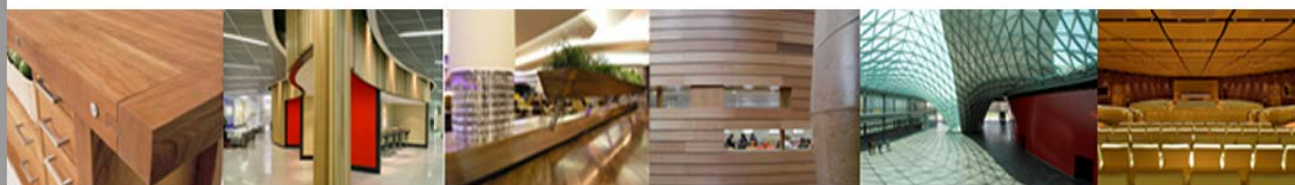


EUROPEAN MARKET REPORT



Issue: March 2010

Highlights this month:

- Analysis of 2009 US hardwood exports to Europe
- AHEC assesses “green” marketing at Ecobuild in London
- AHEC activities focus on Italy
- AHEC restructures European office

Current exchange rates

21 st December 2009	31 st January 2010	28 th February 2010	31 st March 2010
1 EURO = \$1.43	\$1.40	\$1.36	\$1.35
\$1 = EURO 0.70	€0.72	€0.74	€0.74
£1 Sterling = \$1.61	1.61	1.52	1.51
\$1 = Danish DKr 5.21	5.33	5.48	5.52
\$1 = Swedish SKr 7.30	7.34	7.17	7.25
\$1 = Czech Kr 18.46	18.81	19.14	18.89
\$1 = Hung'y Forint 194.23	195.13	198.89	197.55
\$1 = Polish Zloty 2.95	2.29	2.92	2.88
\$1 = Russian Reuble		30.15	29.44
\$1 = Turkish Lira	1.50	1.55	1.53
\$1 = Indian Rupee 46.73	46.35	46.10	45.04
\$1 = UAE Dirham 3.67	3.67	3.67	3.67

Markets

Europe

2009 US hardwood exports analysis for European markets

AHEC has analysed the export data for US hardwood lumber and veneer to Europe for 2009. It was never going to be a pretty picture and sure enough exports have fallen dramatically in most cases. However, one should bear in mind that some of this drop is reflected by serious de-stocking as well as changes in market demand, and that generally, there is optimism that the market for US hardwoods in Europe will recover in the longer term and that some sectors and species still have potential for growth. A detailed report on 2009 exports is available as a separate attachment to this market report.

Everyone's going "green" in the world of building

For some time now AHEC's European office has been monitoring the green marketing campaigns of not only other wood sectors but also competing non-wood materials and products. The annual "Ecobuild" show in London was a perfect opportunity to observe the latest developments.

In the UK the rapid emergence of concern for green issues is partly driven by government commitment to reduce construction related carbon dioxide emissions. This commitment is particularly apparent in phased changes to Building Regulations designed to ensure that all new dwellings in the UK meet standards for Zero Carbon by 2016 and other building types meet the same standard by 2019. There is also growing recognition in the UK of the important role of refurbishment in the drive to improve the energy efficiency of the UK's existing stock of buildings.

Strong dose of "greenwash"

Sustainability has become a key marketing issue for all materials suppliers to the UK construction sector. The concrete, steel, aluminium, and plastics sectors were all out in force occupying large stands trumpeting their environmental credentials and generating a lot of "greenwash" in the process.

The UK's Concrete Centre was pushing the "Thermal Mass" properties of concrete, claiming that these reduce the energy needs of building. The Centre also laid claim to concrete's "responsible sourcing" credentials founded on commitment to BRE's "Responsible Sourcing" standard. However, unlike forest certification schemes it sets no specific standards for environmental performance at the extraction phase or requirements for active participation in decision-making by local communities or outside interests like NGOs.

But the top prize for "greenwash" has to go to the steel industry which was merrily claiming "sustainability" credentials based on nothing more than the current level and potential for recycling and the fact that energy consumption during steel production happens to be just a bit lower than that of other metals. The fact that the steel industry appears to be getting away with this makes a mockery of over 20 years of international effort by the forest sector through the Pan-European, Montreal and ITTO processes to reach genuine political consensus on the huge range of issues that must be considered when claiming the "sustainability" of natural resource exploitation.

