

Exporting tropical timber mouldings to Europe

Tropical timber mouldings are a popular product group in Europe and can provide opportunities to exporters in developing countries. After the economic recession, the European market for mouldings has improved again. Make sure that you focus your production on mouldings for outside use and add value through sustainability certification, the use of beautiful coloured hardwood species, a unique design and competitive pricing.

Contents of this page

1. [Product description](#)
2. [Product specifications can be separated into the following characteristics.](#)
3. [What makes Europe an interesting market for mouldings?](#)
4. [Which trends offer opportunities on the European market for mouldings?](#)
5. [Which requirements should mouldings comply with to be allowed on the European market?](#)
6. [Which requirements must you comply with?](#)
7. [What competition do you face on the European moulding market?](#)
8. [Through which channels can you get mouldings on the European market?](#)
9. [What are the end-market prices for mouldings?](#)

1. Product description

This product fact sheet covers mouldings made from tropical wood species. Mouldings can also be made from softwood species and MDF (Medium-Density Fibreboard) with glued foil, but these are mainly produced in Europe and not part of the present study.

In principle, “mouldings” is a collective name for a group of products which include the following:

Builder mouldings. These mouldings are used for ceiling-wall corners (“crown mouldings”), around doors and windows (“architraves”), under the doors on the floor (“door saddles and thresholds”) and in floor-wall corners (“skirting boards and lippings”).

Figure 1: Builder mouldings



Exterior mouldings are used for outside doors, windows and garden structures, and are made of tropical hardwood with a high density.

Decorative mouldings. These products are used in all kinds of different mouldings and measurements, mostly

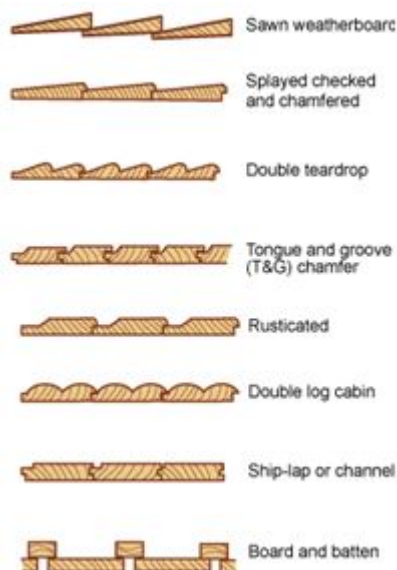
for inside use. This [German company](#) shows many possible profiles.

Figure 2: Decorative mouldings



Cladding. These mouldings are used in inside or outside timber for wall covering. For outside use, hardwood species are used.

Figure 3: Cladding



Mouldings made from tropical timber are mainly produced for outside purposes. With the occasionally harsh climates in the EU/EFTA, these mouldings are often made from durable hardwoods with a density of between 600 and 900 kg/m³.

Tropical wood species with a density of between 300 and 600 kg/m³ are sometimes used for interior purposes where the drawing and colours of the tropical timber will be visual.

For classification of door and frames, the Eurostat Prodcom system is used. The following product code is used: 16.10.21.50 "Non-coniferous wood continuously shaped (including strips and friezes for parquet flooring, not assembled".

Some precaution is required, as temperate hardwood species are also included in these codes. "Solid flooring" is included as well.

2. Product specifications can be separated into the following

characteristics.

Quality

Although this is a pre-finished product, the quality in general is high. Both the quality in timber and the quality of moulding is “A”, at least on the surface side. “AB” is possible in some cases as well. “A” means a lack of any defects, or perhaps some small knots in case of softwoods. In other cases, some discolouring defects are possible when products are painted later on (making them “B”-quality, sometimes called “P”-grade or paint grade).

B-quality can also be Finger Jointed (FJ). In that case, European Union-accepted glues have to be used. Interior/exterior polyurethane adhesives are normally used (formaldehyde- and solvent-free).

Kiln-dried percentage (KD). As a European average for finished products used inside, stick to 8–10% moisture content. Use 10–14% when your components end up as an outside product such as window and door linings.

