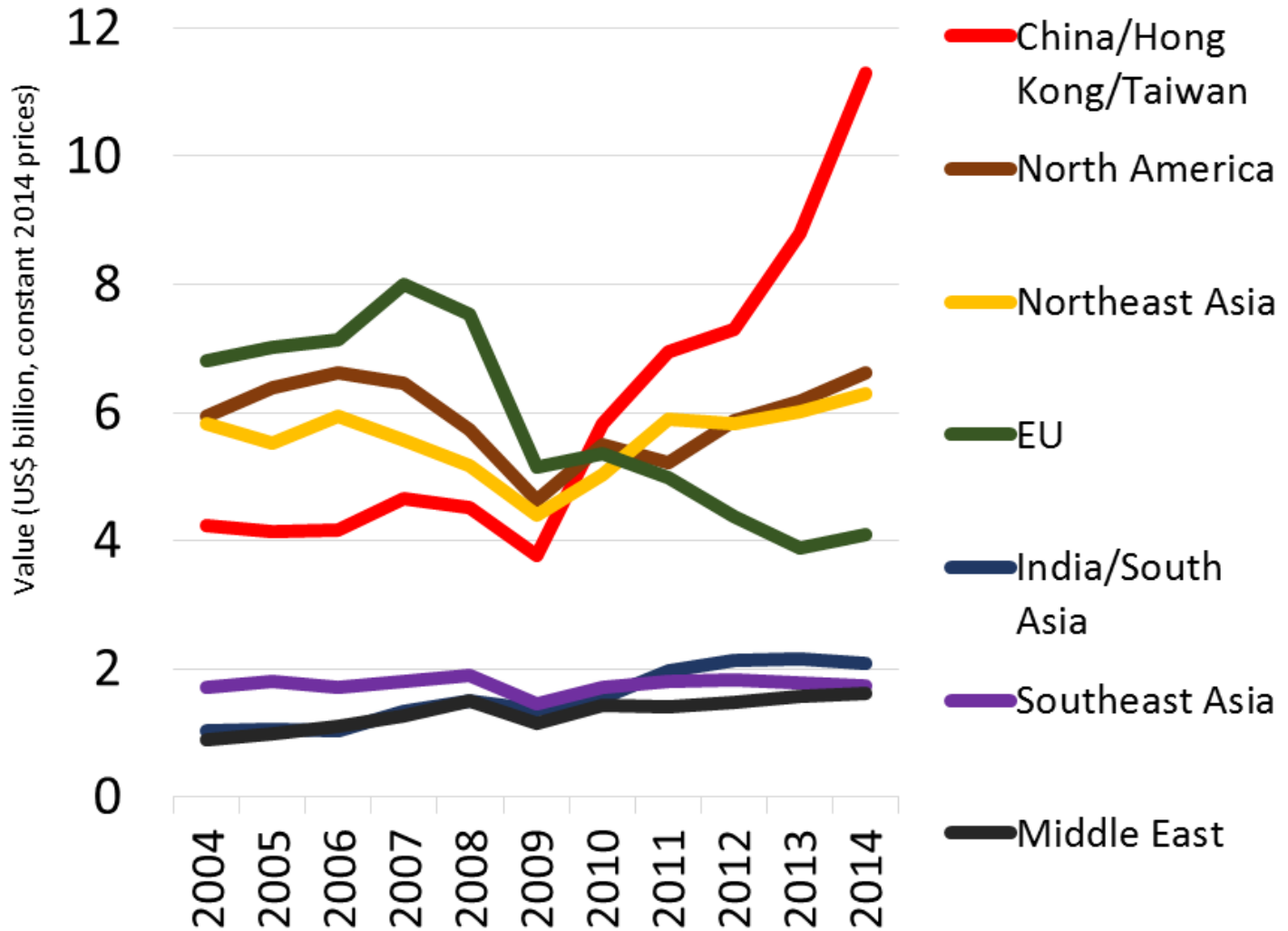
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Imports of tropical wood by destination 2004 to 2014



