Institut Technologique porteur de l'innovation pour les entreprises de la filière forêt, cellulose, bois-construction, ameublement

L'économie du bois à l'échelle mondiale: enjeux et négociations (illustrated by European Sawmilling industries in a global context)

Nancy, le 16 décembre 2011

Dr. Andreas Kleinschmit von Lengefeld

Key market data

provided by European Organisation for Sawmilling industries - EOS

Based on a survey with softwood producing and importing countries attending the ISC Copenhagen 2011

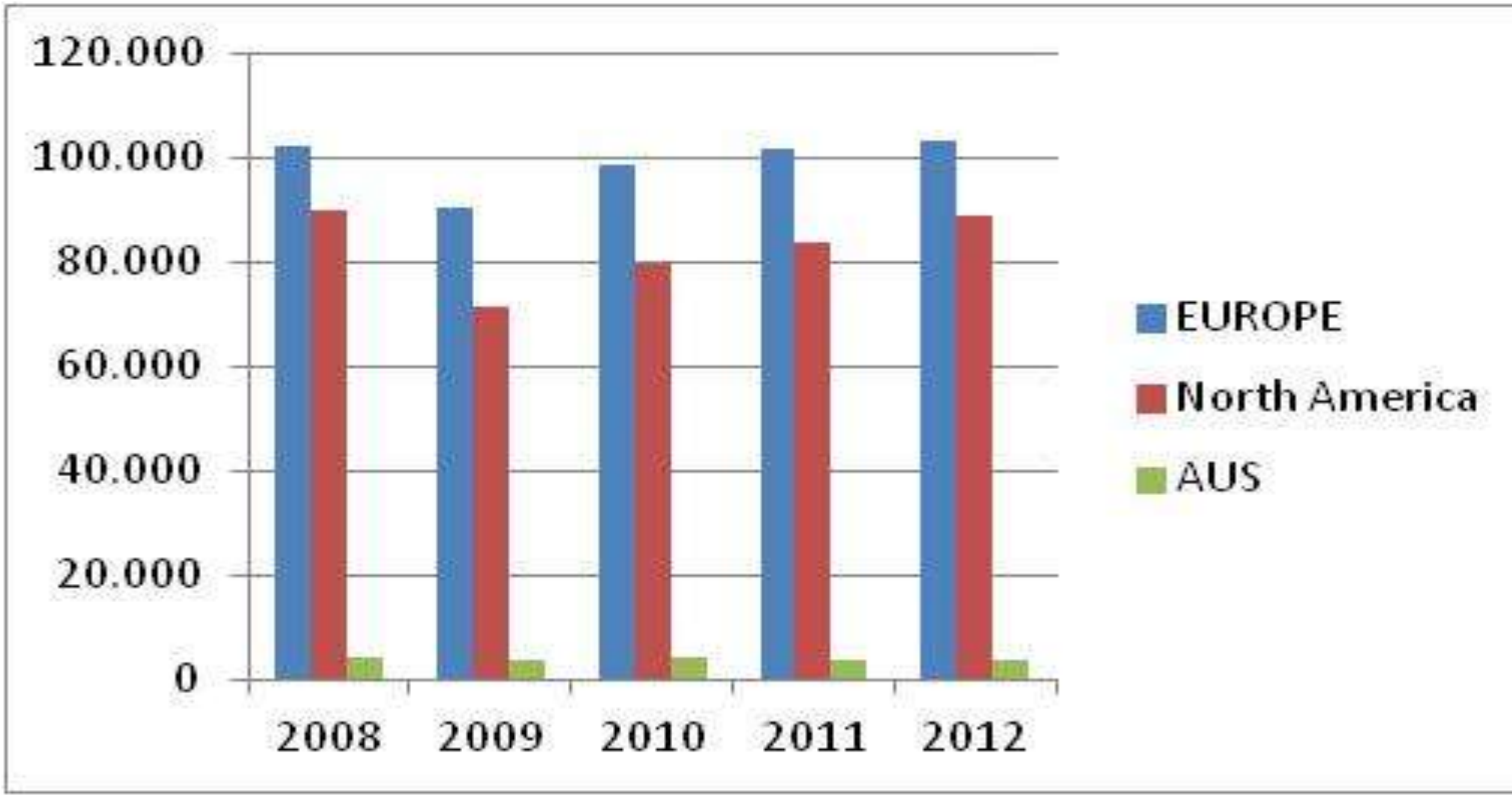
as well as

based upon a presentation from Mr Ed Pepke (formerly UNECE, today EFI FLEGT)

General overview production

	2009	2010	2011	2012
EUROPE (ISC)	90.675 m^3	98.647 m^3	101.785 m^3	103.215 m^3
NORTH AMERICA	71.732 m^3	79.749 m^3	83.777 m^3	89.111 m^3
AUSTRALIA	3.740 m^3	4.277 m^3	4.060 m^3	4.047 m^3

Sawn softwood production–per region



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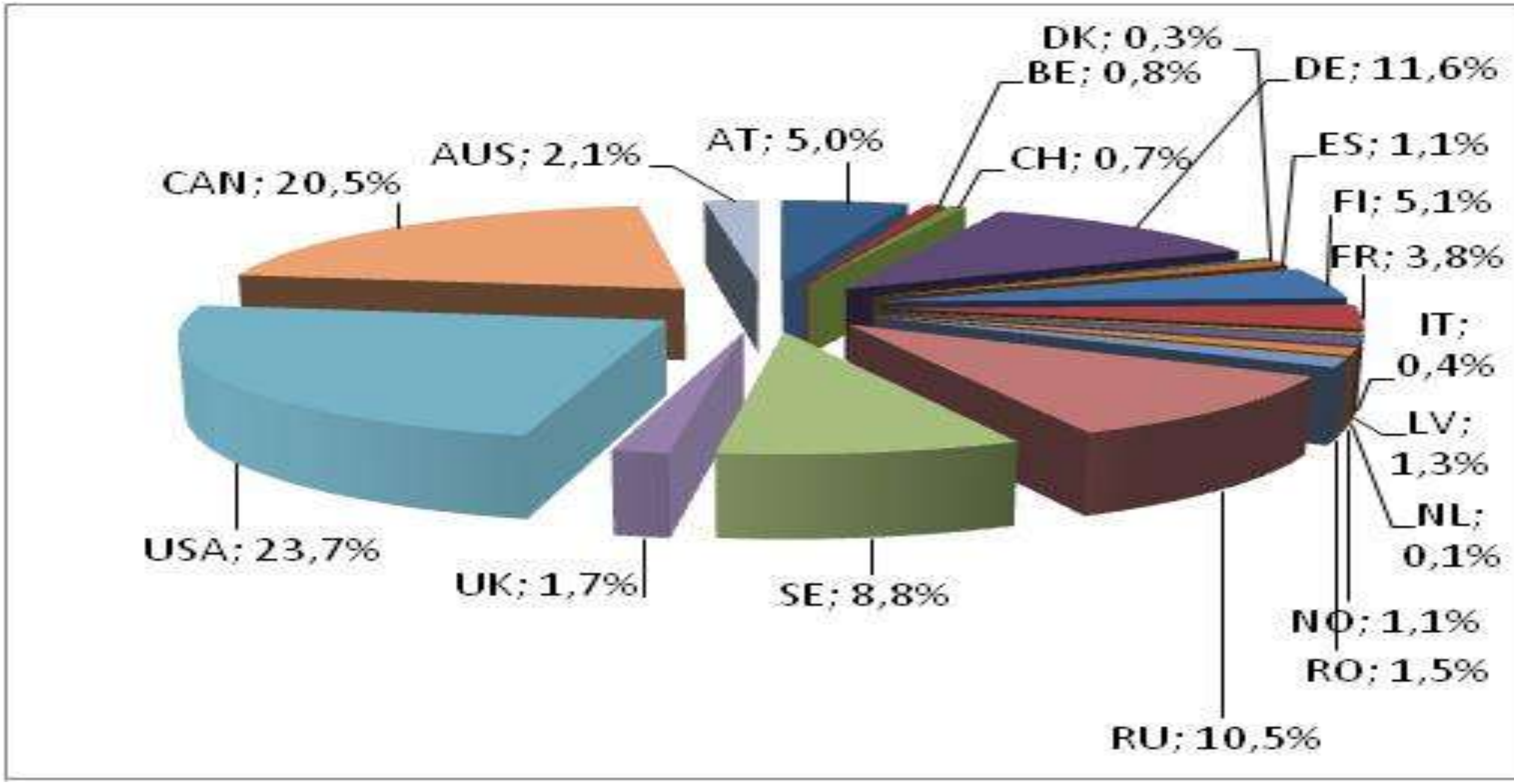
Relative shares