General size tolerance. Depending on the species and size of products, a maximum of 0.3% is normally used due to expanding and shrinking of hardwoods. The 0.3% tolerance is the maximum (also for bending), which means that timber has to be dried properly and moulded with sharp knives.

Main species and colours

The species selected depends on the use of the product. If these products are visible (not painted), the type of species depends on consumer preferences. In the United Kingdom, for example, darker colours are preferred. By contrast, in Germany, lighter colours are favourites. In addition, true hardwood species are mainly used for outside purposes.

Dimensions

Widths are depending on the products. Lengths are usually 180, 200, 210, 240 and 270 cm. A general thickness used in outside cladding is 18 mm. For interior use, this thickness can be as low as 9 mm. Preferably, R3 is used for rounded corners.

Types of packaging

The International Standards for Phytosanitary Measures (ISPM) apply to wooden packing materials. Products are placed on heat-treated pallets with protectors for the pallet-wrapping strips. This packaging is generally for protection rather than for marketing purposes.

Orders are usually transported and counted by the number of containers (20 ft or 40 ft). Dry Cargo Containers defined as 20'GP (general container), 40'GP and 40'HQ (high cube) are normally used for shipment. If the density of your wood product is very high and the volume of the order is low, it is recommended that 20'GP containers are used. If the volume is large, it is recommended that 40'GP containers are used.

Labelling

Labelling depends on your buyer and your end market. In the event that your product ends up on the retail market, every label or sticker must specify the product's size and species.

3. What makes Europe an interesting market for mouldings?

The statistics below are based on Eurostat data about mouldings. There are basically two larger streams of tropical mouldings on the European market. On the one hand, you have products that are produced in the developing countries (roughly 58% of the market). On the other hand, there are tropical mouldings produced in factories throughout Europe and made from imported tropical sawnwood (roughly 42% of the market).

As a result, some European countries are exporting more tropical finished mouldings than they actually import. This situation means that there is also a second stream of local production made from imported sawnwood.

Import: gradual recovery

The figure below presents the import of mouldings into the 28 European Union countries.

During the period between 2011 and 2014, imports to Europe were more or less stable. Evidence of economic recovery has since shown up in the figures, resulting in an import value of € 854 million over 2015. As explained above, there are two streams in Europe. The graph above represents the two streams together. The import from other European Union countries is considered “local production” (mouldings made from imported tropical sawnwood or temperate hardwoods).

Strict implementation of the EUTR might still affect imports of tropical mouldings in the coming period, since Europe has been actively blocking imports of illegal timber as well as non-verifiable timber. In 2015, the largest importers were France, the United Kingdom, Germany, Belgium and the Netherlands.

The leading suppliers from developing countries were China (€ 130 million), Indonesia (€ 119 million), Brazil (€ 98 million), Malaysia (€ 33 million) and Peru (€ 11 million).

Tip:

As competition between developing countries will be fierce, it is recommended that exporters differentiate their products; for example, exporting your products with a higher added value by focusing on finishing and design is recommended as a means of distinguishing yourself from competitors.

Exports: clear increase

The figure below presents the export of mouldings from the 28 European Union countries to the rest of the world. This number includes the export of mouldings made from temperate hardwoods that grows in Europe.

European export declined several years in a row but is now on the way back, amounting to around € 666 million in 2015. The total export from European countries to other European countries in 2015 (intra-European trade and locally produced mouldings, made from imported sawnwood or temperate hardwoods) amounted to € 487 million, or 73% of the market. The remaining € 179 million, or 27%, was exported to the rest of the world.

In 2015, the largest exporters were Poland (mainly temperate hardwoods), Italy, Germany, Croatia and Belgium.

Production and consumption: recovery

The figures below present the production and consumption of mouldings in the 28 European Union countries.

The production of tropical mouldings is realised by importing tropical sawnwood and processing it in factories around Europe. Also included in the production figures are mouldings made from temperate hardwood that grows in Europe. Production figures increased in the past year and reached the respectable figure of € 431 million over 2015. The major producing country is Poland, followed by Spain, Germany, Austria and Hungary.

