

# Tropical Timber Market Report

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## Top Story

### **Caution urged as India not immune to global economic shocks**

Analysts are urging caution in painting an overly optimistic picture of India's continued role as a major importer of logs.

India is not immune to the effect of the euro-zone debt crisis and a possible second recession in the US. The recent depreciation of the Rupee could also impact the capacity of Indian manufacturers to continue importing at current levels.

The amount of excise duty, a tax collected by the Indian government on manufactured goods, dropped 8% for the first time in 16 months in September 2011 signalling a possible slowdown in the Indian manufacturing sector.

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## Report from Central/West Africa

### Demand in China and India supporting steady prices

The stable market conditions previously reported have been maintained. The stable demand for logs and sawnwood comes as China and India continue to import W. African timbers at the same level as seen over the past six months.

Producers are reporting that there have only been minor price movements over the past two weeks. The fall in demand for dabema and okan is causing a softening of prices for these timbers but otherwise there are no price changes of note.

There have been occasional small variations in prices for the more frequently traded sawnwood species but up to mid month there has been no significant shift in price structures.

### Traders concerned about impact of debt crisis on trade

Traders continue to be very concerned about the situation in the euro area countries and are closely watching the negotiations on the Greek bail-out and assessing the possible impact in their European markets. It is fortunate that W. African exporters now have more diversified markets than was the case a decade ago.

Order book positions in the region for sawnwood are still sound and demand for logs is good with potential for further development if only additional volumes or new sources become available.

Although some West and Central African producers are still concerned about a possible slow down in the Asian economies, they are of the opinion that markets in the Mediterranean and Middle East will remain attractive and will help to keep overall demand for sawnwood high enough to absorb the bulk of current production volumes.

### Violent pirate attacks in West Africa on the increase

The number of pirate attacks off the west coast of Africa has risen dramatically this year but so far vessels carrying timber have not been affected.

The rise in attacks has prompting regional and foreign governments develop anti-piracy strategies.

According to the Inter Press Service News Agency (IPS), there have been more than 30 attacks in the Gulf of Guinea this year, compared to just one last year.

According to the International Maritime Bureau (IMB), the most recent attack off the West African coast occurred when armed men boarded a cargo vessel anchored in Guinea. The crew were assaulted and robbed.

Violent pirate attacks in West Africa's Gulf of Guinea have been on the increase in recent months. An umbrella group of London insurers recently listed Nigeria, and neighbouring Benin in the same risk category as Somalia.

Read more on this story and related news at: <http://www.thenewtribune.com/2011/09/30/1846022/pirates-attack-rob-ship-off-west.html#ixzz1admdoPch>

The IMB Piracy Reporting Centre (PRC) is a non-governmental and non-profit organisation funded purely on voluntary contributions. The PRC forms an essential part in the response process of dealing with worldwide piracy and armed robbery.

<http://www.icc-ccs.org/piracy-reporting-centre>

### Log Export Prices

West African logs, FOB	LM	€ per m <sup>3</sup>	
		B	BC/C
Asian market			
Acajou/ Khaya/N'Gollon	205	205	165
Ayous/Obeche/Wawa	200	200	145
Azobe & Ekki	205	205	122
Belli	215	215	-
Bibolo/Dibétou	145	130	-
Bubinga	790	625	480
Iroko	285	280	215
Okoume (60% CI, 40% CE, 20% CS) (China only)	250	-	-
Moabi	280	280	190
Movingui	185	150	140
Niove	155	155	-
Okan	310	310	-
Padouk	380	345	235
Sapele	245	235	175
Sipo/Utile	275	250	190
Tali	285	285	-

### Sawnwood Export Prices

West African sawnwood, FOB		€ per m <sup>3</sup>
Ayous	FAS GMS	300
Bilinga	FAS GMS	505
Okoumé	FAS GMS	450
	Merchantable	300
	Std/Btr GMS	334
Sipo	FAS GMS	500
	FAS fixed sizes	-
	FAS scantlings	460
Padouk	FAS GMS	810
	FAS scantlings	810
	Strips	340
Sapele	FAS Spanish sizes	370
	FAS scantlings	430
Iroko	FAS GMS	655
	Scantlings	655
	Strips	405
Khaya	FAS GMS	415
	FAS fixed	430
Moabi	FAS GMS	530
	Scantlings	535
Movingui	FAS GMS	420

## Report from Ghana

### Management training for exporters

The Ghana Export Promotion Authority has said it will scale up marketing management training programmes for exporters to enhance their capacity and ensure they meet standards in the global market.

Mr Samuel Brew, Head of the Ghana Export School said that the focus of the capacity building would be to ensure effective management and supervision, promoting attitudinal change and management control of operational costs.

### West African business survey suggests confidence still high

West African businesses are doing better than their counterparts in the west with a steady growth in profits and revenue being reported along with indications of strong business confidence levels.

This is the conclusion of the recently released Regus Business Confidence Index.

In the US and the EU business confidence has fallen because it looks very likely that the economies in these countries may slide into a second recession and expectations for a recovery have slipped to, at best, late 2012.

According to the Regus Business Confidence Index, “West Africa, at 140 points, is 26 points above the global average, in contrast to the reverse in global confidence in most other countries”.

More West African businesses – mostly in Nigeria, Ghana, Senegal are reporting higher revenue (65%) and profit (53%) growth than average, confirming that confidence is firmly grounded in actual results.

Feeling that the downturn is behind them, 59 percent of West African businesses believe that recovery is advancing strongly in their country.”

For more on this story please see: <http://www.businessdayonline.com/NG/index.php/economic-watch/28400-west-africa-beats-global-economies-to-the-post-report>

### More companies financing tree planting to enhance their green image

Several non-timber exporting companies in Ghana have joined the tree planting crusade as part of their perceived civic responsibilities.

The most recent company to support planting is Cadbury Kraft Foods which planted a selection of about 600 special cocoa, grafted mango and *Mimosops elengi* trees to mark its annual global initiative “Make a Delicious Difference” week.

In Ghana several institutions including telecommunication companies, schools, churches and various groups have joined various tree planting exercise to expand the tree cover outside forest reserves.

These exercises have been well received by among the communities involved and are supported by the Forestry Services Division of the Forestry Commission which provides seedlings.

### Domestic Log Prices

Ghana logs	US\$ per m <sup>3</sup>	
	Up to 80cm	80cm+
Wawa	140-150	157-170
Odum Grade A	165-170	175-185
Ceiba	118-130	132-148
Chenchen	90-100	105-120
Khaya/Mahogany (Veneer Qual.)	111-123	125-145
Sapele Grade A	145-155	160-185
Makore (Veneer Qual.) Grade A	128-135	140-166
Ofram	105-114	118-127

### Domestic Sawwood Prices

		US\$ per m <sup>3</sup>
Wawa	25x300x4.2m	296
Emeri	25x300x4.2m	310
Ceiba	25x300x4.2m	240
Dahoma	50x150x4.2m	320
Redwood	25x300x4.2m	430
Ofram	25x225x4.2m	332

### Export Sawwood Prices

Ghana Sawwood, FOB	€ per m <sup>3</sup>	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	855	-
Asanfina	495	560
Ceiba	210	269
Dahoma	330	385
Edinam (mixed redwood)	400	450
Emeri	350	430
African mahogany (Ivorenensis)	568	685
Makore	530	585
Niangon	515	590
Odum	625	690
Sapele	555	615
Wawa 1C & Select	260	285

### Export Veneer Prices

Rotary Veneer, FOB	€ per m <sup>3</sup>	
	CORE (1-1.9mm)	FACE (<2mm)
Bombax	315	350
Ofram,	320↑	355↑
Ogea & Otie	315	350
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.

### Export Rotary Veneer Prices

Rotary Veneer 2mm and up, FOB	€ per m <sup>3</sup>	
	CORE (2mm & up)	FACE (2mm & up)
Ceiba	280	285
Chenchen	305	345
Ogea	305	340
Essa	290	330
Ofram	310	350

### Export Sliced Veneer Prices

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afrormosia	1.19	1.00
Asanfina	2.00	.90
Avodire	1.12	0.69
Chenchen	1.10	.59
Mahogany	2.00	1.40
Makore	2.00	0.90
Odum	1.80	1.40

### Export Plywood Prices

Plywood, FOB BB/CC	€ per m <sup>3</sup>		
	Ceiba	Ofram	Asanfina
4mm	380	565	597
6mm	367	540	575
9mm	310	384	445
12mm	290	390	397
15mm	285	327	343
18mm	275	320	333

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

### Export 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
Afromosia	13.72	18.22	17.82

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

### Export Moulding Prices

Mouldings (FOB)	€ per m <sup>3</sup>
Dahoma grade 1	492
Denya grade 1	516
Hotrohoto grade 1	580
Wawa grade 1	500
Wawa grade 2	428
Ekki grade 1	570
Wawabimba Laminated grade 1	750

## Report from Malaysia

### Log market to be sustained by Indian imports says producer

Sarawak based Jaya Tiasa Holdings Bhd. is of the view that export market prices for logs from Sarawak will remain firm due to the tight supply situation.

The company suggested that India will continue to be a major importer of Sarawak logs even though log prices may increase. Up to the end of July this year log prices were up around 35% compared to levels in the same period last year.

This company reportedly produced 598,000 cu.m of logs in the first eight months of this year. Last year annual log production by the company was around 940,000 cu.m.

### India a major buyer of Malaysian logs

It has been reported that India imported 2.21 million cu.m of logs in 2010 which is about 56% of Sarawak's total log production thereby displacing Japan as the largest importer of Sarawak logs.

Meanwhile statistics released by the Sarawak Timber Industry Development Corporation (STIDC) indicate that India imported 582,000 cu.m or 63% of Sarawak's total logs production of 912,000 cu.m in the first half of 2011.

Imports by Taiwan P.o.C ranked second at 128,000 cu.m, Japan third with 89,000 cu.m, followed by China where imports were 61,500 cu.m for the same period.

Log production in Sarawak declined by up to 15% to 4.26 million in the first half of 2011 year on year.

This translates to a monthly average production of 710,000 cu.m in the first half of 2011, the lowest monthly average in two decades.

