Tropical Timber Market Report since 1990

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Snapshot

As a result of deteriorating economic conditions, there has been no turnaround in the tropical timber market during the last fortnight. Given the state of the global economy, further layoffs in the timber sector were expected to hit parts of Africa, Malaysia, China and Brazil. ASEAN members were working hard to counter the effects of the economic slowdown, including by creating a fund for member countries, to assist with economic recovery.

Many traders were speculating on how the new US economic stimulus package would affect the trade in the coming months. For now, trade continues to be low in all producer and consumer regions. For instance, the uncertainty of the global economic situation and the volatility of exchange rates have led EU traders to do little forward buying for tropical hardwood sawn lumber. To compensate for low trading conditions, prices were up in some exporting countries. In Guyana, average roundwood export prices jumped 66% from the corresponding fortnight in 2008.

Despite the closure of 7,000 furniture enterprises in China and drops in production values during calendar year 2008, China reported an overall expansion (27%) in the amount of furniture exports through Guangdong Province. On the other hand, Brazil's Alta Floresta region reported falling exports of wood products by 34% in year 2008, with overall wood products exports from the country falling by over 51% during the same period in 2008. Peru reported marginal gains in the value of wood products exports during 2008, but experienced a steep decline in exports after October. Japan's plywood imports also slipped nearly 11% in 2008 compared to 2007.

Contents

Headlines

Report from Central/West Africa

Demand and prices for West African logs remain unchanged

As we have forecast in recent reports, the very deep cuts in log, lumber and veneer production throughout West African producer countries have created a notable tight supply situation for certain species. This situation has started to have some effect on asking prices. Traded volumes are at low levels, but even in the worst affected consumer countries, importers and timber users are still in business and running down their stocks, which will eventually have to be replaced. There are no price changes to report though some current price negotiations have focused on modest gains rather than any further reductions due to tight supply and uncertainty in the markets. Sapele lumber is an exception and prices are still very weak with low or no demand from European buyers. In Gabon, the forest department strike (see TTMR 14:2) is over and officials are working to establish the 2009 harvest quotas for the industry.

Demand continues to be largely unchanged from the last report. European markets are quiet, with no forecasts of when an improvement will begin. There is some demand for certain favorite log species from China and India, which has been increasing competition for the present limited availability of these species.

Sawn lumber prices are unchanged. Demand is low and rains in Gabon and Congo Brazzaville have been restricting the felling and movement of logs to sawmills. There are no indications that producers are interested in changing the strategy and are convinced that for the time being there is no economic reason to plan for a return to increased output.

Congo to export timber to Namibia

The Republic of Congo's Ambassador-designate to Namibia, Marie Therese Avemeke, has vowed to facilitate timber exports from Congo to Namibia, reported the Namibian newspaper, *New Era*. Although Congo has the largest export-oriented plantations of eucalypts and native tropical species in tropical Africa, their commercial viability is marginal. The Ambassador-designate also announced she would help strengthen economic ties between the two countries and promote cooperation in the fields of education, culture and trade.

West Africa Log Prices

West Africa logs, FOB	€ per m^3		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	205	191	153
Ayous/Obéché/Wawa	195	192	150
Azobe & Ekki	168	168	122
Belli	161	161	-
Bibolo/Dibétou	160	160	
Bubinga	533	457	381
Iroko	257	260	220
Okoume (60% CI, 40% CE, 20% CS) (China only)	132	-	-
Moabi	289	289	206
Movingui	191	191	137
Niove	129	129	-
Okan	152	152	122
Padouk	259	250	215
Sapele	225	220	175
Sipo/Utile	300	300	228
Tali	152	152	114

West Africa Sawnwood Prices

West Africa sawnwood, FOB		€ per m^3
Ayous	FAS GMS	300
	Fixed sizes	360
Okoumé	FAS GMS	300
	Sel. & Bet. GMS Italy	250
	Sel. & Bet. fixed sizes	-
Sipo	FAS GMS	570
	FAS fixed sizes	-
	FAS scantlings	585
Padouk	FAS GMS	585
	FAS scantlings	585
	Strips	425
Sapele	FAS Spanish sizes	500
	FAS scantlings	500
Iroko	FAS GMS	440
	Scantlings	475
	Strips	360
Khaya	FAS GMS	380
	FAS fixed	420
Moabi	FAS GMS	540
	Scantlings	560
Movingui	FAS GMS	300-320

Report from Ghana

President appoints new Minister of Lands and Natural Resources

Following the successful transition to Ghana's new government administration, the new President John Evan Attah Mills has appointed Mr. Collins Dauda as the new Minister of Lands and Natural Resources. Mr. Dauda was a member of the Parliamentary Select Committee of the Fourth Republic on Lands and Forestry. The new Minister was among the first batch of 11 nominated by the President for consideration by parliament for appointment. Prior to gaining parliamentary approval, Mr. Dauda successfully answered questions on forestry, including on the fast depletion of the country's forest resources and rising incidence of bushfires. In his answers to the vetting committee, he indicated the main focus of his new appointment would be to develop plantations to replenish stocks of the country's raw materials.

Ghanaian exports to the US slump

Though the US continued its dominance as the most lucrative destination for Ghana's kiln-dried lumber and rotary veneer, the recent economic crisis has slumped demand for Ghana's timber products, particularly mahogany and odum. This has forced some of Ghana's lumber and veneer prices down. Market analysts were hopeful, however, the economic downturn would be short-lived and avoid negative impact on business and industrial employment.

Ghana Log Prices

Ghana logs, domestic	US\$ per m^3	
	Up to 80cm	80cm+
Wawa	100-115	120-145
Odum Grade A	160-170	175-185
Ceiba	90-100	105-120
Chenchen	60-90	95-112
Khaya/Mahogany (Veneer Qual.)	80-100	110-135
Sapele Grade A	135-150	155-175
Makore (Veneer Qual.) Grade A	125-135	140-166

Ghana Sawnwood Prices

Ghana Sawnwood, FOB	€ per m^3	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	855	-
Asanfina	490	560
Ceiba	200	260
Dahoma	330	390
Edinam (mixed redwood)	415	465
Emeri	425	475
African mahogany (Ivorensis)	600↑	665↓
Makore	520	610
Niangon	560	640
Odum	655↓	700↓
Sapele	540	600
Wawa 1C & Select	260	285

Ghana sawnwood, domestic		US\$ per m^3
Wawa	25x300x4.2m	255
Emeri	25x300x4.2m	345
Ceiba	25x300x4.2m	210
Dahoma	50x150x4.2m	318
Redwood	50x75x4.2m	280
Ofram	25x225x4.2m	330

Ghana Veneer Prices

Rotary Veneer, FOB	€ per m^3	
	CORE (1-1.9mm)	FACE (<2mm)
Bombax	315	350
Kyere, Ofram, Ogea & Otie	325	360
Chenchen	315	360
Ceiba	360	305
Mahogany	400↓	430↓

The above prices are for full sized panels, smaller sizes minus 15%. Thickness below 1mm would attract a 5% premium.

Rotary Veneer, FOB Core Grade 2mm & up	€ per m^3
Ceiba	250
Chenchen, Ogea & Essa	295
Ofram	312

Sliced Veneer, FOB	€ per m^2	
	Face	Backing
Afrormosia	1.80	1.00
Asanfina	2.00	1.00
Avodire	1.12	0.80
Chenchen	1.00	0.55
Mahogany	1.40	0.79
Makore	1.75	0.90
Odum	1.60↓	1.00

Ghana Plywood Prices

Plywood, FOB	€ per m^3			
B/BB, Thickness	Redwoods		Light Woods	
	WBP	MR	WBP	MR
4mm	560	475	500	380
6mm	340	325	335	285
9mm	380	300	290	270
12mm	300	300	280	250
15mm	310	280	300	270
18mm	300	280	285	260

Grade AB/BB would attract a premium of 5%. BB/BB would be 5% less, C/CC 10% less and CC/CC 15% less.

Ghana Added Value Product Prices

Parquet flooring 1st	FOB € per m^2		
	10x60x300mm	10x65-75mm	14x70mm
Apa	12.00	14.47	17.00
Odum	8.20	10.18	11.00
Hyedua	13.67	13.93	17.82
Afrormosia	13.72	18.22	17.82

Grade 2 less 5%, Grade 3 less 10%.

Report from Malaysia

Malaysia's commodity export earnings top USD112 billion

Malaysia's Plantation Industries and Commodities Minister Datuk Peter Chin Fah Kui said the country's commodity exports topped USD112 billion in 2008, a 26.7% increase from 2007, mostly due to high prices of palm oil in 2008. According to *Bernama*, earnings for two commodities declined, one of which was timber and timber products. Malaysia's earnings from timber and timber products declined 0.66%, from RM22.65 billion in 2007 to RM22.5 billion in 2008.

