

American Hardwood Export Council European market report



February 2020

MARKET UPDATE



**EUROPE PROMINENT
DESIGNATION FOR U.S.
HARDWOODS DESPITE DECLINE
IN EXPORTS**

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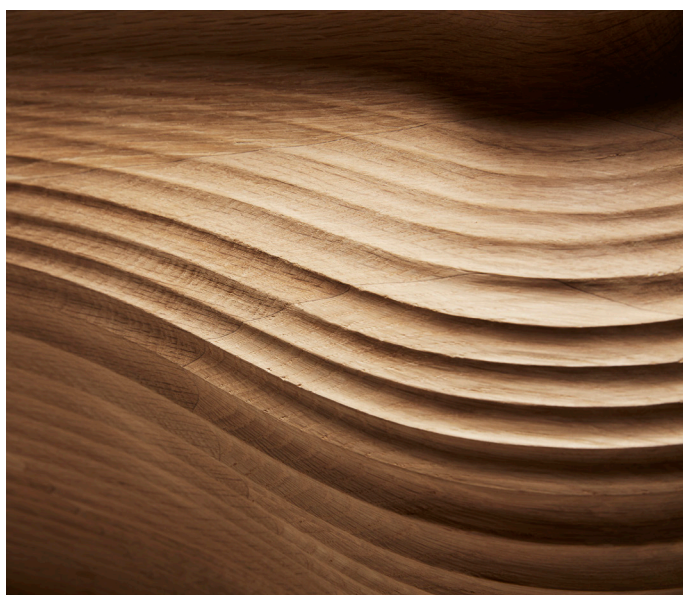
FEBRUARY 2020

The last month has seen some major developments that will impact on the export activity of American hardwoods. Starting on a more positive note, China has removed tariffs for a one-year period on most U.S. hardwood logs and lumber. What the immediate effect will be is hard to quantify at this stage, but we are unlikely to see normalisation of trade with China in the short term given the more immediate concerns of a possible global recession brought on by the Coronavirus. The outbreak of Coronavirus is the big news, now spread to over 60 countries, and is already having an impact on global stock-markets, with billions of dollars being wiped off share values in just one week in February. Travel restrictions, cancellation of events and changing consumers patterns, are already being felt by businesses around the world. For AHEC, the impact has been immediate with events being cancelled or postponed, we report on the latest news about European events. We also report this month on EU plant health regulations as there has been some confusion about red oak requirements, the news that veneers may need phytos, and the fact that American elm exports to Europe are currently prohibited. Finally, with last year's export data for US hardwoods now available we analyse the latest results and trends. A few of the highlights are shown below while the full report with all the charts is available as a separate attachment to this report.

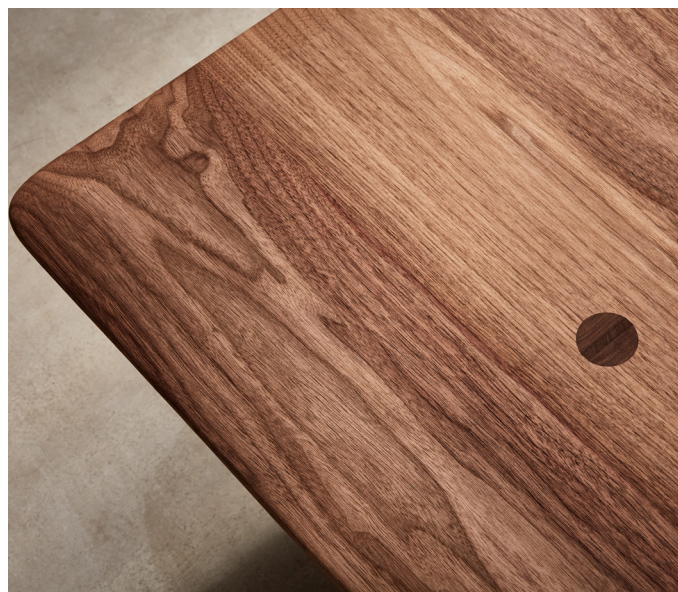
MARKET UPDATE

Europe more prominent U.S. hardwood destination even as exports fall

In 2019, U.S. sawn hardwood export value to Europe declined 9.5% to \$268 million while export volume decreased 9.0% to 336,000 m³. The decline in trade last year was common to all the main European markets, although it was larger in Germany, Italy, Spain and Portugal than in the UK.



White oak remains one of the leading species in Europe, despite decline in exports last year.



Walnut exports to Europe were stable in 2019.