In addition, analysts commented that one of the main reasons behind the tight log supply situation in Sarawak is the unresolved river transportation system problems.

### Caution urged as India not immune to global economic shocks

Analysts are urging caution in painting an overly optimistic picture of India's continual role as the largest importer of Sarawak's logs production.

India is not immune to the effect of the euro-zone debt crisis and a possible second recession in the US. The recent depreciation of the Rupee could also impact the capacity of Indian manufacturers to continue importing at current levels.

Excise duty, a form of tax collected by the Indian government on the value of shipments by factories in India dropped 8% for the first time in 16 months in September 2011, signaling a possible slowdown in the Indian manufacturing sector.

### Indian Purchasing Managers Index for the manufacturing sector falls

Reinforcing the likelihood of a slow down in the Indian economy, in September 2011, the HSBC Purchasing Managers Index (PMI) for the manufacturing sector in India felled to 50.4 from 52.6 in the August 2011.

Any reading below 50 indicates a contraction in the manufacturing sector. The HSBC PMI for the Indian services sector fell to 49.8 in the same month. The services sector contributes to 60% of economic activities in India.

### Log Export Prices (Sarawak)

Sarawak log, FOB	US\$ per m <sup>3</sup>
Meranti SQ up	265-292
Small	253-286
Super small	255-279
Keruing SQ up	247-259
Small	238-271
Super small	227-251
Kapur SQ up	239-265
Selangan Batu SQ up	244-278

### Domestic log Prices

Pen. Malaysia logs, domestic (SQ ex-log yard)	US\$ per m <sup>3</sup>
DR Meranti	283-302
Balau	325-355
Merbau	378-409
Rubberwood	106-140
Keruing	247-263

Peninsular Malaysian meranti logs are top grade and are used to produce scantlings for the EU. These log prices are higher than for the same species in Sarawak's.

**Export Sawnwood Prices**

Malaysia Sawnwood, FOB	US\$ per m <sup>3</sup>
DR Meranti	415-451
White Meranti A & up	310-340
Seraya Scantlings (75x125 KD)	452-464
Sepetir Boards	277-306
Sesendok 25,50mm	364-382
Kembang Semangkok	344-373

**Domestic Sawnwood Prices**

Malaysian Sawnwood, domestic	US\$ per m <sup>3</sup>
Balau (25&50mm,100mm+)	346-366
Merbau	486-538
Kempas 50mmx(75,100 & 125mm)	290-330
Rubberwood	
25x75x660mm up	241-291
50-75mm Sq.	279-311
>75mm Sq.	301-331

**Export Plywood Prices**

Malaysia ply MR BB/CC, FOB	US\$ per m <sup>3</sup>
2.7mm	448-509
3mm	429-459
9mm & up	380-450

**Domestic Plywood Prices**

Meranti ply BB/CC, domestic	US\$ per m <sup>3</sup>
3mm	372-462
12-18mm	355-384

**Other Panel Export and Domestic Prices**

Malaysia, Other Panels, FOB	US\$ per m <sup>3</sup>
<i>Particleboard</i>	
Export 12mm & up	263-286
Domestic 12mm & up	254-268
<i>MDF</i>	
Export 15-19mm	315-347
Domestic 12-18mm	306-325

**Export Added Value Product Prices**

Malaysia, Mouldings, FOB	US\$ per m <sup>3</sup>
Selagan Batu Decking	576-586
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	590-603
Grade B	545-555

**Export Furniture and Parts Prices**

Malaysia, Rubberwood, FOB	US\$ per piece
Semi-finished dining table	
solid laminated top 2.5'x4', extension leaf	79-95
As above, Oak Veneer	86-100
Windsor Chair	78-80
Colonial Chair	76-81
Queen Anne Chair (soft seat)	
without arm	75-87
with arm	78-88
Chair Seat 27x430x500mm	64-69
Rubberwood Tabletop	US\$ per m <sup>3</sup>
22x760x1220mm sanded & edge profiled	
Top Grade	634-664
Standard	617-633

**Investors in oil palm have to wait for revised regulations on plantations**

Reports indicate that the Indonesian government has decided to delay the implementation of a regulation governing industrial forest plantations that would permit planters, particularly those in the oil palm industry, to cultivate areas reserved for timber and other sources of raw material supply for local industries.

The reason cited for the delay is to ensure that the proposed regulation operates in tandem and consistently with previous federal decrees. The government has said it will issue revised regulations.

In classifying oil palm plantations as industrial forests, investors in the Indonesian oil palm industry will be able to obtain land permits from the government to developed and convert certain forest land into oil palm plantations.

The Forestry Ministry is quoted as saying that the industrial forest concept has been implemented successfully for the paper and pulp industry as well a, the plywood industry so it intend to apply a similar approach in the oil palm sector.

Analysts point out that only around 30% of Indonesia's timber production is now derived from natural forests whereas 70% is from industrial plantation forests.

**Euro-zone and US financial crises bite into furniture exports**

Exports of Indonesian furniture have declined by more than 30% as the euro-zone and US debt crises bite into trade. Political unrest in the Middle-East also added to the toll on the Indonesian furniture industry according to the Indonesian Furniture Entrepreneurs Association (Asmindo).

The net value of Indonesian furniture exports for the first half of 2011 stood at US\$1.15 billion, a decline of 21% against levels in the first half of 2010 when exports were valued at US\$1.46 billion.

Exports of rattan furniture also declined sharply by 26% to US\$60.32 million in the first half of the year. Exports of rattan furniture have been sliding ever since the global economic crisis in 2008.

The depreciation of the US dollar against the Indonesian rupiah as a result of both the European and US debt crises contributed to the decline in the exports of Indonesian furniture. Competition from other low cost producers like Vietnam and China compounded the problem further.



### Domestic Log Prices

Indonesia logs, domestic prices	US\$ per m <sup>3</sup>
Plywood logs	
Face Logs	222-265
Core logs	210-239
Sawlogs (Meranti)	219-279
Falcata logs	187-218
Rubberwood	95-99
Pine	196-239
Mahoni (plantation mahogany)	505-536

### Domestic Ex-mill Sawwood Prices

Indonesia, construction material, domestic	US\$ per m <sup>3</sup>
Kampar (Ex-mill)	
AD 3x12-15x400cm	209-228
KD	223-258
AD 3x20x400cm	243-266
KD	244-273
Keruing (Ex-mill)	
AD 3x12-15x400cm	258-272
AD 2x20x400cm	248-266
AD 3x30x400cm	231-250

### Export Plywood Prices

Indonesia ply MR BB/CC, export FOB	US\$ per m <sup>3</sup>
2.7mm	434-490
3mm	392-433
6mm	371-413

### Domestic Plywood Prices

MR Plywood (Jakarta), domestic	US\$ per m <sup>3</sup>
9mm	292-303
12mm	283-294
15mm	273-288

### Export and Domestic Other Panel Prices

Indonesia, Other Panels, FOB	US\$ per m <sup>3</sup>
<i>Particleboard</i>	
Export 9-18mm	246-255
Domestic 9mm	226-238
12-15mm	221-233
18mm	217-228
<i>MDF</i>	
Export 12-18mm	278-293
Domestic 12-18mm	261-273

### Export Added Value Product Prices

Indonesia, Mouldings, FOB	US\$ per m <sup>3</sup>
Laminated Boards	
Falcata wood	328-341
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	522-553
Grade B	480-502

## Report from Myanmar

### Open tender sale of teak logs for local industries

About 500 h.tons of SG5, SG6 and SG7 grades of teak logs were sold on 10th October by open tender to domestic wood product manufacturers. About 100 h.tons of SG5 were sold at an average price of Euro2084 per h.ton. Some 50 h.tons of SG6 were sold at Euro 1770 per h.ton and about 350 h.tons of SG7 were sold at Euro 698 per ton.

In comparison to price levels in the September tender, where average prices were Euro1554 for SG5, Euro 1382 for SG6 and Euro 975 for SG7, the price levels secured during the October sales were good. Unlike other open tender sales, the 'raw material special sales' are only for logs that are to be locally processed.

### Hardwood market showing signs of weakness

The market outlook is said to still be bleak for Pyinkado. Gurjan (Kanyin) and teak demand is also showing some strains. This is presumably due to a weaker rupee as India is the major buyer of logs from Myanmar. Whenever there is a change in the economy of India it has a direct influence on Myanmar timber exports.

Teak markets in China, Vietnam and Thailand are also not very active but observers say the teak market has always been resilient as is demand for other hardwoods in a world hungry for raw materials.

### The 'cut-less-trees-and-stop-selling-logs' slogan is having an impact

The 'cut-less-trees-and-stop-selling-logs' movement seems to be gaining momentum as a consequence of the public outcry over the Ayeyarwady Myitsone Dam issue. Never before has such an increased awareness in environmental matters been so prominent in the country, say local observers.

The Voice Weekly, a local newspaper, reported that in a recent interview with the Vice Chairman of FREDTA, he made special mention of the need to not over-harvest the forest, not to export in log form and to locally produce more value added wood products to create more jobs and increased foreign exchange earnings.

Observers believe that upgrading wood processing technologies and selling more processed products would eventually assist the country towards reaping optimum benefits from its forests.

### Strengthening exchange rate a serious concern

Since the beginning of this year, the kyat has appreciated by around 20% against the major currencies and this has threatened export growth and could undermine the country's efforts to revive the economy.

At around 780-800 kyat to the dollar, compared to more than 1,000 kyat to the dollar twelve months ago the exchange rate has become the focus of attention of the government since the strength of the currency is now adversely affecting the economy.

### September hardwood log prices

Hardwood log prices FOB per hoppus ton	Euro per m <sup>3</sup>
Pyinkado export quality	570
Gurjan export quality	418

Prices are in Euro per hoppus ton FOB (Hoppus ton equivalent to 1.83 cu.m)

### Myanmar Teak Log Auction Prices (natural forest logs)

Purchases were made by competitive bidding in September 2011.