Strong timber presence

While anyone with a wood industry background will have been dismayed by some of the claims of competing materials; some consolation was to be had from the strength of the

wood presence at the show. Timber in one form or another featured on around 10% of the 1000 standards, more than any other single building material.

Exhibitors offering hardwood were focusing heavily on FSC-product lines. Large joinery manufacturers were keen to stress the increasing importance of ensuring that wood supplied to the UK market is either FSC or PEFC certified. This reflects both rising public sector demand for certification and the manufacturers' own commitments to procurement of certified wood.

But as usual there were mixed messages on demand for certification. One hardwood veneer importer said that two years ago he bought a large load of FSC certified American hardwood at a premium but ended up having to sell the vast majority as standard uncertified product. His largest customers – including big financial institutions - are beginning to ask for certified wood up front but are generally willing to compromise and accept alternative documentary evidence of good practice when informed of the cost and practical implications of sourcing certified wood. This merchant now stocks only a small proportion of FSC certified wood to show willing and for marketing purposes.

While real hardwoods were only occasionally seen at Ecobuild, many exhibitors were offering products designed to mimic or replace them. A wide variety of heat and chemically treated plantation softwoods products were on show targeting market sectors currently occupied by tropical hardwoods.

The market position of tropical hardwood plywood products were particularly under assault. A large crowd gathered to see the launch of the world's first modified wood panel. Preliminary tests of the product suggest that it could have a service life of many decades in exterior applications and could therefore replace hardwood products in cladding, fascias, soffits, counter tops, door skins, and exterior furniture.

Ecobuild showed that the "look-alike game" is not all one way. New products derived from saw-dust and other wood-based waste materials looking just like plastics or vinyls were also on display. Similarly wood waste materials are being used increasingly for the manufacture of boards for cavity insulation in roofs, floors and walls as a renewable low impact alternative to polystyrene, phenolic foam, polyurethane, glass wool and rock wool. The emergence of these new high-performance materials manufactured from the "waste products" of the wood-fibre chain has huge potential to benefit the whole forest products sector. Not only do they enhance the returns to commercial forestry, but they also offer a way to neutralise the "sustainability" claims of other materials sectors based on the proportion of product derived from recycled sources. In future, the wood sector will be able to claim not only that all virgin fibre is derived from renewable sources, but also that it can better the performance of alternatives on recycling.

Rapid international growth in green building

Of the technical seminars held at Ecobuild, particularly notable was a workshop on the global status of green building initiatives hosted by the Green Building Council (GBC) international network. GBC reported that there are now 66 national GBCs in existence or currently being established around the world, up from less than 10 GBCs only three years ago. This rapid growth is a response to growing realisation that promotion of green building is one of the most cost-effective ways to bring down global greenhouse gas emissions. GBC suggested that buildings are responsible for up to 80% of all GHG emissions globally and that these emissions could be cut by 50% through vigorous application of already existing skills and technology.

National GBCs are varied autonomous bodies established with the objective of bringing all the various actors together (construction companies, designers, materials suppliers etc) to

promote green building practices within their respective countries. Although some GBCs work closely with the LEED green building framework, as in the US, there is no requirement for national GBCs to promote or adopt any particular system. While GBC experts reckoned that full international harmonisation of green building rating systems is not an option, common protocols may be developed over time for specific aspects. GBC has already facilitated this process in relation to measurement of carbon emissions associated with buildings. The GBC network released a Common Carbon Metric for buildings at the Copenhagen climate change summit in December 2009.

For wood suppliers, the message from the seminar was clear. Engaging directly with national green building councils and rating systems - and providing technical support to designers and construction companies in their efforts to conform to these emerging systems and to the Common Carbon Metric - is rapidly emerging as a critical competitiveness factor.

