Tropical Timber Market Report

Volume 16 Number 10, 16th – 31st May 2011

The ITTO *Tropical Timber Market* (*TTM*) *Report*, an output of the ITTO Market Information Service (MIS), is published in English every two weeks with the aim of improving transparency in the international tropical timber market. Its contents do not necessarily reflect the views or policies of ITTO. News may be reprinted provided that the ITTO *TTM Report* is credited. A copy of the publication should be sent to eimi@itto.int.

Contents

Top Story

"Crisis Cabinet" to combat deforestation

The Brazilian government has established a "Crisis Cabinet" to expand operations to combat deforestation. New data shows that the rate of deforestation in the Amazon has increased. Between August 2010 and April 2011 an area 1,849 sq. km was reported as deforested.

Increases in production of soybeans and corn due to high international prices have encouraged producers to clear more forest. Also, anticipated changes in the Brazilian Forest Code are said to be behind the rise in forest clearance.

(see details on page 8)

Headlines

Report from Central/West Africa

Padouk prices once again lead the pack

The firm demand for sawnwood from West and Central African producers continues to drive up prices, especially for selected prime species. Padouk sawnwood prices once again lead the field with rises of Euro100 per cu.m for FAS GMS as well as for scantlings. Okoumé sawnwood prices also recorded further moderate gains as demand has been sustained.

Sipo sawnwood prices also made small gains however, sapele has not yet shared in the overall strength of the sawnwood market, although exporters are confident that a rise in price is imminent.

There seems little doubt that the restrictions on log exports put in place by Gabon, Cameroon and Congo Brazzaville have impacted very positively on the trading of processed wood from the region.

Better sawnwood price encourages domestic processing

Producers are noting that demand has moved away from logs and that the market is now much more focused on the resurgence in demand and resultant higher prices for sawnwood.

At the moment the rise in prices for sawnwood has not been translated into better log export price increases. Analysts expect that there will be some effect on domestic prices for logs of premium species but perhaps less of an effect on the non-premium species, many of which can still be exported in log form.

When sawnwood prices are good concession holders and millers have every incentive to process logs to maximise profits.

Confidence grows in policies to encourage domestic processing.

Exporters in the region have noted a more consistent demand from China for sawnwood and feel more confident that this trend will continue at least until the end of the year.

The current trade pattern and stable demand leads to stability in employment in the wood processing sector in the region and increased confidence in government policies throughout the region put in place to encourage processing.

EU markets yet to face up to the higher prices

The market in Europe for W. African logs and sawnwood remains very dull but exporters in W. Africa say they are not too concerned about the weak European market while they have orders for up to two months production from other countries.

Analysts suggest that European buyers must face up to the higher price levels if they want to secure a supply of the premium species; they will also have to expect longer delivery schedules.

West Africa Log Prices

West Africa logs, FOB	€ per m³		
Asian market	LM	B	BC/C
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 m³
Ayous	FAS GMS	300
Bilinga	FAS GMS	475⬆
Okoumé	FAS GMS	440⬆
	Merchantable	290
	Std/Btr GMS	330⬆
Sipo	FAS GMS	500
	FAS fixed sizes	-
	FAS scantlings	415⬆
Padouk	FAS GMS	780⬆
	FAS scantlings	790⬆
	Strips	340⬆
Sapele	FAS Spanish sizes	370
	FAS scantlings	430⬇
Iroko	FAS GMS	640
	Scantlings	650
	Strips	410⬆
Khaya	FAS GMS	415
	FAS fixed	430
Moabi	FAS GMS	530
	Scantlings	525⬆
Movingui	FAS GMS	410⬆

Report from Ghana

Sawnwood dominates export trade

Ghana's revenue generated from timber and wood export for first quarter of 2011 dropped 24% to Euro 30.18 million compared to the same period last year. The corresponding export volume for the period was 89,680cu.m this year compared to 121,410 cu.m last year.

Air and Kiln dried lumber together accounted for 41% of the total value of wood exports for the quarter, while the contribution of plywood exports was 38%, 12 other products contributed the balance of the total exported value.

A drop in export volumes of kiln dried lumber (-34.3%), sliced veneer (-32.2%), air and kiln dried boules (-37.8%) and parquet flooring (-32.1%) has been attributed to the inadequate domestic supply of logs.

First Quarter Exports

Product	**1st Qtr 2010**	**1st Qtr 2011**
Sawn Timber	**Vol. cu.m ('000)**	**Vol. cu.m ('000)**
Lumber (AD)[1]	19.96	21.02
Lumber (KD)	24.07	15.81
Veneers:		
Sliced	9.82	6.66
Rotary	1.71	1.85
Plywood[3]	42.9	33.87
Mouldings	5.05	4.19
Boules	1.48	0.92
Flooring	0.28	0.19
Others	16.14	5.17
TOTAL	**121.41**	**89.68**

source GFC

Exports to African countries continue to grow

The ECOWAS market (mainly Nigeria, Senegal, Niger, Gambia, Mali, Benin, Burkina Faso and Togo) absorbed 86 % of total wood product exports to African countries and were worth around Euro 13 mil. in the first quarter 2011.

Plywood and air dried lumber (especially of Ofram and Ceiba) were in high demand and continue to be of interest to buyers in Nigeria and Niger. Ghana's exports of wood products to African countries grew by around 42% in both value and volume in the first quarter.

Hint of recovery in exports to the US

European markets accounted for 25% of the total value of exports (Euro 7.56 million) and stood at 19,124 cu.m for the first quarter of 2011.

Key markets included Italy, France, Germany, the United Kingdom, Belgium, Spain, Ireland and Holland. The US accounted for 10% of the value of exports and 4% of the export volumes, both figures being higher than for the first quarter 2010.

Markets in Asia such as India, Malaysia, Taiwan P.oC., China, Singapore and Thailand together contributed Euro 3.92 million to the total of wood export value in January-March 2011.

The Middle East countries, notably Saudi Arabia, Lebanon, United Arab Emirate and Israel together contributed another Euro 2.55 million.

Ghanaian export mills meeting TIDD price guidelines

Sawnwood prices for traditionally exported species such as Wawa, Mahogany, Sapele, Makore and Odum improved slightly during the first three months of 2011. There were improvements of between Euro 5and Euro 15 per cu.m over the TIDD approved Guiding Selling Prices (GSP).

With the exception of lesser used species such as Essa, Yaya, Bompagya, Duabankye and high density species (especially Ekki, Danta and Denya) which have been introduced into the Middle East and Chinese markets recently, exporters were able to achieve the GSP for sawnwood.

Export prices of plywood continued to increase during the quarter under review. Prices improved by between Euro 5 and Euro 20 per cu.m. About 70% of the plywood contracts for the period have been destined for Nigeria.

Prices of Niangon boules to France fell significantly during the quarter under review. Prices dropped to Euro 450 per cu.m, the GSP price at the tme was Euro475 per cu.m. However prices of the same product to Germany were a little better hovering averaging around Euro 460 per cu.m.

