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Solid Wood Products

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Report Highlights:
The stronger Euro helps certain segments of the U.S. wood products industry to export to Germany and other European countries. During Jan-Sep 2004 oak lumber sales improved by 50 percent; so did also softwood lumber shipments to Germany. However, competition from central and eastern European countries remains strong. The German construction industry is still in recession and not foreseen to recover soon. The German furniture industry is increasingly exploring export markets for furniture and on the imput side increasing demand for high quality hardwood lumber. German softwood and hardwood lumber exports to the United States have been growing significantly during recent years, taking advantage of the strong U.S. construction economy and the high import duties for Canadian softwood lumber.

Includes PSD Changes: No
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Executive Summary

The weaker U.S. dollar versus the Euro provides a base for growing sales of U.S. timber products to Germany. Trade data for the first nine months of CY 2004 indicate increased sales of hardwood lumber and veneer, which represents a recovery to 2001 levels. As of May 2004, U.S. exporters face increasing competition from timber suppliers from the new member states located in central and eastern European countries.

U.S. wood product sales to Germany are closely linked to the wellbeing of the German furniture industry and the housing market. Housing starts dropped by about 8 percent in 2004 but the furniture industry reports an increase in turnover of about 2 percent for 2004. The furniture industry is counting on increased export demand, initiated by an economic turnaround in Europe and further growth of the markets in Eastern Europe and in Asia as well as in the United States.

Due to the weak domestic market, the German wood industries are expanding their activities to export markets outside the EU and outside Europe. German sales of softwood lumber for the construction and packaging industry, wooden panels and other wood products grew by more than 25 percent to a total value of U.S.$3.82 billion (tariff codes 4401:4413) during January to September 2004. Aside from European markets, German exporters are increasingly penetrating Asian markets, in particular China, Hong Kong, Japan and South Korea. The U.S. market is also being intensively targeted by German wood product exporters.

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

1998: $1 = Euro 0.8990	2001: $1 = Euro 1.1166
1999: $1 = Euro 0.9383	2002: $1 = Euro 1.0575
2000: $1 = Euro 1.0827	2003: $1 = Euro 0.8840
	Oct 2004: $1 = Euro 0.7698

German Economic Situation

Private investment in housing and furniture has suffered under the negative economic environment. For many years, construction had been one of the big economic engines in Germany. This has changed considerably since the mid-1990s. Today, export markets are the main engine of growth for the German economy. About 64 percent of German exports are shipped to neighboring EU countries. Shipments to countries in the Euro zone amount to 43 percent. The U.S. receives more than 9 percent of total German exports. The German economy fears that the current strength of the Euro could have a negative impact on its export competitiveness in non-EU markets.

The economic situation in Germany has not yet noticeably improved since the two years of stagnation in 2002 and 2003. Real GDP growth for 2004 is estimated to reach 1.5 to 1.8 percent, which is slightly below the growth average of the 12 member countries of the European Currency Union. In November 2004, the OECD lowered its growth outlook for the German economy in 2005 to 1.5 percent. The German government is still somewhat more optimistic for 2005 expecting a growth rate of 1.8 percent. A number of reforms of the German health care system and the labor market have been implemented in 2004 or are awaiting implementation in January 2005. When these reforms are in place, the government hopes to lower public expenses in these two sectors, which should also yield lower incidental wages costs.

The predicted growth rate of 1.5 percent for 2005 will mainly be driven by strong export demand. However, the enormous strength of the Euro has the potential to slow down export sales. Domestic retail sales have been slightly in the negative for the past three years. Continuous talk about increased unemployment (11 percent) and rising budget deficits does not inspire consumers to spend more money. Actually, the average savings rate (calculated as a percentage of the disposable income, which was put into savings) did rise over the past five years from 9.7 to now 10.9 percent. However, there is hope that the soon to be implemented labor market reform will shift somewhat more responsibility back to the recipients of social benefits. The reform is intended to inspire the unemployed to accept offered jobs even if they do not necessarily fully match with their training skills. If this program is successful then not only the unemployment level should be lowered and the stress on budgets be eased, but also labor cost should be lowered. The competitiveness of the German industry for export as well as domestic markets should also be improved. Further needed reforms such as the income tax system seem to be on hold until the positive effects of the labor market and health reforms are recorded.

Production

The German commercial timber harvest for CY 2004 is roughly estimated at 51.0 million cubic meters (CUM), which is about the same level as in CY 2003. Compared to previous years, this is a significant increase of more than 20 percent. Forest experts are confident that the higher harvest rate will persist in the future. Part of this increase results from forest owners, public and private, being forced to look at their forests with a more business-oriented view. In the past, in particular private forest owners viewed their forests pretty much as a savings bank, which was significantly under harvest. Other factors that support a higher German harvest rate include the more consolidated structure of the saw milling industry and an increase in the use of wood as an energy resource.

A recently released national forest inventory (see www.bundeswaldinventur.de) revealed that the annual re-growth rate of wood in German forests is calculated at an average of 55 CUM/hectare. This means that about 95 Million CUM of additional wood are growing. This compares with an annual harvest of about 50 million CUM. However, the official harvest numbers do not fully represent all the wood taken out of the forest during one year. In addition, not all of the re-growth is harvestable. The inventory report also says that German forests hold a total wood inventory of 3.38 billion CUM followed by Sweden (2.93 Billion CUM) and France (2.89 Billion CUM). Calculated on the base of wood stocks per hectare of forest area, in Europe only Austria and Switzerland record higher supplies per hectare.

If we look at the wood supplies by type of forest ownership it is evident that private forest owners who own about 44 percent of all German forests have under-harvested their forests. Wood supplies in these private forests are about 6 percent higher than the average. Looking at the age classes it is evident that the biggest age class had been planted shortly after Worldwar II (21 percent). Private forests hold the biggest share of softwood trees, mainly spruce (63 percent). Actually, this was the most economic and quickest way to re-cultivate forest land.

Table 1: German Timber Harvest in 1000 CUM

	Logs	Slee-pers	Industr Wood Long	Industr Wood Short	Stacked Wood	Other Wood	All
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	815	9	304	119	288	284	1,819
2002	673	12	272	92	245	269	1,563
2003	856	11	382	120	343	355	2,067
2004*	860	10	400	110	350	370	2,100
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	3,376	43	2,537	740	1,067	1,194	8,957
2002	2,642	30	2,130	630	1,171	1,038	7,641
2003	2,774	47	2,535	688	1,510	1,232	8,786
2004*	3,000	50	2,500	650	1,500	1,200	8,900
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	14,296	53	729	2,556	703	1,474	19,811
2002	16,978	19	754	2,853	2,151	1,221	23,976
2003	21,761	18	965	3,298	2,880	1,635	30,557
2004*	21,500	20	960	3,300	2,800	1,620	30,200
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	3,853	8	592	3,079	925	440	8,897
2002	4,090	2	437	3,231	1,058	383	9,201
2003	5,119	3	505	2,634	1,034	476	9,771
2004*	5,100	5	505	2,650	1,070	470	9,800
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	22,340	113	4,162	6,494	2,983	3,392	39,484
2002	24,383	63	3,593	6,806	4,625	2,911	42,381
2003	30,510	79	4,387	6,740	5,767	3,698	51,181
2004*	30,460	85	4,365	6,710	5,720	3,660	51,000

* FAS Bonn Forecast
Source: Federal Ministry of Agriculture

As a result of the continued sluggish economy, timber prices have come under significant pressure in CY 2004. The outlook for CY 2005 does not provide much chance for a substantial upward development. In particular, the strength of the Euro since the last quarter of CY 2004 may limit Germany's export opportunities in the Americas and in the growing Asian markets.

