Tropical Timber Market Report since 1990

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Snapshot

Over the past fortnight, trading was slow ahead of the European summer holidays. There were some dips in timber prices in Malaysia, Indonesia, Guyana, Japan and Brazil, but for the most part the market was stable.

In the face of the economic downturn, government officials were taking a keen interest to investigate the state of affairs of the timber industry. Ghana's Minister of Lands and Natural Resources undertook visits to local mills and government officials called on producers and exporters to take action to overcome adverse market conditions. Brazil stepped up operations to stop illegal trade in timber. Guyana continued its work to improve chainsaw milling practices. China's government expected the country's annual industrial roundwood removals to reach an all-time high.

On the downside, Peru's market continued to be in a depressed state and government and police actions against the indigenous population were generating more tension in the country. Indonesia expected its furniture trade to experience declines this year and some traders in Malaysia anticipated its timber products trade would not likely turnaround for another three to four years.

Headlines

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Report from Central/West Africa

West Africa receives few inquiries ahead of summer holidays

There were no reports of further price changes for logs or sawn lumber through to mid-June. Markets appear stable at the present time, with Asian destinations continuing to be the most reliable and steady buyers. There have been some recent inquiries from European buyers asking for sipo, iroko and azobe logs. This is unlikely to result in a large volume business but could be an indication that European de-stocking has now resulted in establishing a basis for new purchases in select species. The same cannot be said for sawn lumber, although there are some reports that stocks of the prime, favorite timbers are becoming less available generally and that gaps in stock are less able to be filled by inter-merchant trading.

Some European traders now appear to be more optimistic for their future prospects as we move into the third quarter but it is unlikely the continental buyers will want to make any large commitments ahead of the vacation period that in mainland Europe begins at the end of June. Unemployment levels are still rising in most countries, especially in the UK and although house resale prices have stabilized and stock markets have been rising, the economic and financial crisis is far from over. In the UK, the various government schemes for assisting with housing finance and avoidance of repossessions has not yet trickled down to implementation on the ground and thus the housing sector is expected to remain very depressed for some time. West African exporters believe China has reversed the trend toward increasing sawn lumber imports in place of logs as demand and inquiries for sawn lumber have been low, while log buying has been maintained at a moderate to stable level. Some West African producers are considering even further reductions in output of sawn lumber and downstream components, and even some temporary mill closures.

As reported at end-May, the market still appears to be finely balanced and stable, with most of the emphasis on log business. Exporters consider there will be continued market stability through to the end of the current quarter.

West Africa Log Prices

West Africa logs, FOB		€ per m^3	
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	205	205⬆	153
Ayous/Obéché/Wawa	190⬇	190⬇	145⬇
Azobe & Ekki	195⬆	195⬆	
Belli	190⬆	190⬆	-
Bibolo/Dibétou	150⬇	135⬇	
Bubinga	533	457⬇	381⬇
Iroko	257	250	200
Okoume (60% CI, 40% CE, 20% CS) (China only)	158⬆	-	-
Moabi	270	270	206
Movingui	170	140⬇	137
Niove	137⬇	137⬇	-
Okan	180	180	122
Padouk	295⬆	270⬆	235⬆
Sapele	225	220	150
Sipo/Utile	260⬇	240⬇	215
Tali	220⬆	220⬆	114

West Africa Sawnwood Prices

West Africa sawnwood, FOB		€ per m^3
Ayous	FAS GMS	300
	Fixed sizes	360
Okoumé	FAS GMS	275⬇
	Sel. & Bet. GMS Italy	230⬆
	Sel. & Bet. fixed sizes	-
Sipo	FAS GMS	500⬇
	FAS fixed sizes	-
	FAS scantlings	550⬇
Padouk	FAS GMS	545
	FAS scantlings	565⬇
	Strips	450
Sapele	FAS Spanish sizes	390
	FAS scantlings	460
Iroko	FAS GMS	451
	Scantlings	455
	Strips	345
Khaya	FAS GMS	380
	FAS fixed	420
Moabi	FAS GMS	525
	Scantlings	540
Movingui	FAS GMS	300-320

Report from Ghana

Ghana's Forestry Commission lauds modified forest system

Mr. Michael Kofi Benni, Sunyani Area Manager of the Forestry Commission, has lauded the modified 'taungya' system as a successful government intervention. The system allows degraded forest reserves to be reforested with selected tree species and inter-cropped with food crops, and involves active farmer participation.

Speaking in an interview with the Ghana News Agency, the Sunyani Area Manager said 10,000 hectares of degraded forests nationwide had been replanted in spite of the heavy forest destruction caused by wildfires in 1983. About 1,558 farmers in 36 fringe communities in the transition zone are benefiting from the taungya system initiated in 2002, which offers 40% of proceeds from sales on standing tree value to participating farmers.

Mr. Benni said more than 10,000 metric tons of food crops were also produced to boost the region's food production. However, he expressed regret that most farmers had failed in their responsibility to tend forest reserves. Mr Benni said illegal chain saw operations, persistent annual wildfires and encroachments on land area have stifled reforestation activities and appealed to farmers to remain committed to tending forest reserves.

FC cautions timber producers and exporters
Timber producers and exporters in Ghana have been advised by the Forestry Commission (FC) to support initiatives designed to help the country meet the current global requirements for legal sustainable timber. The appeal was made by the Acting Executive Director of the FC, Mr. Henry Coleman, during a workshop on the US Lacey Act for timber millers, producers, exporters and other stakeholders at Akyakrom, in Kumasi. He advised that any suspicious unethical business practices may be detrimental to Ghana's commitment to ensuring legality in the eyes of the international community and might negatively affect the country's efforts to increase earnings from the sector.

Minister hears views of local timber firms
The Minister of Lands and Natural Resources, Alhaji Collins Dauda, has visited a number of timber firms in Kumasi to acquaint himself with the progress made by and problems confronting the timber industry. Among the firms visited were: the Bibiani Logging and Lumber Company Limited (BLLC); Naja David Veneer and Plywood; Modern Wood Technology and Company; Maxwell Owusu Timbers Limited; and Logs & Lumber Limited (LLL). At the BLLC, the Executive Director of the company, Mrs. Comfort Wireko Brobby, complained of the: lack of raw materials; difficulty in acquiring concessions; illegal chainsaw operations; and encroachment by farmers on allocated land.