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 Sawnwood Prices

Ghana Sawnwood, FOB	€ per m^3	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	855	-
Asanfina	500	560
Ceiba	215↓	269
Dahoma	312	385
Edinam (mixed redwood)	400	450
Emeri	350	430
African mahogany (Ivorensis)	568	650
Makore	520	585
Niangon	523	590
Odum	625	690
Sapele	545	600
Wawa 1C & Select	260	285

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	€ per m^3	
	CORE (1-1.9mm)	FACE (<2mm)
Bombax	315	350
Ofram,	320↑	355
Ogea & Otie	318	355
Chenchen	315	350
Ceiba	330↑	353↑
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
Asanfina	1.50	1.00
Avodire	1.12	0.69⬆
Chenchen	1.27	0.68⬆
Mahogany	1.25	0.99
Makore	1.25+	0.63
Odum	1.80	1.40

Ghana Export Plywood Prices

Plywood, FOB	€ per m^3		
BB/CC	Ceiba	Ofram	Asanfina
4mm	370	546	597
6mm	367	540	575
9mm	310	384	436
12mm	290	381	397
15mm	285	327	334
18mm	275⬆	320	3303⬆

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

Domestic and export price differentials eroded

Prices of Malaysian timber and timber products continue to rise sharply due to strong demand and higher fuel prices which are driving up transportation and production costs. Price differentials between domestic and export quality wood products are eroding fast.

This is expected to have a spill-over effect on other building and construction material in the market. The increase in construction grade plywood prices is expected to increase construction cost by 10% to 30% for both commercial and housing projects.

Logging area reduced in 10th Malaysian Plan

The Malaysian National Land Council has set aside 155,000 ha. of forest to be harvested for timber annually under the Tenth Malaysian Plan (10MP), a reduction of 15,000 ha. from the previous Ninth Malaysia Plan, which allowed for 170,000 ha. of forest to be harvested annually.

According to the Malaysian Natural Resources and Environment Ministry, the annual allowable cut was adjusted to meet criteria set up to determine proper and effective forestry management.

The ministry added that up to 2008, Sarawak had 6 million ha. of forest reserve out of 14.43 million ha. for the entire country.

However, in terms of forested areas, Sarawak had up to 8.23 million ha. this constituted 66.9% of the state land area, compared to 4.4 million ha. (56.7%) for Sabah and 5.85 million ha. (44.7%) for Peninsular Malaysia.

New 'green' material for industrial applications

The Malaysian Agricultural Research and Development Institute (MARDI) has succeeded in developing Kenaf Polymer Composite (KPC) as a 'green' material for construction and industrial applications. This came as a result of intensive research and development over a six year period.

Kenaf is regarded as a suitable substitute for timber products as it is a short term fibre crop, thus mitigating the need to harvest timber for wood-based product applications. The initial market potential for KPC products is estimated at RM3 billion annually.

Presently, samples of KPC have been sent to the EU for further testing and certification of its durability and properties. KPC is regarded as outstanding reinforcing filler in thermo-plastic composites when combined with certain plastic resins.

Log Prices

Sarawak log, FOB	US$ per m^3
Meranti SQ up	256-283⬆
Small	245-275⬆
Super small	246-267⬆
Keruing SQ up	241-253⬆
Small	232-264⬆
Super small	221-245⬆
Kapur SQ up	232-258⬆
Selangan Batu SQ up	230-263⬆

Pen. Malaysia logs, domestic (SQ ex-log yard)	US$ per m^3
DR Meranti	268-285⬆
Balau	322-352⬆
Merbau	360-391⬆
Rubberwood	101-135⬆
Keruing	241-257⬆

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

Sawnwood Prices

Malaysia Sawnwood, FOB	US$ per m^3
DR Meranti	409-445⬆
White Meranti A & up	304-334⬆
Seraya Scantlings (75x125 KD)	449-461⬆
Sepetir Boards	274-303⬆
Sesendok 25,50mm	361-379⬆
Kembang Semangkok	330-357⬆

Malaysian Sawnwood, domestic	US$ per m^3
Balau (25&50mm,100mm+)	341-361⬆
Merbau	472-524⬆
Kempas 50mmx(75,100 & 125mm)	282-322⬆
Rubberwood	
25x75x660mm up	236-286⬆
50-75mm Sq.	275-307⬆
>75mm Sq.	297-327⬆

Plywood Prices

Malaysia ply MR BB/CC, FOB	US$ per m^3
2.7mm	440-500⬆
3mm	420-450⬆
9mm & up	372-442⬆

Meranti ply BB/CC, domestic	US$ per m^3
3mm	363-453⬆
12-18mm	346-375⬆

Other Panel Prices

Malaysia, Other Panels, FOB	US$ per m^3
Particleboard	
Export 12mm & up	254-277⬆
Domestic 12mm & up	244-259⬆
MDF	
Export 15-19mm	307-338⬆
Domestic 12-18mm	298-317⬆

Added Value Product Prices

Malaysia, Mouldings, FOB	US$ per m^3
Selagan Batu Decking	565-575⬆
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	580-593⬆
Grade B	534-544⬆

Furniture and Parts Prices

Malaysia, Rubberwood, FOB	US$ per piece
Semi-finished dining table	
solid laminated top 2.5'x4', extension leaf	76-92⬆
As above, Oak Veneer	83-97⬆
Windsor Chair	75-77⬆
Colonial Chair	73-78⬆
Queen Anne Chair (soft seat)	
without arm	73-82⬆
with arm	73-82⬆
Chair Seat 27x430x500mm	61-66⬆
Rubberwood Tabletop	US$ per m^3
22x760x1220mm sanded & edge profiled	
Top Grade	622-652⬆
Standard	606-622⬆

Report from Indonesia

More transparency on forest clearing moratorium

The 2 year moratorium on primary forest clearing and logging provided guidance to the plantation, energy and construction industries concerning green house gas emissions, while offering various forms of exemptions and concessions. The moratorium outlines the following:

- The moratorium mandates ministers and government officials to suspend the processing of all permits for logging and forest conversion purposes, including those for timber and palm oil, in primary forests and peatlands in the following government categories: conservation forest, protected forest and production forest. Permits however, are allowed for secondary forests, which have been affected by human and commercial activities.

- It will be enforced over two years and is open for extension. Its implementation will be overseen by a task force on Reducing Emissions from Deforestation and Forest Degradation (REDD).

- It covers up to 64.2 million ha. of primary forest and more than 30 million ha. of peatlands. No compensation will be offered under the moratorium to firms unable to expand in these areas, although the government has allocated another 35 million ha. of "degraded forest" for commercial development.

The moratorium provides the following exemptions:

- Firms with existing permits or have approval in principle from the forestry minister for permits to log and convert forest.

- Extension of existing permits.

- Projects to develop geothermal and other power plants, oil and gas fields, sugar and rice plantations.

- Ecosystem restoration

- The government will regularly update a map of its forests in a bid to correct overlapping permits in the sector. The map will be published to help investors clarify which forest areas are still on offer and which are not.

Log Prices (domestic)

Indonesia logs, domestic prices	US$ per m^3
Plywood logs	
Face Logs	217-260⬆
Core logs	202-231⬆
Sawlogs (Meranti)	211-271⬆
Falcata logs	179-214⬆
Rubberwood	90-94⬆
Pine	189-230⬆
Mahoni (plantation mahogany)	494-524⬆

Sawnwood Prices

Indonesia, construction material, domestic	US$ per m^3
Kampar (Ex-mill)	
AD 3x12-15x400cm	202-221⬆
KD	217-252⬆
AD 3x20x400cm	238-261⬆
KD	240-269⬆
Keruing (Ex-mill)	
AD 3x12-15x400cm	253-267⬆
AD 2x20x400cm	241-259⬆
AD 3x30x400cm	224-243⬆

Plywood Prices

Indonesia ply MR BB/CC, export FOB	US$ per m^3
2.7mm	426-482⬆
3mm	384-425⬆
6mm	363-405⬆

MR Plywood (Jakarta), domestic	US$ per m^3
9mm	281-292⬆
12mm	273-283⬆
15mm	263-277⬆

Other Panel Prices

Indonesia, Other Panels, FOB		US$ per m^3
Particleboard	Export 9-18mm	240-249⬆
	Domestic 9mm	220-232⬆
	12-15mm	214-226⬆
	18mm	210-221⬆
MDF	Export 12-18mm	270-285⬆
	Domestic 12-18mm	254-266⬆

Added Value Product Prices

Indonesia, Mouldings, FOB	US$ per m^3
Laminated Boards	
Falcata wood	322-335⬆
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	515-546⬆
Grade B	470-493⬆

Report from Myanmar

Early monsoon strands logs in the forest

Myanmar's annual monsoon usually begins around the last week of May or early June but this year the rains started in April which caught loggers by surprise and they had to leave a huge quantity of logs in the forest as conditions did not permit transportation.

