



International softwood markets 2011– Future developments remain uncertain

Results from the market discussions at the 6th International Softwood Conference – Copenhagen, 20 & 21 October 2011

Following a partial recovery of the markets for sawn softwood in 2010, and fairly good sales in the first half of 2011, the markets for sawn softwood production and consumption have slowed down again, tempering the expectations for 2011 and 2012, in particular in Europe, as delegates at the 6th International Softwood Conference held in Copenhagen on 20 and 21 October 2011 reported.

On invitation of the Danish Timber Trade Federation (Dansk Traeforening) and the Traelasthandlerunionen, 120 delegates from 19 countries met at Moltke's Palace in Copenhagen to discuss recent developments in the international softwood markets.

International forest products markets are going through a phase of fundamental changes resulting from the downturn in demand, a globalisation of forest products markets, climate change policies and the measures taken towards ensuring sustainable and legal production.

The markets are strongly influenced by developments in the construction sector, a major outlet for wood, which still has not fully recovered and is not expected to do so soon.

Though the statistical data gathered for the conference point towards increasing production and consumption levels for both 2011 and 2012, the participants in the conference did not consider these as satisfactory and probably even too optimistic. The economic outlook in almost all European countries has weakened considerably and this weakening will probably last for a longer period. As countries no longer have funds for stimulation packages, and the turmoil in North-Africa and the Middle-East continues impacting the markets too, no real recovery and increase in demand is expected during 2012.

In addition, the profitability of sawmilling companies is under strong pressure from all-time high log prices in as good as all production areas.

Similar situations were reported in the US and Canada, where the predicted growth of housing construction forecast for 2011/2012 has not materialised.

Developments on the Chinese market have impacts on the wood sector globally, considering the big volumes of wood and wood products that are being traded. It was pointed out that China's widening supply/demand gap will require increased log and/or lumber imports. On the other hand China is still the huge growth market and more log & lumber imports will be required, which may provide for opportunities for European and North-American suppliers.

The conference gave green light to the development of a joint European wood and wood products promotion plan that should provide for uniform messages across Europe. This topic had been the focus of debate at many previous conferences already. Opportunities are seen in particular on climate related issues and in the promotion of wood-based construction solutions. In this context, the Danish Wood Initiative released a short promotion movie "[Wood: nature's stroke of genius](#)".

Next to market developments, the conference also touched upon topical policy issues the sector has to deal with, such as e.g. the implementation of the European Union Timber Regulation and the mandatory CE-marking for construction timber as from the 1st of January 2012. Certain importers were concerned that producers would not be able to comply with this requirement, which was strongly denied by the producing companies.

On the issue of forest certification, the conference strongly pleaded in favour of a mutual recognition of a single chain of custody system that would allow handling material from different certification schemes at the same time. It decided that contacts would be made with the leading certification schemes on this issue.

Industry was also called upon to be more active in international climate change and related discussions and to prepare itself for Environmental product declarations to avoid that other materials sectors would do this for them.

The conference was concluded with a presentation from Mr Paludan of the Copenhagen Institute for Future Studies on the consumer of the future. The sector was strongly advised to promote itself, and the role of wood, more actively.

The next International Softwood Conference will be held in Stockholm on 18 and 19 October 2012.

Key figures

Production developments	2011	2011/2010	2012	2012/2011
ISC countries Europe	101.7 mio m ³	3,2%	103.2 mio m ³	1,4%
North America	83.7 mio m ³	5,1%	89.1 mio m ³	6,4%
Consumption developments				
ISC countries Europe	72.7 mio m ³	1.1%	73.5 mio m ³	1,0%
North America	72.9 mio m ³	0,5%	76.6 mio m ³	5,0%

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The 6th International Softwood Conference gratefully was sponsored by DB Schenker.



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