



# **The market for tropical timber in Europe:**

## Trends, Issues and prospects

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## European Timber Trade Federation

- Established in 2009 and brought together organisations representing hardwood, softwood, panel products, flooring and timber merchants;
- Membership represents 12 key European importing countries;
  - Netherlands, UK, Spain, Sweden, Belgium, France, Germany, Greece, Italy, Portugal, Denmark & Norway
- Less than 10% EU timber consumption is imported
- 90% of tropical timber is imported through ETTF-members

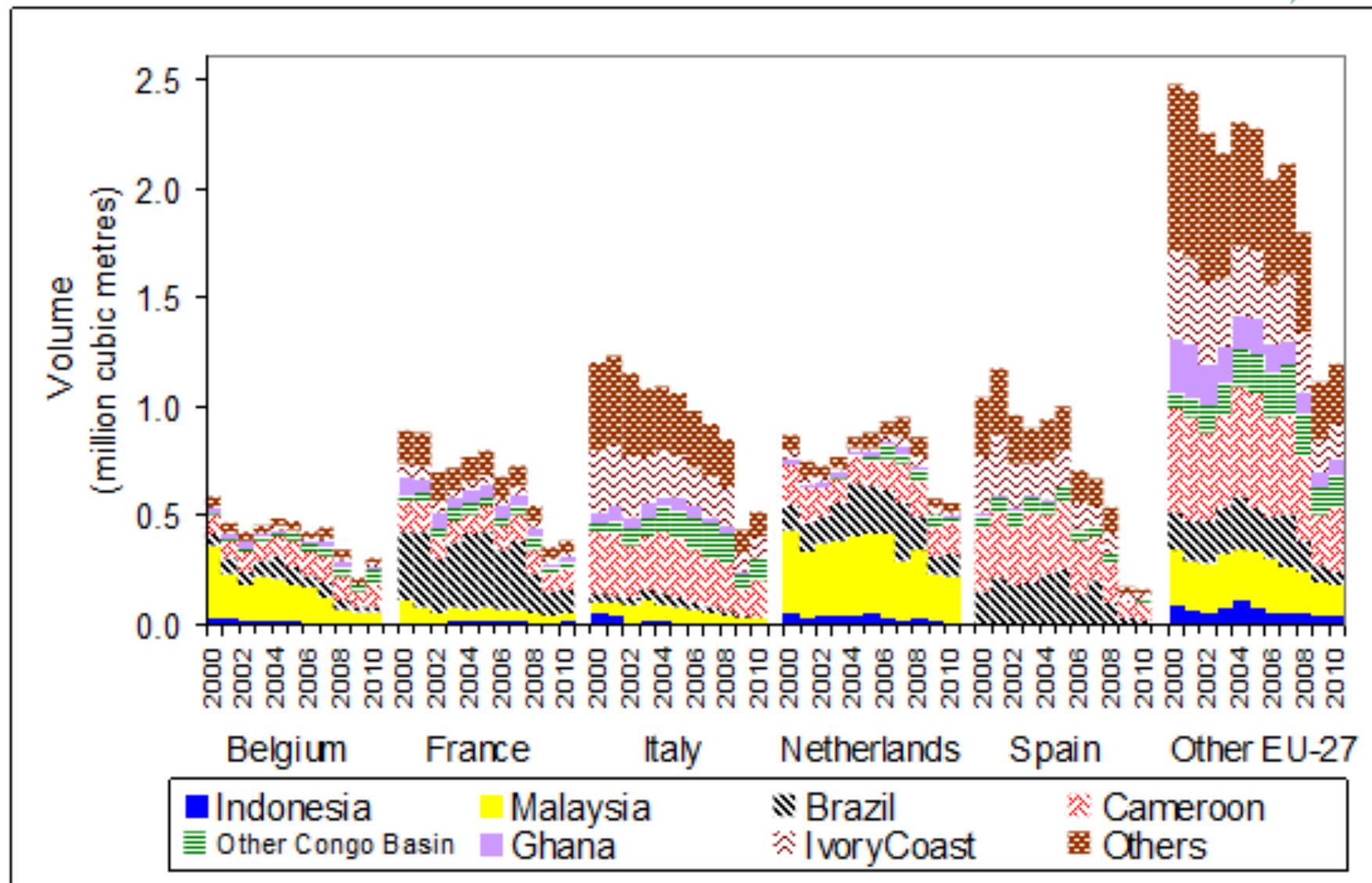




# The Market

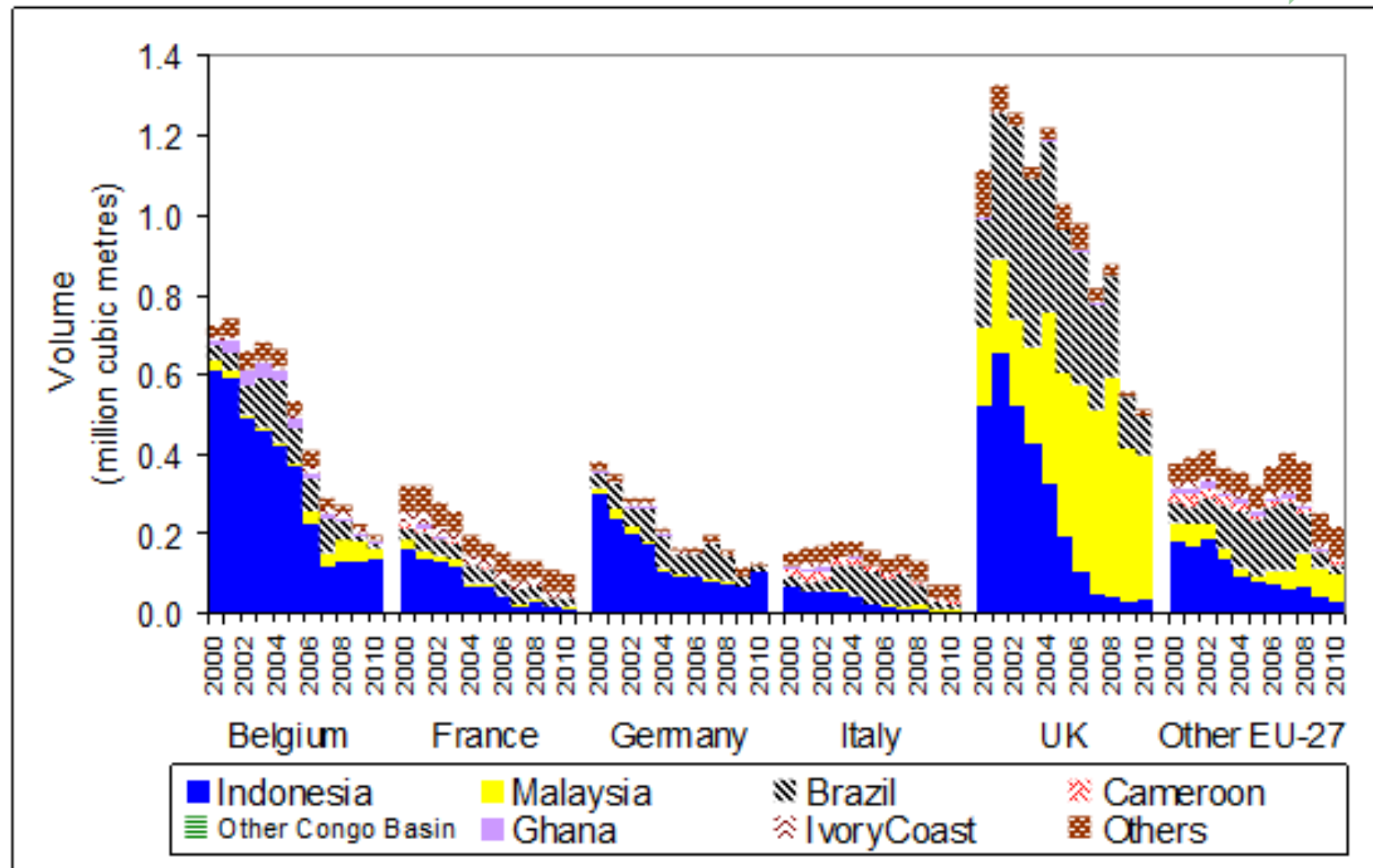


# Sawnwood Imports





# Plywood Imports





# Wood Industry Key Activities 2009-10



- Industrial roundwood production increased by 8% in 2010 to meet rising consumption of wood and paper (Source UNECE).
- Wood energy markets have continued to expand as policies have encouraged the use of biomass.
- Manufacturers have been faced with increased production costs that they have not been able to pass on in the form of higher product prices (Source UNECE).
- The **only** construction sector that has shown resilience during the economic crisis has been green building.





# Trends & Prospects



# Current Market Overview

- Buying timber can be controversial and not as simple as other materials and has several parameters so predicting future trends is difficult;
  - Sustainability, legality, competitiveness, quality, import controls, exchange rates, availability of substitutes, life cycle analysis data, etc
- There is no premium for legal, but still a premium for SFM certified tropical timber products
- Market demand is a “push” rather than “pull” market
  - Demand higher within countries that “net import” such as UK & NL (which are 85% & 65% certified)