The drop in supply of logs triggered an upward swing in log prices in Yangon and also resulted in some short shipping.

Importers in Bangladesh steady buyers of Gurjan

Hardwood buyers report that while Gurjan prices are on the rise the prices of Pyinkado are rather soft as trading is slow.

The reason for the good Gurjan market is said to be because of active purchases by buyers for the markets in China and Bangladesh. Importers in Bangladesh have always been steady buyers and the logs are used mainly for sawnwood production.

Will firm April prices be sustained?

The market outlook for teak and other hardwoods has picked up, one analyst said. It could be seen in the April hardwood tender sales that export quality Pyinkado fetched US$ 716 (cf. MTE list price US$ 642 to 678). Export rejection quality Pyinkado fetched US$ 694 (cf. MTE list price US$ 578).

Export quality Gurjan (Kanyin) logs fetched US$ 445 (cf. MTE list price from US$ 375 to 390) Demand for Teak, especially Sawing Grade 7 (ER1) is very strong but this quality log is in short supply so demand is expected to remain high.

Myanmar log prices (natural forest logs)

Teak Logs, FOB	€ Avg per Hoppus Tonne (traded volume)	
Veneer Quality	Apr	May
2nd Quality	nil	nil
3rd Quality	nil	nil
4th Quality	4,658 (11 tons)	4,250 (11 tons)
Sawing Quality		
Grade 1 (SG-1)	3,198 (44 tons)	3,180 (34 tons)
Grade 2 (SG-2)	2,846 (41 tons)	2,773 (44 tons)
Grade 4 (SG-4)	2,019 (200 tons)	2,143 (219 tons)
Grade 5 (SG-5) Assorted	1,313 (139 tons)	1,362 (180 tons)
Grade 6 (SG-6) Domestic	1,196 (78 tons)	1,357 (72 tons)
Grade 7 (ER-1)	936 (92 tons)	991 (61 tons)

Hoppus ton=1.8m^3; All grades, except SG-3/5/6, are length 8' x girth 5' &up. SG-3/4/6 are girth 4' &up. SG-3 grade is higher than SG-4 but with lower girth and price. Prices differ due to quality or girth at the time of the transaction.

Hardwood log prices

Pyinkado export quality	Euro517 (261 tons)
Pyinkado export reject	Euro500 (39 tons)
Gurjan export quality	Euro345 (404 tons)

Prices are in Euro per hoppus ton FOB

Report from India

India sets high export target

As the flow of exports from India improves, the government of India has set an export target of US$500 billion for 2013-14, almost doubling the US$246 billion achieved during 2010-11.

The current export policies, diversification of markets and technological advances have helped the government project such an optimistic future. Processed wood product exporters have also been quite active and expect to contribute to enhancing the export performance.

Log sales brisk and prices firm

In Western India, the current schedule of log auctions, which began on the 22nd of May in forest depots in north and south Gujarat, will continue until the 5th of June. Thereafter auctions will begin in forest depots of central Gujarat notably the Vyara, Rajpipala and Tapti regions.

These auctions will run until the third week of June. Approximately 6,500 cubic metres of Teak and about 4,200 cubic metres of other hardwoods put up for sales are of newly harvested logs, sales are expected to be brisk and prices firm.

Optimism in building sector driving demand

Sales of teak and hardwoods in forest depots of Central India for example Madhya Pradesh have also seen active bidding. Reports indicate that approximately 20,000 cubic metres have been sold and that newly harvested logs, felled in the current season, continue to arrive.

There is a positive attitude in the Indian building and construction sectors and this is driving demand for locally grown hardwoods as well as Teak. Prices secured in the central as well as in the western forest depots tend to be similar as the final market is the same. At present teak prices per cubic foot Hoppus are as below:

Shipbuilding quality Teak logs		Rs.2100~2300
First quality Teak Saw-logs		Rs.1700~2000
Long length high girth Teak logs		Rs.1500~1800
Average Sawmill quality	15ft & up	Rs.1000~1200
" "	12ft & up	Rs.900~1000
" "	8ft - 10ft	Rs.800~ 900

CNF Plantation Teak

	US$ per m^3
Tanzania Teak sawn	450-800⬆
Côte d'Ivoire logs	550-750⬆
PNG logs	500-600⬆
El-Salvador logs	475-550
Guatemala logs	400-500
Nigeria squares	375-475⬆
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	400-600⬆
Togo logs	350-500
Ecuador logs	450-500
Costa Rica logs	350-500
Panama logs	350-450⬆
Sudan logs	500-700⬆
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	36.25⬆
6 mm	51.00⬆
12 mm	66.50⬆
15 mm	79.60⬆
18 mm	95.00⬆

Locally Manufactured Plywood "Commercial Grade"	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.12.10⬆	Rs.21.00⬆
6mm	Rs.17.70⬆	Rs.30.50⬆
8mm	Rs.22.10⬆	Rs.34.00⬆
12mm	Rs.26.50⬆	Rs.36.50⬆
19mm	RS.34.60⬆	Rs.49.10⬆
5mm Flexible ply	Rs.21.50⬆	Rs.26.00

Report from Brazil

Exports of tropical sawnwood and plywood fall

In April the value of exports of timber products (except pulp and paper) declined 5% to US$ 191 million compared to the level of US$ 201 million in April 2010.

Pine sawnwood exports dropped 2.2% in value in April compared to the level in the same month of 2010, from US$ 13.5 million to US$ 13.2 million. In term of volume, April 2011 exports were down 9.3% from 62,400 cu.m in April 2010 to 56,600 cu.m in April this year.

Exports of tropical sawnwood fell both in volume and in value, from 46,500 cu.m in April 2010 to 33,700 cu.m in April 2011 and from US$ 22.7 million to US$ 17 million in the same period. This corresponds to a 25% decline in value and a 28% decline in volume.

On the other hand, pine plywood exports increased 7.4% in value in April 2011 compared to the same month in 2010, from US$29.8 million to US$32 million. The volume of exports increased 2% from 84,000 cu.m to 85,700 cu.m.

Exports of tropical plywood dropped from 9,600 cu.m in April 2010 to 6,500 cu.m in April 2011, representing a 32% fall. In terms of value a 22.2% decrease was registered

April was also not a good month for wooden furniture exports. Export earnings dropped from US$ 42.4 million in April 2010 to US$ 40.2 million in April 2011 (-5%).

Furniture exports to Argentina grow

Argentina was the main destination for Brazilian furniture exports last year. From January to April 2010 exports totalled US$ 29 million but in the same period this year exports were up 34% to US$ 40 million.

However, exports to the US and France, the other two main importers of Brazilian furniture, have declined so far this year. Exports to France, the third largest importer of furniture from Brazil, dropped sharply from US$26 million in January to April 2010 to just US$16 million in the same period this year, a drop of around 38%.

Overall, Brazilian furniture exports dropped only marginally from US$ 235 million (January to April 2010) to US$ 232 million in the same period this year.

