

TURKEY

MARKET STATEMENT JOYNT SESSYON

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Outlook of General Economy

Three years period economic stabilization program is been implementing for Turkish economy. The program and Measures taken by government gave it's first benefit in the first half of 2000. Inflation and high interest rate feel dramatically. Satisfactory recovery was witnessed in the economy and more recovery are expecting for the rest of 2000 and for 2001, after 1999's recession (Gross domestic production decreased % -5 in the 1999). Gross domestic production increased 5.6% in first Quarter and 5.8% in the second Quarter of 2000. Production and consumption increased sharply and reach their record level in some industry like automotive and durable consumer goods. Some selected economic indicators sown at (table-1)

Building Construction, which is the most important sector for forest products market, has been in recession since the beginning of 1994 as shown in the (table 2). As shown at The table, permits given for new buildings and additions, decreased by 26 % 1999. In spite of general economy growth, an important recession was witnessed in the construction sector in the first half of 2000. Permits which is given for new buildings and additions Were decreased by %50.2 and occupancy permits which is given for completed or partially completed new buildings and additions decreased by %22. *(The sharp decline of construction was occur because of a special reason. The permits haven't given for three mount time between 10 May and 10 July).* Quite recovery are expecting for the rest of 2000 and for 2000.

Foreign trade increased considerably the first of 2000 but the increase of import is mach more than the increase of export. Imports values increased by 36 % and exports values increased 4.5 % in the first half of 2000. So the most important problem of economy is gap between imports value and exports value. High budged deficit is continuing in 2000, but it is expected to fall for next year.

Other industries which utilizes wood as raw material such as wood based panel industry, paper industry and furniture are more stronger in this year than last year. MDF Production continuing to increase. There aren't any Oriented strand board (OSB) production in the country , but there are two project to establish OSB mill.

Round Wood Removal

Annual Increment of Turkey's forests is about 32.5 million M3 and approximately 14 million M3 round wood are harvested from these forests per year. In addition, there is significant unrecorded

wood consumption which is supposed to be about 5.5 million M3. Besides, 3 million M3 poplar is harvested from agricultural area.

High harvesting cost and low price are continuing to be an important problem for forestry. Therefore silvicultural maintenance could not be made as well as necessary, because of low product price and high maintenance cost, especially in young stands.

Forest Product Market

Although building construction decreased sharply Turkish forest products market more strong than last year.

In Turkey, 99 % of forests is owned and managed by General Directorate of Forest (GDF). Almost nearly all round wood production is realized by GDF except poplar production which is grown in agricultural area. Therefore the prices and volume of GDF sale are satisfactory indicators of Turkish forest products market. According to GDF record, Coniferous log prices increased about 17 % and non-coniferous log price increased 28% in the first eight month of 2000 as a result of strong demand existing in domestic market. GDF sell amount increased about 17% for log and 16% for industrial wood in the first eight month of 2000. Unexpected increase of timber consumption can be explained by the change of demand. Many people prefer small wooden house after the big earthquake.

Production of industrial wood increased at the same rate in the first eight months of 2000 relatively the same period of last year. Fuel wood production and consumption are continuing to decrease, mainly because of substitution of other energy sources such as solar energy natural gas and other fossil fuels.

Strong demand has been existing in the market since the beginning of 2000 and more recovery is expected for the rest of 2000 and for 2000 depending on general economy and the increase new building construction as a result of the earthquake.

Demand-Supply and foreign trade of timber

Domestic production of industrial wood is about 10-10,5 million M3 and apparent consumption is about 11-11,5 million M3 per year. Although it changes from year to year, both consumption and production are increasing very slightly for medium and long term. Wood production and consumption of Turkey shown at the (table-2). Wood prices Which have been decreasing since 1987 gradually seems to made it's bottom and started to increase slightly.. Domestic wood production is enough to meet the country's demand except log. There is a gap between domestic industrial wood production and demand Which is totaling 1 million M3 and it is met by importation. Industrial wood is imported mainly from Russian Federation and other transition countries. But tropical log is imported from South Africa. Import is tending to high quality log and processed wood year to year, because of high transport cost. Importation of all secondary forest products such as sawnwood, plywood, particle and fiber board, furniture, pulp and paper increasing significantly. Round wood and sawnlog foreign trade volumes and values shown at (table-3). Round export is about 15-20 thousand and insignificant.

