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Poland

Solid Wood Products

Annual

2004

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Report Highlights:

Poland's forest products trade continues to rise (exports up 40 percent in Jan-Sept 2003). Overall production and resources remain relatively stable, domestic use is sluggish but trending upwards. There are hopes that the economy will improve in 2004 stimulating demand but concerns that implementation of higher 22 percent value added taxes will lessen domestic product sales.

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

The number of forested hectares at the end of 2002 in Poland was 8.9 million. With its relatively high surface of forests and higher than European average resources, Poland's 1.9 billion CUM wood reserves ranks third in Europe (after Germany and France).

In 2002 timber production was 29 million CUM (about 9 percent increase compared with 2001) including 27 million CUM of logs and about 10.37 million CUM of wind fallen or broken trees and deadwood.

In 2002, Poland's forest products exports increased by 15 percent and reached \$1.3 billion (\$9.7 million to the U.S.- up 16 percent from 2001) while imports were valued at \$492 million, up 11 percent from 2001 (\$9 million from the U.S., 10 percent increase). Polish forest product exports shot up 40 percent during the first nine months of 2003.

According to the Polish Central Statistical Office, the economic situation in Poland improved in the middle of 2003. There were signs of improvement in the wood market in Poland in 2002 which included increased lumber sales. Building material manufacturers and construction companies are not as optimistic but anticipate possible improvement after May 2004 EU accession except for a higher 22 percent value added tax. Only in the hotel and supermarket construction areas an increase was noticed.

To protect and help forest and wood industries, the Government approved a "Strategy for wood industry for the years 2003-2006" to help promote wood use and increase the sales of wood products in Poland.

PRODUCTION**Growing Resources**

The number of forested hectares at the end of 2002 in Poland was 8.9 million, the same as in 2001, which covered 28.4 percent of the country. Including 7.26 million ha of forests administered by the government, public forests accounted for 82.6 percent (7.34 million ha). There are 1.5 million ha of privately owned forests. The forest ownership structure has not changed much in recent years. The only noticeable change was an increase in forested area in national parks which accounted for one percent of national forested area in 1985 but two percent in 2002. Private forests are characterized by significantly dispersed ownership, lack of information on actual resources and wood cutting amounts, and little known economic activity.

Poland's forests are situated on the poorest soil. Forests are dominated by coniferous varieties – 77 percent of all forested area and 78.2 percent of wood volume, including scotch pine (together with larch, they represent 69.5 percent of forests), spruce (7.3 percent) and fir (3.2 percent). The composition of Polish forests changed considerably between 1945 and 2002 as broad-leaf varieties rose from 13 up to 23 percent among which are oak, ash, maple, beech, sycamore, birch and alder.

With its relatively high surface of forests and higher than European average resources, Poland's 1.9 billion CUM wood reserves ranks third in Europe (after Germany and France). Since 1967, Poland's wood resources have noticeably increased. It is estimated that in 2002, there were 1.76 billion (CUM), including 1.5 billion CUM in public forests and 260 million CUM in private forests. In terms of total forested area, average resources were 215 CUM per ha in public forests and 119 CUM per ha in private ones.

During the period January 1982-January 2002 timber growth in public forests was around 898 million CUM. During this period 508 million CUM of logs were cut, which means that 390 million CUM of timber were added to total wood resources. The average growth of timber per ha in government owned forests over the past 20 years (1982-2002) is 6.55 CUM. The growth rate for the last five years averaged 7.78 CUM per ha. Increased resources are attributed to improved forestry management including improved harvesting and better reforestation (growth in resources outpaced cutting by 44 percent).

In 2002 timber production was 29 million CUM (about 9 percent increase compared to 2001) produced from 27 million CUM of logs and about 10.37 million CUM of wind fallen or broken trees and deadwood.

Analysis of the sizes of harvests over last few years suggests that forest use has been stabilized. While it is true that the harvest per hectare in the State Forests has increased recently, this is still at a level which does not create any threat to forests.

Among the specific features of Polish forestry, as opposed to forests in other European countries, is the greater harvest of dead trees. The harvest of dead trees in Poland exceeds the total harvest of many countries in the region, thereby making clear the considerable significance of Poland as a timber producer in Central Europe.

There were signs of improvement in the wood market in Poland in 2002 as lumber sales increased and the Polish government established policies to equalize local and European prices. Sales of wood increased 3.1 million cubic meters compared with 2001 sales. The biggest increase was in exports of raw wood with almost double the volume (300 thousand cubic meters). The biggest importers were big sawmills in Austria and the Czech Republic.

