

American Hardwood Export Council European market report

July/August 2019



MARKET UPDATE



U.S. HARDWOOD EXPORTS TO EUROPE DROP IN FIRST HALF OF THE YEAR

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ACTIVITIES



CLT PROJECT *MULTIPLY* TO FEATURE IN NEXT YEAR'S MADRID DESIGN FESTIVAL

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ACTIVITIES



RED OAK PIECES FOR LONDON DESIGN FESTIVAL *LEGACY* PROJECT ALL COMPLETED

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NEWS



AHEC TO PARTAKE IN MORE TRADE SHOWS NEXT YEAR

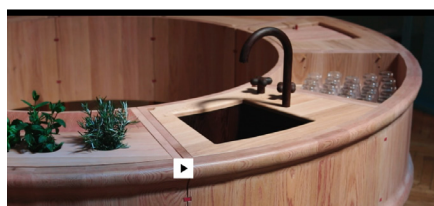
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PR HIGHLIGHTS

Explore the making of the 'Blushing Bar' for Wallpaper* Handmade X

Collaborators Chan + Eyris, Sebastian Cox and American Hardwood Export Council use unique methods for staining and composing the timber structure

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MARKET UPDATE

Lumber exports to Europe drop back in first half of the year

U.S. hardwood lumber exports to Europe were down 7% in volume to 169,000m³ for the first half of 2019, compared to the same period last year with value down 4%. Of the main markets, the UK saw the only increase, up 2%, to just over 56,000m³, but as we report below it is expected that purchases have slowed during the summer months and are likely to be below last year's levels in the second half of the year as Brexit impacts on market confidence.

Exports to Italy saw a further significant decline, down 35% to 21,000m³, due to reduced buying of tulipwood and white oak. Spain was down 8% to 17,000m³ largely due to lower white oak shipments. Despite reports of improved construction activity in Germany, U.S. hardwood lumber exports were down for this period by 7% to just over 21,000m³. Portugal also lost ground down 13% in volume to 8,000m³, again largely due to reductions in white oak. So, overall these statistics do paint a worrying picture, especially, if as predicted, shipments to the UK fall back in the second half of the year. On a more positive note, some of the smaller markets for American hardwoods in Europe are doing better, but even



Red oak exports up by 30%, indicating that more importers and manufacturers are interested in the material.

if this trend continues, their combined volumes are unlikely to offset the volume lost to the bigger markets.

With regard to the breakdown of species for lumber exports to the whole EU between January and June this year; white oak was down 5% to 83,500m³ but still accounts for around half of total exports for the period. Tulipwood was down 22% to just under 35,000m³, walnut and ash both increased slightly to around 12,000m³. There was some better news for red oak with shipments up by 30% to 12,000m³, a sign that more importers and manufacturers are interested in this species at a time when price levels are very competitive and AHEC has ramped up its promotion right across Europe.

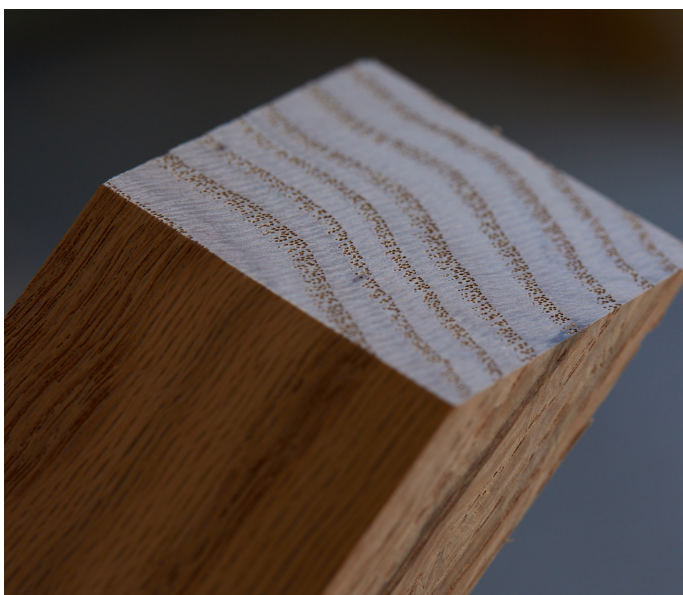
UK hardwood market confidence hit by Brexit

According to a recent article in the UK wood journal TTJ, "UK hardwood business is flat and positivity is waning". A worrying development for American hardwoods given that the UK currently accounts for over 30% of all U.S. hardwood lumber exports to the EU and has been easily the most steadily performing market over the last ten years. One hardwood importer told the TTJ "It's not going to be a bumper year and positivity has drained from the market". A sentiment shared by others in the trade who report there is no speculative buying, sales are flat with no



Increase of exports in smaller markets for American hardwoods.





