

# 70<sup>th</sup> Session of the Timber Committee

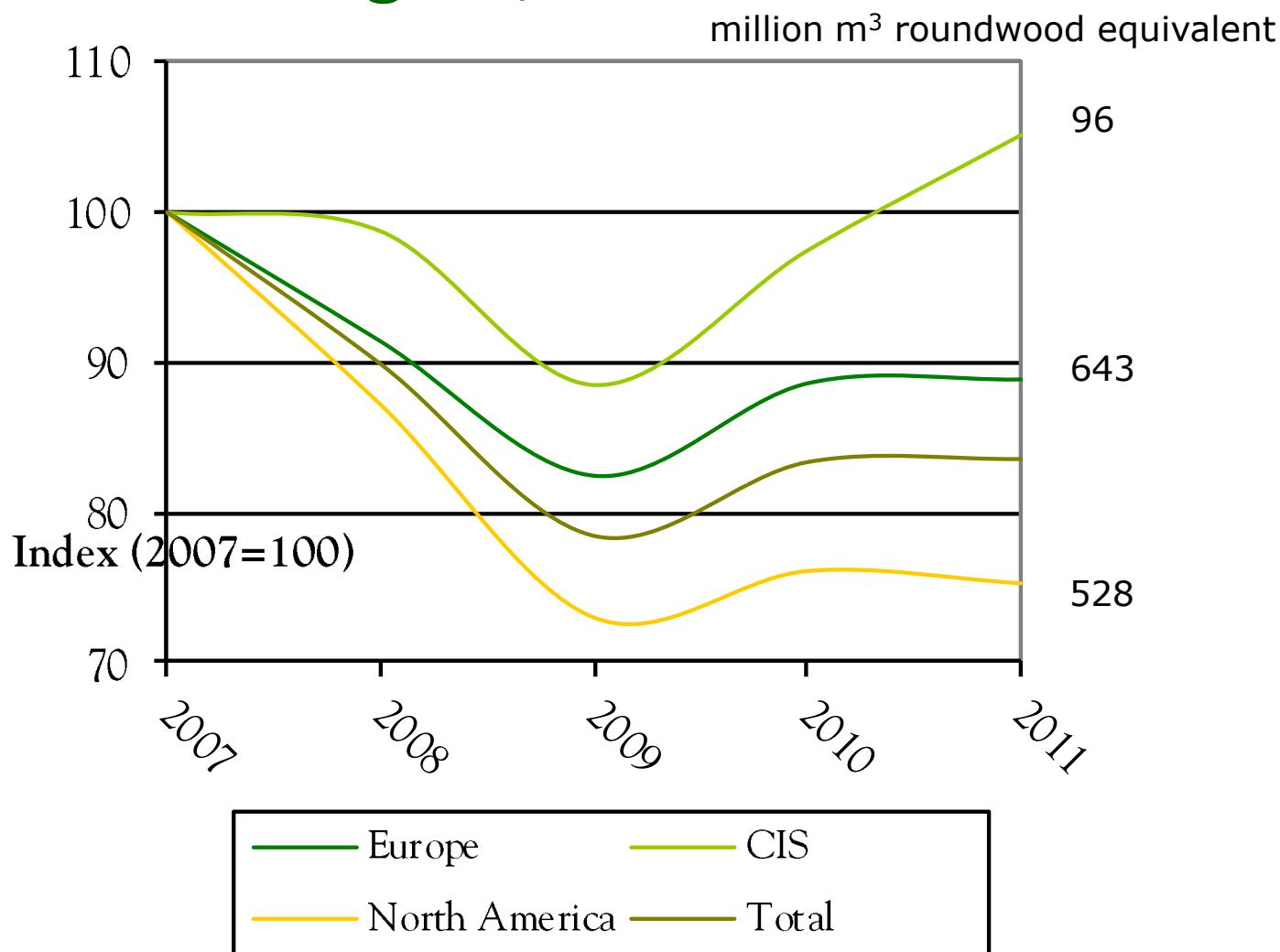
## Overview of forest products markets

Matt Fonseca

**Geneva, Switzerland  
16-19 October 2012**



# Consumption of forest products in the UNECE region, 2007-2011

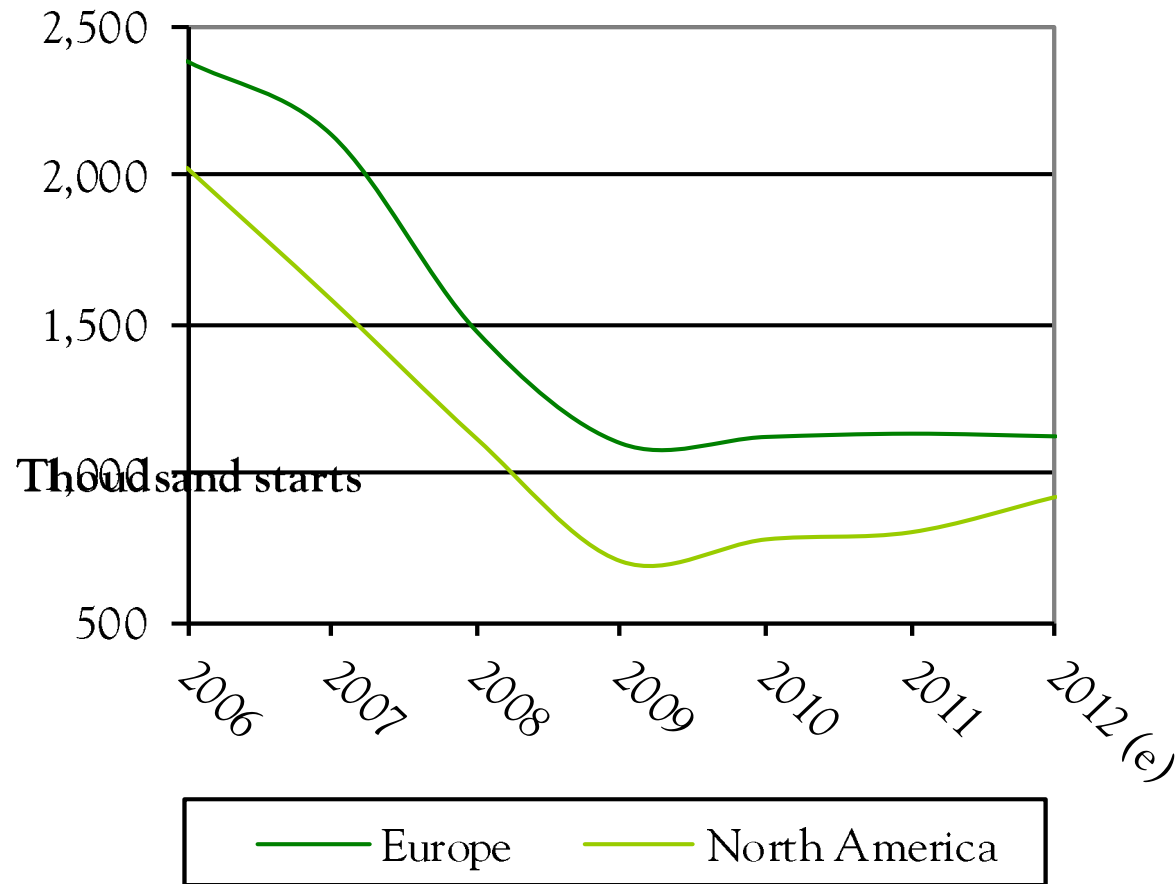


# The economic situation

- National income in one half of the UNECE economies has yet to return to 2008 levels.
- Prospects for even modest growth in 2013 are low.
- In the US, housing starts and sales at their lowest levels since modern records began in 1963.
- The European housing construction market is weak with no sign of a recovery.



