

Sawn Hardwood Markets 2003-2004

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Presentation by

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Signs of recovery

- UNECE region **production increased** by 0.9% to 45 million m³ in 2003
- Production of sawn hardwood in **EU/EFTA subregion stable** after three consecutive years of decline
- Sawn hardwood **production increased in Other Europe, CIS & North America**
- **Consumption increased in all UNECE** subregions and in total, rose by 3.3% to 47 million m³

Stabilisation in EU/EFTA subregion

- Sawn hardwood **production stabilised** after three consecutive years of decline
- **Imports** of sawn hardwood **increased** by 7.7% in 2003, however this includes some tropical species
- **Exports decreased** in 2003, predominantly due to the decline in demand for beech in both eastern Europe and Asia
- **Hardwood flooring production & consumption increased** to record levels in 2003
- A mood of **cautious optimism** has prevailed so far, **in 2004**, with demand for both temperate (mainly oak) and tropical sawn hardwood on the increase

All round growth in Other Europe

- Sawn hardwood **production rose again** in 2003, to around 8.7 million m³
- Growth driven largely by **Romania**, but **Latvian** and **Turkish** sawn hardwood production also **increased significantly**
- **Turkey**, in particular, is showing signs of consolidating its sawn hardwood industry and stepping up production and exports in the future
- Apparent **consumption rose by 3.6%** in 2003, but did not reach the 2002 level, due to a rise in exports from the region

Russian production picking up

- Sawn hardwood **production increased** in the Russian Federation, by 2.1% in 2003
- **Production** and **consumption** set for modest **increase** for the foreseeable future, particularly in **Russia**
- **Increased demand** for Russian and Ukrainian sawn hardwood **from China**

