

Changing International Markets For Timber – What African Producers Can Do



Market Draft Report

The Netherlands & Belgium

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Market Overview

Belgium and Dutch consumers have become increasingly aware of the problems of illegal and unsustainable logging in tropical countries, reported at as much as 50% in Cameroon and 70% in Gabon. This has resulted in a growing demand for certified timber products. Certified forest products markets are being driven, partly, by government purchasing policies that ensure sustainable forest management and legality of the source of their purchases. In response, an increasing number of commercial companies such as Do-It-Yourself retail stores and furniture manufacturers demand certified wood. However, the Dutch and Belgium timber importers and processors are finding it difficult to obtain commercial quantities of certified wood at the right price, at the right time.

Trade Structure

The trade in timber and timber products is characterised by the fact that practically all timber is imported by importing and processing companies (traders and agents play a marginal role) that usually have privately owned concessions (e.g. Reef (Netherlands) and Decolveneare (Belgium)) or buy their timber from foreign owned (e.g. French, Chinese) concessions in African countries.

Trade Summary

The Netherlands imported roughly 5.3 million m³ of timber and timber products in 2002 (including non-tropical timber) with a value of 1,359 million euros. Of that only 123,000 m³ (2.3% of total import) with a value of 48.3 million Euro came from Ghana, Gabon, Cameroon and Congo. The four countries take up 87% of the total imports from all African countries to the Netherlands.

Belgium imported 3.53 million m³ (10.1 million m³ R.E.) in 2002 of which 104,427 m³ (3%) came from the four African countries. However, Ghana, Gabon, Cameroon and Congo take up 82% of the total imports from Africa to Belgium. For both countries the main import products from Africa are sawnwood, veneer and logs.

Figure 1: Imports of tropical timber logs

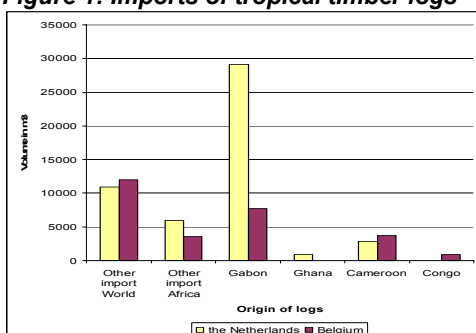
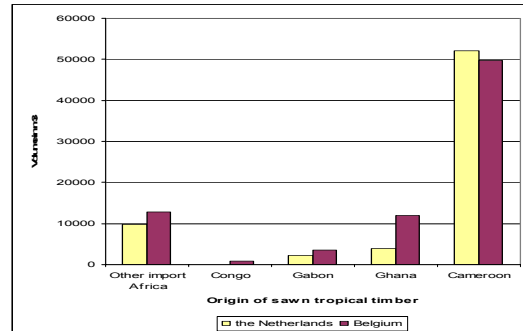


Figure 2: Imports of sawnwood



The Netherlands imports logs mainly from Gabon (23% of total African imports) and the sawn hardwood from Cameroon (54%). Belgium imports sawnwood mainly from Cameroon (39% of total African imports) and logs from Cameroon and Gabon, as shown in Figures 1 and 2.

In terms of hardwood veneers and panels, the Netherlands imports these processed products predominantly from Gabon, while Belgium imports from Ghana (further statistics provided in the Annex).

Differences between the trade patterns in each country exist. For example, Belgium exports significantly more timber (3.756 million tonnes compared with 0.973 million tonnes for the Netherlands in 2002). From the four countries, the Netherlands imports 60% from Cameroon and 33% from Gabon. Belgium imports 52% from Cameroon and 33% from Ghana. Belgium and the Netherlands import roughly the same species but some receive more attention than others: In Belgium important species are Afzelia and Moabi while in the Netherlands there is more demand for Azobe and also for Bilinga, Sappelli, Sipo, Iroko and Abachi.

Market Developments

There are a wide range of market developments taking place in the Netherlands and in Belgium. Examples are:

- In the Netherlands and Belgium FSC certified tropical timber is increasingly sold in DIY stores. A good example in Belgium and the Netherlands is Gamma (www.gamma.com).
- The Dutch Warranty Institute for House Building (GIW) stated in 2003 that, for their members, the construction of exterior wooden frames, windows and doors only wood of durability class I can be used. This may lead to a higher consumption of African timber in the Netherlands such as Sipo, Sapelli, Afzelia and Sapupira.
- The Netherlands takes a leading position in research on lesser known species. Dutch Governmental organisations are testing new species in the construction of roads and water

facilities such as bridges. Some lesser-known species are *Bailonella toxisperma* and *Autranella congolensis* from Cameroon. In Gabon, species such as White Longhi, Pao-rosa and Beli are increasingly being used.

