EUROPEAN MARKET FOR TROPICAL SAWNWOOD, AN UNEXPLOITED OPPORTUNITY: SURVEY BY THE INTERNATIONAL TRADE CENTRE UNCTAD/GATT

The European market for tropical sawnwood presents a handsome export opportunity that most tropical timber producers have so far failed to exploit. To take advantage of this market, producers, exporters and their governments will have to act on several fronts, including a concerted promotional campaign in the market and, at home, measures to raise the quantity and quality of supply.

These are the major conclusions of a new study in depth, just published by the International Trade Centre UNCTAD/GATT. The 500-page study, "MAJOR MARKETS FOR TROPICAL SAWNWOOD IN WESTERN EUROPE", was initiated at the request of several developing countries that export timber.

Within the framework of world-wide and European market trends, it focuses on the markets of the United Kingdom and the members of the European Economic Community: Federal Republic of Germany, France, Netherlands, Belgium-Luxemburg, and Italy. Together, these countries account for more than 85 per cent of total European imports of tropical sawnwood, and almost 50 per cent of total world imports of this product.

The study's conclusion, that the European tropical sawnwood market is still largely untapped, is based on several factors:

1. Europe as a whole, and the seven countries in particular, are increasingly dependent on imports of sawnwood to meet rising domestic consumption.

2. A high proportion of the tropical wood used in the seven countries - almost half, in fact - is imported in the form of logs. Under the right conditions a much greater proportion could presumably be supplied in the form of sawnwood.

3. Per capita consumption of tropical wood varies widely from country to country. The relatively low consumption levels of the EEC countries suggest that their market is far below the saturation point.

MORE
4. Growth prospects are good for the two industries that are the main tropical sawnwood consumers—construction and furniture.

The rapid growth of tropical sawnwood imports into the EEC countries has been especially encouraging, the report finds, and future growth could easily accelerate. From the 1965 total of one million cubic meters, the seven countries' imports could rise by well over 50 per cent by 1975. How fast consumption actually does rise will largely depend on the efforts of the producing countries. The report outlines several specific measures that could be taken to increase exports and consumption.

The prevailing lack of information about the technical and economic advantages of tropical woods is largely responsible for the generally low levels of consumption. To correct this, the Centre's study recommends the creation of permanent trade promotion agencies in the industrialized countries. These would be established as a co-operative venture of the exporting countries, with the aid of international and national bodies and professional associations interested in tropical woods.

The study also emphasizes that the question of supply will play a major rôle in future consumption trends. It recommends a number of steps that should be taken by governments and producers to improve the quality and increase the volume of sawnwood production and exports.

Malaysia could serve as a good example for other tropical wood producing countries, the report suggests. Despite their remoteness from Europe, Malaysian sawmills have captured 30-50 per cent of European tropical sawnwood markets. Much of their success, the report says, is attributable to following the practices it recommends.

The new Centre study is based on intensive documentary research and analyses and on personal interviews with about seventy importers, agents, research institutes, and other sources. It aims to serve as a practical guide for present or future exporters in the developing countries. For each of the seven countries, the report analyzes the economic and other market factors that bear on sawnwood and tropical sawnwood consumption and imports. It details import trends by origin and species, and analyzes consumption patterns by main end-use categories.

Commercial practices have had an important, often inhibiting, impact on tropical sawnwood consumption, and the report deals with them at great length. It discusses trade channels, including the functions and location of middlemen; trade mechanisms, and trade promotion. It gives a wealth of detail on such subjects as ports of entry, quotations, transport problems, freight rates, handling, packing, insurance, payment and credit systems, stock, customs duties and taxes, arbitration, contract forms, prices, trade specifications, usual sizes and qualities demanded; trade promotion aspects, etc. It supplies the names and addresses of main importers, agents, and associations interested in wood trade for every country studied, usual contract forms, and grading rules.
Requests for the Market Survey in English, French or Spanish should be sent to the GATT secretariat, Villa le Bocage, Palais des Nations, 1211 Geneva 10, Switzerland. Free of charge to governments, government bodies and in developing countries, also to export enterprises, the report costs $10.00 or Sw F 43.00 for private purchasers in developed countries.

The International Trade Centre UNCTAD/GATT assists the developing countries with the promotion of their exports. It operates for them a free market information service (of which this study is the latest publication), export promotion training schemes and a trade promotion advisory service; plus a publications programme, which includes the journal, the international Trade FORUM.