# Housing starts



# Policy and regulatory developments

- North American Free Trade Agreement has been extended until 2015.
- Efforts to exclude illegal timber from markets are being strengthened via the EU Timber Regulation and the Lacey Act.
- The Russian Federation developed a program for forestry development up to 2020 and a new forest policy to strengthen sustainable management.
- Russia's accession to the WTO will have an impact on global trade of forest products with Russia via substantial reductions to export and import duties.



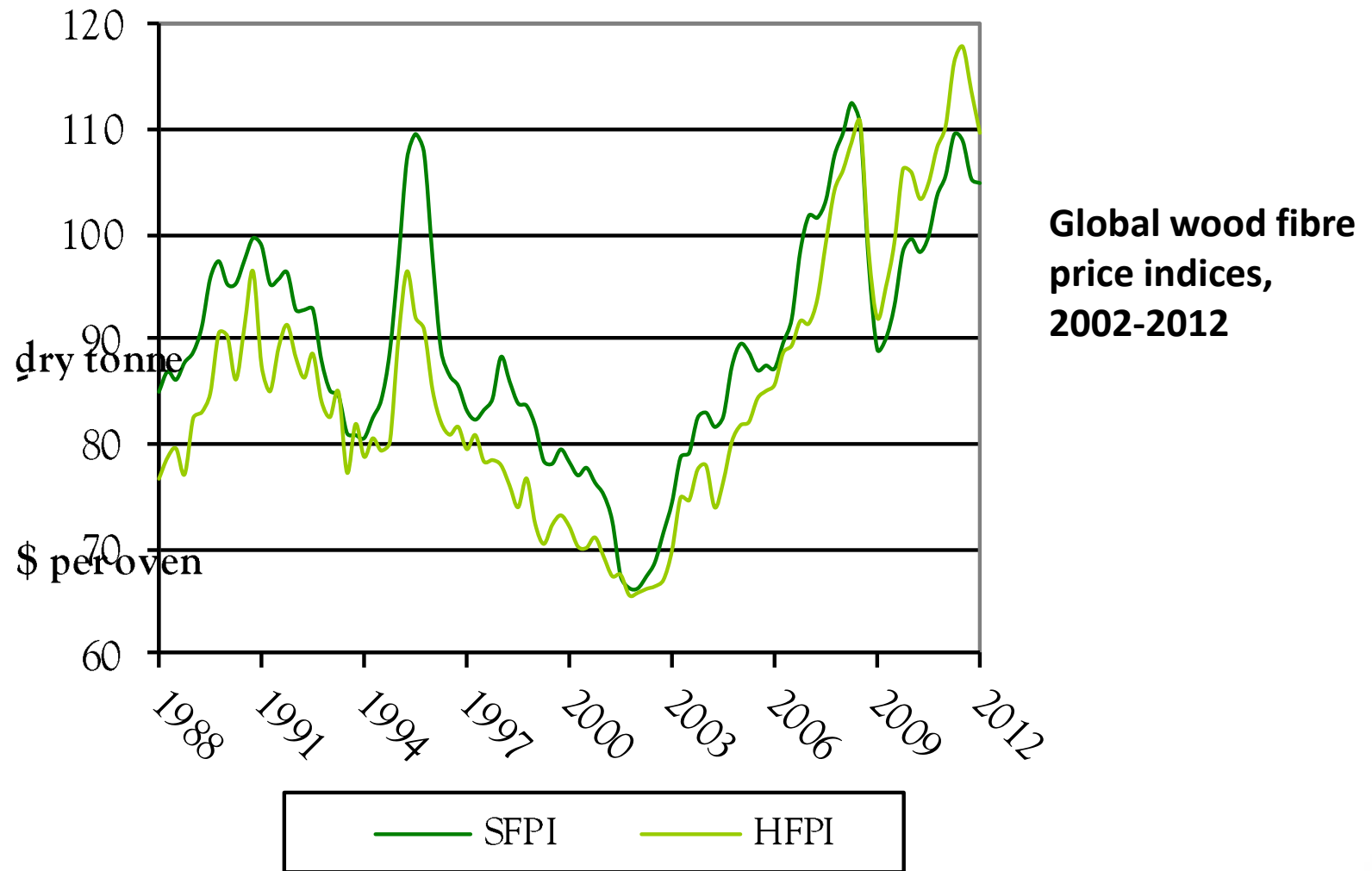


# Wood raw materials

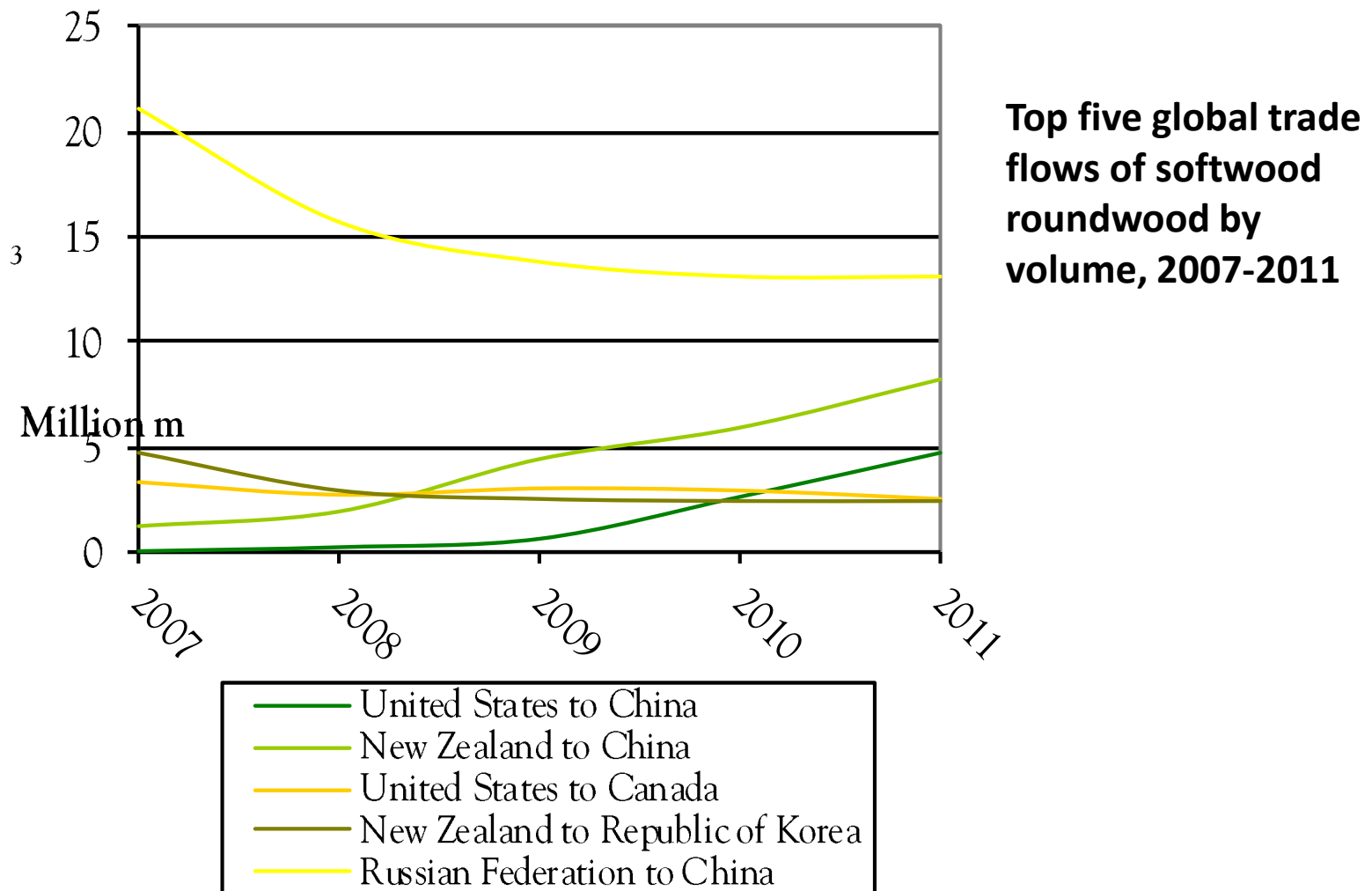
- Consumption of industrial roundwood in the UNECE region was up in 2011 but still 14% lower than before 2008.
- In the CIS subregion consumption of industrial roundwood was up by 14% (it was essentially flat in Europe and North America).
- Fuelwood production was 18% of the of total roundwood removals in 2011.
- Europe and North America expanded exports of industrial roundwood by 12% and 25%, respectively, while CIS exports dropped by 2%.