Table 2: German Timber Price Index - 2000 = 100%

	1997	1998	1999	2000	2001	2002	2003	2004*
Total Roundwood	102.9	110.3	114	100	98.9	98.8	97.4	88
Total Logs	105.1	112.6	116.3	100	98.8	98.1	95.6	87.5
- Oak	99.9	96.7	110.9	100	99.1	98.0	94.5	90.0
- Beech	92.6	96.2	101.7	100	101	94.6	87.2	75.0
- Spruce	112	121.7	124.3	100	99.2	101.0	100.0	93.0
- Pine	98.3	102.8	105.2	100	94.2	93.1	96.5	95.0.
Total Indust Wood	91.5	99.5	103.3	100	99.3	102.1	106.2	90.0
- Oak	110.4	89	102.6	100	102.5	105.4	141.0	122.0
- Beech	93.5	99.5	106.1	100	101.7	105.7	107.0	115.0
- Spruce	96.1	101.5	99.7	100	97.7	103.5	112.6	88.0
- Pine	83.2	98.9	104.2	100	97.5	96.4	96.0	50.0

* prelim.
Source: FedMinAgr.

Within the next several years, Germany plans to reform the national forest law, which defines environmental, economical and social targets of forest management. The main political targets for the amendment of the law are laid down in a recently published strategic paper by the Federal Ministry for Consumer Protection, Food and Agriculture (BMVEL), which is also responsible for national forest and wood marketing programs:

- Sustainable forest management – Already the current regulations financially support a reshaping of German forests by differentiated subsidy levels for reforestation. Forest owners are compensated for 50 percent of their reforestation cost if they plant softwood trees, 70 percent for mixed forests with at least 30 percent hardwoods, 85 percent for mixed forests of least 20 percent softwoods and 90 percent for natural regeneration. Mixed forests are more sustainable to wind damages, droughts and extensive rains. Genetic engineered trees will be prohibited.
- Reduction of game population to improve natural re-growth of mixed forests
- Increase of wood utilization by 20 percent over then next ten years. In particular the energetic use of wood should be supported.
- Fight against illegal logging - BMVEL favors the FSC certification scheme to prevent imports of illegally logged wood into Germany.

Forest Certification

Already 65 percent of German forest area is PEFC (Platform for the Endorsement of Certification Schemes) certified. The FSC (Forest Stewardship Council) system has not penetrated the German market yet. Their share of FSC certified forests amounts to 5 percent. A number of community and smaller state forests are certified by both systems. The vast majority of wood sawmills are chain of custody certified. This, however, does not imply that all of their produce originates from certified forests.

In the German media there is frequent reporting about FSC certification as a proof of proper sustainable forest management or as proof that the wood was legally harvested. Actually, a number of do-it-yourself retail chains advertise that part of their wood products are FSC certified. Also the Green Party managed to incorporate their preference for the FSC scheme into the governmental coalition agreement. BMVEL intends to have the federally-owned forests FSC certified but faces opposition by the Federal Ministry of Economics, which is run by a minister of the Social Democrats Party.

Forest Damages

After a summer with an extreme and extended heat period in 2003, German foresters report that German forests this year are in very bad condition. In particular, hardwoods show significant signs of vitality stress. The share of trees without any signs of damage has dropped to an all-time low of 28 percent. Forest health status reports have been prepared since 1984. The hot summer of 2003 followed by a very mild winter supported the development of bark beetles, which again additionally stressed the forests this year. The forest owners association expects that it will take several years until the forests can compensate for and regenerate from the stress year 2003.

Consumption

Total annual wood use by the German wood working industry is roughly estimated at about 58 million cum in CY 2003. Almost half of the raw timber (45%) is used by sawmills for lumber production. The German sawmilling industry consists of about 2,000 to 3,000 sawmills, depending on the statistical definition, producing a total of almost 16.4 million CUM of softwood lumber and 1.1 million CUM of hardwood lumber. The number of small mills producing less than 5,000 CUM annually is rapidly shrinking. In particular, the sluggish domestic construction industry has led to the closure of small mills. The majority of small sized mills cut softwood lumber for the local construction market. Since most single unit houses are individually designed, construction lumber is usually supplied by small mills. The other end of the market are big companies producing standardized product. About three percent of all sawmills produce about two thirds of German softwood lumber output. All of these mills are using the modern profiler technology. These big mills increasingly concentrate on production for export markets within Europe and overseas. About 20 to 25 percent of German softwood lumber is already sold outside of Germany. Despite the sluggish demand in the domestic construction sector, German softwood lumber production is expected to grow at a slow rate because the big mills are very modern and therefore competitive in the European market.

Big sawmilling companies have been investing into production locations that can supply the international markets. In particular, the U.S. East coast construction timber market has purchased an increasing volume of German softwood lumber. Despite the enormous re-valuation of the Euro versus the U.S. dollar, the U.S. market has become the number one export market for German softwood lumber exports. U.S. customers purchase about 7 percent of total German softwood lumber production.

The temperate hardwood market is much smaller. Germany produces 1.2 million CUM of predominantly beech and oak lumber. Close to 50 percent is destined for export markets. The Chinese market used to be the prime market for German beech lumber manufacturers during the past four years. In CY 2004, German exports to the China including Hong Kong were nearly cut in half while oak log sales to China quadrupled. According to traders, Chinese customers had complained about quality problems and high prices for beech lumber. New customers for German beech lumber were found on the Iberian Peninsula and in particular the United States. The biggest German hardwood sawmiller, the Pollmeier company recently reported that they plan to build a new large scale hardwood mill in a beech and oak growing area. Trade contacts say that this mill is supposed to produce for export markets including exports to North America. However, German hardwood mills face strong competition from Central and Eastern European and Baltic suppliers.

The German paper industry reports a 5 percent increase in the production of both graphic and packaging papers to a forecast total of 20.2 million MT in CY 2004. German paper exports also went up 5 percent and may reach 11.2 million MT versus 10.7 million MT in CY 2003. A particular target for German paper exports is China, where per capita paper consumption is estimated at 29 kilograms versus 225 kilograms in Germany. [The use of recycled paper amounts to 65 percent, which represents the targeted maximum use by the industry. There is hardly any more usable old paper available for recycling.

In October 2004, a new pulp mill went into operation near Stendal in Sachsen-Anhalt. Under full operational conditions, the annual production capacity is expected to amount to 550,000 tons of bleached long-fiber pulp. The mill will process two million CUM of softwood roundwood and one million CUM of wood chips. The main investor in this operation is the American-based Mercer International from Seattle. Mercer is also the leading partner in a pulp mill in Blankenstein, Thueringen, a mill with an annual production capacity of 250,000 tons of pulp. The investment volume in Stendal is reported to amount to one billion Euro of which 250 million Euro were financial grants from the EU, the German federal government and the State of Sachsen-Anhalt.

