

Tropical Timber Market Report

Volume 16 Number 20 16th – 31st October 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.

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Top Story

Japan's timber demand projections released

Japan's Forestry Agency has released projections of demand for the remainder of this year and the first quarter of next year. In the fourth quarter demand for logs is forecast at 3,580,000 cu.m, the same level as the fourth quarter last year.

Imported logs are forecast to make up 1,145,000 cu.m of the total, 11.3% more than the fourth quarter last year. North American log suppliers are expected to benefit most from this increase.

Demand for tropical logs in the fourth quarter is expected to be no different from levels last year and the trend for plywood mills to shift to using softwood logs is expected to continue.

Demand for imported plywood in the fourth quarter is expected to continue firm as restoration work in the quake hit areas gathers momentum

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Report from Central/West Africa

Insistence on prompt delivery pushes up prices for prime species

Producers are reporting that there is still strength in market demand and that there have been some modest increases in sawnwood prices, especially where buyers need prompt delivery to satisfy consumer demand and/or fill the gaps in stock levels.

This type of buying is very selective and applies to very few of the premium species. For the other, non-premium, species prices have not changed much in almost a year.

European buyers have little interest in Okoume sawnwood.

Log price remain generally very stable but, as supplies of Okoume logs have fallen sharply and since demand remains firm, prices for this species have been moving to levels not seen before.

More mills in West and Central Africa are now producing Okoume sawnwood but are struggling to keep pace with demand as more consumers are introduced to this versatile general purpose timber.

In contrast to other markets, European buyers and end users have not shown much interest in Okoume sawnwood.

Demand from Asian buyers remains firm

The volume of timber being demanded by Indian and Chinese importers has not faltered, even though there are reports of occasional overstocking where the enthusiasm of importers has outstripped local demand.

Analysts point out that stocks of clean sawn Padouk and Padouk boules seem to be racing ahead of demand however, this they say, is temporary and caused by over-production by some mills.

Producers are confident of EU demand being sustained at current levels

Demand in Europe for logs and sawnwood is modest but more stable than exporters had feared, given the economic uncertainty in European markets.

Overall, demand for logs is good and observers report that exporters and traders now appear to have a more optimistic outlook through to the end of the year.

There is some confidence on the part of producers in West and Central Africa that the EU economic and financial difficulties will be resolved and that, while this may not stimulate higher demand, it could at least be expected to maintain stability in the building and construction sectors.

As forecast by analysts, lower log availability from SE Asian suppliers along with the higher freight on SE. Asian logs compared to W. African logs has given suppliers in West and Central Africa the opportunity to increase market share.

Log Export Prices

West African logs, FOB	LM	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	290↑	280	220↑
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	250↑	245↑	180↑
Sipo/Utile	275	250	190
Tali	285	285	-

Sawnwood Export Prices

West African sawnwood, FOB	€ per m ³
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	850↑
FAS scantlings	860↑
Strips	350↑
Sapele FAS Spanish sizes	395↑
FAS scantlings	430
Iroko FAS GMS	655
Scantlings	655
Strips	405
Khaya FAS GMS	425↑
FAS fixed	440↑
Moabi FAS GMS	530
Scantlings	540↑
Movingui FAS GMS	420

Report from Ghana

GFC in discussions with industry to review timber fees

The Forestry Commission of Ghana (GFC) is consulting with the timber industry on an upward revision of the Timber Rights Fee (TRF), also known as the Timber Fee. This is the annual rent that companies pay for their forest concessions.

This fee has remained unchanged since 2005 so a review committee is being set up. This was made known by Mr. Robert Wilson, The Corporate Manager, Public Relations of the GFC.

The fee is an annual rent paid by loggers on their timber concessions and the upward revision that is expected will generate more revenue for the State for various timber and forest development projects in the country.

The Office of Administrator of Stool Lands (OASL) and the GFC are responsible for the management of the proceeds on behalf of stools / landowners.

While the GFC manages the Forest and collects revenue, the OASL ensures that the stool /landowners receive their share in the context of the prevailing laws on disbursement.

Bank of Ghana considers Chinese Yuan as additional reserve currency

The Bank of Ghana has announced that it will invest in emerging market securities. For some time there has been a debate on whether the Chinese currency should be included because of the growing Chinese investment and economic cooperation. It now appears that a decision has been taken by the Bank of Ghana to proceed and include the Yuan in its portfolio.

Ghana strengthens maritime security capacity

In order to be better equipped to combat piracy and generally improve maritime security the Ghana navy has acquired four new Chinese-built patrol ships.

Piracy off the coast of West Africa has been on the rise and acquisition of these new vessels will enable the Ghana navy to respond to any maritime threat.

Floods in Accra brings business to a halt

Accra, Ghana's capital, as well as some other parts of the city have been hit by severe flooding following heavy rain.

Media reports talk of the Kwame Nkrumah circular road being underwater preventing normal business activities. The floods have caused serious damage to property but, as yet, there are no reports of damage to wood processing plants.

Domestic Log Prices

Ghana logs	US\$ per m ³	
	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 Sawnwood Prices

		US\$ per m ³
Wawa	25x300x4.2m	289↓
Emeri	25x300x4.2m	305↓
Ceiba	25x300x4.2m	240
Dahoma	50x150x4.2m	330↑
Redwood	25x300x4.2m	444↑
Ofram	25x225x4.2m	298↓

Export Sawnwood Prices

Ghana Sawnwood, FOB	€ per m ³	
	Air-dried	Kiln-dried
FAS 25-100mm x 150mm up x 2.4m up		
Afrormosia	855	-
Asanfina	495	560
Ceiba	210	269
Dahoma	330	385
Edinam (mixed redwood)	400	450
Emeri	350	480↑
African mahogany (Ivorensis)	568	685
Makore	530	585
Niangon	515	620↑
Odum	625	720↑
Sapele	555	630↑
Wawa 1C & Select	260	307↑

Export Veneer Prices

Rotary Veneer, FOB	€ per m ³	
	CORE (1-1.9mm)	FACE (<2mm)
Bombax	315	350
Ofram,	320	355
Ogea & Otie	320↑	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 ³	
	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	1.90↑
Avodire	1.82↑	1.10↑
Chenchen	1.10	.59
Mahogany	2.00	1.40
Makore	2.00	0.90
Odum	1.80	1.00↓

Export Plywood Prices

Plywood, FOB	€ per m ³		
	Ceiba	Ofram	Asanfina
BB/CC			
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
Afrormosia	13.72	18.22	17.82

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

Export Moulding Prices

Mouldings (FOB)	€ 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	570
Wawabimba Laminated grade 1	750

Log Export Prices (Sarawak)

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

Report from Malaysia

MTCS rejected for Dutch government procurement

In 2010, the official Dutch government timber procurement body TPAC judged that the Malaysian Timber Certification System (MTCS) does not meet the Dutch procurement criteria for wood.

On 19 October 2011, the Board of Appeal of Stichting Milieukeur (SMK), an independent panel, rejected the Malaysian Timber Certification Council's (MTCC) appeal against this decision.

The UK Timber Trades Journal suggests that the main reason for TPAC's rejection of MTCS is what it claims is the scheme's limited recognition of the rights of indigenous peoples and lack of adequate protection against the conversion of certified natural forest to other uses, including plantations.

The SMK appeals panel said MTCC had not provided substantive arguments in their case. "The result is that the MTCC Board's action is on all counts dismissed," it said. An MTCC spokesperson said it regretted the decision, which it said undermined the efforts by developing tropical forest countries like Malaysia to implement timber certification.

"As a voluntary timber certification scheme that has been developed through a Malaysian multi-stakeholder process, the MTCS is unfortunately held responsible by SMK for issues that are inherent to the Malaysian constitutional, legal and political system," said MTCC chief executive Chew Lye Teng.

"Secondly, the SMK unfortunately chose not to take into consideration the additional measures to address the TPAC concerns that have been agreed between MTCC and the Dutch State secretary Joop Atsma."

"Contrary to the SMK ruling, the Danish, British, French and UK governments and the German municipality of Hamburg have recognised the MTCS as providing assurance of sustainable timber," said the MTCC.

