Tropical Timber Market Report

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Top Story

Ecobuild features alternatives to tropical plywood

Mounting concerns over the future availability of tropical hardwood plywood combined with continuing widespread misconceptions about the environmental credentials of tropical timber, are seen as a major opportunity by alternative materials suppliers.

These suppliers were out in force at the Ecobuild trade show held in the UK recently.

Ecobuild has now overtaken Interbuild as the UK's leading construction industry fair. This rapid growth in Ecobuild, which showcases green building systems and materials, provides a very strong indication of the significance of sustainability issues in the UK construction sector.

Hardwood plywood products were under assault from various directions at Ecobuild

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Report from Central/West Africa

Gabon log export scheme

It is reported that the Government of Gabon will now implement a gradual phasing out of log exports.

It appears that those logs cut up to 31st December 2009 can be exported through SNBG until end of April. This is a month later than originally intended.

Trade sources say that in view of the large volumes of logs already on the ground (somewhere between 500,000 cubic metres and 700,000 cubic metres), it is unlikely that all can be exported before the end of April and that a new cut-off date may be set when the actual volumes to be shipped are known.

The logistics involved in transporting, loading and shipping such a large volume are enormous. As the trade points out, there may not be enough trucks or rail carts to handle such a volume quickly. It is reported that most of the volume has been forward purchased by buyers for the Chinese market.

After the 30th April 2010 deadline (or a revised date) a quota scheme will be introduced.

Phased log exports up to 2012

At present, it seems that for the balance of 2010, the maximum harvest volume will be set at 1.2 million cubic metres of which 60% must be processed domestically. If this is achieved, then the balance 40% could be exported as logs.

The 2011 total harvest will be set at 1 million cubic metres of which 75% has to be processed locally before the balance 25% can be exported as logs.

In 2012, the plan, at present, is for a total harvest of 800,000 cubic metres of which 80% must be processed domestically before the balance can be exported as logs.

Assessing processing capacity

Forestry authorities in Gabon are currently assessing the processing capacity of established mills in the country. This is to determine if they have sufficient capacity to carry out processing of the required percentage of their harvest volume.

The log harvest quota allocated to each mill will be based on the assessment of the mill capacity.

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	132↑
Belli	230	230	-
Bibolo/Dibétou	145↑	130	
Bubinga	600↑	520↑	390
Iroko	245↓	230↓	200
Okoume (60% CI, 40% CE, 20% CS) (China only)	220↑	-	-
Moabi	275	275↑	195↓
Movingui	180↑	155↑	125
Niove	130	130	-
Okan	270↑	270↑	122
Padouk	325↑	315↑	235
Sapele	230↑	215↑	160↑
Sipo/Utile	270↑	245	200↑
Tali	240↑	225	114
	C1	CE	CS
Okoume	185 ↑	175↑	135↑

West Africa Sawnwood Prices

West Africa sawnwood, FOB		€ per m^3
Ayous	FAS GMS	300
Okoumé	FAS GMS	370↑
	FAS. fixed sizes	340↑
	Std/Btr GMS	275↑
Sipo	FAS GMS	475
	FAS fixed sizes	320
	FAS scantlings	490
Padouk	FAS GMS	540
	FAS scantlings	490↑
	Strips	300
Sapele	FAS Spanish sizes	380↑
	FAS scantlings	460
Iroko	FAS GMS	430
	Scantlings	440
	Strips	350
Khaya	FAS GMS	380
	FAS fixed	420
Moabi	FAS GMS	415
	Scantlings	440
Movingui	FAS GMS	295↑

Report from Ghana

Privatisation of SIPL

As part of its programme to privatise state owned enterprises, the Government of Ghana has invited proposals and bids for the privatisation of Subri Industrial Plantation Ltd (SIPL).

Established in 1985, SIPL established *Gmelina arborea* plantations intended to feed a proposed pulp and paper mill at Daboase in the Western Region of Ghana. The pulp and paper mill has not been built but a sawmill and wood processing facilities were installed to utilise the *Gmelina*. The location of the processing plant is 40 kilometres from Sekondi/Takoradi, the regional capital and the Western seaport of Ghana.

SIPL has a nursery and 5,137 hectares of plantations with about 13,000 hectares of underdeveloped forest land for plantation expansion. SIPL has a sawmill and kilns and produces value-added products as well as lumber.

Lumber dominates export trade

The TIDD vetted, processed, and approved 2,468 export permits during the fourth quarter of 2009 covering shipment of various timber and wood products through the ports of Takoradi and Tema as well as for overland exports to neighbouring ECOWAS countries.

Compared to the previous quarter, fourth quarter approvals fell by 13%. However, when data for the quarter under review are compared with the corresponding figure for the same period in 2008, there was a substantial increase in the number of approvals in the fourth quarter of 2009.

Lumber (both air dried and kiln dried) continues to account for the highest number of export permit applications. This is an indication that there is still a higher demand for export lumber than for tertiary wood products such as furniture and parts, mouldings, flooring, dowels and profiled boards.

Inflation falling

Ghana's inflation continues to fall, dropping by 0.55 percentage points to 14% in February 2010. This is the second decline recorded since January and the eighth since June 2009.

The Ghana Statistical Service which announced the rate attributed the drop to a stable Cedi and a drop in the demand for goods and services. The Head of the Economic Statistical Service, Ebo Duncan, announced that inflation might continue to fall if the government continues with its stabilisation programmes and fiscal discipline. The current rate is the lowest in 23 months, Central Bank figures show.

Ghana Log Prices

Ghana logs, domestic	US$ per m^3	
	Up to 80cm	80cm+
Wawa	120-130	140-155
Odum Grade A	160-170	175-185
Ceiba	100-110	115-125
Chenchen	85-100	105-120
Khaya/Mahogany (Veneer Qual.)	95-105	110-135
Sapele Grade A	135-150	155-175
Makore (Veneer Qual.) Grade A	125-135	140-166

Ghana Export 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	545
Ceiba	205	255
Dahoma	315↑	390
Edinam (mixed redwood)	400	430
Emeri	350↑	400
African mahogany (Ivorensis)	556↑	665
Makore	420↑	585
Niangon	475↑	620↑
Odum	630↑	690↓
Sapele	530↓	590↓
Wawa 1C & Select	250↓	290

Ghana sawnwood, domestic		US$ per m^3
Wawa	25x300x4.2m	247
Emeri	25x300x4.2m	325
Ceiba	25x300x4.2m	220
Dahoma	50x150x4.2m	285
Redwood	50x75x4.2m	295
Ofram	25x225x4.2m	310

Ghana Veneer Prices

Rotary Veneer, FOB	€ per m^3	
	CORE (1-1.9mm)	FACE (<2mm)
Bombax	315	350
Ofram, Ogea & Otie	315	350
Chenchen	315	360
Ceiba	315↓	335
Mahogany	415	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	255↓
Chenchen	290↓
Ogea	295
Essa	285↓
Ofram	300

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afrormosia	1.19	1.00
Asanfina	1.40↓	0.80
Avodire	1.12↓	0.60↓
Chenchen	1.25	0.54
Mahogany	1.25↓	0.70↓
Makore	1.20↓	0.63
Odum	1.80	0.95↓

Ghana Plywood Prices

Plywood, FOB	€ per m^3			
B/BB, Thickness	Redwoods		Light Woods	
	WBP	MR	WBP	MR
4mm	560	465↓	500	370
6mm	340	335↑	335	315↑
9mm	365	320↑	295	280↑
12mm	300	305↑	280	275↑
15mm	310	300	280	270
18mm	300	285↓	285	265

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 sq.m		
	10x60mm	10x65-75mm	14x70mm
Apa	12.00	14.47	17.00
Odum	7.80	10.18↓	11.00
Hyedua	13.67	13.86	17.82
Afrormosia	13.72	18.22	17.82

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

Mouldings (FOB export)	€ per m^3
Dahoma grade 1	485
Denya grade 1	516
Hotrohotro grade 1	580
Wawa grade 1	490
Wawa grade 2	420
Ekki grade 1	475
Wawabimba Laminated grade 1	750

Report from Malaysia

One-stop buy-sell event
The Malaysian Timber Council (MTC) will host its first international one-stop selling, buying and networking event, 'MTC Global Woodmart 2010' on October 19-20, 2010 at the Kuala Lumpur Convention Centre.

This event will showcase tropical timbers as well as those from temperate regions. The event is also to provide a venue for buyers and sellers of timber products to meet, network and to conduct business under one roof. This type of event may be the first of its kind in South-East Asia and MTC plan to host this event every two years.

On display will be a wide range of new products, or so-called 'Innovative Products,' for example bio-composite boards derived from oil palm trucks, kenaf and rice husk.

Trans-Pacific Partnership
The US Ambassador to Malaysia has expressed the hope that Malaysia will join the Trans Pacific Partnership (TPP) to take advantage of the expected increased trade volume and improved access to US markets. The TPP is also expected to increase trade flows and market access between all member countries.

Currently, the TPP consists of eight countries; Brunei, Chile, New Zealand, Singapore, Australia, Peru, Vietnam and the US.