The most important product categories in 2002 sales	
	percent
softwood pulpwood	30.9
softwood saw timber	28.1
hardwood pulpwood	14.1
hardwood saw timber	7.1
Slash	6.5
hardwood fuelwood	3.5
softwood fuelwood	3.5
Pitwood	2.7
other saleable softwood timber	2.1
softwood "valuable" assortments (veneer, plywood)	1.1
Hardwood "valuable" assortments (veneer, plywood)	1.1
other saleable hardwood timber	0.2

Source: The State Forest National Forest Holding – Annual Report 2002

In 2002 the large-size wood and "valuable assortments" (veneer and plywood) market used 36.5 percent of available raw wood. The largest consumers were sawmills which produce general use sawn timber. Unfortunately, they do not use the latest technologies and their drying chambers do not have the capacity to compete with the big European sawmills.

In the pulpwood market, paper factories purchased 26.8 percent of pulpwood produced, wood board producers bought 24.9 percent and local small wood processors and individuals purchased 48.3 percent of pulpwood.

For pitwood, fuelwood, and other wood, the decrease was in pitwood reflecting the downward trend in the mining sector and the increase in the volume of assortments of wood used for fuel and energy production purposes. The average price of 1 cubic meter of wood in 2002 was PLN108.3 (\$27.08) a decreased of 10 percent compared with 2001 prices. The average price per cubic meter of timber and pulpwood were as follows:

Softwood saw timber – PLN167.1 (down 12.5 percent) – (\$41.78)

Hardwood saw timber – PLN 182.9 (down 7.2 percent) – (\$32.25)

Softwood pulpwood – PLN79.4 (down 4.3 percent) – (\$19.85)

Hardwood pulpwood – PLN71 (down 2.7 percent) – (\$17.75)

Poland produces sawn wood (hard and soft), wood panels (fiberboard and particle board) as well as construction materials such as windows, door frames and flooring.

Polish plywood production continues on a downward trend. Polish plywood production in 2002 was 85,200 CUM down from the 88,500 CUM output in 2001. According to the Institute of Technology 40 percent of plywood production is softwood and 60 percent is hardwood. For the first 11 months of 2003 plywood production totaled 73,551 CUM down from 75,127 CUM in a similar period of 2002.

TRADE

Overview/Outlook

In 2002, Poland's forest product exports increased by 15 percent and reached \$1.3 billion (\$9.7 million to the U.S.- up 16 percent from 2001) while imports were valued at \$492 million, up 11 percent from 2001 (\$9 million from the U.S., 10 percent increase). The main exports were wood joinery and carpentry items (\$197 million, up 26 percent), fiberboard (\$162 million), lumber (\$138 million, slightly up 7 percent), logs (\$38 million, \$17 million increase from 2001), particleboard (\$124 million, almost the same as in 2001), and wood packing cases and pallets (\$136 million, \$10 million more). Among imports, the most important were still fiberboard (\$104 million, up 32 percent), lumber (\$84 million compared with \$62 million in 2001), wood joinery and carpentry (\$48 million), particleboard (\$66 million), logs (\$31 million) and veneer sheets and sheets for plywood (\$34 million).

During the first three quarters of 2003, exports of wood products were valued at \$1.32 billion, up 40 percent compared with the same period of 2002. Polish imports reached \$398 million, 18 percent higher than the same period of 2002. Within the first nine months of 2003, the United States exported \$3.8 million of wood products to Poland (almost 50 percent down from 2002) and Poland supplied the U.S. with \$9.3 million of wood products (increase of \$2 million).

Market Development Strategies

U.S. hardwood lumber and veneer exporters may benefit from the continuing expansion of the Polish furniture industry. In addition to sawn lumber and veneers, Polish manufacturers also import U.S. oak logs (\$47,000 in first eleven months of 2003). According to U.S. Census data, U.S. panel/plywood exports to Poland decreased from \$3.1 million in 2001 to \$2.4 million in 2002, and to \$1.2 million in the first eleven months of 2003. Hardwood lumber sales were almost half as much as in 2002 compared to 2001 (\$563,000 in 2001 and \$212,000 in 2002). There were no softwood lumber imports in 2002, but there were \$19,000 worth in first eleven months of 2003. Continued demand by Polish furniture

manufacturers makes hardwood logs, lumber and veneer the best market prospects for U.S. exporters. Increased hardwood flooring may also generate market potential.

