CBI
Ministry of Foreign Affairs

CBI Product Factsheet:

Decking in the Netherlands 2015

Introduction

Despite the economic recession and some years of decreasing imports and consumption, the Dutch market for tropical timber decking now remains stable, providing great opportunities for exporters in developing countries. Tropical timber decking is popular among Dutch consumers who appreciate its aesthetic and durability features, but they are also very price aware. Certification is highly important in the Do-It-Yourself (DIY) sector, which is one of the most promising end markets for exporters in the Netherlands. Therefore, value addition through certifications, as well as competitive prices, will be critical in order to access the Dutch market for tropical decking.

Examples of tropical timber decking

Source: praxis.nl

Product definition

Decking refers to a flat or profiled (anti-slip) timber surface, usually moulded for outdoor use and often elevated from the ground. Tropical timber decking can be used in different ways: as part of garden landscaping, an alternative to stone patios and to extend living areas of the house. Tropical timber is defined as non-coniferous tropical wood for industrial uses, which grows or is produced in the countries situated between the Tropic of Cancer (Northern Tropics) and the Tropic of Capricorn (Southern Tropics).

For classification of tropical timber decking the *Harmonised System* (HS) is used. The main HS code used is 4407, Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed, of a thickness exceeding 6 mm. Within this group the following codes are used to identify various species:

4407.21 Mahogany. 4407.22/23/24 Virola, Imbuia and Balsa. 4407.25 Dark Red Meranti, Light Red Meranti and Meranti Bakau. 4407.26 White Lauan, White Meranti, White Seraya, Yellow Meranti 4407.27 Sapelli. 4407.28 Iroko. 4407.29 other tropical wood specified in [subhead note 1] of Chapter 44 and 4407.99.96 others tropical wood.

Product specification

Quality:

Two main types of decking can be identified on the Dutch market, based on their end-market use:

- Hardwood decking with anti-slip represents a large market in the Netherlands, where gardens are common and gardening is a popular hobby.
- Hardwood decking without anti-slip represents a much smaller market and is used by construction companies for various purposes (e.g. bridges).

Main species:

The Dutch market for tropical decking is largely diverse when it comes to species. While one of the most popular tropical timber species is Bangkirai, several others are used for decking manufacturing. The most common used are (Source; [Probos report]):

- Massaranduba, Kapu, Belinga, Kempas, Angelim Vermelho, Keruing

Dimensions:

The most common dimensions for decking boards in the Dutch market are:

- Length: various lengths depending on the producer (ranging from 215 till 365 cm).
- Width: 14.5 cm
- Thickness: 2.1 or 2.5 cm

Colours:

The Dutch consumer gives preference to red-brown coloured garden timber and decking, which is associated with durability.

Types of packaging:

Orders are usually transported and counted by the number of containers (20ft or 40ft). Dry Cargo Containers defined as 20'GP (general container), 40'GP and 40'HQ (high cube) are usually 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.
- Bundled decking: random length decking bundled in average length bundles.
- Nested decking: random length decking bundled continuously end to end.

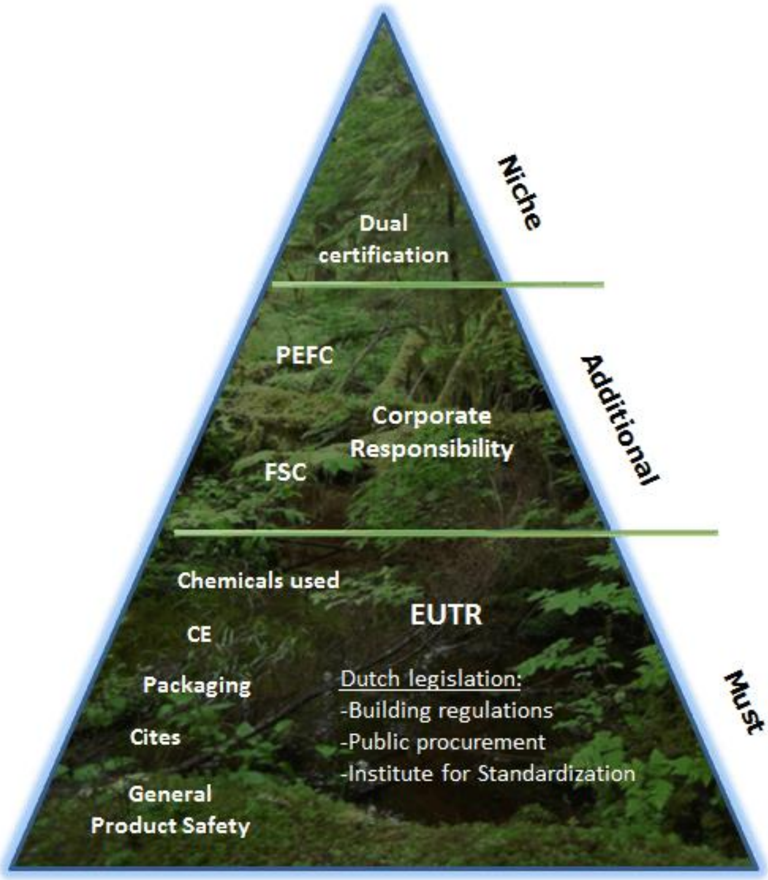
Labelling:

