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Germany

Solid Wood Products

Annual

2005

Approved by:
William W. Westman
U.S. Embassy

Prepared by:
Dietmar Achilles

Report Highlights:

German solid wood products imports from the United States increased by three percent during the Jan-Sep period in 2005, amounting to US$ 136 million. U.S. hardwood veneers represent nearly 40 percent of total U.S. wood exports to Germany. The next major items are hardwood logs and hardwood lumber. Reports from the furniture market indicate that demand for oak furniture is increasing again. Also demand for black cherry and walnut is increasing slightly. The German furniture industry reports increased export sales, but continues to face a sluggish domestic market. In addition, the domestic construction sector is still consolidating. A further significant reduction of home construction numbers is not expected since the current production level is already nearing the replacement level for homes. The German sawmilling industry has been very successful exporting construction lumber to the U.S. market during recent years.

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Executive Summary

The strengthening of the US dollar compared to the Euro could reduce wood import demand in 2006. However, trade data for the first nine months of CY 2005 indicate sales of hardwood lumber and veneer have increased, almost to 2001 levels.

U.S. wood product sales to Germany are closely linked to the strength of the German furniture industry and the housing market. Housing starts dropped by about seven percent in 2005, but the furniture industry reports a two percent increase in turnover for 2005. The furniture industry is counting on increased export demand, initiated by an economic turnaround in Europe and further growth in Eastern European, Asian, and U.S. markets.

The stagnant domestic market is forcing German wood industries to intensify their export activities to markets outside Europe. German sales of softwood lumber for the construction and packaging industry, wooden panels, and other wood products grew by more than nine percent to US$ 5.82 billion (tariff codes 4401:4421) during January to September 2005. Aside from European markets, German exporters had been focused on Asian markets, in particular China, Hong Kong, Japan, and South Korea. The U.S. market is also being intensively targeted by German construction lumber and panel exporters.

The German market is of particular interest to U.S. exporters because of its thirst for hardwood lumber and veneers. Total U.S. sales in 2005 went up by three percent to US$ 136.2 million, compared to the same period in 2004. Of particular interest are white oak, hard maple, black walnut, red alder, and recently yellow poplar for molding.

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

1999: $1 = Euro 0.9383	2002: $1 = Euro 1.0575
2000: $1 = Euro 1.0827	2003: $1 = Euro 0.8840
2004: $1 = Euro 0.8039	Oct 2005: $1 = Euro 0.8323

German Economic Situation

High energy prices and sluggish domestic demand combined to limit economic growth to only 0.8 percent in 2005. Germany's exporters provided the only bright spot, remaining healthy despite the strength of the euro. The euro's 10 percent drop since May 2005 has helped further stimulate the German export sector. For CY 2006, the German government forecasts 1.2 percent growth in GDP, lower than forecasts for other EU states and the U.S. Most economists believe Germany's lack of growth is caused not just by a dip in the business cycle, but also by structural factors, such as an overly-rigid labor market and relatively high non-wage labor costs. Unemployment continues to be high, at 10.9 percent. Furthermore, for those in the workforce, the fear of unemployment, as well as new policies that encourage people to finance their own pensions, is causing people to spend less and save more, leaving Germany with one of the world's highest savings rates.

The recent national elections failed to produce a clear majority in parliament for either the right or the left. As a result, the two main parties on either side of the spectrum, the Christian Democratic Union/Christian Social Union (CDU/CSU) and the Social Democratic Party (SPD), formed a so-called "grand coalition," which took office in late November 2005. The coalition government plans aggressively to cut Germany's budget deficit through a combination of tax increases, particularly a three percent increase in the value added tax (VAT), and reductions in subsidies. Deficit reduction is a priority in part because Germany has failed for the past five years to meet EU currency stability rules that forbid deficits above 3.0 percent of GDP. The new government also plans to reduce non-wage labor costs in the hopes of stimulating job creation.

For almost ten years, the domestic construction industry has been consolidating because construction support programs for the eastern part of Germany were phased out in the mid-1990s. The construction industry is no longer the big economic engine in Germany. The only optimistic signals coming from the construction sector are increasing orders for commercial buildings during recent months. Export industries are investing in new buildings to scale-up their production facilities. This might be viewed as an indicator that the German export industry is confident that they will remain competitive in international markets. Despite a strong euro during the first half of 2005, export orders continued to increase.

Production

A newly released industry study about the German forest and wood-working industries concluded that Germany is a land of abundant forests. The wood products industry consists of about 185,000 companies employing more than 1.3 million people, which is larger than the German automobile industry. In the past 10 years, a number of companies have been investing in new processing facilities. For example, new large scale saw mills have been installed for milling softwoods and hardwoods, a new large pulp mill was erected in Brandenburg, and investment strengthened in the wood panel industry, in particular MDF (medium density fiberboard) manufacturing plants. The objective of the study is to provide information about a very diversified industry and also initiate cooperation among the different woodworking industries. Detailed statistical data about the German sawmilling industry and other wood working industries have been collected by the Zentrum Holzwirtschaft at the University Hamburg – www.holzwirtschaft.org. –(Contact person is Prof. Mantau.)

The German commercial timber harvest for CY 2005 is estimated at 54.0 million cubic meters (CUM), which is about the same level as in CY 2004. The increase in harvested volume from CY 2002 to CY 2003 is primarily the result of a statistical change. Harvested volume in private forests in Southern Germany had been significantly underestimated in the past. Forest experts are confident that this higher harvest rate will continue in the future, largely due to a more economic and profit oriented approach in forest management. In the past, forest owners, (particularly owners of small private forests) viewed their holdings as a "savings account" and was significantly under-harvested. Other factors supporting a higher German harvest rate include a more consolidated saw milling industry and an increase in the use of wood as an energy resource.

The national forest inventory of 2004 (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 adds up to a total wood regrowth of about 95 Million CUM. Actual harvest data can be misleading because 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 commercially viable. The inventory report also shows 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).

When examining the data of the German wood inventory for wood supplies by type of forest ownership, it becomes evident that private forest owners, who own approximately 44 percent of all German forests, have had low extraction rates compared to commercial or industrial forests. Wood supplies in private forests are about 6 percent higher than the average. When examining age classes it is evident that the most common age class was planted shortly after Worldwar II (21 percent). Private forests hold the largest share of softwood trees; mainly spruce (63 percent).