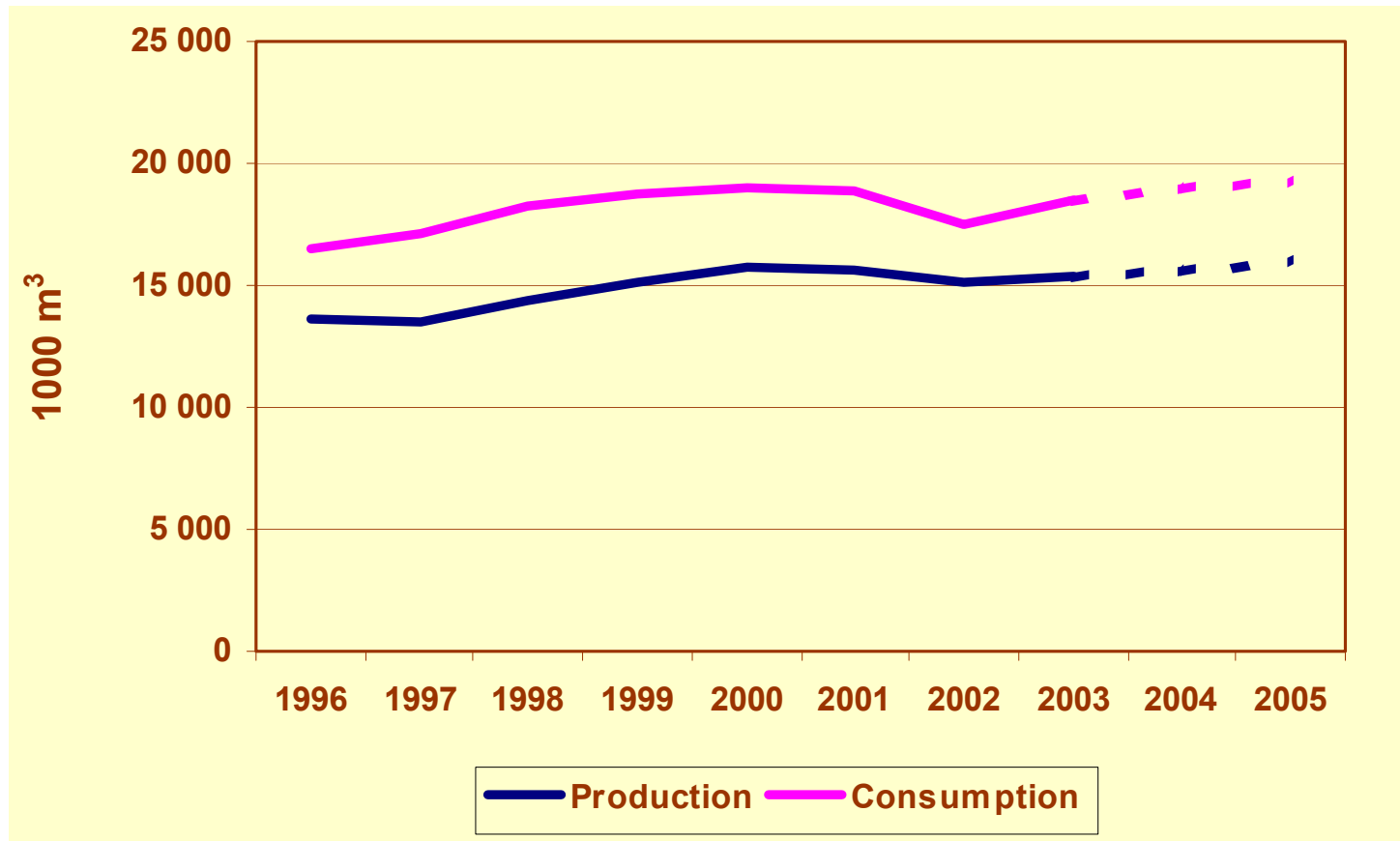
Improved prospects for United States

- Sawn hardwood **production** edged back towards its 1999 peak, by increasing to **29.5 million m³**, despite difficulties in obtaining logs
- **US production increased**, while **Canadian decreased** in 2003
- **Domestic demand** has been particularly **strong**, due to the improved economic situation