Labels for timber decking should include the following information:
Information describing the timber decking, country of harvest, species (common trade name), quantity, details of the supplier (name of company, supplier's name), information on compliance with national legislation and information on sustainability labels.

Buyer Requirements

This buyer requirement section is separated in 3 parts; requirements you *must* meet to be able to export, additional requirements you *may* meet and niche requires you *can* meet. For more details read the more general CBI document on '*requirements your product should comply with'* as well.

Figure 1: All buyer requirements in one figure (Source: FSG).



Requirements you must meet

General Product Safety and liability

The General Product Safety Directive applies to all consumer products in the European Union. The obligation to comply will be primarily the responsibility of the European Union companies that place the finished product on the market. However, they will often ask their suppliers to comply with the given requirements. There is also non-product specific legislation on liability that apply to all goods marketed in the European Union.

Tip:

- To get a better understanding of reasons behind the confiscations of products by European Union customs authorities, refer to the European Union's RAPEX database. Try and identify the most common forms of non-compliance by suppliers to the European Union and evaluate your own risks. This strategy can serve as a basis for you to correct any supply inconsistencies before accessing the European Union market, thus avoiding rejection at the border.

CE marking for timber products used in construction

Timber decking that is permanently incorporated into construction works will have to be CE-marked. The CE marking demonstrates that the products comply with harmonised requirements regarding mechanical resistance, stability, safety in case of fire, hygiene and the environment. Since July 2013, manufacturers of finished construction products need to provide a declaration of performance (DoP). The CE requirement applies to you only if you are a developing country supplier of *finished* decking panels to the European Union. As a supplier of *parts*, you will only have to provide information about the essential characteristics of your product to your buyer.

Tips:

- For an explanation what the essential characteristics of products are, refer to Chapter 1.3 of the Manufacturer's Guideline to the Construction Product Regulation and its Implementation.
- To read more about CE marking of construction products, refer to the European Union Export Helpdesk.

European Union Timber Regulation (EUTR), controlling the legal origin of timber:

All timber imported into the European Union needs to come from verifiable legal sources. European Union buyers that place timber or timber products on the market time have to show due diligence. Either you do this by larger contracts or with every container you send. In addition the EUTR forces operators to trace their products back to the source. This means that when suppliers supply legal timber but cannot provide well-documented guarantees of legality they will not be able to supply the European Union market. The easiest way to prove compliance is through a voluntary legality verification system or regular sustainable forest management certification (e.g. FSC).
The EUTR is part of the Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan. Another part of the plan are the Voluntary Partnership Agreements (VPAs). These are voluntary trade agreements between the European Union and timber exporting countries. In case a given country is fully implementing its national control scheme, it receives a European Union FLEGT license and all timber exported from that country is considered legal. Note, however, that FLEGT does not prove sustainability, nor does it address deforestation; only legality.
At this moment European Union buyers consider sustainability certification important and EUTR essential. Consumers will not ask for less sustainable products in the future, when informed about the difference between 'legal' and 'sustainable' (Source: feedback from 17 importers during meetings and online questionnaire 2015). From the developing country suppliers' perspective, EUTR's regulations are considered to be complicated and expensive thus presenting a threat for imports from developing countries.

Current state of affairs; The implementation of the EUTR is still in its infant stage. In many European Union member states the monitoring of trade in illegal timber is still insufficient. At the supply side there are, at the moment of writing (Jan 2016), 9 developing countries in the final stage of implementing and 9 other countries are still in the negotiation phase. None of them reached the FLEGT licensing stage (check European Union-EFI for the current status). Therefore, since the implementation of EUTR no FLEGT-licensed timber has yet entered the European Union market. There are reports that by the end of 2015, Indonesia and Ghana will have completely implemented its FLEGT-legality assurance system however this has been delayed several times already. Regardless of these shortcomings most large and professional buyers comply with the requirements in the EUTR and are asking their suppliers to prove legal origin of timber. Compliance is especially common in North and West European Union countries where there is a strong commitment towards legality and sustainability. However in these regions (smaller) buyers can also be less pro-active and not yet fully compliant. What has happened since the implementation of the EUTR is that the supply chain of timber has become more transparent. It has already resulted in major improvements in the legality controls and overall environmental and social performance of their timber and forestry industries. It might still take some time but the European Union will move towards a stricter implementation of the EUTR.