# Wood raw materials



# Wood raw materials



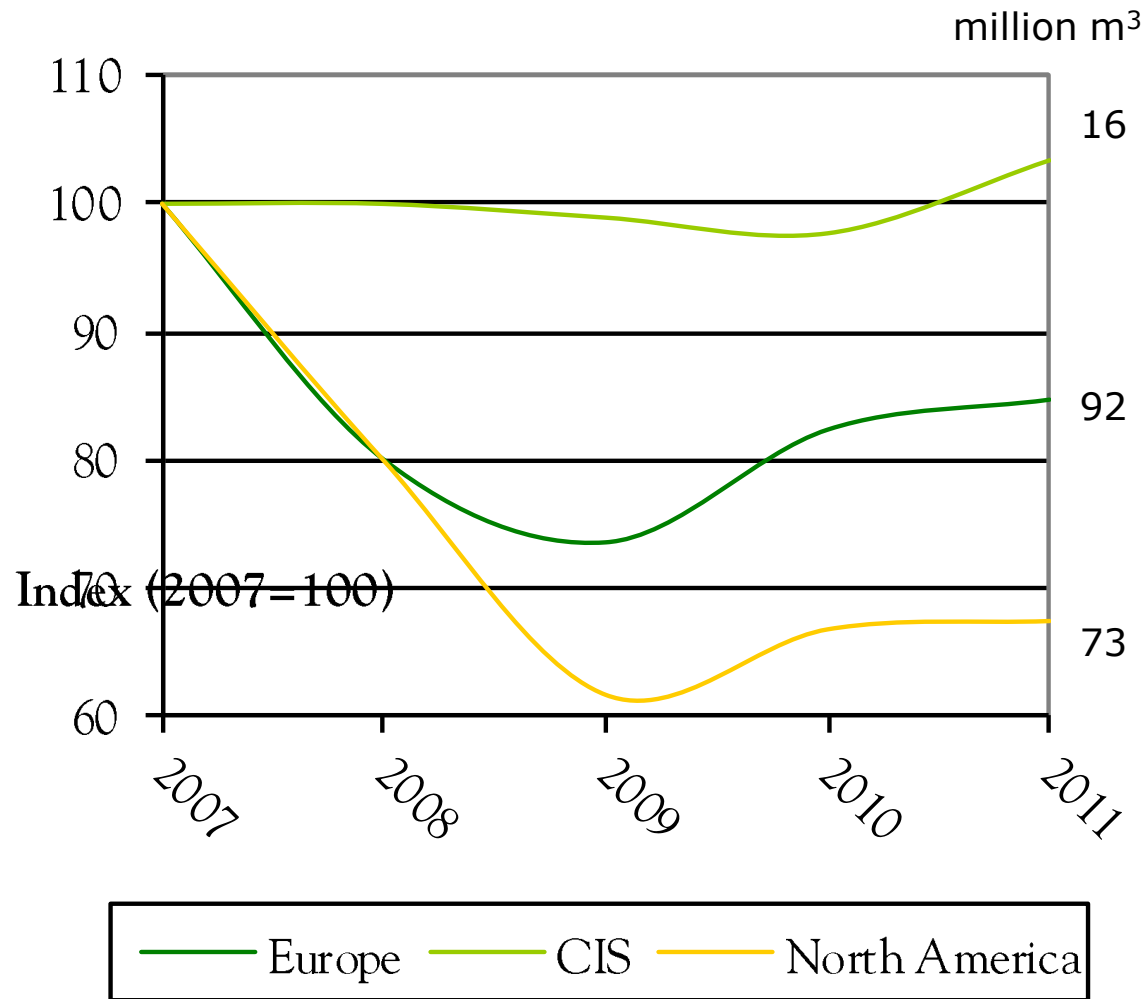


# Sawn softwood

- In 2011, sawn softwood consumption increased in North America by 1.0%, in Europe by 2.8% and in the CIS by 5.8%.
- UNECE consumption of sawn softwood in 2011, it is still far below the level of 2007.
- Exports of Russian sawn softwood increased by 10.1% between 2010 and 2011 to 18.9 million m3 of which 37% went to China.
- Canadian and US sawmills benefited from increased exports, especially to China
- Europe's most important offshore markets, north Africa and the Middle East, only dropped 7% despite instability in the region.



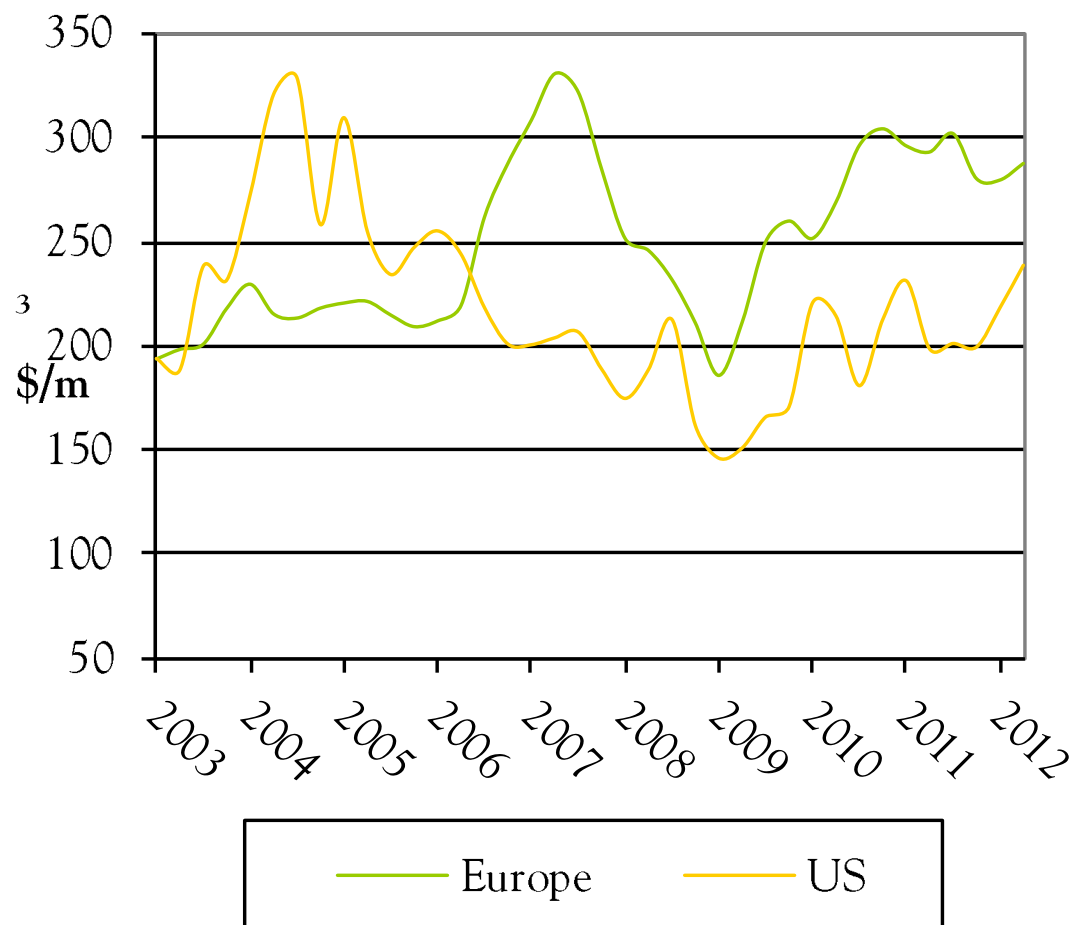
# Sawn softwood



**Consumption of  
sawn softwood in  
the UNECE region,  
2007-2011**



# Sawn softwood



**Sawn softwood  
quarterly prices in  
Europe and the US,  
2003-2012**

Note: EUROPE: Swedish Spruce 47x100mm, C&F. US: BC W-SPF #2&Btr, 2x4 Delivered to Chicago.