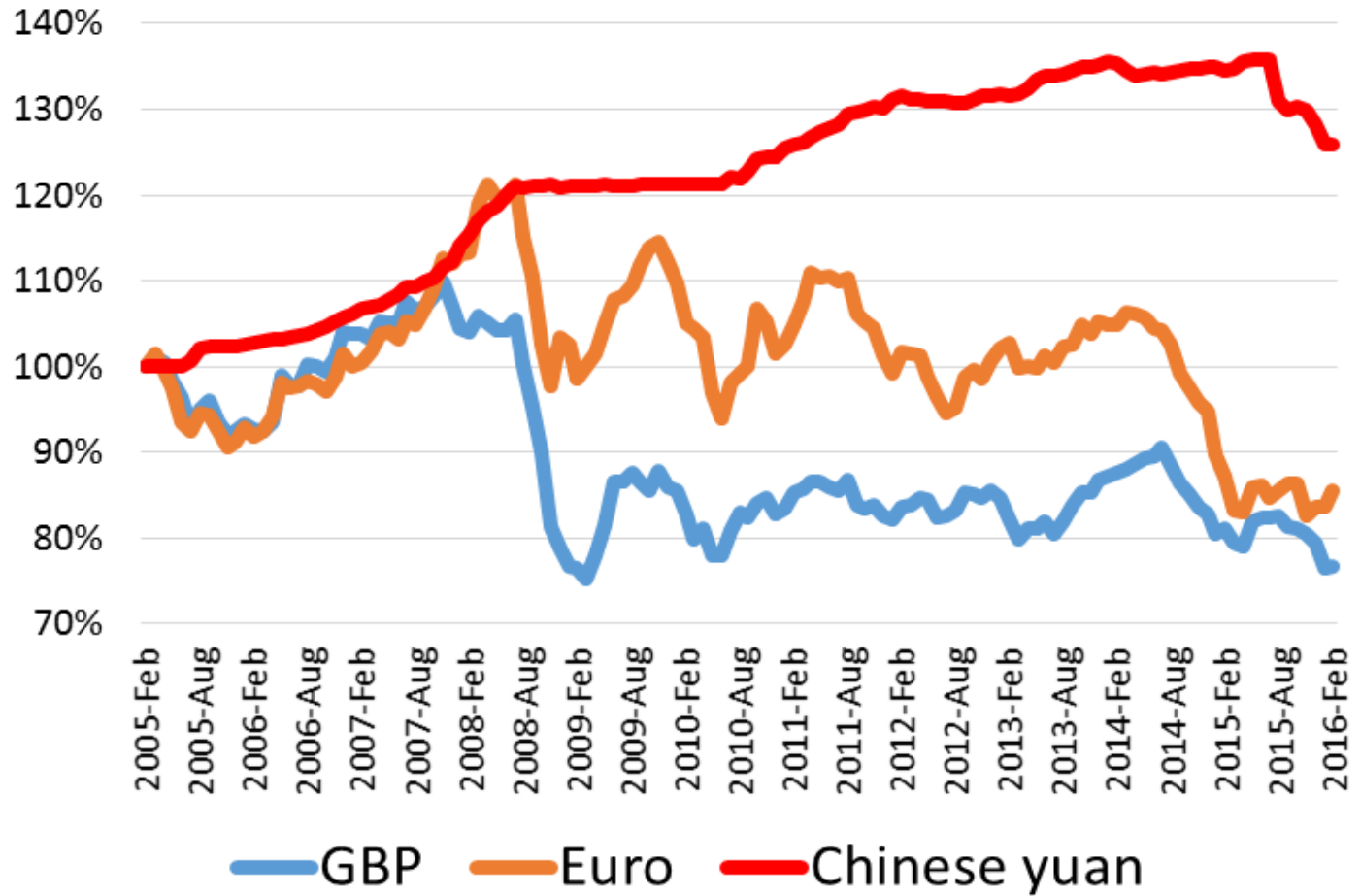
Source: ITTO IMM analysis of Global Trade Atlas & UN COMTRADE



11 year trend in US\$ exchange rate

Feb 2005 to Feb 2016

1 unit of currency = X US\$ (Feb 05 = 100%)