Table 1: German Timber Harvest in 1000 CUM

	Logs	Slee-pers	Industr Wood Long	Short	Stacked Wood	Other Wood	All
Oak, Red Oak							
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	878	11	378	140	286	324	2,017
2005*	950	10	380	150	300	310	2,100
Beech, oth Hardwoods							
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	2,623	39	2,677	722	1,424	1,185	8,670
2005*	2,700	40	2,660	700	1,400	1,200	8,700
Spruce, Fir, Douglas Fir							
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	23,554	24	1,197	3,825	3,128	1,745	33,473
2005*	23,000	20	1,230	3,850	3,150	1,750	33,000
Pine, White Pine							
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	5,109	3	521	3,236	1,009	467	10,345

2005*	5,000	3	520	3,000	1,000	477	10,000
All Species							
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	32,164	77	4,773	7,923	5,847	3,721	54,505
2005*	31,650	73	4,790	7,700	5,850	3,737	53,800

* FAS Bonn Forecast
Source: Federal Ministry of Agriculture

Stronger export demand for German timber has resulted in slightly higher wood prices during 2005. In addition, greater activity in the German building construction industry since the summer of 2005 has stimulated additional demand for construction wood. The industry is optimistic about the upward trend for timber prices in 2006.

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

	1998	1999	2000	2001	2002	2003	2004	2005*
Total Roundwood	110.3	114	100	98.9	98.8	97.4	90.2	92
Total Logs	112.6	116.3	100	98.8	98.1	95.6	88.7	91
- Oak	96.7	110.9	100	99.1	98	94.5	95.5	104
- Beech	96.2	101.7	100	101	94.6	87.2	77.9	75
- Spruce	121.7	124.3	100	99.2	101	100	92.4	95
- Pine	102.8	105.2	100	94.2	93.1	96.5	95	95
Total Indust Wood	99.5	103.3	100	99.3	102.1	106.2	98.1	99
- Oak	89	102.6	100	102.5	105.4	141	118.2	120
- Beech	99.5	106.1	100	101.7	105.7	107	116	115
- Spruce	101.5	99.7	100	97.7	103.5	112.6	106.2	108
- Pine	98.9	104.2	100	97.5	96.4	96	68.6	69

* prelim.
Source: FedMinAgr.

Government Charta for Wood

In late 2004, the German government implemented a promotion program to increase wood utilization as part of the general strategy to support renewable and energy resources. The goal of the program, called "Charta for Wood," was to increase wood consumption by 20 percent within the next ten years. The increased use of wood is expected to come from sustainable forests. One of the first projects supported by the Charta was to prepare a cluster study for the German forest and wood industries. The goal of the study was to provide detailed information about the multi-facetted wood working industries and to stimulate investment cooperation between the different sectors of the wood processing industries.

Forest Certification

The majority of German forestland (66 percent) is PEFC (Platform for the Endorsement of Certification Schemes) certified. Only 6-7 percent, primarily municipal forests, is FSC (Forest Stewardship Council) certified. 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 output originates from certified forests.

The German media frequently reports about FSC certification as a proof of proper sustainable forest management or verification that the wood was legally harvested. A number of do-it-yourself retail chains advertise their wood products as being FSC certified. Private customer awareness of forest certification is slowly increasing. Customers interested in products made from tropical wood species, in particular, are increasingly asking for the origin and legality of the products.

During the previous legislative period, which ended in October 2005, the Green Party managed to incorporate a provision into the federal regulations that requires government purchases to meet FSC certification requirements. This preference for FSC certification is expected to be withdrawn soon under the new Grand Coalition government. The federal government contracting conditions requiring wood certification should act as precedence for other public purchases.

Consumption

Total annual wood use by the German wood working industry is estimated at 65 million CUM in CY 2004. For CY2005, an increase in timber consumption to 68.4 million cum is expected. Almost half of the raw timber (40%) is used by sawmills for lumber production. The German sawmilling industry consists of about 2,500 sawmills producing a total of almost 17.0 million CUM of softwood lumber and 1.2 million CUM of hardwood lumber. The number of small mills producing less than 5,000 CUM annually is rapidly shrinking and the sluggish domestic construction industry has led to the closure of smaller mills. In particular, the wood intensive single to double unit home construction market shrunk from 625,000 units in its peak year in 1994 to the current level of 215,000 units. 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 the smaller mills. On the other end of the spectrum is the market for larger companies producing standardized products. About three percent of all sawmills produce about two thirds of German softwood lumber output. There are nine mills in the market with an annual cutting capacity of more than 500,000 CUM of softwood. All of these mills are using the modern profiler technology. The larger mills are increasingly concentrating on production for export markets within Europe and overseas, including the United States. 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 still expected to grow, albeit at a slower rate, because the large mills are technologically advanced and, therefore, competitive in international markets.

Large sawmilling companies have been investing in production locations that can supply international export markets. The lumber market in the east coast of the U.S., in particular, has purchased an increasing volume of German softwood lumber. Moreover, the re-valuation of the Euro compared to the U.S. dollar in 2004 has not hindered German construction lumber sales to the United States. U.S. customers purchase about 7.5 percent of total German softwood lumber production. The strength of the German lumber industry is a result of the restructuring and consolidation of the industry, growing processing facilities and company size, and a more professional approach in marketing wood products. Timber sales from publicly owned forests are now based more on market factors rather than political decisions.

The temperate hardwood market is much smaller than the softwood market. 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 for several years until 2003. In CY 2004, German exports to China, including Hong Kong, were nearly cut in half while oak log sales to China went up. According to traders, Chinese customers complained about quality problems and high prices for beech lumber. New customers for German beech lumber were found on the Iberian Peninsula and the United States. New large-scale hardwood mills are planned for the beech and oak growing regions to produce for the export markets including North America and the Far East.

The German paper industry forecasts a total production of 21.6 million MT in CY 2005, a six-percent increase over the previous year. About half of the production is graphic papers. The increase in output is predominantly for export sales, mainly to the new EU member countries in Central Europe. Export sales in 2005 grew by 7.9 percent while domestic sales only went up by three percent. Of strong interest to the German paper industry is the Chinese market where per capita paper consumption is estimated at 29 kilograms versus 225 kilograms in Germany. The use of recycled paper in Germany amounts to 65 percent, which represents the targeted maximum use by the industry. Supplies of usable old paper available for recycling are essentially nonexistent.