The ambassador added that it would be difficult for Malaysia to join the TPP once the other eight member countries have agreed the TPP trade pact. With this in mind Malaysian trade officials are reportedly evaluating the advantages and disadvantages of the TPP before considering negotiating with the other countries.

Singapore's furniture exports dip
Many Malaysian furniture manufacturers have business relations with companies in Singapore. Singapore's furniture exports declined 4% in 2009 compared to 2008 exports. For 2009, exports were worth a total of S$4.7 billion while 2008's exports were worth S$4.9 billion. Singapore's share of the world furniture market continues to drop and currently is less than 1%.

Efforts by the Singaporean Government, through agencies such as IE Singapore and SPRING Singapore, has helped Singaporean furniture manufacturers and companies to network and link up with more than 1,200 new furniture buyers from Russia, Mexico, India and the US.

Building activity encourages industry
With the spring construction season in high gear in China, Malaysian timber products manufacturers believe that the recent crisis is over. Although the Chinese government is making efforts to cool its housing market, there is still a strong demand for Malaysian timber products for the Chinese market.

Rent levels in China are expected to decline marginally in most major Chinese cities as more homes come onto the market. However, those who have invested in the buy-to-let sector are beginning to renovate and remodel properties in their portfolio in order to gain higher rental income in the housing for expatriates market.

Log Prices

Sarawak log, FOB	US$ per m^3
Meranti SQ up	228-252
Small	212-243
Super small	204-228
Keruing SQ up	217-229
Small	196-226
Super small	174-204
Kapur SQ up	207-232
Selangan Batu SQ up	185-222

Pen. Malaysia logs, domestic (SQ ex-log yard)	US$ per m^3
DR Meranti	234-253
Balau	299-328
Merbau	326-358
Rubberwood	63-97 ⬆
Keruing	217-233

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

Sawnwood Prices

Malaysia Sawnwood, FOB	US$ per m^3
DR Meranti	393-429
White Meranti A & up	282-312
Seraya Scantlings (75x125 KD)	433-446
Sepetir Boards	251-273
Sesendok 25,50mm	345-363
Kembang Semangkok	298-321 ⬆

Malaysian Sawnwood, domestic	US$ per m^3
Balau (25&50mm,100mm+)	325-345
Merbau	454-506
Kempas 50mmx(75,100 & 125mm)	261-301
Rubberwood	
25x75x660mm up	210-260 ⬆
50-75mm Sq.	249-281 ⬆
>75mm Sq.	271-300 ⬆

Plywood Prices

Malaysia ply MR BB/CC, FOB	US$ per m^3
2.7mm	404-466
3mm	384-414
9mm & up	331-403

Meranti ply BB/CC, domestic	US$ per m^3
3mm	330-421
12-18mm	314-343

Other 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	280-311
Domestic 12-18mm	270-288

Added Value Product Prices

Malaysia, Mouldings, FOB	US$ per m^3
Selagan Batu Decking	533-543
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	548-561
Grade B	501-511

Furniture and Parts Prices

Malaysia, Rubberwood, FOB	US$ per piece
Semi-finished dining table	
solid laminated top 2.5'x4', extension leaf	62-78
As above, Oak Veneer	69-83
Windsor Chair	61-63
Colonial Chair	59-64
Queen Anne Chair (soft seat)	
without arm	59-67
with arm	59-68
Chair Seat 27x430x500mm	47-52

Rubberwood Tabletop	US$ per m^3
22x760x1220mm sanded & edge profiled	
Top Grade	573-606
Standard	557-576

Report from Indonesia

Ready to compete with China

The Indonesian Furniture Entrepreneurs Association (ASMINDO) has reportedly expressed optimism that its members are ready to compete with China for the Indonesian domestic furniture market.

The chairman of ASMINDO claimed that the Chinese suppliers will be seeking a US$500 million share of the local furniture market and that some US$250 million to US$300 million could be captured by Indonesian furniture manufacturers. Plans are being prepared by ASMINDO to ensure Indonesian manufacturers capture a market share of US$600 million.

ASMINDO will be hosting a SMEESCO (Small and Medium Enterprises and Cooperatives) exhibition in June 2010, to promote Indonesian furniture and accessories to the Indonesian public sector as well as to local real estate developers. In addition, Indonesian furniture manufacturers will participate in an exhibition in Shanghai this year over a floor space of 1,600m2.

Hint of furniture export recovery

ASMINDO has reported that Indonesian furniture exporters have, over the past few months, experienced a recovery in exports after the plunge experienced in 2009.

Indonesia's furniture exports stood at US$2.35 billion in 2009 compared to US$2.65 billion in 2008. In January 2010, exports rose by 16% compared to levels in January 2009.

The US and EU remain the main markets for Indonesian furniture exports accounting for 35% and 30% of total exports respectively.

ASMINDO is hopeful that Indonesia's furniture exports will increase by 15% to 20% this year.

Furniture and craft fair

The 3rd International Furniture and Craft Fair is currently being held at the Jakarta International Expo, in Central Jakarta. ASMINDO is projecting business deals worth up to US$250 million will be achieved, an increase over the US$170 million transacted in 2009. A record number of buyers (up to 2,500) are expected to attend this year compared to 1,721 buyers registered last year.

Log Prices (domestic)

Indonesia logs, domestic prices	US$ per m^3
Plywood logs	
Face Logs	188-231
Core logs	170-203
Sawlogs (Meranti)	179-240
Falcata logs	147-181
Rubberwood	55-79 ↑
Pine	161-200
Mahoni (plantation mahogany)	468-495

Sawnwood Prices

Indonesia, construction material, domestic	US$ per m^3
Kampar (Ex-mill)	
AD 3x12-15x400cm	179-198
KD	201-235
AD 3x20x400cm	221-244
KD	224-252
Keruing (Ex-mill)	
AD 3x12-15x400cm	236-250
AD 2x20x400cm	223-241
AD 3x30x400cm	206-225

Plywood Prices

Indonesia ply MR BB/CC, FOB	US$ per m^3
2.7mm	392-449
3mm	349-390
6mm	328-370

MR Plywood (Jakarta), domestic	US$ per m^3
9mm	251-262
12mm	243-253
15mm	232-246

Other Panel Prices

Indonesia, Other Panels, FOB		US$ per m^3
Particleboard	Export 9-18mm	215-224
	Domestic 9mm	196-208
	12-15mm	188-199
	18mm	178-190
MDF	Export 12-18mm	250-263
	Domestic 12-18mm	232-243

Added Value Product Prices

Indonesia, Mouldings, FOB	US$ per m^3
Laminated Boards	
Falcata wood	298-310
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	485-519
Grade B	441-462

Report from Myanmar

Market Outlook

Demand for teak and pyinkado, as determined from buyer's interest at the monthly auctions, remains steady. The pre-New Year celebrations for Myanmar are always an active time in the timber industry.

Extra quantities of freshly felled logs will be delivered to the log depots before the onset of the rain season.
The Myanmar New Year (Thin-gyan festival) falls in April and government offices and private companies will cease activities for about 17 days during the month and there is virtually no business activity during that time.

Reduced log harvests

'The Voice', a weekly journal in Myanmar has reported on the speeches made by U Sein Lwin, Chairman of the Timber Merchants Association (TMA) and U Aung Lwin, Vice Chairman of the Union of Myanmar Chamber of Commerce and Industry (UMFCCI) at the annual meeting of the association.

U Sein Lwin of the TMA mentioned the government plan to reduce log production beginning in April. Whilst the association was not informed of the level of reduction being proposed, he said they were aware of the plan which aims to reduce log harvests and reduce sales of timber in log form.

U Aung Lwin of the UMFCCI reported that Myanmar exported 600,000 tons of various timbers in the financial year 2008-09. Most of this was exported either as logs or semi finished products and earned only about US$ 400 million. Revenues could be much higher he said if processed products were exported. He urged the local entrepreneurs to produce more valued added products.

U Aung Lwin also mentioned that revenue from the forestry and timber sectors has been falling year by year. The decline started in 2003 as a result of the imposition of sanctions by the US and was made worse by sanctions imposed by the EU in 2007.

The recession in 2008 also disrupted the Myanmar timber trade and U Aung Lwin expressed optimism in the current global economic recovery.

Deforestation update

Although, at present, there has been no confirmation of the plan to reduce log production from the Myanmar Timber Enterprise, analysts say the plan to reduce log production is a wise measure to combat deforestation.

It was reported by the Forest Department (FD) that the annual deforestation rate between 1975 to 1989 was 0.64%; and from 1989 to 1998 it was 1.2% (the latest estimates available).

Myanmar Log Prices (natural forest logs)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
Veneer Quality	Feb	Mar
2nd Quality	-	nil
3rd Quality	5,050 (2 tons)	6,001 (5 tons)
4th Quality	4,259 (9 tons)	4,899 (10 tons)
Sawing Quality		
Grade 1 (SG-1)	2,865 (34 tons)	3,105 (39 tons)
Grade 2 (SG-2)	2,291 (41 tons)	2,600 (37 tons)
Grade 3 (SG-3)	-	nil
Grade 4 (SG-4)	1,780 (222 tons)	2,005 (217 tons)
Grade 5 (SG-5) Assorted	1,379 (180 tons)	1,408 (181 tons)
Grade 6 (SG-6) Domestic	664 (175 tons)	1,244 (58 tons)
Grade 7 (ER-1)	611 (306 tons)	905 (103 tons)
Grade 8 (ER-2)	533 (14 tons)	nil (-)
Short Logs 6 ft. / 7 ft.	nil	nil

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.