Lack of confidence in UK market due to Brexit.

indication things will improve any time soon. Another importer said that there had been “short periods of better sales but overall 2019 has been on a downward slope”. They went on to say “customers are buying but only as and when they need to and it seems every buying decision is being carefully scrutinised”.

In contrast, some of the larger continental hardwood traders who sell into the UK report that their wider European business is reasonably healthy, with construction improving in several countries, such as Germany and France, which is helping to drive demand. According to the TTJ, most UK hardwood companies attribute trading conditions to nervousness over Brexit. As one hardwood agent put it “there really can’t be any other factor behind this market caution”.

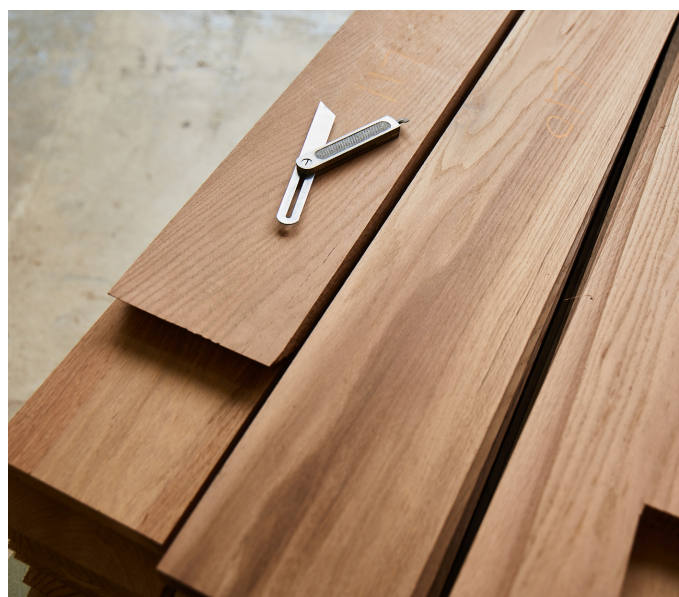
The economic fundamentals are still strong; jobs growth, wage rises, and inflation steady at 2%. But business and consumers are being cautious, and investment is slowing so it must be because of Brexit. While the weak pound is favourable to imports from Europe and the USA at the moment, the volatility created by Brexit delays and no deal speculations, means more risk. As one importer noted “we saw companies getting their fingers burnt when they bought more timber against Brexit happening in March. Now they are trying to offload the surplus in a cautious market at silly prices”. The TTJ article concluded with a

quote from one UK importer “whatever the Brexit outcome, were anticipating a bumpy ride”.

Slower growth in European wood manufacturing sector

According to a recent report from the ITTO, which has analysed the latest data, the EU wood joinery sector continued to grow only very slowly in 2018, well below the pace of increase in the wider construction sector. While joinery production and consumption gained momentum in Germany, Austria, Spain, the Netherlands and Belgium last year, it remained subdued in Italy, the UK, France and Scandinavia. Growth in the EU wood door sector slowed in 2018, while the wood window sector was close to a new record low.

There was some evidence of wood making up some lost ground against plastics in these sectors, but wood continues to face stiff opposition from other materials. Where wood is being used, it is increasingly combined with metals, or used in engineered form, to ensure greater strength and durability. Although the bulk of volume consumption in Europe is focused on softwoods, the joinery sector is an important market also for hardwood. Moves by manufacturers towards higher quality wood windows and doors that can offer increased durability, stability and performance in order to compete with non-wood products, are creating opportunities for



Wood gaining popularity over plastics as material for manufacturing.



hardwood. These sectors must continue to be targets for American hardwood species, that can offer manufacturers; consistent quality, volume supply in workable specifications together with assurances of sustainability and legality.