Sawn softwood production 2010–total



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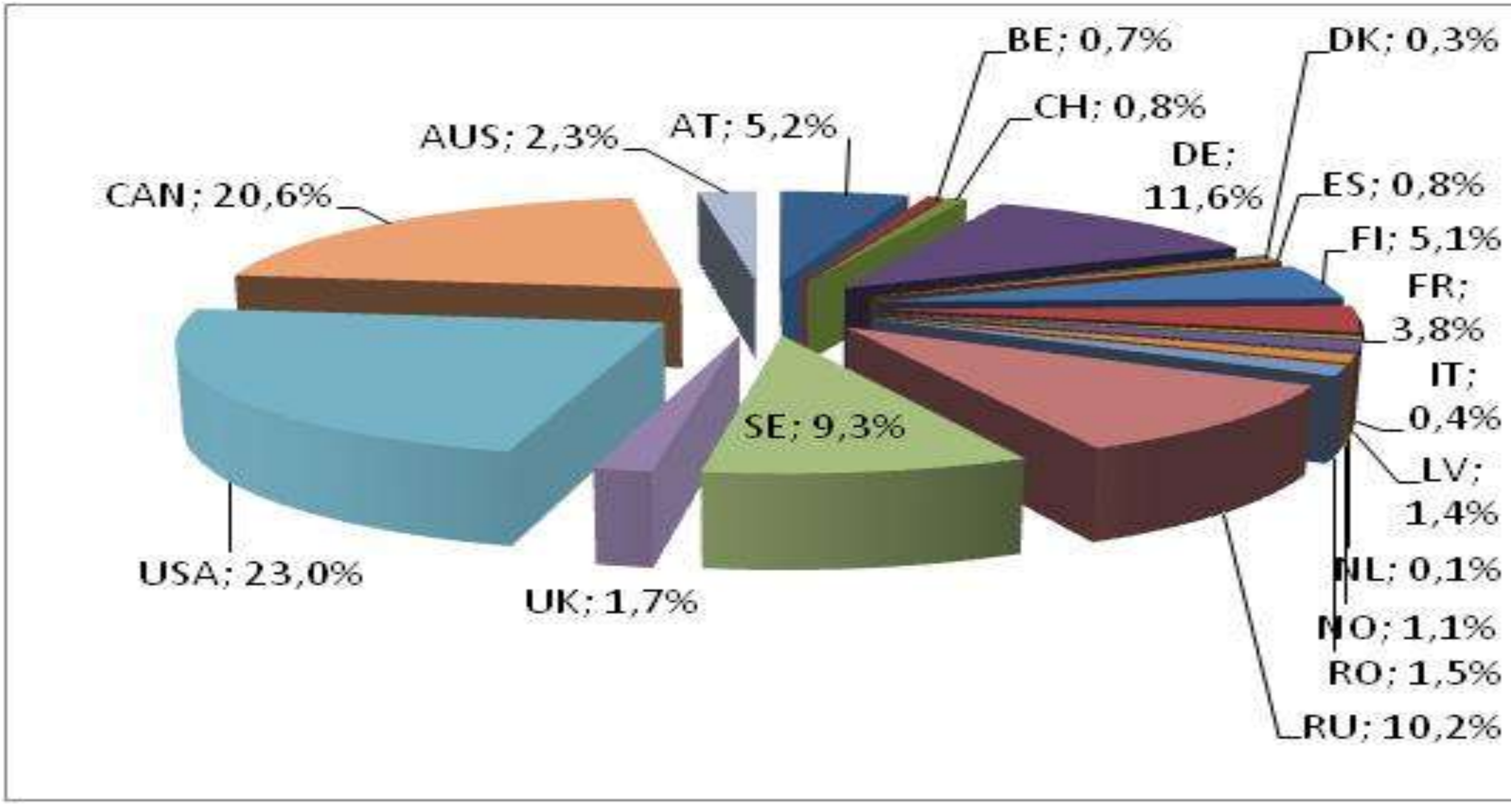


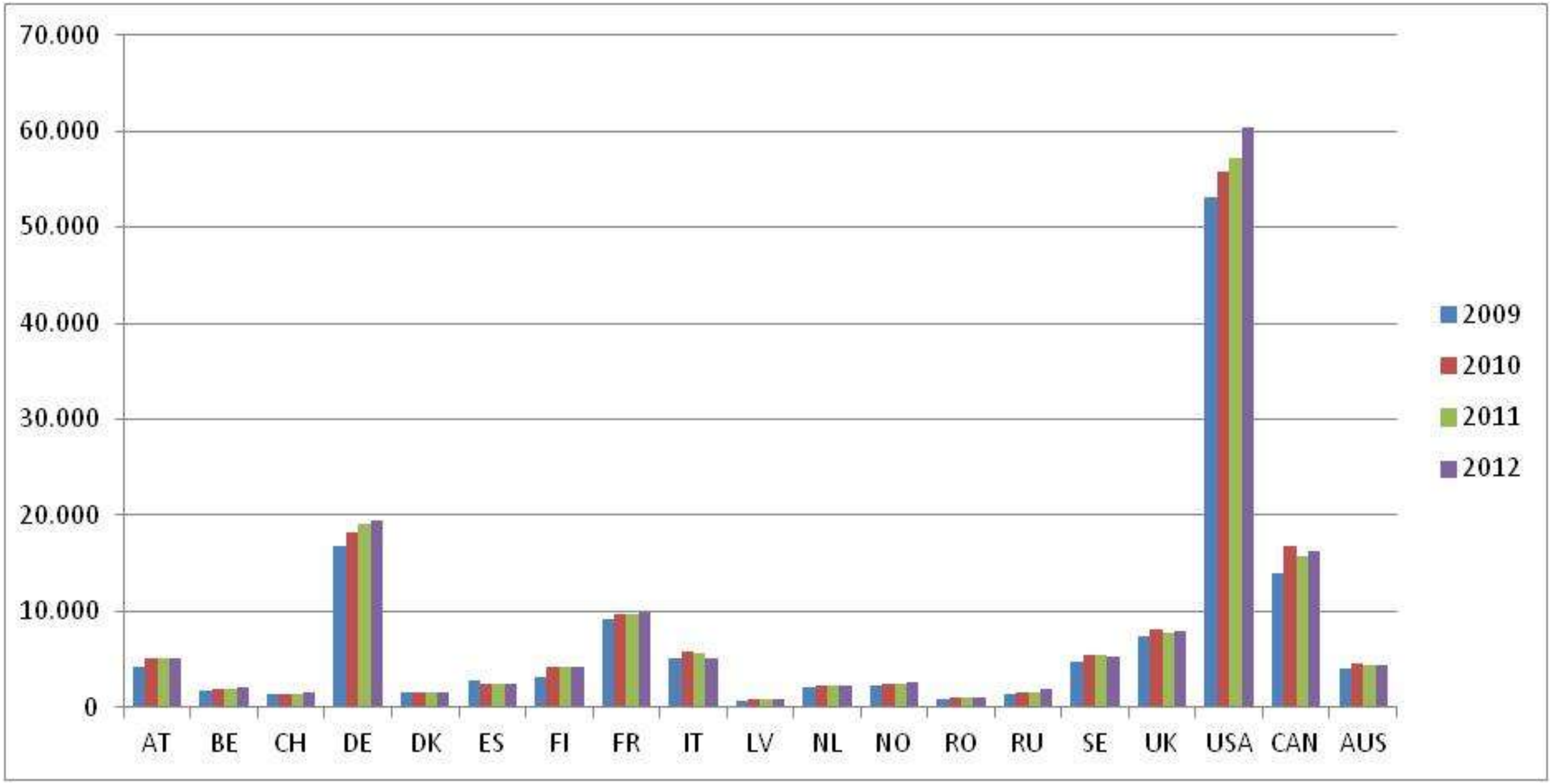
% variation in production 2010-2011

	2011/2010	2012/2011
EOS	**1,8%**	**0,4%**
ISC countries	**3,2%**	**1,4%**
North America	**5,1%**	**6,4%**
Australia	**-5,1%**	**-0,3%**

