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Solid Wood Products

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Report Highlights:
German wood processing industry benefited from the improving domestic economy in 2006. The furniture industry reports a six percent production increase during the first three quarters of 2006. U.S. shipments of white oak lumber improved by one third. Also, sales of U.S. temperate hardwood veneers grew by 7.7 percent. Good marketing opportunities will continue in 2007 although, German economic development is forecast to slow down somewhat due to a value-added-tax (VAT) increase of three percent.

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Executive Summary

The strengthening of the German economy in 2006 was reflected in improved demand for wood products. The German furniture industry reports production growth of 5.9 percent in 2006. This has translated into increased demand for hardwoods from the United States. In particular, sales of white oak lumber improved by one third in 2006. Also sales of U.S. hardwood veneers to Germany increased by 7.7 percent during the first nine months of 2006. Total U.S. sales in Jan-Sep 2006 amounted to US$ 143.0 million. Following wood species are of particular interest to the German market: white oak, hard maple, black walnut, red alder, and recently yellow poplar for molding.

Due to a strongly growing demand for wood residues for energy pellet production and for firewood, timber prices have been increasing significantly in Germany. Most intensive price increases are reported for timber for the paper and pulp industry and for panel producers. Price increases for construction and decorative lumber are still comparatively low.

The German wood processing industry has been very efficient in recent years to increase sales to export markets. Until 2000, Germany was a net importer of U.S. wood products. In 2006, German wood products sales to the U.S. were about four times as high as imports from the United States. The main German export item to the U.S. is softwood lumber for the construction market.

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

1999: $1 = Euro 0.9383	2000: $1 = Euro 1.0827
2001: $1 = Euro 1.1166	2002: $1 = Euro 1.0575
2003: $1 = Euro 0.8840	2004: $1 = Euro 0.8039
2005: $1 = Euro 0.8038	Nov 06: $1 = Euro 0.7763

German Economic Situation

The overall economic situation significantly improved in Germany in 2006. GDP growth for 2006 is estimated at 2.4 percent compared to 0.9 percent in 2005. Actually, a number of economists indicate that this forecast may be even on the pessimistic side. The driving force for the improvement in 2006 is particularly an increase in domestic demand for goods and services. However, the downside of this increase is that it is partially driven by the government decision to increase the VAT by three percentage points to 19 percent effective January 2007. Many people decided to advance purchase decisions to avoid the higher tax. In particular purchases of higher value products have been advanced.

The current strength of the Euro versus the US dollar seems to be initiated by the speculation that the European Central Bank might intend to further increase the interest rate. While the Euro strength helps to hold down high energy prices, it will make German exports to the dollar region more expensive. During the past ten years, the export demand has been the main growth engine for the German industry.

In addition to the bright spots of the industry Federal and State tax revenues are significantly higher. However, despite the increased VAT in 2007 and rising tax revenues, German public budgets are still increasing their debt volume. A reduction of nominal debt is not yet foreseeable. For the labor market, Germany can also report some success in 2006; unemployment has dropped by about 500,000 to 4.2 million, which represents an average annual unemployment rate of 11.0 percent in 2006 compared to 11.7 percent in 2005. Improved private spending is reflected in a slightly lower savings rate of 10.3 percent in

2006 versus 10.6 percent in 2005. Overall economic expectations seem to be much more optimistic than one year ago.

For more than ten years, the domestic construction industry was consolidating because construction support programs for the eastern part of Germany were phased out in the mid-1990s. Private housing markets are relatively saturated in most parts of the country. Investment in commercial buildings increased significantly in 2006. This might be viewed as an indicator that the German economy will continue to grow in 2007 despite the feared negative impact of the upcoming VAT increase.

Timber Production

According to official statistics, during the past four years German timber harvest has been well over 50 million cubic meters (CUM) per year and is expected to reach 57.7 million CUM in 2006. Compared to the 1990s this is an increase in production of more than 15 million CUM. However, a major portion of the increase is contributed to changes in the data gathering system. Prior to 2003, significant volume of timber harvest in private forests was not included in official numbers. Even today timber harvest for burning purposes is not fully covered. Experts of the Federal Research Institute for Forestry and Wood Industries in Hamburg claim that total wood harvesting is actually more than 20 percent higher than officially recorded.