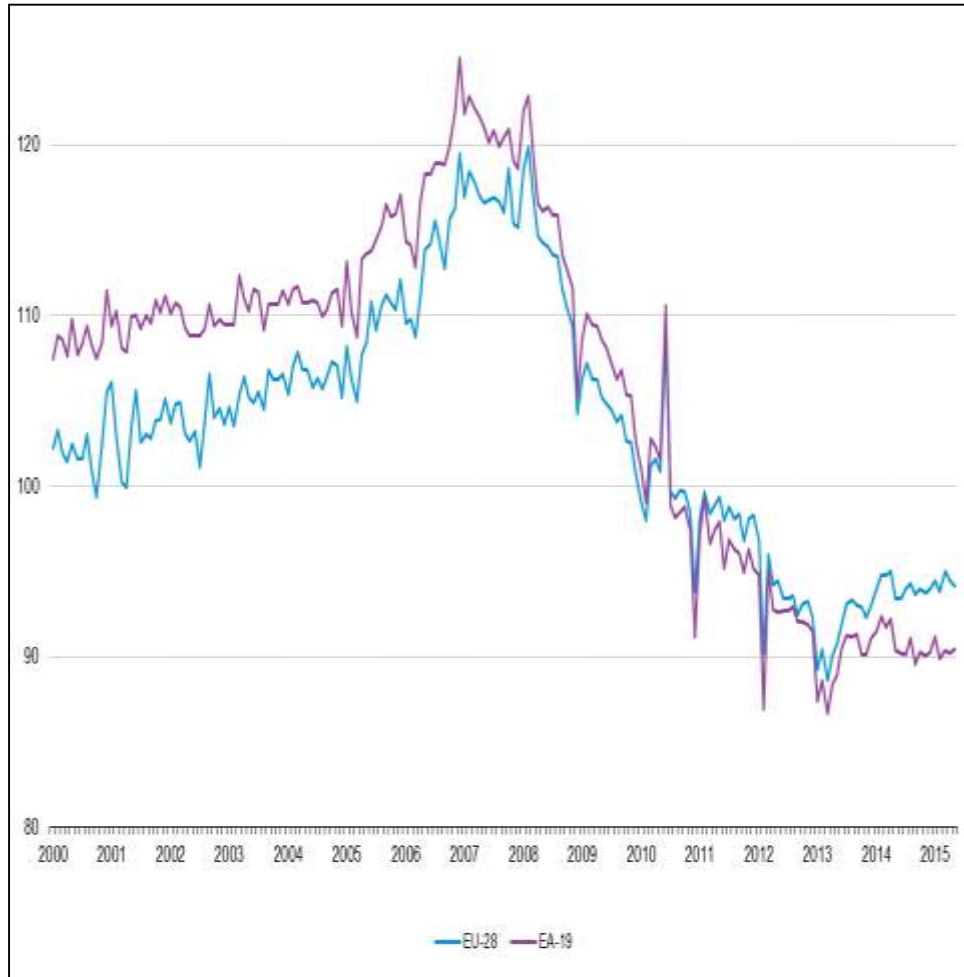


Derived from <http://www.oanda.com/currency/average>



Eurostat construction production index for the EU Member States

€ value of seasonally adjusted production output (2010 = 100)
Monthly for the period Jan 2000 to Oct 2015



