Tropical Timber Market Report since 1990

Volume 12 Number 18, 15-30 September 2007

Snapshot

Minor price changes for Indonesian and Malaysian logs and sawnwood were seen through September. Prices for wood-based products in Brazilian reals increased slightly. However, average prices of Brazilian products in USD fell 2% compared to August 2007.

Political protests in Myanmar have fueled uncertainty over the country's political stability, but it is too early to predict if this would have any impact on production and exports of Myanmar forest products. Japan's new Prime Minister has been elected, but the Minister of Agriculture, Forestry and Fisheries retains his post.

Asian, African and Latin American countries have been working to improve the effectiveness of measures to combat illegal logging. The EU is to assist Ghanaian communities in the struggle against illegal logging. Peru is to strengthen its Forestry Act that will require evidence of legality from those involved in the production of tropical timber. Indonesian associations were also working toward certifying handcrafts and other products for the domestic and international markets.

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Headlines

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Report from Central/West Africa

Log prices steady through September

Throughout September, log prices remained steady. Chinese buyers had become more selective in their purchases, buying only Okoume and a few of the premium red timbers. Chinese demand for lesser used species (LUS) declined from its high position over the past two to three years, and as a result these species are not being harvested. Prices have weakened for these species and the prices now quoted are at three years lows. Belli has been weakening due to lack of demand and fell EUR45 per m³ over the last three weeks. Onzabilli also fell by EUR24 per m³.

It is not clear whether the log quota systems in Gabon and Congo Brazzaville have been fully implemented. Observers believe that some producers are continuing to negotiate with forest authorities on the volumes proposed in the log quotas. In addition, heavy rains had been reported in the region, handicapping harvesting and haulage as well as restricting log supplies. The resulting shortage of supplies has helped keep log export prices steady.

Most lumber prices remain unchanged. Azobe has been suffering from oversupply but sleepers have gained EUR23 per m³ while Douka/Makopre has increased EUR 15 – EUR20 per m³. Sapele and Sipo hold on to June price levels and are at EUR580 for GMS and EUR620-625 for scantlings. Although overall market sentiment has been difficult to determine, prices have been holding firm since supply has tended to be low.

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	152	152	91
Belli	198⬇	198⬇	-
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	289	289	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

EU to assist Ghanaian communities in combating illegal logging

First Counsellor Dirk Naezer, head of the EU delegation on Economic and Micro Trade in Ghana, recently visited the Tema Wood Manufacturers' Association of Ghana. He stated that the EU, in conjunction with the Forestry Commission of Ghana (FC) and other stakeholders, instituted a community programme to stop illegal logging and facilitate the export of important tree species. It also advises on how to sustain Ghana's forests while making wood available for both the local and export markets.

The visit was to enable Naezer to ascertain the assistance the EU could extend to the Association under the EU's Micro and Medium Scale Sector Programme. Counsellor Naezer, who toured various carpentry work centers, also visited the Tema and Ashaiman timber markets where he interacted with the workers. He observed that the wood sector in Ghana needed more technical skills, machinery, finance and space for operations than was envisaged. He advised the Association to take up opportunities generated by regional integration in order to capture the ECOWAS market. Counsellor Naezer commended the carpenters for producing quality products under strenuous conditions and assured the wood workers of support after consulting with the Ghana authorities.

Rainfall facilitates implementation of Modified Taungya System

In 2002, the Government, through the Ministry of Lands, Forestry and Mines, launched the Modified Taungya System, which is aimed at replenishing degraded portions of some forest reserves in the country and alleviating poverty in rural communities. Good levels of rainfall this year have facilitated the development of the Modified Taungya System in the country. Officials are very confident that they could complete the remaining 20% of the targeted 3,500 hectares of degraded forests earmarked for replanting this year. The programme will continue until all the degraded portions are planted with various tree species.

In the Ashanti region, some of the tree species include teak and indigenous species like Cedrela, Ofram, Emire, Ceiba, Mahogany, Mansonia, Koto and Wawa. The Forest Services Division (FSD) of the FC and the forest fringe communities have been engaged in the project aimed at meeting their planting targets for the year. The Ashanti region forms a major part of the project because parts of forest reserves in the region have been destroyed by bushfires. A number of forest reserves engaged in the Taungya System are in the Kumawu, Kwame Nkawie, Juaso/Bekwai and Offinso Forest Districts.

The FSD offers the communities land from the degraded parts of the forests where they plant their food crops. The FSD also offers technical advice to the farmers on nurturing the trees to maturity while they still farm on the lands. On maturity, the farmers are entitled to 40% of the standing value of the planted trees.