General overview of softwood consumption

	2009	2010	2011	2012
EUROPE (ISC)	65.593 m^3	71.947 m^3	72.756 m^3	73.504 m^3
NORTH AMERICA	67.081 m^3	72.624 m^3	72.996 m^3	76.682 m^3
AUSTRALIA	3.973 m^3	4.598 m^3	4.392 m^3	4.407 m^3

Development softwood consumption- total



% variation in consumption 2010-2011

	2011/2010	2012/2011
EOS	**1,1%**	**1,0%**
ISC countries	**0,7%**	**3,0%**
North America	**0,5%**	**5,0%**
Australia	**-4,5%**	**0,3%**

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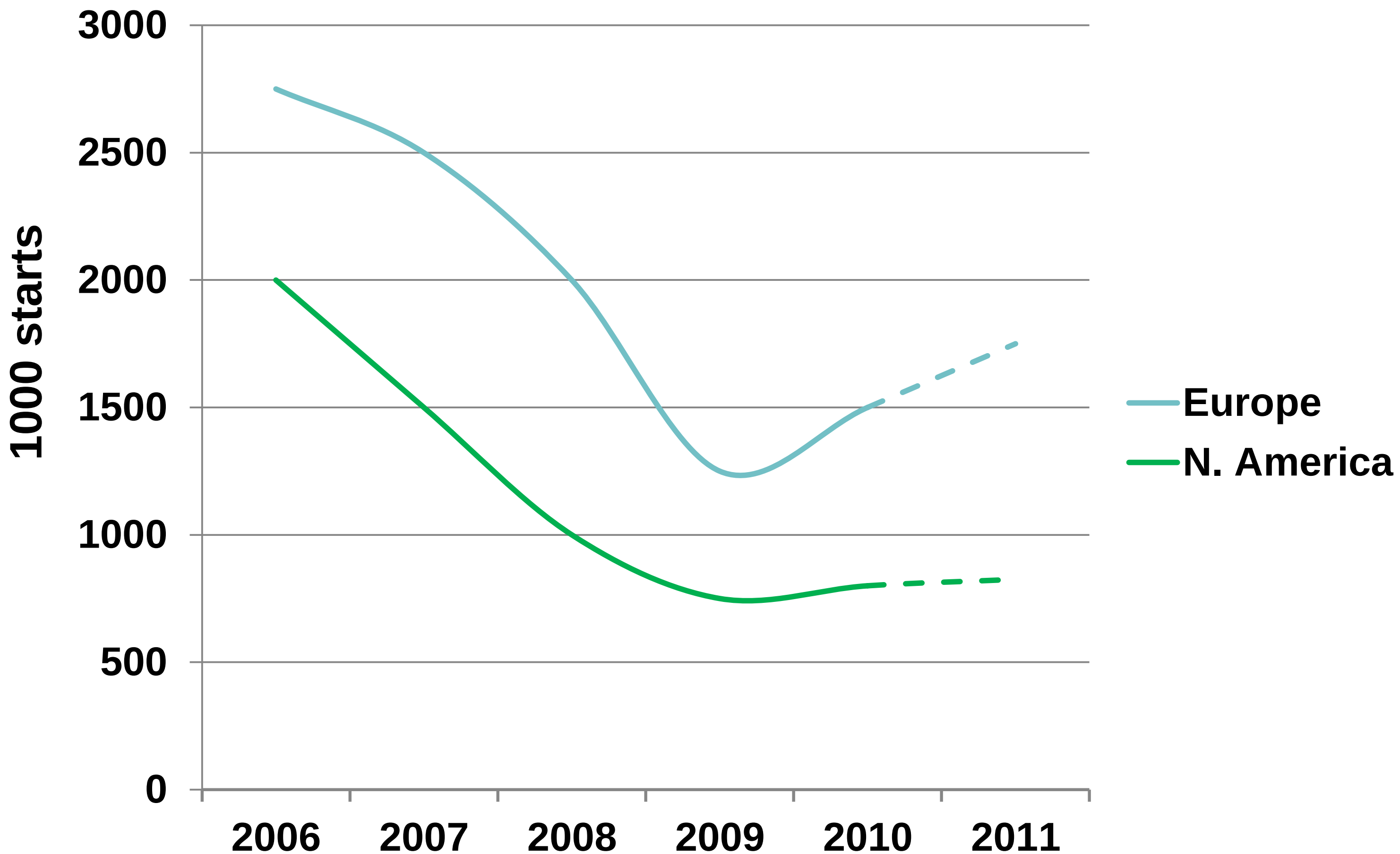
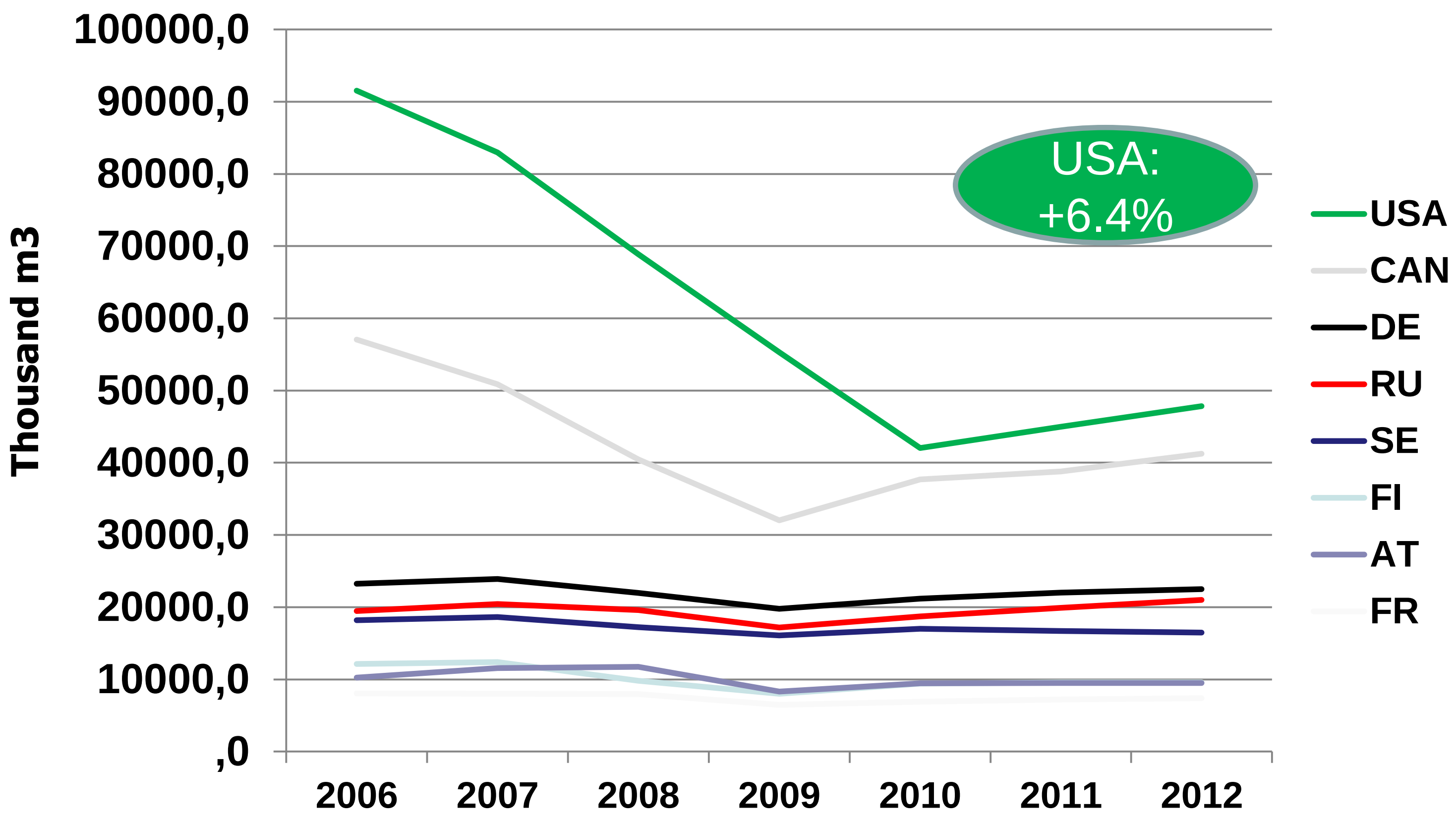
Housing starts: Europe & North America



Note: 2011 forecast.
Sources: US Census Bureau, Canada Mortgage and Housing Corporation, Eurocostruct and author’s interpretation, 2011.

