

Tropical Timber Market Report

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Top Story

No significant growth in US home renovation spending expected

The outlook for US home remodelling expenditures in 2011 was revised downward by the Joint Center for Housing Studies of Harvard University.

The state of the housing market and concerns over the slow economic recovery is expected to moderate growth in spending on remodelling.

Spending levels in the second and third quarter of 2011 (spring and summer) are likely to surpass 2009 and 2010 spending levels, but by the end of 2011 expenditures are expected to be back to the relatively low levels of 2010.

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Report from Central/West Africa

Significant sawnwood price gains over the past two weeks.

The market for W. African sawnwood is currently very firm, especially for premium timbers and some very significant price gains have been recorded over the past two weeks. For example, prices of bilinga, bubinga, moabi, padouk and movingui have all increased by between Euro25 – 45 per cu.m. Prices are expected to rise further driven by strong demand, mostly from Asian buyers.

The trade is reporting a sudden surge in demand (and hence prices) for sipo where FAS GMS prices are up by Euro70 per cu.m and still rising. This is surprising as there has been a very long period of poor demand and very weak prices for sipo. These price increases follow on from some quite notable market gains seen at the end of April.

Prices for wenge also have risen strongly, no doubt affected by the decision of the Cameroon government to ban exports of wenge and bubinga. Wenge is reportedly not readily available. There is also strong demand for bubinga, but this is also of limited availability so it is certain that prices for both timbers will continue to rise.

Consolidated demand will lead to higher log prices

So far, log prices have remained unchanged and have not followed the upward price trends seen for sawnwood. However, if the strong demand in the sawnwood market is consolidated, as expected, it is likely that some upward movement in log prices will be seen.

Prices for boules for the Chinese market, have risen as manufacturers try to supplement round log imports.

West and Central African producers appear confident of the overall strength of the market through into the third quarter of the year as demand in the Indian and Asian markets is forecast to remain high.

Buyers for Italy and France have become more active and producers see that these buyers have realised that, if they are to compete for supply of premium timbers, the opportunities for price negotiations are very limited in the present firm markets conditions.

EU-Liberia Sign VPA

A press release from the European Union reports that the EU and the Government of Liberia have agreed that all timber products exported from Liberia to the EU shall be derived from legal sources. A Voluntary Partnership Agreement (VPA) to this end was signed on 9 May by the EU and Liberia. By early 2014, shipments of wood products to the European Union from Liberia will be certified legal. For more information see: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/548&format=HTML&aged=0&language=EN&guiLanguage=en>

West Africa Log Prices

West Africa logs, FOB	LM	B	BC/C
Asian market			
Acajou/ Khaya/N'Gollon	205	205	165
Ayous/Obeche/Wawa	195	190	145
Azobe & Ekki	205	205	122
Belli	210	210	-
Bibolo/Dibétou	145	130	
Bubinga	770	615	470
Iroko	285	280	215
Okoume (60% CI, 40% CE, 20% CS) (China only)	250	-	-
Moabi	280	280	190
Movingui	185	150	140
Niove	150	150	-
Okan	320	320	-
Padouk	380	345	235
Sapele	245	235	170
Sipo/Utile	275	250	190
Tali	275	275	-

West Africa Sawnwood Prices

West Africa sawnwood, FOB	€ per m ³
Abura KD	560
Ayous FAS GMS	300
Bilinga FAS GMS	465↑
Okoumé FAS GMS	390
FAS. fixed sizes	320
Std/Btr GMS	300
Sipo FAS GMS	500↑
FAS fixed sizes	-
FAS scantlings	495
Padouk FAS GMS	615
FAS scantlings	655
Strips	340
Sapele FAS Spanish sizes	370
FAS scantlings	430↓
Iroko FAS GMS	640↑
Scantlings	650
Strips	405↑
Khaya FAS GMS	415
FAS fixed	430↑
Moabi FAS GMS	530↑
Scantlings	515↑
Movingui FAS GMS	400↑

Report from Ghana

Exports to the EU half of those to African countries

Exports of primary products (poles and billet) were worth Euro 30,175,011 in the period January-March 2011 as compared to Euro 39,525,381 in January-March 2010 while trade in tertiary products totalled Euro 2,508,036 compared to Euro 2,995,959 in January-March 2010.

Secondary products contributed 88% or Euro 26,748,889 to earnings for the first quarter as compared to 85% in the first quarter 2010.

Markets in Africa accounted for around 43% of the total trade and in the first quarter and were worth Euro 13,024,276. The main African importers were the ECOWAS countries, especially Nigeria, Senegal, Niger, Gambia, Mali, Benin, Burkina Faso and Togo.

Exports to the EU are now around half the level of those to African countries and for the first quarter 2011 were Euro 7,562,190. Key EU markets included Italy, France, Germany, the United Kingdom, Belgium, Spain, Ireland and Holland.

Markets in Asia such as India, Malaysia, Taiwan P.o.C, China, Singapore and Thailand together contributed Euro 3,924,077 to total export earnings in the first quarter 2011.

The US market now accounts around 10 of Ghana's export earnings and in the first quarter earnings were down on those from the first quarter 2010.

First quarter 2011 exports

	2010		2011	
	Jan-Mar 000's cu.m	% of total	Jan-Mar 000's cu.m	% of total
Europe	24.95	20.55	19.12	21.32
Asia	26.16	21.55	18.87	21.04
Africa	55.17	45.44	37.08	42.15
Middle East	8.67	7.14	9.86	10.99
USA	5.8	4.78	3.89	4.34
Oceania	0.65	0.54	0.14	0.16
Total	121.4	100	88.96	100

source GFC

Ghana Log Prices

Ghana logs, domestic	US\$ per m ³	
	Up to 80cm	80cm+
Wawa	133-145	152-165
Odum Grade A	160-170	175-185
Ceiba	110-118	120-140
Chenchen	90-100	105-120
Khaya/Mahogany (Veneer Qual.)	107-120	125-145
Sapele Grade A	135-150	160-175
Makore (Veneer Qual.) Grade A	128-135	140-166

Ghana Export Sawwood Prices

Ghana Sawwood, FOB	€ per m ³	
	Air-dried	Kiln-dried
FAS 25-100mm x 150mm up x 2.4m up	855	-
Afrormosia	500	560
Asanфина	230▲	269
Ceiba	312	385
Dahoma	400	450
Edinam (mixed redwood)	350	430
Emeri	568	650
African mahogany (Ivorenensis)	520	585
Makore	523	590
Niangon	625	690
Odum	545	600
Sapele	260	285
Wawa 1C & Select		

Ghana sawnwood, domestic		US\$ per m ³
Wawa	25x300x4.2m	274
Emeri	25x300x4.2m	310
Ceiba	25x300x4.2m	233
Dahoma	50x150x4.2m	292
Redwood	50x75x4.2m	390
Ofram	25x225x4.2m	320

Ghana Veneer Prices

Rotary Veneer, FOB	V per m ³	
	CORE (1-1.9mm)	FACE (<2mm)
Bombax	315	350
Ofram, Ogea & Otie	318	355
Chenchen	315	350
Ceiba	320	350
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	278
Chenchen	305
Ogea	305
Essa	290
Ofram	310

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afrormosia	1.19	1.00
Asanфина	1.50	1.00
Avodire	1.12	0.64
Chenchen	1.27	0.60
Mahogany	1.25	0.99
Makore	1.20	0.63
Odum	1.80	1.40

Ghana Export Plywood Prices

Plywood, FOB	€ per m ³		
	Ceiba	Ofram	Asanфина
BB/CC			
4mm	370	546	597
6mm	367	540	575
9mm	310	384	436
12mm	290	381	397
15mm	285	327	334
18mm	270	320	330

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

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 ³
Dahoma grade 1	492
Denya grade 1	516
Hotrohotro grade 1	580
Wawa grade 1	500
Wawa grade 2	428
Ekki grade 1	475
Wawabimba Laminated grade 1	750

Report from Malaysia

Industry cautioned against expectations of Japanese market demand

Analysts believe that Malaysian log and plywood prices are set to rise substantially in response to demand for reconstruction projects after the tragic earthquake and subsequent tsunami in Japan.

In some cases just after the earthquake, plywood prices in Japan rose between 30% to 50% especially among plywood stockists and traders. Price increases among plywood millers were more conservative.

However, some quarters have cautioned the timber industry in Malaysia against speculating on the immediate potential demand for logs and plywood from Japan. Escalating fuel costs in Malaysia have made Malaysian timber and timber products become the most expensive in SE Asia.

Japanese government officials are still working on drafting the first comprehensive blue-print for the reconstruction of infrastructures and housing in Japan. It is likely that the

blue-print may only be released as late as October this year. It is anticipated that Japan may source much of its plywood needs from China and Indonesia.

Log availability affected by filling of Bakun dam

Log prices in Sarawak continue to rise as availability has been affected by the ongoing flooding of the Bakun hydroelectric dam.

Log production in Sarawak has fallen 23%, from 2.35 million cu.m in the first quarter 2010. Log export prices are up by around 15% year on year.

In addition, exports of logs from Sarawak have also fallen 27%, from 1.07 million cu.m in the first quarter 2010 to 783,800 cu.m this year.

Sarawak shipped more than 51,800 cu.m of logs, valued at RM28.7 million to Japan in the first quarter 2011, a drop from the 81,400 cu.m shipped in the same period last year. However, India remains Sarawak's largest log importer, taking some 506,000 cu.m in the first quarter of this year. This constitutes almost 65% of Sarawak's total log exports.

Malaysia set to launch another international furniture show

Malaysia is set to launch another international furniture show in September this year to draw visitors who may be visiting other furniture shows around the Asian region during that time, such as the ones in Shanghai and Guangzhou.