In other domestic economic news reported in *The Sun Daily*, Deputy Finance Minister Datuk Kong Cho Ha announced the government's intentions to approve a 'mini' economic stimulus package of at least RM30 billion (USD8.17 billion) to generate greater economic and business activities in the country. He said the stimulus would help address the increasing lay-offs in the country, which were expected to affect 60,000 workers. Kong also remarked that the lack of investor confidence was causing liquidity problems.

Malaysia gives ASEAN fund a boost

Malaysia will contribute USD3.4 billion (RM12.23 billion) in loans as part of a multi-billion dollar effort to assist ASEAN countries affected by the global economic downturn, reported *The Star*. The funds will be available as loans to member countries when the initiative is endorsed at the next meeting of ASEAN finance ministers in Bali this May. China, Japan and South Korea agreed to contribute to the initiative, raising the total amount of funds from USD80 billion to USD120 billion, with ASEAN countries contributing 20% (USD24 billion) of the fund. Cambodia, Myanmar, Laos, Vietnam and Brunei will each contribute 5% of their national reserves to the initiative.

Prices for Malaysian timber products remain depressed

Prices of Malaysian timber products remained low even as timber traders resisted further price reductions. Although timber traders continued to have idle inventories, many were holding out for the US economic stimulus plan and mortgage bailout plan to take effect and move the industry forward. However, some timber traders believed it would take at least six months or more to see any real business activities returning to the industry.

Malaysia Log Prices

Sarawak log, FOB	US$ per m^3
Meranti SQ up	230-254⬇
Small	211-242
Super small	199-224
Keruing SQ up	217-229⬇
Small	187-218
Super small	161-192
Kapur SQ up	207-232⬇
Selangan Batu SQ up	178-215
Pen. Malaysia logs, domestic (SQ)	**US$ per m^3**
DR Meranti	232-251⬇
Balau	297-322⬇
Merbau	327-362⬇
Rubberwood	41-77
Keruing	216-232⬇

Peninsular Malaysian meranti logs are top grade and are used for scantlings for the EU. Their prices are higher than Sarawak's.

Malaysia Sawnwood Prices

Malaysia Sawnwood, FOB		US$ per m^3
White Meranti A & up		283-314
Seraya Scantlings (75x125 KD)		462-477⬇
Sepetir Boards		252-274
Sesendok 25,50mm		359-377⬇
Kembang Semangkok		296-319

Malaysian Sawnwood, domestic		US$ per m^3
Balau (25&50mm,100mm+)		338-358⬇
Merbau		487-540⬇
Kempas 50mmx(75,100 & 125mm)		266-306
Rubberwood	25x75x660mm up	194-244⬇
	50-75mm Sq.	236-268⬇
	>75mm Sq.	258-287

Malaysia Plywood Prices

Malaysia ply MR BB/CC, FOB	US$ per m^3
2.7mm	419-481⬇
3mm	395-425
9mm & up	340-412

Meranti ply BB/CC, domestic	US$ per m^3
3mm	391-432
12-18mm	325-354

Other Malaysia Panel Prices

Malaysia, Other Panels, FOB		US$ per m^3
Particleboard	Export 12mm & up	231-254
	Domestic 12mm & up	216-233
MDF	Export 15-19mm	286-318
	Domestic 12-18mm	275-293

Malaysia Added Value Product Prices

Malaysia, Mouldings, FOB	US$ per m^3
Selagan Batu Decking	558-568⬇
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	574-587⬇
Grade B	525-534⬇

Malaysia Furniture and Parts Prices

Malaysia, Rubberwood, FOB		US$ per piece
Semi-finished dining table		
solid laminated top 2.5'x4', extension leaf		58-74
As above, Oak Veneer		65-79
Windsor Chair		57-59
Colonial Chair		55-60
Queen Anne Chair (soft seat)	without arm	55-63
	with arm	55-64
Chair Seat 27x430x500mm		43-48
Rubberwood Tabletop		**US$ per m^3**
22x760x1220mm sanded & edge profiled		
Top Grade		562-594⬇
Standard		547-566⬇

Report from Indonesia

Japan extends financial support for Indonesian economy

The Japan Bank of International Cooperation (JBIC) will provide financial support of USD1.5 billion to Indonesia as part of a guarantee on the sale of yen-denominated 'samurai' bonds, reported *The Jakarta Globe*. Japan will also assist in stabilizing the Indonesian economy by raising the size of funds available though a bilateral currency swap agreement started under the Chiang Mai Initiative, a response to the 1997 Asian Financial Crisis. The agreement will allow up to USD12 billion in currency swaps to fortify Indonesia's foreign reserves, which currently stand at USD50.87 million.

In other bilateral discussions, Indonesia's President Mr. Susilo Bambang Yudhoyono met with US Secretary of State Hillary Clinton during her recent visit to Indonesia, reported *Antara News*. The Indonesian President stressed to Secretary Clinton the need for the US and Indonesia to maintain economic momentum as the global economy continued to decline. During calendar year 2008, the volume of trade between Indonesia and the US stood at USD20.1 billion. US investments in Indonesia amounted to USD10.6 billion.

Government orders workers to buy Indonesian-made products

Federal government workers have been ordered to buy Indonesian-made products to stem a decline in exports, indicated *The Bali Times*. The new regulations and penalties for non-compliance will be drafted by the Ministry of Industry and Trade. Indonesian exports for 2008 fell 21% compared to December 2007 levels, the sharpest drop in seven years.

Prices of Indonesian timber products remain in the doldrums

Prices of Indonesian timber products continued to decline as sawmills in most major cities across Indonesia refused to purchase more logs. Many sawmills were void of inventories as they awaited the prospect of foreclosure. With buyers few and far between, the business situation for plywood and panel products was becoming grimmer. The hardest hit might be community-based furniture manufacturers, a major source of Indonesian furniture, as orders have mostly dried up since January 2009. Coupled with rampant unemployment, entire communities were facing the prospect of spiraling into bankruptcy.

Indonesia Log Prices (domestic)

Indonesia logs, domestic prices	US$ per m^3
Plywood logs	
Face Logs	189-232🡇
Core logs	170-203🡇
Sawlogs (Meranti)	177-238🡇
Falcata logs	145-179🡇
Rubberwood	34-60🡇
Pine	160-199🡇
Mahoni (plantation mahogany)	544-570🡇

Indonesia Sawnwood Prices

Indonesia, construction material, domestic		US$ per m^3
Kampar (Ex-mill)	AD 3x12-15x400cm	174-192🡇
	KD	196-230🡇
	AD 3x20x400cm	222-245🡇
	KD	226-251🡇
Keruing (Ex-mill)	AD 3x12-15x400cm	238-252🡇
	AD 2x20x400cm	222-240🡇
	AD 3x30x400cm	202-221🡇

Indonesia Plywood Prices

Indonesia ply MR BB/CC, FOB	US$ per m^3
2.7mm	412-469🡇
3mm	368-409🡇
6mm	325-390🡇

MR Plywood (Jakarta), domestic	US$ per m^3
9mm	264-275🡇
12mm	256-266🡇
15mm	245-259🡇

Other Indonesia Panel Prices

Indonesia, Other Panels, FOB		US$ per m^3
Particleboard	Export 9-18mm	219-230🡇
	Domestic 9mm	191-203
	12-15mm	182-193
	18mm	172-184
MDF	Export 12-18mm	262-274🡇
	Domestic 12-18mm	241-252🡇

Indonesia Added Value Product Prices

Indonesia, Mouldings, FOB	US$ per m^3
Laminated Boards Falcata wood	315-327🡇
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	511-545🡇
Grade B	465-487🡇

Report from Myanmar

Shipments at virtual standstill as market moves sluggishly

Shipments are almost at a standstill since early this month, after MTE's decision to stop shipping FOB for direct sales contracts following a highly publicized narcotics incident (see TTMR 14:3). Only tender lots will be sold FOB, with the remaining goods being purchased Ex-Works (Mill/Depot/Factory). After the recent narcotics incident, all shipments continue to be checked thoroughly by the authorities before they are loaded on board ocean going vessels.

Many experts are convinced that MTE had not been involved in the recently publicized drug incident. Nevertheless, since MTE does not desire a repeat of such an incident, the decision to sell on an Ex-Works basis will remain unchanged until further notice. It is expected that such an approach would remove MTE's liability for the contents of shipments from private buyers that might be involved in any future shipping incidents.

The market has been slow moving due to the current economic downturn and the new system of sales. Tender prices were generally up mainly because of the quantity and grades of logs sold.

