

# Tropical Timber Market Report

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### **South Korea set antidumping duties on Malaysian plywood**

South Korea has imposed preliminary antidumping duties on Malaysian plywood imports. The South Korean Trade Commission (KTC) opened a dumping investigation after receiving a petition from the Korean Wood Panel Association that some plywood manufacturers in Malaysia are selling their products below the production cost and so hurting local South Korean plywood manufacturers. The plywood market in South Korea valued at US\$584 million in 2009.

Imposed duties range from 5.11% to 33.81% on plywood imports from Malaysia. These preliminary antidumping duties are in effect until a formal ruling is made within the next 5 months.

Some Malaysian plywood manufacturers expressed the fear that the Japanese government may follow the South Korean example and impose antidumping duties on Malaysian plywood.

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## Report from Central/West Africa

### Timber trade firming

After a short quiet trading period while importers assessed their mid-year stock and forward position, the log market has become active once more. China has resumed regular purchases from Cameroon, Congo Brazzaville and smaller volumes are also being gathered from Equatorial Guinea and Democratic Republic of Congo.

Because of reduced exports of some heavy hardwood sawnwood from Brazil and other South American exporting countries, there has been a welcome increase in demand from European importers for iroko, which has raised both log and sawnwood prices.

Sapele is also in good demand and sawnwood output has been increased to cope with the higher level of orders. Prices for sapele logs and sawnwood are up and firming.

Sipo sawnwood has experienced some increase in demand as European importers are now more comfortable to rebuild their stocks in preparation for the expected improved demand over the second half of the year.

Whilst housing starts in Europe have not yet recovered, there is better demand for hardwoods from a more active renovation and home improvement sector. As importers' stocks are low, this sector is the main reason for recently improved demand for tropical hardwoods. In addition, prices for West and Central African timbers are still very reasonable in comparison with some American and European temperate hardwoods.

### Lack of investments in sawn mill business

Some exporters are still hoping that the government of Gabon will review the log export ban. However, the authorities in Gabon have indicated that all logs remaining in the port must be removed.

Sawmills in the region have strong order books. However, there has not been any news on investments to increase production capacities for sawnwood or downstream products. The market failures experienced over the past two years have discouraged investors from diversifying production.

Moreover, the continued uncertainty over the Gabon situation is not conducive for investors to make any long-term expansion plans. Also, uncertainty means that the importers are unable to assess the future raw material supplies for their in-country processing industries.

### Incentive to obtain full certification

When the new EU import regulations on illegally harvested timber imports come into force in 2012, they will work as an incentive to African timber producers to obtain full certification.

Consumers in EU, however, must be prepared to meet higher prices due to costs of the certification process.

### West Africa Log Prices

West Africa logs, FOB	€ per m <sup>3</sup>		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	205	205	153
Ayous/Obéché/Wawa	190	190	145
Azobe & Ekki	205	205	122
Belli	210↓	210↓	-
Bibolo/Dibétou	145↑	130	-
Bubinga	600	530	390
Iroko	245	235	190
Okoume (60% CI, 40% CE, 20% CS) (China only)	230	-	-
Moabi	275↑	275↑	190↓
Movingui	180	150	140
Niove	130	130	-
Okan	315↑	315↑	-
Padouk	365↑	340↑	235
Sapele	240↑	220	170↑
Sipo/Utile	270	250	200
Tali	260	260	114
	C1	CE	CS
Okoume	170	160	120

### West Africa Sawnwood Prices

West Africa sawnwood, FOB	€ per m <sup>3</sup>
Ayous FAS GMS	300
Okoumé FAS GMS	370
FAS. fixed sizes	340
Std/Btr GMS	275
Sipo FAS GMS	475
FAS fixed sizes	-
FAS scantlings	490
Padouk FAS GMS	540
FAS scantlings	500↑
Strips	300
Sapele FAS Spanish sizes	390↑
FAS scantlings	460
Iroko FAS GMS	480↑
Scantlings	500↑
Strips	350
Khaya FAS GMS	380
FAS fixed	380↓
Moabi FAS GMS	475↑
Scantlings	440
Movingui FAS GMS	325↑

## Report from Ghana

### Call for review of utility tariff

The Ghana timber industry has added its voice to others who are demanding a downward review of the utility tariff which was recently raised by the Public Utility Regulatory Commission.

At a meeting between the Ghana Timber Millers Organisation and the Timber Workers Union in Accra, the millers claimed that the higher tariffs leave them no other option but to lay off workers in order to stay in business.

The timber operator's call came at a time when the Trades Union Congress has urged the government to reset the previous tariff levels.

According to the timber industry, sharp increases in the industry's major costs, especially in electricity tariffs, have resulted in some closures in timber sector over the past 5 years. In addition, the industry has suffered from operational taxes such as the National Reconstruction Levy and high interest rates.

The timber industry in Ghana contributes about 7% to GDP and it is the fourth biggest industry in terms of export revenues.

### Inflation eases to single digit

According to the Ghana Statistical Service, Ghana's inflation fell to 9.52% in June 2010, down 1.16 percentage points from May 2010. Inflation has now declined for the 12th consecutive month.

Consequently, the Monetary Policy Committee decided to reduce its Policy Rate to 13.5%, the fourth consecutive cut since November 2009.

In another development, the commercial banks in the country have followed the Policy Rate and reduced their lending rates for businesses.

### Ghana Log Prices

Ghana logs, domestic	US\$ per m <sup>3</sup>	
	Up to 80cm	80cm+
Wawa	130-140↑	145-165↑
Odum Grade A	160-170	175-185
Ceiba	100-110	120-140
Chenchen	85-100	105-120
Khaya/Mahogany (Veneer Qual.)	100-115	120-145
Sapele Grade A	135-150	160-175
Makore (Veneer Qual.) Grade A	125-135	140-166

### Ghana Export Sawwood Prices

Ghana Sawwood, FOB	€ per m <sup>3</sup>	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	855	-
Asanfina	500	552
Ceiba	210	266
Dahoma	315	390
Edinam (mixed redwood)	400	440
Emeri	350	414↑
African mahogany (Ivorenensis)	563	690
Makore	520	585
Niangon	490↑	620
Odum	630	690
Sapele	530	590
Wawa 1C & Select	250	295

Ghana sawwood, domestic	US\$ per m <sup>3</sup>	
Wawa 25x300x4.2m	255↑	
Emeri 25x300x4.2m	310	
Ceiba 25x300x4.2m	212↑	
Dahoma 50x150x4.2m	282↑	
Redwood 50x75x4.2m	315↑	
Ofram 25x225x4.2m	310	

### Ghana Veneer Prices

Rotary Veneer, FOB	€ per m <sup>3</sup>	
	CORE (1-1.9mm)	FACE (<2mm)
Bombax	315	350
Ofram, Ogea & Otie	318↑	355
Chenchen	315	350
Ceiba	320	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 <sup>3</sup>
Ceiba	274↑
Chenchen	305↑
Ogea	300
Essa	290↑
Ofram	300

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afrormosia	1.19	1.00
Asanfina	1.40	0.80
Avodire	1.12	0.70
Chenchen	1.25	0.63
Mahogany	1.25	0.70
Makore	1.20	0.63
Odum	1.80	1.10↑

### Ghana Export Plywood Prices

Plywood, FOB B/BB	€ per m <sup>3</sup>			
	Redwood		Light Wood	
	WBP	MR	WBP	MR
4mm	560	465	500	380
6mm	340	345	335	320
9mm	365	325↑	295	285
12mm	300	305	286↑	283↑
15mm	310	290	280	285
18mm	300	285	285	280

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	13.93	17.82
Afrormosia	13.72	18.22	17.82

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

Mouldings (FOB export)	€ per m <sup>3</sup>
Dahoma grade 1	492
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

### Upward trend in timber product exports

The exports of timber and timber products from Malaysia reached RM8.5 billion in the period from January to May 2010, 17.4% higher than the RM7.3 billion recorded in the same period last year. The Malaysian government expressed confidence in reaching the timber product export target of RM22 billion for the current year.

### South Korea set antidumping duties on plywood

South Korea has imposed preliminary antidumping duties on imported Malaysian plywood. The South Korean Trade Commission (KTC) opened a dumping investigation after receiving a petition from the Korean Wood Panel Association that some plywood manufacturers in Malaysia are selling their products below the production cost and so hurting local South Korean plywood manufacturers. The plywood market in South Korea valued at US\$584 million in 2009.

Imposed duties range from 5.11% to 33.81% on plywood imports from Malaysia. These preliminary antidumping duties are in effect until a formal ruling is made within the next 5 months.

Some Malaysian plywood manufacturers expressed the fear that the Japanese government may follow the South

Korean example and impose antidumping duties on Malaysian plywood.

### Malaysia's trade with South Korea

Plywood is one of the main exports from the East Malaysian state of Sarawak and the plywood antidumping duties imposed by the South Korean government are anticipated to have a significant impact on plywood production in the state. The Malaysian Deputy Prime Minister visited South Korea recently addressing the issue of bilateral trade, amongst others.

Malaysia's foreign trade with South Korea contracted from US\$15.1billion (RM49.83billion) in 2008 to US\$11.7billion (RM38.61billion) in 2009.

However, there are signs that bilateral trade between the two countries is recovering. From the beginning of the year trade has soared 47% over the last year's level reaching now US\$6.6 billion. South Korea is Malaysia's sixth largest trading partner and seventh largest export destination.

### Shortage of labour clouds the furniture sector

At the recent Malaysia Furniture and Furnishing Fair 2010 (MF3), the Ministry of Plantation Industries and Commodities announced that the current exhibition is expected to generate RM50 million in sales compared to RM45 million in 2009.

Furniture exports from Malaysia are projected to reach RM7.4 billion, a 20% increase from 2009 with RM6.2 billion.

Meanwhile, the furniture industry in Malaysia is losing millions of dollars in revenue as it struggles to overcome the shortage of manpower, a crucial factor in the labour intensive furniture industry which depends heavily on foreign workers. This, in turn has forced furniture manufacturers to operate below capacity which is causing international buyers to turn to other countries to fulfil their purchasing requirements.

A roundtable discussion between various ministries will take place to address the problem of foreign labour shortage in Malaysia.

### Market forecast – increase in prices

Rainy weather and a recent increase in fuel prices pushed Malaysian timber product prices up during the past few weeks.

After a slight downturn, freight costs are expected to rise significantly between 10% to 20%. In addition, manufacturers are worried about how to adjust product prices to reflect the increased costs without undermining their marketing.

As a result of rising fuel prices, logging operators are also expected to raise harvesting charges as the work is highly dependent on heavy machinery.

