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Netherlands

Solid Wood Products

Annual

2006

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Report Highlights:
Wood demand is expected to increase in 2006 due to higher investment in the construction sector and more spending on furniture and interiors.

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

Table of Contents

Wood Industry

The Dutch wood industry covers the furniture, construction, packing and pulp & paper sectors. Each segment will be discussed in the following sections. The use of US woods is limited in the Dutch furniture, construction and packing sector to about €23 million in 2005, a mere 1% of total imports. For the pulp and the paper & paper board sector, the US is a more important supplier, with a market share of 7% in 2005 or €402 million. Import requirements for wood and wood packing material are fully harmonized within the EU. For more information, see the section on import regulations.

Furniture Sector

The total turnover of the Dutch furniture sector in 2004 was € 1.8 billion, almost 9% lower than the preceding year. For 2005, the CBM (Dutch furniture association) estimates that turnover declined further by 5%. For this year turnover is expected to increase slightly, driven by an increase of private and business spending on furniture.

The Dutch furniture and interior sector is a major importer of wood components, semi-manufactured products and finished furniture. The majority of those products are still sourced from neighboring Germany and Belgium while some semi-manufactured and finished products originate from Italy and Spain. However, Western European countries are losing market share to Central and Eastern European Countries and Asia (for instance China), due to their low labor costs and access to abundant raw materials.

Figure 1: Turnover of the Dutch furniture industry, million €

	2002	2003	2004	2005*
Furniture industry	2,154	1,965	1,793	1,700

Source: www.cbm.nl
*FAS estimate

Box 1:

Noteworthy consumer trends in the Dutch furniture and interior sector:
Furniture:

- Desire for bigger tables;
- Strong preference for wood or a combination with wood;
- Preference for walnut, cherry and oak;
- Finished wood products must have a natural look;
- American walnut is popular while American red oak is losing popularity at the expense of European oak.
- Wood combined with steel is gaining popularity.

Flooring:

- Laminate is losing popularity at the expense of wooden floors;

Interior:

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

Construction Sector

Residential sector

TNO (Dutch Research Organization) estimates that investments in the residential construction sector grew by 6.3% in 2005 to € 18.4 billion and is expected to grow further by an estimated 4% this year. It is also expected that the slowdown in the Dutch economy is over and that investments in the residential construction sector will grow 2-3% annually in the coming years.

Figure 2: An overview of investments in the residential sector, billion €

	2002	2003	2004	2005	2006
Residential construction:	16.3	15.9	17.3	18.4	19.1
- New construction	10.7	10.4	11.5	12.4	13.0
- Renovation	5.6	5.5	5.8	6.0	6.1

Source: www.vrom.nl
Data 2002-2003 are published by the Central Bureau of Statistics
Data 2004-2006 are estimated by TNO

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

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

The use of Scandinavian wood is very popular within this industry because of its low price and durable quality. In addition, proximity and transportation time and costs add to its popularity. US softwood is less popular. While Douglas Fir, Hemlock, Western Red Cedar and Red Wood are used to fabricate doors, in general, US wood is less popular within this industry.

Utility sector

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

Figure 3: An overview of the investments in the utility sector, billion €

	2002	2003	2004	2005
Utility sector	11.9	10.7	9.7	9.8
- Private sector	8.0	6.8	5.8	5.7
- Government sector	3.9	3.9	3.9	4.1

Source: www.vrom.nl
Data 2002-2003 are published by the Central Bureau of Statistics
Data 2004-2006 are estimated by TNO

Although the Dutch economy shows signs of recovery, the overcapacity in the Dutch office-space sector is still huge (800,000 square meters). Nevertheless, industry sources expect investments in the Utility sector to go up this year.

Doors, frames and stairs used in the utility sector are still predominantly made from wood. Also for this industry, wood from Scandinavia and the Baltic states is very popular.

