



The Industry: facts and figures

European industry employs nearly 3 million

Worth €165 000 million annually

The construction sector shows strong growth

New Member States provide opportunities

Europe is the world's largest furniture producer

The industry is co-operating to promote wood

Industry significance

Key characteristics

A driving force of the global economy

The woodworking industry is a major employer in many of the Member States of the European Union and features among the top 3 industries in Austria, Finland, Portugal and Sweden.

A provider of welfare in Europe

The woodworking industry provides jobs to more than 2,7 million people in the EU 25. In common with all traditional industries, it plays an important part in achieving the Lisbon goal of becoming the world's most competitive region.

A contributor to rural development

Firms are often located in remote, less industrialized or developed areas, making an important contribution to the rural economy.

A diversified industry

The industry covers a wide range of activities, from sawmilling, planing and pressure treating to the production of wood-based panels, veneers and boards; from construction products to joinery; from pallets and packaging to furniture.

An industry of Small and Medium Sized Enterprises (SMEs)

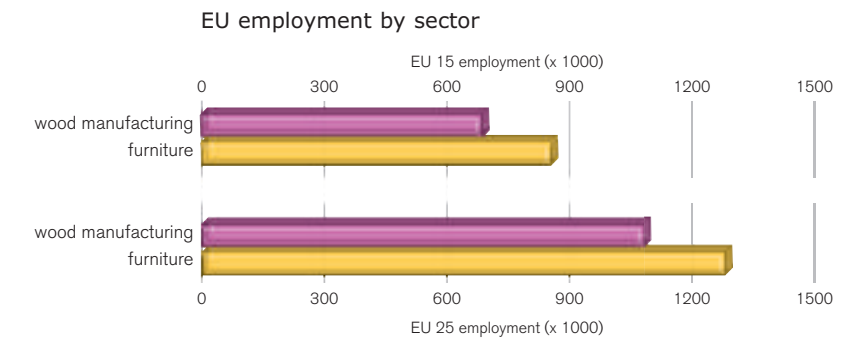
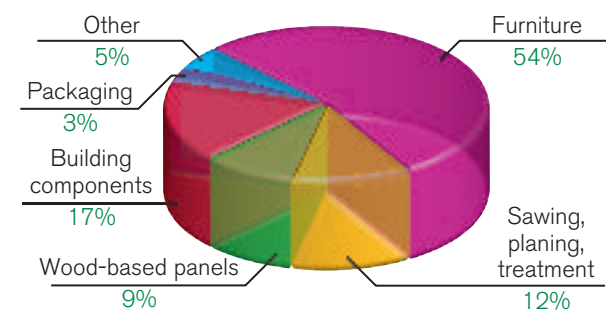
The companies within the woodworking industries are mostly SMEs, with only a few large groups, typically in the softwood sawmill, panel and parquet sectors, operating on a European or global scale.

The total number of businesses in the EU 25 wood industry is estimated at 131 000 and in the EU 25 furniture industry at 136 000.

Represented by CEI-Bois

The industry is represented, on a European and international level, by CEI-Bois, the European Confederation of Woodworking Industries. CEI-Bois includes national members, as well as European trade organizations representing the different sectors of the woodworking industry. At the end of 2005, CEI-Bois counted among its members 8 European (sub-sector) federations and 25 federations from 21 European countries.

The EU 25 woodworking industry sectors



Below

The importance of the different sectors of the EU 25 woodworking industry, by production value – total value €165 000 million in 2003

Opposite above left

EU 15 and EU 25 employment by industry sector, 2003
EUROSTAT

Opposite above right

Automation in a factory

Opposite below

The manufacture of a curved glulam beam



Industry value

Below
Production value per EU Member State in 2002-2003

The turnover of the EU 25 woodworking industries totalled €165 000 million in 2003.

54% of this was accounted for by the furniture sector and 46% by the woodworking sector, representing a record €72 600 million.

