Tropical Timber Market Report since 1990

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Snapshot

The European summer holiday period cooled markets in Europe and West Africa. Instability in global markets continued to negatively impact Malaysian prices. High timber prices in Asia had UK buyers seeking alternative markets, particularly in West Africa.

China's export market showed increasing strength in the first half of 2007. In Latin America, Bolivia and Peru had increased their market shares in the EU from January to July 2007. In comparison, Brazilian exports from Pará were lower during the same period, and smaller producers were adversely affected by the reduction of exports.

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Report from Central/West Africa

Markets quiet due to European holiday period

During the first half of August, no price changes in logs or lumber were recorded. For logs, however, there was a small sign of recovery in purchases from Chinese buyers. Ships are now waiting to be fully loaded and, although this is not a sure sign of revival in market demand, it marks a move toward resumption of normal trading conditions. The new quota restrictions on log exports in Gabon and Congo Brazzaville have assisted greatly in keeping log prices relatively stable over the last few months and the minor improvements in the market due to Chinese buying patterns should help reinforce market stability.

Negotiations on quota volumes for producers are continuing, though it is understood those issued so far are not yet being applied to log exporters. It appears that the total amount of exports had been reduced while still allowing for sufficient volume to keep processing mills fully supplied and a moderate level of logs ready for export.

The European market was very quiet with virtually no buying activity due to the vacation period. At the end of this period, it is likely that industry will be carefully watching the global markets before making new commitments.

West Africa Log Prices

West Africa logs, FOB	€ per m³		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	221	190	175
Ayous/Obéché/Wawa	221	205	168
Azobe & Ekki	183	167	152
Belli	244	244	-
Bibolo/Dibétou	168	168	114
Bubinga	533	457	381
Iroko	289	274	259
Okoume (60% CI, 40% CE, 20% CS)	-	150	-
Moabi	297	297	236
Movingui	205	190	152
Niove	129	129	-
Okan	198	198	152
Padouk	305	305	267
Sapele	267	252	205
Sipo/Utile	320	290	251
Tali	190	190	152

Gabon Okoumé logs, FAS*		€ per m³	
		Asia	Europe
Grade	QS	213	219
	CI	171	171
	CE	146	150
	CS	108	111

*Based on SNBG official prices

West Africa Sawnwood Prices

West Africa sawnwood, FOB		€ per m³
Ayous	FAS GMS	396
	Fixed sizes	427
Okoumé	FAS GMS	335
	Sel. & Bet. GMS Italy	310
	Sel. & Bet. fixed sizes	-
Sipo	FAS GMS	540
	FAS fixed sizes	-
	FAS scantlings	550
Padouk	FAS GMS	600
	FAS scantlings	630
	Strips	425
Sapele	FAS Spanish sizes	550
	FAS scantlings	580
Iroko	FAS GMS	458
	Scantlings	519
	Strips	304
Khaya	FAS GMS	396
	FAS fixed	427
Maobi	FAS GMS	630
	Scantlings	645
Movingui	FAS GMS	460

Report from Ghana

New benefit sharing scheme for plantation timber

The Cabinet has approved a new benefit sharing scheme on these plantations, under which 40% of the produce obtained from the plantation areas would be allocated to the Forestry Commission (FC), 40% to farmers, 15% to landowners, and 5% to the local community. Since July 2001, Ghana has established about 43,000 hectares under the President's plantation development initiative. Over 46,000 full-time workers and approximately 1.1 million part-time workers have planted about 170,000 hectares of trees nationwide.

The announcement about the new benefit sharing scheme was made by Mr. Ahmed Bin Salih, Chief Director, on behalf of Prof. Dominic Fobih, former Minister of Lands, Forestry and Mines at the opening of the Seventh Quadrennial Delegates Conference of the Timber and Woodworkers Union (TWU) in Cape Coast. He noted that the Cabinet was also considering a reviewed benefit-sharing scheme for parties engaged in commercial plantation development in degraded forest reserves to ensure equity returns to investors as a means of facilitating speedy development of commercial plantations in the country. He also noted that the programme had made available fertile and productive agricultural lands within degraded forest reserves for farmers to boost food production and ensure food security.

Mr. Ahmed further noted that community participation in forest resource management and protection was also being enhanced through various alternative livelihood schemes instituted through projects that benefited over 1,000 people within forest fringe communities, noting that more than US$2.3 million had been disbursed to individuals in beneficiary communities for this purpose. He said the depletion of forest resources could not be reversed without the active participation of important stakeholders such as landowners, communities and other organizations within the timber trade.

Lessons learned by Ghana from benefit sharing schemes were in part due to previous experiences with afforestation projects. Mr. Joshua Ansah, General Secretary of TWU explained that 75 of the 240 hectares of land from chiefs and elders of Techiman at Kokoago set aside for an afforestation project ten years ago had been cultivated with various tree species. He said the project was implemented in partnership with the local community and the members enjoyed livelihood support activities such as beekeeping, mushrooms, fish, snail farming, and seasonal employment on the plantation. Ansah noted that the project was recently designated by the Building and Woodworkers International as the most sustainably managed project in the African union and recommended its model be replicated in Mali, Burkina Faso, Kenya and Uganda.

Ghana Log Prices

Ghana logs, domestic	US$ per m^3	
	Up to 80cm	80cm+
Wawa	70-90	95-120
Odum Grade A	150-160	165-185
Ceiba	60-80	85-110
Chenchen	55-80	85-105
Khaya/Mahogany (Veneer Qual.)	70-90	95-120⬆
Sapele Grade A	130-150	155-175
Makore (Veneer Qual.) Grade A	125-135	140-166

Ghana Sawnwood Prices

Ghana Sawnwood, FOB	€ per m^3	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	855	-
Asanfina	500	560
Ceiba	205	260
Dahoma	330	380
Edinam (mixed redwood)	380⬆	450
Emeri	380	435
Khaya/African mahogany	580	660
Makore	510	570
Niangon	550	-
Odum	750	780⬇
Sapele	500	610
Wawa 1C & Select	250	280

Ghana sawnwood, domestic		US$ per m^3
Wawa	25x300x4.2m	150
Emeri	25x300x4.2m	242
Ceiba	25x300x4.2m	130
Dahoma	50x150x4.2m	274
Redwood	50x75x4.2m	210
Ofram	25x225x4.2m	220

Ghana Veneer Prices

Rotary Veneer, FOB	€ per m^3	
	CORE (1-1.9mm)	FACE (<2mm)
Bombax	325	350
Kyere, Ofram, Ogea & Otie	325	360
Chenchen	260	360
Ceiba	280	315
Mahogany	425	460

The above prices are for full sized panels, smaller sizes minus 15%. Thickness below 1mm would attract a 5% premium.

Rotary Veneer, FOB Core Grade 2mm & up	€ per m^3
Ceiba	245
Chenchen, Ogea & Essa	295
Ofram	305

Sliced Veneer, FOB	€ per m^2	
	Face	Backing
Afrormosia	1.80	1.00
Asanfina	1.80	0.88
Avodire	1.05	0.75
Chenchen	0.72	0.61⬆
Mahogany	1.45	0.85
Makore	1.70	0.80
Odum	1.54	1.10⬇

Ghana Plywood Prices

Plywood, FOB	€ per m^3			
B/BB, Thickness	Redwoods		Light Woods	
	WBP	MR	WBP	MR
4mm	560	487	500	360
6mm	380	315	335	385
9mm	388	305	290	280
12mm	340	290	270	280
15mm	360	290	280	260
18mm	300	290	265	260

Grade AB/BB would attract a premium of 5%. BB/BB would be 5% less, C/CC 10% less and CC/CC 15% less.

Ghana Added Value Product Prices

Parquet flooring 1st	FOB € per m^2		
	10x60x300mm	10x65-75mm	14x70mm
Apa	12.00	14.47	17.00
Odum	7.90	10.18	11.00
Hyedua	13.67	18.22	17.82
Afrormosia	13.25	14.22	17.82

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

Report from Malaysia

Global mortgage crunch hits Malaysian prices

In a continuing trend from late July, most Malaysian timber prices (TTM 12:14) further weakened, with the exception of logs. With the subprime mortgage market in steep decline and the tightening of mortgage loans in the US, prices of furniture and furniture parts retreated, albeit marginally. Prices of sawn timber were mixed even with steady demands from China and the Middle East. However, India was a hard sell as commodity prices, including timber, declined broadly there over the last few weeks. Prices of plywood and panel products might be adversely affected in the near future should Japanese financial markets be impacted further by global credit related issues, adding to current problems with excess supply. Additionally, Malaysian financial institutions had been gradually tightening their credit, leaving timber exporters in need of working capital for their sawn timber operations in a lurch.

Timber retains an important role in Sarawak's development

The *Daily Express* reported that the timber industry of Sarawak contributed about RM9 million in export revenue in 2006, an increase of 24.4 from 2005, which contributed to the socio-economic development of Sarawak. The Sarawak Timber Industry Development Corp. General Manager, Datu Len Talif Salleh, said wood products like plywood, medium density fibreboard, particleboard, blockboard and laminated boards constituted the bulk of the exports, making up RM5.67 billion or 63% of total exports. He attributed the rise in exports to innovative marketing strategy of the industry and its ability to meet buyer specifications.

Malaysia steps up replanting of logged forests

Deputy Director General of the Planning and Development of Forests of the Forestry Department, Peninsular Malaysia, Datuk Dahlan Taha said the Department would replant about 25,000 hectares each year in areas logged nationwide for timber. In total, the Malaysian government plans to replant 300,000 hectares of forests cleared for timber over the next ten years, said *The Star Online*. A total of 36,000 hectares had already been identified for logging under the Ninth Malaysia Plan. The size of forests allowed for logging activity had been reduced drastically over the years and a nationwide replanting programme had been progressively implemented over the years.

