# Tropical Timber Market Report since 1990

Volume 14 Number 7, 1-15 April 2009



## Snapshot

Over the last fortnight, prices were showing moderate strength in West Africa and Malaysia, although these trends were not expected to hold. Price declines were seen in Indonesia and for some species in Peru. In contrast, prices for Ghana's products maintained relative stability when compared to the same period in 2008. Prices in Japan were expected to bottom out after the Japanese Golden Week holidays in early May. Trading continued to be light in most producer and consumer countries.

Further trade data was also posted over the last fortnight. Ghana reported dips in all timber product exports except plywood during 2008. Brazil's furniture exports to Argentina dropped 51% during the first two months of 2009. Peru's wood products exports also fell nearly 50% in the first two months of 2009 when compared to the same period in 2008. European imports for 2008 showed a marked decline of tropical hardwood products. China was the only country posting more mixed results, with China's export value of wood and non-wood furniture growing 21.5% in 2008, with wood flooring sales declining during the fourth quarter of 2008.

*Editor's note: Due to the upcoming Japanese Golden Week holidays, the next two issues of the Tropical Timber Market Report will be published on 8 and 18 May.*

## Contents



## Headlines

## Report from Central/West Africa

**Prices for West African logs show slight strength**

Over the last fortnight, prices for some West African log species have shown some strength where there has been demand from India, China and Vietnam. However, the majority of prices were unchanged due to the dull market conditions. A few species have shed around EUR3 to EUR5/m³ or so through lack of buyer interest rather than the result of actual sales. Demand has been only moderate and exporters had no great expectations of any sudden revival in the short to medium term, and production remains at an ongoing low level.

Europe was still very quiet and demand for logs for traditional French and German buyers was extremely limited. Sawn lumber prices were stagnant and seem likely to remain so through the current quarter. Even the European spring weather that usually turns buyers' minds towards topping up stock levels for a more active phase in building activity has this year not led to a rise in inquiries, and even fewer new contracts. Sapele prices were still low, while other prices seem once again to be unchanged. West African sawmills in most areas have either closed or were operating at low capacity. In other news, the Gabon government released details of the 2009 log quota, which is set at just above 1.5 million m³.

**West Africa Log Prices**

| West Africa logs, FOB | € per m³ | | |
|---|---|---|---|
| Asian market | LM | B | BC/C |
| Acajou/ Khaya/N'Gollon | 205 | 191 | 153 |
| Ayous/Obéché/Wawa | 195 | 192 | 150 |
| Azobe & Ekki | 189 | 189 | |
| Belli | 175⬆ | 170 | - |
| Bibolo/Dibétou | 152⬇ | 140 | |
| Bubinga | 533 | 457 | 381 |
| Iroko | 257 | 260 | 200 |
| Okoume (60% CI, 40% CE, 20% CS) (China only) | 151⬆ | - | - |
| Moabi | 270⬇ | 270⬇ | 206 |
| Movingui | 170 | 145⬇ | 137 |
| Niove | 135⬆ | 135⬆ | - |
| Okan | 180⬆ | 180⬆ | 122 |
| Padouk | 275 | 255 | 215 |
| Sapele | 225 | 220 | 150 |
| Sipo/Utile | 270 | 270 | 215 |
| Tali | 198⬆ | 197⬆ | 114 |

**West Africa Sawnwood Prices**

| West Africa sawnwood, FOB | | € per m³ |
|---|---|---|
| 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

**Plywood contracts show gains in fourth quarter 2008**

A total contract volume of 152,244 m³ and 9,507 pieces of furniture parts were processed and approved during the quarter under review. These represent drops of 10.2% and 38.2% respectively, when compared to the figures achieved during the third quarter of 2008. With the exception of plywood contracts, which increased 68.3%, and were 75,882 m³ by volume, the volume of contracts processed and approved for all major exportable products fell during the quarter under review when compared to the previous quarter.

Export volumes of lumber, rotary veneer and sliced veneer decreased by 26.5%, 9.8% and 7.5% respectively. There was a sharp drop in the export volume of logs/poles/billets, which were 13,732 m³, representing a decrease of 70.95% when compared to the previous quarter. The difficulty in securing contracts from the European and the American markets shifted the attention of most integrated mills to the West African sub-region where plywood is readily available. This resulted in a high volume of plywood contracts being issued during the quarter under review. Plywood contributed 49.8% to the total wood products export volume.

The TIDD contract offices in Kumasi, Accra and Sunyani processed and approved 14.5%, 0.5% and 48.5%, respectively, of total wood products approved during the quarter under review. These three offices together contributed 63.5% of the total volume of wood products approved. The high percentage of contracts attributed to the Sunyani office was mainly due to the high volume of plywood approved during the quarter. The office approved 58,607 m³ of plywood, representing 38.5% of the total contract volume.

Regarding price and market performance, prices were generally down, especially during the last month of the quarter under review. This has been attributed to the global economic downturn and the credit crunch in Germany, the UK, Italy and the US, the major destinations of Ghana's wood products. Inquiries from most buyers also revealed that this situation has seriously affected the building industry, which is the main consumer of Ghana's wood products. It has become very difficult to obtain credit from financial institutions and debtors have taken advantage of the situation by not paying for already bought timber.

Prices generally dropped between EUR5/m³ and EUR20/m³ below the TIDD minimum Guiding Selling Prices (GSP) for lumber and rotary veneer. Odum lumber, for example, fell as low as EUR40/m³ below the TIDD minimum Guiding Selling Prices (GSP). Notwithstanding the above, plywood to West African markets performed notably well during the quarter under review. Depending on the thickness, plywood prices increased between USD10/m³ and USD50/m³ over the TIDD minimum Guiding Selling Prices (GSP).

**Ghana Log Prices**

| Ghana logs, domestic | US$ per m³ | |
|---|---|---|
| | 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 m³ | |
|---|---|---|
| FAS 25-100mm x 150mm up x 2.4m up | Air-dried | Kiln-dried |
| Afrormosia | 855 | - |
| Asanfina | 480↓ | 560 |
| Ceiba | 190↓ | 260 |
| Dahoma | 330 | 410↑ |
| Edinam (mixed redwood) | 370↓ | 430↓ |
| Emeri | 425 | 470↓ |
| African mahogany (Ivorensis) | 595↓ | 665 |
| Makore | 520 | 610 |
| Niangon | 555↓ | 585↓ |
| Odum | 655 | 700 |
| Sapele | 540 | 600 |
| Wawa 1C & Select | 260 | 285 |

| Ghana sawnwood, domestic | | US$ per m³ |
|---|---|---|
| Wawa | 25x300x4.2m | 250↓ |
| Emeri | 25x300x4.2m | 335↓ |
| Ceiba | 25x300x4.2m | 210 |
| Dahoma | 50x150x4.2m | 290↓ |
| Redwood | 50x75x4.2m | 270↓ |
| Ofram | 25x225x4.2m | 330 |

**Ghana Veneer Prices**

| Rotary Veneer, FOB | € per m³ | |
|---|---|---|
| | CORE (1-1.9mm) | FACE (<2mm) |
| Bombax | 330 | 350 |
| Kyere, Ofram, Ogea & Otie | 325↓ | 360↑ |
| Chenchen | 315 | 360 |
| Ceiba | 330↓ | 355↑ |
| Mahogany | 400 | 435↑ |

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 m³ |
|---|---|
| Ceiba | 250 |
| Chenchen, Ogea & Essa | 295 |
| Ofram | 312 |

| Sliced Veneer, FOB | € per m² | |
|---|---|---|
| | 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 | 1.80 | 1.00 |

**Ghana Plywood Prices**

| Plywood, FOB | € per m³ | | | |
|---|---|---|---|---|
| B/BB, Thickness | Redwoods | | Light Woods | |
| | WBP | MR | WBP | MR |
| 4mm | 560 | 475 | 500 | 375↓ |
| 6mm | 340 | 325 | 335 | 285 |
| 9mm | 365↓ | 305↑ | 290 | 270 |
| 12mm | 300 | 295↓ | 270↓ | 255↑ |
| 15mm | 310 | 300↑ | 280↓ | 270 |
| 18mm | 300 | 290↑ | 285 | 250↓ |

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 m² | | |
|---|---|---|---|
| | 10x60x300mm | 10x65-75mm | 14x70mm |
| Apa | 12.00 | 14.47 | 17.00 |
| Odum | 8.42 | 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

**Sarawak state government reduces timber royalty**

The Sarawak state government has reduced the 2009 timber royalty to a flat rate of RM50 for all timber with a diameter of 30cm or more, reported *The Star*. The reduction derived from an appeal by the Sarawak Timber Association (STA), after the state forestry department had increased the royalty to RM65 four months ago. However, the government rejected STA's appeal for a 50% discount on the timber royalty extracted from agri-conversion land and for timber with a diameter of between 30cm and 40cm. The royalty will increase to RM55 by 2010 and RM65 in 2011.

**Minister expects exports to reach RM20 billion**

According to *Bernama*, Deputy Plantation Industries and Commodities Minister Mr. A. Kohilan speculated that demand for Malaysian timber products from Central Asia, India and Eastern Europe could help Malaysia achieve at least RM20 billion in exports in 2009. He also said the federal government has launched an afforestation programme, which is managed by the Malaysian Timber Industry Board (MTIB). A target of 25,000 ha has been earmarked for afforestation yearly over a period of 15 years, which would result in a total of 375,000 ha afforested. Fourteen companies are said to be participating in this programme, with an area of nearly 60,000 ha afforested to date.

**Malaysia's exports fall 15.9% in February**

Malaysia's exports fell 15.9% in February 2009, when compared to February 2008 exports, as reported on *CNBC.com*. Exports in January 2009 declined 27.8% compared to the previous year, the steepest decline in nearly 30 years. Economists commented that the current economy is performing better than predicted, but cautioned that a decline in exports at least over the next few months will hover in the realm of 20%.