Myanmar Log Prices (natural forests)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
Veneer Quality	Jan	Feb
2nd Quality	-	-
3rd Quality	3,623 (4 tons)	4,189 (6 tons)
4th Quality	3,197 (20 tons)	3,702 (11 tons)
Sawing Quality	Jan	Feb
Grade 1 (SG-1)	2,513 (77 tons)	2,634 (95 tons)
Grade 2 (SG-2)	2,148 (82 tons)	2,366 (53 tons)
Grade 3 (SG-3)	-	-
Grade 4 (SG-4)	1,995 (439 tons)	2,034 (339 tons)
Grade 5 (SG-5) Assorted	1,558 (176 tons)	1,587 (172 tons)
Grade 6 (SG-6) Domestic	1,274 (82 tons)	1,291 (103 tons)
Grade 7 (ER-1)	1,017 (51 tons)	1,035 (29 tons)
Grade 8 (ER-2)	-	-

Hoppus ton=1.8m^3; All grades, except SG-3/5/6, are length 8' x girth 5' &up. SG-3/4/6 are girth 4' &up. SG-3 grade is higher than SG-4 but with lower girth and price.

Logs, FOB	€ Avg per Hoppus Ton (traded volume)
Pyinkado (export)	431 (210 tons)
Gurjan (keruing-exp)	238 (70 tons)
Tamalan	--
Taungthayet	--

Prices differ due to quality or girth at the time of the transaction.

Report from Brazil

Mato Grosso uses satellites to fine violators

Mato Grosso has started using an innovative method to detect illegal logging and deforestation through satellite imaging to apply fines to violators, reported *Globo Amazônia*. Based on the locations of deforestation detected by INPE, a team checks the satellite data, which is then cross-checked with information on registered rural properties at the State Secretary of the Environment (SEMA). Fines are imposed when a property is registered with SEMA. In cases where deforestation has taken place within a legally protected Permanent Protection Area or Legal Reserve, a fine is issued and sent to the landowner by mail.

The weakness of applying a 'fine from a distance' is that SEMA has listed only properties with an environmental license registered in its control system. Only 25% of areas subject to licensing are registered in the system and, because of this, the likelihood of landowners committing environmental crimes is low. When deforestation is detected outside a registered area, an inspection team visits the site. In this circumstance, the chances of finding the violator and collecting payment of the fine from the violator is much lower.

Although most properties are not registered at SEMA, the head of SEMA is optimistic about the future, since any bank loan requires an environmental license. The area of land registered has increased largely after the National Monetary Council (CMN) issued a resolution requiring landowners to have environmental licenses before obtaining rural bank loans. If all properties are registered, inspections could all be done by satellite.

Multi-million illegal timber operation detected in Pará

A large-scale multi-million illegal logging operation was detected in the state of Pará, where most logging operations take place in the Amazon region. According to *Gazeta do Povo*, the illegal operation started at the end of 2008, when the Environment Secretary of State (SEMA) issued logging permits in government settlement areas. According to local sources, public servants of SEMA received bribes in exchange for logging permits. The SEMA-issued permits were used to cover up illegal timber operations, making these appear legal. The entire operation could generate 109,000 m³ of timber worth about BRL30 million.

The head of SEMA had acknowledged the fraudulent paperwork. According to investigators, data was manipulated, leading to the suspension of projects under suspicion and allowing SEMA officials to collect field evidence to find the engineers liable for the wrongdoings. SEMA had confirmed that several companies had already illegally sold over 10% of the total authorized felled logs. The SEMA official who authorized the logging had denied any involvement or responsibility for the scam, saying it would be impossible to thoroughly review more than 80,000 cases signed during the year.

Alta Floresta wood exports plunge 34% in 2008

Só Notícias reported on the municipality of Alta Floresta's wood products statistics in 2008, noting it was one of the major timber producers in the Brazilian Amazon. Alta Floresta closed 2008 with a 32.1% drop in wood product exports. According to the Ministry of Development, Industry and Foreign Trade, exports of various timber products from January to December 2008 reached USD14.2 million, compared to the USD20.9 million recorded in 2007. Exports of timber products were substantially reduced, including of 'non-coniferous parts' (-22.9%), which were worth USD11.8 million.

Exports of sawnwood cut into sheets (thicker than six millimeters) were USD1.9 million, 52.6% lower than in 2007, when total exports reached USD2.9 million. On the other hand, exports of some items such as Ipé parts increased (116%) in 2008 compared to 2007. The largest share of exports in 2008 went to the US (USD7.5 million), although overall sales dropped 28.5% from 2007 levels. Alta Floresta exported USD2.2 million to Spain in 2008, a fall of 29.8% compared to 2007. The exception to the slump in exports was Israel, which registered imports of USD1 million, a 28.8% jump from 2007 levels.

Brazil's January 2009 exports slide by more than 50%

Brazil's wood products exports (except pulp and paper) dropped 51.6% by value compared to the same period in 2008. The charts below show the volume and value of Brazil's exports for the month of January 2009 compared to the same month a year earlier:

Brazil's exports by value, January 2008 and 2009 (USD million)

	Jan 2008	Jan 2009	% change
Solid wood*	320.2	155.1	(51.6)
Tropical plywood	15.6	5.1	(67.3)
Pine sawnwood	13.2	11.7	(11.4)
Tropical sawnwood	57.4	15.1	(73.7)
Pine plywood	57.7	27.5	(52.3)
Wood furniture	45.4	34.6	(23.8)

*Figures for solid wood exclude pulp and paper exports

Brazil's exports by volume, January 2008 and 2009 (000 m³)

	Jan 2008	Jan 2009	% change
Tropical plywood	26.7	8.1	(69.7)
Pine sawnwood	64.9	57.6	(11.2)
Tropical sawnwood	122.0	25.9	(78.8)
Pine plywood	165.9	104.8	(36.8)

Furniture sector faces increasing layoffs

According to the *Jornal do Comércio*, the Southern Brazilian state of Rio Grande do Sul saw revenue from furniture exports decline 34.3% compared to 2008. This was expected to trigger layoffs in large exporting companies. The Furniture Industry Association of Rio Grande do Sul (MOVERGS) has said a reverse in the current situation will be difficult in the first half of 2009. Consequently, the Association has encouraged controlling expenditures and reducing expenses to save energy as well as shifting a large part of production to the domestic market.

The drop in sales since the end of 2008 has already signaled factories to slow production. If the market does not pick up, companies will need to review their goals and layoffs may be necessary. Increased competitiveness of products due to the recovery of exchange rates is not occurring because there are fewer export orders. This situation may explain the reason why the drop in sales from January 2008 to 2009 (35% from USD18.3 million to USD11.9 million) is greater than that of Brazil's overall exports in the sector (27.4%). Until October 2008, the growth in exports of the state's furniture sector had been above the national average. However, export orders from the US, EU and Latin American countries that are major export destinations of Brazilian furniture have all decreased. According to the Secretary of Foreign Trade (SECEX), Argentina's exports fell 33.6% even though it was the second largest buyer of Brazil's furniture in January 2009 and was the main intra-regional trading destination for Brazilian furniture in 2008.

The increase in competitiveness of Brazilian products in the US market due to the US dollar/Brazilian real exchange rate has been negated by a decreased in demand. From February to March 2009, some administrative measures are expected to be adopted such as a reduction in working hours and possible layoffs. Furniture companies cannot abandon the foreign market because the cost of doing so is high. Therefore, they will continue to review their investments and projects needed to keep the industry running.

APEX promotes exports at Abimad Fair

During the recent Brazilian Association of Fine Decoration Furniture Industries (Abimad) Fair, held from 12-15 February 2009, the Brazilian Agency for Export and Investment Promotion (Apex-Brazil) launched an exhibition space called the 'Exporter House', showcasing a range of timber products and services oriented to international trade. The idea is to facilitate daily activities of companies that operate abroad, enabling them to become major exporters, noted *Gazeta Mercantil/Sindmóveis.* Abimad also held a business roundtable that brought together 36 buyers from 21 countries and 45 Brazilian high standard furniture industries before the official fair began. The meeting generated more businesses in 2009 than in 2008.

The business fair brought to Brazil importers from the United Arab Emirates, one of the target markets of Apex. The US, Italy and Spain are countries with which Apex has already been working. Lately, the Brazilian high standard furniture has attracted the attention of African and Caribbean importers. Angola, Mozambique, South Africa, Venezuela, Chile and Argentina are relatively new export destinations that have the potential to grow 20-30%. China, a major competitor of Brazilian furniture abroad, has increased its prices by nearly 20%. The exchange rate has improved Brazil's competitiveness in the market, but prices have still dropped by up to 30%.

Additionally, Apex Brazil, in partnership with the Export Project of Furniture Components and Accessories – Orchestra Brazil, offers support for international expansion of markets through activities ranging from new market prospects to supporting furniture fairs abroad. In April 2009, there will be an opportunity for companies associated with furniture unions to learn about the Indian market, which is gradually growing within the global economy. Visits to mills, business meetings and seminars with companies in the sector are planned, in addition to visits to furniture retailers.