A growing competitor for timber and timber by-products is the energy market. Production of energy pellets is estimated to reach 100,000 MT in CY 2003. Pellet production capacity is forecasted to rise to about 500,000 MT until 2010. Pellets are primarily made from by-products of profiler mills. The German government subsidizes the installation of wood pellet production plants and wood heat plants.

Table 3: Timber Use in Wood-Using Industry in 1000 CUM

	1997	1998	1999	2000	2001	2002	2003
Sawmills							
Dom Wood							
Softwood	18,072	17,662	17,496	18,552	18,349	20,286	21,547
Hardwood	1,214	1,282	1,643	1,648	1,549	1,339	1,123
Imp Wood	326	562	436	1,405	1,584		
All	19,612	19,506	20,173	21,605	21,482	21,625	22,670
Veneer Mills *)							
Dom Wood							
Softwood	54	83	100	97	56	61	41
Hardwood	254	256	237	208	185	156	169
Imp Wood	54	49	43	44	50		
All	362	388	380	349	291	217	210
Plywood							
Dom Wood							
Softwood	140	148	152	n.a.	151	103	99
Hardwood	n.a.	159	152	154	62	51	50
Imp Wood	n.a.	11	13	n.a.	n.a.		
All	320	318	317	154	213	154	149
Fiberboard**							
Industrial Wood	1,058	1,411	1,645	1,784	2,315	3,638	4,687
Cut-offs Slabs + Residues	2,769	863	1,052	1,080	2,166	5,613	6,141
All	3,827	2,274	2,697	2,864	4,481	9,251	10,828
Particleboard**							
Round Timber	2,899	2,743	2,525	2,522	2,960	4,118	4,829
Cut-offs Slabs + Residues	6,112	6,053	5,596	6,418	5,838	12,996	12,506
All	9,011	8,796	8,121	8,940	8,798	17,114	17,335
Cellulose & Paper Ind							
Softwood	2,764	2,730	2,544	3,197	2,982	2,886	3,315
Hardwood	761	873	952	1,006	1,019	1,062	1,116
Cut-offs Slabs + Residues	3,509	2,752	2,479	3,046	2,920	2,994	2,942
All	7,034	6,355	5,975	7,249	6,921	6,942	7,373
Grand Total	41,863	40,657	37,663	41,161	42,186	55,303	58,565

* Decorative veneers only
** Begining 2002 calc. in CUM of stacked wood
Total numbers do not add. Table serves as a relative picture of German wood use.
Source: Federal Ministry of Agriculture

Construction

The German construction market is still in a consolidation process and has not yet reached the bottom floor. Construction numbers like those of the 1990s will never be reached again. Actually, the German government is intensively debating to stop any kind of subsidization of home construction. Although there are housing shortages in desired regions there are also significant surpluses in many other regions. Demographic studies also indicate that the German population is going to shrink by several million over the next thirty years, unless the extremely low birth rate in Germany is offset by increased immigration. A shrinking of the German population will mean that there will be a surplus of homes in Germany.

Unsurprising, despite historic low financing costs of 4 to 5 percent interest for 5-year mortgages not many investors are inspired to build new houses. Current home construction is primarily for private housing. The number of construction permits in CY 2004 is expected to drop by about 8 percent to 240,000 units. It is likely that a portion of the granted permits will remain unused or actual construction will be postponed by up to five years, which corresponds with the maximum validity length of these permits.

German housing is predominantly masonry. However, wooden houses gained popularity during recent years mainly for their superior energy efficiency. In addition, home owners also build wooden houses in order to distinguish themselves from the normal housing market. A third reason for the growing popularity of wooden homes is the significantly shorter construction period of only 3 to 4 months versus 9 to 12 months for masonry building. The German wooden prefab houses association reports for 2004 an estimated increase in demand of about 4 percent. According to the statistics of the prefab house association, about 10,4000 homes have been built this year. The growth rate in 2003 was reported at 6 percent. In Germany, wooden homes are not necessarily cheaper than masonry building because of their often superior interior outfit. About one third of the wooden prefab houses are sold as partly finished projects, which require considerable workmen's input by the customer.

The renovation and modernization of homes generally follows the downward trend in the German construction market. Real estate experts report that the number of empty homes and office space is rising. The forecasted recovery of the German economy in 2004 will initially reduce the level of vacant space but it may be some time before more new buildings will be erected. In the eastern part of Germany up to 1 million apartments are reported vacant. The government started a destruction program for many of the unsuitable buildings. The same is also intended for rental home buildings built in the 1950s and 1960s in Western Germany. In less favored regions an increasing number of apartments have already been unused for years.

Table 4: Housing Permits and Housing Starts in Germany

	Permits			Housing Starts			
	Private Homes	Commercial Buildings	Total	Single +Duplexes	Multiple Units	All Private	Commercial 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	54,500
2001	257,677	33,407	291,084	185,400	100,600	286,000	40,200
2002	243,228	30,892	274,120	172,874	80,826	253,700	32,687
2003	263,334	33,520	296,854	165,162	102,941	268,103	44,806
2004*	240,000	30,000	270,000	155,000	70,000	225,000	35,000
2005*	230,000	30,000	260,000	145,000	70,000	215,000	30,000

*Forecast FASBonn

Source: Federal Statistics Office + FASBonn - www.destatis.de

Flooring Industry

Parquet consumption in 2004 is estimated at 19 million sqm, a reduction of only 2 percent. Compared to the overall reduction in the construction market of 35 percent over the past six years, the parquet industry is still doing very well. Parquet is predominantly used in high value single or double unit houses. With respect to the different types of parquet, the available data for CY 2004 indicates that the demand for high value single layer strip and mosaic parquet dropped significantly by 13 percent and 27 percent, respectively. Also domestic production of these parquet types dropped by 18 percent to 900,000 m2 (strip parquet) and 33 percent to 600,000 m2 for mosaic parquet. Production and demand for multi-layer parquet is taking advantage of the problems in the market segment for higher priced parquet types. Multi-layer demand is rising by 7 percent to 14.7 million m2 and domestic production is expected to rise by 14 percent to 9.5 million m2. The parquet industry is optimistic that the market will remain stable in 2005.

Preferences for wood species of the past several years have not changed. Germans prefer light colored wood species, namely oak (40%) and beech (30%), followed by hard maple, birch, ash and cherry. Flooring experts claim that demand for dark color flooring in combination with light color species is increasing. Soft maple and white ash are not in high demand by German flooring manufacturers. Actually, the term soft maple may be misleading for flooring wood. A German importer suggests renaming it Red or Silver Maple, which is supposedly synonymous with soft maple. Hard maple and cherry lumber for parquet production are predominantly imported from the United States.

The lower price alternative for solid wood flooring is high pressure laminate (HPL) flooring which is predominantly installed in multi-unit homes or also often selfinstalled by tenants. HPL sales in CY 2003 were estimated at about 60 million square meters.

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	11,475	19,163	5,404	25,234
2001	10,240	17,161	5,521	21,880
2002	9,931	15,928	6,326	19,533
2003	10,337	14,787	5,695	19,429
2004*	10,500	14,400	5,900	19,000

*Forecast

Source: Federal Statistics Office

Windows

The demand for wooden window frames is strongly shrinking. Wooden frames are being replaced by plastic frames since these require less maintenance and can possess better insulation properties. Wooden windows are not foreseen to regain market shares in the foreseeable future. The predominant wood species is dark red meranti followed by European pine. Oregon pine and hemlock have only a relatively small market share of less than 10 percent.