Source: WOOD MARKETS Monthly International Report

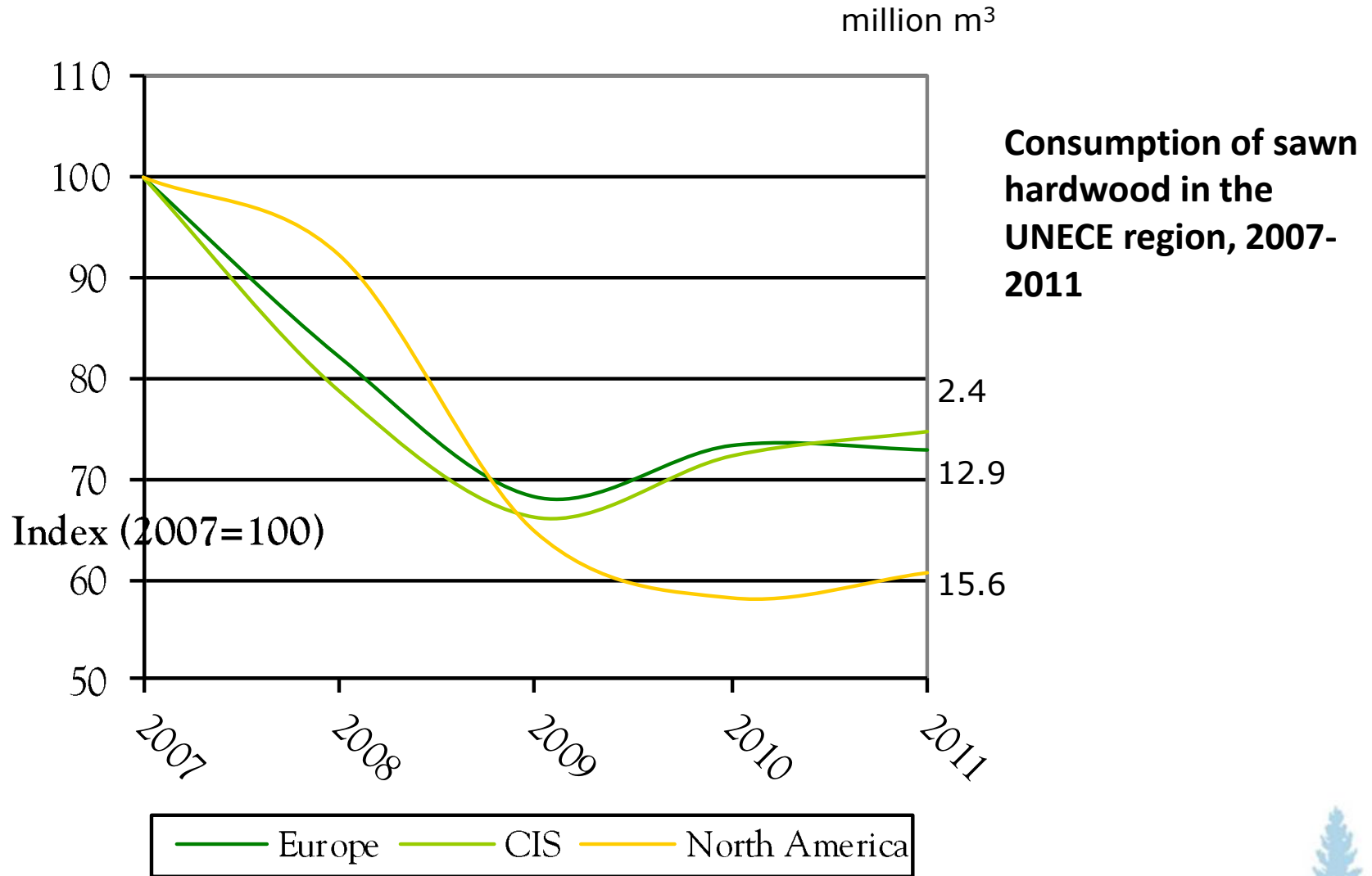


# Sawn hardwood

- European production of sawn hardwood decreased by 1.4% from 2010.
- Sawn hardwood production in the CIS increased by 6.8% in 2011, boosted by exports to China.
- Sawn hardwood production in North America increased by 4.4% in 2011 as domestic consumption stabilized and export demand, particularly in China and Viet Nam, increased.



# Sawn hardwood



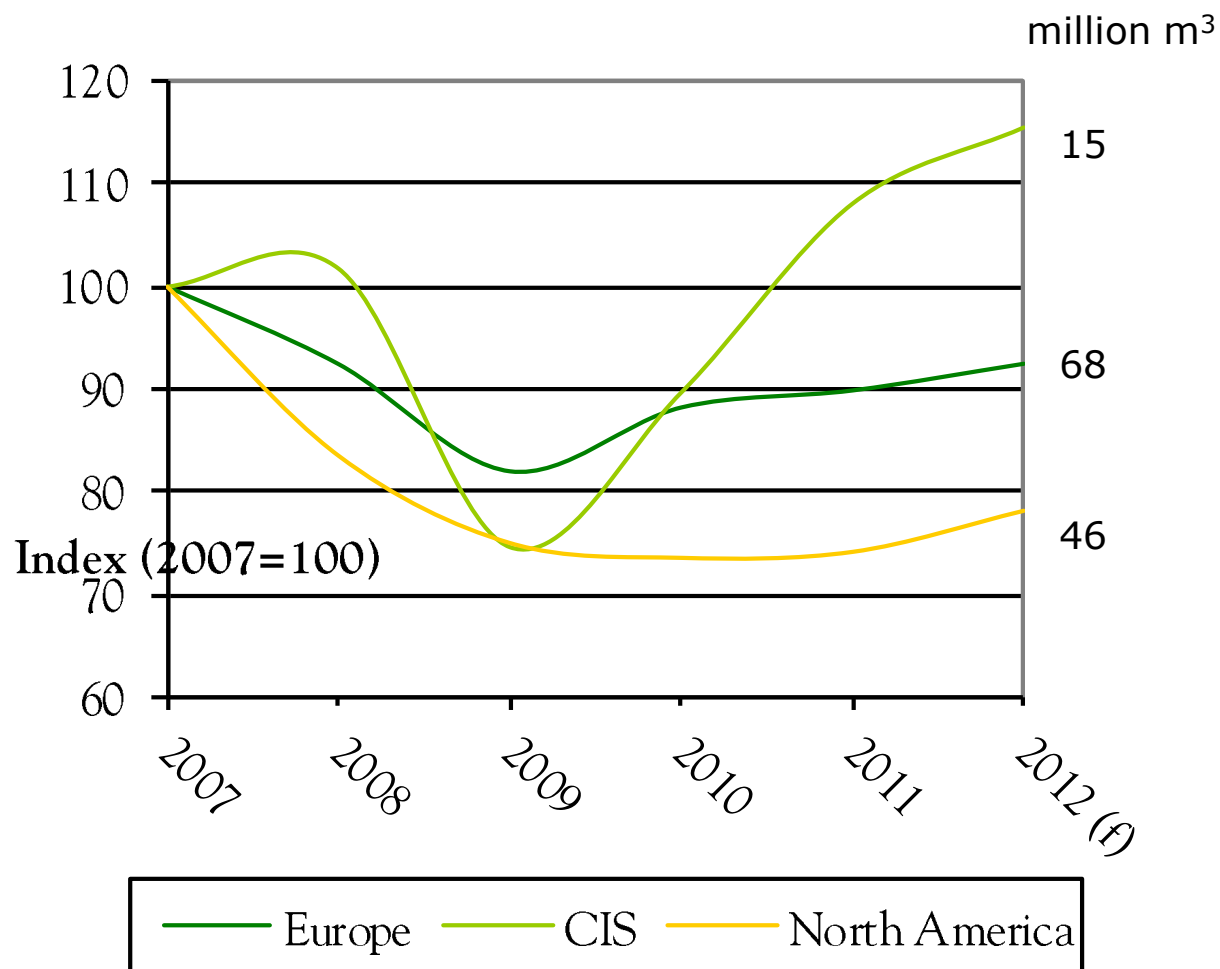


# Wood-based panels

- North American production of wood-based panels in 2011 was little changed from 2010.
- Lacey Act concerns lead to reduced US imports of wood-based panels from tropical countries in 2011.
- The Russian panel sector grew in 2011 due to a 5-6% increase in demand from construction and furniture manufacturing.
- Europe's wood-based panel industry is improving, but higher resins and energy costs are a challenge.



