



**International Tropical  
Timber Organization**



**de la part du  
Peuple japonais**

**PD 700/13 Rev.2 (I) :**

**DEVELOPMENT OF INTRA-AFRICAN TRADE AND FURTHER PROCESSING IN  
TROPICAL TIMBER AND TIMBER PRODUCTS – PHASE I [STAGE 1]**

Establishment of quarterly/monthly market news service on developments in the markets for African timber and timber products and a web-based data base on African producers of tropical timber and timber producers and their products

(Activities A4.2 and A4.4)





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**Executed by: *Michael Adams and Gordon Gresham***

## **1. Introduction**

In 2013, the International tropical Timber Council (ITTC) approved the project PD 700/13 Rev.2 (I) Phase I [Stage 1] ‘DEVELOPMENT OF INTRA-AFRICAN TRADE AND FURTHER PROCESSING IN TROPICAL TIMBER AND TIMBER PRODUCTS’. The project aims to remove the main constraints to expansion in West African processing and trade in value added products particularly through enlarged intra-African trade.

The Stage 1 of PD 700/13 Rev.2 (I) includes: i) Activity A4.2 which requires the ‘Establishment of quarterly/monthly market news service on developments in the markets for African timber and timber products’ and determines that ‘This bi-lingual activity includes dissemination of market news and other relevant information to the private sector enterprises, government agencies and other stakeholders (up to 500 beneficiaries) through posting on a webpage’; ii) Activity A4.4 which requires the ‘Establishment of web-based database on African producers of tropical timber and timber products and their products’. These activities aimed at assisting the development of inter-country, inter-regional and international export trade in timber and timber products. Thus, presently there is no comprehensive directory to provide contact details of timber producing and processing companies in West and Central African countries.

The first Market News Service (MNS) for African readers was made available on ITTO’s website in July 2015 and monthly thereafter in 2015. The MNS continued to be publicized in the first three months of 2016. In total, nine monthly versions of MNS was produced and uploaded into ITTO website. Details of MNS are in the annex of this report.

## **2. ITTO Market News Service (MNS)**

To achieve the objectives of the activity, the work was to manage data collection, compilation, publication and dissemination of nine issues of the French language from August 2015 until April 2016. The nine issues of the MNS can be downloaded from ITTO website, using its ‘project search’ facility and by typing ‘PD700’.

Surveys on information requirements on tropical timber and timber products (TTPs) market were carried out prior to the issuance of the MNS with private sector in selected African countries. The following questions were asked (Box 1):

### Box 1. Questionnaires for MNS survey

Which African markets are important for your company?  
What are the prospects and limitations on expanding trade to African countries?  
Which African markets would you like to penetrate in the future?  
What products do you export or hope to export to African markets?  
Do you produce products specifically for African markets?  
What are the difficulties in marketing in African markets?

From the following list please identify the 3 most important issues faced when trading in African markets. Are they:

- Financial transactions and payments
- Currency and banking issues
- Product specifications
- Identifying potential buyers and communication with them
- Tariffs
- Other barriers to trade
- Government regulations on exporting and on importing in the target market
- Transport and shipping
- Other, please list

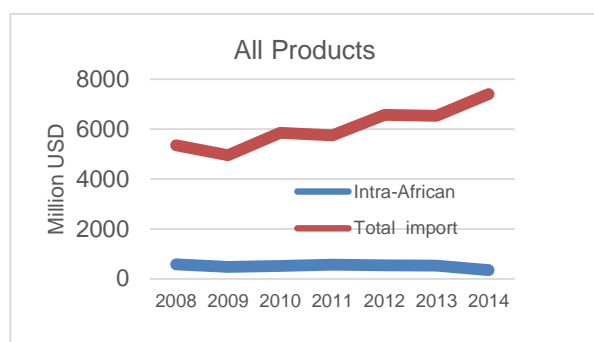
ITTO plans to provide information to help exporters expand trade to regional markets, what information would be useful to companies exporting to regional markets? Please select the top 3:

- Names and contact details for importers
- Regularly updated info on import volumes for the various wood products
- Wholesale prices for various products
- Details of tariff structures
- Details of government regulations on imports
- Others – please list

Given the limited budget for Activity A4.2 it was necessary to limit the coverage of the market intelligence report to countries in the region offering significant opportunities for African producer countries.

### 2.1 Imports of timber and timber products in Africa, 2008-2014

In 2013 Africa imported tropical timber products (TTPs) worth US\$ 6.5 billion with an average annual growth rate of 3.7% since 2008. The preliminary data for 2014 is US\$ 7.6 billion suggesting accelerating growth. However, intra-regional imports in 2013 were only US\$ 526 million or 8 % of the total. Imports by African ITTO member countries were valued at US\$ 424 million in 2013 showing that their own markets are significant offering substantial business opportunities, including for cross-border trade.



## 2.2 Potential target markets for ITTO producers

### **Logs**

The largest import markets for logs in the region are in North Africa but their needs are satisfied from outside the region. In view of the tightening export supply of logs in the region, primary processing industries in the major importing countries are likely to be obliged to search for alternative supplies from outside the region in the short run and from their own plantations in the long-term future.

### **Sawnwood**

The largest importer of sawnwood is Egypt, but only US\$ 2 million is coming from other African countries. Other North African countries with significant imports of African sawnwood include Morocco, Algeria, Tunisia and Libya. The largest sub-Saharan African importer of sawnwood in 2014 was South Africa followed by Senegal, Namibia, Niger, Mozambique and Mauritius.

### **Plywood**

Egypt is by far the largest import market for plywood but almost all imported plywood comes from outside the region. The other significant importers are South Africa, Angola, Morocco, Ethiopia, Libya, Nigeria, Algeria Senegal, Niger, Mauritius and Tanzania.