Malaysia Log Prices

Sarawak log, FOB	US$ per m^3
Meranti SQ up	304-327
Small	276-300
Super small	257-273
Keruing SQ up	271-286
Small	236-266
Super small	221-232
Kapur SQ up	248-263
Selangan Batu SQ up	276-302

Pen. Malaysia logs, domestic (SQ) US$ per m^3	
DR Meranti	355-400
Balau	284-316
Merbau	422-442
Rubberwood	235-253
Keruing	280-294

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

Malaysia Sawnwood Prices

Malaysia Sawnwood, FOB	US$ per m^3
White Meranti A & up	440-465↓
Seraya Scantlings (75x125 KD)	734-770↓
Sepetir Boards	320-335
Sesendok 25,50mm	450-481↓
Kembang Semangkok	433-451↓

Malaysian Sawnwood, domestic		US$ per m^3
Balau (25&50mm,100mm+)		346-365
Merbau		570-590↓
Kempas 50mmx(75,100 & 125mm)		281-302
Rubberwood	25x75x660mm up	275-304
	50-75mm Sq.	293-323
	>75mm Sq.	318-347

Malaysia Plywood Prices

Malaysia ply MR BB/CC, FOB	US$ per m^3
2.7mm	493-516↓
3mm	466-491↓
9mm & up	420-441↓

Meranti ply BB/CC, domestic	US$ per m^3
3mm	463-473↓
12-18mm	395-413

Other Malaysia Panel Prices

Malaysia, Other Panels, FOB		US$ per m^3
Particleboard	Export 12mm & up	223-240
	Domestic 12mm & up	207-226
MDF	Export 15-19mm	290-316
	Domestic 12-18mm	262-288

Malaysia Added Value Product Prices

Malaysia, Mouldings, FOB	US$ per m^3
Selagan Batu Decking	703-720↓
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	740-759↓
Grade B	644-659↓

Malaysia Furniture and Parts Prices

Malaysia, Rubberwood, FOB		US$ per piece
Semi-finished dining table		
solid laminated top 2.5'x4', extension leaf		54-71↓
As above, Oak Veneer		63-77↓
Windsor Chair		51-55
Colonial Chair		45-53
Queen Anne Chair (soft seat)	without arm	45-60
	with arm	50-60↓
Chair Seat 27x430x500mm		30-35

Rubberwood Tabletop	US$ per m^3
22x760x1220mm sanded & edge profiled	
Top Grade	628-635↓
Standard	589-610↓

Report from Indonesia

Slash and burn activities undermine Indonesian prices

Prices of Indonesian timber products remained adrift as the slash and burn activities intensified, flooding the local market with cheap timber. As mentioned in previous TTM reports (see TTM 11:14), this has made it difficult to differentiate between legal and illegally harvested timber in the market. A widespread drought has also contributed to the problem as it provided easier access to forests and forest plantations.

Japan and Indonesia to sign bilateral FTA

As reported by *Kyodo news agency*, Japan and Indonesia will sign a bilateral free trade agreement (FTA) on 20 August 2007, during Prime Minister Shinzo Abe's visit to Jakarta. The agreement is expected to come into effect early next year. Under the FTA, about 96% of Japanese exports to Indonesia will become tariff-free, while about 93% of Indonesian exports to Japan in value terms will be exempt from duties. In addition, Japan will immediately remove tariffs on Indonesian forest products.

Papua seeks payment for forest conservation

The *Wall Street Journal Online* covered developments in Papua, Indonesia, where a proposal has been floated to engage Papua in the world's emerging carbon market. The governor of Papua proposed that companies could pay to conserve portions of land, and investors would then be issued carbon credits to be traded in the European or other international carbon markets. The conservation projects under this scheme could be a part of the World Bank's larger work on 'avoided deforestation', and would attract investors wanting to enter into unregulated voluntary markets for carbon trading.

Indonesia on verge of being top palm oil producer

Mongabay.com and *Planet Ark* report that Indonesia is set to take over from Malaysia as the world's top palm oil producer this year, due to rapid expansion of palm oil plantations over the last five years. Indonesia expects palm oil output to grow sharply over the next two years but stricter forest protection may slow expansion somewhat. Palm oil producers have asked federal government authorities in Jakarta to clearly define forest areas that need conserving.

Environmental groups have expressed concerns that rapidly expanding palm oil plantations, partly due to ambitious biofuel plans, will damage rainforests and drive out rare wildlife species. Indonesia, which currently has six million hectares of palm oil plantations, may however restrict expansion despite record high crude palm oil prices. Nevertheless, the expanding palm oil industry will increasingly provide the much needed raw material for the manufacture of panel products, e.g. MDF for both exports and the local furniture industry, in the form of palm fibers.

Indonesia Log Prices (domestic)

Indonesia logs, domestic prices	US$ per m^3
Plywood logs	
Face Logs	238-277
Core logs	170-202
Sawlogs (Meranti)	233-273↓
Falcata logs	170-188↓
Rubberwood	208-230
Pine	203-228↓
Mahoni (plantation mahogany)	620-669↓

Indonesia Sawnwood Prices

Indonesia, construction material, domestic		US\$ per m^3
Kampar (Ex-mill)	AD 3x12-15x400cm	244-253⬇
	KD	330-343⬇
	AD 3x20x400cm	352-370⬇
	KD	375-385⬇
Keruing (Ex-mill)	AD 3x12-15x400cm	280-290⬇
	AD 2x20x400cm	270-280⬇
	AD 3x30x400cm	274-286⬇

Indonesia Plywood Prices

Indonesia ply MR BB/CC, FOB	US\$ per m^3
2.7mm	488-514⬇
3mm	425-484⬇
6mm	397-420⬇

MR Plywood (Jakarta), domestic	US\$ per m^3
9mm	329-343
12mm	304-326
15mm	298-332

Other Indonesia Panel Prices

Indonesia, Other Panels, FOB		US\$ per m^3
Particleboard	Export 9-18mm	234-245
	Domestic 9mm	193-210
	12-15mm	182-197
	18mm	175-182
MDF	Export 12-18mm	313-325⬇
	Domestic 12-18mm	251-273

Indonesia Added Value Product Prices

Indonesia, Mouldings, FOB	US\$ per m^3
Laminated Boards Falcata wood	384-404⬇
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	695-728⬇
Grade B	612-658⬇

Report from Myanmar

MTE prices fixed at high level

On 25 July, the Myanmar Timber Enterprise (MTE) fixed the latest raw material prices for the local wood industry. The comparative prices shown in the chart below are the result of an 8-28% increase on the 2007 March list prices. The prices are valid for logs used in local processing only, and reveal the large gap between fixed prices and the monthly average price. This large disparity could once again influence MTE to short-supply the local industry and sell more in log form at six months' average prices.

Grade	March '07 (List Price)	July '07 (as of 25 July)	6-mo (avg) (Feb-Jul)
SG-4	€1,203	€1,349	€1,768
SG-5	€890	€1,034	€1,333
SG-6	€715	€817	€1,040
SG-7 (ER-1)	€547	€623	€755
SG-8 (ER-2)	€474	€510	€675
SG-9 (ER-3)	€365	€467	€617

Myanmar Log Prices (natural forests)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)		
Veneer Quality	Jun	Jul	6 mo. Avg
2nd Quality	4,734 (17 tons)	5,066 (19 tons)	4,642 (19 tons)
3rd Quality	4,391 (19 tons)	4,833 (19 tons)	4,394 (19 tons)
4th Quality	4,207 (75 tons)	4,635 (52 tons)	4,100 (52 tons)
Sawing Quality			
Grade 1 (SG-1)	2,797 (291 tons)	3,047 (245 tons)	2,743 (245 tons)
Grade 2 (SG-2)	2,290 (543 tons)	2,445 (470 tons)	2,114 (470 tons)
Grade 3 (SG-3)	1512 (69 tons)	1805 (151 tons)	1,320 (151 tons)
Grade 4 (SG-4)	1,841 (356 tons)	2,237 (405 tons)	1,768 (405 tons)
Grade 5 (SG-5) Assorted	1,352 (511 tons)	1,515 (608 tons)	1,333 (608 tons)
Grade 6 (SG-6) Domestic	1069 (438 tons)	1,223 (398 tons)	1,040 (398 tons)
Grade 7 (ER-1)	809 (333 tons)	951 (70 tons)	755 (70 tons)
Grade 8 (ER-2)	n/a	955 (80 tons)	675 (80 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.

Logs, FOB	€ Avg per Hoppus Ton (traded volume)
Pyinkado	308
Gurjan (keruing)	-

Prices differ due to quality or girth at the time of the transaction.

Report from Brazil

Brazil sets to launch Annual Forest Grant Plan

The Brazilian Forest Service (SFB) is about to launch the final version of the first Annual Forest Grant Plan (PAOF), which will make available about one million hectares of public natural forests for harvesting using a bidding process for the concession. *Folha da Mata* said that the Plan, which was open for public consultation, defines the area designated as public forests under concession and outlines the procedure to obtain such a grant. Indigenous land, conservation units under full protection, military areas, extractive reserves, settlements, and sustainable development reserves are excluded from this grant.

The Plan aims to: clarify managed forest designated as public land (federal, state and municipal domains); create the Brazilian Forest Service as a regulatory agency of public forest management and facilitating agency of sustainable forest activities in Brazil; and create the National Fund for Forest Development, which would focus on technological development, technical assistance and sustainable forest development. The preliminary plan was discussed in late July during a meeting attended by representatives of the productive sector, the National Forum of the Forest-Based Activities and the Environment Council of the Federation of Industries (FIEPA) in the state of Pará. In August and September, criteria will be discussed and determined for the selection of companies that qualify for the grant's bidding process.

Illegal logs fuel energy for Amazon steel industry

Madiera Total reported the results of a study conducted by the Council of High Amazonian Studies of the University of Para, which showed that non-authorized deforestation supplied 57.5% of fuelwood for charcoal production of the pig-iron and steel companies located in the states of Pará and Maranhão. The research tracks charcoal production since the late 1980s, when the first companies were built in the region. Easy access to the cheap and abundant wood biomass and high quality iron ore also influenced high consumption levels.