Top 8 sawn softwood producers



Source: ISC, 2011.

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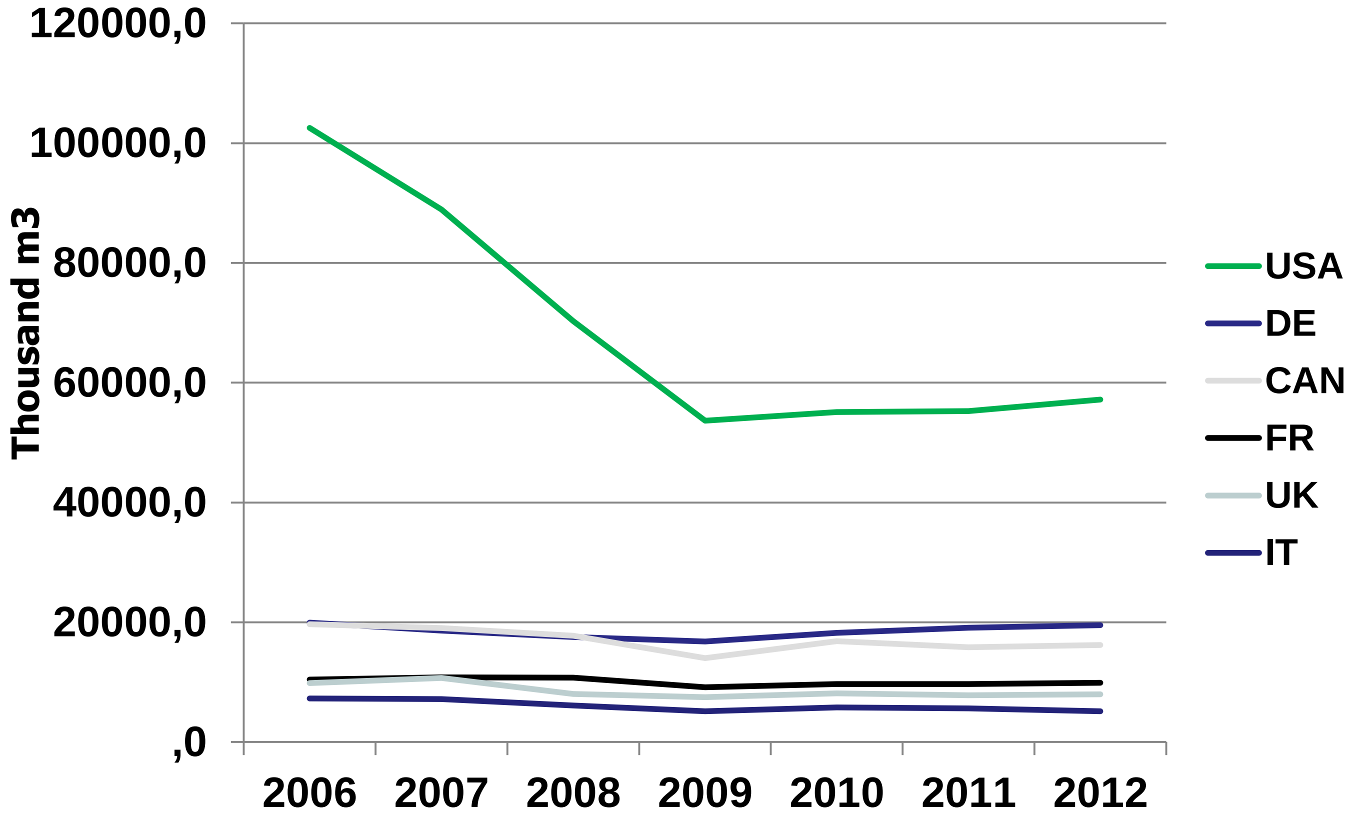
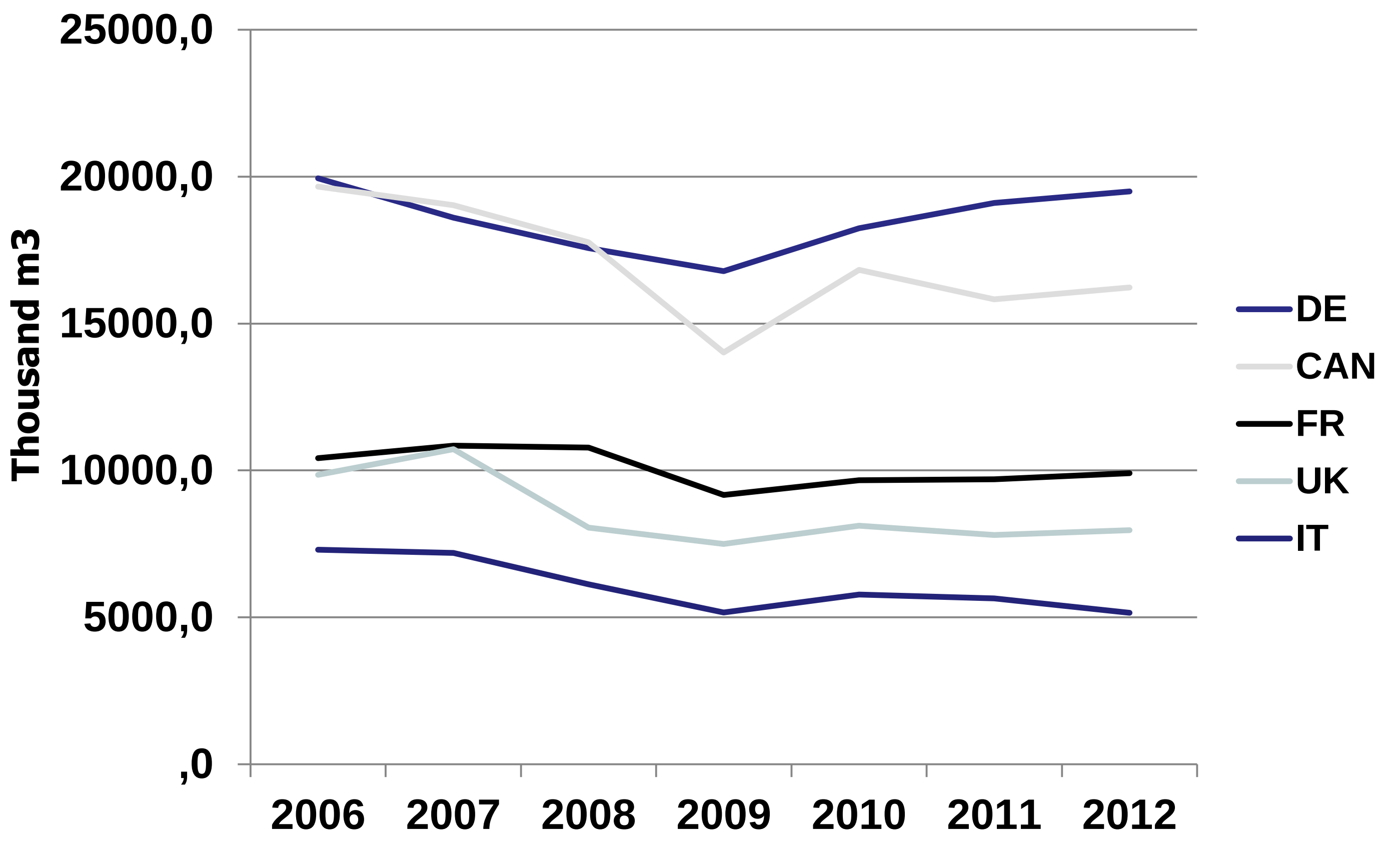
Top 7 sawn softwood consumption



Source: ISC, 2011.