Tips:

- With the implementation of the EUTR the European Union is less than ever a market for incidental selling. In case you decide to keep selling to the European Union market keep in mind that legality assurance is an essential aspect of trade together with price and quality. More information is provided by the Guidance Document for the EUTR.
- Read more about control on illegal timber and timber products in the European Union Export Helpdesk.
- The European Timber Trade Federation and EU FLEGT facility provides regular updates about the status of the implementation of the EUTR.
- For establishing long-term business relations suppliers are advised not to wait for the EUTR and FLEGT-system to be fully up and running, but to be pro-active and ensure full transparency and legal sourcing and take your own measures if necessary.
- The EUTR is completely

CITES

If you are supplying endangered timber species listed by CITES (International Convention on Trade in Endangered Species) you will have to obtain a CITES permit. With a CITES permit you automatically comply with the requirements of the European Union Timber Regulation (EUTR) and your timber will be considered legally harvested.

Tip:

- To check if your timber is included in the CITES-list, refer to Annex A, B and C of the CITES-Regulation. As the list is regularly updated, make sure to refer to the most recent version of the Regulation (see under consolidated version).

Chemicals in timber

The preservatives arsenic, creosote and mercury can be used to prevent rot and improve the durability of timber especially destined for outdoor applications such as decking. The European Union does not allow the use of these preservatives, except for products such as wood used in industrial installations or as railway sleepers. There are also restrictions for timber products treated with certain oils, glue varnishes and lacquers that may contain harmful substances. For example, painted articles must not be placed on the market if the concentration of cadmium is equal to or greater than 0.1% by weight of the paint on the painted article.

There are also restrictions set by the European Union for the use of chemicals in processing. The European Union REACH (Registration, Evaluation and Authorisation of Chemicals) regulation sets requirements for the use of products such as oils, varnish and lacquer that may contain harmful substances. Decking treated with certain substances such as arsenic and chrome may not be imported.

This legislation does not apply outside the European Union, but buyers are increasingly implementing sustainable practices in their own companies and in their supply chains. Therefore, they can ask you to also comply with these requirements regarding the use of chemicals during processing and production (e.g. volatile organic compounds [VOCs] used in coatings, formaldehyde and Pentachlorophenol).

Tips:

- Ask buyers whether they have specific policies concerning chemicals and what their specific requirements for suppliers are.
- Refer to the European Union website on reduction of emissions and substitution of solvents to learn more about how to reduce VOCs.
- Check the European Export Helpdesk to determine in how REACH affects you.
- To find out more about restrictions on specific substances, refer to Annex XVII of Registration, Evaluation and Authorisation of Chemicals (REACH). In addition, refer to the website of European Union to read more about REACH.
- Read the CBI document on 'requirements your product should comply with' as well.

General requirements on packaging:

There is also non-product specific legislation on packaging (Directive 94/62/EC) that apply to all goods marketed in the European Union. The scope of the regulation is to introduce measures in order to reduce the risk of pest spread associated with the packaging material of raw wood. All wooden packaging material (mostly pallets) you use must display the ISPM 15 logo and your unique identification number (if you produce the packaging material yourself). If you are not producing the material yourself, you will need to buy the material from a licensed producer in your country. See the CBI document on buyer requirements as well.

Specific Dutch legislation

Although there are already many European Union-wide regulations that are implemented by the member states (see above) there are still country-specific laws that are applicable as well. The idea is that many of these country specific laws are gradually replaced by the European Union-wide legislation.

Dutch Building Regulations (Dutch 'Bouwbesluit'):
Products used in building projects must comply with the Dutch building regulations ('Bouwbesluit'), which determine how buildings may be designed and constructed, so as to meet planning law requirements. This is organised for the country as a whole.

Tip:

- Tropical timber decking destined for the construction market must comply with the Dutch building regulations. However, for tropical decking there are no further Dutch restrictions, the Netherlands is following European Union wide regulations in this (see CE marking above). Ask your buyer to help you with this.

Public procurement:

The Dutch Government started with the development of a new international Sustainable Procurement standard in 2013. The plan is now ready and submitted to the House of Representatives (House). It is estimated that it will be accepted and implemented in 2016. The Sustainable Public Procurement (SPP) action plan can be found here.
The Dutch Government (including all lower levels, like municipalities from 2015 onwards) supports the certification of sustainably managed forests and will use 100% certified wood in its procurement measures. Wood products procured by the government must demonstrably come from sustainable sources. The bidder must demontrate this by presenting an FSC or PEFC certificate. There is a special website for Sustainable Public Procurement and timber (in Dutch).

