



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 12/13/2002

GAIN Report #DA2030

Denmark

Solid Wood Products

Annual

2002

Approved by:

Philip A. Letarte

U.S. Embassy, The Hague

Prepared by:

Hasse Kristensen/Morgan Perkins

Report Highlights:

Due to aggressive East European suppliers selling at very low prices, U.S. softwood and plywood exports to Denmark are minimal. Hardwood exports are growing, with oak as the dominant variety, but these are mainly for reexport.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
The Hague [NL1], DA

Executive Summary [2](#)
Strategic Indicator Table [3](#)
Construction sector. [6](#)
 Overview. [6](#)
 Marketing. [6](#)
Furniture and Interiors Sector [6](#)
 Overview [6](#)
 Marketing [6](#)
Material Handling Industry [7](#)
Softwood Plywood [8](#)
 Production [8](#)
 Trade [9](#)

Executive Summary

Total Danish wood trade in 2001 amounted to \$1.7 billion with imports totaling \$1.0 billion and exports totaling \$688 million. Danish pine log imports amounted to \$363 million. The Nordic countries combined account for about 50 percent of the Danish wood trade. Denmark imported wood products valued at \$29 million from the United States in 2001, of which 26 percent was oak and 41 percent were other hardwood products. Softwood plywood and OSB accounted for \$0.5 billion and \$0.6 billion respectively. 90 percent of the oak imported from the U.S. is reexported and 10 percent is reexported back to U.S. as finished product. \$5.5 million of the imports registered from U.S. were imports of mahogany species.

Until 1998, the U.S. was the major supplier of softwood plywood to Denmark. In 1999, Scandinavian and East European countries, especially Russia but also Finland and Poland, took over the market and the U.S. market share is now 0.15 percent. Due to high prices of U.S. softwood plywood, the market seems to be more accustomed to products from other countries, and the U.S. will have difficulties regaining its former market share. This is a common phenomenon for all wood trade, and according to the major wood trader in Denmark, the price for U.S. wood has to be very competitive.

Requirements for certification for sustainable forestry are increasing and are expected to be a normal requirement within few years. At present, all government purchase of wood products now have to be certified.

Average Exchange Rates:

2001:	U.S.\$1 = DKK 8.32
December 2001:	U.S.\$1 = DKK 8.40
December 2002:	U.S.\$1 = DKK 7.35

Strategic Indicator Table

FOREST PRODUCT			
STRATEGIC INDICATOR TABLES FOR DENMARK			
CONSTRUCTION MARKET			
Country:	Previous	Current	Following
Report Year:	Calendar Year	Calendar Year	Calendar Year
Total Housing Starts (thousand units)	16	16	16
--of which, wood frame (thousand units)	1	1	1
--of which, steel, masonry, other materials (thousand units)	N/A	N/A	N/A
--of total starts, residential (thousand units)	15	14	15
----of residential, single family (thousand units)	10	9	10
----of residential, multi-family (thousand units)	5	5	5
--of total starts, commercial (thousand units)	N/A	N/A	N/A
Total Value of Commercial Construction Market (\$US mil)	12,843	12,000	14,000
Total Value of Repair and Remodeling Market (\$US million)			
FURNITURE & INTERIORS MARKET			
Country:	Previous	Current	Following
Report Year:	Calendar Year	Calendar Year	Calendar Year
Total Housing Starts (number of units)	16,953	16,450	15,800
Total Number of Households)	2,509,000	2,523,000	2,550,000
Furniture Production (\$US million)	2,436	2,349	2,300
Total Furniture Imports (\$US million)	724	756	750
Total Furniture Exports (\$US million)	1,989	1,955	1,900
Interiors Market Size (\$US million)	1,171	1,150	1,150
MATERIAL HANDLING MARKET			
Country:	Previous	Current	Following
Report Year:	Calendar Year	Calendar Year	Calendar Year
Total Value of Industrial Output (\$US million)	66,445	68,000	69,000
New Pallet Production (million units)	6	6	6
FOREST AREA			