Top “7” sawn softwood consumption (without USA)



Source: ISC, 2011.

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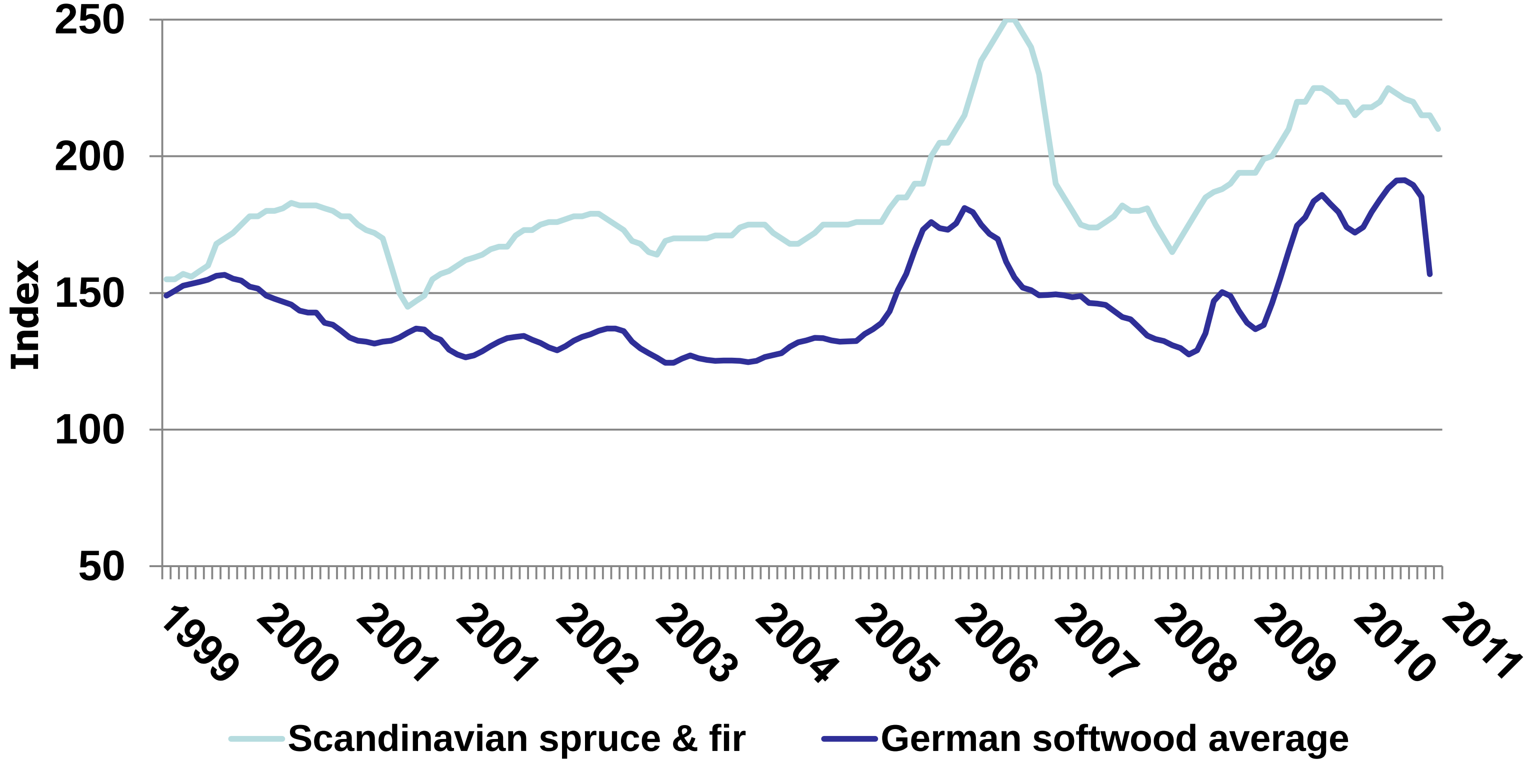
European sawn softwood prices, 1999-2011



Source: EUWID, 2011.

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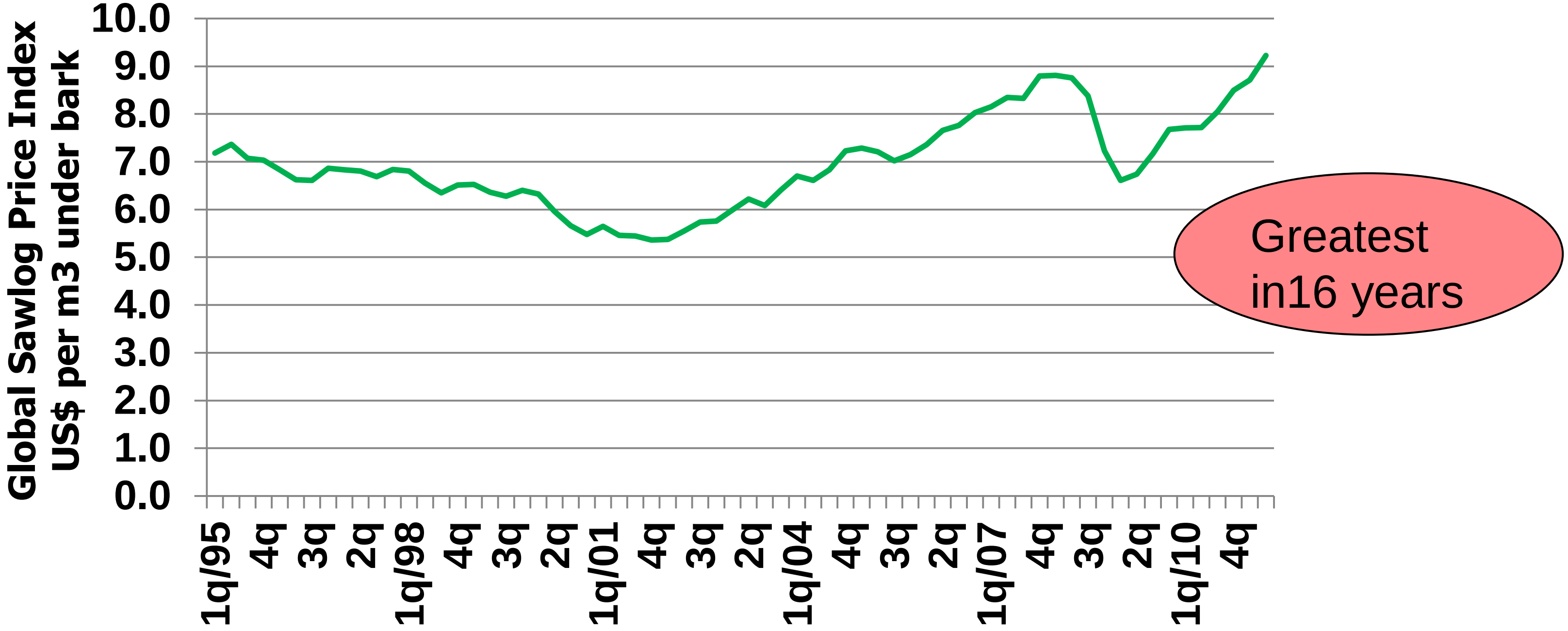
Global sawlog prices, 1995-2011



Source: Wood Resources International, 2011.