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
	Aug	Sep
Veneer Quality	nil	nil
2nd Quality		
3rd Quality	nil	nil
4th Quality	4,520 (11 tons)	4,503 (10 tons)
Sawing Quality		
Grade 1 (SG-1)	3,108 (36 tons)	3,186 (33 tons)
Grade 2 (SG-2)	2,699 (42 tons)	2,879 (44 tons)
Grade 4 (SG-4)	2,092 (213 tons)	2,092 (216 tons)
Grade 5 (SG-5) Assorted	1,493 (188 tons)	1,554 (133 tons)
Grade 6 (SG-6) Domestic	1,325 (79 tons)	1,382 (110 tons)
Grade 7 (ER-1)	1090 (34 tons)	975 (40 tons)
Grade 7 (ER-1)	nil	516 (21 tons)

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

### Suspension of the controversial Myitsone dam project

In a move which surprised observers, Burmese President Thein Sein has suspended work on the Myitsone dam project. This came in response to growing public concern over the project which, say critics, would threaten the livelihood of those along its banks and would cause considerable ecological damage.

## Report from India

### August exports up a robust 44 percent

Data released by the Ministry of Commerce shows that, despite the economic woes in traditional western markets, India's exports maintained their growth in August rising by 44.2% year on year to US\$ 24.3 billion; imports also grew by 41.8% to US\$ 38.4 billion.

### Indian exports of plywood and wood products (Rupee, millions)

	2009-10	2010-2011
Plywood	17886.6	20849
Wooden Furniture	11212.6	13500
Other plywood products	1514.3	1625
Other articles of wood	3545.3	3930
Veneers	925.1	1015
Hardboard (wood fibre)	583.5	640
Cork and cork products	54	70
Sandalwood chips	50.6	65
Tea chest panels	1.3	4

The top three export markets for India's wood products are the USA (23%) Germany (10%) and UK (9%).

The unexpected and sudden fluctuations in the Rupee and Dollar exchange rate of around 10% recently is bound to impact export performance in the coming months. A weaker Rupee will also make imports more expensive.

### Imports of teak logs affected by exchange rate movements

Serious fluctuations in the Rupee and US Dollar exchange rate have affected imports of timber and in recent weeks the 10% rise in import costs of logs due to the depreciation of the Rupee cannot easily be absorbed by industry say local observers.

Analysts admit that while there are adequate stocks of teak available, shipments have slowed. Demand for substitutes and alternative timbers such as like Meranti, Kapur, Merbau and Balau is expected to be sustained because of the lower cost of these timbers.

### Home loan repayments set to surge on interest rate hikes

In India those with home loans are finding that mortgage repayments have been rising due to increases in interest rates and the ending of the period of promotional so-called 'teaser loans' and this is expected slow the demand for loans and further undermining the house building sector.

The Bank of India has been raising rates steadily over the past 18 months in order to tackle inflation but this has led to a higher interest burden for home loan borrowers. The increase has not yet affected those who took out 'teaser' loans which were introduced in early 2009 to stimulate house building.

The period of low interest rates on these loans is coming to an end and borrowers will soon face a steep increase in monthly payments. In light of the interest rate increases and the effect on loan repayments the Indian building sector expects business to slow significantly.

### Imported Plantation Teak Prices (C&F)

	US\$ per m <sup>3</sup>
Tanzania Teak sawn	450-800
Côte d'Ivoire logs	450-850
PNG logs	500-700
El-Salvador logs	400-550
Guatemala logs	400-500
Nigeria squares	300-500↑
Ghana logs	350-650
Guyana logs	300-450
Benin logs	425-650
Benin sawn	475-600
Brazil squares	400-600
Burkina Faso logs	350-450
Columbia logs	400-600
Togo logs	350-500
Ecuador squares	350-1000↑
Costa Rica logs	350-650↑
Panama logs	350-475↑
Sudan logs	350-800

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.

#### Domestic Ex-mill Sawwood Prices for Myanmar Teak

Sawnwood (Ex-mill) Myanmar Teak (AD)	Rs. per ft <sup>3</sup>
Export Grade F.E.Q.	4000-1000↑
Plantation Teak A grade	3000-4000↑
Plantation Teak B grade	2500-3000↑
Plantation Teak C grade	1800-2500↑

#### Domestic Ex-mill Sawwood Prices for imported timbers

Sawnwood, (Ex-mill) (AD)	Rs. per ft <sup>3</sup>
Merbau	1200-1450
Balau	1200-1550
Kapur	850-1000
Red Meranti	650-925
Radiata Pine (AD)	425-475

Sawnwood, (Ex-warehouse) (KD)	Rs. Per ft <sup>3</sup>
Beech	900-1200
Sycamore	900-1200
White Oak	1100-1500
American Walnut	1800-2150
Hemlock clear grade	800-1000
Hemlock AB grade	650-850
Western Red Cedar	1000-1350
Douglas fir	800-1000

#### Domestic Ex-warehouse Prices for Imported Plywood

Plywood, (Ex-warehouse) (MR Quality)	Rs. per sq.ft
4 mm	36.25
6 mm	51.00
12 mm	66.50
15 mm	79.00↓
18 mm	95.00

#### Domestic Ex-warehouse Prices for Locally Manufactured Plywood

Locally Manufactured Plywood "Commercial Grade"	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.13.70	Rs.23.50
6mm	Rs.20.00	Rs.34.20
8mm	Rs.25.70	Rs.38.20
12mm	Rs.31.00	Rs.41.00
19mm	RS.42.00	Rs.55.00
5mm Flexible ply	Rs.26.00	

### Report from Brazil

#### Brazilian exports of tropical sawnwood fall in first nine months of the year

According to recent figures released by the Ministry of Development, Industry and Foreign Trade (MDIC), Brazil's exports of tropical sawnwood declined during the first nine months of the year.

Total exports of tropical sawnwood from Brazil in the first three quarters of the year amounted to 323,400 cu.m earning US\$ 167.9 million. In the same period last year, exports were 396,100 cu.m and were worth US\$ 191.3 million.

The figures for 2011 represent an 18.4% decline in terms of volume and a decline of 12.2% in term of value.

In the year up to September, Brazilian exports of tropical sawnwood were mainly directed to Vietnam. The top five countries importing this product were Vietnam, the Netherlands, China, France and India.

These five countries accounted for 67% of the volume and 58% of the value of exports up to September.

#### Brazil's tropical plywood exports in decline

Brazil's Ministry of Development, Industry and Foreign Trade recently released data showing that Brazil's exports of tropical plywood fell 20% in volume and 25% in value in the first nine months of this year compared to the same period of last year.

Tropical plywood exports fell from US\$ 44.1 million (78,100 cu.m) last year to US\$35.3 million (58,600 cu.m) this year

Together, the Amazonian states of Pará, Acre, Mato Grosso and Rondônia and Mato Grosso do Sul are responsible for 32% in volume and 34% in value of the Brazilian exports of tropical plywood, delivering 18,600 cu.m for export and earning US\$12.0 million in export earnings.

#### Imazon report shows a reduction in unauthorised forest exploitation in Para

Imazon, (Amazon Institute of People and the Environment) has just released a Forest Management Transparency Bulletin for Para State assessing logging in the State.

According to this report, between August 2009 and July 2010, out of the 120,512 hectares of forest exploited in the State of Pará, around 65% (or 78,941 hectares) was not formally authorised by the Secretary of Environment.

In terms of the area of illegal logging the report says the vast majority (84%) occurred on private, unoccupied land or in areas under dispute. A further 13% occurred in areas designated as agrarian reform settlements and 3% in Protected Areas.

Comparing the period August 2008 to July 2009 and August 2009 to July 2010, there was a 16% reduction in the unauthorised exploitation.

The study also made an assessment of the consistency of information on management plans in the Forest Harvesting Permits (Autefs) and timber exploitation credits authorised and issued by Sema from August 2009 to July 2010.

The Imazon report shows that about 90% of the Forest Harvesting Permits (Autefs) were in conformity with the law.

Only 10% contained inconsistencies, for example logging authorized for an area larger than the management area; permits in degraded or cleared areas; permits in areas already being harvested and traded credits higher than those allowed by the authority.



### Training for wood-processing industry in Mato Grosso

The Wood Producer and Exporter Center of Mato Grosso (Cipem) is developing a wood industry training programme in partnership with the Social Service for Industry (Sesi) and the National Service of Industrial Learning (Senai).

The main focus of this programme is to improve the skills of timber industry workers. The project will deliver training for up to 2,000 professionals in the Sinop timber cluster, in Northern Mato Grosso.

In Sinop, there are more than 200 companies affiliated with the Wood Industries Union of Northern Mato Grosso.

#### Domestic Log Prices

	US\$ per m <sup>3</sup>
Brazilian logs, mill yard, domestic	178
Ipê	131
Jatoba	87
Guariuba	95
Mescla (white virola)	

#### Export Sawwood Prices

	US\$ per m <sup>3</sup>
Sawwood, Belem/Paranagua Ports, FOB	
Jatoba Green (dressed)	945
Cambara KD	554
Asian Market (green)	
Guariuba	298
Angelim pedra	692
Mandioqueira	260
Pine (AD)	216

#### Domestic Sawwood Prices

	US\$ per m <sup>3</sup>
Brazil sawwood, domestic (Green)	
<i>Northern Mills</i> (ex-mill)	
Ipê	903
Jatoba	682
<i>Southern Mills</i> (ex-mill)	
Eucalyptus (AD)	230
Pine (KD) 1st grade	276

#### Export Veneer Prices

	US\$ per m <sup>3</sup>
Veneer, Export (Belem/Paranagua Ports) FOB	
White Virola Face 2.5mm	305
Pine Veneer (C/D)	216

#### Domestic Veneer Prices

	US\$ per m <sup>3</sup>	
Rotary cut Veneer, domestic		
(ex-mill Northern Mill)	Face	Core
White Virola	305	252

#### Export Plywood Prices

	US\$ per m <sup>3</sup>
Plywood, FOB	
White Virola (US Market)	
5.2mm OV2 (MR)	455
15mm BB/CC (MR)	401
White Virola (Caribbean market)	
4mm BB/CC (MR)	554
12mm BB/CC (MR)	426

	US\$ per m <sup>3</sup>
Pine Plywood EU market, FOB	
9mm C/CC (WBP)	307
15mm C/CC (WBP)	288
18mm C/CC (WBP)	323

#### Domestic Plywood Prices

	US\$ per m <sup>3</sup>
Plywood, domestic (ex-mill Southern mill)	
Grade MR (B/BB)	
White Virola 4mm	1052
White Virola 15mm	767

Domestic prices include taxes and may be subject to discounts.

