Joint Session of the ECE Timber Committee and the FAO European Forestry Commission

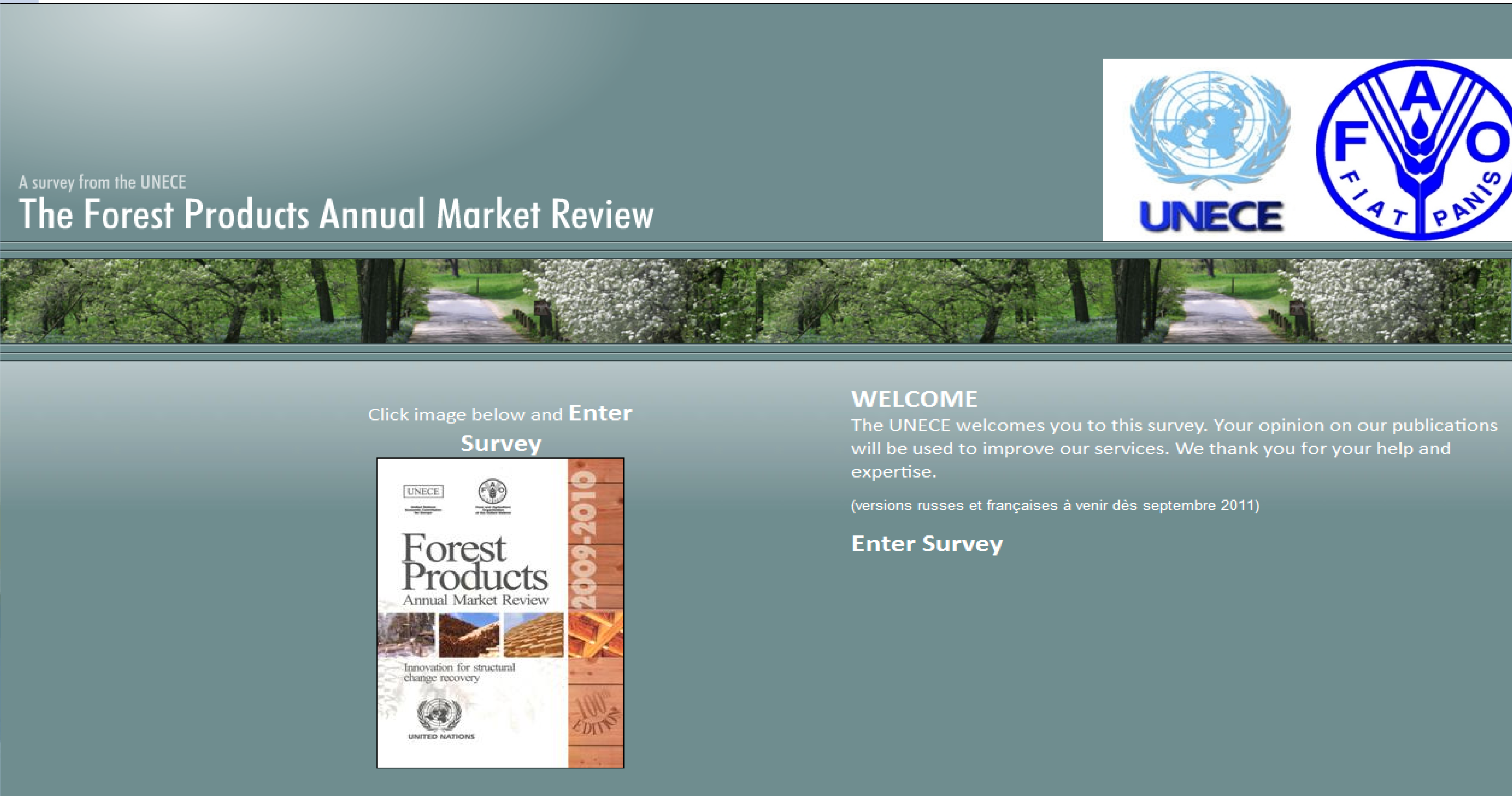
Antalya, Turkey – 10-14 October 2011

Readership Survey of the Forest Products Annual Market Review

Chris Gaston and François Robichaud

FPInnovations

- Web survey
  - Initial invitation e-mail and two follow-up reminders (August 01- September 15)
- 355 respondents out of 2560 (14%)



FPAMR: survey results

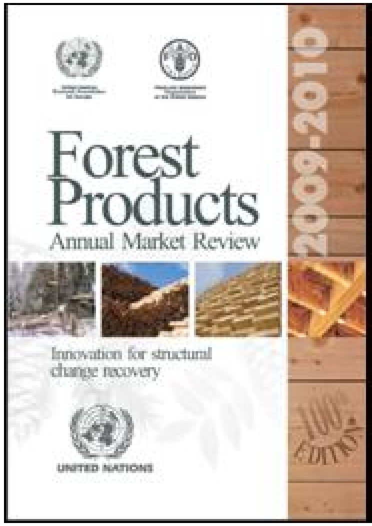
- **Q.1** Over the past two years, have you read the Forest Products Annual Market Review (hereafter called the Review)?