Initially, tax incentives and later the Constitutional Fund for the North Region (FNO), which provided public financing, were introduced to attract companies to Amazonia. The pig-iron companies took advantage of the logistics from the Carajás Project and lower costs compared to production in Brazil's Southeast region. According to the research, 80% of the pig-iron produced in the region was exported to North America.

The production of 3.5 million tons of charcoal, consumed by the Brazilian steel industry would require 22.2 million m³ of fuelwood. This was higher than the volume authorized to be extracted in the states of Pará and Maranhão (9.4 million m³) as set by the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA). Besides severe fines already charged, IBAMA sued four steel companies with criminal actions in July, charging BRL 832 million in indemnities. In accordance with the Forest Code, a company that produces charcoal is mandated to have its own forest to guarantee sustainable log harvesting. To guarantee payment of the fine, IBAMA has requested the blockade of the steel companies' assets and asked the Federal Public Ministry and the Government of Pará to take action.

Small sawmills on the brink of bankruptcy

According to the *Gazeta do Povo*, sawmills and other solidwood companies in the state of Paraná have faced serious difficulties to remain in the market. In the last three years, revenues have been affected by the falling US dollar and plywood prices in the international market. As many companies do not own forests, they face increasing log prices. Estimates show that pine log prices have increased over 300% since 2000. Small and medium-sized companies that do not have a solid and planned forest base have serious difficulties buying logs and many are shutting down, according to the Department of Forest Plantations of the Secretariat of Agricultural and Supply (SEAB). The Paraná Association of Forest Based Companies (APRE), which represented about 300 companies and 170,000 workers, pointed out that in the last three years, 30,000 jobs were lost.

Since the sector was for a long time oriented toward the international market, the sector now faces a problem of decreasing exports. According to the Ministry of Development, the revenue of Paraná forest companies was USD 496 million in the first quarter of 2007. Losses are even bigger in Brazilian reals since the US dollar fell more than 30% during the period. Retraction from the international market caused the wood shortage to become less serious. If the US dollar had remained at BRL 3.00/USD (currently it is slightly below 2.00/USD) and the price of plywood had not fallen, APRE estimates indicated little pine plantation would be left.

Pará's solidwood exports reach USD 447 million

From January to July 2007, sawmills in the state of Pará exported a total of USD446.8 million, in comparison to 2006, when total exports were USD647 million. The rise in the total value of exports occurred with only 28 forest management projects authorized by the Secretariat of Science, Technology and the Environment (SECTAM) said *Fornecedores do Pará*. However, the exported products were composed of accumulated stocks from the summer of 2006.

The sawmilling industry has a seasonal activity, and harvesting is carried out during the summer, when storage is undertaken for the rainy winter season. The stocks from 2006 are about to be fully depleted and the result of delayed approval of management plans will be felt at the end of the year or in early 2008 (see also TTM 12:14). In addition to the delay in the authorization of management plans, the decline of the US dollar was another obstacle to the export-oriented tropical lumber sector. Such depreciation also stimulates competition with imported products resulting in workforce lay offs. According to the Association of Wood Exporting Industries of the State of Pará (AIMEX), compensations are necessary for those who lose on exports, including through tax reduction.

Brazil Log Prices (domestic)

Brazilian logs, mill yard, domestic	US$ per m³
Ipê	127
Jatoba	89
Guariuba	61
Mescla (white virola)	67

Brazil Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB		US$ per m³
Jatoba Green (dressed)		(no price avail.)
Cambara KD		464
Asian Market (green)	Guariuba	265
	Angelim pedra	338
	Mandioqueira	234
Pine (AD)		101

Brazil sawnwood, domestic (Green)		US$ per m³
Northern Mills (ex-mill)	Ipé	589
	Jatoba	446
Southern Mills (ex-mill)	Eucalyptus (AD)	178
	Pine (KD) 1st grade	241

Brazil Veneer Prices

Veneer, FOB (Belem/Paranagua Ports)	US$ per m³
White Virola Face 2.5mm	242
Pine Veneer (C/D)	141

Rotary cut Veneer, domestic (ex-mill Northern Mill)	US$ per m³ Face	Core
White Virola	239	201

Brazil Plywood Prices

Plywood, FOB	US$ per m³
White Virola (US Market)	
5.2mm OV2 (MR)	419
15mm BB/CC (MR)	360
White Virola (Caribbean market)	
4mm BB/CC (MR)	440
12mm BB/CC (MR)	345

Pine Plywood EU market, FOB	US$ per m³
9mm C/CC (WBP)	281
15mm C/CC (WBP)	260
18mm C/CC (WBP)	253

Plywood, domestic (ex-mill Southern mill)		US$ per m³
Grade MR (B/BB)	White Virola 4mm	820
	White Virola 15mm	600

Domestic prices include taxes and may be subject to discounts.

Other Brazil Panel Prices

Belem/Paranagua Ports, FOB	US$ per m³
Blockboard Pine 18mm 5 ply (B/C)	315
Domestic Prices, Ex-mill Southern Region	
Blockboard White Virola faced 15mm	538
Particleboard 15mm	336

Brazil Added Value Products

FOB Belem/Paranagua Ports		US$ per m³
Edge Glued Pine Panel		
Korean market (1st Grade)		651
US Market		443
Decking Boards	Cambara	602
	Ipê	1339

Report from Peru

Study shows effectiveness of Peruvian policies on forest protection

Scientists at the Department of Global Ecology, Carnegie Institution, found that the Peruvian government's policies to stop forest degradation and destruction resulted in only 1 to 2% loss of natural protected areas between 1999 and 2005. The findings, which were published in the 7 August 2007 edition of the *Science Express*, showed that the government's programme outlining the justification for legal logging, protecting forests and establishing territories for indigenous people helped keep natural forests relatively intact, reported *PhysOrg.com*.

The study expressed concern over the rate of deforestation in the areas adjacent to logging concessions and that the rate of forest disturbance was increasing in the last few years of the study. *PhysOrg.com* noted that about 86% of the damaged forested areas were in the Madre de Dios region and around Pucallpa, mostly near roads. The report indicated that the protected forested areas were four times better protected than areas not set aside for conservation.

The methods for the study included the use of Carnegie Landsat Analysis System (CLAS), a high special resolution satellite data system that detects forest damage, to analyze over 79% of Peru's forested area. The scientists took into account timed policy events, such as the 2001 policy to place 31% of Peru's managed forests under 'permanent resource production'. The methods developed for this study were previously tested in Brazil and are now being applied over Borneo. The Carnegie Institution issued a statement highlighting the success of the CLAS system and hoped it would be the standard for future analyses of rain forest disturbances and deforestation.

Peru and Mexico extend Economic Complementation Agreement

The governments of Peru and Mexico agreed to extend the validity of the Economic Complementation Agreement (ECA), which was due to expire on 30 December 2007. The decision to extend the ECA until 30 June 2008 was made in a meeting between the Peruvian Vice Minister of Foreign Trade, Luis Alonso Garcia and the Mexican Sub-Secretary of International Commercial Negotiations, Beatriz Leycegui. The agreement is significant to Peru-Mexico exports, since they are increasing annually, with Peruvian wood products exports representing 26% of the total exports for 2006, or US$5.7 million.

Peruvian exports find niche in EU market

During the first quarter of 2007, Peruvian exports to the EU increased by 17.4% compared to the same period in 2006. The Management Office of Market Intelligence of the Peruvian Committee of Promotion for Exports and Tourism (PROMPERU) reported that total exports reached $2.17 million. Germany was the most important destination in the EU and 7th of all markets, followed by Italy, Spain, and the Netherlands in the 9th, 10th, 11th positions, respectively. PROMPERU is gathering more information about the EU market's characteristics, trends and opportunities, and requirements for market access, in light of the EU's strategic importance for Peruvian exports.

Peru Sawnwood Prices

Peru Sawnwood, FOB Callao Port		US$ per m³
Mahogany S&B KD 16%, 1-2" random		
lengths (US market)		1875-1920⬇
Spanish Cedar KD select		
North American market		965-1035
Mexican market		990-1040
Pumaquiro 25-50mm AD	Mexican market	490-525

*Cheaper and small-dimension sawnwood for this market.

Peru Sawnwood, FOB Callao Port (cont.)	US$ per m³
Virola 1-2" thick, length 6'-8' KD	
Grade 1, Mexican market	270-300
Grade 2, Mexican market	220-235
Cumaru 4" thick, 6'-11' length KD	
Central American market	760-795
Asian market	720-760
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	550-585
Dominican Republic	565-575
Marupa (simarouba) 1", 6-11 length Asian market	395-415

Peru Sawnwood, FOB Iquitos	US$ per m³
Spanish Cedar AD Select Mexican market	945-990⬆
Virola 1-2" thick, length 6'-13' KD	
Grade 1, Mexican market	275-315
Grade 2, Mexican market	225-235
Grade 3, Mexican market	145-165
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	240-245

Peru sawnwood, domestic	US$ per m³
Mahogany	1300-1345⬇
Virola	125-130
Spanish Cedar	490-500⬇
Marupa (simarouba)	142-148

Peru Veneer Prices

Veneer FOB	US$ per m³
Lupuna 3/Btr 2.5mm	218-225
Lupuna 2/Btr 4.2mm	220-245
Lupuna 3/Btr 1.5mm	245-255

Peru Plywood Prices

Peru plywood, FOB (Mexican Market)		US$ per m³
Copaiba, 2 faces sanded, B/C, 15x4x8mm		368-385
Virola, 2 faces sanded, B/C, 5.2x4x8mm		420-427
Cedar fissilis, 2 faces sanded 4x8x5.5mm		755-765
Lupuna, treated, 2 faces sanded, 5.2x4x8mm		365-380
Lupuna plywood	B/C 15x4x8mm	350-358
	B/C 9x4x8mm	345-350
	B/C 12x4x8mm	350-360
	B/C 8x4x15mm	420-430
	C/C 4x8x4mm	380-388
Lupuna plywood B/C 8x4x4mm Central Am.		385-395