### **Furniture and builders' woodwork**

Intra-African trade plays practically no role in wooden furniture trade in Western and Central Africa.

In choosing target markets a balance had to be made between those offering the best opportunity and those for which credible and sustained market intelligence could be secured. Using these criteria it was decided to focus efforts on South Africa, Nigeria and Algeria as representative of three African regions.

## 2.3 Sourcing market intelligence

ITTO identified and contracted correspondents to deliver monthly market reports on the three target markets, South Africa, Nigeria and Algeria. The correspondents were charged with using their best endeavors to report on the following:

### **An overview of recent economic developments and the latest available news and data on the construction and housing sectors**

The information provided to ITTO included housing developments including details of housing starts where available, domestic production of construction materials, values and volumes of construction material imports, surveys on sentiment amongst construction stakeholders and changes in government policy for the housing and construction sectors etc.

Information of economic developments focused on trends and development for the main economic indicators that had the greatest impact on wood product consumption such as GDP growth and prospects, consumer spending, exchange rate developments to the point that they impact imports, consumer spending and consumer sentiment.

Other necessary information were:

- News, activities and other developments in the wood processing and trade sectors;
- Changes in the flow of forest logs, changes in production capacity (closures, new and expanded capacity), shipment of products, consumption and consumer trends and any factors that may affect the market for wood products and the flow of imports and exports;
- Updated price indices for an agreed range of primary wood products as agreed with ITTO such as sawnwood and veneer as well as panel products, The price indices can be either domestic wholesale, FOB or CIF as agreed with ITTO;
- Up-to-date prices for an agreed range of manufactured wood products such as: mouldings, doors, furniture parts and furniture. Prices should include domestic, FOB or CIF as appropriate;
- The impact of exchange rate changes on the international trade in wood products, where relevant;
- Government policy statements and regulations which could have an impact on the imports and domestic sales of wood products; and
- Trade issue/dispute that could impact the market for tropical timber products.

The reports provided by the correspondents in the African target markets was supplemented with market intelligence from ITTO's Tropical Timber Market Report an output of another ITTO Activity (M) M16/01. Particular attention was given to including information on market trends in countries which are competitors in African markets.

### **3. Data Base Directory of Timber Companies in Côte d'Ivoire-Gabon-Cameroon-Republic of Congo (Activity A 4.4)**

The main assignment of Activity A4.4 was to contribute to the successful delivery of the Output 4 'Measure to improve market transparency have been undertaken' of the project. The activity included:

- Compiling data on as many wood processing enterprises as feasible in Cote d'Ivoire, Cameroon, DRC and Gabon. The data shall include: company name and address with contact details, enterprise website addresses and, if available, information on the product range for each enterprise; and
- Delivering in hardcopy, as an excel file and in the form of a database for its further use in future web-based database development.

The summary of the activity's report are the following:

#### Negative factors in trade in TTP

A number of negative factors inhibit inter-country and interregional trade in timber and timber products in West and Central Africa. These include long distances with high transport costs, tariff or non-tariff trade barriers and secured methods of payment. One major problem is the lack of easily accessed information on the contact addresses and products of timber producer companies in the region. There is company information in the public sector, much of which is out of date, lacks detail, cohesion and generally located in a very diverse number of listings scattered throughout the information sector. The timber trade in the region is volatile and over many years there has been considerable consolidation in the industry as the larger, well established Groups purchase, merge or make trading agreements with other companies. Some of this is driven by the acquisition of logging concessions. As well, smaller companies spring up during good market conditions and then close when trading conditions are less favorable. Some timber companies are traders in a variety of non-timber products. Through provision of an active, comprehensive directory of timber companies in

the four countries it will be possible for traders more readily to make contact with supplier and producer businesses to facilitate inter-country, inter-regional trading. It is necessary to be mindful to ensure a directory does not intrude on what may be sensitive trading or marketing agreements between companies.

#### Availability of rooms for businesses

There will be many more businesses that are available to be listed in each country and for the future much will depend on listed and not yet listed companies assisting by providing updates and corrections to their own entries. In particular there is growing interest in whether or not a company is registered with FSC, PEFC, SGS or other certification system and this vital information is noted on the listing. An important future need is to refine the degree of further processing listed for each entry. Currently most producers offer logs and sawn lumber, some with kiln drying, others with veneer and plywood either as main or additional products. A few companies note provision of planed lumber or mouldings. The directory will be greatly enhanced for both producers and prospective buyers when listed companies provide product updates when these further processed goods become available. As local markets develop it is certain that provision of 3<sup>rd</sup> level, added value processed timbers will become the market leaders for inter-country, inter-regional timber trading, being especially more economic in haulage costs and of higher unit value. The directory will be useful in identifying progressive, forward looking suppliers of these higher value timber products.

In theory there is no limit to the total number in the four countries of timber companies that could be listed in a directory. However, with the trend for consolidation into larger groups and fewer forest concession areas remaining for allocation it can be expected some of the future expansion and usefulness of the directory will be in the added indications of greater sophistication in product ranges, moving away from the basic log and sawn lumber into planed goods, mouldings and further processing of all types, as well listing moves to company Certification and Compliance with export/import regulations.

All producer countries are committed to encourage by regulation the further processing of timber and new SMEs that are in future established to produce planed, moulded and timber components of all types will spring up. Entry into the directory will be essential, free assistance in marketing through making available full details of the available products and the contact details for the producer companies.

In compiling directory it was found most companies do not list their species or products further than what is now included, just the bare information such as logs-lumber. Some list one or two species, other none and a few listed 30 or more species. All the information is already in the public domain so that if there have been or are over the years changes of address or other corrections needed then companies can advise and the alterations will be made.

The on line address for access to the DB Directory is: <http://africantimbercompaniesdirectory.com/>