The Netherlands is the largest market for Malaysian timber in the EU. In 2010, Netherlands imported around 100,000 cu.m of hardwood lumber from Malaysia.

The Netherlands accounts for 49% of exports of MTCS certified timber products.

Domestic log Prices

Pen. Malaysia logs, domestic (SQ ex-log yard)	US\$ per m ³
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 Sawwood Prices

Malaysia Sawwood, FOB	US\$ per m ³
DR Meranti	414-450↓
White Meranti A & up	309-339↓
Seraya Scantlings (75x125 KD)	450-462↓
Sepetir Boards	277-306
Sesendok 25,50mm	363-381↓
Kembang Semangkok	344-373

Domestic Sawwood Prices

Malaysian Sawwood, domestic	US\$ per m ³
Balau (25&50mm,100mm+)	346-366
Merbau	486-538
Kempas 50mmx(75,100 & 125mm)	290-330
Rubberwood	
25x75x660mm up	237-288↓
50-75mm Sq.	276-308↓
>75mm Sq.	298-328↓

Export Plywood Prices

Malaysia ply MR BB/CC, FOB	US\$ per m ³
2.7mm	446-507↓
3mm	428-458↓
9mm & up	379-449↓

Domestic Plywood Prices

Meranti ply BB/CC, domestic	US\$ per m ³
3mm	371-461↓
12-18mm	354-383↓

Other Panel Export and Domestic Prices

Malaysia, Other Panels, FOB	US\$ per m ³
<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 ³
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 22x760x1220mm sanded & edge profiled	US\$ per m ³
Top Grade	634-664
Standard	617-633

Report from Indonesia

Nigeria makes presence felt at Expo Indonesia

Indonesia attracted around US\$351 million in trade agreements and orders at the 26th Trade Expo Indonesia, the country's largest trade exhibition, held from October 19th to October 23rd. Most of the new business was for furniture products report analysts.

Nigerian businesses led the way with some US\$38 million worth of orders, followed by Malaysia (US\$32 million), the UK (US\$26 million) and Belgium with US\$20 million.

It was reported that Nigerian businesses were the biggest buyers at this trade show accounting for 11% of all transactions.

Interim statistics show that at 6,391 buyers from 89 countries attended and participated in the exhibition. The organizers are forecasting final attendance figures of around 8,300.

Indonesia faces risks from the EU debt crisis and economic stagnation in the US

The Indonesian Chief Economic Minister has said that he was still optimistic that the Indonesian economy could achieve a 6.5% growth in 2011 and may reach 6.7% in 2012, barring any negative global economic impacts.

He added that an IMF report indicated that Asia continues to face adverse risks arising from the EU debt crisis and economic stagnation in the US.

The IMF indicted that economic growth in Asia will hover around 6.3% in 2011 and 6.7% in 2012.

Nevertheless, the Indonesia government will continue to monitor and take pre-emptive measures in the face of any possible impact from declining world economic growth in 2012, the Minister added.

Domestic Log Prices

Indonesia logs, domestic prices	US\$ per m ³
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 ³
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 ³
2.7mm	433-489↓
3mm	391-432↓
6mm	370-412↓

Domestic Plywood Prices

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

Export and Domestic Other Panel Prices

Indonesia, Other Panels, FOB	US\$ per m ³
<i>Particleboard</i> Export 9-18mm	245-254↓
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 ³
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

Myanma Timber Enterprise profile

The Myanma Timber Enterprise (MTE) reports that there are some 91 state-owned sawmills in Myanmar. Ten of these mills are producing for export. In addition to the state-owned mills there are over 450 small and medium sized sawmills and around 1,200 reprocessing mills.

The SMEs are privately owned wood processing plants and mainly produce furniture and other semi-finished products.

In addition, the MTE reports that it has six plywood mills and several furniture and moulding plants for the production of wood products for export.

While there are some modern mills in the country the MTE points out that many mills need re-tooling with more advanced processing equipment.

As a result, says the MTE, the current milling capacity is well below the annual allowable harvest which means there are logs available for export.

For more see: <http://www.myanmaratimber.com.mm/>

Myanmar Teak Log Auction Prices (natural forest logs)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
Veneer Quality	Sep	Oct
2nd Quality	nil	nil
3rd Quality	nil	nil
4th Quality	4,503 (10 tons)	4,630 (11 tons)
Sawing Quality		
Grade 1 (SG-1)	3,186 (33 tons)	3,200 (15 tons)
Grade 2 (SG-2)	2,879 (44 tons)	2,880 (209 tons)
Grade 4 (SG-4)	2,092 (216 tons)	2,092 (67 tons)
Grade 5 (SG-5) Assorted	1,554 (133 tons)	1,494 (219 tons)
Grade 6 (SG-6) Domestic	1,382 (110 tons)	1,343 (59 tons)
Grade 7 (ER-1)	975 (40 tons)	1,100 (30 tons)

Hoppus ton=1.8m³; All grades, except SG-3/5/6, are length 8' x girth 5' & up. SG-3/4/6 are girth 4' & up. SG-3 grade is higher than SG-4 but with lower girth and price. Prices differ due to quality or girth at the time of the transaction.

September hardwood log prices

Hardwood log prices FOB per hoppus ton	Euro per h.ton
Pyinkado export quality	566 (201 tons)
Gurjan export quality	397 (241 tons)
Padauk export quality	2136 (31 tons)

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

Report from India

Domestic log prices firm as imported log prices climb

With the monsoon rains having receded in most parts of India log auctions have restarted in Central and Western depots.

Approximately 3,500 cu.m of teak logs were sold in South Gujarat depots recently. Most of these logs were from pre-monsoon harvests but, despite these being considered old logs, prices in rupee were firm as the cost of imported logs has been rising. In terms of dollars, prices remained at levels seen in previous auctions of old stock and sales were brisk.

Prices for non-teak logs have also been rising and the market is expected to continue on a firm trend in the coming months say analysts.

Freshly felled logs have started to arrive at the log depots and will be auctioned after the Deepawali holidays.

Signs that Indian manufacturing output is slowing

India's exports maintained a robust growth rate despite the prospects of a decline in the months ahead due to European and American economic problems.

The EU and the US are the biggest markets for India accounting for about 30% of all shipments.

In the first half of the year exports recorded a 52% increase to US\$160 billion. In contrast, imports have been falling and only grew by 36% during the same period. During September 2011 import growth fell 17% compared to figures for September 2010.

Though there are signs that manufacturing output is slowing, government sources are hopeful of achieving a GDP growth rate of around 8.2% for the year

A new name added to the list of well equipped furniture manufacturers

Over the years, modern and well equipped furniture factories have been established in India such as those of Godrej, Featherlite, Zuari, Wipro, Reliance and Durian.

New names are being added to the list and the latest is Coffee Day Group (CCD chain) which is reported to have made arrangements to import large quantities of tropical hardwood from the Republic of Guyana.

Raw material will be shipped to Mangalore and used for the manufacture of a wide range of furniture at the company's Chikmagalur plant.

Presently the company uses Silver Oak, Teak, Rosewood and other hardwoods, some of which come from areas within the company's coffee estates around Chikmagalur. These timbers are used for faced plywood and other faced panel products as well as for furniture.

Discounts on consumer durables attracts hesitant consumers

After several months of depressed retail sales in the run up to the Deepawali holidays, sales of consumer durables have picked up say analysts.

Reports suggest that furniture and other showrooms are busy but have had to offer big discounts to stimulate demand.

Imported Plantation Teak Prices (C&F)

	US\$ per m ³
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

	Rs. per ft ³
Sawnwood (Ex-mill)	
Myanmar Teak (AD)	
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 ³
Merbau	1300-1500↑
Balau	1350-1750↑
Kapur	900-1050↑
Red Meranti	750-950↑
Radiata Pine (AD)	475-500↑

Sawnwood, (Ex-warehouse) (KD)	Rs. Per ft ³
Beech	900-1200
Sycamore	900-1200
Red oak	950-1300
White Oak	1250-1650↑
American Walnut	1800-2150
Hemlock clear grade	900-1100↑
Hemlock AB grade	750-850↑
Western Red Cedar	1200-1350↑
Douglas fir	950-1000↑

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	

September exports drop across the board

In September, exports of wood products (except pulp and paper) fell 4.7% in value compared to levels in September 2010, that is from US\$206.4 million to US\$196.8 million.