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	400
Edinam (mixed redwood)	380	450
Emeri	360	435
African mahogany (Ivorensis)	580	660
Makore	510	570
Niangon	550	-
Odum	750	750
Sapele	500	555
Wawa 1C & Select	250	280

Ghana sawnwood, domestic		US$ per m^3
Wawa	25x300x4.2m	170
Emeri	25x300x4.2m	255
Ceiba	25x300x4.2m	145
Dahoma	50x150x4.2m	274
Redwood	50x75x4.2m	210
Ofram	25x225x4.2m	230

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	235	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

Malaysia amends forestry act to tighten legality provisions

Bernama reported on how Malaysia expects to strengthen its laws to fight illegal logging. Deputy Prime Minister Najib Razak, the Chairman of the National Forestry Council, said logging companies will have to provide documentary evidence they are not harvesting illegally. He said the Council agreed to review and amend the National Forestry Act as to transfer the 'burden of proof' to those in possession of timber. Deputy Prime Minister Razak noted that illegal logging had an impact on biodiversity and global warming and was negatively affecting the image of the country. He said that if Europe and the US were to pursue legal action, this could have adverse effects on Malaysia's economy.

Investments in ECER cover furniture making activities

The news agency *Bernama* reported that the East Coast Economic Region (ECER), covering the Peninsular Malaysian states of Kelantan, Terengganu, Pahang and Mersing district in Johor, will receive RMB44.8 billion to spend on major transportation linkages and other infrastructure. Petronas President and CEO Tan Sri Mohd Hassan Marican said the investments would be a critical determinant of fostering regional development and growth. Hassan noted that part of the funds would be used to revitalize the agriculture sector, including growing rubber trees for timber used in furniture making. He explained that 50,000 to 100,000 acres have been secured for growing rubber trees for timber and that the region could now expand its furniture making activities.

Malaysia Log Prices

Sarawak log, FOB	US$ per m^3
Meranti SQ up	306-329
Small	277-302
Super small	260-274↑
Keruing SQ up	273-288
Small	237-267
Super small	226-235↑
Kapur SQ up	252-265↑
Selangan Batu SQ up	277-303

Pen. Malaysia logs, domestic (SQ) US$ per m^3	
DR Meranti	356-403
Balau	287-320↑
Merbau	423-443
Rubberwood	236-254↑
Keruing	282-296

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)	728-765
Sepetir Boards	325-340↑
Sesendok 25,50mm	450-481
Kembang Semangkok	433-451

Malaysian Sawnwood, domestic		US$ per m^3
Balau (25&50mm,100mm+)		346-365
Merbau		568-588
Kempas 50mmx(75,100 & 125mm)		284-305↑
Rubberwood	25x75x660mm up	276-306↑
	50-75mm Sq.	300-325↑
	>75mm Sq.	320-349↑

Malaysia Plywood Prices

Malaysia ply MR BB/CC, FOB	US$ per m^3
2.7mm	490-515
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	225-242↑
	Domestic 12mm & up	209-228↑
MDF	Export 15-19mm	293-319↑
	Domestic 12-18mm	267-290↑

Malaysia Added Value Product Prices

Malaysia, Mouldings, FOB	US$ per m^3
Selagan Batu Decking	697-715
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	736-755
Grade B	641-656

Malaysia Furniture and Parts Prices

Malaysia, Rubberwood, FOB		US$ per piece
Semi-finished dining table		
solid laminated top 2.5'x4', extension leaf		55-72↑
As above, Oak Veneer		64-78↑
Windsor Chair		53-56↑
Colonial Chair		46-54↑
Queen Anne Chair (soft seat)	without arm	47-61↑
	with arm	51-61↑
Chair Seat 27x430x500mm		32-37↑
Rubberwood Tabletop		US$ per m^3
22x760x1220mm sanded & edge profiled		
Top Grade		625-635
Standard		588-608

Report from Indonesia

LEI leads ventures on certified timber and handicrafts

Antara News reported on the Indonesian Ecolabeling Agency's (LEI) establishment of joint ventures to provide certified timber products and handicrafts to the international furniture market. LEI has teamed up with forest management groups in the Wonogiri district in Central Java and Gunungkidul district in Yogyakarta and the Indonesian Furniture and Handicraft Industry Association (Asmindo). A LEI spokesperson said that products that have eco-labels will enter the furniture and handicraft markets in the near future.