Teak auction prices have increased. Buyers for the Thai market were active this month and Singapore based buyers for the Indian market were also keen buyers this month.

Report from India

A memorable decade of growth

The Economic Advisory Council Chairman Mr.C.Rangarajan, sees growth prospects for the Indian economy being maintained through stable fiscal and monetary policies. He expects GDP growth to be 8.2% over the next fiscal year.

The 2000-2010 decade is proving a memorable decade of progress during which, in spite of global upheavals in 2008/9, India has continued strong growth. Additionally the publicity surrounding the Climate Summit in Copenhagen raised environmental awareness in India and has given fillip to official efforts on environmental issues.

India's wood working industries have also started to think 'green' and the country's Compensation Afforestation Programme, under which any change of use of public forests to non-forestry purpose is compensated for through afforestation of degraded or non-forested land, has received accolades from UNEP.

Local hardwood auctions

Auction sales in Gujarat were delayed due to public holidays during the month. It is expected that the next series of sales will be announced in the first week of April.

In the central India log depots around 6000 cubic metres were sold last month. Local demand was very much apparent but many lots were not up to the usual quality and realised lower prices than previously attained. Prices remained firm for good quality logs. The average prices at the latest auction are as follows:

Teak log prices

Girth in cms.	Length	Av. price per cft.
46 to 60	2 to 3 meters	Rs700 to750
61 to 75	"	Rs.750 to 800
76 to 90	"	Rs.800 to 850
90 and up	"	Rs.900 +/-
90 and up	3 to 4 metres	Rs.1000 +/-
76 to 90	4 to 5 metres	Rs.1160 to 1200
90 and up	"	Rs. 1500 +/-

Laurel log prices

90 cms and up	4 to 5 metres	Rs.350 +/-

Prices for imported logs

Current C&F rates for containerised plantation teak logs and rough squares are given below. Freight rates have been rising and there has been some upward revisions of prices already, but not in all cases. Market demand is steady and flow of exports from the supply countries is reported as satisfactory.

C&F Plantation Teak

	US$ per m^3
Sudan sawn	750-800⬆
Ivory Coast logs	550-600⬆
PNG logs	450-500⬆
El-salvador logs	375-400
Guatemala logs	395-415
Ghana logs	425-450⬆
Benin logs	425-450⬇
Brazil squares	450-475
Togo logs	325-350
Ecuador logs	275-300⬆
Costa Rica logs	375-400⬆
Panama logs	275-300

India Sawnwood Prices (domestic)

Sawnwood (Ex-mill)	Rs. per ft^3
Myanmar Teak (AD)	
Export Grade F.E.Q.	5000-6000
Plantation Teak A grade	2000-3600
Plantation Teak B grade	1800-3000
Plantation Teak C grade	1250-1500

India Sawnwood Prices (imports)

Sawnwood, (Ex-mill) (AD)	Rs. per ft^3
Merbau	1400
Balau	1150
Kapur	1000
Red Meranti	650
Bilinga	650
Radiata Pine (AD)	375-400

Sawnwood, (Ex-warehouse) (KD)	Rs per ft^3
Beech	1200
Sycamore	1250
Oak wood	1300
American Walnut	2250
Hemlock clear grade	950
Hemlock AB grade	800
Western Red Cedar	1250

India Plywood Prices

Plywood, (Ex-warehouse) (MR Quality)	Rs per sq.ft
4 mm	21.0
6 mm	30.5
12 mm	44.0
15 mm	53.0
18 mm	64.0

Locally Manufactured Plywood "Commercial Grade"	Rs per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.8.00	Rs.14.5
6mm	Rs.12.00	Rs.21.0
8mm	Rs.15.00	Rs.24.0
12mm	Rs.18.50	Rs.25.5
18mm	RS.23.00	Rs.34.0
5mm Flexible ply	Rs,15.0	Rs.19.0

Report from Brazil

Export performance

In February 2010, exports of wood products (except pulp and paper) increased 0.5% compared with values for February 2009, from USD 184.2 million to USD 185.1 million.

Pine sawnwood exports fell 21% in value in February 2010 compared to the same month of 2009, from USD 11.8 million to USD 9.3 million. In terms of volume, wood product exports fell 23.5% from 59,700 cubic metres to 45,700 cubic metres over the period.

Exports of tropical sawnwood decreased in terms of both volume and value, from 43,600 cubic metres in February 2009 to 38,100 cubic metres in February 2010, and from USD 20.4 million to USD 19.7 million, respectively over the same period. These correspond to a 12.6% decline in volume and 3.4% decline in value.

Pine plywood exports dropped 5% in value in February 2010 compared to the same period of 2009, from USD 24.7 million to USD 23.5 million. The volume exported fell 25% during the same period, from 96,000 cubic metres to 71,800 cubic metres.

Similarly, exports of tropical plywood were down from 11,000 cubic metres in February 2009 to 7,900 cubic metres in February 2010, representing a 28% fall. In value terms, a 26% reduction was recorded over the period, from USD 6.1 million to USD 4.5 million. Wooden furniture exports were up from US$ 41.6 million achieved in February 2009 to USD 43.6 million in February 2010, representing a 5% increase.

Economic overview

According to the Brazilian Institute of Geography and Statistics (IBGE), the Consumer Price Index (IPCA) for February 2010 increased 0.78%, slightly above the rate 0.75% recorded in January.

To-date, the accumulated inflation rate for the year is 1.54%, above the overrun of 1.03% in the same period in 2009. The IPCA of February 2009 was 0.55%.

In February 2010, the average exchange rate was BRL 1.84/USD, while the rate was BRL 2.31/USD in the same month of 2009 illustrating the appreciation of the Brazilian currency against the US currency over the period.

The Monetary Policy Committee (Copom) of the Brazilian Central Bank (BC) has held interest rates unchanged at 8.75% per year. Interest rates in Brazil have not changed since July 23, 2009., According to a survey carried out by the BC, the financial markets are anticipating an interest hike from April and that rates may climb to 11.25% by year end.

State forests under-utilised

State owned forests in the Amazon, considered as the cornerstone of the government's plan to promote sustainable economic development in the Amazon, are still under utilized.

In 2006 it was expected that concessions over some 13 mil. hectares would be offered over a 10 year period but, to-date, concessions covering only 96,000 hectares have been processed by the government.

The delay, according to reports was due to the fact that "original plans for the concessions did not consider some key procedural elements," such as the need for public consultations, management plans and environmental permits.

It has been estimated that around US$1.8 bil. could be generated annually if the planned concession bidding and allocation was fully implemented. The add-on value to the economy would be considerable when harvesting and processing activities are factored in.

Media reports suggest that, in the first half of 2010, the Brazilian Forest Service (SFB) may grant timber concessions over a further 700,000 hectares.

Certified timber exports

The Northern Amazonian state of Acre is a model region in terms of producing and exporting certified timber products. As a result companies in the state have become major wood exporters to Europe, Asia and the United States. The global economic crisis hit the Acre industries hard and shipments to the US and EU have dropped dramatically and put the industry at risk.

SINDUSMAD (the Timber Industries Union of State of Acre) has prepared a strategy for the timber industry sector. The development of this strategy was aided by FIEAC (Acre Industries Federation), to which the union is affiliated. This strategy identifies two main initiatives: the need for companies to achieve forest certification and the implementation of studies to identify the means to achieve efficient harvesting and forest sustainability in the Amazon.

Brazil nut wood mill shut

An illegal sawmill dealing with Brazil nut wood was shut down after inspection, according to the Brazilian Institute for Environment and Renewable Natural Resources (IBAMA). The timber company was located in the region of Itupiranga, southeast of Pará and had been operating without environmental permit.

A total of nearly 100 cubic metres of sawnwood and 182 cubic metres of logs were seized. The sawmill, which is being dismantled, was established in a remote location on a secondary road along the Trans-Amazon Highway.

IBAMA inspectors believe that the timber company has processed thousands of Brazil nut trees based on the amount of wood residues accumulated at the mill.

The harvesting and trade in Brazil nut trees is totally prohibited because the species is threatened with extinction. The conservation of this species is especially important to the people of the region who rely on harvesting the nut for sale.

Domestic pricing

Domestic prices in BRL, remained stable over the month but in terms of US$ prices are down slightly due to the moderate appreciation of the US$ against the BRL.