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	70-95↑	100-120↑
Khaya/Mahogany (Veneer Qual.)	90-100	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	500	555↓
Ceiba	190	260
Dahoma	330	410
Edinam (mixed redwood)	425	430
Emeri	360	425↓
African mahogany (Ivorensis)	595	665
Makore	520	610
Niangon	548↓	640
Odum	645	720↑
Sapele	540	600
Wawa 1C & Select	260	285

Ghana sawnwood, domestic		US$ per m^3
Wawa	25x300x4.2m	250
Emeri	25x300x4.2m	335
Ceiba	25x300x4.2m	215↑
Dahoma	50x150x4.2m	290
Redwood	50x75x4.2m	290↑
Ofram	25x225x4.2m	330

Ghana Veneer Prices

Rotary Veneer, FOB	€ per m^3	
	CORE (1-1.9mm)	FACE (<2mm)
Bombax	320	350
Ofram, Ogea & Otie	315	350
Chenchen	315	350
Ceiba	325	345
Mahogany	400	450

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	245
Chenchen, Ogea & Essa	295
Ofram	312

Sliced Veneer, FOB	€ per m^2	
	Face	Backing
Afrormosia	1.19	1.00
Asanfina	1.50	0.90↑
Avodire	1.20↑	0.80
Chenchen	1.00↑	0.45
Mahogany	1.40	0.79
Makore	1.40	1.00↑
Odum	1.75	0.95

Ghana Plywood Prices

Plywood, FOB	€ per m^3			
B/BB, Thickness	Redwoods		Light Woods	
	WBP	MR	WBP	MR
4mm	560	475	500	370↓
6mm	340	325	335	285
9mm	365	305	290	270
12mm	300	295	270	265↑
15mm	310	300	280	265↓
18mm	300	290	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	7.80	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

Malaysian timber products prices remain weak

Marketwatch reported that prices of Malaysian timber products remained weak as plywood mills reduced production by 35% to 40%, while furniture manufacturers and sawmills were cutting production by up to 50%. The demand for Malaysian timber products is highly dependent on housing starts of major importing countries such as Japan and the US.

Housing starts in Japan fell for the sixth month in a row, according to the Japanese Ministry of Land, Infrastructure, Transport and Tourism. Housing starts declined 32.4% in April 2009 compared to the same month a year ago, registering an estimated 66,198 units. During the same period, overall building starts in Japan fell 32.5% to 9,431 units. In addition, construction orders from Japan's 50 leading domestic construction firms declined 25.9% to JPY562.8 billion (approx. USD5.8 billion).

US housing starts declined 13% to an annual rate of 458,000 units in April 2009, reported *Bloomberg*. The decline was led by units for multifamily starts, which showed a drop of 46%. Total construction on multifamily homes, such as townhouses and apartment buildings, declined to 90,000 in April 2009, down from 167,000 in March 2009.

Some timber trade manufacturers continue to be of the opinion that it may take up to 3 to 4 years for the Malaysian timber industry to recover to the level estimated before global economic downturn.

Global Forestry Services to audit FMUs

An independent third-party company, Global Forestry Services (GFS), will provide audits of long-term licenses for Forest Management Units (FMU) under a 2-year project in the state of Sabah, according to the state forestry director, Mr. Sam Mannan.

The Daily Express reported that the scope of work will include but not be limited to a legal audit of the licensees, which include both an approved Forest Management Plan (FMP) and approved Annual Work Plan (AWP). In addition, the performance of licensees will be based on the level of compliance against an agreed checklist.

The project, 'The Sabah Forestry Department-European Union-Malaysia Timber Council Independent Third Party Auditing', will cost about RM964,390.00. The Dutch government and the German Agency for Technical Co-operation will be contributing EUR193,673 (RM950,000) for the first year activities.

Mr. Mannan added that this may help to address the number of issues and challenges under the proposed EU-Malaysia Voluntary Partnership Agreement on Forest Law, Governance and Trade. Furthermore, it will assist licensees to be certified under a credible and internationally recognized system, which will be made compulsory by year 2014.

Malaysia Log Prices

Sarawak log, FOB	US$ per m^3
Meranti SQ up	228-252
Small	211-242
Super small	200-224
Keruing SQ up	216-228
Small	187-218
Super small	162-193
Kapur SQ up	206-231
Selangan Batu SQ up	178-215
Pen. Malaysia logs, domestic (SQ)	US$ per m^3
DR Meranti	232-251
Balau	298-325
Merbau	320-353
Rubberwood	42-77
Keruing	215-231

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	280-311
Seraya Scantlings (75x125 KD)	446-461⬇
Sepetir Boards	249-271
Sesendok 25,50mm	349-367⬇
Kembang Semangkok	294-317

Malaysian Sawnwood, domestic		US$ per m^3
Balau (25&50mm,100mm+)		328-348⬇
Merbau		469-520⬇
Kempas 50mmx(75,100 & 125mm)		260-300
Rubberwood	25x75x660mm up	196-246
	50-75mm Sq.	237-269
	>75mm Sq.	259-288

Malaysia Plywood Prices

Malaysia ply MR BB/CC, FOB	US$ per m^3
2.7mm	413-475⬇
3mm	390-420⬇
9mm & up	335-407⬇

Meranti ply BB/CC, domestic	US$ per m^3
3mm	386-427⬇
12-18mm	320-349⬇

Other Malaysia Panel Prices

Malaysia, Other Panels, FOB		US$ per m^3
Particleboard	Export 12mm & up	227-250⬇
	Domestic 12mm & up	212-229⬇
MDF	Export 15-19mm	282-314⬇
	Domestic 12-18mm	271-289⬇

Malaysia Added Value Product Prices

Malaysia, Mouldings, FOB	US$ per m^3
Selagan Batu Decking	541-551⬇
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	556-569⬇
Grade B	507-516⬇

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		554-586
Standard		539-557

Report from Indonesia

No upturn for Indonesian furniture exports

Exports of Indonesian furniture declined by 35% in the first quarter of 2009 compared to the first quarter of 2008, noted *The Jakarta Post*. According to the Association of Indonesian Furniture and Handicraft Exporters (Asmindo), the decline was expected grow larger during the first half of 2009. Total exports for April 2009 stood at USD141.2 million, a decline of 14.9% against March 2009 exports.

A report released by the Central Statistics Agency (BPS) and summarized in *Antara News* stated that exports of furniture, bedding, cushions, and stuffed furnishing from January 2009 to April 2009 stood at USD578.2 million, a decline of 24% against the same period in 2008. In total, Indonesia's exports of furniture are expected to fall up to 30% in 2009 against 2008 exports of USD2.65 billion.

Italy's trade with Indonesia continues strong

According to *Antara News*, Italian Trade Commission Chairman Angelo Infresino commented that trade with Indonesia has largely been unaffected by the global economic downturn for the 2008-2009 period. From 2008 to May 2009, Indonesia's exports to Italy stood at USD1.6 billion while its imports from Italy stood at USD1 billion, reported *The Jakarta Post*. Italian Ambassador to Indonesia Roberto Palmieri added that Italy is now the third largest trading partner with Indonesia in the EU, after Germany and the Netherlands.

Carbon trading could bring nearly USD15 billion to Indonesia

According to *The Jakarta Post*, Indonesia may earn up to USD15 billion (Rp 150 trillion) a year on carbon-trading, said Daniel Murdiyarso, a climate researcher from the Center for International Forestry Research (CIFOR). He added that if Indonesia could manage 20% of its forest emissions, the country could gain up to USD3 billion per year at the carbon price of USD5 per ton. The prevailing traded price of carbon is between USD5 to USD10 per ton.