Table 6: Production Developments on the German Window Market (mill. units)

	1998	1999	2000	2001	2002	2003	2004*	2005*
Wood Windows	5.9	5.4	4.6	3.6	3.1	2.6	2.4	2.2
Plastic	12.2	12.1	10.7	8.6	7.1	6.5	6.2	5.9
Aluminum	3.7	3.5	3.4	3.1	2.9	2.5	2.4	2.3
Alu + Wood	0.8	0.8	0.7	0.7	0.8	0.7	0.7	0.7
All Types	22.6	21.8	19.5	16.0	13.9	12.3	11.7	11.1

* Forecast

Source: German Windows Manufacturers Ass'n www.window.de

Furniture

The German furniture industry reports an increase in furniture sales for the first nine months of 2004 of 1.5 percent. In particular, kitchen furniture did well this year with an increase of 5.9 percent. Export sales actually went up by 9.3 percent. Total furniture exports went up by 5.9 percent and make up for 26 percent of domestic furniture production. The main target markets for German furniture are neighboring EU countries.

The German furniture industry is a typical small to mid-sized industrial business. The number of manufacturing companies dropped by 3.4 percent to 1,293 companies in 2003, which is about the same consolidation speed as in 2002. This consolidation is partly due to the generally sluggish economic situation but also influenced by an ongoing relocation process of going east. A number of German furniture makers decided to move their production facilities to Poland and other central and eastern European countries because of significant cost advantages. In particular labor and investment costs are lower in Eastern Europe.

The move of production facilities to Eastern Europe also has the effect that these manufacturers increasingly source their timber inputs from the surrounding regions. The quality of processed timber has improved significantly in Eastern Europe, making this region increasingly competitive against U.S. high quality logs and lumber.

In CY 2004 (Jan-Oct), German furniture production is estimated to have grown by 1.5 percent. The third quarter of 2004 actually showed an increase of 4.9 percent, which leaves hope that the negative production trend in the furniture industry has ended. Total annual turnover in CY 2003 was reported at Euro 19.8 billion ($22.4 billion). The additional demand in 2004 comes from European customers outside of Germany. In Europe, Germany is by far the biggest furniture market, total retail sales amounting to Euro 30.5 billion in 2002, followed by the United Kingdom (Euro 14.3 billion), France (Euro 11.9 billion) and Italy (Euro 11.7 billion).

Export markets are of growing importance to the German industry, accounting to Euro 4.92 billion in 2003, which is about 25 percent of production. Ten years ago, only 15 percent of German-made furniture was destined for export. The main export markets are to the neighboring countries of the Netherlands, France and Austria. The EU 15 region took about two thirds of all German furniture exports. Growth markets for German furniture are in the new EU member countries and other eastern European countries despite their position as strong competitors. China and other Asian markets have already been successfully developed by German companies. Despite the strong Euro, exports to the United States have grown by 6.7 percent during Jan-Sep 2004 to Euro 164.5 million ($ 213.7 million). This compensates for the losses in 2003. In 2005, the German furniture industry intends to participate in trade fairs in Dubai, Guanghzou, Tokyo, Moscow and New York
German furniture imports in 2003 grew slightly by 0.4 percent to Euro 6.8 billion ($ 8.8 billion). Growth resulted nearly exclusively from imports from eastern European countries, which does not surprise because many German manufacturers relocated their production facilities into this region. Also Asian countries, namely China and Indonesia, increased their exports to Germany. These new suppliers are replacing other traditional western European competitors – Italy lost 17 percent of its sales to Germany. In 2004, the trend of the preceding years continued. In particular, China is gaining market share. Imports from the United States dropped by 20 percent during Jan/Sep 2004 versus the same period in 2003, to $20 million.

The preference scale for wood species by the German furniture industry did not change significantly in 2004. Consumers continue to favor light color wood species, namely European beech. At this year's international furniture fair in Koeln (Cologne), white oak was displayed far more than in previous years. Other species of interest are birch and hard maple. Black cherry and walnut continue to be in demand for the high quality furniture market.

The German veneer industry reports a major decrease in production capacity, which has been moving into the eastern countries of Europe. Veneer mills are also moving to the site of the raw material. Production statistics for 2003 indicate a reduction of about three percent to 195,640 CUM. In CY 2004, German veneer production is expected to remain stable at about 200,000 CUM. In 2002, about 33 percent of all sheet veneers were from beech, versus 44 percent in 2001, followed by black cherry (18 percent versus 14 percent in 2001), birch (10 percent) tropical woods (13 percent), hard maple (6.5 percent) and oak with only 5.5 percent. A slow revival for oak products is noticeable in 2004.

Panel Industry

In 2004, the German particleboard industry increased its production by about 7 percent to 9.5 million CUM. Stable domestic but significantly increasing export demand drove up domestic production. Prices also improved by about 6 percent. About one quarter of domestic production is for export markets. Main markets are Denmark, United Kingdom and Poland. Also China has been established as a stable market. Exports to the United States nearly doubled during Jan-Sep 2004 to 6,100 CUM. Since particleboard has to compete with medium density fiberboard (MDF) in furniture production, industry experts do not expect that German production of particleboard will ever reach a level above 10 million CUM, as occurred in 2000. New investment in wooden panel production will be preferably in MDF and OSB facilities.

Oriented strandboard (OSB) production capacities in Germany have increased to about 1.1 million CUM during recent years. Actual production of OSB in 2004 is roughly estimated at 850,000 CUM. Industry experts are optimistic that OSB will capture market shares from other panel products. In particular, softwood plywood will be increasingly replaced by OSB. Major softwood plywood suppliers are Brazil, Finland and Russia. Germany is a net exporter of OSB of about 200,000 CUM in 2004. Actually, the two biggest markets for German OSB are Japan and the United States.

All three German OSB production plants are located in Eastern Germany. These plants were built with the financial assistance of the EU and the German government. Roughly 25 percent of the investment volume was subsidized. These subsidy programs also apply to other industry investments in Eastern Germany.

MDF production in Germany is estimated at 4.7 million CUM in 2003 compared to 2.9 million CUM in 2002. Estimates for CY 2004 indicate a further minor increase to about 4.8 million CUM. MDF will be the panel of the future for furniture production and other purposes such as base material for high-pressure density laminates (HDL). MDF has promising markets domestically but is also successful in export markets. About 877,000 tons have already been exported in Jan/Sep 2004, which is 10 percent more than in Jan/Sep 2003. Imports are much lower, at 181,000 tons in Jan/Sep 2004. The number one supplier is Switzerland. Most important markets for MDF outside Europe are the United States (55,000 tons), Canada and Saudi Arabia.