At a workshop where the LEI scheme was announced, an executive from the American Sustainable Furniture Council said that the US market, with an estimated market worth USD84.2 billion in 2006, was heightening its focus on products from certified forests. Indonesian Furniture Association Chairperson Ambar Tjahyono said that the high cost of obtaining eco-labelling certification, currently estimated at Rp100 million, was a hindrance to the progress of the eco-labelling programme. She added that Indonesian furniture and handicraft exports were worth USD2.4 billion in 2006. She commented that Indonesia's furniture and handicraft industry required about 10 million m^3 of timber from state forestry firm PT Perhutani and 4.5 million m^3 from public forests.

Indonesia Log Prices (domestic)

Indonesia logs, domestic prices	US$ per m^3
Plywood logs	
Face Logs	238-277
Core logs	174-206↑
Sawlogs (Meranti)	233-273
Falcata logs	174-190↑
Rubberwood	208-230
Pine	203-228
Mahoni (plantation mahogany)	620-667↓

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	486-513
3mm	423-483
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	235-246↑
	Domestic 9mm	195-213↑
	12-15mm	184-199↑
	18mm	179-185↑
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	691-723
Grade B	608-654

Report from Myanmar

Protests in Rangoon escalate

The *BBC* reported on the protests in against the Myanmar government, which were started in opposition to price hikes for fuel. As a result, prices for transport and staples have skyrocketed. Buddhist monks had increasingly joined public protests after troops broke up a peaceful demonstration in Pakkoku. The UN Security Council urged the government to welcome the UN special envoy Ibrahim Gambari to the country as soon as possible in an effort to ameliorate the situation.

Myanmar Log Prices (natural forests)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)		
Veneer Quality	Aug	Sep	6 mo. Avg
2nd Quality	5,166 (12 tons)	5,175 (21 tons)	4,885
3rd Quality	4,904 (23 tons)	4,707 (19 tons)	4,583
4th Quality	4,367 (67 tons)	4,259 (63 tons)	4,298
Sawing Quality			
Grade 1 (SG-1)	2,882 (324 tons)	2,828 (328 tons)	2,824
Grade 2 (SG-2)	2,442 (411 tons)	2,504 (405 tons)	2,299
Grade 3 (SG-3)	1,901 (151 tons)	2,013 (3 tons)	1,737
Grade 4 (SG-4)	2,129 (382 tons)	2,282 (382 tons)	1,973
Grade 5 (SG-5) Assorted	1,655 (546 tons)	1,839 (546 tons)	1,506
Grade 6 (SG-6) Domestic	1,374 (470 tons)	1,519 (517 tons)	1,204
Grade 7 (ER-1)	1,086 (153 tons)	1,064 (22 tons)	894
Indonesia Plywood Prices Grade 8 (ER-2)	1,119 (10 tons)	996 (3 tons)	926

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	311 (375 tons)
Gurjan (keruing)	203 (77 tons)

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

Report from Brazil

Brazil sets annual interest rate set of 11.25%

The Consumer Price Index (IPCA) increased 0.47%, almost double that in July 2007. The Monetary Policy Committee (COPOM) met in early September and reduced the prime interest rate (SELIC) by 0.25% percentile points, resulting in an annual rate of 11.25%.

Exports from North Brazil to surpass 40% of total exports

The Society of Ports and Waterways (Soph) estimated that veneer and plywood exports through the Port of Porto Velho (the capital of state of Rondônia) are expected to surpass about 40% of total exports to foreign markets in 2007. According to *Diário da Amazônia*, Porto Velho Port has received massive investment in machinery, equipment and logistic infrastructure since 2003, resulting in optimization and cost reduction of shipping. Finished lumber is dispatched preferentially from the quays and moorings, instead of being transported by trucks to the ports of Santos and Paranaguá, located in Southern Brazil. The State Secretariat of Agriculture, Production, Economic and Social Development (SEAPES) has worked to reduce cost and time in loading and unloading at the Madeira River Hydroway.

Currently, the main importing markets of the wood products from the state are the US, Europe and Asia. The main species exported through the Northern Brazilian states of Rondônia and Acre have been Ipê, Cumaru, Tauari, Jatobá, Tamarindo, Roxinho and Maracatiara.

New forest concessions will boost certified wood by 50%

Folha de Sao Paulo reported on the federal government's announcement to approve the first forest concessions in the Northern State of Rondonia.The first concessions for wood production in Amazonian public reserves will begin in 2008 within the Jamari National Forest, an area of 90,000 hectares. The concessions will support the solid wood sector, which accounts for an annual revenue of USD2.5 billion.

The operations will aim to protect 10% of the forest and generate income. The concessions will also likely increase the volume of certified (FSC) timber into the market. Currently, certified forests represent less than 5% of the total forest area. It is estimated that forest concessions and the ecological zones will increase the volume of certified wood from the region to 50%.