### Log Prices

Sarawak log, FOB	US\$ per m <sup>3</sup>
Meranti SQ up	235-260↑
Small	218-249↑
Super small	213-237↑
Keruing SQ up	223-235↑
Small	206-236↑
Super small	187-217↑
Kapur SQ up	213-238↑
Selangan Batu SQ up	199-236↑

Pen. Malaysia logs, domestic (SQ ex-log yard)	US\$ per m <sup>3</sup>
DR Meranti	243-262↑
Balau	305-334↑
Merbau	337-369↑
Rubberwood	73-107↑
Keruing	224-240↑

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 <sup>3</sup>
DR Meranti	398-434↑
White Meranti A & up	287-317↑
Seraya Scantlings (75x125 KD)	438-451↑
Sepetir Boards	255-277↑
Sesendok 25,50mm	349-367↑
Kembang Semangkok	309-332↑

Malaysian Sawnwood, domestic	US\$ per m <sup>3</sup>
Balau (25&50mm,100mm+)	329-349↑
Merbau	462-514↑
Kempas 50mmx(75,100 & 125mm)	263-303↑
Rubberwood	
25x75x660mm up	218-268↑
50-75mm Sq.	257-289↑
>75mm Sq.	279-308↑

### Plywood Prices

Malaysia ply MR BB/CC, FOB	US\$ per m <sup>3</sup>
2.7mm	413-475
3mm	393-423
9mm & up	340-412

Meranti ply BB/CC, domestic	US\$ per m <sup>3</sup>
3mm	337-428
12-18mm	320-349

### Other Panel Prices

Malaysia, Other Panels, FOB	US\$ per m <sup>3</sup>
<i>Particleboard</i>	
Export 12mm & up	232-255↑
Domestic 12mm & up	219-236↑
<i>MDF</i>	
Export 15-19mm	286-317↑
Domestic 12-18mm	276-294↑

### Added Value Product Prices

Malaysia, Mouldings, FOB	US\$ per m <sup>3</sup>
Selagan Batu Decking	544-554↑
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	559-571↑
Grade B	511-521↑

### Furniture and Parts Prices

Malaysia, Rubberwood, FOB	US\$ per piece
Semi-finished dining table solid laminated top 2.5'x4', extension leaf	65-81↑
As above, Oak Veneer	72-86↑
Windsor Chair	64-66↑
Colonial Chair	62-67↑
Queen Anne Chair (soft seat) without arm	63-70↑
with arm	62-71↑
Chair Seat 27x430x500mm	50-55↑

Rubberwood Tabletop	US\$ per m <sup>3</sup>
22x760x1220mm sanded & edge profiled	
Top Grade	585-618↑
Standard	569-589↑

## Report from Indonesia

### Proposal to extend moratorium on conversion of peatlands

The Indonesian government has prepared draft legislation to extend the 2-year moratorium on conversion of peatlands by an additional 3 years. The proposed 5-year moratorium would affect the palm oil sector which has been clearing and draining peatlands to expand plantations. As the 2-year moratorium on new permits to convert natural forests remains, there might be an increasing risk that the Indonesian palm oil plantation companies increase demand to clear natural forests when the moratorium covering natural forests is lifted as the moratorium on peatlands would still have three years to run.

The initial 2-year moratorium on conversion of peatlands is said to be insufficient to address sustainable peatland management and so substantially reduce greenhouse gas emissions. According to the draft legislation, the government will re-examine all peatland concession permits, including existing ones.

There are over 21 million hectares of peatlands in Indonesia: 8 million hectares in Papua province, 7.2 million hectares in Sumatra and 5.8 million hectares in Kalimantan. It is estimated that Indonesia's peatlands contain 46 gigatonnes of carbon.

### Rattan industry under threat

The Indonesian Rattan Foundation (YRI) claims that inadequate rattan export policies and declining demand for Indonesian rattan products may threaten the existence of the rattan furniture and handicraft industry in Indonesia.

The international rattan product market was valued at around US\$100 billion in 2008 and US\$104 billion in 2009. However, Indonesia was only able to generate export revenues of US\$2.6 billion and US\$2.3 billion in 2008 and 2009 respectively.

YRI added that the number of rattan processing units continues to drop. In addition, the ban on raw rattan exports has affected the lives of 2.3 million rattan collectors and farmers. The domestic industry processes between 30,000 to 40,000 tonnes of rattan per year, while

the industry has a production capacity for close to 700,000 tonnes per year, says YRI.

Rattan is said to have a potential to generate revenues up to US\$4 billion per year, providing jobs for about 5 million people.

### Expansion of paper and pulp industry

The Indonesian Ministry of Industry revealed that the government is considering expansion of the paper and pulp industry into Eastern Indonesia, including Papua. Currently, the Indonesian paper and pulp industry is concentrated mainly in Western Indonesia.

Indonesia is the ninth largest pulp producer and eleventh largest paper producer in the world. A total of 14 pulp manufacturers have a capacity to produce 7.9 million tonnes of pulp a year, and 81 paper manufacturers' production capacity is 12.17 million tonnes of paper.

In 2009, pulp production in Indonesia reached 6.52 million tonnes and paper production totalled 9.31 million tonnes.

### Log Prices (domestic)

Indonesia logs, domestic prices	US\$ per m <sup>3</sup>
Plywood logs	
Face Logs	196-239↑
Core logs	177-210↑
Sawlogs (Meranti)	187-248↑
Falcata logs	154-188↑
Rubberwood	66-90↑
Pine	169-208↑
Mahoni (plantation mahogany)	477-505↑

### Sawnwood Prices

Indonesia, construction material, domestic	US\$ per m <sup>3</sup>
Kampar (Ex-mill)	
AD 3x12-15x400cm	186-205↑
KD	206-240↑
AD 3x20x400cm	227-250↑
KD	229-258↑
Keruing (Ex-mill)	
AD 3x12-15x400cm	241-255↑
AD 2x20x400cm	229-247↑
AD 3x30x400cm	211-230↑

### Plywood Prices

Indonesia ply MR BB/CC, FOB	US\$ per m <sup>3</sup>
2.7mm	399-456↑
3mm	356-397↑
6mm	335-377↑

### MR Plywood (Jakarta), domestic

	US\$ per m <sup>3</sup>
9mm	257-268
12mm	249-259
15mm	238-252

### Other Panel Prices

Indonesia, Other Panels, FOB	US\$ per m <sup>3</sup>
<i>Particleboard</i>	
Export 9-18mm	223-232↑
Domestic 9mm	201-213↑
12-15mm	193-204↑
18mm	184-196↑
<i>MDF</i>	
Export 12-18mm	256-269↑
Domestic 12-18mm	238-249↑



### Added Value Product Prices

Indonesia, Mouldings, FOB	US\$ per m <sup>3</sup>
Laminated Boards	
Falcata wood	303-316▲
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	492-526▲
Grade B	448-469▲

### Report from Myanmar

#### Mixed market signals

During the second half of July, some traders in Myanmar reported that the market demand for teak, pyinkado and Gurjan logs remains sluggish as China, among others, is placing smaller orders. Shipments in July were down compared to last month but some increase was recorded towards the end of the month.

Analysts suggest that there are some teak dealers in India who are selling the previous year's SG-7 (ER1) teak logs at very low prices while other dealers are selling fresh stocks at higher prices. This is said to be causing some confusion in the Indian market.

#### Country-wise purchases during July

Country-wise purchases of Myanmar hardwoods during July 2010 were as follows: Singapore (2 buyer, 85 Hoppus tons) and Thailand (3 buyers, 283 Hoppus tons). In the domestic markets there were four buyers and the timber sales totalled the amount of 214 Hoppus tons.

#### Myanmar log prices (natural forest logs)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
Veneer Quality	Jun	Jun
2nd Quality	6,600 (3 tons)	6,669 (3 tons)
3rd Quality	6,388 (5 tons)	6,437 (4 tons)
4th Quality	5,009 (10 tons)	4,370 (11 tons)
Sawing Quality		
Grade 1 (SG-1)	3,095 (38 tons)	3,249 (36 tons)
Grade 2 (SG-2)	2,633 (45 tons)	2,566 (29 tons)
Grade 3 (SG-3)	nil	nil
Grade 4 (SG-4)	2,042 (210 tons)	1,590 (223 tons)
Grade 5 (SG-5) Assorted	1,206 (124 tons)	1,443 (121 tons)
Grade 6 (SG-6) Domestic	1,040 (112 tons)	1,127 (102 tons)
Grade 7 (ER-1)	839 (77 tons)	919 (107 tons)
Grade 8 (ER-2)	591 (8 tons)	nil
Short Logs 6 ft. / 7 ft.	nil	nil

Hoppus ton=1.8m<sup>3</sup>; 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.

### Report from India

#### Exports of plywood and panels

While overall Indian exports are registering growths of around 30% that is not the case with wood-products. Continuous weak demand in North America and Europe is said to be the reason for the poor export performance of the wood products sector.

Nevertheless, last year's wood product export levels are expected to be maintained. Indian exporters are continuously making efforts to expand their markets.

#### Exports of plywood and panels from India between April 2009 and March 2010 (US\$ million)

Export Performance	April 08 - May 09	April 09 - May 10
Cork & Cork products	1.8	1.5
Hard board of wood fiber	13.1	15.2
Other articles of wood	86.2	88.6
Plywood and products	38	40.1
Sandalwood chips	2.7	2
Tea chest panel	0.1	0.1
Veneer	26.6	25.5
Wooden furniture	269.6	282.7
TOTAL	438.1	455.7

#### Teak auction sales in Central India

Auction sales in various depots of Madhya Pradesh continued. The total sales of teak logs were around 4000-5000 cu.m. The average teak log prices at the latest auctions were as follows:

Girth in cms.	Length	Av. price per cft.
41 to 60	2 to 3 metres	Rs.950 to 1000▲
61 to 75	"	Rs.1000 to 1050▼
76 to 90	"	Rs.1100 to 1150▼
90 and up	"	Rs.1200 to 1500
41 to 60	3 to 4 metres	Rs.1000 to 1050▼
61 to 75	"	Rs.1100 to 1150▼
76 to 90	"	Rs.1200 to 1250▼
90 and up	"	Rs.1500▼

The monsoon season has still not started in Central India and thus more log auctions are expected to be held as logging can continue and the supply from the forest is good.

As the monsoon season continues in Western India, the Forest department and NGOs are implementing tree planting programmes. This year the programme seems to be particularly popular in terms of number of participants, perhaps due to increased environmental awareness in India.