The figure above also presents the consumption of mouldings in the 28 European Union countries.

Consumption is calculated as Imports + Production – Exports. The consumption of mouldings has increased, amounting to € 592 million in consumption.

GDP and consumer confidence are expected to increase further in 2016. This development will further positively affect the consumption of these products, which are closely connected with the developments in the building sector. In 2015, the largest consumers were France, Germany, the United Kingdom, Spain and Belgium.

Tip:

Make sure that you promote your product well. As tropical timber is used outdoors, qualities regarding durability, water resistance, resistance against fungi and insects should be emphasised, among other things.

4. Which trends offer opportunities on the European market for mouldings?

The [CBI Tropical Timber Trend](#) document provides you with detailed trends on the European market for sustainable tropical timber and timber products. The section below gives a short summary of the most important developments and trends on the European Union market.

Substitution by soft and temperate wood species and non-timber alternatives grows. The increased availability of thermally and chemically treated softwoods and temperate hardwood means that tropical timber is increasingly being substituted in furniture, joinery, mouldings and garden products.

Temperate timber species such as oak and walnut are very popular in many European countries as well. Naturally, timber produced in Europe is cheaper than imported tropical wood. Competing with cheaper products, which are often mass-produced in eastern Europe, is difficult.

Workforce demographics stimulate outsourcing; production is slowly moving to eastern European and developing countries. Consumers are slowly returning to construction. The period of economic recession took the European construction market into a downturn, since fewer parties were constructing new homes. Nevertheless, the market for renovations remained steady and is now on the increase again.

Consumer awareness about deforestation and climate change increases. In most of the important importing countries of tropical timber in Europe, sustainability is high on the agenda of the consumers and thus also of governmental agencies, timber trade federations and large retailers. Traceability systems are gaining importance too.

More efficient processing, value addition and innovation are on the rise. To increase efficiency, there is a move towards processing techniques that enable the use of timber waste which would otherwise be discarded (for instance, finger jointing, lamination).

The Gross Domestic Product (GDP) in the European Union is expected to grow by 1.8% in 2016 and by 1.6% in 2017 (EU/EFTA Forecast 2015). The growth for 2017 was tempered in the last part of 2016 because of Brexit, the United Kingdom's withdrawal from the European Union.

The rise of demand in emerging economies continues. The rapid development of emerging economies is fuelling

the demand for tropical timber and timber Products.

The pressure on price premiums mounts. The price premiums for certified tropical timber and timber products are under pressure because certification becomes “business as usual”.

Lesser-known species are in demand. An important part of sustainable forest management schemes is the promotion of lesser-known species. The scarcity of well-known/popular tropical timber species offers opportunities for new species.

The European Union Timber Regulation (EUTR) is meeting expectations only partly. The implementation of the EUTR is still in its infancy. In many European Union Member States, the monitoring of illegal timber trade is still insufficient.

The euro has appreciated against the US dollar, from a low of 0.72 euro/US dollar in April 2014 to a high of 0.84 in September 2017. This fact means that the euro is still weak (November 2016), which has influenced prices and price competitiveness. A stronger euro means that European buyers pay relatively lower prices for timber from many Asian and other countries that maintain timber prices in US dollars or have currencies linked to the US dollar.

5. Which requirements should mouldings comply with to be allowed on the European market?

This buyer requirement section is separated into three parts: requirements that you *must* meet to be able to export, additional requirements that you *may* meet and niche requirements that you *can* meet. Below, you will find a summary only. For more information, please read the more detailed CBI document on “[Requirements with which your product should comply](#)”. You can also check the International Trade Centre’s [Standards Map](#), an online tool providing information on over 130 standards and other similar initiatives.

6. Which requirements must you comply with?

The European Union Timber Regulation (EUTR) is the most important requirement that you must meet. There is also the European Union General Product Safety Directive, however, which applies to all consumer products. Products that are permanently incorporated into construction works also have to comply with the Conformité Européenne (CE) requirements.