Pine sawnwood exports declined 11.5% in value in September compared to the same month in 2010, dropping from US\$14.8 million to US\$13.1 million. In terms of volume, exports dropped 13.0%, from 64,700 cu.m to 56,300 cu.m over the same period.

Exports of tropical sawnwood also fell in volume and value, from 51,300 cu.m in September 2010 to 39,400 cu.m in September 2011 and from US\$23.8 million to US\$21.5 million, over the same period. This performance corresponds to a 9.7% drop in value and 23% drop in export volumes.

Pine and tropical plywood export performance disappointing

Pine plywood exports declined 15% in value in September this year compared to levels in September 2010, from US\$24.8 million to US\$21.1 million. Export volumes were down 20% over the same period, from 67,500 cu.m to 53,900 cu.m.

Similarly, exports of tropical plywood crashed from 8,300 cu.m in September 2010 to just 6,000 cu.m in September 2011, representing a 28% drop. In terms of value, the decline was in the order of a 25% from US\$4.8 million to US\$3.6 million.

The bad news continues with declines in wooden furniture exports

Wooden furniture exports which fell from US 49.2 million in September 2010 to US\$41.6 million in September this year representing a 15.4% decline in exports during the period.

Timber industry urging Mato Grosso State government to reconsider tax increase

Representatives from the Mato Grosso Center of Wood Producers and Exporters (CIPEM) are discussing with the Mato Grosso State government the increase in the Fiscal Unit Standard (the index that updates the taxes charged by the Brazilian States). A recent decision by the State increased the rate to 31.5%.

This tax adjustment, says CIPEM, is having a negative impact on the timber sector as it has pushed up the cost of wood raw materials.

The Fiscal Unit Standard, which was R\$36.03 went up to R\$46.83 which means that prior to the change the state government used to collect 7.4% as a forest products transport document services fee, today under the new rules, the rate collected has risen to 11%.

CIPEM contacted the Mato Grosso State Secretariat of Environment (SEMA) to negotiate a reduction in the tax rate on services.

Export Prices For Other Panel Products

Belem/Paranagua Ports, FOB	US\$ per m ³
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

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

Report from Peru

China reduces timber imports from Peru

According to data from the Export Association of Peru (ADEX), wood product exports between January and August this year totalled US\$108 million FOB compared to the US\$114 million in the same period last year, a decline of around 5%.

Up until the end of August the three main export markets were China, Mexico and the United States and these three markets accounted for 76% of the wood sector exports.

Among the countries that reduced imports from Peru were China and Italy. China's imports of sawnwood fell sharply.

Added value products 40% of all wood product exports from Peru

Semi-manufactured product exports up to August, at US\$ 42.7 million FOB, represented 40% of the value of all wood product exports, down from the US\$52.1 million in the same period in 2010

Sawnwood exports were the second largest and represented around 35% of all wood product exports.

Exports of sawnwood up to August were US\$36.6 million FOB, down 8% when compared to the US\$39.6 million exported in the same period in 2010. The main market for sawnwood from Peru was Mexico which accounted for 43% of total sawnwood exports.

Peru's wood product exports in August 2010 and 2011

Product	Aug-10	Aug-11	Change (%)
Semi-manufactured products	52.1	42.7	-18%
Sawnwood	39.6	36.6	-8%
Veneer and plywood	10.8	12.8	19%
Furniture	4.3	5.3	23%
Other products	7.3	10.5	41%
Total	114.1	107.9	-5%

Source: ADEX

Mexico the major market for veneer and plywood

Between January and August this year exports of veneer and plywood were valued at US\$12.8 million FOB, up 12%. Some 70% of all veneer and plywood exports from

Peru were destined for Mexico. This year Ecuador has emerged as a new export market for plywood and veneer from Peru.

Furniture and furniture parts exports post hefty gains in a gloomy market

Furniture and furniture parts exports were worth US\$5.3 million FOB up 23% on the performance in the same period last year. The main markets for these products were the US and Italy.

Export 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	958-977
Mexican market	946-965
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	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

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	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

Peru sawnwood, domestic	US\$ per m ³
Mahogany	867-911
Virola	66-85↑
Spanish Cedar	264-305
Marupa (simarouba)	69-79↑

Export 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

Export 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	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

Lupuna Plywood BB/CC, domestic (Luitos mills)	US\$ per m ³
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

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

Export Prices for Added Value Products

Peru, FOB strips for parquet	US\$ per m ³
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

Timber enterprises benefit from commissioning of new kiln

With the recent commissioning of a new wood-drying kiln at least 32 enterprises in Linden in Guyana's Region 10 are expected to benefit.

This kiln drying plant was funded by the International Tropical Timber Organisation. One of the enterprises in the Region 10 Forestry Group responsible for managing the facility said it will be open to all the 32 Forestry Group members in Region 10 as well as other companies.

This investment could pave the way for the further development of the wood processing sector in the Linden area.

The Government of Guyana is working to diversify employment opportunities for the people in Linden and wood processing is one of the sectors identified as new economic activities.

The Guyana Forestry Commission, along with the Forest Products Development and Marketing Council of Guyana, has been promoting kiln drying as an essential element in the development of downstream processing.

Purpleheart log exports earn valuable foreign exchange

During the period under review no Greenheart logs were exported. However the export of Purpleheart logs made a contribution to overall export earnings. Purpleheart Standard sawmill quality log prices increased compared to levels reported earlier.

In contrast, Purpleheart Fair and Small sawmill quality log prices remained unchanged. Mora logs were exported and

Standard sawmill quality logs were at the same price levels as previously reported.

On the other hand Fair and Small sawmill quality Mora logs were in good demand and prices remain firm.

Market demand for Guyana's sawnwood sustained

Exports of sawnwood made a notable contribution to total export earnings for this period. Undressed Greenheart (select) prices were maintained.

There were some price increases for Undressed Greenheart Sound and Merchantable qualities and prices were generally favourable.

Prices for Undressed Purpleheart Select quality fell in the period under review from US\$1,050 to US\$912 per cubic metre. However Undressed Purpleheart (merchantable quality) received better prices with its top-end prices moving to US\$650 per cubic metre.

Undressed Mora (Select and Merchantable qualities) sawnwood prices remained unchanged on the export market in comparison to previously reported levels.

Dressed Greenheart sawnwood prices experienced a dip from US\$933 to US\$848 per cubic metre, while Dressed Purpleheart sawnwood enjoyed attractive prices on the export market rising from US\$912 to US\$996 per cubic metre.

Plywood prices improve in the Caribbean markets

Baromalli plywood was exported in BB/CC quality and secured favourable prices as high as US\$708 per cubic metre in the main market for this product, the Caribbean.

Roundwood products secure firm prices

Other roundwood products such as piles and posts attracted good prices on the export market. The top-end price for piles was US\$464 per cubic metre. Posts also achieved favourable export prices as much as US\$735 per cubic metre.

Export Log Prices

Logs, FOB Georgetown	SQ - \$ Avg unit value per m ³		
	Std	Fair	Small
Greenheart*	-	-	-
Purpleheart	290	280	150-270
Mora	-	120-150	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 ³	
Baromalli	BB/CC	5.5mm	Not available
		12mm	485-708
Utility		5.5mm	No export
		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 ³	
EU and US markets		Undressed	Dressed
Greenheart	Prime	-	-
	Standard	-	615-848
	Select	615-975	
	Sound	500	
	Merchantable	594	
Purpleheart	Prime	-	-
	Standard	-	700-966
	Select	742-912	
	Sound	-	
	Merchantable	600-650	
Mora	Prime	-	
	Select	500	
	Sound	-	
	Merchantable	400	

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

Report from Japan

Timber demand projections for fourth quarter 2011 and first quarter 2012

Japan's Forestry Agency has released projections for demand for the fourth quarter of this year and the first quarter of next year. A summary of these projections has been reported by the Japan Lumber Reports (JLR).