Table 3: Production and Consumption of Wood In Turkey(1987-2000)

YEARS		1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000*
WOOD (1000 M3)	Production	9 166	9 422	9 497	8 681	8 713	8 997	9 600	9 428	10 984	10 548	10 146	10 316	10 388	10850
	GDF	7 249	7 446	7 460	6 581	6 513	6 697	7 010	6 712	8 046	7 529	7 046	7 149	7 188	7600
	Private sector	1 917	1 976	2 037	2 100	2 200	2 300	2 590	2 716	2 938	3 019	3 100	3 167	3 200	3250
	Consumption	10 221	9 857	10 226	9 606	9 783	10 153	11 784	11 265	11 535	11 602	11 650	11 557	11 667	12050
	GDF	7 230	7 008	7 769	6 670	6 494	6 695	6 335	7 455	7 743	7 413	7 451	7 103	7 297	7600
	Private sector	1 917	1 976	2 037	2 100	2 200	2 300	2 590	2 716	2 938	3 019	3 100	3 167	3 200	3250
	Ymport - Export	1 074	873	420	836	1 089	1 158	2 859	1 094	854	1 170	1 099	1 287	1 170	1200
WOOD (1000 Str)	Production	25 450	25 545	25 333	24 095	23 145	22 491	21 905	19 161	20 053	20 658	19 270	18 160	17 730	18423
	GDF	12 503	12 942	13 062	12 145	11 503	11 146	10 846	8 379	9 539	10 402	9 263	8 394	8 196	9103
	Unrecorted production	11 278	10 917	10 568	10 230	9 902	9 585	9 279	8 982	8 694	8 416	8 147	7 886	7 634	7400
	Private sector	1 669	1 686	1 703	1 720	1 740	1 760	1 780	1 800	1 820	1 840	1 860	1 880	1 900	1920
	Consumption	25 450	24 991	24 523	21 709	23 145	23 458	20 897	20 280	20 892	20 461	18 655	18 141	17 730	18423
	GDF	12 503	12 388	12 252	9 759	11 503	12 113	9 838	9 498	10 378	10 205	8 648	8 375	8 196	9103
	Unrecorted Consumption	11 278	10 917	10 568	10 230	9 902	9 585	9 279	8 982	8 694	8 416	8 147	7 886	7 634	7400
Private sector	1 669	1 686	1 703	1 720	1 740	1 760	1 780	1 800	1 820	1 840	1 860	1 880	1 900	1920	
WOOD (1000 m3)	Production	28 253	28 581	28 497	26 752	26 072	25 866	26 029	23 799	26 024	26 042	24 598	23 938	23 685	24667
	GDF	16 626	17 153	17 257	15 690	15 140	15 057	15 145	12 996	15 200	15 331	13 993	13 446	13 335	14427
	Unrecorted production	8 459	8 188	7 926	7 672	7 427	7 189	6 959	6 736	6 521	6 312.1	6 110	5 915	5 725	5550
	Private sector	3 168	3 240	3 314	3 390	3 505	3 620	3 925	4 066	4 303	4 399	4 495	4 577	4 625	4690
	Consumption	29 308	28 618	28 618	25 887	27 142	27 747	27 457	26 475	27 205	26 948	25 641	25 163	24 964	24667
	GDF	16 607	16 299	16 958	13 989	15 121	15 780	13 714	14 579	15 527	15 067	13 937	13 384	13 444	14427
	Unrecorted Consumption	8 459	8 188	7 926	7 672	7 427	7 189	6 959	6 736	6 521	6 312	6 110	5 915	5 725	5550
Private sector	3 168	3 240	3 314	3 390	3 505	3 620	3 925	4 066	4 303	4 399	4 495	4 577	4 625	4690	
Ymport - Export	1 074	873	420	836	1 089	1 158	2 859	1 094	854	1 170	1 099	1 287	1 170	1200	

- 2000's Figures are only estimate.
- Str=0.75M3 (accepted)