Opposite above right
The turnover of the EU 25 woodworking industries totalled €165 000 million in 2003

Opposite above left
Relative importance of sectors in new Member States

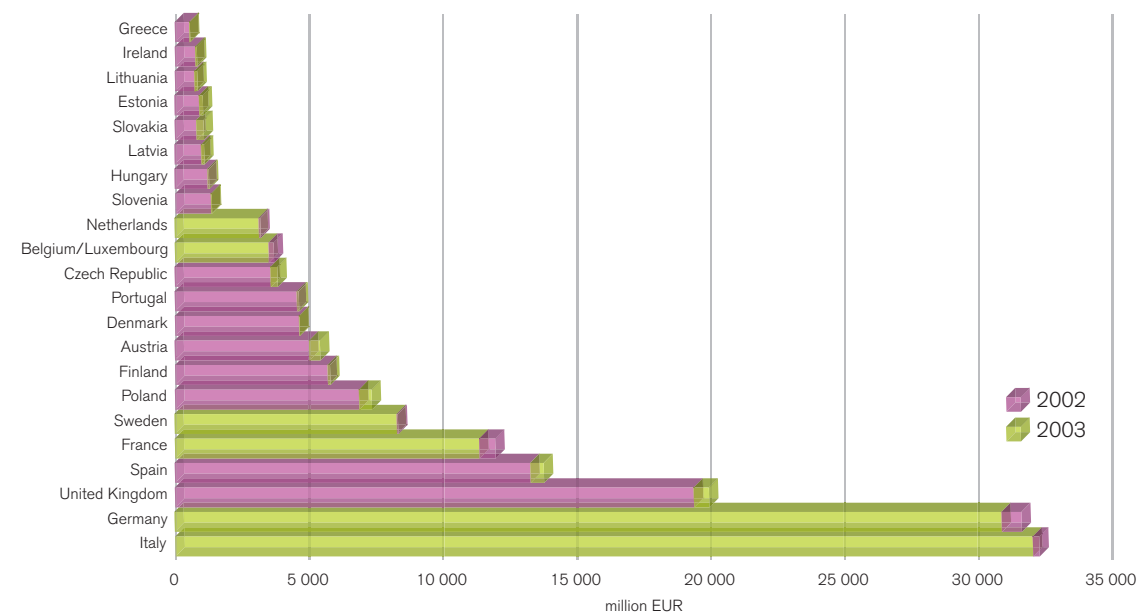
Within the new Member States, the picture is rather different, with the woodworking sector accounting for 59% and the furniture sector 41%.

Together they represent some 11%, or €18 200 million, of the total EU 25 industry output value.

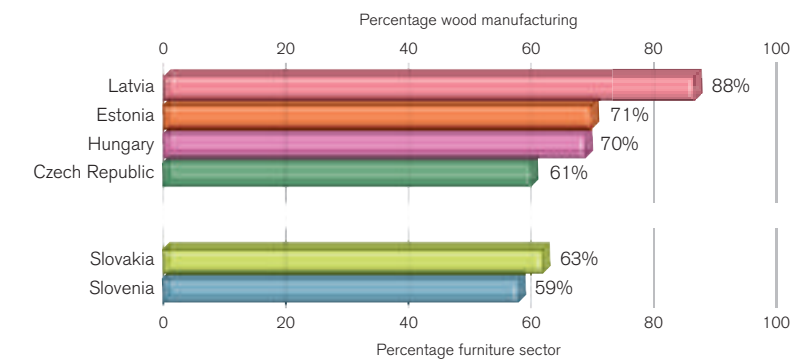
Over 40% of this comes from Poland, followed by the Czech Republic with 21%, and Slovenia and Hungary, with just over 7% each.

Opposite below
Complex shapes can be created using Engineered Wood

Production value per EU Member State in 2002-2003



Relative importance of sectors in new Member States



The Baltic States registered double-digit growth in 2003, while Slovakia recorded the strongest growth of all, with an overall increase of 34%, mainly thanks to a booming furniture sector.



Industry sectors

The construction sector

The performance of the woodworking industries, even the furniture sector, is highly dependent on the performance of the construction industry, as the vast majority of the products manufactured by the European woodworking industry find their way into the construction sector, both for structural and non-structural applications, as well as for decorative purposes, such as furniture. The industry therefore makes a significant contribution to a building segment that represents 12% – 14% on average of EU Member States' GDP.

In the short term, little growth is expected from new construction in Western Europe, most coming from Eastern Europe and from RMI (Repairs, Maintenance and Improvement), which currently accounts for roughly 50% of the total residential, and 40% of the non-residential, construction markets in Western Europe; 35% and 25% in Eastern Europe.

Timber frame's share of residential construction is growing, particularly in Central Western Europe and the United Kingdom, with the number of timber frame houses expected to increase by 2010 by between 30 000 and 60 000 in Western Europe, where market share is around 7%, and by around 3 000 to 6 000 in Eastern Europe, where market share is nearer 3%.

The disparity between Western and Eastern European construction output growth is forecast to widen, with Western Europe only forecast to grow by 5% by 2007, compared with Eastern Europe's 22% growth. Eastern Europe will remain attractive to foreign investors, as EU membership implies less bureaucracy and positive trading conditions with other member states.



