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WOOD INDUSTRY

SECTOR OVERVIEW DECEMBAR 2016



GLOBAL MARKET

European sawn wood prices reached their lowest level in six years

The declining demand, lower prices of soft wood and reduced volume of logs trade is the cause of lower prices of sawn timber in Europe over the last two years. European sawn timber price index reached its lowest point since 2010.

European lumber price index*



Source: Wood Recourse Quarterly

In the past two years, prices of wood sawn timber fell more in Europe than in any other region of the world

According to the latest available data, in the third quarter of 2016, the value of this index is lower by 0.5% compared to the previous quarter. However, although the index has declined since early 2014, the current value of the index is still 10% higher than the average value for the entire period from 1999 to 2016.



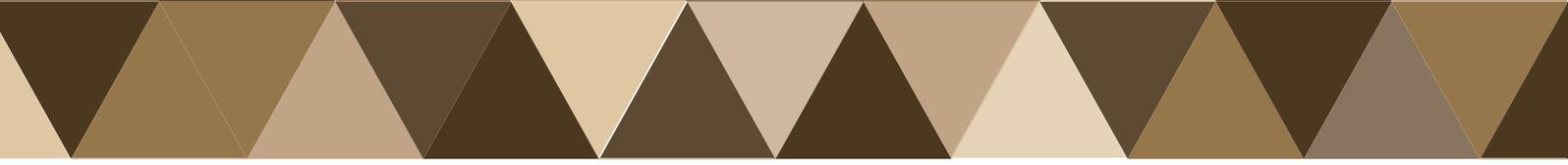
DOMESTIC AND FOREIGN MARKET

The decline in growth of exports of the German furniture

According to preliminary data of the German Association of the home furniture, the export growth rate of furniture for living rooms, dining rooms and bedrooms weakened at the end of 2016. During the first half of 2016, exports grew by 5.6%, while in the second half the growth was reduced to 4.5%, compared to the same period of the previous year. The total value of exported furniture from Germany was 617.4 m EUR. Exports to the two most important importing country had a negative trend: Austria (-4.2%) and Switzerland (-3.8%). In contrast, exports to the United Kingdom showed a growth of 18.5%, while the growth of exports to the Netherlands amounted to as much as 25%.

Production of raw materials in Sweden decreased by 450,000 m3

Due to closures and cuts in production, a Swedish production of lumber from softwood will experience a decline in 2017. Three large sawmill



which together produce 325,000 m³ a year are completely closed. In addition to closing, in other mills reorganization occurs, sale of parts of the production capacity, and reducing the volume of production.

The patent of company Unilin for easy assembly of floors expires this year

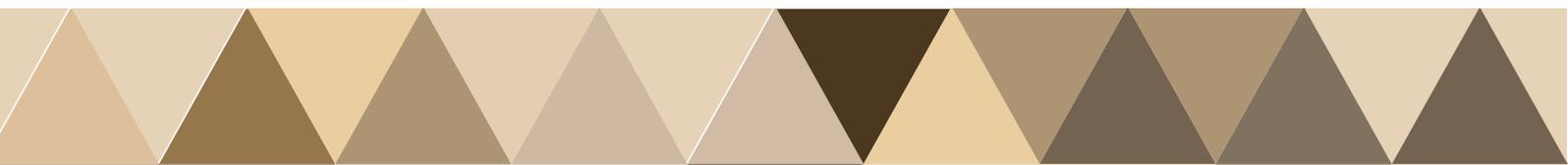
Patent for a system of installation of hard floors "Uniclic" from Unilin Group expires on 7 June 2017, after 20 years since its approval. Production and process patent describes the basic principles of the Uniclic system with which the individual elements of the flooring assemble without the use of glue over the grooves. Companies that use the Unilin license for this system thought that the expiration of these patents will allow free use of this system in the future, which would mean that there would be no need to buy a license. However, in discussions between the Unilin Group and licensed companies, Unilin clearly pointed out that the production of click profiles will not be possible without the approval by this group.

Czech production and Italian design at the fair in Cologne

Italian studio represents a new line of furniture produced with the help of technology of bending wood by steam. According to the founders of the study, their wish is that the furniture reminds of nature. For this reason, they used the technique of bending wood by steam in cooperation with the Czech company TON. The main reasons are the ease of design, rationality and at the same time connection with nature. The process of bending involves steaming of a rectangular piece of wood in special chambers for several hours, which is then mounted on metal frames. Thus softened wood is held by pressure in the form of the frame until it cools down and takes the shape of the frame. After this, the drying process lasts for a few weeks.

Serbia has opened a new internet platform for the establishment of direct contacts between Serbian companies and foreign buyers

This platform is located at <http://serbianwoodprocessing.com/> and is a result of cooperation between the Agency for wood and the Swiss SIPPO program. The platform is designed and implemented to support the export of products made of solid wood. Serbian companies that want to set up their profile on this internet platform can contact the Agency for Wood on office@agencijazadrvo.rs mail address, where they will receive instructions on the application procedure. Setting up a profile on the platform is free of charge until November 2017, after which it will be charged. The platform will be directly linked to sites SIPPO and the Agency for wood, in order to network with the visitors of these sites and achieve a large number of contacts between interested users.





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