Growing global demand for forest products for conventional uses such as construction, housing and furniture etc. has prompted more intense wood harvesting in German forests in recent years. The energy market has become an important competitor for raw material for the wood chip panel and the industrial timber market.

Until one to two years ago, reports about timber supplies in Germany resulted in the statement that the German forests are significantly under-harvested. These days, forest related papers are full of articles complaining about high timber prices and shortages in certain market segments. A 2005-released industry study about the German forest and wood-working industries still concluded that Germany is a land of abundant forests.

Forest experts are confident that the harvest level of 57.7 million CUM represents a sustainable level of commercial wood production in Germany. Well-managed public forests and large private forests already harvest near the optimum amount of wood. Private mid-size and small forests, representing about 25 percent of German forestland, are likely under-harvested. It seems to be very difficult to increase the harvest volume in these private forests because of the diversity of the owner structure. However, increased timber prices have the potential to mobilize more timber also from these forests.

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 annualwood 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).

German Wood Inventory

	Spruce	Pine	Beech	Oak
Area - in million hectares	2,978	2,467	1,565	1,010

Change of area by species over 15 years	-8.1%	-9.9%	12.4%	7.9%
Percent of total forest land	28.2%	23.3%	14.8%	9.6%
Percent of total wood inventory	36.8%	20.8%	17.3%	8.9%
Percent of total harvested timber	58.5%	11.5%	15.1%	4.0%
Timber supply in CUM per hectare	404	282	352	286
Growth rate in CUM per year and hectare	16.4	9.1	11.7	8.2
Timber harvest in CUM per year and hectare	12.9	5.8	6.7	3.4
Change of timber stock	9.0%	11.9%	25.8%	29.1%
Average age	65	70	98.0%	98

Source: Federal Research Institute for Forestry and Wood Industries, Hamburg

In examining the data of the German wood inventory for wood supplies by type of forest ownership, it is evident that private forest owners, who own approximately 44 percent of all German forests, have had lower 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 World-War 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							
1990	843	4	126	128	218	86	1,405
1995	667	8	307	90	203	100	1,375
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	942	23	421	145	328	343	2,202
2006*	950	20	430	150	350	360	2,260
Beech, oth Hardwoods							
1990	4,329	83	1,772	788	841	204	8,017
1995	3,175	66	2,500	650	760	321	7,472
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	2,564	41	2,595	751	1,608	1,243	8,802
2006*	2,550	40	2,650	750	1,700	1,250	8,940
Spruce, Fir, Douglas Fir							
1990	44,513	195	3,851	4,353	1,286	397	54,595
1995	16,491	0	1,350	3,000	828	350	22,019
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	24,855	31	1,271	3,834	3,146	1,454	34,590
2006*	25,000	30	1,300	4,000	3,150	1,500	34,980
Pine, White Pine							
1990	6,136	4	2,503	1,602	596	163	11,004
1995	3,919	3	1,100	2,700	500	255	8,477
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	5,975	4	499	3,446	959	470	11,351
2006*	6,000	4	500	3,500	1,000	500	11,504
All Species							
1990	55,821	286	8,252	6,871	2,941	850	75,021
1995	24,252	77	5,257	6,440	2,291	1,026	39,343
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	34,335	98	4,786	8,176	6,041	3,510	56,946
2006*	34,500	94	4,880	8,400	6,200	3,610	57,684

* FAS Bonn Forecast
Source: Federal Ministry of Agriculture

Strong export demand for German timber, consolidation of the German saw milling industry, an improving domestic economy and an immense rising demand for firewood and wood energy pellets have resulted in higher wood prices during 2006. The wood processing industry is already concerned that the upward trend for timber prices will continue in 2007. Price increases for industrial timber in particular reflect the growing demand for wood for energy and heat producing purposes.

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

	2000	2001	2002	2003	2004	2005	2006*
Total Roundwood	100	98.9	98.8	97.4	90.2	92.8	99
Total Logs	100	98.8	98.1	95.6	88.7	91.6	95
- Oak	100	99.1	98.0	94.5	95.5	107.6	110
- Beech	100	101.0	94.6	87.2	77.9	74.3	72
- Spruce	100	99.2	101	100	92.4	96.7	104
- Pine	100	94.2	93.1	96.5	95.0	94.5	93
Total Industrial Wood	100	99.3	102.1	106.2	98.1	98.9	123
- Oak	100	102.5	105.4	141.0	118.2	114.4	130
- Beech	100	101.7	105.7	107.0	116.0	113.9	127
- Spruce	100	97.7	103.5	112.6	106.2	112.2	112
- Pine	100	97.5	96.4	96.0	n.a.	n.a.	125

* 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 is to prepare cluster studies for the German forest and wood industries. The goal of the studies is 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 (65 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. Many of the small private forests are not certified at all. 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.