Nur Masripatin, Secretary for the Indonesian forestry research and development agency said the impact of deforestation in Indonesia could be reduced substantially if the international community could provide a grant of USD4 billion until 2012 to finance livelihoods of local people and to stop forest conversions. Of course, this is contingent upon a combination of decisions to be taken on forestry-related voluntary REDD mechanisms at the climate change talks in Copenhagen 2009 and the further development of carbon markets.

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	36-62
Pine	157-196
Mahoni (plantation mahogany)	470-496

Indonesia Sawnwood Prices

Indonesia, construction material, domestic		US$ per m^3
Kampar (Ex-mill)	AD 3x12-15x400cm	170-189
	KD	193-227
	AD 3x20x400cm	217-240⬇
	KD	221-248
Keruing (Ex-mill)	AD 3x12-15x400cm	234-248⬇
	AD 2x20x400cm	219-237⬇
	AD 3x30x400cm	199-218⬇

Indonesia Plywood Prices

Indonesia ply MR BB/CC, FOB	US$ per m^3
2.7mm	401-458⬇
3mm	357-398⬇
6mm	314-378⬇

MR Plywood (Jakarta), domestic	US$ per m^3
9mm	252-263⬇
12mm	244-254⬇
15mm	233-247⬇

Other Indonesia Panel Prices

Indonesia, Other Panels, FOB		US$ per m^3
Particleboard	Export 9-18mm	215-226⬇
	Domestic 9mm	191-203
	12-15mm	182-193
	18mm	172-184
MDF	Export 12-18mm	251-264⬇
	Domestic 12-18mm	233-244

Indonesia Added Value Product Prices

Indonesia, Mouldings, FOB	US$ per m^3
Laminated Boards Falcata wood	300-312⬇
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	492-526⬇
Grade B	447-468⬇

Report from Myanmar

World Environment Day held in Myanmar

The Prime Minister of Myanmar, General Thein Sein, recently opened World Environment Day 2009 in Myanmar on 6 June 2009. During the event covered by the *New Light of Myanmar*, the Prime Minister noted the state of Myanmar's forest protection measures, indicating a 'Dry Zone Greening Department' was formed in 1997 and the Department has been carrying out reforestation activities in 13 districts since that time. As part of the activities, plantations have been established in dry areas to prevent further deforestation from occurring in the country.

Thirty-four nature conservation areas have been established in Myanmar, covering 10,275 square miles. Myanmar continues to apply the practice of sustainable forest management and has been growing about 70,000 acres of plantation species such as teak, pyinkadoe and padauk. The Prime Minister reported that the country also expects to establish plantations on 55,200 acres of land by the end of 2009.

Myanmar Log Prices (natural forests)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
Veneer Quality	Apr	May
2nd Quality	-	-
3rd Quality	3,585 (4 tons)	-
4th Quality	3,215 (12 tons)	3,385 (21 tons)
Sawing Quality	Apr	May
Grade 1 (SG-1)	2,342 (42 tons)	2,307 (55 tons)
Grade 2 (SG-2)	2,393 (39 tons)	1,842 (59 tons)
Grade 3 (SG-3)	-	-
Grade 4 (SG-4)	1,992 (302 tons)	1,915 (178 tons)
Grade 5 (SG-5) Assorted	1,714 (111 tons)	1,697 (112 tons)
Grade 6 (SG-6) Domestic	1,443 (112 tons)	1,249 (113 tons)
Grade 7 (ER-1)	1,011 (311 tons)	1,061 (79 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.

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

Logs, FOB	€ Avg per Hoppus Ton (traded volume)
Pyinkado (export)	496 (233 tons)
Gurjan (keruing-exp)	--
Tamalan	--
Taungthayet	--

Report from Brazil

Illegal timber trade in Mato Grosso worth BRL600 million

According to *O Liberal*, Pará state is one area in the Brazilian Amazon where a large amount of natural forest logging takes place. Out of the total timber production of Pará, at least 30% is estimated to have come from illegal sources, according to the State Secretary of the Environment (SEMA). Such a proportion corresponds to 2 million m³ of timber per year, which is illegally traded within and outside the state. This is equivalent to BRL600 million (roughly around USD300 million). Given the massive volume and value of illegally traded timber, measures to stop the illegal trade are often beyond the control of state government.

These numbers reflect the reality of increasingly growing conflict among the timber-related segment and the State. In the clash between loggers and SEMA, the Secretary started to control the situation with the support of the Federal Police and the Public Prosecutor's Office. The inspectors have already identified two types of fraud. One type of fraud is increasing the authorized timber stock for logging. This fraud would have helped nearly 50,000 m³ worth about BRL15 million enter the timber trade.

The second type of fraud is more complex. It refers to the issuance of interstate timber credits, which are issued though fraudulent documents such as a Document of Forest Origin (DOF) arriving from other states, duly authorized by IBAMA, and corresponds to timber credits allowed in other states. In the case of Pará, a large volume comes from the states of Mato Grosso, Amazonas and Maranhão. The fraud happens when there is an approved forest management project but the credits have not been completely used for the approved project and the credits are used to cover up illegal timber operations. The large geographic size of the state has made timber control measures very difficult.

Mega operation started to combat illegal logging

Gazeta do Povo reported that a mega operation to combat environmental crime is being carried out in over 145 areas of the Southern region of Paraná state. The operation, 'Angustifolia', named after the Paraná pines (*Araucaria angustifolia*) in the region, focuses on 14 towns and involves 223 Federal Police inspectors from six Brazilian states, the Brazilian Institute for Environment and Renewable Natural Resources (IBAMA), the Paraná Environmental Institute (IAP) and the Military Police's Green Task Force.

The main purpose of the operation is to verify operations causing deforestation and other environmental crimes. The operation started in the last week of May and many illegal activities have been detected in half of the 18 sites visited on the first day. The operation is expected to expand to other cities in the region and may last at least two weeks.

Timber exports drop in Alta Floresta

Timber exports from Alta Floresta, a major timber cluster in the Brazilian Amazon, dropped significantly in the first quarter of 2009 compared to the same period in 2008. Non-coniferous timber exports fell 24% and sawnwood cut into sheets (with a thickness greater than six millimeters) slid over 83%, according to the Ministry of Development, Industry and Foreign Trade. The main reason for the export fall, noted *Só Notícias*, was due to the slowdown in purchases by the US after the economic crisis that struck the country, which is still the main timber buyer from Alta Floresta.

The data provided by the municipality was confirmed by the federal government. Between January and April 2009, the municipality exported USD1.9 million to the US. This was 23.8% lower compared to the same quarter in 2008. Timber companies in Alta Floresta have also moved their production lines to Canada, Spain, France, Israel, among other countries. Overall sales from January to April declined 31% and exports reached USD3.8 million, down from over USD5.5 million in the same period of 2008.

