



This photo and right: lacquered black alder is being exported to the UK by Pollmeier
PHOTO: POLLMEIER



On an even keel

German sawn softwood exports to the UK doubled in the first half of 2010, but log supply issues are causing consternation for sawmillers. Stephen Powney reports

German softwood exports to the UK increased in January-July by 99% to 275,835m³ (2009: 138,823m³), making it the sixth largest export market for Germany.

For the whole of last year, UK sawn softwood imports from Germany were only 300,000m³ (including planed products) and more than 20,000m³ of hardwood sawn timber (particularly beech), which shows what a dire year 2009 was for the sector compared to 2010.

Only three other German timber export markets grew as fast this year – China (+307%), Australia (+111%) and Morocco (+106%).

During 2009, German sawmill production totalled 19.7 million m³ and there is now very little capacity investment going on following the mega expansion of mills in the last 10 years. Overcapacity has been a problem and securing log supplies has been more difficult – the closure of Klausner's Adelebsen mill being a case in point.

The biggest timber news in Germany, and arguably Europe, was the acquisition by Russia's Ilim of two of Klausner's sawmills.

The purchase effectively ended a long period of uncertainty at Klausner, which had been beset by financial pressures following rapid expansion in recent years and the drying up of the US market (see p27).

The German Association of the Sawmilling & Timber Industry (BSHD), which represents many of the larger German mills, told TTJ that the sawmilling business had improved in the last seven months, with a 25% increase on 2009.

Economic stimulus

BSHD director Norbert Buddendick said some of this is down to Germany's economic stimulus package which has boosted the wooden building products market, while the export market had clearly picked up.

"Most of our members don't see a significant change in this progress for the near future," he said, adding that log availability and pricing was the most discussed issue for sawmillers.

"It is difficult to get enough roundwood for

the sawmills. The situation in south Germany is tighter than in the northern regions and the market situation has led to strongly increasing log prices.

"The sawmillers in southern Germany hope that small forest owners will make more wood available for industrial use in the winter. We expect a stabilisation of the price for roundwood at the current high level due to a slight fall in processed wood prices in the winter."

BSHD is undertaking considerable lobbying of politicians to counter a campaign by environmental groups to set aside about 5-10% of German forest resources for nature conservation.

"Our task is to talk to politicians and convince them that this is not the right way of nature protection. There are other options to make more wood available for the sawmilling industry," said Mr Buddendick.

Measurement system

BSHD's other activities include campaigning for one measurement system for Europe, helping to start a central organisation for wood promotion in Germany and to bring innovative products like thermally modified timber to the market.

One of the few investments taking place is at Ante-Holz, which is building a €12m production line at Rottleberode, marking its entrance into the medium-high quality timber garden products market. "Made in Germany" fences and screens coated using the latest surface technology are expected to play a significant role in Ante-Holz's product range in 2011.

Hardwood decking and timber summerhouses in various sizes and wall thicknesses will also be added to the range.

Advanced technology for colour application and CNC machines are currently being installed at Rottleberode.

"We are right on schedule," the company said. "We expect that by mid-November, the first full-colour screens in the new facility will be manufactured."

A new logistics centre will also be introduced

SUMMARY

- German softwood exports to the UK rose 99% to 275,835m³ in the first half.
- Ante-Holz has invested in a new garden products facility.
- Pollmeier is now selling black alder to the UK.
- Rising log prices and availability is a vexing question for sawmillers.

at the end of 2010 and Ante-Holz said the expansion will open the door to new markets and support existing production of garden products at its Polish mill.

Van Roje has also been investing, with new laser measuring technology installed to make production more efficient, while a further €2m has been spent on the sawmill line and increasing KD capacity.

"Although we kept our volume to the UK market very stable, nearly the same as in the last years, the UK market is very tough with low demand," said managing director Ulrich Van Roje. "It was a little better up to the summer holidays, but now it's going backwards again."

Lawrence Webster of timber export agency Kullik & Rullmann said the log situation in Germany continued to be "tough".

"Mills say it will improve in the coming weeks but I'm not so sure," he said. "Our mills are not running at full capacity and they have to pay higher prices again for raw materials in the last quarter. If we see market prices drop then the mills will cut back on production."