Public Procurement Requirements

The German government is in the process of finalizing a public purchasing ordinance, which requires that all wood product purchases on the federal government level have to fulfill certain requirements – the Beschaffungsrichtlinie. This regulation is expected to require that all purchased wood has to originate from sustainably managed forests. The regulation will refer to PEFC, FSC or equivalent certification programs. Another option to fulfill the sustainability requirement is a confirmation document from the country or region of origin. Importing companies will be requested to maintain these documents for minimum five years.

Individual municipalities and state (Laender) governments still require FSC certification for their purchase programs. However, it is likely that a final federal purchasing rule may signal to the states with stricter requirements that certification systems other than FSC provide similar security that the timber products do not originate from illegal harvesting.

Hamburg is the first German Land (state) to accept MTCC (Malaysian Timber Certification Council) certificates to allow the use of Malaisian tropical timber in official buildings and constructions.

Consumption

According to official statistics, total annual wood use by the German wood working industry in CY 2005 is estimated at 58 million CUM. In the past four years German use of timber has increased drastically. Growth took place in all the four major fields of wood use: saw mills, fiber and chip board industry and pulp and paper industry. The above number does not fully include the demand by the wood pellet industry for energy and heat production.

However, the main user of forest timber is the sawmilling industry, which processes almost 47 percent of all harvested and imported roundwood. Other main users are the particleboard and fiberboard industries and the paper and pulp industry. All these industry groups experienced significant growth over the past five years. The raw material has been relatively inexpensive and a consolidation process in the industry yielded new marketing strategies. Export markets gained significant importance.

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

	1999	2000	2001	2002	2003	2004	2005
Sawmills							
Dom Wood							
Softwood	17,496	18,552	18,349	20,286	21,547	24,311	26,074
Hardwood	1,643	1,648	1,549	1,339	1,123	1,120	1,120
All	20,173	21,605	21,482	21,625	22,670	25,431	27,194
Veneer Mills *)							
Dom Wood							
Softwood	100	97	56	61	41	38	34
Hardwood	237	208	185	156	169	159	154
All	380	349	291	217	210	197	188
Plywood							
Dom Wood							
Softwood	152	n.a.	151	103	99	65	61
Hardwood	152	154	62	51	50	49	43
All	317	154	213	154	149	114	104
Fiberboard**							
Industrial Wood	1,645	1,784	2,315	2,292	2,953	2,870	3,063
Cut-offs Slabs + Residues	1,052	1,080	2,166	3,536	3,869	4,104	4,153
All	2,697	2,864	4,481	5,828	6,822	6,974	7,216
Particleboard**				5.8	6.8	7.0	7.2
Round Timber	2,525	2,522	2,960	2,594	3,042	3,426	3,356
Cut-offs Slabs + Residues	5,596	6,418	5,838	8,181	7,879	9,073	9,619
All	8,121	8,940	8,798	10,775	10,928	12,506	12,982
Cellulose & Paper Ind				10.7	10.9	12.5	13.0
Softwood	2,544	3,197	2,982	2,886	3,315	4,029	5,469
Hardwood	952	1,006	1,019	1,062	1,116	1,174	1,116
Cut-offs Slabs + Residues	2,479	3,046	2,920	2,994	2,942	3,285	3,737
All	5,975	7,249	6,921	6,942	7,373	8,488	10,322
Grand Total	37,663	41,161	42,186	45,541	48,152	53,710	58,006

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

German Sawmilling Industry

In early 2006, Prof. Mantau and Dr. Soergel of the Hamburg University presented a detailed study about the structure of the German sawmilling industry. The study was based on 2004 statistical data comparing them with census data from 2001. The German sawmilling industry is undergoing a drastic consolidation process. Over the four years from 2001 until 2005 the number of operating mills dropped by 659 to 2465 mills while at the same time the processing volume went up two percent. It is interesting to notice that during the observed four years the group of small mills and the very big mills increased their output while the middle-size mills lost customers and business. The milling capacity of the mills, which closed down amounted to 2.8 million CUM. At the same time the very large operations increased their capacity.

