338.3:339.9

Karabaza I., Associate Professor,
Kozhuhova T., Associate Professor,
Voietska M., Magister of International Economics,
Krivoy Rog Economic Institute,
SHEE "Krivoy Rog National University"

THE EUROPEAN PARQUET MARKET: ITS CHARACTERISTICS AND THE PLACE OF UKRAINIAN PRODUCERS

The history of parquet has several thousands of years. More than thirty ages ago people has started to use wood for decoration of their homes. Nowadays parquet is one of the most traditional types of floor covering. It causes an intensive expansion of the existing world parquet market and the appearance of the new players on it. Under such conditions the growing interest to the peculiarities of the modern word parquet market and of the European market as the largest segment of the world market in particular is quite natural. The activity of such international organization as FEP (European Federation of the Parquet Industry), EPC (European Parquet Congress), UNECE/ FAO (Food and Agriculture Organization of the United Nations Economic Commission for Europe) is devoted to the analysis of specific situations, existing problems, certain aspects of the industry and prospects of its development. These challenges are also examined by such foreign scientists as Alex McCusker, Ed Pepke, Bill Eggertson, Siegfried von Lauvenberg, John Dye, Gil Covey, Matthew Fonseca, Delton Alderman, Federika Fiorellini and others. Despite the scrupulous interest to this subject of a number of foreign scholars researchers, the native scientists don’t devote enough attention to the question of the learning the European parquet market. In conditions when despite the fact that the wood industry in Ukraine is not related to the strategic, but demand for this industry is growing every year, indicating its perspectives and possibility of increasing its share in GDP such situation is unacceptable.

Therefore, the aim of the article is to analyze the situation prevailing in the European parquet market. The main objectives of the article are to describe the European market, to provide the Ukrainian producers idea about the realities of the market and forecasts for the future, and also about prospects of expansion of their market niche in the European parquet market.

Nowadays the most important international parquet market is the European market. The largest number of European parquet producers companies are situated in such countries as Germany, Austria, Italy, Holland, France, Croatia and Switzerland.

Not so long ago the situation in the European parquet market was quite complicated. The greatest decrease of sales volumes and increased competition were visible on the German market. Against the same period pre-crisis years of falling sales of some companies ranged from 10 to 20%. Among the main causes of adverse market conditions were weakening demand in a slumping economy, significant excess capacity and, therefore, constant pressure on prices in the markets [1].

During the first two quarters of 2008, some companies were forced to cut production, but so far these measures may not significantly affect the level of propositions and balance the market. Also, neither the application for coagulation of several European companies, nor significant reduction of supply bankrupt producers had no appreciable effect on the market situation.

Dynamics of the European market sales has continued to be determined be the solely sluggish procurement policy of the retailers. The quantities of goods in warehouses have been significantly reduced in order to save the majority of commercial enterprises.

According to expert estimates, the market oversupply and falling demand have led to the fierce competition between manufacturers. Prices continued to decline and reached a new lower limit.

An unfavorable market situation in Germany and Austria has caused an active expansion of some suppliers’ presence in the European market.

According to their data, sales in some countries of Northern, Southern and Eastern Europe, particularly increasing upward trend. Recently, large manufacturing companies increase their influence there, creating a distribution branches and offices. In these markets, suppliers are not able to raise product prices, but slightly better than average growth of sales nevertheless allowed companies to partially offset the impact of falling demand in the European parquet market.

In conclusion of analyzing the situation in the world parquet market and in the European parquet market as its largest segment we can say that that the parquet manufacturers are on the way to "recover" gradually increasing production and strengthening its position.

Forecasts made by the FEP in January of this year, based on consolidated data from the Federation on a number of manufacturers parquet, show positive trends in manufacturers increase both production and consumption in this area. In comparison with the previous year, the total production in 2012 increased by 4.11%, while the total consumption indicates a higher rate of growth of 6.81% [2].

The results of 2011 improved significantly in comparison with previous difficult years, which was caused by the global economic crisis as wood industry also faced with a reduction of consumption and production. Causes positive trend towards improvement perspective linked to the general economic recovery that was seen in last year's parquet market as one of the largest industrial markets. Global results even exceeded the expectations of experts in this field. However, FEP emphasizes that in some cases their data are preliminary, and therefore we cannot exclude the possibility of making some changes in the future.

The total production in FEP territory rose to a volume of 70,713,000 m². Important increases in Switzerland, Hungary, The Netherlands and in the Nordic countries balanced the sensitive situation in Spain and contributed to the stabilization of the sector (tabl.1).