#### Export Prices For Other Panel Products

	US\$ per m <sup>3</sup>
Belem/Paranagua Ports, FOB	
Blockboard Pine 18mm 5 ply (B/C)	316
<i>Domestic Prices, Ex-mill Southern Region</i>	
Blockboard White Virola faced 15mm	659
Particleboard 15mm	442

#### Export Prices For Added Value Products

	US\$ per m <sup>3</sup>
FOB Belem/Paranagua Ports	
Edge Glued Pine Panel	
Korean market (1st Grade)	674
US Market	522
Decking Boards	
Cambara	675
Ipê	1,822

## Report from Peru

### Building of new homes and offices boosts Peru's domestic wooden furniture market

According to the consulting firm Maximixe, between January and May 2011 wooden furniture production in Peru grew by almost 9%.

Among the factors explaining this dynamism include increased disposable incomes and the growing number of new homes and offices coming onto the market.

Wooden furniture imports totaled US\$ 23.2 million between January and May, representing an improvement of 55% over the same period in 2010.

The imported furniture was reportedly destined for new corporate offices in the capital and for new private apartments. A major component of the imported furniture was items for the kitchen which more than doubled to US\$ 1.6 million in the period.

In the first five months of the year, exports of wooden furniture amounted to US\$ 3.0 million representing an improvement of 26%, an increase was seen in virtually every type of wooden furniture. However, a decline in exports was recorded for upholstered seats with wooden frames and wooden furniture used in the kitchen.

### Adex rejects bill that seeks to suspend logging concessions

The chairman of the Timber and Wood Industry Association of Exporters (ADEX) has expressed opposition to the draft Law No. 308/2011, in which it is proposed to suspend forest concessions for two years in order to "stop the deforestation of the forests."

This objection to the proposed law stems from the assertion that deforestation is not taking place in legal concessions but in areas where there is shifting agriculture.

The head of ADEX pointed out that sustainable forest management in the concessions results in the generation of jobs, social inclusiveness and environmental sustainability. He added that forestry operations bring direct and indirect benefits to around 1.5 million people in Peru.

### Export Sawnwood Prices

	US\$ per m <sup>3</sup>
Peru Sawnwood, FOB Callao Port	
Mahogany S&B KD 16%, 1-2" random lengths (US market)	1655-1702
Spanish Cedar KD select	
North American market	958-977
Mexican market	946-965
Pumaquiro 25-50mm AD Mexican market	532-586

	US\$ per m <sup>3</sup>
Peru Sawnwood, FOB Callao Port (cont.)	
Virola 1-2" thick, length 6'-12' KD	
Grade 1, Mexican market	390-421 ↑
Grade 2, Mexican market	333-365 ↑
Cumaru 4" thick, 6'-11' length KD	
Central American market	834-849
Asian market	798-871
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	509-549
Dominican Republic	564-573
Marupa (simarouba) 1", 6-11 length Asian market	365-389

	US\$ per m <sup>3</sup>
Peru Sawnwood, FOB Iquitos	
Spanish Cedar AD Select Mexican market	887-909
Virola 1-2" thick, length 6'-13' KD	
Grade 1, Mexican market	388-415 ↑
Grade 2, Mexican market	311-347 ↑
Grade 3, Mexican market	161-176
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	258-283

### Domestic Sawnwood Prices

	US\$ per m <sup>3</sup>
Peru sawnwood, domestic	
Mahogany	867-911
Virola	63-80
Spanish Cedar	264-305
Marupa (simarouba)	62-76

### Export Veneer Prices

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

### Export Plywood Prices

	US\$ per m <sup>3</sup>
Peru plywood, FOB Callao (Mexican Market)	
Copaiba, 2 faces sanded, B/C, 15x4x8mm	318-347
Virola, 2 faces sanded, B/C, 5.2x4x8mm	399-406
Cedar fissilis, 2 faces sanded 4x8x5.5mm	750-761
Lupuna, treated, 2 faces sanded, 5.2x4x8mm	363-385
Lupuna plywood B/C 15x4x8mm	366-382
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.	370-393

### Domestic Plywood Prices

	US\$ per m <sup>3</sup>
Lupuna Plywood BB/CC, domestic (Iquitos mills)	
122 x 244 x 4mm	438
122 x 244 x 6mm	397
122 x 244 x 8mm	415
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

### Domestic Prices for Other Panel Products

	US\$ per m <sup>3</sup>
Peru, Domestic Particleboard	
1.83m x 2.44m x 4mm	282
1.83m x 2.44m x 6mm	230
1.83m x 2.44m x 12mm	204

### Export Prices for Added Value Products

	US\$ per m <sup>3</sup>
Peru, FOB strips for parquet	
Cabreuva/estoraque KD12% S4S, Asian market	1287-1388
Cumaru KD, S4S Swedish market	852-961 ↑
Asian market	970-1020 ↑
Cumaru decking, AD, S4S E4S, US market	934-996
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

### Firm demand is sustaining favourable price levels for sawnwood

During the period under review only Fair sawmill quality Greenheart logs were exported. In contrast there was firm export demand for all qualities of Purpleheart logs but Standard sawmill quality log prices were lower than for earlier shipments.

Prices for Fair and Small sawmill quality Purpleheart logs remained unchanged whereas prices for Mora logs were encouraging.

A larger than usual volume of sawnwood exports was recorded in the period under review. Undressed Greenheart (select) quality sawnwood prices improved to US\$975 per cubic metre and Undressed Greenheart (sound) quality sawnwood prices were US\$ 847 per cubic metre merchantable quality prices were US\$500 per cubic metre.

For Undressed Purpleheart (select) sawnwood, prices remained unchanged during this period as did prices for Undressed Mora sawnwood.

Dressed Greenheart prices remained firm at levels seen a month ago while Dressed Purpleheart sawnwood prices fell from US\$1,060 to US 912 per cubic metre.

Dressed Red Cedar (Cedro) sawnwood was sold on the export market for US 1,272 per cubic metre. Similarly Dressed Locust (Jatoba, Courbaril) also fetched good prices at US\$1,166 per cubic metre on the export market.

### Encouraging product diversification to boost domestic manufacturing

The Forest Products Development and Marketing Council of Guyana Inc. (FPDMC) is working to help boost the value added industry by encouraging product development for the domestic wood processing sector.

This in turn is expected to create high –end niche markets for these products locally. This initiative is aimed at encouraging the value added industry to expand the range of products marketed.

Product profiles are being prepared by the FPDMC with the aim of steering entrepreneurs to additional added value product lines and also to build on existing product lines that can be fostered and expanded.

This is seen as a cost effective venture and the products produced can be used by domestic consumers as there is at present a housing boom taking place in Guyana. The aim is to keep the products affordable and is made out of sustainable harvested lesser known species of woods.

**Export Log Prices**

Logs, FOB Georgetown	SQ - \$ Avg unit value per m <sup>3</sup>		
	Std	Fair	Small
Greenheart*	-	130	-
Purpleheart	200-250	170-280	150-270
Mora	120-160	115-150	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.

**Export Plywood Prices**

Plywood, FOB Georgetown Port		\$ Avg unit val. per m <sup>3</sup>	
Baromalli	BB/CC	5.5mm	Not available
		12mm	"
	Utility	5.5mm	"
		12mm	"

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

**Export Sawnwood Prices**

Sawnwood, FOB Georgetown		\$ Avg unit val. per m <sup>3</sup>	
EU and US markets		Undressed	Dressed
Greenheart	Prime	-	-
	Standard	-	615-933
	Select	580-975	
	Sound	-	
	Merchantable	500	
Purpleheart	Prime	-	-
	Standard	-	742-1200
	Select	650-1050	
	Sound	-	
	Merchantable	-	
Mora	Prime	-	
	Select	500	
	Sound	500	
	Merchantable	400	

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

**Report from Japan**

**Active Asian demand for tropical logs halts slide in log prices**

Tropical log prices quoted for the Japanese market, which had been falling since June, have leveled out says the Japan Lumber Reports (JLR). This, says the JLR, is because buyers in India and Taiwan P.o.C have become more active in the market.

Tropical log suppliers in Malaysia have become more bullish and are moving to raise prices across the board. Meranti regular log FOB prices are up by US\$10 per cubic metre FOB compared levels in August.

The JLR reports that current price quotes are at US\$275-320 per cu.m FOB for regular Meranti logs. Prices for small and super small Meranti logs have also moved up by around US\$5 per cu.m.

In a reaction to the latest round of increases Japanese buyers suggest that US\$300 per cu.m FOB for Meranti is

just too high for this market and that at this price the consumption of tropical logs in Japan will start to decline.

In the producer regions in SE Asia the rain season is approaching so log supplies will fall again over the next few months and this shortage will result in further price increases in the short term.

In the wholesale market in Japan Meranti regular log prices recently peaked at Yen 10,000 per koku but the combined effect of weakening FOB prices and the appreciation of the Yen, the prices are now 9,200-9,300 yen per koku CIF.

**Bad weather in PNG and Solomon Islands hampering harvesting**

The JLR is reporting that bad weather is hampering harvesting in Papua New Guinea and the Solomon Islands and that log stocks have fallen.

China is the dominant buyer of logs from these two countries and Japan cannot compete for logs from the region as wholesale log prices in Japan continue to fall.

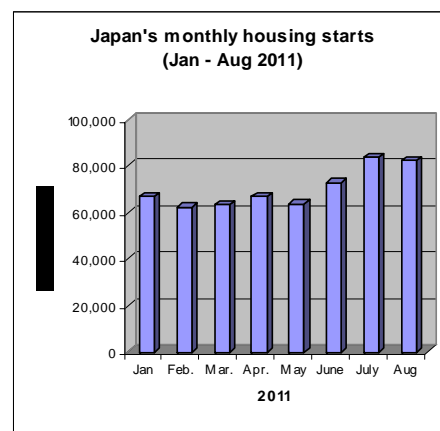
**Plywood mills in Japan shift to softwoods as tropical log prices too high**

Most of the tropical logs imported into Japan are used for the manufacture of plywood. At the moment the market for hardwood plywood is extremely poor and mills are not able to make a profit with log prices at current levels.