MARKET SEGMENT ANALYSIS

Construction Sector

According to the Polish Central Statistical Office, the economic situation in Poland improved in the middle of 2003. Many construction sector experts think that it is a false conclusion, given the 35 percent drop in housing starts between 2002 and 2003. After ten years of increases, 2002 was the second year when there was a decrease in the construction sector (11.7 percent down in 2001 and 8 percent in 2002). These figures have generally remained consistent over the past several years and are consistent with the slow down in the economy. It is estimated that another 2.2 million units, 200,000 per year, would need to be completed by 2010 to cover actual demand. This pace is 2.5-3 times that of actual construction.

It is estimated that wood products used in construction represent about 8.5 percent of all raw materials. The slow down in construction since 2000 resulted in reduced production of construction materials, especially ceramics, cement, lime and plaster, but also wood and carpentry products. The total value of wood construction materials sold in 2002 was PLN 2.9 billion (\$0.8 billion), eight percent higher than in 2001.

According to Statistical Office preliminary data, an index of the situation in the construction sector was much worse in December 2003 than in November. The outlook for the demand for construction services for the next three months is more pessimistic than it was in November. Companies forecast further worsening of their financial situation. Many small companies have closed.

At the end of 2002 the Government adopted a law which provides preferential home loans at a fixed interest rate of 7 percent repayable over a period of 25 years. These loans were started in 2003. The law also provides for government housing loan subsidies to cover the difference between the preferential and market interest rates. This program is targeted at middle-income earners. The government hopes this program will spur home sales and construction thereby boosting the economy.

Experts agree that the Polish construction sector may be saved by accession to the European Union (EU) as Polish firms believe that they will be very competitive on the European market. Polish EU accession will occur in May 2004.

The year 2002 was a critical year for the construction sector. The bad economic situation in Poland made it difficult to sell new apartments and froze new investments. Lower interest rates offered by banks in 2003 started an increased demand for new apartments. Investors estimate that the market will increase 35 percent during the next three years. At the moment, about 11,000 new flats valued at PLN 2.8 billion (\$700 million) are available on the market. In 2005 there will be another 15 thousand flats valued at PLN 4 billion (\$1 billion) available. In spite of such an optimistic forecast, the situation on the market could change drastically. On January 1, 2004, all previous plans for space management were invalidated, however, the new plans are not ready. It will take another year or two to prepare the plans. Without the new plans no new construction permits can be issued. Studies conducted by one of the independent consulting companies show that potential clients, mostly young people, are ready to buy second hand apartments if they cannot find anything convenient on the market. The studies also reveal that after the tax deductions on the purchase of new flats were eliminated (January 2003), the demand for new apartments decreased considerably.

According to a report prepared by a consulting firm, there were 32 new hypermarkets opened in Poland in 2003, as many as in the record 1999 year. According to Cushman&Wakefield Healey&Baker, there were 145 hypermarkets with a total surface over 1.4 million square meters and 2,200 supermarkets on 4.2 million square meters at the end of the third quarter of 2003 in Poland. Specialists estimate that at least 28 new big surface stores will open in Poland in 2004, and this tendency will increase every year. This boom is connected, according to the experts, with Poland's accession to the EU structures and more interest in this market from Western clients. Also, the office and hotel markets will grow. The positive results of the EU referendum and Poland's accession in May 2004 could have a positive influence on the situation in the office market in Warsaw. Many international companies have offices in Poland and this trend will continue after the Poland's accession. However, the specialists do not count on new foreign investments, but the expansion of local industry. The biggest office market is still in Warsaw. There are about 4.2 million square meters of office space worth about EURO 3 billion, including about 2 million square meters of very modern offices, built after 1989. Outside Warsaw, there are only 300,000 square meters of modern office space.

According to market specialists, the demand for office space in Warsaw is similar to that in Rome, Lyon, Copenhagen or Oslo. In 2000, there were 250,000 square meters of office space leased in Warsaw, in 2001 – 225,000 square meters. 2002 was very bad – only 145,000 square meters were leased. The estimates for 2003 are not better – about 125,000 square meters. In spite of the decrease of new office construction, the available surface is increasing. In 2002, 18 percent of space was not leased; in 2003 it will reach 20 percent. As a result there was a greater competition between the owners of office buildings. The rate decreases, payment free periods became longer (up to 6 months), space leased fully equipped according to the leaser requirements for free, and parking space offered for free. The actual monthly leasing rate is about \$23-27 per square meter in downtown, and \$14-20 in other areas.

