

American Hardwood Export Council European market report

November/December 2023



Image from AHEC's trip to Vienna to visit Austria's leading university of the arts, as part of an upcoming collaboration with top design students and leading German designer and professor, Stefan Diez, pictured right.

MARKET UPDATE



LATEST DATA SHOWS A SHARP DECLINE IN U.S. HARDWOOD EXPORTS TO EUROPE IN 2023

[PAGE 2>](#)

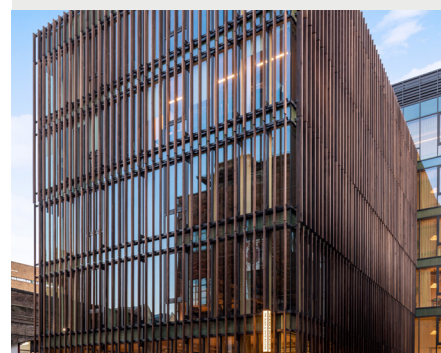
ACTIVITIES



AHEC TAKE PART IN THE SPECIALISED GERMAN WOOD SHOW, BRANCHENTAG HOLZ

[PAGE 5>](#)

NEWS



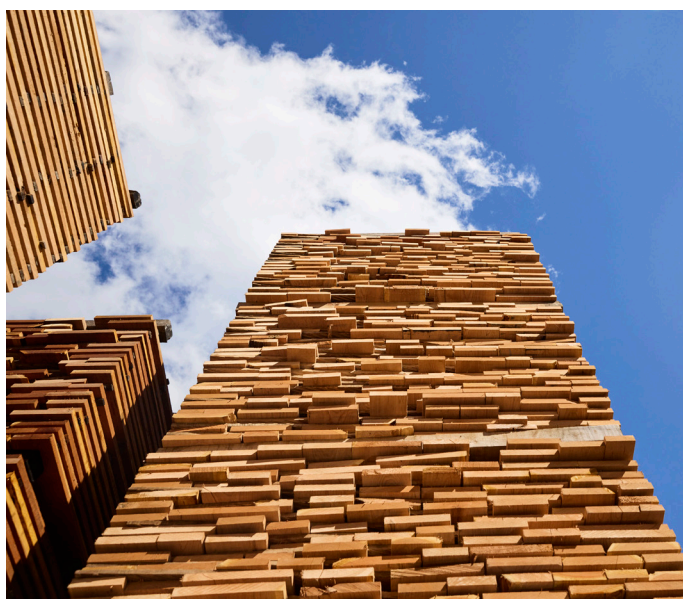
BLACK & WHITE BUILDING WINS TWO UK WOOD AWARDS

[PAGE 6>](#)

MARKET UPDATE

Latest data shows a sharp decline in U.S. hardwood exports to Europe in 2023

After nine months of the year, the latest USDA statistics record a 39% fall in the volume of U.S. hardwood lumber exports to Europe (EU27 + UK) at 235,365m³, compared to the same period last year. After very strong growth in the last two years driven by the Covid boom it was inevitable that exports would fall back sharply given that higher interest and energy costs have created a cost-of-living crisis across Europe which has dampened demand, especially in the construction and furniture sectors.



Inevitably, due to the cost-of-living crisis and the fall from the Covid boom, the latest USDA statistics record a 39% decline in the volume of U.S. hardwood lumber exports to Europe.

The **UK**, which accounts for 34% of the nine-month total to Europe, was down 33% to 80,911m³, with white oak down 42% but still account for nearly half of the exports. Tulipwood and ash also saw falls 32% and 22% respectively. Only walnut saw an increase up 11% to 6,706m³ for the period. Red oak only declined 10% but volumes remain small at 4,621m³, compared to white oak shipments of nearly 38,000m³.

Spain recorded the second highest volume of shipments after the UK at 31,193m³, down 13% on last year, with a 20% drop in white oak to 22,275m³ and a similar drop in red oak at 3,887m³, while ash exports were up 71% to 1,985m³ and tulipwood more than doubled at 1,078m³.



