



PRESS RELEASE

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The European Timber Trade Association - FEBO - sees for 2009 first signs of a difficult market stabilising

FEBO's General Assembly this year took place under German presidency in Cologne on 13th May 2009.

New President Franz-Josef Kall from Aachen took the opportunity of his welcome address to thank his predecessor, Géraud Spire from Charleville-Mezières (F), for his commitment to FEBO. Under his leadership FEBO has become the recognised representative of the interests of the European timber trade by European institutions and associations. Mr. Spire has also focussed on and addressed important trade issues such as logistics and payment and delivery conditions.

It was also to his personal credit that the talks between the European timber traders' federations and the importing associations were re-started.

The General Assembly centred around the discussion of the state of the European timber markets. In the first quarter of 2009 a clear weakening is apparent in the individual countries. Switzerland has registered a two-figure downturn. France, too, reported a fall in turnover of 15 %. Participants talked of a significant fall in prices, in particular for panel products. Within the framework of its climate protection policy, the French government plans a package of measures to the tune of 6 billion euros this year to increase the use of wood. In Finland and the UK the negative development, already apparent in 2008, continued. Construction activities in the spring were still very sluggish with the VAT reduction having hardly any effect on consumption. However, it is assumed that the recession has reached its lowest point. Prices are becoming more stable, stores topped up and business activity is on the increase. In Denmark the situation is similar to that in the other countries. Here as well timber traders' hopes are pinned on profiting from the government's package for kick-starting the economy. Austria's forecast for 2009 was also negative with a two-figure turnover decrease expected. At the moment consumption is more or less satisfactory. The problem, however, is that industrial production is slackening as is construction activity. Renovation and interior redecoration work have recovered. In Germany the construction sector is active at a low level, interior fitting and renovation are going satisfactorily. On the whole, though, the market participants did not judge the future situation pessimistically.

Andreas von Möller, President of the European Association of Softwood Importers (UCBR), guest at FEBO's General Assembly, also expressed optimism and forecast an increase of business activity as stores are largely empty and demand is set to start up again.

Franz-Josef Kall gave a synopsis of the current situation concerning the EU's import legislation and FEBO's activities in Brussels. At the bill's first reading in April the European Parliament followed the advice given by the Environment Committee so that the regulation as passed is much stricter than the Commission's original draft dated 17th October 2008.



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Before the parliamentary vote FEBO, the European Timber Trade Association, had already addressed an appeal to MEP's personally, requesting them to support the Commission's original draft and to reject the Environment Committee's amendments. One example for the tightening up of the Commission's draft is, for instance, the demand for proof of legality from the importer bringing the goods into the EU. Proof of legality is particularly difficult to procure from those countries with whom as yet no Voluntary Partnership Agreement (VPA) has been negotiated. To date VPAs only exist with Ghana and the Republic of the Congo (Brazzaville). A further example is the introduction of obligatory marking for all timber products. These measures lead to an enormous amount of bureaucracy and to a high level of costs completely out of relation to the work involved.

The next step in the legislative procedure will be the decision of the Council of Ministers which can be expected at the earliest in autumn. If the Council of Ministers approves the existing version, the regulation will become law in the EU with immediate effect. In the meantime FEBO has also addressed the cause to diplomatic missions of timber-exporting states, informing of the EU legislation and requesting support for a more practical and moderate ruling.

Mikko Viljakainen from the Finnish Forest Industries Federation reported on a new study which shows that timber as a building material has a much more positive and efficient energy balance in comparison to other materials such as steel, stone and plaster, and so can contribute more to carbon-dioxide reduction.

A further guest was Marnix van Hoe, Secretary General of the European Association of National Builders Merchants' Associates, who talked on sustainable logistic solutions for the future.

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