The International Furniture Market exhibition is scheduled to be held from September 6 to September 10, 2011, at the Malaysian Agro Exposition Park

Log Prices

	US\$ per m ³
Sarawak log, FOB	254-280
Meranti SQ up	242-272
Small	243-262
Super small	239-251
Keruing SQ up	230-262
Small	218-242
Super small	230-256
Kapur SQ up	227-260
Selangang Batu SQ up	

	US\$ per m ³
Pen. Malaysia logs, domestic (SQ ex-log yard)	
DR Meranti	264-281
Balau	319-349
Merbau	355-386
Rubberwood	99-133
Keruing	238-254

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

Sawnwood Prices

	US\$ per m ³
Malaysia Sawnwood, FOB	
DR Meranti	406-442
White Meranti A & up	299-329
Seraya Scantlings (75x125 KD)	445-458
Sepetir Boards	269-291
Sesendok 25,50mm	358-376
Kembang Semangkok	326-353

	US\$ per m ³
Malaysia Sawnwood, domestic	
Balau (25&50mm,100mm+)	338-358
Merbau	469-521
Kempas 50mmx(75,100 & 125mm)	278-318
Rubberwood	
25x75x660mm up	234-284
50-75mm Sq.	273-305
>75mm Sq.	295-325

Plywood Prices

	US\$ per m ³
Malaysia ply MR BB/CC, FOB	
2.7mm	437-497
3mm	417-447
9mm & up	368-438

	US\$ per m ³
Meranti ply BB/CC, domestic	
3mm	360-451
12-18mm	343-372

Other Panel Prices

	US\$ per m ³
Malaysia, Other Panels, FOB	
<i>Particleboard</i>	
Export 12mm & up	251-274
Domestic 12mm & up	241-256
<i>MDF</i>	
Export 15-19mm	305-336
Domestic 12-18mm	296-315

Added Value Product Prices

	US\$ per m ³
Malaysia, Mouldings, FOB	
Selangan Batu Decking	563-573
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	578-591
Grade B	532-542

Furniture and Parts Prices

	US\$ per piece
Malaysia, Rubberwood, FOB	
Semi-finished dining table	
solid laminated top 2.5'x4', extension leaf	75-91
As above, Oak Veneer	82-96
Windsor Chair	74-76
Colonial Chair	72-77
Queen Anne Chair (soft seat)	
without arm	72-81
with arm	72-81
Chair Seat 27x430x500mm	60-65
Rubberwood Tabletop	US\$ per m ³
22x760x1220mm sanded & edge profiled	
Top Grade	618-648
Standard	601-618

Report from Indonesia

Indonesia to aid Japan at its time of need.

Japan has sought help from Indonesia and other plywood producing countries to meet its requirements for some 2 million sheets of plywood for reconstruction work in the disaster hit areas.

It is reported that the Indonesian government is to work out a plan for shipping plywood at concessionary rates to Japan. Japan is also seeking logs, sawnwood, laminated timber products and other panel-products.

Indonesia is currently the second largest exporter of timber products to Japan after Malaysia. The other major exporter is China. Indonesia's plywood exports to Japan in 2010 reached almost 932,000 cu.m,

The Indonesian government has a close relationship with the Japanese government and is expected to assist the country in its time of need. The Indonesian government will reportedly meet to discuss the Japanese requirements and is thought to be considering waiving any plywood export taxes and tariffs.

Log Prices (domestic)

Indonesia logs, domestic prices	US\$ per m ³
Plywood logs	
Face Logs	215-258 ↑
Core logs	198-229 ↑
Sawlogs (Meranti)	208-269 ↑
Falcata logs	176-211 ↑
Rubberwood	8-93 ↑
Pine	186-227 ↑
Mahoni (plantation mahogany)	493-523 ↑

Sawnwood Prices

Indonesia, construction material, domestic	US\$ per m ³
Kampar (Ex-mill)	
AD 3x12-15x400cm	200-219 ↑
KD	216-250 ↑
AD 3x20x400cm	237-260 ↑
KD	239-268 ↑
Keruing (Ex-mill)	
AD 3x12-15x400cm	251-265 ↑
AD 2x20x400cm	239-257 ↑
AD 3x30x400cm	222-241 ↑

Plywood Prices

Indonesia ply MR BB/CC, export FOB	US\$ per m ³
2.7mm	424-480 ↑
3mm	381-422 ↑
6mm	360-402 ↑

MR Plywood (Jakarta), domestic	US\$ per m ³
9mm	278-289 ↑
12mm	270-280 ↑
15mm	260-274 ↑

Other Panel Prices

Indonesia, Other Panels, FOB	US\$ per m ³
<i>Particleboard</i> Export 9-18mm	
	238-247 ↑
Domestic 9mm	
	217-229 ↑
	12-15mm
	211-222 ↑
	18mm
	207-218 ↑
<i>MDF</i> Export 12-18mm	
	268-283 ↑
Domestic 12-18mm	
	252-264 ↑

Added Value Product Prices

Indonesia, Mouldings, FOB	US\$ per m ³
Laminated Boards	
Falcata wood	320-333 ↑
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	512-544 ↑
Grade B	467-490 ↑

Report from Myanmar

Market demand for teak and other hardwoods has picked up and overall the market is said to be good for round logs.

Logs versus processed wood exports discussed

A seminar on "Emerging Market Requirements-Challenges and Opportunities for Myanmar's Timber

Industry" was held recently in Myanmar, the key speaker was Dato Dr. B.C.Y. Freezailah who spoke on the world timber situation, illegal logging and emerging market requirements.

He also spoke on legality and sustainability of timber, EU regulation, the US Lacey Act, and Pan ASEAN timber certification initiative and various topics of interest to the Myanmar wood industry.

U Barber Cho, Joint Secretary of the Myanmar Timber Merchants Association also presented a paper on the development of the Myanmar wood industry. He reported on the state of the Myanmar timber industry, where he discussed the availability of raw material and the pros and cons of selling less in log form and more processed wood products.

He made the point that neighbouring countries with fewer timber resources, such Malaysia and Vietnam, are earning more revenue from wood products than Myanmar. He said that Myanmar is rich in forest resources and stressed the need for the country to learn from its neighbours.

Myanmar log prices (natural forest logs)

Teak Logs, FOB	€ Avg per Hoppus Tonne (traded volume)	
	Mar	Apr
<i>Veneer Quality</i>		
2nd Quality	nil	nil
3rd Quality	nil	nil
4th Quality	4,777 (12 tons)	4,658 (11 tons)
<i>Sawing Quality</i>		
Grade 1 (SG-1)	3,122 (48 tons)	3,198 (44 tons)
Grade 2 (SG-2)	2,713 (40 tons)	2,846 (41 tons)
Grade 4 (SG-4)	2,115 (200 tons)	2,019 (200 tons)
Grade 5 (SG-5)	1,376 (118 tons)	1,313 (139 tons)
Grade 6 (SG-6)	1,257 (57 tons)	1,196 (78 tons)
Grade 7 (ER-1)	980 (107 tons)	936 (92 tons)

Hoppus ton=1.8m³; 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

Foreign investment directed to the furniture sector

Foreign investment in the timber and furniture sectors has been encouraged by the Indian government to meet the growing demand for furniture and other timber products. Initiatives have been taken to increase investment flows into timber manufacturing.

The furniture sector in India makes a marginal contribution to GDP, representing just a small percentage (about 0.5%). In terms of size and technological

innovation, the office furniture segment has the more important companies. The government of India has specifically directed foreign investment in the timber sector towards meeting the huge demand for office furniture in the country.

Timber product manufacturing is one of the oldest industries in India. Although traditionally a rural industry, in recent years, the manufacturing of timber products has developed to an industrial scale. The furniture industry in India is considered as a "non organized" sector, with handicraft production accounting for about 85% of the furniture production in India.

Ambitious investment programme for Kolkata Port

The Kolkata Port, located on the banks of Hoogly river is unique because most other ports in India are sea ports. The Kolkata Port Trust manages two ports, Haldia's deep water port and the oil piers of Baj Baj. Kolkata Port Trust, formerly the Calcutta Port Trust oversees the shipping system in Kolkata.

The Port Trust has embarked on an ambitious investment programme for development and expansion of the port in order to handle increased trade. The plan is construct multipurpose berths and jetties and improve support facilities as well as the development of infrastructure to augment existing road and rail connections. For more information see <http://www.kolkataporttrust.gov.in/>

Timber importers have drawn attention to the port charges at Kolkata port which they say are high compared to other ports.

They point out that Kolkata Port is geographically best placed to handle timber imports from SE Asian countries but that port charges discourage them from using this port.

In recent years Kolkata port handled only an amount equal to 20% of the timber imports through Kandla port.

CNF Plantation Teak

	US\$ per m ³
Tanzania Teak sawn	450-775
Côte d'Ivoire logs	550-700
PNG logs	500-550
El-Salvador logs	475-550
Guatemala logs	400-500
Nigeria squares	375-450
Ghana logs	350-600
Guyana logs	350-450
Benin logs	500-650
Benin sawn	475-600
Brazil squares	500-600
Burkina Faso logs	350-450
Columbia logs	365-600
Togo logs	350-500
Ecuador logs	450-500
Costa Rica logs	350-500
Panama logs	315-400
Sudan logs	500-600
Venezuela logs	460-500

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) Myanmar Teak (imports)

Sawnwood (Ex-mill)	Rs. per ft ³
Myanmar Teak (AD)	
Export Grade F.E.Q.	6500-9000▲
Plantation Teak A grade	3000-3800
Plantation Teak B grade	2500-2800
Plantation Teak C grade	1800-2000

India Sawnwood Prices (imports)

Sawnwood, (Ex-mill) (AD)	Rs. per ft ³
Merbau	1450
Balau	1550
Kapur	1000
Red Meranti	850
Bilinga	750
Radiata Pine (AD)	400-450

Sawnwood, (Ex-warehouse) (KD)	Rs. Per ft ³
Beech	1100
Sycamore	1200
Red Oak	1300
American Walnut	2150
Hemlock clear grade	1000
Hemlock AB grade	850
Western Red Cedar	1350
Douglas fir	1000

India Plywood Prices

Plywood, (Ex-warehouse) (MR Quality)	Rs. per sq.ft
4 mm	34.50▲
6 mm	48.60
12 mm	63.30
15 mm	75.60
18 mm	91.00

Locally Manufactured Plywood "Commercial Grade"	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.11.50	Rs.19.90
6mm	Rs.16.80	Rs.29.00
8mm	Rs.21.00	Rs.32.40
12mm	Rs.25.00	Rs.34.80
19mm	RS.33.00	Rs.46.80
5mm Flexible ply	Rs.20.50	Rs.24.50

Report from Brazil

First production of sustainable timber

The first harvest of some 7,000 cu.m. of certified sustainably produced wood has been made from a concession in the Jamari National Forest, state of Rondonia. This has generated close to BRL 700.000 (US\$ 422,120) according to the Brazilian Forest Service (SFB).