Brazil Log Prices (domestic)

Brazilian logs, mill yard, domestic	US\$ per m³
Ipê	110⬇
Jatoba	78⬇
Guariuba	52⬇
Mescla (white virola)	57⬇

Brazil Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB		US\$ per m³
Jatoba Green (dressed)		809⬇
Cambara KD		471⬇
Asian Market (green)	Guariuba	266
	Angelim pedra	611
	Mandioqueira	235
Pine (AD)		195⬇

Brazil sawnwood, domestic (Green)		US\$ per m³
Northern Mills (ex-mill)	Ipé	523⬇
	Jatoba	402⬇
Southern Mills (ex-mill)	Eucalyptus (AD)	149⬇
	Pine (KD) 1st grade	193⬇

Brazil Veneer Prices

Veneer, FOB (Belem/Paranagua Ports)	US\$ per m³
White Virola Face 2.5mm	298
Pine Veneer (C/D)	210

Rotary cut Veneer, domestic	US\$ per m³	
(ex-mill Northern Mill)	Face	Core
White Virola	197⬇	164⬇

Brazil Plywood Prices

Plywood, FOB	US\$ per m³
White Virola (US Market)	
5.2mm OV2 (MR)	469
15mm BB/CC (MR)	405
White Virola (Caribbean market)	
4mm BB/CC (MR)	512
12mm BB/CC (MR)	410⬇

Pine Plywood EU market, FOB	US\$ per m³
9mm C/CC (WBP)	275
15mm C/CC (WBP)	252
18mm C/CC (WBP)	250

Plywood, domestic (ex-mill Southern mill)		US\$ per m³
Grade MR (B/BB)	White Virola 4mm	682⬇
	White Virola 15mm	498⬇

Domestic prices include taxes and may be subject to discounts.

Other Brazil Panel Prices

Belem/Paranagua Ports, FOB	US\$ per m³
Blockboard Pine 18mm 5 ply (B/C)	315
Domestic Prices, Ex-mill Southern Region	
Blockboard White Virola faced 15mm	434⬇
Particleboard 15mm	274⬇

Brazil Added Value Products

FOB Belem/Paranagua Ports		US\$ per m³
Edge Glued Pine Panel		
Korean market (1st Grade)		640
US Market		493
Decking Boards	Cambara	608⬇
	Ipê	1590⬇

Report from Peru

Peru's wood exports grow 3% during 2008

New data from the Export Association of Peru (ADEX) shows wood exports from January through December 2008 grew 3% by value, with exports rising to USD221.9 million, up from USD215.4 million in 2007.

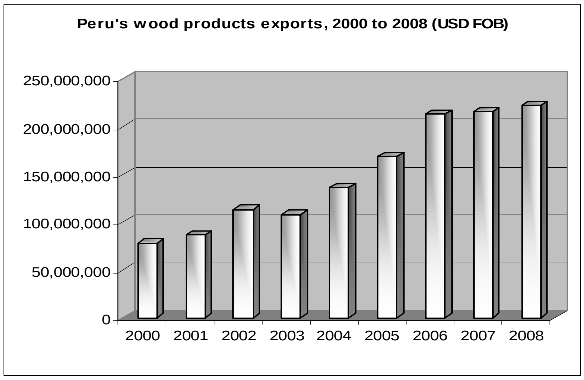


Chart 1: Peru's wood products exports, 2000-2008 (Source: ADEX)

Exports in the month of December 2008 were USD6.24 million less than exports in the same month of 2007. The volume exported to Mexico, China and the US diminished in December 2008. Peru's exports of wood products have been decreasing from October 2008 as a result of the economic slowdown.

Year	Jan – Dec USD FOB	December USD FOB
2000	78,276,494	8,455,441
2001	86,579,682	11,856,659
2002	113,520,415	11,205,006
2003	108,326,671	8,648,675
2004	136,039,051	12,555,044
2005	168,319,677	19,288,905
2006	212,755,187	15,500,785
2007	215,383,819	21,912,714
2008	221,903,878	15,672,847

Chart 2: Peru's wood exports by value, January – December 2000-2008 and December 2008, (Source: ADEX)

Sawnwood was the largest export item, representing 44.7% of sector exports. Exports from January to December 2008 were USD99.26 million, a drop of 10.7% compared to the same period in 2007, when exports were USD111.5 million. The main market destinations for this sector's products were Mexico, the US, China and the Dominican Republic, which accounted for 49.6%, 22.7%, 11.33%, 10.9% of sawnwood exports, respectively.

Chart 3: Peru's sawnwood exports, 2000 to 2008 (Source: ADEX)

Semi-manufactured products represented 31% of Peru's total wood sector exports. Exports in January to December 2008 were valued at USD69.5 million, while exports for the same period in 2007 were valued at USD55.5 million, a 25.2% rise from 2007 levels. Exports of semi-manufactured products in December 2008 decreased by USD216,300 from December 2007 levels. The gains were largely due to the progressive growth of exports such as decking, for which China had been the main destination market.

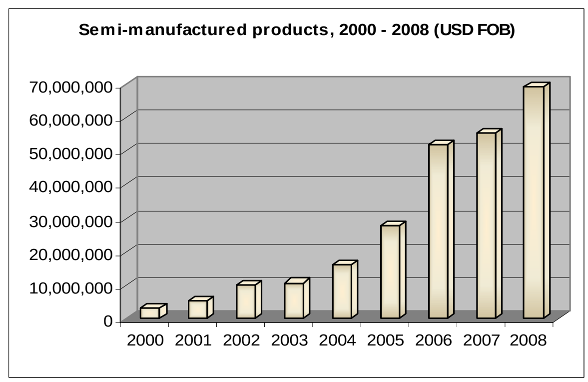


Chart 4: Peru's semi-manufactured products, 2000-2008 (Source: ADEX Trade Data)

Veneer and plywood exports for the January to December 2008 period were USD27.4 million, a 19.7% jump from the same period in 2007. Exports from the sub-sector showed Mexico as the main market destination for Peru's exports (88.6%), followed by Venezuela (7.4%) and Guatemala (1.5%).

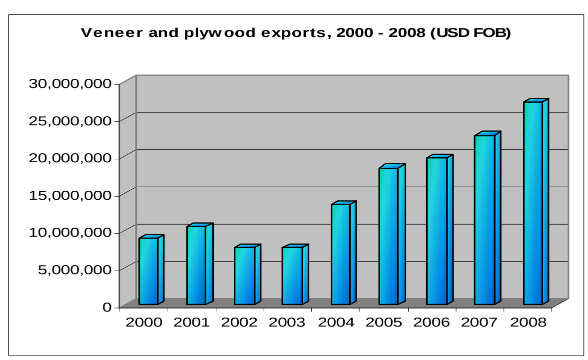


Chart 5: Peru's veneer and plywood exports, 2000-2008 (Source: ADEX)

Furniture exports were valued at USD9.3 million during the period, a 26.6% decrease from the same period in 2007. The main market destinations for these products were the US (58.7%), followed by Italy (21.5%). It is also worth noting the growth of imports by the regional markets, the main countries being Venezuela and Colombia.

Chart 6: Peru's furniture exports, 2000 to 2008 (Source: ADEX Trade Data)

From January to December 2008, exports were concentrated in three markets, representing 83.7% of total wood products exports. Mexico accounted for 35% of exports in the sector, growing 10% compared to the previous year, followed by China with 28%, a growth of 49% over the same period. The US was the third largest destination market (20%), falling 33% in contrast to 2007.

Peru Sawnwood Prices

Peru Sawnwood, FOB Callao Port		US\$ per m³
Mahogany S&B KD 16%, 1-2" random lengths (US market)		1766-1835⬇
Spanish Cedar KD select		
North American market		925-948
Mexican market		918-950
Pumaquiro 25-50mm AD	Mexican market	485-515

*Cheaper and small-dimension sawnwood for this market.

Peru Sawnwood, FOB Callao Port (cont.)	US\$ per m³
Virola 1-2" thick, length 6'-8' KD	
Grade 1, Mexican market	315-362
Grade 2, Mexican market	269-296
Cumaru 4" thick, 6'-11' length KD	
Central American market	809-836
Asian market	778-797
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	509-549⬇
Dominican Republic	558-569
Marupa (simarouba) 1", 6-11 length Asian market	366-388

Peru Sawnwood, FOB Iquitos	US\$ per m³
Spanish Cedar AD Select Mexican market	912-938
Virola 1-2" thick, length 6'-13' KD	
Grade 1, Mexican market	299-323
Grade 2, Mexican market	266-280
Grade 3, Mexican market	145-165
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	226-237

Peru sawnwood, domestic	US\$ per m³
Mahogany	1109-1118⬇
Virola	61-75
Spanish Cedar	326-378⬇
Marupa (simarouba)	81-98⬇

Peru Veneer Prices

Veneer FOB	US\$ per m³
Lupuna 3/Btr 2.5mm	208-210⬇
Lupuna 2/Btr 4.2mm	217-243
Lupuna 3/Btr 1.5mm	236-248