The previous two years were very bad for the hotel industry worldwide due to political events and health concerns. In Poland, the situation was difficult because many companies replaced their international staff with local employees, as well as drastically reducing business trips. This reduced a significant number of hotel clients. Meanwhile, hotel companies seem to not notice this negative trend. The number of mainly higher-class hotels increased 400 percent. Hotels in Warsaw include, Hilton, Holiday Inn, Hyatt, Intercontinental, Marriott, Novotel, Sheraton, Radisson, Mercure, Qubus, Campanille, and Ibis. In the next two years, this number will increase. There are still a small number of lower class tourist hotels in Poland. Some experts think that the EU accession will improve this situation, as more foreign businessmen and EU representatives visit Poland more frequently. Additionally, if airline ticket prices drop, more tourists will visit Poland, increasing the demand on hotel space 2-4 percent annually. Also, the economic situation in Poland will play an important role. If the privatization process and the climate for new investments improve, there will be a lot of visitors, businessmen and financiers as well as tourists.

Furniture & Interiors Sector

The value of production sold in 2002 and three quarters of 2003 was again higher than in previous years. But this was the result of the higher Euro exchange rate rather than higher output. The situation in the furniture sector was similar to other industries. Companies exporting 80 percent of their production could not find higher demand for their products, as the economic situation in Europe was depressed. Representatives of furniture manufacturers confirm that the good exchange rate of the Polish zloty helped Polish companies recover some of the lost markets, but not gain new clients. In some cases, the structure of sales markets changed. While Germany remains the biggest market, now Great Britain and the

former Soviet republics, Ukraine and Kazakhstan become very important markets, especially for furniture sets.

Furniture trade during the first three quarters of 2003 increased about 36 percent compared with the same period of 2002 and reached \$2.7 billion. In 2002 exports of furniture were valued at \$2.9 billion which was 18 percent higher than in 2001. Germany is still the biggest buyer of Polish furniture, however, there were sales to the United States. In 2002, there were furniture seats valued at \$17.5 million, other furniture without seats was worth \$54 million exported to the U.S. Furniture imported in 2002 was worth \$414 million, including \$1.4 million from the United States.

Imports in three quarters of 2003 were valued at \$422 million.

Material Handling Industry

Exports of pallets in 2002 (\$122 million) were \$7 million more than in 2001. The majority of exports were to Europe. Exports to the United States also increased and were valued at \$173,304 (compared with \$116,273 in 2001). The production and sale of wooden pallets became increasingly unprofitable and it will be even less when the new North American regulations require special treatment for wood pallets. Annual production of wood packaging materials is estimated at 2.5 million square meters. It is difficult to estimate how much of the total consists of pallets, but the National Association of Wood Pallet Manufacturers estimates that pallets make up the majority of the total.

Poland's Wood Sector Strategy

After long discussions with the representatives of forestry and wood industries about the decreasing use of wood and wood products, the Government accepted the "Strategy for wood industry for the years 2003-2006". This is an effort to improve the local wood products market and its promotion abroad based on local raw material sources and positive international trade balance.

According to industry specialists who prepared the report "Strategy", other materials substituted for wood. Its use in production of railway sleepers was 10 percent, flooring – 27 percent, packaging - 34 percent and windows – 51 percent. Only in flooring was there a slight increase in the use of wood.

As a result, "Strategy" has to develop a communication program which will increase healthy natural wood products. The primary goal is to create a lobby for wood products, an intensified information campaign, change regulations and increase research and product innovation.

The use of wood and wood products is relatively low in Poland. The real use of wood, calculated based on the wood equivalents system, represented 19.3 million cubic meters, it means 0.5 cubic meter per capita. In comparison with the use of wood in Germany, where it is 1.17 cubic meter per capita, Poland's use of wood is very low. Compared to EU levels, the use of lumber represented 28 percent of those in the EU, plywood – 33 percent, paper and cardboard – 31 percent, and furniture – 10 percent. Only the use of hardboard was higher, 8 percent (MDF 11 percent), and fiberboard very close to the EU level – 97 percent. There were many factors influencing the low use of wood products in recent years in Poland. Economic development has been very low, expressed by the low GDP and a generally low income; low activity in the construction sector (apartments, industrial, public), as well as minimum refurbishment demand; limited potential of foreign markets and unprofitable terms of trade; increasing substitutes, like plastic, glass, metal, etc.