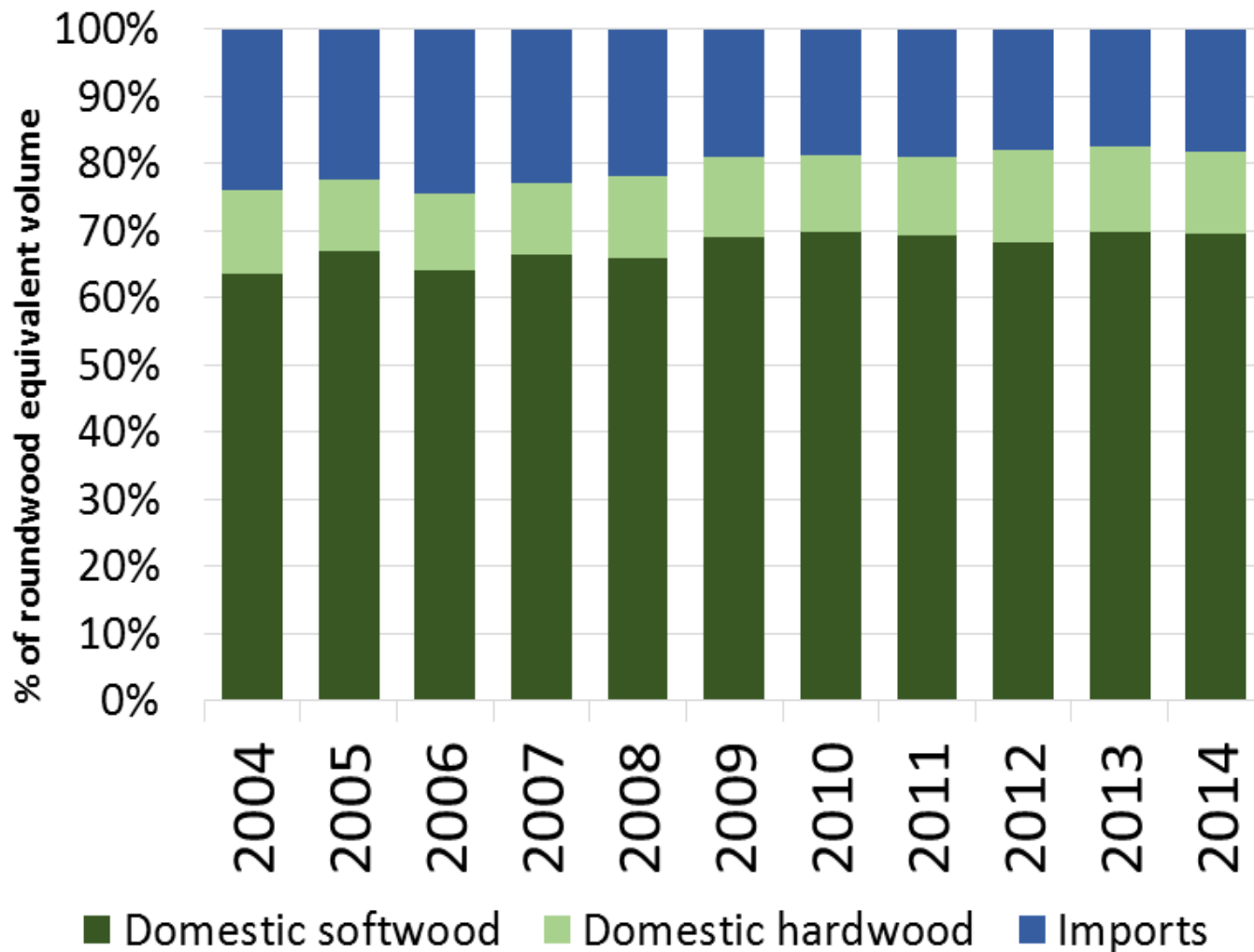
Source: Eurostat

Slow recovery in construction

- Value of EU construction in October 2015 still 5% lower than 2010 & 30% down on 2008
- Construction recovered some ground in 2013 but flat in 2014-15
- Activity now good in Germany, Poland, UK & Netherlands but weak elsewhere



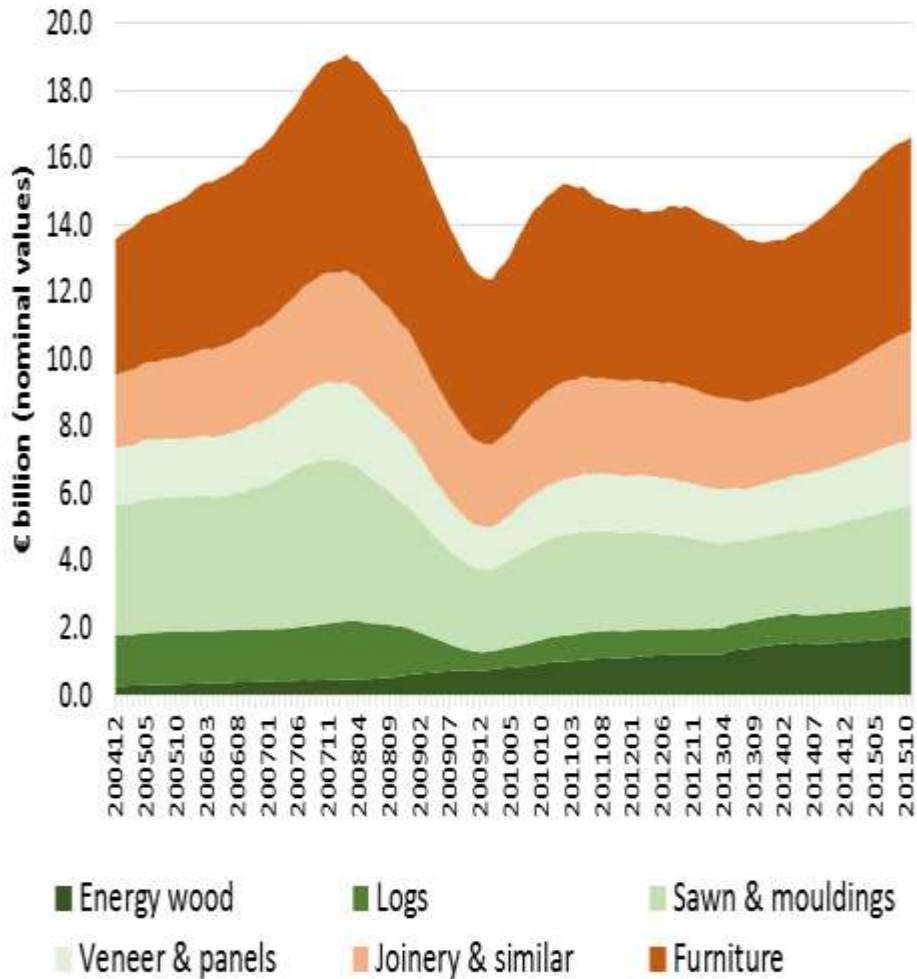
Share of EU supply of wood products from saw and veneer logs 2004 to 2014



Derived from <http://www.oanda.com/currency/average>



EU28 import of timber products by product Dec 2004-Nov 2015 - 12 month rolling total