Wooden bedroom furniture bucks the trend

According to the Brazilian Association of Furniture Industries (Abimóvel) in the first three months of 2011, Brazil exported furniture worth US$17.3 million to the United States. This is some 11.5% lower than that during the same period in 2010 when exports reached approximately US$ 19.5 million.

However, Brazilian wooden bedroom furniture is a favorite in the US market and exports of these items have been increasing according to the Ministry of Development, Industry and Foreign Trade (MDIC).

The US/Brazil trade balance in 2010 was in favour of the US as the US imported US$ 19 billion but exported US$ 27 billion to Brazil. The US is still the key trading partner for Brazil, not only in the furniture sector but also in the energy sector.

The trade between the two countries has a long history and is of importance and efforts are made so that this shall remain so in the future.

Economic news

The National Consumer Price Index (IPCA) for April closed close to the March rate (0.79%). The accumulated rate for the year to date is 3.23%, 0.58 percent above the rate of the same period in 2010.

In April the BRL appreciated against the US dollar. The Central Bank's Monetary Policy Committee (Copom) raised the Selic rate by 0.25 percentage points, to 12% per year. This move continues the slow down of the rate of increase in the prime interest rate that began in January 2011, when the rate was raised by just 0.50 percent.

Forest Concession Bidding Process in Para

In Belem, State of Para in the Lower Amazon region more than 150,000 hectares of public forests were offered for concession bidding on May 17, 2011. The bidding committee of the Forestry Development Institute of the State of Pará (IDEFLOR) received six proposals for the available areas.

The forest area put up for bidding is set described in the Public Forest Management Law, N° 11.284/2006, and harvesting in this forest will contribute to the supply of legal timber. The concession contract requires traceability of timber production and regular audits and monitoring to ensure the transparency of legal production.

Moreover, it is hoped that these concessions will attract new style of investor since there is a guarantee that concessionaire can harvest the area in a sustainable manner and in partnership with communities over a 40 year period. The creation of a Special Bidding Committee represents a new milestone in forest management in Pará.

"Crisis Cabinet" to combat deforestation

In sharp contrast to the good news given in previous ITTO market reports, new data shows that the rate of deforestation in the Amazon has increased again. This data shows that between August 2010 and April 2011 an area 1,849 sq. km was deforested.

Increases in production of soybeans and corn due to high international prices have encouraged producers to clear more forest also, anticipated changes in the Brazilian Forest Code are said to be behind the rise in forest clearance.

The continual delays in the approval of the Brazilian Forest Code have had unfortunate consequences. Some land owners have decided to clear forest land before the bill on "zero deforestation" is approved in the Brazilian Congress.

Deforestation in the state of Mato Grosso accounts for 40% of area registered by the deforestation detection system. It is reported that the area cleared increased from 505 sq. km to 730 sq.km in a nine month period spanning 2010 and early 2011.

Exceptionally heavy deforestation was detected March and April this year. The total deforestation is reported to have increased from 103 sq.km in 2010 to 593 sq.km in 2011.

The federal government has established a "Crisis Cabinet" to expand operations to combat deforestation. The Environment Minister and the Science and Technology Minister announced the strengthening of monitoring through deployment of new satellites by 2014.

Brazil Log Prices (domestic)

Brazilian logs, mill yard, domestic	US$ per m^3
Ipê	168⬆
Jatoba	121⬆
Guariuba	80⬆
Mescla (white virola)	86⬆

Brazil Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB		US$ per m^3
Jatoba Green (dressed)		915⬆
Cambara KD		525⬆
Asian Market (green)	Guariuba	284⬆
	Angelim pedra	687⬆
	Mandioqueira	251⬆
Pine (AD)		204⬆

Brazil sawnwood, domestic (Green)		US$ per m^3
Northern Mills (ex-mill)	Ipé	827↑
	Jatoba	629↑
Southern Mills (ex-mill)	Eucalyptus (AD)	212↑
	Pine (KD) 1st grade	267↑

Brazil Veneer Prices

Veneer, Export (Belem/Paranagua Ports) FOB	US$ per m^3
White Virola Face 2.5mm	305↑
Pine Veneer (C/D)	212↑

Rotary cut Veneer, domestic	US$ per m^3	
(ex-mill Northern Mill)	Face	Core
White Virola	289↑	240↑

Brazil Plywood Prices

Plywood, FOB	US$ per m^3
White Virola (US Market)	
5.2mm OV2 (MR)	458↑
15mm BB/CC (MR)	400↑
White Virola (Caribbean market)	
4mm BB/CC (MR)	533↑
12mm BB/CC (MR)	426↑

Pine Plywood EU market, FOB	US$ per m^3
9mm C/CC (WBP)	289↑
15mm C/CC (WBP)	269↑
18mm C/CC (WBP)	256↑

Plywood, domestic (ex-mill Southern mill)		US$ per m^3
Grade MR (B/BB)	White Virola 4mm	993↑
	White Virola 15mm	724↑

Domestic prices include taxes and may be subject to discounts.

Other Brazil Panel Prices

Belem/Paranagua Ports, FOB	US$ per m^3
Blockboard Pine 18mm 5 ply (B/C)	318↑
Domestic Prices, Ex-mill Southern Region	
Blockboard White Virola faced 15mm	637↑
Particleboard 15mm	417↑

Brazil Added Value Products

FOB Belem/Paranagua Ports		US$ per m^3
Edge Glued Pine Panel		
Korean market (1st Grade)		637↑
US Market		502↑
Decking Boards	Cambara	638↑
	Ipê	1,705↑

Over the past month average prices for wood products in BRL, increased almost 1% and by almost 2.5% in US$ terms.

Report from Peru

Revised Forest Act ready for congress

The president of the Agricultural Committee of Congress reported that, in late May, the Land Commission submitted a replacement text for the Forest Act so it can now be debated in the Congress.

A number of regional consultations (17) have been held and a national meeting consolidated the proposed amendments. Representatives of indigenous communities had demanded a review and discussion of 40 items in the originally proposed act.

The previous law, Decree Law 1090, Law of Forestry and Wildlife, was repealed in December 2010 and a new bill was approved but this was strongly challenged from many angles by representatives of the indigenous population which resulted in the review process.

Reforestation target for 2010 achieved

According to reports from AgroRural the executing unit within the Ministry of Agriculture, almost 95% of the reforestation planned for the period 2007-2010 has been achieved.

The national plan called for the planting of 230 million trees, up to mid May this year the total planted was 217.8 million. For the 2010-2011 campaign the goal is to plant 60 million trees and so 47.4 million have been planted (almost 80% of the target).

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	350-389↑
Grade 2, Mexican market	284-303↑
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	349-374↑
Grade 2, Mexican market	278-294↑
Grade 3, Mexican market	159-170↑
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	US$ per m^3
(Iquitos mills)	
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	930-979⬇
Cumaru decking, AD, S4S E4S, US market		933-992⬇
Pumaquiro KD # 1, C&B, Mexican market		423-511
Quinilla KD, S4S 2x10x62cm, Asian market		477-503
	2x13x75cm, Asian market	708-768

News from Bolivia

Rise in first quarter exports

Exports of timber and non-timber products from Bolivia in the first quarter increased by 8.7% compared with the same period last year, rising from US$ 44 million in the first quarter 2010 to US$48 million in the first quarter of this year.

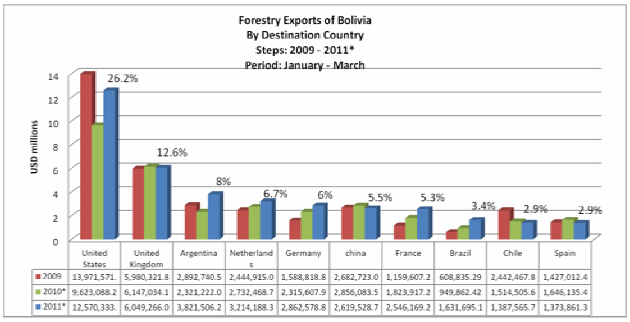
Added value goods dominate export trade

The products exported during the year to date are primarily processed wood products and processed Brazil nuts.