### Timber prices steady but may not hold

Prices of Malaysian timber products remain weak but steady as thunderstorms continue to hammer the country, making timber extraction difficult. However, prices are not expected to hold. Foreclosures of both private and commercial properties were on the increase in the wake of massive layoffs by major MNCs and a slump in domestic demand. At the forefront of the layoffs were suppliers of major building/construction material and household accessories.

Prices of residential properties, often propped up by foreign investors and speculators, may actually decline for the first time. Some analysts commented that the Malaysian economy will take 2 to 3 years to recover, and will do so only after there is some upturn in the US economy.

**Malaysia Log Prices**

| | |
|---|---|
| Sarawak log, FOB | US$ per $m^3$ |
| Meranti SQ up | 230-254 |
| Small | 212-243⬆ |
| Super small | 201-225⬆ |
| Keruing SQ up | 217-229 |
| Small | 187-218 |
| Super small | 162-193⬆ |
| 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 | 300-327 |
| Merbau | 324-359⬇ |
| Rubberwood | 40-75⬇ |
| 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 | | 282-313 |
| Seraya Scantlings (75x125 KD) | | 455-470⬇ |
| Sepetir Boards | | 251-273 |
| Sesendok 25,50mm | | 355-373⬇ |
| Kembang Semangkok | | 296-319 |
| Malaysian Sawnwood, domestic | | US$ per $m^3$ |
| Balau (25&50mm,100mm+) | | 335-355⬇ |
| Merbau | | 479-531⬇ |
| 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 | 416-478⬇ |
| 3mm | 393-423 |
| 9mm & up | 338-410 |
| Meranti ply BB/CC, domestic | US$ per $m^3$ |
| 3mm | 389-430 |
| 12-18mm | 323-352 |

**Other Malaysia Panel Prices**

| | | |
|---|---|---|
| Malaysia, Other Panels, FOB | | US$ per $m^3$ |
| *Particleboard* | Export 12mm & up | 230-253 |
| | Domestic 12mm & up | 215-232 |
| *MDF* | Export 15-19mm | 285-317 |
| | Domestic 12-18mm | 274-292 |

**Malaysia Added Value Product Prices**

| | |
|---|---|
| Malaysia, Mouldings, FOB | US$ per $m^3$ |
| Selagan Batu Decking | 550-560⬇ |
| Red Meranti Mouldings 11x68/92mm x 7ft up | |
| Grade A | 566-579⬇ |
| Grade B | 517-526⬇ |

**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 | | 556-588⬇ |
| Standard | | 541-559⬇ |

## Report from Indonesia

### Indonesian economic stimulus package to be released soon

According to *Antara News*, the Indonesian government is currently processing its Rp73.3 trillion economic stimulus package and will begin to allocate funds by end April 2009. Indonesia, the most populated state in South-East Asia has been facing its worst recession in modern history. The government was hopeful the stimulus would help address the various issues posed by unemployment in the country.

### Sales of forestry equipment plunge for PT United Tractors

Forestry Minister MS Kaban said 'chronic ailments' affecting Indonesian forests would take a long time to fix. As reported in *Antara News*, the minister indicated weak government control and mismanagement by forest concessionaries, timber estates and licensed plantations had contributed to the damage in the forests. Kaban noted the ailments were also affecting forest industries and timber companies, which had cut the state's foreign exchange earning and spurred illegal logging and theft. To address some of these problems, Kaban drew attention to forest plantation activities undertaken by the government on the last three years, during which a total of USD1.9 million trees had been planted and which were expected to boost recovery of the forests.

### Price declines trigger fears for mill owners and workers

Reports are emerging that some sawmill and plywood mill owners in Indonesia may resort to arson to recoup their financial losses from recent months. Prices of Indonesian timber products declined sharply as exporters to traditional markets, e.g. Japan and the US, struggle under the weight of heavy corporate debts.

Potential investors in the Indonesian timber industry added that aging machinery, poor infrastructure and illiteracy are some of the biggest hindrances to investors. The high rate of illiteracy in Indonesia makes it difficult for companies to train and provide skilled workers required by the downstream and value-added timber industry.

Experts also noted that any collapse in prices of Indonesian timber products could trigger a similar chain reaction among timber producers in the region.

**Indonesia Log Prices (domestic)**

| Indonesia logs, domestic prices | US$ per $m^3$ |
|---|---|
| Plywood logs | |
| Face Logs | 186-229⬇ |
| Core logs | 167-200⬇ |
| Sawlogs (Meranti) | 174-235⬇ |
| Falcata logs | 142-176⬇ |
| Rubberwood | 34-60 |
| Pine | 157-196⬇ |
| Mahoni (plantation mahogany) | 480-506⬇ |

**Indonesia Sawnwood Prices**

| Indonesia, construction material, domestic | | US$ per $m^3$ |
|---|---|---|
| Kampar (Ex-mill) | AD 3x12-15x400cm | 170-189⬇ |
| | KD | 193-227⬇ |
| | AD 3x20x400cm | 218-241⬇ |
| | KD | 222-247⬇ |
| Keruing (Ex-mill) | AD 3x12-15x400cm | 234-248⬇ |
| | AD 2x20x400cm | 220-238⬇ |
| | AD 3x30x400cm | 200-219⬇ |

**Indonesia Plywood Prices**

| Indonesia ply MR BB/CC, FOB | US$ per $m^3$ |
|---|---|
| 2.7mm | 405-462⬇ |
| 3mm | 361-402⬇ |
| 6mm | 318-382⬇ |

| MR Plywood (Jakarta), domestic | US$ per $m^3$ |
|---|---|
| 9mm | 255-266⬇ |
| 12mm | 247-257⬇ |
| 15mm | 236-254⬇ |

**Other Indonesia Panel Prices**

| Indonesia, Other Panels, FOB | | US$ per $m^3$ |
|---|---|---|
| *Particleboard* | Export 9-18mm | 218-229 |
| | Domestic 9mm | 191-203 |
| | 12-15mm | 182-193 |
| | 18mm | 172-184 |
| *MDF* | Export 12-18mm | 255-268⬇ |
| | Domestic 12-18mm | 235-246⬇ |

**Indonesia Added Value Product Prices**

| Indonesia, Mouldings, FOB | US$ per $m^3$ |
|---|---|
| Laminated Boards Falcata wood | 306-318⬇ |
| Red Meranti Mouldings 11x68/92mm x 7ft up | |
| Grade A | 499-533⬇ |
| Grade B | 454-475⬇ |

## Report from Myanmar

**Low trade expected as a result of holiday period**

Analysts expect not much work to be undertaken during April, with stock taking being done at the end of the Myanmar fiscal year and the Myanmar new year holiday, which occurs during 11-21 April. The last tender on 30 April resulted in some price rises for specific grades. Nevertheless, the quantity traded was small, so the price gains do not reflect the actual state of the market. April's tender prices will be in FOB prices, with the remaining sales being done on an ex-works basis. Most analysts believe this will keep prices up, unless log parcels are graded poorly. The tender lots were reported to be mostly above average in quality.

In general, the market was reported to be very slow. Not many new orders for sawn teak were reported. However, some reports indicate the log market was showing slightly increasing strength. One analyst expected the situation to become clearer around June.

**Myanmar Log Prices (natural forests)**

| Teak Logs, FOB | € Avg per Hoppus Ton (traded volume) | |
|---|---|---|
| *Veneer Quality* | Feb | Mar |
| 2nd Quality | - | - |
| 3rd Quality | 4,189 (6 tons) | 4,389 (5 tons) |
| 4th Quality | 3,702 (11 tons) | 3,639 (11 tons) |
| *Sawing Quality* | Feb | Mar |
| Grade 1 (SG-1) | 2,634 (95 tons) | 2,543 (61 tons) |
| Grade 2 (SG-2) | 2,366 (53 tons) | 2,419 (19 tons) |
| Grade 3 (SG-3) | - | - |
| Grade 4 (SG-4) | 2,034 (339 tons) | 2,071 (412 tons) |
| Grade 5 (SG-5) Assorted | 1,587 (172 tons) | 1,579 (145 tons) |
| Grade 6 (SG-6) Domestic | 1,291 (103 tons) | 1,305 (85 tons) |
| Grade 7 (ER-1) | 1,035 (29 tons) | 1,017 (81 tons) |
| Grade 8 (ER-2) | | - |

Hoppus ton=1.8$m^3$; 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

**AIMEX anticipates future problems in Pará's forest sector**

According to *Folha do Progresso*, the Association of Timber Exporters Industries of the State of Pará (AIMEX) has indicated 2009 will be a problematic year for the forest sector in Pará. Exports from the state in January and February 2009 fell 60% by value and 65% by volume when compared to year 2007 results. Entrepreneurs working in the international market have recognized the global economic crisis has strongly impacted Pará's industrial and manufactured timber products trade.

However, the delay in government approval of environmental permits has been cited as the primary reason for the current difficulties. Many noted that negative indicators in Pará's timber sector have preceded the economic downturn, seemingly due to the delay in permit approval and the lack of available raw material, which has lasted for nearly five years.

The situation has become so serious that the state of Pará has begun to import timber, particularly from Bolivia. Pará was also buying timber from planted forests in other Amazonian states. These are considered emergency measures to meet the terms of the medium and long-term contracts with the European and American markets.

According to AIMEX, these are illustrations of the crisis facing the forest sector over the last two decades.

Experts have urged the government to set policies that promote forest activities. Representatives from the timber sector have asked the government to invest quickly in forest concessions and forest plantation policies. AIMEX has said, given the timber sector's severe financial crisis, the state government should take concrete actions to reduce the impact of the crisis in Pará's economy. AIMEX also stressed that measures recently undertaken by the government, including the restructuring of the State Secretariat of the Environment (SEMA), were positive, but were insufficient to cope with an unprecedented crisis like the current one.

**IBAMA and SEMA on the hunt for 'ghost companies'**

The Brazilian Institute of Environment and Renewable natural Resources (IBAMA), in collaboration with the Pará Secretary of the Environment (SEMA) and IBAMA regional offices, has continued to conduct investigations to identify ghost companies, which have fraudulently engaged in trade of forest products and by products. According to *EcoDebate*, the investigations, which were started in March 2009 (see TTM 14:5), have already stopped more than 100 companies selling illegal timber in the state capital (Belem) and other timber clusters of the state. According to the IBAMA regional office, the operation has generated nearly BRL100 million in fines, and fines are expected to reach over BRL1 billion at the end of the operation.