Brazil Log Prices (domestic)

Brazilian logs, mill yard, domestic	US$ per m^3
Ipê	144⬇
Jatoba	103⬇
Guariuba	68
Mescla (white virola)	75

Brazil Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB		US$ per m^3
Jatoba Green (dressed)		827
Cambara KD		477
Asian Market (green)	Guariuba	266
	Angelim pedra	619
	Mandioqueira	231
Pine (AD)		192

Brazil sawnwood, domestic (Green)		US$ per m^3
Northern Mills (ex-mill)	Ipé	692⬇
	Jatoba	530⬇
Southern Mills (ex-mill)	Eucalyptus (AD)	185⬇
	Pine (KD) 1st grade	237⬇

Brazil Veneer Prices

Veneer, Export (Belem/Paranagua Ports) FOB	US$ per m^3
White Virola Face 2.5mm	293
Pine Veneer (C/D)	206

Rotary cut Veneer, domestic	US$ per m^3	
(ex-mill Northern Mill)	Face	Core
White Virola	253⬇	211⬇

Brazil Plywood Prices

Plywood, FOB	US$ per m^3
White Virola (US Market)	
5.2mm OV2 (MR)	475
15mm BB/CC (MR)	410
White Virola (Caribbean market)	
4mm BB/CC (MR)	519
12mm BB/CC (MR)	416

Pine Plywood EU market, FOB	US$ per m^3
9mm C/CC (WBP)	276
15mm C/CC (WBP)	252
18mm C/CC (WBP)	247

Plywood, domestic (ex-mill Southern mill)		US$ per m^3
Grade MR (B/BB)	White Virola 4mm	867⬇
	White Virola 15mm	633⬇

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)	311
Domestic Prices, Ex-mill Southern Region	
Blockboard White Virola faced 15mm	552⬇
Particleboard 15mm	351⬇

Brazil Added Value Products

FOB Belem/Paranagua Ports		US$ per m^3
Edge Glued Pine Panel		
Korean market (1st Grade)		634
US Market		486
Decking Boards	Cambara	603
	Ipê	1,583

Report from Peru

New law in April

The new Forestry and Wildlife Law that is required to fulfill the commitments of the Free Trade Agreement between Peru and the United States will be sent to Congress in April, according to the Deputy Minister of Strategic Development and Natural Resources, Rosario Gómez. Ms Gómez also said the ministries of Agriculture and Foreign Trade and Tourism and the Agency for Supervision of Forest Resources and Wildlife are working to coordinate the development of the initiative.

She stated that, currently, the comments and inputs from stakeholders, especially in the Amazonian communities, are being incorporated and that the first draft should be available by the end of March.

No sign of demand recovery

Peru's timber exports were hard hit by the international economic crisis in 2009 and recovery is slow. January exports dropped 3% to US$ 9.39 billion, the second lowest in the past 48 months, according to the Association of Exporters (ADEX).

The poorest export performance over the past four years was in January 2006 (US$8.56 million) from that date until late 2008, exports grew but this changed in 2009 when the international financial crisis affected the Peruvian timber sector.

The export figures for January 2010 do not yet provide a glimpse of the long-awaited recovery.

In January the three main export products were short boards for parquet manufacture, plywood and lumber.

The view of the president of the ADEX Timber Committee, Juan Pablo Feijoo, is that this situation may improve as the new Forestry Law will open new market opportunities and generate thousands of new jobs. He added that the implementation of the new Forestry Law should result in greater timber exports.

Major markets in 2009

China remains the number one market for wood products from Peru, accounting for around half of all exports in 2009. The US market accounted for some 17% of total wood product exports in the same year. Other major markets are Mexico, Dominican Republic, Australia and Canada.

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	526-571 ⬆

Peru Sawnwood, FOB Callao Port (cont.)	US$ per m^3
Virola 1-2" thick, length 6'-8' KD	
Grade 1, Mexican market	296-346⬇
Grade 2, Mexican market	244-259⬇
Cumaru 4" thick, 6'-11' length KD	
Central American market	831-855
Asian market	829-888⬆
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	509-549
Dominican Republic	558-569
Marupa (simarouba) 1", 6-11 length Asian market	352-377

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	283-302⬇
Grade 2, Mexican market	239-253⬇
Grade 3, Mexican market	132-151
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	211-222

Peru sawnwood, domestic	US$ per m^3
Mahogany	887-923
Virola	48-65
Spanish Cedar	268-321
Marupa (simarouba)	57-69

Peru Veneer Prices

Veneer FOB	US$ per m^3
Lupuna 3/Btr 2.5mm	191-212
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		398-403
Cedar fissilis, 2 faces sanded 4x8x5.5mm		746-758
Lupuna, treated, 2 faces sanded, 5.2x4x8mm		359-376
Lupuna plywood	B/C 15x4x8mm	353-365
	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	441
122 x 244 x 6mm	397
122 x 244 x 8mm	409
122 x 244 x 12mm	399
(Pucallpa mills)	
122 x 244 x 4mm	458
122 x 244 x 6mm	439
122 x 244 x 8mm	430
122 x 244 x 12mm	429

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	1348-1444
Cumaru KD, S4S	Swedish market	774-887↑
	Asian market	1024-1232↑
Cumaru decking, AD, S4S E4S,	US market	909-1089↑
Pumaquiro KD # 1, C&B,	Mexican market	423-511
Quinilla KD, S4S 2x10x62cm,	Asian market	502-527
2x13x75cm,	Asian market	721-798

Report from Guyana

During the period under review prices for logs remained largely unchanged except for Purpleheart small sawmill quality logs for which prices reached as high as US\$200 per cubic metre. Also, Mora standard and small sawmill quality logs saw price increases.

For this fortnight period, prices for rough sawn (undressed) Greenheart sawnwood category increased for both prime and merchantable qualities. At the same time, Purpleheart (select quality) also recorded increased prices. Mora sawnwood prices remain stable.

In addition, average prices for both dressed Greenheart and dressed Purpleheart improved, reaching as high as US\$1,050. Prices for Guyana's Washiba (Ipe) rough sawn (undressed) lumber also increased, peaking at US\$ 1,600.

Baromalli plywood prices for both BB/CC and Utility categories remain relatively stable. Splitwood has shown improvement in average prices and a high of US\$ 1,000 per cubic metre was recorded. This product is exported mainly to the Caribbean countries.

Community Logging Associations

Since 2001 the Guyana Forestry Commission (GFC) has been facilitating the formation of Community Logging Associations. There are approximately forty-three active groups operating seventy six State Forest Permits over a total area of over 300,000 ha.

These associations have been established for the purpose of assisting communities that rely heavily on forests as their main source of livelihood, to gain legal access to forest resources.

The associations effect change and development within the community. Activities undertaken help to reduce poverty and provide alternative sources of economic livelihoods.

The groups create jobs for residents with the aim of reducing migration from the area and increasing employment within the community. They also encourage sustainable forestry practices by securing concessions and operating according to guidelines set by the GFC.

Initiatives undertaken by the GFC for the associations include training, granting of scholarships and job offers. The GFC gets involved in the management and the issuance of concessions and has raised awareness on the key areas such as the Code of Practice for Timber Harvesting, Forest Policies and Law and Reduced Impact Logging.

Guyana Log Prices

Logs, FOB Georgetown	SQ - \$ Avg unit value per m^3		
	Std	Fair	Small
Greenheart	170↑	150-160↑	145↑
Purpleheart	200-230	170-210	150-200↑
Mora	130-145↑	115-120↓	110-130↓

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

Guyana Sawnwood Prices

Sawnwood, FOB Georgetown		\$ Avg unit val. per m^3	
EU and US markets		Undressed	Dressed
Greenheart	Prime	721↓	-
	Standard	-	551-1050↑
	Select	575-1510↑	
	Sound	636	
	Merchantable	500-577↓	
Purpleheart	Prime	-	-
	Standard	-	700-1050↑
	Select	650-827↑	
	Sound	-	
Mora	Prime	-	
	Select	500↓	
	Sound	-	
	Merchantable	400	

Guyana Plywood Prices

Plywood, FOB Georgetown Port			\$ Avg unit val. per m^3
Baromalli	BB/CC	5.5mm	No export
		12mm	380↓
	Utility	5.5mm	No export
		12mm	355-405↓

Report from Japan

Supply of Chilean Radiata

Stocks of Chilean Radiata crating lumber in Japan will be exhausted in a few months according to the Japan Lumber Reports (JLR). Early replacement from Chile is unlikely as the transport and shipping infrastructure in the country has been badly damaged by the recent earthquake and tsunami. Japanese importers have been looking for substitutes both locally and internationally.

Japanese grown larch and cedar are possible substitutes but domestic Japanese sawmills do not have much spare capacity and are not very keen on diverting production to low priced crating lumber. The JLR says that importers have approached both New Zealand and N. American mills in the hope of finding and alternative source of crating lumber however this, so far, has come to nothing.

Chinese Poplar lumber and LVL have also been suggested as possible alternatives to Chilean radiata but so far no Chinese manufacturer has shown much interest in this business, says the JLR.

January plywood supply

The JLR is reporting that January 2010 plywood imports were 2.7% down on those for January 2009. Domestic supply remained at about the same level but it was imports that slumped. High FOB asking prices, particularly by Malaysian and Indonesian producers, depressed Japanese interest in imported plywood. Negotiations for resuming purchases of SE Asian plywood have begun. The JLR indicates that 3x6 concrete formboard plywood is likely to be priced at Yen 40,000 per cubic metre C&F.

Overseas suppliers hold firm on pricing

The demand for imported plywood is currently strengthening as inventories are very low and producers have eased prices slightly to generate some sales. However, the JLR reports that supply is still rather tight and that there is unlikely to be any major downward price revision in FOB prices any time soon.