Lupuna Plywood BB/CC, domestic	US$ per m^3
(Iquitos mills)	
122 x 244 x 4mm	426
122 x 244 x 6mm	397
122 x 244 x 8mm	403
122 x 244 x 12mm	398
(Pucallpa mills)	
122 x 244 x 4mm	450
122 x 244 x 6mm	439
122 x 244 x 8mm	427
122 x 244 x 12mm	419

Other Peru Panel Prices

Peru, Domestic Particleboard	US$ per m^3
1.83m x 2.44m x 4mm	277
1.83m x 2.44m x 6mm	230
1.83m x 2.44m x 12mm	198

Peru Added Value Product Prices

Peru, strips for parquet		US$ per m^3
Cabreuva/estoraque KD12% S4S, Asian market		1445-1500
Cumaru KD, S4S	Swedish market	650-700
	Asian market	890-930
Cumaru decking, AD, S4S E4S, US market		930-950
Pumaquiro KD # 1, C&B, Mexican market		490-530
Quinilla KD, S4S 2x10x62cm, Asian market		590-620
	2x13x75cm, Asian market	700-730

Report from Mexico

Coca-Cola in tripartite reforestation agreement in Mexico

The Twenty-five thousand hectares of ecosystems of high value will be reforested as part of an agreement between the National Forest Agency (CONAFOR), the Coca-Cola Company, and Pronatura. The area, which provides water to Mexico's main cities, would be reforested over the next five years, and Coca Cola will provide six million dollars worth of funds to implement the programme. As part of the initiative, an action plan would be made by Pronatura Mexico with the support of CONAFOR, through its ProTree programme.

The President of Coca-Cola noted forests' contribution to a healthy water supply, and CONAFOR's Director, Jose Cibrian, noted the positive impact the initiative would have on the country's forests and water resources. Under the initiative, CONAFOR will support Pronatura to identify the sites where reforestation activities will be undertaken, provide assistance for the definition of the actions for the restoration of ecosystems and provide institutional support. CONAFOR will also purchase 30 million trees for use in the reforestation initiative.

Report from Bolivia

Bolivia's wood exports post strong and sustained growth

For the fifth year in a row, Bolivia's wood exports have shown growth in terms of volume and value. Bolivian wood exports reached US$55 million during the first quarter, 24% above the same period in 2006. The US continues to be the main market destination of products in terms of value, representing 35% of the total, compared to 44% last year. The UK has jumped from importing 1% to 9% of Bolivian wood products, and the Netherlands from 4% to 7%. China is Bolivia's second highest wood importer in terms of volume (13.5%), just behind the US (19.2%).

Bolivia Sawnwood Prices

Sawnwood 1-3"x3x5"x7-19', FOB Arica Port		$ Avg un. val. per m^3
Mahogany	(US market)	1600-1800⬆
Spanish Cedar	(US market)	500-830⬆
Oak	(US and EU market)	645-800⬆

Bolivia Added Value Product Prices

Doors 13/4"x36"x96", FOB Arica Port		Avg $ per piece
US market	Mara macho/Tornillo (FSC)	100-398⬆
	Yesquero	110-146⬇
	Ochoó	100-180

Report from Guyana

Guyana gains more assistance for community forests

The government's programme to empower Amerindian communities through sustainable utilization and development of forest resources is gaining further support from the international community. Under the Sustainable Forestry Management and Hinterland Community Development Project, two communities, Kwebanna and Batavia, will benefit from activities that seek to improve forestry regulation and enforcement, and build capacity for sustainable management of the communities' forest resources. The activities include the development of forest management plans and annual operational plans and the provision of training and capacity building on key forested areas. Assessment of the communities' forest resources will also be carried out.

The project, which targets Guyana and neighboring Suriname, will be undertaken through the World Wildlife Fund (WWF), with a grant from the British Government. The agreement for the project was signed by British High Commissioner to Guyana, Fraser Wheeler and Director of WWF, Dominiek Plouvier, in the presence of the Minister of Agriculture Robert Persaud. Minister Persaud noted that both Batavia and Kwebanna have tremendous potential for further community development and utilization of their forest resources. The British High Commissioner said that the current programme supports the work done over the years by the British Government to help develop Guyana's forestry sector, and emphasized the contribution of the programme towards mitigating the effects of climate change and preserving biodiversity.

Guyana puts focus on LUS and LVS

TTJ reported on ongoing work of the Guyana Forestry Commission and the Forest Products Marketing Council of Guyana to expand the country's inventory of timber species and ensure its legality. These projects, funded in part by ITTO, involve testing the utility of lesser-used species (LUS) by TRADA Technology and the development of a Legal Verification System (LVS) by the

UK's ProForest. Both projects will help UK consumers of tropical hardwood timbers (used in marine construction) to ensure the resilience and legality of their product. The report noted that preliminary outcomes on the project activities would be available in late autumn.

Guyana Log Prices

Logs, FOB Georgetown	SQ - $ Avg unit value per m³		
	Std	Fair	Small
Greenheart	115-195↑	110-150↑	105↓
Purpleheart	130-200↓	105-150↓	-
Mora	105	85-105	-

*Small SQ is used for piling in the USA and EU. Price depends on length.

Guyana Sawnwood Prices

Sawnwood, FOB Georgetown		$ Avg unit val. per m³	
EU and US markets		Undressed	Dressed
Greenheart	Prime	425-560↓	466-509↓
	Select/Standard	425-500↓	424
Purpleheart	Prime	550-850↑	487-614↑
	Select/Standard	450-550↑	-
Greenheart scantlings		-	-

Guyana Plywood Prices

Plywood, FOB Georgetown Port			$ Avg unit val. per m³
Baromalli	BB/CC	5.5mm	-
		12mm	-
	Utility	5.5mm	-
		12mm	350

Report from Japan

Sluggish market brings Southsea timber prices down

Reports from the *Japan Lumber Journal* indicate that prices for Southsea logs fell during the month of July. The main reasons for this were increasing inventories of domestic logs and sluggish sales of plywood products. Prices for Malaysian logs in particular had gone down, especially for small and super small diameters, due to increasing supply. Prices for Papua New Guinean logs had also decreased, due to lack of interest from Chinese buyers.

Japan's imports of Southsea logs in May 2007 were 88,100 m³ and shipments were 98,600 m³. From January to June 2007, imports of Southsea timber products were 242,950 m³. Southsea lumber imports were relatively low in June, since importers were not able to conclude many contracts due to high spot prices.

SOUTHSEA LOGS – FOB **(US$ per cubic meter)**

	2006		2007		
	Highest	Lowest	June 2nd week	July 1st week	August 1st week
Sarawak Logs					
Meranti SQ-up	213-217	177-181	213-217	213-217	188-212
Meranti Small (Small 70%,S.S. 30%)	168-177	132-136	168-172	168-172	166-170
PNG Logs					
Taun/Calo (plywood use)	190-200	143-147	178-192	178-192	178-192
Ocean Freight					
Sarawak	39.0	37.0	39.0	39.0	39.0
PNG	49.0	48.0	50.0	50.0	50.0
Yen/US$	-	-	123.0	123.0	119.0

SQ=Second quality, S.S.=super small (Source: *Japan Lumber Journal*)

Log and Sawnwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku
Meranti (Hill, Sarawak)	(Koku=0.278 m³)
Medium Mixed	8,700
Standard Mixed	8,800↓
Small Log (SM60%, SSM40%)	8,000↑
Taun, Calophyllum, others (PNG)	8,000
Mixed light hardwood, G3/4 grade (PNG)	7,700
Okoumé (Gabon)	14,000
Keruing MQ & up (Sarawak)	9,900
Kapur MQ & up (Sarawak)	9,600↓

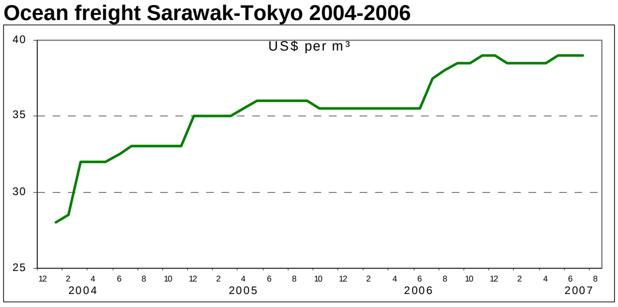
Logs for Sawmilling, CIF	Yen per Koku
Melapi (Sarawak) High Select	11,000
Agathis (Sarawak) High Select	10,800

Lumber, FOB	Yen per m³
White Seraya (Sabah) 24x150mm, 4m, Grade 1	150,000↑
Mixed Seraya, Sangi 24x48mm, 1.8-4m, S2S	57,000

Wholesale Prices (Tokyo)

Indonesian & Malaysian Plywood	Size (mm)	Jul (¥ per sheet)	Aug
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	380	370 ↓
3.7mm (med. Thickness, F 4star, type1)	910 X 1820	590	580 ↓
5.2mm (med. Thickness, F 4star, type 1)	910 X 1820	700	690 ↓
11.5mm for sheathing (F 4star, type 2)	910 X 1820	1100 ↓	1040 ↓
12mm for foundation (F 4star, special)	910 X 1820	1190 ↓	1090 ↓
12mm concrete-form ply (JAS)	900 X 1800	1100 ↓	1040 ↓
12m coated concrete-form ply (JAS)	900 X 1800	1380 ↓	1320 ↓
11.5mm flooring board	945 X 1840	1700 ↓	1600 ↓
3.6mm baseboard for overlays (OVL)	1230 X 2440	960	950 ↓
OSB (North American)			
12mm foundation of roof (JAS)	910 X 1820	1000	1000
9mm foundation for 2 by 4 (JAS)	910 X 2440	1050	1050
9mm conventional foundation (JAS)	910 X 2730	1250	1250
9mm conventional foundation (JAS)	910 X 3030	1350	1350

Ocean freight Sarawak-Tokyo 2004-2006



More information on Japan in www.n-mokuzai.com

Report from China

China posts strong results in wood products trade

According to the latest statistics data from China's customs agency, China's wood products trade in the first half of 2007 continued to show dramatic increases. Imports for raw material commodities such as logs, paper pulp, waste paper and wood chips rose dramatically, and wooden furniture imports surged. However, imports for wood-based panel (including plywood, fiberboard and particle board) continued to decline at a higher rate. Despite this trend, four kinds of commodities represented by wooden furniture, paper and paper products, as well as plywood were the leading products exported with export value topping US$11.5 million, making up 78.5% of the national total. In addition, exports of fiberboard, resin and resin products also increased at a higher rate but exports for raw materials commodities such as sawnwood, wood chips and charcoal showed a marked declining trend.