The SFB says this is the beginning of a process to ensure wood for the final consumer is from a forest managed in a manner to guarantee land tenure security, legal security and compliance with SFB environmental criteria.

The harvested timbers include about 30 species of which *Astronium lecointei* (trade name tiger wood) accounted for 28% of the harvest.

This timber is largely used in furniture manufacturing and flooring. Other timbers included tauari (Brazilian oak) and angelim-pedra used in furniture manufacturing and for construction.

The forest concession totals 96,000 hectares and is managed by three companies, Amata, Sakura and Madeflona. The concessionaires have been encouraged to explore a range of different species so as to benefit from a reduction in taxes paid to the government. The tax relief only applies if a minimum volume of specific species are harvested.

The Forest Service is making efforts to promote the introduction of less familiar timber species in the market.

Timber sector expands formal employment levels

The timber industry in Pará State is a major sector and has been generating both permanent and part-time employment opportunities mainly, say analysts, due to an increase in the number of companies that have adopted sustainable forest management operations.

Employment growth in the timber industry has, for some years now, been below government expectations even though the sector has expanded output. In 2010, formal employment in Pará's timber industry grew significantly according to the Inter-Union Department of Statistics and Socio-Economic Studies.

During the year the sawmilling sector generated 444 permanent jobs while the veneer manufacturing sector created some 144 fulltime jobs. Other industries, such as joinery/carpentry manufacturers, wooden artifact manufacturers and cork and straw artifacts producers generated another 80 jobs.

Pará only state to expand exports in 2010

Pará state, in the Amazon, is the main producer of tropical timber in Brazil. Timber exports from the state grew in 2010 in sharp contrast to the export levels from other states in the Amazon.

According to the Association of Timber Exporters of Pará State (AIMEX), there was a rise of almost 12% in the export of industrial timber products in 2010 compared to 2009. This was due, says AIMEX, to the economic turnaround in the United States and European Union.

However, AIMEX warns that the prospects for 2011 are not as positive since the growth rates seen in 2010 were not maintained in the first 4 months of this year. From January to April 2011, there was a 15% decline in the value of exports and 19% drop in export volumes.

SINDUSMAD seeks waterway to facilitate exports

The Timber Industry Union of Northern Mato Grosso (SINDUSMAD) is lobbying hard to have the hydroelectric power plant planned for the Teles Pires river build locks to allow timber to be transported by river. The timber industry as a whole supports the establishment of a waterway linking the northern region to the Port in Pará.

The strength of the Northern Mato Grosso regional economy is forest and timber based and in 2010 over 5 million cu.m of logs from sustainable forest management operations were traded.

The timber industry in the region accounts for 38% of the Transport and Housing Fund (FETHAB) revenues in the state. At the national level, state output corresponds to 4% of GDP.

Brazil Log Prices (domestic)

	US\$ per m ³
Brazilian logs, mill yard, domestic	
Ipê	165
Jatoba	119
Guariuba	77
Mescla (white virola)	84

Brazil Export Sawnwood Prices

	US\$ per m ³
Sawnwood, Belem/Paranagua Ports, FOB	
Jatoba Green (dressed)	883
Cambara KD	513
Asian Market (green)	
Guariuba	277
Angelim pedra	673
Mandioqueira	246
Pine (AD)	200

	US\$ per m ³
Brazil sawnwood, domestic (Green)	
<i>Northern Mills</i> (ex-mill)	
Ipê	813
Jatoba	620
<i>Southern Mills</i> (ex-mill)	
Eucalyptus (AD)	209
Pine (KD) 1st grade	259

Brazil Veneer Prices

	US\$ per m ³
Veneer, Export (Belem/Paranagua Ports) FOB	
White Virola Face 2.5mm	298
Pine Veneer (C/D)	209

	US\$ per m ³	
Rotary cut Veneer, domestic		
(ex-mill Northern Mill)	Face	Core
White Virola	285	236

Brazil Plywood Prices

	US\$ per m ³
Plywood, FOB	
White Virola (US Market)	
5.2mm OV2 (MR)	449
15mm BB/CC (MR)	391
White Virola (Caribbean market)	
4mm BB/CC (MR)	519
12mm BB/CC (MR)	416

	US\$ per m ³
Pine Plywood EU market, FOB	
9mm C/CC (WBP)	281
15mm C/CC (WBP)	261
18mm C/CC (WBP)	249

	US\$ per m ³
Plywood, domestic (ex-mill Southern mill)	
Grade MR (B/BB)	
White Virola 4mm	973
White Virola 15mm	709

Domestic prices include taxes and may be subject to discounts.

Other Brazil Panel Prices

	US\$ per m ³
Belem/Paranagua Ports, FOB	
Blockboard Pine 18mm 5 ply (B/C)	314
<i>Domestic Prices, Ex-mill Southern Region</i>	
Blockboard White Virola faced 15mm	615
Particleboard 15mm	396

Brazil Added Value Products

	US\$ per m ³
FOB Belem/Paranagua Ports	
Edge Glued Pine Panel	
Korean market (1st Grade)	632
US Market	497
Decking Boards	
Cambara	628
Ipê	1,657

Timber exports fall 11% in first quarter

Due to subdued demand for timber from Peru in international markets and the lack of effective policies on forest concessions, Peruvian wood product exports fell 11% in the first quarter of 2011 says the Association of Exporters (Adex).

According to preliminary figures from Adex, timber sales were valued at US\$31.7 million in the first quarter of 2011 compared to US\$35.4 million the same period last year. But, the situation is even worse when 2011 first quarter exports are compared with those in the same period in 2008 (US\$54.9 million). The main products affected were semi-manufactured goods, lumber and minor product exports.

Exports of semi-manufactured products were valued at US\$12.8 million compared to the US\$16.8 million level for the first quarter in 2010. Lumber exports fell from 11.1 million in 2010 to 8.7 million between January and March 2011.

On the other hand, fibreboard and particleboard exports grew significantly from the US\$355,000 in the first quarter 2010 to US\$1 million in the same period this year.

Adex, reports that the export figures reflect the status of some markets for Peruvian timbers such as China which, up until March, had not resumed purchasing after the Chinese New Year holiday. Despite having reduced its purchases by 41 percent, China remains the largest importer of Peruvian wood followed by Mexico and the US.

Legal framework required for industry revival

Adex has pointed out that since last year some production capacity had been lost due to, what the industry considers as, constraints imposed on concession holders and producers by regional governments.

This, says Adex, is mainly because the authorities have not approved submitted management plans.

Adex also identified the lack of a supportive infrastructure in regional administrations to the point that entrepreneurs decide to no longer pursue timber related businesses. Adex indicated that for the industry to operate effectively an adequate legal framework is required and urged that the Congress approve the Forestry Law.

The United States is reportedly anxious to see the Congress of Peru adopt the new forest law as soon as possible so that the free trade agreement between the two countries can come into force. It has been reported that the Congress will continue debate of the forest law during the first week of June.

Gold rush damages Peruvian Amazon

Deforestation in the Peruvian Amazon has increased in recent years due to incursions by informal miners driven by high gold prices.

This information came from a study released in May by Duke University. The study reports that in the eastern department of Madre de Dios, some 7,000 hectares of virgin forest and wetlands have been destroyed by mining.

The research combines NASA satellite imagery of Madre de Dios between 2003 and 2009, economic analysis of the gold price and imports of mercury which is used in separating gold. The head of the research team apparently reported that mining areas in Peru are now clearly visible from space. For more information see <http://today.duke.edu/2011/04/goldperu>

Peru Sawnwood Prices

Peru Sawnwood, FOB Callao Port	US\$ per m ³
Mahogany S&B KD 16%, 1-2" random lengths (US market)	1655-1702
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 ³
Virola 1-2" thick, length 6'-12' KD	
Grade 1, Mexican market	348-383
Grade 2, Mexican market	281-294
Cumaru 4" thick, 6'-11' length KD	
Central American market	825-844
Asian market	798-871
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	509-549
Dominican Republic	558-569
Marupa (simarouba) 1", 6-11 length Asian market	359-382

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	349-366
Grade 2, Mexican market	274-284
Grade 3, Mexican market	155-165
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	244-254

Peru sawnwood, domestic	US\$ per m ³
Mahogany	867-909
Virola	59-79
Spanish Cedar	264-305
Marupa (simarouba)	59-72

Peru Veneer Prices

Veneer FOB Callao port	US\$ per m ³
Lupuna 3/Btr 2.5mm	198-223▲
Lupuna 2/Btr 4.2mm	212-222▲
Lupuna 3/Btr 1.5mm	211-221

Peru Plywood Prices

Peru plywood, FOB Callao (Mexican Market)	US\$ per m ³
Copaiba, 2 faces sanded, B/C, 15x4x8mm	318-347
Virola, 2 faces sanded, B/C, 5.2x4x8mm	396-402
Cedar fissilis, 2 faces sanded 4x8x5.5mm	733-744
Lupuna, treated, 2 faces sanded, 5.2x4x8mm	363-385
Lupuna plywood B/C 15x4x8mm	358-375
B/C 9x4x8mm	345-350
B/C 12x4x8mm	350-360
B/C 8x4x15mm	396-408
C/C 4x8x4mm	384-396
Lupuna plywood B/C 8x4x4mm Central Am.	368-388

Lupuna Plywood BB/CC, domestic (Iquitos mills)	US\$ per m ³
122 x 244 x 4mm	433
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, FOB strips for parquet	US\$ per m ³
Cabreuva/estoraque KD12% S4S, Asian market	1277-1376
Cumaru KD, S4S Swedish market	797-920
Asian market	930-982↓
Cumaru decking, AD, S4S E4S, US market	940-1015↓
Pumaquiro KD # 1, C&B, Mexican market	423-511
Quinilla KD, S4S 2x10x62cm, Asian market	477-503
2x13x75cm, Asian market	708-768

Report from Guyana

General upswing in prices

During the period under review there were no exports of greenheart logs. Purpleheart logs continued to attract increased prices for all sawmill log grades. Mora log prices increased for standard and fair sawmill quality, while prices for small sawmill quality remained unchanged.

