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Germany

Solid Wood Products

Annual

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Report Highlights:
U.S. forest products sales to Germany are closely related to the well-being of German furniture production. Due to the strength of the US dollar, U.S. solid wood shipments dropped by 18 pct to about US$ 175 million in 2001. This represents 6.3 pct of total German wood product imports. The German construction market is depressed. Housing starts dropped to 300,000 units in 2001 compared to the peak of 525,000 units in 1995.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

U.S. exports of timber products to Germany are closely linked to the well-being of the German furniture industry and domestic furniture demand. The housing industry is only of secondary importance. In 2001, U.S. forest product exports to Germany are expected to drop by about 18 pct, reaching a total value of about US$ 175 million versus US$ 217 million in 2000. The reduction occurred mainly in hardwood and softwood lumber and hardwood veneers. Wood species preferences have not changed significantly during the past year. European beech continues its leading position while demand for red alder is slowing down. White oak, hard maple, cherry, black walnut and increasingly white birch are species favored by German importers.

The domestic housing market remains depressed. Housing starts dropped from a peak of 525,000 units in 1995 to only 300,000 units in 2001. A further reduction by about ten pct is expected for 2002. Also the renovation market is shrinking. Most severely hit is the market for wooden frame windows dropping from 7.6 million units in 1994 to 3.6 million units in 2001. Demand for wooden flooring had been surprisingly strong through 2000, with total consumption at 24.8 million sqm. In 2001, the use of wooden flooring is estimated at only 21.8 million sqm.

The European panel producing industry had been expanding production capacities until 2000. Press reports indicate that these increased capacities and a general slowdown in the construction and furniture markets caused financial problems for several manufacturers.

Note: In recent years the U.S.$/ DM exchange rate has been as follows:

1995: $1 = DM 1.4338	1998: $1 = DM 1.7582
1996: $1 = DM 1.5037	1999: $1 = DM 1.8351
1997: $1 = DM 1.7348	2000: $1 = DM 2.1176
	Oct 2001: $1 = DM 2.1590
	$1 = Euro 1.1039

General Economic Situation

German gross domestic product growth in real terms is forecast at 0.7 pct for 2002, same as in 2001. Growth in 2000 was still reported at 3.0 pct. This means that Germany is at the moment the slowest growing economy in the EU. The 2001 inflation rate is estimated at 2.5 pct compared to 2.1 pct in 2000. For 2002, it is forecast that inflation will fall below the two pct level. Some forecasters are optimistically projecting 1.5 pct. Unemployment is causing a problem for policy makers. Chancellor Schroeder had promised at the beginning of his term in 1998 that he would bring down unemployment from 4.3 million to 3.5 million by the end of 2002. Since summer 2001, many companies report that they had to release large numbers of employees because of the slowing economy. The September 11 attack is expected to further slow down business activities. During the first half of 2001, exports still developed at the same speed as in 2000, taking advantage of the strong dollar and the weak Euro. Also, domestic demand other than construction developed favorably and resulted in a growth rate of 1.4 pct during the first quarter 2001. Retailers reported growing sales despite food scares such as BSE and food and mouth disease which dominated the news for months. The terrorist attack on September 11 seem to slow down the economy, at least during the fourth quarter. Domestic demand as well as exports are slowing down. Positive reports from Afghanistan hopefully will have a helping effect for the world economy.

The German construction industry has been depressed for about three years, partly due to increased interest rates during the past two years but also due to diluted tax incentive programs for home construction. Also the public sector cut its spending for construction due to budget deficits. The EU requirements (Maastricht criteria for the Euro system) for Germany to reduce its budget deficit, negatively impact the construction industry.

Domestic Wood Production

The Federal Ministry for Consumer Affairs, Food and Agriculture is in the process of carrying out a general forest inventory. The last one was done in 1986/89 and released shortly before the re-unification of Germany. The report is expected in 2003/04. It should provide more accurate wood production data. Current wood regrowth estimates range between 45 and 50 million cum, while the annual harvest normally only reaches 37 to 40 million cum.

Devastating storms over France, Switzerland and Southern Germany in December 1999 disturbed the domestic lumber market considerably. Cutting limitations were implemented (see GAIN Report GM0045). In the State of Baden-Wuerttemberg in southern Germany, 4.5 million cum of spruce timber were put in wet storage to support the market price in 2000. By the end of 2001, 4.0 million cum were still in subsidized storage. In 2002, 2.1 million cum, are expected to be taken out of wet storage and placed on the timber market. By the end of 2003, the remaining 1.9 million cum should also be sold. Forest experts fear that in 2002 up to 3.0 million cum of beetle damaged spruce need to be harvested as result of the 1999 storms.

The total timber harvest in 2001 is estimated at 33.4 million cubic meters (cum), versus a normal 39 million cum. The reduction is mainly in spruce, minus 5 million cum. Since beech was also damaged in 1999 in Southern Germany, requiring an above normal beech wood harvest in 2000, the 2001 harvest was reduced by about one million cum. In 2002, the timber harvest is forecast to be below normal levels because of the slowing economy and depressed timber prices. The installation of high capacity profiler mills during the past ten years resulted in a change of preference for log sizes of softwood timber. The highspeed profilers are designed to handle logs with a diameter of 25 to 40cm (10-18 inches). Larger dimensions need to be cut in traditional mills.

Table 1: German Timber Harvest in 1000 CUM							
	Logs	Sleepers	Industr Wood		Stacked	Other	All
			Long	Short	Wood	Wood	
Oak, Red Oak							
1990	843	4	126	128	218	86	1,405
1991	570	19	107	64	170	79	1,009
1992	483	15	120	83	197	75	973
1993	475	16	104	66	196	87	944
1994	536	9	138	69	206	107	1,065
1995	667	8	307	90	203	100	1,375
1996	625	9	300	88	193	128	1,343
1997	493	10	117	67	238	139	1,064
1998	700	12	212	98	246	160	1,428
1999	703	11	268	87	238	148	1,456
2000	850	10	244	81	319	289	1,793
2001							1,400
Beech, oth Hardwoods							
1990	4,329	83	1,772	788	841	204	8,017
1991	2,746	100	1,682	497	762	165	5,952
1992	2,239	98	1,607	600	721	215	5,480
1993	2,193	85	1,468	525	763	270	5,304

