



Sawn Hardwood Market Forecasts 2006

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Highlights of Forest Products Market Review, 2005-2006

- Consumption of sawn hardwood in the UNECE region decreased by 1.5% in 2005, mainly due to the continuing decline of furniture manufacturing in Europe and North America.
- Total UNECE region sawn hardwood production fell by 0.7% to 47.8 million m³ in 2005, despite a marginal increase in the Russian Federation, partly due to increased competition for raw materials from China.
- Overall European production was down last year, partly the result of a fall in demand for wood processing in the region, but also due to lower production in Romania following severe flooding.
- Governments in the United Kingdom, France, the Netherlands, Denmark, Germany, Belgium and Japan have made commitments to source “legal and sustainable” timber, including hardwood, in new public procurement policies, with other countries likely to follow.



Highlights of Forest Products Market Review, 2005-2006 (cont'd)

- Hardwood flooring production and consumption in Europe increased considerably last year and marked a continuing trend in this sector, despite the ever-increasing threat of competitive imports from Asia.
- Oak continues to dominate hardwood consumption, with increasing demand across Europe and Asia; European and American white oak now represents over 50% of all European hardwood flooring production.
- Sawn hardwood production in North America decreased by 1.1% last year due to restructuring of several hardwood production and sales organizations, numerous sawmill closures, and increased importing of components and finished goods by domestic end-users, as well as rising log prices amidst competition for raw material from China.

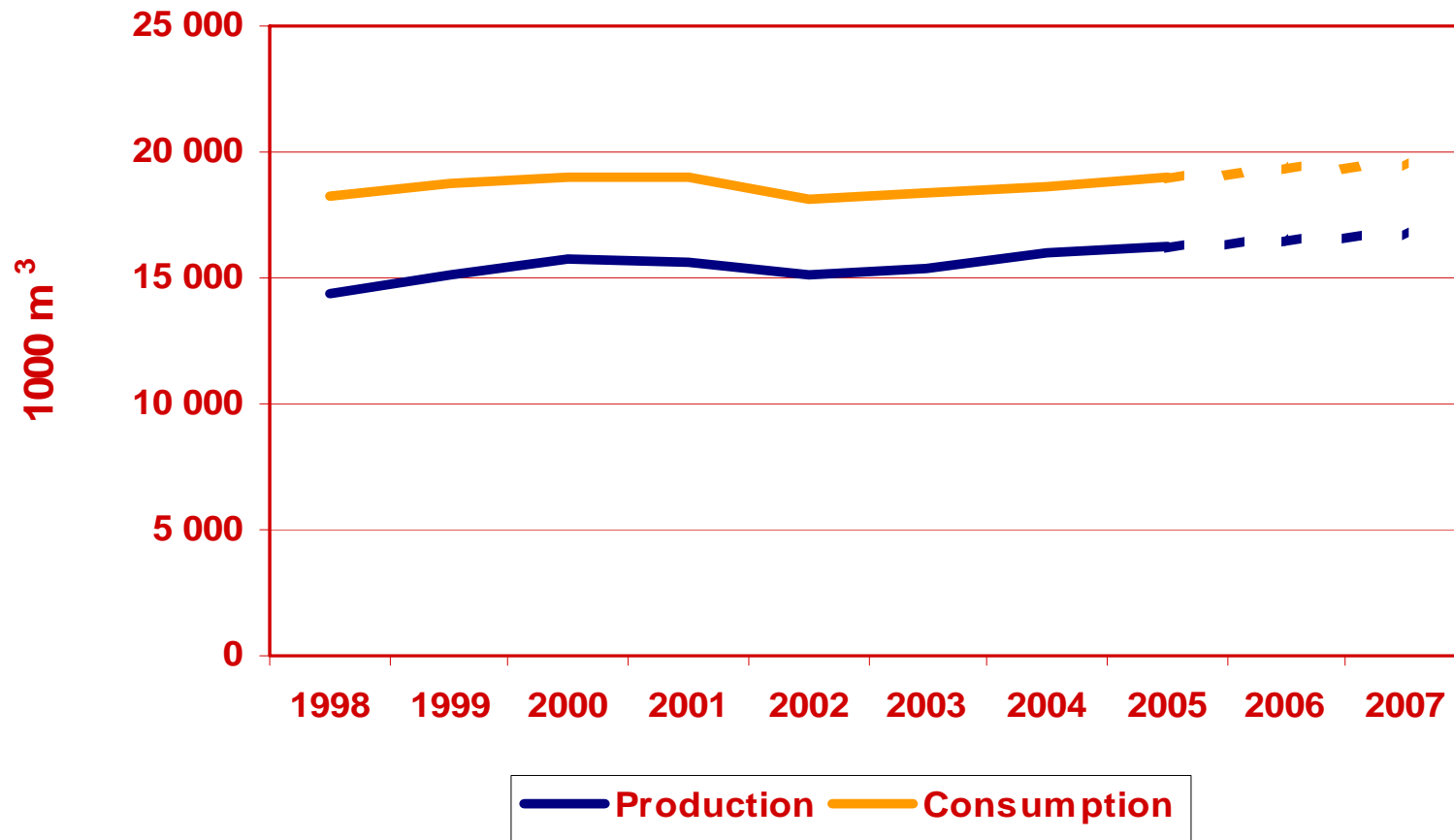
A vertical stack of light-colored wooden planks, likely pine or spruce, arranged in a regular pattern. The planks are stacked in a way that shows their length and width, with some planks slightly offset from each other. The wood has a natural, slightly textured appearance.