In part	**70.2%**
Entirely	**12.3%**
Not at all/Not familiar with the publication	**17.5%**

- **Q.2** How would you rate the overall usefulness of the Review?

Not at all useful	1
Not very useful	2
Somewhat useful	3
Very useful	4

Average: 3.51



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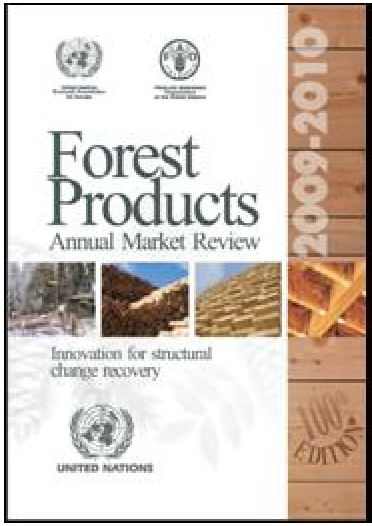
- **Q.3** What is the main information that you look for in the Review?
  (Number of occurrences, multiple choices allowed)

Statistical data	**210**
Country overviews	**182**
Market outlooks	**173**
Current market conditions	**138**
Policy updates	**134**
Opinion	**67**
Other	**17**

- **Q.4** Other includes price trends, certification, bio-energy, new product adoption / technical overviews……



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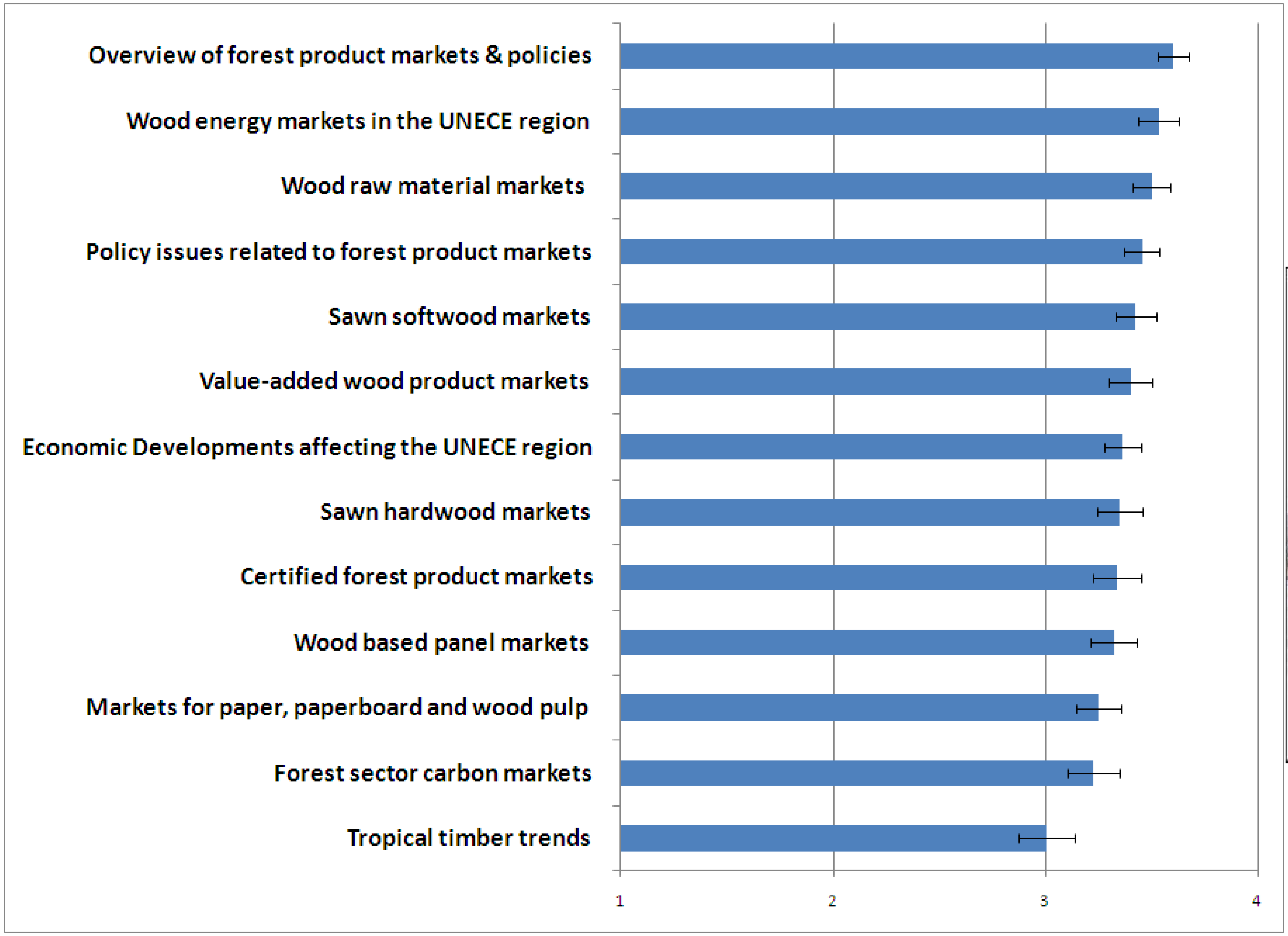
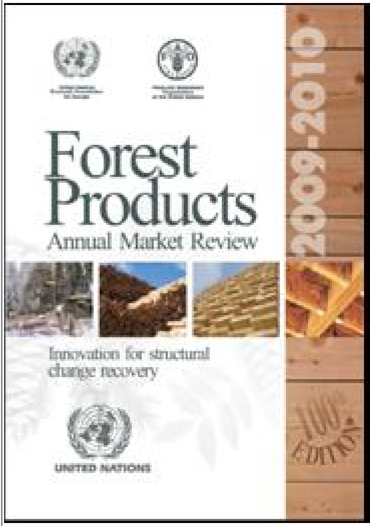
- **Q.5** The 2009-2010 edition of the Review included the following chapters/sections; please indicate how useful you find each (1 not at all useful to 4 very useful)





