SPAIN MARKET PROFILE

SPAIN: FOREST PROFILE[1]

SPAIN'S FOREST DISTRIBUTION

	Forest Cover 2000	Distribution of land cover/use % (1990)		
	´000 ha	Forest	Other Wooded Land	Other land
Spain	14,370	28.8	25.2	47.4
Europe	1,039,250	46.0	1.3	52.9
World	3,869,453	29.4	11.2	58.6

With 14.4M hectares of forest cover, Spain is the fourth largest country in Europe in terms of forest resources (following Sweden, Finland and France, but excluding the Russian Federation). Forests – which occupy almost 29 percent of the country's total land area – are increasing by about 86,000 ha per year, both through natural expansion and through the forest plantation program that has been under way for more than 50 years, with soil protection and erosion prevention as its main aims. Spain has received funds from the European Union in support of this program.

Three quarters of the forest is available for wood supply; much of the rest is not available for reasons of conservation and protection. Plantations make up one seventh of the forest, many of them established for soil protection purposes but not those in the northern coastal region, which are for wood production. The remaining forest is classed as semi-natural; there are no areas undisturbed by man. The area of forest has been expanding strongly, despite setbacks due to forest fires.

Coniferous species make up three fifths of the growing stock volume, the main volume being maritime and radiata pine in the northern coastal region, where increment is high and a large part of total fellings occurs. Elsewhere Scots and Aleppo pine are common. The main broadleaved species are oaks, beech, poplars, chestnut and eucalyptus. More than four fifths of forest is privately owned, mostly in small parcels by a large number of individuals. Most of the publicly owned forest is owned by municipalities.

The most productive forests are found in the Atlantic coastal zone and are composed mostly of pines (Pinus pinaster and P. radiata) and eucalyptus (Eucalyptus globulus), although some mixed natural forests of oak (Quercus robur and Q. patraea) and beech (Fagus sylvatica) are still found. In the Pyrenees, there are forests of silver fir (Abies alba), beech and pine, depending on altitude. The remainder of the country, where Mediterranean conditions predominate, is notable for its wealth of biological diversity. In some places Quercus spp. are found in pure stands, constituting wooded meadows (an agrosilvopastoral combination typical of Mediterranean zones) or mixed with pines and a wide variety of shrubs and scrub vegetation. In mountainous Mediterranean regions Pinus spp. become increasingly frequent as the altitude increases.

POLICIES/ISSUES

Spanish forestry policy is based on the principles of sustainable forest management, with a balance between environmental, social and economic factors. Spanish forestry strategy (1999), which was formulated through a highly participatory process, is based on principles established at the global and European levels, the reference point being the sustainable forest management criteria and indicators adopted by the Lisbon Ministerial Conference on the Protection of Forests in Europe.

PRODUCTS AND TRADE

The Spanish forest sector is significant despite the relatively low annual forest growth in the country. Spain produces all primary forest products, partly from imported raw materials such as eucalyptus pulpwood and hardwood logs. Spain is a net importer of paper and sawnwood. MDF production and exports have increased significantly during the recent years. Per capita consumption of sawnwood and wood pulp in Spain is much lower than the European average, while that of wood panels and paper is considerably higher. However, some Spanish forest industries, particularly the wood-based panel industry, are of global importance and export part of their production. The furniture industry accounts for most of the country's consumption of wood panels.

[1] Source: World Forest Institute. http://www.worldforestry.org/wfi/world-forests.htm

SPAIN TRADE OVERVIEW

Spain Export Stats
Commodity: Wood Products (44)
Value: $1,000,000

Partner Country	2003	SHARE	1YR Δ	5YR Δ
World	1,992.0	100.0%	28.3%	45.5%
France	369.4	18.5%	21.9%	23.3%
Portugal	262.1	13.2%	24.1%	28.8%
United States	198.0	9.9%	-1.1%	-10.1%
Sweden	186.0	9.3%	51.8%	42.6%
Germany	181.2	9.1%	26.7%	93.2%
Finland	118.9	6.0%	47.2%	106.7%
Italy	82.6	4.1%	16.7%	21.8%
Brazil	65.5	3.3%	29.9%	23.6%
China	62.0	3.1%	55.8%	140.2%
Belgium	57.3	2.9%	23.5%	54.3%

Spain Import Stats
Commodity: Wood Products (44)
Value: $1,000,000

Partner Country	2003	SHARE	1YR Δ	5YR Δ
World	2365.5	100.0%	27.9%	50.4%
France	325.2	13.7%	18.4%	44.9%
Portugal	261.5	11.1%	26.9%	35.8%
United States	248.0	10.5%	9.4%	-4.8%
Germany	187.4	7.9%	40.9%	127.7%
Sweden	176.3	7.5%	44.6%	70.1%
Finland	129.6	5.5%	46.5%	158.7%
Cameroon	87.7	3.7%	28.0%	9.3%
Brazil	81.0	3.4%	25.5%	35.0%
China	80.8	3.4%	59.4%	137.1%
Italy	80.4	3.4%	35.4%	84.9%