The operation focuses on companies that exist only on paper. The ghost companies are established to create a façade for the company to sell illegal products from protected areas, public forests and indigenous lands. In 2008, illegal trade in these products was responsible for over BRL 250 million. As part of the operation, IBAMA and its partners will block the operation of the ghost companies and seize any illegally traded timber or charcoal from the company. The amount of logs and charcoal seized so far has reached 10,000 $m^3$ and 5,000 $m^3$, respectively.

**Business events expected to generate nearly USD13 million for furniture exporters**

The 'International Purchaser Project' Fair, held from 10-12 March at the Movelpar 2009 Furniture Fair in the state of Paraná, promoted 402 businesses among 20 importers and 48 furniture manufacturers, fair exhibitors and participants, and was organized by Apex Brazil and ABIMOVEL (the Brazilian Furniture Association). Research conducted among importers from 17 countries at the Movelpar Fair indicated 75% of the meetings resulted in prospects for future business, estimated at USD12.9 million by value. A survey among the furniture producers indicated deals closed at the end of the business rounds were worth about USD3.8 million.

*Portal Moveleiro* has reported that one of the main obstacles for furniture manufacturers to overcome is the export crisis. Recently, Brazil has had to undertake measures to maintain its competitiveness in international markets. In recent months, the federal government had been asked to reduce taxes on particleboard imports to maintain the furniture sector's competitiveness. Additionally, ABIMOVEL is establishing a partnership with design professionals to produce high quality furniture in order to heighten its competitiveness in the international market. To some, Brazil is considered to be more competitive than China in the international furniture market, since Brazil is known for having higher raw material quality and design. According to ABIMOVEL, Chinese furniture is more expensive due to a number of factors, including freight costs for exports and a reduction in the weekly working hours now set at 40 hours, whereas Brazilian workers clock over 44 hours.

Brazil exports about 10% of its furniture production. According to the Federal Secretary of Foreign Trade (SECEX), furniture exports fell 1.7% in 2008 compared to 2007. In January 2009, it dropped 27.4% compared to January 2007. Despite these negative indicators, there is a prospect of a 5% increase in sales to the domestic market and a 3% rise in sales to the international market. ABIMOVEL is also requesting the federal government reduce tax on industrialized products (IPI) from 10% to 5% and to include the furniture sector in the Growth Acceleration Program (PAC) for housing, which is expected to cost about BRL90 billion by 2010.

**Furniture exports to Argentina drop 51%**

Sharp declines in Brazilian furniture exports to Argentina have been appearing, similar to a cycle observed in 2000 and 2001. This has been caused by a strong deceleration of the Argentinean economy, noted *Gazeta Mercantil*. The Association of Furniture Companies of Rio Grande do Sul (MOVERGS) reported that in the first bi-month of 2009, Brazil's exports to Argentina were 51% less than the same period of last year (USD6.4 million in 2009, compared to USD13.1 million in 2008).

This was the worst fall since 2004. The average annual growth in exports to Argentina between 2004 and 2008 was 72% per year. However, the average drops to 39.5% if the first two months of 2009 are included. The annual average growth rate of Brazilian furniture exports between 2004-2008 was 10.6%, but if including results from the first two months of 2009, it slows down to only 2.1%.

Additionally, a new trade rule in Argentina requires importers to have an import license for Brazilian furniture products, which is considered to some a new obstacle in the bilateral relationship. The measure has been the subject of negotiation between the governments. Venezuela has already adopted the license system and Ecuador has recently increased import tax from 24.5% to 60.5%. These markets do not have enough mills to meet their demand.

One-third of shipments of Brazilian furniture go to the European Union (EU). However, the situation there is not unlike that in Argentina. In the first two months, exports to France decreased 38.6%, 19.1% to the United Kingdom, 11.1% to Germany, 11.5% to the Netherlands and 50% to Spain. Brazil closed its January - February balance with a

31.7% drop in furniture exports over the same period of 2008 (USD96.5 million against USD141.2 million in 2008).

**Leadership transition in Brazilian Forest Service**

Antonio Carlos Hummel has been appointed the new Director General of the Brazilian Forest Service (BFS), replacing Tasso Azevado. Azevedo will now act in the capacity of special advisor to the Minister on forest and climate change issues and on matters relating to the Amazon Fund, an organization implementing forestry projects in that region. The new Director General of the BFS has been a career employee of IBAMA and in the last six years was responsible for overseeing the Department of Biodiversity and Forests. He has extensive experience on forestry issues, especially in the institutional development of the sector. As director of the BFS, he will be responsible for implementing and expanding the Brazilian forest concessions and for sustained production, and will oversee BFS's role as focal point of the ITTO for Brazil.

**Brazil Log Prices (domestic)**

| Brazilian logs, mill yard, domestic | US$ per m$^3$ |
|---|---|
| Ipê | 109 |
| Jatoba | 78 |
| Guariuba | 52 |
| Mescla (white virola) | 57 |

**Brazil Sawnwood Prices**

| Sawnwood, Belem/Paranagua Ports, FOB | | US$ per m$^3$ |
|---|---|---|
| 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 m$^3$ |
|---|---|---|
| *Northern Mills* (ex-mill) | Ipê | 518 |
| | Jatoba | 398 |
| *Southern Mills* (ex-mill) | Eucalyptus (AD) | 147 |
| | Pine (KD) 1st grade | 192 |

**Brazil Veneer Prices**

| Veneer, FOB (Belem/Paranagua Ports) | US$ per m$^3$ |
|---|---|
| White Virola Face 2.5mm | 298 |
| Pine Veneer (C/D) | 210 |

| Rotary cut Veneer, domestic | US$ per m$^3$ | |
|---|---|---|
| (ex-mill Northern Mill) | Face | Core |
| White Virola | 196 | 163 |

**Brazil Plywood Prices**

| Plywood, FOB | US$ per m$^3$ |
|---|---|
| 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 m$^3$ |
|---|---|
| 9mm C/CC (WBP) | 275 |
| 15mm C/CC (WBP) | 252 |
| 18mm C/CC (WBP) | 250 |

| Plywood, domestic (ex-mill Southern mill) | | US$ per m$^3$ |
|---|---|---|
| Grade MR (B/BB) | White Virola 4mm | 676 |
| | White Virola 15mm | 494 |

Domestic prices include taxes and may be subject to discounts.

**Other Brazil Panel Prices**

| Belem/Paranagua Ports, FOB | US$ per m$^3$ |
|---|---|
| Blockboard Pine 18mm 5 ply (B/C) | 315 |
| *Domestic Prices*, Ex-mill Southern Region | |
| Blockboard White Virola faced 15mm | 430 |
| Particleboard 15mm | 272 |

**Brazil Added Value Products**

| FOB Belem/Paranagua Ports | | US$ per m$^3$ |
|---|---|---|
| Edge Glued Pine Panel | | |
| Korean market (1st Grade) | | 640 |
| US Market | | 493 |
| Decking Boards | Cambara | 608 |
| | Ipê | 1590 |

## Report from Peru

**Early 2009 exports drop 50%**

According to the Export Association of Peru (ADEX), Peru's wood exports from January-February 2009 dropped 50% by value, when compared to the previous year. Exports also fell to USD19.6 million during 2009 from USD39.2 million from the same period in 2008.

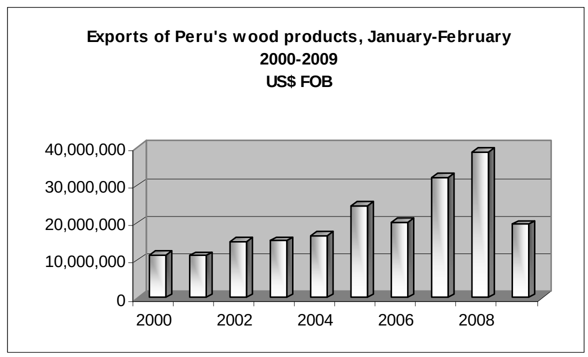



Chart 1: Peru's wood exports, January and February 2000-2009 (USD FOB)

Sawnwood represented 37.6% of sector exports. Exports in January-February 2009 were just over USD7 million, while for the same period in 2008 exports were USD20 million, a year-on-year decrease of 63%. The main markets for this sub-sector were Mexico, China, the US, and the Dominican Republic, which received 41%, 22%, 14%, 8% of sawnwood exports, respectively.

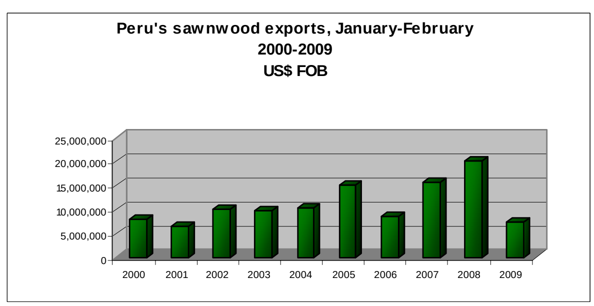



Chart 2: Peru's comparative sawnwood exports, January-February 2000-2009 (USD FOB)

Semi-manufactured products accounted for 42% of wood sector exports and ware the principal export item in the wood sector. Exports in January-February 2009 were valued at USD8.3 million, while exports for the same period in 2008 were valued at USD10.3 million, marking a

19% drop in exports against 2008 levels. The main markets for this sub-sector were China, the US and Hong Kong, which received 80%, 9% and 5% of semi-manufactured products, respectively.

