Tropical Timber Market Report

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However, the weakening currency is a blessing to exporters who have had to live with a strong rupee for much of this year.

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Report from Central/West Africa

Exporters see slight cooling in business for the Chinese market

Producers report, with a certain degree of surprise, that demand for Central and W. African hardwoods is holding up well and prices remain generally firm. There have been some slight changes in price but this reflects the normal ups and downs for individual species as buyers deal on a contract by contract basis.

Reports suggest that some exporters have noticed a slight cooling in levels of new business from buyers for the Chinese market. It is said that stocks of some species are above current consumption levels in that market or, in the case of okan, there is still a moderate overstocking due declining demand from flooring manufacturers.

The authorities in China have introduced measures to address the overheating in the housing market, especially speculative construction activities. However, the underlying demand for housing in China is undiminished.

Demand for Padouk, Sipo and Sapele remains strong and sustained

Padouk sawnwood has been a strong market performer in recent months and producers report there are no signs of a slowdown. There is even some continued demand from European buyers say producers.

Sipo and sapele sawnwood prices are stable and the market seems to have absorbed the recent higher than usual production of sapele.

A steady flow of orders for some EU markets keeping prices stable

Some producers remain nervous about the stability of their markets in Europe due to the unsettled economic situation. Countries such as Greece, Spain and Portugal and even Italy are unlikely to be able to finance new infrastructure or housing project in the near future.

The UK, Netherlands, Germany and even Belgium are still buying West and Central African timbers although exporters report business is slow, but prices are stable.

Brisk demand in India and Vietnam offsets weaker Chinese market

It is difficult to determine how well business will hold up into the first quarter of 2012. The slight downturn in demand in the Chinese market is being factored into forecasts. In contrast, business is reported as very brisk in India and, on a smaller scale in Vietnam.

Demand from South Africa and Middle-East countries helps maintain market stability

There is good, steady demand for sawnwood for Middle East markets. This, and steady demand from S. Africa, is a great help in maintaining the market.

Log Export Prices

West African logs, FOB	€ per m^3		
Asian market	LM	B	BC/C
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

Third quarter exports continue downward trend

Data on contract approvals by the Timber Industry Development Division (TIDD), show that exports of timber and wood products continue to decline. This, say analysts at the TIDD, is mainly due to the dwindling raw material base.

Contracts for a total volume of 76,014 cu.m of wood products were processed and approved by the TIDD in the third quarter of 2011.The contract volume approved for the period was 12% lower compared to volumes in contracts approved during the second quarter.

The table below shows the breakdown of volumes in contracts approved by product during the quarter under review.

TIDD third quarter contract approvals by product

Product Category	Volume (cu.m)	Percent
Primary	4,279	5.63
Secondary	65,164	85.73
Tertiary	6,571	8.64
Total	**76,014**	**100.00**

Sawnwood exports declined by 9% for the second consecutive quarter from a volume of 28,532 cu.m in the second quarter to 25,913 cu.m in the third quarter. Total contract approvals for export of plywood also fell (down 12%) from a volume of 30,373 cu.m in the second quarter to 26,734 cu.m in the third quarter.

Around 87% of the approved plywood export contracts were for shipment within the West African market, with the remaining 13% for the European market, particularly Greece and Belgium.

A total of 6,366 cu.m volume of veneer export contracts were processed and approved. The volume represented in these contracts was down 18% on the previous quarter.

The breakdown of veneer exports by product is as follows: sliced veneer (4,778 cu.m, representing 74.5%); rotary veneer (1,585 cu.m representing 25%) and very small quantity of high value curl veneer.

Exports of teak poles/billets/logs also declined dropping from a volume of 13,324 cu.m in the second quarter to 4,279 cu.m in the third quarter, a drop of 68%. However, the volume of teak sawnwood in approved export contracts increased from 3,038 cu.m in the second quarter to 5,051 cu.m in the third quarter.

Contracts processed and approved for the export of rosewood also increased. For the third quarter fifteen permits were issued for the export of 1100 cu.m of rosewood sawnwood to China at a value of Euro 278 million.

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	
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	490↑
African mahogany (Ivorensis)	568	685
Makore	530	580↓
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	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^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	.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	€ per m^3		
BB/CC	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
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	700⬆
Hotrohotro grade 1	580
Wawa grade 1	500
Wawa grade 2	428
Ekki grade 1	570
Wawabimba Laminated grade 1	750

Report from Malaysia

Some progress in negotiations with EU on VPA

The Malaysian Ministry of Plantation Industries and Commodities has indicated that some progress has been made in talks with the European Union (EU) concerning the Voluntary Partnership Agreement (VPA).

The Ministry had emphasised that specific forestry laws apply in Peninsular Malaysia, Sabah and Sarawak and this must be appreciated before any agreement could be reached.

The Ministry is reportedly looking at the possibility of these regions signing the agreement at different times. While Peninsular Malaysia is apparently ready to sign the VPA, the states of Sarawak and Sabah have issues to be discussed, particular in relations to customary land rights of forest dwellers.

When the VPA is signed between Malaysia and the EU, the EU will provide a virtual "green lane" for certified Malaysian timber into the EU market. The EU Timber Regulation will come into force in March 2013 and this, when enforced, will close EU markets to timber from countries where there is a high risk of illegally harvested timber being traded.

Analysts point out that the VPA is crucial to Peninsular Malaysia as most of its timber products are exported to the EU, whereas Sarawak's main markets are Japan and lately, India. However, without a VPA, value added products manufactured from Sarawak timbers in third countries will face problems entering the EU market.

The EU Timber Regulation, as well as the enforcement of the US Lacey Act, are triggering changes in both private and public procurement procedures and policies in other countries such as Japan and Australia.

The Ambassador and Head of Delegation of the EU to Malaysia has reportedly indicated that the entry of Malaysian timber and timber products into the EU to be facilitated under the VPA would enhance the image and competitiveness of Malaysian wood products in the EU.

Log Export Prices (Sarawak)

Sarawak log, FOB	US$ per m^3
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^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 thanfor the same species in Sarawak's.

Export Sawnwood Prices

Malaysia Sawnwood, FOB	US$ per m^3
DR Meranti	413-449
White Meranti A & up	309-339
Seraya Scantlings (75x125 KD)	449-461
Sepetir Boards	277-306
Sesendok 25,50mm	363-381
Kembang Semangkok	344-373

Domestic Sawnwood Prices

Malaysian Sawnwood, 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	444-505⬇
3mm	427-456⬇
9mm & up	378-447⬇

Domestic Plywood Prices

Meranti ply BB/CC, domestic	US$ per m^3
3mm	370-460
12-18mm	353-382

Other Panel Export and Domestic Prices

Malaysia, Other Panels, FOB	US$ per m^3
Particleboard	
Export 12mm & up	262-285
Domestic 12mm & up	253-267
MDF	
Export 15-19mm	313-345
Domestic 12-18mm	305-324

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	US$ per m^3
22x760x1220mm sanded & edge profiled	
Top Grade	634-664
Standard	617-633

Report from Indonesia

Indonesia to implement a "Green Prosperity Project"

The United States has reportedly pledged US$450 million for an environmental and climate change cooperation programme with Indonesia.

The money will be utilised to fund projects for the promotion of environmentally sustainable economic growth, strengthening climate change policies, conservation of tropical forests, protecting coastal communities and fisheries as well as the Low Emission Development Strategies (SOLUSI) project to improve air quality.

The US will, reportedly, assist Indonesia to implement a "Green Prosperity Project" at a cost of US$332.5 million, which will support environmentally sustainable economic growth through the enhancement and management of Indonesian forests, peat lands and other natural resources as well as the development of renewable energy.

In addition, the US will provide US$6.9 million to match funding from Norway for the new Indonesian Climate Change Centre (ICCC), which will deploy and provide the mapping and monitoring of carbon-rich peat lands and tropical forests, with expertise to be provided by the US Forest Service.

The aim is to provide Indonesia with the best available scientists and policy analysts on key strategies and decision making from the US to mitigate and adapt to climate change.

Concerning the conservation of Indonesia's tropical forests, the US and Indonesia had earlier signed a second Tropical Forest Conservation Act Agreement (TFCA) in September. This provides for a debt-for-nature swap of US$28.5 million in order to support tropical forest conservation in Indonesia.

Domestic Log Prices

Indonesia logs, domestic prices	US$ per m^3
Plywood logs	
Face Logs	221-264
Core logs	209-238
Sawlogs (Meranti)	218-278
Falcata logs	186-217
Rubberwood	94-98
Pine	195-238
Mahoni (plantation mahogany)	504-535

Domestic Ex-mill Sawnwood Prices

Indonesia, construction material, domestic	US$ per m^3
Kampar (Ex-mill)	
AD 3x12-15x400cm	208-227
KD	222-257
AD 3x20x400cm	242-265
KD	243-272
Keruing (Ex-mill)	
AD 3x12-15x400cm	257-271
AD 2x20x400cm	247-265
AD 3x30x400cm	230-249

Export Plywood Prices

Indonesia ply MR BB/CC, export FOB	US$ per m^3
2.7mm	431-486⬇
3mm	389-430⬇
6mm	368-410⬇

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
Particleboard	Export 9-18mm	244-253
	Domestic 9mm	226-238
	12-15mm	221-233
	18mm	217-228
MDF	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	326-339
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	520-551
Grade B	478-500

Report from Myanmar

Tender sale of logs for local manufacturers

About 400 tons of Sawing Grade teak logs (SG5, SG6, and SG7) were sold in early November by open tender for local sawmillers and manufacturers. The following prices per hoppus ton were obtained.