Undressed greenheart (select) prices have decline, notably at the top of the range and are now at US\$806 in comparison to prices two weeks earlier. For undressed purpleheart there were some exports and accompanying price changes for three of the sawmill qualities namely select, sound and merchantable, these qualities fetched higher prices. Undressed mora (select) also attracted moderately higher prices.

Top end prices for dressed greenheart prices fell from US\$1,011 to US\$785 for this fortnight period as compared to the previous period. However dressed purpleheart continues to attract good export prices, with a strong upswing in prices at the top of the range from US\$1,060 to US\$1,302.

Some of Guyana's lesser used species have made headway in the Caribbean, European and USA sawnwood markets and secured better prices than seen recently.

Prices for Guyana's ipe (washiba) rose reaching US\$2,350 per cubic metre. Demand for ipe is high in the North American market. For roundwood, (greenheart Piles) were well received in the European and North American market attracting good prices along with (wallaba poles) for which prices also improved.

The leading added value product exported recently was outdoor garden furniture for the UK market. Prices increased for sustainably sourced outdoor furniture utilizing Guyana's locust (jotaba). Other value added product exports included doors and window frames.

Guyana launches UN 'Year of Forests'

Guyana recently held a commemorative launch for the United Nations' International Year of Forests.

In keeping with the long term goals of the Low Carbon Development Strategy, the Government of Guyana, through its entities the Ministry of Agriculture and the Guyana Forestry Commission, recognizes the importance of reinforcing established policies on the use of forests with particular reference to sustainable forest management and its contribution to economic development and poverty eradication.

Guyana Log Export Prices

Logs, FOB Georgetown	SQ - \$ Avg unit value per m ³		
	Std	Fair	Small
Greenheart*	-	-	-
Purpleheart	240-300↑	280-310↑	250-270↑
Mora	190↑	115-180↑	110-140↑

*Small SQ is used for piling in the USA and EU. Price depends on length. In the case of no price indication, there is no reported export during the period under review.

Guyana Sawnwood Export Prices

Sawnwood, FOB Georgetown		\$ Avg unit val. per m ³	
EU and US markets		Undressed	Dressed
Greenheart	Prime	-	-
	Standard	-	650-785↓
	Select	594-806↓	-
	Sound	-	-
	Merchantable	500	-
Purpleheart	Prime	-	-
	Standard	-	700-1,302↑
	Select	650↓	-
	Sound	670↑	-
	Merchantable	550-602↑	-
Mora	Prime	-	-
	Select	500-657↑	-
	Sound	-	-
	Merchantable	400	-

In the case of no price indication, there is no reported export during the period under review.

Guyana Plywood Export Prices

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

In the case of no price indication, there is no reported export during the period under review.

Japan's industrial output plunges

The latest data shows that Japan's industrial output fell a massive 15% in March while household spending dropped dramatically according to government statistics, both the result of the impact of the earthquake and tsunami and the ongoing nuclear power plant crisis. The figures for the quake hit areas show output was down 32%.

Analysts expect the Japanese economy to begin a turnaround in the latter half of this year as government and private-sector spending flows to reconstruction efforts in the quake affected areas.

The latest data shows that in March, exports fell for the first time in 16 months and retail sales fell at their second highest rate on since records have been kept.

Canadian timber producers support reconstruction efforts in Japan

Major Canadian timber producers have come together to support the reconstruction efforts in Japan's quake and tsunami hit areas and they see that the expected demand for building materials will provide a much needed stimulus to their industry.

Sawnwood producers in British Columbia have a long history of supplying Japan and now they are able to contribute to efforts to rebuild infrastructure and provide materials for homes for the thousands left homeless after the disaster.

As the reconstruction begins in the coming months industry analysts foresee a spike in demand for Canadian lumber and other building products, providing an alternative market for the industry which has been affected by weak markets and slumping U.S. housing demand.

ITTO member countries called upon to assist Japan

Japan is in urgent need of pre-fabricated houses and building materials in the aftermath of the earthquake and tsunami that struck on March 11.

There have been requests from Japanese authorities for pre-fabricated houses, laminated products and other products that can be used immediately for the rebuilding efforts.

When rebuilding of the infrastructure begins sawmills and panel mills that were not affected by either the earthquake or tsunami will increase and this will require increased imports of both hardwood and softwood logs.

ITTO member countries are currently assessing how they can contribute to meet Japan's immediate needs for building materials and round logs after being alerted to the extent of the crisis in Japan by ITTO's Executive Director, Emmanuel Ze Meka.

In the medium term imports of plywood, lumber and logs are expected to increase and this will have a major impact on global wood markets. Wood Resource Quarterly anticipates that: "demand for plywood in Japan, especially for concrete formboards, will also likely surge once the reconstruction effort kicks in.

Malaysia and Indonesia provided more than 75% of Japan's plywood imports in 2010, with China being the only other significant supplier. All three supplier countries are likely to see an increase in orders for plywood, with Chinese producers using tropical hardwood log imports from Papua New Guinea and several West African countries".

Suppliers determined to maintain price levels

In the second half of May JAS 3x6 concrete formboard prices in the Tokyo market were Tokyo market were Yen 1,200-1,250 per sheet delivered. Supply country prices on April shipments were Yen 53,000 – 54,000 per cu.m C&F for 3x6 concrete formboard and the Japan Lumber reports says that suppliers seem determined to maintain these price levels as demand in other markets is firm.

Toyo Knife's Tagalong plant in Miyagi Prefecture destroyed

News has recently emerged on the fate of the Sendai-based Toyo Knife Company which had a considerable share in the world market for plywood peeler knives. It has been reported that the company's Tagajo, plant in Miyagi Prefecture was destroyed by the tsunami and there are no immediate prospect for restarting the business.

The Prefectural government knows the local industry has been decimated and fears that if the fisheries and manufacturing businesses in the Prefecture are not restored then the regional economy could be hollowed out.

Log and Sawnwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku
Meranti (Hill, Sarawak)	(Koku=0.278 m ³)
Medium Mixed	8,400▲
Standard Mixed	8,600▲
Small Log (SM60%, SSM40%)	8,500▲
Taun, Calophyllum, others (PNG)	8,000
Mixed light hardwood, G3/4 grade (PNG)	-
Keruing MQ & up (Sarawak)	11,500▲
Kapur MQ & up (Sarawak)	10,200▲
Logs for Sawmilling, CIF	Yen per Koku
Melapi (Sarawak) High Select	12,000
Agathis (Sarawak) High Select	-
Lumber, FOB	Yen per m ³
White Seraya (Sabah) 24x150mm, 4m, Grade 1	145,000
Mixed Seraya, Sangi 24x48mm, 1.8-4m, S2S	56,000▲

Wholesale prices (Tokyo)

Indonesian & Malaysian Plywood	Size (mm)	Apr	May
		¥ per sheet	
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	340	380-410
3.7mm (med. Thickness, F 4star, type2)	910 X 1820	460	540-600
5.2mm (med. Thickness, F 4star, type 2)	910 X 1820	570	640-720
12mm for foundation (F 4star, special)	910 X 1820	1010	1300
12mm concrete-form ply (JAS)	900 X 1800	970	1220
12mm coated concrete-form ply (JAS)	900 X 1800	1090	1300
11.5mm flooring board	945 X 1840 1230 X	1280	1350-1400
3.6mm baseboard for overlays (OVL)	2440	740	880

Report from China

International trade in wood products - first quarter of 2011

Due to the continued rapid growth of China's economy and the gradual recovery of international demand, China's imports and exports of wood products grew in first three months of 2011.

Log imports

A total of 9.7 million cu. m of logs were imported in first three months this year, valued at US\$1,738.7 million, up 26.8 percent in volume and 36.4 percent in value over the same period 2010.

Softwood log imports were 6.93 million cu. m, worth US\$1,006 million, there was a 34.7 percent increase in volume and a 62 percent growth in value from the previous year; hardwood log imports were 2.78 million cu. m, worth US\$732.5 million an increase of 10.5 percent in volume and 12.0 percent in value from 2010.

Of the hardwood logs, 2.17 million cu. m were tropical logs, valued at US\$ 514.5 million, up 6.9 percent in volume and 4.5 percent in value from the previous year. The top ten suppliers of logs to China are shown below.