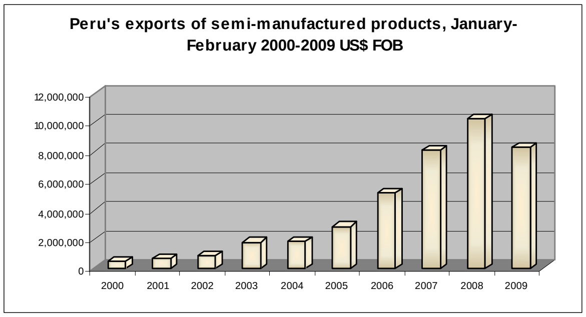



Chart 3: Peru’s exports of semi-manufactured products, January-February 2000-2009 (USD FOB)

Veneer and plywood exports for the January-February 2009 period were USD1.7 million, while exports for the same period in 2008 were valued at USD4.7 million, falling 62.6%. Results from the sub-sector show Mexico as the main market for Peru’s exports (78.7%) followed by Venezuela (15.4%), with other countries making up the remaining 5.9%.

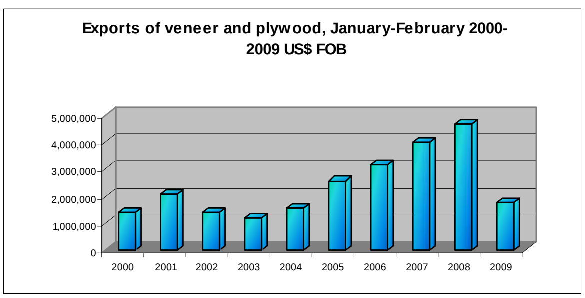



Chart 4: Peru’s exports of veneer and plywood, January-February 2000-2009 (USD FOB)

Furniture exports were worth a value of USD1.1 million during the January-February 2009 period, a 56.2% decrease from the same period in 2008. The main market destination for these products was the US (58.7%), followed by Italy (21.5%).

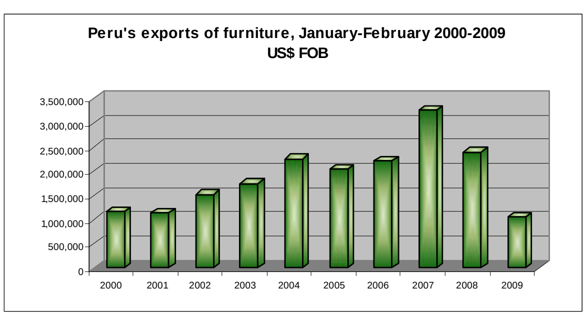



Chart 5: Peru’s furniture exports, January-February 2000-2009 (USD FOB)

During the January-February 2009 period, exports were concentrated in three markets representing 81.1% of total wood products exports. China represented 42.6% of exports in the sector, dropping 6.5% when compared to the previous year. Mexico followed, receiving 23% of exports, although this was a 70% drop in exports received in the previous year. The US was the third destination market, representing 15.3% of exports, although its level of imports has fallen 68.9% when compared to the same period in 2008.

**Peru Sawnwood Prices**

| Peru Sawnwood, FOB Callao Port | | US$ per $m^3$ |
|---|---|---|
| Mahogany S&B KD 16%, 1-2” random lengths (US market) | | 1722-1798⬇ |
| Spanish Cedar KD select | | |
| North American market | | 918-922⬇ |
| Mexican market | | 897-921⬇ |
| Pumaquiro 25-50mm AD | Mexican market | 485-515 |

*Cheaper and small-dimension sawnwood for this market.

| Peru Sawnwood, FOB Callao Port (cont.) | US$ per $m^3$ |
|---|---|
| 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 $m^3$ |
|---|---|
| Spanish Cedar AD Select Mexican market | 887-909⬇ |
| 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 $m^3$ |
|---|---|
| Mahogany | 945-967⬇ |
| Virola | 50-67⬇ |
| Spanish Cedar | 326-378 |
| Marupa (simarouba) | 66-81⬇ |

**Peru Veneer Prices**

| Veneer FOB | US$ per $m^3$ |
|---|---|
| Lupuna 3/Btr 2.5mm | 189-202⬇ |
| Lupuna 2/Btr 4.2mm | 203-217⬇ |
| Lupuna 3/Btr 1.5mm | 211-221⬇ |

**Peru Plywood Prices**

| Peru plywood, FOB (Mexican Market) | | US$ per $m^3$ |
|---|---|---|
| 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 $m^3$ |
|---|---|
| (Iquitos mills) | |
| 122 x 244 x 4mm | 415 |
| 122 x 244 x 6mm | 397 |
| 122 x 244 x 8mm | 403 |
| 122 x 244 x 12mm | 383 |
| (Pucallpa mills) | |
| 122 x 244 x 4mm | 439 |
| 122 x 244 x 6mm | 439 |
| 122 x 244 x 8mm | 416 |
| 122 x 244 x 12mm | 419 |

**Other Peru Panel Prices**

| Peru, Domestic Particleboard | US$ per $m^3$ |
|---|---|
| 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 $m^3$ |
|---|---|---|
| Cabreuva/estoraque KD12% S4S, Asian market | | 1323-1411⬇ |
| Cumaru KD, S4S | Swedish market | 655-708⬇ |
| | Asian market | 924-967⬇ |
| Cumaru decking, AD, S4S E4S, US market | | 778-867⬇ |
| Pumaquiro KD # 1, C&B, Mexican market | | 388-444⬇ |
| Quinilla KD, S4S 2x10x62cm, Asian market | | 477-523⬇ |
| | 2x13x75cm, Asian market | 617-680⬇ |

## Report from Bolivia

**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) | 1300 |
| Cambara | (FSC) (EU market) | 700 |

**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 market) | 1240-1300 |
| Ipe | (EU and Asia market) | 1650-1780 |
| Cumaru | (FSC) (US mkt) | 1708-1880 |

## Report from Mexico

**Mexico lowers annual deforestation average**

Mexico's annual average deforestation rate fell from 348,000 hectares to 260,000 during the period from 2000 to 2005, according to data provided by the national forest inventory. This was considered encouraging for national policies designed to improve the state of Mexico's vegetation and forests. This information on Mexico's deforestation rate was included in the *State of the World's Forests 2009*, published by the Food and Agriculture Organization of the United Nations (FAO) and presented at the nineteenth session of the Committee on Forestry (COFO) in Rome, Italy, from 16-20 March 2009.

During the last decade, the financial resources invested by Mexico have helped initiate or fortify processes of community development in 2,000 agrarian centers. In the present administration, this investment has reached 565 million pesos for communitarian forest management over 334,391 ha, through the national programmes ProTree and the Programme of Communitarian Forest Development (PROCYMAF). In the same period, it has addressed the technical management of 3.6 million hectares of forest and obtained sustainable forest management (SFM) certification for over 244,719 ha of land.

Additionally, forest representatives of 115 countries recognized Mexico's contributions to mitigating climatic change, to prevent deforestation and fight the poverty in forest zones, particularly by way of community forest management and application of SFM. At the COFO session, Mexico suggested that SFM was an important element to address climate change and noted SFM and the Reduction of Emissions by Deforestation and Degradation (REDD) should be more broadly addressed in UN Framework Convention on Climatic Change. Mexico is in the process of elaborating a national program on climatic change and is considering how to adapt to and mitigate the effects of the phenomenon.

## Report from Guyana

**Guyana's prices show relative stability**

A comparison of prices from the period 16-31 March 2009 with the corresponding period in 2008 showed relative stability in log prices. Sawnwood prices have shown significant increases when compared to the same period of 2008. Plywood and roundwood prices have remained stable for the same period in 2008. Value-added products such as doors have shown a moderate increase in export value when compared to same period. The Caribbean market was the main destination for value-added exports. Outdoor garden furniture for the period under consideration recorded a comparatively high export value to the UK market. Mouldings have also shown a higher export value when compared to the same period of 2008.

**Guyana to convene regional chainsaw milling workshop**

A regional workshop on chainsaw milling in the Guiana Shield/Caribbean will be convened in Georgetown, Guyana within the framework of the project 'Developing alternatives for illegal chainsaw lumbering through multi-stakeholder dialogue in Ghana and Guyana'. The chainsaw milling project focuses on the broad theme of forest governance in Ghana and Guyana, where there has been a prevalence of chainsaw lumbering and different approaches have been taken to regulate this activity. The regional workshop targets decision-makers and scientists in the regions where chainsaw lumbering activities occur and aims to present issues and options for regulating chainsaw lumbering.

The project, from which the workshop originates, is funded by the EC and Tropenbos International and has embarked on research into the causes and consequences of chainsaw lumbering, to better understand the phenomenon in Ghana and Guyana. This research is being compiled into case studies for the two countries and will serve as inputs into two regional meetings designed to identify the main issues in West Africa and the Guiana Shield/Caribbean region. The findings from the regional meetings will be summarized in a synthesis paper that will be discussed and refined with participation from experts around the globe. The outputs of these exercises will be documented and distributed in a publication of the European Tropical Forest Research Network (ETFRN) News.

**Guyana Log Prices**

| Logs, FOB Georgetown | SQ - $ Avg unit value per m³ Std | Fair | Small |
|---|---|---|---|
| Greenheart | - | - | - |
| Purpleheart | 220 | 200 | 180 |
| 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 m³ | |
|---|---|---|---|
| EU and US markets | | Undressed | Dressed |
| Greenheart | Prime | 670-680 | 550-721 |
| | Select/Standard | 475-680↓ | 550-1,125↑ |
| Purpleheart | Prime | - | 600-742 |
| | Select/Standard | 550-742↓ | 594-784↓ |
| Mora | Select | 424-440 | - |

**Guyana Plywood Prices**

| Plywood, FOB Georgetown Port | | | $ Avg unit val. per m³ |
|---|---|---|---|
| Baromalli | BB/CC | 5.5mm | - |
| | | 12mm | 379-420↓ |
| | Utility | 5.5mm | - |
| | | 12mm | 350-440 |

## Report from Japan

### Market prices expected to bottom out after Golden Week holidays

*Japan Lumber Journal* reported on the meeting of the Lumber Price Market Investigation Committee of Tokyo Lumber Wholesalers' Association, which confirmed the sluggish movement of products in the last few months of 2009. During the meeting, most wholesalers agreed the market was likely to bottom out after the Japanese Golden Week holidays, traditionally held in the first week of May.