As a result mills have stopped manufacturing unprofitable lines such as tropical hardwood structural and concrete formboard panels and have shifted to producing more softwood plywood.

**Five consecutive monthly increases in housing starts recorded**

Total housing starts in Japan during August were 81,986 units, 14% more than the same month a year ago report the JLR. This represents five consecutive monthly increases. It was found that monthly housing starts were over 80,000 units for two straight months.



source: JLR

## Japan Forestry Association offers suggestions for revising taxes

Groups within the Japan Forestry Association recently had the opportunity to present suggestions for revising the tax structures for forestry and forest industry enterprises.

To promote revitalisation of the forest and forest industry sectors the Association submitted the following suggestions.

- Establish a new tax system to promote maintenance of the forest and utilisation of wood.
- Establish a new structure for payment of inheritance and gift taxes.
- Set up a tax exemption or refund measure on taxes imposed on oil and coal.
- Extend the reduced tax on light oil transaction tax.
- Expand the special tax measure on business office tax.
- Reduce the property tax.
- Reduce income tax on forest revenue.
- Extend the reduction on income and corporate taxes.
- Reduce consumption tax on wood trading.

## Japanese house builders increase use of laminated lumber for posts and beams

The Japan Forest Products Journal has once more surveyed house builders on their use of wood products. In its thirteenth survey of 61 house builders it was found that the use laminated lumber for posts and beams has increased further.

Overall it was found that the use of laminated lumber for house post amounted to 72%, which is close to the record use found in 2002. For beams the use of laminated lumber was found to have increased by 10% bring overall use across the industry to 69%.

The use of laminated lumber for use as sills was found not to have changed since the last survey.

## Imported Log and Sawwood Prices

Logs for Ply Manufacture, CIF	Yen per Koku (Koku=0.278 m <sup>3</sup> )
Meranti (Hill, Sarawak)	9,100↓
Medium Mixed	9,300↓
Standard Mixed	9,200↓
Small Log (SM60%, SSM40%)	8,000
Taun, Calophyllum, others (PNG)	-
Mixed light hardwood, G3/4 grade (PNG)	12,500
Keruing MQ & up (Sarawak)	12,700
Kapur MQ & up (Sarawak)	-

Logs for Sawmilling, CIF	Yen per m <sup>3</sup>
Melapi (Sarawak) High Select	210,000
Agathis (Sarawak) High Select	-

Lumber, FOB	Yen per m <sup>3</sup>
White Seraya (Sabah) 24x150mm, 4m, Grade 1	148,000
Mixed Seraya, Sangi 24x48mm, 1.8-4m, S2S	58,000

## Wholesale Plywood Prices (Tokyo)

Indonesian & Malaysian Plywood	Size (mm)	Sept (¥ per sheet)	Oct
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	390	370
3.7mm (med. Thickness, F 4star, type2)	910 X 1820	550	540
5.2mm (med. Thickness, F 4star, type 2)	910 X 1820	650	630
12mm for foundation (F 4star, special)	910 X 1820	1130	1120
12mm concrete-form ply (JAS)	900 X 1800	1050	970
12mm coated concrete-form ply (JAS)	900 X 1800	1170	1100
11.5mm flooring board	945 X 1840	1530	1480
3.6mm baseboard for overlays (OVL)	1220 x 2440	1000	990

## Report from China

### Development objectives in the Twelfth Five-Year Plan

China's Twelfth Five-year Plan sets out economic and environmental objectives for the period of the plan. The plan states that the national economy is expected to grow at an annual rate of 7 percent over the next five years and GDP will exceed RMB 55 trillion by 2015.

For 2011, the objectives is for GDP to increase by about 8 percent, CPI to rise by about 4 percent, employment will increase by 9 million and registered unemployment will not exceed 4.6 percent in urban areas.

In terms of forestry the objective is to achieve a forest cover of 208 million ha. to raise the forest cover to 21.66 percent.

In terms of growing stock, this is expected to rise to 14.3 billion cubic metres. 'Greening' in urban areas is expected to expand by almost 40 percent. In addition some 50 million ha. of improved grassland will be established.

In the plan the share of non fossil energy in primary energy will rise by over 11 percent and carbon dioxide emissions will fall by between by 8-10 percent.

### Timber production further reduced in Heilongjiang Province and Inner Mongolia

Being the largest two state-owned forest areas in China, Heilongjiang Province and the Inner Mongolia Autonomous Region have been major timber producing regions for a long time.

However, due to over-logging for many years the resources have declined and the forest environment has deteriorated in these regions.

To improve this situation these two provinces are going to further reduce timber harvesting during the second phase of Natural Forest Protection Programme (2011-2020).

The plan in Heilongjiang Province is to reduce timber cutting from 6.33 million cu.m to 1.54 million cu.m in major state-owned forest areas over the next three years; to improve the environment and to reduce the number of forest farms.



This, says the plan, will involve relocating around 120,000 people so as to reduce forest destruction through human activities.

The plan indicates that the state will invest a total of RMB 77.5 billion for the duration of the plan (7.75 billion yuan each year) to support major state-owned forest areas.

By 2020 it is anticipated that forested areas in major state-owned forest regions will reach 15.5 million ha., up 3 percent from 2010; the growing stock will increase to 1,550 million cu.m, (up 21 percent) and the forest cover will increase by almost 2.5%.

It has been reported that since implementation of first phase of Natural Forest Protection Programme, timber cutting was reduced by 50.6 million cu.m; 142,000 ha. of forest were planted and 42,000 ha of agricultural land was converted back to forest.

The second phase of Natural Forest Protection Programme in Inner Mongolia is being carried out in the Forest Industrial Group of Inner Mongolia, the Eighth Bureau of Lingnan and the middle and up reaches of the Yellow River.

During the period of Twelfth Five-year Plan, average annual timber cutting in Forest Industrial Group and the Eighth Bureau will be reduced by almost 50 percent from 2.43 million cu.m to 1.23 million cu.m. Commercial timber harvesting will be banned along the middle and up reaches of the Yellow River.

Through implementation of the second phase of the Natural Forest Protection Programme, 100,000 jobs will be created in the project area and it is intended that workers' income and social security coverage will come close to the national average.

By 2020, the forest area will increase to 2 million ha and the growing stock will increase to 70 million cu.m. Estimates of the forest carbon stock achieved through implementation of the plan are 26.5 million metric tons.

Since the Natural Forest Protection Programme started 13 years ago in Inner Mongolia for the forest area has increased by 3 million ha and the growing stock has also increased.

#### **Mudenjiang City is the biggest timber distribution centre**

Situated in east of Heilongjiang Province and on the border with the Far East region of Russia, Mudенjiang City manages 32,500 sq.km. of forests which produce around 2 million cubic metres of logs annually. In addition, around 8 million cubic metres of imported logs from Russia pass through distribution centres in this city every year.

In Heilongjiang Province there are now about 1,600 timber processing enterprises with an output value of RMB 15 billion accounting for 40% of the total output value of the wood industries.

Furniture, wood-based panel and wood products for building and interior decoration are manufactured in this city and are exported to twenty eight countries in Europe, America and Southeast Asia.

#### **Redwood Branch of the Chinese Forest Product Industry Association Set Up**

A "Hongmu" (Chinese redwood) Branch of the Forest Products Industry Branch of the Chinese Forest Products Industry Association has now been established.

Redwood, is a generic term covering timbers used for traditional Chinese furniture such as rosewood and the recently introduced alternatives such as mahogany, padauk and black walnut

The main tasks of the branch include providing services in policy, standard, information, consultation and training; serving as a link between enterprises and markets; analysing developments in the industry and contributing to the healthy development of the redwood sector.

Professionals believe that the founding of the Redwood Branch will promote the healthy development of redwood industry through economic and technical exchanges.

It is learnt that the Redwood Branch will be attached to Research Institute of Wood Industry, in the Chinese Academy of Forestry.

#### **New flooring production line in Changchun, Jinlin Province**

The Jinqiao Flooring Group, Forest Industrial Corporation of Jilin Province has commissioned a new plant in the Lanjia Industrial Park, Changchun.

This park is home to probably the largest flooring plant in China as the annual production is around 3 million sq.m of wood composite flooring and 7 million sq.m of laminate flooring.

Analysts report that by the end of Twelfth Five-year Plan, output of wood composite flooring in this park will reach 7 million sq.m up from the 3.5 million sq.m during the Eleventh Five-year Plan.

#### **Lithuanian export duty on timber**

Please note that we suspect the figures stated in our previous report for total log exports from Lithuania to China were exaggerated by an industry source in Lithuania.



**Guangzhou City Imported Timber Wholesale Market**

Logs		Yuan per m3
Lauan (50-60cm)		2000-2100
Kapur (up to 79cm)		3300-3500
Merbau 6m, (up to 79cm)		3500-4000
Teak		11000-13000
Wenge		6200-7200▲
Sawnwood		
Teak sawn grade A (Africa)		9600
US Maple 2" KD		7500-9500
US Cherry 2"		10000-13000
US Walnut 2"		14000-16000
Okoume		4500-5000
Sapele		5900-6100

**Shanghai Furen Imported Timber Wholesale Market**

Logs		Yuan per m3
Teak (Myanmar, all lengths)		7500-8500
Sawnwood		
Beech KD Grade A		4800-5000
US Cherry, 25mm		9000-10000
US Red Oak, 50mm		9500-9800
Sapele 50mm FAS (Congo)		
KD ( FAS)		6500-6800
KD (grade A)		5700-5800

**Hangzhou Imported Timber Wholesale Market**

Logs		Yuan per m3
Ash 4m, 30cm diam.		2900-3800↓
Linden 4m, 26cm diam.		1800-2100↓
Sawnwood		
Beech Europe		3000-5500↓
Black walnut North America		7000-13000↓
Teak Myanmar		9000-18000
Red oak North America		8500-8500↓
Alder Myanmar		4500-5000↓
Sapele Africa		3800-4500↓
Plywood		
Red beech 4x8x3 mm		50-65
Black walnut 4x8x3 mm		50-95
Teak 4x8x3 mm		65-130↓

**Shandong De Zhou Imported Timber Wholesale Market**

Logs		Yuan per m3
Larch 6m, 24-28cm diam.		1800
White Pine 6m, 24-28cm diam.		1750
Korean Pine 4m, 30cm diam.		-
6m, 30cm diam.		-
Mongolian Scots Pine 6m, 30cm diam.		1580

**Hebei Shijiazhuang Imported Timber Wholesale Market**

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

**Wenzhou Imported Timber Wholesale Market**

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

**EU imports of tropical sawnwood main low but consistent**

The following table shows imports of hardwood sawnwood into the EU-25 group of countries from January to June 2011.