The vast majority of mills are softwood mills (70.3%) processing 89.4 percent of the timber. 9.3 percent of the mills are pure hardwood mills sawing six percent of the timber. The rest are mixed operations sawing softwood and hardwood. In the softwood industry 2.6 percent of the mills were cutting 68 percent of the logs. These mills are increasingly operating for the export markets including the United States.

Structure of German Sawmilling Industry

	Number	%	Processing Volume 1000 CUM	%
Softwood Mills	1,800	73.0	29,816	89.4
Hardwoods Mills	230	9.3	2,017	6.0
Mixed Mills	435	17.6	1,536	4.6
Total	2,465		33,369	

Softwood Mills by Processing Capacity

	Number	%	Processing Volume 1000 CUM	%
less than 1,000 CUM	744	32.7	317	1.1
1,000 till 4,999 CUM	584	25.7	1,430	4.6
5,000 till 9,999 CUM	192	8.4	1,371	4.5
10,000 till 49,999 CUM	195	8.6	3,835	12.5
50,000 till 99,999 CUM	26	1.1	1,877	6.1
100,000 till 499,999 CUM	50	2.2	11,034	35.9
more than 500,000 CUM	9	0.4	9,901	32.2
Mixed mills	474	20.8	962	3.2
	2,274		30,727	

Hardwood Mills by Processing Capacity

	Number	%	Processing Volume 1000 CUM	%
less than 200 CUM	21	1.9	2	0.1
200 till 999 CUM	29	2.7	16	0.6
1,000 till 4,999 CUM	76	7.0	216	8.2
5,000 till 9,999 CUM	57	5.3	435	16.5
10,000 till 49,999 CUM	43	3.9	758	28.7
more than 50,000 CUM	4	0.4	572	21.6
Mixed mills	855	78.8	645	24.4
	1,085		2,644	

Source: Study Mantau Soergel, Hamburg University 2006

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. The continued strengthening of the Euro compared to the U.S. dollar over the past several years 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 was the prime market for German beech lumber manufacturers 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.

Energy Wood

Rough estimates indicate that about 20 million CUM of wood is used for heating purposes in Germany, thereof 14 million CUM specifically harvested for this purpose. The rest is wood residues from the sawmilling industry. Actually, Prof. Schulte of the Muenster University recently calculated that crude oil prices of more than $30/barrel will make the burning of beech wood economical.

The German wood pellet industry reports that already 52,000 household installed wood pellet heating equipments, which is an increase of 100 percent over 2005. Trade experts forecast that by 2015 up to 100,000 pellet heating equipments will be installed in German households. The production capacity for heating pellets is forecast to exceed the one million tons level in 2007. Currently 32 processing facilities produce an estimated 550,000 MT of energy pellets, thereof 420,000 MT for domestic consumption. The main sources for the raw material are saw dust, wood chips and other wood residues. The use of wood directly from the forest is rising. Data are not available. For further information on this market see: Deutscher Energie Pellets Verband, www.depv.de

While prices for energy pellets remained relatively stable in CY 2005 ranging from 170 to 185 Euro/ton (US$ 220-240 per ton) for a minimum 6-ton delivery within 100 to 200 km, they went up significantly to 250 Euro (US$ 325) in October 2006.

Paper Industry

The German paper industry forecasts a total production of 22.5 million MT in CY 2006, a four-percent increase over the previous year. About half of the production is graphic papers. The increase in output is for domestic and export use, which grew by about four percent and five percent respectively during the first three quarters of 2006. 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 amounted to 68 percent of total input in 2005. With regard to rising timber prices the industry is interested to increase the use of recycled paper as much as technically possible.

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 mill sources its raw timber primarily from German forests. However, softwood imports from Sweden are also an important source for this pulpmill. 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.

Construction

The German construction sector has gone through ten years of continuous consolidation. Since its peak in 1994, construction activities have been shrinking. In 2006, the downward trend was stopped because future house owners decided to build or buy their new house prior to the VAT increase of three percent effective January 2007. This may have the effect that in 2007 the numbers of private home construction will drop again. However, a further steep drop in construction is not expected. 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.