There continued to be no shortage of supply until early March for Southsea logs, even though rains in Malaysia have hampered logging operations, as there was limited demand for logs in Japan. However, orders for second grade melapi lumber were moving. Plywood demand continued to be low in early March because of low housing starts in Japan, and manufacturers were reported to have cut production substantially. Nevertheless, this move did not prompt price rises. At the end of March 2009, however, *JLJ* reported some shortage in domestic supply of imported plywood, as declines in new arriving shipments began to affect end users. Supply was expected to get shorter in April.

### Income of Japan's forest owners on the decline in 2007

The Ministry of Agriculture, Forestry and Fisheries (MAFF) reported on the gross income of forest owners in Japan, which showed declines of nearly 27% by value. *JLJ* indicated forest income, which is based on gross income less management expenses, also fell 39% when compared to 2006 levels. The slump was attributed to the weakness in timber prices, which caused forest owners to face a more severe business environment.

In other domestic statistics for 2007, MAFF also said total forestry output increased 2%, reaching 441 billion yen. The highest revenue generating items in 2007 were logs (JPY226 billion yen) and cultivated mushrooms (JPY208 billion yen). Income from forestry production fell marginally, however, reaching a total of 246 billion yen. Despite these results for 2007, MAFF reported an 80% increase in exported logs, with exports of domestic logs rising nearly 1.8 times higher than in 2007. In 2008, Korea received the largest amount of Japan's log exports, followed by China.

### Vietnam becomes important pulp source for Japan and China

According to the *Wood Resource Quarterly*, Vietnam is becoming one of the most important suppliers of eucalypt and acacia chips to Japan and China. The chips were among the lowest cost imported chips to Japan in 2008, just higher than those from Malaysia and Thailand. Vietnam has quickly expanded its plantation resources to supply wood chips during 2002 to 2008, when it became the fourth largest exporter of wood chips in the world. Despite this significant increase in imports during the last year, this trend is not expected to continue in the long-term.

**Log and Sawnwood Prices in Japan**

| Logs for Ply Manufacture, CIF | Yen per Koku |
|---|---|
| Meranti (Hill, Sarawak) | (Koku=0.278 m³) |
| Medium Mixed | 7,700↓ |
| Standard Mixed | 7,800↓ |
| Small Log (SM60%, SSM40%) | 6,700↓ |
| Taun, Calophyllum, others (PNG) | 7,600 |
| Mixed light hardwood, G3/4 grade (PNG) | - |
| Keruing MQ & up (Sarawak) | 12,000 |
| Kapur MQ & up (Sarawak) | 9,300↓ |

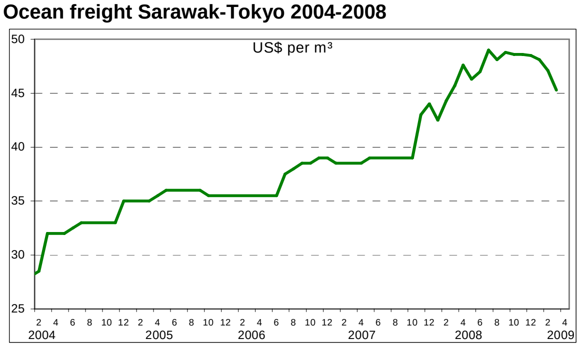
| Logs for Sawmilling, CIF | Yen per Koku |
|---|---|
| Melapi (Sarawak) High Select | 11,500 |
| Agathis (Sarawak) High Select | - |

| 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) | Mar (¥ per sheet) | Apr |
|---|---|---|---|
| 2.4mm (thin plywood, F 4star, type 2 ) | 920 X 1830 | 360 ↑ | 360 |
| 3.7mm (med. Thickness, F 4star, type1) | 910 X 1820 | 480 ↓ | 470 ↓ |
| 5.2mm (med. Thickness, F 4star, type 1) | 910 X 1820 | 590 ↓ | 580 ↓ |
| 11.5mm for sheathing (F 4star, type 2) | 910 X 1820 | 900 ↑ | 900 |
| 12mm for foundation (F 4star, special) | 910 X 1820 | 950 ↑ | 960 ↑ |
| 12mm concrete-form ply (JAS) | 900 X 1800 | 820 ↑ | 820 |
| 12m coated concrete-form ply (JAS) | 900 X 1800 | 960 | 960 |
| 11.5mm flooring board | 945 X 1840 | 1250 ↓ | 1150 ↓ |
| 3.6mm baseboard for overlays (OVL) | 1230 X 2440 | 700 | 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

### China stepping forward as leader in plantation areas

According to the State Forestry Administration, plantation areas in China reached 53.3 million hectares, accounting for nearly 40% of the world's total. The forest area is increasing at a rate of 4 million ha annually in China, compared to an annual global decrease of over 6 million hectares. With forest plantations increasing in area by 53% globally, China was still viewed as the country in which forest resources grew most quickly, with plantations expected to absorb a significant amount of carbon dioxide.

### Log imports through Erlianhot Port rise in February

According to a report from the Erlianhot Entry-Exit Inspection and Quarantine Bureau, Inner Mongolia Autonomous Region, 1,490 batches of logs totaling 111,500 m³ valued at USD16 million were accepted at the Port in February 2009, up 52% by volume and 50% by value respectively over January 2009 levels. These gains are the result of two factors. The first relates to the Russian government's postponement of full implementation of its log export tariff policy to 2010, which would hike export tariffs on logs to 80%. Secondly, at the domestic level, the Chinese government has adopted a series of policies to stimulate demand for logs, increase investment and expand construction, among other measures. These measures have resulted in helping to drive demand in domestic markets, and therefore, promote log imports.

### Manzhouli City issues regulation to boost wood processing industry

Manzhouli City, one of the major areas for importing Russian logs in China, recently issued a new regulation to encourage, support and guide development of the wood processing industry. The city plans to establish a fund to support the wood processing industry and help enterprises obtaining financing to support their future development. It has also prepared and organized annual international forums on the development of the wood industry and other wood products fairs. A network on wood products transactions will also be established to promote the wood industry in the city.

Manzhouli City is now host to 107 wood processing enterprises with total capacity of 5 million m³, of which, 30% have downstream processing programs. Due to the increase in export tariffs in Russia during 2008, imports of Russian logs dropped and local processing of timber reduced. However, the output value of large wood processing enterprises skyrocketed to 3.4 billion yuan in 2008, up 130% over the last year, accounting for 60% of total industrial output value in the city.

### Volume of wood flooring sales declines for first time

Impacted by the global financial crisis, China's export of wooden flooring suffered a severe setback in the fourth quarter of 2008. Due to lack of activity in the real estate sector, domestic timber markets were also slack. The total sales volume of wooden flooring in the country dropped for the first time in 2008 after successive growth over a twelve year period. According to data from the Flooring Specialty Committee of China's National Forest Products Industry Association, the gross sales volume of wooden flooring in the country was about 344 million m² in 2008, down 4.8% from last year. Of the total, laminated flooring fell 10% to 198 million m²; solid wood flooring dropped 4.5% to 42 million m²; wooden composite flooring was down 4% to 78 million m²; bamboo flooring fell 20% to 24 million m²; and other types of flooring were down 10% to 1.8 million m².

### China's timber and furniture outputs continue to increase in 2008

According to a statistics bulletin on the national economy and societal development in 2008, China's production of timber was 78.94 million m³, up 13% over 2008. According to the Chinese Furniture Association, the output value of China's furniture industry (including non-wood furniture) accounted for 648 billion yuan in 2008, up 17.8% over the last year. Of the total, output value of large-scaled enterprises reached 242.5 billion yuan, up 20% over the last year. The export value of furniture (including non-wood furniture) was about USD26.9 billion in 2008, up 21.5% over the last year.

**Guangzhou City Imported Timber Market**

| *Logs* | Yuan per $m^3$ |
|---|---|
| Lauan (50-60cm) | 1900-2400 |
| Kapur | 1900-2450 |
| Merbau 6m, 79-100cm diam. | 4300-5300 |
| Teak | 11000-16000 |
| Wenge | 6500-7000 |
| *Sawnwood* | |
| Teak sawn grade A | 8500-9500 |
| US Maple 2" KD | 8800-11000 |
| US Cherry 2" | 14000-14200 |
| US Walnut 2" | 16000-16800 |
| Lauan | 3500-4000 |

**Shanghai Furen Wholesale Market**

| *Sawnwood* | | Yuan per $m^3$ |
|---|---|---|
| Beech KD Grade AB | | 2500-3000↓ |
| US Cherry, 25mm | | 9500-10000 |
| US Red Oak, 50mm | | 9800-10500 |
| Sapele 50mm FAS (Congo) | | |
| | KD (2", FAS) | 5500-5600 |
| | KD (2",grade A) | 4200-4500↓ |

**Shandong De Zhou Timber market**

| *Logs* | | Yuan per $m^3$ |
|---|---|---|
| Larch | 6m, 24-28cm diam. | 1170 |
| 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 | | 1850↑ |
| Mongolian Scots Pine | 4m, 30cm diam. | 1280↑ |
| | 6m, 30cm+ diam. | 1350↑ |
| *Sawnwood* | | |
| Mongolian Scots Pine | 4m, 5-6cm thick | 1450↑ |
| | 4m,10cm thick | 1450 |

**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 import statistics show dramatic fall in tropical hardwoods during 2008

Newly released Eurostat data provides official confirmation of anecdotal reports of a dramatic EU-wide fall in imports of tropical hardwood products during 2008. The downturn was felt in all corners of the EU and affected just about the entire range of wood products imported from tropical countries. In 2008, the volume of EU-25 imports of hardwood logs, sawn, veneer, and plywood from countries in the tropical forest zone was down 27%, 23%, 11% and 14%, respectively.

Closer analysis of quarterly data indicates that the timing of the downward trend varied by product group (Chart 1). The decline in EU-25 imports of hardwood logs and sawn from tropical countries set in at the start of 2008, falling dramatically between the last quarter of 2007 and the first quarter of 2008. The downturn in veneer imports began in the second quarter of 2008, following a gentler but nevertheless relentless slide. Hardwood plywood imports held up well until the end of the third quarter of 2008 but then tumbled dramatically in the last three months of the year. The late response of the European plywood sector to the changing demand situation seems now to be reflected in particularly dire market conditions for this commodity in the EU, with importers now desperate to offload excessive stocks in the face of very slow consumption.