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 be 550,000 tons of bleached long-fiber pulp. The mill can 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. Investments in Stendal are reported to amount to one billion Euro of which 250 million Euros 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 use is the energy market. Production of energy pellets is estimated to reach 385,000 MT in CY 2005. Pellet production capacity is forecast to rise to approximately 500,000 MT in 2006. Five years ago heating pellet production started with a meager 11,700 tons. Pellets are primarily made from by-products of profiler mills and compete with the wooden panel and paper industry for raw material. Wood harvesting for pellet production is not economical. About 30 percent of the domestic energy pellet demand is supplied by imports, predominantly from Austria.

The number of pellet heating systems grew from about 26,000 units to about 40,000 installations in 2005. A further increase or doubling of pellet heating systems is forecast for the next two to three years. The energy pellet association is quite optimistic about increasing the market share for wood heating systems to eight percent of the heating market by 2015. Total turnover of the industry is currently estimated at € 300 million ($US 360 million.

Prices for energy pellets range from 168 to 180 Euro/ton (US$ 202-216 per ton) for a minimum 5-ton delivery within 100 to 200 km. Increased demand for energy pellets will not drive up prices significantly because increasing competition among wood pellet suppliers should keep prices under control. For further information on this market see: Deutscher Energie Pellets Verband, www.depv.de

Table 3: Timber Use in Wood Using Industries, in 1,000 CUM

	2002	2003	2004	2005**
Sawmills				
Softwood	20,286	21,547	24,311	25,800
Hardwood	1,339	1,123	1,120	1,200
All	21,625	22,670	25,431	27,000
Veneer Mills *)				
Softwood	61	41	38	35
Hardwood	156	169	159	160
All	217	210	197	195
Plywood				
Softwood	103	99	65	60
Hardwood	51	50	49	45
All	154	149	114	105
Fiberboard***				
Industrial Wood	3,638	4,687	4,556	4,900
Cut-offs Slabs + Residues	5,613	6,141	6,514	6,000
All	9,251	10,828	11,070	10,900
Particleboard***				
Round Timber	4,118	4,829	5,438	5,300
Cut-offs Slabs + Residues	12,996	12,506	14,402	14,800
All	17,114	17,335	19,840	20,100
Cellulose & Paper Ind				
Softwood	2,886	3,315	4,029	5,500
Hardwood	1,062	1,116	1,174	1,200
Cut-offs Slabs + Residues	2,994	2,942	3,285	3,400
All	6,942	7,373	8,488	10,100
Grand Total	55,303	58,565	65,140	68,400

* Decorative veneers only

** Forecast

Source: Federal Ministry of Agriculture

Construction

The German construction sector has gone through ten years of continuous consolidation. Since its peak in 1994, construction activities have been shrinking. The industry is optimistic that it has reached the bottom of the consolidation phase. However, shrinking population numbers and an aging society are not necessarily stimulating investment in new housing. Demographic studies also indicate that the German population will continue to decrease by several million over the next thirty years. This trend is not expected to change unless birth rates in Germany are offset by increased immigration. Furthermore, the new grand coalition government decided to cancel tax subsidy programs for home construction effective January 1, 2006, which in the long-run may result in lower private home construction numbers. An increase in private home construction is possible in CY 2006 primarily because investors are expected to take advantage of the existing tax benefit programs and start building before the end of 2005. Over the past several months, money markets have been offering all-time low mortgage rates (approximately 3.5 percent interest) for a ten-year loan agreement.

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	165,156	70,354	240,932	27,161
2004	235,876	32,247	268,123	177,213	69,387	247,805	25,846
2005*	215,000	30,000	245,000	160,000	65,000	225,000	30,000
2006**	220,000	30,000	250,000	165,000	70,000	235,000	33,000

*Estimate FAS Bonn
**Forecast FAS Bonn
Source: Federal Statistics Office + FASBonn - www.destatis.de

German housing is predominantly masonry. However, wooden houses have gained popularity in recent years mainly because of their superior energy efficiency. The German government is working on a program to require higher energy efficiency standards for multi-unit homes. This policy may also indirectly increase the demand for more energy efficient wooden homes. Another reason home owners are building wooden houses is to distinguish themselves from the normal housing market. In addition, a third reason for the growing popularity of wooden homes is its significantly shorter construction period, which only takes 3 to 4 months to complete versus 9 to 12 months for masonry buildings. The German wooden prefab house association reports that in calendar year 2004, production totaled 14,318 units of single and double unit wooden prefab houses plus 710 wooden commercial buildings. In 2005, production is estimated to shrink slightly. In Germany, wooden homes are not necessarily cheaper than masonry building because of their often superior interior structure and design. About one third of the wooden prefab houses are sold as partly finished projects, which require considerable labor input by the customer.

The renovation and modernization of homes has generally followed the downward trend in the German construction market. Real estate experts report that the number of empty homes and office space still remains high. Rental prices for commercial buildings continued to decrease by about 3 percent in 2005. Rental prices for private homes are stagnating.

Flooring

Parquet consumption is approximately 19 millions sqm, a 2-percent decrease from the previous year. For 2005, consumption is expected to reach 17.2 million sqm. Despite the decreased demand, domestic production of parquet, predominantly multilayer type parquet, did not suffer under this negative trend (see table 5). Compared to the 30 percent decline of the construction market since 2000, the parquet industry is still doing very well. Parquet is predominantly used in high value single or double unit houses. Unfortunately, high value strip parquet production data are no longer published. For cost reasons, strip parquet has been increasingly replaced by more economical multilayer parquet. Multilayer 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 in 2005. The parquet industry is optimistic that the market will remain stable in 2006.

Preferences for specific wood species of the past several years have not changed significantly. Germans still prefer light colored wood species, namely oak (40%) and beech (30%), followed by hard maple, birch, and cherry. However, flooring experts claim that demand for dark color flooring in combination with light color species is increasing. The industry is testing consumer acceptance for tropical wood species. Soft maple and white ash are not in high demand by German flooring manufacturers. Hard maple and cherry lumber for parquet production are predominantly imported from the United States, however, it is facing increasing competition from European grown timber.