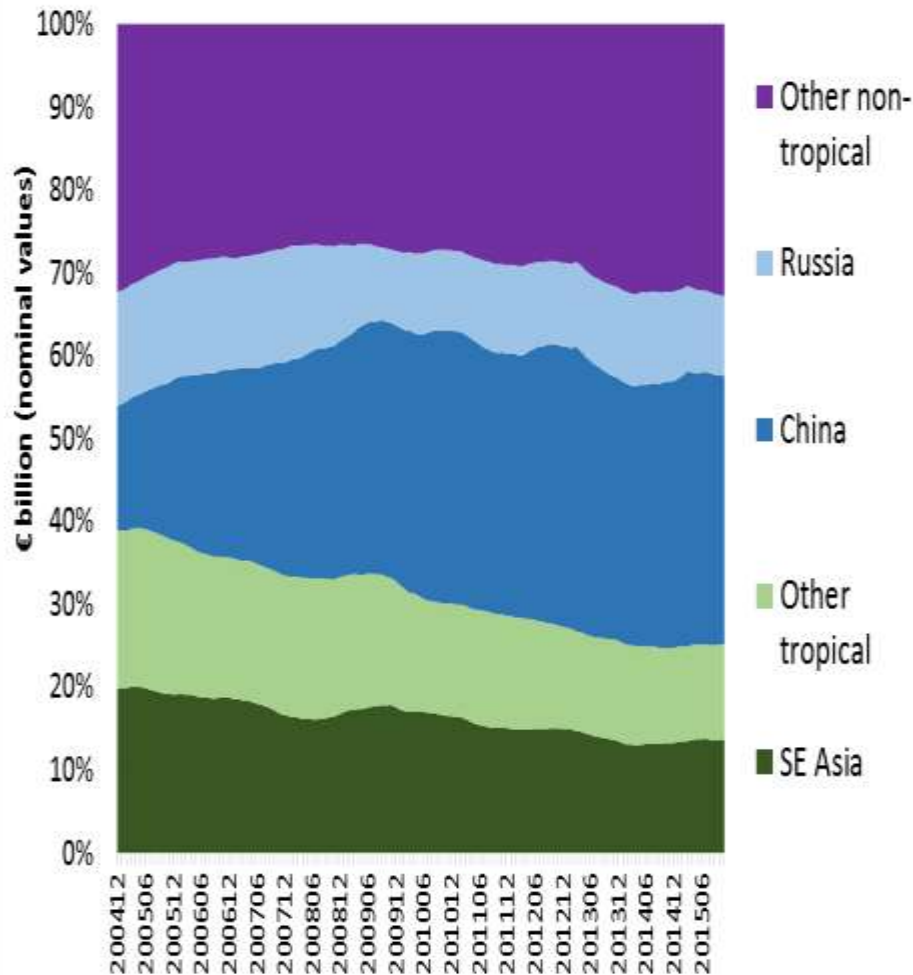


- EU total imports of timber products rising sharply in 2014-15
- Now running at highest level since before the 2008-09 financial crises
- Value €17.0 billion in 12 months to Nov 15
- Compares to 10-year low of €12.8b in Jan 2010 & peak of €19.7b in Feb 2008

Source: Forest Industries Intelligence Ltd analysis of COMEXT



EU28 import of timber products by supply region Dec 2004-Nov 2015 - 12 month rolling total