# Wood-based panels



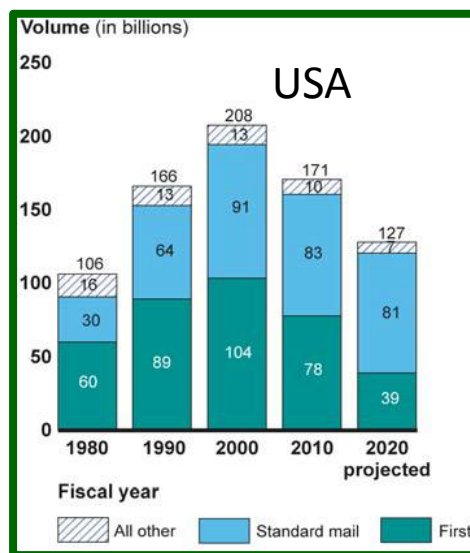
**Consumption of wood-based panels in three UNECE subregions, 2007-2012**



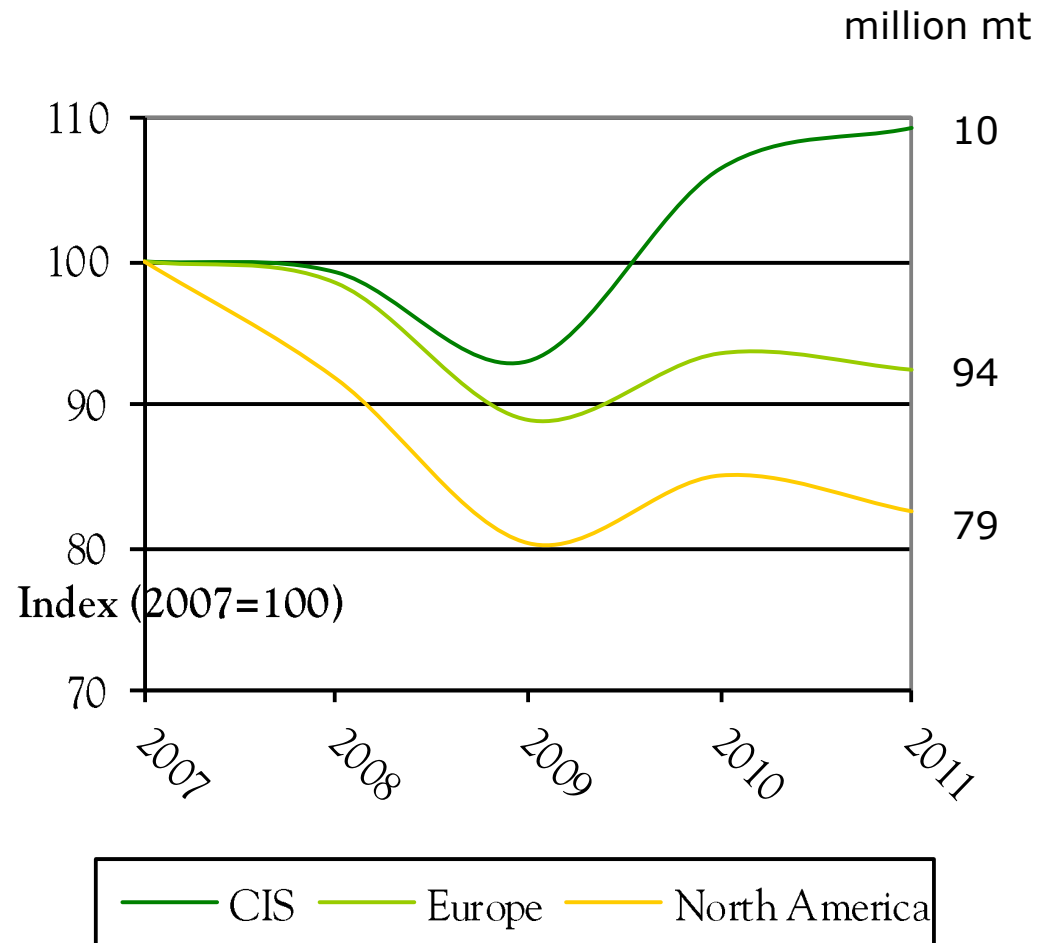
# Paper, paperboard and woodpulp

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- Paper and paperboard output fell in both Europe and the US; partly linked to the economy, but also to the growing use of electronic media and bill pay.
- China has become the number one global market for chemical market pulp.
- South American chemical market pulp expansions continue to make headlines.



# Paper, paperboard and woodpulp



**Consumption of  
paper and  
paperboard in  
three UNECE  
subregions, 2007-  
2012**



# Wood energy

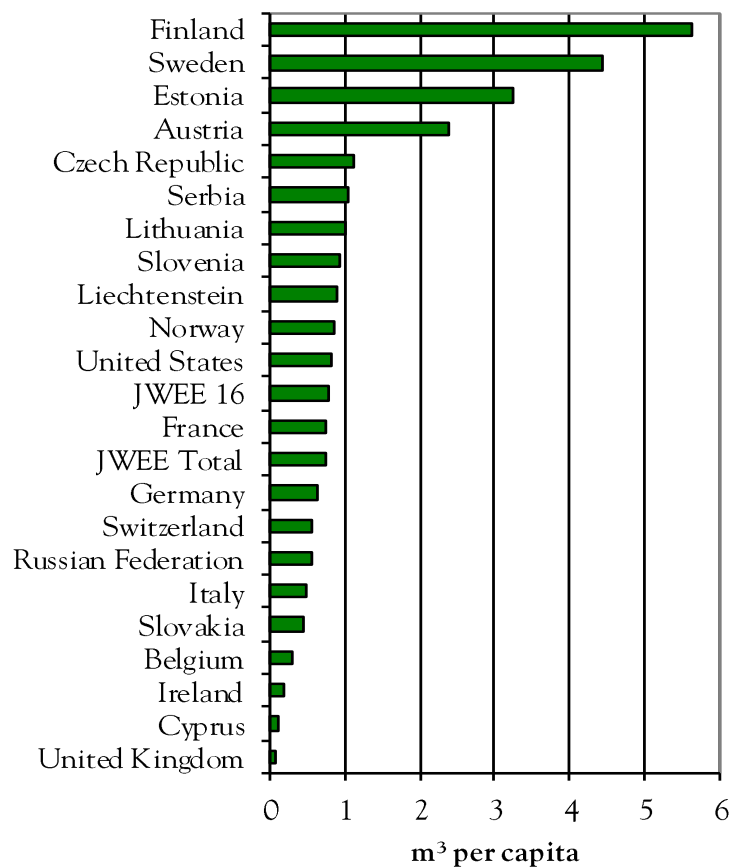
- Wood energy constitutes the main renewable energy in the UNECE region and continues to grow, with demand concentrated in the EU.
- Wood energy in the US is continuing to decline as a share of renewable energy consumption, falling from 35% in 2000 to 22% in 2012.
- Wood pellets dominate international wood energy trade.
- Certification programmes for wood pellet quality and environmental stewardship have emerged and are expected to be widely adopted.
- Tightening public budgets in the future are likely to reduce support payments or preferential taxation.
- Public policy discussions continue over the environmental aspects associated with the use of wood for energy and, in particular, its greenhouse gas neutrality.