Brazilian project to target illegal wood use

The Sao Paulo Secretariat of the Environment is to start a project on deforestation, which will restrain the entrance and commercialization of illegal wood in southern regional states, said *Folha da Sao Paulo*. The objective of the project is to intensify the control of native wood transportation, mainly from Amazonia, in the bordering states of Mato Grosso do Sul, Minas Gerais and others. The operations will involve police blockades to inspect the Document of Forest Origin (DOF) and the production of a forest guide to classify and identify wood origin.

Every year, 24 million m³ of logs are extracted from the Amazonia rainforests, of which approximately 15% are destined for the São Paulo market. This makes the São Paulo State the world's largest consumer of Amazonian native timber, with 3.6 million m³ distributed to wood warehouses and consumed by diverse sectors of the São Paulo economy. To execute the project, the government will stimulate consumption of timber from planted forests and award those companies utilizing wood from sustainable origins.

American hardwood specialists target Brazilian market

Remade reported that specialists from the American Hardwood Export Council attended workshops in Brazil during September 2007. The events were to highlight the importance of American wood and to incorporate American standards in the production of Brazilian furniture for the American market. The events were designed for entrepreneurs of the wood and furniture sectors and were held in the three southern region states (Rio Grande do Sul, Santa Catarina and Paraná).

American hardwoods are well known worldwide for their aesthetic characteristics, sustainability and resistance. Brazil exported USD 300 million of furniture in 2006 to the US, where the demand for finished products with American wood, especially red oak, is increasing. In the same year, the American market absorbed USD12 billion worth of furniture manufactured in China, mostly with American raw material.

Exports of wood products show modest growth
Exports of general wood products (except pulp and paper) rose 5.3% in August 2007 compared to the same period in 2006. Total exports during August reached USD398.4 million. Pine sawnwood fell in volume by 6.2%, from 136,610 m³ in August 2006 to 128,108 m³ in August 2007.Tropical sawnwood exports rose in value by 27.8% and volume by 11.9%. Although the volume of pine plywood decreased 23.7%, it rose 1.8% in value in August 2007. Tropical plywood rose in value and volume, by 19.1% and 10.6%, respectively.

Exported product	August 2007 (value in USD)	August 2006 (value in USD)	% change
Wood Products	398.4	378.3	5.3
Pine Sawnwood	25.5	28.8	(11.4)
Tropical Sawnwood	69.5	54.4	27.8
Pine Plywood	48.5	47.7	(1.8)
Tropical Plywood	19.1	18.6	2.9
Wood Furniture	75.0	73.2	2.5

Brazil Log Prices (domestic)

Brazilian logs, mill yard, domestic	US$ per m³
Ipê	124⬇
Jatoba	87⬇
Guariuba	59⬇
Mescla (white virola)	66⬇

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	580
	Mandioqueira	234
Pine (AD)		193

Brazil sawnwood, domestic (Green)		US$ per m³
Northern Mills (ex-mill)	Ipé	577⬇
	Jatoba	437⬇
Southern Mills (ex-mill)	Eucalyptus (AD)	175⬇
	Pine (KD) 1st grade	237⬇

Brazil Veneer Prices

Veneer, FOB (Belem/Paranagua Ports)	US$ per m³
White Virola Face 2.5mm	290
Pine Veneer (C/D)	210

Rotary cut Veneer, domestic	US$ per m³	
(ex-mill Northern Mill)	Face	Core
White Virola	234⬇	197⬇

Brazil Plywood Prices

Plywood, FOB	US$ per m³
White Virola (US Market)	
5.2mm OV2 (MR)	445
15mm BB/CC (MR)	365
White Virola (Caribbean market)	
4mm BB/CC (MR)	440
12mm BB/CC (MR)	385

Pine Plywood EU market, FOB	US$ per m³
9mm C/CC (WBP)	308
15mm C/CC (WBP)	272
18mm C/CC (WBP)	272

Plywood, domestic (ex-mill Southern mill)		US$ per m³
Grade MR (B/BB)	White Virola 4mm	806⬇
	White Virola 15mm	590⬇

Domestic prices include taxes and may be subject to discounts.