Table 1

FEP parquet production

	000, m^2	+/-, 000 m^2	+/- , %
1985	23,300		
1986	25,580	2,280	9,8
1987	26,991	1,411	5,5
1988	29,997	3,006	11,1
1989	34,566	4,569	15,2
1990	35,634	1,068	3,1
1991	35,294	-340	-1,0
1992	37.977	2,683	7,6
1993	10,369	2,419	6,4
1994	44,972	4,576	11,3
1995	49,798	4,826	10,7
1996	50,578	780	1,6
1997	53,836	3,258	6,4
1998	58,308	4,472	8,3
1999	64,774	6,466	11,1
2000	69,812	5,038	7,8
2001	75,621	5,809	8,3
2002	76,741	1,120	1,5
2003	81,039	4,298	5,6
2004	91,453	10,414	12,85
2005	95,977	4,524	4,9
2006	97,911	1.934	2,02
2007	100,334	2,423	2,47
2008	84,725	-15,609	-15,56
2009	67,523	-17,202	-20,3
2010	70,300	2,777	4,11
2011	70,713	412	0,58

Consumption in the European parquet market has also increased significantly: at 6.81%, the level of 92.945 million square meters. Quite weighty increase of consumption is observed in Germany and France.

According to Fig. 1, Poland occupied the leading position in the manufacture of parquet in the world market at present, the share of which in total amounts to 17.71%. Second place is for Germany, whose share is 15.64%, and Sweden third with a share of 13.30%. Followed by countries such as Austria (11,32%), France (9.25%), Spain (8.48%), Italy (5.41%), Romania (2.90%), Switzerland (2, 19%), Czech Republic (2.11%), Hungary (1.98%), the Netherlands (1.78%) and Belgium (0.67%). The share of other countries, the parquet is 7.26%.

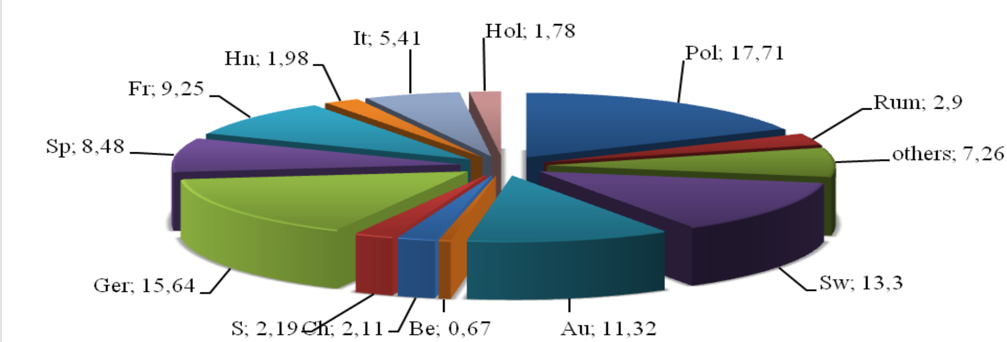

Fig.1. Parquet production in the world parquet market (%)

Source: [2]

From Fig. 2 we can conclude that among consumer countries in the European parquet market the leading place takes Germany, whose share is 20.84%, which is 2% higher than the previous year. Behind it followed by France (13.01%), Spain (10.84%), Italy (10.33%) and other countries.

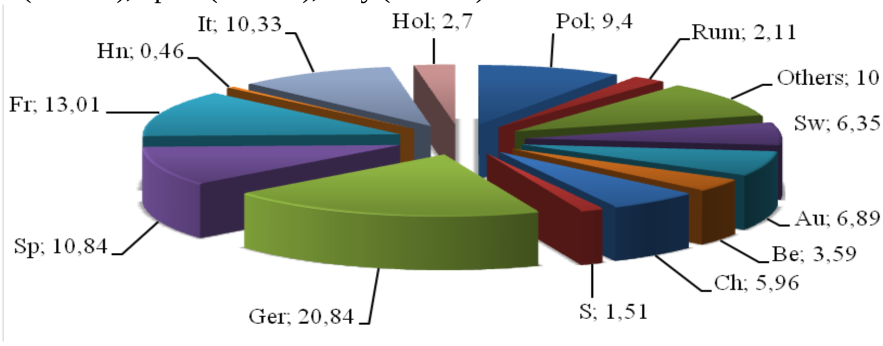

Fig.2. Parquet consumption in the world parquet market (%)

Source: [2]

Based on the data in Fig. 3 we can conclude about the range of prices for parquet in producing countries parquet products. Accordingly, the cheapest parquet is produced in Romania, Hungary and Spain, the minimum and maximum prices which are equal to 20-65 USD/m2, USD/m2 30-65 and 25-80 USD/m2. Followed by Italy, Czech Republic, Sweden, Belgium, the Netherlands and Poland. Finally, the most expensive parquet producers are Denmark, Finland and Norway, Austria, France and Germany.