The UK, which accounts for 34% of the nine-month total to Europe, was down 33%.

Italy saw exports for this period drop by 42% to 28,162m³, with tulipwood 10,879m³ (-17%), red oak 7,907m³ (-35%) and white oak 4,588m³ (-70%), which supports the feedback we have received from some Italian importers that they are now buying and selling more red oak than white oak, and that is now much more widely accepted by Italian manufacturers.



Red oak and white oak exports to Italy indicate that Italian importers are now buying and selling more red oak than white oak.

U.S. hardwood lumber exports to **Germany** in the first nine months of this year were down 49%, compared to the same period in 2022, at 26,740m³. All the main



species were down with white oak at 8,246m³ (-61%), tulipwood 5,019m³ (-57%), red oak 3,353m³ (-21%), walnut 2,409m³ (-41%) and ash 1,347m³ (-69%). The category “other” species recorded a 72% increase in exports to 4,833m³. The composition of this category is not itemised in the statistic but it is likely to contain species that don’t have separate listing, such as basswood, sapgum and aspen.



Exports to Germany were down for all the main species, but up 72% in the “other” category.

Of the other European markets, the majority recorded sharp falls in exports, but from relatively small volumes, although exports to Portugal remained the same as last year at 13,767m³, while exports to Cyprus doubled to 1,692m³.

German hardwood traders nervous as demand slows and EUDR looms

According to hardwood importers and traders visiting the Branchentag Holz wood show (organised by the German wood federation, GD Holz), demand has slowed in most sectors, and it is generally accepted that 2023 will be a poor year compared to trade in recent years that was driven by the Covid renovation boom. As one importer commented “there is still business out there and yes, it’s very competitive, so customers are ordering last minute for immediate delivery so if you don’t have the stock, you don’t get the order”.

Other importers we spoke to are cautiously optimistic that demand will begin to pick up again next year,

but they are concerned that high interest rates and new clean energy requirements for German households are taking away any spare cash for non-essential home renovation, or investment in luxury items such as furniture. This optimism for an upturn may be short-lived, as more recent feedback just a few weeks after the show indicates that the hardwood market in Germany is now very flat, with very poor sales activity and virtually no forward buying. One importer we spoke to doesn’t believe this situation will change much in the next few months.

Will the EUDR be a barrier to trade for the hardwood sector in Europe?

As well as concerns about the state of the market, the other hot topic of discussion at Branchentag Holz was the impending EU Deforestation Regulation (EUDR). The wood sector in Germany (as it is in the rest of the EU) is now realising that this new regulation could impose serious new burdens on trading in wood products in the region, increasing costs and restricting some material availability. As in the U.S. hardwood trade, much of the concern for the European hardwood trade centres around the collection and transfer of due diligence data, including geolocation data, to the individual real estate properties from which wood is harvested, throughout the supply chain. A large proportion of hardwood harvested in the EU, as in the U.S., is sourced from non-industrial private owners. Under the terms of the EUDR, a separate due



Much of the concern surrounding the EUDR is due to its complex due diligence data requirements.



diligence statement will have to be issued for each consignment of logs and harvest by-products, such as chips, placed on the EU market. Individual sawmills sourcing from EU forests will therefore have to keep track of potentially hundreds, even thousands, of due diligence statements, inclusive of all geolocation data, every year, and convey this data on to their own customers. This data will have to cover both logs and mill co-products. Larger downstream “traders” in the EU – those with more than 250 employees and annual turnover over €50m – must also prepare due diligence statements for every consignment sold on the EU market. All individual consignments of regulated products exported from the EU, whether by larger corporations or SMEs, must also be accompanied by a due diligence statement, inclusive of all geolocation data.



The details of each individual due diligence statement must be submitted to an “information system” which is due to be set up and managed by the European Commission.