<u>Use of the basic wood products in Poland and the EU in 2001</u>			
<u>Product</u>	<u>Poland</u>	<u>EU</u>	<u>EU=100%</u>
<u>Lumber (m3/1000 people)</u>	<u>64</u>	<u>237</u>	<u>28</u>
<u>incl.softwood</u>	<u>53</u>	<u>112</u>	<u>27</u>
<u>incl.hardwood</u>	<u>11</u>	<u>35</u>	<u>31</u>
<u>Wood boards (m3/100 people)</u>	<u>722</u>	<u>130</u>	<u>94</u>
<u>incl.fiberboards (incl.OSB)</u>	<u>70</u>	<u>72</u>	<u>97</u>
<u>incl.hardboards</u>	<u>26</u>	<u>24</u>	<u>108</u>
<u>incl.MDF</u>	<u>21</u>	<u>19</u>	<u>111</u>
<u>incl.plywoods</u>	<u>5</u>	<u>15</u>	<u>33</u>
<u>Paper and cardboard (kg per capita)</u>	<u>61</u>	<u>200</u>	<u>31</u>
<u>Furniture (EURO per capita)</u>	<u>33</u>	<u>257</u>	<u>10</u>

Source: Institute of Wood Technology

A considerable influence on the wood market has been foreign trade, especially exports. For the last few years exports of furniture were significant and outpaced imports. The wood market is heavily dependent on exports which make it sensitive to demand changes on the foreign market. The EU markets are the most important for Poland (71 percent of exports of wood and wood products), with most sales to Germany. These markets are saturated with wood products, and in the last few years they have reduced their demand due to the sluggish economic situation and competition from other Eastern European countries.

Hardwood Logs, PSD

PSD Table

Country	Poland						
Commodity	Temperate Hardwood Logs						1000 CUBIC METERS
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official	Estimate [DA]	USDA Official	Estimate [DA]	USDA Official	Estimate [New]	
Market Year Begin	01/2002		01/2003		01/2004		MM/YYYY
Production	7000	7309	7000	7300	0	7300	1000 CUBI
Imports	550	550	600	620	0	650	1000 CUBI
TOTAL SUPPLY	7550	7859	7600	7920	0	7950	1000 CUBI
Exports	150	150	200	220	0	250	1000 CUBI
Domestic Consumption	7400	7709	7400	7700	0	7700	1000 CUBI
TOTAL DISTRIBUTION	7550	7859	7600	7920	0	7950	1000 CUBI

Hardwood Logs, Exports

Export Trade Matrix**Country** Poland**Commodity** Temperate Hardwood LogsTime Period **Jan-Dec** Units: **000CUM**Exports for: **2002** **2003**U.S. U.S.

Others Others

Denmark	54	Germany	68
Sweden	40	Czech Rep.	21
Austria	10	Denmark	20
Germany	9	Sweden	18
Italy	5	Austria	6
Czech Rep.	4	Slovak Rep.	4
China	4	China	3
Spain	3		
Slovak Rep	2		

Total for Others 131 140

Others not Listed **19** **60**

Grand Total 150 200

2003 data covers first nine months of the year

Hardwood Logs, Imports

Import Trade Matrix

Country Poland

Commodity Temperate Hardwood Logs

Time Period Jan-Dec Units: 000 CUM

Imports for: 2002 2003

U.S. U.S.

Others Others

Ukraine	272	Germany	300
Germany	110	Slovak Rep.	79
Slovak Rep.	31	Latvia	39
France	22	Czech Rep.	37
Lithuania	7	Austria	32
Czech Rep.	5	Ukraine	14
Belgium	4	Belarus	12
Romania	3	Russia	9
Russia	2	Lithuania	8
		France	5

Total for Others 456 535

Others not Listed 94 65

Grand Total 550 600

2003 data covers first nine months of the year

Hardwood Lumber, PSD

PSD Table

Country	Poland						
Commodity	Temperate Hardwood Lumber						1000 CUBIC METERS
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [	Estimate [D	USDA Official [	Estimate [D	USDA Official [	Estimate [New]	
Market Year Begin	01/2002		01/2003		01/2004		MM/YYYY
Production	450	469	450	468	0	470	1000 CUBI
Imports	80	218	80	220	0	220	1000 CUBI
TOTAL SUPPLY	530	687	530	688	0	690	1000 CUBI
Exports	64	119	64	118	0	120	1000 CUBI
Domestic Consumption	466	568	466	570	0	570	1000 CUBI
TOTAL DISTRIBUTION	530	687	530	688	0	690	1000 CUBI