1994	2,578	71	1,706	515	761	329	5,960
1995	3,175	66	2,500	650	760	321	7,472
1996	3,170	62	2,578	557	620	358	7,345
1997	2,727	63	1,378	552	914	447	6,081
1998	3,553	72	2,309	708	912	498	8,054
1999	3,717	72	2,509	623	831	514	8,268
2000	3,915	49	2,223	531	793	1,120	8,631
2001							7,000
Spruce, Fir, Douglas Fir							
1990	44,513	195	3,851	4,353	1,286	397	54,595
1991	12,918	119	2,026	3,359	620	164	19,206
1992	11,333	162	1,447	2,771	619	230	16,562
1993	12,389	0	1,192	2,457	634	273	16,945
1994	16,932	0	1,130	2,569	811	335	21,777
1995	16,491	0	1,350	3,000	828	350	22,019
1996	16,194	0	1,350	2,700	660	341	21,245
1997	17,935	86	1,040	2,744	750	480	23,035
1998	15,749	0	889	2,640	645	409	20,332
1999	14,465	0	791	2,374	630	400	18,661
2000	27,090	56	1,020	2,634	789	2,626	34,215
2001							16,500
Pine, White Pine							
1990	6,136	4	2,503	1,602	596	163	11,004
1991	2,544	2	969	1,486	357	160	5,518
1992	2,068	2	692	1,447	406	129	4,744
1993	2,359	5	551	1,253	411	185	4,764
1994	2,806	3	676	1,629	472	230	5,816
1995	3,919	3	1,100	2,700	500	255	8,477
1996	3,435	2	849	2,235	299	259	7,079
1997	4,066	7	669	2,171	817	297	8,027
1998	4,542	5	772	2,788	808	324	9,239
1999	4,426	6	673	2,962	871	307	9,245
2000	4,563	4	651	2,733	720	399	9,070
2001							8,500

All Species							
1990	55,821	286	8,252	6,871	2,941	850	75,021
1991	18,778	240	4,784	5,406	1,909	568	31,685
1992	16,123	277	3,866	4,901	1,943	649	27,759
1993	17,416	106	3,315	4,301	2,004	815	27,957
1994	22,852	83	3,650	4,782	2,250	1,001	34,618
1995	24,252	77	5,257	6,440	2,291	1,026	39,343
1996	23,424	73	5,077	5,580	1,772	1,086	37,012
1997	25,221	166	3,204	5,534	2,719	1,363	38,207
1998	24,544	89	4,182	6,234	2,611	1,391	39,053
1999	23,311	89	4,241	6,046	2,570	1,369	37,630
2000	36,418	119	4,138	5,979	2,621	4,434	53,709
2001							33,400
* Forecast							
Source: Federal Ministry of Agriculture							

The oversupply of timber from the December 1999 storms and the depressed situation on the construction market moved timber prices down by about six pct as of August 2001. Spruce prices dropped by about ten pct. Signs for a price recovery are at the moment not in sight. During the first auction sales of beech in the fall of 2001, prices for beech also came under pressure since the domestic furniture industry experienced reduced furniture demand and also the major international customer for German beech, China, is not willing to pay the high prices experienced in 2000.

Table 2: German Timber Price Index - 1995 = 100%							
	1995	1996	1997	1998	1999	2000	2001*
Total Roundwood	100.2	89.8	93.6	101.4	105.3	92.4	87.3
Total Logs	99.7	88.8	95.3	103.2	107.0	92.3	86.9
- Oak	99.3	85.2	90.1	86.2	98.7	88.8	81.0
- Beech	98.8	99.5	99.6	103.9	n.a.	101.9	104.0
- Spruce	100.8	86.1	95.8	105.8	109.0	93.1	83.8
- Pine	95.2	91.0	91.0	96.5	99.5	95.2	84.7
Total Indust Wood	101.1	96.6	82.3	89.4	93.5	93.3	90.6
- Oak	102.9	100.0	88.2	71.9	80.5	78.0	93.4
- Beech	108.1	99.1	79.7	82.7	88.6	88.4	83.1
- Spruce	100.8	95.9	93.2	104.2	101.1	101.5	91.0
- Pine	93.7	95.1	74.9	85.7	93.5	93.0	98.4
* prelim.							

Source: FedMinAgr.							

Forest Damages

Since 1984 the GOG (government of Germany) prepares an annual report on the health status of German forests. The first regional results for 2001 indicate that the forests have deteriorated somewhat. In southern Germany about 29 pct of the trees show significant levels of needle or leaf loss, another 21 pct show medium needle or leaf loss. Most severely affected are the beech and oak trees. Foresters and researchers claim that nitrogen emissions are the major cause of this damage. Two thirds of the nitrogen emission supposedly come from automobiles.

Environment

A hot issue for German foresters is the demand for forest set-aside for environmental purposes. A new nature protection law is currently in its final stages of approval. This law requires that ten pct of the forest area be set aside without any timber harvest. It is not yet clear whether forest owners will be financially compensated. The law will also prohibit clear cutting and requires that reforestation include predomently traditional domestic tree species.

Forest Certification

German foresters prefer to use the PEFC forest certification system over the FSC system. It is forecast that by the end of 2001 about 5 million hectares out of a total of 10.5 million hectares will be PEFC, certified. FSC certified about 250,000 hectares. Despite the great success of PEFC, the seal is hardly known by the private customer who does not seem to care about certification. One retail chain's advertisment that his wood products were FSC certified was met with total indifference on the part of his customers.

Consumption

Total annual wood use by the German wood working industry is roughly estimated at about 40-41 million cum. The majority of the timber (53 pct) is used by sawmills. The sawmilling industry consists of about 2,300 mills, most are mid-size companies producing customer tailored lumber. These companies are hardest hit by the depression in the construction industry. For 2001, saw mills report a reduction in turnover of eleven percent. Aside from these traditional mills, seven super-sized profiler mills plus another 50 profilers of more than 80,000 cum annual milling capacity operate in the softwood milling business. Their business is directed to domestic and international markets including supplying North America and Asian countries with construction lumber. While the total number of mills has dropped by about one to two percent annually, production capacity had been growing. Profilers are exclusively using timber of less than 40centimeter in diameter. Larger dimensions are cut by traditional mills. Due to the high profiler milling capacity, demand and prices for profiler timber is rising while prices for large dimensions are declining.

Aside from the construction lumber market, the hardwood market is also negatively affected by the depressed construction market. During the past five years, saw millers increasingly compensated reduced domestic demand by increased marketing efforts on the Asian markets, led by China. The European hardwood milling industry is currently discussing the development of European grading standards for hardwood lumber to match the requirements of the important export markets.

The domestic paper industry reports three pct lower output for 2001 compared to 18.2 million tons of paper and cardboard in 2000.