The decline in U.S. sawn hardwood exports to Europe in 2019 was concentrated in white oak and tulipwood, the two leading species, together with red alder of lesser traded species. Exports of white oak were down 10% at 168,000 m³ in 2019, while tulipwood declined 7% to 81,000 m³.

U.S. exports of red oak, a key focus of AHEC marketing this year and last, rose 17% to 25,000 m³ in 2019, the highest level since 2007 and the second highest in the last two decades. Exports of ash also increased, by 4% to 26,000 m³. Exports



of walnut were reasonably stable, at 22,000 m³, down 3% on 2018 but higher than in 2017. European demand for hickory was also up last year, with exports rising 57% to over 4,000 m³. Red alder was the big loser amongst lesser traded species, down over 80% to 1800 m³.

Exports to the UK more buoyant than to other European countries

U.S. sawn hardwood exports to the UK were 108,500 m³ in 2019, 3% less than the previous year but still the second highest level since 2001. Exports to Germany fell 10% to 42,000 m³ in 2019, continuing a decline started in 2016. Exports to Italy weakened considerably last year, down 27% to 41,000 m³, the lowest level on record and only half the volume of five years ago. There was also another fall in exports to Spain in 2019, by 12% to 35,100 m³, down to the level last seen in 2014. Exports to Portugal fell 16% to 15,100 m³ in 2019, which at least was more comparable with longer-term performance.

Exports declined to many smaller European markets in 2019 including Ireland (-9% to 12,900 m³), Sweden (-12% to 11,500 m³), Belgium (-19% to 9,600 m³), Norway (-14% to 7,200 m³), France (-11% to 5,500 m³), Netherlands (-11% to 4,800 m³) and Greece (-16% to 4,700 m³). A 55% rise in exports to Estonia, to 14,000 m³, and a 26% rise to Denmark, to 9,000 m³, were rare shafts of light in a gloomy picture.

Slow economic growth expected to continue in the EU

Looking to the future, the EU's Winter Forecast released in February 2020 suggests that the "external environment remains challenging" but that "continued employment creation, robust wage growth, and a supportive policy mix should help the European economy maintain a path of moderate growth". In a positive note for the wider timber sector, the Forecast also suggested that "private consumption and investment, particularly in the construction sector, will continue to fuel economic growth".

The outbreak of the '2019-nCoV' Coronavirus, with its implications for public health, economic activity and trade, especially in China, is identified in the Forecast as a new downside risk

On Brexit, the EU Winter Forecast notes that "While there is now clarity on trading relations between the EU and the United Kingdom during the transition period, there remains considerable uncertainty over the future partnership with the UK".

Also, on a positive note, more signs are emerging of European environmental policy becoming more favorable to the wood sector. The Green Deal, published on 11 December 2019 by the new European Commission and adopted by the European Parliament on 15 January 2020, sets out a three-decade effort to upend just about every policy area in the EU to make the bloc climate neutral by 2050.

On forests, there is a specific objective to promote products that do not involve deforestation and forest degradation, to be encouraged through new labelling rules. There is also recognition that the "EU's forested area needs to improve, both in quality and quantity, for the EU to reach climate neutrality and a healthy environment".



European environmental policy is becoming more favorable to the wood sector.



ACTIVITIES

Events cancelled and postponed due to Coronavirus but AHEC program carries on

AHEC's activity plans for this year have already been affected by the Coronavirus outbreak as events we were planning to attend/participate in, have been cancelled or postponed. The Maderalia trade show in Valencia, Spain, that was supposed to take place in March has been postponed until the 2nd-5th June. Milan Design Week has moved from its traditional slot in April until the 15th-21st June, although there are rumours that it may be put back further or even cancelled. At the moment the organisers of the wood trade show Carrefour du Bois, where AHEC have a stand, say it will go ahead in Nantes as planned from 27th-29th May.

Italy has one of the most serious outbreaks outside China, so it is not surprising the Venice Architectural Biennale due to start in May has been postponed to 29th August and will run for four months rather than the usual six. AHEC are supporting two installations for the Biennale, both in red oak with leading European architects. Design meetings for both projects took place in February and AHEC are hoping that this important event for architects/designers will go ahead.

However, in anticipation of further distribution to the programme throughout this year AHEC's Europe team have been brainstorming how we can maintain an effective program to reach our target audiences if travel and event/activity opportunities are further restricted. In the event, the focus will shift to our online content, social media, and PR.