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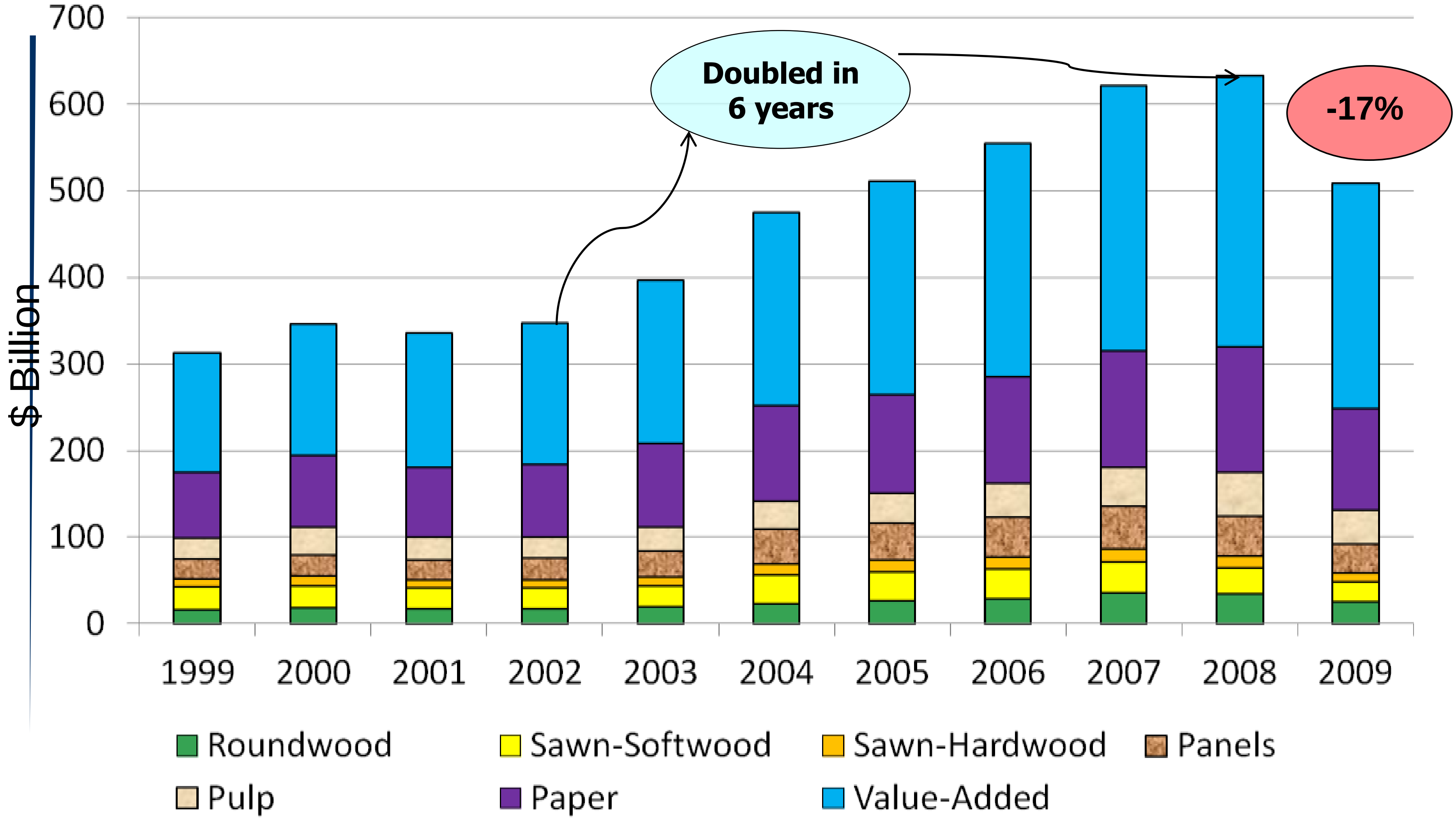
Global trade of all forest products



Source: UN Comtrade, 2011.

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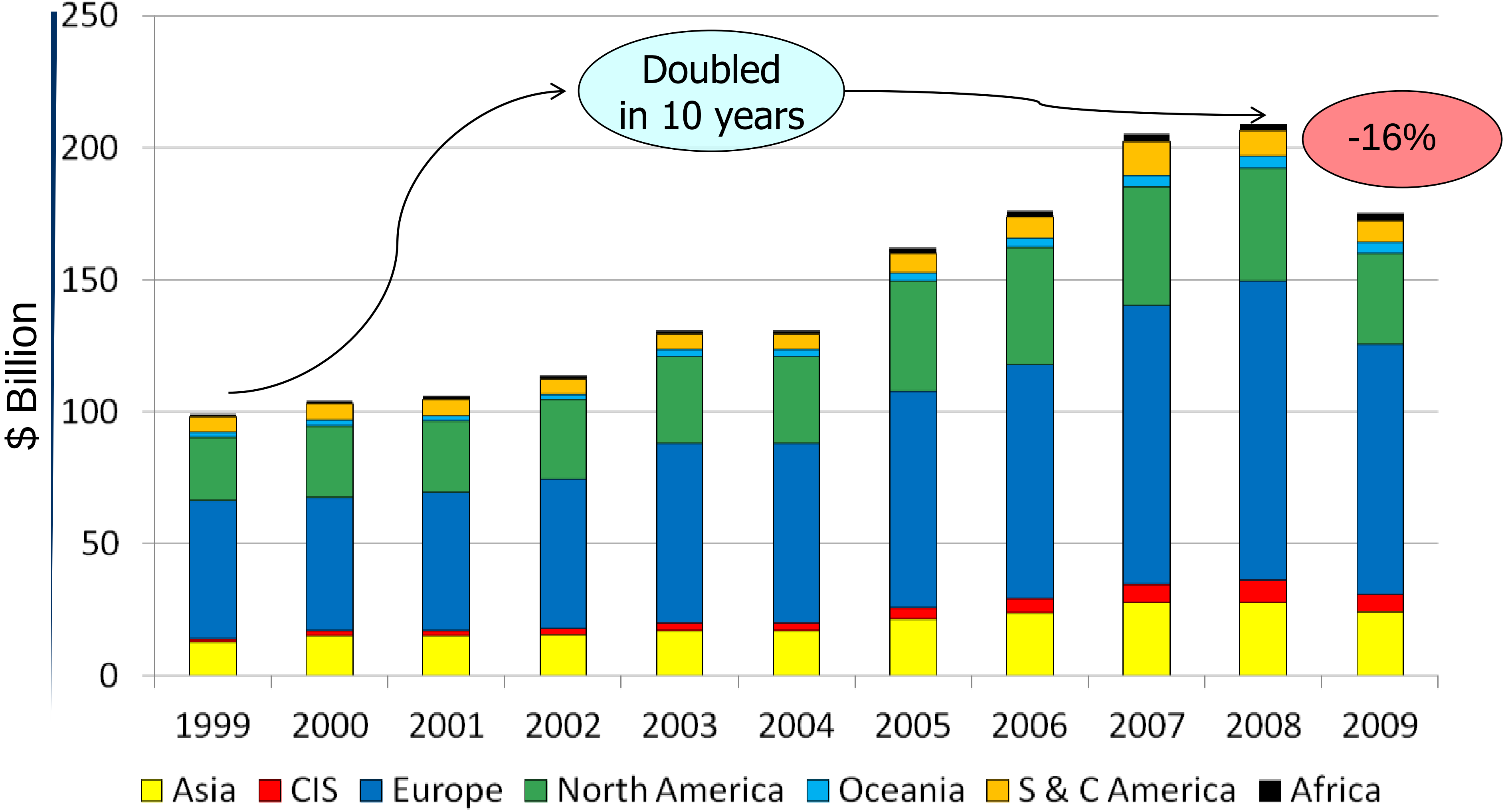
Global value-added imports



Source: UN Comtrade, 2011.