Tips:

- Developing country exporters who want to supply tropical timber decking to the Netherlands must meet the sustainability requirements that have been adopted since 2005. Check the general sustainable public procurement (SPP) website here.
- There is also a European Union wide web platform for sustainable public procurement that list the status of each country.

Dutch regulations on various chemical like Formaldehyde:

The Netherlands is mainly following European Union wide regulations (like European Union Reach, mentioned above). In addition, the Netherlands has banned the marketing of wooden panels, coated or uncoated, if the formaldehyde content of the board exceeds 10 mg formaldehyde per 100 g of board. Please note you may not market decking containing fibre-board that does not comply with the aforementioned limit either.

Additional requirements

Corporate responsibility

Companies are also addressing issues other than the origin of wood. Dutch buyers are increasingly paying attention to their corporate responsibilities regarding the social and environmental impact of their businesses. This also affects traders and processors. Important issues are respect for indigenous rights, owner's rights, environmental performance, respecting labour laws and healthy and safe working conditions. Many European companies in the timber sector have policies addressing these issues and suppliers may have to verify that certain policies are in place (certifications and standards). Suppliers may be asked to abide by a code of conduct or to sign supplier declarations to ensure compliance with applicable local laws and regulations, industry minimum standards, the International Labour Organisation (ILO) and UN Conventions.

Tips:

- Train your workers in how to increase efficiency and reduce waste and emissions. For more information on these aspects, read Wood processing and furniture making: Cleaner production fact sheet and resource guide
- Refer to the factsheet health and safety management in the woodworking industry by the Building and Woodworkers International Association (BWI).
- Refer to the Less Dust Guide from the European Federation of Building and Woodworkers to reduce wood dust in the workplace.
- Ask your European Union buyer about their supplier policy with regard to labour standards. Do not forget to find out how these standards are monitored and/or evaluated.
- Investigate the possibilities for implementing sustainability certification for continuous process improvement: ISO 14000 (environment), OHSAS 18001 (health and safety) and SA8000 (labour standards) are some specific examples of such certifications.

Sustainable forest management

Sustainably-produced timber goes much further than legality aspects. Sustainability encompasses elements relating to ecological, economic, social, growing and harvesting qualities of the management.

Sustainable forest management has become commonplace in the market for non-tropical timber. Although the share of certified timber is growing, the market for tropical timber is advancing at a slower pace. At the same time, sustainable forest management is especially relevant for tropical timber due to concerns about deforestation and global warming.

There are two main certifications covering sustainable forest management: FSC and PEFC. At the moment, FSC is the most widely used scheme for certification of tropical timber forests. The market share of timber and timber products from sustainable sources is high, especially in North and West European Union markets. However, the share is lower for tropical timber than for non-tropical timber.

Tips:

- To get a better understanding of what sustainable forest management is, refer to principles and guiding criteria of FSC and PEFC.
- Please be aware that, as a supplier of sustainably certified timber, you will need to acquire a Chain-of-Custody (CoC) certificate. As such, make sure to only target buyers that have a CoC certificate. Non-certified buyers are not allowed to sell certified timber.
- Find out what is necessary for CoC certification. The website of the Global Forest & Trade Network (GFTN) provides a roadmap to certification.
- To find European or local buyers (e.g. importers, processors and retailers) and suppliers of certified timber and timber products, refer to FSC Global Marketplace and PEFC database.

Dutch Institute for Standardization – NEN and KOMO

The NEN (Dutch Institute for Standardisation) aims to organise and moderate standardisation in the Netherlands. By agreement with the Dutch Federal Government, NEN is the acknowledged national standards body that represents Dutch interests within European and international standards organisations. DIN currently has 51 standards and specifications in relation to tropical timber.
KOMO is an independent certification body for the building sector. It certifies products (similar to CE) but also complete companies which are specialist in certain sub-sectors (like installing electrical systems).

Standards Map of the ITC

Check the International Trade Centre's Standards Map, an online tool that provides comprehensive information on over 130 voluntary sustainability standards and other similar initiatives covering issues such as codes of conduct relevant to your product, reviews the main features of the selected standards and codes and compares standards' requirements side-by-side. Furthermore, you can assess your company's performance against standard requirements in a self-assessment module and generate your own company's 'sustainability diagnostic report', which you can then share with the business community. Check the standards map videos to see how the Standards Map can help you to determine which initiatives may be useful for you.

Niche requirements

Dual certification (FSC and Fairtrade)

Smallholders and communities often face tough competition in the global timber market. FSC is looking to differentiate products from communities and smallholders in the marketplace. Dual certification of FSC and Fair Trade has been tested and is available. In addition to sustainable forest managements practices (FSC) extra attention is given to the social conditions in the producing areas (Fair Trade). FSC/Fairtrade timber is sold with a Fairtrade premium that adds 10% added value to wood bought from the certified smallholder communities. The market for Dual certification seems to be small.