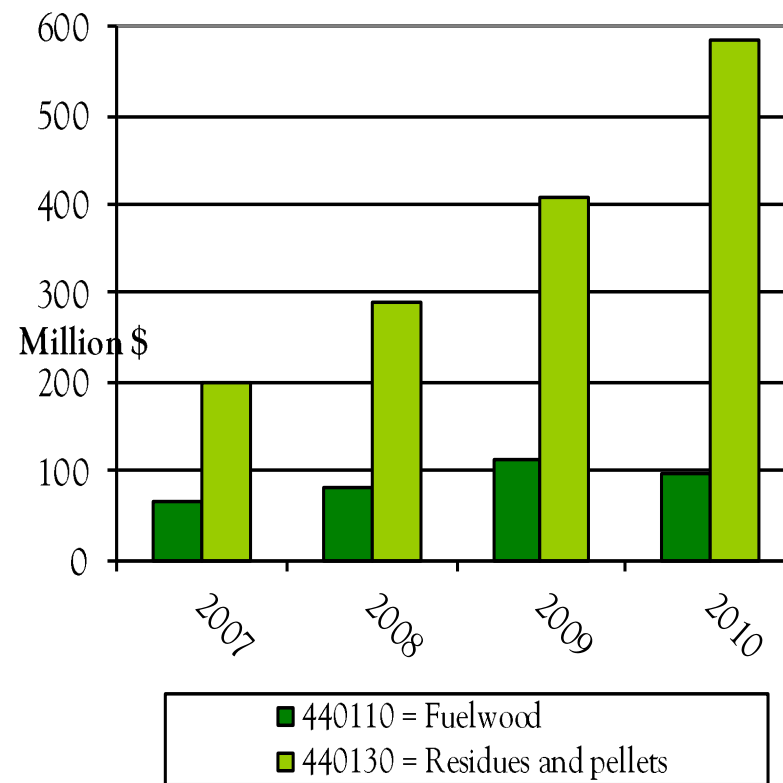


# Wood energy

**Annual average wood energy consumption per capita in the UNECE region, 2009**



**Imports by EU-27 of fuel wood, pellets and woody residues, 2007-2010**



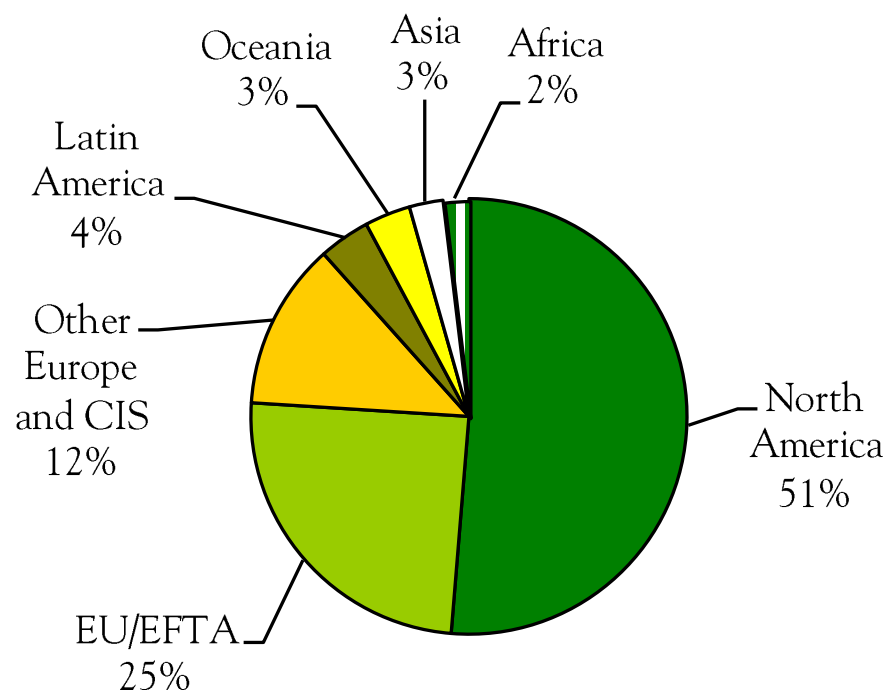
# Certified forest products

- By May 2012, the global area of certified forest was 394 million hectares, with almost 92% in the northern hemisphere. Only 2% of tropical forests are certified.
- About 27% of global roundwood production is now certified.
- The development of green-building codes in Europe, the US and Asia-Pacific continues and will have a significant impact certified wood products.
- Forest-certification programmes continue to respond to and be reviewed within the context of the development of government programmes, including the due diligence systems of the Lacey Act in the United States and the EU Timber Regulation.