According to the projections, during the fourth quarter demand for logs to be used for sawnwood and plywood production is forecast to be 3,580,000 cu.m, the same level as the fourth quarter last year. Of the total log demand, imported logs are forecast to make up 1,145,000cu.m, 11.3% more than the fourth quarter last year.

As the plywood mills that were damaged in the March earthquake will soon be back on-stream, log demand for plywood production should increase in the fourth quarter then ease slightly since the first quarter of each year is traditionally a slow period for the timber industry, says the JLR.

Demand for imported plywood in the fourth quarter is expected to continue to be firm as restoration work in the quake hit areas gathers momentum.

N. American suppliers the main beneficiaries of demand for logs

The Forestry Agency says the increased imports of logs will mainly benefit North American suppliers. Demand for logs in the fourth quarter will be driven by demand for sawnwood for reconstruction in the quake hit areas and by improving housing starts, however a slight downward adjustment of demand is foreseen for the first quarter of next year.

Forecasts suggest that demand for North American sawnwood should also remain firm as housing starts improve and this will be most apparent in the fourth quarter and in the latter part of the first quarter.

Consumption by plywood mills continues to shift to softwood logs

Demand for tropical logs in the fourth quarter is expected to be no different from levels in the same quarter last year however, the trend for plywood mills to shift to using softwood logs is expected to continue.

Russian logs currently not competitively priced

The Forestry Agency is expecting demand for Russian logs to fall in the fourth quarter as these logs are not competitively priced. However, it is possible that new price structures will emerge and this could lead to greater Russian log imports in the first quarter, especially as demand from Japanese sawmills for raw material grows.

Sawnwood demand forecast to rise and remain firm into the fourth quarter

In contrast, the Forestry Agency says the consumption of Russian sawnwood should increase in the fourth quarter even though 'genban' demand is currently limited due to high inventories of this product.

Demand for Radiata pine sawnwood in the fourth quarter is expected to increase and to remain at these levels into the first quarter.

Large wholesalers sell off imported stocks for mid year book adjustment

During September, trading firms and large wholesalers sold off stocks of imported plywood as it was mid way in the financial year and the time to prepare interim company results.

This stock disposal added to the weak market prices for plywood seen in August and fuelled further weakening which has spilled over into October. The JLR reports that it will be difficult for prices to recover in the short-term.

However, trading firms have been seeking higher prices on imported plywood. The wholesale asking price for concrete formboard, JAS 3x6 panels was Yen 980 per sheet in the third week of the month but importers are now asking Yen 1,000. Some report that inventories are getting tight and that sales are rather steady with active orders from DIY stores.

Currently, there is no more extremely low priced plywood on the market however, markets vary by items and regions.

Concrete formboard for coating moving well

Inventories of coated 2x6 are reportedly limited, but prices are flat at Yen750 yen per sheet. Concrete formboard for coating (3x6) is moving well for condominiums and detached houses says the JLR and prices are about Yen1,100 per sheet and firming.

Structural panel prices are down to about Yen 950 per sheet because of high inventories but despite this importers are asking Yen 1,000 per sheet. Malaysian concrete formboard (JAS 3x6) export prices are around Yen 42,000 yen per cu.m C&F says the JLR.

August arrivals of imported plywood were about 320,000 cu.m but they have been declining since the peak in May.

Slow start to construction of large scale wooden public buildings

It has been a year since the law promoting the use of wood in public buildings was enacted.

In response to the new law the Ministry of Land, Infrastructure and Transport first prepared standards for wood use in public building maintenance.

Following this, 32 prefectural governments had, by the end of September, prepared their own plans for wood use initially in the maintenance of public buildings.

Although the law became effective a year ago, no large scale public buildings have been built using wood and this, says the JLR, is because it takes several years from the design stage to actual construction of large public buildings.

Private house builders fastest to move on wood use in large construction projects

The government’s call for the use of more wood in large buildings has been taken up by the private sector. Many large construction and house building companies, which did not have the capacity to design large buildings using wood, have newly established specialised divisions to handle this.

The JLR reports that there are moves to construct wooden commercial buildings and offices. While private construction companies have not seen any firm response from local authorities for large size wooden public buildings there are increasing numbers of projects for medium sized wooden buildings for semi-public facilities such as homes for senior citizens, nursery schools and kindergartens.

There are a number of problems to be overcome before wooden public buildings become more common. One problem is the availability and distribution of JAS certified sawnwood which is limited says the JLR.

Over the past year more sawmills have secured JAS certification but still the volume of JAS sawnwood is insufficient.

Also, there is a lack of communication between architects and the mills. For example, the JLR points out that information on wood products (distribution volume, price and performance) has not reached architects so they are not equipped to take up the challenge of designing large scale wooden buildings.

Imported Log and Sawnwood Prices

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

Logs for Sawmilling, CIF	Yen per m ³
Melapi (Sarawak) High Select	13,000
Agathis (Sarawak) High Select	-

Lumber, FOB	Yen per m ³
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	Oct
		(¥ per sheet)	
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

Wood flooring cluster in Changzhou City set to expand

At a recent Seminar on the national wood-based panel industry, Xu Yuexing, head of Henglin Town, Wujin District of Changzhou City in Jiangsu Province presented a paper entitled “Transformation and upgrading of the wood industrial cluster in Changzhou City”.

The hosts for the seminar were the Research Institute of Timber Industry, Chinese Academy of Forestry, the China National Forestry Machinery Association, the China National Forest Industry Association and the China Green Times.

Henglin Town is home to many laminated flooring manufacturers. There are 175 flooring enterprises and 230 flooring service enterprises and most of these companies are in the flooring industrial zone.

Eighteen of these enterprises have annual sales over RMB100 million and twelve are export oriented and earn around US\$10 million in foreign exchange annually.

Products from manufacturers in the zone are exported to 149 countries and regions including the USA, Russia and South Korea. Exports from these companies constitute around 65 percent of the national total.

It has been forecast that production in this industrial cluster will increase to more than RMB20 billion by 2015 and that a further 5 to 6 flooring enterprises with sales over RMB 1 billion will be established.

Timber imports through Huzhou Port, Zhejiang Province forecast to double this year

During January to August, timber imports through Huzhou Port totaled 103,400 cubic metres and were valued at US\$50.81 million, up 88 percent in volume and 86 percent in value from the same period in 2010.

According to Huzhou Entry-Exit Inspection and Quarantine Bureau, at this level of growth 2011 imports will likely be double that of last year and could total 150,000 cubic metres. According to local experts, there are several reasons for the increase such as:

- the huge demand for raw materials from processing enterprises in Huzhou City
- the increase in domestic timber prices has resulted in companies shifting their focus to overseas suppliers
- the appreciation of the Chinese currency makes imported timber cheaper so many enterprises are increasing their timber inventories
- some large flooring manufacturers began to import timber through the local port rather than other ports

Pace of furniture export growth slows in Qingdao,

During January to August 2011, the total value of the furniture trade in Qingdao, Shandong Province rose around 2 percent to US\$432 million but this rate of growth is lower than the national average (12%).

The total value of furniture exports grew just 2 percent to US\$426 million accounting for 44 percent of the total value of Provincial furniture exports.

Location of Qingdao



source <http://en.beijing2008.cn/spectators/qingdao/>

The pace of growth in furniture exports from Qingdao has been slowing this year. By the end of the first quarter exports had increased 17 percent on the previous quarter but in the second quarter the increase was only 5 percent and by the end of August the rate of increase had fallen to just 2 percent compared to the same period in 2010.

Three kinds of foreign enterprises (Sino-foreign joint ventures, cooperative ventures and wholly foreign-owned

enterprises) as well as domestic private enterprises are the main furniture exporters.

During January to August the value of furniture exports by the three categories of foreign enterprises plus those by domestic private enterprises was US\$420 million, making up almost 99 percent of the total value of the furniture trade.

The value of furniture exports by the state-owned enterprises was US\$5.66 million, accounting for 1.3 percent of the total furniture trade value.

Japan, South Korea, the USA and European countries are the main destinations for furniture exports from Qingdao City.