# Future Market Overview: Post 2013



- **Buying timber should not be controversial!**
- Market opportunities exist...
  - Green building and reducing environmental impact initiatives are increasing the appetite for timber
  - Some Governments have demonstrated a preference for using wood in public buildings
  - Fashions show preference for timber; e.g. wood flooring, decking
- Legislation should increase demand & set level playing field
  - Evidence US Lacey Act and EU TR are increasing awareness & responsible activities



# Threats to tropical timber...



- Softwood Engineered alternatives
  - Thermowood
  - Accoya



- Alternative material substitutes
  - Plastic “wood effect” laminates







- New financial crisis
  - Building industry: all time low
  - Competition against substitutes
    - Tropical timber against temperate wood
    - Against non-timber materials
    - USP'S
      - C02
      - Renewability
- If sustainably produced gain market share



# Govt measures

- 2008+
- Saving banks
- Stimulating building industry by e.g. VAT-friendly measures and taxation
- 2011: Eurocrisis?





# Issues





- EUTR
- FLEGT/VPA





**EUTR**





- Placing on the market of illegally harvested timber shall be prohibited
- Illegally harvested means:
  - contravention with legislation in country of harvest





- Flegt license: proof of legality
- Importers maintain due diligence system





- Risk assessment procedure
- Risk mitigation procedure

\*additional information

\*third party verification



# Forest Law Enforcement Governance and Trade



- EU-FLEGT-regulation
- Voluntary Partnership agreements
- Indonesia, Ghana, Cameroon, Congo, Liberia
- FLEGT-license: Passport to Europe



# **Our aim: free flow of legally produced timber**



- Cooperation between producers and importers
- Organisations of producers liaise with ETTF