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	213,843	26,645	240,488	120,781	89,976	210,757	25,467
2006*	222,000	33,000	255,000	140,000	85,000	225,000	30,000
2007**	205,000	30,000	235,000				

*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. A market research study of Heinze Marktforschung comes to the result that 13.8 percent of private homes were predominantly built with wooden materials in 2005, representing a 1.1 percent increase over the previous year. In commercial production 17.4 percent of the buildings are built with wood. 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. The German government is currently developing regulations for an energy-efficiency-pass for private homes in order to provide reliable information for tenants about expected heating costs. It is very likely that this pass will initiate additional renovation in older apartment houses. However, also during recent years investors had been eligible for financial support programs when they invested in improved insulation.

Flooring

Parquet consumption in 2005 amounted to 19.7 millions sqm. For 2006, consumption is expected to reach 18.9 million sqm. The dominating parquet type is multi-layer parquet accounting for 85 percent of the parquet market. The Euroepan Parquet industry association reports that the preference for oak is rising again in Europe. They report that Europe wide about 50% of parquet flooring is made from oak. Oak is gaining at the disadvantage of beech. There is a general trend towards darker and red woods in flooring. The predominant preference for light colored woods seems to be hickory. Consumers are interested in mixed colored floorings. In Germany oak leads with 37 % before beech 35% followed by maple 10% (down 3% due to higher prices for hard maple from Canada) cherry and ash both account for 4%, tropical woods 8%.

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 2005 were estimated at about 88 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	10,900	15,000	5,900	20,100
2005*	11,100	14,100	5,500	19,700
2006*	12,000	12,500	5,600	18,900

*Estimate

Source: Federal Statistics Office

Windows

The demand for wooden window frames has been 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	2.3
Plastic	12.2	12.1	10.7	8.6	7.1	6.5	6.2	6.4	6.9
Aluminum	3.7	3.5	3.4	3.1	2.9	2.5	2.4	2.2	2.3
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	12.0

* Forecast

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

Furniture

For 2006, the German furniture industry is reporting improved business. For the first eight months of this year, the furniture industry forecast production growth at 5.9 percent; a total volume of €21.5 billion (about US$ 28.0 billion). The main segment of increase is the office furniture industry growing by a rate of 11 percent. Also demand for kitchen furniture improved above average by nine percent. As in previous years, demand for German furniture is increasingly driven by export markets, exports growing by 14 percent during the first half of 2006. Aside from the directly neighboring countries Netherlands, France, Switzerland and Austria exports to Central and Eastern European countries are rising above average. In addition to the European markets German furniture manufacturers are reaching out to the Near East. The export share of German furniture production amounts to 31 percent in 2006. On the European level the European association of furniture manufacturers (EFIC) is considering to develop a label for European-made furniture to distinguish from low-price imports from east Asian competitors.

The German furniture industry consists of small-to-mid-sized industrial businesses. The number of furniture manufacturing companies has decreased by 3.7 percent to 1,088 in 2006, which is about the same rate of consolidation during the past several years. At the same time, the number of employees also dropped by 2.8 percent to approximately 101,000. This consolidation is partly due to the sluggish economic situation of recent years and the relocation of manufacturing plants to lower production cost countries in the East of Europe. 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. According to a report of 2004, 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 shows that white oak continues to experience a revival after many years of reductions. The leading two species are oak and beech. In general, 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.

Veneer

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 2006, about 54 percent of the imported veneers are European species, namely beech (28%, 2005: 31.1%), oak (19%, 2005: 16.2%) and maple (15%, 2005: 14.5%). Minor species are birch (10%), cherry (6%) and ash (6%). The share of North American wood species makes up for 30%, dominated by hard maple and black cherry. Demand for white oak is rising again after years of lesser interest. Demand for tropical timber is calculated at 10 %

Panel Industry

In 2006, the German particleboard industry increased its production by about one percent to 11.0 million CUM. Increased imports of almost 20 percent met strong domestic demand. The industry reports price increases of about 11 percent. About one quarter of domestic production is destined for export markets. The main markets are Denmark, United Kingdom, and Poland. Almost 90 percent of all exports are for European countries.

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. Production of OSB in 2006 is estimated at one million CUM. Industry experts are optimistic that OSB will capture additional market shares 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 550,000 CUM in 2006. Almost 100,000 CUM of German OSB exports are shipped to the United States.

MDF production in Germany is estimated at 5.8 million CUM in 2006 compared to 5.5 million CUM in 2005. 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 1.3 million tons have already been exported in 2006, which is two percent more than in 2006. Imports are much lower, estimated at 265,000 tons in 2006. The two major suppliers are Switzerland and Austria. The top markets for MDF outside Europe are the United States (50,000 tons in CY 2006), Russia and Canada.