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 self-installed by tenants. HPL sales in CY 2004 were estimated at about 84 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
2005*	10,200	12,000	5,000	17,200

*Estimate
Source: Federal Statistics Office

Windows

The demand for wooden window frames is shrinking dramatically. Wooden frames are being replaced by plastic frames since these require less maintenance and can possess better insulation properties. Wooden windows are not expected to regain market shares in the foreseeable future. The predominant wood species for windows are 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*	2006**
Wood Windows	5.9	5.4	4.6	3.6	3.1	2.6	2.4	2.3	2.1
Plastic	12.2	12.1	10.7	8.6	7.1	6.5	6.2	6.4	5.9
Aluminum	3.7	3.5	3.4	3.1	2.9	2.5	2.4	2.2	2.1
Alu + Wood	0.8	0.8	0.7	0.7	0.8	0.7	0.7	0.5	0.5
All Types	22.6	21.8	19.5	16.0	13.9	12.3	11.7	11.4	10.6

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

Furniture

For the first eight months of this year, the furniture industry forecast production growth at 1.5 percent; a total volume of €20.4 billion (about US$ 17.0 billion). These figures provide the German furniture industry a reason to remain optimistic about the future.

The German furniture industry consists of small-to-mid-sized industrial businesses. The number of furniture manufacturing companies has decreased by 3.4 percent to 1,161 in 2005, which is about the same rate of consolidation during the past several years. At the same time, the number of employees also dropped by 3.5 percent to approximately 124,000. This consolidation is partly due to the sluggish economic situation and the relocation of manufacturing plants to lower production cost countries in the 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. Labor and investment costs are lower in Eastern Europe.

The furniture industry association reports that there has been a gradual change in the use of furniture in German homes. People seem to be looking for exquisite quality furniture instead simply filling the apartment with masses of furniture. Target groups for the industry are singles and senior citizens of 50 years of age and older, known as best-agers in Germany. The number of single households continues to grow in particular in metropolitan areas. Also the group of best-agers is increasing. Austrian, German, Swedish, and Danish customers are spending the most money per capita on furniture compared to people in other European countries. German per capita furniture expenditures are reported at € 360 ($US 433). For comparison, French and Italian customers only spend €200 ($US 240) per capita and year.

The preference scale for wood species by the German furniture industry did not change significantly in 2005. Consumers continue to favor light and light red color wood species. According to the furniture industry association, the top five European wood species are beech, white oak, cherry, alder, and birch. The demand for dark woods is increasing gradually.

Slightly more than 25 percent of the German furniture production is exported. In CY 2005, exports went up by 3.6 percent to an estimated total of € 5.5 billion (US$ 4.6 billion). Ten years ago, only 15 percent of German-made furniture was exported. The main export markets are to the neighboring countries of the Netherlands, Austria, France, and Belgium. The EU 15 region purchased 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. German companies have also shown success in China and other Asian markets, although furniture sales into Asian countries dropped by almost 20 percent during the first half of 2005. Despite the strong Euro, exports to Canada have almost doubled, while exports to the United States remained stable during the same period. In 2005, the German furniture industry participated in trade fairs in Dubai, Guanghzou, Tokyo, Moscow, and New York.

Furniture imports to Germany have been on a downward trend. In 2004 and part of 2005, they have decreased by about 4.6 percent. Total furniture imports in 2004 amounted to Euro 6.7 billion (US$ 8.3 billion). Reductions are reported for almost all supplying countries except for China, India, the Philippines, and Malaysia. China and Malaysia are currently supplying furniture for the low end of the market. These new suppliers are replacing traditional western European competitors. Most of the imported furniture originates from Poland, where German manufacturers have relocated their production operations. The move of German furniture production facilities to Eastern Europe during the past few years has also affected where manufacturers source their timber inputs; mostly from neighboring countries. Imports from the United States dropped by 18 percent during Jan/Jun 2005 compared to the same period in 2004, to $14 million.

The German veneer industry reports an annual production of about 200,000 CUM, which has been the average output for the past four years. 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 was noticeable in 2004.

Panel Industry

In 2005, the German particleboard industry increased its production by about 7 percent to 10.0 million CUM. Stable domestic demand and increased exports drove up domestic production. Prices also improved by about 6 percent in 2004 and remained relatively stable in 2005. About one quarter of domestic production is destined for export markets. The main markets are Denmark, United Kingdom, and Poland. In 2005, China dropped from the list of noticeable customers for German particleboard. Also exports to the United States dropped dramatically to about 1,000 CUM.

Since particleboard competes with medium density fiberboard (MDF) in furniture production, new investments in wooden panel production will be in MDF and Oriented strandboard (OSB) facilities. OSB production capacities in Germany have increased to about 1.1 million CUM during recent years. Actual production of OSB in 2005 is estimated at 850,000 CUM. Industry experts are optimistic that OSB will capture additional market share from other panel products, particularly from softwood plywood. Major softwood plywood suppliers are Brazil, Finland, and Russia. Germany is a net exporter of OSB, exporting approximately 450,000 CUM in 2005. Almost half of German OSB exports totaling 400,000 CUM are shipped to the United States.

MDF production in Germany is estimated at 4.3 million CUM in 2005 compared to 4.7 million CUM in 2004. 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 a promising future in the domestic market, but it is highly sought after in export markets. Approximately 982,000 tons have already been exported in Jan/Sep 2005, which is 12 percent more than in Jan/Sep 2004. Imports are much lower, at 190,000 tons during the same period. The two major suppliers are Switzerland and Austria. The top markets for MDF outside Europe are the United States (74,000 tons in CY 2004) and Canada.

Other

The German casket industry has complained about the loss of business to eastern European manufacturers. At the beginning of the 1990s about 90 percent of the purchased caskets were made by German companies. Today it is less than 50 percent. Another factor contributing to the economic difficulties for the casket industry is that Germans spend less money for the ceremonial services.

In view of high energy and oil prices, the wood processing industry is searching for alternatives for oil-based products. As a result, research is intensifying for wood plastic composites (WPC) and improving the surface durability of wood. Such processed and treated products are intended for outdoor use. The first international congress on WPC was held in Koeln (Cologne) in early November 2005.

Trade

German imports of wood and wood products during the first nine months of CY 2005 remained stable at US$ 3.26 billion (tariff codes 4401-4421). CY 2004 imports totaled US$ 4.8 billion of which 20 percent was softwood lumber of European origin. The U.S. share of the German wood products market remained stable during the past three years hovering at almost four percent. The main U.S. export item to Germany is temperate hardwood veneer which account for almost 40 percent of all U.S. wood shipments . The second most important wood import item is hardwood logs, which increased significantly to US$ 38.4 million in Jan/Sep 2005, a surge of more than 29 percent compared to 2004.

The main suppliers of softwood lumber to the German market are Russia, Sweden, Finland, and Austria. Lumber shipments from Sweden dropped significantly in 2005, but were offset by a three-fold increase in softwood logs. Scandinavian logs are cut to lumber at full-sized sawmills in Mecklenburg-Vorpommern and large numbers are re-exported as construction lumber to the United States. Russian softwood log shipments to Germany have been shrinking for past four years. Softwood log imports from France and the Czech Republic have also gone down considerably since 2000.