Country:	Previous	Current	Following
Report Year:	Calendar Year	Calendar Year	Calendar Year
Total Land Area (million hectares)	4	5	5
Total Forest Area (million hectares)	0	0	0
--of which, Commercial ('000 hectares)	0	0	0
----of commercial, tropical hardwood ('000 hectares)	0	0	0
----of commercial, temperate hardwood ('000 hectares)	160	174	180
----of commercial, softwood ('000 hectares)	270	294	300
Forest Type			
--of which, virgin ('000 hectares)	0	0	0
--of which, plantation ('000 hectares)	0	0	0
--of which, other commercial (regrowth) ('000 hectares)	430	468	480
Total Volume of Standing Timber (thousand cubic meters)	N/A	N/A	N/A
--of which, Commercial Timber ('000 cum)	N/A	N/A	N/A
Annual Timber Removal ('000 cum) 1/	3,671	1,793	1,700
Annual Timber Growth Rate ('000 cum)	3,924	4,000	4,000
Annual Allowable Cut ('000 cum)	4,000	4,000	4,000
1/ If Removals exceeds growth rate, analyze impact in text.			
WOOD PRODUCTS SUBSIDIES			
Country:	Previous	Current	Following
Year of Report	Calendar Year	Calendar Year	Calendar Year
Total Solid Wood Export Subsidy Outlay (\$US million)	Nil	Nil	Nil
Is there a ban on the export of logs, lumber, or veneer? 1/	No	No	No
Are there export taxes (yes/no)? 2/	No	No	No
Total Wood Production Subsidy (\$US million)	0	0	0
Scope (thousands of hectares)			
Are there other wood products export expansion activities? 1/			
1/ If yes, describe in report.			
2/ If yes, identify in Tariff and Tax Strategic Indicator Table.			

Construction sector.

Overview.

The Danish construction market is rather small but stable with about 16,000 new constructions per year. Interest for houses constructed of wood is increasing but still rather limited. Construction of wooden houses is now allowed up to four stories.

Marketing.

The demand for newer, engineered products such as I-beams and LVL are limited. Partly due to a certain conservatism among Danish/European constructors, partly because they are considered too costly and are used mostly where very light materials are required. As an example, a recent quotation on LVL from U.S. was \$785/CUM compared to \$500/CUM from Finland.

Treated wood terraces around houses is fast increasing. Although copper treating is banned in Denmark, copper treated wood products are allowed imported. The most preferred materials are secondary species such as Barangai (Indonesia) and Jatoba (Brasil). Other preferred species for this purpose are Red Cedar and Southern Yellow Pine.

Furniture and Interiors Sector

Overview

With furniture production of 2.3 billion of which 80 percent is exported, Denmark is a substantial importer of woods for furniture. Although European, and especially the German, markets are suffering from low economic growth, furniture production is expected to decrease only slightly. It is not possible to obtain figures for species specific demand, but the bulk of furniture is made of MDF and other fiber or particle boards

Marketing

Although there are no exact statistical figures available, the bulk of Danish furniture are produced of softwood. Conversion away from softwood is difficult because machinery is difficult to readjust to hardwood. However, the development implies increased use of light wood free from knots. Most popular species are Beech, Cherry and Maple. All wood for furniture production is imported through the major wood importers, of which DLH is reported to have a market share of between 75 and 80 percent.

The demand for hard wood floors (either solid or laminated with a hardwood overlay) is rising. Most demanded woods are Beech, Oak and Cherry.

Windows, doors and frames are manufactured in Denmark to specific measures for each

individual construction project and imports are very limited. Imports come from countries with cheap working force.

Denmark imports 50 percent of its sawn oak from the U.S.. In 2001 these imports totalled 9,254 CUM.. Other major suppliers are Germany (3,153 CUM), Latvia (1,681 CUM), Canada (1,225 CUM) and Lithuania (1,020 CUM). However, about 90 percent of the oak is reexported , mainly to other Northern European countries, and about 10 percent are shipped back to the U.S. after being processed. Of the total Danish imports of oak blocks for parquet and wood block flooring of 152 sq. meters, U.S. has a market share of 6.4 percent.