São Paulo to export rubberwood furniture

Brazil will start exporting rubberwood furniture, reported *Diário Net*. Currently, studies on the use of rubberwood raw material for furniture and an inventory of rubber tree plantations are being undertaken in the state of São Paulo. The studies are being conducted by the Forest Institute (IF), an agency linked to SEMA, and are expected to be completed in October 2009.

Rubberwood is an appropriate material for furniture and is also cost-effective. The furniture sector has expressed its interest in manufacturing furniture from rubberwood and the IF will assess the capacity needed to supply the raw material for this market.

Rubberwood trees start producing latex from the 5th to 6th year and remain productive for over 20 years. After this period, their productivity declines and the trees are cut for replanting. It is estimated that there are at least 350,000 rubberwood trees in Brazil ready to be logged.

Recently, the furniture sector participated in a technical mission to latex-producing countries that showed how countries are building capacity to produce rubberwood furniture. Vietnam, for instance, has a project for the next five years to export USD4 billion per year in rubberwood furniture. Brazil currently exports USD1 billion in furniture made primarily of pine and eucalyptus. Rubberwood is expected to add value to the furniture sector.

Brazil Log Prices (domestic)

Brazilian logs, mill yard, domestic	US\$ per m^3
Ipê	120
Jatoba	85
Guariuba	57
Mescla (white virola)	62

Brazil Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB		US\$ per m^3
Jatoba Green (dressed)		783
Cambara KD		457
Asian Market (green)	Guariuba	259
	Angelim pedra	593
	Mandioqueira	228
Pine (AD)		189

Brazil sawnwood, domestic (Green)		US\$ per m^3
Northern Mills (ex-mill)	Ipé	564
	Jatoba	434
Southern Mills (ex-mill)	Eucalyptus (AD)	160
	Pine (KD) 1st grade	207

Brazil Veneer Prices

Veneer, FOB (Belem/Paranagua Ports)	US\$ per m^3
White Virola Face 2.5mm	290
Pine Veneer (C/D)	205

Rotary cut Veneer, domestic	US\$ per m^3	
(ex-mill Northern Mill)	Face	Core
White Virola	213	178

Brazil Plywood Prices

Plywood, FOB	US\$ per m^3
White Virola (US Market)	
5.2mm OV2 (MR)	458
15mm BB/CC (MR)	395
White Virola (Caribbean market)	
4mm BB/CC (MR)	500
12mm BB/CC (MR)	401

Pine Plywood EU market, FOB	US\$ per m^3
9mm C/CC (WBP)	266
15mm C/CC (WBP)	242
18mm C/CC (WBP)	237

Plywood, domestic (ex-mill Southern mill)		US\$ per m^3
Grade MR (B/BB)	White Virola 4mm	730
	White Virola 15mm	534

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)	310
Domestic Prices, Ex-mill Southern Region	
Blockboard White Virola faced 15mm	466
Particleboard 15mm	296

Brazil Added Value Products

FOB Belem/Paranagua Ports		US\$ per m^3
Edge Glued Pine Panel		
Korean market (1st Grade)		632
US Market		483
Decking Boards	Cambara	592
	Ipê	1537

Report from Peru

Peru's indigenous population continues battle for land rights

Various news sources reported on the upswing in violence over community lands in the Amazon, stemming from a conflict over laws that threaten community rights. Civil society organizations in Peru have signed a petition addressed to the Government of Peru and the Interethnic Association for the Development of the Peruvian Amazon (AIDESEP), which rejects the current military repression as a means to end conflict over land rights.

On 5 June, violence ensued during clashes between indigenous people and the military. The *BBC* reported that 54 people were killed and over 100 indigenous protesters were unaccounted for. Indigenous people had killed 14 police officers, which some news reports speculated to be in retaliation for the violence against the indigenous community. News sources also say the recent clashes are expected to further polarize the country on this issue.

Peru’s wood exports drop nearly 46%

According to the Export Association of Peru (ADEX), Peru’s wood exports from January – March 2009 were USD31.7 million, a drop of nearly 46% from the same period in 2008. In the January – March 2009 period, the three main wood export destination markets were China, Mexico and the US, which collectively received 78.5% of wood sector exports.

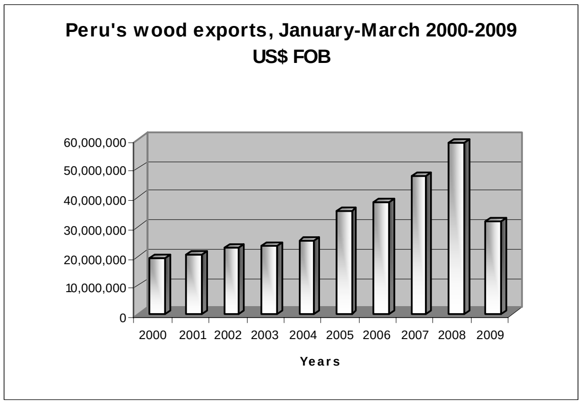


Chart 1: Peru’s wood exports, January – March 2000-2009 (USD FOB)

From January – March 2009, the New Zealand market showed an enormous boost of its wood imports from Peru, with imports jumping nearly 192% against the same quarter in 2008. The imported product responsible for the steep increase was railway ties and similar products. Similarly, Panamá increased its imports of Peru’s wood products by 174%, with the bulk of the imports having the commercial description ‘other sawn wood or wood modified lengthwise, cut or unrolled’.

On the other hand, the Italian market decreased its imports by 65.8% and stopped importing coniferous splints and unassembled parquet flooring. It may be observed that China’s imports continued to grow nearly 24%, while Mexico and the US curbed their imports in March 2009 against the same month in 2008.

Semi-manufactured products represented nearly 45% of wood products exported during the January – March 2009 period. Semi-manufactured exports in January – March 2009 were worth USD14.3, down over USD1.5 million from the previous year. The main destination for these products was the Chinese market, which received about 78% of the products from this category.

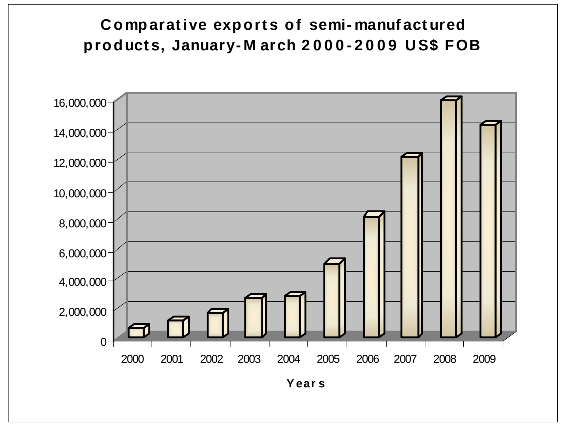


Chart 2: Peru’s semi-manufactured products, January – March 2000-2009 (USD FOB)

During the same period, sawnwood was the second largest wood product by value to be exported from Peru. Exports of sawnwood during January – March 2009 were USD10.6 million by value, while during the same quarter of 2008 sawnwood exports were USD28.6 million, a fall of 63%. The destination for products from this sub-sector was Mexico, which received 33.5% of total exports of this type.