Other Brazil Panel Prices

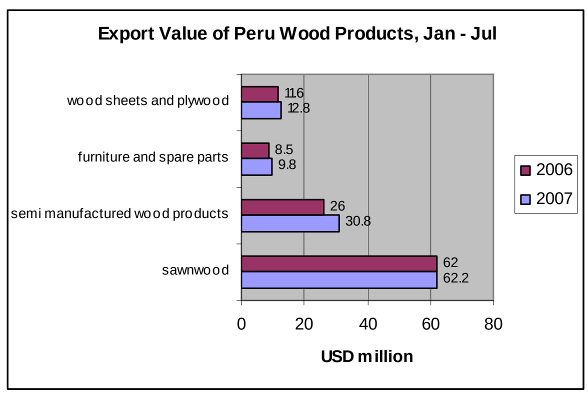
Belem/Paranagua Ports, FOB	US$ per m³
Blockboard Pine 18mm 5 ply (B/C)	315
Domestic Prices, Ex-mill Southern Region	
Blockboard White Virola faced 15mm	527⬇
Particleboard 15mm	330⬇

Brazil Added Value Products

FOB Belem/Paranagua Ports		US$ per m³
Edge Glued Pine Panel		
Korean market (1st Grade)		651
US Market		509
Decking Boards	Cambara	602
	Ipê	1728

Report from Peru

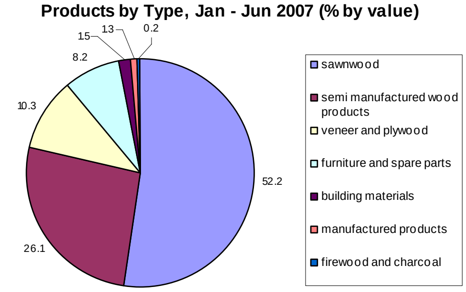
Semi-manufactured products and furniture featured high in Peruvian exports
From January to July 2007, wood sector exports rose 5.51% by value, rising from USD120.3 million to USD114.0 million. In July 2007, however, exports fell USD3.1 million compared to those for July 2006. Items with the highest volume exported in January to July 20007 were semi-manufactured products and furniture and its components, which rose 18.83% and 17.08% by volume respectively. Among the products with decreasing exports were: building components (-6.92%); manufactured products (-2.68%); and veneers and wood sheets (-92.10%).



Peru exports rise 13.49% in first semester
During the first semester of 2007, Peru's manufactured solidwood products exports amounted to USD102.9 million, rising 13.49% compared to the same period in 2006. The rise was mainly due to semi-manufactured products exports, which increased 31%, reflecting sales worth USD26.8 million. In the same period, the tariff consignments on furniture and its parts were valued at USD8.4 million, jumping 19.24% compared to the same period in 2006. The rising values of lumber and furniture exports reflect the increasing importance of the country's production of greater value-added wood products.

The main product exported, sawnwood, represented 52.24% of the total share of exports by value. Veneer and plywood also rose 4.11% during the first half of this year. Fiberboard and particleboard exports decreased 82.08%, while exports of firewood and charcoal fell 90.80%. The decline in these products was caused by heightened local demand, as products normally exported were redirected to the local market.

Figure 1: Peru's Market Share of Exported Wood Products by Type, Jan - Jun 2007 (% by value)

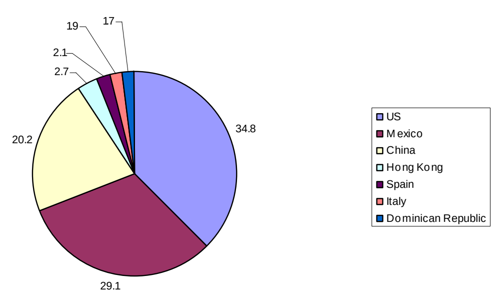


US, Mexico and China main importers of Peru wood products

Continuing the trend of the last three years, the three main destinations of Peru wood products during the first half of 2007 were the US, Mexico and China. Exports to the US decreased 8.36% by value, dropping from 39.51% in 2006 to 34.32% in 2007. Mexico's share of imports increased 19.22%. Peru's market share reached 30.56%. Peru's share of the Chinese market for wood products was 20.0%, similar to that in 2006.

During the first semester of 2007, exports to the US increased 3.61%, but total market share decreased from 38.1% to 34.8%. Mexico was the second largest importer, with imports holding 29.1% of the market. Spain and Sweden are also destinations where imports of Peru wood products have increased in the first semester. In total, Peru wood products were exported to more than 60 countries worldwide.

Figure 2: Exports of Peru's wood products by destination, Jan - Jun 2007 (% market share by value)



Agreement reached on forestry aspects of US-Peru FTA

In the past few weeks, Peru and the US have reached agreement on the forestry aspects of the US-Peru Free Trade Agreement. Both countries have been aware that illegal trade of lumber and wildlife undermines the trading of forest products from legal sources, thereby reducing the real economic value of renewable natural resources and weakening efforts to promote resource conservation and their sustainable management. Both countries acknowledged the importance of sustainable management in the forestry sector to promote economic value of forests and sustainable resource management. Peru and the US are committed to do what is needed to improve the management of the forestry sector and to promote legal trade in forest products.