Hardwood Lumber, Exports

Export Trade Matrix

Country Poland

Commodity Temperate Hardwood Lumber

Time Period Jan-Dec Units: 000CUM
 Exports for: 2002 2003
 U.S. U.S.
 Others Others

Denmark	54	Germany	68
Sweden	35	Czech Rep.	21
Austria	10	Denmark	20
Germany	9	Sweden	18
Italy	5	Austria	6
Czech Rep.	4	Slovak Rep.	4
China	4	China	3
Spain	3		
Slovak Rep.	2		
Sweden	2		
Total for Others	128		140
Others not Listed	22		60
Grand Total	150		200

2003 data covers first nine months of the year

Hardwood Lumber, Imports

Import Trade Matrix

Country Poland

Commodity Temperate Hardwood Lumber

Time Period Jan-Dec Units: 000 CUM

Imports for: 2002 2003

U.S. U.S.

Others Others

Ukraine	102	Belarus	79
Belarus	75	Ukraine	50
Lithuania	10	Lithuania	35
Germany	5	Germany	24
Slovak Rep.	3	Slovak Rep.	19
South Africa	2	Russia	1
Russia	1		

Total for Others 198 208

Others not Listed 20 7

Grand Total 218 215

2003 data covers first nine months of the year

Softwood logs, PSD

PSD Table

Country Commodity	Poland		1000 CUBIC METERS				UOM
	2002	Revised	2003	Estimate	2004	Forecast	
Market Year Begin	USDA Official [	Estimate [01/2002	DA Official [	Estimate [01/2003	DA Official [	Estimate [New] 01/2004	MM/YYYY
Production	18000	19828	18000	19000	0	19000	1000 CUBI
Imports	300	235	300	230	0	230	1000 CUBI
TOTAL SUPPLY	18300	20063	18300	19230	0	19230	1000 CUBI
Exports	480	650	500	700	0	700	1000 CUBI
Domestic Consumption	17820	19413	17800	18530	0	18530	1000 CUBI
TOTAL DISTRIBUTION	18300	20063	18300	19230	0	19230	1000 CUBI

Softwood logs, Exports

Export Trade Matrix**Country** Poland**Commodity** Softwood LogsTime Period **Jan-Dec** Units: **000 CUM**Exports for: **2002** **2003**U.S. U.S.

Others Others

Austria	276	Austria	323
Czech Rep.	177	Czech Rep.	96
Germany	83	Germany	80
Italy	36	Italy	45
France	33	Sweden	37
Sweden	20	Morocco	7
		France	3

Total for Others 625 591

Others not Listed **25** **30**

Grand Total 650 621

2003 data covers first nine months of the year

Softwood logs, Imports

Import Trade Matrix

Country Poland

Commodity Softwood Logs

Time Period Jan-Dec Units: 000 CUM

Imports for: 2002 2003

U.S. 1 U.S.

Others Others

Lithuania	80	Lithuania	46
Ukraine	68	Ukraine	46
Belarus	43	Belarus	36
Slovak Rep.	32		

Total for Others 223 128

Others not Listed 11 3

Grand Total 234 131

2003 data covers first nine months of the year

Softwood lumber, PSD

PSD Table

Country Commodity	Poland		1000 CUBIC METERS				UOM
	2002	Revised	2003	Estimate	2004	Forecast	
Market Year Begin	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	MM/YYYY
	01/2000			01/2001		01/2002	
Production	2070	2194	2000	2170	0	2170	1000 CUBI
Imports	150	185	170	200	0	190	1000 CUBI
TOTAL SUPPLY	2220	2379	2170	2370	0	2360	1000 CUBI
Exports	420	422	420	425	0	400	1000 CUBI
Domestic Consumption	1800	1957	1750	1945	0	1960	1000 CUBI
TOTAL DISTRIBUTION	2220	2379	2170	2370	0	2360	1000 CUBI

Softwood lumber, Exports

Export Trade Matrix**Country** Poland**Commodity** Softwood Lumber

Time Period **Jan-Dec** Units: **000CUM**
 Exports for: **2002** **2003**
 U.S. **2** U.S.
 Others Others