The panel industry fears cost increases for raw material in the coming years partly because a new large scale pulp mill in Stendal, west of Berlin, has gone into operation in 2004 and partly because increasing volumes of sawmill residues and recycled wood and wood chips will be used in energy production and will not be available for panel production. The EU intends to increase the portion of its energy sourced from renewable resources (solar, biomass, water) from 13.9 percent in 1999 to 22 percent in 2010. Germany will have to increase its share from 6 percent to 13 percent. In Germany, wood pellet production for energy purposes has increased from 23,000 tons in 2001 to an estimated 123,000 tons in 2003. By 2010, a further increase to 500,000 tons is forecast.

Trade

German imports of U.S. wood and wood products in CY 2003 improved by about 10 percent, to $159 million (tariff codes 4401-4421). This development is especially attributed to the strength of the Euro. The growing strength of the Euro versus the dollar is reflected in further increased U.S. shipments to Germany during the first 9 months of CY 2004. Imports from the U.S. went up by about 4 percent to $124 million. The improvement occurred namely in the oak lumber market. Actually, this is only a recovery to more normal export levels since hardwood shipments had fallen significantly in 2001. U.S. sales of hardwood lumber in 2003 also improved by 15 percent, again a recovery to the 2001 level. Traders expect that the current strength of the Euro will further support U.S. timber business with Germany. Shipments of U.S. softwood plywood have practically ended. Only 269 CUM at a value of $142,000 were shipped to Germany in 2003 versus $5.9 million in 1999. Aside from the strong dollar through 2002 and the slow economy in Germany, the build-up of OSB production capacities in Europe also hindered American plywood sales into Germany. U.S. sales of other panels, such as particleboard, MDF and OSB amounted to $1.4 million in 2003 versus $730,000 in CY 2001. Shipments of other than softwood plywood have improved noticeably in 2004. U.S. exports of builders joinery have been very slow during Jan/Sep 2004 amounting to only 601 tons valued at $2.1 million versus 141 tons in CY 2003. Exports of window frames and doors and frames are marginal, amounting to only $28,000 in Jan/Sep 2004.

IMPORTS					
FROM WORLD	2002	2003		Jan/Sep03	Jan/Sep04
PRODUCT	1000-$	1000-$	%C	1000-$	1000-$
TOT. ROUNDWOOD	235,210	246,921		183,014	177,935
TOT. LUMBER					
RAILROAD TIES	4,910	5,122		2,897	3,177
SOFTWOOD LUMBER AND GLUELAM	1,016,613	1,115,193		814,203	849,934
OAK LUMBER	42,109	41,958		29,879	39,875
OTHER TEMPERATE HARDWOOD LUMB	128,670	131,098		98,191	108,456
TROPICAL HARDWOOD LUMBER	74,837	82,106		59,331	52,700
OTH LUMBER	66,632	94,153		65,181	74,712
TOT. LUMBER	1,333,771	1,469,631		1,069,680	1,128,854
VENEERS AND PANELS					
VENEER	238,281	256,184		190,295	194,492
PARTICLEBOARD, OSB, WAFERBOAR	254,372	300,202		212,554	269,522
FIBREBOARD	162,153	191,895		133,349	161,990
SOFTWOOD PLYWOOD	104,071	116,134		89,350	103,967
OTHER PLYWOOD	327,194	404,274		294,943	343,865
VENEERS AND PANELS	1,086,071	1,268,689		920,491	1,073,835
OTH WOOD PRODUCTS					
WOOD CHIPS	9,592	10,988		7,800	9,442
OTH WOOD RESIDUES	23,211	25,134		16,847	17,591
OTH DIVERSE WOOD PRODUCTS	8,697	9,705		7,049	8,000
OTH WOOD PRODUCTS	41,500	45,826		31,695	35,032

ALL WOOD PRODUCTS EXCL PULP	2,696,552	3,031,066	2,204,881	2,415,656
WOOD PULP	2,138,658	2,341,637	1,722,590	1,984,792
TO.WOOD.INCL.PULP	4,835,210	5,372,703	3,927,471	4,400,449

IMPORTS

FROM USA	2002	2003	Jan/Sep03	Jan/Sep04
PRODUCT	1000-$	1000-$	1000-$	1000-$
TOT. ROUNDWOOD	41,896	42,715	32,749	29,826
TOT. LUMBER				
SOFTWOOD LUMBER AND GLUELAM	7,703	5,248	3,867	6,210
OAK LUMBER	9,569	9,916	6,942	10,583
OTHER TEMPERATE HARDWOOD LUMB	15,206	19,719	14,429	16,957
TROPICAL HARDWOOD LUMBER	104	1,146	1,118	62
OTH LUMBER	257	873	571	503
TOT. LUMBER	32,839	36,903	26,927	34,314
VENEERS AND PANELS				
VENEER	70,182	78,277	58,626	58,371
PARTICLEBOARD, OSB, WAFERBOAR	448	995	467	618
FIBREBOARD	172	31	24	66
SOFTWOOD PLYWOOD	38	147	142	90
OTHER PLYWOOD	72	215	103	569
VENEERS AND PANELS	70,912	79,665	59,362	59,714
OTH WOOD PRODUCTS				
WOOD CHIPS	3	34	26	12
OTH WOOD RESIDUES	359	227	176	209
OTH DIVERSE WOOD PRODUCTS	17	2	1	1
OTH WOOD PRODUCTS	379	264	204	222
ALL WOOD PRODUCTS EXCL PULP	146,026	159,546	119,242	124,076
WOOD PULP	238,918	235,741	176,902	154,128
TO.WOOD.INCL.PULP	384,944	395,287	296,144	278,204

IMPORTS

FROM EU 25	2002	2003	Jan/Sep03	Jan/Sep04
PRODUCT	1000-$	1000-$	1000-$	1000-$
TOT. ROUNDWOOD	105,233	126,664	93,380	76,607
TOT. LUMBER				
RAILROAD TIES	4,893	5,115	2,897	3,170
SOFTWOOD LUMBER AND GLUELAM	765,360	821,254	598,891	597,927
OAK LUMBER	19,587	19,344	13,935	16,101
OTHER TEMPERATE HARDWOOD LUMB	62,047	59,169	44,936	42,968
TROPICAL HARDWOOD LUMBER	11,989	9,938	7,386	7,416
OTH LUMBER	47,353	58,925	40,831	43,315
TOT. LUMBER	911,228	973,745	708,875	710,896
VENEERS AND PANELS				
VENEER	118,982	122,730	90,479	89,418
PARTICLEBOARD, OSB, WAFERBOAR	221,470	238,943	172,015	207,031
FIBREBOARD	126,411	120,287	86,075	91,367
SOFTWOOD PLYWOOD	62,443	65,033	47,238	53,496
OTHER PLYWOOD	234,643	288,235	208,977	239,555

VENEERS AND PANELS	763,949	835,229	604,782	680,868
OTH WOOD PRODUCTS				
WOOD CHIPS	9,424	10,816	7,679	9,245
OTH WOOD RESIDUES	21,587	23,490	15,704	15,997
OTH DIVERSE WOOD PRODUCTS	6,262	8,044	5,920	6,776
OTH WOOD PRODUCTS	37,273	42,349	29,303	32,017
ALL WOOD PRODUCTS EXCL PULP	1,817,683	1,977,988	1,436,340	1,500,388
WOOD PULP	1,168,537	1,297,650	951,820	1,146,092
TO.WOOD.INCL.PULP	2,986,221	3,275,638	2,388,161	2,646,480

Source: German Trade Statistics

At the same time that U.S. exports to Germany dropped significantly, German wood product exporters successfully entered the U.S. market. Germany is now a net-exporter of wood products to the U.S. market, shipping product at a value of $ 343,600 to the U.S. in CY 2003. In 2004, German exporters nearly doubled their sales to the U.S. The prime product is softwood lumber for the construction market but also beech lumber sales are picking up. Exports of builders joinery to the U.S. dropped by 20 percent to 2,853 tons in Jan/Sep 2004. German exporters claim that the favorable currency exchange rate of the Euro versus the dollar opened the U.S. market for them in CY 2000 and 2001, but the ability of European producers to customize their products also played a role.