The consolidation in German sawmilling and veneer cutting industries has contributed to the decrease in the imports of hardwood logs. Oak and beech log imports have steadily shrunk for the past four or five years. Veneer mills and furniture manufacturers have relocated into lower cost regions of Central and East European (CEE) countries.

Rising imports of tropical timber and veneers indicate a growing interest among German consumers for more colorful flooring. Imports of particleboard and MDF have also trended upward during the past three years. Supplying countries are almost exclusively European producers. Sources within the industry report that there are growing interest to open new facilities in CEE countries.

IMPORT	2003	2004	Jan/Sep04	Jan/Sep05
	1000-$	1000-$	1000-$	1000-$
0400 U.S.A.				
All Roundwood	42715	42418	29826	38373
OAK WOOD IN THE ROUGH, SAWLOG	388	3431	2416	2659
All Lumber	35734	42018	31730	32069
All Softwood Lumber	4695	5715	4128	4397
All Tropical Lumber	1131	245	62	39
All Temp Hardwood Lumber	29908	36059	27540	27633
Oak Lumber	10063	14114	10583	9938
Beech Lumber	1	5	5	6
All Veneers	81258	78493	58371	54177
Softwood Veneers	1552	1448	1267	562
Tropical Veneers	503	272	262	505
Temp Hardw Veneers	79202	76773	56842	53110
All Plywood	362	709	659	299
Trop Plywood	10	9	7	4
Hardwood Plywood	-	145	143	66
Softwood Plywood	147	117	90	103
OSB	43	10	10	22
Particleboard	953	699	608	500
MDF	7	9	9	-
Oth Fiberboard	24	99	57	161
Wood Chips Pellets Dust	253	205	157	184
Windows	64	27	21	58
Doors	103	10	7	14
Parquet Flooring	127	302	182	120
Gluelam	574	2469	2078	764
All Wood Products	173364	178901	132120	136152
Wood Pulp	234589	205640	149258	144050

IMPORT	2003	2004	Jan/Sep04	Jan/Sep05
	1000-$	1000-$	1000-$	1000-$
1000 WORLD				
All Roundwood	254256	257518	177935	230094
OAK WOOD IN THE ROUGH, SAWLOG	4911	6783	4451	5858
BEECH WOOD IN THE ROUGH, SAWL	3153	4095	2708	2131
All Lumber	1038133	1153455	779208	766101
All Softwood Lumber	774424	878495	578177	543936
All Tropical Lumber	80748	68501	47229	62796
All Temp Hardwood Lumber	182961	206460	153802	159369
Oak Lumber	43812	54402	39875	37403
Beech Lumber	30872	29927	22053	18290
All Veneers	273034	286613	194492	196923
Softwood Veneers	19839	21710	15635	14878
Tropical Veneers	36284	32962	24003	26767
Temp Hardw Veneers	216908	231630	154643	154697
All Plywood	548546	656228	447832	465098
Trop Plywood	72050	76851	46471	63097
Hardwood Plywood	225304	287436	198506	205093
Softwood Plywood	125535	160481	103967	105704
OSB	56231	67501	48960	41059
Particleboard	267643	337420	220561	254228
MDF	105450	143314	89445	99519
Oth Fiberboard	95787	103165	72544	66778
Wood Chips Pellts Dust	37553	48464	26066	28160
Windows	143926	124288	82502	57681
Doors	165169	177298	118130	104113
Parquet Flooring	219934	256564	154941	143416
Gluelam	321144	301151	208346	197161
All Wood Products	4350935	4802169	3244425	3255261
Wood Pulp	2343116	2662490	1955626	2056743

IMPORT	2003	2004	Jan/Sep04	Jan/Sep05
	1000-$	1000-$	1000-$	1000-$
1010 INTRA-EU-25				
All Roundwood	133951	119879	76607	112441
OAK WOOD IN THE ROUGH, SAWLOG	3494	2798	1571	2636
BEECH WOOD IN THE ROUGH, SAWL	2451	3019	1848	1700
All Lumber	652338	728082	464720	445392
All Softwood Lumber	557629	634296	398235	366929
All Tropical Lumber	10782	11587	6837	9635
All Temp Hardwood Lumber	83928	82198	59647	68828
Oak Lumber	21051	22381	16101	15925
Beech Lumber	18926	16487	11640	11424
All Veneers	136598	144035	89418	94367
Softwood Veneers	12414	14080	9579	10706
Tropical Veneers	15197	10138	7269	5845
Temp Hardw Veneers	108988	119635	72392	77515
All Plywood	380971	433126	293051	287945
Trop Plywood	30770	40702	25106	32191
Hardwood Plywood	169433	192913	134322	130215
Softwood Plywood	74434	92145	53496	51206
OSB	54347	65445	47152	39220
Particleboard	208098	252741	159880	192471
MDF	65476	86140	47117	66389
Oth Fiberboard	64154	65440	44250	44259
Wood Chips Pellts Dust	35857	46094	24400	26428
Windows	141878	122434	81063	55866
Doors	154822	164281	108818	95362
Parquet Flooring	155883	189460	107744	92819
Gluelam	249260	206990	142429	131816
All Wood Products	3041746	3239986	2110336	2037016
Wood Pulp	1307903	1567908	1135281	1256189

During the past five years, U.S. exports to Germany have significantly declined, at the same time, German wood product exporters have successfully entered the U.S. market. Now, Germany is a strong exporter of wood products to the U.S. market, shipping an estimated US$ 611.5 million in CY 2004. Between January and September of this year, German exports to the U.S. went up another 30 percent to US$ 581.4 million. Germany's main wood exports to the U.S. are planed softwood lumber for construction purposes. German Beech sales are picking up for use in the U.S. furniture industry or in flooring. Exports of OSB panels to the U.S. more than tripled in 2005 compared to 2004. German exporters attribute the rise in exports to the favorable currency exchange rate of the Euro compared to the dollar. They also claim that customization also played a key role in entering the U.S. market. The increase in value of the Euro during the first half of 2005 has not slowed German exports to the United States.

