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Netherlands

Solid Wood Products

Annual

2005

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Report Highlights:
Wood demand is expected to increase in 2005 due to higher investment in the overall construction sector and more spending on furniture and interiors

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
The Hague [NL1]
[NL]

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The Wood Industry

The Dutch wood industry covers the furniture, construction, packing and pulp & paper sectors. Each segment will be discussed in detail in the following sections. Turnover figures for the individual segments are not available. The use of US woods is limited in the Dutch furniture, construction and packing sector to about €25 million in 2004 (1% of total imports). For the pulp industry, and to a lesser extent the paper and paper board sector, the US is an important supplier with a market share of 18% in 2004 (€198 million).

Dutch import requirement for wood products and wood packing material are fully harmonized with the rest of the EU. For more information on the import requirements see www.useu.be/agri and
http://www9.minlnv.nl/servlet/page?_pageid=649&_dad=portal30&_schema=PORTAL30
(this website is in Dutch).
Information on APHIS certification can be found on
http://www.aphis.usda.gov/ppq/pim/exports/certificates&forms.htm

The Furniture Sector

The total turnover of the Dutch furniture sector in 2003 was almost € 2 billion, 9% lower than the preceding year. For 2004, the CBM (Dutch furniture association) estimates turnover unchanged from prior year. For 2005 turnover is expected to increase and that growth is forecast to continue into 2006, driven by growth in GDP and increased spending on consumer goods.

The Dutch furniture and interior sector is a major importer of wood components and semi-manufactured products. Currently, the majority of those products come from neighboring Germany and Belgium and some semi-manufactured products from Italy and Spain. However, Western European countries are losing market share to Central and Eastern European Countries and Asia, due to their cost price advantage and access to abundant raw materials.

Figure 1: Key data of the furniture industry

		2002	2003
Turnover (€ million)	Furniture industry	2,154	1,965
Export (€ million)	Wood	404	403
	Metal	214	221
Import (€ million)	Wood	1,172	1,087
	Metal	325	343

Source: www.cbm.nl

Noteworthy consumer trends in the Dutch Furniture and Interior Sector:
Furniture:
- Desire for bigger tables.
- Strong preference for wood or a combination with wood.
- Preference for walnut, cherry and oak.
- Wood end-products must have a natural and light look.
- American walnut is popular.
- American red oak is losing popularity at the expense of European oak.
- Wood combined with steel is gaining popularity.
- Certified wood is slowly gaining market share due to sustained promotional efforts.

Flooring:
- Laminate is passé, wooden floors with knots are in (again the natural look).

- Popularity: 1) oak, 2) beech and 3) hard maple.

Interior:

- Natural look is preferred.
- Wood combined with glass and stainless steel.

The Construction Sector

Residential sector

Spending in the residential construction sector grew by 2.5% in 2004 to € 16.4 billion and is expected to grow even more in 2005. It is expected that the recent slowdown in the Dutch economy is over and that investment in the residential sector will grow 3-4% per annum.

The Dutch door, frame and stairs industry consists of a few hundred producers, manufacturing exterior doors, interior doors, stairs and frames. For this industry the future looks difficult. Despite the fact that the residential construction sector is recovering from a period (2001-2003) of low investment, they face increasing competition from low labor-cost countries. Some 10 to 20% of Dutch capacity has moved to these countries to be closer to raw materials and to take advantage of lower production costs.

The Dutch doors, frame and stair industry uses wood, synthetic and steel as input. Wood is by far the most commonly used material. Doors and stairs are generally made from wood, while frames are often made from steel and/or synthetics. Compared to other European countries the use of synthetics and steel in Dutch residential construction is low.

Scandinavian woods are very popular with the industry because of their low price and durable quality. In addition, distance, transportation time and logistical factors add to their popularity. US softwood is less popular. Species that are being used are Douglas Fir, Hemlock, Yellow Pine and Balsam for interior doors and Western Red Cedar and Red Wood for exterior doors.

Utility sector

The utility sector includes the public sector (government, education and healthcare) and the private sector (agriculture, industry, trade, hotels and restaurants, transport, communication and service). Investment is expected to go up in 2005 after a decrease in the past 2 years.

Figure 2: overview of the Dutch construction sector, € million

	2002	2003	2004	2005
Private sector	8,270	6,880	6,200	6,020
Government sector	3,930	4,030	4,340	4,600
Utility sector	12,200	10,910	10,540	10,620

Source: www.vrom.nl, TNO

The slowdown in the economy, disappointing developments on the stock market and within the information and communication technology (ICT) sector and the rise and fall of the dotcom industry, hit the corporate sector in the Netherlands severely. The overcapacity in the Dutch office-space sector is huge. Currently, the Netherlands has an office space surplus of over 1 million square meters.

Doors, frames and stairs used in the utility sector are still predominantly made from wood. Synthetic materials and steel are used on a limited scale. Also for this industry, wood from Scandinavia and the Baltic states is very popular.

Infrastructure sector

Investment in the infrastructure sector dropped by 3% to EURO 7,8 billion in 2002. This trend continued through 2003. Investments grew by over 4% to EURO 8,0 billion in 2004 and is expected to grew by another 2% to an estimated €8.2 billion this year. Governmental spending priorities, which change from year to year, are difficult to predict and will determine future investment in infrastructure.

Figure 3: Investments in the infrastructure sector, € million

	2002	2003	2004	2005
Infrastructure	7,830	7,730	8,070	8,210

Source: www.vrom.nl

Use of wood in the Infrastructure Construction is very small compared to the residential and utility construction sectors.