- **Imports and exports** of sawn hardwood have also **increased**
- **Prices** have continued to **firm in 2004** and producers are benefiting from a seller's market
- Strong **demand** for **American oak** has continued, particularly in Europe

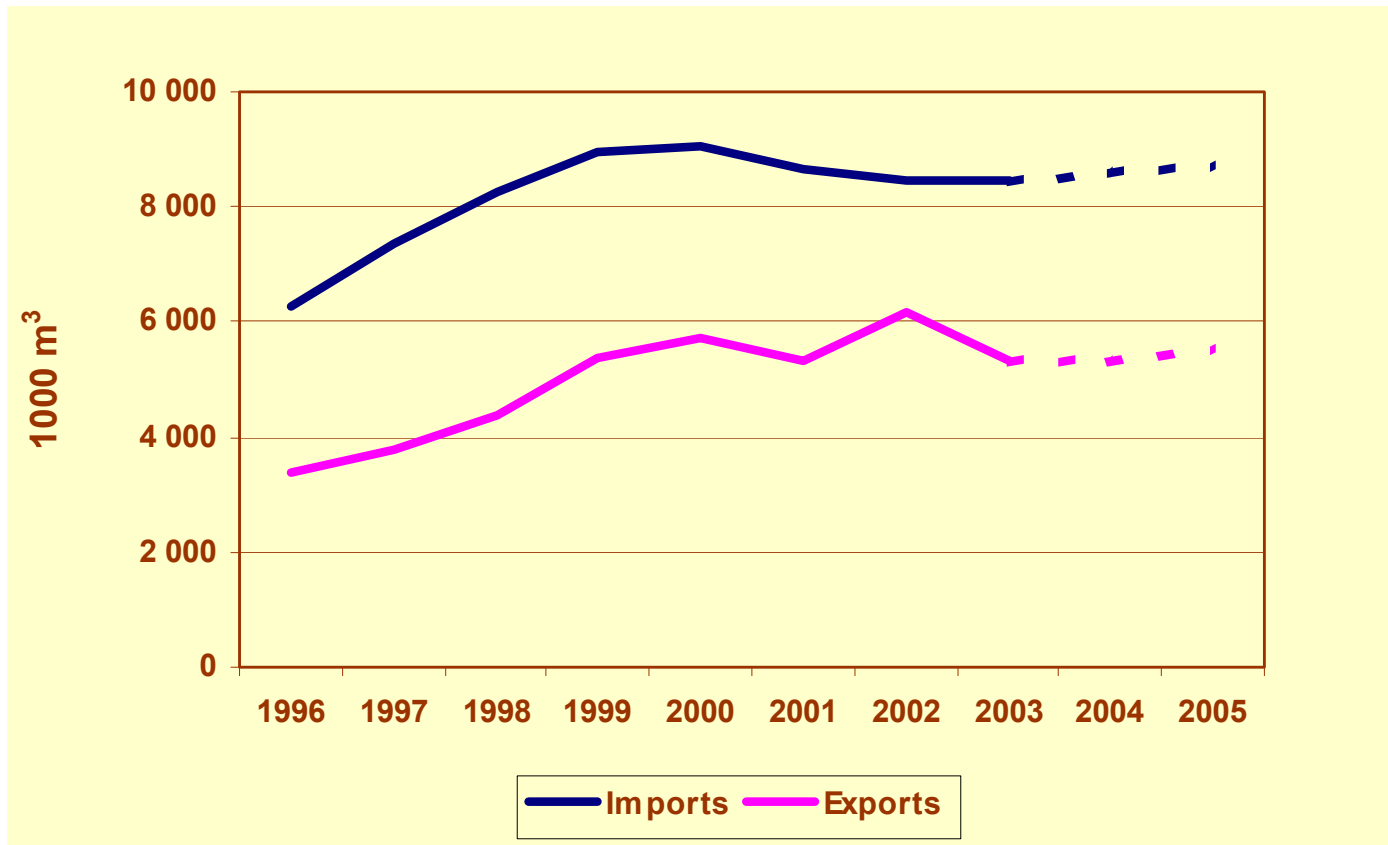
Increasing demand for certified hardwoods

