

# **TRENDS AND PROSPECTS ON THE TIMBER MARKET IN BELGIUM**

**Geneva, September 2002.**

**Timber Committee  
Sixtieth Session**

## **A. GENERAL**

### **National economy**

The prospect towards which the trends of the fundamental indicators were pointing at the beginning of this year of an improvement of the economic environment for 2002 has melted away.

Fresh indications given by economic research institutes confirm Belgian economy is further losing steam sufficient to prompt a downward revision to the official estimate of the 2002 GDP growth. With a growth rate forecast at about 0.7 per cent for 2002 economic expansion shows after the 1.1% of 2001 a hard downturn since the record 4% growth noted in 2000.

Moreover, without undue pessimism, a return to a more dynamic scenario is difficult to imagine short term, since general conditions remain under a cloud of uncertainty.

Foreign demand isn't longer emerging as a strong stimulus of economic growth. This is a result of the exceptional dependence of the Belgian economy on a particularly instable international economy.

Despite a downward movement in corporate investment domestic demand in general seemed to be more resilient. This resistance in private consumption expenditures is part of the rather strong purchasing power generated by a more expansionary fiscal policy and a low inflation rate which is expected to remain behind 1.5%.

Nevertheless, the fall in equity values and a bleaker labour market prospect i.e. 7 per cent unemployment could again induce a tendency to save with the result private household consumption could face a slowdown .

## **B. THE TIMBER OUTLETS**

### **a. the building sector**

In 2001, the construction of one-family houses decreased for the 3th year in succession falling from 25.500 unites in '99 to 21.500 in 2001 while construction of apartments was still increasing and, - in terms of lodging -, represents with 18.300 units more than 45% of new housing.

The latest survey data indicates that the housing starts 2002 with 38.500 units will be behind the 40.900 units of 2001.

From another side, repair and remodelling sector match still good levels and remain a sure component of timber consumption for all categories and species of wood taken together.

### **b. industrial production**

The furniture sector has shown decreasing developments particularly from 11 September events up. Following the most recent indicators, a slight improvement is expected.

Nevertheless, even if tropical hardwood species enlarge their share in Garden furniture, the sector in general is less dependent to solid wood for the benefit of wood based panels with an exception for solid oak which is slightly increasing its share.

Demand for parquet stabilised at a high level. Hardwood flooring seems to reinforce its position above all for the benefit of Oak and Beech while laminated flooring isn't longer increasing. Wooden terraces are monopolised by tropical species originating in Asia and above all in South-America.

An increase in the production of wood based panels is noted thanks to a stronger export trend in particle boards to the Far East.

Concerning building components the sector is characterized by an activity more or less in line with the one noted in the construction in general.

Most indicators in the sector of pallets and other types of packaging are facing now a decline especially as far as pallets are concerned.

### **FORECASTS FOR 2003**

For some analysts the scenario of a recovery of the Belgian economy during 2003 isn't excluded while a climate of uncertainty currently characterises the international economy.

In the Belgian wood sector the impression is prevailing that in terms of consumption of all wood products considered as a whole, the year 2003 will almost yield the same results as those of 2002.