**EU25 Imports of sawn hardwoods by source**

Partner	Volume (000 m3)			
	2009	2010	2010	2011
	Year	Year	Jan-Jun	Jan-Jun
CAMEROON	330	372	181	190
MALAYSIA	243	239	129	132
BRAZIL	208	194	109	105
GABON	62	89	38	41
IVORY COAST	101	107	51	40
GHANA	41	45	21	22
INDONESIA	40	36	19	20
CONGO DR	32	29	12	16
CONGO REP.	28	37	18	14
BOLIVIA	11	10	4	6
ECUADOR	6	6	3	3
OTHER TROPICAL	31	32	16	16
<b>TROPICAL</b>	<b>1133</b>	<b>1197</b>	<b>602</b>	<b>607</b>
U.S.A.	488	507	269	266
CROATIA	251	304	166	193
UKRAINE	231	242	126	134
RUSSIA	67	69	42	40
BOSNIA	60	66	33	37
SERBIA	45	53	26	34
BELARUS	47	52	28	28
ROMANIA	43	47	23	28
CANADA	41	49	27	22
OTHER TEMPERATE	107	104	51	55
<b>TEMPERATE</b>	<b>1381</b>	<b>1492</b>	<b>792</b>	<b>836</b>
<b>TOTAL</b>	<b>2513</b>	<b>2689</b>	<b>1394</b>	<b>1443</b>

Source: Forest Industries Intelligence Ltd Analysis of Eurostat data

Overall, imports are up only slightly compared to the same period in 2010, with most of the growth in imports of temperate hardwood, particularly from the countries of the former Yugoslavia.

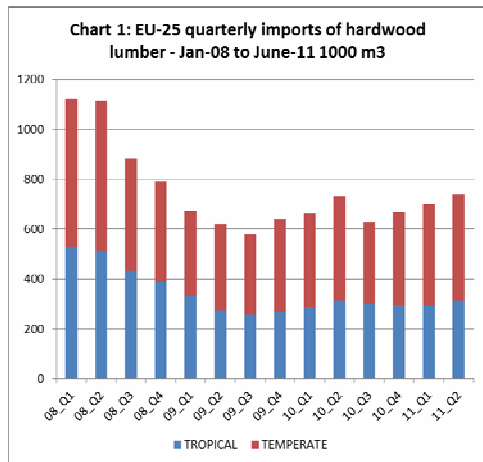
These countries are capable of supplying high quality oak, a timber which has consolidated its hugely dominant position in the European market this year.

During the first six months of 2011, EU imports of tropical hardwood were very similar in volume terms and 5% up in (euro) value terms compared to the same period the previous year.

EU imports from Cameroon, Gabon, Ghana, the Democratic Republic of Congo and Bolivia have recovered quite robustly this year.

However these gains have been offset by a decline in imports from Ivory Coast, Congo Republic and Brazil. Imports from Malaysia have remained static compared to the previous year.

The following graphic shows quarterly trends in EU imports of hardwood sawnwood during the last 3 years.



Source: Forest Industries Intelligence Ltd Analysis of Eurostat data

Total hardwood sawnwood imports rose consistently in the 12 months before June 2011, although they still remain well below levels prevailing before the economic crises.

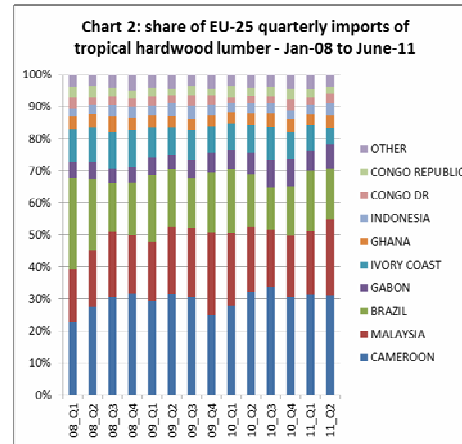
Most of the gains over this period have been in temperate hardwoods, of which quarterly imports increased from 327,000 m3 to 427,000 m3.

In the year to June 2011, tropical hardwood imports remained flat at around 300,000 m3 each quarter.

**Cameroon consolidates position as dominant supplier to the EU**

How the share of different countries in total tropical hardwood imports has varied since the start of 2008 is shown in the following graphic.

Cameroon is now well established as the largest single supplier of tropical sawnwood to Europe, consistently contributing around 30% of all imports. Malaysia’s share has been fluctuating but generally increasing and consistently accounts for around 20% of EU tropical wood supply.



Source: Forest Industries Intelligence Ltd Analysis of Eurostat data

Brazil’s share has been decreasing in the EU as more wood is now being diverted to Brazil’s domestic market. However, Brazil continues to account for around 15% of total European tropical sawnwood supply and the country remains an important supplier to the exterior decking market.

Political problems have led to Ivory Coast progressively losing share in the European market, from around 10% to 5% in the 12 months to June 2011.

Gabon’s share of the European tropical sawnwood market has been rising and now stands at around 7% following inward investment in wood processing and the country’s ban on log exports.

**Little prospects for any significant upturn in EU demand**

Prospects for any significant improvement in European demand for tropical wood during the last quarter of 2011 and in 2012 seem slim say analysts.

Demand for both African and South East Asian hardwood sawnwood has barely picked up any pace since the summer slowdown. Meanwhile economic uncertainty is once again mounting across the continent.

The market for African sawn timber in Europe is characterised by cautious buying for main commercial species despite relatively low stocks for the time of year.

This is due to a combination of economic uncertainty, continuing tight credit conditions, and nervousness about long lead times when buyers are increasingly demanding quick deliveries. Only a very limited number of importers are in a position to speculate on the purchase of larger volumes to hold in stock.

FOB prices for African sawn timber remain broadly stable, with slow consumption balanced by limited supply. However, market conditions vary according to species and specification. There are reports of significant divergence between markets for air dried and kiln dried African sapele sawnwood in Europe.

While stocks air dried sawnwood is readily available on the ground in Europe and prices are quite low, prices for kiln dried are rising due to shortages of kiln space. Meanwhile lead times for kiln dried material imported from Africa are very lengthy.

UK importers report that framire/idigbo is now much easier to source from Ivory Coast than earlier in the year. However, most large UK importers are now less inclined to purchase from Ivory Coast due to continuing difficulties of obtaining credible documentation to demonstrate legality at source.

This is becoming more of an issue as importers are tightening up due diligence systems in preparation for enforcement of the EU Timber Regulation from March 2013.

European landed stocks of iroko are reported to be quite low at present. However there are also reports of weakening prices for onward sales in Europe, implying only slow consumption.

There is now relatively limited availability of sawn sawnwood in the range of close-grained and fine-textured timber species such as padouk, doussie , and bubinga formerly cut in Europe from Gabonese logs.

FOB prices of sawn sawnwood for these species is now around 20% up compared with the start of 2011.

European purchases of Indonesian bangkirai decking have remained slow due to weakening of the euro against the dollar and limited availability with strong demand in East Asia and Australasia relatively firm prices.

These factors have encouraged more importers to look again at Brazilian supplies of decking species such as massaranduba and angelim pedra.

While Malaysian meranti sawnwood in popular European specifications is available for immediate shipment, demand has been so slack recently that some shippers have eased prices in US dollar terms. However, this trend may be short-lived as log prices are expected to rise again in South East Asia.

#### **Modified wood divides opinion**

Long lead times for tropical hardwoods, combined with the preference of stockists to work with low inventory levels to reduce financial and perceived environmental risks, continue to encourage some European importers to search for substitutes to tropical hardwoods.

The European modified wood industry was out in force again at the recent Timber Expo show in the UK, with some major importers reporting their expectation to gradually phase out tropical woods in favour of these alternatives.

On the other hand, there are indications that the modified wood industry has a way to go before this expectation is realised.

At Timber Expo in Coventry there were a few specialist importers willing to make the case for tropical wood over modified wood.

One importer of hardwood decking said that modified wood could not yet compete with the technical qualities of the best tropical hardwoods. He suggested that poor application of the thermal treatment process in particular created a very dry product which would then absorb water and discolour and degrade.

The UK's TTJ also recently reported the difficulties experienced by Indurite, a well-known modified wood brand, to build market share in Europe.

Indurite noted that current modified wood prices mean that it is still hard to find clients willing to switch away from established products such as tropical hardwood coming from South America. Prices for modified wood are tending to rise on the back of increased energy and material costs.

#### **Growing fears of double-dip recession in Europe**

A recent poll of 70 economists by the news agency Reuters suggests a growing chance the euro-zone economy will slip back into recession as fears rise that the debt crisis will escalate, financial markets slump further and a global slowdown knock growth.

The poll undertaken in early October 2011 suggests a 40% chance of a return to recession, up from a 30% in a poll taken just a month earlier and a mere one-in-five in August.

Reuters comment that "leading indicators point to weaker economic conditions. Sentiment surveys have deteriorated across key sectors of the euro zone economy, against a backdrop of unusually high uncertainty and financial market tensions,"

The Reuters poll aligns with the October 2011 Regional Economic Outlook for Europe by the IMF which forecasts that growth for all of Europe will slow from 2.3% in 2011 to 1.8% in 2012.