JAS 3x6 concrete formboard is wholesaling at Yen 850-870 per sheet, delivered, unchanged from February. Thin and medium thin panel wholesale prices in Japan are also unchanged on February levels, but tropical producers are holding firm on their FOB price levels so the market is gridlocked.

The JLR says that there was some panic buying of floor base plywood as inventories in Japan had reached very low levels.

On the domestic front, one major softwood plywood producer has recently raised selling prices and refused to accept lower offers. Last November, the market for softwood plywood virtually collapsed and many manufacturers in Japan cut back on production.

Aiming at 50% self sufficiency

A study group has proposed a major restructuring of the forestry sector in Japan, says the JLR. The group, comprising 32 major corporations and companies as well as government agencies, is proposing a revitalisation of the forestry and wood processing sector to eventually achieve a 50% wood product self sufficiency level.

This, says the group, will involve major investment in new and efficient processing capacity, coordination of distribution and communications and possibly infrastructure development. The objective is to have a forestry production, harvesting and utilisation structure which can profit from using all available wood resources in the country whether these are logs, logging residues or mill residues. The group recognises that promotion of the use of wood will be required and that, in the words of the JLR, "(it wil be necessary to achieve a) revolution of consumers' minds by public relations"

For the full JLR report see: www.n-mokuzai.com/english.htm

Log and Sawnwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku
Meranti (Hill, Sarawak)	(Koku=0.278 m^3)
Medium Mixed	6,200⬆
Standard Mixed	6,400⬆
Small Log (SM60%, SSM40%)	6200⬆
Taun, Calophyllum, others (PNG)	8,000⬆
Mixed light hardwood, G3/4 grade (PNG)	-
Keruing MQ & up (Sarawak)	10,500
Kapur MQ & up (Sarawak)	8,900

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

Lumber, FOB	Yen per m^3
White Seraya (Sabah) 24x150mm, 4m, Grade 1	135,000
Mixed Seraya, Sangi 24x48mm, 1.8-4m, S2S	53,000

Wholesale Prices (Tokyo)

Indonesian & Malaysian Plywood	Size (mm)	Feb (¥ per sheet)	Mar
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	320	320
3.7mm (med. Thickness, F 4star, type2)	910 X 1820	450	450
5.2mm (med. Thickness, F 4star, type 2)	910 X 1820	560	560
11.5mm for sheathing (F 4star, type 2)	910 X 1820	880	890
12mm for foundation (F 4star, special)	910 X 1820	900	910
12mm concrete-form ply (JAS)	900 X 1800	850	870
12m coated concrete-form ply (JAS)	900 X 1800	950	970
11.5mm flooring board	945 X 1840	1100	1150
3.6mm baseboard for overlays (OVL)	1230 X 2440	740	740
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

Report from China

Emphasis on climate change

On March 5th, at the National People's Congress (NPC) and Chinese People's Political Consultative Conference (CPPCC), Primer Wen Jiabao outlined the work ahead for the government in 2010.

One focus for 2010 is to proactively address climate change. This will be done through developing low-carbon technology, extended use of efficient and energy-saving technologies, developing new and renewable energy sources and boosting the construction of a so-called 'intelligent power grid'.

Forestry activities are also to play a role. The target for additional afforestation, for boosting 'greening' efforts and improving forest carbon sequestration, is no less than 5.92 million ha. In addition, efforts will be made on the establishment of an industrial system and a consumption model featuring low carbon emissions. This is to achieve progress necessary to tackle climate change globally.

Timber prices forecast to rise

The 2010 plan shows that the national policy is tending towards a scaling down of domestic harvesting and domestic timber supply.

Growth levels in China's plantations of fast growing species peak at about the fifth year after planting and some

68 percent of the current plantations are at the early stage of growth. Analysts say that the main way China can quickly increase forest carbon sequestration is to reduce harvest levels in the plantations, thereby maintaining the forest cover.

International sources of timber are becoming tighter due to increasing awareness of the need for forest protection and changes in timber trade policies in supply countries. In recent years tropical supply countries have reduced their forest harvests and raw material exports and this has affected wood product output in China.

Timber consumption for domestic home decoration and furniture production is said to account for 65% of the enduses for wood in China. As the rate of house building accelerates in China, so does consumption of wood products. In a situation of declining domestic and international supplies but growing demand, price levels are set to climb and at some point substitutes for wood will gain market share.

New MDF standard

A new National Standard on Medium Density Fiberboard (revised) (GB11718-2009) will come into force on April 1, 2010. The Standard sets a revised level on formaldehyde release for MDF and will require some restructuring in the industry.

To aid the rapid adoption of the new standard, training courses and technical workshops have been held. The new standard was explained and presentations were made on the techniques and technologies that are available to meet the new standards. The MDF industry representatives at the workshop raised many concerns and there was a lively discussions and exchanges of views.

Heilongjiang log imports down

The latest statistics from Harbin Customs in Heilongjiang Province show that log imports via the cross border trade (called petty border trade in China) in 2009 declined by 40 percent. Analysts say this is because logs in the supply countries have become scarce.

In 2009, log imports in Heilongjiang Province totaled 5.6 million cu.m valued at US$ 670 million, down 31 percent in volume and 43 percent in value from 2008. Logs imported in December 2009 amounted to 4.5 million cu.m, down 6.5 percent compared with the same period in 2008.

Russia, the main log supply country to Heilongjiang Province, raised log export tariffs in 2007 and 2008. This tariff is now at around 25 percent, which translates to around US$18 per cu.m.

At the same time, the change in China's border trade policies and the introduction of a new tax, also had a huge impact on imports. The import tax paid by importers for goods entering via the 'pretty border trade' doubled.

This added considerably to the costs borne by enterprises in Heilongjiang Province and resulted in many enterprises ceasing operations.

Reports suggest that more than one third of the companies engaged in the cross border log import business have ceased operating. The statistics from Harbin Customs show that 2009 log imports to Heilongjiang province represented around 20 percent of the national total.

Guangdong furniture exports up

In the first two months of 2010, exports of furniture and parts from Guangdong Province surpassed the pre-crisis level. Furniture and parts exports amounted to US$ 1.81 billion, up 37 percent on the two months of 2009 and up 17 percent from the same period of 2008.

The latest statistics from Guangzhou Customs show that Guangdong's furniture and parts exports bottomed out in February 2009, when exports were only US$ 430 million. Furniture and parts exports in February 2010 alone were as high as US$ 790 million, up 84 percent on the same period of 2009.

The main markets for furniture and parts from Guangdong are, currently, the USA and Europe which together account for 55 percent of total export. Guangdong furniture exports to the ASEAN market in the first two months of 2010 amounted to US$ 250 million, up a dramatic 230 percent. Analysts point out that the stronger furniture and parts exports have stemmed from overseas distributors replenishing stocks. The China-ASEAN Free Trade Agreement has resulted in growth of exports to ASEAN countries.

Some furniture manufacturers, when interviewed, said that the growth in exports was also related to the restructuring undertaken by industry in the province and because greater attention was now given to updating designs.

However the industry reports that trade protectionism seems to be rising. The US continues to implement anti-dumping measures against China's furniture exports. Additionally, the recently amended EU rules on eco-labeling of solid wood or wooden furniture is challenging the competitiveness of the industry.

Even in the ASEAN market hurdles are being erected say industry. ASEAN domestic furniture manufacturers have been lobbying their governments to delay the implementation of zero tariff agreement in the free trade area, which would undermine China's furniture export potential.

Guangzhou City Imported Timber Market

Logs	Yuan per m^3
Lauan (50-60cm)	1600-1800↓
Kapur (up to 79cm)	2200-2200↑
Merbau 6m, (up to 79cm)	3500-4000
Teak	9000-10000↓
Wenge	5500-5800↑
Sawnwood	
Teak sawn grade A (Africa)	9300
US Maple 2" KD	7900-14500↑
US Cherry 2"	8000-13000↓
US Walnut 2"	9000-14500↓
Lauan	3600-3800↑
Okoume	4500-5000
Sapele	5800-6300↑

Shanghai Furen Wholesale Market

Sawnwood		Yuan per m^3
Beech KD Grade A		5600-5800↑
US Cherry, 25mm		4500-4600
US Red Oak, 50mm		9800-10050
Sapele 50mm FAS (Congo)		
	KD (2", FAS)	6000-6100
	KD (2",grade A)	5700-5800

Shandong De Zhou Timber market

Logs		Yuan per m^3
Larch	6m, 24-28cm diam.	1150↓
White Pine	6m, 24-28cm diam.	1200↓
Korean Pine	4m, 30cm diam.	1400
	6m, 30cm diam.	1500
Mongolian Scots Pine	6m, 30cm diam.	1200↓

Hebei Shijiangzhuang Wholesale Market

Logs		Yuan per m^3
Korean Pine 4m, 38cm+ diam		1700↑
Mongolian Scots Pine	4m, 30cm diam.	1250↑
	6m, 30cm+ diam.	1350↑
Sawnwood		
Mongolian Scots Pine	4m, 5-6cm thick	1450↑
	4m,10cm thick	1500↑

Zhejiang Jiashan Kaihua International Timber Market

Logs	Yuan per m^3
Okoume 80cm+	2900-3400
Sapele 80cm+	6000-6600
Wenge 80cm+	13000-14500
Sawnwood	
Doussie	3600-4000
European beech boules	3200-3400
Radiata	800-1200
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

Plywood shortage looms in the UK

After many months of limited forward buying, signs are that UK stocks of tropical hardwood plywood are now extremely low. With tight supplies and rising prices from all the main supply regions, concerns are mounting that significant shortages could emerge as consumption begins to pick up with rising construction activity in the spring.