Trade

The value of German imports of wood and wood products during the first nine months of CY 2006 increased by 12.8 percent to US$ 3.67 billion (tariff codes 4401-4421). CY 2005 imports totaled US$ 4.3 billion of which 17 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 accounts for 40 percent of all U.S. wood shipments. The second most important wood import item is hardwood logs, which actually lost some ground in 2006 while lumber and veneers regained market shares. Main U.S. winners in the German market in 2006 are white oak veneers and lumber.

The main suppliers of softwood lumber to the German market are Russia, Sweden, Finland, and Austria. Lumber shipments from Sweden went up by about 50 percent, recovering to 2005 levels. At the same time spruce log imports from Sweden dropped by one third. 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 rising by more than 50 percent in 2006, compensating for the lower imports from Sweden. In general, the softwood log import market is extremely price sensitive and fluctuates intensively. Lower imports from one European country are compensated by higher arrivals from another European country.

The improved economic situation of the local furniture industry is reflected by higher imports of hardwood logs, mainly oak 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	2004	2005	Jan/Sep05	Jan/Sep06
0400 U.S.A.				
All Roundwood	42418	45872	38373	37601
OAK WOOD IN THE ROUGH, SAWLOG	3431	3139	2659	3045
All Lumber	42018	41889	32069	36886
All Softwood Lumber	5715	5435	4397	4165
All Tropical Lumber	245	38	39	6
All Temp Hardwood Lumber	36059	36416	27633	32715
Oak Lumber	14114	13408	9938	13294
Beech Lumber	5	6	6	-
All Veneers	78493	67611	54177	57590
Softwood Veneers	1448	576	562	336
Tropical Veneers	272	534	505	83
Temp Hardw Veneers	76773	66502	53110	57172
All Plywood	709	311	299	144
Trop Plywood	9	4	4	-
Hardwood Plywood	145	68	66	-
Softwood Plywood	117	114	103	40
OSB	10	21	22	-
Particleboard	699	743	500	711
MDF	9	-	-	27
Oth Fiberboard	99	308	161	493
Wood Chips Pells Dust	205	203	184	108
Windows	27	59	58	20
Doors	10	22	14	29
Parquet Flooring	302	256	120	65
Gluelam	2469	1030	764	1168
All Wood Products	178901	170344	136152	143047
Wood Pulp	205640	187985	144050	185689
1000 WORLD				
All Roundwood	257518	311452	230094	262708
OAK WOOD IN THE ROUGH, SAWLOG	6783	8673	5858	8061
BEECH WOOD IN THE ROUGH, SAWL	4095	2420	2131	1756
All Lumber	1153455	1158567	766101	875246
All Softwood Lumber	878495	862769	543936	640488
All Tropical Lumber	68501	82361	62796	71502
All Temp Hardwood Lumber	206460	213436	159369	163256
Oak Lumber	54402	54413	37403	47300
Beech Lumber	29927	25484	18290	19972
All Veneers	286613	285181	196923	208711
Softwood Veneers	21710	19894	14878	16202
Tropical Veneers	32962	36846	26767	22911
Temp Hardw Veneers	231630	227772	154697	169316
All Plywood	656228	643615	465098	515842
Trop Plywood	76851	83693	63097	70096
Hardwood Plywood	287436	282772	205093	238847
Softwood Plywood	160481	146127	105704	124676
OSB	67501	62233	41059	58172
Particleboard	337420	376477	254228	301075
MDF	143314	164937	99519	133876
Oth Fiberboard	103165	103628	66778	78467
Wood Chips Pells Dust	48464	58552	28160	52125
Windows	124288	76975	57681	58363
Doors	177298	147501	104113	105389
Parquet Flooring	256564	237800	143416	164107
Gluelam	301151	307356	197161	215012
All Wood Products	4802169	4793892	3255261	3672804
Wood Pulp	2662490	2756670	2056743	2243668
1010 INTRA-EU-25				
All Roundwood	119879	164005	112441	119710
OAK WOOD IN THE ROUGH, SAWLOG	2798	4920	2636	4525
BEECH WOOD IN THE ROUGH, SAWL	3019	1929	1700	1142
All Lumber	728082	733131	445392	508557
All Softwood Lumber	634296	624912	366929	431322
All Tropical Lumber	11587	13964	9635	10879