In addition, there is the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) to comply with and the European “Registration, Evaluation, Authorisation and Restriction of Chemicals” (REACH) to take into account. For packaging material, you have to comply with the International Standards For Phytosanitary Measures (ISPM).

Which additional requirements do buyers often have?

Sustainable forest management is especially relevant to tropical timber, due to concerns about deforestation and global warming. Moreover, importing companies often need to address other issues than the origin of wood. European buyers (especially those in western and northern European countries) pay more and more attention to their corporate responsibilities regarding the social and environmental impact of their business. This aspect also affects traders and processors.

What are the requirements for niche markets?

Ecolabels may be important. These labels do not only focus on sustainable sourcing but also on other aspects of the products: processing (for instance, energy consumption, waste management), packaging and the use of chemicals. Smallholders and communities often face tough competition on the global timber market. The Forest Stewardship Council (FSC) has developed a “dual certification of FSC and Fair Trade” that has been tested and is

available.

Country-specific requirements

Various European countries have their own regulations or requirements. The following bigger importing countries and their specific requirements can be identified:

Germany

General building regulation (Bauordnungsrecht). “U” mark (mandatory requirement for commercial building products). German regulations on pentachlorophenol and formaldehyde (Chemikalien-Verbotsverordnung). Public procurement. The DIN (German Institute for Standardisation) aims to organise and moderate standardisation in Germany. It currently has 11 standards and specifications in relation to tropical timber.

Belgium

Belgian building regulations. Public procurement. The Federal Government supports the certification of sustainably managed forests and will use only certified wood in its procurement procedures. The Federal Government advised the three “Gewesten” (Regions) to implement similar regulations, which they are doing gradually. The NBN (Bureau for Standardisation) aims to organise and moderate standardisation in Belgium. It currently has 24 standards and specifications in relation to tropical timber.

France

Public procurement: the French government’s public procurement policy for timber requires that all timber and wood-derived products must be from independently verifiable, sustainable sources.

AFN technical standards. AFNOR provides technical specifications for outdoor timber: NF B54-040:2010, NF B54-040/A1:2013 and NF EN 12871:2013. Specifications include product dimensions, stability and moisture requirements.

The Netherlands

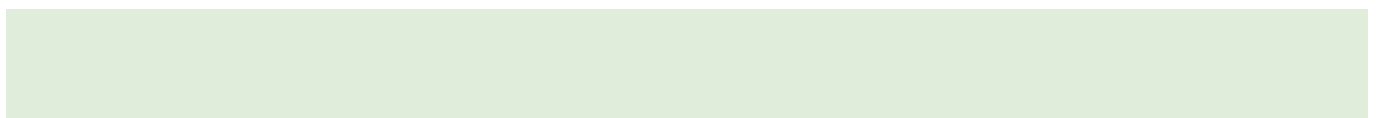
Dutch building regulations (Dutch “Bouwbesluit”): products used in building projects must comply with the Dutch building regulations. Public procurement. Dutch regulations on various chemicals such as formaldehyde. The NEN (Dutch Institute for Standardisation) aims to organise and moderate standardisation in the Netherlands. It currently has 51 standards and specifications in relation to tropical timber.

7. What competition do you face on the European moulding market?

For a complete and detailed overview of your competition on the European market, you can read our [“Competition in the timber sector”](#) document. With regard to mouldings, take the following into account.

Your competition is working on legality and traceability

Legality and traceability requirements are considered major barriers for exporters in developing countries. This fact is because of the potential problem with illegal timber. Nevertheless, products with less detailed specifications and less sophisticated design, such as decking, will enter the European market more easily compared to other timber products such as garden furniture. For mouldings, the demands for legality and traceability will be moderate because these products are mainly sold to construction companies or importers. For these companies, their “environmental friendly” image will be important.



Tips:

Keep up to date with market access requirements and trends, following details of developments provided by CBI.

Make sure that you work on the legality and traceability of your raw material.