Infrastructure sector

Investments in the infrastructure sector is estimated to have grown 1% to € 6.6 billion in 2004 and is estimated to have grown by another 4% to €6.8 billion in 2005. TNO estimates that investments in 2006 will drop again with 2%. Governmental spending priorities, which change from year to year, are difficult to predict and will determine future investment in infrastructure.

Figure 4: An overview of the investments in the infrastructure sector, billion €

	2003	2004	2005	2006
Infrastructure	6.5	6.6	6.8	6.7

Source: www.vrom.nl
Data 2002-2003 are published by the Central Bureau of Statistics
Data 2004-2006 are estimated by TNO

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

Wood Packing Material Sector

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

Annually, approximately 17 million new wooden pallets are produced. This involves the use of almost 1 million cubic meters of wood. A mere 8 percent is Dutch wood and the rest imported. Traditionally, the main supplying regions are Scandinavia, the Baltic States and Southern and Central Europe. US wood is not used in the Dutch wood packing material sector and this is not expected to change in 2006.

For more information on import regulations for wood packing material, see section import regulations.

Wood Pulp, Paper and Paper Board Sector

In 2004, the turnover of the Dutch pulp and paper industry was almost €2 billion. The Netherlands is the 9th biggest European producer, annually producing 3.5 million MT paper and paperboard at 27 sites. Like any other Dutch agricultural industry, this sector is export oriented. Over 70% of Dutch production is exported of which 90% stays within Europe.

Figure 5: Dutch imports of wood and wood products, € million.

		2002	2003	2004	2005*
HS 44	Belgium	430	420	429	491
Wood	Germany	381	350	421	470
	USA	33	28	25	23
	Other	1,514	1,451	1,484	1,546
	Total	2,358	2,249	2,359	2,530
HS 47	USA	184	179	198	246
Wood pulp	Brazil	0	74	135	195
	Sweden	128	148	133	150
	Other	587	628	690	761
	Total	899	1,029	1,156	1,352
HS 48	Germany	1,378	1,311	1,289	1,312
Paper and	Sweden	738	713	692	654
paperboard	USA	222	196	158	156
	Other	2,485	2,336	2,347	2,348
	Total	4,823	4,556	4,486	4,470

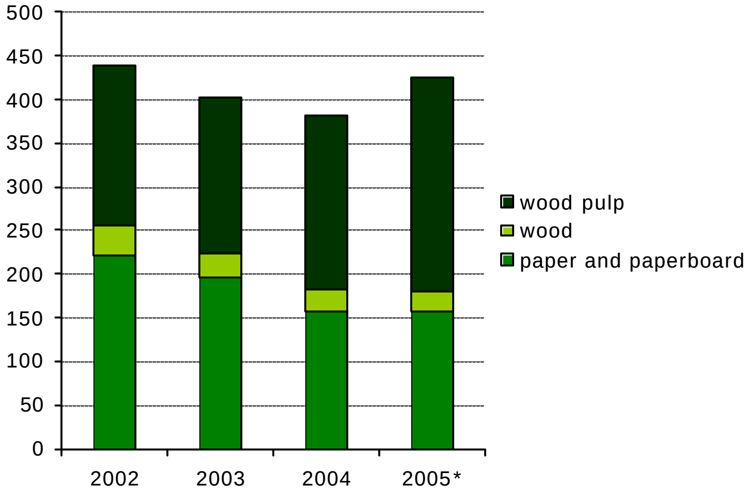
Source: WTA
*FAS estimates

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

Trade

The Netherlands is a big importer of wood, wood pulp and paper and paperboard. In 2005, imports of these products totaled €8,4 billion of which €425 million originated from the US. Almost 60% of these US imports is wood pulp, a market where the US has a 20% share and continues to grow. The main competitor on this market is Brazil (see figure 5). For the first time after several years, total imports of US wood and wood products is growing. The growth of wood pulp imports more than compensates the ongoing decline of wood and paper & paperboard imports (see figure 6).