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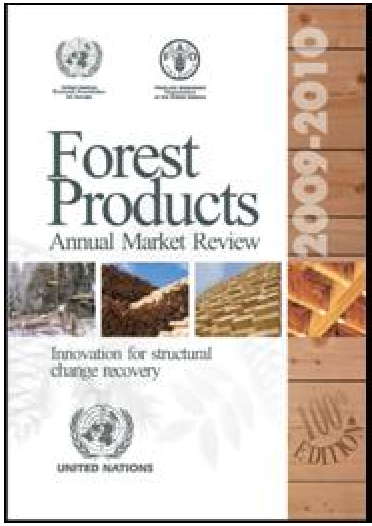
- **Q.5-b** Did not read

Overview of forest product markets & policies **9**
Policy issues related to forest product markets **19**
Wood energy markets in the UNECE region **22**
Wood raw material markets **24**
Economic Developments affecting the UNECE region **27**
Certified forest product markets **27**
Forest sector carbon markets **39**
Sawn softwood markets **42**
Sawn hardwood markets **45**
Wood based panel markets **45**
Value-added wood product markets **46**
Markets for paper, paperboard and wood pulp **52**
Tropical timber trends **61**



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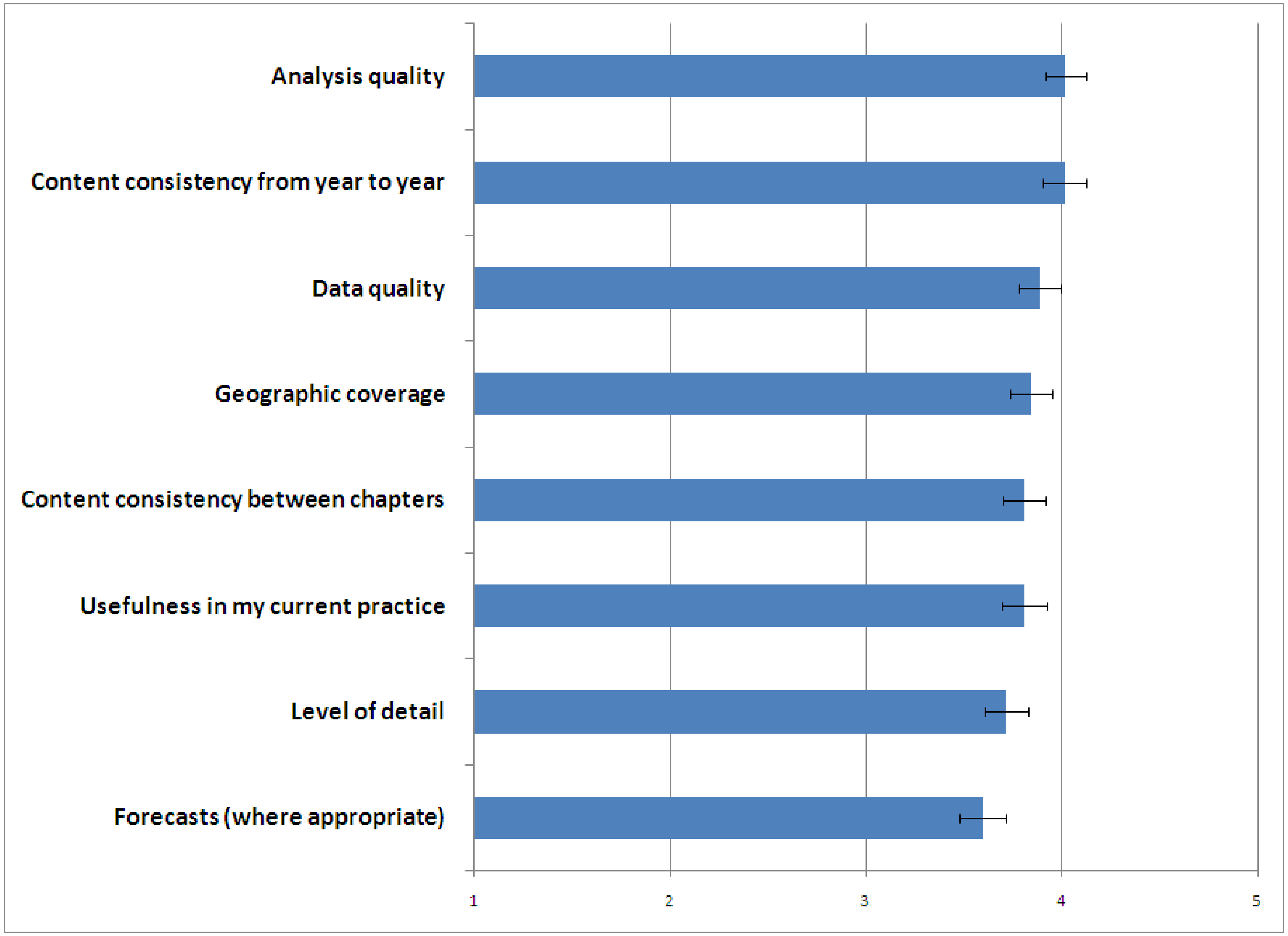
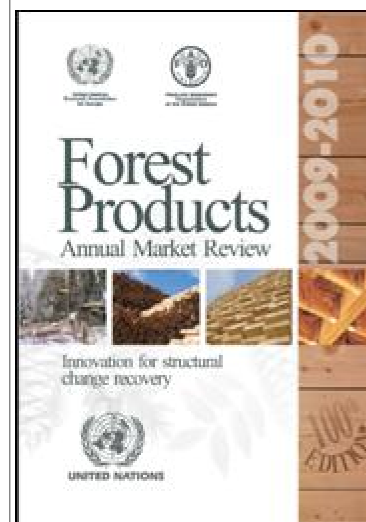
- **Q.6** Please rank the following attributes for the chapters that you read (1 no good at all to 5 very good)





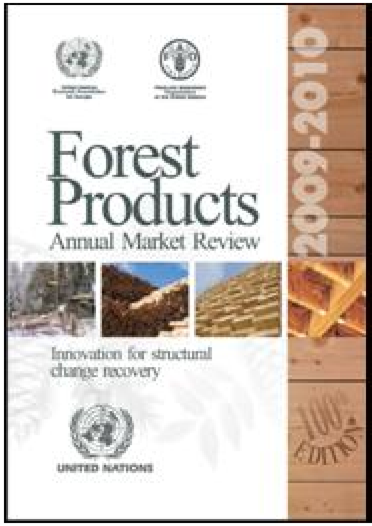
FPAMR: survey results

- **Q.7** Please indicate how often you quote the Review in reports that you write or in presentations that you give at conferences.