European countries are the main markets for furniture exports from Qingdao, the second largest market is the USA. Japan and South Korea are ranked third and fourth.

The value of furniture exports to these four markets during the period January to August rose 10 percent to US\$358 million and accounted for 84 percent of the total furniture exports value from Qingdao

New Zealand accounts for 97 percent of log imports through Zhangzhou Port

During the first three quarters of this year log imports through Zhangzhou Port in Fujian Province totaled 1.06 million cubic metres and were valued at US\$153 million, up 60 percent in volume and 78 percent in value from the same period in 2010.

The imported logs were mainly from New Zealand (1.03 million cubic metres valued at US\$148 million) and accounting for around 97 percent of total log imports.

Small quantities of logs were from exporters in Australia, Malaysia, Papua New Guinea, and France. Exporters in Germany, Belgium, Uruguay and Taiwan P.o.C were new to the list of suppliers to Zhangzhou Port this year.

The wood panel processing industry in Zhangzhou City has developed rapidly in recent years so the demand for logs has increased.

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

Slow recovery in EU imports of tropical hardwood logs
 During the first half of 2011, the EU imported 198,300 cu.m of hardwood logs from tropical countries, a 5% increase compared to the same period in 2010.

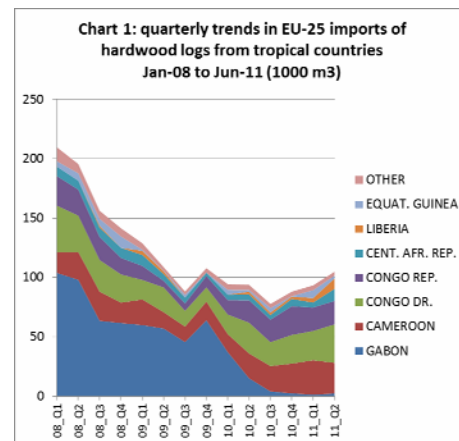
As natural forest logs can no longer be exported from Gabon, EU imports from all the other main producing countries in the Congo region increased dramatically during the first 6 months of the year.

EU-25 imports of tropical hardwood logs

Partner	Volume (000 m3)			
	2009	2010	2010	2011
	Year	Year	Jan-Jun	Jan-Jun
GABON	226.6	58.9	52.4	3.7
CAMEROON	64.1	82.3	36.0	54.9
CONGO DR.	62.6	86.8	42.5	57.0
CONGO REP.	33.1	74.1	31.0	39.5
CENT. AFR. REP.	22.7	19.7	9.6	14.3
LIBERIA	5.9	6.3	2.2	12.5
EQUAT. GUINEA	3.8	9.7	5.5	9.1
OTHER	14.9	16.4	9.2	7.3
TOTAL	433.7	354.2	188.3	198.3

EU imports of tropical hardwood logs in the second quarter of 2011 reached 105,000 cu.m. Quarterly imports have risen now for three consecutive quarters, recovering from a low of only 78,000 cu.m imported in the third quarter of 2010.

However as shown below EU quarterly imports of tropical hardwood logs over the last three years that imports of this commodity are only 50% of levels recorded in early 2008.



There are various reasons for this including the economic recession in Europe, Gabon’s log export ban from May 2010 and the significant recent decline in okoume plywood manufacturing in France.

Shipments of tropical hardwood logs to Europe during the second half of 2011 are unlikely to show any significant improvement. Buying was slow to pick up at the end of the European holiday season in September.

Consumption is so slow that there are few reports of significant delays in deliver to end-users despite continuing reports of delayed shipments from African suppliers.

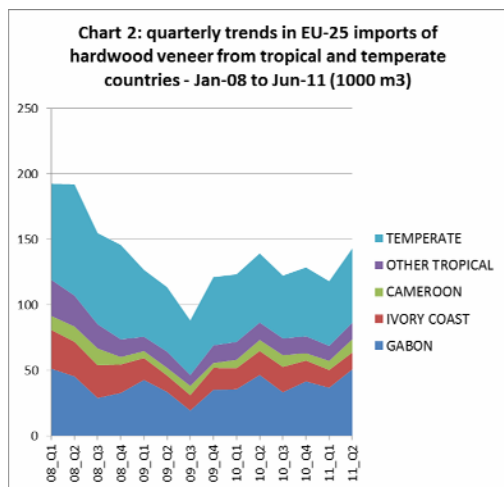
Decline in log imports not off-set by increased veneer imports

The following table shows recent trends in EU-25 imports of hardwood veneer and indicates that the decline in EU imports of tropical hardwood logs has not yet been offset by an increase in imports of tropical hardwood veneer.

EU-25 imports of hardwood veneers

Partner	Volume (000 m3)			
	2009	2010	2010	2011
	Year	Year	Jan-Jun	Jan-Jun
TROPICAL	255.2	308.6	158.2	155.1
GABON	130.4	156.8	82.0	87.5
IVORY COAST	57.7	69.6	34.3	26.4
CAMEROON	22.1	29.5	14.9	17.1
GHANA	12.3	14.2	7.2	7.3
EQUAT. GUINEA	9.9	19.6	9.9	7.0
CONGO REP.	14.7	12.5	6.4	6.6
TEMPERATE	194.4	205.1	104.5	106.2
U.S.A.	49.2	54.7	27.7	25.8
UKRAINE	35.6	33.9	17.3	17.9
ROMANIA	25.7	28.5	15.6	17.1
RUSSIA	27.1	26.1	13.7	13.9
CROATIA	13.3	15.5	7.8	8.0
CHINA	9.7	12.9	6.4	5.4
TOTAL	449.6	513.7	262.7	261.3

EU imports of this commodity reached 155,100 cu.m in the first six months of 2011, down 1.9% compared to the same period in 2010. A slight increase in imports from Gabon and Cameroon was more than offset by a large decline in imports from Ivory Coast and Equatorial Guinea.



On a more positive note EU imports of tropical hardwood veneer, particularly from Gabon, rose sharply in the April to June 2011 period after a very slow start to the year.

It remains to be seen whether recent efforts to increase investment in Gabon’s wood processing sector will lead to this becoming a sustained trend.

The relative stability of EU imports of hardwood veneer during 2011 masks deeper processes of on-going structural change in the sector. The reality is that there is considerable uncertainty about longer term market prospects which is encouraging a conservative approach to purchasing.

The European market for rotary veneers of tropical hardwood appears to be in long-term decline as okoume plywood manufacturing operations in Europe have closed and okoume plywood has come under intense pressure from cheaper products (particularly combi-products) from China comprising a poplar core and decorative hardwood face veneer.

Meanwhile, demand for high quality tropical hardwood sliced veneers has been hit by a combination of factors. European manufacturers are increasingly switching to domestic hardwoods to reduce costs and supply chain risks in a market where nobody wants to be caught holding too much stock.

This trend has gone hand-in-hand with improvements in treatment technologies allowing even the blandest of temperate hardwoods to produce a diversity of looks and finishes.

The most recent data from Germany, traditionally the centre of the European veneer trade, gives some indication of how far this trend has progressed. The latest survey of the German veneer industry by GD-Holz suggests that European hardwoods now account for 63% of veneer manufacturing, up from 56% last year.

This year oak (both European and American) makes up 38% of total production, with beech, maple and walnut contributing a further 23%, 9%, and 8% respectively. Tropical hardwood currently accounts for around 15% of German veneer production.

At the same time, all sliced wood veneers continue to come under pressure from non-wood substitutes and from weak consumption in major end-using sectors. Despite concerted marketing efforts by the European veneer sector, European furniture and door producers are still shifting to non-wood alternatives.

These losses have only been partly off-set by gains made in sales to the interior fittings market (floors and edges/borders) and higher value niche markets such as yachts, cars, and airplanes.

Hardwood plywood prices weaken as supply pressures ease

Availability of South East Asian plywood for forward shipment to Europe has improved in recent weeks. The supply problems that arose for European importers early in the year following the Japanese Tsunami have now eased.

Although the log supplies to mills in Indonesia and Malaysia remains at relatively low levels, they are now reportedly sufficient to meet current subdued levels of demand. The slight improvement in log supply has coincided with slower consumption in Japan and continuing weak demand in Europe and North America.