Peru Plywood Prices

Peru plywood, FOB (Mexican Market)		US\$ per m³
Copaiba, 2 faces sanded, B/C, 15x4x8mm		318-347
Virola, 2 faces sanded, B/C, 5.2x4x8mm		406-416
Cedar fissilis, 2 faces sanded 4x8x5.5mm		745-755
Lupuna, treated, 2 faces sanded, 5.2x4x8mm		348-359
Lupuna plywood	B/C 15x4x8mm	350-358
	B/C 9x4x8mm	345-350
	B/C 12x4x8mm	350-360
	B/C 8x4x15mm	420-430
	C/C 4x8x4mm	380-388
Lupuna plywood B/C 8x4x4mm Central Am.		368-388

Lupuna Plywood BB/CC, domestic	US\$ per m³
(Iquitos mills)	
122 x 244 x 4mm	426
122 x 244 x 6mm	397
122 x 244 x 8mm	403
122 x 244 x 12mm	398
(Pucallpa mills)	
122 x 244 x 4mm	450
122 x 244 x 6mm	439
122 x 244 x 8mm	427
122 x 244 x 12mm	419

Other Peru Panel Prices

Peru, Domestic Particleboard	US\$ per m³
1.83m x 2.44m x 4mm	282
1.83m x 2.44m x 6mm	230
1.83m x 2.44m x 12mm	204

Peru Added Value Product Prices

Peru, strips for parquet		US\$ per m³
Cabreuva/estoraque KD12% S4S, Asian market		1388-1442
Cumaru KD, S4S	Swedish market	680-728
	Asian market	980-1085
Cumaru decking, AD, S4S E4S, US market		910-969
Pumaquiro KD # 1, C&B, Mexican market		455-496
Quinilla KD, S4S 2x10x62cm, Asian market		549-590
2x13x75cm, Asian market		698-716

Report from Bolivia

Fifth Business Roundtable attracts participants from over 20 countries

Bolivia's Fifth Business Roundtable of the Wood Industry, to be held on 26 and 27 March 2009, is expected to draw participants from over 20 countries. The international roundtable is organized annually by the Bolivia Forestry Chamber (CFB) in coordination with EXPOFOREST, to be held from 25-28 March in Santa Cruz de la Sierra, Bolivia.

More than 25 global companies have confirmed their participation at the Fifth Business Roundtable of the Wood Industry. The CFB has committed participation from various local entrepreneurs from La Paz, Cochabamba, Tarija, and eastern Bolivia. Indigenous communities engaged in forestry operations have also registered as in previous years.

The event aims to open business opportunities to buyers and sellers of lumber, doors, furniture, as well as shipping companies and other providers of timber and wood-related goods and services. It is anticipated that from 26-27 March, the value of business will exceed USD27 million achieved last year. Below are results from the previous years' events:

HISTORY OF THE BUSINESS ROUND TABLE OF THE WOOD INDUSTRY

DATAS	2005	2006	2007	2008
# Companies	84	175	180	201
# Countries	5	20	19	18
Business deals (million dollars)	6.8	15.4	18.6	27.6

The Fifth Business Roundtable of the Wood Industry has the support of cooperation organizations such as USAID Bolivia, CADEFOR, ITTO and WWF. Registration information on the Business Roundtable can be found at: www.cfb.org.bo/cfbferias/rueda2008/inscripcion.htm.

Bolivia Sawnwood Prices

Sawnwood 1-3"x3x5"x7-19', FOB Arica Port		$ Avg un. val. per m^3
Ipe	(Spain and Chile markets)	1260-2000
Caviuna	(EU market)	1800-2200
Cambara	(FSC) (EU market)	650-800

Bolivia Added Value Product Prices

Doors 13/4"x36"x96", FOB Arica Port		Avg $ per piece
US market	Mara macho/Tornillo (FSC)	100-105⬇
	Yesquero	100-135⬇
	Ochoó	42⬇

Chairs FOB Arica Port		$ Avg Per piece
Ipe (US market)		48-176
Roble/Oak (UK market)		72-94
Parquet Flooring 3/4"x3-5"x1-7', FOB Arica Port		$ Avg un. val. per m^3
Jatoba	(US, EU and Mexico market)	1768⬆
Ipe	(EU and Asia market)	1650-1780⬇
Cumaru	(FSC) (US mkt)	1100

Report from Mexico

City of Leon raises 4 million pesos for forest conservation

The National Forest Agency (CONAFOR), the city council of Leon and the Government of the State of Guanajuato signed the 'Agreement of Collaboration to Promote the Market of the Environmental Hydrologic Services through Concurrent Funds', through which 4 million pesos will be used for the conservation of 1,450 hectares in the Sierra Lobos. The Municipality of Leon will contribute 1 million pesos, the Government of the State of Guanajuato will invest a similar sum and CONAFOR will contribute 2 million pesos.

The regional manager of CONAFOR, Altamirano Marmolejo, explained the 4 million pesos would be granted to the beneficiaries, as long as the forest cover of the benefiting area remains intact or improves. For each hectare of forest or conserved forest, 552 pesos will be paid over five consecutive years. The condition for this payment is that a minimum of 50% of forest cover is conserved in the area.

This agreement is considered the first step to helping the municipality conserve forest resources, since investment is necessary to generate local markets for environmental services so that the citizens, as users, pay the owners of the forests for the environmental service the forest ecosystems provide. Nearly 1,450 hectares of land will be designated for a payment for hydrologic environmental services scheme.

A representative of the government explained how the government of Mexico was committed to promoting forest conservation, jungles and vegetation of barren zones and the services they provide, as well as to stimulate markets for environmental services. As a result of the creation of the program on payment for environmental services in 2003, about 1.74 million hectares of forests, jungles and vegetation of barren zones of the country have been involved in the scheme.

Report from Guyana

Guyana's export prices jump

Export prices for most of Guyana's Forest Products recorded significant increases over the previous fortnight's average prices, with log prices recording the smallest gains for the main products exported. Log prices recorded an average price rise of 6% compared to the previous fortnight. Dressed lumber prices rose 9% while undressed lumber prices were 66% higher than those recorded over the previous fortnight. Export prices for round timber piles also recorded gains, with prices increasing 56%.

A year-to-date comparison in average prices for the main forest products exported over the corresponding period in 2008 revealed prices were significantly above those reported in 2007. The highest increases in average prices were recorded for roundwood, with a jump of 66% in price during the corresponding period of 2008. This was followed by a rise of 56% in average prices for logs, 41% for splitwood, 19% for sawnwood and 16% for plywood.

Log exports continued to be substantially below 2007 levels, with a 51% decline in export value for the first fortnight of 2009. The recently implemented log export policy continued to show strong signs of deterring log exports to benefit higher levels of raw materials available locally for further processing and processed log exports. Dressed lumber continued over the fortnight to be the leading revenue earner for Guyana, surpassing the total of the corresponding period for 2008 by 5%. Other trends from the last fortnight continued, with shingles exports following dressed lumber as the second highest revenue earning product.

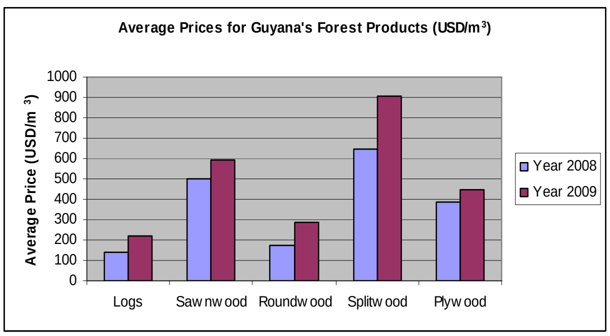


Chart 1: Guyana's average forest product prices, 2008 and 2009 (Source: Guyana Forest Commission)

ITTO kiln drying project receives strong stakeholder backing

Guyana commenced the implementation of a recently financed ITTO project on value-adding and kiln drying of commercial timbers by small-scale community saw millers in Guyana. The activities started with country-wide consultations to inform an initial assessment report, which seeks industry-level inputs on the establishment of the kiln facilities in the most appropriate manner and considers issues of capacity, species utilization, product type and location.

In January 2009, a total of 155 forest industry stakeholders across Guyana were consulted. The consultations reflected a strong interest in moving towards added value production and a strong enthusiasm for engaging in the venture of kiln drying, which is seen as a vital and necessary starting point to adding value in downstream processing.

Guyana's forest sector in 2008 has shown a rapid shift to more downstream production and this project therefore comes at a strategic time to support this shift. The project targets small and medium-size community forest enterprises and aims to facilitate technology and knowledge transfer in kiln drying to this segment of Guyana's forest industry.

Following the completion of the initial assessment report, the most suitable kilns will be procured and installed at selected locations for use by small and medium-size community operators. Capacity building for community operators at this stage will also be undertaken to improve the operation and maintenance of kiln dryers and drying of Guyana's timber species.

With resources dedicated to building the technical and resource capacity of community stakeholders in the forest sector, Guyana hopes to strengthen the potential of community forest producers to better access and retain lucrative markets for high value tropical forest products.

Guyana Log Prices

Logs, FOB Georgetown	SQ - $ Avg unit value per m^3		
	Std	Fair	Small
Greenheart	-	-	-
Purpleheart	220	-	-
Mora	-	-	-

*Small SQ is used for piling in the USA and EU. Price depends on length.