Within 18 months of the FTA's implementation, Peru must strengthen the management of its forestry sector. The following actions will need to be undertaken: increase the staff in charge of enforcing legal directives, leading to a substantial reduction in illegal logging and illegal trade; persuade those who undermine or obstruct the sustainable management of forestry resources by imposing penal or civil repercussions; and adopt and implement necessary measures for the monitoring of the distribution and conditions of tree species included in CITES listings.

Peru must also include in its annual export quota only broadleaved mahogany forest species extracted from native communities or forest concessions with an annual operative plan approved and verified by INRENA and supervised by OSINFOR. The country must also design verification systems to assess the legal origin and the chain of custody for species included in CITES listings. Systems must also be designed to ensure traceability of specimens from logging, forwarding, processing and exportation. Finally, Peru must carry out periodic audits on producers and exporters specializing in US markets and check if their products comply with the regulations on logging and trading of forest products, including those found in Appendix II of CITES.

Peru Sawnwood Prices

Peru Sawnwood, FOB Callao Port		US\$ per m^3
Mahogany S&B KD 16%, 1-2" random lengths (US market)		1870-1915
Spanish Cedar KD select		
North American market		960-1029⬇
Mexican market		982-1032⬇
Pumaquiro 25-50mm AD	Mexican market	490-525

*Cheaper and small-dimension sawnwood for this market.

Peru Sawnwood, FOB Callao Port (cont.)	US\$ per m^3
Virola 1-2" thick, length 6'-8' KD	
Grade 1, Mexican market	279-318⬆
Grade 2, Mexican market	230-248⬆
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 m^3
Spanish Cedar AD Select Mexican market	945-990
Virola 1-2" thick, length 6'-13' KD	
Grade 1, Mexican market	275-328⬆
Grade 2, Mexican market	235-251⬆
Grade 3, Mexican market	148-167⬆
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	240-245

Peru sawnwood, domestic	US\$ per m^3
Mahogany	1300-1345
Virola	120-122
Spanish Cedar	485-495
Marupa (simarouba)	140-145

Peru Veneer Prices

Veneer FOB	US\$ per m^3
Lupuna 3/Btr 2.5mm	220-228
Lupuna 2/Btr 4.2mm	220-250
Lupuna 3/Btr 1.5mm	245-255

Peru Plywood Prices

Peru plywood, FOB (Mexican Market)		US$ per m^3
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 Bolivia

Bolivia Sawnwood Prices

Sawnwood 1-3"x3x5"x7-19', FOB Arica Port		$ Avg un. val. per m^3
Mahogany	(US market)	1750-1800
Spanish Cedar	(US market)	500-950
Oak	(US and EU market)	600-800

Bolivia Added Value Product Prices

Doors 13/4"x36"x96", FOB Arica Port		Avg $ per piece
US market	Mara macho/Tornillo (FSC)	100-390
	Yesquero	105-265
	Ochoó	120-140

Report from Guyana

Guyana Log Prices

Logs, FOB Georgetown	SQ - $ Avg unit value per m^3		
	Std	Fair	Small
Greenheart	110-130↓	100↓	100↓
Purpleheart	165-190↑	125-145↑	105
Mora	-	100-105	-

*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 m^3	
EU and US markets		Undressed	Dressed
Greenheart	Prime	none	445-945↑
	Select/Standard	550-678↑	402-645↑
Purpleheart	Prime	-	678-1050↑
	Select/Standard	-	488-750↑
Greenheart scantlings		-	-

Guyana Plywood Prices

Plywood, FOB Georgetown Port			$ Avg unit val. per m^3
Baromalli	BB/CC	5.5mm	-
		12mm	-
	Utility	5.5mm	-
		12mm	345

Report from Japan

Fukuda elected as new Japanese Prime Minister

New Liberal Democratic Party President Yasuo Fukuda was sworn in as the new Japanese Prime Minister on 26 September 2007, reported *The Japan Times*. While the Japanese House of Representatives and the House of Councilors elected different candidates for the PM position and consultations between the two chambers failed to identify a clear victor, the Lower House's choice, Mr. Fukuda, triumphed based on guidance contained in the Constitution. A new Cabinet was also formed, containing many of former Prime Minister Abe's members, in an effort to maintain continuity in legislative affairs.