Securing business

"The [Nordic countries] have more availability, particularly in Finland from the recent storm and this may drive prices down, so we want to secure the last quarter business with our customers quickly if we can. Buyers are slow to look at the last quarter at the moment."

Mr Webster said Kullik had been selling to Japan for the last quarter at €30 above current prices "and China is increasing as an important market on a daily basis".

Family sawmiller Gelo described the market as "normal" and stable. CEO Wolf-Christian Kuspert said the mill was running at the same level as July.

"It's nothing extraordinarily good and nothing extraordinarily bad," he said. "We haven't experienced such a normal time for eight years. In the past few years there have been



A garden products production line is being added at Ante-Holz's Rottleberode mill
PHOTO: ANTE-HOLZ

problems with storms or the world economy or with overcapacity."

But, he said, raw material supply problems and competition from other countries meant Germany was "not on the island of happiness". He described the prevailing attitude among forest owners and the prices being charged as "ridiculous".

He said he has heard of some owners charging €126/m³ for their softwood logs – about twice the price of three years ago. He also criticised the 10-year log supply contract signed between the Bavarian state forestry agency signing a contract with Klausner (see p27).

"There aren't sufficient logs for all of the big mills," he said. "Log contracts for the last quarter were very hard, there was no chance of negotiating reasonable log prices."

He predicted prices would go up again in the new year and said he had increased his sawn product selling prices slightly in October. "You cannot expect a dramatic fall in timber prices because the log prices are going up."

He said Gelo's UK export business was holding steady. It sells mainly CLS into the UK DIY market, shipping a few thousand cubic metres every year.

Difficult beech market

Beech sawmilling specialist Pollmeier, which cuts 820,000m³ of logs annually and exports about 80% of production to more than 70 countries, said beech markets remained difficult. During the economic crisis it had to curtail output and suffered a 20-25% price reduction for its main "Superior" grade.

"But the current situation is encouraging due to a continuously increasing demand in several markets," said a Pollmeier spokesperson.

Pollmeier has used the downturn to develop new products, such as European black alder, which it says offers "outstanding wood characteristics as well as interesting and attractive aesthetics".

"Alder machines very nicely and is known for its dimensional stability and for not being prone to cracks. It lends itself easily to being varnished and achieves a very high quality of finish."

The product is being targeted at furniture and shopfitting applications, with the first UK importers to stock Pollmeier alder being Arnold Laver Timber World and AB Lewis.

Pollmeier has also purchased European ash logs and will introduce sawn ash to the product range shortly.

On the beech sawlog price front, the sawmiller expects prices to rise in the coming season, due to increasing pressure on other

grades of logs (pulp, panel and energy wood grades).

"Price increases of 3-5% to compensate for the increased cost of logs will be unavoidable. We perceive all other German hardwood sawmills to be in a similar situation."

Family-owned sawmiller Hirschbach, near Stuttgart, has a history of exporting to UK customers but in the past two years the business has fallen to zero.

"It's really disappointing, but the prices are too high for them at the moment," said sales director Claudia Hirschbach.

"I had some English customers here eight weeks ago and they wanted to do business and the prices were OK with them but then nothing happened. They aren't very optimistic about the British economy because of the government's spending cuts programme. This concerns me a little bit," she said.

For Hirschbach and most German sawmills, the reality of high log prices is a problem and makes it hard to register profits.

"The whole German sawmilling industry is having a difficult time," said Ms Hirschbach. She added that the company had reduced its shifts to one. "We would rather produce less and sell for a reasonable price."

But she fears that if the high log prices continue, the small to medium size sawmills will disappear, leaving only the large mills, like Rettenmeir, Klenk, Klausner and new player Ilim Timber Europe.

The problem has become more pronounced in the past 10 years, when there has been rapid investment and expansion of the large mills.

"There is no way we can compete with them. There are still some family mills left but I doubt whether the children will continue in the business."