EXPORTS

TO WORLD	2002	2003	Jan/Sep03	Jan/Sep04
PRODUCT	1000-$	1000-$	1000-$	1000-$
TOT. ROUNDWOOD	320,090	311,334	244,164	269,761
TOT. LUMBER				
RAILROAD TIES	7,994	8,491	6,448	7,241
SOFTWOOD LUMBER AND GLUELAM	916,417	1,007,236	727,525	1,000,552
OAK LUMBER	46,027	56,908	41,764	58,876
OTHER TEMPERATE HARDWOOD LUMB	156,875	158,458	124,186	130,425
TROPICAL HARDWOOD LUMBER	39,531	45,027	31,272	35,277
OTH LUMBER	38,262	43,823	31,599	41,130
TOT. LUMBER	1,205,107	1,319,944	962,793	1,273,502
VENEERS AND PANELS				
VENEER	289,985	309,744	232,877	278,930
PARTICLEBOARD, OSB, WAFERBOAR	532,203	634,735	453,851	637,404
FIBREBOARD	1,100,957	1,272,664	937,419	1,135,552
SOFTWOOD PLYWOOD	22,830	28,708	20,512	26,481
OTHER PLYWOOD	95,839	122,312	85,619	116,524
VENEERS AND PANELS	2,041,815	2,368,163	1,730,278	2,194,891
OTH WOOD PRODUCTS				
WOOD CHIPS	52,167	50,745	37,835	46,482
OTH WOOD RESIDUES	31,228	22,274	17,308	29,222
OTH DIVERSE WOOD PRODUCTS	5,493	7,422	5,774	5,621
OTH WOOD PRODUCTS	88,888	80,441	60,917	81,324
ALL WOOD PRODUCTS EXCL PULP	3,655,900	4,079,882	2,998,152	3,819,477
WOOD PULP	331,704	290,737	226,402	280,879
TO.WOOD.INCL.PULP	3,987,604	4,370,620	3,224,555	4,100,356

EXPORTS

TO USA	2002	2003	Jan/Sep03	Jan/Sep04
PRODUCT	1000-$	1000-$	1000-$	1000-$
TOT. ROUNDWOOD	48	473 8	232	435
TOT. LUMBER				
SOFTWOOD LUMBER AND GLUELAM	164,339	166,036	106,495	209,205
OAK LUMBER	87	33	-	6
OTHER TEMPERATE HARDWOOD LUMB	5,389	7,588	6,700	10,035
TROPICAL HARDWOOD LUMBER	1,094	1,641	1,041	2,208
OTH LUMBER	2,363	3,618	2,550	2,493
TOT. LUMBER	173,272	178,916	116,786	223,947
VENEERS AND PANELS				
VENEER	22,402	23,285	18,017	25,098
PARTICLEBOARD, OSB, WAFERBOAR	11,714	29,473	15,574	35,392
FIBREBOARD	135,731	108,525	84,589	132,607
SOFTWOOD PLYWOOD	1,551	1,219	821	1,013
OTHER PLYWOOD	977	1,037	880	1,088
VENEERS AND PANELS	172,374	163,540	119,881	195,198
OTH WOOD PRODUCTS				
WOOD CHIPS	2	106	-	15
OTH WOOD RESIDUES	654	534	388	354
OTH DIVERSE WOOD PRODUCTS	-	8	6	-
OTH WOOD PRODUCTS	656	648	394	369
ALL WOOD PRODUCTS EXCL PULP	346,351	343,577	237,293	419,948
WOOD PULP	5,186	2,517	1,709	10,049
TO.WOOD.INCL.PULP	351,537	346,094	239,003	429,997

EXPORTS

TO **EU 25**	2002	2003	Jan/Sep03	Jan/Sep04
PRODUCT	1000-$	1000-$	1000-$	1000-$
TOT. ROUNDWOOD	240,700	239,888	187,347	212,602
TOT. LUMBER				
RAILROAD TIES	5,950	3,991	2,608	2,645
SOFTWOOD LUMBER AND GLUELAM	627,525	698,457	513,868	650,039
OAK LUMBER	36,642	41,859	30,649	42,500
OTHER TEMPERATE HARDWOOD LUMB	81,904	89,620	67,455	80,661
TROPICAL HARDWOOD LUMBER	30,716	34,787	23,924	24,434
OTH LUMBER	21,149	25,264	18,093	25,443
TOT. LUMBER	803,886	893,977	656,596	825,722
VENEERS AND PANELS				
VENEER	203,742	220,994	165,881	184,631
PARTICLEBOARD, OSB, WAFERBOAR	433,887	502,724	361,465	494,452
FIBREBOARD	688,405	840,562	616,701	704,369
SOFTWOOD PLYWOOD	16,977	22,058	15,812	20,557
OTHER PLYWOOD	73,463	93,294	63,843	85,705
VENEERS AND PANELS	1,416,473	1,679,632	1,223,701	1,489,714
OTH WOOD PRODUCTS				
WOOD CHIPS	46,539	42,555	31,976	36,829
OTH WOOD RESIDUES	26,396	16,195	12,703	23,030
OTH DIVERSE WOOD PRODUCTS	3,280	4,853	3,722	3,482
OTH WOOD PRODUCTS	76,216	63,603	48,401	63,341
ALL WOOD PRODUCTS EXCL PULP	2,537,274	2,877,100	2,116,045	2,591,379
WOOD PULP	247,949	218,316	170,765	204,221

TO.WOOD.INCL.PULP	2,785,223	3,095,416	2,286,810	2,795,600

Source: German Trade Statistics

Other main export markets with great growth potential for German wood products are Asian countries. China is the most important destination for German exports outside of Europe. China is an important customer for German oak and beech logs and lumber, but only small amounts of veneer. China is also an important market for German wooden panels, in particular fiberboard. India and Indonesia also appear on the list of destination countries in Asia. In the panels market, MDF, OSB, and particleboard, a clear trend is not yet noticeable. Asian customers are not yet steady buyers of German panels. Canada has also been developed as a market for German fiberboard. Overseas exports of OSB have grown noticeably in 2002.

Large portions of fiberboard and other wooden products sold overseas are produced by several different companies located in Wismar, Mecklenburg-Vorpommern. Wismar is located and equipped to easily import raw timber and export wood products through its Baltic Sea port.

Policy

The German federal coalition agreement between the Social Democratic Party and the Green Party explicitly states that wood products used for public investments should be FSC-certified. This, however, is not a law; it is only a political intention. Since the vast majority of German forests are PEFC certified, forest owners are intensively opposing the political preference for FSC certified forest products. German environmental organizations are supporting the Green Party in their support for FSC.

