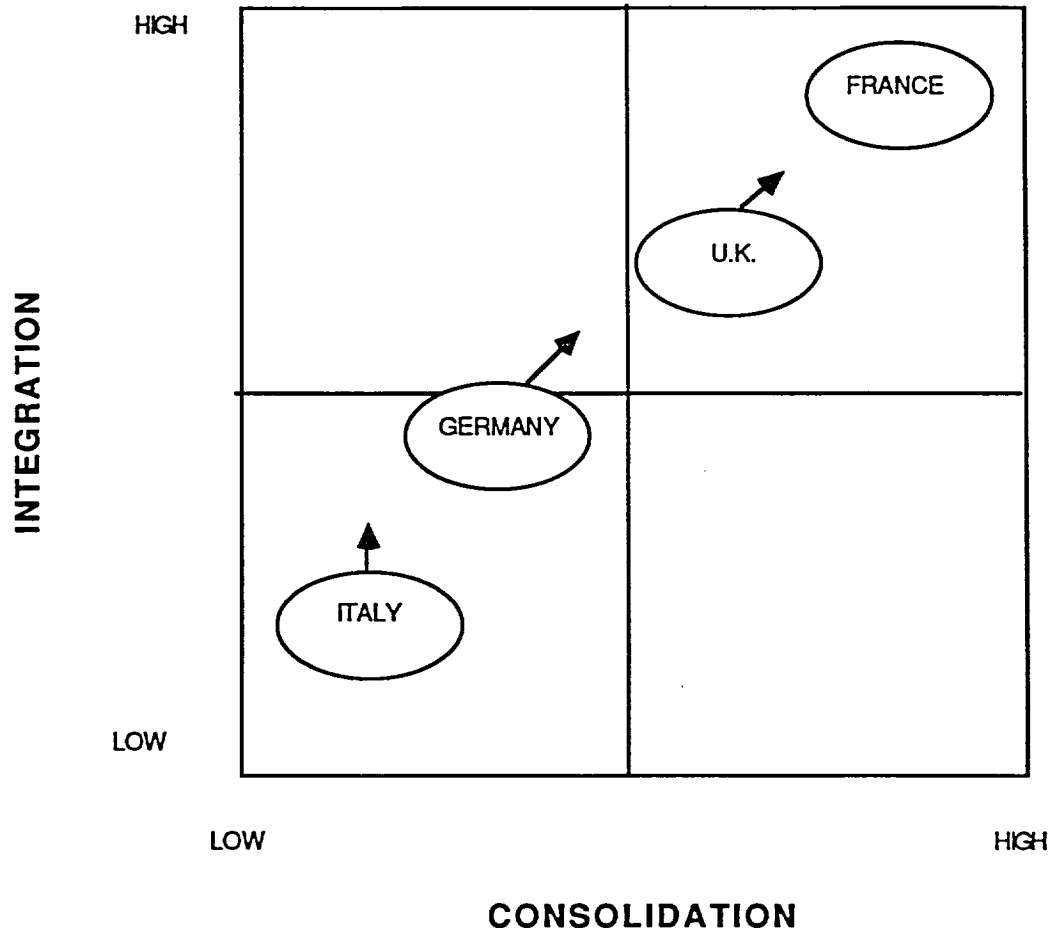


Chart 1
European Timber Trade:
Degree of Integration and Consolidation



continue. However, there is still little consolidation. The situation in Germany is in flux, but there are definite forces moving for change, both in further integration and consolidation.

However, companies at all levels in the distribution system are responding to market pressures through direct transactions. As one agent said, "Customers, small and large, are getting organized and forming buying groups." As a result, many traditional agents and importers are cut out of transactions and may not

have access to the new buyers, who were previously served by intermediaries.

This means that exporters must develop new ways to reach potential clients, which could mean that agents would become redundant. But in the United Kingdom, for example, the pendulum has swung back and there are now indications that buyers encourage the use of agents. However, agents and importers must be able to adjust to the new realities of the marketplace.

The principal characteristics of each of the four markets are discussed in Chapter 3.