Never	1	
Once a year	2	
A few times per year	3	
Once a month	4	
Once a week	5	**Average: 2.46**

- **Q.8** Please indicate how often you refer to the Review in the course of your work.

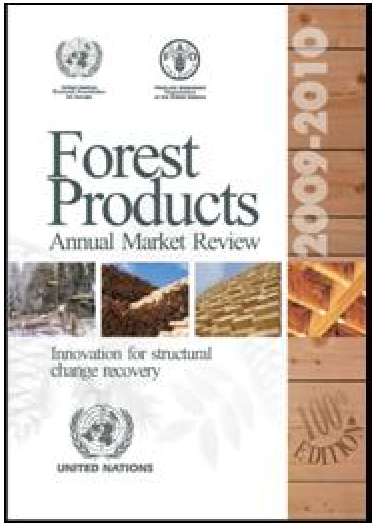
Never	1	
Once a year	2	
A few times per year	3	
Once a month	4	
Once a week	5	**Average: 2.83**



FPAMR: survey results

- **Q.9** What other UNECE/FAO reports, products or databases are you aware of?
  (Number of occurrences, multiple choices allowed)

State of Europe's Forests	**285**
State of the World's Forests	**74**
State of Forest Certification in the UNECE	**61**
European Forest Sector Outlook Studies	**149**
Annual Timber Committee and Country Market Statements	**124**
FAO Forest Products Yearbook	**162**
FAOSTAT	**154**
Forest Resource Assessment	**177**
Other	**16**



Q.10 Other includes workshop proceedings, discussion papers UNECE Study papers, FAO Working papers, UNECE Statistical databases……

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- **Q.11** Do you use the UNECE website?