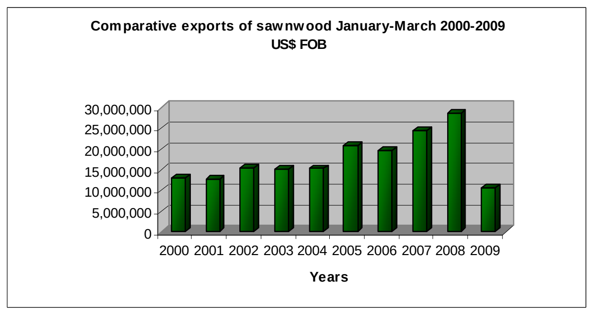


Chart 3: Peru’s exports of sawnwood, January-March 2000-2009 (USD FOB)

Exports of veneer and plywood during the three-month period of January – March 2009 were USD3 million by value, about a 61% drop from the previous year. The main destination market for exports in this category was Mexico, which received 71% of exports. Peru’s exports for these products have been growing since 2003 until 2008, up until the US economic downturn began.

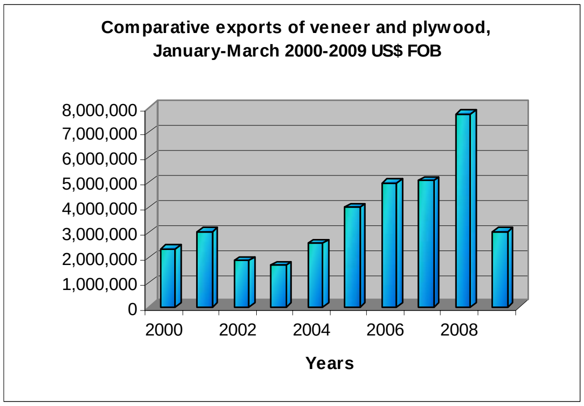


Chart 4: Peru's exports of veneer and plywood, January-March 2000-2009 (USD FOB)

Exports of furniture and its parts were valued at USD1.7 million during the January – March 2009 period, while exports for the same quarter in 2008 were about USD3.8 million, a year-on-year slide of 55%. Over the period, the US decreased its imports 55%, mostly due to the effects of the financial crisis.

Chart 5: Peru's exports of furniture, January – March 2000-2009 USD FOB

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	792-822
Asian market	768-789
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	935-951
Virola	46-61
Spanish Cedar	275-328↓
Marupa (simarouba)	57-69

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		398-405
Cedar fissilis, 2 faces sanded 4x8x5.5mm		745-755
Lupuna, treated, 2 faces sanded, 5.2x4x8mm		348-359
Lupuna plywood	B/C 15x4x8mm	341-350↓
	B/C 9x4x8mm	345-350
	B/C 12x4x8mm	350-360
	B/C 8x4x15mm	410-419↓
	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 m³
Ipe	(Argentina and Uruguay)	560-595
Caviuna	(Italian markets)	2100-2750
Oak	(Argentina mkt)	572
Cedro	(US, Argentina, Chile mkt)	848-870

Bolivia Added Value Product Prices

Doors 13/4"x36"x96", FOB Arica Port		Avg $ per piece
US market	Mara macho/Tornillo (FSC)	195
	Cambara	135
	Oak (US market)	190-240

Chairs FOB Arica Port		$ Avg Per piece
Ipe (US market)		47-264
Roble/Oak (UK market)		61-94
Parquet Flooring 3/4"x3-5"x1-7', FOB Arica Port		$ Avg un. val. per m³
Jatoba	(US market)	1035-1215
Ipe	(US market)	1357
Cumaru	(FSC) (China mkt)	1755-1935

Report from Guyana

Market trends in Guyana hold steady during fortnight

Log prices for greenheart have remained stable, while prices for purpleheart have been positive for the period 16 – 31 May 2009 compared to 1-15 May 2009. Prices for undressed sawnwood have been encouraging, while prices for dressed sawnwood have remained fairly stable when compared to the period 16-31 May 2009. Splitwood prices showed the greatest increase of all products for the 16-31 May 2009 compared to the same period in the previous year.

Value-added products such as doors were a major contributor to export value earnings for the 16-31 May period compared to the same period in 2008. The Caribbean market remains the leading destinations for these value- added products.

Guyana addresses sustainable chainsaw milling

Guyana has established a multi-stakeholder dialogue aimed to address the impacts of chainsaw milling and align the chainsaw milling practices with other initiatives on sustainable forest management (SFM). The dialogue will support SFM while maintaining and/or enhancing livelihoods for poor forest communities.

The multi-stakeholder dialogue is being established within the framework of an EU-financed chainsaw milling project. The project focuses on the broad theme of forest governance in Ghana and Guyana, where there is a prevalence of chainsaw lumbering and different approaches are used to regulate these activities. Since early 2008, the project has been reviewing chainsaw lumbering practices in both Ghana and Guyana and has created an inventory of key stakeholders' views on the critical issues.

In both countries, there is the need for an appropriate dialogue between principal stakeholders of chainsaw lumbering to support rural livelihoods and ensure the sector responds positively to national objectives for SFM. The establishment of effective and meaningful mechanisms for dialogue between the principal stakeholders is expected to lead to a shared understanding of chainsaw lumbering practices and associated socio-economic issues.

In the coming months, the multi-stakeholder dialogue will be launched in Guyana and guided by stakeholders who are represented on a task force (planning committee), with the hope that they will take on a participatory approach to forest governance and shape policies for SFM. It is expected that the multi-stakeholder dialogue will run for a period of one year.

Guyana steps up action on climate change

The Government of Guyana has recently stepped up its action to address climate change. The Government recently launched the Low Carbon Development Strategy on June 8, 2009. As outlined in the press release, the crucial components of this strategy will be the creation of low-carbon employment and investment opportunities in Guyana, sustained efforts to avoid deforestation and forest degradation, strengthening open, transparent forest governance, and establishing an international monitoring, reporting and verification system for Guyana's forests.

Guyana Log Prices

Logs, FOB Georgetown	SQ - $ Avg unit value per m³		
	Std	Fair	Small
Greenheart	140⬆	130⬆	120⬆
Purpleheart	235	215	205⬆
Mora	-	100-130⬆	100⬆

*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⬆	-
	Select/Standard	559-684⬆	550-800⬆
Purpleheart	Prime	-	-
	Select/Standard	-	594-806
Mora	Select	450	-

Guyana Plywood Prices

Plywood, FOB Georgetown Port			$ Avg unit val. per m³
Baromalli	BB/CC	5.5mm	-
		12mm	407-424
	Utility	5.5mm	-
		12mm	406

Report from Japan

Japan submits bill to House promoting wood use

Japan Lumber Reports has indicated the Liberal Democratic Party and Komeito submitted a bill to the House of Representatives that promotes wood use in public facilities and wood-based housing. The bill, which is designed to contribute to the prevention of global warming, includes measures for deregulating the Building Standards Act and the dissemination of knowledge about carbon fixation through the utilization of wood. Other measures in the bill include tax benefits and finance for builders using wood in construction.