AHEC's competition for young Spanish designers a huge success as winners announced

This year long initiative to target young designers in Spain and create important publicity for red oak came to its conclusion in February. The jury selected the three winners from the shortlist of eight prototypes that were on display at the Fernán Gomez Cultural Centre, for the Madrid Design Festival. As one judge commented "all the finalists are winners they have all responded



estival reivindica a través de 250 actividades
tencial del diseño para abordar grandes retos

Toca Madera featured in several major newspapers, as well as on national TV and radio, including the program 'La Otra Agenda' on Telemadrid.

to the brief and embraced the mentoring and workshop experience and produced quality results and gained valuable experience in designing with wood".

The award ceremony was preceded by an introduction to U.S. hardwoods by AHEC Executive Director, Mike Snow, and then a discussion about sustainable design with members of the jury. The whole project has been a huge success generating extraordinary levels of publicity, with



AHEC Executive Director Mike Snow being interviewed by RNE, Radio Nacional de España.



AHEC and the young designers being interviewed on national and regional television and radio, as well as featuring in design journals and national newspapers. Many thousands of visitors saw the exhibition and more than 1,500 of them took part in a public vote to choose their favourite piece. Interestingly, the overall winner chosen by the jury also won the public vote. A booklet showing all the pieces accompanied the exhibition which is hoped can be toured to other design events in Spain later in the year.



From Cradle to Cradle by mOR_design won both the judges' and the public vote at the award ceremony for *Toca Madera* last month.

NEWS ROUND-UP

Latest news and alerts on EU plant regulations

The introduction of new Plant Health regulations by the EU at the end of last year has thrown up some concerns for U.S. hardwood exporters.

Red oak: We are aware there is some confusion about whether there are new Plant Health requirements for shipments of red oak to the EU. We issued an alert to members on the 19th February, which can be viewed [here](#). In summary, the **Plant Health requirements for red oak remain essentially unchanged and will be the same requirements that are in place for white oak** which are that: "The sawn wood, with or without residual bark attached, has undergone kiln-drying to below 20% mc." **The only difference**

appears to be the need to now declare on the phyto for red oak that the wood originates from areas free of *Phytophthora ramorum* and *Anoplophora glabripennis*.

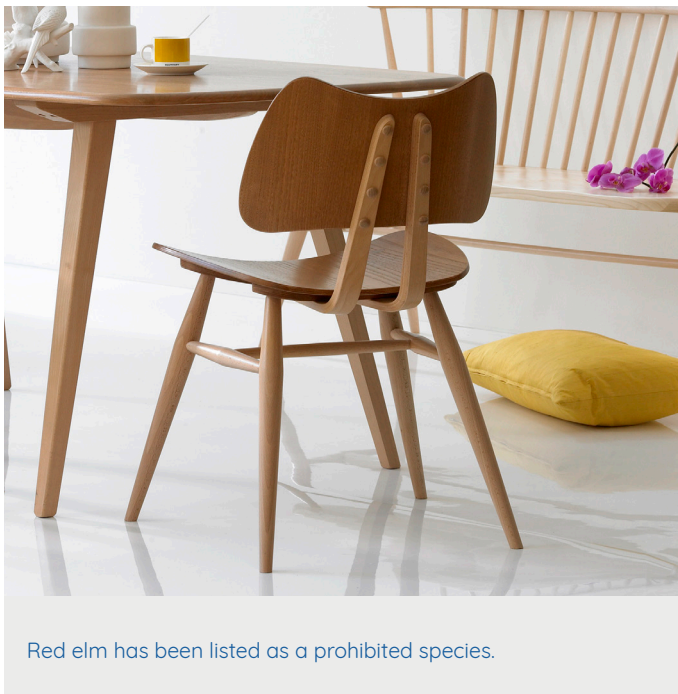
Veneer: We have been informed that introduction of the EU's new Plant Health regulations last December has led to requirements for phytosanitary certificates previously imposed only on EU imports of logs and/or lumber of certain U.S. hardwood species to be extended to include veneers. **The EU phyto treatment and declaration requirements for veneer match those for lumber of the same species.** Members can access details at the APHIS PExD website (most readily found by googling USDA PExD). Of course, the new EU requirements take no account of the fact that the production process for veneer necessarily requires that all logs are treated at high temperatures. We understand that APHIS have already made a formal request to exempt oak, walnut and elm veneer from the phyto requirements for heat treatment since they have no relevance to veneer. We are led to believe that approval has already been granted for oak veneer, but APHIS is still waiting to hear about walnut and elm. We are now exploring options to bring about a more comprehensive review of the need for any phytosanitary controls on the U.S. hardwood veneer trade.



Bleached red oak veneer of Martino Gamper's *Musical Shelf* for AHEC's *Legacy* project in 2019.