Italy	103	Germany	150
Germany	89	France	80
Netherlands	66	Japan	33
Sweden	35	Netherlands	22
Belgium	27	Belgium	11
Finland	24	Italy	9
Spain	22	UK	7
Austria	20	Spain	6
Denmark	17	Austria	5
		Denmark	4

Total for Others 403 327
 Others not Listed **17** **88**
 Grand Total 422 415

2003 data covers first nine months of the year

Softwood lumber, Imports

Import Trade Matrix

Country Poland

Commodity Softwood Lumber

Time Period Jan-Dec Units: 000 CUM

Imports for: 2002 2003

U.S. 1 U.S.

Others Others

Russia	100	Finland	70
Germany	50	Russia	42
Belarus	20	Slovak Rep.	37
Latvia	10	Belarus	27
		Germany	10

Total for Others 180 186

Others not Listed 4 4

Grand Total 184 190

2003 data covers first nine months of the year

Softwood plywood, PSD

PSD Table

Country Commodity	Poland		1000 CUBIC METERS				UOM
	2002	Revised	2003	Estimate	2004	Forecast	
Market Year Begin	USDA Official [Estimate [	DA Official [	Estimate [	DA Official [	Estimate [	New]	MM/YYYY
	01/2002		01/2003		01/2004		
Production	55	35	55	34	0	34	1000 CUBI
Imports	15	15	10	15	0	15	1000 CUBI
TOTAL SUPPLY	70	50	65	49	0	49	1000 CUBI
Exports	30	30	30	27	0	27	1000 CUBI
Domestic Consumption	40	20	35	22	0	22	1000 CUBI
TOTAL DISTRIBUTION	70	50	65	49	0	49	1000 CUBI

Softwood plywood, Exports

Export Trade Matrix**Country** Poland**Commodity** Softwood Plywood

Time Period **Jan-Dec** Units: **000 CUM**
 Exports for: **2002** **2003**
 U.S. **10** U.S.
 Others Others

Germany	5	Germany	10
Norway	4	Netherlands	7
Sweden	3	Sweden	4
Denmark	3	Norway	4
Russia	2		
Belgium	1		

Total for Others 18 25
 Others not Listed **2** **5**
 Grand Total 30 30

2003 data covers first nine months of the year

Softwood plywood, Imports

Import Trade Matrix

Country Poland

Commodity Softwood Plywood

Time Period Jan-Dec Units: 000 CUM

Imports for: 2002 2003

U.S. U.S.

Others Others

Germany	5	Indonesia	5
Lithuania	4	Finland	4
Finland	3	Lithuania	3
Czech Rep.	3	Germany	1

Total for Others 15 13

Others not Listed

Grand Total 15 13

2003 data covers first nine months of the year

Forest Strategy

FOREST PRODUCT							
STRATEGIC INDICATOR TABLES FOR POLAND							
(Please do not add/delete rows or columns -- note and other info must be added below row 110 -- thank you!)							
CONSTRUCTION MARKET							
Country: Poland	Previous	Current	Following				
Report Year:	CY 2002	CY 2003	CY 2004				
Total Housing Starts (thousand units)	97	80	80				
--of which, wood frame (thousand units)	0	0	0				
--of which, steel, masonry, other materials (thousand units)	97	80	80				
--of total starts, residential (thousand units)	72	70	60				
----of residential, single family (thousand units)	40	39	40				
----of residential, multi-family (thousand units)	31	31	20				
--of total starts, commercial (thousand units)	25	20	20				
Total Value of Commercial Construction Market (\$US mil)	8,000	8,000	8,000				
Total Value of Repair and Remodeling Market (\$US million)	5,800	5,800	5,700				

FURNITURE & INTERIORS MARKET							
Country:	Previous	Current	Following				
Report Year:	CY 2002	CY 2003	CY 2004				
Total Housing Starts (number of units)	97,138	62,700	58,500				
Total Number of Household, million	12.5	12.5	13.3				
Furniture Production (\$US million)	2,200	2,500	3,250				
Total Furniture Imports (\$US million)	400	414	450				
Total Furniture Exports (\$US million)	2,400	2,800	2,900				
Interiors Market Size (\$US million)	1,000	1,000	1,500				
MATERIAL HANDLING MARKET							
Country:	Previous	Current	Following				
Report Year:	CY 2002	CY 2003	CY 2004				
Total Value of Industrial Output (\$US million)	120,223	129,840	140,000				
New Pallet Production (million units)	6	4	3				