The wood product exports comprise furniture, doors and decking. There is a small trade in primary wood products such as sawnwood and poles. In the first quarter wood products accounted for 57% of the total value of exports the balance being from the export of non-wood products.

Companies in the U.S. continue to be the main buyers of Bolivian wood products taking some 26% of exports and generating US$12.6 million in export earnings for Bolivia.

Buyers in the United Kingdom accounted for a12.6% share of exports followed by Argentina (8%). The other significant buyers are in the Netherlands and Germany.



Report from Guyana

Sawnwood markets resilient

There was no significant export of logs in the period under review. Even the two main species, Greenheart and Purpleheart were not exported in any significant quantities.

However exports of sawnwood made a positive impact on the export earnings. Many of Guyana's species are exported rough sawn (i.e. undressed) for structural applications.

These timbers attract good prices and the main destination for these durable species is Europe. Dressed sawnwood continues to be in high demand in the regional Caribbean market.

Greenheart and Purpleheart prices firming

Prices for undressed Greenheart (select) sawnwood dropped at the top end of the price range from US$ 806 to US$ 765, while prices for undressed Greenheart (merchantable) remained stable. Prices for dressed Greenheart moved up from US$ 785 to US$ 806 per cu.m.

Undressed Purpleheart (select) sawnwood secured good prices, reaching as high as US$ 700 per cu.m. Undressed Mora prices slipped slightly from US$ 657 to US$ 636.

However dressed Purpleheart recorded saw a decline in prices from US$ 1,302 to US$ 890 for this period as compared to the previous period.

On the other hand Guyana's Ipe (Washiba) continues to be in high demand in North America fetching good prices. Roundwood and fuelwood also made notable contributions towards total export earnings.

The export of products such as doors, spindles, crafts from Crabwood and Purpleheart and from non timber forest products all made a positive contribution to export earnings.

Opportunities sought in Republic of Congo

Guyanese investors and workers may have an opportunity in the forest products sector in the Republic of Congo. Currently work is being undertaken to draft a Memorandum of Understanding (MOU) to be signed within the next two to three months between the governments of Guyana and the Republic of Congo.

In Guyana the Forest Products Development and Marketing Council (FPDMC) is leading the cooperation agreement.

This is expected to pave the way for Guyana to access the Central Africa "Free Zone" for wood products and other goods as well as services.

Currently, there is no trade between Guyana and Central Africa. However, if allowed access to the Free Zone Guyana could enjoy new markets opportunities with 11 different Central African states.

At the same time the two countries are moving ahead with a MOU that focuses mainly on cooperation in the area of forestry. The Guyana's FPDMC recognises that the Congo is very advanced in forest management with recognized certification and log tracking systems.

The MOU will provide for training for mills in the Congo on value added wood products and the development of a business corridor for Guyanese to build houses and produce wood products in the Congo.

Additionally, the Congo is encouraging Guyanese businesses to explore joint venture investments with their counterparts from the Central Africa state. The Congo Government has also expressed interest in participating in such ventures.

With Guyana's help, the Congolese Government is moving to embark on a major housing drive to construct wooden buildings for offices and houses.

Guyana Log Export Prices

Logs, FOB Georgetown	SQ - $ Avg unit value per m³		
	Std	Fair	Small
Greenheart*	-	-	-
Purpleheart	200↓	280-310↑	250-270↑
Mora	120↓	115↓	115↓

*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 m³	
EU and US markets		Undressed	Dressed
Greenheart	Prime	-	-
	Standard	-	615-806↑
	Select	575-765↓	
	Sound	-	
	Merchantable	500	
Purpleheart	Prime	-	-
	Standard	-	700-890↑
	Select	650-700↓	
	Sound	575↑	
	Merchantable	550↓	
Mora	Prime	-	
	Select	500-636↓	
	Sound	450	
	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 m³
Baromalli	BB/CC	5.5mm	No export
		12mm	"
	Utility	5.5mm	"
		12mm	"

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

Report from Japan

Improving Sarawak log supply takes heat out of log market

Improved weather conditions allowing uninterrupted forest harvesting and the slowing of orders for plywood from Japan has resulted in an easing of the critical log supply in Sarawak reports the JLR. This is very welcomed by Japanese importers.

Another factor which is stabilising the SE. Asian log market is the slowing of orders from Indian importers who found the Indian market could not bear the high log prices.

Under these circumstances log supply and demand in the domestic market and for export is better balanced so log prices, while remaining firm, are not moving higher at present.

Sarawak regular Meranti log prices are currently around US$350-360 per cubic metre FOB, unchanged from last month but suppliers in Sarawak are still seeking prices of US$370 per cubic metre.

Meranti small log prices are holding at US$320-330 while super small logs are at US$300-310 per cubic metre which, says the JLR, is about the upper level for these logs.

In Japan, log prices for Sarawak Meranti regular, which were landed in May, are at around Yen 8,900 per koku CIF and the JLR is speculating that June arrivals would come onto the market at prices of around Yen 9,000 per koku.

Plywood mills in Japan having to pay Yen 9-10,000 per koku for logs find it very hard to pass on these prices to plywood consumers.

Orders for new homes holding up

There was deep concern amongst house builders in Japan that there would be a sharp drop in demand for new homes because of the unease felt by consumers over the East Japan earthquake and the ongoing nuclear crisis.

However, the major house builders are reporting that orders in April did not drop as much as expected but there was a noticeable drop in visits to model homes by prospective buyers so the future remains uncertain.

Wooden building design standard drafted

The Ministry of Land Infrastructure and Transport has released the new building standard for wooden public buildings to facilitate construction under the recently enacted law to promote the use of more wood in public buildings.

This new standard sets out the requirements for building life expectations, fire resistance and structural limits which, says the Japan Lumber Reports (JLR), have not been available until now.

Wood products used for the construction of public buildings are required to be manufactured from forest thinnings and certified legal timbers. It is required that the buildings have a life of at least 50 years so the standards on decay prevention and use of treated or naturally durable wood are specified in detail.

Industrial material distribution

Materials needed for the construction of temporary homes in east Japan are now moving steadily. Products such as panels, piling, structural steel framing and household fittings such as kitchens and bathrooms are all flowing well to the disaster hit areas.

Because there is so much debris to remove engineering works to rebuild the infrastructure have yet to get underway. When this work begins there will be a second surge in demand for industrial products and construction materials.

Radiata pine log price doubled in two years

New Zealand radiata pine export log prices continue to rise reports the JLR. This is opening opportunities for exporters of alternative timbers and it is possible the softwood log market in Japan will undergo a change.

The rise in Radiata log prices is put down mainly to the aggressive purchasing by buyers in China. The JLR reports that exports of Radiata logs from New Zealand to China in December alone exceeded 700,000 cu.m for the first time this is in comparison to imports by Japan which were only 760,000 cu.m for the whole of 2010.

Log and Sawnwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku
Meranti (Hill, Sarawak)	(Koku=0.278 m^3)
Medium Mixed	8,600⬆
Standard Mixed	8,800⬆
Small Log (SM60%, SSM40%)	8,700⬆
Taun, Calophyllum, others (PNG)	8,000
Mixed light hardwood, G3/4 grade (PNG)	-
Keruing MQ & up (Sarawak)	11,500
Kapur MQ & up (Sarawak)	10,400⬆

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	1280	1350-1400
3.6mm baseboard for overlays (OVL)	1230 X 2440	740	880

Report from China

Timber Protection Industry Association formed

Recently, China's Ministry of Civil Affairs approved the registration of a new association, the China Timber Protection Industry Association. The association will be supervised and guided by the Ministries of Civil Affairs and the Ministry of Industry and Information Technology.