The Wood Packing Material Sector

The Dutch wood packing material sector is dominated by the pallet industry, worth € 300 million. Smaller industries include the industrial packaging and the lightweight case industry worth €100 million and €25 million, respectively.

Annually, approximately 17 million new wooden pallets are produced. This involves the use of almost 1 million cubic meters of wood. A mere 8 percent is Dutch wood and the rest imported. Traditionally, the main supplying regions are Scandinavia, the Baltic States and Southern and Central Europe. US wood is not used in the Dutch wood packing material sector and this is not expected to change in 2005.

Developments in the Dutch material handling industry are:
Substitution:

- The material handling industry relies heavily on the use of wood. It is expected that this will not change within the near future. Although in some markets, for instance the food market, the use of plastic has increased.

EU-enlargement:

- Due to the enlargement of the EU, the import of pallets from new E.U. (e.g. Poland) countries is expected to increase. In addition, due to the lower labor costs in this region, it is expected that the Dutch industry will gradually move to this area. On the other hand, because of the enlargement, the Dutch will expand their transportation and logistics activities in the material handling industry in these new countries.

ISPM 15:

- The Dutch industry has invested to fully comply with the new ISPM 15 guidelines on Wood Packaging. For more information on ISPM 15, see www.smhv.nl.

NOTE: Links are often in Dutch, contact the Office of Agriculture Affairs in The Hague if further assistance is necessary.

The Wood Pulp, Paper and Paper Board Sector

In 2004, the turnover of the Dutch pulp and paper industry was approximately €2 billion. The Netherlands is the 9th biggest European producer, annually produce 3.3 million MT paper and paperboard at 27 sites. Like almost any other agricultural industry, this Dutch sector is export oriented. Over 70% of Dutch production is exported to neighboring countries.

The Netherlands is also a big importer of wood, wood pulp and paper and paperboard. In 2004, imports of these products totaled €8 billion of which €400 million originated from the US. For wood pulp and to a lesser extent paper and paper board, the USA is a main supplier to the Dutch trade and processing market.

Figure 4: Dutch imports of wood and wood products, € million.

		2002	2003	2004
HS 44	Belgium	430	420	437
Wood	Germany	381	350	407
	USA	33	28	25
	Other	1,514	1,451	1,477
	Total	2,358	2,249	2,346
HS 47	USA	184	179	198
Wood pulp	Sweden	135	148	128
	Brazil	135	74	0
	Other	445	628	779
	Total	899	1,029	1,105
HS 48	Germany	1,299	1,311	1,378
Paper and	Sweden	712	713	738
paperboard	USA	222	196	173
	Other	2,590	2,336	2,215
	Total	4,823	4,556	4,504

Source: WTA

NOTE: Knowing that the Netherlands is a large trader of paper and pulp, it is difficult to determine what percentage of US imports are used in the Netherlands and what percentage is re-exported. The high market share of Belgium can also be explained as a consequence of the high volume of regional trade through the Netherlands (Imported in Antwerp but destined for the Dutch market).

The Import Requirements For Wood Products

Dutch import requirement for wood products and wood packing material are fully harmonized with the rest of the EU.

EU measures for Wood Packing Material.
Council Directive 2000/29/EC lays down phytosanitary measures to prevent the introduction of pests associated with wood packaging material (packing cases, crates, drums, pallets, load boards and pallet collars) into the EU. On October 5, 2004, the European Commission published Commission Directive 2004/102/EC amending Directive 2000/29/EC. This directive, scheduled to enter into force on March 1, 2005, contains a controversial requirement that all wood packaging must be made from debarked wood and could affect an estimated USD 80 billion worth of U.S. agricultural and commercial exports to the EU that are shipped on wooden pallets or in wood packaging materials. Implementation of this requirement has been delayed for one year, until March 1 2006.
http://www.useu.be/agri/woodpack.html.

For more information, see:
US Mission to the European Union:
Foreign Agricultural Service
Phone: 32-(0)2-508-2760
Fax: 32-(0)2-511-0918
www.useu.be/agri

US Mission to the European Union:
Animal and Plant Health Inspection Service
Phone: +32 2508 2947
Fax: +32 2511 0918
www.aphis.usda.gov

Information on APHIS certification can be found on:
http://www.aphis.usda.gov/ppq/pim/exports/certificates&forms.htm

Marketing

The following trade shows are planned in the Benelux region:

Cocoon
Furniture and Interior Fair
Brussels, Belgium
19 – 27 November 2005
www.artexis.com

Bouw RAI
RAI, Amsterdam, Netherlands
4 - 7 April 2006
www.bouwrai.nl

Salon Europarket
MECC, Maastricht, Netherlands
23 – 25 April 2006

Hout Dag
Ahoy, Rotterdam, Netherlands
2006 (dates are not yet available)
www.hout.nl

Internationale Bouw Beurs
Jaarbeurs, Utrecht, Netherlands
2007 (dates are not yet available)
http://sites.vnuexhibitions.com/sites/bouwbeurs/nl/index.asp

Logistica Beurs
Jaarbeurs, Utrecht, Netherlands
November 2006
www.logistica.nl

Meubelbeurs
Parc des Expositions, Brussels, Belgium
November 2005
Trade show for retail

Bouwbeurs
Parc des Expositions, Brussels, Belgium
February 2006
Trade show for consumers

Parketbeurs
Kortijk Expo, Kortijk, Belgium
Trade show for consumers

Interior Kortrijk
Kortijk Expo, Kortijk, Belgium
Design Show
for consumers

In Germany:
Interzum
Kolnmesse, Cologne, Germany
29 April – 3 May 2005
www.koelnmesse.de