Highlights of Forest Products Market Review, 2005-2006 (cont'd)

- China's influence in all aspects of the global hardwood market is likely to develop further in 2006, putting pressure on roundwood supplies and raising sawn hardwood prices.
- Despite the slow development of the hardwood processing sector in Russia, exports of sawn hardwood increased significantly in 2005 and were mainly destined for China.

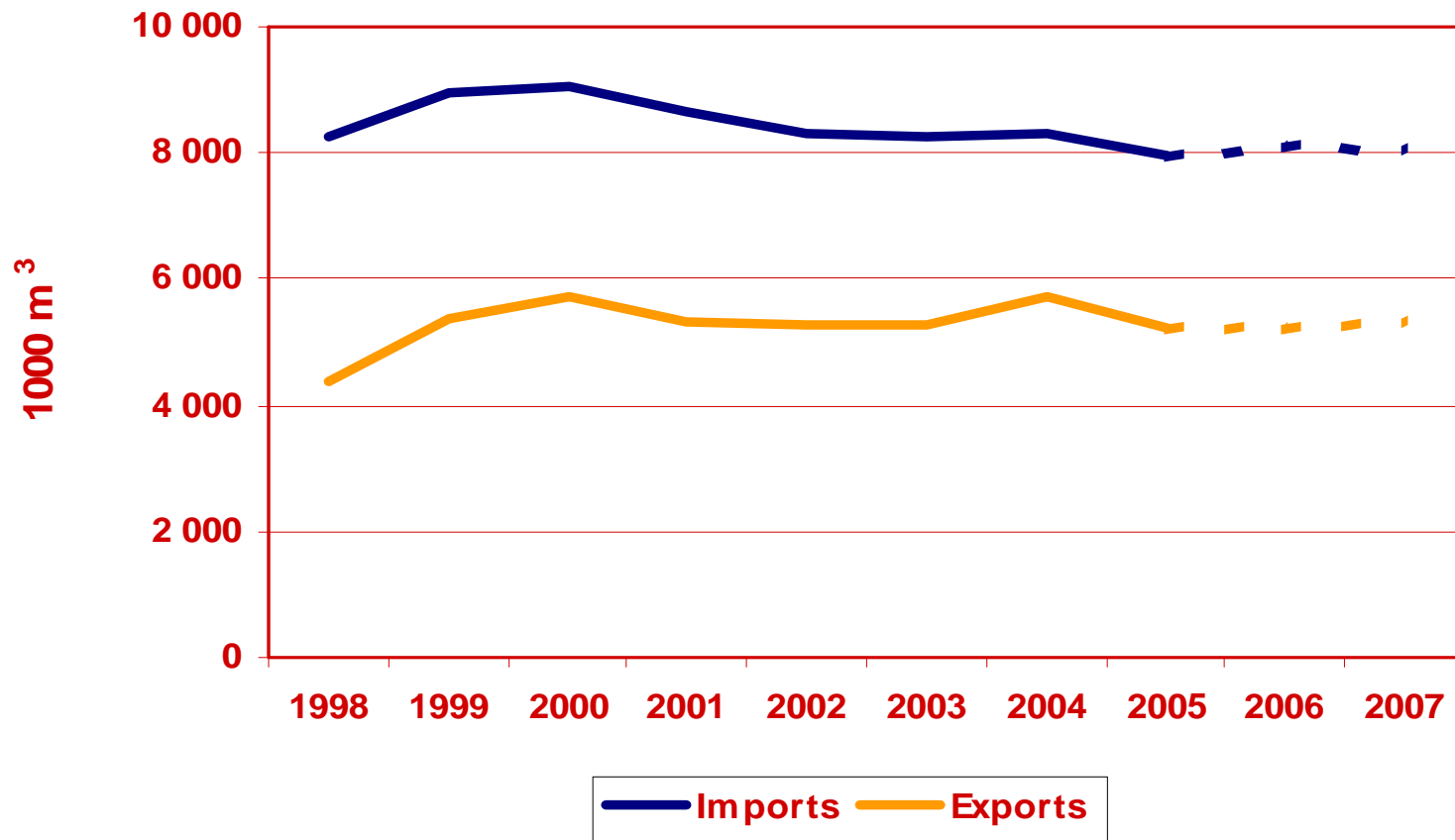
Sawn hardwood – Europe

(production & consumption)