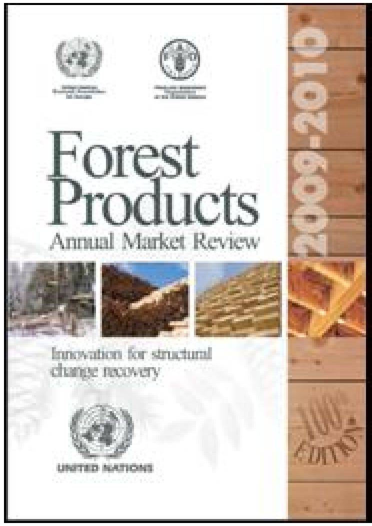
Yes	**76.2%**
No	**23.8%**

- **Q.12** Do you use the FAO website?

Yes	**81.2%**
No	**23.8%**

- **Q.13** Would you be interested in seeing an on-line version of the Review with links to other information sources (e.g. FAO databases, reports, etc.)?

Yes	**91.6%**
No	**8.4%**



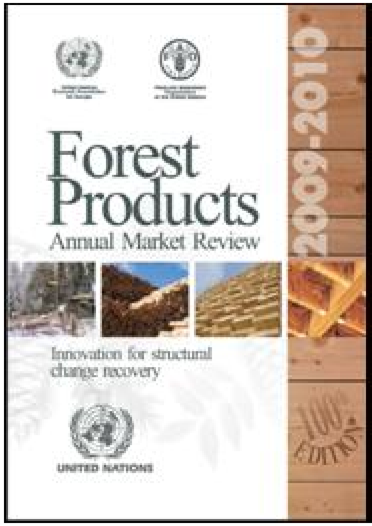
FPAMR: survey results

- **Q.14** Would you be interested in having the Review on-line with interactive capabilities, such as having a discussion forum for each chapter (this could also offer individuals the ability to add relevant information / data)?

Yes	**62%**
No	**38%**

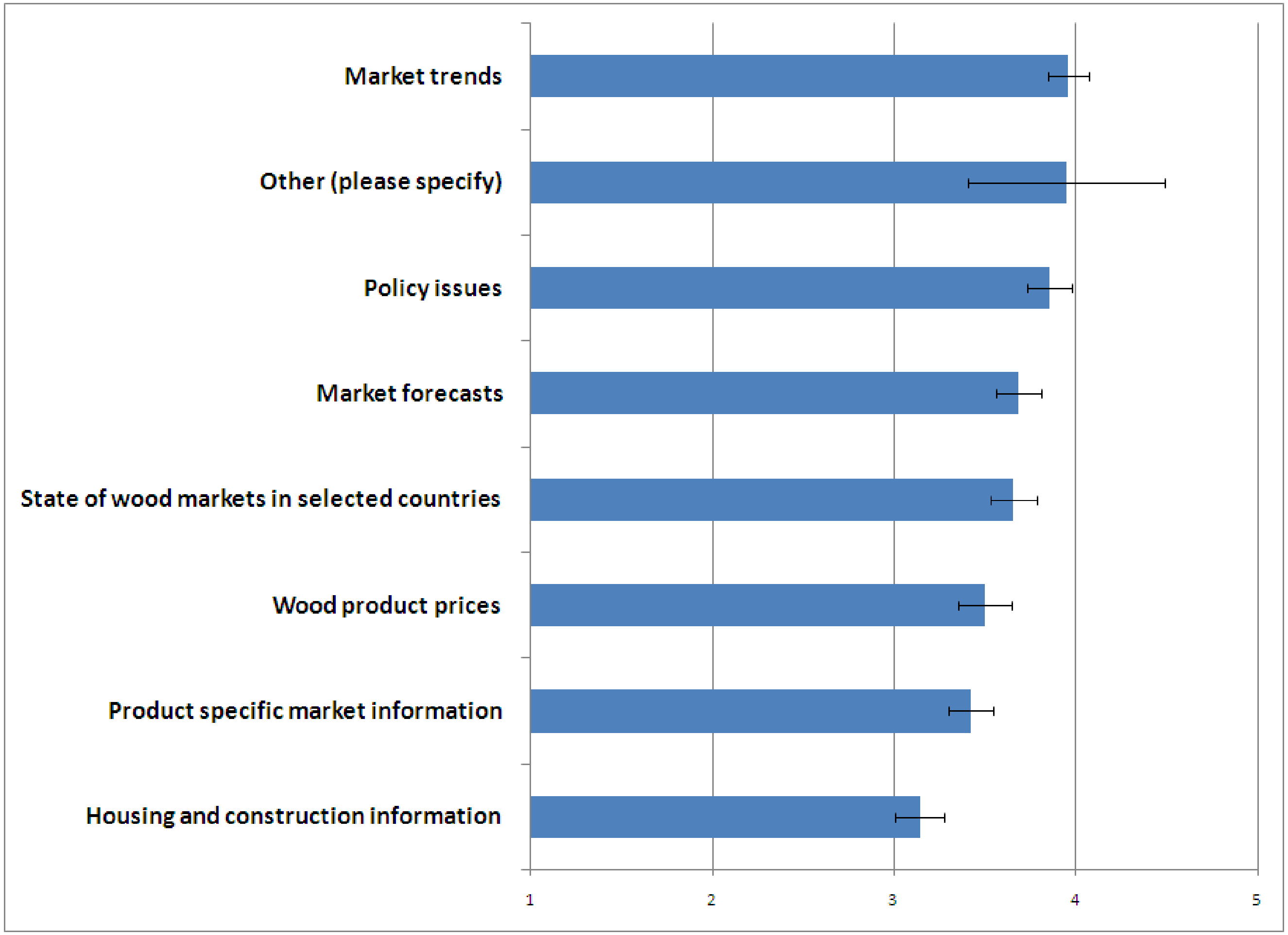
- **Q.15** Is it important for you to receive a hard copy (printed) of the Review?