Major suppliers of logs to China from Jan to March 2011

Supplier	Volume (1000 m3)	Proportion (%)	Change (%)
Total imports	9 704.2	100	26.8
Russia	3 623.6	37.3	2.8
New Zealand	1873.7	19.3	44.4
PNG	815.6	8.4	34
USA	719	7.4	79
Canada	490.2	5.1	378.7
Solomon Islands	485.3	5	30.9
Australia	327.4	3.4	52.3
Myanmar	239	2.5	77.4
Congo	142.1	1.5	--
Malaysia	136.6	1.4	-48.3

Source China Customs

China imported some 4.35 million cu. m of sawnwood in the first three months of 2011 worth US\$1,125.9 million which corresponds to an increase of 55.0 percent in volume and 62.9 percent in value over the same period of 2010.

Imports of sawnwood were mainly from North America, Russia and Southeast Asian countries. The top five suppliers of sawnwood to China were:

- Canada (1.41 million cu.m, worth US\$285.8 million), up 45.5 percent in volume and 116.7 percent in value,
- Russia (1.19 million cu.m and US\$ 252.9 million), up 61 percent and 72 percent respectively,
- USA (0.52 million cu.m and US\$ 179.9 million), up 104.9 percent and 93.5 percent respectively, Thailand (0.3 million cu.m and US\$ 107.4 million), down 2.5 percent in volume terms but up 12.6 percent in terms of value
- and Indonesia (0.16 million cu.m at a cost of US\$ 46 million).

Plywood imports

A total of 44,800 cu.m of plywood was imported into China in the first quarter of 2011; this was valued at US\$26.3 million up import volumes rose by 11 percent but import values were up 20 percent from the same period 2010.

Exports

Wooden furniture exports

Some 62.5 million pieces of wooden furniture were exported, at a value of US\$3,579.3 million, up 14.6 percent in value terms over the same period 2010.

Special shaped wood (mouldings and some flooring types etc) exports

A total of 84,500 metric tons of wood in this category were exported in the first quarter this year, valued at US\$129.8 million, down 13.3 percent in volume and 12.3 percent in value.

Plywood exports

China exported 1.76 million cu. m of plywood in first three months 2011, worth US\$ 807.7 million, up 25.7 percent in volume and 24.3 percent in value. China's plywood is exported to many parts of the world; the main markets are shown below.

Importers of China's plywood first quarter 2011

Country/region	Volume (1000 cu.m)	Proportion (%)
Total exports	1 757.7	100
USA	292.9	16.7
Japan	183.1	10.4
UK	100.4	5.7
UAE	96.4	5.5
Korea	78.4	4.5
Saudi Arabia	71	4
Thailand	54.2	3.1
Taiwan P.o.C	52.9	3

Source China Customs

Imports of wood flooring in 2010 in China amounted to 399 million sq.m, up 9.6 percent from the previous year.

Of this total,

- laminate flooring was 238 million sq.m, accounting for 59.6 percent of total sales, up 12.3 percent over 2009;
- solid wood flooring, 43 million sq.m, accounting for 10.8 percent, up 2.4 percent;

Guangzhou City Imported Timber Market

Logs	Yuan per m3
Lauan (50-60cm)	2200-2400
Kapur (up to 79cm)	2500-2600
Merbau 6m, (up to 79cm)	3500-4000
Teak	11000-13000
Wenge	5800-6500
Sawnwood	
Teak sawn grade A (Africa)	9600
US Maple 2" KD	7500-10000
US Cherry 2"	10000-13000
US Walnut 2"	14000-16000
Lauan	-
Okoume	4200-4700
Sapele	6000-6400

Shanghai Furen Wholesale Market

Logs	Yuan per m3
Teak (Myanmar, all lengths)	7500-8500
Sawnwood	
Beech KD Grade A	4800-5000
US Cherry, 1 inch	9500-10000
US Red Oak, 50mm	6500-7000
Sapele 50mm FAS (Congo)	
KD (2", FAS)	6200-6500
KD (2", grade A)	5600-5800

Hangzhou Timber Market

Logs	Yuan per m3
Ash 4m, 30cm diam.	2800-3800
Linden 4m, 26cm diam.	2000-2700
Sawnwood	
Beech Europe	3000-7500
Black walnut North America	12000-17500
Teak Myanmar	9000-18000
Red oak North America	8500-15000
Alder Myanmar	4500-7600
Sapele Africa	5000-6200

Sawnwood Exports

Around 123,800 cu. m of sawnwood were exported in first three months, valued at US\$81.7 million, up 6.5 percent in volume and 13.1 percent in value.

Flooring Sales

Flooring sales of almost 400 mil. square metres in 2010 According to statistics from Flooring Committee of the Chinese Forest Product Industry Association, total sales of

- composite flooring, 89 million sq.m, accounting for 22.3 percent, up 7.2 percent;
- bamboo flooring, 25.3 million sq.m, accounting for 6.3 percent, up 1.2 percent;
- others, 3.2 million sq.m, accounting for 0.8 percent, up 45 percent.

Plywood		
Red beech	4x8x3 mm	50-65
Black walnut	4x8x3 mm	50-95
Teak	4x8x3 mm	65-130

Shandong De Zhou Timber Market

Logs	Yuan per m3
Larch 6m, 24-28cm diam.	1800
White Pine 6m, 24-28cm diam.	1700
Korean Pine 4m, 30cm diam.	-
6m, 30cm diam.	-
Mongolian Scots Pine 6m, 30cm diam.	1550

Hebei Shijiazhuang Wholesale Market

Logs	Yuan per m3
Korean Pine 4m, 38cm+ diam	1800
Mongolian Scots Pine 4m, 30cm diam.	1700
6m, 30cm+ diam.	1750
Sawnwood	1700
Mongolian Scots Pine 4m, 5-6cm thick	1750
4m, 10cm thick	

Wenzhou Timber Trading Market

Logs	Yuan per m3
Wenge (Africa)	4500-5100
Teak (Africa)	2100-2500
Merbau (Africa)	3500-5000
Sapele (Africa)	3200-3700
Plywood	Yuan per piece
Red beech 4x8x3 mm	40-80
Black walnut 4x8x3 mm	40-85
Teak 4x8x3 mm	45-110

For more information on China's forestry see:

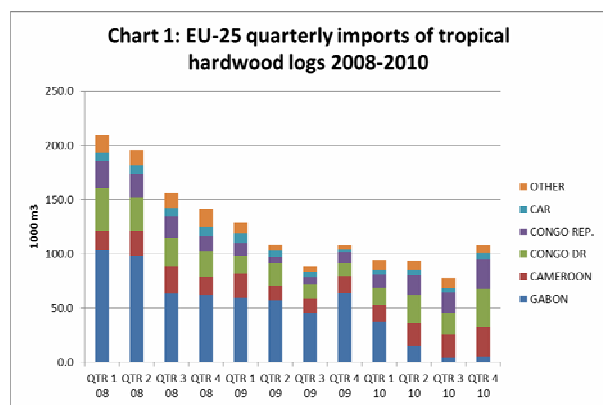
www.forestry.ac.cn

Mixed signals for tropical hardwood

Overall 2010 was a slightly better year for the European trade in tropical hardwood than 2009, although purchasing remained at levels well below those before the recession and there were unsettling signs of declining market share in some sectors.

The latest EU-wide trade data indicates that imports of tropical hardwood logs into the region reached 354,000 cu.m (down 18% on 2009) valued at €133 million (down 7%). The big decline in imports from Gabon following that country's log export ban imposed from May 2010 onwards was only partially offset by rising imports from other countries in the Congo basin.

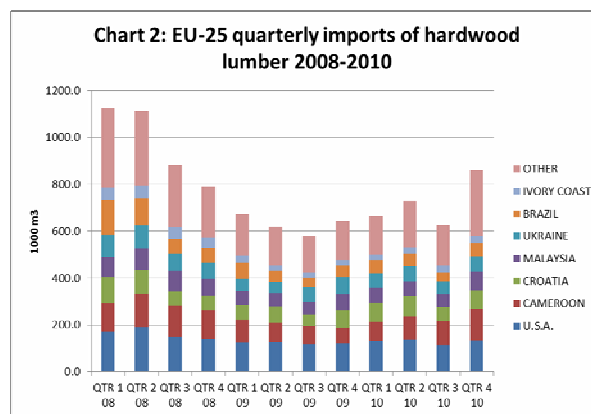
Nevertheless, quarterly data indicates that after reaching an all time low in the third quarter of 2010, the pace of imports of tropical hardwood logs picked up significantly in the closing months of the year. EU-25 imports of tropical hardwood logs during the October to December period reached 108,000 cu.m, up from only 78,000 cu.m in the previous quarter.



Interestingly, EU imports of tropical logs in the last quarter of 2010 were almost exactly the same volume as the same period in 2009, before introduction of Gabon's log export ban. Three countries are now filling the void created by Gabon's withdrawal as a supplier - Congo Democratic Republic, Cameroon and the Congo Republic - each now contributing between 25% and 30% of total EU imports.

EU hardwood imports up 7percent

EU imports of hardwood lumber (tropical and temperate) reached 2.69 million cu.m valued at €1435 million, up 7% and 12.4% respectively. Despite the gains, imports were still down 42% on levels prevailing before the recession. This is due both to lower consumption and much reduced supply as harvesting levels fell dramatically and large swathes of the hardwood industry were effectively forced to close during 2008 and 2009.



Lack of credit coupled with a desire to keep lower inventories during times of uncertainty has also fed a strong trend towards just-in-time ordering which has tended to favour more readily available hardwoods.

Temperate hardwood lumber producers have benefited most from this trend, and last year there was significant growth in EU imports from several Eastern European supply countries, notably Croatia, Bosnia, Serbia and Romania.

Of leading tropical hardwood lumber suppliers to the EU, imports from Malaysia and Brazil fell last year. In contrast, there was a reasonable recovery in the level of EU imports from Cameroon. Lumber exports from Gabon also rose significantly last year, one effect of the log export ban.

