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Denmark

Solid Wood Products

Annual

2006

Approved by:
Roger A. Wentzel
Office of Agricultural Affairs

Prepared by:
Hasse Kristensen

Report Highlights:
East European suppliers are still selling at very low prices, holding U.S. softwood and plywood exports to Denmark at minimal levels. Contrary to this, U.S. is sharply increasing market share of sawn oak.

Includes PSD Changes: No
Includes Trade Matrix: Yes
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Executive Summary

Total Danish wood trade in 2004 amounted to $2.5 billion with imports totaling $1.6 billion and exports $940 million. Pine log imports amounted to $495 million, of which 84 percent was imported from the Nordic region. Nordic countries combined account for about 45 percent of the Danish wood imports. Other major suppliers are Germany, Poland and the Baltic countries.

Denmark imported wood products valued at $25 million from the United States in 2004, of which 36 percent was oak and 27 percent other non-coniferous products. Softwood plywood and OSB from the U.S. each accounted for $300,000. Ninety percent of the oak imported from the U.S. is re-exported. In addition, $1.7 million of the imports registered from U.S. were imports of mahogany species.

Until 1998, the U.S. was the major supplier of softwood plywood to Denmark. In 1999, Scandinavian and East European countries, especially Russia but also Finland and Poland, took over the market and the U.S. market share is now 0.2 percent. Due to high prices of U.S. softwood plywood, most importers have shifted their focus to other countries, and the U.S. will have difficulty regaining its former market share. According to the major wood trader in Denmark, the price for U.S. wood would have to be very competitive in order for the U.S. to break back into the plywood market.

Another noteworthy trend is the outsourcing of production to countries where production costs are lower. This has resulted in a small but escalating movement of Danish wood processing operations to Eastern European countries.

For debarking requirements for wood packing material, Denmark is awaiting the position of the International Forestry Research Group and will possibly follow their recommendations, also with regard to the extension of the EU debarking requirement implementation.

Average Exchange Rates:

2003:	U.S.$1 = DKK 6.59
2004:	U.S.$1 = DKK 5.99
2005	U.S.$1 = DKK 6.00

Construction sector.

Overview.

Since 2000, new constructions have amounted to 104,000 but are still increasing and are forecast to reach 27,000 building starts in 2005 and to increase to 30,000 in 2006. While number of house constructions increased by 9 percent in 2005 compared to 2004, the area increased by 16 percent. Interest for houses constructed of wood is increasing but still limited. Construction of wooden houses is now allowed up to four stories and wood houses now account for more than 10 percent of new construction.

Marketing.

The demand for newer, engineered products such as I-beams and LVL is limited, partly due to conservatism among Danish builders, and partly because they are considered too costly and used mostly when very light materials are required. Danish importers have tried to market KATO beams from Finland, but have had very little success in selling this product, which is specially marketed for smaller building units. Constructors in Denmark prefer iron beams or laminated beams, which are mainly constructed in Denmark.

Construction of treated wood terraces around houses is increasing sharply. Preferred materials are secondary species such as Barangai (Indonesia) and Jatoba (Brasil). Other preferred species for this purpose are Western Red Cedar and Oregon Pine. It should be noted that although copper treating is banned in Denmark, copper treated wood product imports are allowed.

Policy

It is the policy of the Danish government that all wood used for public building projects should be FSC certified, if possible. However, this is very seldom possible, and so far this policy has had little effect on supplies.

Furniture and Interiors Sector

Overview

With 2005 furniture production worth $2.9 billion (of which 80 percent is exported), Denmark is a substantial importer of woods for furniture. Although the European, and especially the German markets are suffering from low economic growth, furniture production is forecast to increase. It is not possible to obtain figures for species-specific demand, but the bulk of furniture is made of MDF and other fiber or particleboards and considered discount furniture. Exports of more traditional Danish (designed) furniture are still increasing for the Japanese and Nordic markets, as are sales on the domestic market. Outsourcing in furniture industries continue, with a reduction in the Danish working force of 15 percent during the last three years. The number of furniture manufacturers has declined from 580 to 342 during the same period.

Marketing

Although there are no exact figures available, the bulk of Danish furniture is made from softwoods. Conversion away from softwood is difficult because machinery is difficult to readjust to hardwood. However, the development has resulted in an increased use of lightwood free from knots. The most popular such species are White Oak while demand for Cherry is decreasing. All wood for furniture production is imported through the major wood importers, of which DLH is reported to have a market share of between 75 and 80 percent. DHL is mainly a trading company and they own PW Hardwood with facilities in Brooksville, Pennsylvania and Brattleboro, Vermont. However, only limited amounts reach Denmark.