Your competition is there; make sure that you stand out

Market rivalry depends on the availability of the various timber species, quality, design and prices. Tropical timber is sometimes used to make a design statement within companies, public institutions or private homes. In such cases, sustainability and design are often important, with the product ordered as a single item and in a specific, unique size and at a higher price than for standard-sized and conventional designs.

Tips:

Make sure that you add value to your product by improving its durability, quality and design (colour of the timber) through the use of tropical hardwood species with a higher density which can be used for exterior purposes. The wide range of mouldings means that focusing on a price range is essential. Exporters from developing countries are advised to focus on a niche; for example, outside used mouldings or inside used mouldings made from colourful species.

Timber prices can change daily, so you depend on your buyers to stay informed of the price developments. For more general information on prices, check the [bi-monthly ITTO tropical timber market reports](#) (International Tropical Timber Organization) and the [FORDAQ](#) website.

As many retailers display their mouldings online, verify whether your styles and price ranges match theirs. Be innovative in proposing new styles, but also be flexible if required in order to adapt to traditional styles.

Smaller, specialist suppliers, designers and architects are potential buyers and can be targeted by exporters of high-quality, innovative and contemporary designer mouldings.

E-commerce competition

Online orders directly from producers (in developing countries, delivering directly with online delivery tracking) or directly from DIY retailers and wholesalers (for instance, [Dresser Mouldings online](#), [Timber source](#), [Online Holz](#) and [TMFB](#) (Spain)) are increasingly popular. Online market places such as [Alibaba](#) and [eBay](#) are also popular options for retail and wholesale. In addition, the normal retail showrooms, DIY centres, warehouses and specialist joinery businesses continue to be traditional channels.

Tips:

Online buying is increasing among household consumers and importers. As a result, it is recommended that exporters connect with suppliers who own or have access to online shops.

Using social media such as LinkedIn and Facebook can be a way to increase your market exposure. Communication can be aided by web-based call and conference facilities, such as Skype, which allow long-distance face-to-face exchanges.

Make sure to display at relevant trade fairs and on the internet, including a direct sales page on your website with appropriate direct delivery methods.

European companies are investing in your country and become competition

As a result of the decreased availability of tropical timber and the increased buyer requirements on the European market, European buyers are working towards vertical consolidation of their supply chain. Europe is replacing part of its suppliers of tropical timber due to legality issues. They can do so by sourcing tropical timber directly in the harvesting countries, thus weakening the role of the exporter.

Vertical consolidation is currently taking place on the timber market. This development creates the need for long-term cooperation between suppliers and importers. As such, importers indicate that they are building relations with their suppliers in developing countries for many years to come and often visit the exporting companies to make sure that the operations are carried out accordingly.

Tip:

The stricter requirements of the European market create the necessity for long-term cooperation. At the same time, working together with other processors and traders will make you a more attractive supplier while reducing the costs and supplying higher volumes.

8. Through which channels can you get mouldings on the European market?

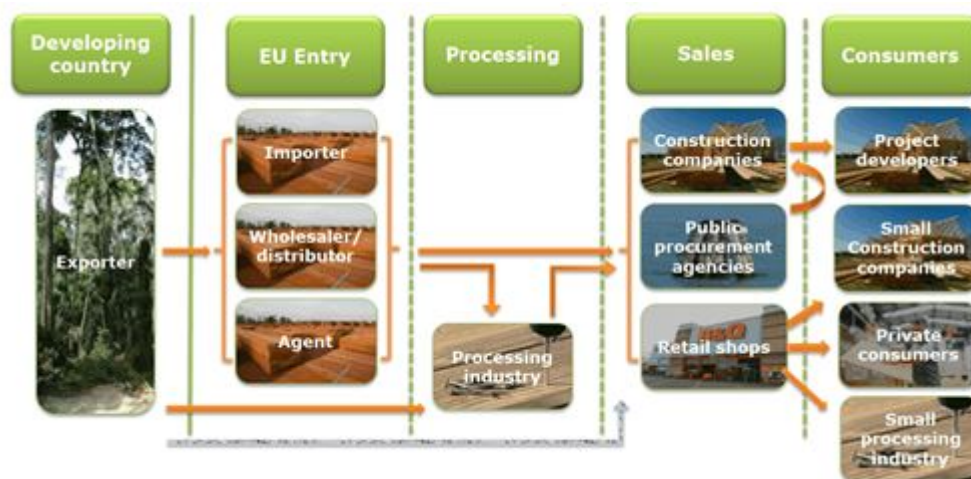
For more general information about market segments and channels, you can have a look at the [Market Channel and Segment document](#) available on the CBI market intelligence platform.