TOP IMPORTED PRODUCTS

SPAIN IMPORT STATISTICS FROM WORLD								**UNITS: $1,000**
TYPE	**HS**	**DESCRIPTION**	**2001**	**2002**	**2003**	**1YR Δ**	**5YR Δ**	**% Share**
ALL	44+94	Wood + Furniture	2,145,256	2,275,509	2,951,999	29.7%	62.7%	100.0%
ALL	44	ALL WOOD PRODUCTS (EX-FURNITURE)	1,788,132	1,861,599	2,365,508	27.1%	50.4%	80.1%
TOTAL PRIMARY			1,437,788	1,440,810	1,814,624	25.9%	41.3%	61.5%
PRIMARY	4407	Lumber	720,315	727,644	930,639	27.9%	38.3%	31.5%
PRIMARY	4403	Logs	272,129	225,088	256,908	14.1%	16.9%	8.7%
PRIMARY	4408	Veneers Sheets	149,673	161,365	206,982	28.3%	67.2%	7.0%
PRIMARY	4411	Fiberboard	88,417	135,035	172,913	28.1%	91.0%	5.9%
PRIMARY	4410	Particle Board	105,922	99,518	120,822	21.4%	4.5%	4.1%
PRIMARY	4412	Plywood & Panels	68,789	66,729	81,134	21.6%	108.6%	2.7%
PRIMARY	4401	Fuel Wood & Wood Chips	7,275	4,200	22,403	433.4%	180.4%	0.8%
PRIMARY	4402	Wood Charcoal	5,130	6,163	7,341	19.1%	65.3%	0.2%
PRIMARY	4413	Densified Wood Shapes	6,112	6,567	6,609	0.6%	39.0%	0.2%
PRIMARY	4406	RR Ties	6,094	5,397	4,972	-7.9%	75.1%	0.2%
PRIMARY	4404	Hoopwood, Poles, Pickets, Stakes	6,955	2,214	3,068	38.6%	58.9%	0.1%
PRIMARY	4405	Wood Wool or Flour	980	889	832	-6.4%	-15.7%	0.0%
TOTAL SECONDARY			707,468	834,699	1,137,375	36.3%	114.6%	38.5%
SECONDARY	94	ALL WOOD FURNITURE	357,124	413,910	586,491	41.7%	142.5%	19.9%
SECONDARY	4418	Builders' Carpentry	131,414	170,062	232,908	37.0%	159.3%	7.9%
SECONDARY	4409	Wood, Continuously Shaped	65,815	69,452	87,460	25.9%	33.1%	3.0%
SECONDARY	4421	Articles Of Wood, Nesoi	41,325	51,224	76,985	50.3%	151.5%	2.6%
SECONDARY	4415	Wood Packing Material	42,744	50,809	55,478	9.2%	26.2%	1.9%
SECONDARY	4420	Wood Marquetry Etc.	28,363	33,389	45,482	36.2%	83.3%	1.5%
SECONDARY	4416	Cooperage Products	18,830	22,344	22,493	0.7%	36.7%	0.8%
SECONDARY	4414	Wood Frames Etc.	12,001	12,298	16,703	35.8%	77.7%	0.6%
SECONDARY	4419	Wood Tableware & Kitchenware	7,410	9,403	11,073	17.8%	75.6%	0.4%
SECONDARY	4417	Tool & Broom Bodies	2,442	1,808	2,302	27.3%	94.6%	0.1%

IMPORT OVERVIEW

Spain, with an active secondary products sector, is a large consumer of foreign raw materials with total imports reaching $2.95Bn in 2003. The value of Spanish imports has increased significantly since 1999, gaining 62.7% over the period. Stronger than average growth was seen in the secondary products import market, with the category doubling from 1999-2003. Secondary imports account for almost 40% of the market, with primary products commanding the remaining 60+%. Spanish imports are dominated by European partners. Countries with strong presence in the Spanish market are France (13.7%), Portugal (11.1%), the U.S. (10.5%), and Germany (7.9%). Germany, Finland, and China have all seen increased demand for their products over the period with significant growth. The U.S. has consistently lost market share to these countries seeing a -4.8% loss over this period of substantial import growth.

PRIMARY PRODUCTS IMPORTS

Spanish imports of primary products reached $1.8Bn in 2003, up more than 41% from 1999 levels.

LOGS

Spanish imports of logs reached 5.4M m³ in 2003, up 37.1% from 1999 levels. Total value of Spanish log imports reached $257M, up 17% from 1999. Dominant suppliers to the Spanish market are France (56.0%) and Portugal (21.9%). Other notable suppliers are Uruguay (6.2%) and Finland (2.9%). The U.S. currently holds 1.9% of the Spanish market although shipments of logs are down dramatically over the 5 year period to total 58,000 m³ in 2003. The U.S. has lost more than 60% of its market share since 1999, while rival countries France (102.5%) and Portugal (104%) have seen marked growth.