The demand for hardwood floors (either solid or laminated with a hardwood overlay) is rising. The preferred woods for flooring are Beech, Oak and Cherry.
Windows, doors and frames are manufactured in Denmark to specific specifications for each individual construction project and imports are very limited.

The U.S. is a major suppler of sawn oak. The market for this product increased sharply and imports rose from 40,000 CUM in 2003 to 71,000 CUM in 2004. U.S. took the major share of this increase and lifted exports of sawn oak from 7,100 CUM in 2003 to 32,800 CUM in 2004. Poland is the second largest supplier with 20,000 CUM. However, about 90 percent of the oak is reexported (mainly to other Northern European countries), and about 10 percent is shipped back to the U.S. after being processed. Given the heavy use of advanced technology, it is important for the Danish industry that the imports meet exact specifications, as the labor costs to adjust the machinery are significant. The consistent specifications of U.S. sawn oak enables the importers to pay a premium price for U.S. product as compared to South American origin suppliers.

Of total Danish imports of hardwood blocks for parquet and wood block flooring (160,000 square meters), the U.S. has regained a market share of 0.6 percent in 2004, after having been out of the market in 2003; drastically lower than 2001 U.S. exports of 9,666 square meters. Major suppliers are now Norway, China, Indonesia and Germany, accounting for 78 percent of total imports.

Material Handling Industry

Danish pallet production is stable around 6 million pieces per year. Imports for this production amount to over 100,000 CUM of softwood yearly, all of which is imported from Sweden. To satisfy the total demand for pallets, Denmark imports about 5.3 million pieces of which 1.8 million come from Poland, 987,000 from Germany, 919,000 from Latvia and 873,000 from Lithuania. Danish pallet production utilizes the poorest quality Danish conifer or cheap imports from southern Sweden, which still has a lot of stormfelled conifers. Pallets are still produced of the most inexpensive wood, and there seems to be no tendency towards higher quality materials. Plastic seems to be unsuitable for the Danish utilization.

According to Danish government contacts, the EU is looking for an alternative to debarking, namely bark freedom. With debarking, all bark is removed before the wood is sawn (mostly applied for conifers). By bark freedom, the wood is sawn in a way that the product has very little bark (mostly applied for broad leaved trees). EU has proposed both possibilities to the Forest Research Group as equivalent or fulfilling EU requirements as formulated in EU Directive 2004/102.

Softwood Plywood

Market impediments

Oriented Strand Board (OSB) imports are recorded under the same tariff number as wafer, so imports of OSB are difficult to estimate. Total 2004 imports of wafer board, including OSB, reached 144,000 CUM in 2003 compared to 60,238 CUM in 2001. Several U.S. companies have established themselves on the European markets with local factories. Louisiana Pacific's joint venture factory in Ireland has obtained Danish approval. Only a few hundred cubic meters are originating from U.S.

OSB 3 & 4 are used in Denmark for roofing and flooring, but since both standards can be used for the same purpose, Danish importers generally prefer OSB 3.

While Oriented Strand Board generally competes with softwood plywood, and it appeared in the past that OSB demand would grow at plywood's expense, in fact demand for both has grown. Imports of softwood plywood seem to have leveled off at approx. 200,000 CUM

Trade

Import Trade Matrix

Country	Denmark		
Commodity	Softwood Plywood		
Time Period	CY	Units:	CUM
Imports for:	2003		**2004**
U.S.	707	U.S.	350
Others		Others	
Russia	74119	Russia	79957
Finland	42248	Finland	60500
Poland	7453	Poland	22896
Sweden	6404	Sweden	1338
Chile	2244	Chile	6471
Germany	5024	Germany	1020
Czech Rep.	663	Czech Rep.	2648
Brazil	9006	Brazil	13172
Ireland	2304	Ireland	6483
			9454
Total for Others	149465		194485
Others not Listed	1239		13665
Grand Total	151411		208500

Export Trade Matrix

Country Denmark

Commodity Softwood Plywood

Time Period	CY	Units:	CUM
Exports for:	2003		**2004**
U.S.	0	U.S.	0
Others		Others	
Germany	5711	Germany	6116
Netherlands	9228	Netherlands	10073
Norway	4962	Norway	2756
Sweden	3430	Sweden	6048
Greenland	5522	Greenland	4338
Faroe Islands	5956	Faroe Islands	3974
France	2144	France	3008
Total for Others	36953		36313
Others not Listed	1838		2402
Grand Total	38791		38715