Above left

The EU furniture sector was worth €76 800 million in 2003

Above right

The sawmill industry is investing in new technologies

Opposite

By 2010, 33 000 – 66 000 extra timber frame houses are expected to be built in Europe

The furniture sector

In 2003 the sector was worth €76 800 million. Of the seven major global furniture manufacturing countries (the US, Italy, Germany, Japan, Canada, the UK, and France) four are European, accounting together for about 30% of total world production and almost half of total world exports.

Europe still remains the world's largest furniture producer, but imports to the EU have risen by more than 20% since 2000, to over €13 000 million in 2003, and Asia is becoming an increasingly significant competitor.

The sector is a major user of wood-based panels, but also an important user of sawnwood, especially hardwood. Therefore, the development of the European woodworking sector is closely linked to the furniture sector.

In countries like France, Italy and Spain, the furniture sector consists largely of small, artisan companies, whereas German manufacturers tend to be larger and more industrialized, with half of their market accounted for by companies with over 300 employees. In the key Eastern European countries, furniture production is concentrated within just a few large companies.



New technology

The wood processing industries in Western Europe have experienced some of the highest raw material and labour costs in the world, forcing them to adopt leading edge technologies to remain competitive and profitable. However, the technological advances are not restricted to processing alone. Functions such as logistics, transports, procurement, etc. have all benefited from technological development, enhancing both the quantitative and qualitative competitiveness of the industry.

Technical development has been led by the major exporters like Finland and Sweden, and is now widely spread within the sawmill industry, driving cost-efficiency and developing more value-added products and services. Industry consolidation is leading to higher production from fewer units, as well as greater specialization and improved customer focus.

In the MDF, OSB and particleboard industries, the most important technical development over the last decades has been the continuous pressing technology that has dramatically reduced production costs through economies of scale and better process control.

As labour is such a major cost element for joinery and furniture businesses, European companies have had to adopt computer aided technologies and processes, shifting the emphasis from the primary processing of wood to the finishing and assembly of products.

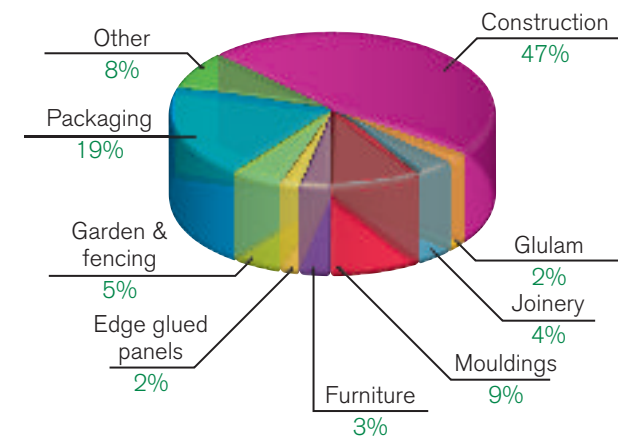
Wood products

Sawnwood

The sawnwood sub-sector represents 12% of the overall EU 25 woodworking industry, producing around 91 million m³ (€13 000 million) in 2004 from 9 000 companies, employing 268 000 people.

Sawnwood products are used mainly in industrial and structural applications, such as building components (timber frames, flooring, decking, joinery etc.), and in domestic applications for panelling, built-in fixtures, furniture and finishing.

Softwood timber consumption



Softwood sawnwood

The sector is consolidating. The top ten producers, typically world-scale multi-national forest products businesses, increased their share of the market from 15% in 1995 to 25% in 2004.

Hardwood sawnwood

EU 25 production increased by a significant 6,7% in 2004, led by France, while demand grew by 5,2%, thanks to increased housing starts.

This part of the industry is relatively fragmented, consisting of a large number of smaller businesses. Production is on a local, regional or national level, exploiting niches created through local forest resource or markets, but with growing international sales. Industry consolidation is low, although forward integration into secondary wood processing is significant, serving specific product or market needs.

Left

Estimated consumption of sawn softwood timber in the main importing countries in Europe. Figures for the UK, France, Spain, Italy, Germany, Netherlands, but typical of many other countries

Jaakko Pöyry Consulting

Opposite above left

Sawnwood represents 12% of the EU 25 woodworking industry

Opposite above middle

Parquet production has been increasing steadily for the last 15 years

Opposite below

The joinery sector has an annual EU 15 turnover of €12 000 million



Parquet

In 2004 the member countries of the European Federation of the Parquet Industry (FEP) produced about 91 million m² of parquet (solid and multiply). Production has been increasing steadily for over 15 years and European producers lead the way worldwide in product development and innovation.

