Particleboard and Medium Density Fibreboard in the Pacific Rim and Europe: 2009 – 2013

Market opportunities, strategies and prospects for trade and investment

"The markets for both products grew at an enormous pace in the decade preceding the financial crisis, medium density fibreboard much more rapidly than particleboard. The global economic downturn has changed the dynamics of the industry. The forthcoming upturn will present unparalleled opportunities for market expansion in new geographic regions, investment in existing and new facilities and exporting to new and established markets. Where will the opportunities be? Will the industry consolidate? Will it be caught short? Will it be more competitive? What will happen to prices and costs? What new products are on the horizon? What are the prospects for resource supply, furniture manufacturing and housing?"

FORESTRY

BIS Shrapnel
BUSINESS RESEARCH AND FORECASTING

Available in two volumes:

Volume 1: Particleboard in the Pacific Rim and Europe: 2009 – 2013 (third edition)

Volume 2: Medium density fibreboard in the Pacific Rim and Europe: 2009 – 2013 (seventh edition)

Volume 1: Particleboard

Particleboard is a relatively mature product in North America, Western Europe, Japan and Australasia, where consumption and production have grown steadily, if less spectacularly than products such as medium density fibreboard. However, in South America, China, Russia, other parts of Asia and Eastern Europe, the particleboard industry remains underdeveloped, and there will be significant opportunities for growth in consumption and production as the world economic upswing gathers pace over the forecast period.

In the established regions, particleboard was developed well before MDF, which has replaced particleboard for many applications on the basis of better performance and quality. In newly developing regions, such as China, development of the MDF industry has preceded the development of particleboard, and reversed the substitution of the products on the basis of cost with particleboard replacing MDF for many applications as a cost effective alternative.

As the world economy enters a cyclical upturn over the next five years, the dynamic markets of China, Russia, India and South America will change the nature of the industry in the established regions. Producers need to understand these markets, and their own markets, to take advantage of opportunities for production, investment and trade.

Volume 2: Medium density fibreboard

The rapid growth in demand for MDF during the 1990's led to huge investments in new production capacity. During the 1990's MDF production capacity rose by 250 per cent in North America, 700 per cent in North Asia, and 300 per cent in Europe. MDF markets are now more mature, and much more price competitive, which has driven producers to improve quality and develop new products and markets. There has been significant change in ownership structure. The world economic downturn has accelerated this process, and further changes can be expected over the next five years.

The development of new low cost and resource rich geographic markets has been remarkable. China has been completely transformed from a major importer, to the worlds' largest producer, consumer and exporter. Growth in established regions has been diminished by competition from furniture production in China, and producers have developed new composite products such as laminate flooring in response, which has subsequently also been produced in China. Production and consumption in Russia, South America and Eastern Europe is in the early stages of a major expansion.

The industry is in the midst of a significant geographic shift, and faced with volatile economies around the globe. Producers, suppliers and traders will need to understand these changes to take advantage of the opportunities this presents for production, investment and trade, and the impact it will have on their competitiveness.

Opportunities for particleboard and MDF

Particleboard

Particleboard is in the midst of an expansionary phase in some regions, but growth remains modest in others. There has been rapid growth in China, Russia, Turkey, other East European countries, Southeast Asia and South America over the past five years. Growth in North America, Europe, Japan and Australasia has been modest over the past five years, although capacity utilization was been relatively high until the onset of the financial crisis and economic downturn.

Over the next five years, the key question will be to what extent consumption and production will expand in the more dynamic regions, and to what extent they will recover in the more established regions. Will there be a shift from China to lower cost and resource rich regions such as Vietnam and Russia? Will markets in the established regions be able to absorb the capacity they currently have in their domestic and in export markets? Will they consolidate, will they expand production, or will they be caught short by a rapid upswing?

Are there prospects for new uses for particleboard, or for substitution for other products? What will be the extent of new production, where will it occur, and how will this impact on industry structure, prices, consumption and trade?

Medium density fibreboard

Global production of MDF grew very strongly in the 1990's, and in the early part of this decade. North America, China and Europe led this trend, with rapid increases in production in these regions. However, following the Asian financial crisis, and the subsequent global slowdown, consumption reached a plateau, which in turn resulted in overcapacity and declining prices.