The aim of the new association is to improve timber utilization, to extend timber life in-use, to promote standardization and to expand markets.

The products in the association mandate include wooden frame houses and wooden structures, wooden outdoor products, treated and fire resistant wood, modified wood, wood preservatives, composite materials, engineered bamboo and wood coatings.

The new association will also promote timber recycling and waste utilisation.

Expanded transit port for wood chips

It has been reported by the Fujian Quanzhou City Inspection and Quarantine Bureau that in the first four months of 2011 large quantity of woodchips were imported through Xiaocuo Port of Quanzhou City.

Imports through the port have increased in value and volume and the range of supply countries has expanded in recent months.

The origin of the chip imports includes countries such as the U.S.A., Australia, Vietnam, and Russia and the species include pine, Douglas fir, cedar, hemlock, Radiata pine and eucalyptus.

Taicang port active

The volume of imports of logs and sawnwood through Taicang port continues to increase. According to Taicang City Entry-Exit Inspection and Quarantine Bureau in the first four months of this year timber imports rose 90 percent to 1.128 million cubic metres.

The main reason for the increased imports is that timber demand continues to grow in the Yangtze River Delta region and the volume of timber now being imported by China has meant that ports of entry have been diversified. It is reported that Taicang port has advanced facilities for quarantine inspection and treatment when required.

Alashankou port a major timber distribution centre

In the first four months 2011 timber imports through Alashankou Port in Xinjiang, Boertala Autonomous State, were 39 000 cubic metres valued at US$6.763 million, up 29 percent in volume and 39 percent in value from the same period in 2010.

Imported timber includes logs and sawnwood from Russian and Kazakhstan. Timber has always been the main imported product handled by Alashankou Port and this port of entry has now become one of main timber distribution centres in northwest China.

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
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 Shijiangzhuang 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

Report from Europe

Market for tropical hardwood lumber subdued but stable

The changing political situation in the Ivory Coast is a major point of discussion by European traders and policy makers and is affecting the availability of a few species.

However it has not had a significant impact on the overall market for tropical wood in the EU. The further decline in availability from Ivory Coast – which in any case has been low now for many years - has been compensated by a slight easing in the supply situation elsewhere in Africa.

At the same time, European demand for both tropical logs and lumber remains subdued, so the overall balance between supply and demand is being maintained and prices for most species and products – with a few exceptions – are stable.

The problems in the Ivory Coast have meant that framire sawnwood is no longer available and prices have been firming. Those European buyers that had become heavily dependent on it – mainly in the UK for utility joinery applications – are now being encouraged to switch to sapele which, while more expensive, generally provides higher quality.

The European market for sapele has improved slightly on the back of this development and prices have firmed a little. The Ivory Coast situation has also boosted prospects for Ghanaian wawa which is substituting for Ivory Coast samba. However, lack of availability of ceiba veneers from Ivory Coast has remained a problem for European blockboard manufacturers.

The impact of the log export ban in Gabon – now a year old – is also being felt in the sawn lumber market. Availability of some specialist niche species used in high class interior furniture and joinery - such as zebrano and padauk - is now restricted. This is because a significant proportion of supplies were previously derived from Gabonese logs custom-cut in the EU.

Shipping times for hardwood products from West and Central Africa, which extended up to 4 months for some products at the beginning of the year, have now shortened slightly to 2-3 months.

At the same time, some larger European importers have been taking advantage of the decline in African hardwood processing capacity over the last two years by investing in capacity for contract kiln drying in Europe.

This allows them to service importers that are now more likely to buy green or shipping dry instead of KD from Africa. These developments have meant that availability of most standard items in Europe is keeping pace with current levels of demand.

The supply situation for some popular specifications of SE Asia hardwood lumber presents a contrast. Log prices in Indonesia and Malaysia have been rising dramatically in recent times due to high demand from the plywood industry and the impact of the rain season on logging.

The weakness of the dollar against domestic currencies is another reason for shippers in SE Asia to increase their dollar-denominated prices for hardwood lumber products on offer to European buyers. Supplies and US dollar CIF Europe prices for bangkirai decking profiles, Meranti lumber and window scantlings have all been rising in recent weeks.

The supply problems are so intense in Indonesia, that shippers are no longer taking new orders for bangkirai decking from European buyers and delivery times even on existing orders now extend to very late in the European summer season.

Impact of Japan's earthquake on European plywood trade

The effects of the Japanese earthquake and tsunami are being strongly felt in Europe's plywood trade and may even have long-term repercussions for supply.

The destruction of a significant proportion of Japan's domestic plywood capacity and diversion of plywood from other parts of Asia for rebuilding work has led to significant short-falls in supply available to European buyers and a rapid increase in prices.

The effects of the earthquake on the plywood trade in Europe have been particularly pronounced because the event occurred at a time when tropical log supplies in south-east Asia were already low and many traders were working from depleted inventories.

Even before the earthquake, there were signs of rising demand in Europe as importers were taking steps to rebuild stocks of South East Asian plywood which were at historically very low levels. Prices for Chinese plywood were also on the rise in response to rising costs of fuel, labour and transport during recent months.

The long-term impact of this turmoil on the European market remains uncertain, but the immediate effect has been to encourage a further switch in European buying towards cheaper Chinese products and away from Malaysian and Indonesian products.

The decision to reduce the volume of European trade in South East Asian products has been mutual, with Malaysian and Indonesian shippers actively switching out of the European market in favour of the more lucrative Japanese market. Availability of thin and film faced South East Asian plywood grades which are more in demand in Japan is particularly restricted. Standard BB/CC grades have been less affected, although even here prices have been rising and delivery times becoming more extended.

European orders of Chinese plywood received a considerable boost and in recent weeks large volumes have arrived in Europe, particularly the UK.

In fact so much Chinese plywood has arrived that there are concerns that supply may overshoot demand.

While the supply equation has changed and importers have rushed to buy on a rising market, the underlying problem of sluggish consumption persists in the European market. The cycle of boom and bust, which so often characterises the European hardwood plywood market, looks set to turn once again.

The Netherlands Sawnwood Prices

FOB (Rotterdam)	US$ per m³
Sapele KD	941⬇
Iroko KD	1158⬇
Sipo KD	1141⬇
DRM Bukit KD	968⬆
DRM Seraya KD	975⬆
DRM Meranti KD Seraya MTCC cert.	996⬆
Merbau KD	1257⬆
Sapupira (non FSC) KD	989
Sapupira (FSC) KD	1624
Anti-slip decking AD C&F Rotterdam	
Selangan batu	1660

UK Log Prices

FOB plus commission		€ per m³
N'Gollon (khaya)	70cm+ LM-C	350-380
Ayous (wawa)	80cm+ LM-C	250-270
Sapele	80cm+ LM-C	340-360⬆
Iroko	80cm+ LM-C	410-480⬆
African Walnut	80cm+ LM-C	340-370

UK Sawnwood Prices

FOB plus Commission	GB Pounds per m³
Framire FAS 25mm	500-520
Sipo FAS 25mm	695-725
Sapele FAS 25mm	575-590⬇
Iroko FAS 25mm	705-720⬇
Wawa FAS25mm	280-300
CIF plus Commission	
Tulipwood FAS 25mm	280-300
Meranti Tembaga Sel/Btr (KD 2"boards)	590-600⬆
Balau/Bangkirai Decking	1000-1050⬆
White Oak	500-525

UK Plywood and MDF Prices

Plywood Panels 8x4", CIF	US$ per m³
Brazilian WBP BB/CC 6mm	590-610⬆
Malaysian WBP BB/CC 6mm	635-665⬆
MALAYSIA MTCS/PEFC trop hard face, pine core* 18mm	540-560⬆
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

Demand robust in central Europe but weak on the periphery

Interviews with hardwood traders at the Interzum show held at the end of May in Cologne (see below) suggest that hardwood market conditions across Europe mirror overall economic performance. Spanish agents and importers report no end in sight to the extremely poor trading conditions.