**CNF Plantation Teak**

	US\$ per m <sup>3</sup>
Tanzania Teak sawn	710-760
Ivory Coast logs	450-500↓
PNG logs	450-500
El-Salvador logs	325-350
Guatemala logs	375-400
Ghana logs	425-450
Benin logs	425-450
Brazil squares	375-395↓
Togo logs	325-350
Ecuador logs	275-300
Costa Rica logs	350-375↓
Panama logs	300-325

Variations exist based on lengths and average girths of logs in a parcel. Prices also vary with measurement allowances given for bark and sap in different countries of origin.

**India Sawnwood Prices (domestic)**

Sawnwood (Ex-mill)	Rs. per ft <sup>3</sup>
Myanmar Teak (AD)	
Export Grade F.E.Q.	4500-5000↓
Plantation Teak A grade	2000-3600↑
Plantation Teak B grade	1800-3000↑
Plantation Teak C grade	1350-1500

**India Sawnwood Prices (imports)**

Sawnwood, (Ex-mill) (AD)	Rs. per ft <sup>3</sup>
Merbau	1200
Balau	900↓
Kapur	825↓
Red Meranti	550↓
Bilinga	650
Radiata Pine (AD)	340-350

Sawnwood, (Ex-warehouse) (KD)	Rs. per ft <sup>3</sup>
Beech	950↓
Sycamore	1000↓
Oak wood	1100↓
American Walnut	1800↓
Hemlock clear grade	1000↓
Hemlock AB grade	850↓
Western Red Cedar	1250

**India Plywood Prices**

Plywood, (Ex-warehouse) (MR Quality)	Rs. per sq.ft
4 mm	26.5
6 mm	35.0
12 mm	51.0
15 mm	61.0
18 mm	74.0

Locally Manufactured Plywood "Commercial Grade"	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.9.50	Rs.16.50
6mm	Rs.14.00	Rs.24.00
8mm	Rs.17.50	Rs.27.00
12mm	Rs.21.50	Rs.29.00
18mm	RS.27.00	Rs.39.00
5mm Flexible ply	Rs.17.50	Rs.21.00

**Report from Brazil****Tropical timber exports remain dull**

In June 2010, exports of timber products (except pulp and paper) increased by 19% from US\$173 million in June 2009 to US\$206 million.

Exports of tropical sawnwood decreased in terms of both volume and value, from 40,400 cu.m in June 2009 to 38,500 cu.m in June 2010 and from US\$18.6 million to US\$17.9 million. This translates to a 4.7% decrease in volume and a 3.8% decrease in value.

Exports of tropical plywood decreased from 11,000 cu.m in June 2009 to 8,700 cu.m in June 2010, representing a 21% decline. In value terms, the drop was 16%, from US\$5.8 million to US\$4.9 million.

Pine sawnwood exports dropped 12% in June 2010 compared to the June 2009, from US\$ 11.4 million to US\$ 12.8 million. In terms of volume, exports decreased 3.5% from 57,500 cu.m to 55,500 cu.m over the period.

The value of pine plywood exports jumped 109.8% in June 2010 compared to the level in June 2009, from US\$17 million to US\$37 million. Export volumes increased by 36% during the period, from 71,900 cu.m to 97,600 cu.m.

For wooden furniture, the value of exports rose by 10.5% compared to the level in June 2009 to US\$47 million in June 2010.

**Furniture industry forecasts growth in 2010**

The reduction of the tax on industrial products from 10% to 5% has encouraged the furniture sector, according to the Brazilian Furniture Industry Association (ABIMÓVEL). The tax reduction is expected to generate a 10% growth in the sector for this year.

In 2008, Brazilian production of wood furniture reached R\$22 billion. In 2009, sales fell 18% to about R\$18 billion due to the global economic crisis. ABIMÓVEL expects that the furniture sector achieves the 2008 performance this year. In December 2009, the sector already experienced some recovery. According to ABIMÓVEL, sales rose 13% and mills increased their production from 70% to 85% of the total production capacity.

The largest trade fair of wood-furniture industry suppliers in Latin America, the "ForMóvil", was held in São Paulo between 27-30 July. The fair brought together about 750 exhibitors from around thirty countries representing sectors such as machinery, raw materials, components, decorative accessories and services.

### Brazilian furniture exports pick up

Brazilian furniture exports in the first half of 2010 totalled US\$ 368 million. Argentina was the major importer at US\$55 million, representing a 106% increase over the same period of last year. Second biggest importer was the US at US\$ 44 million importing 7.5% less than in the same period last year, followed by France (US\$ 38.7 million) a 16% increase in the period.

Santa Catarina, the main furniture exporting state in Brazil, increased its exports by 11.4%, totaling US\$ 126.5 million which represents 34.4% of the total Brazilian furniture exports.

Rio Grande do Sul exported US\$96 million in the first half of 2010, accounting for 26% of the total furniture exports from Brazil. The United Kingdom was the main importer with US\$15 million, accounting for 15% of the state's total exports, followed by Argentina with US\$11 million, a 10% share of the total furniture exports. Exports from Rio Grande do Sul to the US decreased by 7%, now accounting for 6% of the state's total furniture exports.

São Paulo exported 31% more in the first half 2010 compared to the same period last year, totaling US\$ 65.2 million and constituting about an 18% share of the total exports of Brazilian furniture. Paraná exports rose by 29% in the first half of the year, accounting for 14% of the Brazilian total furniture exports. Minas Gerais had the highest growth in furniture exports with 121% increase in the first half, however, Minas Gerais furniture exports represent only 3.9% of the Brazilian total furniture exports.

### Timber product prices

The price average of timber products in Brazil increased slightly from the last fortnight. However, the prices quoted in the US dollars fell due to a slight depreciation of Brazilian currency against the US dollar.

### Satellite monitoring of concessions

The Brazilian Forest Service (SFB) and the National Institute for Space Research (INPE) signed a technical cooperation agreement to monitor logging in forest concession areas. The implementation is planned to start in forest concessions of the National Forest of Jamari and Rondônia by the end of 2010.

SFB will use satellite images provided by INPE to monitor whether companies are logging only in authorised forest areas according to forest management plans. INPE has also started a remote sensing training programme in digital image processing for the Forest Service technicians.

Based on satellite monitoring and spatial information, SFB will be able to identify timber yards and forest roads opened for timber transportation within the forest management unit, as well as any logging outside the designated area.

### Timber companies' concerns in Pará

In the period from January to May 2010, wood product exports from Pará increased 10% compared to the same period last year. Timber product exports totalled 161,000 tonnes, US\$161 million in value.

However, producers are not satisfied with the numbers because exports are still 50% lower than recorded in 2008, before the economic crisis. The timber companies believe that as the US house construction sector recovers from the crisis, demand for tropical timber from Pará will grow.

Besides the continued economic depression, another factor causing weak export performance is the appreciation of the Brazilian Real against the US dollar. To ease the situation, Brazilian timber companies have requested the government to address the problems of raw material shortage and excess bureaucracy on timber operations.

### Economic growth remains stable

According to the Brazilian Institute of Geography and Statistics (IBGE), the Consumer Price Index (IPCA) of June 2010 remained unchanged at 0.43%. The pace of inflation has eased from the first months of the year but is still well above 0.36% recorded in June 2009. The record low for the IPCA was chalked up in June 2006 when there was a 0.21% deflation.

In an attempt to keep inflation within the target range, the Copom (Economic Policy Committee) raised the prime interest rate (Selic) by 0.5 percentage points to 10.75% per year. The prime interest rate was already raised by 0.75 percentage points in June.

In June 2010, the average exchange rate was BRL 1.81/US\$, while it reached BRL 1.96/US\$ in the same month of 2009, which shows increasing appreciation of the Brazilian Real against the US dollar over the period.

### Brazil Log Prices (domestic)

	US\$ per m <sup>3</sup>
Brazilian logs, mill yard, domestic	
Ipê	146
Jatoba	104
Guariuba	68↓
Mescla (white virola)	75

### Brazil Export Sawnwood Prices

	US\$ per m <sup>3</sup>
Sawnwood, Belem/Paranagua Ports, FOB	
Jatoba Green (dressed)	832↑
Cambara KD	479↑
Asian Market (green)	
Guariuba	267↑
Angelim pedra	621↑
Mandioqueira	232
Pine (AD)	195↑
Brazil sawnwood, domestic (Green)	US\$ per m <sup>3</sup>
Northern Mills (ex-mill)	
Ipê	698
Jatoba	533↓
Southern Mills (ex-mill)	
Eucalyptus (AD)	186↓
Pine (KD) 1st grade	238↓



### Brazil Veneer Prices

Veneer, Export (Belem/Paranagua Ports) FOB	US\$ per m <sup>3</sup>
White Virola Face 2.5mm	297▲
Pine Veneer (C/D)	210▲

Rotary cut Veneer, domestic	US\$ per m <sup>3</sup>
(ex-mill Northern Mill)	Face Core
White Virola	254▼ 211▼

### Brazil Plywood Prices

Plywood, FOB	US\$ per m <sup>3</sup>
White Virola (US Market)	
5.2mm OV2 (MR)	490▲
15mm BB/CC (MR)	421▲
White Virola (Caribbean market)	
4mm BB/CC (MR)	525▲
12mm BB/CC (MR)	422▲

Pine Plywood EU market, FOB	US\$ per m <sup>3</sup>
9mm C/CC (WBP)	291▲
15mm C/CC (WBP)	274▲
18mm C/CC (WBP)	263▲

Plywood, domestic (ex-mill Southern mill)	US\$ per m <sup>3</sup>
Grade MR (B/BB) White Virola 4mm	885▲
White Virola 15mm	645

Domestic prices include taxes and may be subject to discounts.

### Other Brazil Panel Prices

Belem/Paranagua Ports, FOB	US\$ per m <sup>3</sup>
Blockboard Pine 18mm 5 ply (B/C)	315▲
<i>Domestic Prices, Ex-mill Southern Region</i>	
Blockboard White Virola faced 15mm	552▼
Particleboard 15mm	354

### Brazil Added Value Products

FOB Belem/Paranagua Ports	US\$ per m <sup>3</sup>
Edge Glued Pine Panel	
Korean market (1st Grade)	664▲
US Market	493
Decking Boards	
Cambara	611▲
Ipê	1,609▲

## Report from Peru

### National export quota for mahogany

The Agricultural Ministry (MINAG) approved the national export quota for mahogany (*Swietenia macrophylla*) for a total of 720 trees coming from 19 forest concessions with verified Annual Operating Plans (POAs). The quota came into effect from 23 July and will be in effect for the next 12 months.

The approved quota is based on a report assessing the mahogany situation in Peru. The assessment was prepared by the National Agricultural University of La Molina which is also the scientific authority for the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) in Peru.