Despite concerns of potential shortages and clear signs that recent price rises are likely to be eased, UK buyers have been slow to re-enter the forward market.

Various factors are to blame for this including: the weakness of the UK pound in currency markets; lack of credit availability; the generally risk-adverse business culture that has emerged in the wake of the financial crises; and lingering uncertainty over the prospects for construction activity during the rest of 2010.

This last factor is particularly aggravated in the run up to the UK's parliamentary elections – likely to be held in early May – the outcome of which will impact on the timing and depth of reductions in public expenditure.

Many UK plywood importers have been holding out for lower prices from tropical suppliers but are finding that shippers are unwilling to compromise, particularly now that demand is picking up in domestic and regional markets. Production costs in the producer countries have also risen over the last 12 months.

Log prices have increased, there are labour shortages (particularly in China) and the volatile methanol market has driven up glue prices.

The huge increase in freight rates over the last 6 months is another factor dampening demand for tropical plywood in the EU. This is encouraging some of the larger bulk importers of South East Asian plywood to shift away from containers in favour of break bulk. Nevertheless, lack of containers on the Asia-Europe route may well aggravate supply problems in coming months.

Ecobuild features alternatives to tropical plywood

Mounting problems in flow of tropical hardwood plywood imports, combined with continuing widespread misconceptions about the environmental credentials of tropical hardwoods, are seen as a major opportunity by alternative materials suppliers. These suppliers were out in force at the Ecobuild trade show held at Earl's Court in early March.

Having seen visitor numbers soar from less than 1,000 in 2005 to over 42,000 this year, Ecobuild has now overtaken Interbuild as the UK's leading construction industry fair. This rapid growth in Ecobuild, which showcases green building systems and materials, provides a very strong indication of the significance of sustainability issues in the UK construction sector.

The market position of hardwood plywood products was under assault from various directions at Ecobuild. A large crowd gathered at the Accsys Technologies stand, which owns the Accoya Wood brand, to see the launch of the world's first softwood-based panel modified for exterior use.

The Medite Tricoya panel was produced in Ireland and is the result of a partnership between Accsys and Coillte Panel Products.

According to Accsys representatives, preliminary tests of the products suggest they could have a service life of many decades in exterior applications and could therefore replace hardwood products in cladding, fascias, soffits, counter tops, door skins, and exterior furniture.

Meanwhile, UK-based 2K Manufacturing was pushing its Ecosheet exterior plywood replacement product manufactured from recycled plastic.

According to 2K, the product is tough, lighter than ply, impermeable to water, ideal for hoardings and concrete formworks and at the end of its useful life, 2K will come and pick it up, turn it into new boards and offer a rebate on future orders.

A wide variety of heat and chemically treated plantation softwoods products were on show specifically targeting market sectors currently occupied by tropical hardwoods.

Norway-based Kebony had a particularly large presence. The company, which opened a 25,000 cubic metre plant last year, is supplying Scots and Southern Yellow Pine and Maple which is pressure treated with a sugar cane derived alcohol to increase hardness and durability. This product is being promoted for the decking and cladding sectors.

On the other hand, some trends at Ecobuild point to new opportunities for tropical hardwoods. An increasing number of companies supplying both wood and non-wood products are emphasising life cycle analysis, carbon footprint and whole-life costing in their marketing.

The few studies of this nature carried out on tropical hardwoods suggest that they perform well when subject to unbiased objective assessment.

For example, tropical hardwood's natural durability means long life in use, greatly reducing the need for replacement and this goes hand-in-hand with lower financial and environmental costs across the entire life of the building.

In the run-up to the Ecobuild show, TRADA released a Construction Briefing calculating the carbon footprint of a range of wood products in the UK market including Iroko decking, Sitka Spruce preservative treated cladding, Swedish redwood timber frame and a green Oak timber frame.

The results indicate not only that all the wood products assessed have a positive carbon balance (they absorb more CO_2 during growth than they release during processing and delivery), but that the Iroko decking compared well against the domestic wood products.

TRADA highlight particularly that, due to the relative energy efficiency of containerised shipping, the carbon emissions from the transport wood products from Africa (Cameroon in the example) to the UK market make a relatively minor contribution to the overall carbon budget.

The TRADA Construction Briefing may be downloaded at:
http://www.trada.co.uk/downloads/constructionBriefings/CO2%20Calculated%20Values.pdf?hl=carbon+footprinting%2Ccarbon%2Ccarbons%2Cfootprinting%2Cfootprintings

End-of-life issues in the UK

The mounting importance of waste management and recycling in the UK construction sector was reinforced in presentations by UK joinery manufacturers to the London Hardwood Club during March.

Ian Purkis of Jeld-Wen UK and Pauline Kelly of EA Higginson & Co Ltd, told the meeting that joinery companies are anxious to reduce waste and recycle more to further improve their products' environmental profiles.

Wood product suppliers are increasingly required to express the environmental credentials of their products in terms of whole-life costing, thereby enabling comparison with competing products.

They noted that while emphasis has been placed on front-end issues such as forest certification, carbon footprint and responsible sourcing, further progress could be achieved by focusing on improving downstream elements of the life cycle – for example by developing products that may be more readily recycled and provision of recycling support services.

TTF tightens advice on palm core "plywood"

The UK Timber Trade Federation (TTF) has tightened up its advice on palm core plywood by asking members not to refer to the product as "plywood" but as "palm composite board".

The decision to issue more stringent advice, taken at the TTF's recent National Panel Products Division (NPPD) meeting, follows mounting concern over the product's lack of testing for structural use and fears of a potential failure if used in such applications.

Earlier advice issued by the NPPD advised plywood trade members to specify if their products contained a coconut or oil palm core.

The NPPD said "palm composite board" should be clearly marked on all packaging of palm-core products, until such time the panel can demonstrate they meet the European Standards for the definition of plywood.

Furthermore, the NPPD said any documentation and packing should make no reference to the term plywood, The NPPD also said the products should not be used in construction (structural or non-structural) until they could demonstrate testing evidence that they were fit for purpose. (*Source: TTJ*)

France commits to increased wood use

Despite the downturn in economic activity, some positive news is emerging from the French timber market. According to a recent article by Jean-François Guilbert of the French Timber organisation (published in the TTJ), both government and industry have bold plans for developing France's production and use of timber.

In May 2009, President Sarkozy announced that the building industry should increase wood consumption ten-fold. The construction sector already has to use a minimum of 2 cubic decimetres (dcm^3) of wood per m^2 built and this has been raised to $20dcm^3/m^2$, taking into account all wood products in a building.

This move partly reflects the positive carbon benefits associated with increased wood use, and partly a desire to increase utilisation of France's large domestic forest resource. In support of these objectives, the president announced establishment of a €100 mil. strategic fund to help increase timber sector competitiveness and boost French wood production capacity.

Guilbert notes that "despite the uncertain economic environment, the French wood industry, led by its many family businesses, is already responding to these ambitious targets. Companies have been investing in new capacity, new technology and product development. But there are still challenges ahead".

Guilbert also reports that for the past six years, timber construction has been growing at 8% annually in France and wood's sustainability credentials and image as a warm material have helped it gain market share for interior products.

But he also emphasised that these trends cannot be taken for granted; there is a continuing need to communicate the positive attributes of wood products and overcome misconceptions about the link between timber and deforestation.

He warns that while tropical wood will still be used, "concerns over illegal logging, boosted by pressure from environmental NGOs, will lead to growing demand for alternatives.

And, as they increase their use of wood modification processes, French and European producers will be able to meet demand, with local species processed to match the characteristics of tropical varieties".

He suggests that overcoming misconceptions and other barriers to market access will "require greater use of labelling and greater emphasis on environmental certification right the way through the production process to distribution, so end users are informed and their concerns dealt with".

Carrefour International du Bois fully booked

French government commitment to increase wood use is already boosting interest in this year's Carrefour International du Bois, France's largest timber show. The show was fully booked three months in advance of the event.

The exhibition, to be held in Nantes 2-4 June 2010, will feature about 500 exhibitors in four halls and is expected to attract 10,000 trade visitors from 60 countries. Prospective visitors can now register to attend by visiting www.timbershow.com.

Show features include the Timber Techniques and Solutions Area, which will present timber solutions for collective and social housing, renovations and where hardwoods fit in within timber construction systems.

Presentations explaining the progression of timber construction in France are also taking place. Carrefour will also host the second Research and Innovation in Timber gathering and the annual congress of the National Wood Energy Committee – focusing on Wood Energy in Industry.