Southsea logs imports to Japan plummet 40%

Japan Lumber Reports (JLR) noted Japan's imports of Southsea lumber fell by more than 40% during the first quarter of 2009 from the same period in 2008. With plywood mills curtailing production by 20-30% for nearly four months straight compared to the previous year's levels, Southsea log prices have also continued to fall. Nevertheless, log inventories are dropping so it is expected that log arrivals in May and June would increase inventory levels to about 60,000 m³.

Japan's housing starts and plywood imports continue to slow

In March 2009, Japan's plywood imports fell 10% from the same month in 2008 (Figure 1), reported *Japan Lumber Reports (JLR)*. Housing starts in March were 20.7% less than the same month of 2008, with wood-based units also down 21% (Figure 2).

Figure 1: Japanese plywood imports, 2006-2009 (000 m³)

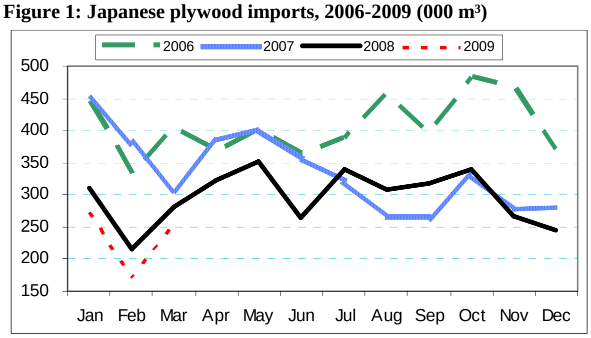
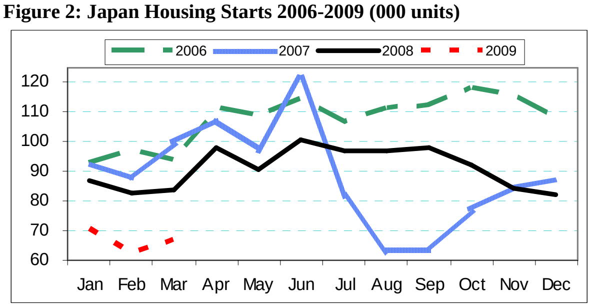


Figure 2: Japan Housing Starts 2006-2009 (000 units)



Log and Sawnwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku
Meranti (Hill, Sarawak)	(Koku=0.278 m³)
Medium Mixed	7,400↓
Standard Mixed	7,500↓
Small Log (SM60%, SSM40%)	7,600↑
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↓

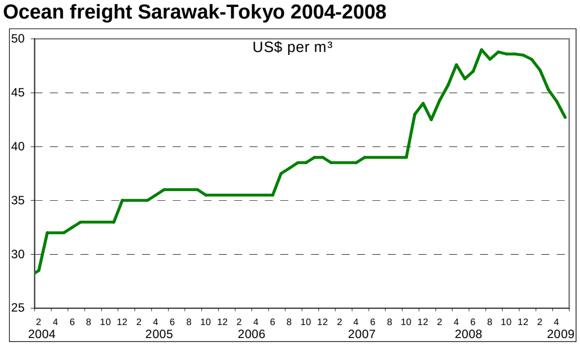
Logs for Sawmilling, CIF	Yen per Koku
Melapi (Sarawak) High Select	11,500
Agathis (Sarawak) High Select	-

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)	May (¥ per sheet)	Jun
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	360	320 ↓
3.7mm (med. Thickness, F 4star, type1)	910 X 1820	460 ↓	440 ↓
5.2mm (med. Thickness, F 4star, type 1)	910 X 1820	570 ↓	550 ↓
11.5mm for sheathing (F 4star, type 2)	910 X 1820	900	860 ↓
12mm for foundation (F 4star, special)	910 X 1820	950 ↑	900 ↓
12mm concrete-form ply (JAS)	900 X 1800	820	800 ↓
12m coated concrete-form ply (JAS)	900 X 1800	960	900 ↓
11.5mm flooring board	945 X 1840	1100 ↓	1100
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's annual timber harvest hits an all-time high

Based on the State Forestry Administration's (SFA) 2009 National Timber Production Plan, industrial roundwood removals in the nation will reach 100.39 million m³ this year, which is nearly three times as much as the annual removal before the implementation of the Natural Forest Protection Programme (NFPP) and an all-time high in China's timber harvest history.

The Plan cites that timber removed from plantations is 72.28 million m³, with removal from natural forests at 28.11 million m³ or 28% by volume. The Plan also shows that timber removed in the five provinces in South China, where plantations are dominant, amounted to 48.9 million m³, representing 48.7% of total timber removed in China. On the other hand, timber removed in state-owned forests of Northeast China and Inner Mongolia, where natural forests are dominant, is only 7 million m³.

Statistical data shows that three favorable changes have taken place in China's timber production practices: (1) major timber producing areas have moved from north to south; (2) timber harvests have shifted from natural to man-made forests; (3) collective owned forests have become major timber producing sources instead of state-owned forests.

Timber imports through Zhangjiangang Port recover in the first quarter of 2008

According to the latest statistics from China Customs at Zhangjiagang Port, a total of 625 batches with 754,400 m³ of timber valued at USD164 million were imported in the first quarter of 2009, up 6% by volume and down 10% by value from the same period of 2008. Of the total imports, logs were 748,700 m³ by volume, sawnwood 5,700 m³ and timber in containers 23,400 m³. The chart below shows the year-on-year change in timber imports through Zhangiangang Port:

Year	Import volume (1000 m³)	Increase (%)	Import value (million US$)	Increase (%)
2009	754.4	6.24	164	-10.38
2008	710.1	-29.50	183	-29.60
2007	1 006.7		260	

Chart 1: Timber imports through Zhangjiangang Port through first quarter of last three years

Due to rapid development of surrounding ports, timber imports through Zhangjiangang had decreased in recent years. However, since imports have dwindled because of the economic downturn, timber imports have dropped at surrounding ports while they have increased at Zhangjiangang. Africa and Oceania have been the main supplying sources to Zhangjiangang. Statistics showed 310,500 m³ of African timber was imported in 2009 through Zhangjiangang, rising 10% over last year's figures. Gabon exported nearly 230,800 m³ through Zhangjiangang, up 2.8%, accounting for 74% of total imports from Africa. About 413,900 m³ of timber was imported from Oceania, up 16% with 319,300 m³ imported from PNG and 94,500 m³ from the Solomon Islands.

Timber imported in containers dropped significantly. According to statistics from China Customs, 156 batches or 23,400 m³ of timber by volume were imported in containers, valued at USD 9.6 million and down 41.8% by value from last year. Timber imports from Southeast Asia fell to an all-time low: 26,900 m³ of Southeast Asian timber was imported in first quarter, down 56.6%, of which 21,600 m³ was from Malaysia, and 5,300 m³ was from Myanmar.