Table 3: Timber Use in Wood-Using Industry in 1000 CUM						
	1995	1996**	1997	1998	1999	2000
Sawmills						
Dom Wood Softwood	17,274	11,852	18,072	17,662	17,496	18,552
Hardwood	1,257	962	1,214	1,282	1,643	1,648
Imp Wood	136	215	326	562	436	1,405
All	18,667	13,029	19,612	19,506	20,173	21,605
Veneer Mills *)						
Dom Wood Softwood	57	30	54	83	100	97
Hardwood	260	182	254	256	237	208
Imp Wood	37	34	54	49	43	44
All	354	246	362	388	380	349
Plywood						
Dom Wood Softwood	227	121	140	148	152	n.a.
Hardwood	190	n.a.	n.a.	159	152	154
Imp Wood	8	n.a.	n.a.	11	13	n.a.
All	433	296	320	318	317	154
Fiberboard						
Industrial Wood	397	717	1,058	1,411	1,645	1,784
Cut-offs Slabs + Residues	825	887	2,769	863	1,052	1,080

All	1,222	1,604	3,827	2,274	2,697	2,864
Particleboard						
Round Timber	2,947	2,744	2,899	2,743	2,525	2,522
Cut-offs Slabs + Residues	6,138	4,519	6,112	6,053	5,596	6,418
All	9,085	7,263	9,011	8,796	8,121	8,940
Cellulose & Paper Industry						
Softwood	3,095	2,716	2,764	2,730	2,544	3,197
Hardwood	846	876	761	873	952	1,006
Cut-offs Slabs + Residues	3,683	3,717	3,509	2,752	2,479	3,046
All	7,624	7,309	7,034	6,355	5,975	7,249
Grand Total	37,385	29,747	41,863	40,657	37,663	41,161
* Decorative veneers only						
** excl. the state of Baden-Wuerttemberg						
Total numbers do not add. Table serves as a relative picture of German wood use.						
Source: Federal Ministry of Consumer Protection						

Construction Markets

German construction markets have been steadily and strongly trending downwards since 1997. Before 1997, this industry sector was booming because of highly attractive tax incentive programs mainly for eastern Germany (see Table 4). Due to these incentive programs, the industry built up surplus capacities of private homes and commercial buildings. Consequently, rental prices had come under significant pressure so that new investment is not profitable until the markets change considerably. Currently, houses are primarily built for the investor's private use or as a substitute for an old building. Even low interest rates for mortgages at six percent over ten years do not initiate sufficient new housing investment. Construction industry representatives argue that the current level of housing investment is already below the necessary replacement level of about 376,000 units annually. Some economic forecasters predict that the construction markets will not turn around before 2003. Another obstacle for private investment in rental housing are tightened tenant protection regulations. Also the collapse of the stock markets during recent months did not initiate noticeable interest in housing investment.

The housing situation in the eastern part of Germany is still quite different. Since the population in the East has dropped by about one million over the past ten years, and at the same time many new homes were built, an estimated 1.5 million apartments are currently vacant. The GOG provided a budget of about Euro 150 million annually to tear down those big housing complexes which would require immense sums for renovation and which are inappropriately located.

German housing is predominantly masonry. However, until 1999 wooden houses had gained popularity among private home investors. About 28,000 units were wooden houses, thereof 25,000 prefab wooden houses. In 2000, these numbers dropped by 3,000 units to 25,000. The reduction was nearly exclusively in prefab houses. The success of wooden houses was attributed to their superior insulation characteristic, resulting in reduced energy/heating costs.

Renovation of homes is following the general downward trend in the construction market. Renovation demand is strongly needed in large numbers of eastern German homes. Due to low rental prices it seems to be uneconomical for owners to invest in modernization.

Table 4: Housing Permits and Housing Starts in Germany							
		Permits			Housing Starts		
	Private	Commercial	Total	Single	Multiple	All	Commercial
	Homes	Buildings		+Duplexes	Units	Private	Buildings
1991	340,639	59,968	400,607	133,800	130,341	268,931	45,577
1992	394,093	91,272	485,365	137,377	179,251	322,128	52,447
1993	525,935	80,677	606,612	164,044	221,555	394,120	61,331
1994	624,839	87,797	712,636	212,354	284,309	501,728	71,155
1995	552,695	85,935	638,630	205,165	312,481	524,606	78,151
1996	496,694	79,544	576,238	188,802	292,173	485,249	74,239
1997	453,727	74,369	528,096	211,056	285,586	501,120	77,059
1998	407,594	68,117	475,711	220,611	208,400	432,237	68,413
1999	379,628	57,956	437,584	237,379	167,416	406,717	66,088
2000	304,614	43,894	348,508	229,727	138,814	368,541	39,312
2001*	260,000	40,000	300,000	190,000	110,000	300,000	37,000
2002*	250,000	35,000	285,000	175,000	95,000	270,000	35,000
*Forecast FAS Bonn							
Source: Federal Statistics Office + FAS Bonn							

Flooring

The flooring market is following the downward trend of the construction market. In particular, since September 11demand has fallen. Consumers seem to avoid taking any major financial risks at the moment. Many modern homes are equipped with parquet or other solid wooden flooring in the living room area. The lower price alternative to parquet is high pressure laminate (HPL) flooring which is predominantly installed in multi-unit houses. Preferences for wood species of the past few years have not changed in 2001. Favored are light color wood species, namely beech and oak. However, darker tropical species are increasingly incorporated into light color floorings.

The vast majority of parquet built into German homes is multilayer parquet, accounting for 72 pct of total production. Mosaic parquet accounts for 16pct and solid parquet accounts for 13 pct. HPL flooring is estimated at about 50 to 55 million sqm.