SPAIN IMPORTS: PRIMARY	UNITS: $1,000			
PRODUCT	2003	% Share	1 YR AGR	5 YR AGR
TOTAL PRIMARY	1,814,624	61.5%	25.9%	41.3%
SW Lumber	482,145	16.3%	41.1%	61.5%
HW Lumber	448,494	15.2%	16.8%	19.8%
HW Logs	189,753	6.4%	9.3%	0.9%
HW Veneers	176,686	6.0%	28.8%	75.7%
MDF	122,027	4.1%	21.4%	78.3%
Hardboard	89,171	3.0%	65.3%	338.1%
Particleboard	86,089	2.9%	28.8%	-18.9%
Other Panel Products	78,195	2.6%	25.2%	550.8%
SW Logs	63,760	2.2%	40.6%	110.6%
SW Veneers	30,297	1.0%	32.3%	30.6%
OSB-WB	24,864	0.8%	5.8%	383.7%
HW Chips	17,278	0.6%	5922.4%	29955.1%
SW Plywood	13,138	0.4%	16.7%	41.5%
RR Ties	4,972	0.2%	-2.2%	75.1%
Poles	3,395	0.1%	3.7%	147.8%
SW Chips	942	0.0%	228.0%	-79.4%

LUMBER

Spanish imports of lumber accounted for just over 31.5% of total imports for the country. Lumber imports (total value) rose from $673M in 1999, to $930.6M in 2003. This accounted for a 38.3% increase over the 5 year period. The U.S. retained a 17.7% share of the market, with Sweden (13.2%), Cameroon (8.4%), Finland (8.4%), and France (7.9%) following closely. Over the period, Finland and Sweden were both able to capture larger market share with above average growth. U.S.-based imports have steadily given way to the two competitors mentioned above (-14.7%).

PANEL PRODUCTS: PLYWOOD, VENEERS, FIBERBOARD, AND PARTICLEBOARD

Plywood imports reached a 5 year high of 1.5M m³ in 2003, up over 400% since lows of 305,000 m³ in 1999. Total value of Spanish plywood imports in 2003 reached $81M, or an increase of 109% over the period. German plywood dominated the market with 30.9% of total volume shipped. Finland, Latvia, China, and France rounded out the top 5 which accounted for 82% of the Spanish market. Germany experienced a 750% increased in imported plywood between 1999 and 2003 to reach a volume of 474,000 m³. Another new entrant on the plywood market in Spain was China which went from 352 to 195,000 m³ in 4 years.

The total value of veneer imports reached almost $207M in 2003, with a significant increase in demand of 67.2% over the period. Veneer imports represent about 10% of the entire Spanish market for forestry products. That 10% is dominated by the U.S. who supplies 28% of Spain's import demand. Other notable suppliers are Italy (6.6%), Cote d'Ivoire (7.3%), and Italy (6.6%). Veneer production has ramped up in several countries, and increases into the Spanish market are examples of that. Romania has jumped from virtually no market share to supplying more than 5% of the Spanish import market. Croatia, Poland, and Ukraine have all witnessed huge increases in product shipped, however at significantly lower volumes.

Spanish imports of Fiberboard increased to 48M m² over the 5 year period, with growth of over 50%. Total value reached $172.9M in 2003. Trade in fiberboard is totally dominated by European competitors such as Portugal (30.5%), France (20.3%), newcomer Poland (11.6%), and Germany (8.0%). Fiberboard is not imported via the U.S. at significant levels. Poland soared up the ranks with gains of nearly 900% over the period, reflecting the low production costs and increased capacity in the region.

The most rapidly growing segment of the panel products category was Particle board, with gains of 175% over the period. Particleboard reached 5.8M m³ in 2003, with a value of $120M. Particleboard imports were supplied by the following countries: France (70.6%), Germany (10.9%), Belgium (5.7%), and Portugal (4.5%). France and Germany both experienced above average growth growing at a nearly 2:1 pace against average gains, absorbing the increased demand from Spain. Once again, the Spain was not an importer of significance for U.S. particleboard.

SECONDARY PRODUCTS IMPORTS

SPAIN IMPORTS: SECONDARY	UNITS: $1,000			
PRODUCT	2003	% Share	1 YR AGR	5 YR AGR
TOTAL SECONDARY	1,137,375	38.5%	36.3%	114.6%
Builders Carpentry	125,583	4.3%	43.9%	187.8%
Wood Framed Seats	99,035	3.4%	43.6%	146.8%
HW Flooring, Molding, Siding	71,776	2.4%	33.1%	47.6%
Pencil Slats	64,421	2.2%	52.7%	149.1%
Household Furniture	60,048	2.0%	48.8%	145.7%
Packing Material	55,478	1.9%	10.9%	26.2%
Kitchen Furniture	52,754	1.8%	23.2%	117.2%
Wood Furniture Parts	37,604	1.3%	64.6%	169.2%
Office Furniture	26,932	0.9%	-5.0%	96.0%
Prefabricated Buildings	24,676	0.8%	35.1%	148.4%
Cooperage Products	22,493	0.8%	1.3%	36.7%
SW Flooring, Molding, Siding	15,684	0.5%	2.6%	-8.3%

Spanish imports of secondary products showed strong growth over the period reaching roughly $1.1Bn in 2003. This represented import growth of 114.0% over 1999 levels. Major categories for Spanish imports were Wood Furniture, Builders' Carpentry, Continuously Shaped Wood, and Articles of Wood (nesoi). Dominant products for the Spanish market were Builders Carpentry (4.3%), Wood Framed Seats (3.4%), and HW FMS (2.4%). Builders Carpentry showed the strongest growth over the period with a 187% increase in imports over the period, led by growth in Wood Doors & Frames, Parquet Panels, and Other Builders Carpentry. HW FMS was the largest contributor to the Continuously Shaped Wood category, with imports reaching $71.7M in 2003. Strong performance from specific products came from Wood Framed Seats (146.8%), Household Furniture (145.7%), and Wood Furniture Parts (169.2%). In fact, the entire Wood Furniture category grew at an alarming 142.5% from 1999-2003, totaling 20% of the entire import market. However, solid growth throughout the secondary category can be seen on the adjacent graph.