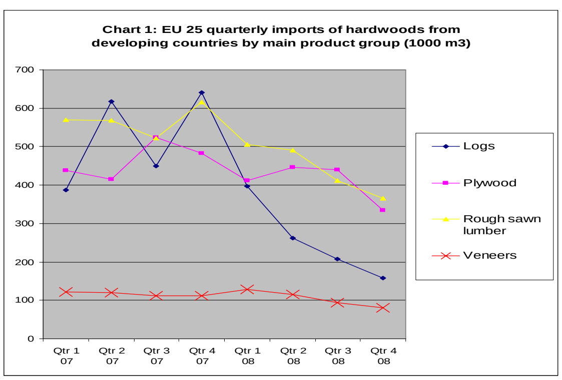



Chart 1: EU-25 quarterly imports of hardwoods from developing countries by main product group (1,000 $m^3$)

No European country has escaped the impact of the market downturn, although there is some variation in the depth of the recession in timber imports (Chart 2). The volume of hardwood imports from tropical countries into France, Italy, Spain, and Portugal fell particularly steeply during the course of 2008. Imports into the UK fell more slowly, although this may be due more to the delayed reaction of the UK plywood sector than to any strength in underlying consumption. Germany's decline was more moderate, partly because this market is already now less dependent on tropical wood than other European countries and partly due to more stable (but still unexciting) demand in Germany's joinery sector.

Imports of hardwoods from tropical countries into Belgium and to a lesser extent, the Netherlands, held up better than most other countries in 2008. Since both countries are very significant as staging posts in the supply of other European countries, the relative stability of their imports during 2008 is just as likely to reflect changes in purchasing practices in the wider European hardwood market in the face of the recession as it is underlying domestic consumption in the Benelux region. One impact of the recession may have been to intensify the trend towards increased reliance on little-and-often purchases from the large concentration yards in the Benelux countries and to reduce the numbers of European companies engaged in direct imports of tropical wood.

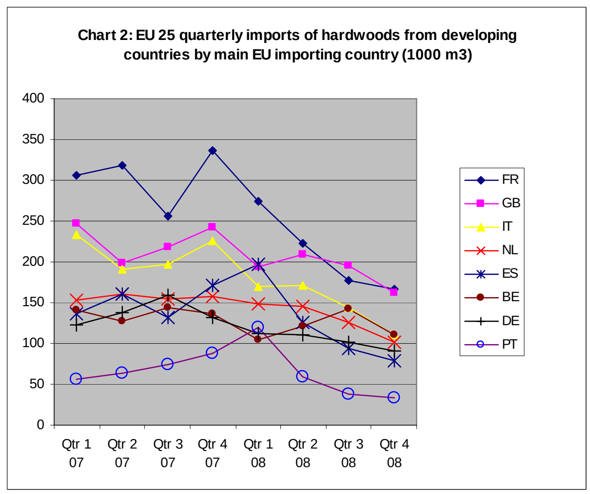



Chart 2: EU-25 quarterly imports of hardwoods from developing countries by main EU importing country (1000 $m^3$)

The fortunes of key tropical hardwood supplying countries to the EU have also varied widely, although none could claim to have had a particularly 'good year' in Europe during 2008 (Chart 3). The volume of EU-25 imports of hardwood products from China (mainly plywood) fell from a peak of around 330,000 $m^3$ in the third quarter of 2007 to less than 180,000 $m^3$ in the last quarter of 2008. Rising costs of labor and raw material combined with quality and environmental concerns were undermining the competitiveness of Chinese plywood products in the EU market from the middle of 2007 onwards. The economic downturn only added to these problems – although it is worth noting that in pure volume terms, China remains a very significant supplier of hardwood-based products to the EU.

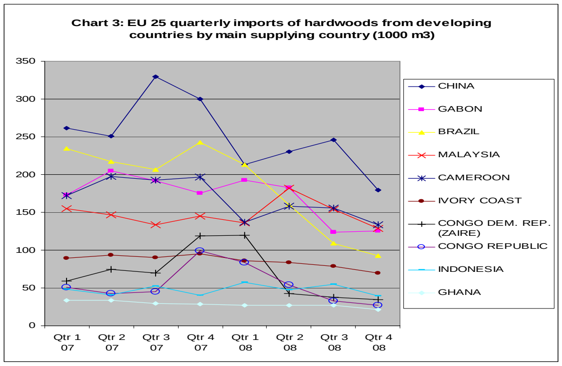


Chart 3: EU 25 quarterly imports of hardwood from developing countries by main supplying country (1000 m³)

The decline in EU-25 imports of hardwood products from Brazil (mainly plywood and sawn lumber) also fell very dramatically from close to 250,000 m³ in the fourth quarter of 2007 to less than 100,000 m³ in the last quarter of 2008. During the whole of 2008, the volume of EU-25 imports of hardwood plywood and sawn lumber from Brazil were down respectively 44% and 15%. This reflects both difficult supply conditions in the Brazilian hardwood sector as well as slowing European consumption.

EU-25 imports from African countries during 2008 saw some significant declines, although less dramatic than those experienced from Brazil and China. European log and sawn imports from Gabon were down 19% and 11% respectively on the previous year, although these declines were partly offset by a 15% rise in EU imports of plywood from Gabon, an effect of the new inward investment in processing capacity in the country in recent times. EU-25 imports from Cameroon followed a similar path, with significant declines in volumes of logs (-45%) and sawn (-19%), but a rise in volumes of plywood (+9%). EU-25 hardwood imports from the Congo Democratic Republic (logs and rough sawn), having risen dramatically at the end of 2007, fell to much lower levels from the end of March 2008 onwards. EU-25 imports of logs and rough sawn from the Republic of Congo fell consistently throughout 2008, partly offset by a rise in imports of veneer from the country. EU-25 imports of hardwood (mainly sawn lumber) from Côte d'Ivoire and Ghana fell consistently during the course of 2008, ending the year around 17% down on 2007.

Malaysian hardwood suppliers performed better than most of their competitors in the European market in 2008. EU-25 imports of Malaysian sawn lumber in 2008 were down only 5% on the previous year while imports of Malaysian plywood were actually up 14%, with large increases in sales to Belgium, Netherlands, and Italy. This reflects both the mounting problems in Chinese plywood supply and the development of new FSC-certified combi-plywood products in Malaysia combining tropical hardwood face with a New Zealand radiata pine core.

Meanwhile EU-25 hardwood imports from Indonesia (mainly plywood and mouldings) remained relatively stable throughout the course of 2008, although a shadow of their former self at well below 200,000 m³ for the whole year.

During 2008, EU-25 imports of hardwood flooring products from developing economies reached 45.8 million m², a 2% decline on the previous year. China consolidated its position of dominance in the sector, contributing 29.5 million m³ of European imports, up 10% on the previous year. EU-25 imports of hardwood flooring from most other developing countries declined, including from Indonesia (-12%), Brazil (-20%), Malaysia (-24%), Thailand (-22%) and Côte d'Ivoire (-22%).

A comprehensive breakdown of EU-25 imports of hardwood products from countries in the tropical zone during 2008 by leading supply country and European Member State is shown in the following tables. European imports of all hardwood from countries that are fully or partially in the tropical zone are included. In some cases a significant proportion of these hardwoods may be of temperate origin, particularly in the case of China. The EU-25 group of countries includes all members of the EU with the exception of Romania and Bulgaria (which only joined the EU on 1 January 2007). Data is compiled from Eurostat data supplied by Business Trade and Statistics Ltd. Forest Industries Intelligence Limited analyzed the data to remove inconsistencies.

**EU-25 2008 imports of hardwood logs from countries in the tropical zone (1000 m3)**

| | FR | IT | DE | PT | ES | BE | OTHER | TOTAL |
|---|---|---|---|---|---|---|---|---|
| GABON | 203.3 | 28.6 | 29.7 | 13.5 | 23.7 | 10.9 | 17.4 | 327.2 |
| CONGO DR. | 72.9 | 3.8 | 0.4 | 24.3 | 2.2 | 15.1 | 1.7 | 120.4 |
| CAMEROON | 13.1 | 20.7 | 28.0 | 6.2 | 6.5 | 6.0 | 2.2 | 82.6 |
| CONGO R. | 33.3 | 15.8 | 2.5 | 17.4 | 6.6 | 2.5 | 1.9 | 80.0 |
| CAR | 16.9 | 7.3 | 0.0 | 2.4 | 5.4 | 0.0 | 0.0 | 32.0 |
| EQUAT. GUINEA | 12.2 | 4.2 | 8.6 | 0.0 | 1.1 | 0.0 | 0.0 | 26.1 |
| OTHER | 4.8 | 4.4 | 4.0 | 1.6 | 0.3 | 2.2 | 15.4 | 32.6 |
| **TOTAL** | **356.3** | **84.7** | **73.2** | **65.4** | **45.7** | **36.7** | **38.6** | **700.8** |

**EU-25 imports of hardwood logs from countries in the tropical zone (% chg 07-08)**

| | FR | IT | DE | PT | ES | BE | OTHER | TOTAL |
|---|---|---|---|---|---|---|---|---|
| GABON | -25 | -17 | -24 | -42 | 32 | 31 | 57 | **-19** |
| CONGO DR. | -15 | -75 | -12 | -35 | 497 | -19 | -27 | **-25** |
| CAMEROON | -52 | -53 | na | -66 | -56 | 133 | -47 | **-45** |
| CONGO R. | -7 | -8 | -67 | 25 | -33 | 240 | -55 | **-11** |
| CAR | 36 | -49 | na | -61 | -51 | na | -100 | **-34** |
| EQUAT. GUINEA | -43 | -58 | -55 | na | -77 | na | -100 | **-58** |
| OTHER | 249 | -60 | -48 | 208 | 0 | -3 | -45 | **-36** |
| **TOTAL** | **-22** | **-42** | **-37** | **-37** | **-22** | **12** | **-27** | **-27** |