FOREST AREA							
Country:	Previous	Current	Following				
Report Year:	CY 2002	CY 2003	CY 2004				
Total Land Area (million hectares)	31	31	31				
Total Forest Area (million hectares)	9	9	9				
--of which, Commercial ('000 hectares)	8,760	8,800	8,800				
----of commercial, tropical hardwood ('000 hectares)	0	0	0				
----of commercial, temperate hardwood ('000 hectares)	2,000	2,000	2,000				
----of commercial, softwood ('000 hectares)	6,760	6,800	6,800				
Forest Type							
--of which, virgin ('000 hectares)	144	144	144				
--of which, plantation ('000 hectares)	39	39	39				
--of which, other commercial (regrowth) ('000 hectares)	21	21	21				
Total Volume of Standing Timber (thousand cubic meters)	1,760	1,800	1,930				
--of which, Commercial Timber ('000 cum)	770	780	790				

Annual Timber Removal ('000 cum) 1/	25,017	27,137	26,500				
Annual Timber Growth Rate ('000 cum)	89,000	90,000	90,000				
Annual Allowable Cut ('000 cum)	28,700	28,700	28,700				
1/ If Removals exceeds growth rate, analyze impact in text.							
WOOD PRODUCTS SUBSIDIES							
Country:	Previous	Current	Following				
Year of Report	CY 2002	CY 2003	CY 2004				
Total Solid Wood Export Subsidy Outlay (\$US million)	n.a	n.a	n.a.				
Is there a ban on the export of logs, lumber, or veneer? 1/	no	no	n.a.				
Are there export taxes (yes/no)? 2/	no	no	n.a.				
Total Wood Production Subsidy (\$US million)	15	15	n.a.				
Scope (thousands of hectares)	20	20	20				
Are there other wood products export expansion activities? 1/							
1/ If yes, describe in report.							

2/ If yes, identify in Tariff and Tax Strategic Indicator Table.							
FOREST PRODUCT TARIFFS AND TAXES (percent)	Tariff	Tariff	Tariff	Tariff	Other		
Country:	Previous	Current	Current	Following	Import	Total Cost	Export
Report Year:	Year	till May 1, 2004	after May 1, 2004 1/	Year	Taxes/Fees 2/	of Import 3/	Tax
4401	3	3	0	0	0	3%	none
4403	0	0	0	0	7/22	7% - 22%	none
4404	9	9	0	0	7/22	16% - 31%	none
4405	9	9	0	0	7/22	16% - 31%	none
4406	9	9	0	0	7/22	16% - 31%	none
4407	9	9	0	0	22	31 %	none
4408	9	9	0	0	22	31 %	none
4409	9	9	0	0	22	31 %	none
4410	9	9	7	7	22	31-35 %	none
4411	9	9	7	7	22	31-35 %	none
4412	9	9	0	0	22	31 %	none
-441219			7	7	22	31-35 %	
4413	9	9	0	0	22	31 %	none
4414	9	9			22	31 %	none
-44140010			2.5	2.5	22	31%	
-44140090			0	0	22	31%	

4415	9	9	0	0	22	31 %	none
4416	9	9	0	0	22	31 %	none
4417	9	9	0	0	22	31 %	none
4418	9	9	0	0	7/22	16% - 31%	none
4419	9	9	0	0	22	31 %	none
4420	9	9	0	0	22	31 %	none
4421	9	9	0	0	22	31 %	none
9401, 9403.30, 9403.40, 9403.50, 9403.60	12	12	0	0	22	34 %	none
9406	6	6	2.6	2.6	22	28 %	none

1/ Insert additional lines for Commodity tariff identification should tariffs vary within the four-digit designation for major products exported by the U.S. (e.g., 4412.19: softwood plywood 3%, 4412.XX: other plywood, 9%).

2/ Calculate as tariff plus other import taxes/fees assuming a commodity value of \$100.

1/ On May 1, 2004, Poland will join the EU and will adopt the EU tariff. Actually, the import tax on U.S. wood products in the section 44 is suspended at 0 percent.

2/ According to the new construction regulations, a 22 percent VAT is applicable on all construction products. Therefore, if the materials are used for public construction, the investor can claim the difference between 7 and 22 percent tax.

* The results of 2003 census will be available in the middle of 2004.