U.S. EXPORT OVERVIEW

In 2003, the U.S. exported roughly $199M worth of predominantly primary forest products. Spain is the 5th largest trading partner with the U.S., and the top European export market for U.S. forestry products. Several forest products industries within Spain have witnessed consolidation leading to reduced demand for U.S. exports. While Spanish imports have increased, the U.S. has been steadily losing market share to France, Germany, and Portugal from 1999-2002, reflecting the strengthening economic ties the European Union is realizing. U.S. exports have not been able to gain ground on European competitors as with a per annum growth rate of -10.7% from 1999-2003. Almost 94% of realized export value to the Spanish market came in the form of primary products, with secondary products representing the remaining 6%.

US EXPORT STATS:		SPAIN				UNITS: $1,000		
TYPE	**HS**	**DESCRIPTION**	**2001**	**2002**	**2003**	**1YR Δ**	**5YR Δ**	**SHARE**
TOTAL	44+94	Total Wood Products + Furniture	211,590	201,326	199,580	-0.9%	-10.7%	100.0%
TOTAL	44	Total Wood Products	209,370	200,167	198,006	-1.1%	-10.1%	99.2%
TOTAL PRIMARY		Total Primary	193,022	188,759	187,099	-0.9%	-7.5%	93.7%
PRIMARY	4407	Lumber	130,386	120,272	115,702	-3.8%	-23.3%	58.0%
PRIMARY	4408	Veneer Sheets	45,710	51,948	52,847	1.7%	39.7%	26.5%
PRIMARY	4403	Logs	14,496	14,844	16,606	11.9%	55.0%	8.3%
PRIMARY	4412	Plywood & Panels	955	245	653	166.6%	28.7%	0.3%
PRIMARY	4401	Fuel Wood & Wood Chips	474	517	601	16.3%	-33.1%	0.3%
PRIMARY	4411	Fiberboard	736	773	570	-26.2%	-51.4%	0.3%
PRIMARY	4413	Densified Wood Shapes	33	-	71	#DIV/0!	1657.2%	0.0%
PRIMARY	4404	Hoopwood, Poles, Pickets, Stakes	136	54	34	-37.2%	-83.3%	0.0%
PRIMARY	4410	Particleboard	64	34	10	-69.6%	-93.0%	0.0%
PRIMARY	4402	Wood Charcoal	8	-	5	#DIV/0!	-46.3%	0.0%
PRIMARY	4405	Wood Wool	23	73	-	-100.0%	-100.0%	0.0%
PRIMARY	4406	RR Ties	-	-	-	#DIV/0!	#DIV/0!	0.0%
TOTAL SECONDARY		Total Secondary	18,568	12,567	12,481	-0.7%	-41.1%	6.3%
SECONDARY	4416	Cooperage Products	11,695	9,589	8,804	-8.2%	-26.0%	4.4%
SECONDARY	94	All Wood Furniture	2,220	1,159	1,574	35.8%	-51.6%	0.8%
SECONDARY	4417	Tool & Broom Bodies	193	175	621	254.2%	430.9%	0.3%
SECONDARY	4421	Articles Of Wood, Nesoi	980	516	557	8.0%	-78.6%	0.3%
SECONDARY	4409	Wood, Continuously Shaped	1,612	209	320	53.3%	-84.8%	0.2%
SECONDARY	4415	Wood Packing Material	293	82	295	260.0%	187.1%	0.1%
SECONDARY	4418	Builders' Carpentry	1,416	673	183	-72.8%	-62.7%	0.1%
SECONDARY	4414	Wood Frames Etc.	24	8	50	502.4%	-27.6%	0.0%
SECONDARY	4420	Wood Marquetry Etc.	41	124	45	-64.0%	-89.5%	0.0%
SECONDARY	4419	Wood Tableware & Kitchenware	94	31	32	2.6%	-71.4%	0.0%

U.S. EXPORTS- PRIMARY

U.S. PRIMARY EXPORTS:	SPAIN	FACTOR:	VALUE ($000)	MARKET
PRODUCT	2003	5YR Δ	1YR Δ	SHARE
HW LUMBER, WHITE OAK	$67,773	-4.9%	3.7%	34.6%
HW VENEERS	$40,508	22.6%	-13.1%	20.7%
SW LUMBER, SOUTHERN YELLOW PINE	$17,931	-67.7%	-34.2%	9.1%
SW VENEERS	$12,646	159.1%	175.3%	6.4%
HW LUMBER, WESTERN RED ALDER	$6,525	108.0%	23.5%	3.3%
HW LUMBER, YELLOW POPLAR	$5,791	433.7%	78.1%	3.0%
HW LUMBER, CHERRY	$5,458	26.7%	6.4%	2.8%
HW LOGS, WHITE OAK	$4,911	-2.7%	19.4%	2.5%
HW LOGS, CHERRY	$4,443	267.8%	90.9%	2.3%
HW LOGS, WALNUT	$2,289	39.3%	-23.7%	1.2%