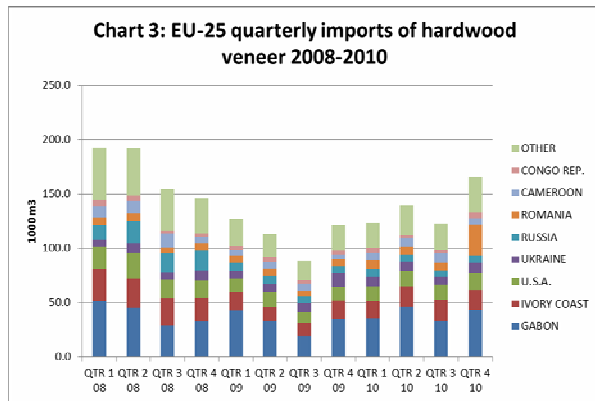
Signs of sustained market improvement in the last quarter of 2010

The quarterly hardwood lumber import data provides some cause for optimism that the recovery in Europe's sawn hardwood markets will be maintained. There was a robust rebound in the level of EU hardwood lumber imports in the last quarter of 2010. During that period, EU hardwood lumber imports reached 861,000 cu.m, the highest quarterly figure for over two years. This suggests that the big decline in imports during the third quarter of 2010 was seasonal and due to short-term stocking issues rather than a long-term reversal in underlying consumption trends.

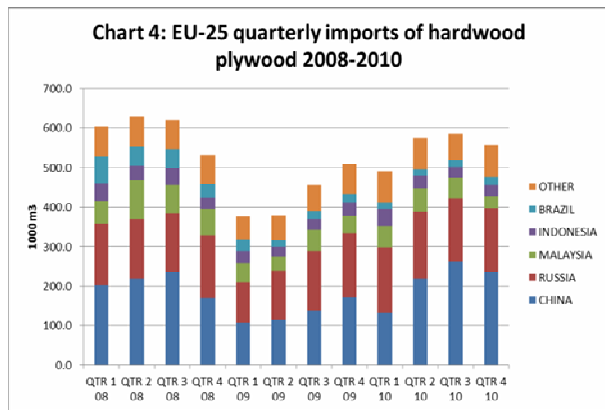
EU imports of hardwood veneer have followed a similar pattern. Overall EU hardwood veneer imports reached 514,000 cu.m in 2010 valued at €455 million, up 14% and 13% respectively. This is partly the result of a switch to hardwood rotary veneer imports by European plywood manufacturers in place of logs from Gabon following the log export ban in May. In addition to Gabonese exporters, those in various other African countries are benefiting from this trend including Cameroon, Ghana and Equatorial Guinea. Rising levels of veneer imports from countries better known for supply of sliced veneer – such as Ivory Coast, USA, and Romania - suggests this component of the veneer market has also seen some recovery this year.

Strong recovery in veneer imports in October to December period

As in the hardwood lumber trade, the quarterly data indicates strong recovery in EU imports of hardwood veneer in the last quarter of 2010 after a disappointing performance in the June-September period. The sharp downturn in EU veneer imports during the third quarter of 2010 seems to have been due to short term over-stocking of okoume rotary veneer destined for the European okoume plywood trade, a sector which in recent times has been struggling to compete with cheap Chinese substitutes.



Imports of hardwood plywood into the EU-25 group of countries during 2010 reached 2.21 million cu.m valued at €798 million, up 28% and 40% respectively on the previous year. The particularly sharp rise in the unit value of imports must be welcome news for a sector that has had to deal with narrow and ever declining margins over recent years.



However the data doesn't bode well for all hardwood plywood producers. A notable trend in the EU market during 2010 was growth in the share of China, Russia, Ukraine, and Uruguay, largely at the expense of Malaysia, Brazil and Gabon. Tropical hardwood plywood grades continue to be substituted by cheaper more readily available combi-products, plantation-grown eucalypt products, and birch plywood.

The quarterly data is also disappointing, revealing a significant downturn in EU hardwood plywood imports during the October to December period last year. This is in line with market reports indicating a downturn in

European demand for raw grades of tropical and Chinese hardwood plywood at the end of last year. Following significant imports of plywood in the second and third quarters of 2010, many importers were carrying excess stocks into 2011 relative to limited demand. Demand for more specialist film-faced products was performing rather better, continuing to benefit from higher prices and low availability of birch plywood due to the forest fires in Russia during 2010 and the Russian export tax on birch logs.

Certification central to marketing tropical hardwood in Europe

The role of independent certification as an increasingly essential requirement for marketing of tropical hardwood in the European market was a central theme of commentary in the annual Tropical Timber Supplement published by the Timber Trades Journal (TTJ).

Requirements for certification in the tropical hardwood sector are currently being driven by Corporate Social Responsibility policies of larger retailers and manufacturers and are expected to receive a major boost with introduction of the IITL. Large housebuilders, retail, public sector, and merchant customers all demand chain of custody certification for most products, regardless of whether they're tropical or temperate forest-sourced.

Several commentators quoted in the TTJ emphasised the power of forest certification to overcome existing prejudices against tropical hardwood in the European market. Representatives of several large and high profile wood consuming companies all made the case for continued use of certified tropical hardwoods as a way of adding value to sustainably managed tropical forests, providing incentives for good practice and reducing pressure to convert forests.

Certification not an easy option

While it is increasingly obvious that certification is a large part of the answer to tropical wood's image problem in the European market, the TTJ supplement also highlights that this is not an easy option. While an investment in certification may run into millions of dollars, many commentators note the continuing lack of willingness to pay on the part of final consumers. Certification is required simply to protect existing market share for tropical hardwood and can't be expected, in isolation, to generate a big increase in market demand. In these circumstances, it seems likely that the largest operators in the tropical timber sector will be the major beneficiaries from the shift to certification.

Nevertheless, while there a few positive examples of progress towards certification in the tropics, many commentators in the TTJ supplement were seriously concerned that the pace of uptake is likely to fall behind the level of demand in the future. There is a widespread expectation in Europe that demand for certified tropical wood will pick up strongly over the next two years as the EU moves towards full implementation of the IITL. This is raising concerns that the IITL may have negative consequences in a world where the balance of wood

consumption is shifting inexorably away from western to emerging markets.

Commentators in the TTJ supplement gave some consideration to measures that might help overcome these obstacles. Representatives of European manufacturers and retailers note their continuing willingness to pay premium prices for certified tropical wood even when their own customers are unwilling to pay extra. Others note the importance of leaving the door open to a range of certification systems, not just demanding FSC as a default position, to help keep options open and costs down.

Need to increase EU demand for lesser used species

The TTJ supplement highlights that there is also a continuing concern in some quarters to increase the range of tropical timbers used in the European market so as to boost availability and the income that may be derived from certification of tropical forests. The MD of Ecochoice notes that they recently conducted a study with TRADA for the UK Environment Agency looking at the appropriateness of different tropical species for sea defence works. It's noted "we had some very positive findings with angelimvermelho, cupiuba, eveuss, okan and tali...the challenge is now fostering demand for these tested, yet relatively new species. It seems to be all in the name. Even though we demonstrated that these species do a great job, customers still want ekki or greenheart. We need to educate clients to think performance, not species."

Market impact of modified wood products

There were mixed views expressed in the TTJ supplement on the question of whether "modified" softwoods and temperate hardwoods are having a significant impact on European markets for tropical timbers. A representative of UK-based importer UCM suggests the impact is "small" and that it remains unclear how long-lasting it will be. It's noted that "tropical timbers are known for durability, appearance and strength and some modified timbers don't replicate all those properties".

In contrast representatives of Lathams and Ecochoice are very upbeat about prospects for modified woods, suggesting that existing technical limitations are being gradually overcome through further research and testing. However, in both cases, the suggestion is that modified wood products are more likely to "supplement" than replace tropical hardwoods.

The Netherlands Sawntwood Prices

	US\$ per m ³
FOB (Rotterdam)	
Sapele KD	978
Iroko KD	1201
Sipo KD	1185
DRM Bukit KD	953
DRM Seraya KD	960
DRM Meranti KD Seraya MTCC cert.	982
Merbau KD	1236
Sapupira (non FSC) KD	989
Sapupira (FSC) KD	1624
Anti-slip decking AD C&F Rotterdam	
Selangan batu	1660

UK Log Prices

	€ per m ³
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	410-450
African Walnut 80cm+ LM-C	340-370

UK Sawntwood Prices

	GB Pounds per m ³
FOB plus Commission	
Framire FAS 25mm	500-520
Sipo FAS 25mm	695-725
Sapele FAS 25mm	580-590
Iroko FAS 25mm	710-720
Wawa FAS25mm	280-300
CIF plus Commission	
Tulipwood FAS 25mm	280-300
Meranti Tembaga Sel/Btr (KD 2"boards)	570-585
Balau/Bangkirai Decking	960-1000
White Oak	500-525

UK Plywood and MDF Prices

	US\$ per m ³
Plywood Panels 8x4", CIF	
Brazilian WBP BB/CC 6mm	590-600
Malaysian WBP BB/CC 6mm	575-595
MALAYSIA MTCS/PEFC trop hard face, pine core* 18mm	500-520
China (hardwood face, eucalyptus core) 18mm	385-395
China (tropical hardwood face, poplar core) 18mm	365-375

* MTCS/PEFC certified plywood is now becoming more widely available than equivalent FSC certified product from Malaysia

Report from North America

Depressed housing market holds back US economic recovery

GDP growth in the US slowed to 1.8% in the first quarter of 2011, down from 3.1% in the last quarter of 2004 according to the US Department of Commerce. Consumer spending accounts for about 70% of the US economy, and high gasoline prices are largely blamed for the slow economic growth.

Other factors were the unusually harsh weather in late winter, which kept people from shopping and delayed construction projects. The federal government also cut military spending. However, the main factor holding back the economic recovery is the weak housing market according to the Federal Reserve.

Wood product manufacturing saw the highest growth of all industries in April, while manufacturing of furniture and related products declined. The Institute for Supply Management reports the manufacturing sector expanded in April for the 21st consecutive month. Manufacturing has been the strongest economic sector since the recession ended. Export demand was helped by a weak US dollar, but rising material costs put pressure on profits.