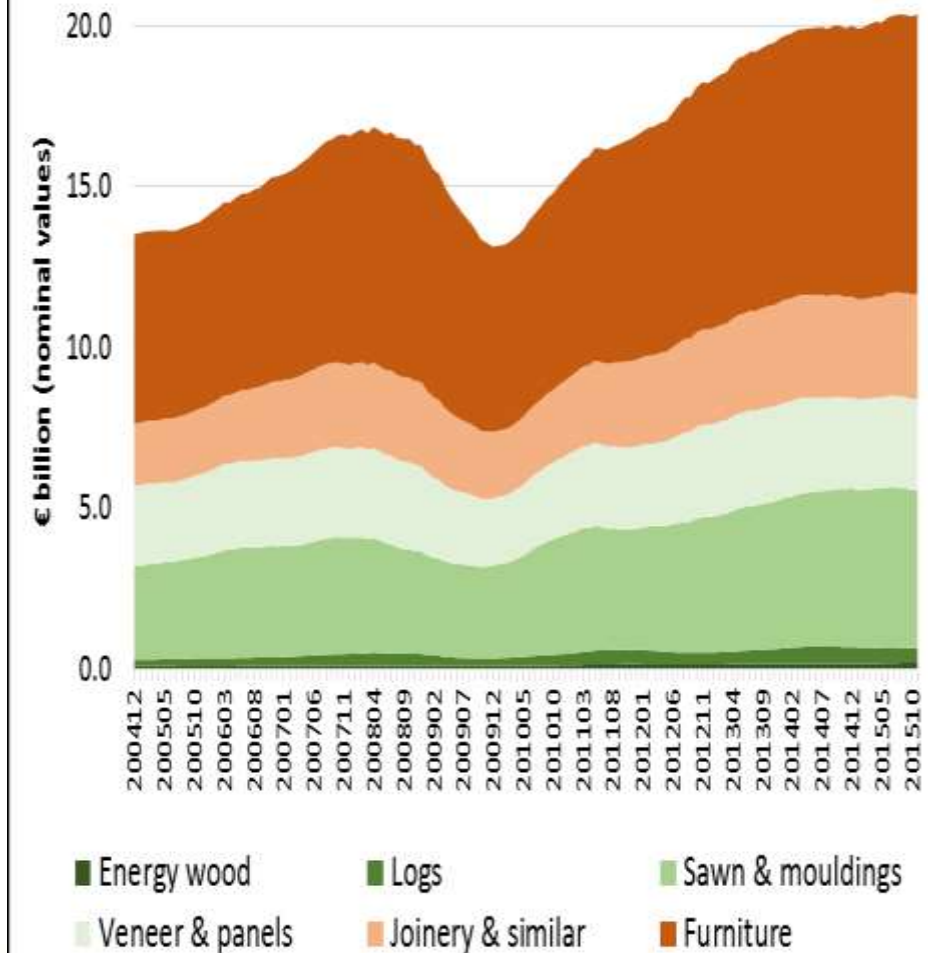


- Share of tropical in total EU import value fell continuously from 35.5% at the start of 2005 to low of 21.4% in Sept 2014
- Share lost to China in 2004-2009 period then to other temperate suppliers in 2010-2014 (mainly non-EU Eastern European countries)
- For 1st time in 10 years, tropical wood share marginally increased to 22.0% in 12 months to Nov-15.

Source: Forest Industries Intelligence Ltd analysis of COMEXT



EU28 export of timber products by product Dec 2004-Nov 2015 - 12 month rolling total