Marketing

Germany remains an important customer for certain high value wood species such as white oak, hard maple, red alder, black cherry, and walnut. Other species not in similar strong demand face strong competition from suppliers in central and eastern Europe. Germany hosts several international trade fairs relevant for lumber, veneer, furniture parts and construction timber products.

The most important fair is Interzum - Furniture Production and Wood Interiors held in Koeln (Cologne) every other year. The next Interzum will take place in April 29 - May 3, 2005. The U.S. wood industry has for many years participated at Interzum. About 1,500 exhibitors from more than 50 countries participate regularly at Interzum.

Interzum - Furniture Production and Wood Interiors
KoelnMesse GmbH
Messeplatz 1
50679 Koeln, Germany
Tel.: +49 221 821 2542
Fax: +49 221 821 3411
www.koelnmesse.de
info@koelnmesse.de
iz@koelnmesse.de

The most important furniture fair for Germany is the International Furniture Fair in Koeln held every year in January. About 1,370 companies and organizations from more than 60 countries are regularly exhibiting in Koeln. U.S. participation had been rather limited during recent years. In January 2004, KoelnMesse reported about 120,000 visitors from about 100 countries.

Internationale Moebelmesse - International Furniture Fair
KoelnMesse GmbH
Messeplatz 1
50679 Koeln, Germany
Tel.: +49 221 821 2280
Fax: +49 221 821 3411
www.koelnmesse.de
info@koelnmesse.de
imm@koelnmesse.de

For the construction market, Leipzig hosts the Construction Trade Fair Baufach - Bau-Fachmesse Leipzig, held every other year. The next fair will be on February 1-4, 2006. Baufach covers the complete construction sector with wooden materials being one section of the fair. About 560 exhibitors from 14 different countries take part in Baufach. An interesting focus of this fair is its orientation to the central European markets.

Baufach - Bau-Fachmesse Leipzig
Construction Trade Fair Leipzig
Leipziger Messe GmbH
Messe-Allee 1
04356 Leipzig, Germany
Tel.: +49 341 678 8641
Fax: +49 341 678 8212
www.baufach.de
baufach@leipziger-messe.de

An international fair for building materials and systems is held in Muenchen (Munich) every other January with about 1,800 exhibitors from about 40 countries. The next fair will take place January 17-22, 2005.

BAU - Internationale Fachmesse fuer Baustoffe, Bausysteme, Bauerneuerung
International Trade Fair for Building Materials, Building Systems, Building Renovation
Messe Muenchen GmbH
Messegelaende
81823 Muenchen, Germany
Tel.: +49 89 949 20111
Fax: +49 89 949 20119
www.bau-muenchen.de
siebert@mese-muenchen.de

An international fair for window and facade technologies is held every other year in Nuernberg. This next fair will be in March 22-25, 2006. Normally about 1,200 exhibitors from up to 30 countries participated in fensterbau/frontale. In 2004, a growing international visitors interest was reported by the fair organizer.

fensterbau/frontale
International Trade Fair Window and Facade –
Technologies/Components/Prefabricated Units
Fensterbau Informations- und Ausstellungs-GmbH
NuernbergMesse GmbH
Messezentrum
90471 Nuernberg, Germany
Tel.: +49 911 8606 160
Fax: +49 911 8606 259
www.frontale.de
frontale@nuernbergmesse.de

Hannover hosts an international fair for the forest and wood industries (LIGNAplus), which focuses on processing machinery. This show has a small section which covers trade in forest products. The LIGNAplus, May 2-6, 2005, usually directly follows the Interzum show held in Koeln. Interested visitors have the opportunity to attend Interzum and LIGNAplus in one trip.

LIGNAplus HANNOVER - Weltmesse fuer die Holz- und Forstwirtschaft
World Fair for the Forestry and Wood Industries
Deutsche Messe AG
Messegelaende
30521 Hannover, Germany
Tel.: +49 511 89 32126
Fax: +49 511 89 31263
www.ligna.de
ligna@meese.de

The German wood product industries are increasingly focusing on export markets since the domestic market does not seem to provide opportunities for growth. To a limited extent, growth is seen in CEE countries but the focus is mainly on Asian markets, Arab markets, and also in African countries. A helpful tool used by the industry to develop these markets is the export promotion homepage of the sawmilling industry (www.germantimber.com) which is available in different languages, such as Chinese, French, Italian, Spanish, Japanese, and Arabic. Organization representatives are located in the U.S., Japan and China.

PSD Table

Country **Germany**

Commodity **Softwood Logs** 1000 CUBIC METERS

	2003 USDA Official [Old]	Revised Post Estimate [New]	2004 USDA Official [Old]	Estimate Post Estimate [New]	2005 USDA Official [Old]	Forecast Post Estimate [New]
Market Year Begin		01/2003		01/2004		01/2005
Production	21000	26900	22000	25000	0	26000
Imports	2300	2180	2300	2000	0	2000
TOTAL SUPPLY	23300	29080	24300	27000	0	28000
Exports	3200	2789	3300	3000	0	3000
Domestic Consumption	20100	26291	21000	24000	0	25000
TOTAL DISTRIBUTION	23300	29080	24300	27000	0	28000

Import Trade Matrix

Country Germany

Commodity Softwood Logs

Time Period	Jan-Sep	Units:	CUM
Imports for:	2003		**2004**
U.S.	146	U.S.	7
Others		Others	
Belgium	329199	Belgium	217258
France	250918	France	169732
Netherlands	117643	Netherlands	178693
Czech Rep	231146	Czech Rep	124155
Russia	259316	Russia	231297
Estonia	98567	Austria	20278
Latvia	36024	Poland	74570
Switzerland	29815	Switzerland	44908
Luxemburg	31201	Luxemburg	30242
Total for Others	1383829		1091133
Others not Listed	194954		150750
Grand Total	1578929		1241890

Export Trade Matrix

Country Germany

Commodity Softwood Logs

Time Period	Jan-Sep	Units:	CUM
Exports for:	2003		**2004**
U.S.	0	U.S.	1
Others		Others	
France	113780	France	159789
Austria	1127448	Austria	1479437
Italy	291107	Italy	344402
Belgium	121270	Belgium	133340
Czech Rep	175806	Czech Rep	90481
Norway	77263	Norway	49226
Sweden	73605	Sweden	84753
Denmark	54527	Denmark	51457
Total for Others	2034806		2392885
Others not Listed	101110		145533
Grand Total	2135916		2538419

PSD Table

Country **Germany**

Commodity **Temperate Hardwood Logs** 1000 CUBIC METERS

	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2003		01/2004		01/2005
Production	3200	3630	3300	3800	0	3800
Imports	200	180	230	210	0	230
TOTAL SUPPLY	3400	3810	3530	4010	0	4030
Exports	1450	1310	1500	1100	0	1100
Domestic Consumption	1950	2500	2030	2910	0	2930
TOTAL DISTRIBUTION	3400	3810	3530	4010	0	4030