Timber imports from Shuifenhe Port turnaround

According to statistics from China Customs, just over 1 million m³ of logs, accounting for 18.5% of the national total volume, was imported through the Shuifenhe Port in first quarter, a fall of 49.6% by volume from the same period in 2008. However, imports in March dramatically increased 81.6% to 55,200 m³ over February 2009.

Situated on the border to Russia, Shuifenhe Port has been one of the biggest collection and distribution centers of imported Russian timber in China, with average annual imports being nearly 8 million m³ by volume. However, affected by the price increase of Russian timber during 2008 and the global financial crisis, timber imports from Russia through this port fell significantly in early 2009. Statistics showed that timber imports from Russia jumped again in March after a long downward trend.

The reasons for this trend are attributed to the following: (1) the Russian government postponed implementation of its new export tariff policy which would have taken effect on 1 January 2009 and (2) to increase imports, the customs office in Shuifenhe carried out a series of measures to provide improved services to wood processing enterprises, such as extending business hours and simplifying custom formalities.

To cope with the impacts of financial crisis on China's economy, experts suggest the government should normalize trade and enable enterprises to understand and respond to changes in foreign policies. It should also encourage enterprises to move some industries to Russia and establish an integrated investment system combining upstream and downstream production.

Guangxi's forest products industry booms despite market conditions

The forest products industry in Guangxi Autonomous Region has been booming despite the financial crisis. This is evidenced by the following:

(1) The output of wood-based-panels has continued to increase during the financial crisis, with 946,000 m³ of wood-based panels produced in first quarter of 2009, up 61% over the same period of last year. Eucalypt plywood for interior decoration also sells well on markets because of its good quality. Supply has even fallen short of demand.

(2) Productive capacity of wood-based panels continues to expand. Nine projects producing wood-based panels with a capacity of 300,000 m³ and an investment of RMB 200 million yuan have been approved by the Forestry Bureau of Guangxi. Another four projects with a capacity of 350,000 m³ and an investment of RMB 750 million yuan remain to be approved.

(3) Outputs of paper and paper board amounted to 135,900 tons, up 61%.

(4) Rosin production jumped nearly 30%, with 22,000 tons of rosin produced.

(5) The number of closed wood-based-panel enterprises declined. Only 10 of the 128 plywood mills in Guangxi stopped production despite the current economic conditions.

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)	5700-5900
KD (2",grade A)	4200-4500⬆

Shandong De Zhou Timber market

Logs		Yuan per m^3
Larch	6m, 24-28cm diam.	1100⬇
White Pine	6m, 24-28cm diam.	1200⬇
Korean Pine	4m, 30cm diam.	1400⬇
	6m, 30cm diam.	1500⬇

Hebei Shijiangzhuang Wholesale Market

Logs		Yuan per m^3
Korean Pine 4m, 38cm+ diam		1850⬇
Mongolian Scots Pine	4m, 30cm diam.	1300
	6m, 30cm+ diam.	1380
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

No upturn yet in European forward demand

Reports from across the continent suggest very low levels of consumption and forward purchasing activity. While there have been moves by importers in some countries to fill gaps in stocks, orders tend to focus on specialty products and dimensions and volumes are generally low. Existing landed stocks of mainstream items such as sapele are still described as relatively high compared to the low volume of consumption. Meanwhile there is intense competition between importers for orders. End-users are working on very low inventories and tend only to place orders if they can be assured that products are already in stock.

However, there is general awareness in the European import sector that supplies in the major tropical producing regions are now restricted due to very low levels of logging activity this year and following widespread mill closures. With respect to African sawn lumber, importers report that delivery times to Europe now extend up to 5 months. Forward prices for key species of tropical hardwood on offer to European buyers have remained relatively stable over recent months, but the expectation amongst European agents is that due to the extremely low levels of production, prices would rise very quickly in the event of any significant upsurge in demand.

French hardwood import levels show significant downturn

Of all European countries, only France has so far published import trade data for the first quarter of 2009. A preliminary analysis of this data indicates a very significant downturn in the level of hardwood sawn lumber imports this year. The analysis suggests that overall French hardwood lumber imports reached only 121,000 m^3 in the first 3 months of 2009, a figure which compares to 159,000 m^3 in the first 3 months of 2008 and over 300,000 m^3 in the same period of 2007. At the same time, there have been large shifts in the source of tropical sawn lumber imported into France this year. While direct imports from Cameroon increased from around 17,000 m^3 in the first quarter of 2008 to 21,000 m^3 in the first quarter of this year, direct imports from Brazil declined from 49,000 m^3 to only 18,000 m^3 during the same period. Direct imports from Malaysia, Ghana and Côte d'Ivoire were also well down on last year's figures.

On the other hand, there appears to have been a very strong increase in the level of indirect imports of tropical sawn wood into France from the Netherlands and Germany. French imports of tropical sawn lumber from the Netherlands reached 25,000 m^3 and from Germany reached 3,000 m^3 in the first quarter of 2009, up from negligible levels in the same period last year. Such a shift might be explained by the strong focus on just-in-time ordering, which has encouraged a partial switch away from the forward market in favor of heavier reliance on large stockists in neighboring European countries.

Belgian, Dutch and UK importers see mixed fortunes

The very large European importers in the Benelux countries and the UK have been very heavily exposed to the downturn due to a business strategy that depends on large stock holdings to iron out problems for manufacturers and merchants associated with long lead times in the hardwood import sector. The fact that these companies have been selling off existing stocks of standard items such as sapele at below replacement cost has been a major factor deterring any significant increase in forward demand during recent months.

But while these importers with large stock holdings are heavily exposed to financial risk during the recession, the recent very strong focus on just-in-time ordering among manufacturers and builders merchants has also given them an edge in the market place. Several of these companies interviewed in a recent feature on the Belgian and Dutch trade in the *TTJ* commented that their strategy of providing customers with a very wide range of species and specifications for immediate delivery has brought in many new customers.

These companies are now building on this success through continued strategic moves into a wider range of value-added, further processed and non-standard items with the objective of tailing material more tightly to customers needs. For example, one large Dutch importer interviewed by the *TTJ* noted that they are developing as much business as possible in boules, and square-edged and non-standard-sizes, especially thicker material for flooring and other interior applications. These companies also comment that the higher-quality end of the market has been holding up reasonably well during the recession, boosted by reasonable activity in the renovation portion of the market even as the new-build sector has ground to a halt.

The *TTJ* interviewees also note that the certified wood section of the market has been holding up well in the Netherlands and the UK as public sector projects have become relatively more important during the recession and with growing concern for sustainable construction. One large Belgian importer noted that 'out of every 20 inquiries we get today, half are for FSC-certified [wood]. As a result, nearly all our tropical range is now FSC and we're getting good volumes in certified species, such as sipo and sapele, in both dimension and random sizes'.

The Netherlands Sawnwood Prices

FOB (Rotterdam)	USD per m^3
Sapele KD	906⬆
Iroko KD	1031⬆
Sipo KD	1100⬆
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	290-320

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)	520-550⬇
Balau/Bangkirai Decking	820-880⬇
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.

