European Organisation of the Sawmill Industry aisbl

2009-06-08

Sawmilling industry impacted by the current crisis
EOS General Assembly in Bucharest on 5 June 2009

Bucharest/Brussels: Hosted by the Romanian association ASFOR, the annual general meeting of EOS was held in Bucharest on 5 June 2009. Main issue of discussion during the open part of the meeting was the general economic situation and its impact on the performance of the European sawmilling industries.

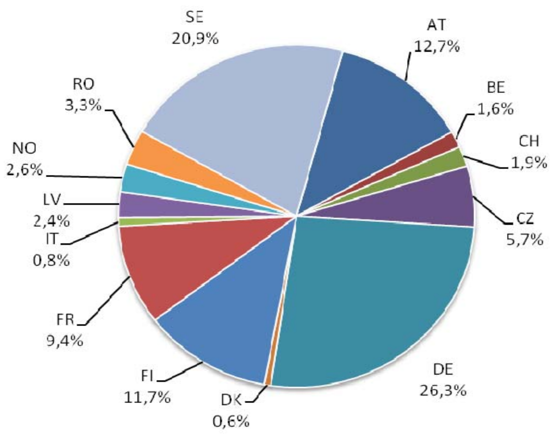
Sawn softwood production and consumption

After having reached a peak in 2007, sawn softwood production started declining in particular as from the 2nd half of 2008, when the full impact of the housing crisis in the US and the collapse in some key European markets made itself felt. Production fell below 84 million m³ (-7.5%), though the degree of decline differed strongly from country to country. For 2009, a further reduction by 16.8% is being expected, leading to a production volume forecast below that of the year 2000.

Two-digit reduction rates are expected in Austria, Switzerland, Germany, Finland, Italy, Latvia, Romania and Sweden in particular.

For the year 2010, the outlook is slightly better again, though the expected pick-up of production is still very modest compared to the volumes reached previously. A permanent impact on the sawmilling companies can, therefore, not be excluded and is more than likely.

With a production of 22 mio m³ and a share of 26.3%, Germany remained the largest sawn softwood producer within the EOS community. Sweden ranks second with 17.5 mio m³ (20.9%) and Austria third with 10.6 mio m³ (12.7%). Finland and France complete the top 5.



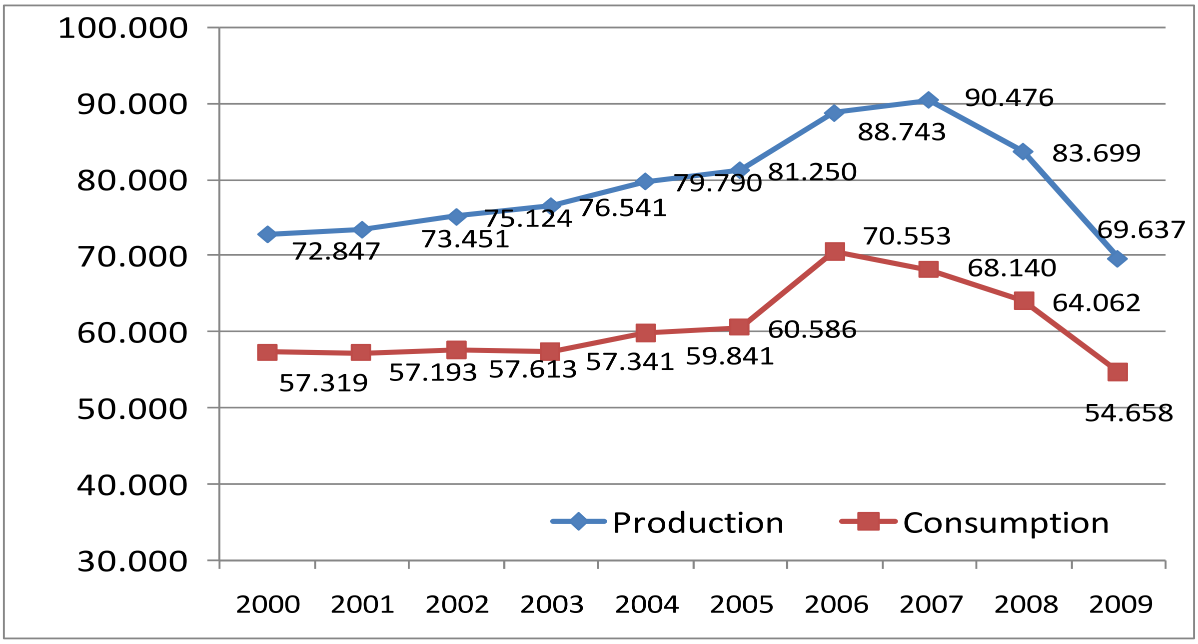
Sawn softwood production 2008: relative importance of EOS members

Sawn softwood consumption in the EOS countries reached its peak in 2006, reaching the threshold of 70 mio m³. In 2007 already, consumption fell slightly but this trend accelerated strongly in 2008. In that year, consumption fell by 6% overall, despite a still positive development in Austria. In line with the expectations over the production, the total consumption in 2009 is forecast to fall by an additional 15%, ending slightly below 50 million m³. The forecast decline ranges from a minor 0.8% (Czech Republic) to close to 40% (Latvia).