The report recommends that the national sustainable export quota for mahogany is 831 trees a year. The report also suggests that the timber is harvested only from the forests with approved POAs, declaring standing trees, sustainable annual harvest, density of seed trees and regeneration operations.

### Peru Sawnwood Prices

Peru Sawnwood, FOB Callao Port	US\$ per m <sup>3</sup>
Mahogany S&B KD 16%, 1-2" random lengths (US market)	1698-1745
Spanish Cedar KD select	
North American market	918-922
Mexican market	897-921
Pumaquiro 25-50mm AD	Mexican market 532-586

Peru Sawnwood, FOB Callao Port (cont.)	US\$ per m <sup>3</sup>
Virola 1-2" thick, length 6'-8' KD	
Grade 1, Mexican market	312-364▲
Grade 2, Mexican market	248-265
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 <sup>3</sup>
Spanish Cedar AD Select Mexican market	887-909
Virola 1-2" thick, length 6'-13' KD	
Grade 1, Mexican market	299-330▲
Grade 2, Mexican market	249-264
Grade 3, Mexican market	139-152
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	214-232▲

Peru sawnwood, domestic	US\$ per m <sup>3</sup>
Mahogany	887-923
Virola	54-72
Spanish Cedar	268-321
Marupa (simarouba)	61-75

### Peru Veneer Prices

Veneer FOB	US\$ per m <sup>3</sup>
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 <sup>3</sup>
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 (Iquitos mills)	US\$ per m <sup>3</sup>
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 <sup>3</sup>
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 <sup>3</sup>
Cabreuva/estoraque KD12% S4S, Asian market	1348-1444
Cumaru KD, S4S Swedish market	788-897
Asian market	1083-1265
Cumaru decking, AD, S4S E4S, US market	934-1133
Pumaquiro KD # 1, C&B, Mexican market	423-511
Quinilla KD, S4S 2x10x62cm, Asian market	502-527
2x13x75cm, Asian market	712-779

Chairs FOB Arica Port	\$ Avg Per piece
Ipe (US market)	47-178
Roble/Oak (UK market)	49-83
Parquet Flooring 3/4"x3-5"x1-7', FOB Arica Port	\$ Avg un. val. Per m <sup>3</sup>
Jatoba (US market)	1244-1300↑
Ipe (South Korea and EU Market)	900-1845
Cumaru (US market)	1018

### Report from Bolivia

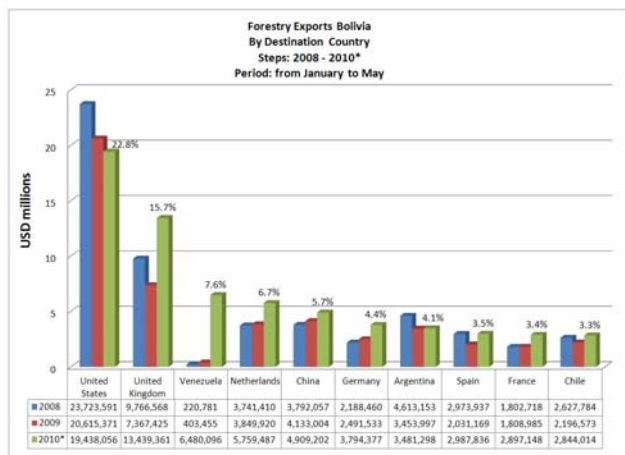
#### Forest product exports

Forest product exports from Bolivia totalled US\$85 million in the period from January to May 2010, up 31% from US\$65 million in the same period last year.

Furniture, doors, panels, decking (as well as peeled chestnut and canned palm hearts) account for 81% of the total forest product exports, while the remaining 19% consists of primary processed wood products, such as sawnwood and poles.

The US remains the major market for Bolivian forest products taking some US\$19.4 million, which accounted for 23% of the total forest product exports from Bolivia. Other major export destinations were the UK (US\$13.4 million), Venezuela (US\$6.7 million), the Netherlands (US\$5.8 million) and China (US\$4.9 million).

#### Wood product export destinations in Jan - May 2009/2010



#### Bolivia Sawnwood Prices

Sawnwood 1-3"x3x5"x7-19', FOB Arica Port	US\$ per m <sup>3</sup>
Tajibo / Ipe (Spain and US Market)	860-980
Paquió / Jatobá (KD)	950
Cedro / Spanish Cedar (US Market)	901

#### Bolivia Added Value Product Prices

Doors 13/4"x36"x96", FOB Arica Port	Avg \$ per piece
Yesquero / Jequitiba (US Market)	230↑
Ochoó / Hura, Possumwood, Assacu (US Market)	264
Yesquero / Jequitiba (US Market)	90-130

### Report from Guyana

#### Market Trends

During the period under review, there were no exports of greenheart logs. Prices for purpleheart logs decreased in all grades while prices for mora logs remained firm. The slowdown in log exports is due, say analysts, to the active domestic housing sector which has increased local demand for processed wood products.

Prices for both dressed and undressed sawnwood gained during the period under review. Greenheart undressed sawnwood prices in select and merchantable grades experienced significant increases to US\$730 and US\$700 per cu.m respectively. However, mora undressed sawnwood prices remained stable.

Dressed greenheart prices picked up during this fortnight period reaching US\$996 per cu.m and similarly dressed sawnwood ipe (Washiba) and undressed red cedar (Cedro) attracted high average prices of US\$1,600 per cu.m and US\$1,009 per cu.m respectively.

Baromalli plywood trade was brisk and prices picked up. Also splitwood prices were buoyant reaching as high as US\$1,225 per cu.m.

Exports of value added products have been good and this has contributed significantly to total export earnings. The products such as handicrafts, doors, outdoor garden furniture and wooden utensils have been mainly exported to the Caribbean market. Species used for value-added products include crabwood, greenheart, kabukalli (Goupia glabra), red cedar and simarupa (Simaruba amara).

#### Guyana's responds to US Lacey Act

The revised US Lacey Act (1 April 2010) includes an expanded product coverage list covering many of the products currently exported by Guyana to the US.

The responsibility of ensuring legality rests on the US importer, however, the exporters are required to document compliances at every stage of the process from harvest to export. The test of illegality/legality is done in accordance with compliance with each country's laws, in Guyana's case, Guyana's forest laws.

The Guyana Forestry Commission (GFC) in collaboration with the United States Forest Service and USAID, facilitated the US Lacey Act expert team. The team made a mission to Guyana on 13-15 July 2010 to engage with stakeholders, share information and answer questions raised over the Act. The team visited four locations across the country and met with various stakeholders including

exporters, potential exporters, forest concession holders, sawmillers and different wood product manufacturers.

As part of the implementation of Lacey Act, the GFC has improved the Guyana's national log tagging and tracking system by upgrading it with a bar coding technology. The GFC outlines that the key concession and environmental monitoring tools in operation include the Code of Practice and the log tracking system. Additionally, GFC reports that it has 25 forest monitoring stations located at strategic control points across the country and 10 additional mobile monitoring units. According to the GFC, Guyana has also developed a Legality Assurance System that will be the platform to engage with relevant partners and possible international systems.

In order to improve detection and prevention of illegal logging and illegality in shipments and trade of wood products in Guyana, a "Legality, Monitoring and Extension Unit" has been established within the GFC, with assistance from ITTO. In addition, ITTO has also supported the GFC in a project aimed at identifying specific areas for strengthening the national log tracking system.

Additionally, the GFC has initiated several other programmes to strengthen forest legality as well as sustainable forest management in Guyana. The GFC has expressed that collectively, these systems and procedures along with others that are being implemented, will give Guyana's forest product exporters to the US (and other destinations with similar legal requirements like the Lacey Act), a strong basis for continued and improved trade relations.

**Guyana Log Prices**

Logs, FOB Georgetown		SQ - \$ Avg unit value per m <sup>3</sup>		
		Std	Fair	Small
Greenheart		-	-	-
Purpleheart		200-240↓	170-210↓	150-200↓
Mora		120	115	110

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

**Guyana Sawwood Prices**

Sawwood, FOB Georgetown		\$ Avg unit val. per m <sup>3</sup>	
		Undressed	Dressed
EU and US markets	Greenheart Prime	636	-
	Standard	-	650-996↑
	Select	575-730↑	-
	Sound	577-649	-
	Merchantable	575-700↑	-
Purpleheart	Prime	-	-
	Standard	-	700-764↓
	Select	763-827	-
	Sound	-	-
Mora	Prime	-	-
	Select	500	-
	Sound	-	-
	Merchantable	400	-

**Guyana Plywood Prices**

Plywood, FOB Georgetown Port			\$ Avg unit val. per m <sup>3</sup>
Baromalli	BB/CC	5.5mm	-
		12mm	405-515
	Utility	5.5mm	-
		12mm	405-475↑

**Drop in plywood imports**

The total plywood supply in Japan during May was 480,545, up 28% from May 2009 but 9% less than recorded in April 2010. May plywood imports declined 11.8% from previous month to 266,300 cu.m. From the beginning of the year, plywood imports from Malaysia and Indonesia are at the same level compared to last year while imports from China are 71% more.

Log shortages in the producing countries and the resultant increase in plywood prices are the main factors for low tropical plywood supply and the market in Japan is not ready to accept the increased prices. The Japan Lumber Reports (JLR) forecasts further declines in plywood imports in coming months.

**May and cumulative plywood imports from the beginning of the year 2010**

	May 2010 (cu.m)	% change on May-09	Jan-May 2010 (cu.m)	% change Jan-May 2009 to 2010
Malaysia	130,898	26.9	626,378	4.2
Indonesia	71,263	-1.1	363,608	0.3
China	52,983	101	242,824	70.5
New Zealand	4,215	17.2	16,313	28.4
Canada	687	167.3	2,282	22.1
Others	6,280	95.3	26,983	52.9
<b>Total imports</b>	<b>266,325</b>	<b>27.6</b>	<b>1,278,388</b>	<b>12.3</b>

Source JLR

**Market for imported plywood remains subdued**

The JLR is reporting that demand for imported plywood remains subdued despite low inventories. Topical plywood prices experienced some increases in all categories during the period under review.

The average market price for imported 3x6 concrete formboard is now Yen 925 per sheet delivered. Prices for 3x6 coated concrete formboard are at Yen 1,080-1,120 per sheet and for 2x6 at Yen 830-950 per sheet.

**New housing certification scheme**

JLR reports that a new housing certification scheme, Life Cycle Carbon Minus house (LCCM), will start operating next year. LCCM has been initiated by the Japanese Ministry of Land, Infrastructure and Transport and it is planned to assess a buildings' life cycle greenhouse gas emissions from construction to demolition.