Value-added forest products exports

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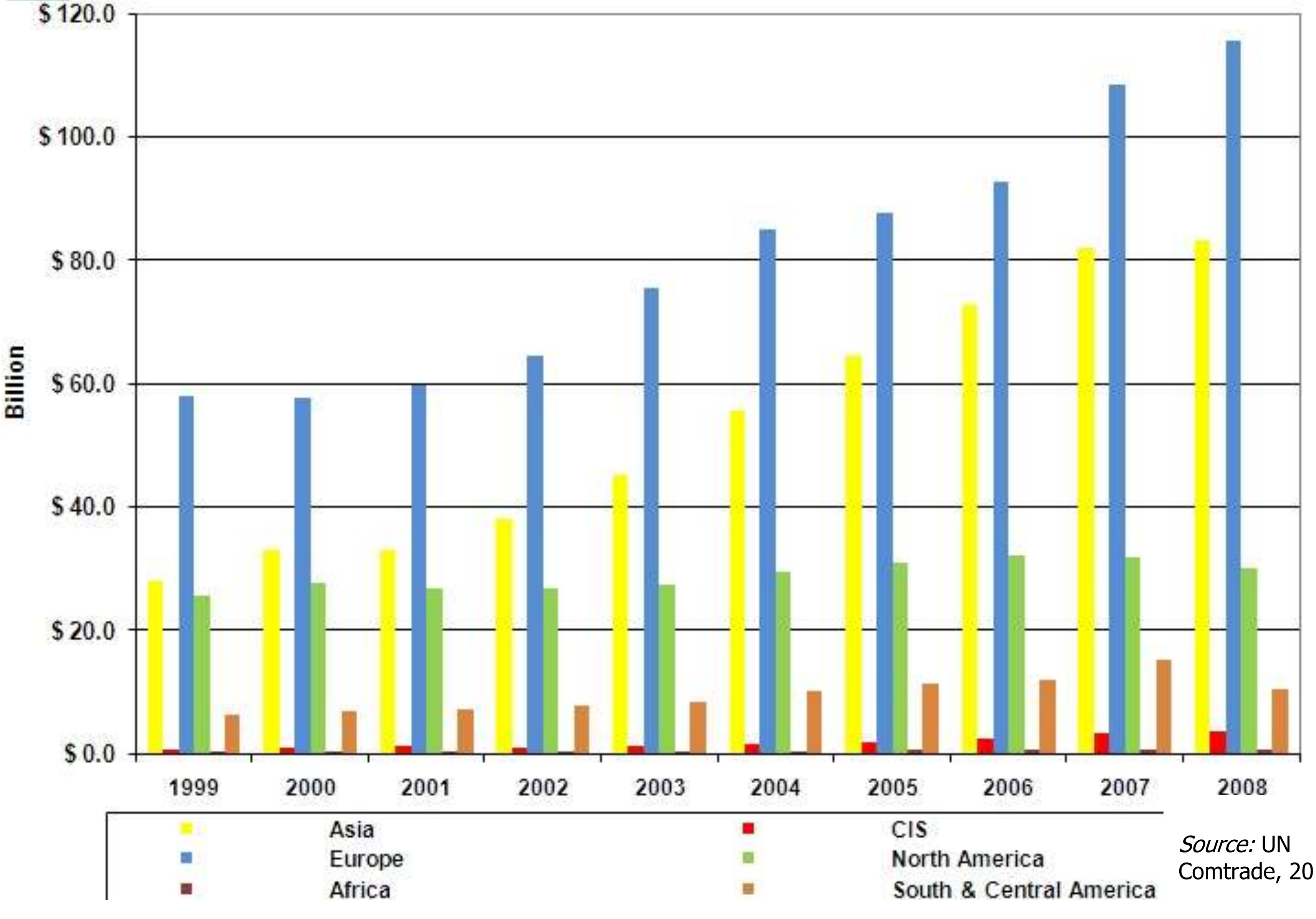

Source: UN Comtrade, 2010.

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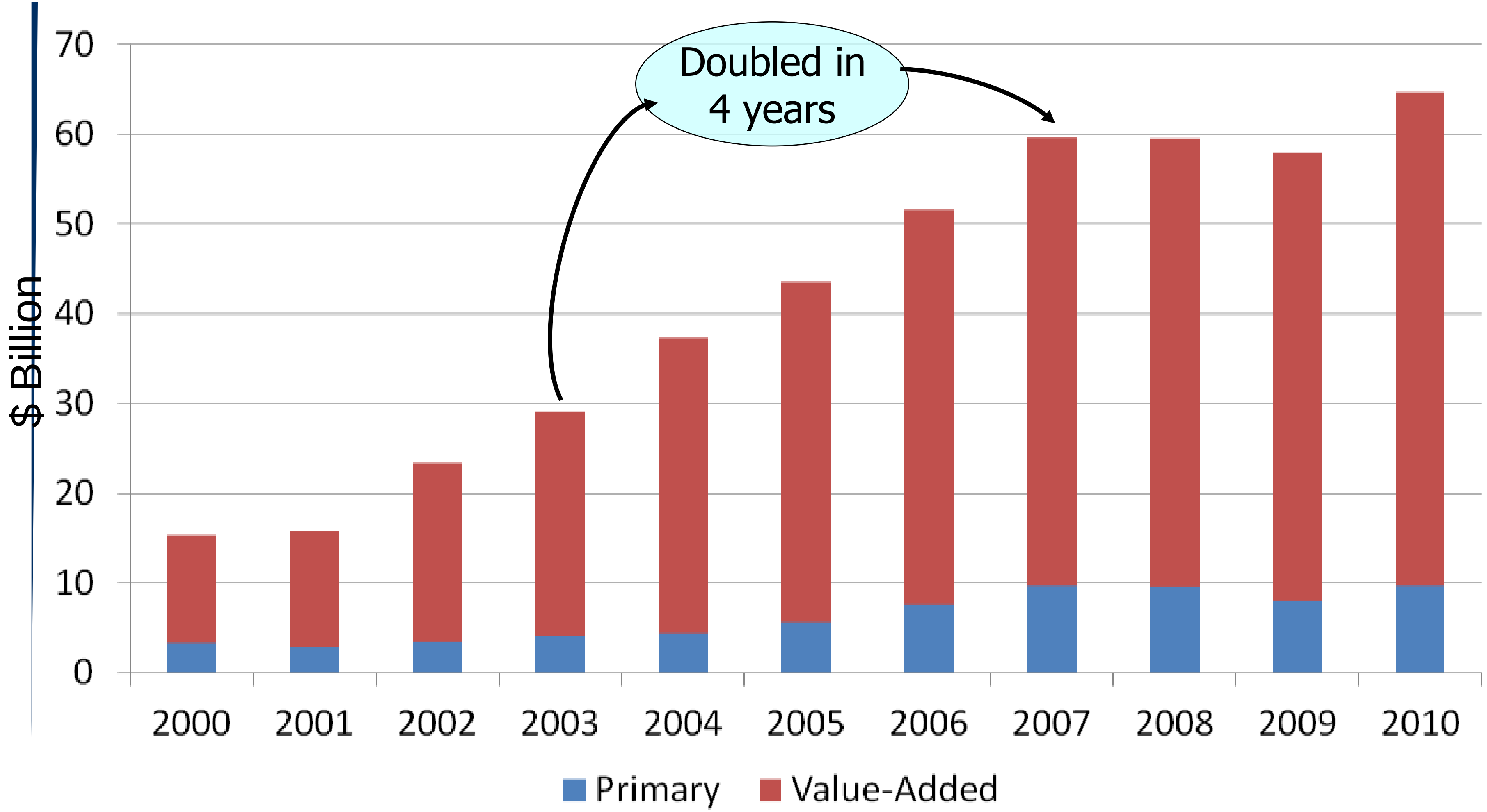
Chinese forest products exports



Note: 2010 value-added estimated.
Source: UN Comtrade, 2011.