Table 5: German Parquet Flooring Market, in 1,000 sqm

	Production	Import	Export	Consumption
1993	8,781	11,406	2,174	18,013
1994	9,955	13,648	2,612	20,991
1995	10,228	14,949	3,312	21,865
1996	9,850	15,000	3,684	21,166
1997	9,962	12,771	4,215	18,518
1998	10,568	17,555	7,208	20,915
1999	10,115	16,701	5,033	21,783
2000	11,500	18,009	4,718	24,791
2001*	10,000	16,000	4,200	21,800
*Forecast				
Source: Federal Statistics Office				

Windows

In 2001, the German window market experienced a dramatic 18 percent drop in production to 16.0 million window units. The reduction took place on the new home market as well as on the renovation market. For 2002, the window manufacturers predict a further reduction of about ten percent, which might even be too optimistic. Market share losses are particularly strong for wooden frame windows, losing more than 50 percent of their market during eight years. Especially negative for this market segment had been the tropical wood dispute in the 80s and 90s. Many house owners switched over to plastic frame windows since they are cheaper, and easier to install and maintain. These frames provide excellent insulation properties which is an important decision making factor. Wooden windows are not expected to regain market share in the near future. About 41.5 pct of the wooden frames are made from dark red meranti, followed by 39.5 pct European pine, 7.9 pct Oregon pine and 5.7 pct hemlock

Table 6: Production Developments on the German Window Market (mill. units)									
	1994	1995	1996	1997	1998	1999	2000	2001	2002*
Wood Windows	7.6	7.4	6.9	6.6	5.9	5.4	4.6	3.6	3.2
Plastic	11.8	12.3	12.0	12.6	12.2	12.1	10.7	8.6	7.6
Aluminum	5.2	5.2	4.9	4.4	3.7	3.5	3.4	3.1	2.9
Alu + Wood	0.6	0.7	0.7	0.7	0.8	0.8	0.7	0.7	0.6
All Types	25.2	25.6	24.5	24.3	22.6	21.8	19.5	16.0	14.3
* FAS Bonn Forecast									
Source: German Windows Manufacturers Ass'n				www.window.de					

Furniture

German consumers are European champions with respect to expenditures for furniture. The furniture industry association reports per capita spending of Euro 430 for furniture. Germany is followed by Austria with Euro 412. The EU average is at Euro 257. At the bottom of the spending scale are Spain and Portugal with Euro 164 and Euro 116 respectively. Of total private spending per household, 7.2 pct is earmarked for furniture and household appliances, 24.6 pct are spent for rent and 15.6 pct for food and beverages.

For the first half of 2001, the German furniture industry reports unsatisfactory furniture sales of minus 0.6 pct, dropping to Euro 11.3 billion. For the second half, the outlook is even more pessimistic. Total annual turnover in 2000 was reported at Euro 22.7 billion. Germany has 1,402 companies manufacturing furniture, 1,121 of them are producing home furniture and 281 companies are active in office and other business furniture. The vast majority of these companies are located in western Germany, only 227 companies operate out of eastern Germany. About 16 pct of German furniture production is for export markets. Compared to 1999, furniture exports in 2000 grew by 18 pct to Euro 4.57 billion. Two thirds of the sales went to other EU countries, with the Netherlands, Austria, France and Belgium as the leading markets. Exports to North America grew by a surprising 45 pct to Euro 191 million. Also the Asian market boomed and reported an increase of 42 pct to Euro 182 million.

German imports of furniture are still about 40 pct higher than exports, but net-imports are continuously shrinking - to Euro 1.7 billion in 2000. Major countries or regions of origin are eastern Europe and Italy. Interestingly, imports from EU countries remained stable at Euro 2.4 billion while imports from eastern Europe grew by 18 pct to Euro 2.6 billion. Also Asian countries (namely China) improved their market position on the German furniture market by 32 pct, to Euro 548 million. North American manufacturers only shipped furniture at a total value of Euro 48 million.

The preference scale for wood species by the German furniture industry has not changed significantly in 2001. Consumers continue to favor light color wood species, namely European beech. At this year’s international furniture fair in Koeln, white oak was shown far more than in previous years. Other species of interest are birch, hard maple

The veneer industry reports that about 44 pct of all sheet veneers are from beech, followed by black cherry (14 pct), birch and tropical wood (both 10 pct), hard maple (6 pct) and oak with only four percent. Indications are that the dominating position of beech in veneer production may be rising further to about 50 percent.

Panel Industry

Investment in wooden panel production had been booming in Germany and other European countries during recent years. Demand unfortunately did not follow the capacity build-up. The industry reports particular problems for Oriented Standard Board (OSB) producing companies. OSB is mainly used in competition to plywood panels. Compared to traditional particleboard, OSB is not price competitive. Recently, more OSB had been used in prefab house construction. However, the slowing down of the German economy stopped this market expansion process.

MDF production and use took advantage of the great success of HDL flooring where it is used as a 6-8mm layer as base material. Industry sources roughly estimate total annual production of MDF at two million cum in 2001. Production capacity is estimated at about three million cum. Official production statistics only show MDF production of about 1.2 million cum in 2000 and a forecast of about 1.3 million cum for 2001. Trade statistics say that about 821,000 tons of MDF were exported in 2000. For 2001, export shipments are forecast to grow to about 900,000 tons. Aside from EU markets, China has become an important customer for German MDF. China is also an important customer for German hardboard, taking about twenty percent of the total 910,000 tons in 2000. Statistics for hardboard show production at 1.3 million cum for 2000 and a possible increase to 1.4 million cum in 2001.

Particleboard production had been growing to 10.3 million cum in 2000. For 2001 a reduction of about five percent to 9.8 million cum is forecast. The particleboard industry is confident it can defend its market position vis-a-vis OSB and MDF competition due to production cost advantages. However, increased competition for low priced material input is developing. Saw mill residues and recycled wood may be used for heat and energy production, which sold to the power companies at a favorable fixed minimum price. In contrast, OSB manufacturers will face stiff competition from a new pulp mill which is planned to be built west of Berlin and go into operation by 2004.

During the past ten years, German and other European wooden panel manufacturers invested heavily in new production capacities. The recent slowdown of the economy, in particular the construction industry in Germany caused financial problems for several of the companies. Fresh money seems to be urgently needed in this business.

Trade

Imports of U.S. forest products in 2000, valued at US$216.8 million, represent 5.5 percent of total German forest product imports (excluding wood pulp). During the first eight months of 2001, U.S. shipments to Germany dropped by 18 pct to US$129.5 million. This includes all products of the tariff categories 4401 through 4420 of the harmonized tariff schedule. Trade losses occurred mainly in temperate hardwood lumber and veneers while log sales remained stable. The expensive dollar made it more economical to cut the timber into veneers or lumber at local mills. Since the market is extremely price sensitive and processing can be done on either side of the Atlantic, demand for processed timber may easily recover if the dollar weakens.

Also, U.S. softwood lumber sales were cut in half in 2001. Already in 2000 softwood shipments to Germany had dropped to US$12.9 million versus US$17.5 million in 1999. Shipments of softwood plywood have practically ended, amounting only to US$ 285,000 during Jan/Aug 2001 versus US$5.9 million in CY1999. A recovery of the plywood market is currently not foreseen. The strong dollar and the build-up of OSB production capacities hinder American plywood sales to Europe. The more the European companies become interlinked the more difficult it will be to sell products into this regions which require relatively high transportation cost.