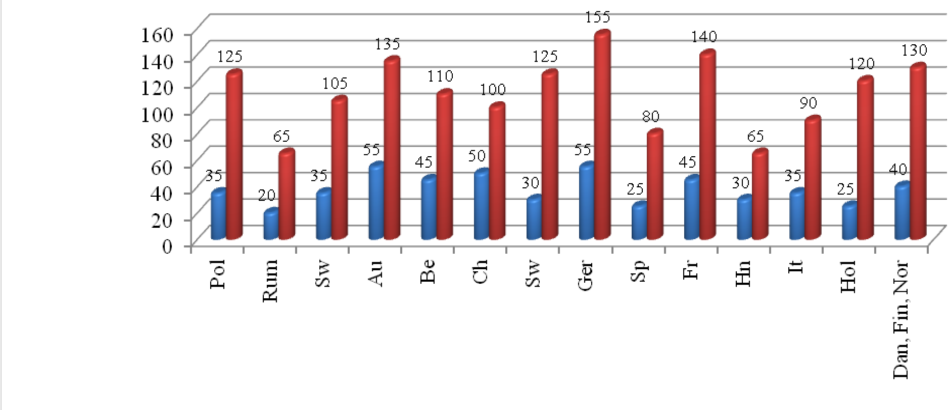

Fig. 3. The range of prices on the world parquet market (USD/m2)

Taking into account continuous improvement of picture of the situation with parquet in the world market in 2011, one could argue that the future prospects in this area is quite encouraging. Overall, the results in 2012 developed positively, especially in the last months of the year. Industry strengthened mainly due to the progressive increase in orders and continual improvement of the economic climate worldwide. The same applies the growing consumer confidence in the EU.

Despite the expected decline in GDP in the euro area by 0.3%, unemployment in the EU is on average 10.3% and 11%, and the current situation in Spain, whose economic problems nowadays is the reason for anxiety, FEP makes predictions according to which 2013 will bring a positive uplift and bright prospects for the European parquet manufacturers in general [3]. In addition, 7 and 8 June 2013 the 37 European Congress of the European Federation of Parquet flooring will be held in Istanbul. It’s dedicated to the accession of Turkey to the FEP. The event will be attended by companies, organizations or individuals who have made a significant contribution to the parquet sector [4]. It is expected that Turkey's accession would have a beneficial effect on the recovery situation in the international market parquet and recreation area.

In Ukraine today there are over 100 manufacturers of parquet products, hardwood excluding small shops where manufacture of flooring made without special equipment. Today, many state forestries produce flooring, with special high-performance line of leading Italian and German firms Schroeder, Fischer, Weinig, A.Costa, Griggio and others.

The largest exporters of parquet products to various countries, including, to the European market are: “UKKAN” Ltd., “COMPANY”INEXUKRPARKET” PE, JV “FRESH” Ltd., “ARI CO” PE, “KORIS”AM” Ltd., “R.I.F.PARKET” Ltd., “TARTAK” Ltd., “ELITWOOD” Ltd., GP Krolevetsky HuntWood Household, “ML” Ltd. This producers who operate in the market for many years often taking part in major European exhibitions displaying its luxury products of European quality.

What’s about the place of Ukrainian parquet in the world market, it has managed to find its niche. At the moment the Ukrainian parquet is not fully withstand competition of foreign producers, but the quality is gradually improving Ukrainian parquet flooring "flows" with cheap price group in a way. FEP notes the rapid growth of the Ukrainian market and begins to consider Ukraine not only as a major market for their products, but as a novice exporter of high quality parquet that shows great promise our manufacturers.

Literature

1. The European parquet market // Federica Fiorellini / [Електронний ресурс]. Режим доступу: http://www.parquetinternational.net.

2. The European Federation of the Parquet Industry (FEP). [Електронний ресурс]. Режим доступу: http://www.parquet.net.

3. Market overview FEP_2013. [Електронний ресурс]. Режим доступу:http://www.euparal.com/news.

4. European parquet consumption in 2012: stable picture, with important variations in different markets. [Електронний ресурс] / Режим доступу: http://pr.euractiv.com/pr/european-parquet-consumption-2012.

5. Національний бізнес-рейтинг (НБР) [Електронний ресурс] / Режим доступу: www.nbr.com.ua. 2012

Рецензент д.э.н., профессор А.В. Шайкан