IMPORT	2004	2005	Jan/Sep05	Jan/Sep06
All Temp Hardwood Lumber	82198	94255	68828	66356
Oak Lumber	22381	25292	15925	22601
Beech Lumber	16487	16848	11424	14383
All Veneers	144035	152337	94367	98273
Softwood Veneers	14080	14500	10706	12018
Tropical Veneers	10138	8716	5845	5830
Temp Hardw Veneers	119635	128718	77515	80412
All Plywood	433126	417652	287945	308398
Trop Plywood	40702	45394	32191	42739
Hardwood Plywood	192913	180834	130215	138581
Softwood Plywood	92145	82792	51206	58928
OSB	65445	60390	39220	56812
Particleboard	252741	293100	192471	233743
MDF	86140	114546	66389	91982
Oth Fiberboard	65440	73235	44259	48371
Wood Chips Pells Dust	46094	56145	26428	49029
Windows	122434	74542	55866	56112
Doors	164281	135900	95362	97233
Parquet Flooring	189460	169346	92819	118325
Gluelam	206990	213596	131816	135173
All Wood Products	3239986	3178204	2037016	2284145
Wood Pulp	1567908	1701341	1256189	1371148

Until CY 2000, the United States was a net exporter of wood products to Germany. Since then the situation has completely changed. In CY 2005, German wood product exporters shipped almost five times as many wood products to the U.S. The consolidation of the German sawmilling and wood panel producing industries and the resulting bigger processing units led to a more intense export orientation of the German wood processing industries. Additionally, sales opportunities on the domestic market are limited and quick significant growth is practically no longer possible.

Now, Germany is a strong exporter of wood products to the U.S. market, shipping an estimated US$ 770.5 million in CY 2005. Between January and September 2006, German exports to the U.S. amounted to US$ 582.3 million, which is the same level as one year ago. Germany’s main wood exports to the U.S. are planed softwood lumber for construction purposes. German beech lumber sales have been almost doubling for use in the U.S. furniture industry or in flooring, amounting to US$ 23.0 million in Jan-Sep 2006. German exporters claim that customization also played a key role in entering the U.S. market. The increasing value of the Euro versus the dollar in 2006 has slowed German exports to the United States by the end of the year.

Total German export sales of wood products (excluding pulp) totaled US$ 6.3 billion in CY 2005. A further increase of eleven percent between January/September in 2006 has been recorded, namely for exports to EU countries. 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. 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. Beech logs sold to China in the Jan/Aug 2006 period totaled 209,000 CUM compared to 182,000 CUM in CY 2005. In 2006, second most important customer for beech logs is Sweden, 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	2004	2005	Jan/Sep05	Jan/Sep06
0400 U.S.A.				
All Roundwood	563	506	418	384
OAK WOOD IN THE ROUGH, SAWLOG	15	-	-	-
All Lumber	312820	459611	328543	409781
All Softwood Lumber	294691	435494	312131	382321
All Tropical Lumber	2364	2181	1577	2651
AllTemp Hardwood Lumber	15764	21936	14835	24808
Oak Lumber	40	191	21	191
Beech Lumber	14250	19773	13511	23015
All Veneers	32524	29490	22682	19953
Softwood Veneers	14	85	87	52
Tropical Veneers	7982	7429	5423	4652
Temp Hardw Veneers	24529	21976	17172	15248
All Plywood	2801	4330	3046	5633
Trop Plywood	487	472	336	429
Hardwood Plywood	689	1177	846	835
Softwood Plywood	1340	2048	1615	2905
OSB	41037	89619	80254	21513
Particleboard	9475	3035	1834	1891
MDF	80157	62210	57455	35571
Oth Fiberboard	90766	82040	59582	50664
Wood Chips Pells Dust	15	5	5	59
Windows	14834	15702	11722	13609
Doors	1235	1055	645	726
Parquet Flooring	10247	7145	4945	8490
Gluelam	5050	4052	2702	4646
All Wood Products	611545	769722	581420	582317
Wood Pulp	3745	4796	4424	768
1000 WORLD				
All Roundwood	423684	504773	343998	387675
OAK WOOD IN THE ROUGH, SAWLOG	37061	46618	34824	32868
BEECH WOOD IN THE ROUGH, SAWL	58793	67082	48441	62347
All Lumber	1369520	1655078	1094655	1351478
All Softwood Lumber	1043327	1296885	848993	1080014
All Tropical Lumber	47511	61316	39734	43257
All Temp Hardwood Lumber	278682	296877	205929	228208
Oak Lumber	85988	97601	62847	69552
Beech Lumber	143850	152116	108134	122372
All Veneers	374983	371308	268292	254751
Softwood Veneers	3742	3000	2443	2353
Tropical Veneers	53619	55129	39114	36608
Temp Hardw Veneers	317621	313180	226735	215790
All Plywood	221810	244567	157577	190818
Trop Plywood	36121	50573	13694	39755
Hardwood Plywood	50689	57081	40763	41090
Softwood Plywood	42010	48082	36170	36175
OSB	191395	207273	167490	125140
Particleboard	665617	683285	513601	567579
MDF	760719	779033	582113	594210
Oth Fiberboard	834694	875930	574232	580396
Wood Chips Pells Dust	110929	118740	70054	110874
Windows	68671	68597	43248	44501
Doors	126927	145004	93776	105432
Parquet Flooring	167311	188734	111382	118375
Gluelam	366280	417754	283718	357648
All Wood Products	6288871	6918586	4748761	5297471
Wood Pulp	337243	455595	331943	437470
1010 INTRA-EU-25				
All Roundwood	350544	428533	279813	309975
OAK WOOD IN THE ROUGH, SAWLOG	24223	30957	20566	19476
BEECH WOOD IN THE ROUGH, SAWL	27197	39106	26504	26894
All Lumber	896606	1014474	631348	787399
All Softwood Lumber	676741	777866	476089	620787
All Tropical Lumber	33396	45985	29119	30647