Top categories for U.S. exports to Spain were: Lumber ($120M), Veneer Sheets ($51.9M), and Logs ($16.6M). All other categories represent very minor export sales to Spain. Top U.S. primary sub-categories in the Spanish market, based on value, were HW Lumber (47.9%), HW Logs (6.8%), Hard (20.7%) and Softwood (6.4%) Veneers, and Softwood Lumber (9.5%). **Southern Yellow Pine (9.1%) is the single largest softwood species lumber export from the U.S.,** with Hardwood Lumber such as Western Red Alder (3.3%), Yellow Poplar (3.0%), and Cherry (2.3%) as the major HW lumber exports. Major HW logs species included Cherry (2.8%), White Oak (2.5%), and Walnut (1.2%) rounding out the top ten.

U.S. EXPORTS BY GROWTH: SPAIN PRIMARY			
VALUES IN $1000			
PRODUCT	2003	5YR Δ	1YR Δ
SW LOGS, OTHER CONIFEROUS	$1,770	1350.8%	377.1%
HW LOGS, OTHER TEMPERATE	$828	1117.6%	-24.5%
HW LUMBER, YELLOW POPLAR	$5,791	433.7%	78.1%
HW LUMBER, TROPICAL	$648	268.2%	90.6%
HW LOGS, CHERRY	$4,443	267.8%	90.9%
SW VENEERS	$12,646	159.1%	175.3%
SW LUMBER, LODGEPOLE PINE	$334	149.3%	90.9%
HW LUMBER, WESTERN RED ALDER	$6,525	108.0%	23.5%
HW PLYWOOD	$518	84.3%	825.0%
HW LOGS, MAPLE	$431	69.0%	-13.8%
HW LUMBER, WALNUT	$1,351	56.2%	3.8%
HW LUMBER, ASH	$2,026	55.5%	40.7%
HW LOGS, WALNUT	$2,289	39.3%	-23.7%
HW LUMBER, CHERRY	$5,458	26.7%	6.4%

Significant growth occurred in several major products/species such as Yellow Poplar Lumber (433%), Softwood Veneers (159.1%), and Western Red Alder Lumber (108%). However minor category gains came from Other Softwood, Other Temperate, and Tropical Lumber. Although still a very minor category, Hardwood Plywood has seen steady increases in export value from 1999-2003 (84.3%). SW Lumber exports were down significantly (-65%) over the period as preferences shifted to non-U.S. sources for low cost SW. Southern Yellow Pine Lumber exports to Spain was the leading contributor to this category decline over the period (-67%), a trend that is occurring all too often with the SW species, shown on the chart above. SYP represents an estimated 15% of the Lumber market, and 85% of the SW Lumber market, even with a significant loss of market share. SW Logs gained 185% from 1999-2003, with Other SW species leading the way. Preferences appeared to switch to more HW species over the period analyzed, along with lower cost sources from European partners (see import-export charts above).

U.S. EXPORTS- SECONDARY

U.S. SECONDARY EXPORTS:	SPAIN	FACTOR:	VALUE ($000)	MARKET
PRODUCT	2003	5YR Δ	1YR Δ	SHARE
COOPERAGE PRODUCTS	8,804	-26.9%	-8.2%	4.6%
WOOD HOUSEHOLD FURNITURE	959	-59.3%	20.8%	0.5%
WOOD OR WOOD FRAME SEATS	577	-8.7%	131.2%	0.3%
HW FLOORING	196	-78.6%	188.2%	0.1%
PENCIL SLATS	82	-93.8%	74.5%	0.0%
HW MOLDING	39		254.5%	0.0%
WOOD FURNITURE PARTS	31	-62.9%	-69.9%	0.0%

Once again, it should be noted the secondary products represent only a fraction of the total export value of U.S. shipments to Spain. The only products with significant volume ending 2003 were Cooperage products (4.6%). However, the Spanish wine industry has been steadily replacing U.S. cooperage products with cheaper foreign or domestic products reflecting a general downswing in exports to that market. Also, a slowdown in global wine consumption (and production) in Europe has led to consolidation within the spirits market, leading to depressed exports for the U.S. in that category. No other products readily appear to be gaining ground in Spain. While there were no secondary products that performed well over a 5-yr period, HW Flooring (188.2%) and Molding (254.5%) realized huge gains over 2002 numbers.

*Note: There were no high growth secondary products worth reporting.

SOUTH CAROLINA EXPORTS

SC EXPORTS: SPAIN	TOTAL VALUE ($)						
Description	2003	SC 1YR	SC 5YR	US 5YR	% SHARE	SC RANK	% SC SHARE
WOOD + FURNITURE	4,035,599	-27.6%	-2.3%	-11.5%	100.0%		
ALL WOOD	4,035,599	-27.6%	-2.2%	-10.1%	100.0%	16	2.03%
Lumber	3,716,407	10.1%	17.0%	-23.3%	92.1%	13	3.21%
Logs	185,848	41.9%	486.8%	55.0%	4.6%	16	1.11%
Packing Material	133,344	n/a	n/a	187.1%	3.3%	1	45.22%
Tools & Brooms	0	-100%	n/a	430.9%	0.0%		0.00%
Veneer Sheets	0	-100%	-100%	39.7%	0.0%		0.00%
Fiberboard	0	n/a	n/a	-51.4%	0.0%		0.00%