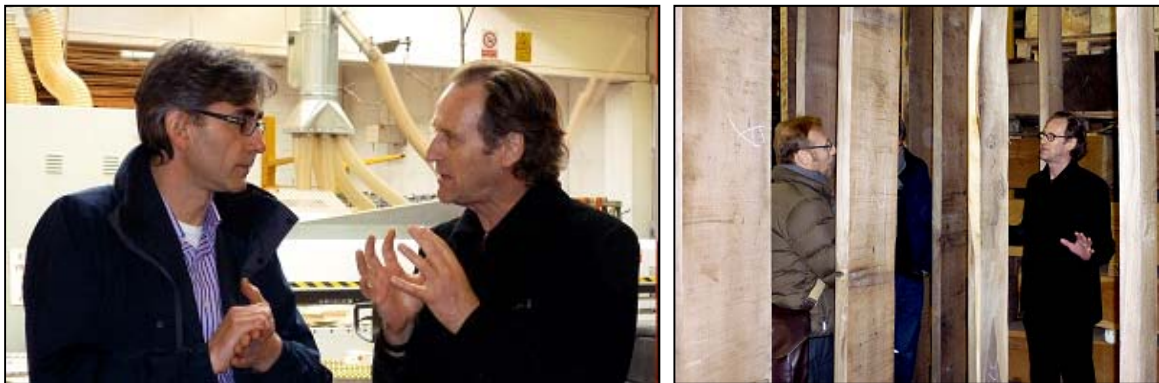
Forthcoming events

2010			
13-15 April	Dubai Wood Show	Dubai, UAE	Woodworking/trade show
13-25 April	Think Tank Exhibition	Milan, Italy	Exhibition for architects/designers
14-18 April	Salone del Mobile	Milan, Italy	International furniture show
17 April	Grading Workshop	Bologna, Italy	Trade
20 April	Grading Workshop	Birmingham, UK	Trade
22-25 April	Medwood	Athens, Greece	Wood/furniture industry show
7-9 May	Grading Workshops	Germany	Trade
10-12 May	Domotex Middle East	Dubai, UAE	Flooring show
11-15 May	Interzum Moscow	Moscow, Russia	Trade show
18 May	'In Touch with Timber' – TRADA Seminar	London, UK	Construction industry seminar
24-26 May	Greenbuild	Abu Dhabi, UAE	Building & environment show
2-4 June	Carrefour	Nantes, France	100% wood show
18-26 Sept	London Design Festival	London, UK	Architectural/design
23-26 Sept	100% Design	London, UK	Building/design show
16-20 Oct	Intermob	Istanbul, Turkey	Suppliers to the furniture industry
2011			
17-20 Feb	Panel Expo	New Delhi, India	Wood/machinery show
25-28 May	Interzum Cologne	Cologne, Germany	Suppliers to the international furniture show
30 May - 3 June	Ligna	Hannover, Germany	Woodworking show

AHEC activities

Famous Italian architect works with US hardwoods for Milan show

AHEC are collaborating with well known Italian architect, Matteo Thun and leading design magazine *Interni* to present American hardwoods in a number of exciting high profile installations as part of the “Think Tank” project during the Salone del Mobile (design week) in Milan in April. AHEC’s European Director met with the architect at the factory of RIVA (celebrated Italian furniture manufacturer who is making the installations), in order to finalise details of how the three species; red oak, walnut and cherry will be presented. AHEC have prepared a series of articles and will be holding a reception at the event for international press. Meetings were also held with *Interni* who are running the “Think Tank” project which involves more than twenty installations with world famous architects including the AHEC/Thun collaboration.



AHEC’s European Director and architect Matteo Thun planning the project

AHEC trade serving visit to Belgium and Netherlands

AHEC’s European Director and Executive Director, Mike Snow made a series of visits to press contacts, hardwood traders, and Key European wood organisations in Belgium and the Netherlands.

Wood organisations: AHEC held separate discussions with the European Timber Trade Federation (ETTF), CEIBOIS (European federation of woodworking industries) and the Belgium Wood Forum (promotional arm of the Belgian wood federation). The aim was to provide an update on the US hardwood industry’s environmental strategy with regards to sustainable procurement and green building. AHEC was able to reaffirm US hardwoods as low risk, highlighting the Seneca Creek Legality Study, and advise of the planned Life Cycle Assessment project.

Architectural and trade press: AHEC met with the Belgian wood trade journal *Houthandel*, who regularly attend AHEC conventions. Discussions were largely focused on the environmental credentials of US hardwoods. Talks were also held with *Het Houtblad*, the Dutch magazine who targets architects as well as the wood trade in the Netherlands. There is an opportunity for AHEC to support the annual “wood day” that attracts over 600 Dutch architects and is due to take place in November. *Het Houtblad* will also be publishing a number of current European projects that feature US hardwoods, in forthcoming issues.

Hardwood traders: Discussions with leading European importers of US hardwoods, confirmed just how bad 2009 was. There has been a slight improvement this year but there are concerns that processes are rising in a depressed market. Tulipwood is clearly selling well with one importer in Belgium reporting that they are now selling more tulipwood than oak. The main uses are mouldings, framing, doors and general joinery, mainly painted or

stained. Overall though it is oak that is still the dominate hardwood in the Dutch and Belgium markets. Importers also confirmed the growing trend towards “local” hardwood sources although this seems to be defined anywhere in Europe. At a recent conference in Belgium a PEFC representative actively encouraged companies to source from Europe on the basis that more certified wood was available and the carbon foot print lower. These are important emerging issues that AHEC aim to address by commissioning a LCA study.