Total German export sales of wood products (excluding pulp) totaled US$ 6.3 billion in CY 2004. A further increase of ten percent between January/September in 2005 has been recorded. This reflects the growing importance of export markets for the German wood working industry, particularly during these times when furniture manufacturers are moving their production facilities outside Germany to take advantage of lower labor costs. About two thirds of German exports are going into EU countries. However, markets outside the EU, such as the Far East and China, are also gaining importance. Oak logs sold to China in the Jan/Sept. 2005 period totaled 128,000 CUM compared to 93,000 CUM in CY 2004. In 2005, sales of beech logs to Sweden were up, probably for lumber re-exports to the Far East and North America. As the furniture industry in Poland has grown, Germany has become a noticeable beech and oak log supplier for the Polish wood industry. Indonesia has also become an important market for German oak lumber and India is increasingly interested in German beech lumber.

EXPORT	2003	2004	Jan/Sep04	Jan/Sep05
	1000-$	1000-$	1000-$	1000-$
0400 U.S.A.				
All Roundwood	473	563	435	418
OAK WOOD IN THE ROUGH, SAWLOG	6	15	14	-
All Lumber	167724	312820	216564	328543
All Softwood Lumber	158462	294691	204315	312131
All Tropical Lumber	1454	2364	1972	1577
All Temp Hardwood Lumber	7809	15764	10277	14835
Oak Lumber	33	40	6	21
Beech Lumber	6731	14250	9242	13511
All Veneers	23285	32524	25098	22682
Softwood Veneers	52	14	13	87
Tropical Veneers	5552	7982	5997	5423
Temp Hardw Veneers	17647	24529	19088	17172
All Plywood	2257	2801	2101	3046
Trop Plywood	285	487	328	336
Hardwood Plywood	580	689	520	846
Softwood Plywood	1219	1340	1013	1615
OSB	20989	41037	27513	80254
Particleboard	8484	9475	7879	1834
MDF	44003	80157	59991	57455
Oth Fiberboard	64522	90766	72616	59582
Wood Chips Pellts Dust	114	15	15	5
Windows	11333	14834	11946	11722
Doors	603	1235	548	645
Parquet Flooring	9473	10247	8592	4945
Gluelam	6807	5050	4336	2702
All Wood Products	370295	611545	445337	581420
Wood Pulp	1380	3745	2178	4424

EXPORT	2003	2004	Jan/Sep04	Jan/Sep05
	1000-$	1000-$	1000-$	1000-$
1000 WORLD				
All Roundwood	341754	423684	269761	343998
OAK WOOD IN THE ROUGH, SAWLOG	22743	37061	28522	34824
BEECH WOOD IN THE ROUGH, SAWL	67009	58793	40364	48441
All Lumber	988388	1369520	910949	1094655
All Softwood Lumber	718071	1043327	686371	848993
All Tropical Lumber	45983	47511	33896	39734
All Temp Hardwood Lumber	224334	278682	190682	205929
Oak Lumber	58445	85988	58876	62847
Beech Lumber	129767	143850	97954	108134
All Veneers	321081	374983	278930	268292
Softwood Veneers	3434	3742	2770	2443
Tropical Veneers	38623	53619	39239	39114
Temp Hardw Veneers	278990	317621	236921	226735
All Plywood	163847	221810	143005	157577
Trop Plywood	23739	36121	16527	13694
Hardwood Plywood	40192	50689	34219	40763
Softwood Plywood	29699	42010	26481	36170
OSB	91684	191395	145249	167490
Particleboard	547990	665617	492155	513601
MDF	583136	760719	527221	582113
Oth Fiberboard	717950	834694	608332	574232
Wood Chips Pellts Dust	84793	110929	64541	70054
Windows	66826	68671	46270	43248
Doors	109106	126927	83912	93776
Parquet Flooring	137889	167311	105080	111382
Gluelam	268943	366280	257678	283718

All Wood Products	4934475	6288871	4345748	4748761
Wood Pulp	269139	337243	214859	331943

EXPORT	2003	2004	Jan/Sep04	Jan/Sep05
	1000-$	1000-$	1000-$	1000-$
1010 INTRA-EU-25				
All Roundwood	270309	350544	212602	279813
OAK WOOD IN THE ROUGH, SAWLOG	18940	24223	17580	20566
BEECH WOOD IN THE ROUGH, SAWL	18178	27197	14973	26504
All Lumber	685346	896606	576130	631348
All Softwood Lumber	509157	676741	428535	476089
All Tropical Lumber	36312	33396	23523	29119
All Temp Hardwood Lumber	139877	186470	124072	126140
Oak Lumber	43395	62565	42500	41432
Beech Lumber	72160	88206	57509	60677
All Veneers	232331	250939	184631	178146
Softwood Veneers	2468	2536	1859	1689
Tropical Veneers	22636	28211	20285	19459
Temp Hardw Veneers	207227	220191	162487	156998
All Plywood	128179	169542	106262	112377
Trop Plywood	20999	33257	14474	11558
Hardwood Plywood	34264	42172	28563	33452
Softwood Plywood	23049	33684	20557	27310
OSB	48359	98767	76236	54651
Particleboard	459304	568839	418216	449199
MDF	419590	523941	350116	394576
Oth Fiberboard	449394	489753	354253	315381
Wood Chips Pellts Dust	73648	93840	51667	57247
Windows	47791	45253	28383	22779
Doors	61372	68729	42717	43279
Parquet Flooring	69104	87405	47514	51967
Gluelam	189153	266682	182340	215191
All Wood Products	3499598	4328580	2905356	3098879
Wood Pulp	221468	260230	171232	223979

Illegal Logging

In transactions involving the sale of wood products from public forests, the German government is proposing regulations, which require the government to purchase timber only from certified forests. For private sector transactions, the government urges businesses to only deal with legally harvested timber. BEMELV has urged the import trade to form a voluntary monitoring and control program, which will no longer allow the importation of illegally harvested wood products. Thus far, German timber importers have been hesitant to sign voluntary statements certifying that the timber does not originate from illegal logging. At the EU level, member countries are negotiating bilateral agreements with timber supplying countries to prevent the trade of illegally harvested timber. This process is based on the European Commission initiative FLEGT (Forest Law Enforcement, Government and Trade) of 2003.

Greenpeace and other NGOs are pressuring German furniture purchasing organizations to drop teak furniture from their purchasing list. NGOs claim that there are no guarantees that processed teak originates from sustainable forests or plantations. One major DIY chain reportedly decided to no longer sell teak garden furniture in their German stores in response to the NGOs' pressure.