1.1 Imports

Log

China's log imports in the first half of 2007 were 20 million m^3 and worth US$2.7 billion, a year on year increase of 20.3 in volume and 45.6% in value. Of the total, softwood log imports amounted to 12.5 million m^3, valued at US$1.2 billion. Hardwood log imports amounted to 7.4 million m^3 and were valued at US$1.5 billion. Softwood and hardwood log imports were up 20.1% and 20.7%, respectively, from the same period last year. The value of softwood and hardwood log imports were up 41.7% and 48.9%, respectively, from the same period last year. Among hardwood log imports, tropical log imports were about 4.46 million m^3, up 20.7% from the same period last year.

Log imports still came mainly from Russia, up 18.9% from the same period last year. However, the proportion of log imports from Russia fell slightly from 70.8% in the first half of 2006 to 70% in the first half of 2007. The top 10 supplying countries are listed in Table 1.

Table 1. Top 10 supplying countries of China's log imports in the first half of 2007

Country	Imports (1000m^3)	Proportion（%）
Total	19 996.6	100
Russia	13 995.9	70
Papua New Guinea	1 300.0	6.5
Malaysia	681.1	3.4
Gabon	609.2	3.0
New Zealand	607.7	3.0
Solomon	527.5	2.6
Germany	375.6	1.9
Equatorial Guinea	282.0	1.4
Australia	226.9	1.1
Myanmar	202.8	1.0

Manzhouli Port received the largest amount of log imports at 6.38 million m^3, accounting for 31.9% of the national total. Harbin Port was the second largest with log imports of 4.29 million m^3, making up 21.5% of the national total. Log imports through Nanjing Port (mainly Zhangjiagang City) was ranked third (4.20 million m^3), but the value of log imports through Nanjing Port topped US$891 million, consisting of 32% of the national total (see Table 2).

Table 2. Customs reports on imported logs in China in the first half of 2007

Customs	Volume		Value	
	1000 m^3	%	1000 $	%
Manzhouli	638.11	31.9	624 395.4	22.4
Harbin	429.46	21.5	446 513.4	16.0
Nanjing	419.84	21.0	890 899.4	32.0
Huhehot	178.65	8.9	183 994.0	6.6
Guangdong	89.07	4.5	194 695.9	7.0
Shanghai	76.31	3.8	174 565.9	6.3
Qingdao	38.34	1.9	43 315.1	1.6
Xiamen	29.62	1.5	38 751.9	1.4
Hangzhou	24.79	1.2	35 347.9	1.3
Dalian	28.73	1.4	48 438.5	1.7
Kunming	11.11	0.6	20 684.9	0.7

Sawnwood

In the first half of 2007, sawnwood imports rose slightly. Imports were 3.1 million m^3 worth US$843 million, up 1.6% in volume and 4.8% in value from the same period last year. There are eight countries supplying China's sawnwood imports (see Table 3).

Table 3. Top supplying countries of China's sawnwood imports in the first half of 2007

Country	Imports (1000 m^3)	Proportion（%）
Russia	3 115.8	100
U.S.	793.6	25.5
Thailand	497.9	16.0
Canada	333.6	10.7
Malaysia	303.3	9.7
Brazil	156.0	5.0
Indonesia	141.8	4.6
New Zealand	131.5	4.2

The main region importing sawnwood were coastal cities in Guangdong. In the first half of 2007, sawnwood imports to Guangdong (mainly through Shenzhen and Guangzhou) were 1.0 million m^3, accounting for 32.8% of the national total. Sawnwood imports through Shanghai were 651,600 m^3, making up 20.9%. Sawnwood imports recorded by Manzhouli customs agency were 480,400 m^3, accounting for 15.4% (see Table 4).

Table 4. Customs statistics on imported sawnwood in China in the first half of 2007

Customs	Volume		Value	
	1000 m^3	%	1000 $	%
Guangdong	1 020.9	32.8	276 161.6	32.9
Shanghai	651.6	20.9	249 637.2	29.7
Manzhouli	480.4	15.4	69 990.4	8.3
Huhehot	186.0	6.0	25 769.4	3.1
Tianjin	119.3	3.8	35 851.1	4.3
Dalian	111.1	3.6	30 645.4	3.6
Harbin	106.5	3.4	22 919.8	2.7
Qingdao	105.8	3.4	33 412.4	4.0

Wood-based panels

Wood-based panel imports continued to decline compared with that in the same period of 2006. Of the total, plywood imports were 159,700 m^3 worth US$89.3 million, down 32.1% in volume and 17.4% in value from the same period in 2006. Fiberboard imports and import values came to 238,600 tons and US$90.1 million, down 18.3% in volume and 8.4% in value from the same period in 2006. Particle board imports and import values amounted to 146,700 tons and US$47.1 million, down 24.1% in volume and 10.8% in value from the same period in 2006. Imported plywood was mainly from Indonesia and Malaysia.

Wood pulp, paper and paper products, waste paper

Wood pulp, paper and paper products, as well as waste paper were still the leading imported wood products. In the first half of 2007, wood pulp imports were 4.2 million tons worth US$2.6 billion, up 2.5% and 25.4% from the same period in 2006. The imports of pulp and paper products amounted to 2.2 million tons worth US$2.172 billion. Waste paper imports came to 11.7 million tons worth US$ 1.974 billion. The import value for these three commodities reached US$6.79 billion, making up 59.4% of the total value for all wood products.

China's imported paper pulp was mainly from Russia, Indonesia and the US. China's waste paper was mainly from the US, Japan, UK and the Netherlands (see Table 5).

Table 5. Top supplying countries and regions for China's imported paper pulp and waste paper in the first half of 2007

Country	Paper and pulp		Country and region	Waste paper	
	Imports (1000 t)	Proportion (%)		Import (1000 t)	Proportion (%)
Canada	1 053.4	25.0	U.S.	4654.2	39.5
Russia	520.0	12.3	Japan	1696.7	14.4
Indonesia	501.2	11.9	England	1409.0	12.0
Chile	497.1	11.8	Netherlands	879.8	7.5
U.S.	493.8	11.7	Hong Kong	501.3	4.3
Brazil	461.2	11.0	Germany	454.5	3.9

Wooden furniture
Wooden furniture was one of the major wood products experiencing the fastest growth. In the first half of 2007, the value of wooden furniture imports were 860,900 pieces worth US$74.138 million, up 46.7% in value from the same period in 2006.

Charcoal, activated carbon and wood chips
The growth of charcoal, activated carbon and wood chips are fastest. The growth rates of charcoal and activated carbon imports were highest, although their imports were not large and amounted to 31,300 tons and 5,100 tons, respectively. Wood chips imports came to 470,400 tones valued at US$61.968 million, up 46.2% in volume and 42.2% in value from the same period in 2006. At present, China has been a net import country from pure export country in terms of wood chips and charcoal.

1.2 Exports
Four major commodities (wooden furniture, paper and paper products, wooden products and plywood) are the leading exported products and fastest growing products.

Wooden furniture
In the first half of 2007, the value of all kinds of wooden furniture (wooden frame seats, office furniture, kitchen furniture, bedroom furniture) exports totaled 132 million pieces worth US$4.863 billion. The destinations of China's wooden furniture exports were quite diversified over 100 countries and regions. Among these countries and regions, China's wooden furniture exports to the US, Hong Kong, the UK and Japan were the largest. According to the latest statistics from China Customs, in the first half of 2006 the value of China's wooden furniture exports to these countries and regions was 27.3%, 11.5%, 10.5%, 9.4% respectively. In the first half of 2007, the value of wooden furniture exports processing with imported materials was US$1.755 billion, making up 36.1% of the national total for wooden furniture export value.

Paper, paperboard, paper products
Paper, paperboard, paper products exports were 2.98 million tons valued at US$3.1 billion. Paper and paper products imports had been declining and their exports continued to grow in recent years.

'Other' wooden products
China exports many kinds of other wooden products and include wooden doors and windows. In the first half of 2007, all kinds of other wooden products exports were 1.09 million tons earning US$1.8 billion, up 6.5% in volume and 12.9% in value. Of the total, the value of building materials exports was US$510 million (making up 28%), the value of handicraft exports was US$442 million (24.3%), the value of wooden tableware and kitchen utensils exports was US$163 million (8.9%), the value of others exports was US$690 million (37.9%).

Wood-based panels
Plywood
In the first half of 2007, plywood exports continued to grow and were 4.5 million m^3, earning US$1.7 billion, up 27.8% in volume and 42.3% in value from the same period in 2006.

China's plywood exports to the U.S. were largest, making up 21% of the national total. The top countries importing above 100,000 m^3 of China's plywood are shown in Table 6.

Table 6. Top destinations of China's plywood exports in the first half of 2007

Country and region	Volume (1000 m³)	Proportion (%)
U.S.	936.6	21.0
Japan	355.8	8.0
Taiwan Province	314.9	7.0
South Korea	265.7	5.9
UK	251.4	5.6
United Arab Emirates	192.2	4.3
Saudi Arabia	150.9	3.4
Hong Kong	131.1	2.9
Germany	125.0	2.8

In the first half of 2007, Nanjing Port, Qingdao Port and Shanghai Port were the main ports of export for plywood. Sawnwood exports through these ports made up 40.2%, 33.5% and 10.7%, respectively, of the national total (see Table 7).