AHEC works with Italian architectural students

AHEC has continued its collaboration with the faculty of architecture at Ferrara University in northern Italy, by supporting a design competition focused on wood. Each year AHEC puts on lectures for the students and provides hand samples and information about the potential applications for US hardwoods. AHEC’s PR consultant, Camilla Segre, who coordinates the project, presented the awards to this year’s winning students at a ceremony in early March with a journalist from the architectural magazine *The Plan*, who judge the designs and then publicise the outcome. This is a good example of how a low cost event can generate publicity for US hardwoods while at the same time giving architectural students an introduction to US hardwoods that they would not otherwise receive.

“Ecobuild” show in London grows despite the recession

AHEC’s European Director and environmental consultant, Rupert Oliver, visited the Ecobuild show in London. Ecobuild has grown considerably since its inception five years ago and is now the dominant building and construction show in the UK. AHEC chose not to exhibit this year, with a view to returning next year with new messages relating to the planned LCA of US hardwoods. However, AHEC did arrange for the new species guide to be distributed at the show by the publishers of *Timber in Construction*. A dedicated timber zone at the show provided a good focus for wood and AHEC held detailed discussions with a number of hardwood agents and importers as well as the Timber Trade Federation and representatives of the UK’s “wood for good” promotional campaign.

AHEC supports regional architectural seminars in Italy

The first of a series of regional architectural seminars took place in Rimini in March, organised by the wood journalist and trade event organiser Almerico Ribera and attended by around 150 architects. As part of the programme a presentation (prepared by AHEC) was made on US hardwoods featuring around 20 different case studies. Each delegate also received copies of the new species guide. The full list of attendees has been made available to AHEC, which enable a follow up evaluation to assess the impact of the activity.

AHEC restructures European office

In response to the need to increase promotional efforts in underdeveloped and emerging markets, AHEC will be positioning a Director in Singapore. Former employee and AHEC consultant Rod Wiles will be moving his family to Singapore in May. Rod has for the last five years been helping the European Director deliver programmes in the Middle East and India. Over this time much progress has been made but in order to move the programme forward AHEC needs to spend more time in these markets developing activities, a challenging task from Europe. Rod will take over responsibility of AHEC activities in these regions and will also be well positioned to help AHEC develop programmes in Australia and New Zealand and support existing efforts in South East Asia. The London office will therefore have more time to develop programmes in new markets in Europe including Turkey and Russia. Rod can be contacted with immediate effect at rod@americanhardwood.org and will be circulating regular market reports and newsletters from his regions from May 2010 onwards.

PR Highlights

Ahec entrega los galardones del V Concurso de diseño para estudiantes

El pasado 25 de noviembre tuvo lugar en la Iglesia de San Juan de los Caballeros en Segovia la ceremonia de entrega de premios del V Concurso Ahec de diseño para estudiantes organizado por la American Hardwood Export Council (Ahec).

El ganador del primer premio, por su proyecto *Factorio-Iberia-Ciudad*, un prototipo que desarrolla una nueva tipología de muebles de gran racionalidad tanto funcional como constructiva. Sus múltiples formas permiten otros tantos usos posibles.

El segundo premio fue para David Escobas Alons, alumno también del IES Virgen de la Paloma de Madrid, por su proyecto *La factura no es un cargo*, un mueble de gesto elegante y gran ligereza visual conseguida por medio de sus elementos constructivos.

Finalmente, Alonso es más del alumno Héctor de Torres, alumno del IES Pío Ferrer de Sorja obtiene



Escobas-Iberia-Ciudad, primer premio del concurso



Proyecto La factura no es un cargo, un mueble de gesto elegante y gran ligereza visual

el tercer premio. Este es un mueble en el que destaca la pureza de sus líneas y su homogeneidad constructiva. En la presentación de los premios, el

Mike Snow, director general de Ahec, afirmó que "en un mundo globalizado, donde la competencia es cada vez más feroz, además de producir a bajo coste, lo hace ya también con una calidad excelente, el diseño es el arma fundamental para poder competir".