Import Trade Matrix

Country Germany

Commodity Temperate Hardwood Logs

Time Period	Jan-Sep	Units:	CUM
Imports for:	2003		**2004**
U.S.	34002	U.S.	34734
Others		Others	
France	39754	France	42062
Austria	4447	Austria	11445
Switzerland	8020	Switzerland	14857
Denmark	8324	Denmark	7113
Latvia	1278	Latvia	6956
Ukraine	4815	Ukraine	4001
Russia	1794	Russia	4618
Slovakia	2458	Slovakia	2302
Total for Others	70890		93354
Others not Listed	32320		34645
Grand Total	137212		162733

Export Trade Matrix

Country Germany

Commodity Temperate Hardwood Logs

Time Period	Jan-Sep	Units:	CUM
Exports for:	2003		**2004**
U.S.	98	U.S.	87
Others		Others	
Sweden	347771	Sweden	197992
PR China	247067	PR China	236841
Denmark	190427	Denmark	126275
Italy	109222	Italy	119501
Netherlands	38284	Netherlands	41244
France	31194	France	49265
Austria	32915	Austria	19961
Belgium	20046	Belgium	16548
Japan	15392	Japan	11032
Total for Others	1032318		818659
Others not Listed	52536		79985
Grand Total	1084952		898731

PSD Table

Country Germany
Commodity Softwood Lumber

1000 CUBIC METERS

	2003 USDA Official [Old]	Revised Post Estimate [New]	2004 USDA Official [Old]	Estimate Post Estimate [New]	2005 USDA Official [Old]	Forecast Post Estimate [New]
Market Year Begin		01/2003		01/2004		01/2005
Production	15850	16390	16500	17000	0	18500
Imports	3800	3909	3700	3900	0	3900
TOTAL SUPPLY	19650	20299	20200	20900	0	22400
Exports	3100	3777	3500	4000	0	5500
Domestic Consumption	16550	16522	16700	16900	0	16900
TOTAL DISTRIBUTION	19650	20299	20200	20900	0	22400

Import Trade Matrix

Country Germany
Commodity Softwood Lumber

Time Period	Jan-Sep	Units:	CUM
Imports for:	2003		**2004**
U.S.	8121	U.S.	7569
Others		Others	
Russia	434356	Russia	464721
Sweden	340534	Sweden	400052
Finland	340956	Finland	350004
Belarus	385505	Belarus	349732
Poland	256900	Poland	190173
Czech Rep	238829	Czech Rep	176560
Austria	181324	Austria	267614
Lithuania	144579	Lithuania	103110
Latvia	101165	Latvia	101309
Estonia	95649	Estonia	79528
Total for Others	2519797		2482803
Others not Listed	379814		440473
Grand Total	2907732		2930845

Export Trade Matrix

Country Germany

Commodity Softwood Lumber

Time Period	Jan-Sep	Units:	CUM
Exports for:	2003		**2004**
U.S.	515804	U.S.	990503
Others		Others	
Italy	561423	Italy	550990
France	481668	France	601941
Netherlands	332510	Netherlands	317314
Austria	213612	Austria	200044
Belgium	181369	Belgium	203618
United Kingdom	92917	United Kingdom	192062
Switzerland	70842	Switzerland	70234
Spain	61304	Spain	74018
Denmark	56983	Denmark	56796
Slovenia	27254	Ireland	44774
Total for Others	2079882		2311791
Others not Listed	188568		290252
Grand Total	2784254		3592546

PSD Table

Country **Germany**

Commodity **Temperate Hardwood Lumber** 1000 CUBIC METERS

	2003 USDA Official [Old]	Revised Post Estimate [New]	2004 USDA Official [Old]	Estimate Post Estimate [New]	2005 USDA Official [Old]	Forecast Post Estimate [New]
Market Year Begin		01/2003		01/2004		01/2005
Production	1080	1100	1150	1200	0	1250
Imports	500	484	520	490	0	500
TOTAL SUPPLY	1580	1584	1670	1690	0	1750
Exports	520	498	550	530	0	550
Domestic Consumption	1060	1086	1120	1160	0	1200
TOTAL DISTRIBUTION	1580	1584	1670	1690	0	1750

Import Trade Matrix

Country Germany

Commodity Temperate Hardwood Lumber

Time Period	Jan-Sep	Units:	CUM
Imports for:	2003		**2004**
U.S.	27825	U.S.	33563
Others		Others	
Lithuania	117278	Lithuania	67160
Ukraine	41405	Ukraine	46971
Russia	9970	Russia	34040
Belarus	22027	Belarus	17759
Poland	21083	Poland	11378
Latvia	37230	Latvia	57339
Canada	22358	Canada	25549
Austria	12477	Austria	16599
Czech Rep	7726	Czech Rep	7894
Slovakia	7327	Slovakia	8928
Total for Others	298881		293617
Others not Listed	43125		40832
Grand Total	369831		368012

Export Trade Matrix

Country Germany

Commodity Temperate Hardwood Lumber

Time Period	Jan-Sep	Units:	CUM
Exports for:	2003		**2004**
U.S.	13429	U.S.	20686
Others		Others	
PR China	74081	PR China	43438
Spain	45194	Spain	49491
Netherlands	33678	Netherlands	30196
Italy	25956	Italy	30603
United Kingdom	26258	United Kingdom	58416
Belgium	20525	Belgium	19753
Poland	23829	Poland	22462
Indonesia	23809	Indonesia	32369
Hong Kong	18964	Hong Kong	10410
Austria	11316	Austria	15744
Total for Others	303610		312882
Others not Listed	74196		80748
Grand Total	391235		414316

PSD Table

Country **Germany**

Commodity **Softwood Plywood** 1000 CUBIC METERS

	2003 USDA Official [Old]	Revised Post Estimate [New]	2004 USDA Official [Old]	Estimate Post Estimate [New]	2005 USDA Official [Old]	Forecast Post Estimate [New]
Market Year Begin		01/2003		01/2004		01/2005
Production	0	0	0	0	0	0
Imports	380	374	380	370	0	370
TOTAL SUPPLY	380	374	380	370	0	370
Exports	42	42	40	45	0	45
Domestic Consumption	338	332	340	325	0	325
TOTAL DISTRIBUTION	380	374	380	370	0	370

Import Trade Matrix

Country Germany

Commodity Softwood Plywood

Time Period	Jan-Sep	Units:	CUM
Imports for:	2003		**2004**
U.S.	263	U.S.	185
Others		Others	
Brazil	164200	Brazil	133583
Finland	58881	Finland	55171
France	18300	France	21901
Russia	18163	Russia	28506
Denmark	11929	Denmark	8569
Poland	3437	Poland	9100
Czech Rep	6459	Czech Rep	8742
Total for Others	281369		265572
Others not Listed	18731		30398
Grand Total	300363		296155

Export Trade Matrix

Country Germany

Commodity Softwood Plywood

Time Period	Jan-Sep	Units:	CUM
Exports for:	2003		**2004**
U.S.	561	U.S.	722
Others		Others	
Austria	5928	Austria	6433
Czech Rep	3413	Czech Rep	3258
Netherlands	4331	Netherlands	5098
Italy	2061	Italy	3108
Portugal	1511	Portugal	892
Belgium	1680	Belgium	1587
Switzerland	1986	Switzerland	2233
Poland	924	Poland	1906
United Kingdom	352	United Kingdom	1667
France	1398	France	1348
Total for Others	23584		27530
Others not Listed	6494		7993
Grand Total	30639		36245