**EU-25 imports of hardwood sawn from countries in the tropical zone 2008 (000 m3)**

| | NL | IT | ES | FR | BE | GB | Other | Total |
|---|---|---|---|---|---|---|---|---|
| CAMEROON | 40.4 | 99.6 | 113.4 | 57.9 | 60.9 | 27.4 | 55.8 | 455.3 |
| BRAZIL | 102.1 | 9.4 | 62.8 | 85.5 | 25.6 | 1.5 | 78.9 | 365.7 |
| MALAYSIA | 146.7 | 19.6 | 0.0 | 20.5 | 35.7 | 32.2 | 48.2 | 302.8 |
| IVORY COAST | 15.8 | 70.2 | 44.9 | 12.4 | 6.3 | 19.8 | 26.7 | 196.3 |
| GABON | 13.6 | 44.3 | 4.1 | 19.3 | 4.6 | 0.5 | 6.0 | 92.4 |
| GHANA | 9.0 | 12.5 | 1.7 | 15.0 | 6.8 | 6.3 | 22.5 | 73.7 |
| CONGO R. | 1.6 | 9.8 | 13.1 | 9.3 | 3.6 | 7.4 | 11.3 | 56.1 |
| CONGO DR. | 20.6 | 2.8 | 1.7 | 1.4 | 18.0 | 1.2 | 5.2 | 50.8 |
| INDONESIA | 6.4 | 1.6 | 0.3 | 3.7 | 3.2 | 4.0 | 22.1 | 41.2 |
| Other | 23.3 | 18.7 | 17.5 | 6.4 | 6.0 | 7.8 | 29.9 | 109.5 |
| **Total** | **379.4** | **288.5** | **259.5** | **231.3** | **170.5** | **108.2** | **55.8** | **1743.9** |

**EU-25 imports of hardwood sawn from countries in the tropical zone (% chg 07-08)**

| | NL | IT | ES | FR | BE | GB | Other | Total |
|---|---|---|---|---|---|---|---|---|
| CAMEROON | -39 | 0 | -13 | -15 | -10 | -44 | -30 | **-19** |
| BRAZIL | -46 | -40 | -54 | -43 | -30 | -90 | -32 | **-44** |
| MALAYSIA | 18 | -8 | na | -25 | -44 | -11 | 3 | **-5** |
| IVORY COAST | -17 | -10 | -11 | -29 | -29 | -37 | -12 | **-17** |
| GABON | 59 | -29 | 20 | 40 | -9 | 109 | -38 | **-11** |
| GHANA | -44 | -11 | -6 | -4 | 13 | -51 | 0 | **-17** |
| CONGO R. | 386 | 7 | -32 | 15 | -56 | 87 | -35 | **-15** |
| CONGO DR. | -11 | 22 | 14 | 9 | 4 | 272 | -33 | **-5** |
| INDONESIA | -5 | -26 | -70 | -24 | 47 | -3 | 9 | **0** |
| Other | 16 | -3 | 6 | 1 | -41 | -56 | -19 | **-14** |
| **Total** | **-20** | **-11** | **-28** | **-26** | **-25** | **-37** | **-86** | **-23** |

**EU-25 imports of hardwood veneer from countries in the tropical zone 2008 (000 m3)**

| | FR | IT | ES | DE | GR | BE | Other | Total |
|---|---|---|---|---|---|---|---|---|
| GABON | 123.4 | 13.7 | 1.9 | 0.4 | 7.1 | 2.8 | 8.9 | 158.2 |
| IVORY COAST | 2.6 | 41.5 | 24.2 | 26.3 | 1.3 | 2.9 | 3.6 | 102.4 |
| CAMEROON | 0.6 | 35.2 | 3.9 | 0.7 | 0.2 | 0.0 | 0.4 | 41.0 |
| EQUAT. GUINEA | 4.6 | 7.4 | 21.4 | 0.0 | 0.0 | 0.0 | 0.0 | 33.4 |
| GHANA | 1.5 | 8.2 | 5.0 | 2.9 | 0.8 | 1.1 | 2.2 | 21.5 |
| CHINA | 0.1 | 3.6 | 4.2 | 1.7 | 1.7 | 0.8 | 7.3 | 19.5 |
| CONGO R. | 10.0 | 4.7 | 0.8 | 0.0 | 0.3 | 0.3 | 0.0 | 16.1 |
| Other | 1.0 | 2.2 | 2.1 | 0.4 | 0.3 | 1.0 | 4.0 | 11.1 |
| **Total** | **143.9** | **116.6** | **63.4** | **32.3** | **11.7** | **9.0** | **26.4** | **403.2** |

**EU-25 imports of hardwood veneer from countries in the tropical zone (% chng 07-08)**

| | FR | IT | ES | DE | GR | BE | Other | Total |
|---|---|---|---|---|---|---|---|---|
| GABON | -21 | -34 | 4 | 13 | -26 | 8 | 17 | **-20** |
| IVORY COAST | 3 | -14 | -5 | 15 | -32 | -29 | 23 | **-5** |
| CAMEROON | 57 | -7 | 5 | 45 | -73 | -96 | -25 | **-7** |
| EQUAT. GUINEA | -61 | 54 | 22 | -100 | na | na | na | **-2** |
| GHANA | 49 | 5 | -29 | -27 | 22 | -66 | -24 | **-18** |
| CHINA | -53 | -5 | -26 | -32 | 71 | -1 | -11 | **-12** |
| CONGO R. | 219 | 154 | 333 | na | na | 658 | -21 | **205** |
| Other | -11 | -15 | 6 | -48 | na | -20 | -27 | **-17** |
| **Total** | **-18** | **-9** | **0** | **5** | **-17** | **-28** | **-5** | **-11** |

**EU-25 imports of hardwood plywood from countries in the tropical zone in 2008 (1000 m3)**

| D_COUNTRY | GB | BE | DE | NL | FR | IT | Other | Total |
|---|---|---|---|---|---|---|---|---|
| CHINA | 246.9 | 138.8 | 134.4 | 57.4 | 57.9 | 22.8 | 169.1 | 827.2 |
| MALAYSIA | 232.7 | 25.6 | 2.2 | 16.5 | 1.3 | 5.6 | 9.1 | 293.0 |
| BRAZIL | 107.0 | 21.1 | 25.6 | 5.7 | 13.5 | 8.7 | 17.5 | 198.9 |
| INDONESIA | 18.1 | 59.6 | 32.2 | 23.6 | 14.5 | 3.7 | 3.7 | 155.5 |
| GABON | 0.0 | 0.1 | 0.1 | 13.9 | 11.8 | 19.8 | 0.3 | 45.9 |
| IVORY COAST | 0.0 | 5.8 | 0.9 | 0.0 | 7.3 | 0.5 | 2.4 | 16.9 |
| CAMEROON | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 3.4 | 1.8 | 5.1 |
| PARAGUAY | 4.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | 0.1 | 4.3 |
| GHANA | 0.0 | 2.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2.2 | 4.3 |
| Other | 3.6 | 4.2 | 1.0 | 0.7 | 0.1 | 0.0 | 1.5 | 11.0 |
| **Total** | **612.5** | **257.1** | **196.5** | **117.7** | **106.5** | **64.5** | **207.5** | **1562.3** |

**EU-25 imports of hardwood plywood from countries in the tropical zone (% chng 07-08)**

| D_COUNTRY | GB | BE | DE | NL | FR | IT | Other | Total |
|---|---|---|---|---|---|---|---|---|
| CHINA | -28 | -18 | -37 | -20 | -9 | -30 | -14 | -24 |
| MALAYSIA | 6 | 91 | -10 | 45 | -11 | 94 | 87 | 14 |
| BRAZIL | -5 | -23 | -29 | 6 | -22 | -58 | 14 | -15 |
| INDONESIA | -3 | 16 | -3 | 49 | 82 | -18 | -48 | 12 |
| GABON | na | -87 | -16 | 16 | -3 | 41 | -51 | 15 |
| IVORY COAST | -100 | 22 | -41 | -100 | -18 | -25 | -24 | -12 |
| CAMEROON | na | na | na | -100 | -100 | -18 | 211 | 9 |
| PARAGUAY | -10 | na | na | na | na | na | na | -5 |
| GHANA | -96 | -51 | -68 | -100 | -80 | -100 | -30 | -50 |
| Other | -59 | 512 | 60 | -64 | -47 | -79 | 106 | -15 |
| **Total** | **-14** | **-5** | **-32** | **-1** | **-5** | **-18** | **-10** | **-14** |

**EU-25 imports of flooring from countries in the tropical zone in 2008 (1000 m2)**

| | ES | GB | IT | BE | NL | FR | Other | Total |
|---|---|---|---|---|---|---|---|---|
| CHINA | 3954 | 6842 | 4236 | 3689 | 2807 | 1683 | 6265 | 29475 |
| INDONESIA | 308 | 350 | 1133 | 282 | 219 | 400 | 2791 | 5483 |
| BRAZIL | 3042 | 15 | 282 | 105 | 40 | 798 | 559 | 4842 |
| MALAYSIA | 280 | 134 | 287 | 137 | 40 | 46 | 1072 | 1996 |
| THAILAND | 49 | 114 | 31 | 218 | 347 | 8 | 771 | 1538 |
| IVORY COAST | 17 | 0 | 376 | 2 | 0 | 3 | 33 | 432 |
| PARAGUAY | 102 | 1 | 174 | 1 | 33 | 6 | 30 | 347 |
| VIETNAM | 0 | 27 | 40 | 14 | 3 | 29 | 99 | 212 |
| CAMEROON | 11 | 0 | 114 | 9 | 0 | 15 | 37 | 186 |
| Other | 29 | 97 | 732 | 41 | 17 | 170 | 200 | 1286 |
| **Total** | **7793** | **7579** | **7406** | **4498** | **3506** | **3157** | **11857** | **45795** |