Western Europe accounts for over 90% of total European parquet consumption, with Germany, Spain and Italy the largest markets. In Eastern Europe, Slovakia and Hungary form the largest markets, benefiting from increasing parquet availability from local industry. In addition, overall consumption in Eastern Europe is predicted to increase towards 2010, taking an increasing share of European consumption as a result of a rapid growth in renovation, as well as new construction.

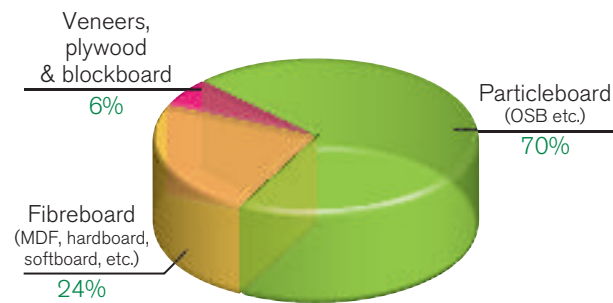
Even though the parquet industry is driving secondary wood product industries' consolidation, the market share of the 5 leading companies is still only around 35%.

Joinery

Joinery covers all carpentry work used in construction including doors, windows, roof trusses, etc. The sector has about 24 000 companies in the EU 15, employing 250 000 people, with a turnover of €12 000 million a year. Although the majority of companies are SMEs, the trend is towards consolidation.



The sub-sectors within the wood-based panels sector



Wood-based panels

This is an important sub-sector, accounting for 9%, or €13 billion, of total industry production, employing around 80 000 people within the EU.

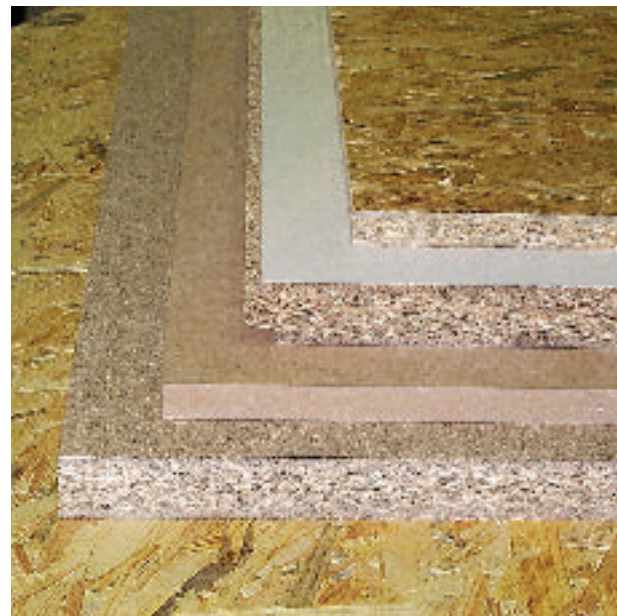
Wood-based panels are used as intermediate products in a wide variety of applications in the furniture industry, the building industry (including flooring), the packaging industry, or as 'do-it-yourself' products.

The most important end-users for plywood and OSB are the construction market and the packaging industry, although plywood also enjoys specific niche markets, such as transport, boat building and musical instruments.

The furniture industry is the main user of particleboard (41% in 2004), while laminate flooring is a booming market for MDF and now accounts for more than 40% of all applications. In fact, laminate flooring is at present the fastest growing product in the woodworking industry.

Thanks to major growth and consolidation amongst the Western European producers of reconstituted wood-based panels (Particleboard, MDF and OSB), manufacture is concentrated into a few dominant world scale companies, operating multi-nationally. These businesses are increasingly establishing production and extending markets in Eastern Europe, utilizing the benefits of low cost production and growing markets. This growth is partly caused by the relocation of secondary wood working businesses from Western to Eastern Europe.

The plywood and hardboard businesses are only now on the way to consolidation.