Italian agents also report poor trading conditions, with the important furniture sector under intense pressure both from weak domestic consumption and loss of competitiveness in export markets. In contrast, German importers seem optimistic about market prospects and more concerned about lack of available supply than underlying level of consumption. UK importers report a reasonable start to the year, but are grim-faced about market prospects going forward.

There is little change in the overall balance between supply and demand of tropical hardwood lumber supplying the European general joinery and furniture market segments. Low levels of consumption are matched by low levels of stock.

Sapele stands out as one of the few tropical species which is readily available at short notice, at least in standard sizes. Sapele prices quoted to European buyers have remained stable in recent months and new orders may be shipped in two to three months.

The continuing availability of sapele is one reason why meranti lumber has less of a presence in the European market at present. However equally important is the fact that meranti lumber prices have been rising and more is now being diverted to Asian markets. Meanwhile, European importers report gaps in stocks of more specialist species such as iroko, afzelia and bubinga.

At Interzum, it was noted that shortages of lighter tropical species for furniture fittings is leading to their substitution by temperate hardwoods, notably American tulipwood.

The situation in the European garden decking market is dynamic at present. Consumption levels have picked up considerably with improving weather during the spring months. Coinciding with very tight supply conditions for tropical decking woods in both the Far East and Brazil, the inevitable result has been a steep rise in prices.

Shipping dates for new orders of bangkirai decking from Indonesia now extend until September, well towards the end of the current European season. This situation has led to a lively internal trade in tropical decking material within Europe as importers seek to cover gaps in stocks.

Suppliers of substitute decking materials – such as thermally-treated temperate hardwoods – are also working hard to exploit the tight tropical supply situation. Numerous suppliers of these thermo products were present at the Interzum show. However these products face obstacles of their own in the battle for market share.

One German market analyst at Interzum noted that end-users have been disappointed by the durability of some thermo products. While many companies have "jumped on the bandwagon", not all have the expertise to deliver thermally-treated products with appropriate technical performance. There are signs that the presence of a few bad products on the market is already undermining the overall reputation of these products.

European economies diverge

Economic conditions across Europe have been diverging widely. On the fringes of the euro-zone, Greece, Ireland and Portugal have become ensnared in a sovereign-debt crisis. In Northern Europe, driven by the German powerhouse, economies are reviving and public finances are solid. Meanwhile in the UK, there are discouraging signs that the recovery is already running out of steam.

These conflicting trends are manifest in recently published GDP figures for the first three months of this year. The core of the euro-area is basking in sunny economic revival. German output grew by 1.5% in the first three months of 2011 (6.1% on an annualised basis).

The French economy, which had dawdled last year, got going too, expanding by 1% over the previous quarter. The Swedish and Polish economies are bubbling along nicely with annualised growth of 4.3% and 4.2% respectively. In contrast, the big Italian and Spanish economies managed to grow during the first quarter, but barely. Portugal actually slipped back into recession in the first quarter of 2011.

The healthy performance of the German and French economies, which together account for over 50% of euro-zone GDP, have contributed to the continuing strength of the euro. Renewed jitters about Greece brought the euro down from a near-$1.50 peak in early May but it is still trading above $1.40 at the end of May which is higher than at the start of 2011.

Another factor is that the ECB is the first big central bank among rich economies to start tightening, when it bumped up its main interest rate from 1% to 1.25% in April, with a further quarter-point increase likely this summer.

For the rest of the year, Germany is expected to lead robust growth in northern and central parts of Europe, although the pace of growth is expected to slow. Economic growth in Southern Europe and Ireland is expected to remain weak.

The strong euro combined with high unit labour costs is making it hard for these countries to boost exports to offset weak domestic consumption. On top of all this, the higher interest rates that may now be needed in Germany will inflict another blow on the most vulnerable economies.

Economic conditions in the UK are also less rosy, the Economist Intelligence Unit forecasts that GDP will grow by only 1.6% this year, rising to 2% in 2012. The headline of the TTJ’s latest review of wood end-user markets in the UK carried the gloomy headline “manufacturers’ output falls, costs rise”. The Construction Products Association is now forecasting an overall decline in UK construction output of 0.8% and 2% in 2011 and 2012 respectively.

Report from North America

EPDs due in the N. American market

Environmental product declarations (EPDs) are standardised reports that communicate life-cycle assessment (LCA) data about products or services. EPDs are on the rise in the construction sector in Asia and Europe, particularly in Japan, Korea, France and Sweden.

New EU regulations may mandate the use of EPDs in the construction industry. Through EPDs companies can attach LCA-based labels to products that convey their environmental performance from resource extraction, manufacturing, usage to disposal.

Unlike other environmental labels EPDs are not a seal of approval, but they are a tool to bring LCA data to the marketplace and allow side-by-side comparison of products.

In the US and Canada, the green building sector has seen enormous growth, but green building certification systems, such as LEED, currently do not use EPDs to improve the environmental performance of buildings.

EPDs present an opportunity for the wood products industry to better communicate the environmental performance of wood and to improve the competitive position of wood versus other buildings materials.

EPDs may also represent non-tariff trade barriers if countries in Asia or the EU move to mandatory labelling. This is the position of the American Hardwood Export Council, who commissioned a large LCA study of American hardwoods in 2010 that will provide the database necessary to produce EPDs. The Canadian forest research institute

FPInnovations based in Vancouver Canada, conducted EPD market studies in 2010 and 2011 and concluded that it is in the best interest of the wood products industry to accelerate North American activity in EPDs and position itself as a leader in sustainability among building material industries.

US finds evidence of dumping by flooring suppliers

The US Department of Commerce, International Trade (Commerce) has announced preliminary results of its antidumping investigation of imports of multilayered wood flooring from China. Commerce found evidence of targeted dumping by Chinese suppliers and is to implement antidumping penalties.

The petitioner for this investigation is the Coalition for American Hardwood Parity, an ad hoc association of U.S. manufacturers of multilayered wood flooring.

The merchandise covered by the investigation is multilayered wood flooring, composed of an assembly of two or more layers or plies of wood veneers in combination with a core.

U.S. imports of wood flooring from China total nearly US$120 million in 2009, down from US$148 million in 2008.

U.S. manufacturers said the U.S. recession was the cause of the decline and have argued that without protective duties China was positioned to grab a bigger share of the U.S. market as the economy recovered. Commerce will issue its final decision on duty levels in August.
See: http://ia.ita.doc.gov/download/factsheets/factsheet-prc-mwf-prelim-20110520.pdf

Rise in year- on- year tropical sawn imports
US imports of sawn tropical hardwood fell in the first quarter 2011 after four consecutive monthly gains in late 2010. The US imported 49,626 cu.m. in the first quarter, down from 60,838 cu.m. in the final quarter of 2010 (-18%).

Year-to-date however, import volumes of tropical sawnwood increased by 25% compared with March 2010. Among the species that gained significantly year-to-date are ipe (+34%), sapelli (+109%), keruing (+158%) and cedro (+76%). Year-to-date March imports of jatoba (-57%) and teak (-46%) declined from 2010.