SG-5 €1881 (31 tons)
SG-6 €1251 (30 tons)
SG-7 €491 (351 tons)

Unlike other open tender sales this special sale was only open to local industries who will process the logs. Logs purchased in this type of auction cannot be exported.

Weakening Indian rupee affecting sales of Pyinkado

The trade is reporting that the market outlook is slow for all major species such as pyinkado, gurjan (kanyin) as well as teak.

The major buyer for these species is India and because the rupee is weakening log dealers are facing difficulties in securing usual prices. Many buyers are reportedly very cautious with their purchases.

The Vietnamese dong has also weakened and this is affecting sales of teak and pyinkado to Vietnam and the volumes being purchased have fallen sharply.

However, dealers are saying that logs that are fresh, of large girth and of moderate price can be sold quickly.

The market for kanyin (gurjan) started showing weakness in August and analysts say there is little chance of any recovery until January/February when newly extracted fresh logs are expected to arrive in Yangon.

MTMA blames trade sanctions for over harvesting

Speaking on the side-lines of the Asia Forest Partnership (AFP) Dialogue 2011 in Beijing, a representative of the Myanmar Timber Merchants Association (MTMA) remarked that economic sanctions are severely limiting Myanmar's economy have forced the government to become reliant on wood product exports to support the state budget.

However, one analyst remarked that, at present, it is rather the stagnation in the European economies and weak global demand that are affecting the economy in Myanmar as much as sanctions.

An analyst close to the MTMA suggested that Myanmar should start engaging boldly with the EU as soon as possible and get involved with the FLEGT process to secure a long term future for sales of timber products to Europe when the political conditions are right.

November hardwood log prices

Hardwood log prices FOB per hoppus ton	Euro per h.ton
Pyinkado export quality	685+ (280 tons)
Gurjan export quality	390 (260 tons)
Hnaw (Haldu)	589 (8 tons)
Htaukkyant (Indian Laurel)	407 (48 tons)

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

Myanmar Teak Log Auction Prices (natural forest logs)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
Veneer Quality	Oct	Nov
2nd Quality	nil	nil
3rd Quality	nil	nil
4th Quality	4,630 (11 tons)	4,739 (10 tons)
Sawing Quality Grade 1 (SG-1)	3,200 (15 tons)	3,386 (15 tons)
Grade 2 (SG-2)	2,880 (209 tons)	2,793 (45 tons)
Grade 4 (SG-4)	2,092 (67 tons)	2,091 (231 tons)
Grade 5 (SG-5) Assorted	1,494 (219 tons)	1,577 (198 tons)
Grade 6 (SG-6) Domestic	1,343 (59 tons)	1,245 (85 tons)
Grade 7 (ER-1)	1,100 (30 tons)	973 (27 tons)

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

Report from India

Sliding rupee set to alter timber trade performance

India's increasing trade deficit, along with the withdrawal of investments by investors from Europe and N. America, has added to the toll on the value of Indian rupee against all major currencies.

With rupee now at Rs.52 to the US dollar imports are set to decline and analysts see the timber sector taking a cautious approach to new contracts. Buyers are seeking the understanding of their suppliers. However, the weakening currency is a blessing to exporters who have had to live with a strong rupee for much of this year.

Negative impact of teak plantations on biodiversity

Reports suggest that there has been a drastic reduction in the wild animal population in forest areas of Melghat in the Amravati division of Vidarbha region.

This area produces good quality teak and other hardwoods such as Chloroxylon swietenia, Adina cordifolia, Terminalia tomentosa, T. chebula and also T.belerica. The region is famous for its tiger reserves covering an area of about 1571.74 sq.kms.

In recent years teak plantations have been established in areas close to the various parks. The effect of the teak leaf fall and consequent rapid drying of the soil in the dry summer months has resulted in many water pools drying out depriving wildlife of a water supply.

The Forestry Department has realised that the area is short of fruit bearing and flowering trees which provide food for the wildlife and has temporarily stopped teak plantation development and is focussing on re-introducing native species as well as bamboo.

Auction sales in Government Forest Depots.

With fresh logs now being made available for auction at the log depots, prices are beginning to move beyond the firm levels reported at previous auctions.

Auctions have been held recently in Western and Central Indian depots. Approximately 5,000 cu.m of teak logs were sold. Analysts report that sales were brisk and prices were high but that imported logs now are costing more due to the depreciation in value of the rupee

E-commerce set to grow to US$24 billion

According to a recent study by Avendus, the widespread use of the internet will provide for sustained growth in the Indian e-commerce market which, the study suggests, could grow to US$24 billion by 2015 up from the current US$6.3bil..

Avendus reports that around 8-10 million people in India, about 11 per cent of the 80 million internet users in the country, use the internet for some form of business

Sweden's IKEA explores opportunities in Indian retailing

The India Business Standard has reported that, because of the changes made by government to the rules on FDI in the retail sector, the Swedish furniture maker IKEA may be one of the first to open retail outlets in the country. IKEA executives were apparently recently in India to assess the opportunities created by the changes in legislation.

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 Sawnwood Prices for Myanmar Teak

Sawnwood (Ex-mill)	Rs. per ft^3
Myanmar Teak (AD)	
Export Grade F.E.Q.	4200-10400
Plantation Teak A grade	3100-4200
Plantation Teak B grade	2600-3100
Plantation Teak FAS grade	2000-2600

Domestic Ex-mill Sawnwood 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)	500-550 ↑

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	30.25 ↓
6 mm	44.00 ↓
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.14.10 ↑	Rs.25.50 ↑
6mm	Rs.20.60 ↑	Rs.35.20 ↑
8mm	Rs.26.50 ↑	Rs.39.40 ↑
12mm	Rs.32.00 ↑	Rs.42.20 ↑
19mm	RS.43.25 ↑	Rs.56.75 ↑
5mm Flexible ply	Rs.27.00 ↑	

Report from Brazil

Much of Amazon harvested by informal sector

Around three million trees are harvested every year in the Amazon says the Environmental Agency and the timber market based on this resource is estimated to be worth over R$ 4 billion. However, authorities estimate that only a small part of the overall harvest is undertaken by the timber industry.

The timber industry generally has the necessary approvals for logging but the environmental agency says much of the Amazon harvest is done by the informal sector and much of the harvesting by this sector is without the necessary approvals and is therefore illegal.

Native Amazon trees to be used in reforestation

Reforestation with native species is now being given serious consideration. Paricá (*Shizolobium amazonicum*) is a tree that grows fast and produces high quality wood. Paricá is the most widely cultivated tree species native to the Amazon forest.

Parica timber is used in civil construction and furniture manufacturing. Paricá is widely used for plywood production because the logs are clear of defects and are cylindrical. Despite the importance of Paricá for the Amazon region, the genetic improvement of this species has not attracted attention but the Brazilian Agricultural Research Corporation (Embrapa) is now conducting research on genetic improvement of this species.

Tropical timber trade figures shrunk in October

In October 2011, exports of wood products (except pulp and paper) fell 8% compared to levels in October 2010, from US$ 213.7 million to US$ 196.8 million.

October pine sawnwood exports increased 20% in value compared to the same month last year, from US$ 12.9 million to US$ 15.5 million. In terms of volume, exports increased 19%, from 57,000 cu.m to 68,000 cu.m over the period.

Exports of tropical sawnwood declined slightly in October, from 45,100 cu.m in October 2010 to 45,000 cu.m in October 2011. There was a sharper drop in terms of value however, from US$ 21.6 million this October compared to US$ 23.8 million in October 2010.

Pine plywood exports fell 15% in value in October 2011 compared to the same month of 2010, from US$ 28.6 million to US$ 24.2 million. The volume exported slid 21% during the same period, from 80,800 cu.m to 63,800 cu.m.

Exports of tropical plywood recorded a sharp drop from 6,900 cu.m in October 2010 to 5,700 cu.m in October 2011, (a 17% decrease). In value, a 10.3% decrease was registered, declining from US$ 3.9 million to US$ 3.5 million.

As for wooden furniture, the exported value dropped from US$ 48.6 million in October 2010 to US$ 44.3 million in October 2011, representing a 9% decline year on year.
International Furniture Fair in Brazil

Two major trade fairs scheduled for 2013

The Association of Furniture Industries of the State of Rio Grande do Sul (MOVERGS) is preparing for two major events to be held in 2013, in São Paulo, Brazil. One will be the International Machinery, Raw Materials and Accessories Fair for the Furniture Industry (FIMMA Brazil). This show is widely recognised for product designs from furniture manufacturers who excel in technological innovation.

It is hoped that this 11th 'FIMMA Brazil' will exceed the level of business opportunities achieved at the 10th FIMMA held this year which attracted some 675 exhibitors and more than 43,000 visitors. This show generated US$403 million in business transactions.

The second major fair will be that sponsored by MOVERGS, the 'Brazil Móveis' to be held in August 2013 in Sao Paulo, Brazil.

The "Brasil Moveis Fair 2011" held in Brazil in August this year brought together 128 exhibitors from various furniture production centres in Brazil and from overseas.