- There is a growing trend in the timber trade to use the internet for buying timber and timber products (E-commerce). The use of internet reduces the trade chain by several links, cuts transaction costs, improves efficiency and expands the trading horizon. The Netherlands has the highest percentage of companies purchasing online within the EU. It is therefore expected that this development will continue to expand over the coming years and will have a significant impact on exporters in African countries. Examples of these sites are: www.globalwood.org, www.timberhunt.com, www.fordaq.com, www.forestexpress.com/timber, www.timberweb.com, www.timber-exchange.com.

Market Initiatives

There has been increasing demand for certified timber and timber products in the Netherlands and Belgium driven to some extent through the advocacy of NGOs such as WWF. Attention is now focusing on the issue of illegal logging and in ways to improve overall forest management. Thus emphasis has now shifted to Chain of Custody (CoC) certificates. For example:

- The governments of the Netherlands and Belgium have taken action to implement "green" public procurement policies that favour CoC certificates, in particular for tropical timber.
- In the Netherlands FSC has a market share of 11% (no statistics known in Belgium).
- In the Netherlands the Keurhout Foundation developed a hallmark system guaranteeing timber from sustainable (environmentally and socially sound) managed forests. Keurhout covers several quality marks including PEFC and FSC.

Government Initiatives

In response to pressure from NGOs and the public regarding illegal logging and sustainable forest management, the governments of Belgium and the Netherlands have initiated green procurement policies.

- In Belgium over 70% of the municipalities signed an agreement with the government (www.samenwerkingsovereenkomst.be) that obligates them to use FSC certified wood in municipal building projects where possible and available.
- In the Netherlands, (semi)government institutions give preference to FSC certified logs for the use in the hydraulic sector. Azobe is very commonly applied in hydraulic projects. Unfortunately, Azobe is not yet available with a FSC Certificate. The Dutch Public Works Department (www.rws.nl/rws/dww/home), travelled in 2004 to Cameroon and Congo Brazzaville to look for lesser known species to improve the forest management of forest where Azobe is logged.

Private Initiatives

There are a number of private sector initiatives that have been developed in response to consumer and public sector demands. Examples are presented here.

- In Belgium, WWF and FSC started a "FSC company-group". The members of this group pledge not only to offer FSC timber but also to conduct a policy that will actively lead to less illegal imports. Among the members are building companies, timber importers and processors and a DIY chain (<http://fsc.wwf.be>, Dutch / French).
- In 2001, five Belgium (international) NGOs formed a forum against illegal logging. As a direct response of their efforts, the Belgium government passed a bill that promised to
 - Support initiatives against illegal logging;
 - Exclude illegal timber for public procurements;
 - Develop a code of conduct in cooperation with the timber sector against the use of illegal timber; and
 - Promote the use of FSC certified wood.
- The Global Forest & Trade Network (GFTN) is a WWF initiative to eliminate illegal logging and improve the management of valuable and threatened forests. The GFTN facilitates trade links between companies committed to achieving and supporting responsible forestry. A list of Dutch and Belgium members can be found at: www.panda.org/about_wwf/what_we_do/forests/our_solutions/responsible_forestry/certification/gftn/index.cfm
- The Netherlands Timber Federation (www.vvnh.nl) developed a code of conduct. One of the more important rules is that members pledge to import only timber that complies with Dutch and international law. As a first step to comply with this code of conduct, the VVNH members demanded a declaration of legal origin (of timber) of all their suppliers. A comparable Belgium Code of Conduct is under construction (www.nfh.be).

Opportunities for Producers in African Countries

While there are significant changes and drivers in the markets of Belgium and the Netherlands, a number of opportunities do exist for producers in African countries, these include:

- *Establishing partnerships with importers* - Dutch and Belgium importers demand certain legal, environmental and quality standards (code of conducts, legal origin declarations); therefore they look for reliable partners.
- *Forest Certification and Certified forest products (FSC, PEFC)* - Combating illegal logged timber, Dutch and Belgium importers will have a demand for certified timber.
- *Trade Networks* - Become a member of the Global Forest & Trade Network (GFTN).
- *Processed products* - There is a market for value added products such as furniture, window(frames) and doors.
- *Lesser known species* - Sustainable forest management can be improved by using different tree species more efficiently.

Please note that this factsheet is a draft.

Comments will be gratefully received. Please send them to Emily Fripp at emily.fripp@btinternet.com