On a monthly basis, imports of sawn tropical hardwood increased by 8% to 16,187 cu.m. from February. Imports of acajou d'Afrique, keruing, mahogany, cedro, jatoba, teak and other, not specified hardwoods grew after mostly weak imports in February. Balsa imports fell by -16% to 3,328 cu.m. in March.

The two largest suppliers to the US market, Ecuador and Brazil, decreased exports by -23% and -20%, respectively. Cameroon increased sawn tropical hardwood shipments in February, mostly in acajou d'Afrique sawnwood, and this trend continued in March.

Malaysian exports grew by 23% in March due to strong keruing shipments. Monthly import volumes of key imported species by country of origin are shown below.

Major plywood exporters see first quarter decline in US demand
The US imported US$85 million worth of hardwood plywood in March 2011, down -16% from February but up 8% compared with year-to-date 2010. All major suppliers saw a decline with the exception of Ecuador who increased shipments to the US by 35% from February.

Imports from China, the dominant supplier, went down by 20% in March to US$56.3 million and China's share in total US hardwood plywood imports dropped from 70% in February to 66% in March.

US Timber prices

	Apr-11 US$ per cu.m	May-11 US$ per cu.m
Ipe (Brazil) Decking Premium Grade AD, 1x6, FOB Belem	2800	2800
Ipe (Brazil) Decking Premium Grade AD, 5/4x6, FOB Belem	2900	2970⬆
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	-
Khaya (Ghana) FAS KD, FOB Takoradi	875	875
Sapele (Cameroon) FAS AD, FOB Douala	740	740
Sapele (Cameroon) 4/4 to 8/4 FAS KD, FOB Douala	910	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 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. 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

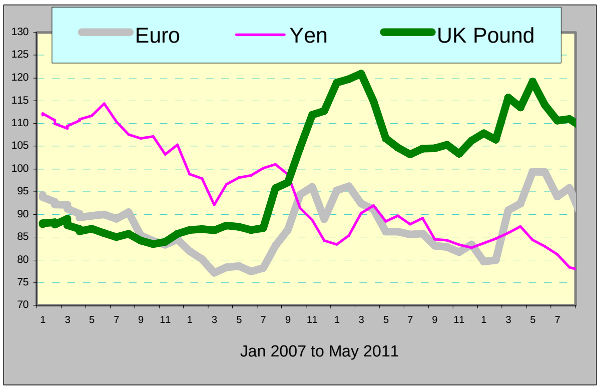
Vietnam's furniture manufacturers are focusing solely on foreign markets and abandoning one at home, experts noticed, adding the quality of the country's timber resource should be improved. "Millions of cubic meters of timber are produced annually, but most of the amount is exported as low-quality woods. 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/

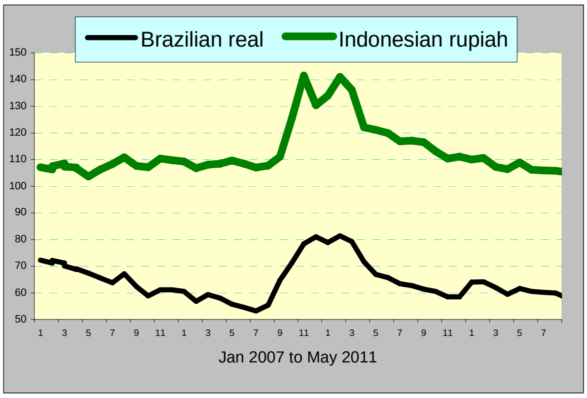
Main US Dollar Exchange Rates

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)





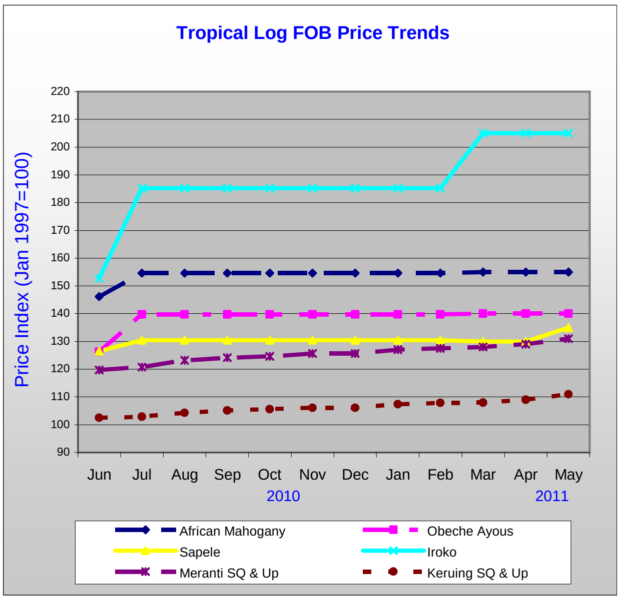
Abbreviations and Equivalences

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

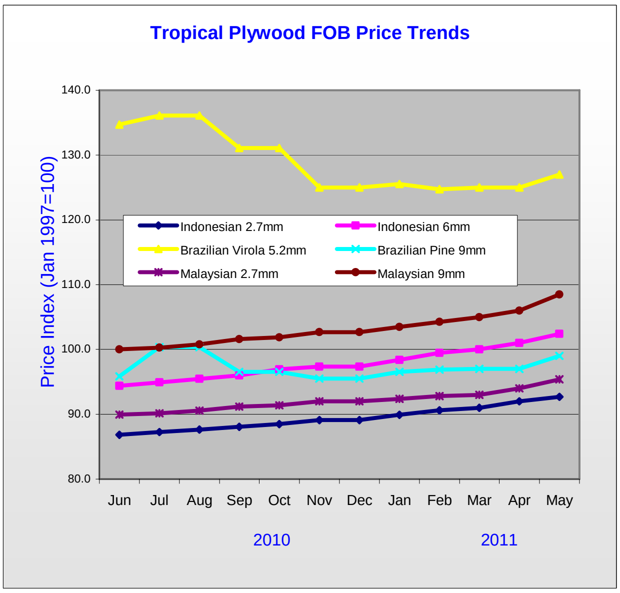
Ocean Freight Index

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

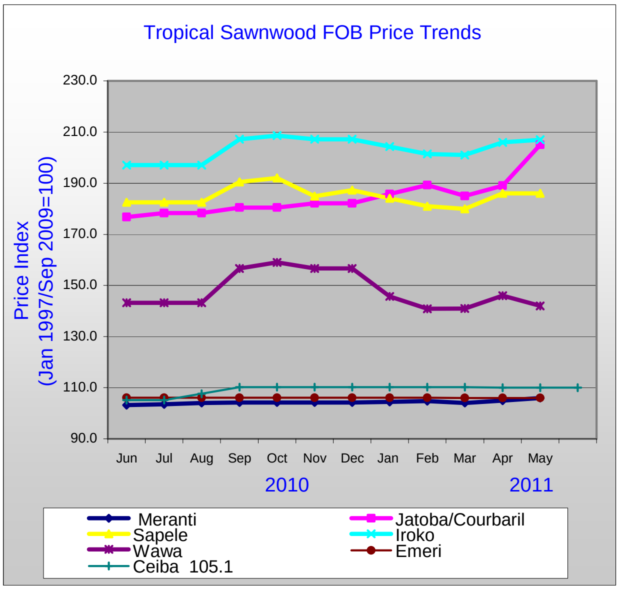


Tropical Plywood Price Trends



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

Tropical Sawnwood Price Trends



To have a free copy of this twice-monthly ITTO Market Information Service bulletin emailed to you on the day of production, please register at:
http://www.itto.int/en/mis_registration/