EXPORT	2004	2005	Jan/Sep05	Jan/Sep06
All Temp Hardwood Lumber	186470	190623	126140	135965
Oak Lumber	62565	69579	41432	48773
Beech Lumber	88206	88638	60677	62982
All Veneers	250939	254596	178146	172339
Softwood Veneers	2536	1967	1689	1189
Tropical Veneers	28211	28012	19459	17943
Temp Hardw Veneers	220191	224617	156998	153207
All Plywood	169542	185033	112377	137086
Trop Plywood	33257	47554	11558	36434
Hardwood Plywood	42172	47545	33452	33378
Softwood Plywood	33684	36541	27310	24669
OSB	98767	75005	54651	58600
Particleboard	568839	598324	449199	489541
MDF	523941	544174	394576	422378
Oth Fiberboard	489753	511310	315381	328071
Wood Chips Pells Dust	93840	102236	57247	95065
Windows	45253	38987	22779	20159
Doors	68729	77735	43279	53969
Parquet Flooring	87405	106503	51967	51182
Gluelam	266682	323344	215191	272702
All Wood Products	4328580	4720162	3098879	3538958
Wood Pulp	260230	330703	223979	343606

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. AHEC efforts to make red oak known to German architects, interior designers have been intensified. Rising prices for domestic and other European white oak may provide an additional incentive to interest German customers in this valuable species. Increased demand for softwood garden wood and garden furniture may also open a window for U.S. sales to this market. However, European and Asian competition is extremely strong in this market segment. Germany hosts several international trade fairs for lumber, veneer, furniture parts and construction timber-like products, which are worthwhile to visit or attend.

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. For the upcoming show in 2007, the fair organizer reports growing interest reflecting the improved economic environment in Germany

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 October 24-27, 2007. 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. The Messe Muenchen Company reports that exhibitors of the 2005 exhibit were increasingly focusing on the renovation market and energy conservation solutions. An increasing number of visitors came from eastern European and Asian countries.

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 April 2-5, 2008. Normally about 1,200 exhibitors from up to 30 countries participate in fensterbau/frontale. In 2006, the fair organizer reported a growing interest among international visitors. The total number of visitors was reported at 100,760.

> 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 2006, the response of the trade was extremely positive. A total of 50,000 visitors came from more than 100 different countries. More than 75 percent of the exhibitors came from outside Germany. About 15 to 20 percent of the visitors were wood flooring experts. The fair is held every year in January.

> 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, was held every other year in Wiesbaden. The organizer is the German Timber Trade Association. Next Branchentag is scheduled for October 24–25, 2007 for the first time in Cologne.

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.