The European hardwood sector foresees, with justification, that this will likely lead to a huge proliferation in the number of due diligence statements required to be produced at each stage of the internal EU supply chain. Also, a need to maintain and manage the integrity of a rapidly escalating number of geolocations as wood material is aggregated and mixed at each stage to produce higher value composite products. The details of each individual due diligence statement must be submitted to an “information system” that the European Commission is due to set up and manage, and which must also be accessible to the EUDR regulatory authorities in the Member States. This raises another

set of concerns as to whether this can be carried out in the time available, given that the presence and efficient operation of this information system will become critical to the continuing trade of regulated products from the start of 2025.



AHEC is working with the U.S. hardwood industry to develop a potential solution that could meet the requirements of the EUDR when it comes into force at the beginning of 2025.

On the import side, hardwood traders at BranchentagHolz welcomed the news that AHEC is working with the U.S. hardwood industry to develop a potential solution that could meet the requirements of the EUDR when it comes into force at the beginning of 2025. The potential solution for U.S. hardwoods relies heavily on the fact that accurate geolocation data for individual properties is readily accessible in the U.S. and can be combined with regular monitoring of satellite data to deliver a data-driven compliance mechanism.

This is not the case in most European countries, including Germany, where land title data is not as publicly accessible as it is in the USA. EU hardwood producers may therefore struggle to implement an exactly parallel approach. But instead, they could build on the fact that every log harvested in the EU must in future be covered by a due diligence statement, including the geolocation data, and that a central database of all those due diligence statements will be maintained by the EU authorities. With access to that data, the EU hardwood industry could potentially build a similar mechanism to demonstrate industry-wide EUDR compliance. The challenges of keeping track of the geolocation and



Unlike most European countries, the USA has readily available satellite data which could help deliver an EUDR compliance mechanism for the U.S. hardwood industry.

other due diligence data throughout the supply chain are common to both U.S. hardwood producers and their European counterparts. On that issue, AHEC is exploring the scope for the U.S. and EU hardwood industries to cooperate in the interests of achieving mutual recognition.

It was notable that traders of primary wood products from the tropics at Branchentag Holz saw the EUDR as less of a potential barrier, a reflection of the fact that most supplies of these products derive from large state-owned concessions, greatly simplifying the process of identifying and keeping track of geolocation data for consignments exported into the EU.

ACTIVITIES

A maple challenge for design students at Vienna school of applied arts

AHEC are collaborating with young designers in Vienna who are studying product and furniture design at Austria's leading university of the arts. Most of the group of 20 second year students are from Austria, but there are a few international students as well. The head of design for the school is the well-known German designer and professor Stefan Diez. He approached AHEC with the idea to challenge his students to create designs in hardwood. After an initial online material workshop on American

hardwoods, AHEC visited the school in November to meet the students and take part in feedback sessions on their initial designs. We have sent a pack of hard maple to the school and the students will now produce prototypes using the fully equipped workshop available on campus. AHEC will then return in late January for the formal presentation of the final pieces. This has been an opportunity to educate a group of top design students about the sustainability and performance potential of U.S. hardwoods and will generate valuable PR and social media in the region.



AHEC's collaboration with leading arts university in Austria will introduce top design students to the sustainability and performance potential of U.S. hardwoods.

AHEC take part in the specialised German wood show, Branchentag Holz

Branchentag Holz is a totally focused wood trade exhibition that takes place every two years in Köln and is organised by the German wood federation, GD Holz. This year, AHEC had a stand at the show in order to distribute technical publications, network with hardwood trade and discuss the implications and potential solution for meeting the requirements of the new EUDR. Most visitors for the two-day show were from Germany, but amongst the exhibitors there were quite a few international companies.

One Belgian company were offering a range of TMT (thermally modified timber) products including exterior decking in American red oak, which they believe has potential for wider use. With regards to flooring products on display, all the companies



were still very much focused on oak, the majority of which was European. Germany is a huge market and there is a lot of potential for U.S. hardwoods to have a bigger share of the hardwood market. Taking part in this was a really good way to engage with the German wood sector and we would look to returning with a stand in 2025.



A hot topic of conversation at this year's Branchentag Holz was AHEC's potential solution for meeting the requirements of the new EUDR.