Tip:

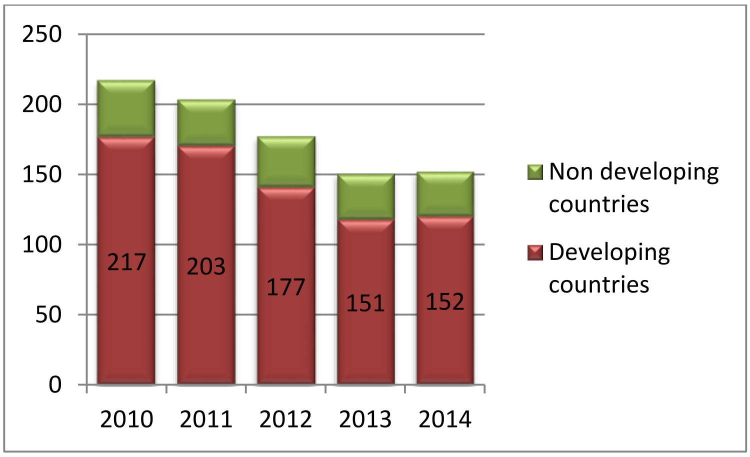
- For more information regarding dual certification, please refer to the website of FSC.

Trade and Macro-Economic Statistics

This section provides an overview of the Dutch market for tropical timber decking during the period 2010 and 2014. Trade data on tropical timber decking are extracted from Eurostat. More general statistics can be found in the CBI document 'what is the demand for tropical timber?'.

Imports: stabilization:

Figure 2: Imports of tropical decking, from developing countries (31 timber supplying countries) and non-developing countries in Euro million.



Source: Eurostat (2015).

During the period between 2010 and 2014, imports directed to the Netherlands decreased first but stabilized in the last 2 years, amounting to around € 152 million in 2014. Evidence of economic recovery has not translated into growth in demand for wooden products in the garden sector yet.

Strict implementation of the EUTR might also affect imports of tropical timber, since the Netherlands has been actively blocking imports of illegal timber but also of non- verifiable legal timber.

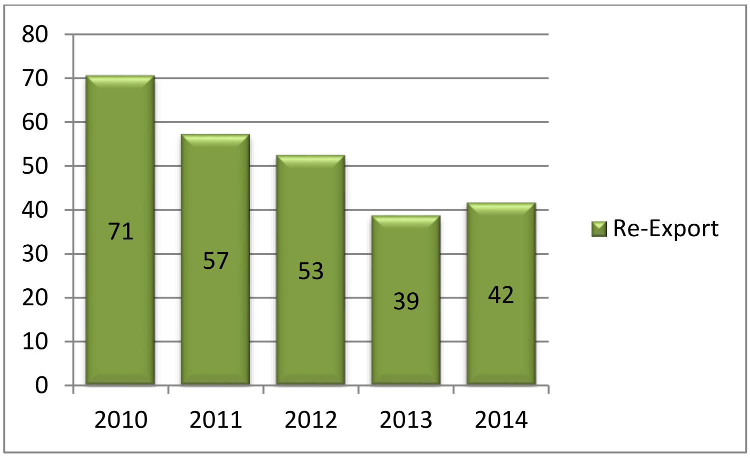
Developing countries play an important role in the Dutch market for tropical decking, although the Netherlands traditionally buys a lot of timber products from other European Union countries as well (mainly Belgium). In 2014, imports from developing countries represented 79% of total imports, having decreased only slightly compared to 2010. The largest developing country supplier of timber decking to the Netherlands was Malaysia, representing almost 64% of the total imports. Other developing country suppliers were Brazil (13%), Cameroon (10%), and Indonesia (8%).

Tip:

- Competition between developing countries will be fierce, therefore it is recommended that you differentiate their products. Thus, exporting decking of higher added value by focusing on finishing and design is recommended as a means of differentiating yourself from competitors.

Re-Exports: stable flow to other mature markets:

Figure 3: Re-export of tropical decking in Euro million



Source: Eurostat (2015).