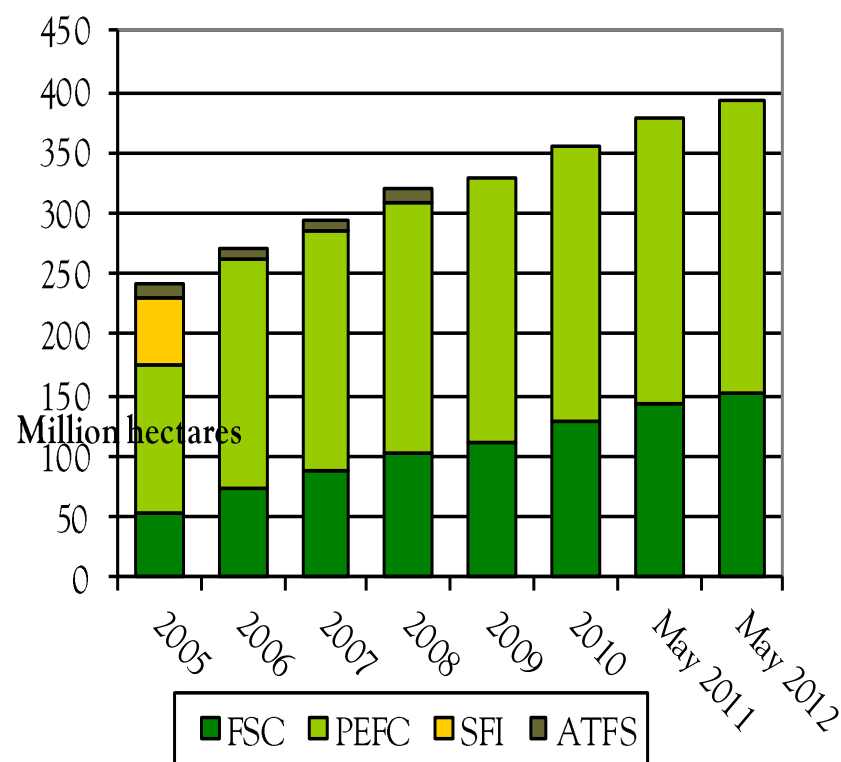


# Certified forest products

Relative shares of total global certified forest area by world region, 2012



Forest area certified by major certification schemes, 2005-2012



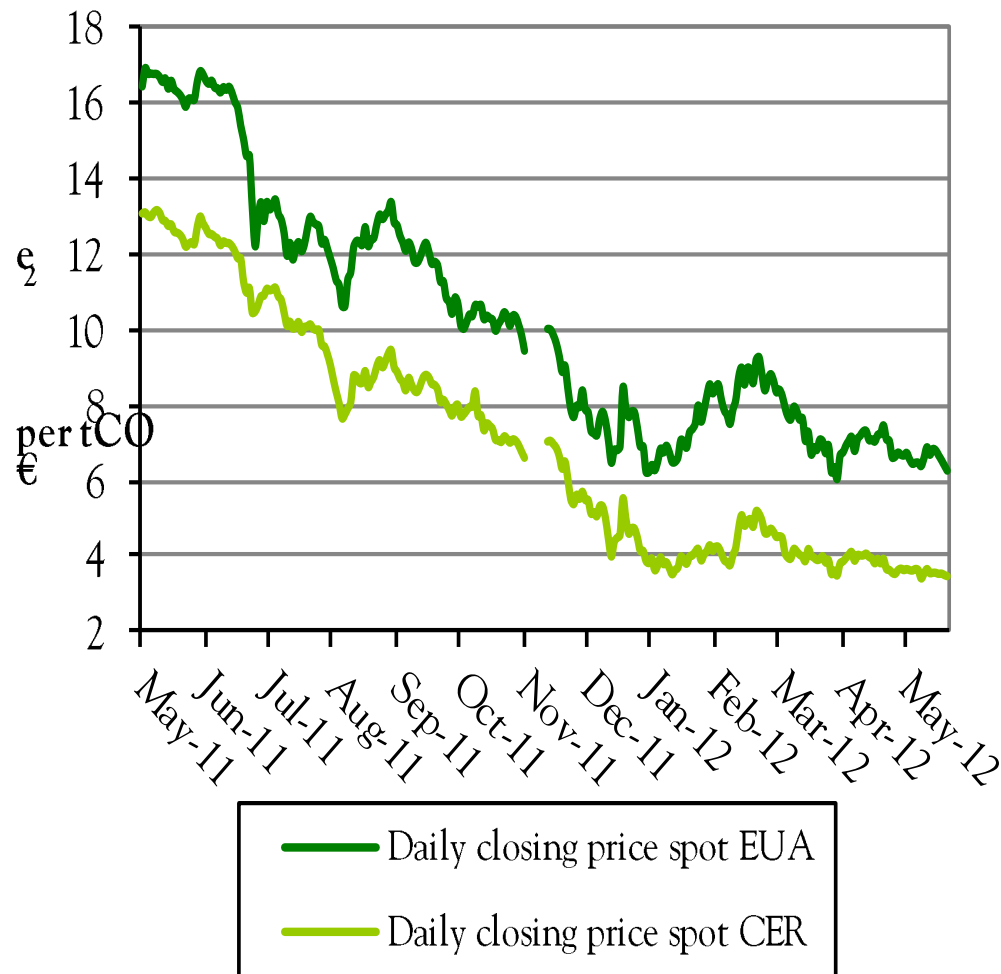
# Carbon markets



- The volume of carbon traded in the global markets grew by 17% in 2011, with its value increasing to \$175.6 billion – a 10% increase from 2010.
- Despite the overall growth, carbon trade has suffered from the financial crises in Europe, political obstacles in the US, slow progress from (UNFCCC), and the absence of full operational details for REDD+.
- The EU Emissions Trading System grew by 11% to \$147.9 billion in 2011, and represents 78% of world trade.



# Carbon markets



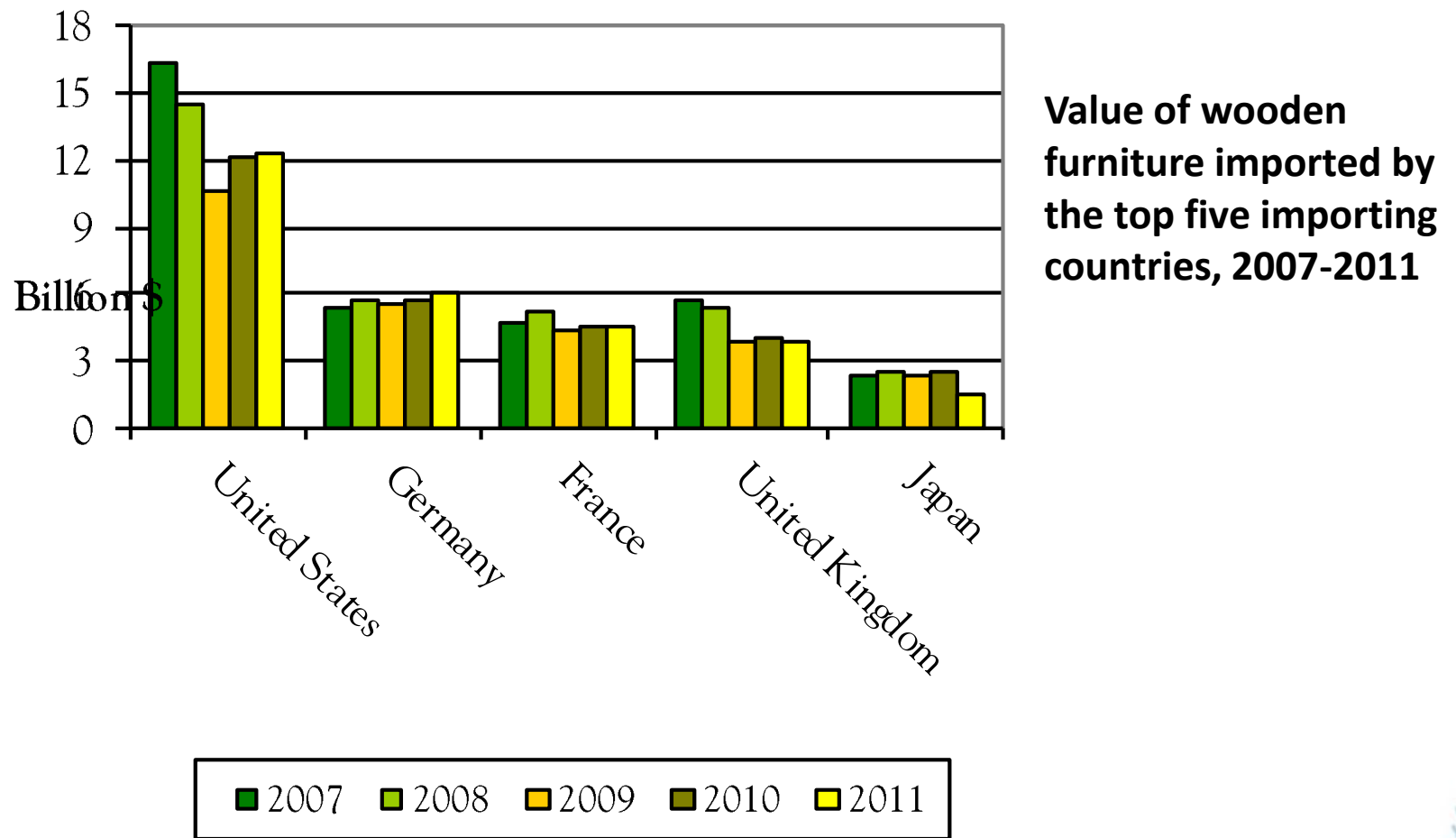


# Value-added wood products

- Furniture markets have not seen a strong recovery
- Global manufacturers are focusing on cost savings rather than capacity expansion.
- Furniture imports grew in the strong German economy while trade to the UK and US has been in decline.
- Cross laminated timber can now compete with steel and concrete use in high structural load bearing applications such as high-rise multi-family dwellings.



# Value-added wood products



# Innovative wood-based products

- Bioplastic innovations are finding new market niches in the fields of hygiene and packaging, automotive and electronics industries.
- There have been considerable advances and improvement in engineered wood products, including many new types of cross-laminated timbers (CLT).
- Many countries now have “showcase” CLT multi-storey buildings, demonstrating the effectiveness and carbon sequestration of this technique.
- The new biorefineries are finding a niche market in the production of valuable chemicals.