Producers responded by improving product quality, and by the development of new products and new markets. The growth in production and consumption in China since the late 1990's has been staggering, and there has been strong growth in South America and Southeast Asia, although growth in production in North America and Europe has been relatively modest in the past five years. Ten years after the Asian financial crisis, the industry is now faced with the North American financial crisis, which has become a global economic downturn. Consumption has reached a plateau, there is global overcapacity, and prices have declined.

Over the next five years, producers will need to respond during the upturn with improvements in quality, the development of new products, and new markets. The inevitable upturn will result in strong growth in Russia and Eastern Europe, South America and other low cost regions such as Vietnam. Considerable change will occur in China as it shifts to a higher cost, higher quality region with industry consolidation and larger scale production. There will be many opportunities for expanding trade, for investing, and for developing new products as these global changes take place.

Report objectives

These two reports will analyse trends and provide projections for consumption, production, trade and prices in each of the key regions. The reports will:

- Identify the key driving factors affecting production, consumption and trade
- Forecast prices, production, consumption and trade, and analyse the competitive dynamics between and within each of the key regions
- Analyse prospects for the resource and key end use sectors, including furniture, and building construction within each consuming region
- Identify potential new applications for particleboard and MDF
- Identify the optimum timing for investment in new production capacity in each region based on capacity utilization and projected new projects.

Contents of each Volume:

An executive summary highlighting the main conclusions, providing a global overview and aggregating analysis and projections for all the regions

An introduction explaining the methodology and approach

Separate chapters providing a detailed profile and forecasts for the major producing and consuming regions including:

- An economic overview
- An overview of the forest industry and resource base
- An overview of the particleboard and MDF industries by region/country
- Details of existing and planned particleboard and MDF production facilities and capacities
- five year histories and forecasts of prices, production, consumption, imports, exports, excess capacity by region/country
- industry variable cost structures
- five year histories and forecasts of end use markets (furniture, industrial, construction)
- potential new applications for particleboard and MDF
- quality assessment of particleboard and MDF
- overview of distribution channels by region/country
- approaches to product promotion by region/country

The focus of the reports will be on **major producing and consuming countries** in each of the key regions, as follows:

Australasia
– Australia
– New Zealand

Europe
– European Union
– Other Europe (including Russia)

North America
– Canada
– Mexico
– United States

North Asia
– China
– Japan
– South Korea

South America
– Argentina
– Brazil
– Chile

South Asia
– Indonesia
– Malaysia
– Thailand
– India
– Vietnam

Methodolgy

The general methodology used for these two reports is the product of more than 40 years of methods research and development by BIS Shrapnel Pty. Ltd.

The reports will utilize three basic sources of information:

- Field research based on interviews and strategic discussions in key producing and consuming regions with producers, end-users, equipment suppliers, distributors, industry associations and BIS Forestry associate companies
- Published data, as well as information from government and industry statistics organisations
- BIS Shrapnel studies will be used as references. Among the most relevant are:
  - Particleboard in the Pacific Rim and Europe
  - Medium density fibreboard in the Pacific Rim and Europe
  - Wood based forest products in China
  - Structural engineered wood products in the Pacific Rim and Europe
  - Oriented strand board and lumber in the Pacific Rim and Europe
  - Sawn timber in Australia

COST AND TIMING

BIS Shrapnel Forestry plans to commence the reports in July, 2009, with both reports to be delivered in October, 2009.

The reports can be purchased separately, or as a two volume package at a significant discount. Subscribers before June 30th, 2009 will receive a 25% discount.

Volume 1: Particleboard (before June 30th, 2009)	**A $13,200**
Volume 2: MDF (before June 30th, 2009)	**A $13,200**
Volume 1 and 2: (before June 30th, 2009)	**A $17,600**

NB: **A 25% addition to price applies to orders received after June 30th, 2009.**

Subscription includes two hard copies of each report. A $ = Australian dollars; GST included if purchased in Australia; PDF versions are available at an additional cost of A $1,100 per volume, and extra hard copies are available at an additional cost of A $440 per volume.

BIS Shrapnel

BIS Shrapnel offers an unmatched combination of strengths: economic analysis and forecasting, coupled with marketing intelligence gathering and analysis. No other research firm in Australia enjoys our pre-eminent reputation in forecasting.

Formed in 1964, BIS Shrapnel has built extensive expertise across a broad spectrum of industry sectors and geographic regions, and has developed a large portfolio of research methodologies, all of which we continue to expand.

BIS Shrapnel is a professional business research and forecasting company with specialist knowledge in the following areas:

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household appliances and power tools
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transport

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