Productivity increased again in the first quarter of 2011, but the productivity growth was lower than in the previous quarter (1.6% compared to 2.9% in Q4 2010). The US Department of Labor expects production growth to slow because companies are reaching the limits of producing more goods and services with fewer workers. In the short

term a decline in productivity growth will be positive because companies will hire more workers.

Unemployment increased to 9% in April from 8.8% in March because many people resumed their job search according to the US Department of Labor. At the same time employers created additional 244,000 jobs, the highest increase in five years. The private sector added jobs while all levels of government cut jobs in April. However, the number of unemployed people is still almost double than before the recession started. It could take four to five years before the unemployment rate drops to the usual rate of around 6%.

Slow start to spring home buying in the US

The high number of foreclosed homes on the market, low home prices and tight credit continue to keep new home construction at relatively low levels. Builders are only slowly building up their inventory of new homes, expecting a gradual improvement in demand according to the National Association of Home Builders.

Construction of new homes went up in March after disappointing figures earlier this year. Housing starts increased by 7.2% from February to 549,000 (seasonally adjusted annual rate) according to US Department of Commerce figures. This is still 13.4% below the starts in March last year. Single-family starts went up by 7.7% from February to 392,000. The US South was the only region where housing starts declined in March.

Permits for new homes improved more than starts and were estimated at 405,000 in March, up by 11.2% compared to February. The number of permits issued can be an indicator of future building activity. Sales of new single-family homes increased by 11.1% in March, partially offsetting the large drop in February according to US Department of Commerce figures.

The northeastern region posted again the highest increase in sales (up 67%), followed by the West and Midwest. New home sales were almost unchanged in the South. The inventory of new homes on the market remains very low.

The National Association of Home Builders reports that the builders' confidence in the market for new single-family homes dropped in April 2011. The drop was largely due to low home sale expectations in the US South. Sales of lower-priced homes have been doing well as have purchases by first-time home buyers who do not have a current home to sell and can take advantage of low property prices and low mortgage rates.

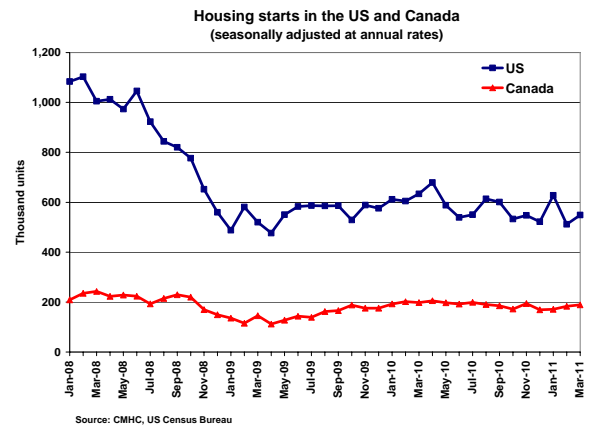
Canadian housing market fully recovered

Canadian housing starts increased to 185,100 in March (seasonally adjusted annual rate), up 2.6% from February. The increase was mainly due to higher rural housing starts, while in urban areas construction of single-family homes declined while multi-family starts increased.

House construction is expected to decline in the second half of 2011 according to Conference Board of Canada

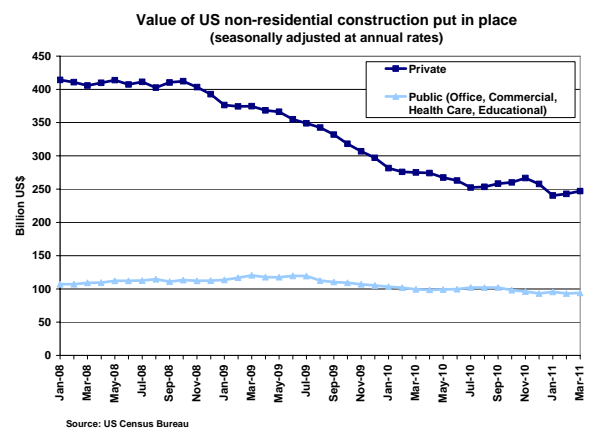
forecasts. The government's Canada Housing and Mortgage Corporation expects the sustainable level of new home construction to be below the high levels seen in 2002 to 2008, when annual housing starts were above 200,000. The agency forecasts a total of 177,600 housing starts for 2011, which is slightly less than in 2010.

First quarter investment in non-residential building construction increased by 1.3% from the previous quarter. The growth was concentrated in Ontario and Quebec. Canada's central bank has left its key interest rate unchanged at 1.0% since last September. The unemployment rate declined further in April to 7.6%.



Only slight improvement in US non-residential construction

Construction of non-residential buildings improved slightly in March, but the American Institute of Architects reports only a marginal improvement in business conditions. Credit for non-residential projects remains tight. The commercial/industrial sector has seen more building activity than institutional building construction.

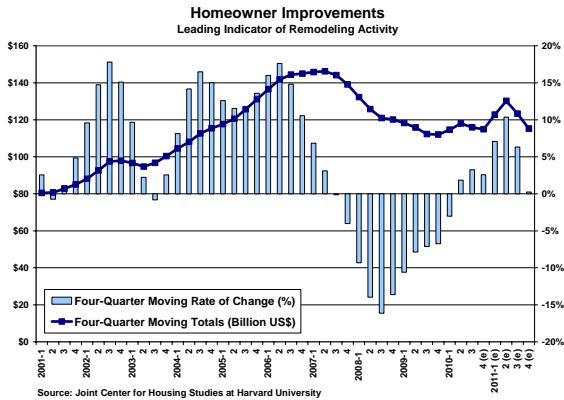


No significant growth in home renovation spending expected

The outlook for home remodeling expenditures in 2011 was revised downward by the Joint Center for Housing Studies of Harvard University. The state of the housing market and concerns over the slow economic recovery is expected to moderate growth in spending on remodeling. Spending levels in the second and third quarter of 2011 (spring and summer) are likely to surpass 2009 and 2010

spending levels, but by the end of 2011 expenditures are expected to be back to the relatively low levels of 2010.

The National Association of Home Builders Remodeling Market Index reached its highest level in four years in the first quarter of 2011. Despite the improvement the companies surveyed indicated low levels of home remodeling activities.



FSC-certified wood fastest growing green building material to 2015

Sawnwood and woodbased panels certified by the Forest Stewardship Council (FSC) are expected to see the strongest growth of all green building materials. A report by Freedonia (Green Building Materials Market) forecasts a 13% growth in US demand for green building materials.

Floor coverings accounted for almost one quarter of green building material demand in 2010 and included bamboo and cork flooring because they are made from rapidly renewable resources. The green building certification system LEED is the main driver of FSC-certified wood in green building in the US and Canada, but several other certification systems and assessment tools are also used.

US Timber prices

	Mar-11 US\$ per cu.m	Apr-11 US\$ per cu.m
Ipe (Brazil) Decking Premium Grade AD, 1x6, FOB Belem	2650	2800
Ipe (Brazil) Decking Premium Grade AD, 5/4x6, FOB Belem	2650	2900
Jatoba (Brazil) No.1 Common & Better AD, FOB Belem	-	-
Jatoba (Brazil) No.1 Common & Better KD, FOB Belem	-	-
Khaya (Côte d'Ivoire) FAS KD, FOB Abidjan	775	775
Khaya (Ghana) FAS KD, FOB Takoradi	875	875
Sapele (Cameroon) FAS AD, FOB Douala	725	740
Sapele (Cameroon) 4/4 to 8/4 FAS KD, FOB Douala	900	910

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

Internet News

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

The Department of Export Promotion (DEP) of Thailand expresses great satisfaction with Thailand's 2010 furniture export growth. The new record of 1,172.85 million USD worth of exported furniture was achieved. The upcoming Thailand International Furniture Fair 2011 (TIFF 2011) will maintain this successful momentum and is expected to attract as many as 34,000 international and local visitors. The exposition will be held on 16-20 March 2011, at BITEC Bangna. Mrs. Nuntawan Sakuntanaga, DEP Director-General, stated that "The furniture and home decorative items industry fared very well in the year 2010, and the export of Thai furniture items now accounts for 0.6% of Thailand's total export value."

http://pr-usa.net/index.php?option=com_content&task=view&id=645478&Itemid=30

Laos is seeking stronger cooperation with Vietnam in forestry, especially the processing and export of furniture, a Lao forestry official has said. Sousath Sayakoummane, Head of the Office of the Lao Agriculture and Forestry Ministry, signaled his country's purpose during talks with officials from the Ministry of Agriculture and Rural Development (MARD) in Hanoi recently. In 2010, Vietnam raked in US\$3.4 billion from furniture exports. The country, however, imported 80% of the timber, mostly from Laos for making furniture.

<http://english.vovnews.vn/Home/Vietnam-and-Laos-boost-forestry-link/20113/124378.vov>

2011 is the International Year of Forests. This year, the United States is joining other countries, communities, and individuals around the world to spotlight one of the most valuable resources. Forests cover more than 30 percent of the world's total land area. They contain a great percentage of the world's terrestrial biodiversity. They are home to more than 300 million people and provide livelihoods for 1.5 billion more.

<http://www.state.gov/g/oes/rls/remarks/2011/160751.htm>

Alternative Asset Analysis (AAA), which advocates alternative investments, such as real estate, commodities and sustainable forestry, has stated that it welcomes reports of increased Far East demand for US forestry products. The statement followed a report from one of the leading US forestry management firms, F&W Forestry Services, claiming that some welcome relief was coming in the form of demand from the Far East.

http://pr-usa.net/index.php?option=com_content&task=view&id=695766&Itemid=31

Australian companies are poised to supply temporary housing to tsunami-ravaged Japan after an appeal for help through the Japanese embassy in Australia. The likely deal to supply prefabricated timber homes to tsunami survivors came about through close ties between Australia's timber

and forestry sector and Japanese industry. Officials at the embassy contacted the National Association of Forest Industries in the weeks after the March 11 tsunami asking for help in supplying some of the 30,000 temporary dwellings Japan will need in the next two months.