Guyana Sawnwood Prices

Sawnwood, FOB Georgetown		$ Avg unit val. per m^3	
EU and US markets		Undressed	Dressed
Greenheart	Prime	-	678
	Select/Standard	609-806↑	550-827↑
Purpleheart	Prime	-	678
	Select/Standard	696-1,008	615-784↑
Mora	Select	-	-

Guyana Plywood Prices

Plywood, FOB Georgetown Port			$ Avg unit val. per m^3
Baromalli	BB/CC	5.5mm	-
		12mm	-
	Utility	5.5mm	-
		12mm	-

Report from Japan

Japan's housing and plywood markets dip at end 2008

December 2008's plywood imports and housing starts dipped below December 2007 levels, reported the *Japan Lumber Journal (JLJ)*. Although housing starts fell by 5.8% compared to December 2007 levels, overall starts for year 2008 rose by 3.1% over 2007 (Figure 1). The gains were mostly contrasted with the poor results in 2007, when the Revised Building Standards Act was implemented.

Japan Lumber Reports (JLR) also noted a 24% fall in plywood imports in December 2008 from December 2007 (Figure 2). The *JLJ* noted the total amount of plywood imported in 2008 was 3.56 million m³, falling 11% compared to the previous year. This was the lowest total plywood import in 33 years, with 42% coming from domestic sources. *JLR* also said two major plywood mills, Seihoku and Seihoku Plywood had been raising sales prices since early February by 50 yen per sheet. Mills have been affected by low sales prices, so they have decided to raise prices with tighter supply.

Figure 1: Japan Housing Starts 2005-2008 (000 units)

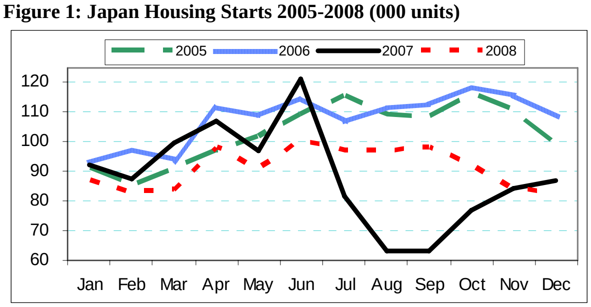
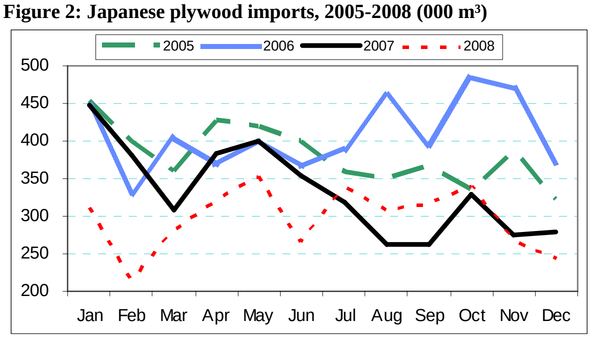


Figure 2: Japanese plywood imports, 2005-2008 (000 m³)



It was also reported the South Sea hardwood plywood market was bottoming. Prices were up, as arrivals are limited and inventories at ports were light. Log prices, however, were expected to further drop as demand was down. This will likely not apply to meranti, however, as there has been a chronic supply shortage, but still enough supply to meet demand. The overall plywood supply in 2008 was as follows:

Source	Volume	'08/'07
Malaysia	1,981,578	98.6%
Indonesia	890,110	75.4%
China	601,104	89.9%
New Zealand	32,832	73.1%
Canada	7,144	20.2%
Others	47,091	67.1%

Table 1: Plywood supply in 2008 (m³) (Source: *JLR*)

Log and Sawnwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku
Meranti (Hill, Sarawak)	(Koku=0.278 m³)
Medium Mixed	8,200
Standard Mixed	8,300
Small Log (SM60%, SSM40%)	7,200
Taun, Calophyllum, others (PNG)	7,600
Mixed light hardwood, G3/4 grade (PNG)	-
Keruing MQ & up (Sarawak)	12,000
Kapur MQ & up (Sarawak)	10,500

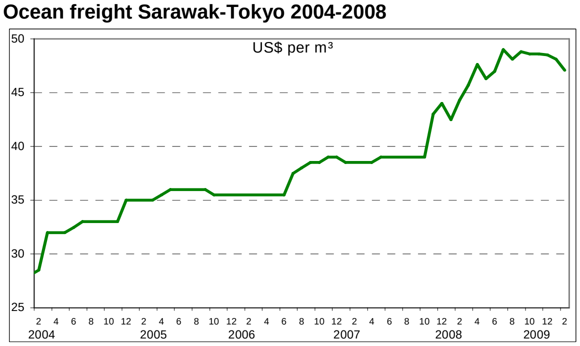
Logs for Sawmilling, CIF	Yen per Koku
Melapi (Sarawak) High Select	11,500
Agathis (Sarawak) High Select	-

Lumber, FOB	Yen per m³
White Seraya (Sabah) 24x150mm, 4m, Grade 1	145,000
Mixed Seraya, Sangi 24x48mm, 1.8-4m, S2S	53,000

Wholesale Prices (Tokyo)

Indonesian & Malaysian Plywood	Size (mm)	Jan (¥ per sheet)	Feb (¥ per sheet)
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	350 ↓	350
3.7mm (med. Thickness, F 4star, type1)	910 X 1820	490 ↓	490
5.2mm (med. Thickness, F 4star, type 1)	910 X 1820	600 ↓	600
11.5mm for sheathing (F 4star, type 2)	910 X 1820	850 ↓	850
12mm for foundation (F 4star, special)	910 X 1820	890 ↓	890
12mm concrete-form ply (JAS)	900 X 1800	780 ↓	780
12m coated concrete-form ply (JAS)	900 X 1800	960 ↓	960
11.5mm flooring board	945 X 1840	1450 ↓	1300 ↓
3.6mm baseboard for overlays (OVL)	1230 X 2440	750 ↓	700 ↓
OSB (North American)			
12mm foundation of roof (JAS)	910 X 1820	1000	1000
9mm foundation for 2 by 4 (JAS)	910 X 2440	1050	1050
9mm conventional foundation (JAS)	910 X 2730	1250	1250
9mm conventional foundation (JAS)	910 X 3030	1350	1350

Ocean freight Sarawak-Tokyo 2004-2008



More information on Japan in www.n-mokuzai.com

Report from China

Pizhou's government pushes for development of panel industry

Pizhou City of Jiangsu Province is one of four major national wood-based panel processing bases. There are more than 3,000 wood products processing enterprises and more than 2,200 downstream production lines worth RMB16 billion yuan in output value. Forest industry's contribution to revenue and farmers' incomes at the national level is 20% and 25%, respectively. In responding to the economic slowdown, Pizhou City's government has taken measures to enhance its international competitiveness and capability to mitigate risks using a variety of approaches.

First, Pizhou City has strengthened its industrial raw materials forest base. The area of industrial raw materials base in Pizhou has expanded rapidly. Currently, poplar stocks in the City total 2.8 million m³ to guarantee sustainable development of Pizhou's forest industry.

Second, leading enterprises are supported by new technology. The Pizhou government has implemented strategies for developing large-scale forestry industries as driving forces of the economy, to accelerate technology development and expand the scale of production.

Third, the City has worked to keep the international market stable and expand the domestic market. Pizhou wood-based panel exports make up 70% of the national total and are popular in Europe, America and Asia. In order to keep international cooperation stable, the Pizhou government has set up representative sales offices and established selling agent relationships with companies in the US, France, Germany and South Korea, as well as 10 stable export ports. The Pizhou government is expanding its domestic market, establishing new sales offices in 12 big and middle size cities, and setting up 40 websites for small and medium-scale enterprises to strengthen the exchange of market information on wood-based panels.

Hunchun gains from booming European plywood sales

Plywood enterprises have been an important contributor to the development of the economy in Hunchun and the city's plywood exports have continued to grow in recent years. According to statistics from the Hunchun Exit-Entry Inspection and Quarantine Bureau, during January to November 2008, Hunchun's plywood exports were 58,800 m³ valued at USD69.58 million, up 12% by volume and 23% by value from the same period in 2007. Of the total, nearly 90% of plywood was exported to Europe, amounting to 51,300 m³ by volume and valued at USD59.96 million, up 16% by volume and 33% by value, respectively, from the same period in 2007.

Foreign investment enterprises are the main drivers of plywood exports. During January to November 2008, plywood exports by foreign enterprises were 37,400 m³ and worth USD44.17 million, an increase of 18% by volume and 38% by value from the same period in 2007. Plywood exports by state-owned enterprises amounted to 20,400 m³ by volume and valued at USD25 million, growing 1.3% by volume and 4% by value from the same period in 2007. Plywood exports by private enterprises were 841 m³ and worth USD0.26 million.