The 2011 fair attracted more than 20,000 visitors and generated about R$290 million in business transactions.

Policy changes to promote competitiveness of furniture sector

A government Committee on the Forest-Based Industry and the Federation of Furniture Industries of Rio Grande do Sul (FIERGS) has been discussing prospects for forest-based products, paper, cardboard, pulp and furniture. The Association of Furniture Industries of the State of Rio Grande do Sul (MOVERGS) is a member of the Committee, along with other associations and unions linked to the forest sector.

In order to promote furniture exports MOVERGS has raised the issue of the new industrial policy and tax regimes with the federal government.

MOVERGS has requested the speedy release of the adjusted Federal tax credits as the reimbursement process for these claims is taking a considerable time. The Federal Revenue Service of Brazil takes a long time to make payments to companies, arguing the lack of personnel to conduct efficient processing of these claims.

Another request from industry concerns the creation of an exchange rate policy that will make the export sector more competitive. The furniture industry says it is most competitive when the exchange rate is in the range of R$2.05 to R$2.25 to the dollar and would welcome policy initiatives that facilitates the industry in securing such exchange rates.

If this is not possible, say exporters, then the government should take other measures such as tax exemptions or monetary compensation from the Federal Government since, without support, there will be little or no prospect for an increase in exports in the short- to medium- term.

MOVERGS has also requested a review of the legislation to reduce the bureaucracy so that a greater number of companies can benefit from the special tax drawback regime.

In addition, there is a claim for suspension of import taxes, federal taxes and taxes on goods and services related to the import of machinery and equipment by the furniture sector.

Slight weakening of real depreciates affects price structures in the local market

Wood product prices in BRL, increased marginally at the end of November compared to prices recently published. Prices in USD, as shown in the table below rose around 7% due to the weakening of the Brazilian currency against the US dollar during the period reviewed.

In October 2011, the average exchange rate to the US dollar was BRL 1.77/USD compared to BRL1.68/USD during the same month of 2010, which shows a slight weakening of the Brazilian currency against the US currency.

Domestic Log Prices

Brazilian logs, mill yard, domestic	US$ per m³
Ipê	167↓
Jatoba	122↓
Guariuba	82↓
Mescla (white virola)	87↓

Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB		US$ per m³
Jatoba Green (dressed)		1,002↑
Cambara KD		592↑
Asian Market (green)	Guariuba	314↑
	Angelim pedra	722↑
	Mandioqueira	270↑
Pine (AD)		223↑

Domestic Sawnwood Prices

Brazil sawnwood, domestic (Green)		US$ per m³
Northern Mills (ex-mill)	Ipé	856↓
	Jatoba	643↓
Southern Mills (ex-mill)	Eucalyptus (AD)	219↓
	Pine (KD) 1st grade	252↓

Export Veneer Prices

Veneer, Export (Belem/Paranagua Ports) FOB	US$ per m³
White Virola Face 2.5mm	314↑
Pine Veneer (C/D)	229↑

Domestic Veneer Prices

Rotary cut Veneer, domestic	US$ per m³	
(ex-mill Northern Mill)	Face	Core
White Virola	287↓	235↓

Export Plywood Prices

Plywood, FOB	US$ per m³
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)	427

Pine Plywood EU market, FOB	US$ per m³
9mm C/CC (WBP)	326↑
15mm C/CC (WBP)	305↑
18mm C/CC (WBP)	315↓

Domestic Plywood Prices

Plywood, domestic (ex-mill Southern mill)		US$ per m³
Grade MR (B/BB)	White Virola 4mm	930↓
	White Virola 15mm	693↓

Domestic prices include taxes and may be subject to discounts.

Export Prices For Other Panel Products

Belem/Paranagua Ports, FOB	US$ per m³
Blockboard Pine 18mm 5 ply (B/C)	313↓
Domestic Prices, Ex-mill Southern Region	
Blockboard White Virola faced 15mm	609↓
Particleboard 15mm	409↓

Export Prices For Added Value Products

FOB Belem/Paranagua Ports		US$ per m³
Edge Glued Pine Panel		
Korean market (1st Grade)		704↑
US Market		543↑
Decking Boards	Cambara	713↑
	Ipê	1,879↑

Report from Peru

First timber production cluster established

The first timber production cluster in the country will be located in the Ucayali region as there is a wide variety of woods available and because technological developments in the public and private timber sectors are well developed.

To ensure success of the cluster the government will apparently provide support from the Center for Technological Innovation (CITE), Wood (CITEmadera Pucallpa) and the Bureau of Competition. It was revealed that arrangements are being made to optimise the operational capability of the technology transfer unit of Pucallpa CITEmadera and promote the development of timber and related businesses in the region.

Risk of illegal logging increased by lack of land titles

The lack of land titles in Huanuco in the Pillco valley in central peru is a factor that compounds the problem of illegal harvesting of forest products according to the head of the Technical Administration of Forestry and Wildlife (ATFFS)

Since land users do not have land titles they tend to over exploit accessible forests with harvesting being done without management plans or annual operating plans that provides for sustainability.

The official from ATFFS explained that, for example, in Puerto Inca illegal harvesting had reached a critical level because of a lack of personnel and logistics to control the situation.

In the same area approved forest concessions are gradually being encroached by farmers employing shifting cultivation.

Export Sawnwood Prices

Peru Sawnwood, FOB Callao Port		US$ per m³
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	368-394↑

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	402-431↑
Grade 2, Mexican market	333-365↑
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	66-88↑
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	410-429↑
C/C 4x8x4mm	389-425↑
Lupuna plywood B/C 8x4x4mm Central Am.	370-393

Domestic Plywood Prices

Lupuna Plywood BB/CC, domestic	US$ per m^3
(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

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

Greenheart logs out of favour in export markets

During the fortnight under review there were no exports of Greenheart logs and this extends the period where there were no exports to four weeks.

Purpleheart logs were shipped to international buyers but prices dropped for all sawmill qualities logs, similarly export prices of sawmill quality Mora sawnwood fell.

Sawnwood prices mixed in widening range for several species

Undressed Greenheart (select) sawnwood prices slide from US$806 to US$636 per cubic metre, however prices for Greenheart (sound) improved compared to levels two weeks ago.

Undressed Purpleheart (select) secured better prices for this fortnight, rising to US$1,050 in comparison to the US$997 per cubic metre received over the previous fortnight. Undressed Mora sawnwood prices remained relatively stable during the period under review.

Dressed Greenheart sawnwood prices were mixed and the range of prices received from international buyers widened. For the period under review the best price recorded was US$1,350 per cubic metre while at the other end of the scale prices dipped to between US$615 to US$650 per cubic metre.

Prices for Dressed Purpleheart sawnwood eased from US$996 to US$912 per cubic metre.

There were no exports of Plywood for this fortnight period.

Capacity building to improve efficiency and value added processing

As part of GFC/ITTO project "Enhancing the capacity of wood processing sector to improve efficiency and value added in Guyana", the Government of Guyana is involved in creating a new policy and code of practice for wood processing industries.

Existing policy documents have been reviewed and several consultations were conducted with stakeholders to gather information and data on the present situation in the wood processing sector.

As part of the process, recovery studies were conducted in mills using different equipment, technologies and practices to compare efficiency within the industry. The information gathered was then used as the basis for the development of relevant policies and a Code of Practice (CoP) for the wood processing sector.

In order to develop this CoP a national consultative process was undertaken with stakeholders to define the practices and subject matter to be addressed in the CoP.

The result of this exercise is a report detailing findings and recommendations which has been used to develop relevant policies, such as those related to the implementation of the CoP for wood processing and a strategic plan for capacity building within the wood processing.

Export Log Prices

Logs, FOB Georgetown	SQ - Std	$ Avg unit value per m^3 Fair	Small
Greenheart*	-	-	-
Purpleheart	260	220-240	240
Mora	-	120	110-120

*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	No export
	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	-	-
	Select	575-636	
	Sound	500	
	Merchantable	-	
Purpleheart	Prime	-	-
	Standard	-	700-966
	Select	650-1,050	
	Sound	-	
	Merchantable	-	
Mora	Prime	-	
	Select	590	
	Sound	450	
	Merchantable	-	

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

Report from Japan

Imports of plywood from China topped the agenda of meeting between plywood suppliers and Japanese importers

The annual meeting between the Japan Lumber Importers Association (JLIA), the Japan Federation of Plywood Manufacturers Association, the Indonesia Plywood Association and the Malaysian Plywood Manufacturers Association was recently concluded in Jakarta.

The focus of the meeting, reports the Japan Lumber Reports (JLR), was the rapidly growing supply of plywood from China and concerns for the quality and supply capacity of Chinese plywood manufacturers.

Representatives from Malaysia requested Japanese importers of Chinese made plywood to apply the same quality, environmental and sustainability concerns which Japanese importers have been asking of Malaysian and Indonesian plywood suppliers.

On this issue representatives from Japan mentioned that Chinese made plywood has had quality problems and that sometimes even JAS stamped products were below the required standard for JAS.

The meeting heard, says the JLR, that log supplies in producer countries had been an issue for this year. firstly because of floods and then drought which made river transport difficult. It was a combination of these factors which has pushed up log prices said participants at the meeting.

The meeting was informed that the number of plywood mills in Indonesia had dropped to less than 30 from the peak of 130. The newly established mills were mainly in Java and use plantation logs reports the JLR.