Spain is the 5th largest export market for South Carolina, and represents 6.5% of total exports of forestry products from the state. Spain is the largest European export destination for SC, behind the U.K. Exports to Spain reached $4.03M in 2003, remaining almost flat over the period (-2.3% 5YR). Exports reached a 5-yr high in 2002 ($5.6M), but dropped almost -28% in 2003. Exports to Spain are almost totally lumber products. Lumber represented about 92% of the entire Spanish market for SC, followed by Logs (4.6%), and Packing Material (3.3%). Within the lumber category, Oak was the dominant species exported to Spain (71.0%). SW lumber represented about 21.4% of the lumber market, with Southern Yellow Pine as the key species. Oak lumber exports showed strong growth over the 5-yr period, rising 167% from exports of $1.0M in 1999. SW Lumber displayed weakness over the period (-54.5%, 5YR), ending at $795,000 in 2003. Among HW Logs, Oak (Quercus) was also the dominant species, with 71.0% of the market. Oak logs also displayed strong growth over the period, ending up 314.5% to $131,000 in 2003. Although Packing Material exports only reached $133,000, SC was the #1 exporter of this product in the country to Spain, with a dominant 45.2% share of the Spanish market. SC exports of Veneer Sheets reached period highs of $2.1M in 2002, but subsequently dropped to zero the next year. This trend is consistent with exports to many other countries over the period. Again, this could be the result of discrepancies in trade data collection, or through a shift in production by SC-based manufacturers of Veneer Sheets. SC's share of U.S. exports for the top three products were 2.0%, 3.21%, and 1.1% respectively. Growth, or lack thereof in the Spanish market for SC is in line with depressed U.S. exports to the country.

Note: Veneer sheets were a significant source of export revenue in the period from 1999-2002. However, no export sales were recorded in 2003. 2002 totals reached $2.06M, up almost 110% from 1999 levels. SC ranked 6th overall in 2002, with 4.0% of the total Spanish market.

BEST PROSPECTS- U.S. PRIMARY

HW LOGS:	CHERRY, WALNUT
SW LOGS:	OTHER SW (nesoi)
HW LUMBER:	W. RED ALDER, YELLOW POPLAR, CHERRY, ASH
SW LUMBER:	LODGEPOLE PINE
VENEERS:	HW & SW
PLYWOOD:	HW (441222-VENEERED, TROPICAL)
OTHER:	TOOLS & BROOM BODIES

BEST PROSPECTS- U.S. SECONDARY

WOOD PACKING MATERIAL:	CASES/BOXES/CRATES
BUILDERS CARPENTRY:	WOOD WINDOWS & FRAMES

BEST PROSPECTS- SOUTH CAROLINA

LUMBER:	OAK
LOGS:	OAK (QUERCUS), SW (PINES)

ECONOMIC FACTORS (GENERATING DEMAND)

GDP GROWTH

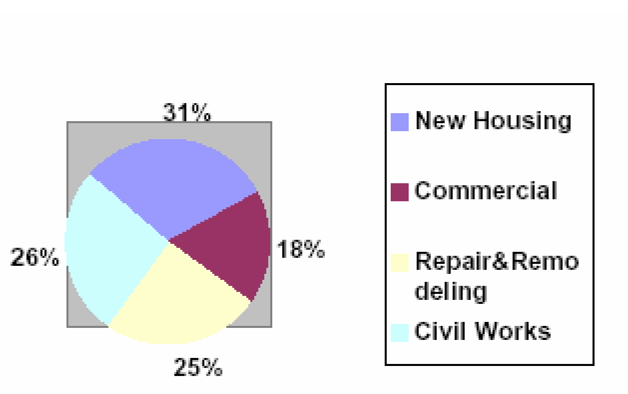
SPAIN: INDICATORS	2000	2001	2002	2003
GDP per head ($ at PPP)	19,043	20,080	20,935	21,450
GDP (% real change pa)	4.2	4.18	2.67	2.01
Government consumption (% GDP)	17.44	17.6	17.5	17.58
Budget balance (% of GDP)	-1.15	-0.6	-0.13	-0.24
Consumer prices (% change pa; av)	2.29	3.43	3.6	3.53
Public debt (% of GDP)	75.58	72.37	68.38	64.45
Labor costs per hour (USD)	12.03	10.78	10.88	11.98
Recorded unemployment (%)	15.75	13.95	10.53	11.35
Current-account balance/GDP	-2.28	-3.42	-2.58	-2.6
Foreign-exchange reserves (B$)	33	30	29	34

Spain's economic growth is expected to have kept up momentum in the first quarter, thanks to the strength of consumer spending and the construction industry, economists say. Gross domestic product probably rose by 0.6 percent over the previous quarter and by 2.75 percent compared with a year earlier, according to the mid-range estimate of 12 economists polled by Reuters. The Bank of Spain has already said on May 4 that it estimated GDP grew by a quarterly 0.6 percent and year-on-year 2.8 percent in the first quarter. Spanish GDP grew by a year-on-year 2.7 percent in the final quarter of last year and by 2.4 percent in 2003 as a whole.