Above

The sub-sectors within the wood-based panels sector

Below

Particleboard, MDF, laminate veneer, OSB

Opposite above left

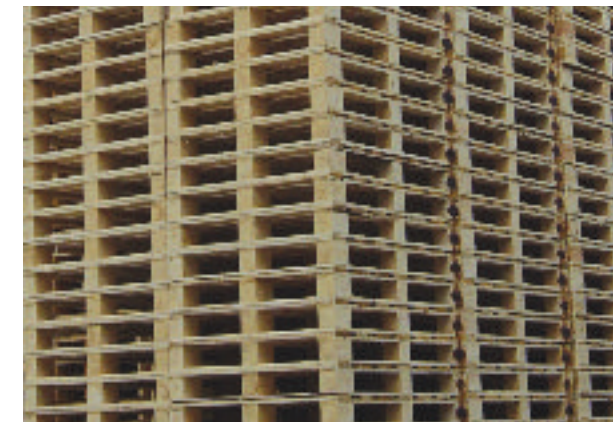
More than 350 million pallets are produced in Europe annually

Opposite above right

LVL joists and beams

Opposite below

Glulam beams used in New Faculty of Education, Cambridge University, UK
 Photograph courtesy of the Wood Awards 2005



Engineered wood products

Engineered wood products, including glulam, I-joists and laminated veneer lumber, provide real competition for concrete and steel beams and are increasingly used by architects in structural applications, especially for large-scale constructions like bridges, sport halls, and university buildings, while high value defect-free products, like finger-jointed and stress-free timber, are popular in the joinery industry. Annual production is about 2,5 million m³, of which glulam accounts for 2,3 million m³.

Large multinational companies operating in international markets are increasingly dominant in this sub-sector, especially in LVL and I-joists. However, smaller scale businesses, active on a national level, are also responsible for an important share of glulam beam production.

Pallets and packaging

Around 20% of all timber consumption in Europe is used for wooden pallets and packaging, with over 350 million wooden pallets produced in Europe every year. The sector represents 3% of the EU woodworking industries, with 3 000 companies employing about 50 000 people.

Production in Europe is still fragmented, with a large number of small and medium sized players operating nationally. However, due to standardization and trade within the Euro zone, a few large groups are beginning to operate on an international scale.



Promotion and research initiatives

FTP and other research activities

The European Confederation of Woodworking Industries (CEI-Bois), the Confederation of European Forest Owners (CEPF), and the Confederation of European Paper Industries (CEPI) have set up a project to establish a Technology Platform for the forest-based sector (FTP). The FTP is an industry-driven project aimed at establishing and implementing the sector's R&D roadmap for the future and is supported by a wide range of different stakeholders.

To achieve the forest-based sector's 'Vision 2030', seven research priorities will be addressed within the FTP's Strategic Research Agenda (SRA). The SRA is the first research programme to integrate all relevant European networks and industry initiatives, within a guaranteed geographical balance.

The work for the FTP is compulsory for the Framework Programme 7 (FP7) of the European Commission, which will run from 2007 to 2013. Technology Platforms are the main 'channels' for giving specific inputs to the work programmes and for cooperation with the European Commission in the relevant field.

EFORWOOD

EFORWOOD is a recent European co-operative research project on sustainability in the forest-based sector. It aims to develop mechanisms to be used for evaluating and developing wood's contribution to sustainable development. The project will cover the whole European chain, from forestry to industrial manufacturing, consumption and recycling of materials and products.

EFORWOOD will have a budget of €20 million, run for four years and involve 38 organizations from 21 countries. This is the first project of the whole European forest-based sector to be financed by the European Commission, which will cover €13 million of the budget.

European Wood Initiative

When exporting overseas to markets like Asia, European producers face strong competition from the North American wood industries, which can invest heavily in standards development and promotion thanks to the financial support they receive.

The European Wood Initiative has been established to help companies compete in China and Japan.

Opposite above

Building Europe magazine

Opposite below

The European Wood Initiative has been established to help companies compete in China and Japan

Activities by the European institutions

In 1995, it was decided to create a 'Forest-based Industries Unit' within DG Enterprise. This unit is crucial for monitoring all relevant developments in the sector and for ensuring the voice of the sector is heard within the EU Commission services.

COST

COST (European Cooperation in the field of Scientific and Technical Research) activities, largely financed by the EU, originally involved academic scientists, but are now gradually reaching industry partners. The Technical Committee on Forests and Forestry Products provides an effective forum for the industry to meet academic researchers.

Communication and wood promotion activities

Several EU member states have invested in national wood promotion campaigns. These have now been joined by a number of pan-European projects promoting wood in Europe, but also in third world markets, such as Asia.

Roadmap 2010

Under the umbrella of CEI-Bois, this is the industry's first strategic project aimed at making wood and wood-based products the leading material in construction and interiors by 2010. The programme incorporates lobbying, promotion, R&D and skills training.



Source: www.europeanwood.org