<http://www.theaustralian.com.au/business/news/builders-answer-japans-aid-call-after-disasters/story-e6frg906-1226039936833>

Brazil's clear-cut deforestation rate led the world just five years ago. And between 1995 and 2006 an average of 19,497 square kilometers of forest was cleared in the Amazon annually, or an area equal to that covered by roughly 3.5 million American football fields. Starting in 2006, however, this trend reversed, and the figures started plummeting.

<http://www.scientificamerican.com/article.cfm?id=brazil-satellites-catch-illegal-rainforest-loggers>

Low-input farming for cocoa, cassava and oil palm has resulted in widespread deforestation and degradation of West Africa's tropical forest area, according to a new study by researchers at the International Institute for Tropical Agriculture (IITA) and the Center for International Forestry Research (CIFOR).

<http://allafrica.com/stories/201104111848.html>

The government of the Philippines would implement the log ban on natural forests but exclude minor forest products in line with an executive order putting in place the indefinite total log ban nationwide. Department of Environment and Natural Resources (DENR) Secretary Ramon Paje told members of the Chamber of Furniture Industries of the Philippines (CFIP) minor forest products such as rattan, buri and vines are exempted from the moratorium.

<http://www.mb.com.ph/articles/314737/govt-exempts-minor-forest-products-total-log-ban>

The reclassification of bamboo as a grass from a tree by the Indian central government has opened up vistas for its commercial use. But the non-notification of this change by the state government, the absence, until recently, of an audit of the central funds received, and the lack of interest among the farming community in Goa, has led to a threat of the state receiving no additional funding, say state officials.

http://articles.timesofindia.indiatimes.com/2011-04-19/goa/29446734_1_national-bamboo-mission-bamboo-cultivation-bamboo-products

Vietnam's furniture manufacturers are focusing solely on foreign markets and abandoning one at home, experts noticed, adding the quality of the country's timber resource should be improved. "Millions of cubic meters of timber are produced annually, but most of the amount is exported as low-quality woods. Importers, in contrast, have to buy millions of cubic meters of high-price wood from abroad for local production," said Hua Duc Nhi, deputy minister of agriculture and rural development.

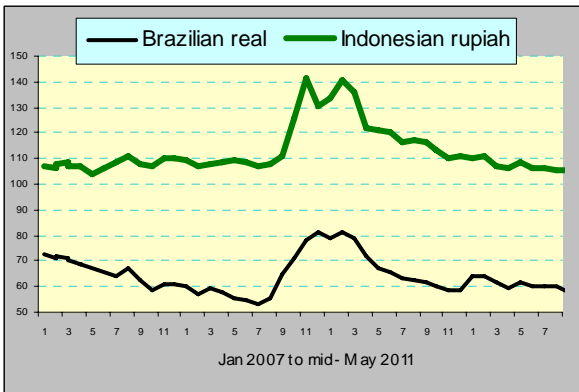
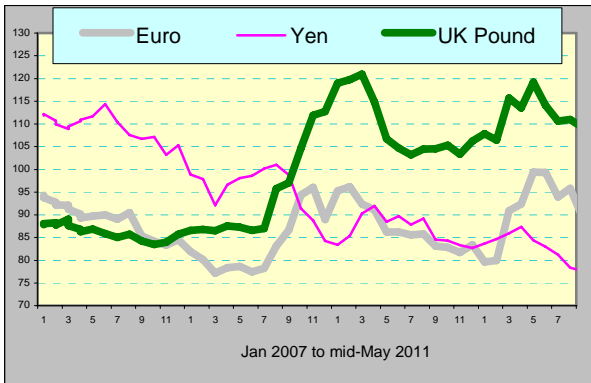
<http://www.saigon-gpdaily.com.vn/Business/Economy/2011/4/91367/>

Main US Dollar Exchange Rates

As of 28th April 2011

Brazil	Real	1.5763
CFA countries	CFA Franc	443
China	Yuan	6.5017
EU	Euro	0.6747
India	Rupee	44.3459
Indonesia	Rupiah	8584
Japan	Yen	81.54
Malaysia	Ringgit	2.9647
Peru	New Sol	2.8217
UK	Pound	0.6010
South Korea	Won	1073.88

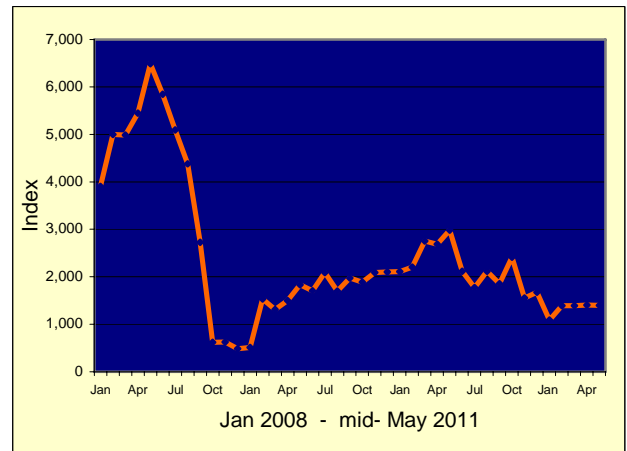
Exchange rates index (Dec 2003=100)



Abbreviations and Equivalences

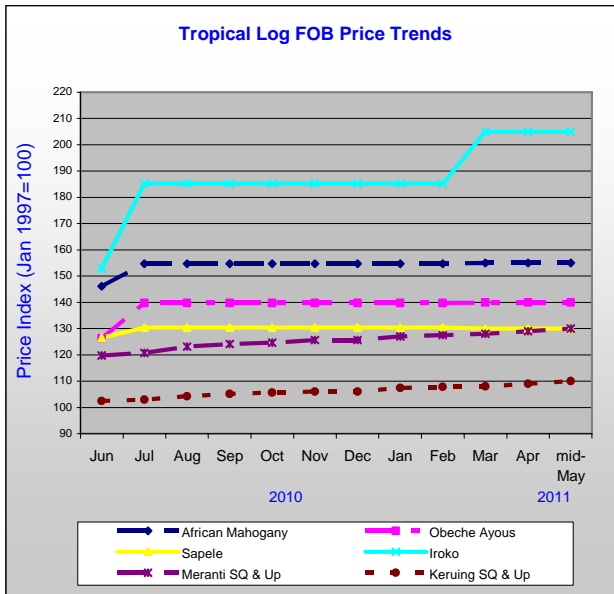
LM	Loyale Merchant, a grade of log parcel
QS	Qualite Superieure
CI, CE, CS	Choix Industriel, Economique or Supplimentaire
FOB	Free-on-Board
CIF; CNF	Cost, insurance and freight; Cost and freight
KD; AD	Kiln Dry; Air Dry
Boule	A log sawn through and through, the boards from one log are bundled together.
BB/CC, etc.	Plywood grades. Letter(s) on the left indicate face veneer, on the right backing veneer. 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 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
OSB	Oriented strand board
MDF	Medium Density Fibreboard
PHND	Pin hole no defect grade
	Price has moved up or down

Ocean Freight Index

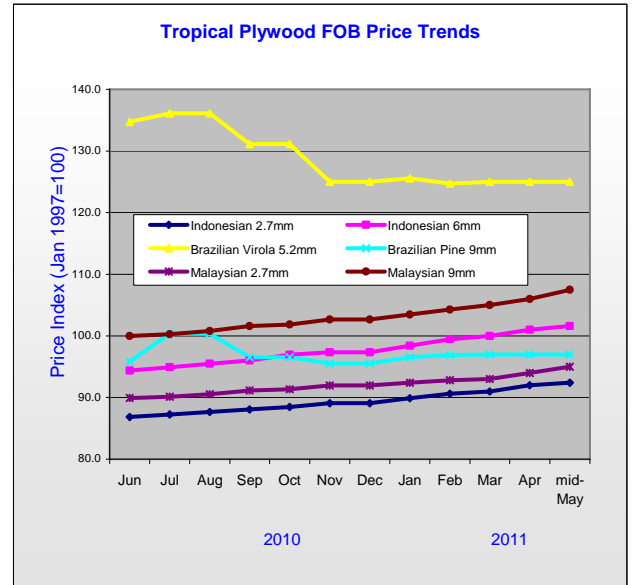


The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

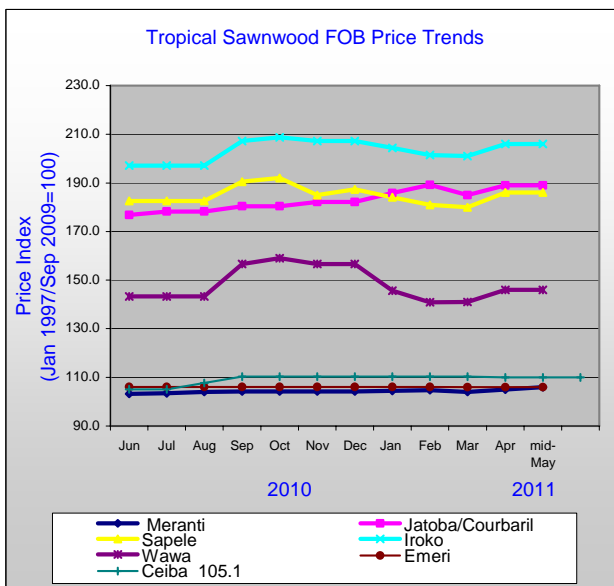
Tropical Log Price Trends



Tropical Plywood Price Trends



Tropical Sawnwood Price Trends



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

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http://www.itto.int/en/mis_registration/