Figure 6: Dutch imports of US wood pulp, wood and paper & paperboard, € million



Source: WTA
*FAS estimates

Import Regulations For Wood and Wood Packing Material

Import regulations for wood and wood packing material are fully harmonized with EU regulation and are laid down in Commission Directive 2004/102/EC. The European Commission published the latter Directive on October 5 2004, amending Directive 2000/29/EC. Directive 2004/102, scheduled to enter into force on March 1, 2005, contains a controversial requirement that all wood packaging must be made from debarked wood and could affect an estimated USD 80 billion worth of U.S. agricultural and commercial exports to the EU that are shipped on wooden pallets or in wood packaging materials.

A number of WTO members have expressed their concerns about the scientifically unjustified debarking requirement to the EU. Under ISPM 15, the current international standard established by the International Plant Protection Convention (IPPC), only two pest control measures are approved: heat treatment and fumigation by methyl bromide. On February 28, 2005, the Agriculture Council formally adopted the Commission's proposal to delay implementation of the debarking requirement with one year (published as Council Directive 2005/15/EC in Official Journal L 56). Commission Directive 2006/14/EC further postpones the application of the debarking requirement until January 1, 2009, to allow the IPPC time to evaluate the merits of a debarking requirement. The European Commission is expected to conduct a progress review by September 1, 2007 (http://www.useu.be/agri/woodpack.html).

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Import duties

The EU applies different import duties for the different wood products. For more information on the import duties for the various products, go to the following website http://europa.eu.int/comm/taxation_customs/dds/en/tarhome.htm and select the product code.

Certification

Different certification systems like CSA, FSC and PEFC have been put in place globally to guarantee sustainable forest management, each with their own specific criteria and certificates. The Netherlands imports wood from various parts of the world to meet its needs. As a result, products with different certificates are sold in the same marketplace. The resulting confusion makes it difficult for suppliers and customers to make an informed choice for sustainable products. The Dutch 'Keurhout' system, initiated in 1996 by the government and the industry, brings clarity:

- 'Keurhout Duurzaam' wood products are produced in a sustainable manner;
- 'Keurhout Legaal' wood products are of legal origin;

For more information on the 'Keurhout' system go to the following website http://www.keurhout.nl/publicaties.htm or contact:

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In 2004, the Netherlands Timber Trade Association (VVNH) took over the 'Keurhout' system and on January 1 of the same year, the code of conduct entitled 'A healthy future for timber' came into effect. The VVNH members endorsed the code and strive to guarantee the legality of timber. Currently, 95% of total timber imports is traded by VVNH members.

At a European level, work is underway at FLEGT (Forest Law Enforcement, Governance and Trade) to develop legal measures aimed at eradicating illegal timber (for more information see http://www.useu.be/agri/forest.html).

Industry sources estimate that 25% of timber currently on the market is certified sustainable, including FCS, PEFC, etc. The demand for certified sustainable wood has increased over the years. Demand is not only coming from the Do-It-Yourself sector but also from the construction sector.

Marketing

The following trade shows in the Benelux are related to the marketing of wood and wood products. By clicking on the link you will get more information on the various shows.

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

Europarket
MECC, Maastricht, Netherlands
23 – 25 April 2006

Houtdag 2006
Beurs van Berlage, Amsterdam, Netherlands
8 March 2006
www.centrum-hout.nl

Hout 2006
Ahoy, Rotterdam, Netherlands
3 – 7 October 2006
www.hout.nl

Meubelbeurs
Parc des Expositions, Brussels, Belgium
5 – 8 November 2006
www.meubelbeurs.be

Logistica Beurs
Jaarbeurs, Utrecht, Netherlands
14 – 18 November 2006
www.logistica.nl

Internationale Bouw Beurs
Jaarbeurs, Utrecht, Netherlands
5 – 10 February 2007
www.bouwbeurs.nl

In Germany:
Interzum
Furniture production and wood interiors
Kolnmesse, Cologne, Germany
9 – 12 May 2007
www.interzum.de

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