ACTIVITIES

30 young designers selected for red oak competition in Spain

Thirty of Spain's best young product designers have been selected by a jury to take part in AHEC's red oak design competition. AHEC's David Venables and Mike Snow were joined by well-known designers from the UK and Spain to make a series of presentations as part of a



AHEC European Director David Venables with the selected contestants at the Toca Madera workshop in July.

one-day workshop to brief the designers about the competition and provide information and inspiration on red oak. It was a really exciting day, there was so much energy and enthusiasm for the material and how it can contribute to sustainable design. It is clear that the selected participants represent some of the best young design talent in Spain, so we are very excited to see what emerges. The best designs will be chosen to be developed into prototypes and form part of a high-profile exhibition as part of the Madrid Design Festival next February.

AHEC plan to increase promotion to architects and designers in Spain

Following meetings in Madrid in July, AHEC will be supporting the Madrid Design Festival in February 2020. The festival runs for over a month in locations all over the city with a program of installations, exhibitions and events, and is attended by design professionals from all over Spain. AHEC met with the organisers and have agreed with their support to present both the results of the young designers red oak competition and to bring part of the *MultiPly* structure in tulipwood CLT to be installed in a high-profile public location. This is a great opportunity to raise the profile in Spain for tulipwood CLT and red oak. In a separate initiative, a major architectural seminar on American hardwoods will take place in Madrid on the 17th December this year.

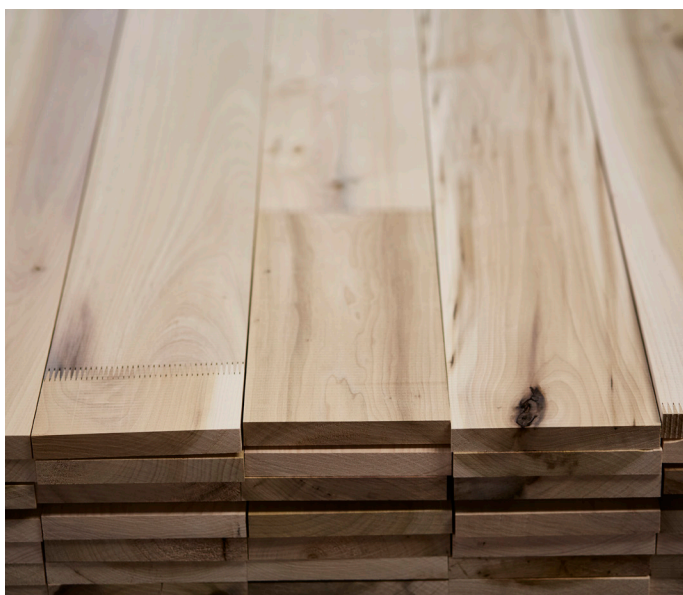


MultiPly will be installed at next year's Madrid Design Festival.

More European CLT producers considering tulipwood option

An increasing number of medium sized CLT producers in Europe are considering trialling tulipwood as a higher performance hardwood option following visits from AHEC. Consultant Neil Summers travelled to Northern Italy in July to visit two more producers following a successful visit to Spain earlier in the year. The aim of the trip was to present the production schedules and





CLT producers around Europe are considering tulipwood as a commercial option.

test results from the experimental production of tulipwood CLT panels in Scotland last summer, that were used for the *MultiPly* project, in order to demonstrate to these CLT manufacturers the commercial potential for tulipwood. It is anticipated these trials will take place towards the end of the year once suitable material has been sourced.

Busy summer for the London team



The 10 *Legacy* pieces for London Design Festival are now completed. Watch a teaser video of the project [here](#).

AHEC have had a particularly busy summer working on two major projects that will take place in September. The results of the red oak *Legacy* project, involving leaders of major UK cultural institutions and some of Europe's most well-known product designers, will be shown in



Fluted detail of Studiomas postbox for AHEC's *Legacy* project for London Design Festival.

the Victoria & Albaert Museum in September as part of the London Design Festival. The ten extraordinary red oak pieces are now finished, and a series of films and a book have been



Turned component of Raw Edges' bookstand for *Legacy*.



produced to promote the project, with unique input from the famous people that have taken part. A whole series of press events are planned which are expected to generate huge amounts of positive publicity for red oak.