The main challenge for the life cycle scheme is to assess emissions from building material manufacturing. To address this, the Ministry of Land, Infrastructure and Transport is developing a valuation tool and database. For example, wood will be valued depending on its origin and for this purpose domestic production and processing sites will be investigated to update the database with average emissions for various origins.

As the valuation tool is under development, the question remains, how the scheme will consider imported timber products?

### Ten years of forest certification

Forest certification in Japan started back in 2000 when Hayami Ringyo acquired FSC (Forest Stewardship Council) certification as the first Japanese timber company. Since then, the SGEC (Sustainable Green Ecosystem Council) was established to meet the requirements of Japanese forestry. In 1999, the PEFC (Program for the Endorsement of Forest Certification) Europe began and has grown to be the world's largest forest certification system. These are the three forest certification schemes operating in Japan.

Up until 2004, the pace of industry acquisition of certification was fast as increasing demand for certified products was foreseen. However, demand for certified products did not pick up as expected and the price premium for certified goods was too small to cover the expenses of certification.

In 2009 the rate of acquisition of certification increased. In many cases traders and floor manufacturers are obtaining both FSC and PEFC together with Chain of Custody of SGEC. This means that these companies can take advantage of demand for any kind of certification system in the market. However, the various certification systems in use in the market confuse consumers who are requesting a single system, says the JLR.

### Log and Sawwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku (Koku=0.278 m <sup>3</sup> )
Meranti (Hill, Sarawak)	
Medium Mixed	6,500▲
Standard Mixed	6,700▲
Small Log (SM60%, SSM40%)	6,500▲
Taun, Calophyllum, others (PNG)	8,000
Mixed light hardwood, G3/4 grade (PNG)	-
Keruing MQ & up (Sarawak)	10,500
Kapur MQ & up (Sarawak)	9,600▲

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

Lumber, FOB	Yen per m <sup>3</sup>
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)	Jun	Jul
		(¥ per sheet)	
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	890	910
12mm for foundation (F 4star, special)	910 X 1820	940	970
12mm concrete-form ply (JAS)	900 X 1800	890	920
12m coated concrete-form ply (JAS)	900 X 1800	1090	1090
11.5mm flooring board	945 X 1840	1200	1250
3.6mm baseboard for overlays (OVL)	1230 X 2440	740	740
<b>OSB (North American)</b>			
12mm foundation of roof (JAS)	910 X 1820	-	-
9mm foundation for 2 by 4 (JAS)	910 X 2440	-	-
9mm conventional foundation (JAS)	910 X 2730	-	-
9mm conventional foundation (JAS)	910 X 3030	-	-

### China adjusts export tax rebates

According to the Ministry of Finance and the State Administration of Taxation, China removed export tax rebates on 406 items effective from 15 July 2010.

The commodities that will no longer enjoy export tax rebates include certain steel products, non-ferrous processed metal products, silver powder, alcohol, corn starch, crop protection products, medicine, chemicals, plastic products, rubber and related products. These goods used to have tax rebate rates ranging from 5% to 17%. Wood products are still enjoying export tax rebates as means to promote them as green alternatives.

The export tax rebate removal is aimed at restricting the export of "high-pollution, high-energy consumption and resource-dependent" products in order to accomplish energy and emission reduction targets during the Five-Year Plan period (2006-2010).

### National forest industry statistics 2009

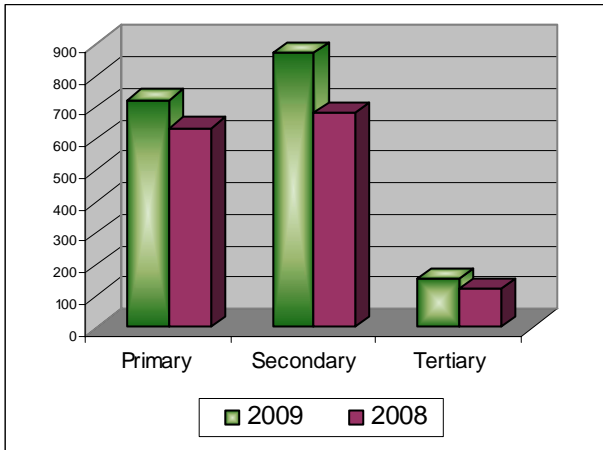
The State Forestry Administration, the State Development and Reform Commission, the Ministry of Finance, the Ministry of Commerce and the State Administration of Taxation have jointly published the Plan for the Revitalization of the Forest Industry 2010-2012. The publication introduces and employs the 2009 forest industry statistics.

According to the statistics, the total value of national forest industry output was RMB1.75 trillion in 2009, up 21% compared to the year 2008. The average growth rate of the output has been about 20% every year since 2001.

Of the total output value, a share of 41% representing RMB723 billion came from the primary forest industry (mainly non-wood forest products), a 14% increase over the output in 2008. The secondary forest industry (mainly SPWPs and bamboo products) accounted for 50% of the total output value with RMB872 billion, up 28% from 2008. Tertiary forest industry (mainly tourism and recreation) accounted for 8.9% of the total with RMB155 billion, up 28% from previous year.



**Forest industries' production outputs in China 2009/2008 (RMB billion)**



In the primary forest industry, the output value of the plantation and collection industry including fresh and dried fruits, tea, Chinese medicine products and forest food was the largest with RMB390 billion, accounting for 54% of the total primary industry output. In 2009, the output value of bamboo continued to increase reaching a 9.8% share of the total, which translates to RMB70.9 billion in value. However, the output of timber declined 13% from the level recorded in 2008 to 71 million cu.m in 2009. The value of timber output was RMB76.4 billion accounting for 11% of the national total.

In the secondary forest industry, the proportion of output value of the timber and bamboo processing industry including sawnwood and wood-based panels was the biggest with 45%, representing RMB393 billion in value. In 2009, the output of logs was 65 million cu.m, down 13% from the previous year, while the output of sawnwood was 32 million cu.m, up 14% from 2008. The output of wood-based panels reached 115 million cu.m, a 23% increase from 2008. The wood-based panel production was mainly concentrated in eight provinces: Jiangsu, Henan, Shandong, Hebei, Guangxi, Fujian, Anhui and Guangdong. The total wood-based panel output of these provinces was 86.9 million cu.m, accounting for 76% of the national total. The output of wood flooring recorded 378 million square metres, staying at the 2008 level. The province with the largest flooring output was Zhejiang with around 72 million square metres.

In the tertiary forest industry, the proportion of output value of forest tourism and recreation services was the biggest with 62%, representing RMB96.5 billion in value.

The forest industry statistics of 2009 show that the structure of forest industry has changed from the ratio of 66:30:4 for primary, secondary and tertiary production in 2001, to the ratio of 41:50:9 in 2009. Out of all forest industries, the wood and bamboo pulp&paper industry, wood and bamboo furniture industry, and forest tourism and recreation services are growing fastest, at the annual rate of 41%, 40% and 40% respectively.

According to the statistics, the output value in 10 provinces in east China accounted for 47% of the national total, in 6 provinces in central China 21%, in 12 provinces in west China 2%, and in northeast China 11%. There were 9 provinces with the total forestry output value exceeding RMB80 billion in 2009. The top provinces were Guangdong, Fujian and Zhejiang.

The total allocated forest sector financing for 2009 was RMB137 billion, 37% more than in 2008. Some RMB135 billion of forestry finance was completed in 2009.

**Mixed price trends in 2009**

According to the forest industry statistics of 2009, there was no common trend for log and major wood product prices in the market. The average prices in 2009 were as follows: logs RMB564 per cu.m, down 15.4% from last year; bamboo RMB7 per piece; sawnwood RMB1,017 per cu.m, down 6.2%; wood chips RMB661 per cu.m, up 3.3%; wood flooring RMB121 per square metre, up 1.7%; plywood RMB1,774 per cu.m, down 3.3%; hardboard RMB1,503 per cu.m, up 23.3%; MDF RMB1,439 per cu.m, up 2.1%; particle board RMB1,151 per cu.m, up 4.8%.

**B.C. logs to be shipped year-round into China**

The Fujian Entry-Exit Inspection & Quarantine Bureau has announced that a trade agreement on Canadian BC Province Logs to China was recently signed between the Chinese and Canadian governments. In the agreement, the import period of Canadian logs to China has been extended from 7 months to a whole year, in order to meet the growing demand from timber processing companies in Fujian Province. The arrangement is also favourable for Fujian companies in terms of more flexible log import planning and reduced storage costs.

The former trade agreement signed in 2008 prohibited log imports from Canadian BC Province between May to September because of the pest risks. During that period, Fujian timber processing companies were left without Canadian hemlock, spruce and Douglas fir logs.

More on BC logs:

<http://www.vancouverun.com/business/China+opens+door+logs/3253233/story.html>

**Log imports through Zhangjiagang surge**

Log imports through the Zhangjiagang sea port during the first half of 2010 jumped 21% to a total of 1.8 million cu.m. Log imports valued US\$504 million, a 53% hike over the same period in 2009. Of the total log imports, 1.7 million cu.m were shipped in bulk and 60,800 cu.m in containers, up 19% and 82% respectively from the same period in 2009.

According to analysts, there are two main reasons for the surge in log imports:

- Malaysian timber traders increased exports to China due to the low demand in developed countries. The total import value of Southeast Asian timber rose 7% from the first half of 2009;

- Domestic demand for tropical timber and wooden products has increased steadily in line with China's economic recovery.