Table 7. Customs agencies' data for export plywood in China in the first half of 2007

Customs	Volume（1000 m^3）	Proportion（%）
Nanjing	1 798.1	40.2
Qingdao	1 495.9	33.5
Shanghai	477.1	10.7
Tianjin	161.4	3.6
Dalian	161.2	3.6
Total	4470.5	100

Sawnwood, wood chips, charcoal and special shaped timber
In the first half of 2007, China's sawnwood and special shaped timber exports totaled 412,100 m^3 and 245,100 tons, down 6.4% and 1.8% respectively. However, the value of sawnwood and special shaped timber exports grew because their unit prices rose, earning foreign exchange of US$204 million and US$361 million, up 20% and 2.9%, respectively, from the same period in 2006.

China's sawnwood exports were mainly exported to Japan (57.4%) and little sawnwood was exported to other countries and regions.

Table 8. Destinations of China's sawnwood exports in first half of 2007

Country and region	Volume (1000 m^3)	Proportion (%)
Japan	231.3	57.4
South Korea	44.1	10.9
US	35.3	8.8
Taiwan Province	17.1	4.2
Vietnam	14.0	3.5
Total	403.2	100

China's sawnwood exports were mainly through Dalian, Qingdao, Nanjing and Shanghai. In the first half of 2007, sawnwood exports through Dalian, Qingdao, Nanjing and Shanghai accounted for 41.2%, 19.3%, 6.9% of the national total.

Both the volume and the value of wood chips and charcoal exports fell to some extent. Wood chips exports totaled 209,000 tons valued at US$24.135 million, down 40.6% in volume and 35.6% in value. Charcoal exports amounted to 20,400 tons worth US$10.18 million, down 11.3% in volume and 17.4% in value.

Guangzhou City Imported Timber Market

Logs	Yuan per m^3
Radiata 6m, 30cm diam.	1300
Luan	2200-2300
Kapur	1900-2350
Merbau 6m, 60cm diam.	5100-5400⬇
Keruing 60cm+ diam.	1900-2300
Beech 6m,30cm veneer Qual.	3300-3600
Sawnwood	
Teak Boards 4m+ for flooring	10000-13000
US Maple 2" KD	8800-12800
US Cherry 2"	12000-15000
US Walnut 2"	12500-15300
SE Asian Sawn 4m+, KD	4300-4350
Plywood	Yuan per sheet
4x8x3mm	20-34
4x8x18mm	149-188

Shanghai Furen Wholesale Market

Sawnwood		Yuan per m^3
Beech KD Grade AB		2500-3200
US Cherry, 25mm		15200-15800
US Red Oak, 50mm		10500-11000
Sapele 50mm FAS (Congo)	AD	6500-6800
	KD	7200-7300

Shandong De Zhou Timber market

Logs		Yuan per m^3
Larch	4-6m, 24-28cm diam.	1220
White Pine	4-6m, 24-28cm diam.	1200-1220⬆
Korean Pine	4m, 30cm diam.	1500⬇
	6m, 30cm diam.	1550⬇

Hebei Shijiangzhuang Wholesale Market

Logs		Yuan per m^3
Korean Pine 4m, 38cm+ diam		1650
Mongolian Scots Pine	4m, 30cm diam.	1400⬆
	6m, 30cm+ diam.	1420⬆
Sawnwood		
Mongolian Scots Pine	4m, 5-6cm thick	1600⬆
	4m,10cm thick	1600⬆

Tian Jin City Huan Bo Hai timber Market

Logs	Yuan per m^3
Okoume 80cm+	3000
Sapele 80cm+	5350
Padauk 40cm+	6000
Sawnwood	
US Black Walnut 2.2-4m, 5cm thick	16000
Padauk 2.2-3.2m, 5cm thick	11000
Sapele 2.2-2.6m, 5cm thick	6800
Ash 4m, 5cm thick	4300

For more information on China's forestry see: www.forestry.ac.cn

Report from Europe and Scandinavia

Summer holiday dampens European demand for African logs and lumber

A recent issue of *EUWID* reported slowing business in African markets, especially for species such as gaboon and okan. The low demand for logs and timber has to do with the European summer holiday period and delayed shipments of logs and lumber. Importers are reporting good availability for sapele logs, while they are noticing increased scarcity of sipo logs. Additionally, closely-grained hardwoods are also difficult to obtain.

Regarding prices, some importers are reporting stagnating prices due to lower levels of demand. There have been isolated cases of price rises for sawn-through sapele logs and sipo timber. However, no major price increases have occurred (see prices in TTM 12:12, 12:13, and 12:14). Prices have been low due to summer holidays. Despite this, the US and UK markets are more active, with the exception in the sales of iroko. Other importers have reported stable demand in eastern European markets. There is no glut in the African market, although there is slack demand for species such as high quality idigbo and wawa.

Cameroon agrees to begin VPA negotiations with EU

The Head of Delegation of the Cameroonian Delegation to the EU has sent a letter to the EU announcing Cameroon's intention to enter into negotiations for a Voluntary Partnership Agreement (VPA). The letter, which was sent in mid-July, emphasized Cameroon's commitment to continuing the national debate over legality and a firm commitment to combating illegal timber trade.

MCPFE conference to assist forest owners

TTJ Online said that the fifth Ministerial Conference on the Protection of Forests in Europe (MCPFE) will discuss how forest owners can benefit from the biomass sector and will also address climate change issues via a multi-stakeholder dialogue. The MCPFE conference will take place from 5-7 November 2007, in Warsaw, Poland.

Rising imports from Malaysia have limited impact on overall exports

EUWID noted that imports from Malaysia in 2006 grew by 3% from 2005, making about a third of Malaysia's export value a result of deliveries to the EU. Despite this, the total export volume was approximately 16%, and, therefore, had a limited impact on Malaysia's overall volume of lumber exports in 2006. Most of the decrease of Malaysian exports was due to lower export volume to Asian destinations. Although exports to Belgium rose by 13%, Holland by 5%, and Germany by 7%, exports to Italy, the

UK and France decreased by 10%, 6% and 15%, respectively.

Nordenham nets more transhipments in 2006

Rhenus Midgard GmbH and Co. KG recorded increases of 10% in 2006 through the German port of Nordenham, reported *EUWID*. Of the total, 116,465 m³, 101,837m³ were logs, which were up 11% from 2005. Transhipments from Africa were only slightly higher than in 2005. Rhenus Midgard Nordenham is part of the Rhenus group, which has over 14,000 employees worldwide. Rhenus Midgard raised its 2006 revenue from timber logistics to EUR6 million.

Report from the UK

Tropical species suffer eroding share of hardwood market

Although hardwood supply has improved in 2007, many tropical species have faced an overall declining share in the UK market. This is due to a tighter supply of many tropical species, reported *TTJ*. Nevertheless, the market position for some species has remained strong and buyers are looking to FSC certified timber. The species being demanded by UK buyers include FSC certified iroko, utile, movingue and padouk. Prices for traditionally highly demanded species such as sapele have experienced price hikes in recent weeks, with some suggesting that prices have peaked for these species. This is in part due to the lack of availability of sapele, even though it remains in high demand. Problems with availability are also being faced in Brazil and high prices in Asia have led buyers to West African markets. Most contracts are being sold and there seems to be a good outlook for hardwoods in the construction sector. However, it will take some time before the public absorb the notion that timber is a sustainable and energy efficient building material.

UK braces for adverse impacts of financial turmoil

In light of corrections in the stock market and subprime mortgage woes, the UK has been affected by the unstable market trends. The Bank of England suggested that a further rise in interest rates seems almost certain if inflation is to be brought down. The latest Quarterly Inflation Report said inflation should return to 2% by 2009, if rates move in line with market expectations. Analysts expect a further quarter point rise to 6% by March 2008.

New oil field narrows trade gap

BBC News reports that the UK trade gap fell unexpectedly in July to a two-year low. The boost came amid a new on stream oil field in the North Sea, the Buzzard field. The new oil field has helped the UK export more crude oil than it has imported since March 2005.

UK Log Prices

FOB plus commission		€ per m^3
N'Gollon (khaya)	70cm+ LM-C	227-238
Ayous (wawa)	80cm+ LM-C	227-238
Sapele	80cm+ LM-C	270-275↑
Iroko	80cm+ LM-C	297-310

UK Sawnwood Prices

FOB plus Commission	Pounds per m^3
Teak 1st Quality 1"x8"x8'	2035-2350
Tulipwood FAS 25mm	435-440
Cedro FAS 25mm	415-430
DR Meranti Sel/Btr 25mm	410-420
Keruing Std/Btr 25mm	290-310
Sapele FAS 25mm	400-410
Iroko FAS 25mm	430-450↑
Khaya FAS 25mm	420-430↑
Utile FAS 25mm	410-420
Wawa No.1 C&S 25mm	200-210

UK Plywood and MDF Prices

Plywood Panels 8x4", CIF	US$ per m^3
Brazilian WBP BB/CC 6mm	640
Indonesian WBP BB/B 6mm	600-630
MDF	Pounds per 10m^2
Eire, BS1142 12mm	52

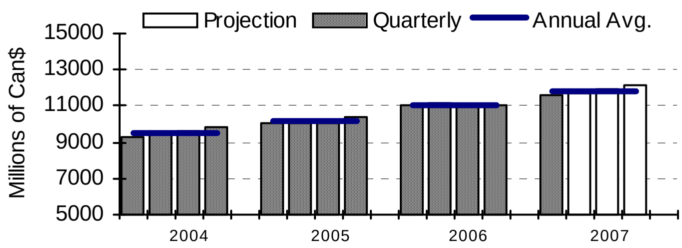
Report from North America

Canada expects lower growth of household furniture market

This third article of a four part series covers trends in the Canadian household furniture market. The business sector in Canada is performing better than in the US. GDP has been progressing at a rate of 2.8% in 2006. However, the economy will likely lose speed this year, advancing at an anticipated rate of 2.5%.