The Netherlands Sawnwood Prices

FOB (Rotterdam)	US$ per m^3
Sapele KD	904⬇
Iroko KD	1045⬇
Sipo KD	1059⬇
DRM Bukit KD	946
DRM Seraya KD	953
DRM Meranti KD Seraya MTCC cert.	968
Merbau KD	1218
Sapupira (non FSC) KD	946
Sapupira (FSC) KD	1483
Anti-slip decking AD C&F Rotterdam	
Selangan batu	1483

UK Log Prices

FOB plus commission		€ per m^3
N'Gollon (khaya)	70cm+ LM-C	330-360
Ayous (wawa)	80cm+ LM-C	230-240
Sapele	80cm+ LM-C	310-330⬆
Iroko	80cm+ LM-C	310-350
African Walnut	80cm+ LM-C	320-350

UK Sawnwood Prices

FOB plus Commission	GB Pounds per m^3
Framire FAS 25mm	480-490
Sipo FAS 25mm	670-690
Sapele FAS 25mm	585-595
Iroko FAS 25mm	680-700
Wawa No.1 C&S 25mm	345-355
CIF plus Commission	
Tulipwood FAS 25mm	325-350⬆
Meranti Tembaga Sel/Btr (KD 2"boards)	520-540⬆
Balau/Bangkirai Decking	950-1000⬆
White Oak	550-600⬆

UK Plywood and MDF Prices

Plywood Panels 8x4", CIF	US$ per m^3
Brazilian WBP BB/CC 6mm	530-540⬆
Malaysian WBP BB/CC 6mm	510-530⬆
China (hardwood face, eucalyptus core) 18mm	380-390⬆
China (tropical hardwood face, poplar core) 18mm	340-360⬆

Report from North America

Pine lumber and moulding prices rising

According to the International WOOD Markets Group, plantation pine from the southern hemisphere represent about two-thirds of US softwood finished pine moulding consumption and 40% of industrial clear pine lumber used at US millwork plants.

Chile is the US' top supplier of clear pine lumber, pine mouldings as well as MDF mouldings. As a result of the disruption to timber production and shipping in Chile, caused by the February earthquake, prices for clear pine lumber and mouldings are rising fast.

Some prices have already gone up by 25-35% according to the consultancy International WOOD Markets.

While disruption to transport and production in Chilean mills is expected to impact US imports for some time, Chile's Arauco has restarted four of its seven sawmills, four of six manufacturing plants and two of four plywood plants.

The reconstruction of homes and buildings destroyed by the earthquake will naturally be the priority for the most of the output that would usually be destined for export.

Other large suppliers of clear pine and mouldings to the US market are New Zealand, Brazil and Mexico. US imports from all countries have declined in the last two years due to the poor housing market and the weakness of the US dollar.

This means short term gaps in supply from Chile could be filled from other countries and from increased US production, if log inventories and mill scheduling allow it.

New US biomass crop programme rules

The Biomass Crop Assistance Program (BCAP) is intended to promote the development of bioenergy technologies and production by subsidising the raw material supply needed to support the sector.

The programme originally included subsidies for wood residues, which would have had a significant negative impact on manufacturers of particleboard and fibreboard.

The US Department of Agriculture has now removed sawmill residues from eligibility, so there will be no direct benefits to sawmills who may have otherwise received subsidies. The BCAP will not be active until the final regulations are approved, this is likely in mid 2010.

Canada to increase domestic wood demand

The poor state of the Canadian forest industry has had a major impact on sector employment and on communities who depend for work on the timber industry.

Low demand for many wood products, the strength of the Canadian dollar against the US dollar and competition from countries like China and Brazil has led to mill closures and production cuts across Canada.

One way of increasing wood demand is to promote wood use where it can substitutes for non-wood products, such as concrete or steel. Provincial and municipal governments across Canada have started to pass laws that require the use of wood in government-funded buildings.

The province of British Columbia passed the Wood First Act into law in 2009, which specifies that wood has to be used as a primary building material for all buildings funded by the province. Seven cities in British Columbia have done the same with regards to municipal buildings.

Quebec and New Brunswick are looking to implement similar legislation for government buildings. Quebec is also planning to increase the use of wood as an appearance material (interior and exterior surface materials) in construction and renovation projects on public buildings.

The government is working on extending this policy to other parts of Canada, and programmes to develop a culture of wood among architects, designers and engineers in Canada and the US are being expanded.

US Timber prices

	Jan	Feb
	US$ per cu.m	US$ per cu.m
Ipe (Brazil) Decking Premium Grade AD 1x6, FOB Belem	2075	2100
Ipe (Brazil) Decking Premium Grade AD 5/4x6, FOB Belem	2100	2200
Jatoba (Brazil) No.1Common & Better AD, FOB Belem	850	850
Jatoba (Brazil) No.1Common & Better KD, FOB Belem	n/a	n/a
Khaya (Cote d'Ivoire) FAS KD, FOB Abidjan	745	730
Khaya (Ghana) FAS KD, FOB Takoradi	835	850
Sapele (Cameroon) FAS AD, FOB Douala	670	720
Sapele (Cameroon) 4/4 to 8/4 FAS KD, FOB Douala	800	860

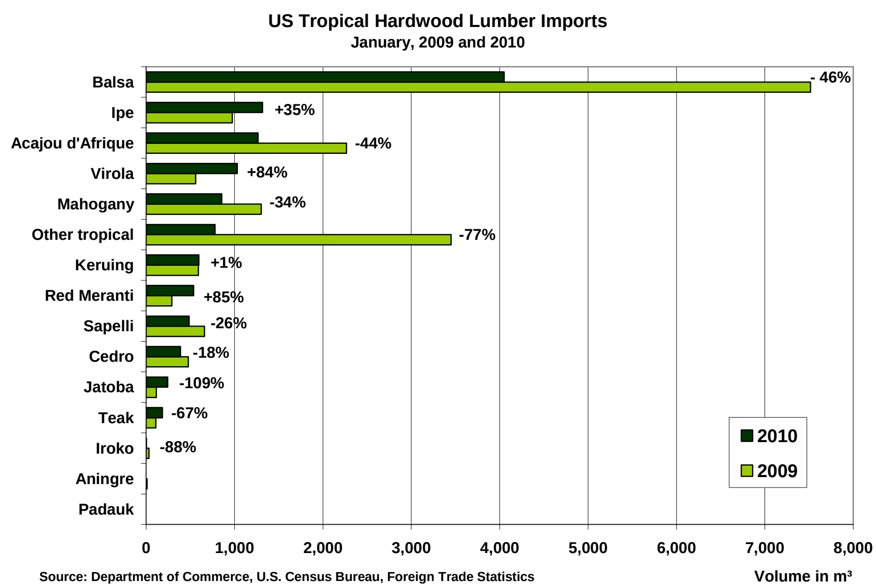
Average March prices will be provided in the mid April report.

US imports of tropical timber

January 2010 imports of tropical lumber do not yet show any pickup in demand in the US. Compared with year-to-date 2009, however, several species were imported at similar or higher volumes this January, including Ipe, Virola, Keruing and Red Meranti.

January 2010 imports of hardwood moulding were worth US$14.8 million, down by 4% compared to January 2009. Jatoba moulding imports were US$1.7 million (-8%), Ipe mouldings US$571,000 (-9%) and Cumaru mouldings US$517,000 (+31%).

Hardwood flooring imports fell by 63% to US$1.1 million in January 2010 compared to the same month in 2009. January imports from China, the largest supplier, dropped by 84%, while imports from Brazil and Malaysia held steady from January 2009.



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.

According to the Statistics Centre of Abu Dhabi, the average prices of building materials for the month of February revealed an 8% increase in flat steel for the month of February with prices rising to AED 2,700 per tonne against AED 2,500 per tonne in January, 2010.

Red timber, white wood, white plywood and red teak faced plywood prices showed small dips except for small red timber Keruin from Malaysia, which registered an 8% rise from AED 60 for a sheet to AED 65.
http://steelguru.com/news/index/MTM3NDE2/Building_material_prices_in_Dubai_up_by_8pct_in_February.html

Buoyed by increased exports and imports, Port Botany's (Sydney, Australia) container volumes reached over 159,000 TEU in January 2010, an increase of 10.7% on the same month last year. Key export commodity growth has come from paper products (up 36.5%) chemicals (up 14.7%) and demand for local timber products remained strong (up 39.6%).
http://tandlnews.com.au/2010/03/09/article/Sydneys-container-trade-keeps-growing-regardless/ZYHHCSHIBU.html

China's authorities, apparently trying to allay rising complaints about housing prices and an urban land selling spree, decided to close door on State-owned enterprises purchasing land and engaging in property development. More than 70 State-owned firms are being ordered to unwind their real estate business, once their current development projects are completed.
http://english.peopledaily.com.cn/90001/90776/90882/6924396.html

Liberia's rainforests, once ravaged for blood timber sold to fund one of Africa's bloodiest civil wars, are being primed as a lucrative and legal industry using cutting-edge tracking technology.