#### Guangzhou City Imported Timber Market

Logs	Yuan per m <sup>3</sup>
Lauan (50-60cm)	1900-2100
Kapur (up to 79cm)	2000-2100
Merbau 6m, (up to 79cm)	3500-4000
Teak	11000-13000
Wenge	5200-5300
<b>Sawnwood</b>	
Teak sawn grade A (Africa)	9300
US Maple 2" KD	7500-10000
US Cherry 2"	10000-13000
US Walnut 2"	14000-15500
Lauan	5500
Okoume	4500-5000
Sapele	6300-6500

#### Shanghai Furen Wholesale Market

Logs	Yuan per m <sup>3</sup>
Teak (Myanmar, all lengths)	7500-8500
<b>Sawnwood</b>	
Beech KD Grade A	4900-5000
US Cherry, 1 inch	9500-10000
US Red Oak, 50mm	6500-7000
Sapele 50mm FAS (Congo)	
KD (2", FAS)	6500-6600
KD (2", grade A)	5500-5800

#### Shandong De Zhou Timber market

Logs	Yuan per m <sup>3</sup>
Larch 6m, 24-28cm diam.	1200
White Pine 6m, 24-28cm diam.	1280
Korean Pine 4m, 30cm diam.	1350
6m, 30cm diam.	1450
Mongolian Scots Pine 6m, 30cm diam.	1320

#### Hebei Shijiazhuang Wholesale Market

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

#### Zhejiang Jiashan Kaihua International Timber Market

Logs	Yuan per m <sup>3</sup>
Okoume 80cm+	2900-3400
Sapele 80cm+	6000-6600
Wenge 80cm+	13000-14500
<b>Sawnwood</b>	
Doussie	3600-4000
European beech boules	3200-3400
Radiata	800-1200
<b>Plywood</b>	
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](http://www.forestry.ac.cn)

### Report from Europe

#### Latest EU data shows no pick up in tropical hardwood imports during 2010

The latest EU-wide trade data indicates that imports of hardwoods from less developed countries (LDCs) remained at an extremely low level during the first quarter of 2010. During this period, European imports of

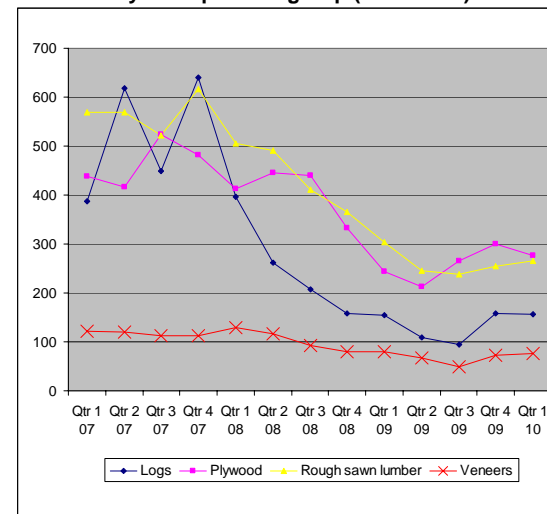
hardwood logs, sawnwood, plywood and veneers from LDCs totalled no more than 775,000 cu.m. This is almost equivalent to the volume recorded in the first quarter of 2009, a year when total European imports of LDC hardwood products fell by over 40%. The total value of EU imports of these commodities during the first quarter of 2010 was actually down 12% compared to the same period in 2009.

The significant decline in the unit value of EU imports of LDC hardwoods during 2009 seems surprising given clear indications of rising prices for many tropical hardwood products from mid-2009 onwards in response to declining availability. To some extent, the overall unit value figures are distorted by their inclusion of eucalyptus logs (significant but rather inconsistent volumes of these very low-value "hardwood" logs are imported by Portugal and Spain from Uruguay every year to supply the paper sector). However, the decline in unit value in the hardwood sawn and plywood data may also indicate that European importers and manufacturers are switching to lower grade and cheaper raw materials in an effort to cut costs during the recession. The figures certainly underline previous reports suggesting that tropical hardwood shippers seeking to push through CIF price increases in Europe this year have continued to come up against firm resistance from European importers.

The continuing weak hardwood import performance in the first quarter of 2010 is all the more disappointing as it seems to confirm that the apparent upturn in European buying in the last quarter of 2009 was not a response to any real improvement in European consumption. Rather, as many suspected, it seems to have been the result of short-term efforts by importers to fill gaps in heavily depleted stocks at a time when CIF prices seemed set to rise.

According to the data, European imports of hardwood sawnwood, logs and veneers from LDCs made very little ground in the first quarter of 2010 compared to the last quarter of 2009. Imports of hardwood plywood from these countries actually showed a quarter-on-quarter decline.

#### EU 25 quarterly imports of hardwoods from developing countries by main product group (1000 cu.m)



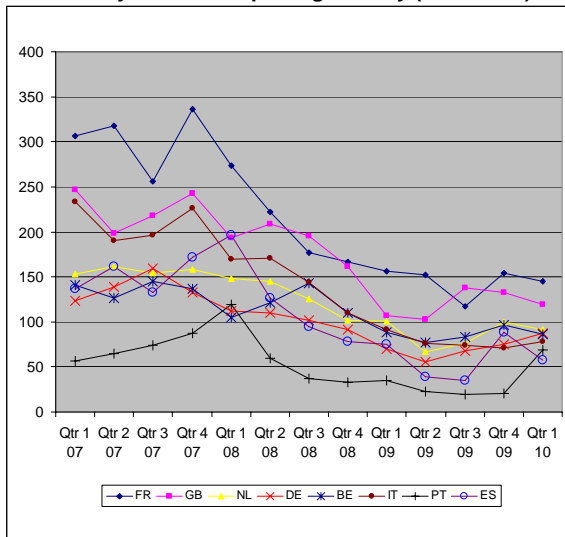
Source Eurostat / BTS Ltd

### Imports by main EU importing countries

Imports of LDC hardwood products by France, the UK, Netherlands, and Belgium were slightly weaker in the first quarter of 2010 compared to the last quarter of 2009. The best that can be said for Italy's imports is that they appear, at last, to have hit bottom in the final quarter of 2009 and showed some slight signs of upward movement in the first quarter of 2010. Of all large European buying countries, only Germany seems to be showing signs of a sustained increase in imports of LDC hardwood products. This is in line with GDP data which indicates that the economy in Germany is bouncing back more vigorously than in other European countries.

The rather volatile data for Spain and Portugal needs careful interpretation because it is strongly influenced by eucalyptus log imports from South America. Spain experienced a spike in these imports in the last quarter of 2009 while Portugal experienced a similar spike in the first quarter of 2010. If the eucalyptus numbers are removed, the data suggests that Spain's imports of hardwoods from LDCs improved slowly in the first quarter of 2010 while Portugal's imports continued to flat-line.

**EU 25 quarterly imports of hardwoods from developing countries by main EU importing country (1000 cu.m)**



Source Eurostat / BTS Ltd

### The Netherlands Sawwood Prices

	US\$ per m <sup>3</sup>
FOB (Rotterdam)	
Sapele KD	869
Iroko KD	1030
Sipo KD	1036
DRM Bukit KD	953
DRM Seraya KD	960
DRM Meranti KD Seraya MTCC cert.	975
Merbau KD	1229
Sapupira (non FSC) KD	946
Sapupira (FSC) KD	1483
Anti-slip decking AD C&F Rotterdam	
Selangan batu	1540

### UK Log Prices

	€ per m <sup>3</sup>
FOB plus commission	
N'Gollon (khaya) 70cm+ LM-C	350-380
Ayous (wawa) 80cm+ LM-C	250-270
Sapele 80cm+ LM-C	320-340
Iroko 80cm+ LM-C	380-420
African Walnut 80cm+ LM-C	340-370

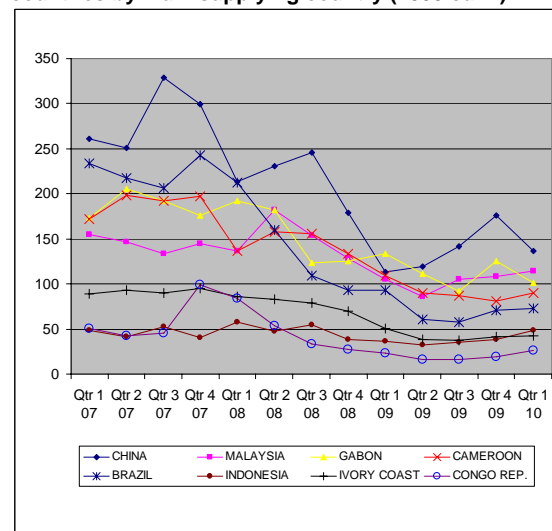
### Imports by main supplying country

The first quarter of 2010 saw a significant reversal in EU imports of hardwood products from China (mainly plywood). Increased arrivals of Chinese plywood at the end of 2009 met with stagnant demand in the European construction sector so that importers greatly curtailed imports during the opening months of 2010.

European (mainly French) imports of hardwood products from Gabon spiked in the last quarter of 2009. This was due to a rise in log imports in anticipation of Gabon's log export ban from January 2010. Although implementation of the ban was subsequently delayed until May, the statistics suggest that most European buyers completed their efforts to stock up on Gabon logs at the end of 2009 and that imports were already falling away again in the first quarter of 2010.

The first quarter of 2010 saw some minor quarter-on-quarter increases in European imports of hardwood products from Malaysia, Cameroon and Indonesia. However imports from Brazil and Ivory Coast remained static at low levels.

**EU 25 quarterly imports of hardwoods from developing countries by main supplying country (1000 cu.m)**



Source Eurostat / BTS Ltd

### UK Sawwood Prices

	GB Pounds per m <sup>3</sup>
FOB plus Commission	
Framire FAS 25mm	465-475
Sipo FAS 25mm	665-685
Sapele FAS 25mm	570-580
Iroko FAS 25mm	670-690
Wawa FAS25mm	285-305
CIF plus Commission	
Tulipwood FAS 25mm	345-370
Meranti Tembaga Sel/Btr (KD 2"boards)	560-580
Balau/Bangkirai Decking	1000-1050
White Oak	580-630

### UK Plywood and MDF Prices

	US\$ per m <sup>3</sup>
Plywood Panels 8x4", CIF	
Brazilian WBP BB/CC 6mm	540-560
Malaysian WBP BB/CC 6mm	560-580
China (hardwood face, eucalyptus core) 18mm	380-390
China (tropical hardwood face, poplar core) 18mm	350-370

