THE TIMBER MARKET IN FRANCE
For the 69th Timber Committee (UN-ECE) session
October 2011 in Antalya

Background

Globally, record levels of production, consumption and trade in forest products were reached in 2006. Following this, all indicators fell sharply, but since 2010 the sector seems to have begun a return to health.

Public policy

In order to meet its European commitments and requirements for energy and the environmentally-friendly material that wood constitutes, France has set itself the goal of a major expansion in the mobilisation of the currently-underexploited forest resource. On 19 May 2009 in Urmatt the President of the Republic announced a development plan intended to bring together all actors in the forestry-timber sector with a focus on increased mobilisation of the forest resource accompanied by enhanced preservation of biodiversity.

The plan has three main thrusts:

- ✓ Creation of new commercial outlets for timber in the areas of construction and energy,
- ✓ Structuring the industry in order to reduce the deficit in the trade balance for timber products,
- ✓ Increased mobilisation of the resource along with more robust risk management.

Developments in the markets for forest products

A. Wood as a raw material

In France, provisional figures for 2010 indicate that the timber harvest brought to market expanded by 1.6% over the preceding year, rising to 39.3 million cubic metres (Mm3). As in 2009, the scale of the windthrow collected following storm “Klaus” of 24 January 2009 (9.2 Mm3 in 2010) explains the significantly larger harvest compared with before the storm (35.5 Mm3 in 2008) and a record figure for export volume of 7.4 million cubic metres in 2010 (comprising 4.9 Mm3 softwood, 1.7 Mm3 hardwood and 0.8 Mm3 woodfuel) which found outlets in our close European neighbours, as well as far afield as China.

Despite the fact that hardwood stands account for three-quarters of French forested area, the hardwood timber harvest is not recovering (5.1 Mm3 in 2010, 5.2 Mm3 in 2009). The increased harvest of industrial and pulpwood (+14%) and energy wood (+13%) offsets the shrinkage in that of softwood timber (15.8 Mm3 in 2010 compared with 17.3 Mm3 in 2009) which had received a greater boost from windthrow in 2009 than in 2010.

Following the sharp fall in 2009 (down 23%) the average apparent price for wood from state forests bounced back in 2010 (up by 12%), buoyed by the end of the slump in sales of quality oak and cask wood combined with sustained levels of demand for white softwoods for use in construction, and driven by the development of wood-based construction in France. In the case of beech, strong marketing programmes will be required if there is to be any hope of a recovery.

B. Energy wood

Wood is one of the most important sources of renewable energy in France. The current level of consumption is equivalent to over 9 Mtoe (million tonnes of oil equivalent) or nearly 4% of all French energy needs. Consumption of energy wood is highly concentrated in the domestic sector (80%), followed by industry and, lastly, the institutional and tertiary sectors, where it is developing strongly.

A number of French programmes are contributing at the present time to the development of energy wood in France, the priority being industry and the institutional/tertiary sector, and most notably:

- ✓ BCIAT (*Biomasse Chaleur Industrie, Agriculture et Tertiaire* / Biomass Heat: Industry, Agriculture and Tertiary sectors): a national call for project proposals directed at financing industrial, agricultural and private tertiary sector installations using biomass to produce more than 1,000 toe per year (11,630 MWh/year). Taken as a whole, the projects submitted in response to the first two calls for projects correspond to €171m of investment attracting total support of €77.6m (45%).
- ✓ The official government order of 27 January 2011 modified the rate at which electricity produced using wood is purchased from cogeneration facilities with an electrical capacity of over five

megawatts. This threshold was lowered to one megawatt of electricity for industrial-scale sawmills in order to develop their drying capacity.

C. Certified forest products

In 2001, the actors in the French forestry/wood sector put in place a PEFC France scheme, which underwent a first revision in 2006. The scheme is currently being reviewed in order to establish new standards for the period 2012-2017. Alongside this, FSC France is working on the definition of French FSC standards.

The certification process for the forests in French Guiana is being finalised at the present time. In metropolitan France 35% of total forested area is certified and 58% of harvested wood is certified.

D. Wood-based processed products and value-added products

The manufacture of furniture in France is founded on a highly fragmented industrial production base consolidated by an extensive craft sector; it employs approximately 25,000 workers and generates annual sales of €2.5 billion.

The French furniture market is subject to international competition due to the increasing presence of Eastern European and Chinese manufacturers benefited by lower labour costs. In 2010 the level of furniture imports was maintained, but exports shrank by 19%.

E. Sawn softwood

In 2010 the activity of softwood sawmills benefited from fairly sustained levels of use of wood in construction. However, market prices for sawnwood continue to be low, which means that the profitability of these businesses, which have had to absorb the effects of storm Klaus, is frequently insufficient to allow investment and to counter international competition. Investments currently in progress in a number of industrial facilities specialising in sawn softwood are aimed at improving their competitiveness in order to reduce our imports (approximately 3.1 Mm3 in 2009), which originate largely in Germany, Finland and Sweden, acting as a major drag on the negative trade balance.

F. Sawn hardwood

Following a continuous decline over the years 2000 to 2009 (a fall of 50%), production of sawn hardwood stabilised in 2010 compared with 2009, standing at 1.3 Mm3. Demand for beech and poplar remains lacklustre and oak is notably affected by developments in the parquet flooring industry. In reaction to the decline in the number of sawmills specialising in hardwoods (688 in 2005, 558 in 2009), companies are tending to specialise in niche markets, where competition is intense.

The major efforts to support modernisation of the industrial base and studies currently in progress aimed at winning back certain markets should help relaunch the generation of value-added from the hardwood resource.

G. Wood-based panels

A notable feature of 2010 was the significant rebound in the processed panel industry. This bounce-back was of major proportions for production and sales of particleboard (40% melamine products) and OSB. It has been more limited for MDF and plywood panels.

H. Paper pulp and paperboard

The return to growth in 2010 compared with the very poor situation in 2009 has had the effect of expanding apparent consumption of paper and paperboard (up 4.1%) which stands, over a year, at a little over 9.9 million tonnes (Mt). With regard to the production of virgin fibre pulp (integrated and non-integrated), after the massive 24.3% cut in production in 2009, activity has recovered sharply, with the result that the tonnage of cellulose produced is up by 8.4% at 1.9 Mt.

The negative trade balance

After shrinking due to the effect of a slowdown in trade during 2009, the trade deficit in the timber industry rose by €5.4 billion to €6.4 billion 2010, thus returning to its pre-recession level. The main areas responsible for this are furnishings (-€2.1bn), paperboard (-€1.8bn) and, to a lesser extent, wood and waste paper pulp (-€710m) along with sawnwood (-€694m). Only roundwood shows a positive trade balance, the trade surplus having risen here (+€144m in 2010 against +€81m in 2009).