Economic indicators have weakened particularly dramatically in Southern Europe, including in sectors of considerable relevance to hardwood demand.

For example, the latest medium-term forecasts published by the Italian construction industry association ANCE in July 2011 suggest that construction sector investment will decrease by 4% in 2011 (this compares to a decline of 2.4% forecast at the beginning of 2011).

Similarly, the latest data from the Spanish Government office (Fomento) indicates that activity in Spain's devastated construction sector is sliding further into the red. Planning approvals in the first seven months of 2011 (50,209) were 13% down on the same period in 2010.

A new report by ICD Research published in September 2011 concludes that growth in the Spanish construction sector will remain extremely slow at around 1% per annum at least until 2015.

However the economic news is not all bad. German consumption figures have been good in recent months. Building activity in Germany has risen well this year. German furniture sector sales have also been increasing, up 7.3% in the first half of 2011.

Interior door manufacturers are reporting brisk orders. German flooring manufacturers are expecting sales growth of between 5% and 15% for 2011 as a whole.

**Netherlands Imported Sawnwood Prices**

	US\$ per m <sup>3</sup>
FOB (Rotterdam)	
Sapele KD	914↑
Iroko KD	1183↑
Sipo KD	1109↑
DRM Bukit KD	932↓
DRM Seraya KD	939↓
DRM Meranti KD Seraya MTCC cert.	990↓
Merbau KD	1222↓
Sapupira (non FSC) KD	989
Sapupira (FSC) KD	1624
Anti-slip decking AD C&F Rotterdam	
Selangan batu	1716↑

**UK Imported Log Prices**

	€ per m <sup>3</sup>
FOB plus commission	
N'Gollon (khaya) 70cm+ LM-C	350-380
Ayous (wawa) 80cm+ LM-C	250-270
Sapele 80cm+ LM-C	350-380
Iroko 80cm+ LM-C	400-480
African Walnut 80cm+ LM-C	340-370

**UK Imported Sawnwood Prices**

	GB Pounds per m <sup>3</sup>
FOB plus Commission	
Framire FAS 25mm	465-485
Sipo FAS 25mm	665-705
Sapele FAS 25mm	555-565
Iroko FAS 25mm	710-735
Wawa FAS25mm	270-290
CIF plus Commission	
Tulipwood FAS 25mm	245-265
Meranti Tembaga Sel/Btr (KD 2"boards)	600-610
Balau/Bangkirai Decking	1050-1095
White Oak	460-480

**UK Imported Plywood and MDF Prices**

	US\$ per m <sup>3</sup>
Plywood Panels 8x4", CIF	
Brazilian WBP BB/CC 6mm	price not available
Malaysian WBP BB/CC 6mm	635-660
MALAYSIA MTCS/PEFC trop hard face, pine core* 18mm	560-580
China (hardwood face, eucalyptus core) 18mm	380-395
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

**Wood product manufacturing up but domestic demand remains sluggish**

The US wood products industry posted of all manufacturing sectors the highest growth rate in September, according to the Institute of Supply Management's Manufacturing ISM Report On Business. This was despite little improvement in domestic retail.

Retail sales were virtually unchanged in August according to US Census Bureau figures, even though back-to-school sales usually boost retail sales in late summer.

Consumer confidence is low given the recent volatility at the stock markets and the unsettling economic news from Europe and the US. August sales of furniture, home furnishings and building materials were at similar levels as in July.

On a year-to-date basis retail sales of furniture and home furnishings is virtually the same as last year, while building materials sales (including gardening supplies) increased by 6%. In Canada, furniture sales declined for the third consecutive month, falling by 2% in July according to Statistics Canada.

New orders for residential furniture increased by 8% in July compared to last year, according to the Smith Leonard survey of US manufacturers and distributors. Much of the increase was due to higher prices, however, because the price of raw materials went up from last year.

New orders declined from June levels, but a seasonal decline in July is normal. Furniture shipments were down 1% compared to July 2010. Furniture inventories went up from June and were 5% above July 2010 levels, roughly in line with the increase in furniture orders.

**Furniture manufacturing expected to expand in the US as China's labour cost advantage erodes**

The Boston Consulting Group forecasts that furniture will increasingly be produced in the US, a trend that will accelerate in the next five years.

It is becoming more difficult for factories in China to hire workers and as a result, China's labour cost advantage over the US is decreasing. Wages in furniture manufacturing in China are just 10 to 15% lower than US wages, down from a 50% gap, according to the portal Woodworking Network.

Woodworking Network reports that several cabinet and furniture manufacturers have shifted production from China to the US or they chose US locations for new investments.

In some cases furniture components are still made in China, but they are assembled in the US. This has a ripple effect on suppliers to the furniture industry who will also expand or invest in US locations.

**Practical advice on the US Lacey act from AHFA**

The American Home Furnishings Alliance (AHFA) has published an excellent short article about the expectations and requirements of the Lacey Act following the recent government enforcement actions at a US guitar manufacturer who imports tropical species.

AFHA describes the main points for US furniture manufacturers, distributors and retailers, but the article is valid for all wood products imported into the US. The article is available online at: <http://www.ahfa.us/uploads/documents/furnexec.pdf#Lacey>

**EPD’s secured for western red cedar decking and siding**

The Western Red Cedar Lumber Association, based in Canada, has obtained Environmental Product Declarations (EPDs) for cedar decking and siding products to better communicate the environmental performance of cedar compared to other materials such as plastic or wood-plastic composites.

EPDs are standardised summary reports of life-cycle assessment (LCA) product data from resource extraction, manufacturing, usage to the disposal of products. 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 materials.

While the number of EPDs for products used in the construction and furnishing of buildings is still very small in North America, the Western Red Cedar Lumber Association expects this will change; for instance the US Green Building Council is looking at EPDs for future versions of the building certification system LEED.

The US Forest Service recommends including LCA in green building codes and standards.

The American Hardwood Export Council has commissioned an LCA study of American hardwoods that will provide the database necessary to produce EPDs. The EPDs are expected to better position American hardwoods in domestic and export markets.

**US Forest Service report on wood and green building**

Wood should be the primary building material in green building according to a study released by the US Forest Service.

The report also finds that the use of life-cycle assessment (LCA) in building codes and standards would improve their scientific foundation. To lower the environmental impact of buildings, life-cycle inventory data for wood products and non-wood building materials needs to be collected and regularly updated.

Wood utilization should also be improved through new technologies, including re-use of products at the end of their life.

The full report “Science Supporting the Economic and Environmental Benefits of Using Wood and Wood Products in Green Building Construction” is available at: <http://www.fs.fed.us/news/2011/releases/09/green-building-report.pdf>

**US Imported Timber prices**

	Aug-11 US\$ per cu.m	Sep-11 US\$ per cu.m
Ipe (Brazil) Decking Premium Grade AD, 1x6, FOB Belem	2750	2750
Ipe (Brazil) Decking Premium Grade AD, 5/4x6, FOB Belem	2925	2925
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	-	-
Khaya (Ghana) FAS KD, FOB Takoradi	875	875
Sapele (Cameroon) FAS AD, FOB Douala	740	765
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.*

Investment activity in Central Europe continues to accelerate, with €2.32 billion invested in the core real estate CE markets of Poland, Czech, Slovakia, Hungary and Romania in Q3 2011 according to the latest report from global property consultant, Cushman & Wakefield. This is significantly ahead of the €706 million invested in Q2 2011. Year to date, investment volumes for the region stand at €4.61 billion, more than double the €1.95 billion invested over the same period in 2010. Given the volume of transactions now in due diligence and expected to close in Q4, it is anticipated that total investment volumes for the region could reach €6 billion by the year end. Whilst all markets saw Q3 volumes ahead of the previous quarter, the Czech Republic experienced a marked increase in activity with €1.18 billion invested in Q3 2011.

<http://www.europe-re.com/system/main.php?pageid=2616&articleid=18922>

The Government of Panama has requested the Secretariat of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) to list 91 hardwood species in an effort to curb the increase in illegal timber trade by enabling verification of legal origin under CITES standards.

The listing of ebony wood and rosewood species in CITES Appendix III will help facilitate detection of fraud and make critical trade information available to exporting and importing countries.

<http://www.hispanicallyspeakingnews.com/notitas-de-noticias/details/panama-asks-un-to-list-certain-woods-as-endangered/10625/>

The month of September saw a rise of 1.9% in Brazil's seven largest cities and a cumulative 12 month gain of 29% on average for those cities and across all types of apartments. Those cities are all state capitals of 7 of Brazil's 26 states. The average price per square meter reached R\$ 5,936, with Brasilia, the nation's capital topping the list at R\$ 7,859. In English, and at today's forex, R\$ 1.83 per USD \$ that would be \$302 per square foot nationally, and \$ 400 per square foot in Brasilia. Least costly was Salvador, capital city of the state of Bahia, at R\$ 3,452. São Paulo averaged R\$ 5,778, and Rio de Janeiro, R\$ 7,000 hitting that mark for the first time since 2008. Belo Horizonte, capital of the state of Minas Gerais, reported R\$ 4,489, Recife, capital of Pernambuco, \$4,460, and Fortaleza, capital of Ceará R\$ 4,181,

[http://www.homesgofast.com/news/view\\_news/2303/](http://www.homesgofast.com/news/view_news/2303/)

The percentage of Americans who owned their homes has seen its biggest decline since the Great Depression, according to the U.S. Census Bureau. The rate of home ownership fell to 65.1% in April 2010, 1.1 percentage points lower than it was in 2000. The decline was the biggest drop since the 1930s, when home ownership plunged 4.2%. The most recent decade-over-decade drop,

however, only tells half the story. Home ownership during the 2000s "was really high in the middle of the decade, up to almost 70% at one point around 2004," said Ellen Wilson, a survey statistician with the bureau.