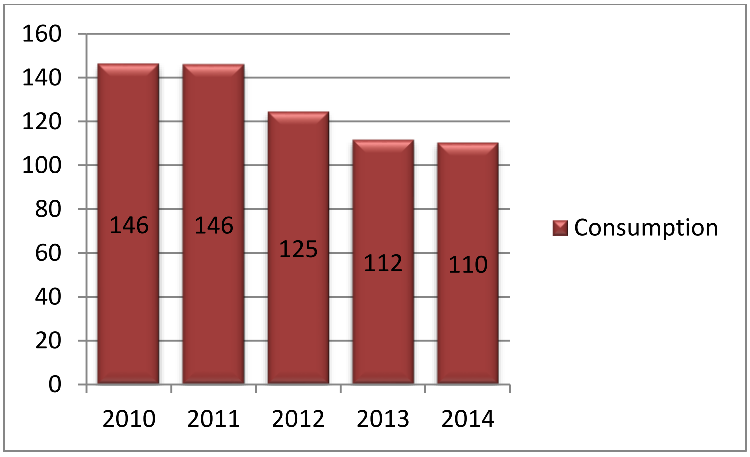
Dutch re-exports followed the trend of imports, and even increased a bit in 2014, amounting to around € 42 million. Most of Dutch exports in 2014 were directed to other mature markets in Europe, such as Germany (25%), Czech Republic (19%, emerging hardwood market), the UK (16%), Belgium (15%) and Denmark (6%). It is important to note that production of tropical decking is not taking place in the Netherlands. Therefore, the value of exports signifies the value of re-exports of processed timber decking to other European countries.

Tip:

- Since the Netherlands is a trading hub, you can also design a strategy so as to consider it as an entry point to access other European countries.

Consumption: decrease

Figure 4: Consumption of tropical decking in Euro million (Consumption is calculated as Imports - Exports).



Source: Eurostat (2015).

Consumption of tropical decking followed the trend of imports between 2010 and 2014. In 2014, Dutch consumption of tropical timber decking amounted to almost € 110 million. According to the Netherlands Timber Trade Association (VVNH), revenues in the garden wood sector in 2015 will not yet increase (news section Houtwereld). On the other hand, GDP & consumer confidence are expected to increase in 2015 and experts are also positive about the building sector in general. This development will further affect positively the consumption of building products, which are closely connected with the developments in the garden wood sector.

Tip:

- Make sure you promote your product well. Timber decking is used outdoors. Therefore, qualities regarding durability, water resistance, resistance against fungi and insects etc. should be emphasised.

Market Trends

Shift towards sustainability

The Netherlands is one of the frontrunners when it comes to sustainability. It is one of the European Union countries that has already established a public procurement policy and has implemented the European Union Timber Regulation completely. Read a full update here.
In the tropical timber decking sector, sustainability is gaining importance. For example, the large-scale do-it-yourself (DIY) chain Praxis has committed to selling sustainably sourced timber products and actively advocates FSC-certified products. Other retail chains and the Dutch government have also developed sustainable procurement criteria that refer to FSC-criteria or similar sustainability criteria. Therefore, the demand for sustainable decking is increasing.

Tip:

- If you supply certified tropical timber decking, make sure you approach buyers who have a Chain-of-Custody (CoC) certificate. For more information, you can refer to the databases of FSC and PEFC's database.

Slow recovery in construction markets:

The period of economic recession resulted in a downturn for the Dutch construction market, which is only now slowly recovering. During the same period, the market for renovations was only slightly affected by the recession. The recovery signs are quite visible in the Netherlands, which remains a large market of timber products (by consumer expenditure). The Netherlands is home to some large DIY retailers such as Praxis and Gamma.

Tip:

- Adding value to your product will offer greater opportunities. You can consult the different CBI Tropical timber and timber products factsheets for more detailed specifications for different timber products in the European Union.

Opportunities for Lesser Known Species (LKS)

Dutch consumers are particularly interested in the different timber species that exist and their various technical applications. At the same time, influenced by the economic recession, many manufacturers who were using tropical species are switching to cheaper species, especially in applications in which you paint /stain. This can provide an opportunity for exporters to start supplying more non-conventional species. Dutch importers are experimenting with Lesser Known Species, though cautiously. This is mostly because consumers are focusing more on aesthetic aspects of timber decking (colours, smells, etc.). Dutch importers are working towards a balance between consumer trends, the price, and the actual quality features of the timber, in order to provide the perfect combination for their consumers. Species like Angelim Vermelho, Keruing represent such examples.

Tip:

- Look at existing timber products on the market and consider how you can make them cheaper or better compared with other species and how you can improve technical specifications.

Innovation in the timber sector and timber replacement alternatives

One of the consequences of stricter requirements for the imports of tropical timber is innovation, and particularly innovation in timber alternatives. Companies find it difficult and often very expensive to conform to stricter regulations, such as timber legality. Therefore, Dutch buyers are increasingly shifting to timber alternatives. In the timber decking market in the Netherlands, thermally modified as well as artificially dried solid woods are becoming popular. One example is solid construction timber (KVH®) which is a kiln dried, and often finger-jointed, solid wood beam selected on strength. Wood Plastic Composite (WPC) is another example of a timber alternative, which is very popular in the Dutch market for decking. Compared to conventional timber, it meets higher durability and moisture requirements.

Tip:

- Tropical timber has various applications and its successful promotion requires creativity and innovation. Try to add value to your product before exporting it by focusing on its design and the specific qualities of the tropical species. This will benefit both you and your country's image in the timber sector.