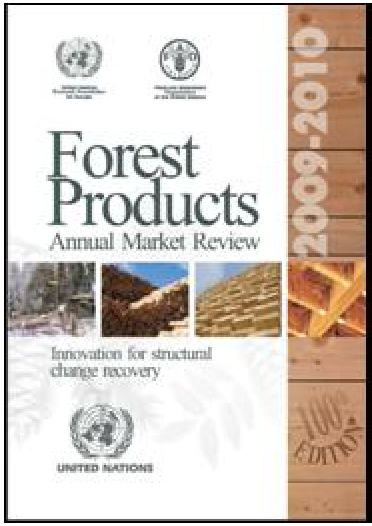
Yes	**50.9%**
No	**49.1%**



FPAMR: survey results

- **Q.16** What kind of market information matters to you the most in your job? (1 not important at all to 5 extremely important).





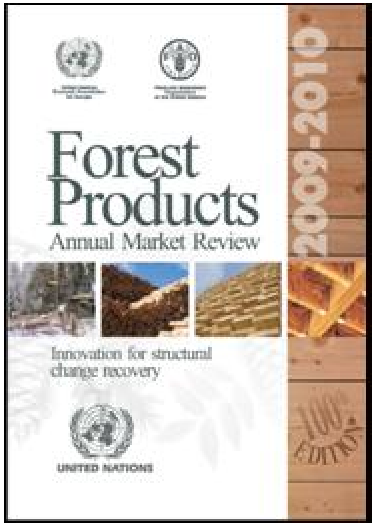
FPAMR: survey results

- **Q.17** Other includes wood supply, protection of forests and green economy, certification, illegal logging, China, data tables (not just graphs)….

- **Q.18** Are there any topics not covered by the Review and that you would like to be covered?

No	**82.1%**
Yes	**17.9%**

- **Q.19** Other topics of interest include LEED updates, non-timber forest products, Russia / China trade (and more generally, non-UNECE countries' markets impacts UNECE countries), reforestation trends, more detailed housing and construction trends, innovation topics and trends, emerging new products / bio-related topics…………………



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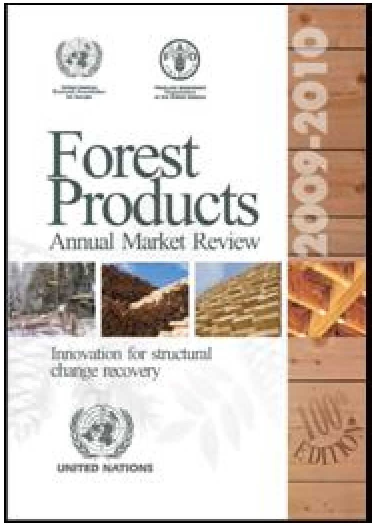
- **Q.20** In which country do you work?

  Most UNECE countries represented

- **Q.21** In which of the following sectors do you work?