"Our forecast is pretty well in line with the Bank of Spain's with 0.5 or 0.6 percent growth in the quarter and a year-on-year rate of 2.7 or 2.8 percent," said Israel Munoz, economist at Caja Madrid's research unit." We've seen a marked acceleration in consumer spending, in both new car registrations and retail sales," he added.[2]

CONSTRUCTION/ BUILDING INFORMATION

The European construction market was largely static in 2003, although growth is expected in 2004-05, particularly in public works. There were a few bright spots in the industry in 2003 with the UK (+4.5 percent) and Spain (+4.7 percent) showing significant increases in output. The Spanish construction industry is the fifth largest in Europe, with sales of $116 billion in 2001, about $4 million more than in 2000. The Spanish construction industry is going through a growth cycle that began in 1997, peaked in 1999 and is currently slowing down.



In Spain, the construction sector sustained a healthy rate of activity in the first half of the year, with an upturn in the building segment, especially residential building, and a slightly faster rate of execution of the civil engineering projects already under way. The Spanish construction market recorded nominal growth between 1999 and 2003, increasing at an annual rate of between 7% and 8% in the early part of the period, before slowing slightly to between 4% and 5% in the latter part of the period. This reflected an increase in the value of output over the period from £55.24 billion in 1999 to an estimated £69.29 billion by 2003, with nominal growth of more than 25% over the five years. In Spain, timber frame construction is underdeveloped and utilization of structural wood products limited. Single family homes are built with concrete. There are only 12 timber home builders in Spain.

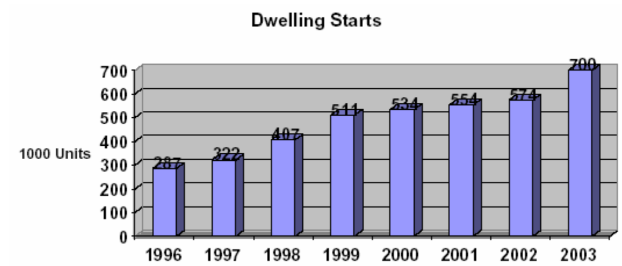
Hardwood and softwood lumber and veneer continue to be in great demand for interior, furniture, door and window applications. U.S. white oak stave planks have a valuable market in Spain in the winemaking industry, although demand has shifted to other sources. The current growing demand for solid wood

[2] Source: http://www.finanzas.com/id.7586591/noticias/noticia.htm

furniture and doors is creating more opportunities for U.S. woods. Softwood imports are mainly southern yellow pine from the U.S. As such, Spain is one of the more important export markets for U.S. southern pine lumber (in appearance grades only) and white oak lumber. Wood products are used almost exclusively for doors, windows, parquets, strip flooring and millwork. Wooden Window and Door production is growing and demand for lumber products will follow suit.[3]

During the first few years of the decade there was significant growth in the Spanish construction market and this is now expected to continue, but the rates of growth are forecast to decline until 2008, by which time real growth is expected to fall to 1%.[4]

HOUSING STARTS



The first few months of 2003 saw a surge in residential building, leading to a new record in the number of projects approved. This allowed the segment to sustain a strong pace of expansion, especially in residential building. In the second half of the year, building activity has remained buoyant and the expansion in the segment continued. The large number of projects approved this year should ensure that activity in the building segment will continue to post positive rates of growth throughout 2004. Despite uncertainty about the sector's performance, dwelling starts attained a record in 2003. In fact, Spain will account for 40 percent of all dwelling starts in Europe this year (2004).

Historically low interest rates and falling unemployment have increased consumer purchasing power. Strong demand by immigrants as well as by Spanish and foreign investors in coastal and tourist areas are also factors behind the boom. But housing prices have rocketed -- some 60 percent in the last four years. Although some experts have warned about a bubble, the Government and other entities have denied such a possibility. Moreover, industry experts predict that potential property demand will average a half million units annually through 2008.

HOUSING DEMAND/PREFERENCES

In housing, wood products are mainly used for doors, windows and flooring. Timber frame construction is still underdeveloped and utilization of structural wood products is limited. Timber frame housing is still limited in Spain (see strategic tables). However, there is a growing public interest in this type of home construction. Larger construction of single-family homes creates more opportunities for wooden homebuilders. Timber frame builders have been able to remove a legal obstacle that made insurance a burden. This may give a modest boost to this type of construction in Spain, but consumers still have a strong preference for traditional concrete and brick residential buildings and for brick or ceramic systems used for sheathing, wall paneling, partitions and roofing. For concrete forms, metallic systems as well as sawn wood and plywood are all used in Spain.

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[3] Source: Department of Commerce

[4] Source: Market & Business Development (MBD). www.mbdltd.co.uk , Feb. 2003.