Material Handling Industry

Danish pallet production is stable around 6 million pieces per year. Imports for this production amounts to over 100,000 CUM of softwood imported from Sweden. To satisfy the demand for pallets, Denmark imports about 5 million pieces of which 1.6 million from Poland, 1 million from Germany, 750,000 from Sweden and 500,000 from each of Lithuania and Latvia.

Softwood Plywood

Production

PSD Table						
Country	Denmark					
Commodity	Softwood Plywood			1000 CUBIC METERS		
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Production	4	5	4	5	0	5
Imports	127	109	130	100	0	100
TOTAL SUPPLY	131	114	134	105	0	105
Exports	32	30	24	25	0	25
Domestic Consumption	99	84	110	80	0	80
TOTAL DISTRIBUTION	131	114	134	105	0	105

Domestic production remain at a rather stable level of 5,000 CUM, about 5 percent of total Danish consumption.

Market Impediments: Oriented Strand Board (OSB) is slowly becoming a significant competitor to softwood plywood. This trend is generally attributed to the production of fast growing, small trees at the expense of larger trees and better utilization of the wood. Danish 2001 OSB imports are estimated at about 50,000 CUM, compared to plywood imports of about 109,000 CUM..

With an oversupply of OSB in Europe and consequently lower prices, OSB, is replacing plywood to a certain extent.

Oriented Strand Board (OSB) imports are recorded under the same tariff number as wafer, so imports of OSB are difficult to estimate. Total 2001 imports of wafer board, including OSB, reached 60,238 CUM, of which 1,147 CUM came from the U.S. Several U.S. companies have established themselves on the European markets with local factories. Louisiana Pacific's joint venture factory in Ireland has obtained EU Danish approval. No U.S. factories are producing OSB according to EU specifications and no U.S. OSB is used for flooring or roofing.

OSB standards for U.S. and Canadian companies have not been approved. OSB 3 and OSB 4 are used in Denmark for roofs and floors, but since both standards can be used for the same purpose, Danish importers prefer only to stock OSB 3.

Trade

Import Trade Matrix			
Country	Denmark		
Commodity	Softwood Plywood		
Time period	CY	Units:	CUM
Imports for:	2000		2001
U.S.	5355	U.S.	1597
Others		Others	
Russia	71269	Russia	73653
Finland	30108	Finland	15710
Poland	6636	Poland	4805
Sweden	5121	Sweden	2165
Chile	3180	Chile	3082
Germany	3601	Germany	1503
Czech Rep.	1189	Czech Rep.	2059
Brazil	1772	Brazil	1963
Total for Others	122876		104940
Others not Listed	1421		2241
Grand Total	129652		108778

Danish imports increased dramatically in recent years from 72,083 CUM in 1996 to 108,778 CUM in 2001. January to August 2002 import figures indicate a decrease for this year by 10 percent.

U.S. market share has collapsed in recent years. Traditionally it has run at about 40 percent and as late as 1997 reached 47 percent but dropped to 4 percent in 2000 and seems to have been reduced to only specific speciality products, amounting to less than 1,000 CUM per year. Danish importers explain that the U.S. lost significant market share in previous years due to high U.S. prices. This had happened before, but in the last 5 years other suppliers were ready to take over. The Danes are now accustomed to these new products. They may be different in appearance and composition, but the specifications and construction qualities are similar to U.S. products. U.S. exporters are not expected to regain former market shares in the short term.

Danish importers will continue to import speciality plywood products from the U.S., but quantities are expected to be in the range of less than a thousand CUM.

Export Trade Matrix			
Country	Denmark		
Commodity	Softwood Plywood		
Time period	CY	Units:	CUM
Exports for:	2000		2001
U.S.	275	U.S.	880
Others		Others	
Germany	9342	Germany	13094
Netherlands	4462	Netherlands	5244
Norway	3368	Norway	1922
Sweden	2690	Sweden	2248
Greenland	1770	Greenland	2841
Faroe Islands	1681	Faroe Islands	2028
Total for Others	23313		27377
Others not Listed	2421		2206
Grand Total	26009		30463