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The UNECE region's forest products markets in a global context

Where in the world are the UNECE region's forest products markets?



To give proper perspective to production and trade in the UNECE region and the world, in 2004 the region produced 82% of the world's industrial roundwood, 73% of its sawnwood, 63% of its panels, 66% of its paper and paperboard, 77% of its wood pulp and 67% of its recovered paper, according to the recently released UNECE/FAO *Forest Products Annual Market Review, 2004-2005*¹. The reason for such dominance of forest products production is the abundant riches of the region's forests. The sustainability of wood supplies in the UNECE region was confirmed by two

UNECE/FAO studies in 2004 and 2005. The *European Forest Sector Outlook Study*² (EFSOS) confirmed the long-term trend that removals of roundwood in Europe and the CIS are well below increment and forecast the same through 2020. This is confirmed in the ongoing UNECE/FAO Forest Resources Assessment.³ In fact, growth exceeds harvest by such a large margin in North America, Europe and the CIS, that unless timber removals are increased, the region's forests may suffer negative consequences of reduced vigour and greater susceptibility to insects, disease, storm and fire damage.

¹ www.unece.org/trade/timber

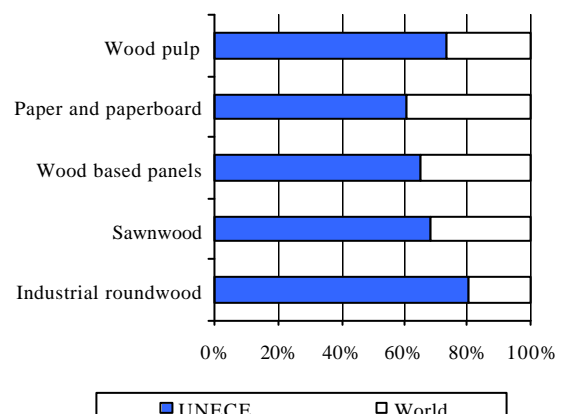
² www.unece.org/trade/timber/docs/sp/sp-20.pdf

³ www.unece.org/trade/timber/WorkArea2.html

Consuming more or less?

The UNECE region's consumption of forest products climbed substantially in 2004 according to the *Market Review* findings. A 4% increase in consumption meant over 50 million cubic metres more roundwood were consumed in 2004 than in 2003 — a positive achievement for sustainable development of the forest sector. Sustainable forest management depends upon sustainable forest products market development, and vice versa. Both sides of the sector, forest and market, are required to be sustainable in the short term and long term, and both sides are based on environmental, social and economic pillars. The UNECE region's consumption of primary forest products ranges from over 80% of industrial roundwood (used to make other products) to 60% of the world's paper and paperboard (graph 1).

Graph 1. UNECE region dominates world consumption of primary forest products, 2004



This text was abstracted from the UNECE/FAO *Forest Products Annual Market Review, 2004-2005*. It is produced as a background document for the annual Timber Committee Market Discussions, which will be held on 27-28 September 2005 at the Palais des Nations. The *Market Review's* executive summary, press release and full electronic version, plus statistical annex, may be found on the homepage of the joint Timber Committee and FAO European Forestry Commission website at: www.unece.org/trade/timber. See also UNECE Weekly No. 132.

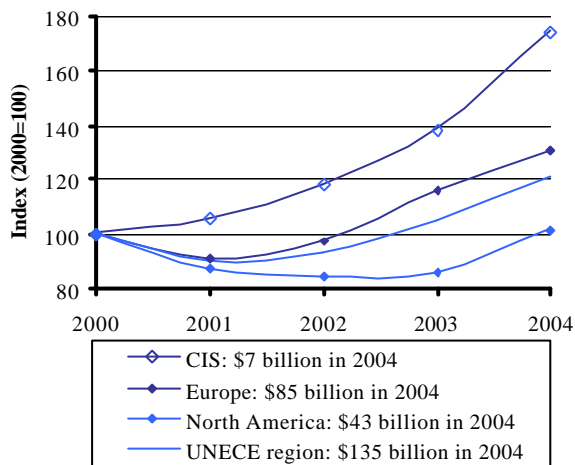
Notes: UNECE region in 2004, world in 2003 (most current statistics).
Sources: UNECE/FAO Timber database, FAO statistics, 2005.