Conference held amid falling plywood market in Japan

After the market for plywood fell in Japan (see TTM 12:17), the Indonesian Plywood Association (APKINDO), the Malaysian Plywood Manufacturers Association (MPMA) and the Japan Federation of Plywood Manufacturers held a plywood conference in Jakarta, Indonesia. The three main participating countries met in early September to discuss how to adjust plywood production for the rest of the year. Plywood manufacturers from Japan agreed to curtail production, while plywood mills in Indonesian and Malaysian would reduce production for exports to Japan and other countries. All participants hoped that prices would recover by the end of the year and urged a second conference be held to reassess the situation.

Composite floor production slips 8% in 2007

Production of composite flooring reached 28.3 million m² in the first half of 2007, down 8% from the same period in 2006. Plywood base flooring fell 20.6%, but composite material base flooring increased by 46.9%. The shift was due to declining supplies of South Sea hardwood and increasing prices. Shipments of flooring were down 7.6%, reaching 29.0 million m².

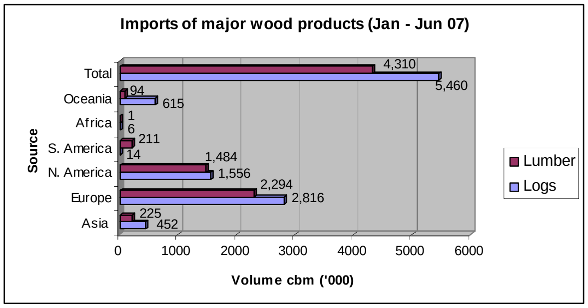
Demand for plywood remains flat

During the month of September, the plywood situation was stagnant and there was no sign of recovery for domestic or imported products. Although some importers claim that the bottom of the market for import hardwood plywood from South Sea countries had been reached, there is little hope that the wholesale market would turn around soon since prices were extremely low. Prices of imported plywood were low due to adjustments being made to port inventories.

According to the *Japan Lumber Journal*, imports from Malaysia, Japan's largest supplier, showed a 31.1% decrease in July's imports due to the slow pace of negotiations between importers and manufacturers. Indonesian imports also decreased 16.1%, while Chinese imports grew 14.1%.

Wood products imports rise in value by 18.9%

While imports of wood products slightly decreased in volume during the first half of 2007, they increased in value by 18.9% to JPY669.5 billion yen. Rising suppliers' prices triggered the jump in value and the appreciation of the Euro increased total value. However, demand continued to be weak, and buyers were less willing to absorb higher prices. As a result, imports during the second half of the year are expected to slow.



Log and Sawnwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku
Meranti (Hill, Sarawak)	(Koku=0.278 m^3)
Medium Mixed	8,700
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

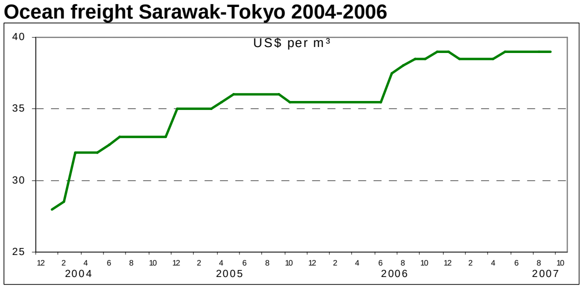
Logs for Sawmilling, CIF	Yen per Koku
Melapi (Sarawak) High Select	11,000
Agathis (Sarawak) High Select	10,800

Lumber, FOB	Yen per m^3
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)	Aug (¥ per sheet)	Sep
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	370 ↓	370
3.7mm (med. Thickness, F 4star, type1)	910 X 1820	580 ↓	580
5.2mm (med. Thickness, F 4star, type 1)	910 X 1820	690 ↓	690
11.5mm for sheathing (F 4star, type 2)	910 X 1820	1040 ↓	960 ↓
12mm for foundation (F 4star, special)	910 X 1820	1090 ↓	980 ↓
12mm concrete-form ply (JAS)	900 X 1800	1040 ↓	960 ↓
12m coated concrete-form ply (JAS)	900 X 1800	1320 ↓	1280 ↓
11.5mm flooring board	945 X 1840	1600 ↓	1500 ↓
3.6mm baseboard for overlays (OVL)	1230 X 2440	950 ↓	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 prohibits five kinds of forestry industries

The latest edition of the journal *The Key Points of China's Forestry Industry Policies* said that China will restrict or prohibit specific types of forestry industry development. The following projects will be restricted: projects focused on the production and use of disposable wooden products and wooden packages made of high quality timber; projects to process wood and bamboo with lower comprehensive utilization rates; any single production line to develop new high and medium density fiberboard that has an annual output less than 50,000 m³; any development of a single production line that has an annual output less than 30,000 m³; and products to develop a gum resin production line that have an annual output less than 1,000 tons.