Some mills in Malaysia are now offering BB/CC grade plywood to European buyers at lower prices than in September. However quality is now quite variable between Malaysian mills.

Prices for Indonesian plywood have remained more stable, but supply pressures are now less pronounced and lead times for some Indonesian products for delivery to Europe have fallen to around 5 weeks.

Demand for Chinese plywood in Europe remains slow. The UK is quite heavily stocked relative to current levels of subdued consumption so that forward buying has been slow in the autumn months.

The German trade journal EUWID reports that consumption of Chinese hardwood plywood in Germany is so slow that some merchants have introduced promotional offers on their existing stocks.

EUWID reports that Chinese exporters have pushed up FOB prices for hardwood plywood in response to rising labour and raw material costs. However, this has been offset for European buyers by falling freight rates.

Netherlands Imported Sawwood Prices

	US\$ per m ³
FOB (Rotterdam)	
Sapele KD	919 ↑
Iroko KD	1190 ↑
Sipo KD	1114 ↑
DRM Bukit KD	932
DRM Seraya KD	939
DRM Meranti KD Seraya MTCC cert.	960 ↓
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 ³
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 Sawwood Prices

	GB Pounds per m ³
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 ³
Plywood Panels 8x4", CIF	price not available
Brazilian WBP BB/CC 6mm	635-660
Malaysian WBP BB/CC 6mm	560-580
MALAYSIA MTCS/PEFC trop hard face, pine core* 18mm	
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

Report from North America

Canadian imports of sawn tropical hardwood on the rise

Canada is a much smaller market than the US, and Canadian tropical sawnwood imports have historically been less than 10% of the volumes imported by the US.

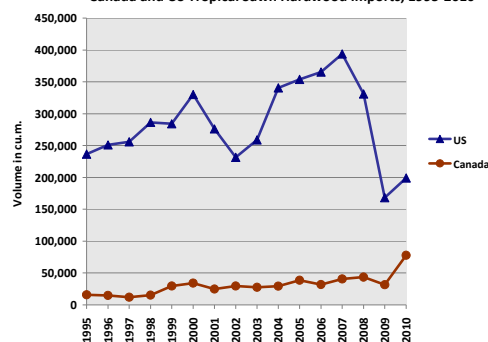
Over the last ten years, however, Canadian imports have slowly gone up and in 2010 the highest import volume to date was recorded.

Canada imported 77,736 cu.m. of sawn tropical hardwood in 2010 according to Statistics Canada, this represents almost 40% of (the unusually low) US imports in 2010.

The Canadian Housing and Mortgage Corporation forecasts declining housing starts and construction expenditures for the next two years, so Canadian tropical sawnwood imports are likely to stabilize and not continue the strong growth seen in 2010.

When looking at the value of the sawnwood imported, trade figures show that the Canadian market bought more lower-value species and grades in the last three years than the US. The average unit price dropped to approximately half of that paid by US importers.

Canada and US Tropical Sawn Hardwood Imports, 1995-2010



Source: Global Trade Atlas

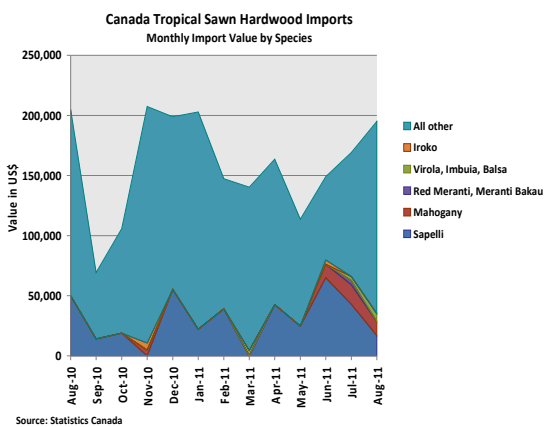
Canada and the US are very similar markets when it comes to wood product end uses, although a few differences exist that affect demand for tropical timber.

Both countries import tropical wood mainly in the form of plywood and finished products such as flooring, moulding and furniture. Canada's hardwood flooring manufacturers, located mainly in the province of Quebec, are the key users of sawn tropical hardwood.

Demand for tropical wood in exterior applications such as decking is lower in Canada than in the US. Canada's decking market is overall much smaller because a significant and growing share of Canadians lives in apartment buildings, while the vast majority of housing in the US are single-family homes.

Canada also uses predominantly treated softwood for decking and boardwalks, and there is less demand for tropical wood or other, non-wood materials. An exception is marine applications where softwoods are not suitable. Canada does not have Lacey Act-type mandatory requirements for wood to be legal, but in practice most tropical timber imports come to Canada via US ports and from distributors who need to adhere to the Lacey Act.

Statistics Canada distinguishes only few tropical species in their sawnwood import data. Of the species shown, sapelli accounts for the largest share in Canada's tropical sawnwood imports.



Tropical timber demand in the US slow to recover

It looks increasingly likely that 2011 will not see a significant improvement in tropical timber consumption in the US compared to the previous year.

Imports of tropical sawn hardwood are also trailing non-tropical hardwood imports. In August, year-to-date import volumes of tropical sawn hardwood were just 2% above the previous year, while temperate sawn hardwood imports saw a 30% increase.

It is difficult to say what role the Lacey Act amendment is playing in this slow recovery of tropical sawn hardwood demand.

Tropical hardwood imports are still doing better than sawn softwood imports, which are 7% below 2010 volumes. Sawn hardwood also accounts for only a small share of US tropical timber consumption. Most tropical wood comes into the US as semi-finished or finished products, such as plywood, moulding, flooring and furniture.

While overall tropical timber imports are at similar levels as in 2010, some products saw large gains this year up to August.

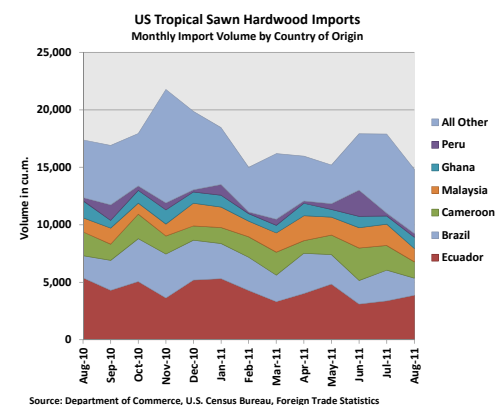
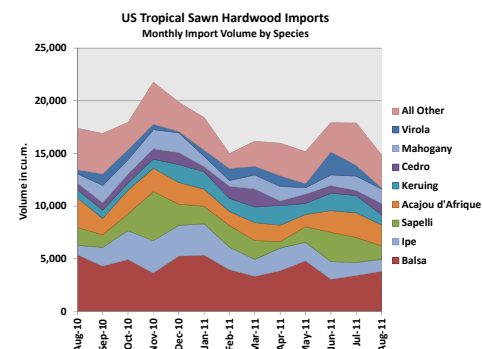
On the sawn hardwood side, imports of most species were up, especially keruing, sapelli, ipe and cedro, while balsa imports declined. Significant increases were also seen in hardwood moulding imports from Brazil and Malaysia and in hardwood flooring from Indonesia, Malaysia and China.

Imports of most sawn hardwood species down in August

In August, US tropical sawn hardwood imports dropped to its lowest monthly level since February 2010. Total imports were 14,843 cu.m., 17% down from July, but on a year-to-date basis imports are still 3% above 2010.

Imports of balsa were 3,811 cu.m. (-22% year-to-date), ipe 1,147 cu.m.(+34% year-to-date) and mahogany 1,384 cu.m.(-19% year-to-date), while imports of cedro bounced back up to 1,072 cu.m. (+30% year-to-date).