One by one an electronic tag -- similar to bar codes used on consumer products -- is attached to trees in the thick woodlands covering 45 percent of the West African nation, a painstaking process that will allow consumers to trace the end-product right back to the stump.
http://www.google.com/hostednews/afp/article/ALeqM5jXryXEP_hc-R96TiqQR4rflIYhTA

On March 9, Prime Minister Nguyen Tan Dung of Vietnam declared a freeze on leasing forest land to foreign investors. The PM instructed the Ministry of Planning and Investment to lead a working group including the Ministry of Agriculture and Rural Development, the Ministry of Natural Resources and Environment and other agencies to inspect the licensing of foreign-invested projects in the fields of forestry and aquaculture and the actual implementation of those projects.
http://english.vietnamnet.vn/interviews/201003/General-warns-against-turning-over-forests-to-foreign-investors-898370/

The potential of Argentina's timber industry is apparent. Out of 20 million cubic meters (26 million cubic yards) of wood stock, only 10 million are harvested for timber. Ninety-five percent of Argentina's timber comes from planted forests, and 1.2 million out of an available 5 million hectares (2.7 of 12.4 million acres) are planted.

The greatest challenge for the timber sector is stimulating production in order to take advantage of the world's growing demand for timber
http://www.americasquarterly.org/node/1367

Top experts attending the ongoing triennial meeting of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) will consider how best to regulate trade in wild plants and products made out of them.

Musical instruments, cancer medicines, emulsions, polishes, gums, cosmetics and many other products contain wild plants protected by CITES, including the big-leaf mahogany.
http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=348830&version=1&template_id=36&parent_id=16

Vice Gov. Renato Laurinaria of Sorsogon, the Philippines, is urging farmers and landowners in the province to grow bamboo because of its potential as a cash crop.

Its versatile qualities make bamboo not only a material for chopstick-making, poles, furniture, handicrafts, fishing gears and housing, among others, but mainly a source vegetable that would generate good income for growers due to its demand from both the domestic and international market, according to the vice governor.
http://businessmirror.com.ph/index.php?option=com_content&view=article&id=22893:sorsogon-exec-hails-bamboo-as-a-cash-crop&catid=53:agri-commodities

With increased consumption in China and rising freight charges, imported timber has become costlier by at least 10 per cent over the past six months in India. Freight charges for importing timber, from Malaysia, New Zealand and African countries, rose by eight to 10 per cent in the past two quarters.

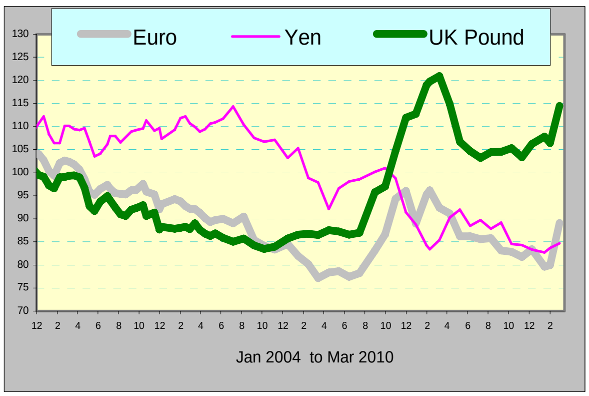
In addition, a two per cent raise in excise duty is pushing prices of plywood, another wood family construction and furniture material, though its manufacturers are finding it difficult to pass on the rise to end-users.
http://www.business-standard.com/india/news/timber-imports-10-costlierrising-freight-rate-demand/387941/

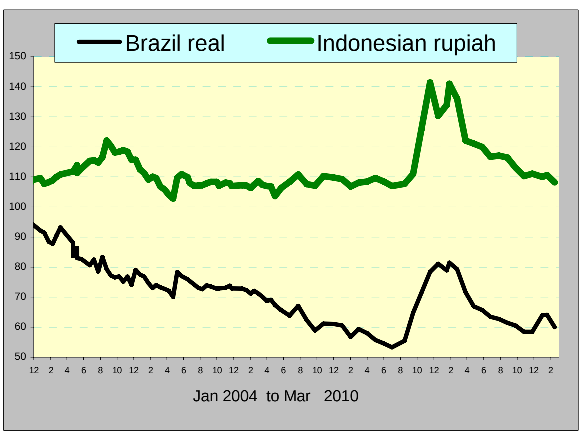
Main US Dollar Exchange Rates

As of 27th March 2010

Brazil	Real	1.8225
CFA countries	CFA Franc	491
China	Yuan	6.8270
EU	Euro	0.7454
Indonesia	Rupiah	9116
Japan	Yen	92.52
Malaysia	Ringgit	3.3080
Peru	New Sol	2.8401
UK	Pound	0.671

Exchange rates index (Dec 2003=100)

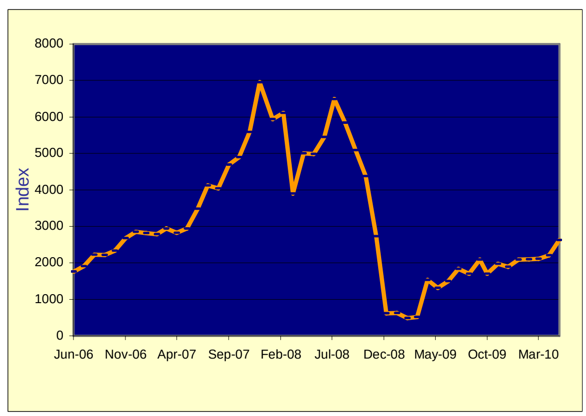




Abbreviations and Equivalences

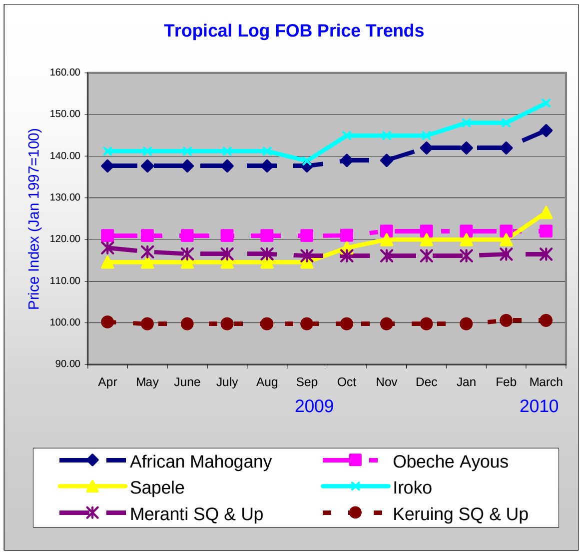
LM	Loyale Merchant, a grade of log parcel
QS	Qualite Superieure
CI, CE, CS	Choix Industriel, Economique or Supplimentaire
FOB	Free-on-Board
CIF; CNF	Cost, insurance and freight; Cost and freight
KD; AD	Kiln Dry; Air Dry
Boule	A log sawn through and through, the boards from one log are bundled together.
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



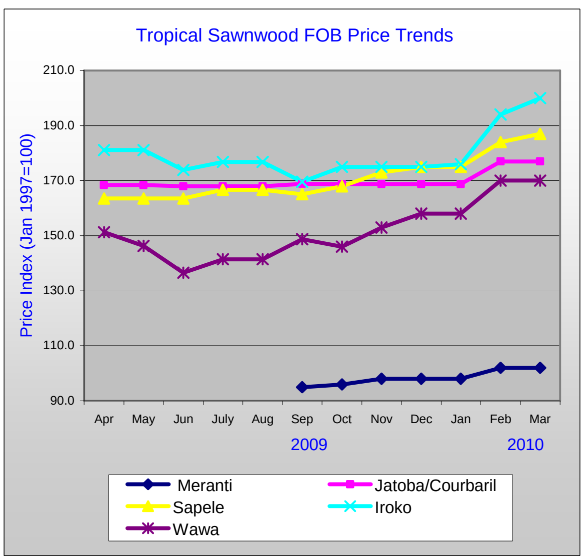
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

Tropical Log Price Trends

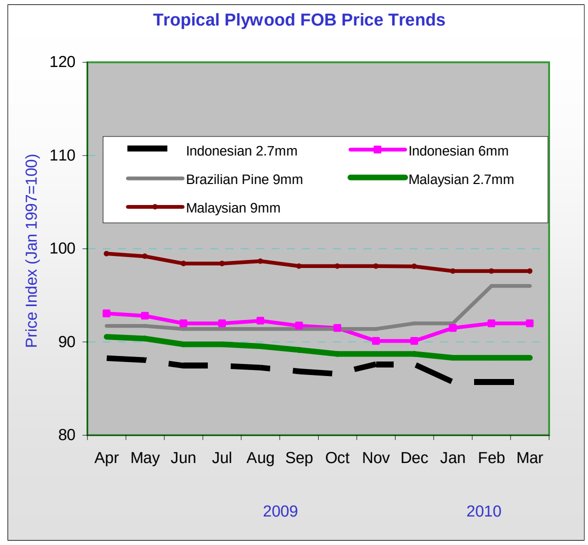


More price trends in Appendix 4, ITTO's Annual Review http://www.itto.or.jp/live/PageDisplayHandler?pageId=199

Tropical Sawnwood Price Trends



Tropical Plywood Price Trends



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