**EU-25 imports of flooring from countries in the tropical zone (% chng 07-08)**

| | ES | GB | IT | BE | NL | FR | Other | Total |
|---|---|---|---|---|---|---|---|---|
| CHINA | -15 | 4 | 34 | 36 | 23 | -16 | 17 | 10 |
| INDONESIA | -40 | -6 | -11 | -11 | 16 | -21 | -8 | -12 |
| BRAZIL | -34 | 165 | -1 | -15 | -51 | 61 | 26 | -20 |
| MALAYSIA | -20 | 11 | 43 | -37 | 11 | -44 | -33 | -24 |
| THAILAND | -18 | -64 | -33 | -30 | 5 | -50 | -13 | -22 |
| IVORY COAST | -20 | na | -25 | -54 | na | 163 | 47 | -22 |
| PARAGUAY | 31 | -60 | -25 | -80 | -26 | -46 | -36 | -18 |
| VIETNAM | -100 | -11 | 349 | 90 | 133 | -24 | 92 | 50 |
| CAMEROON | -33 | na | -29 | -22 | na | 45 | -23 | -24 |
| Other | -41 | 46 | -35 | -20 | 215 | -8 | 28 | -22 |
| **Total** | **-24** | **1** | **6** | **19** | **18** | **-6** | **2** | **-2** |

**The Netherlands Sawnwood Prices**

| FOB (Rotterdam) | USD per $m^3$ |
|---|---|
| Sapele KD | 862⬇ |
| Iroko KD | 980⬇ |
| Sipo KD | 1048⬇ |
| DRM Bukit KD | 847 |
| DRM Seraya KD | 847 |
| DRM Meranti KD Seraya MTCC cert. | 883 |
| Merbau KD | 1116 |
| 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 | 270-310⬇ |
| Iroko | 80cm+ LM-C | 300-330 |

**UK Sawnwood Prices**

| FOB plus Commission | Pounds per $m^3$ |
|---|---|
| Framire FAS 25mm | 425-450⬇ |
| Sipo FAS 25mm | 655-670⬇ |
| Sapele FAS 25mm | 500-530⬇ |
| Iroko FAS 25mm | 610-640⬇ |
| Wawa No.1 C&S 25mm | 290-310⬇ |
| | |
| CIF plus Commission | |
| Tulipwood FAS 25mm | 310-330⬇ |
| Meranti Tembaga Sel/Btr (KD 2"boards) | 540-570⬇ |
| Balau/Bangkirai Decking | 850-900 |
| White Oak | 480-530⬇ |

**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 acres upon acres of lush tropical forest in the Amazon and tropical Africa are often referred to as the planet's lungs. But what if they are also its heart? This is exactly what a couple of meteorologists claim in a controversial new theory that questions our fundamental understanding of what drives the weather. They believe vast forests generate winds that help pump water around the planet.
http://www.newscientist.com/article/mg20227024.400-rainforests-may-pump-winds-worldwide.html

Awarding tradable credits to countries that reduce deforestation will cause carbon prices to plummet worldwide and may make global warming worse by pulling investors away from renewable energy, an economic study found.
http://www.bloomberg.com/apps/news?pid=20601100&sid=aYhjvwNIwjUo&refer=germany

Deforestation, one of the main drivers of global warming, has barged its way to the heart of UN climate talks, which resumed in Bonn. But which makes the better incentive for saving the carbon-absorbing tropical woodlands: market mechanisms or public funding?
http://www.google.com/hostednews/afp/article/ALeqM5hTiiqQOY_zdCD8P1_rOudhfrlCIQ

The global economic depression has reduced demand for wood products, according to an official from the Viet Nam Timber and Forest Product Association.
http://english.vietnamnet.vn/biz/2009/03/839062/

Oil palm cultivation is a significant driver of tropical forest destruction across Southeast Asia. It could easily become a threat to the Amazon rainforest because of a proposed change in Brazil's legislation, new infrastructure and the influence of foreign agro-industrial firms in the region, according to William F. Laurance, senior scientist at the Smithsonian Tropical Research Institute in Panama.
http://www.sciencedaily.com/releases/2009/03/090324101755.htm

The Portuguese branch of the environmental association WWF (World Wildlife Fund) has this week called on the Government to implement legislation against the importation of wood that is of illegal origin after it published a report that highlights this country as one of the world's biggest importers of tropical woods.
http://www.the-news.net/cgi-bin/google.pl?id=1004-3

Seeds of some tree species in the Panamanian tropical forest can survive for more than 30 years before germinating. That is 10 times longer than most field botanists had believed.
http://www.sciencedaily.com/releases/2009/04/090401164045.htm

Timber is abundant in Gabon, Democratic Republic of the Congo (DRC), Congo, Cameroon, Central African Republic, Liberia, Sierra Leone and Ghana. There are rich soils in Nigeria, DRC, Congo, Kenya, Uganda, Zimbabwe, Gambia, Côte d'Ivoire, Ghana, Liberia, Senegal, Malawi, and South Africa. Africans have so much natural resources, so why don t they use it to benefit themselves and the world?
http://www.modernghana.com/news/209291/1/leadership-incompetence-the-cause-of-africa-s-woes.html

With an incisive report in hand about what awaits Latin America and the Caribbean in the future if action is not taken to fight climate change, economist John Nash defends the role of the World Bank and underscores the need to expand the so-called 'clean development mechanism'.
http://www.ipsnews.net/news.asp?idnews=46363

The World Bank today approved USD70 million in grants to increase the capacity of the government and other stakeholders to manage forests sustainably and equitably for multiple uses in pilot areas of the DRC. The International Development Association (IDA) is providing a USD64 million grant and a further USD6 million is being provided by the Global Environment Facility (GEF).

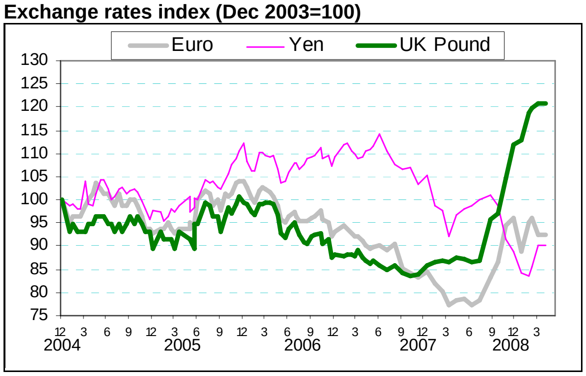
http://www.reliefweb.int/rw/rwb.nsf/db900SID/KHII-7QR4TS?OpenDocument

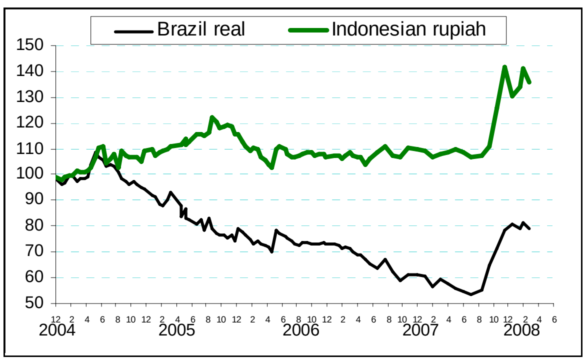
## Main US Dollar Exchange Rates

As of 14 March 2009

| | | | |
|---|---|---|---|
| Brazil | Real | 2.3305 | ⬆ |
| CFA countries | CFA Franc | 497.019 | ⬇ |
| China | Yuan | 6.8366 | ⬇ |
| EU | Euro | 0.7577 | ⬇ |
| Indonesia | Rupiah | 11,561.00 | ⬇ |
| Japan | Yen | 97.25 | ⬇ |
| Malaysia | Ringgit | 3.6523 | ⬇ |
| Peru | New Sol | 3.1706 | ⬇ |
| UK | Pound | 0.7014 | ⬆ |

**Exchange rates index (Dec 2003=100)**

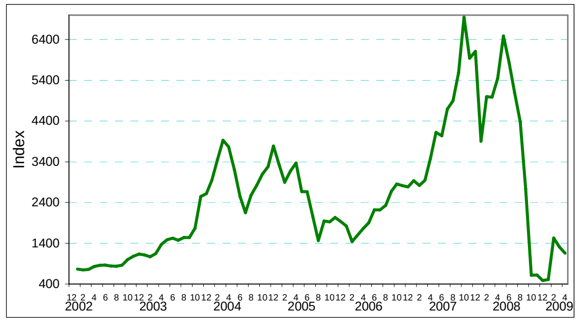



## Abbreviations and Equivalences

| | |
|---|---|
| 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 |

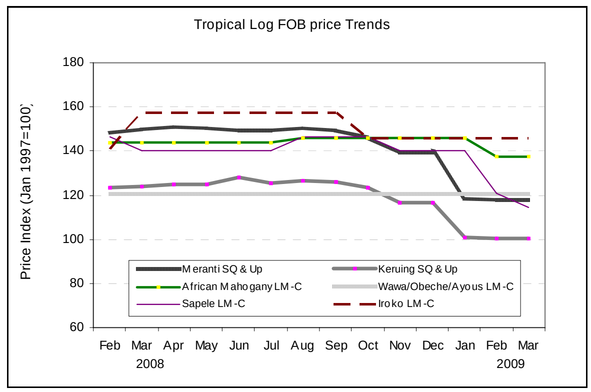
## Ocean Freight Index




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.

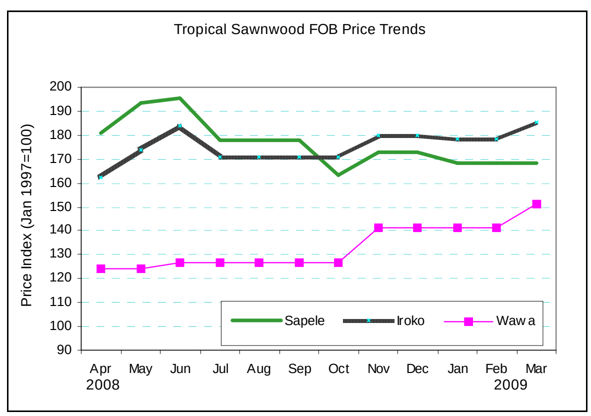
## Appendix. Tropical Timber Price Trends

## 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