At the same time as U.S. exports dropped significantly, German timber shipments to the U.S. have been rising to record levels. This development is mainly attributed to the strength of the US$ versus the Euro. Currency experts do not predict a short term change in these problematic currency relations. During the first two thirds of 2001, Germany exported forest products to the U.S. valued at US$152.1 compared to US$97.9 during the corresponding period in 2000.

Asian markets have been identified as future growth markets for German logs, timber, panels and furniture. China is the most important destination for German exports outside Europe. China is an important customer for German beech, logs and lumber, but hardly any veneers. China is also one the most important customers for German hardboard and MDF outside Europe, importing about 90,000 cum of the total 670,000 cum in CY2000. German exports of hardboard to the United States amounted to about 60,000 cum in 2000. Trade statistics for 2001 indicate that U.S. imports from Germany increased to about 100,000 in 2001. German exports of MDF to the United States are reported at 26,000 cum . MDF shipments to the U.S. in 2001 are forecast to drop to about 20,000 cum because of the slowing demand in the United States.

Since summer 2001, import demand for German hardwood timber by major customers in the east Asian region has been slowing. Beech log prices have reportedly dropped by more than 25 pct. Chinese buyers are increasingly looking for higher log qualities but are not willing to accept higher prices.

Marketing

Germany remains an important buyer for American white oak, hard maple, red alder, cherry and walnut. Red oak, white ash and soft maple are unfortunately not in strong demand. These species have to compete with locally grown timber. During the the past two years, the high value of the US$ became an export barrier for further processed products. However, the success of the German furniture industry in export markets provides sales opportunities for U.S. forest product deliveries to German factories.

PS+Ds and Trade Tables

PSD Table						
Country	Germany					
Commodity	Temperate Hardwood Logs				1000 CUBIC METERS	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Production	6500	4765	4600	4200	0	4200
Imports	260	311	250	200	0	200
TOTAL SUPPLY	6760	5076	4850	4400	0	4400
Exports	1700	1383	1000	1450	0	1350
Domestic Consumption	5060	3693	3850	2950	0	3050
TOTAL DISTRIBUTION	6760	5076	4850	4400	0	4400

Import Trade Matrix					
Country	Germany				
Commodity	Temperate Hardwood Logs				
Time period	Jan/Dec	Units:	CUM	Jan/Aug	
Imports for:	1999		2000		2001
U.S.	4384	U.S.	7235	U.S.	7070
Others		Others		Others	
France	70965	France	201199	France	40928
Finland	15278	Finland	9107	Finland	5180
Belgium	9925	Belgium	13678	Belgium	4406
Czech Rep	9189	Czech Rep	5262	Czech Rep	5418
Austria	8198	Austria	8190	Austria	6132
Poland	7830	Poland	4134	Poland	1621
Hungary	6148	Hungary	10220	Hungary	9598
Romania	5871	Romania	5003	Romania	1259
Switzerland	4890	Switzerland	12093	Switzerland	5499
Denmark	4554	Denmark	16348	Denmark	2064
Total for Others	142848		285234	Total for Others	82105
Others not Listed	14518		18728	Others not Listed	18187
Grand Total	161750		311197	Grand Total	107362

Export Trade Matrix					
Country	Germany				
Commodity	Temperate Hardwood Logs				
Time period	Jan/Dec	Units:	CUM	Jan/Aug	
Exports for:	1999		2000		2001
U.S.	145	U.S.	341	U.S.	-
Others		Others		Others	
Sweden	263780	Sweden	315887	Sweden	283876
Denmark	224780	Denmark	243196	Denmark	146058
Italy	142713	Italy	170252	Italy	89614
China	161775	China	315267	China	250662
Netherlands	75220	Netherlands	84422	Netherlands	61049
Austria	64108	Austria	55659	Austria	42424
Belgium	29494	Belgium	33519	Belgium	18971
France	29293	France	38554	France	22120
Hong Kong	82469	Hong Kong	50159	Hong Kong	41676
Total for Others	991163		1256756		956450
Others not Listed	74696		75295		41558
Grand Total	1148473		1382551		998008

PSD Table						
Country	Germany					
Commodity	Temperate Hardwood Lumber				1000 CUBIC METERS	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Production	1370	1289	1400	1150	0	1150
Imports	650	645	650	550	0	580
TOTAL SUPPLY	2020	1934	2050	1700	0	1730
Exports	560	562	550	360	0	400
Domestic Consumption	1460	1372	1500	1340	0	1330
TOTAL DISTRIBUTION	2020	1934	2050	1700	0	1730

Import Trade Matrix					
Country	Germany				
Commodity	Temperate Hardwood Lumber				
Time period	Jan/Dec	Units:	CUM	Jan/Aug	
Imports for:	1999		2000		2001
U.S.	63833	U.S.	49750	U.S.	28011
Others		Others		Others	
Lithuania	115598	Lithuania	105779	Lithuania	89535
Latvia	46854	Latvia	55240	Latvia	36844
Canada	48932	Canada	34022	Canada	22201
Russia	35332	Russia	63905	Russia	29068
Ukraine	38645	Ukraine	46028	Ukraine	35672
Romania	38738	Romania	22341	Slovakia	10326
Poland	46307	Poland	41253	Poland	22962
France	34553	France	36897	France	14821
Belarus	28219	Belarus	37951	Belarus	25609
Czech Rep	23750	Czech Rep	28440	Czech Rep	13769
Total for Others	456928		471856		300807
Others not Listed	108484		123299		46614
Grand Total	629245		644905		375432

Export Trade Matrix					
Country	Germany				
Commodity	Temperate Hardwood Lumber				
Time period	Jan/Dec	Units:	CUM		
Exports for:	1999		2000		2001
U.S.	804	U.S.	1827	U.S.	1276
Others		Others		Others	
Spain	76636	Spain	87599	Spain	51127
China	56272	China	110061	China	57553
Hong Kong	65887	Hong Kong	62331	Hong Kong	30428
Netherlands	44473	Netherlands	57316	Netherlands	28349
Great Britain	46463	Great Britain	43973	Great Britain	29033
Italy	32838	Italy	34822	Italy	19695
Switzerland	14361	Switzerland	12605	Switzerland	7127
Poland	14286	Poland	15242	Poland	14430
Austria	16700	Austria	19508	Austria	9591
Denmark	16637	Denmark	18436	Denmark	6852
Total for Others	384553		461893		254185
Others not Listed	57916		98016		71550
Grand Total	443273		561736		327011