The project will be reported in detail next month.

In parallel, AHEC have also spent the summer finalising plans for the launch of the Polish red oak chair project, *Natural Born*, with well-known designer Tomek Rygalik. The exhibition and launch event will take place in Warsaw on the 26th September and will provide yet another opportunity to show just what a good timber red oak is for furniture production.



AHEC's red oak chair project, in collaboration with Tomek Rygalik, will launch on 26th September.

We encourage all members to follow these and other projects through Instagram: [@ahec_europe](#) and Twitter: [@ahec_europe](#).

NEWS ROUND-UP

AHEC to target more EU trade shows next year

Following the success of Interzum earlier this year, AHEC are planning to do something similar at the Maderalia trade show in the Spanish city of Valencia, next March. We are currently in negotiation with the organisers to secure a suitable space and hope to be able to offer a number of booth spaces to companies on the usual first come first served basis, as part of an AHEC pavilion. Maderalia, which takes place every two years, is really the only major trade show in Spain attended by hardwood traders and manufacturers, so it will be an important opportunity for the U.S. hardwood industry to engage with Spanish buyers.

A few months later, AHEC also plan a presence at Carrefour du Bois in Nantes, France. This 100% wood show is a major platform for marketing wood and attracts visitors not just from France, but many other EU markets. AHEC are not planning a pavilion with booths as stand space is restricted to 36m² for all exhibitors. However, we encourage all members who are planning to attend to come and support us and use the AHEC booth as a platform to communicate with European buyers.



The AHEC stand at this year's Interzum.

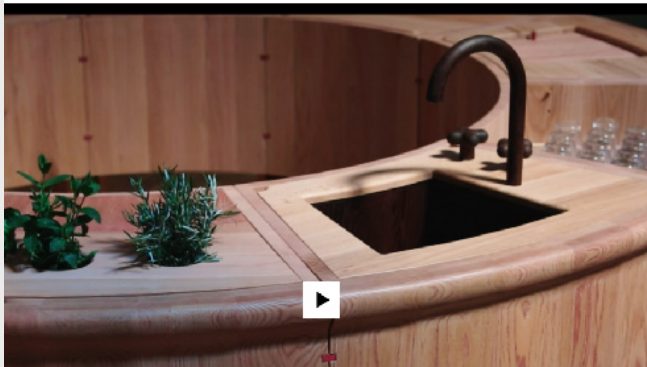


PR HIGHLIGHTS

Explore the making of the 'Blushing Bar' for Wallpaper* Handmade X

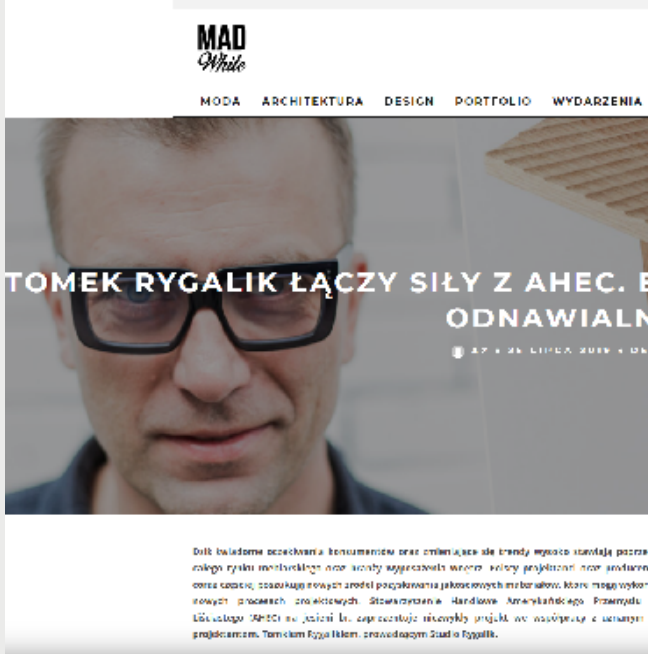
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f t p in →