Industry	**12.3%**
NGO	**11.2%**
Government	**26.1%**
Research and development	**35.1%**
Student	**0.7%**
Other	**14.5%**

- **Q.22** Others include consultants, media, etc., or tend to fall into one of the above categories



FPAMR: potential for hyperlinks

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FPAMR: potential for hyperlinks

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Global panel industry caught up in economic storm: Wood-based panels markets, 2009-2010[42]

Highlights

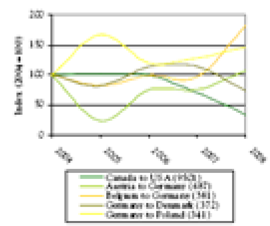
- In response to the economic crisis, consumption of wood-based panels fell by 17.2% in North America, by 19.2% in the CIS and by only 3.7% in Europe.
- With housing starts down, demand for wooden household furniture also declined, further reducing the demand for wood-based panels.
- Substantial wood-based panel plant closures occurred across all subregions, with 5 closures in Europe, 10 closures in North America and at least 2 closures in the Russian Federation.
- Structural panel manufacturers in North America recorded their lowest levels of production capacity utilisation in 20-25 years – 66% in the plywood industry and 53% in the oriented strand board (OSB) sector.
- The weak global economy continued to adversely affect imports of wood-based panels into all subregions, with imports into the United States dropping by 27.7% between 2008 and 2009, into the CIS by 13.1% and into Europe by 10.1%.
- Subsidies to the bio-fuel sector continued to adversely affect raw material prices and availability for wood-based panel manufacturers in Europe and North America.
- Following lobbying efforts in the US, the Biomass Crop Assistance Program, which provides significant subsidies for the purchase of woody raw materials by bio-gas and bio-energy companies, was under review and would likely be rewritten to exclude sawmill co-products.
- Formaldehyde emission standards, originally passed in California, were proposed in both US Senate and House bills for national standards that would limit formaldehyde emissions at 0.09 parts per million, making this the toughest standard in the world; it is scheduled for passage in 2010 and would be implemented in 2013.

[42] By Dr. Ivan Eastin, University of Washington, US; Ms. Bénédicte Hendrickx, the European Panel Federation, Belgium; and Dr. Nikolai Burdin, OAO NIPIEIlesprom, Russian Federation.

22%, from 150,000 in 2009 to 182,000 in 2010. As a result, the Timber Committee estimates that North American imports of structural panels will decline by 3.4%, and with exports down as well, net trade is expected to drop by 6.3%. The trade situation is somewhat more optimistic in Europe and the CIS, with net trade increasing by 52.3% and 166.4%, respectively.

GRAPH 7.1.2

Top 5 international trade flows of particle board (incl. OSB) by volume, 2004-2008



Notes: Values in legend box are in 1,000 m³ in 2008. Basis of trade flow graphs changed from previous Reviews.

Sources: FAO Yearbook of Forest Products, 2010 and previous editions.

7.2 Europe subregion

The downsizing of construction activity due to the general economic recession had a direct impact on wood-based panel demand in Europe, since a large majority of the wood-based panel production ends up in construction applications or construction-related furniture. Demand for wood-based panels contracted by 6.7% in Europe (table 7.2.1).

Reduced demand coupled with rising input costs created extremely difficult operating conditions for European wood-based panel producers. Wood prices continued to rise, as did energy costs, and these increased costs were only partly offset by a decrease in resin costs. The increase in wood prices was accompanied by lower wood availability, despite the fact that activity in all segments of the woodworking industries was subdued. Less wood was removed from the forest and fewer sawmill co-products were available.

TABLE 7.2.1

Wood-based panel balance in Europe and EU 27, 2008-2009
(1,000 m³)

	2008	2009	Change %
Production	69 693	66 219	-5.0%
Imports	35 197	29 934	-15.0%
Exports	34 716	30 661	-11.7%
Net trade	-481	728	251.4%
Apparent consumption	70 174	65 492	-6.7%
of which: EU27			
Production	62 020	58 854	-5.1%
Imports	31 824	27 246	-14.4%
Exports	32 712	28 746	-12.1%
Net trade	887	1 499	69.0%
Apparent consumption	61 133	57 354	-6.2%

Source: UNECE/FAO TIMBER database, 2010.

The absence of demand forced wood-based panel producers to cut production, with five facilities closing: two small mills in Norway and Italy and three medium-sized mills in Belgium, Germany and the United Kingdom. These developments brought the overall production capacity in Europe, excluding Turkey, down to 46.2 million m³. On an annual basis, particle board production was down 7% in 2009 at 38 million m³.