With a total volume of 17.6 million m³, Germany remains the largest market for sawn softwood within EOS. France ranks second before Italy and Sweden.

Office: Rue Montoyer 24/box 20, BE-1000 Brussels - TP: +32 2 556 25 97 - TF: +32 2 287 08 75
E-mail: info@eos-oes.eu - www.eos-oes.eu
Registered address : Allée Hof-ter-Vleest 5/boîte 4, BE-1070 Bruxelles

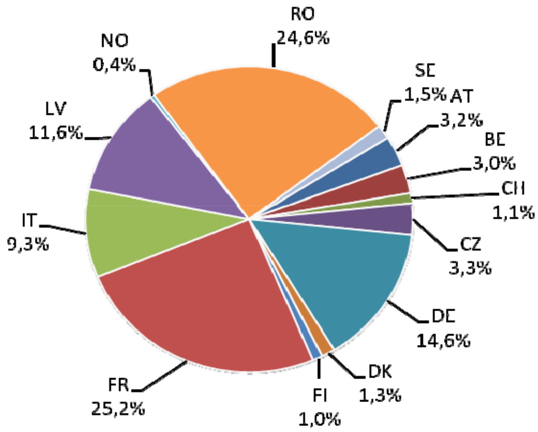
Sawn softwood production and consumption in EOS member countries (in thousand m³)



Sawn hardwood production and consumption

The revival in the production of sawn hardwood in the EOS countries has lasted only for a short period of time. Since 2007, the trend is negative again. Whereas the decline was still rather modest in 2007, production fell by 5.5% in 2008 and is forecast to decline by a further 13% in 2009 (7.5 and 6.5 million m³ respectively).

Italy and Latvia reported the strongest production reduction, which could be related to a lower degree of demand from the furniture sector. The other countries could keep the decline below 10%. In 2009, on the other hand, the situation is quite different, with major production cuts expected in Austria, Switzerland, Germany, Latvia and Romania.



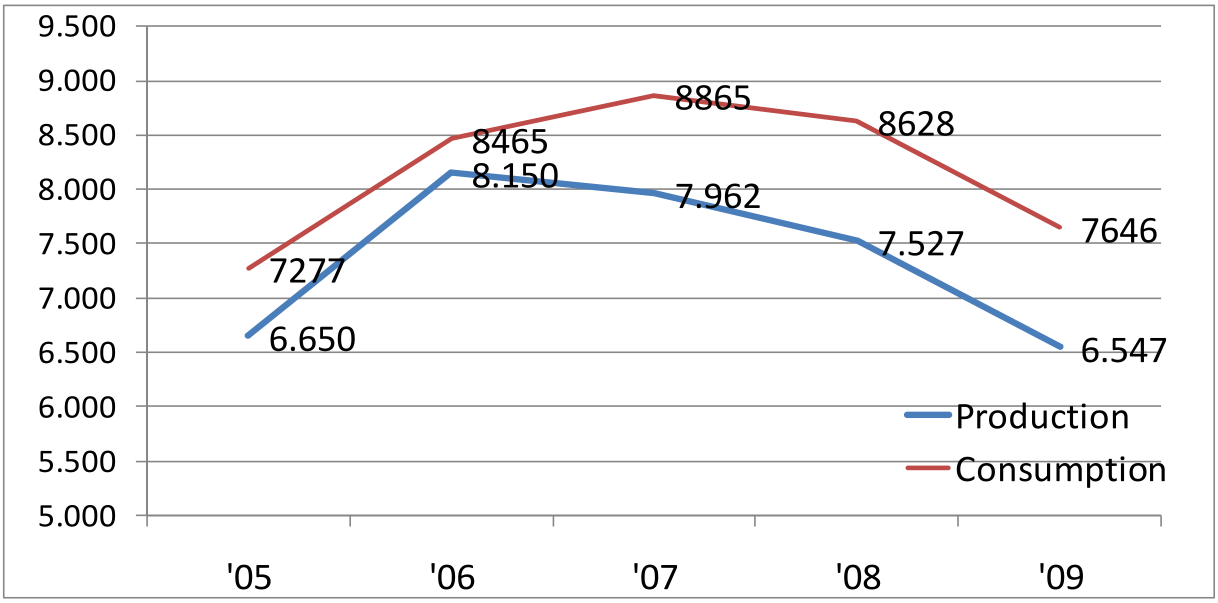
Sawn hardwood production 2008: relative importance of EOS members

In 2008, France could retain its position as the leading sawn hardwood producer, though Romania is catching up very rapidly. Germany is the third largest producer within EOS.