Elm: The listing of red elm as a prohibited species is an outcome of the EU's Smarter Rules for Safer Food (SRSF) package of measures, *ulmus* sp. being one of the very few found in a new category of "High risk plants and plant products which are prohibited from entering the EU from all third countries, until a full risk assessment is conducted by the European Food Safety Authority (EFSA)". According to our contact at UK Forestry Commission, it is possible for APHIS to apply for an exemption from the 'high risk' prohibition in accordance with strict criteria and subject to scientific assessment by the EFSA. He later confirmed that Aphis had done this in respect of elm veneer which should in theory now be allowed with an accompanying phyto. He was not clear on exactly what that phyto should declare. This he said needs to be agreed between Aphis and the EFSA. He also said that some U.S. exporters had been told that they could ship elm with an export permit, but that this is not true as no such mechanism exists.



Red elm has been listed as a prohibited species.



PR HIGHLIGHTS

EL PAÍS
DESIGN



Overley Baskets, de Patricia Urquiola para Louis Vuitton. | PHILIPPE LACOMBE

Además, la exposición ;Funciono! porque soy así reúne cerca de cien objetos del coleccionista Moisés Pérez de Albéniz que responden a la razón de ser del diseño: cumplir la función para la que fueron concebidos. Auriculares, sillas plegables, navajas suizas, percheros radios portátiles... Un sinfin de ingenios que nos hacen la vida más fácil gracias a un diseño adecuado.

Otras dos exposiciones en el Fernán Gómez ponen el foco en los materiales: la empresa pionera en la fabricación de madera aglomerada **Finsa** presenta un nuevo material de fibra en la instalación *Astral Bodies*, una serie de meteoritos modelados en 3D que recrean el mundo astral; y la American Hardwood Export Council (**AHEC**) presenta los trabajos finalistas del concurso **Toca Madera**, realizados en roble rojo estadounidense.

Toca Madera
American red oak
El Pais | Spain

27,000,000
circulation

Madrid

El Madrid Design Festival lleva el diseño hasta el último rincón de la ciudad

El certamen internacional acoge 290 actividades, entre las que se encuentran 69 exposiciones y 11 instalaciones

FERNÁN GÓMEZ

ago, 2 febrero
00:40

Comentar



MultiPly
American tulipwood
El Mundo | Spain

19,000,000
circulation

ABC ABC CULTURAL Bus

«Toca Madera»

Esta es la cita que recoge los proyectos finalistas de la convocatoria **Toca Madera**, en la que han participado más de 40 jóvenes diseñadores de España. La convocatoria, organizada por AIDI Asociación de Ingeniería en Diseño Industrial y AHEC American Hardwood Export Council, propone que los participantes respondan al reto de diseñar objetos perdurables y cuyo material dominante sea la madera de roble rojo estadounidense. Los ganadores se darán a conocer el 15 de febrero en un acto en el COAM. *Toca Madera para jóvenes diseñadores profesionales*. Centro Cultural de la Villa. Hasta el 1 de marzo.

Toca Madera
American red oak
ABC Madrid | Spain

14,200,000
circulation

FURNITURE



This Circular Bar is Made from Dyed American Red Oak







By Happy Jasta · February 28, 2020

Blushing Bar
American red oak
Homecrux | USA

127,300
circulation

AHEC EUROPE
MARKET REPORT - FEBRUARY 2020

UPCOMING EVENTS

<p>2-5 June 2020*</p>  <p>Fimma Maderalia Trade show Valencia Spain</p>	<p>29 August-29 November*</p>  <p>Venice Biennale Festival Venice Italy</p>	<p>4-8 September</p>  <p>Maison&Objet Interior design fair Paris France</p>
<p>8-27 September 2020</p>  <p>London Design Biennale Festival London UK</p>	<p>12-20 September 2020</p>  <p>London Design Festival Festival London UK</p>	<p>17-25 October 2020*</p>  <p>Venice Biennale Festival Venice Italy</p>

*DENOTES AHEC PARTICIPATION

EXCHANGE RATES

	31/10/19	30/11/19	31/01/20	29/02/20
1 EURO = \$	1.11	1.101.11	1.11	1.10
\$1 = EURO	0.89	0.91	0.90	0.91
£1 Sterling = \$	1.29	1.29	1.31	1.28
\$1 = Danish DKr	6.72	6.77	6.76	6.77
\$1 = Swedish SKr	9.69	9.56	9.64	9.59
\$1 = Czech Kr	23.80	23.15	22.82	23.04
\$1 = Hung'y Forint	296.20	303.1	304.9	306.3
\$1 = Polish Zloty	3.83	3.92	3.89	3.91
\$1 = Russian Rouble	63.89	64.32	63.52	66.73
\$1 = Turkish Lira	5.73	5.74	5.99	6.23