**Table: EU-25\* imports of hardwood products\*\* from developing countries\*\*\***

	2007 Year		2008 Year		2009 Year		2009 Jan-Mar		2010 Jan-Mar		% chg 09-10	
	1000 m3	€mill	1000 m3	€mill	1000 m3	€mill	1000 m3	€ mill	1000 m3	€ mill	1000 m3	€mill
<b>Total</b>	<b>6698.5</b>	<b>2804.5</b>	<b>4844.6</b>	<b>2335.6</b>	<b>2849.8</b>	<b>1316.0</b>	<b>780.2</b>	<b>401.2</b>	<b>774.8</b>	<b>351.7</b>	<b>-0.7</b>	<b>-12.3</b>
<b>By main product</b>												
Logs	2094.7	431.7	1024.1	295.1	514.6	149.4	153.7	49.0	156.7	37.4	1.9	-23.6
Plywood	1859.8	680.8	1630.4	616.6	1022.0	343.9	243.1	99.3	277.2	98.9	14.0	-0.3
Sawn	2277.2	1353.9	1773.2	1110.3	1041.9	631.7	303.1	196.5	265.0	162.9	-12.5	-17.1
Veneers	466.8	338.2	417.0	313.6	271.3	191.0	80.3	56.5	75.9	52.4	-5.5	-7.2
<b>By main EU importing country</b>												
France	1216.8	445.8	839.0	374.7	580.0	235.8	156.4	68.7	144.5	63.6	-7.6	-7.5
UK	905.6	350.2	759.5	297.1	480.0	177.6	107.4	47.9	118.9	45.5	10.7	-4.9
Netherlands	626.6	365.0	521.4	313.4	342.7	184.7	100.4	58.7	91.7	50.1	-8.7	-14.6
Germany	553.8	280.2	415.8	222.7	267.6	140.2	69.9	41.5	87.7	44.1	25.6	6.3
Belgium	548.6	287.8	479.1	243.3	344.6	156.6	87.9	45.5	86.1	38.9	-2.1	-14.5
Italy	845.7	434.2	594.0	384.4	312.5	195.1	91.9	59.2	77.7	50.3	-15.5	-15.0
Portugal	282.1	119.8	248.8	95.3	97.8	46.6	34.7	17.9	69.4	17.1	100.0	-4.1
Spain	601.6	249.9	496.2	200.6	237.9	82.3	75.2	27.7	57.9	19.5	-23.0	-29.5
Greece	109.4	53.6	99.5	51.9	72.6	31.2	21.8	10.8	13.6	6.0	-37.5	-44.8
Denmark	63.7	44.2	56.4	38.4	40.3	20.9	9.7	6.4	9.6	5.8	-0.2	-9.4
Poland	35.0	19.3	45.1	21.4	28.6	12.8	6.3	4.0	5.8	2.5	-7.0	-37.3
Other	909.6	154.3	290.0	92.3	45.1	32.2	18.6	13.0	11.8	8.3	-36.5	-36.2
<b>By main supplying country</b>												
China	1140.8	420.6	869.2	341.1	550.1	177.3	113.6	47.3	136.3	46.7	20.0	-1.3
Malaysia	580.0	347.5	601.4	324.8	404.1	212.8	104.8	63.8	114.1	58.4	8.9	-8.6
Gabon	745.8	284.6	623.7	260.3	462.9	178.0	133.8	54.8	100.7	41.1	-24.8	-24.9
Cameroon	759.5	418.1	584.0	343.5	366.2	200.5	108.9	61.3	90.4	50.0	-17.0	-18.4
Brazil	900.6	402.0	574.1	281.6	283.0	142.3	93.4	50.5	72.4	40.5	-22.4	-19.7
Indonesia	181.6	113.9	198.5	114.4	142.5	81.1	35.9	22.0	48.8	26.7	35.9	21.5
Ivory Coast	368.1	196.2	317.6	182.1	167.2	93.9	50.3	28.4	42.4	23.8	-15.7	-16.2
Congo Republic	237.8	88.2	197.6	84.4	75.0	37.2	23.4	11.9	26.0	12.2	11.2	2.1
Congo DR	321.4	113.6	234.4	96.5	95.9	44.5	27.5	14.6	21.6	9.5	-21.8	-34.9
Ghana	126.0	81.3	102.2	72.8	54.3	37.3	16.2	11.1	13.5	9.2	-16.3	-16.5
Equat. Guinea	96.9	33.3	60.3	23.6	16.2	6.2	3.3	1.4	8.4	2.5	152.6	82.9
Morocco	35.6	28.3	23.9	21.0	1.3	1.0	0.1	0.1	5.3	3.9	3483.6	3066.7
Other	1204.6	277.1	457.5	189.5	231.0	103.8	68.9	34.1	95.0	27.2	37.9	-20.3

\* EU-25 includes all countries in the European Union except Romania and Bulgaria that acceded to the EU in January 2007

\*\* Data covers logs, rough sawn lumber, plywood and veneers. It excludes further processed products such as mouldings and flooring

\*\*\* Includes emerging and developing economies as defined in the IMF World Economic Outlook Report 2010

Source: Forest Industries Intelligence Ltd analysis of Eurostat data supplied by BTS Ltd

## Report from North America

### PEFC demands that LEED include certification systems other than FSC

The Programme for the Endorsement of Forest Certification (PEFC) has joined US-based forest certification systems in their call for certification systems other than the Forest Stewardship Council (FSC) to be included in LEED.

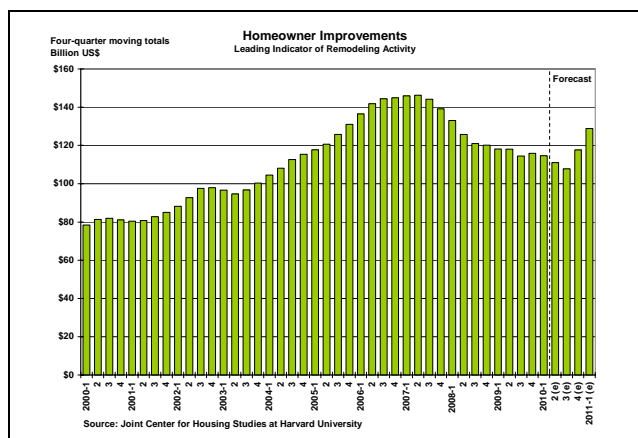
The green building rating and certification programme LEED (Leadership in Energy and Environmental Design) has grown tremendously in recent years in both the US and Canada. The LEED Certified Wood Credit has been undergoing a process of revision for about two years. At the centre of this process is the USGBC forest certification benchmark that, if the revision is approved, will be used to judge which forest certification systems are worthy of recognition under the LEED Certified Wood Credit.

The PEFC argues that by recognizing only FSC-certified wood, LEED does not appreciate the wider benefits of building with wood. More than two thirds of the world's certified forests are PEFC-certified. National standards organisations from Australia, Canada, Denmark, Finland, Germany, Ireland, Italy, Malaysia, the Slovak Republic, Spain and the UK have joined the PEFC umbrella organisation's call.

### Remodelling spending to increase by the end of 2010

The Joint Centre for Housing Studies at Harvard University released the Leading Indicator of Remodeling Activity forecast until the first quarter of 2011. Spending is expected to grow by 5% on an annual basis in the last quarter of 2010 and by 12% in the first quarter of next year.



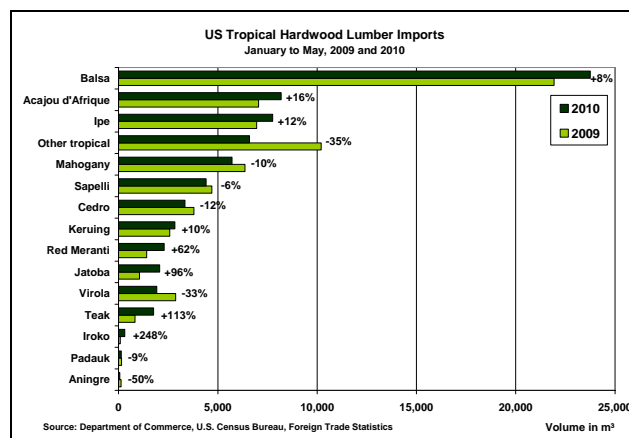


### US tropical timber imports

Total US imports of tropical hardwood lumber in the January to May period this year was nearly the same as in 2009 (+1%). There has been no significant recovery since the downturn in imports in 2008 and 2009, except in a few species. Red meranti, jatoba and teak all posted large gains compared to the same time period last year. Imports of balsa from Ecuador, acajou d'Afrique and ipe were also higher than in year-to-date May 2009.

There has also been little change in hardwood moulding imports from 2009. The US imported US\$71 million in year-to-date May 2010, 4% less than in the same period last year. Both jatoba and ipe moulding imports from Brazil remained below 2009 values at US\$9.5 million (-23%) and US\$2.1 million (-25%), respectively. Cumaru moulding imports from Brazil were down at US\$1.9 million, a decline of 8% from last year. Cumaru moulding imports from Peru continued increasing, totalling US\$1.2 year-to-date May 2010.

January to May 2010 imports of hardwood flooring were 60% below the same period in 2009. The largest drop has been in imports from China, down 79%. Hardwood flooring imports from Brazil were US\$959,000 (-26%), while imports from Malaysia were US\$868,000 (-31%). Indonesian flooring exports increased to US\$226,000 by May 2010, up 38%.



### Market trends

Hardwood demand from flooring producers remains strong. Markets are relatively robust for a range of products: residential flooring, sport floors and truck bed floors. For millwork and moulding manufacturers business continues to be slow. Especially demand for high-end architectural millwork has not recovered since the recession.

In general, many US customers tend to replace more pricey hardwoods with less expensive alternatives, which is affecting demand for tropical species such as mahogany. However, demand for tropical timber traded in Euro makes an exception, given the depreciation of the Euro against the US dollar.

There has been little movement in prices since June. Price increases for ipe seem to have slowed for the time being, but European demand for ipe remains high and supplies are thin.

### US Timber prices

	Jun-10 US\$ per Cu.m	Jun-10 US\$ per Cu.m
Ipe (Brazil) Decking Premium Grade AD, 1x6, FOB Belem	2240	2350
Ipe (Brazil) Decking Premium Grade AD, 5/4x6, FOB Belem	2400	2400
Jatoba (Brazil) No.1 Common & Better AD, FOB Belem	-	-
Jatoba (Brazil) No.1 Common & Better KD, FOB Belem	-	-
Khaya (Cote d'Ivoire) FAS KD, FOB Abidjan	740	740
Khaya (Ghana) FAS KD, FOB Takoradi	880	880
Sapele (Cameroon) FAS AD, FOB Douala	710	710
Sapele (Cameroon) 4/4 to 8/4 FAS KD, FOB Douala	830	830

## 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.**

After some quiet years, the New Zealand log market is on a roll. And its buoyancy is underlined by the good news that many more forestry jobs are coming to Marlborough. An estimated 1750 jobs will be created in the next 10 years in a region with a population of 47,500. The forestry market growth is foreseen for decades to come.

<http://www.stuff.co.nz/marlborough-express/news/opinion/3950292/Editorial-Log-boom-welcome-but-caution-required>

Chile's forestry industry could increase timber production over 30% in the next fifteen years, as the sector significantly expands its land holdings, Hans Grosse, head of state forestry agency Instituto Forestal, said. The nation's forestry sector, which produces 8% of the world's wood pulp, currently owns 2.3 million hectares of plantations. Expansions could include the acquisition of 7.5 million hectares of native forest and the addition of two to three million hectares of new plantations

<http://www.automatedtrader.net/real-time-dow-jones/7355/chile-forestry-sector-eyes-30-timber-production-expansion>

Despite restoration efforts by some countries, mangroves are being lost at a rate three to four times higher than land-based forests, with one fifth of all of the world's mangroves thought to have been lost in the past three decades, according to a new report by various organisations including ITTO. Mangrove losses have slowed to 0.7% annually, but the authors of the new atlas – the first global assessment of mangroves in more than a decade – warn that any further destruction due to shrimp farming and coastal development will result in significant economic and ecological declines.