Trends in hardwood consumption follow the same line as in softwood. After a good demand in 2006 and 2007, it decreased by 2.7% in 2008 and is forecast to further drop to 7.6 million m³ (or an additional 11.4%). This brings the consumption close to the volumes reached in 2004.

Germany recorded a high increase in hardwood timber consumption in 2008, which tempered the overall decline within the EOS region. It will not be able to hold on to this strong performance, however, and a strong drop is forecast for the year 2009 in the absence of important markets such as furniture and parquet production. The same development can be noticed in Romania and France for 2009.

Sawn hardwood production and consumption in EOS member countries (in thousand m³)

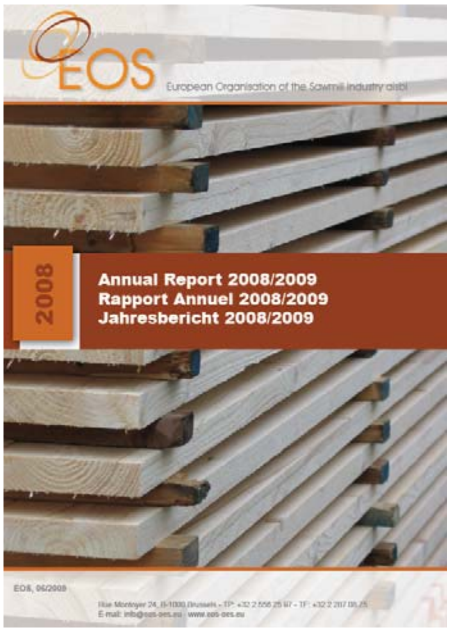


Commenting the recent developments, EOS president Mr Alfred Jechart remarked that the current situation is caused mainly by the lack of demand from the main user sectors, like construction and related products, packaging and furniture, caused by a strong degree of uncertainty among customers partly due to the banking crisis that has hit Europe most strongly. He expressed the hope that the measures taken by many authorities throughout Europe will soon bring positive effects and restore confidence in the financial markets and among consumers.

He also stated that the sawmilling companies have been forced to respond to the changing situations rapidly and have taken measures within their means. Production cuts and mill closures were unavoidable and have had a negative impact on employment. First announcements of insolvencies have been made recently too, and further restructuring is being expected. Despite the current gloomy situation, some indicators do point towards first signs of improvement in the months to come, leading towards a stabilisation in 2010.

Mr Jechart concluded to be “convinced that the future for our sector looks positive, considering e.g. that our current market shares, both on home and export markets, are still quite low and leave room for improvement and the fact that the trend to more sustainable consumption and the political attention to climate change issues certainly provide opportunities for an increased use of wood and wood products.”. In this context, EOS is working actively with its partners to attain recognition of the positive role of harvested wood products at the forthcoming COP15 conference in Copenhagen and within the CEI-Bois Roadmap 2010 “Wood in sustainable development” process.

Key findings of the EOS Annual report



- Softwood production in EOS countries:
  - -7.5 % in 2008
  - -16.8 % in 2009
- Softwood consumption in EOS countries
  - -6% in 2008
  - -14.7% in 2009

- Hardwood production in EOS countries:
  - -5.5 % in 2008
  - -13% in 2009
- Hardwood consumption in EOS countries
  - -2.7% in 2008
  - -11.4% in 2009

Upcoming major events

- 2009-10-21, Madrid, EOS General Assembly
- 2009-10-22/23, Madrid, International Softwood Conference
- 2009-10-29/30, Vienna, 3rd International Hardwood Conference

For more information on EOS and the latest economic developments, please contact the EOS secretariat, TP: +32 2 5562597 (Mr Filip De Jaeger, secretary general), info@eos-oes.eu

Note for editors:

The European Organisation of the Sawmill Industry (EOS), an international non-profit association according to Belgian law, represents the interests on European and international level of the sawmill industries from 13 European countries (Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Italy, Latvia, Norway, Romania, Sweden and Switzerland), producing about 75% of the total European sawn wood output. The sector represents a turnover of almost 37.5 billion EUR and 14% of the overall woodworking and furniture industry in EU27, generated by 35,500 companies employing 303,000 employees.