TRADE FACTORS (AFFECTING U.S. EXPORTS) [5]

GENERAL

The main commercial impediment for U.S. wood materials in the construction sector is their price differential with woods sourced in other countries. Nordic softwoods are providing increased competition for U.S. softwoods. For example, utilization of Nordic whitewood (spruce) is notably growing for painted wood, door frames and windows. Although U.S. southern pine is clearer -- a quality generally preferred by Spanish consumers – it tends to check in outdoor applications such as doors (especially in the dry interior regions of Spain) when not given appropriate treatment. Checks also develop after planning if kiln-drying is done too quickly. Moreover, southern pine is generally varnished to let this wood shows its superior beauty. Once traditional varnishes disappear, however, moisture may get into the wood causing blue stains. (The solution could be the utilization of improved varnishing and pressure treatment). These problems are factors explaining southern pine's recent loss of market share to other species. Regarding concrete forms, U.S. companies must tailor sizes of timbers and finishing panels – which many other suppliers do – in order to compete. Consumers' lack of awareness on the utilization of treated softwoods for outdoor decking is also a major impediment to their use as alternatives to tropical hardwoods.

The main commercial impediment for the utilization of U.S. woods in interiors and furniture is the price competition from alternative sources including European hardwood as well as tropical hardwoods. Consumers currently prefer "natural" (non-stained) woods. This is a major impediment for the use of soft maple that can look like cherry or the easily-stained tulipwood. Imports of U.S. tulipwood have notably increased, however, due to AHEC promotion activities.

TRADE BARRIERS

Note: Please reference the United Kingdom market profile for additional EU regulatory issues, of which Spain is included.

TARIFFS

Spain's phytosanitary requirements and import duties are fully harmonized with the rest of the EU. Duty-free imports include unprocessed products such as logs and lumber but also many wooden products such as treated softwood poles, oak staves, wine barrels, frame molding, frames, parquet strips and panels, windows, doors, concrete forming panels, tool handles, table and kitchenware, clothes hangers, and glue-lam timber. Products such as veneer, panels, crates, pallets, windows, kitchen furniture and prefabricated houses continue to be subject to import duties. In addition, Spanish importers may benefit from the EU duty-free softwood plywood quota of 650,000 cubic meters, which was bound in the GATT in 1996. Spanish imports of U.S. softwood plywood are, however, very limited, as evidenced by the trade data in the earlier section.

OPPORTUNITIES

For exporters who may have an interest in the Spanish wood products market, a list of Spanish forest products importers and agents can be obtained from the Office of the Agricultural Counselor in Madrid. For further information, please contact the Counselor for Agricultural Affairs in Madrid, PSC 61, Box 20, APO-AE 09642; Fax: 011-34-91-564-9644; Email: AgMadrid@fas.usda.gov. Information can also be obtained from the Spanish National Wood Importers Association at the following address:

Asociacion Espanola de Importadores de Maderas (AEIM)
Flora 3-2; 28013 Madrid
Fax: 011-34-91-547-3980
E-mail: aeim@aeim.org

[5] Source: http://www.fas.usda.gov/gainfiles/200403/146105612.pdf

COUNTRY INFORMATION SOURCES

GOVERNMENT

Dirección General de Conservación de la Naturaleza (DGCN)
Government of Spain
Gran Vía San Francisco 4-6
28071 Madrid
Phone: 34 91 5964600
Fax: 34 91 5975565
Email: josemaria.solano@dgcn.mma.es
Website: http://www.mma.es/

Office of the Agricultural Counselor
PSC 61, Box 20, APO-AE 09642
Profile: Offers a list of Spanish forest products importers and agents.
Fax: 011-34-91-564-9644
Email: AgMadrid@fas.usda.gov

TRADE ASSOCIATIONS

Southern Pine Council- Mediterranean
Mr. Ignacio Martinez
Avda. Europa, 42, Local A
28224 Pozuelo de Alarcón
Madrid, Spain
Phone: (34-91) 351-1449
Fax: (34-91) 351-1449

Spanish National Wood Importers Association
Asociaacion de Importadores de Maderas (AEIM)
Flora 3-2; Madrid, Spain
Fax: 011-34-91-547-3980
Email: aeim@aeim.org
Website: www.aeim.org

Association for the Promotion of the Forestry Richness of Galicia (Afrifoga)
AFRIFOGA
Michelena 1, 5°
36002 Pontevedra
Galicia - Spain
Profile: A private association of forest owners, the panel industry, sawmills and the pulp-industry, whose aim is to improve the viability of the industry

Forestry Association of Galicia
Rúa do Vilar 33, 1°
Apdo. Correos 307
15705 Santiago de Compostela
Galicia - Spain
Email: asforgal@iies.es

ANIEME- Spain
Association of Furniture Manufacturers and Exporters
Vinatea, 22-1ª planta-8ª
46001 VALENCIA · ESPAÑA
Website: http://www.anieme.com/

RESEARCH/EDUCATION

Forest and Environmental Research Centre of Lourizán
San Lázaro s/n
15781 - Santiago de Compostela (A Coruña)
Phone: 981-541-700
Fax: 981-541-765
Email: webmaster.cma@xunta.es
Website: http://www.xunta.es/conselle/

Colegio Oficial de Ingenieros Tecnicos Forestales
Avenida Menéndez
Pelayo 75 Bajo, 28007 Madrid
Phone: 91-501-35-79
Fax: 91-501-33-89
Email: forestales@forestales.net
Website: http://www.forestales.net/

INDUSTRY

Tabsal
Paraje Cerradoa s/n - 31840 Huarte Araquil
NAVARRA - ESPAÑA
Profile: Manufacturers of Wood-based products
Phone: 34-48 507 030
Fax: 34-48 500 932
Website: http://www.tabsal.com

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Website: http://www.docavi.es