<http://www.glomis.com/atlas.html>

Operatives in the timber industry in Ghana have joined the growing rank of workers' unions in the mounting agitation for a downward review of the utility tariffs recently announced by the Public Utility Regulatory Commission (PURC). After a crucial meeting between the Ghana Timber Millers Organisation (GTMO) and the Timber Workers Union (TWU) of the Trades Union Congress (TUC) in Kumasi, it was resolved to lay off 50,000 workers this year in order to remain in business and cope with the high utility tariffs.

[http://accra-mail.com/index.php?option=com\\_content&view=article&id=20028:more-agitation-over-purc-tariffs&catid=62:business&Itemid=211](http://accra-mail.com/index.php?option=com_content&view=article&id=20028:more-agitation-over-purc-tariffs&catid=62:business&Itemid=211)

One of the special target areas for REDD activities is the Congo basin in Central Africa. The Congo basin with 500 million acre wide forest area is the second largest tropical forest in the world after the Amazon. The Basin is estimated to contain 26% of the world's rainforests, and several countries in the region have been selected by the

World Bank's Forest Carbon Partnership Facility (FCPF) to implement the REDD programme.

<http://www.bicusa.org/en/Article.12053.aspx>

Scientists have produced the first worldwide map showing the height of forests using data from NASA satellites. The map will help scientists work out how much carbon exists in forests and how quickly that carbon cycles through the eco-system and back into the atmosphere. This can be used to calculate whether the planet can continue to sequester so much of our annual carbon emissions and whether it will continue to do so as climate changes.

<http://edition.cnn.com/2010/TECH/innovation/07/21/nasa.tree.map/#fbid=pJ5CLToI2Rz>

Chen Deming, China's Minister of Commerce held a meeting in Beijing with visiting WTO Director-General Pascal Lamy on the Doha round of trade talks. China will further reduce tariffs for agricultural products and industrial goods by around 30 percent, according to some agreement already reached. Chen iterated China's firm support for the Doha round negotiation. "To push forward negotiations, WTO members should seize the opportunity of the 2011 Doha round of talks, optimize the negotiation results and seek breakthroughs based on concrete proposals," he said.

<http://english.people.com.cn/90001/90778/90861/7077099.html>

Commercial property rents will double and residential property prices will rise by up to 40% during the next four to five years, a respected economist said in a bullish forecast for the Australian economy. BIS Shrapnel's chief economist, Dr Frank Gelber, who was speaking in Melbourne at a Real Estate Institute of Victoria lunch, said the global financial crisis had done the Australian economy a "huge favour" by crimping risks in the market.

<http://www.theage.com.au/business/property/property-to-keep-on-booming-says-expert-20100723-10ozm.html>

Senior officials from the Group of 20 nations recently moved forward in setting the agenda for their leaders' summit in November, including a proposed global financial safety net and development assistance. The officials from the advanced and emerging economies met in Seoul over the past week to plan for the Seoul Summit scheduled for Nov. 11-12. During the four-day meeting, they discussed previous commitments regarding the framework for sustainable and balanced growth, financial industry regulations and the overhaul of international financial institutions. They also tried to advance new agenda items including the global financial safety net and development.

<http://www.koreaherald.com/business/Detail.jsp?newsMLId=20100725000289>

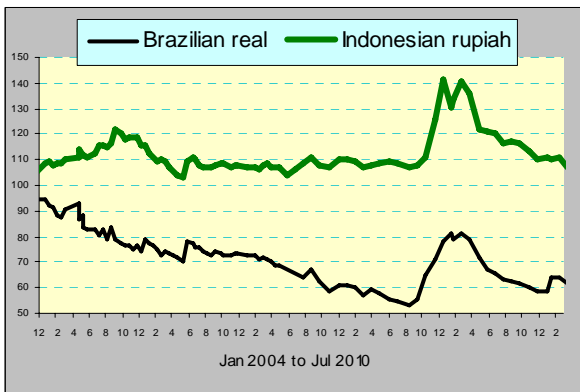
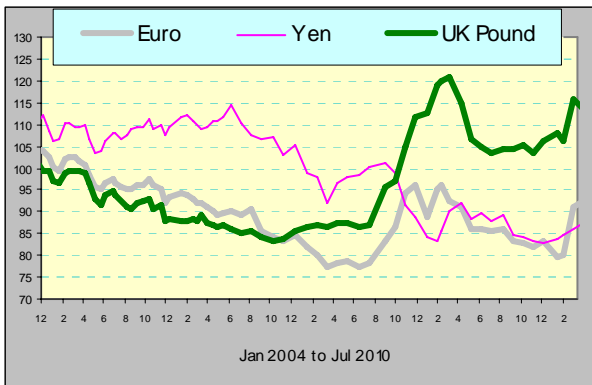
*Disclaimer: Though efforts have been made to keep prices near to accurate, these are published as a guide only. ITTO does not take responsibility for the accuracy of this information.*

## Main US Dollar Exchange Rates

As of 28th July 2010

Brazil	Real	1.7693
CFA countries	CFA Franc	505
China	Yuan	6.7782
EU	Euro	0.7701
India	Rupee	46.7071
Indonesia	Rupiah	9001
Japan	Yen	87.46
Malaysia	Ringgit	3.1939
Peru	New Sol	2.8225
UK	Pound	0.6416

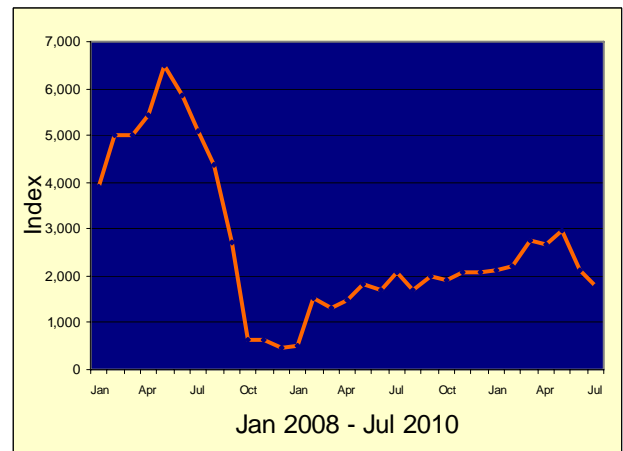
Exchange rates index (Dec 2003=100)



## Abbreviations and Equivalences

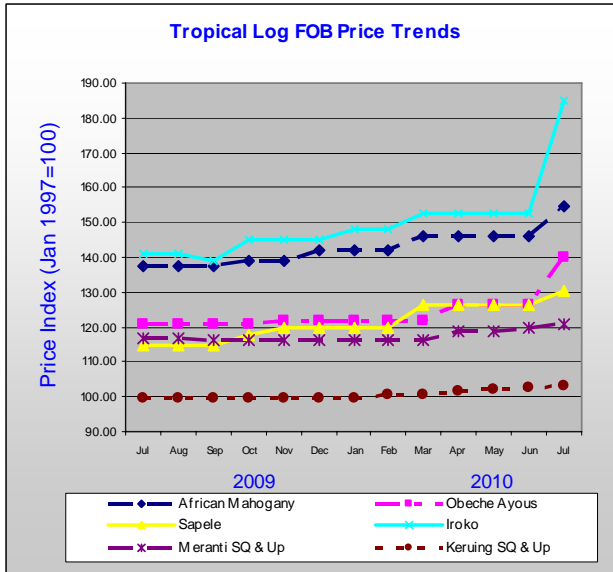
LM	Loyale Merchant, a grade of log parcel
QS	Qualite Superieure
CI, CE, CS	Choix Industriel, Economique or Supplimentaire
FOB	Free-on-Board
CIF; CNF	Cost, insurance and freight; Cost and freight
KD; AD	Kiln Dry; Air Dry
Boule	A log sawn through and through, the boards from one log are bundled together.
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
TEU	Twenty-foot equivalent unit
Hoppus ton	1.8 m <sup>3</sup>
Koku	0.278 m <sup>3</sup> 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
OSB	Oriented strand board
MDF	Medium Density Fibreboard
PHND	Pin hole no defect grade
Ⓢ; Ⓢ; Ⓢ	US dollar; Price has moved up or down

## Ocean Freight Index

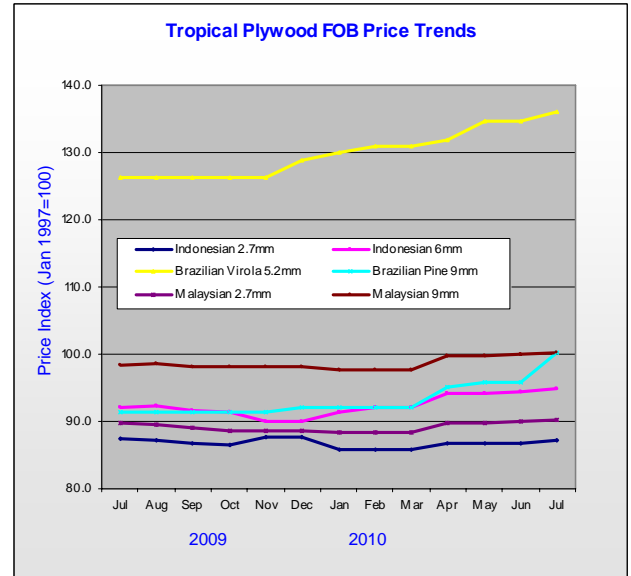


The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

## Tropical Log Price Trends

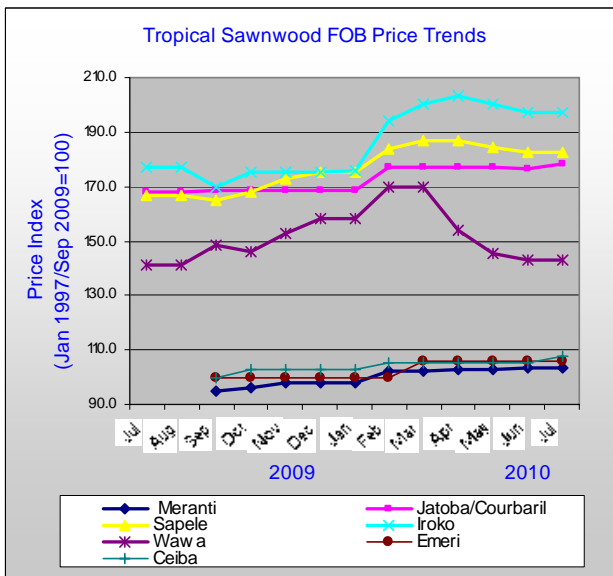


## Tropical Plywood Price Trends



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

## Tropical Sawwood Price Trends



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