Japan's Forestry Agency assess impact on timber sector of Trans-Pacific Partnership

The Japanese government has signalled its interest in participating in discussions on the Trans-Pacific Partnership (TTP) and the Forestry Agency has assessed the possible impact on the forest and wood products industry in Japan should Japan decided to be a member of the TPP.

The Forestry Agency pointed out, says the JLR, that domestic manufacturers of plywood, lumber, laminated lumber, particleboard and other wood products wouldl face tough competition from foreign manufacturers as goods would move to and from Japan duty free.

In particular, reports the JLR, the plywood industry would face tough competition since imported plywood is subject to an import duty. If the duty was withdrawn plywood prices on the domestic market would drop threatening domestic manufacturers.

There would also be an impact on domestic log suppliers as log prices would fall because manufacturers would have to minimize raw material costs to remain competitive. This, says the Forestry Agency, would negatively affect the economy and employment in rural areas.

According to the JLR the Forestry Agency has estimated that the decline in value of domestic production could be as high as Yen 50 billion and the impact on the forestry sector could run to Yen 100 billion.

Weak demand provides little direction for plywood market

The JLR is reporting that at the end of November supplies of imported thin, medium thin, special structural, and concrete formboard plywood are tight and prices are firming. However, demand is not strong enough to lift prices significantly says the JLR.

The items for which demand is weak, says the JLR, are Type one tropical structural hardwood plywood, North American softwood and Chinese non-JAS products. Tropical Type one structural panels flooded the market after the March disaster and current inventories are sufficient.

The price for 12 mm Tropical structural type one plywood is about Yen 900 per sheet delivered in Tokyo. Prices for Special type are about Yen 960-970 delivered. According the JLR inventories of 9 mm Special type are low. Prices for imported 2.4 mm type two thin panel are between Yen 360-370 per sheet delivered.

Imported Log and Sawnwood Prices

Logs for Ply Manufacture, CIF	Yen per Koku
Meranti (Hill, Sarawak)	(Koku=0.278 m^3)
Medium Mixed	8,500⬇
Standard Mixed	8,600⬇
Small Log (SM60%, SSM40%)	8,200⬇
Taun, Calophyllum, others (PNG)	7,100⬇
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	155,000
Mixed Seraya, Sangi 24x48mm, 1.8-4m, S2S	58,000

Wholesale Plywood Prices (Tokyo)

Indonesian & Malaysian Plywood	Size (mm)	Oct (¥ per sheet)	Nov (¥ per sheet)
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	370	370
3.7mm (med. Thickness, F 4star, type2)	910 X 1820	540	540
5.2mm (med. Thickness, F 4star, type 2)	910 X 1820	630	630
12mm for foundation (F 4star, special)	910 X 1820	1120	1120
12mm concrete-form ply (JAS)	900 X 1800	970	970
12mm coated concrete-form ply (JAS)	900 X 1800	1100	1100
11.5mm flooring board	945 X 1840	1480	1450
3.6mm baseboard for overlays (OVL)	1220 x 2440	980	990

Report from China

Log and sawnwood imports through Jiangsu Port continue to grow

According to the Jiangsu Entry-Exit Inspection and Quarantine Bureau, in the first ten months of 2011 timber imports through Jiangsu port were 11.39 million cubic metres valued at US$2346 million, up 45 percent in volume and 42 percent in value from the same period in 2010.

Of the total, sawnwood imports amounted to 954,800 cubic metres valued at US$240 million. Timber imports through Jiangsu ports were from 63 countries and regions. In the first ten months of 2011, 49 percent were from Oceania, 25 percent from North America, 12 percent from Russia, 10 percent from Africa and the balance from South East Asia.

Russian logs dominate imports through Manzhouli port

According to Customs statistics from Manzhouli Port, during the period January to October log imports through Manzhouli Port were 6.22 million cubic metres valued at US$890 million, up 17 percent in volume and 31 percent in value from the same period in 2010. All the imported logs were from Russia.

Business in this area is dominated by log imports. Imports by the so called 'petty trade' amounted to 6.03 million cubic metres, up 17 percent and 97 percent of the total. Just 2 percent of the log imports were by endusers and only 1 percent of the logs were imported by general traders.

Private enterprises were the main logs importers. Log imports by private enterprises amounted to 6.11 million cubic metres, up 21 percent on the same period last year and accounted for 98 percent of the total.

Mongolian enterprises were the dominant importers handling 6 million cubic metres of logs. Only 2 percent of the logs were imported for use by Heilongjiang enterprises. The rest of logs were for use by manufactures in Beijing and Liaoning.

Analysts say the main reasons for the increase in logs imports is because demand for timber in the domestic market is increasing while at the same time domestic timber production is decreasing due to the further implementation of Natural Forest Protection Programme (NFPP).

Another factor is that the size and quality of imported logs is better than that of domestic logs. In addition, prices for most imported logs are lower than that of domestic logs as the RMB has continued to appreciate.

Expanded rail network will improve distribution capacity at Xiuyu Port

According to the statistics from Putian Entry-Exit Inspection and Quarantine Bureau, in the first ten months of 2011, timber imports through Xiuyu Port were 450,500 cubic metres valued at US$70 million, up 68 percent in volume and 60 percent in value from the same period in 2010.

Currently Xiuyu Port is one of the most important log distribution centres. It has been reported that timber shipments from the US, Canada, Russia, Australia and Myanmar enter China through Xiuyu Port.

An efficient distribution chain from handling, transport and processing has been established in Xiuyu district. The timber industry in the area is one of the top five industries according to the Xiuyu government's Twelfth Five-Year Plan.

It is forecast that timber imports through Xiuyu Port will increase further as development of its railway network is completed and with the implementation of the agreement for phytosanitary requirements on Canadian logs exported to China.

Taizhou furniture industry handicapped by poor technology and a shortage of designers

Taizhou City, Zhejiang Province is one of top production and exporting bases in China. The city has a huge and highly competitive furniture industry with furniture industry clusters and good supporting industries. However, furniture exports through Taizhou City are set to decline in the face of global economic weakness.

According to Taizhou Customs, during January to October the value of furniture exports through Taizhou City rose 15 percent to US$880 million. But this rate of growth marked a decline of around 10 percent from the same period in 2010.

Of the total exports, the value of furniture exports to the EU rose 13 percent to US$330 million, making up 37 percent of the total.

The value of furniture exports to the US grew 27 percent to US$120 million, making up 14 percent of the total.

The value of furniture exports to Latin America rose 52 percent to US$35.72 million, to ASEAN exports grew 30 percent to US$32.55 million and to Russia exports rose 92 percent to US$20.5 million. However, the value of furniture exports to Africa fell 10 percent to US$41.79 million.

Local experts think that the main problems faced by the Taizhou furniture industry is that currently they have no furniture brands of their own due to poor technological support and a shortage of professional designers.

As a result furniture products from the area enter the international market at low prices. In addition, the Taizhou furniture industry has a poor capacity for research, development and innovation resulting in the prevalence of imitation furniture. The industry is being urged to respect intellectual property rights and develop their own brands and styles.

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 ImportedTimber 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		6500-8500
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 dia.	1800
White Pine	6m, 24-28cm dia.	1750
Korean Pine	4m, 30cm dia.	-
	6m, 30cm dia.	-
Mongolian Scots Pine	6m, 30cm dia.	1580

Hebei Shijiangzhuang 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

Report from Europe

Slow buying of bangkarai decking in Europe

According to the latest issue of EUWID, the Germany-based wood trade journal , central European importers were holding relatively high stocks of bangkirai decking at the end of the 2011 summer season and have therefore been off-loading these at below replacement value.

This situation has arisen partly due to shipment delays which led to significant volumes of bangkirai decking scheduled for June arrival not reaching Europe until October or even early November. Economic uncertainty combined with the existing surplus has dampened interest in new orders for the 2012 season.

EUWID also reports that CIF euro prices for Malaysian meranti window scantlings have been rising throughout 2011 and are now 20-25% higher than the start of the year. This is due to the rise in the dollar value against the euro combined with limited supplies of roundwood in South East Asia. Prices are now at such a level that European manufacturers are actively looking for substitutes.

On the other hand, according to EUWID, the supply situation is less tense for meranti lumber with currently available supplies still higher than existing weak demand. Falling freight rates and slightly lower FOB US$ prices offered by Malaysian exporters have helped to offset the impact of the weakening euro to keep CIF euro prices relatively level for European importers.

European furniture consumption weakening in 2011 after rising in 2010

Last year, the value of EU furniture consumption increased 4% to €76.2 billion, supporting a 2% increase in production and a 21% increase in imports from countries outside the EU. However signs are that furniture consumption is slipping back again during 2011 as economic uncertainty has mounted.

European manufacturers and brands continue to dominate the European furniture market. Last year, European furniture production was valued at €72.82 billion and domestic manufacturers accounted for well over 80% of the value of products supplied to the EU.

This partly reflects strong consumer loyalty to European brands in some EU countries, combined with strong technical, design and marketing skills, particularly prominent in the major German and Italian furniture sectors. Together these two countries account for nearly half of all furniture produced in the EU.

Another factor limiting market opportunities for furniture suppliers outside the EU is fragmentation of retailing activities in many European countries. This greatly complicates the process of identifying buyers and marketing products.