Marketing

Germany remains an important market for certain high value wood species such as white oak, hard maple, red alder, black cherry, and walnut. Other species, not as highly sought after, face strong competition from suppliers in central and Eastern Europe. Germany hosts several international trade fairs for lumber, veneer, furniture parts and construction timber-like 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 May 9 - 12, 2007. The U.S. wood industry has for many years participated at Interzum. About 1,300 exhibitors from more than 63 countries participated at Interzum in 2005.

Interzum - Furniture Production and Wood Interiors
KoelnMesse GmbH
Messeplatz 1
50679 Koeln, Germany
Tel.: +49 221 821 0
Fax: +49 221 821 2574
www.interzum.de
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 regularly exhibit in Koeln. U.S. participation had been rather limited during recent years. In January 2005, 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
www.imm-cologne.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 industry with wooden materials being one section of the fair. About 500 to 600 exhibitors from 15 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 15-20, 2007.

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 20110
Fax: +49 89 949 20119
www.bau-muenchen.de
siebert@messe-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 participate in fensterbau/frontale. In 2004, the fair organizer reported a growing interest among international visitors.

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 0
Fax: +49 911 8606 8228
www.frontale.de
frontale@nuernbergmesse.de

Hannover hosts an international fair for the forest and wood industries (LIGNAplus), which focuses on processing machinery. However, LIGNA visitors regard this show as a full-scale competitor to InterZum for timber suppliers. This show has a small section, which covers trade in forest products. The LIGNAplus, May 14-18, 2007, usually 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@messe.de

Leading international manufacturers and importers regard Hannover as the ideal place for showcasing the entire spectrum of the flooring trade. DOMOTEX is a meeting-place for some 1,250 exhibitors from over 55 countries. In 2005, the response of the trade was extremely positive. A total of 45,000 visitors came from more than 100 different countries. About 15 to 20 percent of the visitors are wood flooring experts.

DOMOTEX – World Trade Fair for Carpets and Floor Coverings
Deutsche Messe AG
Messegelaende
30521 Hannover, Germany
Tel.: +49 511 89 32126
Fax: +49 511 89 31263
www.domotex.de

Another smaller exhibit, with particular focus on the German market is the Branchentag Holz, is held every other year in Wiesbaden. The organizer is the German Timber Trade Association. Next Branchentag is scheduled for October 17 – 19, 2007.

Gesamtverband Deutscher Holzhandel e.V.
PO Box 1867
65008 Wiesbaden, Germany
Tel.: +49 611 5069-0
Fax: +49 611 5069-69
www.holzhandel.de
www.branchentag.de

The German wood products industry is 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 and Russia, but the focus is mainly on Asian, Arab, and African markets. 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.

Statistical Section

PSD Table

Country **Germany**

Commodity **Softwood Logs** 1000 CUBIC METERS

	2004 USDA Official [Old]	Revised Post Estimate[New]	2005 USDA Official [Old]	Estimate Post Estimate[New]	2006 USDA Official [Old]	Forecast Post Estimate[New]	UOM
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Production	22000	28663	0	28000	0	28000	1000 CUBIC METERS
Imports	2300	1906	0	2000	0	2000	1000 CUBIC METERS
TOTAL SUPPLY	24300	30569	0	30000	0	30000	1000 CUBIC METERS
Exports	3300	4289	0	4200	0	4000	1000 CUBIC METERS
Domestic Consumption	21000	26280	0	25800	0	26000	1000 CUBIC METERS
TOTAL DISTRIBUTION	24300	30569	0	30000	0	30000	1000 CUBIC METERS

Import Trade Matrix

Country Germany

Commodity Softwood Logs

Time Period	Jan-Sep	Units:	CUM
Imports for:	2004		**2005**
U.S.	7	U.S.	43
Others		Others	
Belgium	217258	Belgium	167447
France	169732	France	227360
Netherlands	178693	Netherlands	182426
Czech Rep	124155	Czech Rep	115686
Russia	231297	Russia	288089
Austria	20278	Austria	30394
Poland	74570	Denmark	110627
Switzerland	44908	Switzerland	67143
Luxemburg	30242	Luxemburg	61080
Sweden	113661	Sweden	526305
Total for Others	1204794		1776557
Others not Listed	37089		36045
Grand Total	1241890		1812645

Export Trade Matrix

Country Germany

Commodity Softwood Logs

Time Period	Jan-Sep	Units:	CUM
Exports for:	2004		**2005**
U.S.	1	U.S.	49
Others		Others	
France	159789	France	125470
Austria	1479437	Austria	1900304
Italy	344402	Italy	363938
Belgium	133340	Belgium	120396
Czech Rep	90481	Czech Rep	148694
Norway	49226	Poland	201388
Sweden	84753	Sweden	282347
Denmark	51457	Netherlands	36750
Total for Others	2392885		3179287
Others not Listed	145533		171053
Grand Total	2538419		3350389

PSD Table

Country	Germany						
Commodity	Temperate Hardwood Logs			1000 CUBIC METERS			
	2004 USDA Official [Old]	Revised Post Estimate[New]	2005 USDA Official [Old]	Estimate Post Estimate[New]	2006 USDA Official [Old]	Forecast Post Estimate[New]	UOM
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Production	3300	3501	0	3650	0	3700	1000 CUBIC METERS
Imports	230	223	0	205	0	230	1000 CUBIC METERS
TOTAL SUPPLY	3530	3724	0	3855	0	3930	1000 CUBIC METERS
Exports	1500	1282	0	1500	0	1400	1000 CUBIC METERS
Domestic Consumption	2030	2442	0	2355	0	2530	1000 CUBIC METERS
TOTAL DISTRIBUTION	3530	3724	0	3855	0	3930	1000 CUBIC METERS

Import Trade Matrix

Country	Germany		
Commodity	Temperate Hardwood Logs		
Time Period	Jan-Sep	Units:	CUM
Imports for:	2004		**2005**
U.S.	34734	U.S.	37917
Others		Others	
France	42062	France	46999
Austria	11445	Austria	6051
Switzerland	14857	Switzerland	12828
Denmark	7113	Denmark	7368
Latvia	6956	Netherlands	6175
Ukraine	4001	Ukraine	2536
Russia	4618	Russia	4105
Slovakia	2302	Slovakia	2955
Gabon	4170	Finland	4092
		Gabon	4492
Total for Others	97524		97601
Others not Listed	30475		13746
Grand Total	162733		149264