Hunchun City is located in the lower reaches of Tumen River in the southeast of Jilin Province, the geometric center of the Northeast Asian region and borders the China, North Korea and Russia. The City has developed substantial transportation infrastructure, including a highway and a railway port connected with Russia and two highway ports connected with North Korea.

Guangdong furniture exports jump 27% in 2008

According to statistics from China's Customs, furniture exports through Guangdong Port in 2008 rose 27% to USD11.763 billion. Overall furniture exports through Guangdong Port in 2008 rose 55% to USD8 billion. Furniture exports by foreign enterprises dominated the trade and grew 6% to USD5.38 billion, accounting for 46% of furniture exports. Furniture exports by private enterprises rose significantly (77%) to USD4.74 billion. Furniture exports by state-owned enterprises increased 11% to USD1.31 billion.

The US and EU were the main destinations for Guangdong furniture. However, furniture exports to the US rose slightly by value (2%) to USD4 billion, while exports to the EU grew substantially (33%) to USD2.4 billion. The value of furniture exports to the two markets made up 55% of Guangdong's total. In addition, furniture exports to the Russian Federation, ASEAN, the UAE and Saudi Arabia rose markedly, amounting to USD810 million, USD660 million, USD310 million and USD230 million, respectively from 2007.

Economic downturn leads to closure of 7000 furniture enterprises

From January to October 2008, about 7,000 furniture enterprises were closed, reported *China Wood International*. Nevertheless, some enterprises made plans to expand, with IKEA planning to open 10 new stores in 2010 and Markorhome increasing its stores from 29 to 40 before 2010. The China Association of Building and Decoration Industry also reported the decorative market was worth RMB680 billion in 2008, and the distribution value of China's furniture industry fell nearly 30% in 2008 from 2007 levels.

Guangzhou City Imported Timber Market

Logs	Yuan per m^3
Lauan (50-60cm)	1900-2300
Kapur	1900-2350
Merbau 6m, 60cm diam.	4400-5300
Teak	12000-15000
Wenge	8500-10000
Sawnwood	
Teak sawn grade A	8500-9500
US Maple 2" KD	8800-12300
US Cherry 2"	14700-15000
US Walnut 2"	17000-17400
SE Asian Sawn 4m+, KD	3800-4000

Shanghai Furen Wholesale Market

Sawnwood		Yuan per m^3
Beech KD Grade AB		2500-3200
US Cherry, 25mm		9500-10000
US Red Oak, 50mm		9800-10500
Sapele 50mm FAS (Congo)		
	KD (2", FAS)	5500-5600
	KD (2",grade A)	4500-4600

Shandong De Zhou Timber market

Logs		Yuan per m^3
Larch	6m, 24-28cm diam.	1130
White Pine	6m, 24-28cm diam.	1230
Korean Pine	4m, 30cm diam.	1450
	6m, 30cm diam.	1550

Hebei Shijiangzhuang Wholesale Market

Logs		Yuan per m^3
Korean Pine 4m, 38cm+ diam		1900
Mongolian Scots Pine	4m, 30cm diam.	1300
	6m, 30cm+ diam.	1350
Sawnwood		
Mongolian Scots Pine	4m, 5-6cm thick	1420
	4m,10cm thick	1480

Zhejiang Jiashan Kaihua International Timber Market

Logs	Yuan per m^3
Okoume 80cm+	2800-3400
Sapele 80cm+	6000-6500
Wenge 80cm+	13000-14000
Plywood	
US Black Walnut 4x8x3 mm	6000-8000
Beech 4x8x3 mm	6000-8000
Teak 4x8x3 mm	6000-8000
Poplar (4x8x3-5 mm)	3000-4000

For more information on China's forestry see: www.forestry.ac.cn

Report from Europe, the UK and Russia

EU forward buying languishes amid continuing uncertainty

Forward demand for tropical hardwood sawn lumber in the EU remains very subdued across the board, both in terms of products and EU countries. Anecdotal reports suggest that European door, furniture and joinery manufacturers have continued to buy only slowly against the background of uncertainty created by deteriorating conditions in the housing, banking and credit markets.

Exchange rate volatility is adding to the uncertainty. Since August last year, the dollar has risen nearly 20% against the euro and nearly 40% against the British pound. This means that European wood importers have seen a dramatic escalation in forward prices for dollar-denominated Asian stock just when the banking sector crises has come to a head and severely dented market confidence. Another problem is that jittery insurance companies in the EU are increasingly removing credit cover from timber trading companies. This means that if a customer reaches their credit limit, they cannot be sold anything more until they make a payment.

Nobody is willing to gamble on prospective purchases in the current climate, with most contacts suggesting that the focus remains on stock reduction with many purchasing only to cover for existing orders. There continue to be reports of a few large importers off-loading excess stocks of key commodity species such as sapele and meranti at below replacement price. As one hardwood agent specializing in supply of Asian and American hardwoods comments, 'our customers have become our main competitors'.

Despite concerted efforts by shippers in all supply regions to curtail production, the perception in Europe is that there is good availability of most products for prompt shipment. Numerous offers continue to come in with buyers in a very strong position to negotiate prices downward. When importers do take a look at the forward market, they are always looking to buy cheaper. Many are holding off until they see some settling in the market.

There is, however, growing awareness in the EU that the scope for overseas suppliers to cut prices any further for key standard items such as sapele and meranti sawn lumber is extremely limited. News of mass closures in some supply regions is beginning to filter through to the European trade, and some importers are willing to acknowledge that it is in no one's interests to push prices so low that even more suppliers are forced out of business. Once the large European importers have sold off their existing landed stock, prices must surely rise again. Expectations are that this is unlikely to happen until at least the middle of the year. But given that in some supply regions capacity lost now will not come back, the price gains could be dramatic when the market does eventually turn.

Generally there is a feeling that in many parts of Europe hardwood sales are holding up better than softwood sales, the latter having been hit much harder by the dramatic decline in residential construction in parts of Western Europe. While underlying consumption of hardwoods at the level of the end-user is well down on last year, the market is not entirely inactive. As one UK-based hardwood importer notes: 'we are selling hardwood every day in every week'. Another comments that his company had met its sales targets for hardwood lumber in every week of this year with the exception of the two weeks in the second half of January. However, this importer also notes that while sales volumes have been reasonable, the margins to be made on each sale are now well down as price expectations in the market have fallen.

Some tropical species are holding up better than others. One UK-based trader notes that his sales of iroko and framire have remained reasonably good in recent weeks. Lumber in thicker sizes is performing better than thinner stock – although this creates difficulties as shippers will generally only sell the thicker stock to importers on condition that the importers also take some of the thinner stock.

Weak forward purchasing affects European plywood market

Reports from across the European plywood sector indicate very weak forward purchasing. The reasons are spelled out in a recent issue of the German-based trade journal *EUWID*: 'the financial situation facing European plywood importers has deteriorated significantly over recent weeks. Lower base prices for almost all grades and plummeting freight rates for shipments from Asia and South America have resulted in a sharp fall in replacement prices and thus a devaluation of importers relatively plentiful inventories'.

EUWID notes that many plywood importers are facing liquidity problems and are therefore being forced to attempt to offload these devalued inventories despite very slow consumption in most sales sectors. As a result, they are taking heavy financial losses and very few are interested in buying in new stock. *EUWID* also notes that plywood imports from Asia now face increasing competition from Russia as that country's birch plywood processing capacity is on the rise.

The Netherlands Sawnwood Prices

FOB (Rotterdam)	USD per m^3
Sapele KD	847⬇
Iroko KD	941⬇
Sipo KD	1006⬇
DRM Bukit KD	904⬇
DRM Seraya KD	904⬇
DRM Meranti KD Seraya MTCC cert.	939⬇
Merbau KD	1119⬇
Sapupira (non FSC) KD	877⬇
Sapupira (FSC) KD	1384⬇
Anti-slip decking AD C&F Rotterdam	
Selangan batu	1328⬇

UK Log Prices *note: sources for UK prices have changed

FOB plus commission		€ per m^3
N'Gollon (khaya)	70cm+ LM-C	310-340⬇
Ayous (wawa)	80cm+ LM-C	220-230
Sapele	80cm+ LM-C	290-320⬇
Iroko	80cm+ LM-C	300-330⬇

UK Sawnwood Prices

FOB plus Commission	Pounds per m^3
Framire FAS 25mm	430-450⬆
Sipo FAS 25mm	650-650⬇
Sapele FAS 25mm	520-540
Iroko FAS 25mm	600-630
Wawa No.1 C&S 25mm	285-295
CIF plus Commission	
Tulipwood FAS 25mm	315-330
Meranti Tembaga Sel/Btr (KD 2"boards)	550-570
Balau/Bangkirai Decking	800-850
White Oak	485-525

UK Plywood and MDF Prices

Plywood Panels 8x4", CIF	US$ per m^3
Brazilian WBP BB/CC 6mm	500-515
Malaysian WBP BB/B 6mm	490-510
China (hardwood face, eucalyptus core) 18mm	330-340
China (hard face, poplar core) 18mm	320-340⬆

Internet News

Below are web links to news items published by the press. These items do not necessarily reflect the views and policies of ITTO.