The value chain for mouldings does not present significant differences from the general tropical timber sector. Exporters in developing countries mostly sell their products to importers and wholesalers on the European market. The product is distributed via retailers, Do-It-Yourself (DIY) stores (such as [Homebase](#), [Praxis](#) and [Hornbach](#)) and construction companies, mostly in a finished form.

Please understand that a substantial part of the market (42%, see the statistics section above) is produced in Europe, made from imported tropical sawnwood and temperate hardwoods. The remaining 58% are mouldings actually produced in the developing countries.

Trading channels for tropical timber products in general have changed drastically in recent years. First of all, the influence of e-commerce has shifted timber sales towards a much quicker and more open process. More importantly, legality and sustainability demands have resulted in the shortening of supply chains, thereby decreasing the number of agents active in the tropical timber trade.

Figure 8: Trade structure for mouldings



Source: Forestry Service Group

Tip:

If you supply sustainably certified tropical timber products, the Netherlands, Belgium and Germany are ideal countries for you to export your product. These markets offer higher profit margins on products compared to non-certified ones.

The [Global Forest Trade Network](#), a WWF initiative which aims to connect sustainable timber exporters with European industries, can provide you with an important opportunity to connect to the right buyer.

9. What are the end-market prices for mouldings?

There are many factors that influence prices of mouldings: availability, function (inside or outside use), species, sustainability certification, design and volumes.

For mouldings, part of the final value is sometimes added in Europe after import. If you see opportunities to add more value to your product before exporting (for example, by exporting more sophisticated products or better packaging), it may attract higher margins.

Tips:

Premiums are sometimes paid for products with a sustainability certificate.

Softwood mouldings are generally sold at slightly lower prices than their hardwood counterparts. Hardwood reflects perceptions of quality.

Take into account that transport costs of softwoods are lower due to their lower weight.

Figure 9: Price breakdown of mouldings imported to Europe (excluding VAT, average 20%)



Source: FSG

Common market prices

The table below provides examples of retail prices (including VAT) in the major importing countries. Prices are separated into the groups of mouldings indicated in the product description section of this document. There is an MDF moulding included for comparison.

Table 1: Examples of retail prices

Type of moulding	Timber species and remarks	Price/ meter	Size	Picture	Sold by	Country
Builder mouldings						
Architraves	Mahogany (Sapelly)	€ 11.13	70 mm x 20 mm x 1 m		Hardwood Sales	United Kingdom
Wedge bead (for windows)	Red Hardwood (inside use)	€ 5.90	15 x 12 mm		JAS Timber	United Kingdom
Skirting	Meranti, white coated	€ 5.52	18 x 70 mm		Plintenfabriek.nl	Netherlands
Skirting	MDF with coating (no painting needed)	€ 3.96	18 x 119 mm		Laver	United Kingdom
Decorative mouldings						
Decorative moulding	Beech (temperate hardwood)	€ 3.00	45 x 7 mm		Holz Profile	Germany

Decorative moulding	Sapelly	€ 5.51	65 x 35 mm		Molduras Cristobal	Spain
Decorative moulding	Meranti	€ 3.70	22 x 35 mm		Bourguignon bois	Belgium
Cladding						
Cladding	Wawa	€ 5.38	10 x 70mm		TMFB	Spain
Cladding	Iroko	€ 6.49	10 x 70mm		Timber Source	United Kingdom

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