2. OVERVIEW OF THE MARKET

2.1 Market Size

2.1.1 Importance of the Market

The EC represents a relatively small share of the world sawnwood market, but accounts for a much higher share of imports. In 1988, the EC share was 11% to 12% of the sawnwood market, but imports were equal to 33% for coniferous and 39% for non-coniferous sawnwood. The EC's overall position in the world coniferous and non-coniferous sawnwood trade is illustrated in tables 1 and 2. Although based on 1988 data, these tables reflect the relative importance of the European markets.

In 1988, the target countries selected for this study – France, Germany, Italy and the United Kingdom – accounted in the EC for 79% of the coniferous market and 73% of the non-coniferous market, as indicated in tables 3 and 4. These tables include data for the Eastern Länder of Germany, the former Democratic Republic. The Eastern Länder increase the German market by about 25%.

The four countries accounted for 75% of coniferous imports and 63% of non-coniferous imports. Most significant, the United Kingdom is the clear leader in coniferous imports with a 34% share, and Italy the leader in non-coniferous imports with a 23% share. The importance of France as a hardwood exporter (35% of European exports) should also be noted.

2.1.2 Source of Imports

The leading coniferous sawnwood exporters are North America (including Canadian exports to the United States) with 61%, the European Free Trade Association (principally Finland, Sweden and Austria) with 20% and the U.S.S.R. with 10%, as indicated in Table 1. The data are for 1988, and although shares fluctuate from year to year the relative importance of the major sources remains similar. The export situation for non-coniferous sawnwood is very different. Based on 1988 data, the export leaders are Asia with 52%, North America with 21% and the EC with 10%, as indicated in Table 2.

The source of imports in 1988 of coniferous sawnwood to France, Germany, Italy and the United Kingdom are presented in Table 5. Canada's share was 33% for the United Kingdom, 14% for France, 5% for Germany and 2% for Italy. Imports from the U.S.S.R. ranged from 14% to 21%. However, the major market share belonged to Finland and Sweden, collectively representing 44% for France, 45% for Germany, 10% for Italy and 36% for the United Kingdom. In percentage terms, the United States was a close competitor to Canada in Germany (3% of imports) and substantially ahead of Canada in the Italian market with 8%.

The source for hardwood imports in 1988 for the four markets is presented in Table 6. Canada's share was 6% for France, 3% for Germany, 1% for Italy and 5% for the United Kingdom. Since these figures include all hardwood imports, both tropical and temperate, and Canada does not produce and export tropical hardwood, Canada's position as a supplier of temperate hardwood is significantly greater than indicated here.

2.1.3 Other Indicators of Market Size

Two indicators of the potential for value-added wood products, and of the extent of the established joinery industry, are the size of the markets for wooden windows and for flooring.

Comparative statistics for window production in 1988 in the four target markets and Spain are presented in Table 7. France, Spain and Italy are at similar levels with 5.3 million, 6.0 million and 7.0 million units respectively, followed by Germany at 9.2 million units and the United Kingdom at 12.7 million. However, the use of wood in windows varies dramatically. It ranges from a low of 16% in Spain to 38% to 45% for the United Kingdom, Germany and France and 58% for Italy. The resulting market, as represented by the production of wooden windows, ranged from 2.4 million units in France to almost 4.0 million in each of Germany and Italy and 4.8 million in the United Kingdom. Spain was far back at 1.0 million.

Data on the flooring market are presented in Table 8. Germany is the largest market (9.2 million m^2) and has the largest production (7.6 million m^2). France (4.2 million m^3), Italy (2.2 million m^2) and Spain (2.8 million m^2) are also substantial producers. Germany and Italy are also substantial importers.