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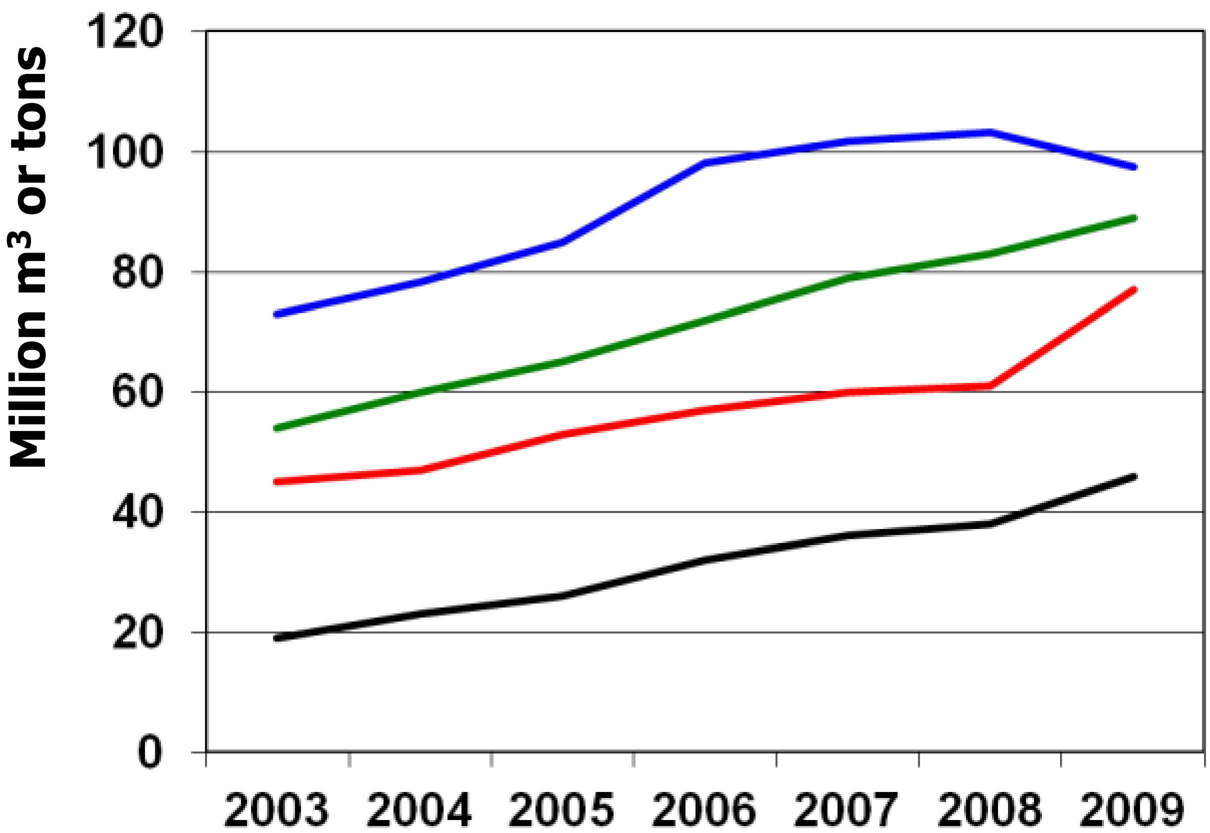
Chinese consumption of wood & paper products



+10%/year forecast to 2015, without roundwood

75-80% production is consumed domestically. Link with GDP

Note: Forecast by Wood Markets International, 2010.
Sources: FAOStat, UNECE/FAO estimates, 2010.

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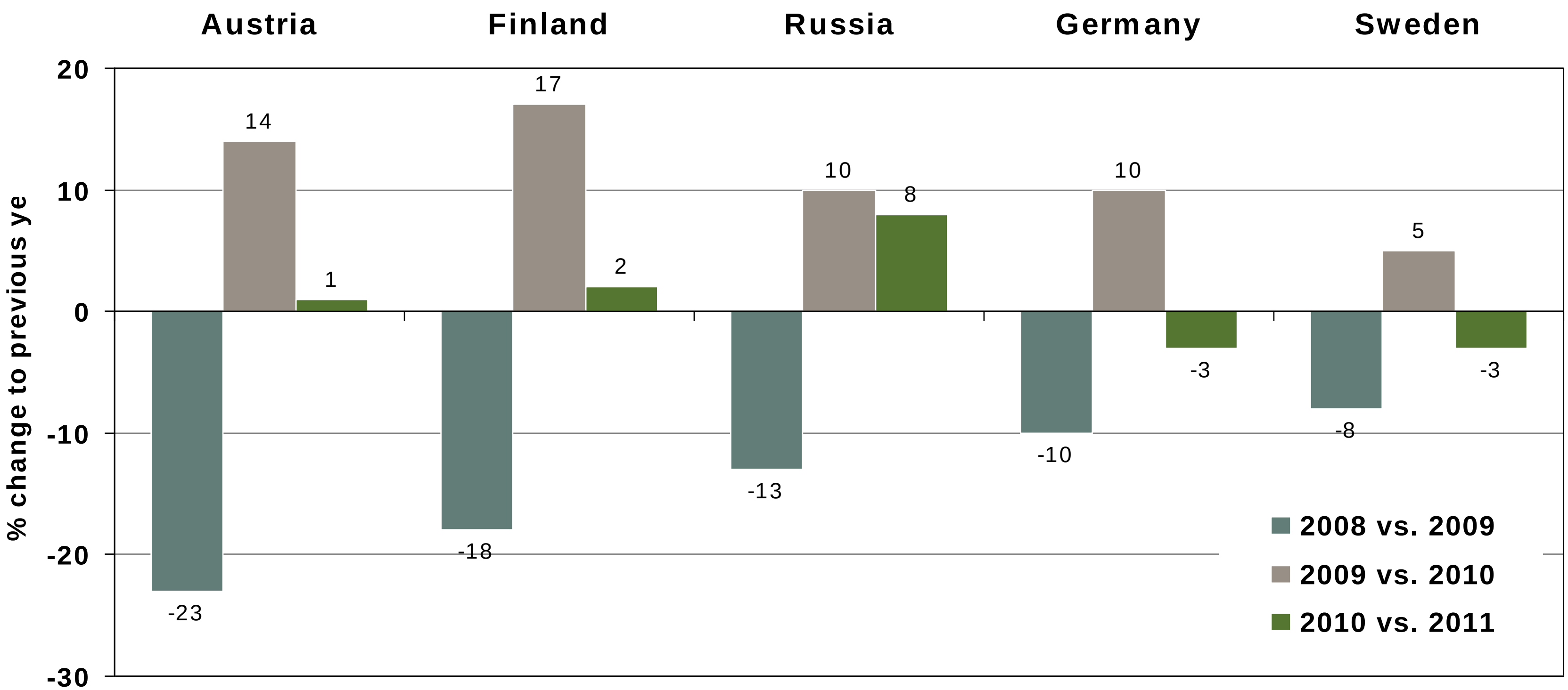
Photo: Metsaliitto.

Wood energy

The only market sector that grew during the 2008-2009 economic crisis

Softwood sawnwood production in key European countries – 2008-2011



Sources: Softwood Conference / ECE Timber Committee
Note: Russian output 2011 is projection based on 1H 2011 development

Global situation (some facts)

- Financial crises biggest since the Great Depression
- EU and North-America: economic downturn
- Debt crisis continues in the Euro-zone
- Sluggish recovery despite massive intervention
- High unemployment in some EU countries restrains recovery
- Forecast is not positive – edge of recession
- Unstable political situation
- Huge pressure on resources

Sawn softwood markets

- Sawnwood markets recover slightly but forecast is difficult as the global and EU economy are at the edge of a recession
- Recapitalization/investment a problem today
- Unstable currencies affect global trade / industry
- Rising sawlog costs versus falling sawnwood prices
- New markets for co-products are developed (residues for biofuels)

(some) CONCLUSIONS

- 2012 demand outlook remains sluggish
- No signs of quick recovery in any market
- Uncertain demand in the EU and on the global level
- No customer orientation
- -> Still supply driven market (no signs that this will change in the nearest future)
- Pressure on raw materials will increase (this will be reflected in costs)
- Policies will have an effect on the industry (2020 target of the EU; national legislations)
- ....