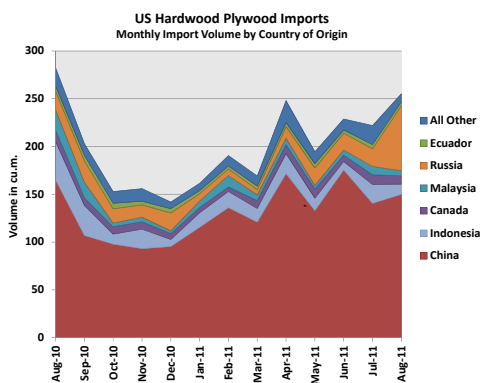
Virola imports were just 104 cu.m. in August (+58% year-to-date). The two main African species imported also declined in August; acajou d'Afrique imports were 1,984 cu.m.(-18% year-to-date) and sapelli 1,271 cu.m. (+48% year-to-date). Keruing imports declined to 954 cu.m. in August (+86% year-to-date).



Plywood imports from China continue to rise

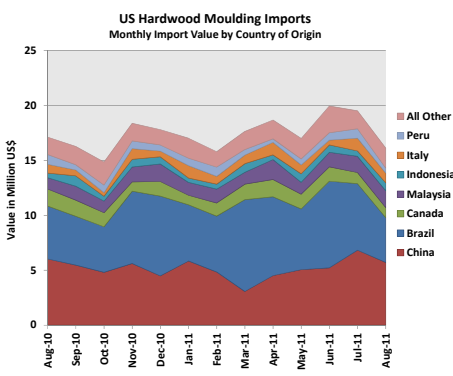
The US imported 255,187 cu.m. of hardwood plywood in August, up from July but just 1% above 2010 on a year-to-date basis. 68% of all hardwood plywood imports this year come from China, a significant increase from China's 59% market share in 2010.

Shipments from Indonesia declined again after a brief upswing in July. August imports from Indonesia were 10,713 cu.m. (-36% year-to-date). Malaysia shipped 5,435 cu.m. (-59% year-to-date) and Ecuador 3,868 cu.m. (-16% year-to-date).



Brazil remains largest hardwood moulding supplier

Hardwood moulding imports declined to US\$16.1 million in August, but the import value remained 16% above 2010 on a year-to-date basis. Imports from China were US\$5.7 million in August followed by Brazil with US\$4.1 million. More than a third of the US' total hardwood moulding imports this year came from Brazil, while imports from China account for 29%. Imports from Malaysia remained at relatively high levels in August at US\$1.5 million (+44% year-to-date).



Strong growth in hardwood flooring imports

Hardwood flooring imports continued to increase despite the slow US housing market and economic uncertainty. US hardwood flooring imports were US\$ 2.6 million in August, a 60% year-to-date increase over 2010. There was a shift in the sources of supply, however, with China seemingly gaining market share from Malaysia in August. China exported US\$650,000 worth of hardwood flooring in August, compared to Malaysia's US\$234,000.

China's exports to the US remain far below pre-recession levels, however, while Malaysia and Indonesia increased shipments over the last two years. Malaysia doubled its flooring exports to the US on a year-to-date basis from 2010, while Indonesia's almost tripled.

US Department proposes final anti-dumping duties on engineered wood flooring from China

The US Department of Commerce has proposed anti-dumping duties of up to 58.84% on multi-layer (engineered) wood flooring from China.

A final ruling is expected in November. The anti-dumping duties would replace the current preliminary countervailing and anti-dumping duties on engineered wood flooring from China.

The proposed duties are 58.84%, except for 74 manufacturers who would pay 3.31% and three other exporters who were assessed duties of 3.98%, 3.31% and 0%, respectively. A coalition of US flooring importers and retailers opposes the introduction of antidumping and countervailing duties, stating that the duties would threaten their businesses and American jobs.

Lacey Act Amendment –bipartisan legislation introduced

Congressman Jim Cooper and Marsha Blackburn, both of Tennessee, have introduced a bill to amend the Lacey Act. The bill received initial support from a wide range of industries and groups such as the Audubon Society and a variety of trade associations.

The International Wood Products Association (IWPA) has signed on to a letter to Congressman Cooper say, "IWPA expresses its appreciation for the correct identification of the issues the business community is facing as a result of the Lacey Act.

The process is only beginning but we see this as an excellent start in alleviating some of the unnecessary burdens of Lacey Act while maintaining the spirit of the Act."

http://cooper.house.gov/index.php?option=com_content&task=view&id=537&Itemid=73

US Imported Timber prices

	Sept-11 US\$ per cu.m	Oct-11 US\$ per cu.m
Ipe (Brazil) Decking Premium Grade AD, 1x6, FOB Belem	2750	2725 ↓
Ipe (Brazil) Decking Premium Grade AD, 5/4x6, FOB Belem	2925	2650 ↓
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	950 ↑
Sapele (Cameroon) FAS AD, FOB Douala	740	765 ↑
Sapele (Cameroon) 4/4 to 8/4 FAS KD, FOB Douala	910	910

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.

Builders began work on more U.S. homes than forecast in September on rising demand for apartments and condominiums as more Americans become renters. Housing starts climbed 15 percent to 658,000 houses at an annual rate, the most since April 2010.. Beginning construction of multifamily dwellings surged to the highest since October 2008. Building permits, a proxy for future construction, declined to a five-month low, indicating foreclosures that are adding to the supply of unsold homes and depressing property values may continue to hold back developers. Housing's limited rebound is among reasons Federal Reserve policy makers last month announced more unconventional measures to boost demand and spur job growth.

<http://news.businessweek.com/article.asp?documentKey=1377-a6nkcBd1KLm4-3O222KJVP4JJH5ENLC2PFIDHE>

Container-shipping lines delayed announcing targets for next year's rates on Asia-U.S. routes as they struggle to forecast volumes amid unsteady economic growth and an expanding global fleet. Publication of the TSA's annual rates guidelines, which usually happens around this month, may be delayed until early next year, he said. The delay reflects U.S. retailers' unwillingness to commitment to orders for Asian-made toys, flat-screen TVs and sneakers amid a 9 percent jobless rate and stock-market fluctuations. An increase in the number of container vessels in service this year has also hindered shipping lines' efforts to secure higher rates.

<http://news.businessweek.com/article.asp?documentKey=1376-LSWG3L0UQVI901-39423GV5CSLGFUN7FB8UA84ISF>

The global shipping industry could see robust dealmaking activity in coming years as weak freight rates caused by vessel overcapacity spur firms to consolidate to cut costs and get better access to capital, according to senior industry bankers. Most shipping companies have suffered from distressed freight rates in the past several years as demand to transport commodities has lagged supply of vessels. This has been compounded by a slowdown in the global economy that has made access to funds difficult. The weak rate environment is expected to continue through 2012 and beyond.

<http://www.reuters.com/article/2011/10/14/us-dealtalk-evercore-bankers-idUSTRE79D3TD20111014>

A growing Made in America movement in the US furniture industry is influencing everything from the location of new plants to how products are sold at retail. Both vendors and retailers say they are paying more attention to where a product is built, bearing in mind that as unemployment remains stubbornly high, U.S.-made goods means more jobs in the national and local economies.

http://www.furnituretoday.com/article/544450-Focus_on_Made_in_USA_at_High_Point_Market.php

If you can't beat 'em, join 'em. Ecologists from around the world are working with the very people who would seem their sworn enemies – rainforest loggers. A massive deforestation programme is going ahead anyway, so the aim is to exploit it to conduct one of the biggest ecological experiments in the world. Yayasan Sabah – the Sabah Foundation, a Malaysian state-owned company – is felling 75,000 hectares of rainforest on the island of Borneo and converting it to lucrative palm oil plantation. A team led by Rob Ewers at Imperial College London is working with the loggers to make sure that the deforestation has a silver lining for ecological research. For them, some of the tree felling will be an experiment into the ecological effect of habitat fragmentation, and they hope it will give them clues on how to design landscapes to support multiple demands – ecological and commercial – at a minimal cost to the ecosystem.

