
Rettenmeier's Ramstein mill


Sawn timber at Van Roje

Pivotal player

Germany's sawmills are still looking to play a key role in the European timber trade despite challenging economic conditions. Stephen Powney reports

With more than a third of its area covered by forests and with a standing timber supply of 3.4 billion m³, Germany contains massive wood resources.

It remains the largest sawn softwood producer in Europe with a 22 million m³ output in 2008 (down from 24 million m³ in 2007) – a 26.3% European market share. In the hardwood stakes, it is third biggest with a 14.6% market share, or 1.09 million m³.

In 2008, Germany exported 7.7 million m³ (down from 8.7 million m³ in 2007). Sawn and planed exports to the UK peaked at 770,000m³ in 2007 but nosedived in 2008 due to the worldwide economic freefall.

The European Organisation of the Sawmilling Industry (EOS) predicts a two-digit percentage decline in Germany's sawn softwood production in 2009.

Mill curtailments and closures have been necessary to cope with reduced demand for construction timber and high costs. New markets have been sought, with exports increasing to the Middle East – especially to the United Arab Emirates and Saudi Arabia – and North Africa and Asia.

Germany's biggest sawmiller, Klausner, has idled its mills in Niedersachsen and Bayern, while Klenk Holz has sacrificed its French business to protect its core German operations.

And just last month, promotion of German timber products was dealt a blow with the news that the German Timber Promotion Fund had been forced to stop operating following a court ruling over its funding.

But despite challenges, the technical advances, impressive product portfolio and service mentality of German mills suggest the industry will continue to have a strong future exporting role, be it sawn timber, KVH (*see p26*), glulam, white oak or beech.

Klausner, the largest German mill which concentrates on standard size construction softwood, saw its UK sawn exports fall to just under 200,000m³ in 2008 (2007: 370,000m³). Its 2009 forecast was originally just 100,000m³, but this been revised to 120-140,000m³, depending on prices and log availability.

A spokesperson said annual output would be about 30% less in 2009, with all its five mills having reduced production from November 2008. The idled Niedersachsen and Bayern mills will start production again as soon as the economy allows.

The Klausner Nordic Timber mill in Wismar, which serves the UK, has reduced production to 70%.

"There are low inventories throughout Europe," said Klausner's Anne Leibold. "Recently there's been an upward movement in prices all over Europe – some products are experiencing rigorous increases of €25 up to €50 per m³ within a few weeks."

But Klausner has strengthened its activities and sales team. It attended Ecobuild for the first time this year and Ian Lawler is its English-based direct link with customers.

German mill projects recently completed include Heggenstaller's Lauterbach facility and Rettenmeier's Ramstein mill.

The Heggenstaller mill – a €130m investment – is producing Europallet blocks, pallet wood, scaffold boards, with 3.9m scaffold boards a possibility for UK export.

Rettenmeier's Ramstein investment near Kaiserslautern is designed to capitalise on the near proximity of mature timber stands in the area, especially Douglas fir. Total spruce, pine and Douglas fir log capacity is 800,000m³, with an annual sawn product output (mainly garden products) of 500,000m³, serving the DIY market. The mill started up in June and log input this year is expected to be 250,000m³.

UK exports account for a small percentage of Rettenmeier's output, but the company is looking at increasing its FSC-certified production in Latvia, with the UK one possible destination.

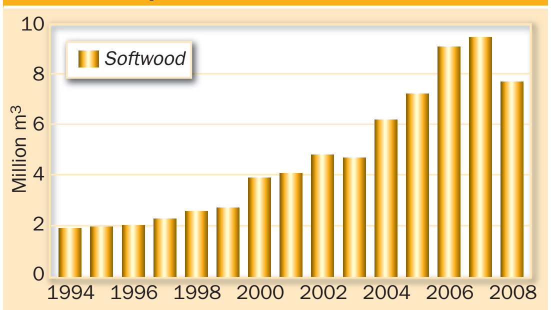
Dr Carsten Merforth, the company's leader of spe-

GERMAN FOCUS CONTENTS

SUMMARY

- Germany's sawn exports were 7.7 million m³ in 2008.
- A rising pound is likely to boost German mills' UK exports.
- Heggenstaller and Rettenmeier have opened new mills in 2009.
- Two of Klausner's mills are currently idle.

German exports of sawn timber 1994–2008



cial projects, said Rettenmeier's total group production is 15% down in 2009 at about 1.2 million m³.

"There are no imminent blue skies, but the DIY market is not quite as bad as other markets," he said.

Bavarian mill Gelo Holzwerke GmbH, which sells scaffold boards, CLS, carcassing and KVH to the UK, said product and raw material prices have recently risen dramatically. In recent weeks KVH raw material prices (typically 100x200mm or 120x120mm) supplied by big mills had skyrocketed 20-25%, so Gelo is now producing KVH from its own logs.

Gelo managing director Wolf-Christian Küspert said availability was becoming the key issue, though it is currently managing to produce at capacity. Recently one of his longest-standing English customers agreed to smaller volumes and increased prices. "That is what is going to happen," said Mr Küspert. "He is willing to pay a higher price for the products because he knows he has guaranteed delivery."

Added competition from the Austrian and Czech timber processing industries for Bavarian logs is exacerbating shortages and increases in log prices. Bavaria's harvest rate has plummeted by 30-50% in 2009, due to sustainability concerns and because of mill curtailments.

Lawrence Webster, of timber export agency Kullik & Rullmann, acknowledged the European log shortage but said it depended on individual mills.

"One mill is desperate for logs and another mill has sufficient to saw through to September. Bavaria is in a more difficult position than the Black Forest," he said.

"Transport rates went up on July 1 and log prices are starting to go up, with most mills sold to the end of August. Very few are prepared to quote past the end of August, though most are happy to agree volumes in September with prices to be agreed later. Customers are desperately short of construction products like CLS.

"There is talk the pound could be worth €1.20 or even €1.30 by the middle of the next quarter. That will make the UK market a lot more favourable for the Germans.

"The UK market will come back in 2010. In the second half of this year we'll see more German timber coming in. If the currency continues the way it has been going I can see another good year coming," said Mr Webster. However, he added that he remained concerned about the fourth quarter due to the low level of underlying demand.

Sawmiller Van Roje's sawn softwood timber exports to the UK and Ireland were 80,000m³ in 2008, out of a total production of 280,000m³. Of the total, 85% is spruce and 15% Douglas fir, including large sections for posts and beams.

"We have full production in our sawmill, we are producing everything to order and nothing for stock," said managing director Ulrich Van Roje.

The company invested in two new kilns during 2008, but the exchange rate has weakened profitability of UK exports. "We're always loyal to our customers even when the market is down. We have lost money because of the exchange rate, but now it's coming back up and it will be better in the future," he said.

Mr Van Roje said the sawmill's log supplies were good until September, though problems existed in the larger 30cm-plus category. He reported that some markets were willing to pay almost any price to secure sawn timber.

Germany experienced a large increase in hardwood consumption in 2008, which tempered the overall decline in Europe.

"It will not be able to hold on to this strong performance, however, and a strong drop is forecast for the year 2009 in the absence of important markets such as furniture and parquet production," said the EOS.

European beech or white oak are suited to a wide range of applications, and are especially well-suited for creative interior design projects and furniture-making because of their high aesthetic value. ■

The new Heggenstaller mill at Lauterbach