PSD Table

Country	**Germany**						
Commodity	**Softwood Lumber**				1000 CUBIC METERS		
	2004 USDA Official [Old]	Revised Post Estimate[New]	2005 USDA Official [Old]	Estimate Post Estimate[New]	2006 USDA Official [Old]	Forecast Post Estimate[New]	UOM
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Production	16500	18313	0	19500	0	20000	1000 CUBIC METERS
Imports	3700	4338	0	3800	0	3700	1000 CUBIC METERS
TOTAL SUPPLY	20200	22651	0	23300	0	23700	1000 CUBIC METERS
Exports	3500	5352	0	6200	0	6700	1000 CUBIC METERS
Domestic Consumption	16700	17299	0	17100	0	17000	1000 CUBIC METERS
TOTAL DISTRIBUTION	20200	22651	0	23300	0	23700	1000 CUBIC METERS

Import Trade Matrix

Country	Germany		
Commodity	Softwood Lumber		
Time Period	Jan-Sep	Units:	CUM
Imports for:	2004		**2005**
U.S.	7569	U.S.	6886
Others		Others	
Russia	464721	Russia	520208
Sweden	400052	Sweden	324277
Finland	350004	Finland	289863
Belarus	349732	Belarus	245924
Poland	190173	Poland	93777
Czech Rep	176560	Czech Rep	151633
Austria	267614	Austria	274195
Lithuania	103110	Lithuania	82730
Latvia	101309	Latvia	91260
Estonia	79528	Estonia	71101
Total for Others	2482803		2144968
Others not Listed	440473		402069
Grand Total	2930845		2553923

Export Trade Matrix

Country Germany

Commodity Softwood Lumber

Time Period	Jan-Sep	Units:	CUM
Exports for:	2004		**2005**
U.S.	990503	U.S.	1416393
Others		Others	
Italy	550990	Italy	491259
France	601941	France	659727
Netherlands	317314	Netherlands	320371
Austria	200044	Austria	249647
Belgium	203618	Belgium	225256
United Kingdom	192062	United Kingdom	180743
Switzerland	70234	Switzerland	83563
Spain	74018	Spain	79342
Denmark	56796	Denmark	57186
Ireland	44774	Ireland	56455
Total for Others	2311791		2403549
Others not Listed	290252		309666
Grand Total	3592546		4129608

PSD Table

Country Germany
Commodity Temperate Hardwood Lumber 1000 CUBIC METERS

	2004 USDA Official [Old]	Revised Post Estimate[New]	2005 USDA Official [Old]	Estimate Post Estimate[New]	2006 USDA Official [Old]	Forecast Post Estimate[New]	UOM
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Production	1150	1119	0	1120	0	1200	1000 CUBIC METERS
Imports	520	473	0	440	0	440	1000 CUBIC METERS
TOTAL SUPPLY	1670	1592	0	1560	0	1640	1000 CUBIC METERS
Exports	550	610	0	680	0	720	1000 CUBIC METERS
Domestic Consumption	1120	982	0	880	0	920	1000 CUBIC METERS
TOTAL DISTRIBUTION	1670	1592	0	1560	0	1640	1000 CUBIC METERS

Import Trade Matrix

Country Germany
Commodity Temperate Hardwood Lumber

Time Period	Jan/Sep	Units:	CUM
Imports for:	2004		**2005**
U.S.	33563	U.S.	31902
Others		Others	
Lithuania	67160	Lithuania	34603
Ukraine	46971	Ukraine	40081
Russia	34040	Russia	45672
Belarus	17759	Belarus	18006
Poland	11378	Poland	7227
Latvia	57339	Latvia	51279
Canada	25549	Canada	16591
Austria	16599	Austria	17043
Czech Rep	7894	Czech Rep	5817
Slovakia	8928	France	8201
Total for Others	293617		244520
Others not Listed	40832		46150
Grand Total	368012		322572

Export Trade Matrix

Country Germany

Commodity Temperate Hardwood Lumber

Time Period	Jan/Sep	Units:	CUM
Exports for:	2004		**2005**
U.S.	20686	U.S.	27742
Others		Others	
PR China	43438	PR China	55366
Spain	49491	Spain	39618
Netherlands	30196	Netherlands	29818
Italy	30603	Italy	21113
United Kingdom	58416	United Kingdom	84506
Belgium	19753	Belgium	18207
Poland	22462	Poland	37268
Indonesia	32369	Indonesia	40784
Hong Kong	10410	Switzerland	12878
Austria	15744	Austria	13779
Total for Others	312882		353337
Others not Listed	80748		94227
Grand Total	414316		475306

PSD Table

Country	**Germany**						
Commodity	**Softwood Plywood**				1000 CUBIC METERS		
	2004 USDA Official [Old]	Revised Post Estimate[New]	2005 USDA Official [Old]	Estimate Post Estimate[New]	2006 USDA Official [Old]	Forecast Post Estimate[New]	UOM
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Production	0	0	0	0	0	0	1000 CUBIC METERS
Imports	380	426	0	415	0	420	1000 CUBIC METERS
TOTAL SUPPLY	380	426	0	415	0	420	1000 CUBIC METERS
Exports	40	65	0	80	0	80	1000 CUBIC METERS
Domestic Consumption	340	361	0	335	0	340	1000 CUBIC METERS
TOTAL DISTRIBUTION	380	426	0	415	0	420	1000 CUBIC METERS

Import Trade Matrix

Country	Germany		
Commodity	Softwood Plywood		
Time Period	Jan/Sep	Units:	CUM
Imports for:	2004		**2005**
U.S.	185	U.S.	167
Others		Others	
Brazil	133583	Brazil	136848
Finland	55171	Finland	44354
France	21901	France	17258
Russia	28506	Russia	20474
Denmark	8569	Denmark	4656
Poland	9100	Poland	5016
Czech Rep	8742	Czech Rep	3943
		PR China	24261
Total for Others	265572		256810
Others not Listed	30398		30653
Grand Total	296155		287630

Export Trade Matrix

Country	Germany		
Commodity	Softwood Plywood		
Time Period	Jan/Sep	Units:	CUM
Exports for:	2004		**2005**
U.S.	722	U.S.	1164
Others		Others	
Austria	6433	Austria	4527
Czech Rep	3258	Czech Rep	4051
Netherlands	5098	Netherlands	7491
Italy	3108	Italy	3670
Portugal	892	Portugal	3612
Belgium	1587	Belgium	3034
Switzerland	2233	Switzerland	2437
Poland	1906	Denmark	5621
United Kingdom	1667	United Kingdom	1557
France	1348	France	1438
Total for Others	27530		37438
Others not Listed	7993		11796
Grand Total	36245		50398