- Interest in certified forest products (CFP's) **increasing in northern European** markets and Spain
- Stockists are **able to sell all** certified hardwoods that they can supply and more
- **Demand** most significant amongst **architects** - particularly working on publicly-funded projects
- Despite importers increasingly advertising that they stock certified hardwoods, evidence still shows that **no premium is available**

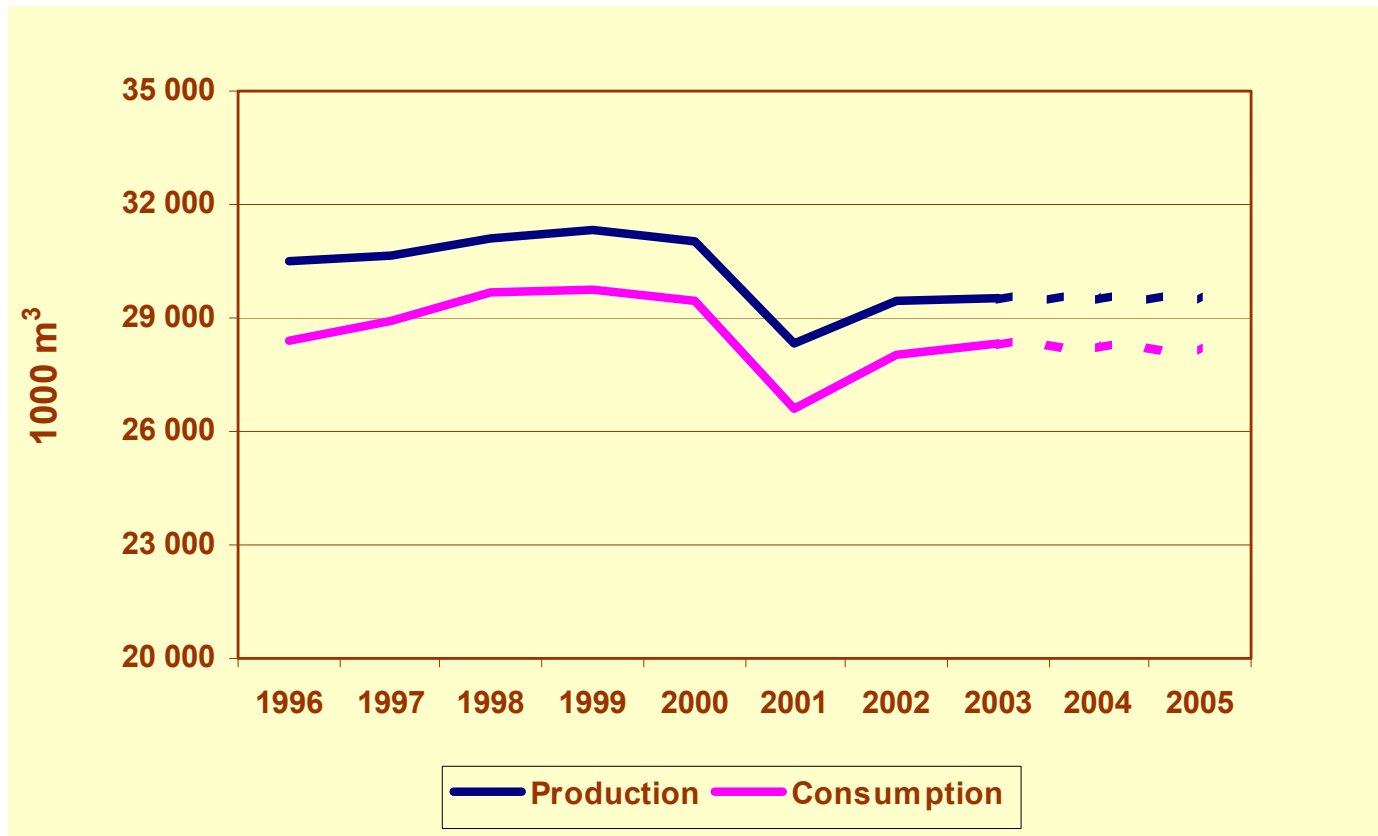
Europe: Sawn Hardwood



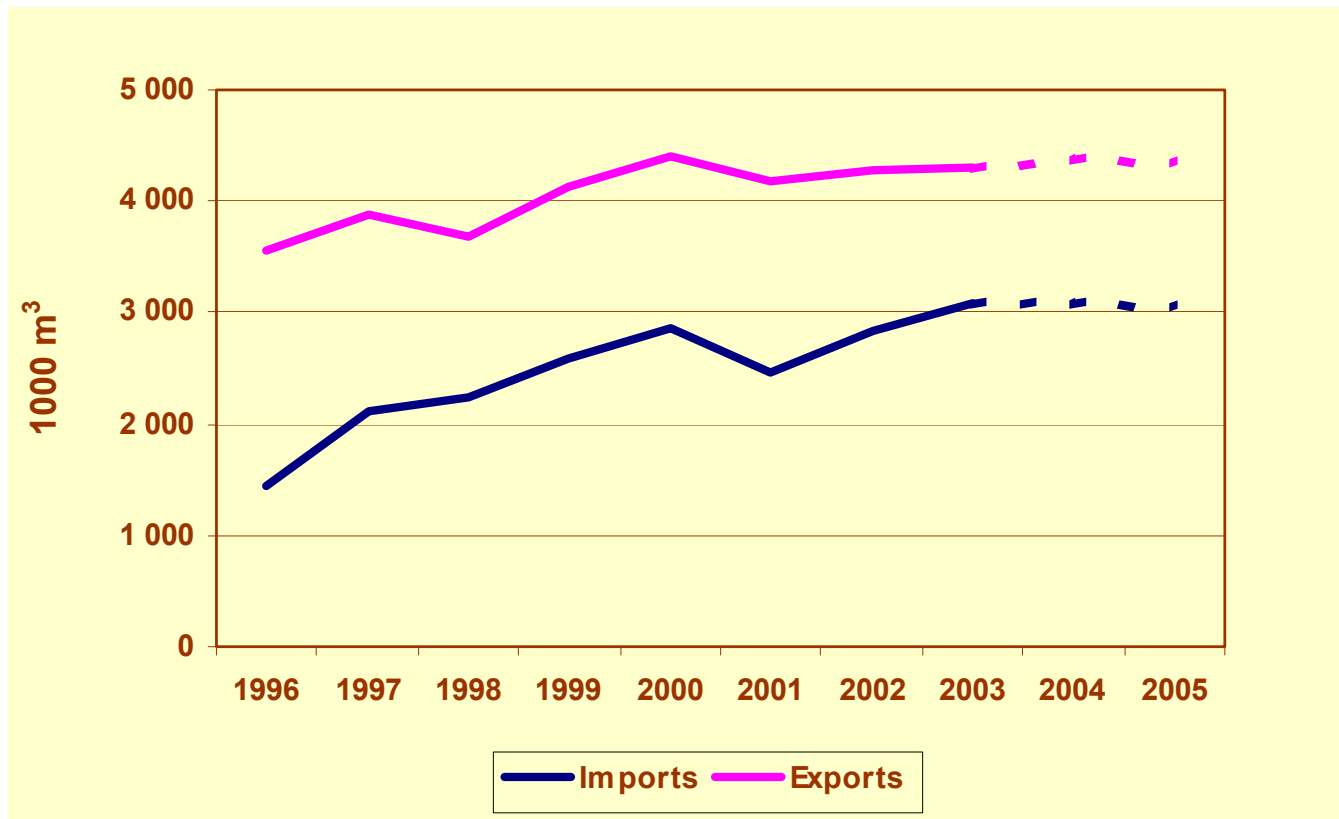
Europe: Sawn Hardwood



North America: Sawn Hardwood



North America: Sawn Hardwood



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