Table 1: EU-25 and Member State furniture production, trade and consumption 2005-2010, € billion

	2005	2006	2007	2008	2009	2010
Production						
EU 25 TOTAL	74.85	77.80	81.47	81.51	71.07	72.82
Italy	19.84	19.31	19.83	19.80	19.99	20.29
Germany	13.28	14.35	14.95	15.13	13.08	13.33
UK	8.60	8.66	9.00	7.58	5.99	6.25
France	5.87	6.00	6.30	6.09	5.58	5.55
Spain	7.39	7.76	7.89	6.87	4.91	4.70
Poland	3.91	4.46	5.32	5.03	4.28	4.63
Exports						
EU 25 (to non-EU)	8.57	9.42	10.48	11.62	9.22	10.21
Italy	8.07	8.53	9.16	9.32	7.29	7.75
Germany	4.98	5.70	6.56	8.13	7.01	7.55
Poland	3.47	3.75	4.23	5.77	4.92	5.70
France	1.66	1.81	1.99	2.39	1.95	1.73
Czech Republic	0.54	0.57	0.64	1.70	1.38	1.62
Sweden	1.37	1.54	1.66	1.70	1.43	1.59
Denmark	2.09	2.09	2.12	1.82	1.49	1.49
Imports						
EU 25 (from non-EU)	8.99	10.16	11.75	13.04	11.20	13.57
Germany	5.35	5.49	5.74	8.32	7.90	8.96
France	4.21	4.39	4.99	5.93	5.23	5.78
United Kingdom	4.92	5.22	5.60	5.63	4.38	5.04
Netherlands	1.98	2.08	2.37	2.55	2.18	2.37
Spain	1.59	1.62	2.12	2.64	1.91	2.26
Belgium	1.75	1.81	2.06	2.42	2.08	2.10
Italy	1.19	1.35	1.64	1.83	1.54	1.78
Apparent consumption						
EU 25 TOTAL	75.27	78.53	82.74	82.94	73.05	76.18
Germany	13.65	14.14	14.14	15.32	13.97	14.74
Italy	12.96	12.13	12.31	12.31	14.25	14.32
UK	12.48	12.76	13.46	12.17	9.61	10.45
France	8.41	8.58	9.30	9.64	8.86	9.59
Spain	7.72	8.17	8.64	8.01	5.58	5.70
Netherlands	2.72	2.77	3.11	3.32	2.72	2.67

Notes:EU-25 data excludes intra-EU trade.
EU Member State data includes intra-EU trade
Source: Eurostat/Prodcom Nace Ref 2 - 31000000 series of furniture code
http://epp.eurostat.ec.europa.eu/portal/page/portal/prodcom/data/database

Domestic furniture manufacturers also benefit from their natural proximity to consumers, a factor which, if anything, has become more significant in these times of tight stock control and just-in-time trading.

Proximity to the customer is particularly important in Europe’s large contract furniture sector involving supply of bespoke products and services, mainly to the hospitality sector (hotels, restaurants and bars) but also to the office, health, education, airport, and marine sectors.

The contract sector accounts for a very significant share of all furniture demand in most European countries. In the UK for example the contract sector is believed to account for 30% of furniture sales.

Despite these obstacles, the value of furniture imports into the EU from outside the region increased by 21% last year to reach €13.57 billion, with particularly strong growth in imports from China, Vietnam, Indonesia, and Malaysia.

EU imports of wood furniture rebounded strongly in 2010

The following table provides more detailed information on recent trends in EU imports of wood furniture from outside the region.

It highlights that after the significant decline in the value of imports in 2009, imports of wood furniture rebounded strongly by 17% in 2010 to reach nearly €5.8 billion.

EU wood furniture imports rose strongly last year from China (+28%), Vietnam (+15%), Indonesia (+15%), Malaysia (+10%), Thailand (+10%) and India (+15%). This strong rebound in imports was evident in all the major EU consuming countries including the UK, Germany, France, Netherlands, Belgium, Italy and Spain.
EU 25 Furniture Imports.

	Value (€ million)						
	Year					Jan-Jun	
	2006	2007	2008	2009	2010	2010	2011
Supplier							
China	2159	2813	2788	2355	3025	1491	1322
Vietnam	473	560	585	469	539	340	314
Indonesia	552	570	481	378	434	254	202
Malaysia	304	343	296	264	291	160	127
Brazil	250	262	234	198	190	97	73
Turkey	118	139	162	163	164	80	86
Norway	170	170	166	140	156	84	73
Thailand	138	151	139	131	143	71	67
Switzerland	200	206	205	154	142	68	69
India	154	178	157	120	138	68	64
Other	716	769	679	550	558	286	277
Total	**5234**	**6161**	**5892**	**4922**	**5780**	**2999**	**2672**
Importers							
UK	1679	1958	1707	1445	1675	861	756
Germany	584	707	790	794	967	494	476
France	624	733	727	633	816	418	400
Netherlands	344	412	435	391	459	235	207
Belgium	222	258	281	223	282	155	137
Italy	328	366	347	251	280	150	138
Spain	362	410	346	221	274	147	111
Denmark	298	324	289	216	257	140	99
Sweden	199	245	232	166	200	101	90
Austria	71	84	90	102	99	49	53
Greece	96	145	143	98	90	53	34
Poland	60	92	117	82	81	37	34
Ireland	169	177	125	69	61	33	24
Other	197	249	263	230	241	127	111
Total	**5234**	**6161**	**5892**	**4922**	**5780**	**2999**	**2672**

However, as austerity has begun to bite and other signs of economic strain have emerged in Europe during 2011, EU imports of wood furniture have weakened again in 2011. In the first 6 months of the year, the value of imports fell by 11%.

Imports were down from all the major supply countries including China (-11%), Vietnam (-8%), Indonesia (-20%), Malaysia (-21%) and Brazil (-24%). As with the upturn, the downturn has been almost universal across all EU Member States.

Unfortunately the trade data does not allow for any reliable separation of furniture into exterior and interior products. In the past, tropical countries have dominated markets for weather-resistant exterior furniture products, while temperate countries have dominated markets for interior furniture products where diversity of look and grain is more important.

This simple division has been breaking down rapidly. Tropical countries like Vietnam, Indonesia and Malaysia have increasingly diversified into interior furniture products. This trend has been driven by a combination of tightening supply and rising prices for tropical hardwoods and the competitiveness of South East Asian countries able to draw on relatively low labour costs and traditional wood-working skills.

Originally, most interior products supplied to Europe by South East Asian countries were based on local plantation timbers, notably rubberwood. However, these countries are now importing increasing volumes of temperate hardwoods, from both Europe and the United States, for manufacture and re-export of interior furniture.

Product innovation increases pressure on tropical hardwood garden furniture

The growing expense and rarity of good quality tropical hardwoods suitable for exterior furniture, combined with the environmental concerns of European retailers and innovations in other material sectors, has meant tropical hardwoods have continued to lose share in the European garden furniture sector.

This is well illustrated by a recent report on new trends in European garden furniture contained in the latest issue of World Furniture published by CSIL, the Italian furniture research organisation (http://www.worldfurnitureonline.com/).

There is no mention of tropical hardwood in the report which instead focuses heavily on new High Density Polyethylene (HDPE) fibres which allow manufacturers to design furniture suitable for all weather use. This synthetic rattan is typically woven onto a lightweight metal structural frame and is available in a multitude of colours and weaving patterns.

The article claims that HDPE is non-toxic and recyclable and that it also offers high Grey Scale ratings (low rate of colour loss due to weather exposure).

The article also highlights the development of new products based on "recycled and recyclable" materials, for example combining hemp fibre, specially treated against UV radiation, with stainless steel tubing which is "electrolytically polished" to remove surface ferrous particles and ensure increased resistance to atmospheric corrosion.

These products may be designed to ensure that all components can be fully disassembled, thus simplifying the recycling process and helping to reduce the environmental impact.

While it may be little consolation to wood producers, many of these products supplied into Europe are also now manufactured in South East Asia.

Large retailers increasingly dominate the UK furniture sector

The latest edition of CSIL's World Furniture magazine provides commentary on other key trends impacting on Europe's furniture sector. A special article on the UK furniture retailing sector highlights that major structural changes are underway.

While the UK imports large volumes of furniture from Germany, Italy and Poland, relatively high levels of consolidation in the retail sector has been a major factor behind the UK's emergence as by far the largest importer of furniture from countries outside the EU, particularly China but also including Vietnam, Indonesia and Malaysia.

World Furniture reports that UK imports from Germany and Italy have generally been declining in recent years, while imports from China, South East Asia and Poland have tended to rise.

According to World Furniture, the UK market remains tough with little or no growth this year. 2011 has seen some significant bankruptcies in the furniture retailing sector.

In May 2011, the Focus DIY group, with 178 stores and a turnover of €524 million has been the largest retail bankruptcy in the UK this year. It was closely followed in June by national furniture retailer Habitat which operated a network of 30 stores around the country.

Most recently, the Homeform Group has also gone into administration, and is trying to sell its Moben and Dolphin brands in an effort to save its Sharps and Kitchens Direct businesses.

The structure of the UK furniture sector is now shifting, says World Furniture. Smaller independent furniture retailers have suffered the most during the recession, while larger retailers have continued to increase their dominance.