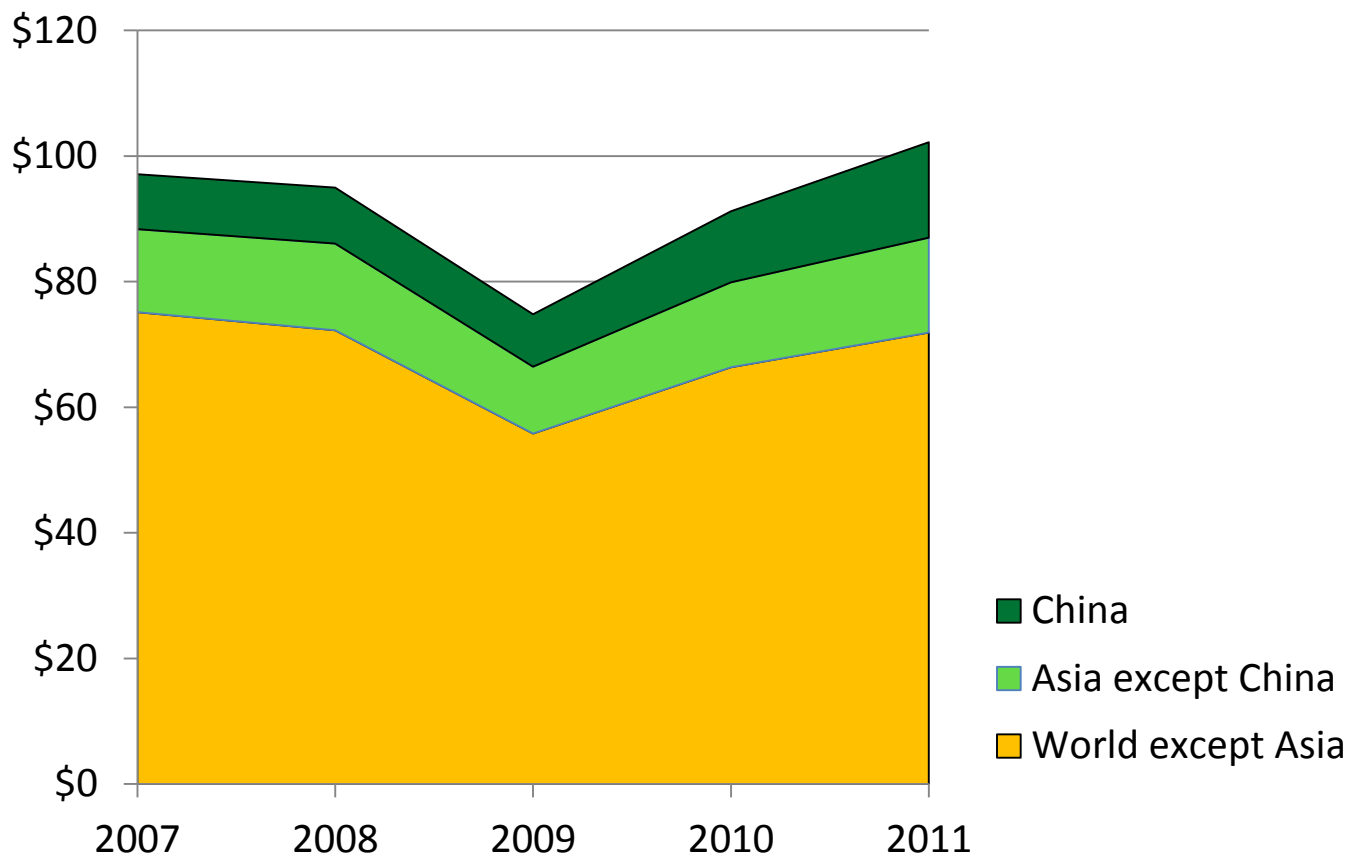


Barbies of the Future May Grow on Trees



# China/Asia impact

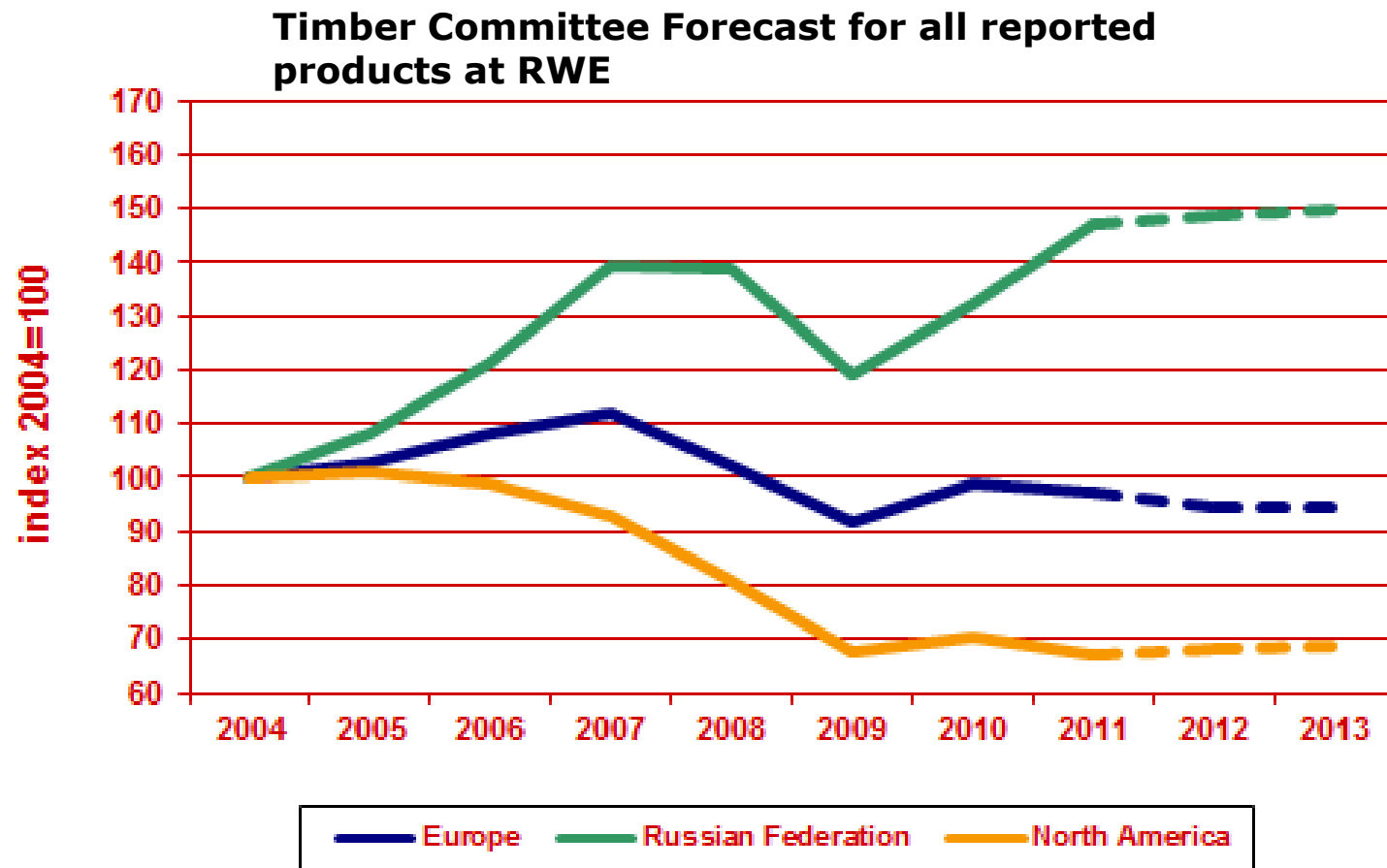
Exports of selected wood products\* from Russia, Canada, US and Finland (*billion \$*)



Billion dollars of exports, HS 44, 47, 48



# Consumption of forest products in the UNECE region, 2012-2013





# Question to the delegates

- The UN has now requires a clear specific mandate for all publications, so I would ask the delegates if they would like to comment on whether the Review should (or should not) be continued?
- Thank you for your attention. Questions?

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