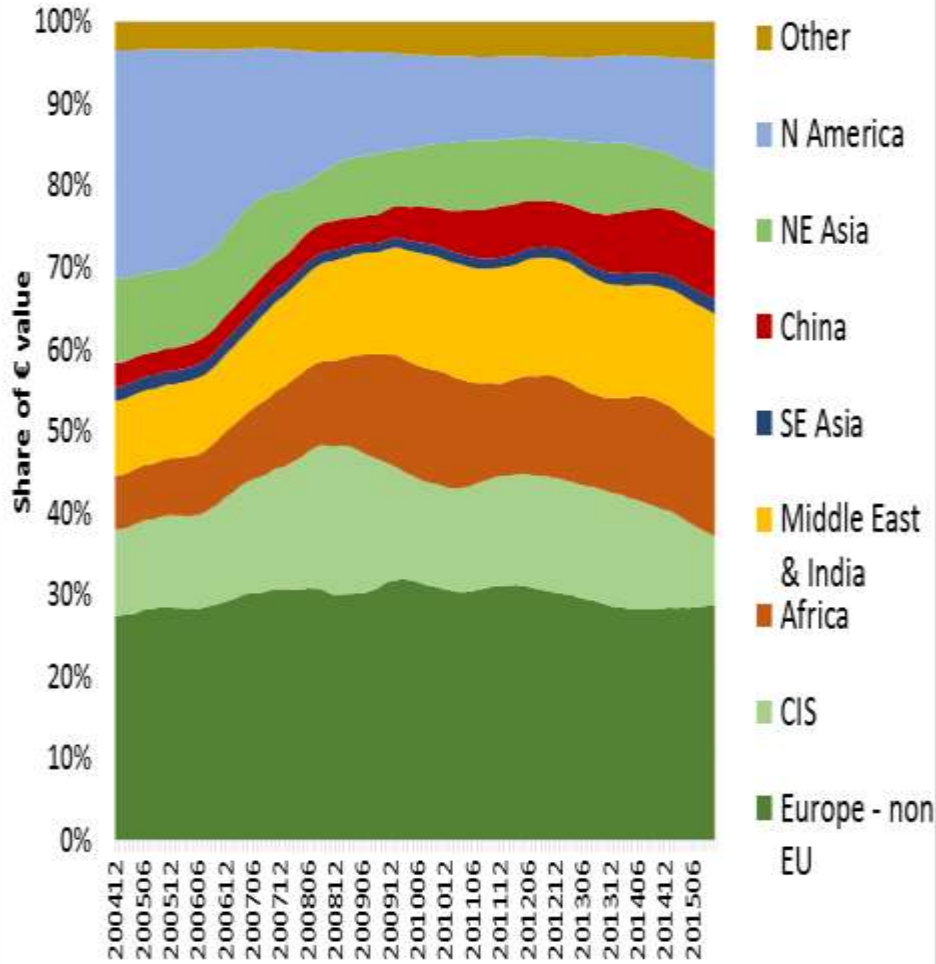


Source: Forest Industries Intelligence Ltd analysis of COMEXT

- EU total exports of timber products rising since 2009
- Now running at highest ever level at over €20 billion in 12 months to Nov 2015
- EU trade surplus in wood products exceeds €3b compared to a deficit of €3b before financial crises
- Export growth concentrated in sawn, joinery (such as flooring and glulam) & wood furniture



EU28 export of timber products by destination Dec 2004-Nov 2015 - 12 month rolling total

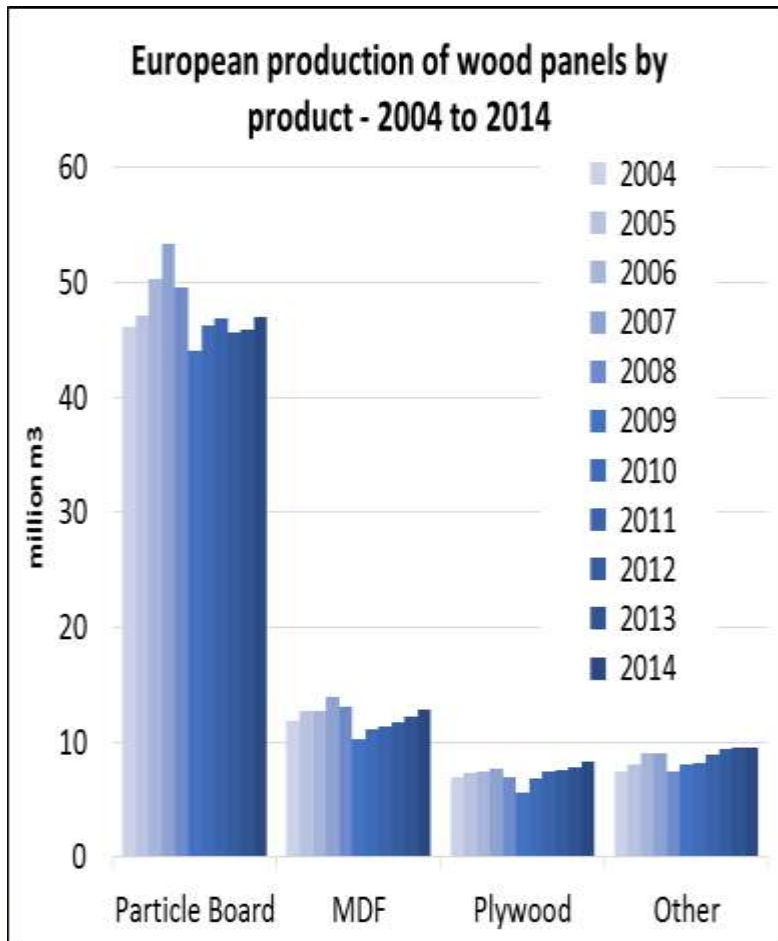


- 28-30% of EU exports consistently to neighbouring EU countries
- Big change since financial crises is decline in share of exports to N America and CIS and rise in share to Africa, Middle East and China
- EU exports to SE Asia still relatively insignificant
- Likely to change as new generation of 'Asian Tigers' become more attractive for export-oriented manufacturing and represent a \$350 billion construction market growing at more than 6% annually