This includes department stores led by Home Retail Group, Marks & Spencer and The John Lewis Partnership, furniture retailer chains like IKEA and Furniture Village, together with kitchen specialists like Magnet, Harvey Jones and Moben, and upholstery specialists like DFS and Reid Furniture. Buying groups are also becoming increasingly important in the market.

Large DIY retailers like B&Q and Wickes, more concentrated now following the collapse of Focus, are also playing a more important role in the market, particularly at the bottom end and in the garden furniture segment. However, according to World Furniture, the fastest growing segment is mail order business, much of which is controlled by existing dominant retailer brands through their new direct sales divisions.

German furniture demand remains buoyant

The latest edition of World Furniture also highlights that Germany has been one of the few bright spots in Europe's furniture sector this year. Furniture production is expected to be up 5% overall in Germany this year, with particularly large increases in office furniture production (+22.8%) and shop fitting (14.9%).

Most other sectors are forecast to record production growth of between 4% and 6% this year, with only the upholstered furniture sector giving any cause for concern. German import and export flows are also expected to remain positive for 2011 as a whole.

Interaction between European and Chinese furniture sectors

Today, no review of the furniture sector in any part of the world would be complete without mentioning China. An interesting dynamic is emerging between China, the world's largest furniture producer and exporter, and Europe which still plays host to the world's largest and most innovative furniture design community and most desirable furniture brands.

In the early days of China's efforts to penetrate the European furniture sector, manufacturers were seemingly content to focus on a volume-driven rather than a product-and-design-driven industrial strategy.

The early emphasis was on contract manufacturing, mainly at the lower end of the market, rather than on own-brand furniture manufacturing. However, there has been growing recognition amongst Chinese manufacturers that this will lead to progressive loss of competitiveness as the barriers to entry in contract manufacturing are relatively low and there will always be opportunities for manufacturers in lower-cost locations to take market share.

Therefore, as labour and other costs in China have been gradually rising, the future growth of the Chinese furniture industry is closely tied to its penetration of the middle range. According to World Furniture, this is now beginning to happen.

Many of China's leading firms (Kuka for upholstered furniture, Matsu for office furniture, Oppein for kitchens) today use a combination of Chinese, Asian and European designers for their own production. They are also introducing first class technologies into all the major furniture districts.

Another factor affecting the dynamic between European and Chinese firms is the beginnings of a "reversal in trade". No longer is it just about Chinese furniture firms increasing penetration of the European market. It is also about European firms taking a share of the potentially vast opportunities emerging in China's domestic market.

The recent appreciation of the Remimbi (from a rate of 10 to the Euro, to the current 8.5) is beginning to make Chinese exports more difficult and imports more accessible. Rising income and emergence of a new middle class of consumers means that China is becoming more interesting for European furniture players.

According to World Furniture, German and Italian producers of high-quality brand-name furniture are becoming more engaged in selling to China. They now face the difficult choice between exporting to China and producing locally.

Some firms have failed in their attempt to produce locally (e.g. Decoro) or have chosen to sell to third parties (Faram). Others have been more successful, for example Natuzzi has become one the best-selling brands in China, while Colombini which specialises in children's furniture now has almost 100 sales outlets in China.

Russia to accede to the WTO in 2012

The World Trade Organization finalised terms for Russia's membership in early November, which should enable it to gain final approval from WTO trade ministers at a meeting in December and to join the body early next year.

To gain admittance, Russia had to bring its own laws into line with WTO rules and satisfy the 153 existing members that it is committed to enforcing WTO standards.

The accession agreement states that the tariff ceiling for imports of wood and paper products into Russia will be reduced from the current level of 13.4% to 8%. In the long term, this is expected to provide new opportunities for suppliers in other countries to develop sales in Russia.

However, a more immediate and dramatic effect of WTO accession may be to liberalise Russia's log exports. Russia was formerly a key source of raw logs, mainly softwood, to the international market.

This changed when Russia increased its wood export duties in 2006 from 2.5 euros ($3.3) per cubic meter, reaching 15 euros in 2008.

Russia's log exports fell from 51.1 million m3 in 2006 to only 21.4 million m3 in 2010. Following Russia's accession to WTO, export tariffs are expected to be progressively cut on birch and aspen logs by 75% and on spruce and pine logs by 50%.

In the European market, this move is expected to have a particularly dramatic effect on log supply to the pulp and paper sector in Scandinavia. Scandinavian companies imported around 12.3 million cubic meters of Russian logs in 2008, but with imposition of the export tariffs these imports halved the following year and stood at 7.3 million cubic meters in 2010.

This had a particularly profound effect on the Finnish industry which subsequently announced closures of 10 paper and pulp mills and reduced overall production by nearly a fifth in 2007-10.

Russia's accession to the WTO will open the door once again to EU log imports from Russia. However, due to the closure of some Scandinavian mills previously dependent on the supply, and the development of alternative sourcing strategies by remaining mills, there is little expectation that European imports will ever return to previous levels.

Netherlands Imported Sawnwood Prices

FOB (Rotterdam)	US$ per m^3
Sapele KD	893↓
Iroko KD	1179↓
Sipo KD	1098↓
DRM Bukit KD	904↓
DRM Seraya KD	911↓
DRM Meranti KD Seraya MTCC cert.	932↓
Merbau KD	1201↓
Sapupira (non FSC) KD	989
Sapupira (FSC) KD	1624
Anti-slip decking AD C&F Rotterdam	
Selangan batu	1716

UK Imported Log Prices

FOB plus commission		€ per m^3
N'Gollon (khaya)	70cm+ LM-C	370-380
Ayous (wawa)	80cm+ LM-C	250-270
Sapele	80cm+ LM-C	330-380
Iroko	80cm+ LM-C	400-480
African Walnut	80cm+ LM-C	360-390

UK Imported Sawnwood Prices

FOB plus Commission		GB Pounds per m^3
Framire	FAS 25mm	460-480
Sipo	FAS 25mm	645-685
Sapele	FAS 25mm	535-545
Iroko	FAS 25mm	680-710
Wawa	FAS25mm	270-280
CIF plus Commission		
Tulipwood FAS 25mm		235-255
Meranti Tembaga Sel/Btr (KD 2"boards)		550-570↓
Balau/Bangkirai Decking		1060-1090↑
White Oak		445-465

UK Imported Plywood and MDF Prices

Plywood Panels 8x4", CIF	US$ per m^3
Brazilian WBP BB/CC 6mm	price not available
Malaysian WBP BB/CC 6mm	605-630
MALAYSIA MTCS/PEFC trop hard face, pine core* 18mm	540-560
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

Strong mahogany use in furniture at High Point Market

More than 90% of the bedroom and dining room furniture exhibited at the High Point Market used solid wood or veneer according to the trade association Appalachian Hardwood Manufacturers. The High Point Market is North America's largest furnishing industry trade show, where the annual Furniture Styles and Material Use Survey was carried out.

American cherry is the leading species used in bedrooms, dining rooms, home offices and in entertainment cabinets, followed by American walnut and red oak. Mahogany was in fourth place with high levels of use in all types of furniture surveyed.

Mahogany share in furniture exhibited at High Point Market

Furniture	*2011 Share*	*2010 Share*
Bedroom	8%	5%
Dining	9%	5%
Home Office	8%	5%
Wall Units, Entertainment Centres	12%	5%

Source: Appalachian Hardwood Manufacturers

The survey results do not show what species were included in the "mahogany" category, but the relatively high use percentages indicate that it includes species such as khaya.

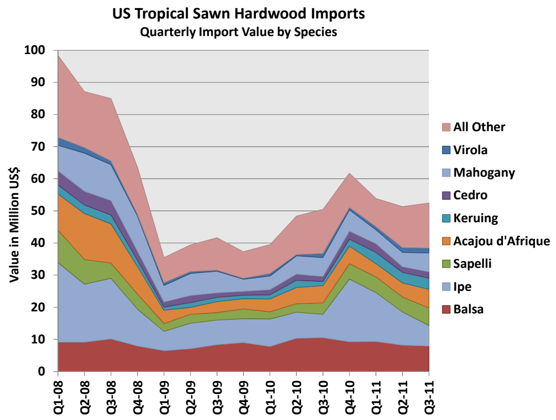
Other tropical and subtropical species did not see much use at the show, with the exception of plantation species such as rubberwood and acacia, as well as wenge. The use of materials other than wood, including painted and overlayed wood, decreased from 12-14% in 2010 to less than 10% this year.

Third quarter increase in sawn tropical hardwood imports

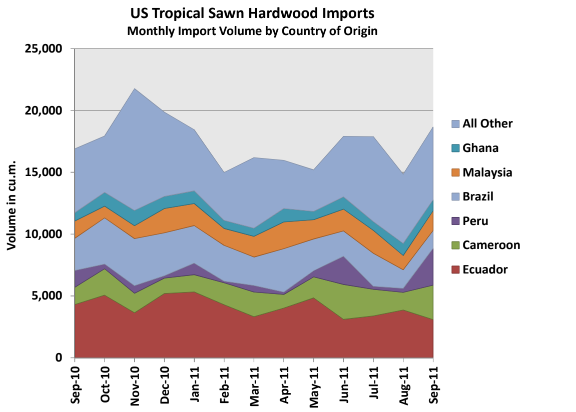
In the third quarter of 2011 the value of US imports of sawn tropical hardwood increased by 2% from the previous quarter. Imports did not reach the high levels seen in the last quarter of 2010, but the value of year-to-date imports is still 13% above 2010. This compares to a gain in year-to-date import volume of just 3%.