Personal income growth advanced at a healthy pace of 6.1% in 2006. In conjunction with the US economic slowdown, it will decelerate to about 5.0% over the next two years. Much of the growth was due to higher prices. Growth of real disposable income in 2006 was 4.9%. Growth will be much slower in 2007 and 2008, estimated to be only 3.9% and 2.9% respectively. This modest performance will occur despite the promised income tax cuts by the government.

Quarterly growth in Canadian household furniture market



Source: AKTRIN, Statistics Canada, Strategic Projections Inc.

The Canadian residential housing market was still healthy in 2006. It advanced 2.1% (on a value basis), down from 3.5% the year before. However, the market is saturated now and demand is waning. We predict zero growth over the next two years. If mortgage rates continue to climb it may even be negative. In unit terms, it would represent a drop from 228,000 in 2006 to 205,000 this year.

Canadian consumer spending is an important positive force contributing to the economy's overall growth. It rose at an annual rate of 4.0% during the past two years. Due to the slowing economy, a growth rate of 3.6% in 2007 and less than 3% in 2008 is anticipated.

Expenditures for durable consumer goods (which includes furniture) are quite buoyant. Growth stood at a healthy 7.1% in 2006 up from 5.3% in 2005. However, as consumer confidence is declining, durable consumer good sales may advance by only 5.5% this year, and possibly as low as 3.0% next year.

The Canadian furniture market (at retail prices) has been advancing continuously since the third quarter of 2002. Growth stood at 9.1% in 2006. For 2007, the market may slowdown to a rate in the 7.0% range, and 6.5% for 2008. The size of the Canadian furniture market in 2006 stood at C$ 11,078 million (evaluated at retail prices) and it is estimated that the market valuation will reach approximately C$ 11,875 million this year and C$ 12,632 million in 2008.

US Imported Sawnwood Prices

FOB unit value prices		Avg $ per m^3 Apr	May
Balsa*	(Ecuador)	403	403
Mahogany**	(Peru)	1374	1374
	(Bolivia)	1699	1699
Mahogany*	(Peru)	1821	1821
Virola**	(Brazil)	382	382
Virola*	(Brazil)	380	380
Red Meranti	(Malaysia)	996⬇	995⬇
	(Indonesia)	936⬆	1007⬆
Teak**	(Taiwan)	2125	2125
Keruing**	(Malaysia)	589	589
Keruing*	(Malaysia)	599	599

*Dimension lumber; **Rough lumber; Quality variations may greatly influence monthly average prices. Data is subject to frequent revisions.

US Imported Veneer Prices

FOB avg unit value ($ per m^2)	Apr	May
By species (all countries)		
Meranti	7.4⬇	6.2⬇
Non-meranti	1.3	1.3
By country (all tropical species)		
China	0.6	0.6
Ghana	1.1	1.1
Côte d'Ivoire	1.2	1.2
India	25.3	25.3
Thailand	2.6	2.6
Gabon	1.2	1.2
Brazil	1.9	1.9
Italy	3.4	3.4

Quality variations may greatly influence monthly averages. Data subject to frequent revisions.

US Imported Plywood Prices

FOB avg unit value ($ per m^3)	Apr	May
All tropical plywood		
Indonesia	470	470
Malaysia	379	379
China	325	325
Brazil	418	418
All	384	384
Mahogany		
Canada	791	791
Brazil	430	430
China	915	915
Meranti, white luan, sipo, limba		
China	292	292
Taiwan PoC	1344	1344
Brazil	448	448

Quality variations may greatly influence monthly averages. Data subject to frequent revisions.

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.

About 100 million trees, shrubs and flowers have been planted across Hong Kong in the past decade, reflecting the importance the government attaches to greening, said Permanent Secretary for Development Mak Chai-Kwong.
http://www.news.gov.hk/en/category/environment/070811/html/070811en04001.htm

A bill targeting international illegal logging was introduced in the U.S. Senate by Sens. Ron Wyden (D-OR) and John Kerry (D-MA). The Combat Illegal Logging Act would ban the import and sale of illegally harvested timber in the United States and impose fines of up to $10,000.
http://www.allheadlinenews.com/articles/7008076664

Data collected on forests in Panama and Malaysia has revealed that global warming could reduce the growth of trees in tropical rainforests by 50 percent, besides severely affecting their ability to remove carbon dioxide from the air.
http://story.cambodiantimes.com/index.php/ct/9/cid/303b19022816233b/id/272618/cs/1/

Deforestation of the Amazon rainforest in Brazil fell by about a third to its lowest rate in at least seven years during the 12 months through July 2007. More controls on illegal logging, improved certification of land ownership, and economic development projects that preserve the forest were driving deforestation down, authorities said.
http://in.reuters.com/article/worldNews/idINIndia-28929620070811

NGO Global Witness called on World Bank president Robert Zoellick to address illegal logging and corruption problems in Cambodia.
http://www.forestnewswatch.com/content/view/3338/51

The Department of Environment and Natural Resources (DENR) of the Philippines, together with the private planters in Northeastern Mindanao (Caraga Region) set to plant some 1.7 million seedlings slated on August 15, 2007. DENR Caraga along with the tree plantation owners, religious group, academe, students and wood processors are committed to join nationwide "Trees for Life" project, which is aimed to plant 20 million seedlings nationwide.
http://www.bayanihan.org/html/article.php/20070811165258105

Ghana's forest area is reportedly being depleted at a faster rate following human activities and logging. As a result, the Government has taken steps to ensure that depletion is checked and effectively controlled.
http://allafrica.com/stories/200708100734.html

The Malaysian federal government is serious about sustainable forest management and is confident that the Sabah state government will not award logging licenses indiscriminately.
http://www.dailyexpress.com.my/news.cfm?NewsID=51956

A new regional study shows that land-use policies in Peru have been key to tempering rain forest degradation and destruction in that country. Scientists at the Carnegie Institution's Department of Global Ecology led an international effort to analyze seven years of high-resolution satellite data covering most (79%) of the Peruvian Amazon.
http://www.eurekalert.org/pub_releases/2007-08/ci-rfp080607.php

Business is booming in The Congo's Pokola area, especially in its forestry sector. Many wonder how long the economic growth can continue.
http://www.panda.org/news_facts/newsroom/index.cfm?uNewsID=110780

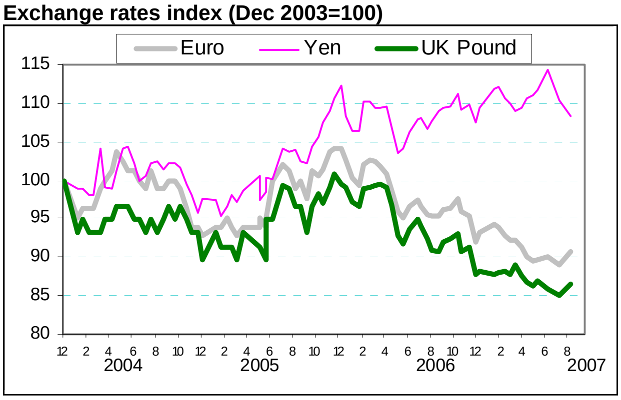
The United Nations Economic Commission for Europe (UNECE) and the Food and Agricultural Organization (FAO) just released the UNECE/FAO *Forest Products Annual Market Review, 2006-2007*. It covers forest products market and policy developments in the UNECE member States. The comprehensive report will be presented at the first joint UNECE Timber Committee and International Softwood Conference Market Discussions on 8-9 October 2007 in Geneva.
http://www.unece.org/press/pr2007/07tim_p04e.htm

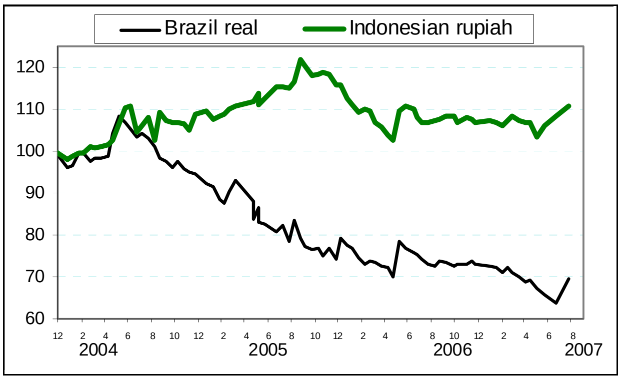
Main US Dollar Exchange Rates

As of 16th Aug 2007

Brazil	Real	2.045	↑
CFA countries	CFA Franc	487.376	↑
China	Yuan	7.584	↑
EU	Euro	0.743	↑
Indonesia	Rupiah	9,405.00	↑
Japan	Yen	116.69	↓
Malaysia	Ringgit	3.488	↑
Peru	New Sol	3.147	↓
UK	Pound	0.502	↑

Exchange rates index (Dec 2003=100)

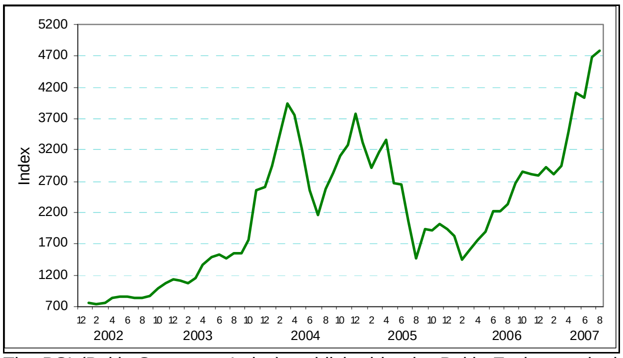




Abbreviations and Equivalences

LM	Loyale Merchant, a grade of log parcel
QS	Qualite Superieure
CI, CE, CS	Choix Industriel, Economique or Supplimentaire
FOB	Free-on-Board
CIF; CNF	Cost, insurance and freight; Cost and freight
KD; AD	Kiln Dry; Air Dry
Boule	A log sawn through and through, the boards from one log are bundled together.
BB/CC, etc.	Log/plywood grades. Letter(s) on the left indicate face veneer(s), on the right backing veneer(s). Grade decreases in order B, BB, C, CC, etc.
BF; MBF	Board Foot; 1000 Board Feet
Hoppus ton	1.8 m^3
Koku	0.278 m^3 or 120 BF
SQ; SSQ	Sawmill Quality; Select Sawmill Quality
FAS	Sawnwood Grade First and Second
GMS	General Market Specifications
MR; WBP	Moisture Resistant; Water and Boil Proof
MDF	Medium Density Fibreboard
PHND	Pin hole no defect grade
$; ↑↓	US dollar; Price has moved up or down