For a more general overview of the market trends in the tropical timber products, please refer to CBI Trends for Tropical Timber and Timber products.

Market Channels and Segments

This section focuses on the most important developments that are shaping the value chain for tropical timber decking in the Netherlands and their consequences for Developing Country exporters. For more information about market segments and channels on tropical timber please refer to the CBI Market channels and segments for Tropical Timber and Timber Products.

The value chain for tropical decking in the Netherlands does not present significant differences from the general tropical timber sector. Exporters of tropical decking in developing countries mostly sell their products to importers and wholesalers in the Dutch market. Decking is distributed via retailers and Do-It-Yourself (DIY) stores (such as Praxis and Gamma) and construction companies mostly in a finished form.

Trading channels for tropical timber products such as decking have changed drastically during the last few years. First of all, the influence of E-commerce has shifted timber sales into a much faster and open process. More importantly, legality and sustainability demands have resulted into the shortening of supply chains, decreasing therefore the number of agents active in tropical timber trade.

Figure 5: Trade structure for tropical timber decking.

source: FSG

Segments

The market for tropical timber decking in the Netherlands can be divided into two segments: construction companies and retailers that deliver directly to domestic consumers and small enterprises.

Opportunities in the retail segment:

The economic recession affected construction heavily. As a consequence, consumers refrained from building new houses; they preferred to renovate their houses and often they would do it themselves, without contractors. These developments resulted in increased popularity of the DIY sector, which is booming in the Netherlands. Home to some large DIY retailers, such as Praxis and Gamma, the Netherlands offers major opportunities for finished and semi-finished easy-to-install products. Thus the retail segment is your best option to sell to for the moment.

Tips:

- Products that will not require much processing after importing will offer higher margins. It is important to have agreed with your buyer on size and design specifications.
- Decking destined for the retail market requires user-friendly installation. Building materials that require professional installation are usually found in wholesale channels.
- If you supply sustainably certified tropical timber products, the Netherlands is the ideal country for you to export your product. The Dutch market is a large market for certified timber products, offering higher profit margins compared to the non-certified ones.
- The increasingly strict requirements for tropical timber imports have had an impact on the tropical timber supply, which has been decreasing. Dutch importers find it difficult to connect with the right supplier, since only 5 to 10% of tropical timber suppliers are certified. Therefore, they aim to establish long-term cooperation in order to secure supplies. As such, make sure you have the possibility to establish long-term relationships in mind when you approach buyers, presenting yourself as a professional and committed business partner.
- The Global Forest Trade Network, an initiative by WWF which aims to connect sustainable timber exporters with European industries, can provide you with an important opportunity to connect to the right buyer.
- For most small and medium scale exporters from developing countries, it is not profitable to produce cheap, low quality products. This is mainly because the lower segments of the market for tropical timber products are dominated by particular countries in Asia with large scale operations. The European Parquet Flooring Federation (FEP) advises its members to focus on the higher segments of the market by focusing on the technical performance, aesthetic appeal and sustainability credentials of the product. For decking, this would mean anti-slipping and anti-rotting properties, variety in colours and durability credentials.

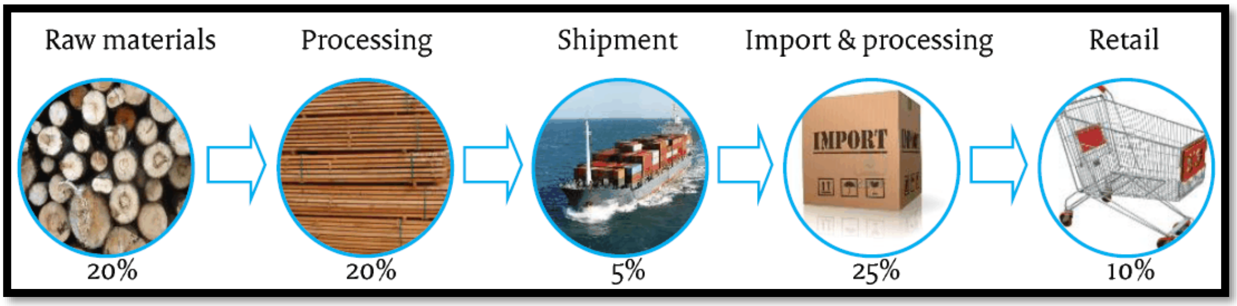
Prices

For tropical timber decking, part of the final value is added in the Netherlands after import. If you see opportunities to add more value to your decking boards before exporting, by exporting more sophisticated products, sizes that are in demand or better packaging, it may attract higher margins.