The credit crunch may only be in its early stages and a bigger contraction in lending in coming months could have 'serious implications' for the US economy, Standard & Poor's Rating Services said. While politicians and others have complained that banks aren't lending, the data on credit outstanding credit in the US only tenuously supports this idea, the rating agency said.
http://www.marketwatch.com/news/story/Credit-crunch-may-only-have/story.aspx?guid={4F0DA616-A789-49A7-9EFE-A65C5A0986F9}

Europe's proposed new timber regulations have been transformed from a ramshackle statement of intent to a credible framework for controlling the illegal trade in timber, following the European Parliament's environment committee acceptance of key amendments improving traceability, monitoring and enforcement.
http://panda.org/news_facts/newsroom/news/?156601

Most wars in the last half-century occurred in places that shelter some of the most biologically diverse and environmentally threatened wildlife on Earth, a new study reported.
http://uk.reuters.com/article/homepageCrisis/idUKN20293217._CH_.2420

A new WWF standard for low carbon clothing manufacturing features prominently at the London Fashion Show, as the UK government releases its Sustainable Clothing Action Plan. The standard, developed by WWF Hong Kong for a major clothing producing area in South China and endorsed by the UK Department for Environment, Food and Rural Affairs (Defra), helps producers and retailers of fashion reduce their carbon footprints and is a major step towards low carbon clothing.
http://panda.org/news_facts/newsroom/?157121/Low-carbon-clothing-makes-a-London-fashion-statement

One of the world's largest game parks located in Botswana will soon host mining activities, after the government granted 112 exploration licenses to 14 foreign firms, officials said. The licences have been awarded over the past six years for the companies to do diamond, uranium, coal and base metals exploration in the Central Kgalagadi Game Reserve (CKGR) in central Botswana.
http://www.news24.com/News24/Africa/News/0,,2-11-1447_2473975,00.html

The pace of global warming is likely to be much faster than recent predictions, because industrial greenhouse gas emissions have increased more quickly than expected and higher temperatures are triggering self-reinforcing feedback mechanisms in global ecosystems, scientists said.
http://www.washingtonpost.com/wp-dyn/content/article/2009/02/14/AR2009021401757.html?hpid=topnews

Scientists from Chinese Academy of Sciences (CAS) said they had made the first satellite map of China's wetland areas, in order to better monitor and manage the areas. The map, which took scientists two years to complete, comprises 600 scenes of satellite images with each scene covering an area of 34,225 square kilometers, said Gong Peng, chief scientist of the project, who is also a researcher of CAS's Institute of Remote Sensing Applications.
http://english.people.com.cn/90001/90776/90881/6596132.html

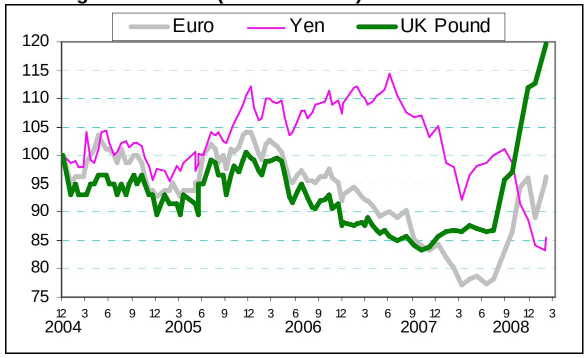
Undisturbed tropical forests are absorbing nearly one-fifth of the CO_2 released by burning fossil fuels, a new study has found. The scientific report published in *Nature* magazine suggests that the world's remaining tropical forests remove 4.8 billion tons of CO_2 emissions from the atmosphere each year. This includes a previously unknown carbon sink in Africa, which annually absorbs 1.2 billion tons of CO_2.
http://edition.cnn.com/2009/WORLD/africa/02/18/ecoforests.carbonsink/index.html#cnnSTCText

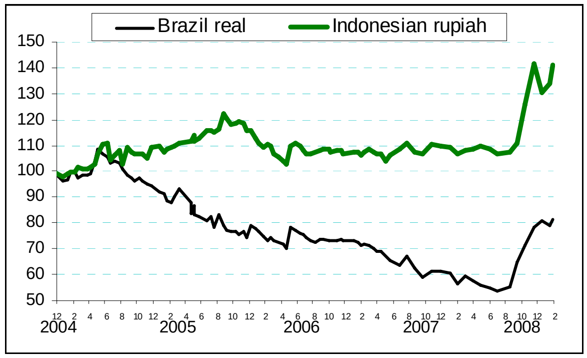
Main US Dollar Exchange Rates

As of 27 February 2009

Brazil	Real	2.3941	⬆
CFA countries	CFA Franc	517.484	⬆
China	Yuan	6.8396	⬇
EU	Euro	0.7889	⬆
Indonesia	Rupiah	11,976.00	⬆
Japan	Yen	97.60	⬆
Malaysia	Ringgit	3.7078	⬆
Peru	New Sol	3.2510	⬆
UK	Pound	0.6985	⬆

Exchange rates index (Dec 2003=100)

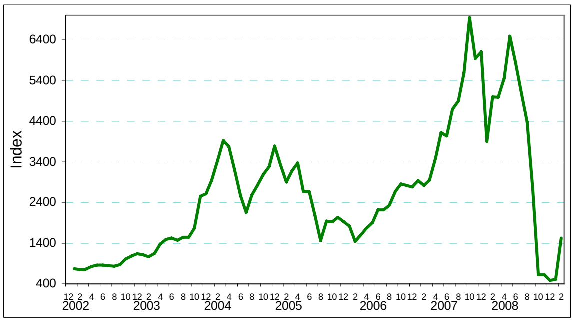




Abbreviations and Equivalences

LM	Loyale Merchant, a grade of log parcel
QS	Qualite Superieure
CI, CE, CS	Choix Industriel, Economique or Supplimentaire
FOB	Free-on-Board
CIF; CNF	Cost, insurance and freight; Cost and freight
KD; AD	Kiln Dry; Air Dry
Boule	A log sawn through and through, the boards from one log are bundled together.
BB/CC, etc.	Log/plywood grades. Letter(s) on the left indicate face veneer(s), on the right backing veneer(s). Grade decreases in order B, BB, C, CC, etc.
BF; MBF	Board Foot; 1000 Board Feet
Hoppus ton	1.8 m^3
Koku	0.278 m^3 or 120 BF
SQ; SSQ	Sawmill Quality; Select Sawmill Quality
FAS	Sawnwood Grade First and Second
GMS	General Market Specifications
GSP	Guiding Selling Price
MR; WBP	Moisture Resistant; Water and Boil Proof
MDF	Medium Density Fibreboard
PHND	Pin hole no defect grade
$; ⬆⬇	US dollar; Price has moved up or down

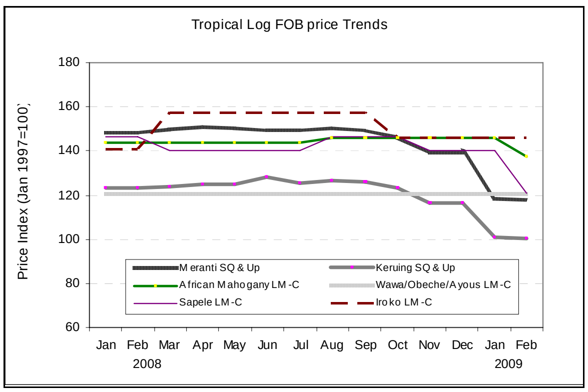
Ocean Freight Index



The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

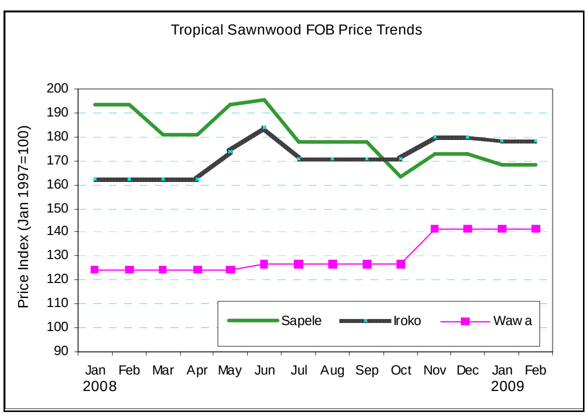
Appendix. Tropical Timber Price Trends

Tropical Log Price Trends



More price trends in Appendix 4, ITTO's Annual Review http://www.itto.or.jp/live/PageDisplayHandler?pageId=199

Tropical Sawnwood Price Trends



**Please note that our price series have changed since January 2008. Prices for selected UK imported species, which are used in log and sawnwood price charts above, are now collected from different suppliers.*

Tropical Plywood Price Trends