[http://money.cnn.com/2011/10/07/real\\_estate/home\\_ownership/index.htm?section=money\\_realestate&utm\\_source=feedburner&utm\\_medium=feed&utm\\_campaign=Feed%3A+rss%2Fmoney\\_realestate+%28Real+Estate%29](http://money.cnn.com/2011/10/07/real_estate/home_ownership/index.htm?section=money_realestate&utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+rss%2Fmoney_realestate+%28Real+Estate%29)

Recently launched in Thailand was "Enhancing the Economics of Biodiversity and Ecosystem Services in Thailand and Southeast Asia", an organisation known locally by the acronym TEEB, which aims to use economic and financial tools to strengthen the conservation of nature. Being implemented by the Department of National Parks and Wildlife Conservation (DNP) in collaboration with German International Cooperation (GIZ) and the Helmholtz Centre for Environmental Research (UFZ), the project is funded by the European Union's Environment and Natural Resources Thematic Programme, the governments of Thailand and Germany and UFZ. With a budget of €2 million. The three-year project aims to reduce biodiversity loss in Southeast Asian countries for the benefit of local communities.

<http://www.nationmultimedia.com/2011/09/18/business/Search-for-economic-rationale-in-conservation-30165459.html>

A technique originally used to piece together the DNA of extinct animals lies at the heart of a powerful new technology for tackling the \$23 billion trade in illegal timber. A lot of timber sold with the Forest Stewardship Council sustainability logo breaks the FSC's rules, warns the Center for International Forestry Research, based in Bogor, Indonesia. DNA might offer a better way to establish the source of wood. "Tree DNA is still present in tables, chairs, floors, decking and even guitars – but as the wood has been kiln-dried and treated with chemicals, the DNA is like a messed-up jigsaw puzzle," says Andrew Lowe, chief scientific officer of DoubleHelix in Singapore.

<http://www.newscientist.com/article/dn20975-dna-detectives-aim-to-thwart-illegal-timber-trade.html>

Wood has been used in South Africa since the early 1900's and generally, both nationally and internationally, wood vineyard poles still dominate in the wine industry. Alternatives to treated timber for this application have not made significant inroads. This was the message from Denise Conradie, technical and compliance manager at Arch Wood Protection. Conradie was a guest speaker at a presentation at the University of Stellenbosch which was initiated by Marianne McKay, Oenology Lecturer at the University's Department of Oenology and Viticulture. The disadvantages of using non-wood posts such as steel, concrete and composite trellising systems vary from damage to mechanical harvesters and lower load bearing capacity and failures such as bending due to prolonged high temperatures.

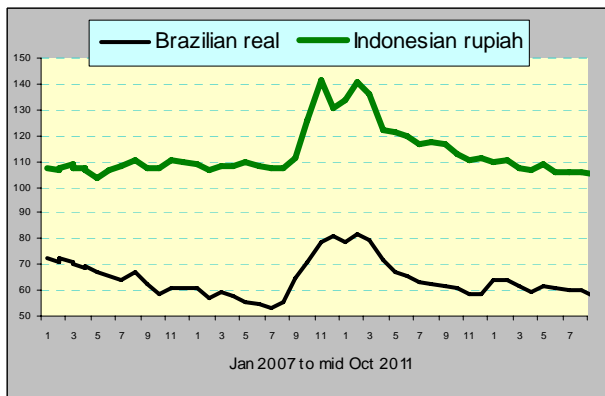
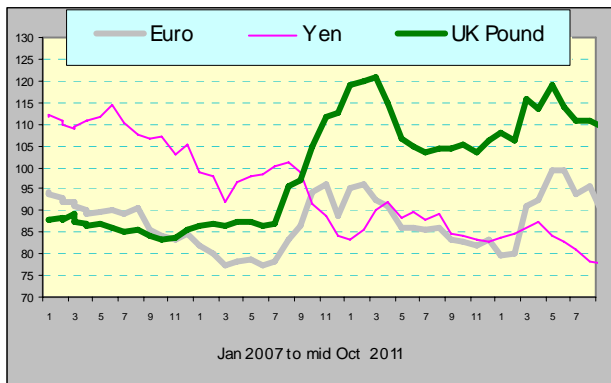
<http://www.bizcommunity.com/Article/196/472/65166.html>

## Main US Dollar Exchange Rates

As of 11<sup>th</sup> October 2011

Brazil	Real	1.7570
CFA countries	CFA Franc	486
China	Yuan	6.3760
EU	Euro	0.7251
India	Rupee	49.2425
Indonesia	Rupiah	8904
Japan	Yen	77.26
Malaysia	Ringgit	3.1289
Peru	New Sol	2.7209
UK	Pound	0.6348
South Korea	Won	1166.10

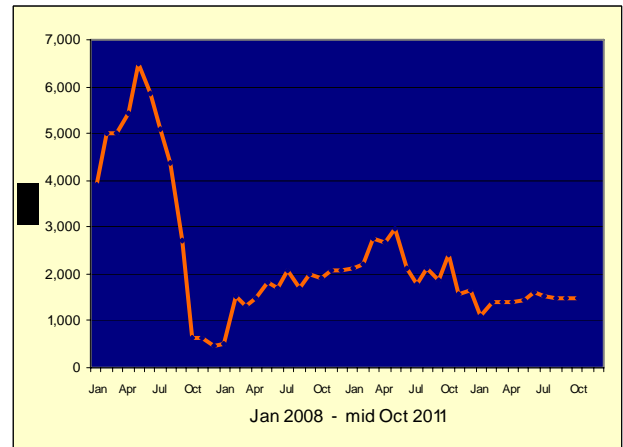
Exchange rates index (Dec 2003=100)



## Abbreviations and Equivalences

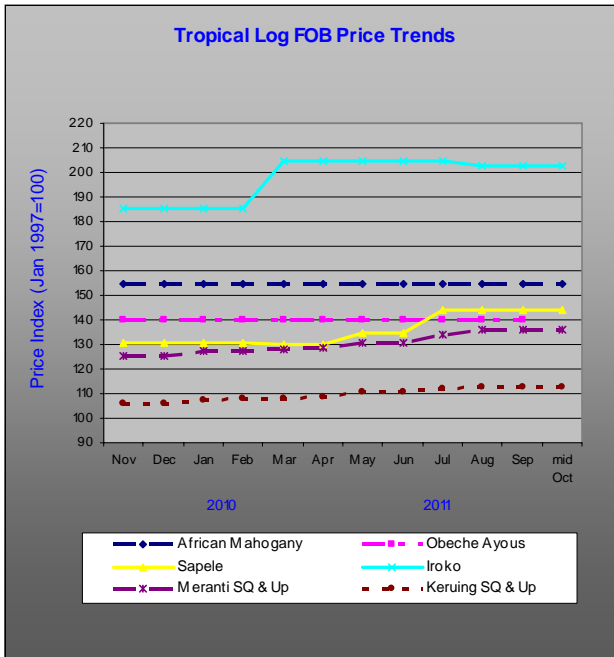
LM	Loyale Merchant, a grade of log parcel
QS	Qualite Superieure
Cl, CE, CS	Supplimentaire
FOB	Free-on-Board
CIF; CNF	freight
KD; AD	Kiln Dry; Air Dry
Boule	boards from one log are bundled
BB/CC, etc.	indicate face veneer, on the right backing
BF; MBF	Board Foot; 1000 Board Feet
TEU	Twenty-foot equivalent unit
Hoppus ton	1.8 m <sup>3</sup>
Koku	0.278 m <sup>3</sup> or 120 BF
SQ; SSQ	Saw mill Quality; Select Saw mill Quality
FAS	Saw wood 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
Arrows	Price has moved up or down
Clean saw n	square edged boule

## Ocean Freight Index

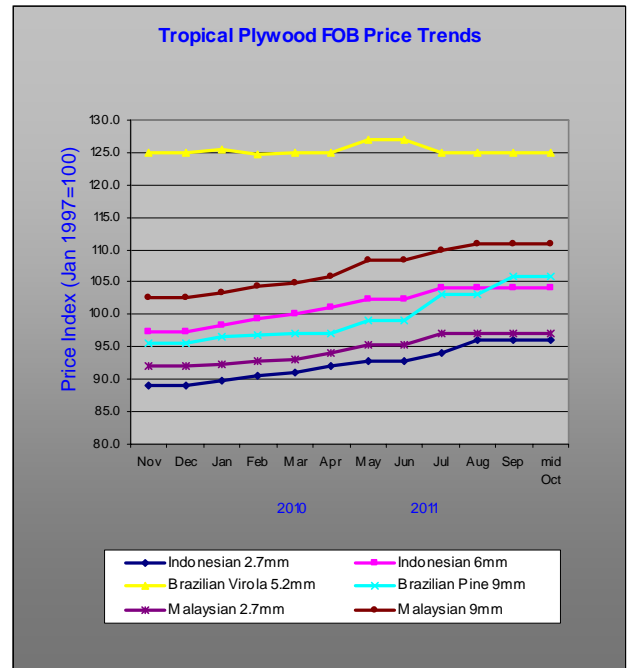


The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

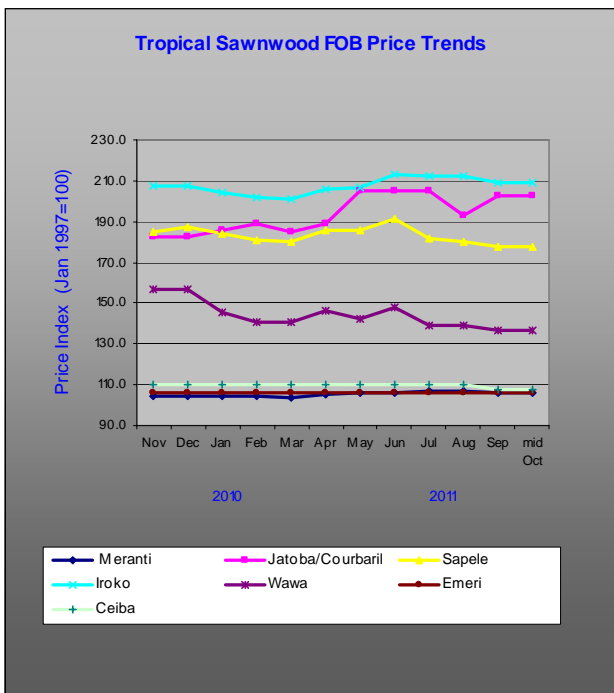
## Tropical Log Price Trends



## 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>

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/](http://www.itto.int/en/mis_registration/)