The US imported US$50.9 million of sawn tropical hardwood in the third quarter of 2011, up from US$49.8 million in the second quarter. Among the species that gained the most year-to-date are keruing (+110%), sapelli (+80%), virola (+61%) and ipe (+34%).

On a monthly basis, the volume of sawn tropical hardwood imports increased from August by 26% to 18,666 cu.m. in September. Imports of balsa were 3,063 cu.m. (-23% year-to-date), virola 2,370 cu.m. (+70% year-to-date), acajou d'Afrique 2,267 cu.m. (-13% year-to-date), mahogany 1,284 cu.m. (-14% year-to-date), keruing 1,243 cu.m. (+83% year-to-date), and ipe 1,051 cu.m. (-8% year-to-date).



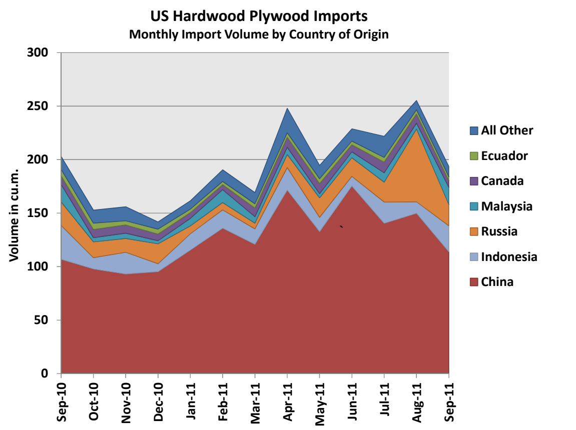
Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics



Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

China's share in plywood imports declined in September

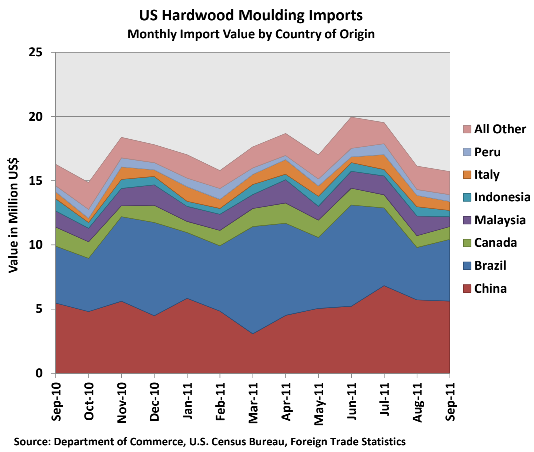
US hardwood plywood imports declined by 24% to 193,548 cu.m. in September. Year-to-date plywood imports were unchanged from the previous year. Imports from China were at 113,862 cu.m. (+16% year-to-date), accounting for just 59% of total US hardwood plywood imports in September. Imports from Indonesia were 24,296 cu.m. (-34% year-to-date), from Malaysia 16,140 cu.m. (-53% year-to-date) and from Ecuador 3,577 cu.m. (-19%).



Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

Moulding imports from China surpassed Brazil's in September

US imports of hardwood moulding weakened again in September. The value of imports was US$15.7 million in September, down 3% from the previous month. Brazilian shipments accounted for 34% of year-to-date imports compared to 30% from China. In September, Brazil shipped US$4.8 million worth of hardwood moulding (+38% year-to-date), compared to US$5.6 million from China. Imports from Malaysia declined to US$771,000 in September, but on a year-to-date basis Malaysian shipments are 32% above 2010.



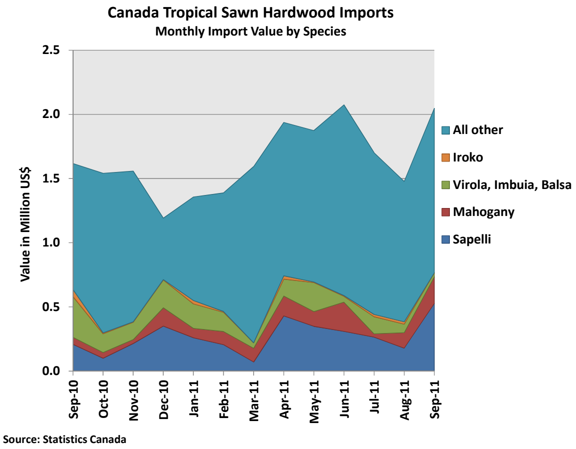
More hardwood flooring imported from Indonesia

Hardwood flooring imports increased by 4% to US$2.7 million in September, up 53% compared to year-to-date 2010. China regained its position as leading supplier from Malaysia in August, but at US$851,000 imports from Malaysia remained high nonetheless (+81% year-to-date). China exported US$982,000 (+66% year-to-date). Together China and Malaysia account for half of the US' total hardwood flooring imports. Indonesia shipped US$346,000 (+280% year-to-date), while imports from Brazil declined to US$86,000 (-15% year-to-date).

Canadian imports of sawn tropical hardwood up in September

Canada imported US$2 million worth of sawn tropical hardwood in September, up 38% from August. This brings Canadian imports back to the high levels seen in spring and early summer.

The strong increase in imports was mainly due to higher sapelli shipments, which reached the highest level seen so far this year at US$526,378. Demand for mahogany was also strong and imports reached US$208,333 in September, up 72% from August.



Statistic Canada revised the monthly import value data since they were reported in the TTM report number 20. The revised import data is shown in the graph below. 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.

US Imported Timber prices

	Oct-11 US$ per cu.m	Nov-11 US$ per cu.m
Ipe (Brazil) Decking Premium Grade AD, 1x6, FOB Belem	2725	2725
Ipe (Brazil) Decking Premium Grade AD, 5/4x6, FOB Belem	2650	2875⬆
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	950	975⬆
Sapele (Cameroon) FAS AD, FOB Douala	765	775⬆
Sapele (Cameroon) 4/4 to 8/4 FAS KD, FOB Douala	910	925⬆

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.

Chinese housing data may show prices in the nation's four biggest cities are falling as Premier Wen Jiabao pledges to maintain a one-and-a-half year battle to lower prices to a "reasonable" level. Housing prices in Beijing, Shanghai, Guangzhou and Shenzhen -- home to 66 million people -- dropped from a month earlier by as much as 0.3 percent in October.
http://www.bloomberg.com/news/2011-11-16/china-s-home-price-slide-has-analysts-betting-on-government-policy-change.html

David Cameron has woken up to England's housing crisis. A Tory party once wedded to a "home-owning democracy" now finds itself presiding over a significant fall in home ownership, hence a new housing strategy unveiled recently. Whitehall figures tell their own dismal story. House-building in England has fallen to the lowest level since the mid-1920s, a downturn compounded last year by the local government secretary.
http://www.guardian.co.uk/society/joepublic/2011/nov/22/housing-crisis-not-solved?newsfeed=true

The effects of the European debt crisis and sluggish U.S. growth are radiating into Asia's export-driven economies, putting brakes on the rebound from the 2009 global recession. Singapore, seen as a bellwether of Western demand because of its very high reliance on trade, said its economy would likely suffer a sharp slowdown next year as export orders from developed countries wane.
http://www.google.com/hostednews/ap/article/ALeqM5gp8Dkzxv5JsyBiS7GBHXU9bx9WYg?docId=871ba45439c24977a5b2775749481d3c

Eight South American countries pledged to boost cooperation to protect one of the planet's largest natural reserves from deforestation and illegal trafficking in timber and minerals. Representatives of Brazil, Bolivia, Colombia, Ecuador, Guyana, Peru, Suriname and Venezuela gathered in Manaus, northern Brazil, also vowed to speak with one voice at next June's UN conference on sustainable development in Rio.
http://www.google.com/hostednews/afp/article/ALeqM5iynf8snTX1hO1Lk1NXKVBO3f2D0w?docId=CNG.bfa54a79a930d534ee98651ad9b8507c.571

Foreign shipping firms have to wait longer to get permission to transport cargo between local ports in India as shipping ministry wants wider discussion on the subject. Shipping minister GK Vasan made this clear at his meeting with Kerala chief minister Oommen Chandy recently. Chandy had sought a quick decision on relaxing current restriction on entry of foreign vessels for coastal shipping to unlock the business potential of a trans-shipment hub at Vallarpadam, Karala.
http://www.financialexpress.com/news/wait-for-foreign-companies-to-ship-cargo-between-ports-in-india-gets-even-longer/879710/

Latest figures confirm the tough conditions facing Australia's timber industry. Australian Forest and Wood Products Australia chief executive David Pollard said the figures confirmed the difficult trading conditions for Australian wood products manufacturers. These would soon be further adversely affected by the introduction of the carbon tax, he said. Forest product imports rose by 5 per cent to $4.4 billion in 2010-11, particularly wood-based panels and sawn wood imports, up 16 per cent and 10 per cent respectively, according to the March and June quarters 2011 Australian Forest and Wood Products Statistics report.
http://www.theage.com.au/business/property/chips-down-in-timber-industry-20111113-1ndoa.html