<http://www.newscientist.com/article/dn21056-forest-loggers-join-worlds-biggest-ecology-experiment.html>

Leading regional and global companies are taking part in the first Abu Dhabi International Wood and Wood Machinery Show, which opened on October 18, 2011. The event, which is the latest edition in the successful 'WoodShow' series, is being held at the Abu Dhabi National Exhibitions Centre (Adnec), and will run till October 20, a statement from the organiser said. It will feature the products and services of exhibitors coming from five countries from around the world. The Wood Show will also serve as a strategic venue to discuss key issues and develop strategic opportunities in the region's rapidly developing wood industry.

http://www.tradearabia.com/news/MEDIA_206816.html

A new research note from Deutsche Bank has expressed a number of concerns about the Australian housing market, and has forecast an 18.4% decline in housing starts during the 2012 financial year, based on an assumption interest rates will fall by 50 basis points. The note come just as the International Monetary Fund has released its own report, claiming that despite the enviable status of the Australian economy it is under threat from a housing market that could be as much as 15% over valued.

DB analyst Emily Behncke wrote in the note that if the RBA cuts interest rates by 50 basis points over the next year, and the world economy does not fall back into recession, housing starts may fall 18.4% in the 2012 financial year.

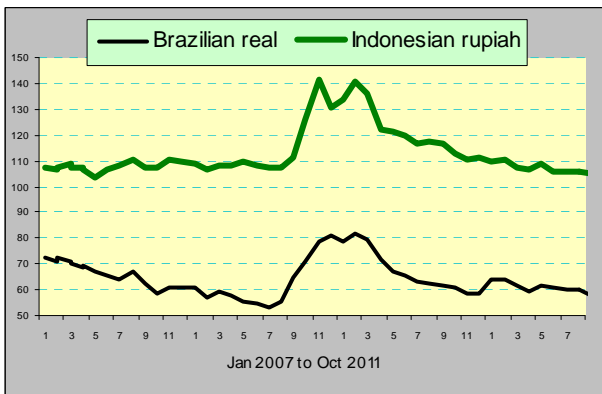
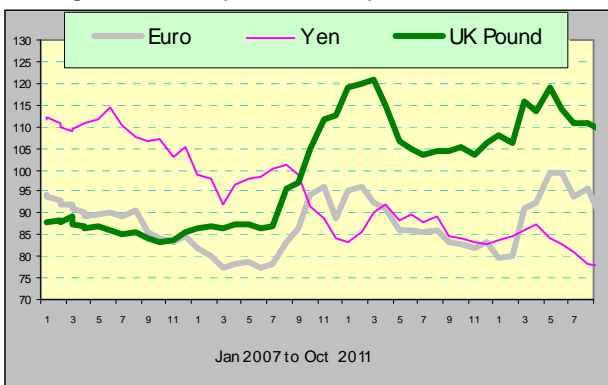
<http://www.smartcompany.com.au/finance/20111010-deutsche-bank-report-predicts-housing-starts-to-fall-18-4-in-2012.html>

Main US Dollar Exchange Rates

As of 27th October 2011

Brazil	Real	1.7590
CFA countries	CFA Franc	467.27
China	Yuan	6.3534
EU	Euro	0.7048
India	Rupee	49.3850
Indonesia	Rupiah	8971
Japan	Yen	75.95
Malaysia	Ringgit	3.0987
Peru	New Sol	2.7175
UK	Pound	0.6212
South Korea	Won	1166.45

Exchange rates index (Dec 2003=100)



Abbreviations and Equivalences

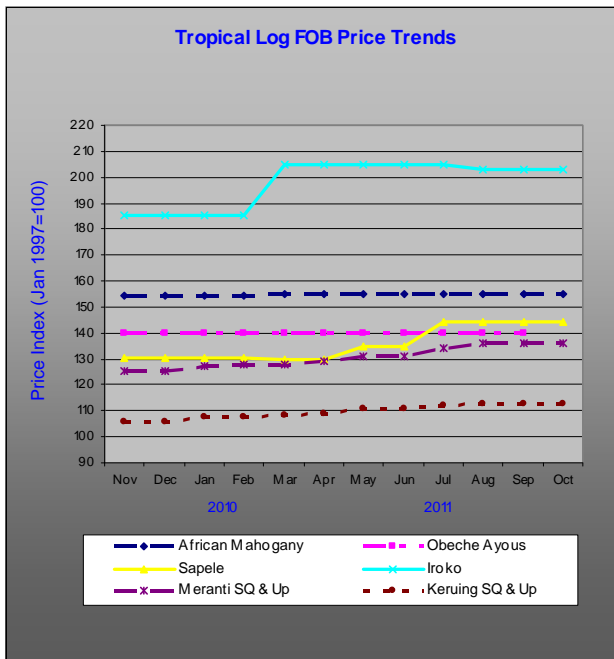
Arrows	Price has moved up or down
BB/CC etc	quality of face and back veneer
BF, MBF	Board foot, 1000 board foot
Boule	bundled boards from a single log
CI, CE, CS	Supplimentaire
CIF, CNF	Cost insurance and freight
Clean Sawn	square edged boule
FAS	First and second grade of sawnwood
FOB	Free-on board Sawnwood for structural use in house building
Genban	
GMS	General Market Specification
GSP	Guiding Selling Price
Hoppus ton	1.8 cubic metre
KD, AD	Kiln dried, air dried
Koku	0.28 cubic metre or 120 BF
LM	Loyale Merchant, a grade of log parcel
MR, WBP	Moisture resistant, Water and boil proof
OSB	Oriented Stand Board
PHND	Pin hole no defect
QS	Qualite Superieure
SQ,SSQ	Sawmill Quality, Select Sawmill Quality
TEU	20 foot container equivalent

Ocean Freight Index

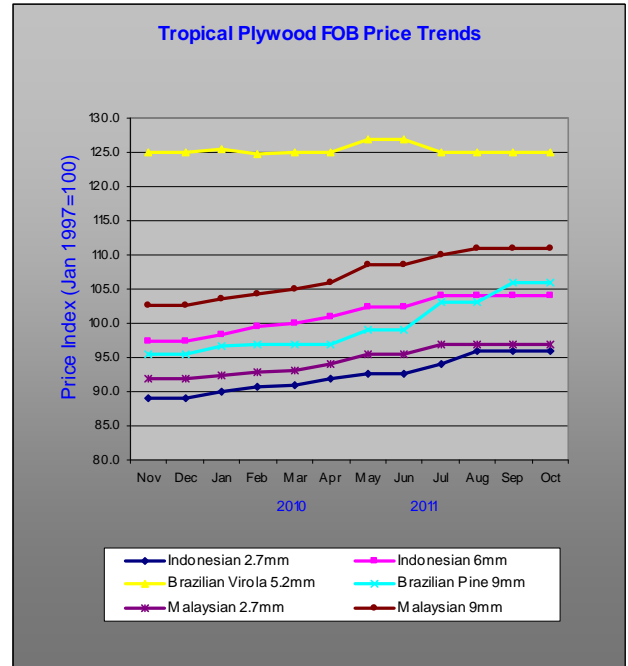


The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

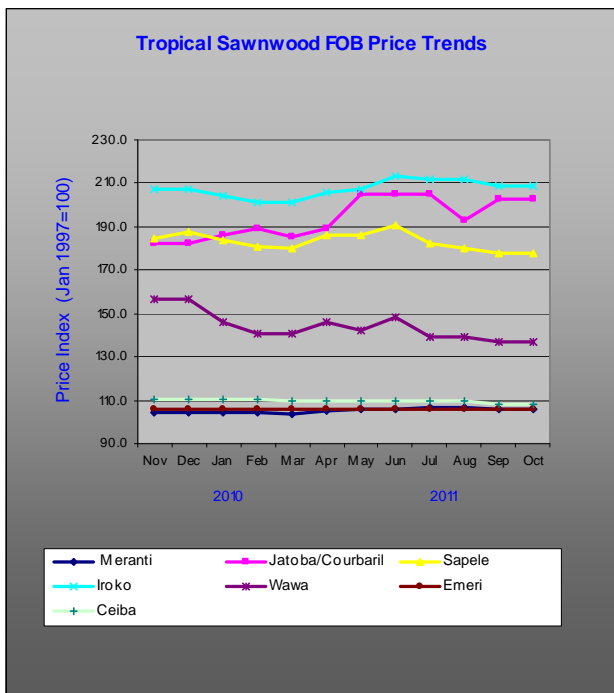
Tropical Log Price Trends



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?pagelid=199>

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

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