As climate change forces economies around the world to cap carbon emissions, investors are pouring cash into the development of biofuels, as a replacement for fossil fuels. We are currently witnessing a new and massive land-grabbing scramble in Africa, unprecedented since the fall of colonialism.
http://allafrica.com/stories/200906040880.html

Bamboos are a wonderful gift of nature. Their versatility has given rise to a multitude of uses of traditional and cultural value in countries where they are abundant. Many people of Asia, Africa and South America are dependent on bamboo for their livelihood. Bamboo harvested from forests or grown in homesteads is used extensively in housing and cottage industries. Bamboo, referred to as 'poor man's timber' is now being rediscovered as nature's 'green gold'.
http://www.sundaytimes.lk/090531/Plus/sundaytimesplus_03.html

Boosting investments in the conservation, rehabilitation and management of the Earth's forests, peatlands, soils and other key ecosystems could deliver significant cuts in greenhouse gas emissions and avoid even more being released to the atmosphere, a new report by the UN Environment Programme (UNEP) says.
http://www.unep.org/Documents.Multilingual/Default.asp?DocumentID=589&ArticleID=6206&l=en

China, the world's second-biggest energy user, rejected 147 billion yuan (USD21.5 billion) of project proposals in the past seven months because of concern they will worsen pollution. As many as 29 steel, petrochemicals and power projects were not approved between November last year and May, Zhang Lijun, the deputy head of the Ministry of Environmental Protection, said in a televised press conference today in Beijing. The country's emissions of sulfur dioxide fell by 4.9% in the first quarter from a year earlier, he said.
http://www.bloomberg.com/apps/news?pid=20601130&sid=aDqyTteq1hJM&refer=environment

The Indonesian rainforest is worth more standing than felled say researchers. A new analysis has shown that payments to reduce carbon emissions from the forests could generate more income than palm oil production on deforested land. Protecting the forests could become profitable under a proposed scheme called Reduced Emissions from Deforestation and Degradation (REDD).
http://news.bbc.co.uk/1/hi/sci/tech/8083706.stm

The Maldives, one of the nations most threatened by global warming, is appealing to the United Nations space agency to help the island country plan its defenses against rising sea levels. 'Beach erosion is the No. 1 problem for our country right now', Environment Minister Abdulla Shahid said today in an interview in Vienna. The Indian

Ocean nation of 385,000 people has had to relocate the populations of two of its 200 islands because of eroding beaches, he said.
http://www.bloomberg.com/apps/news?pid=20601130&sid=aIgwfJbru5mA&refer=environment

The new Africa starts here: how to make the people prosper. If Africa is to thrive, a revolution in thinking is needed — and it must begin out in the farmers' fields.
http://www.timesonline.co.uk/tol/comment/article6436725.ece

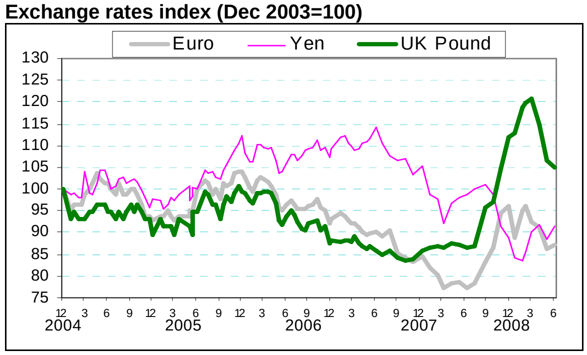
A unique bio-diversity research centre opens at the Mahale National Park, in Tanzania, and is expected to play host to both national and international researchers. The research centre will act as a hub for researchers who wish to study the outstanding biodiversity of the Greater Mahale Ecosystem, the European Commission, the main funders of the project said.
http://www.afrol.com/articles/33470

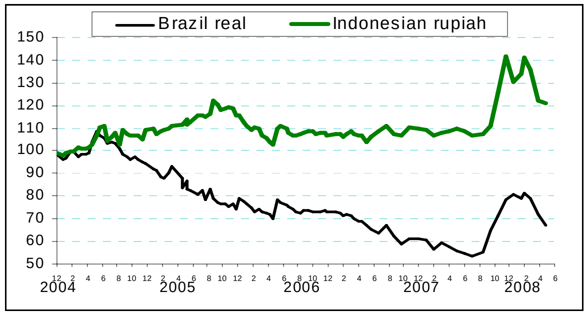
Main US Dollar Exchange Rates

As of 15 June 2009

Brazil	Real	1.9279	⬇
CFA countries	CFA Franc	468.550	⬆
China	Yuan	6.8353	⬆
EU	Euro	0.7143	⬆
Indonesia	Rupiah	10,060	⬇
Japan	Yen	98.68	⬆
Malaysia	Ringgit	3.5051	⬆
Peru	New Sol	2.9709	⬇
UK	Pound	0.6087	⬇

Exchange rates index (Dec 2003=100)

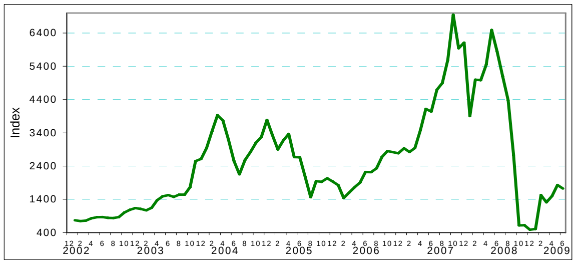




Abbreviations and Equivalences

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

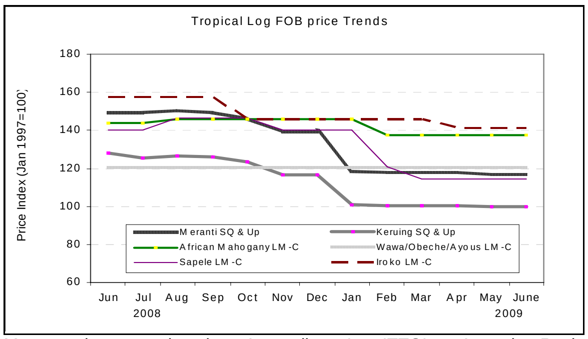
Ocean Freight Index



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.

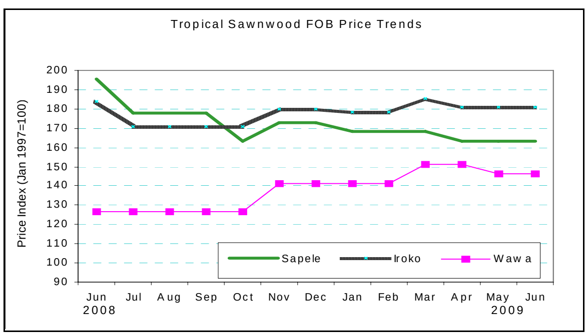
Appendix. Tropical Timber Price Trends

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



Tropical Plywood Price Trends