"Now the market is slower but the growers want more for the logs and we don't get more for the sawn timber." ■



German sawn softwood exports to the UK have increased

PHOTO: KLAUSNER

Made in Germany

Modern German wood products have a role to play in sustainable construction and new ways of promoting them in the UK are being formulated, writes Dr Thorsten Mrosek, CEO of new international marketing platform Wood Germany



Modern German timber products – KVH timber and Duo and Trio beams

PHOTO: ÜBERWACHUNGSGEMEINSCHAFT KONSTRUKTIONSVOLLHOLZ EV

In the UK, great demands are placed on modern building structures and materials, for example in the context of sustainable or green building. Architects, building planners as well as decision-makers in the real estate sector and project development are particularly appreciative of the fact that contemporary wood construction and high-quality refined timber products are able to meet the highest demands for technical performance, profitability, energy efficiency, aesthetics and sustainability.

As Germany is a global leader in wood construction technology and innovation, its timber products continue to be in high demand in the UK. German design solutions that are particularly sought after in this country include sophisticated and energy-efficient residential buildings, modern industrial and commercial buildings, as well as representative commercial and public buildings with aesthetically attractive roof structures. In addition to KD sawn timber and planed products, imported modern solid timber products include refined building materials such as KVH solid construction timber, glulam and cross-laminated timber.

Engineered products

Solid structural timber (KVH) is a technically dried and engineered wood beam using finger-joints. Produced under quality-controlled conditions, KVH meets higher requirements than conventional structural timber, is S10 graded (equivalent to C24) with a low moisture content (15% +/-3%), which combines to make the wood very stable. It is suitable for all applications in modern residential timber construction and is available as KVH-Si (for visible use) and KVH-NSi (for hidden use).

Balcony glulam (Duo/Trio beams) is a refined solid wood product that features a very high degree of stability and an attractive surface. It is produced under quality-controlled conditions from two or three technically-dried planks or square timber which are



Germany has the largest wood resources in Europe

PHOTO: SCHÖNEMUND

glued together on the parallel.

German glulam is a high-quality solid wood product that can be used as a high-stress and far-spanning building component, particularly for roof and hall structures. It is particularly stable, visually attractive and produced under quality-controlled conditions by gluing together at least three technically-dried and finger-jointed boards or board layers on the parallel.

Cross-laminated timber is a solid wood product used as supporting and bracing components in wall and roof structures. It consists of board layers which are glued in a crosswise manner.

Because of the importance of the wood industry in Germany – the country has Europe's largest wood resource (3.4 billion m³) and largest production of sawn timber (2009: 20.5 million m³ including planed products) – the industry supported a joint marketing institution, the German Timber Promotion Fund, for many years. Based on an international marketing programme by the name of German Timber, (which was managed by the author of this article) the institution also undertook intensive marketing efforts in the UK. However, the marketing institution was forced to discontinue its activities in June last year for technical reasons.

In spring this year Wood Future (Zukunft Holz GmbH) was created with the objective of continuing selected task areas and projects of the German Timber Promotion Fund. Wood Future is supported by the German Forest Council (Deutscher Holzwirtschaftsrat) and the German Wood Council (Deutscher Holzwirtschaftsrat). The institution is still being developed, and to date offers mainly technical information and advice on the issue of timber construction in Germany.

Another institution founded in the spring is Wood Germany, the new international B2B

SUMMARY

- KVH, Duo/Trio beams, glulam and cross-laminated timber are being promoted to the UK.
- Germany is still Europe's largest sawn timber producer.
- German timber exporters have supported the development of marketing platform Wood Germany.



Thorsten Mrosek heads up Wood Germany

marketing platform for the German wood industry. It offers a variety of information on issues of innovative wood construction, modern timber products and the advantages of using wood from sustainable forestry.

Industry involvement

In the near future, the German timber industry's export-oriented companies and institutions will partner with Wood Gemany. The new organisation will also work closely with Wood Future, other industry associations and responsible government authorities. A number of excellent contacts have already been established and the internet portal www.woodgermany.com went live last month.

There are plans to develop additional information and service offerings, such as information brochures, and to develop a presence at trade fairs.

Wood Germany's aim is to continue making a contribution towards promoting a dialogue and close working relationship between British experts and decision-makers, and the German timber industry. ■

● For more go to www.woodgermany.com.