The Nelson Marlborough Institute of Technology and Arts (NMIT) building's sustainable timber seismic design was announced as a winner at The Institution of Structural Engineers UK's Structural Awards 2011 ceremony held in London on 18 November. Winning the Education / Healthcare Structures category in these prestigious international awards positions Aurecon amongst the world's most talented structural designers and acknowledges its indispensable contribution to the built environment. Aurecon's highly innovative "all timber" building design has a seismic bracing system which is a world first application of rocking LVL shear walls based on PRESSS technology.
http://www.scoop.co.nz/stories/ED1111/S00147/award-recognises-nz-timber-seismic-design-excellence.htm

The recent frenzy of log and lumber exports to China, which sent ripples rolling through various parts of timber industry this year, has experienced a sudden slowdown. The U.S. Forest Service's Pacific Northwest Research Station reported that West Coast log and lumber exports had already surpassed calendar 2010 totals during the first nine months of 2011. "The increasing shipments to China are the main driver of the hike in log and lumber exports from the West Coast," said Xiaoping Zhou, a research economist with the station.
http://www.newsregister.com/article?articleTitle=booming+asian+log+trade+suddenly+goes+bust--1322072650--2103--home-news

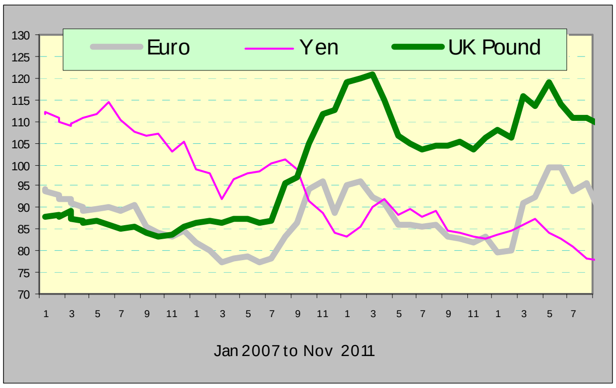
Vietnam ranks amongst 10 biggest wood product exporters in the world with the country's furniture export turnover having crossed US$4 billion this year. However, Vietnamese wood product enterprises are focused more on finding new markets in the world and have forgotten and pay little attention to developing the domestic market which has an annual turnover of about US$1 billion. According to the Handicraft & Wood Industry Association (HAWA) in Ho Chi Minh City, to develop the domestic market, enterprises need to survey and adopt a long-term strategy.
http://www.saigon-gpdaily.com.vn/Business/2011/11/98444/

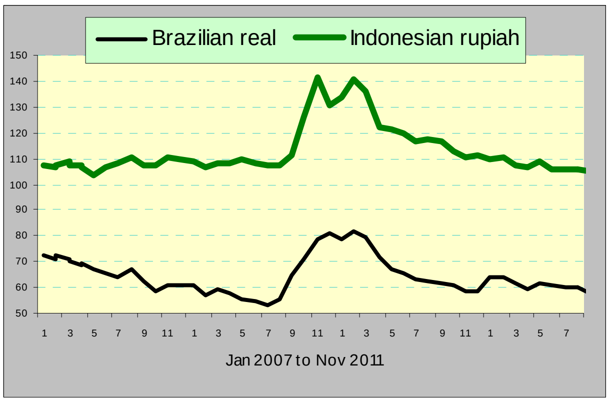
Main US Dollar Exchange Rates

As of 28th November 2011

Brazil	Real	1.8889
CFA countries	CFA Franc	491.43
China	Yuan	6.3822
EU	Euro	0.7507
India	Rupee	52.2545
Indonesia	Rupiah	9055
Japan	Yen	77.96
Malaysia	Ringgit	3.2081
Peru	New Sol	2.7024
UK	Pound	0.6448
South Korea	Won	1150.15

Exchange rates index (Dec 2003=100)

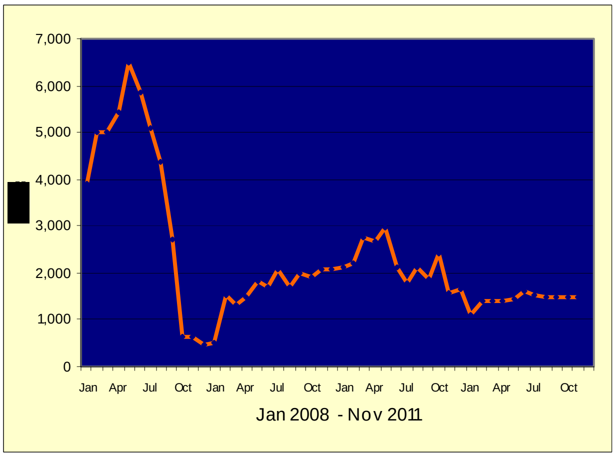




Abbreviations and Equivalences

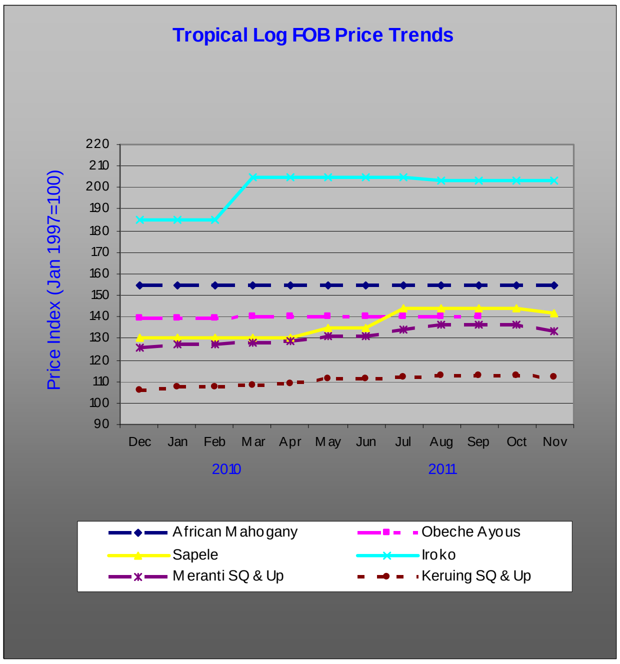
Arrows	Price has moved up or down
BB/CC etc	quality of face and back veneer
BF, MBF	Board foot, 1000 board foot
Boule	bundled boards from a single log
CI, CE, CS	Supplinementaire
CIF, CNF	Cost insurance and freight
Clean Sawn	square edged boule
FAS	First and second grade of sawnwood
FOB	Free-on board
Genban	Sawnwood for structural use in house building
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

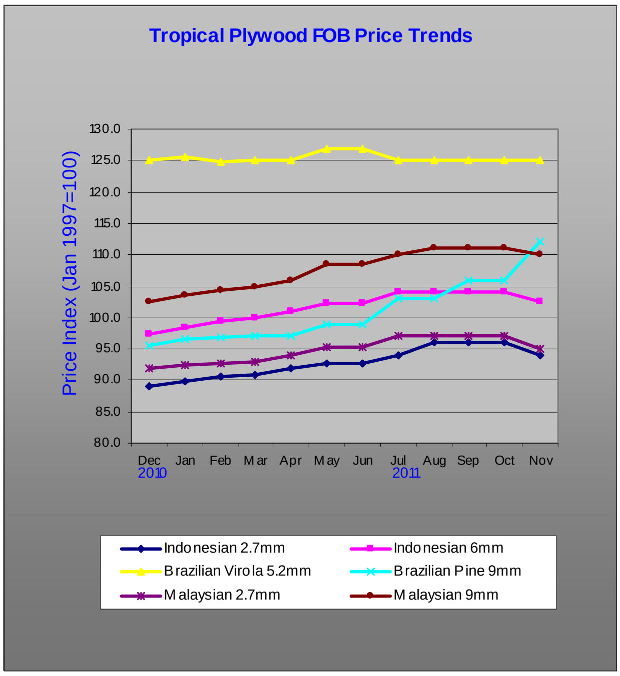


The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

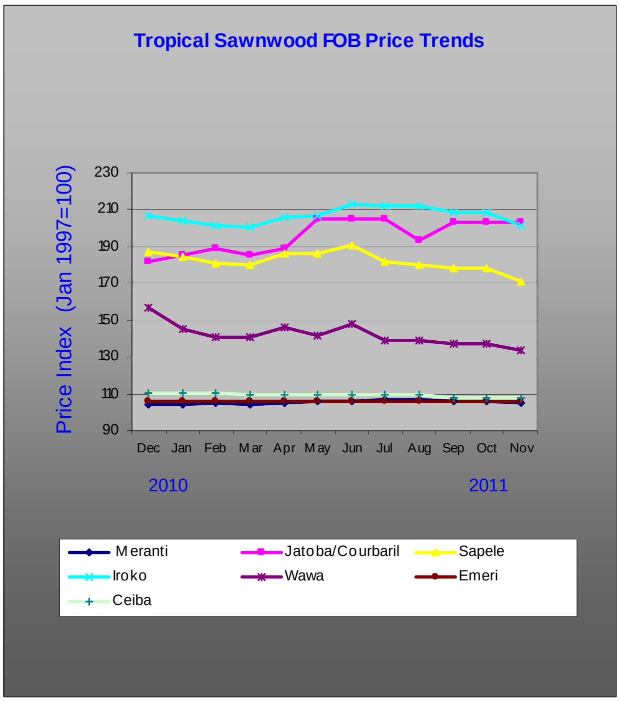
Tropical Log Price Trends



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?pageId=199

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