Blushing Bar
American red oak
Wallpaper Magazine | UK

881,000
circulation



MAD White
MODA ARCHITEKTURA DESIGN PORTFOLIO WYDARZENIA

TOMEK RYGALIK ŁĄCZY SIŁY Z AHEC. B ODNAWIALN

Polish project
American red oak
Mad White | Poland

55,500
circulation

AHEC participa con madera de tulipwood termotratado en el nuevo edificio Kálida Sant Pau de Barcelona

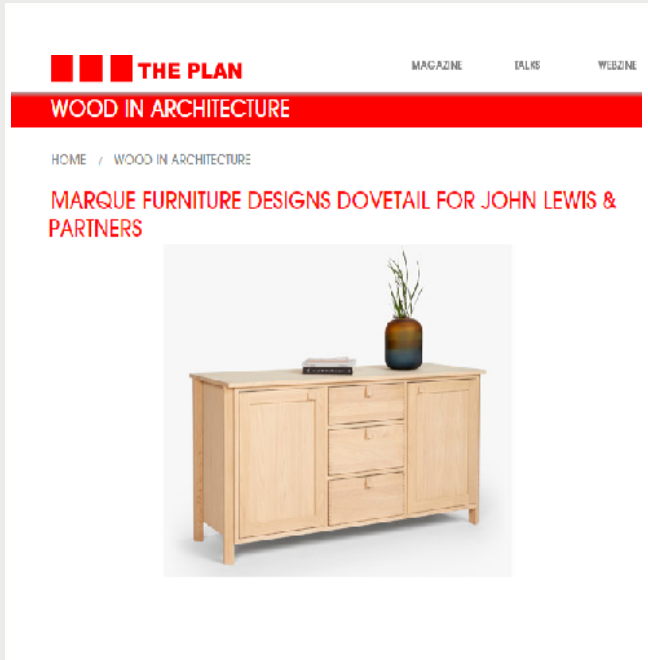
La asociación American Hardwood Export Council (AHEC) en su compromiso con la sociedad actual y el bienestar de las personas, dona el proceso de termotratamiento y el trabajo de carpintería de la madera de tulipwood colaborando para elaborar la pérgola exterior y la cubierta de la fachada del nuevo edificio Kálida Sant Pau.

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Kalida Centre
American tulipwood
Construnario | Spain

38,500
circulation



THE PLAN
MAGAZINE TALKS WEBZINE

WOOD IN ARCHITECTURE

HOME / WOOD IN ARCHITECTURE

MARQUE FURNITURE DESIGNS DOVETAIL FOR JOHN LEWIS & PARTNERS

Dovetail
American red oak
The Plan Magazine | UK

35,700
circulation



UPCOMING EVENTS

28 August - 9 September



Design Biennale Zurich
Biennale | Zurich | Switzerland

5 - 14 September



Paris Design Week
Festival | Paris | France

10 September



Architectural seminar
Turin | Italy

14 - 22 September*



London Design Festival
Design festival | London | UK

2 - 4 October*



NHLA Conference
Trade conference | New Orleans | USA

3 October - 6 October



Warsaw Home
Contract Fair | Warsaw | Poland

3 October - 2 December



Triennial de Arquitectura de Lisboa
Architecture Triennale | Lisbon | Portugal

10-17 October



Berlin Design Week
Festival | Berlin | Germany

12 - 13 November



Brachentag Holz
Trade fair | Cologne | Germany

*DENOTES AHEC PARTICIPATION



EXCHANGE RATES

	31/05/19	30/06/19	31/07/19	31/08/19
1 EURO = \$	1.12	1.14	1.11	1.10
\$1 = EURO	0.90	0.88	0.90	0.91
£1 Sterling = \$	1.26	1.27	1.22	1.22
\$1 = Danish DKK	6.70	6.56	6.71	6.78
\$1 = Swedish SEK	9.52	9.27	9.59	9.80
\$1 = Czech CZK	23.16	22.35	23.06	23.56
\$1 = Hungary Forint HUF	291.12	283.74	293.4	300.5
\$1 = Polish Zloty PLN	3.84	3.72	3.86	3.96
\$1 = Russian Rouble RUB	65.35	63.19	63.45	66.68
\$1 = Turkish Lira TRY	5.86	5.76	5.55	5.81