Tips:

- Factors that influence the price of tropical timber decking are: availability of species, humidity levels (12%-20%), durability class (density of the timber), quality (occurrence of stains, knots, end shakes, mould, warped boards, insect holes, breaks, repairs) and sustainability certification (FSC, PEFC).
- *Premiums* paid for timber decking in the Netherlands specifically with a sustainability certificate have always been lower compared to the UK and the Netherlands. Dutch consumers are, however, willing to pay more than in other European countries if the quality is good. Quality is key on the Dutch market.

Figure 6: Price breakdown of tropical timber decking imported into the Netherlands (excluding VAT, average 20%)



Source: FSG

Table 1. Example of retail prices for tropical timber decking in the Netherlands (including VAT). Based on an average length of 250 cm. Please be aware that prices are cheaper when products are shorter, and more expensive when they are longer.

Product	Size (Width*thickness)	Price	Source
Almendrillo (FSC)	145*25 mm	€ 83/ m²	Praxis
Garapa (FSC)	145*19 mm	€ 67 / m²	Praxis
Hardwood*	145*25 mm	€ 88 / m²	Gamma
Hardwood*	145*18 mm	€ 56 / m²	Gamma
Bangkirai (FSC)	145*21 mm	€ 51 / m²	Hornbach
Kapur (FSC)	145*21 mm	€ 69 / m²	Tuinhoutcentrale.nl
Morado (FSC)	145*25 mm	€ 39 / m²	Tuinhoutcentrale.nl
Bangkirai (FSC)	145*21 mm	€ 50 / m²	Van Loon

**Gamma does not inform consumers about species, instead they sell their decking as 'hardwood'.*

Field of Competition

Strict buyer requirements hinder market entries:

Legality and traceability requirements are considered major barriers for exporters in developing countries. Nevertheless, products with less detailed specifications and less sophisticated design, such as decking boards, will enter the European market more easily compared to other timber products such as garden furniture.

Tips:

- Although decking does not have strict specifications and detailed design, it is recommended that you communicate specific sizes to your suppliers. Country-specific or supplier-specific requirements will provide you with higher profit margins.
- Keep up to date with market access requirements, following details of developments provided by CBI.

Availability of timber alternatives versus sustainability of timber:

Alternatives to several tropical timber products are widely available in the European market. The Dutch market offers Wood Plastic Composites and thermally and chemically treated European timber that resembles tropical timber. Nevertheless, technical characteristics and environmental qualities of sustainable timber are hard to surpass. Threat of substitution is of course higher when alternative materials are widely available. For example, tropical hardwood decking is increasingly being replaced with composite material, treated (thermally and chemically modified) European timber or bamboo.

Tip:

- The threat of substitution can be a driver for innovation. For example, due to restricted supplies, buyers are increasingly interested in Lesser Known Species (LKS). This can be an opportunity for exporters in developing countries.

Vertical consolidation puts pressure on supplier power:

As a result of decreased availability of tropical timber and increased buyer requirements in the European market, European buyers are working towards vertical consolidation of their supply chain. The Netherlands is replacing part of its suppliers of tropical timber due to legality issues. They can do this by sourcing tropical timber directly in the harvesting countries, weakening the role of the exporter. Vertical consolidation is currently taking place in the timber decking market. This development creates the need for long-term cooperation between suppliers and importers. As such, Dutch importers of tropical timber decking indicate that they are building relations with their suppliers in developing countries for many years and often visit the exporting companies, making sure that the operations are carried out accordingly.

Supplier power is being hindered further for products for which there are many alternatives available, such as decking, since buyers have more negotiating power.

Tip:

- The stricter requirements of the Dutch 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.

Increased market rivalry:

Tropical timber decking has a standard design, therefore it is not considered a specialty item. Consequently, switching between suppliers is a greater possibility for buyers than is the case with specialty items, such as garden furniture. Market rivalry also depends on the availability of the various timber species, since specific timber species can be used for the same application. If the price of one species increases, buyers will switch to the cheaper species.

Tips:

- Make sure you add value to your product by improving its quality (better drying, more detailed specifications and finishes) and promoting its technical and natural features.
- Timber prices can change daily so you will need to refer to your buyers to stay informed on the price developments. For more general information on prices check the bi-monthly ITTO tropical timber market reports and the FORDAQ.

Useful sources

- CBI market information: Promising European Union export markets.
- Dutch Timber Trade Federation- http://www.vvnh.nl/
- European Union Expanding Exports Helpdesk - http://exporthelp.europa.eu - go to 'trade statistics'.
- Eurostat - http://epp.eurostat.ec.europa.eu/newxtweb - statistical database of the European Union.
- Register for the International Trade Statistics site - http://www.trademap.org.

CBI Market Intelligence

P.O. Box 93144
2509 AC The Hague
The Netherlands

www.cbi.eu/market-information

marketintel@cbi.eu

This survey was compiled for CBI by the Forestry Service Group (FSG)
in collaboration with CBI sector expert Marco Bijl.

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