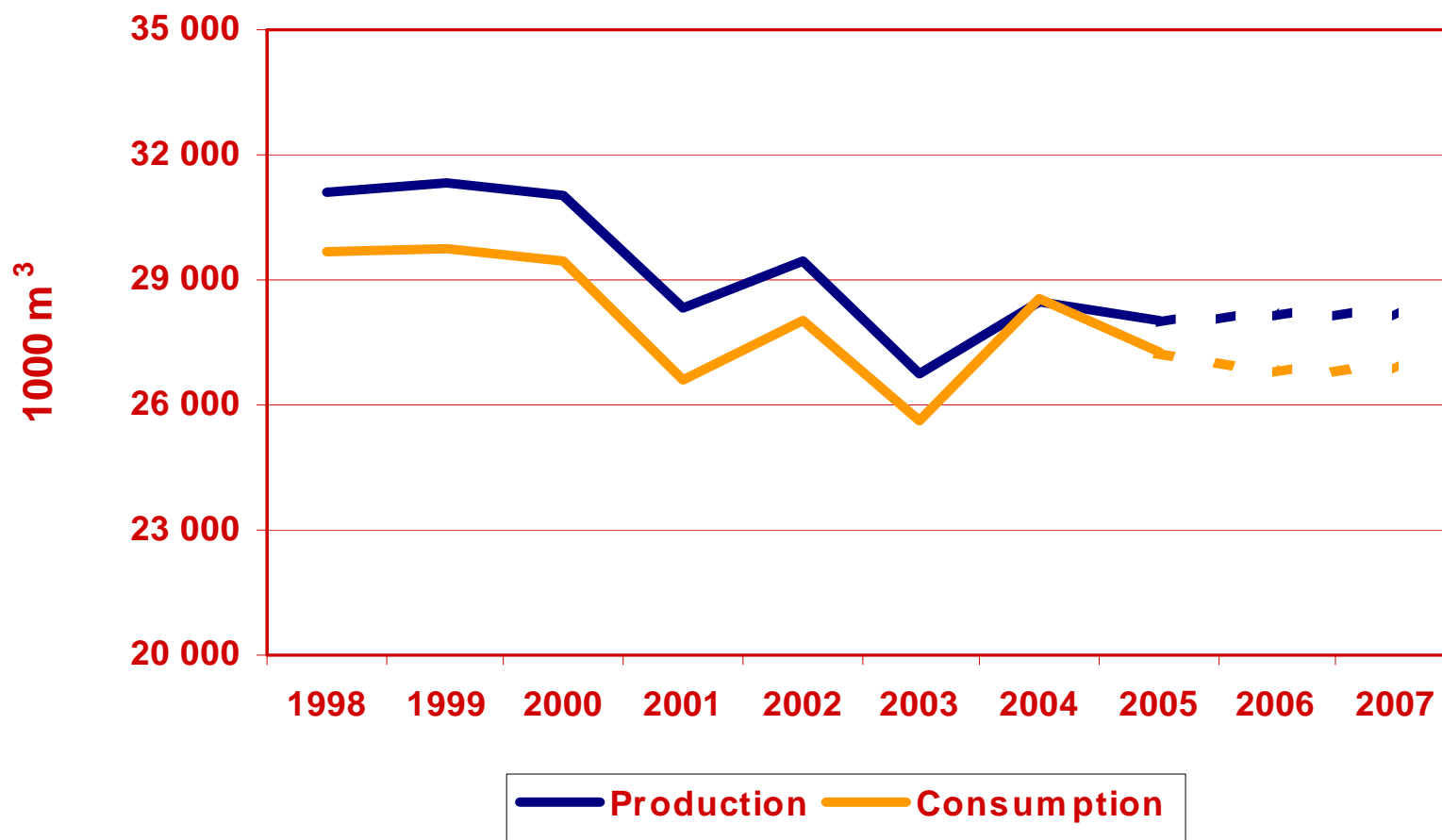




Sawn hardwood – Europe (imports & exports)



Sawn hardwood – North America (production & consumption)



Sawn hardwood – North America (imports & exports)