Snow explicó también las razones de la sostenibilidad de los bosques norteamericanos, animó a diseñadores, arquitectos, interioristas y carpinteros a utilizar toda la gama de especies disponibles y explicó las enormes ventajas de la madera frente a otros materiales de construcción (renovable, reciclable, ecológica, energéticamente eficiente, estructuralmente resistente, medioambientalmente beneficiosa, etc.).

Tanto los tres muebles ganadores como los otros seis muebles finalistas recibieron expusos del 23 de noviembre al 4 de octubre en la Casa de las Picas de Segovia en una exposición inaugurada por el Alcalde de Segovia Pedro Arraizauren Carrón. La exposición de los muebles ganadores y finalistas se expone también en el

AHEC

La quercia blanca americana debutta al Palazzo del Congreso de Huesca (España), nuevo edificio multifuncional diseñado por Rafael Beneyto y Pedro Lafuente. En esta quercia blanca americana, creado un efecto vivo y cálido a través, uniformando el espacio y optimizando la propiedad acústica. Nella hall d'ingresso, il legno fa da naturale contrappunto alle linee semplici ed eleganti del riguroso progetto di architettura, così che il dialogo tra il legno e il colore tipico di questa specie vengono messi splendidamente in risalto. (Foto: AHEC - Uno da Villa)

White American oak makes its debut at the Congress Building in Huesca (Spain), the multi-purpose building designed by Rafael Beneyto and Pedro Lafuente. In the central hall, the flooring, the walls and the ceiling are all clad in white American oak, creating a warm, homely atmosphere, standardizing the space and optimizing the acoustics. In the entrance lobby, the wood is the natural contrast to the clean elegant lines of the architectural design. Used in this way the veining and color of this extraordinary wood is exalted to perfection. (Photos: AHEC - Uno da Villa)



Spain: Spanish Design Competition

Italy: Huesca Palace in American white oak

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Report

American Hardwood Lumber Grading Q&A Series (11)

The Grading Rules for North American hardwood lumber were established 100 years ago by the National Hardwood Lumber Association (NHLA), which is now headquartered in Memphis, Tennessee. I have been writing a series of articles, asking a variety of questions pertaining to the operation of those grading rules. This month's article answers some of the questions I have received over the past few months. These questions come from all over the world as the American Hardwood Export Council (AHEC) has been distributed these articles from lumber to lumber.

Question: We recently purchased some No. 2 Common Red Oak when the shippers advised we noticed that the boards were heavily checked. Upon asking our supplier about this, he said the lumber qualified for the No. 2 Common and that he could ship this, since I ordered No. 2 Common under the NHLA grading rules. We are a chair manufacturer and use this material for our solid legs. I have always bought No. 2 Common and have never had this problem before. How the rules changed?

Answer: The NHLA rules have not changed and this has been included in the rules for almost 100 years. However, the rules used to be changed. First of all, let me explain that there are actually two grades of No. 2 Common, containing the same amount of checks, but one is straight-grained and the other is curved-grained. The straight-grained No. 2 Common is what you are referring to. The curved-grained No. 2 Common is what you are referring to. The straight-grained No. 2 Common is what you are referring to. The curved-grained No. 2 Common is what you are referring to.

Question: I am in Germany and had an enquiry for "massive grade" sherry and heart wood. How you ever heard of this specification?

Answer: I have not heard of the "massive grade" if you are referring to a grade of wood. There is no "massive grade" in the NHLA rules. It could also be a grade for other wood species that are not on the list of species for straight-grained oak.

Question: I have moved to China and am setting up an office in Shanghai for the NHLA. I will continue to work closely with AHEC and member centers with those throughout the world. I appreciate the questions I receive which make these articles possible. Contact me at: hsandwood@ahec.com

Author: Dr. Michael Peacock, Chief Consultant to the American Hardwood Export Council

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THE TIMBER INDUSTRY MAGAZINE

Sustainable American Hardwoods
A guide to species

Backdated port rates claim a further victim
PAGE 5

Timber presents compelling case at Ecobuild
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Proskills set to revolutionise timber training
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Strength in diversity at Severn Valley
PAGES 20-21

US hardwoods show their designer appeal
PAGES 23-33

Other articles include:
- bamboo
- balsa
- birch
- cherry
- customised
- alder
- gum
- mahogany
- history & present
- hard maple
- soft maple
- red oak
- white oak
- poplar
- larch
- hemlock
- spruce
- pine

France: Yale School of Forestry in American red oak

Germany: Grading Q&A

UK: Special supplement on US hardwoods



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