PSD Table						
Country	Germany					
Commodity	Tropical Hardwood Logs				1000 CUBIC METERS	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Production	0	0	0	0	0	0
Imports	165	161	170	130	0	135
TOTAL SUPPLY	165	161	170	130	0	135
Exports	35	40	35	40	0	40
Domestic Consumption	130	121	135	90	0	95
TOTAL DISTRIBUTION	165	161	170	130	0	135

Import Trade Matrix					
Country	Germany				
Commodity	Tropical Hardwood Logs				
Time period	Jan/Dec	Units:	CUM	Jan/Aug	
Imports for:	1999		2000		2001
U.S.		U.S.		U.S.	
Others		Others		Others	
Cameroon	77692	Cameroon	74255	Cameroon	41325
Gabun	15426	Gabun	23687	Gabun	14386
Congo	17539	Congo	27804	Congo	11333
Liberia	5611	Liberia	8626	Liberia	12710
Equat. Guinea	6078	Equat. Guinea	11739	Equat. Guinea	9444
Zaire	3159	Zaire	5273	Zaire	1530
Centr Afric Rep	3908	Centr Afric Rep	2845	Centr Afric Rep	1703
Total for Others	129413		151384		92431
Others not Listed	4064		9182		2901
Grand Total	133477		160566		95332

Export Trade Matrix					
Country	Germany				
Commodity	Tropical Hardwood Logs				
Time period	Jan/Dec	Units:	CUM		
Exports for:	1999		2000		2001
U.S.	80	U.S.	157	U.S.	
Others		Others		Others	
Netherlands	9710	Netherlands	12090	Netherlands	5336
Great Britain	2367	Great Britain	2099	Great Britain	2100
Denmark	2882	Denmark	6231	Denmark	4048
Switzerland	3451	Switzerland	2701	Switzerland	2184
Belgium	2444	Belgium	2079	Belgium	1313
Sweden	1211	Sweden	867	Sweden	689
Austria	579	South Korea	1156	South Korea	991
Taiwan	467	Taiwan	544	Taiwan	331
France	465	China	4752	China	4227
China	1205	Czech Rep	509	Japan	247
Total for Others	24781		33028		21466
Others not Listed	3016		6573		5667
Grand Total	27877		39758		27133

PSD Table						
Country	Germany					
Commodity	Tropical Hardwood Lumber				1000 CUBIC METERS	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Production	45	30	48	30	0	30
Imports	185	172	190	140	0	145
TOTAL SUPPLY	230	202	238	170	0	175
Exports	50	51	50	54	0	50
Domestic Consumption	180	151	188	116	0	125
TOTAL DISTRIBUTION	230	202	238	170	0	175

Import Trade Matrix					
Country	Germany				
Commodity	Tropical Hardwood Lumber				
Time period	Jan/Dec	Units:	CUM	Jan/Aug	
Imports for:	1999		2000		2001
U.S.	1026	U.S.	1276	U.S.	1016
Others		Others		Others	
Ghana	74206	Ghana	63630	Ghana	39493
Netherlands	17420	Netherlands	9961	Netherlands	5428
Malaysia	56246	Malaysia	50594	Malaysia	18530
Cameroon	9790	Cameroon	13611	Cameroon	12541
Indonesia	9815	Indonesia	9528	Indonesia	5465
Ivory Coast	5200	Ivory Coast	5574	Ivory Coast	4362
Belgium	5273	Belgium	3249	Belgium	1404
Singapore	3104	Singapore	2680	Brazil	1814
Total for Others	181054		158827		
Others not Listed	8855		11559		
Grand Total	190935		171662		

Export Trade Matrix					
Country	Germany				
Commodity	Tropical Hardwood Lumber				
Time period	Jan/Dec	Units:	CUM	Jan/Aug	
Exports for:	1999		2000		2001
U.S.	336	U.S.	901	U.S.	462
Others		Others		Others	
Netherlands	6118	Netherlands	8847	Netherlands	5007
Great Britain	5409	Great Britain	7880	Great Britain	3866
Denmark	5456	Denmark	7541	Denmark	3850
Austria	4331	Austria	5612	Austria	2531
Belgium	3205	Belgium	3184	Belgium	1943
Switzerland	3184	Switzerland	3457	Switzerland	3676
Poland	2318	Poland	3490	Poland	2605
Czech Rep	1569	Czech Rep	1396	Czech Rep	958
Hungary	869	Hungary	928	Hungary	625
Slovenia	682	France	1375	France	949
Total for Others	33141		43710		26010
Others not Listed	4765		5960		6304
Grand Total	38242		50571		32776

PSD Table						
Country	Germany					
Commodity	Softwood Logs				1000 CUBIC METERS	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Production	35000	31653	17000	17000	0	18000
Imports	2750	2953	2800	3000	0	3000
TOTAL SUPPLY	37750	34606	19800	20000	0	21000
Exports	3500	4083	3000	3200	0	3500
Domestic Consumption	34250	30523	16800	16800	0	17500
TOTAL DISTRIBUTION	37750	34606	19800	20000	0	21000

Import Trade Matrix					
Country	Germany				
Commodity	Softwood Logs				
Time period	Jan/Dec	Units:	CUM		
Imports for:	1999		2000		2001
U.S.	26	U.S.	1	U.S.	33
Others		Others		Others	
Belgium	581071	Belgium	572456	Belgium	198037
Czech Rep	512599	Czech Rep	305392	Czech Rep	194684
Russia	519616	Russia	617769	Russia	590376
France	119098	France	485792	France	322575
Estonia	244498	Estonia	155148	Estonia	146264
Finland	157380	Finland	78400	Austria	158388
Luxemburg	62215	Luxemburg	47439	Latvia	48556
Switzerland	77129	Switzerland	155320	Switzerland	50665
Sweden	63563	Sweden	117654	Sweden	88063
Netherlands	75367	Netherlands	162158	Netherlands	92804
Total for Others	2412536		2697528		1890412
Others not Listed	90177		255426		92739
Grand Total	2502739		2952955		1983184

Export Trade Matrix					
Country	Germany				
Commodity	Softwood Logs				
Time period	Jan/Dec	Units:	CUM		
Exports for:	1999		2000		2001
U.S.		U.S.	13	U.S.	
Others		Others		Others	
Austria	1477634	Austria	2083615	Austria	671005
Italy	385189	Italy	572848	Italy	254684
Sweden	323232	Sweden	284623	Sweden	123277
Belgium	163442	Belgium	172990	Belgium	173758
Czech Rep	571009	Czech Rep	595896	Czech Rep	387775
Denmark	93896	Denmark	43910	Denmark	19736
Finland	74909	Finland	52871	Japan	25407
Norway	74058	Norway	44005	Norway	36676
France	47220	France	110585	France	36976
Netherlands	47315				
Total for Others	3257904		3961343		1729294
Others not Listed	85083		124413		81474
Grand Total	3342987		4085769		1810768