Ocean Freight Index

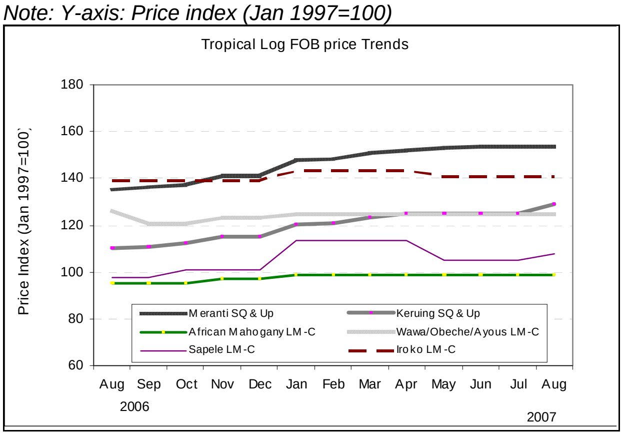


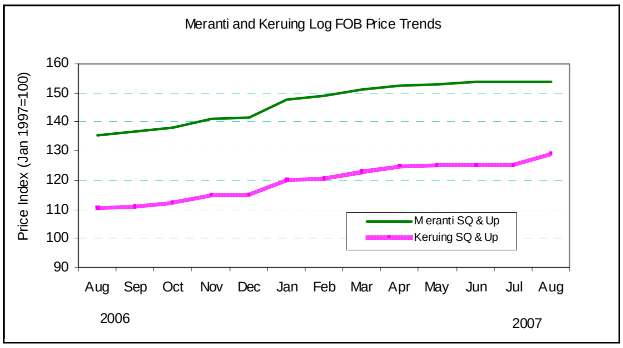
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

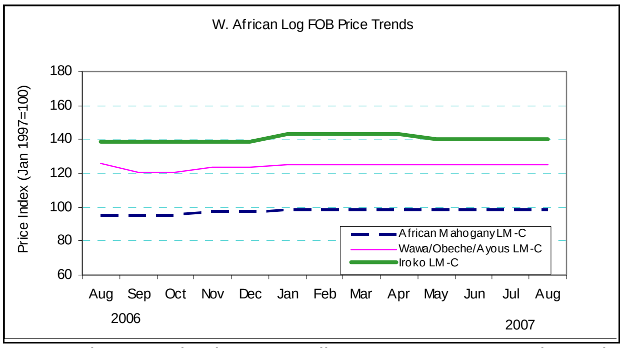
Appendix. Tropical Timber Price Trends

Tropical Log Price Trends

Note: Y-axis: Price index (Jan 1997=100)

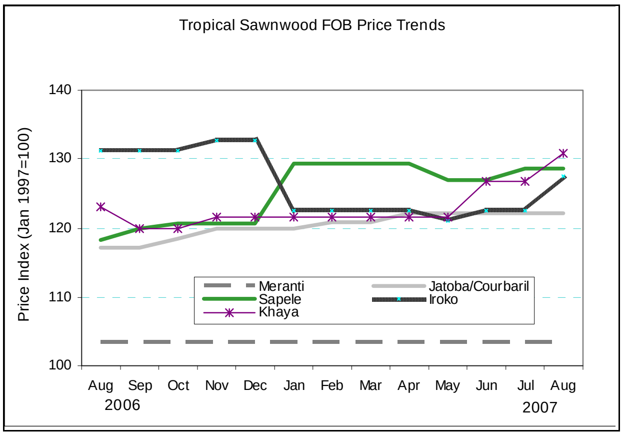


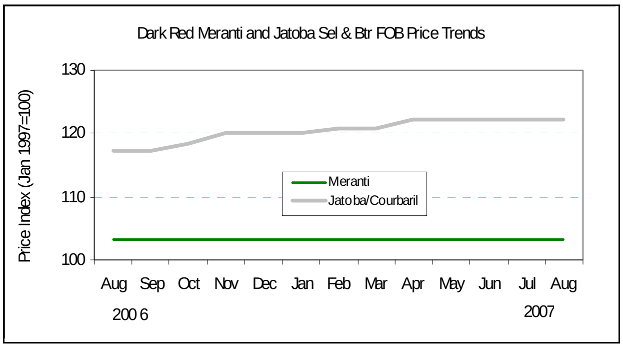


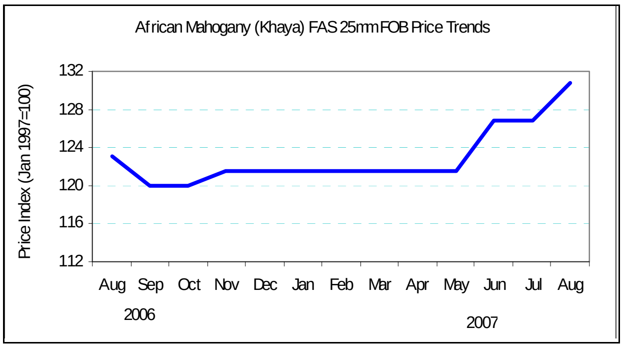


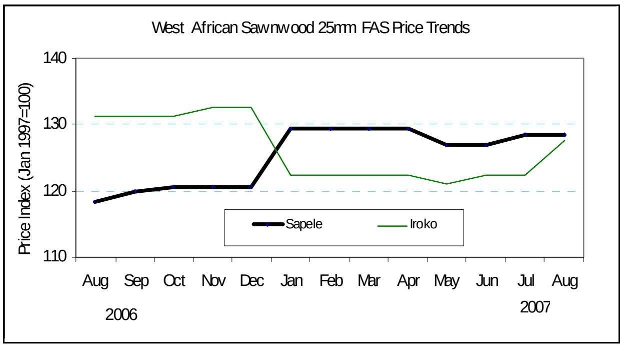
More price trends in Appendix 4, ITTO's Annual Review http://www.itto.or.jp/live/PageDisplayHandler?pageId=199

Tropical Sawnwood Price Trends

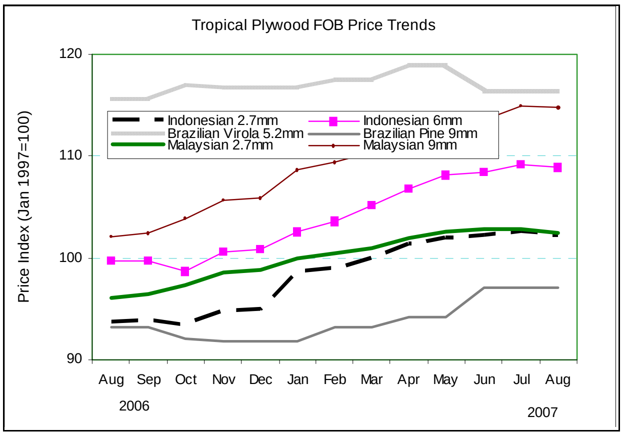


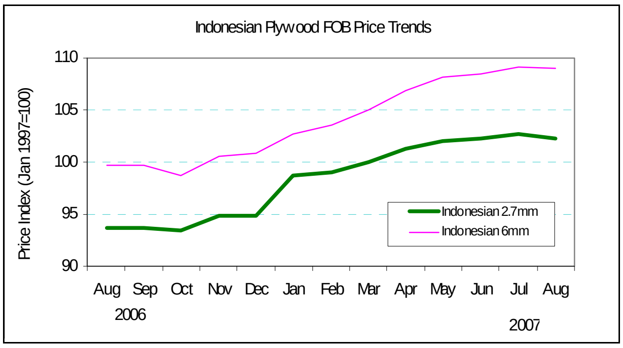


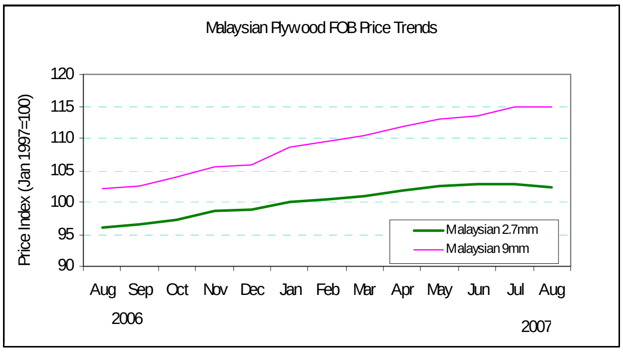


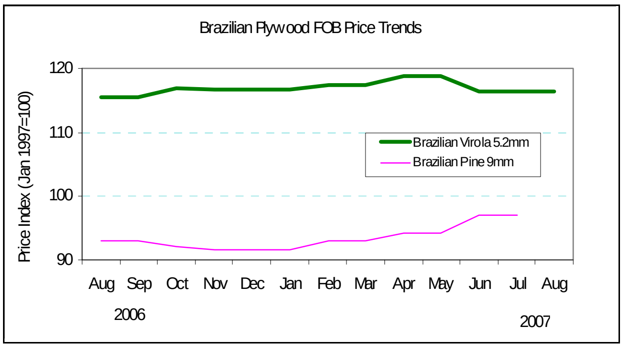


Tropical Plywood Price Trends









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.*