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What about forest products trade?

The UNECE region is not only the major producer and consumer of forest products, but also the world's greatest trader. For primary products, the UNECE region represents 75% to over 90% of the world's exports. The majority of trade is within the region. The trade from CIS countries is accelerating fastest among the subregions of the UNECE, albeit on smaller volumes (graph 2).

Graph 2. Growing exports of primary forest products in the UNECE region, 2000-2004

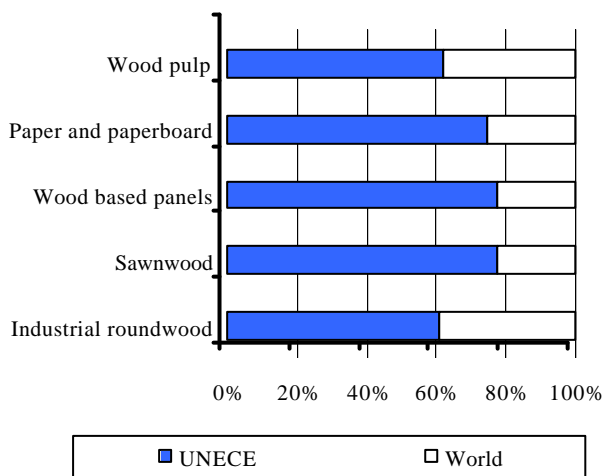


Note: Primary processed wood products include sawnwood, panels, paper and paperboard, woodpulp and roundwood.

Source: UNECE/FAO Timber database, 2005.

For primary products, the UNECE region represents approximately 60% to 80% of the world's imports (graph 3). Again, the majority of trade is within the region.

Graph 3. UNECE region dominates world primary forest products imports, 2004



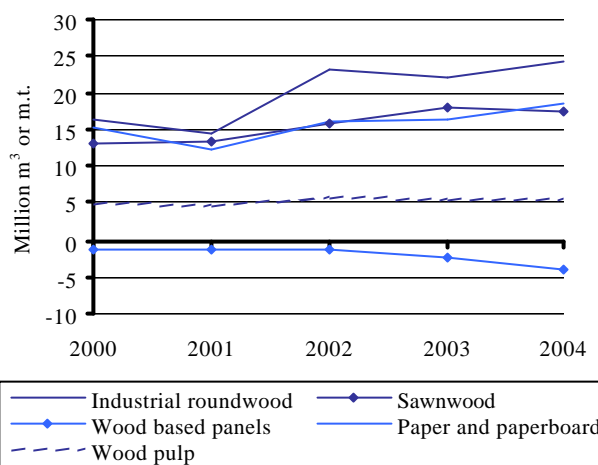
Notes: UNECE region in 2004, world in 2003 (most current statistics).

Sources: UNECE/FAO Timber database, FAO statistics, 2005.

Is trade in balance?

The region's trade balance has been positive (i.e. net exports) for all products, with the exception of wood-based panels. More panels continue to be exported from the region, often to Asia (graph 4). However, there were downturns in 2004 for sawnwood and panels, mainly due to US imports from South America, Oceania and Asia. With nearly 2 million new homes built from wood in the US in 2004, and the same forecast for 2005, the US is importing wood products, both primary and secondary, such as furniture, to fulfil demand.

Graph 4. Mainly positive trade balances of primary forest products in the UNECE region, 2000-2004



Note: Paper, paperboard and woodpulp in m.t.; others in m³.

Source: UNECE/FAO Timber database, 2005.

Summary

The UNECE region is blessed with sustainably managed forest resources which are growing much more wood than is being removed, even with the increasing consumption in the region. The vast majority of global wood products are produced, traded and consumed in the region. While there is significant consumption and trade of primary wood products, value-added production is increasing too, often as a result of favourable government policies to increase the economic viability of the forest and forest industry sector. The UNECE Timber Committee and its secretariat, in conjunction with countries and partner organizations and institutions, promote sustainable development of forest products markets.

For further information please contact:

**Information Service,
 UN Economic Commission for Europe (UNECE)
 CH - 1211 Geneva 10, Switzerland**

Tel: +41(0)22 917 44 44

Fax: +41(0)22 917 05 05

E-mail: info.ece@unece.org

Website: <http://www.unece.org>

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