PSD Table						
Country	Germany					
Commodity	Softwood Lumber				1000 CUBIC METERS	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Production	15800	15010	15800	14600	0	14600
Imports	5100	5300	5100	4300	0	4500
TOTAL SUPPLY	20900	20310	20900	18900	0	19100
Exports	2600	3202	2600	3300	0	3500
Domestic Consumption	18300	17108	18300	15600	0	15600
TOTAL DISTRIBUTION	20900	20310	20900	18900	0	19100

Import Trade Matrix					
Country	Germany				
Commodity	Softwood Lumber				
Time period	Jan/Dec	Units:	CUM	Jan/Aug	
Imports for:	1999		2000		2001
U.S.	33690	U.S.	25804	U.S.	10244
Others		Others		Others	
Sweden	1023764	Sweden	847387	Sweden	368838
Finland	996110	Finland	913243	Finland	410829
Czech Rep	571306	Czech Rep	474003	Czech Rep	261893
Russia	409032	Russia	523651	Russia	374771
Poland	430697	Poland	394811	Poland	186879
Austria	396423	Austria	470626	Austria	191811
Latvia	327303	Latvia	259482	Latvia	124494
Lithuania	305609	Lithuania	278088	Lithuania	139375
Belarus	304898	Belarus	355644	Belarus	218823
Norway	213970	Norway	164956	Norway	81533
Total for Others	4979112		4681891		2359246
Others not Listed	494330		591943		296306
Grand Total	5507132		5299638		2665796

Export Trade Matrix					
Country	Germany				
Commodity	Softwood Lumber				
Time period	Jan/Dec	Units:	CUM	Jan/Aug	
Exports for:	1999		2000		2001
U.S.	34081	U.S.	215190	U.S.	207375
Others		Others		Others	
France	493940	France	682928	France	418919
Netherlands	335969	Netherlands	439762	Netherlands	282439
Italy	535353	Italy	716326	Italy	388204
Austria	223935	Austria	349890	Austria	148512
Belgium	227107	Belgium	359071	Belgium	175842
Switzerland	94602	Switzerland	98628	Switzerland	64844
Japan	63867	Denmark	55219	Denmark	26309
Great Britain	36713	Great Britain	44027	Great Britain	37186
Slovenia	39365	Slovenia	36776	Slovenia	30241
Spain	32333	Spain	45611	Spain	31169
Total for Others	2083184		2828238		1603665
Others not Listed	104745		158345		115805
Grand Total	2222010		3201773		1926845

PSD Table						
Country	Germany					
Commodity	Softwood Plywood				1000 CUBIC METERS	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Production	0	0	0	0	0	0
Imports	460	444	460	380	0	350
TOTAL SUPPLY	460	444	460	380	0	350
Exports	50	56	50	52	0	50
Domestic Consumption	410	388	410	328	0	300
TOTAL DISTRIBUTION	460	444	460	380	0	350

Import Trade Matrix					
Country	Germany				
Commodity	Softwood Plywood				
Time period	Jan/Dec	Units:	CUM	Jan/Aug	
Imports for:	1999		2000		2001
U.S.	16436	U.S.	5763	U.S.	406
Others		Others		Others	
Finland	49076	Finland	71660	Finland	32404
France	38149	France	43649	France	23486
Spain	13239	Denmark	4160	Denmark	3941
Sweden	5933	Brazil	216214	Brazil	148415
Brazil	169300	Canada	22000	Czech Rep	12163
Canada	39803	Czech Rep	21791	Russia	27480
Czech Rep	14914	Russia	19467	Poland	3011
Russia	15097	Poland	9433	Italy	5414
Poland	6486	Italy	7786		
Italy	4813				
Total for Others	356810		416160		256314
Others not Listed	21117		22031		16292
Grand Total	394363		443954		273012

Export Trade Matrix					
Country	Germany				
Commodity	Softwood Plywood				
Time period	Jan/Aug	Units:	CUM	Jan/Aug	
Exports for:	1999		2000		2001
U.S.	706	U.S.	569	U.S.	521
Others		Others		Others	
Austria	7416	Austria	4680	Austria	2656
Italy	5393	Italy	6377	Italy	1735
France	4845	France	5886	France	1503
Denmark	4695	Denmark	7842	Denmark	12008
Hungary	4557	Hungary	1246	Poland	809
Great Britain	2570	Great Britain	3041	Great Britain	869
Czech Rep	2346	Czech Rep	3417	Czech Rep	2161
Switzerland	2462	Switzerland	3127	Switzerland	2140
Slovenia	2083	Slovenia	2650	Slovenia	2112
Netherlands	1991	Netherlands	1877	Netherlands	3136
Total for Others	38358		40143		29129
Others not Listed	9200		15218		6854
Grand Total	48264		55930		36504

Strategic Indicator Tables

STRATEGIC INDICATOR TABLE: FOREST AREA (million hectares/million cum)			
	2000	2001	2002
Country:	Previous	Current	Following
Report Year:	Calendar Year	Calendar Year	Calendar Year
Total Land Area	35,703	35,703	35,703
Total Forest Area	10,493	10,495	10,495
--of which, Commercial	10,450	10,450	10,450
----of commercial, tropical hardwood	0	0	0
----of commercial, temperate hardwood	3,650	3,650	3,650
----of commercial, softwood	6,800	6,800	6,800
--of forest area, non-commercial	100	100	100
Forest Type			
--Of which, virgin	n/a	n/a	n/a
--Of which, plantation			
--Of which, other commercial (regrowth)	10,250	10,250	10,250
Forest Ownership			
--Nationally owned and no commercial access	100	100	100
--Nationally owned, commercial logging permitted			
--Other publicly owned land, no commercial access			
--Other publicly owned, logging permitted	5,600	5,600	5,600
--privately owned commercial forest	4,750	4,750	4,750
Total Volume of Standing Timber	2,900	2,900	2,900
--Of which, Commercial Timber	2,815	2,815	2,815
Annual Timber Removal 1/	53.7	33.4	38.0
Annual Timber Growth Rate	48	48	48
Annual Allowable Cut			
1/ If Removals exceeds growth rate, analyze impact in text.			