As a direct result of the economic downturn, trade in wood-based panels collapsed in Europe: imports contracted by 22% on average, while exports declined by 12%. Most of the particle board was traded within the European Union or among countries in the European Free Trade Association (EFTA) zone, the Balkans, the former CIS-countries and Turkey. Extra-European trade relations are rather limited to the countries of the EFTA zone or other neighbouring countries in the Balkans or Ukraine and Turkey. According to Eurostat, EU imports from Ukraine gained momentum, although imports from most other countries decreased. Total extra-EU imports of particle board amounted to 525,000 m³ in 2009, whereas extra-EU exports were reported at 1.8 million m³. For extra-EU exports, Israel, Japan, and Taiwan Province of China as well as countries in North Africa and the Middle East were important sales markets, although most exports continued to go to neighbouring countries within Europe. The EU registered 1.3 million m³ net exports in 2009, which implies a decrease compared with 2008.

MDF is produced in 20 European countries. After steady increases for many years, MDF production in Europe decreased for the second consecutive year. Overall, EU output fell to 11.3 million m³ in 2009. The crisis in industrial activity and the construction sector

FPAMR: potential for hyperlinks

Chapter 7

Global panel industry caught up in economic storm: Wood-based panels markets, 2009-2010[42]

Highlights

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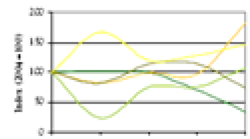

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Source: UNECE/FAO TIMBER database, 2010.

The absence of demand forced wood-based panel

Table 7.2.1

Wood-based panel balance in Europe and EU27 (1,000m³) Source: UNECE/FAO Timber Database

Germany

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Change %
Production	14,063	13,532	13,693	14,650	16,350	17,092	17,400	17,708	14,674	14,813	0.9%
Imports	4,066	3,963	3,838	3,943	4,143	4,135	4,153	6,235	5,284	4,742	-10.3%
Exports	4,620	4,891	5,789	6,012	6,962	7,645	6,893	9,107	8,783	7,242	-17.5%
Net Trade	554	928	1,951	2,069	2,819	3,510	2,741	2,872	3,499	2,500	-28.5%
Apparent Consumption	13,509	12,604	11,742	12,581	13,531	13,582	14,659	14,836	11,175	12,313	10.2%

QUESTIONS & DISCUSSION

Chris Gaston

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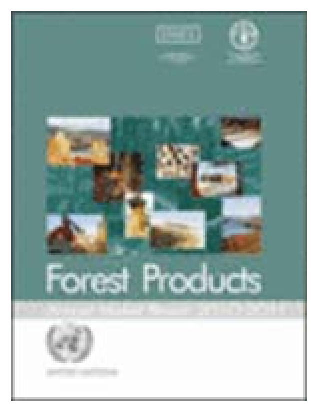

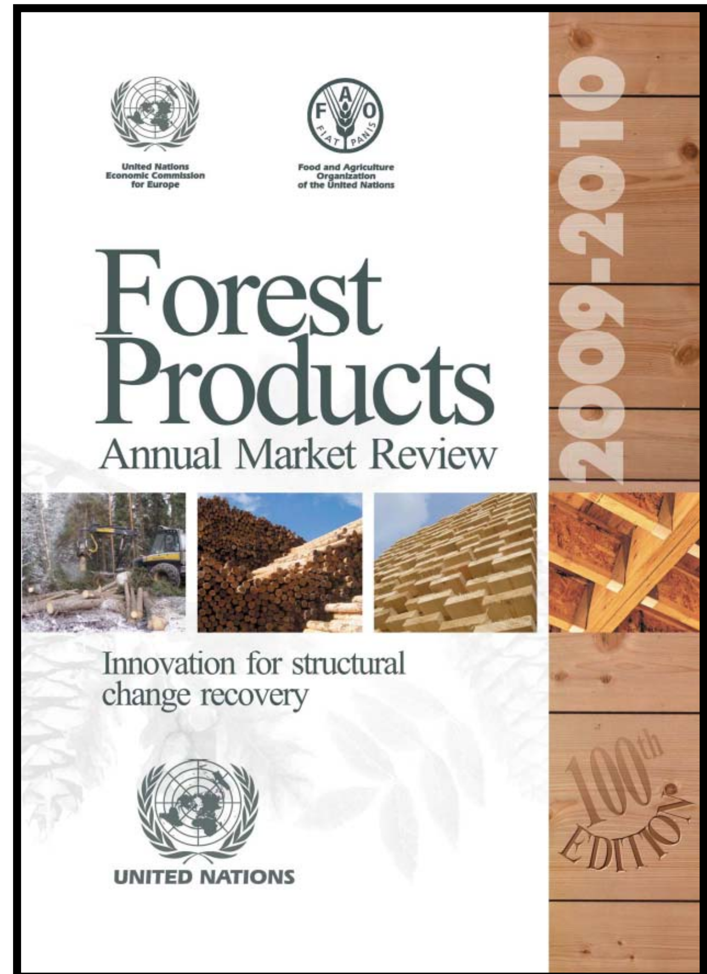

Creating forest sector solutions