Source: Forest Industries Intelligence Ltd analysis of COMEXT



Europe's panels sector: innovator in surface materials & technologies



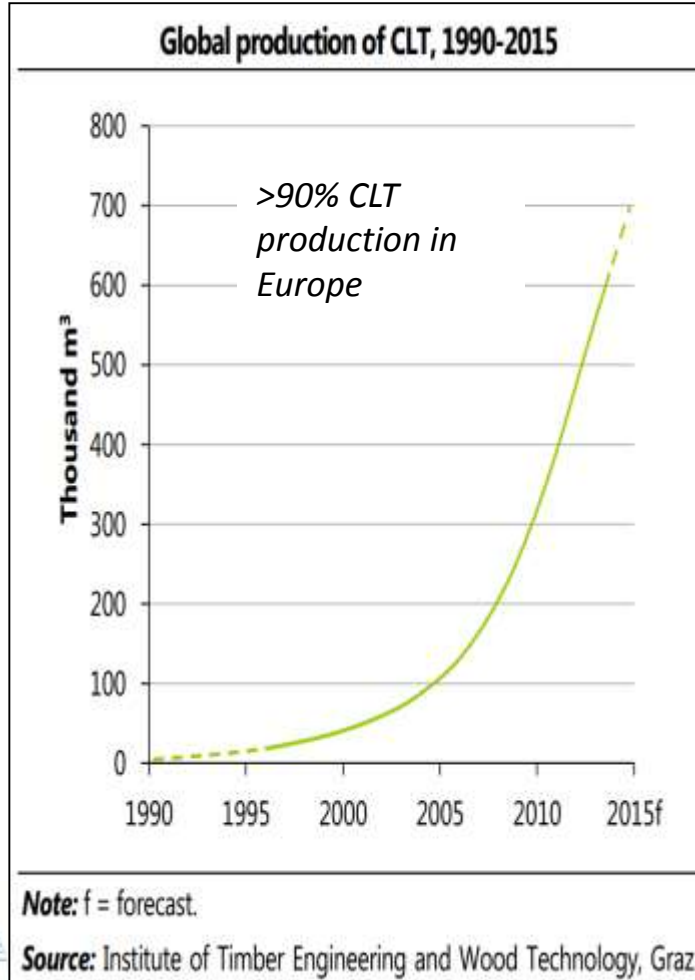
Source: Forest Industries Intelligence Ltd analysis of FAOStat



Kronospan:
"Natural Touch: authentic rustic realism using melamine - your fingertips can trace exactly what your eyes see"



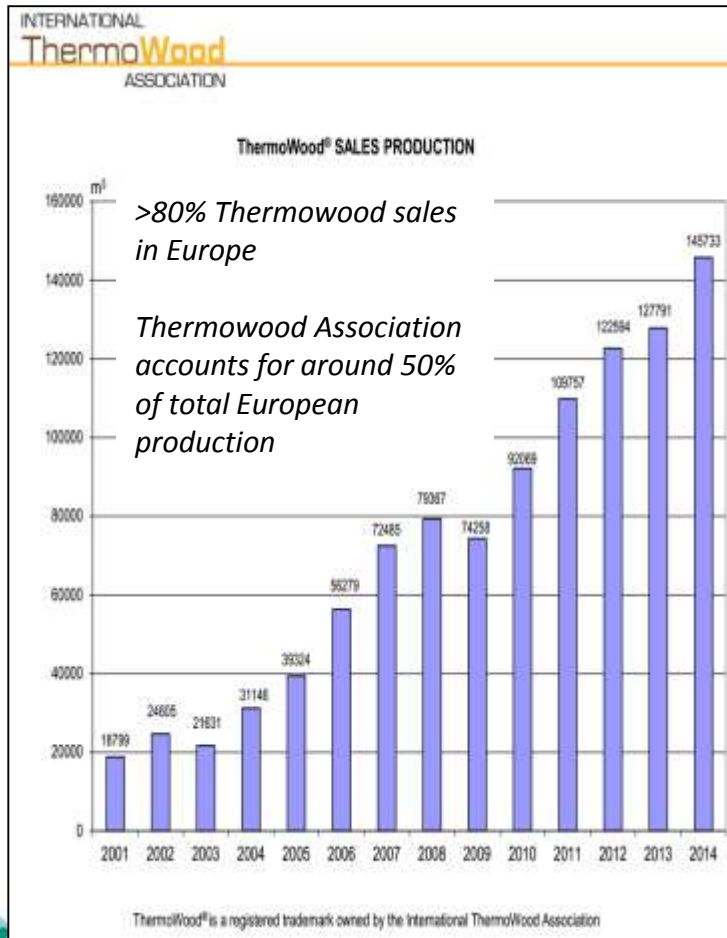
Cross-laminate timber – new opportunities in construction



*Earthquake test of 7 storey CLT building on earthquake shake table at Miki in Japan.
Research collaboration between Ivalsa in Italy and Germany/Austria
SOFIE Project*



Wood modification – extending applications for less durable timber



Accoya acetylated timber bridge is expected to last 50 years



Thermally modified American ash at the Museum of European and Mediterranean Civilisations in Marseille



Concluding comments

- Europe's role in global wood markets changing rapidly
- Less dominant “consumer” of wood from other regions
- Europe is an increasingly vigorous producer & exporter
- Generally more dependent on local wood supplies
- European imports more tightly focused on niche markets
- European producers building on technical know-how & innovation & creativity in product design
- Heavy emphasis on quality, material efficiency and environmental standards
- Protecting & strengthening wood's competitive position in relation to non-wood products