STRATEGIC INDICATOR TABLE: CONSTRUCTION MARKET			
	2000	2001	2002
Country:	Previous	Current	Following
Report Year:	Calendar Year	Calendar Year	Calendar Year
Total Housing Starts (number of units)	408,000	337,000	305,000
--Of which, wood frame	25,000	21,000	21,000
--Of which, steel, masonry, other materials	383,000	316,000	284,000
--Of total starts, residential	369,000	300,000	270,000
----Of residential, single family	230,000	190,000	175,000
----Of residential, multi-family	139,000	110,000	95,000
--Of total starts, commercial	39,000	37,000	35,000
Total Value of Commercial Construction Market ($US million)	67,652	63,600	60,500
Total Value of Repair and Remodeling Market ($US million)	12,941	12,500	11,900
Are tariffs on softwood from the United States higher, equal or lower than softwood imported from other countries? 1/	U.S. suppliers have to compete with internal EU competitors, who do not have to pay any import tariffs.		
Are tariffs on plywood from the United States higher, equal or lower than plywood imported from other countries? 1/	see no. 14		
Are non-tariff barriers on softwood from the United States higher, equal or lower than softwood imported from other countries? 1/	Phytosanitary requirements may cause additional costs for U.S. exporters		
Are non-tariff barriers on plywood from the United States higher, equal or lower than plywood imported from other countries? 1/	see no. 16		
Are there market development programs for construction, softwood or plywood imports funded by foreign governments?	Yes		
If yes, identify the following:			
--Country(ies)	Canada	Nordic countries	Austria
--Form(s) of competition: Export subsidy, trade show, trade servicing, permanent market representative (number), permanent office (location), or other. 2/			
--Estimated annual market expansion outlay ($US million) by country			

Is the acceptability of U.S. style timber frame construction (i.e., per building codes, mortgage availabity, etc.) high, medium or low? 3/	low		
Are consumer preferences for solid wood materials vis-a-vis non-wood materials in construction high, medium or low? 3/	low		
From Post's experience, is the willingness of U.S. suppliers to deliver product per importers' specifications low, medium or high? 3/	medium		
If price quotes for construction and structural wood products are available, identify the leading source(s)	Zentrale Markt- und Preisberichtstelle Gmbh (ZMP), Rochusstrasse 2, D-53123 Bonn, Germany		
1/ If other than equal, explain in report text.			
2/ If "other", then explain in report text.			
3/ If low or medium, explain in report text.			

STRATEGIC INDICATORS TABLE: FURNITURE & INTERIORS MARKET			
	2000	2001	2002
Country:	Previous	Current	Following
Report Year:	Calendar Year	Calendar Year	Calendar Year
Total Housing Starts (number of units)	408,000	337,000	305,000
Total Number of Households)	37.6 mill	37.6 mill.	37.7 mill
Furniture Production ($US million)	20,957	20,250	20,350
Interiors Market Size ($US million)	6,177	5,300	5,300
Total Furniture Imports ($US million)	5,816	5,920	5,950
Total Furniture Exports ($US million)	4,221	4,450	4,500
Are tariffs on hardwood from the United States higher, equal or lower than hardwood imported from other countries? 1/	U.S. Suppliers have to compete mainly with companies from other EU countries and eastern European countries with zero import tariffs.		
Are non-tariff barriers on hardwood from the United States higher, equal or lower than hardwood imported from other countries? 1/	equal		
Are there market development programs for furniture or interiors market expansion funded by foreign governments?	n/a		
If yes, identify the following:			
--Country(ies) 2/			
--Form(s) of competition: Export subsidy, trade show, trade servicing, permanent market representative (number), permanent office (location), or other. 3/	Trade Shows and trade servicing		
--Estimated annual market expansion outlay ($US million) by country			
From Post's experience, is the willingness of U.S. suppliers to deliver product per importers' specifications low, medium or high? 4/	Preferred German style furniture differs significantly fromwhat is offered by American companies at furniture fairs in Germany.		
If price quotes for furniture and interiors products are available, identify the leading source(s)			
1/ If other than equal, explain in text.			
2/ If more than one country, report each country individually.			
3/ If "other", explain form of subsidy in text.			

4/ If low or medium, explain in test.			

STRATEGIC INDICATOR TABLE: MATERIAL HANDLING MARKET			
	2000	2001	2002
Country:	Previous	Current	Following
Report Year:	Calendar Year	Calendar Year	Calendar Year
Total Value of Industrial Output ($US million)	513,069	505,000	512,000
New Pallet Production (million units)	51	49	49
Are consumer preferences for solid wood pallets and packaging materials vis-a-vis non-wood materials high, medium or low? 1/	high		
Are industry/trade preferences for repaired/recycled pallets over new pallets low, medium or high? 1/	high		
From Post's experience, is the willingness of U.S. suppliers to deliver product per importers' specifications low, medium or high? 1/	There are hardly any wooden pallets imported from the U.S.		
Identify leading source(s) of price quotes:			
Are there market development programs for the materials handling market expansion funded by foreign governments?	no		
If yes, identify the following:			
--Which Countries?			
--Form(s) of competition: Export subsidy, trade show, trade servicing, permanent market representative (number), permanent office (location), or other. 2/			
--Estimated annual market expansion outlay ($US million) by country			
1/ If low or medium, explain in text of report.			
2/ If "other", explain in text of report.			

STRATEGIC INDICATOR TABLE: WOOD PRODUCTS SUBSIDIES			
	1999	2000	2001
Country:	Previous	Current	Following
Year of Report	Calendar Year	Calendar Year	Calendar Year
Total Solid Wood Export Subsidy Outlay ($US million)	0	0	0
Is there a ban on the export of logs, lumber, or veneer? If yes, which?	no	no	no
Are there export taxes (yes/no)? 1/	no	no	no
If yes, for which products? (Identify export tax level in tariff table)			
Source(s) of Export Subsidy Information			
Total Wood Production Subsidy Outlay ($US million)			
Are there any programs favoring the development of commercial forestry?	yes		
If yes, Post best estimate of scope (thousands of hectares)	There is an annual reforestation of up to 2,000 hectares.		
If yes, Post's best estimate of financial outlay ($US million)			
Source(s) of Production Subsidy Information			
Does the country support export expansion activities similar to the Cooperator Program?	no		
--Which country markets are targeted?			
--Which products are targeted?			
Are there significant wood products export expansion activities at the provincial or regional level?	no		
--If yes, identify key players			
--If yes, identify key market segments			
--If yes, identify key country markets			
--If yes, identify key products			
--Post's estimate for combined outlay ($US million)			
Source(s) of Provincial/Regional Support Information			
Are there other wood products export expansion activities? If yes, describe in report.	no		