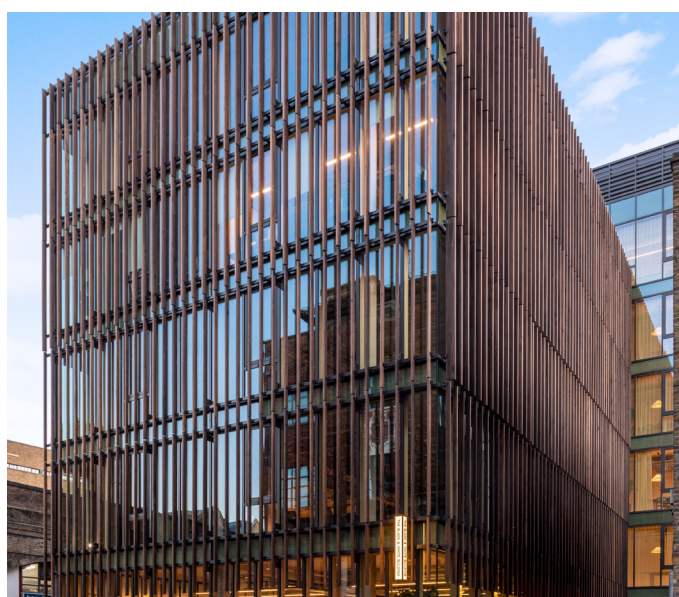
AHEC's educational program targets key architectural practices

Architects are a key target audience for AHEC programs because if they are better informed about the sustainability and availability of the U.S. hardwood species, they are much more likely to specify them in their projects. Part of this strategy is to make direct contact with influential practices interested in increasing their wood knowledge and offer tailored workshops. It is also a great way to find out what projects they are working on that could use American hardwoods. Our technical consultant, Neil Summers, has been helping us with this activity and he recently visited several London-based practices. As a result, one seminar has already been arranged for January 2024 with James Gorst architects, winners of this year's Wood Awards. Other practices visited included dRMM, (pioneers of tulipwood CLT) and White Arkitekter, who have just won architect of the year in the prestigious Dezeen Awards. We will continue this approach of targeting selected architects next year and look to deliver one or two workshops a month, not just in the UK, but across Europe.

NEWS

***Black & White Building* wins two UK Wood Awards**

The UK Wood Awards returned this November to host the 2023 awards ceremony at the Carpenter's Hall in London. Established in 1971, the Wood Awards celebrates outstanding wood design and craftsmanship across the building, furniture and product sectors. Amongst the many shortlisted projects across thirteen categories, the *Black & White Building* won two Wood Awards in the 'Sustainability' and 'Commercial & Leisure' categories – an exciting win for American hardwoods.



Built using thermally modified American tulipwood, the *Black & White Building* wins in the 'Sustainability' and 'Commercial & Leisure' categories at this year's Wood Awards.

Launched last year, the already highly acclaimed, London-based mass-timber office was designed by Waugh Thistleton Architects and uses thermally modified American tulipwood for its exterior louvres. They were manufactured by Northland Forest Products and massively reduce the building's energy consumption by protecting the interior zones from solar gain.

Along with its success at this year's Wood Awards, the *Black & White Building* was shortlisted for several other awards this year, and won in the 'Workplace Project (up to £20 million)' category at the AJ Architecture Awards, and in the 'Workplace' category at the New London Awards.



EXCHANGE RATES

	29/08/23	30/09/23	31/10/23	30/11/23
1 EURO = \$	1.08	1.1	1.05	1.09
\$1 = EURO	0.92	0.94	0.94	0.91
£1 Sterling = \$	1.25	1.22	1.21	1.27
\$1 = Danish DKK	6.89	7.04	7.04	6.79
\$1 = Swedish SEK	11.01	10.89	11.14	10.34
\$1 = Czech CZK	22.31	23.01	23.22	22.08
\$1 = Hungarian HUF	353.99	368.64	361.5	343.75
\$1 = Polish Zloty	4.13	4.37	4.21	3.94
\$1 = Russian Rouble	95.09	97.11	93.21	88.78
\$1 = Turkish Lira	26.42	27.41	28.23	28.91