Five kinds of forestry industry development have been prohibited by China. First, China will prohibit the use of obsolete technology, equipment and products. Second, small sized wood-based panel enterprises, small sized resin production enterprises using outdated methods, the and production of wet processing fiberboard and wood products not meeting national quality standards will be prohibited. Third, China will also not allow tourist activities and activities involving the collection of forest products such as medicinal plants that exceed the ecological carrying capacity. Fourth, pulpwood plantations will not be established in regions suffering severe water shortages. Finally, China will prohibit the cutting of natural forests, especially tropical rainforest and monsoon forests, to provide the raw materials for large scale industrial use.

Furniture associations establish World Furniture Federation in Shanghai

On 10 September 2007, the World Furniture Federation was founded and approved at Shanghai International Center by furniture associations from over 50 countries. Mr. Calixto Valenti, Chairman of the European Furniture Federation, was elected as the new Federation's first president. The World Furniture Federation is the third international organization founded in Shanghai, after the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) and the Shanghai Cooperation Organization.

Furniture exports expected to top USD20 billion

Mr. Jia Quingwen, President of the China Furniture Association, said he expected the export value of China's furniture to top USD20 billion in 2007. Currently, the output of solid wood furniture makes up about 32% of total furniture outputs. The export value of China's furniture in 2006 exceeded US17.4 billion, accounting for 19% of the world's total. The annual growth rate of China's furniture export value was 23% from 2000 until 2005. China's furniture is exported mainly to the US (46%), Asia (25%) and Europe (20%).

China had also developed its domestic furniture manufacturing industry, forming five major furniture production zones in the north east, north, east, south and west. The zones were distributed in the eastern coastal regions from North to South. Both export-oriented furniture production enterprises and large scale production enterprises are concentrated in these areas. Furniture in the western zone is mainly focused on the domestic market. The areas with the highest furniture production capacity and export values are in south China (mainly Guangdong) and east China (Zhejiang and Jiangsu). There were 50,000 furniture enterprises with employees of 50,000 and output value of USD54 billion in 2006.

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.	5100-5300
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		10000-11000
Sapele 50mm FAS (Congo)	AD	6600-6800
	KD	7200-7300

Shandong De Zhou Timber market

Logs		Yuan per m^3
Larch	6m, 24-28cm diam.	1230
White Pine	6m, 24-28cm diam.	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.	1370
	6m, 30cm+ diam.	1380
Sawnwood		
Mongolian Scots Pine	4m, 5-6cm thick	1550
	4m,10cm thick	1550

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

German timber industry sales jump 9.5%

The German timber industry reported sales increases of 9.5% (EUR18.94 billion), said *EUWID*. President of the German Association of Wood Working and Plastics Industries (HDH), Dirk-Uwe Klass, announced the results during the association's annual press conference in Cologne on 30 August. Despite the overall rise in sales, the timber industry had to overcome slow domestic order inflows. Klass said the jump in sales were mainly due to prices for exports and price increases in the furniture sector. Companies that were associated with the building sector fared better in the first quarter than the second quarter, since there was reduced investment in residential building during the second quarter.

Sales rose for veneers, plywood, wood fiberboard and particleboard by 17.2% in the first half of the year. Excluding furniture, the association expects a 9% rise in sales to EUR19.billion for the year 2007. This would mean that the second half of the year would experience a slow down in sales, due to the decline in building activity. Nevertheless, furniture sales are expected to grow 5% in 2007.

Report from the UK

OECD warns of slowing UK economic growth

Organization for Economic Cooperation and Development's (OECD) announced that the UK would need to cut interest rates to boost the economy, said the *BBC*. It warned that that the slowing economy could increase the UK's budget deficit and lead to spending cuts. The OECD forecast that economic growth in the UK could be below 2.5% and suggested that the credit turmoil could affect the high street and housing markets.

Housing market shrugs off financial turbulence

Nationwide reported that despite recent turbulence in financial markets, housing prices have risen 0.7% in September. However, it noted that the annual price growth slowed to 9%, its lowest in a year. The Institute of Chartered Surveyors said there is a one in ten chance of a 1990s style housing market crash.

BBC also reported on UK housebuilder Barrett Developments similar statement on the housing market, which warned that interest rates and the credit crunch would hit housing markets. However, it noted that its long term outlook was positive.

Optimism of UK timber traders waning

The *TTJ* recently explained the impacts of the CBI polls from July. It reported that UK timber and wood product suppliers' attitude recently weakened toward the general business situation. It noted that businesses working below capacity had fallen to 56%, but that orders have shrunk relative to normal levels. The outlook for orders is expected to be flat in the coming months, as is the outlook for manufacturing costs and factory prices of timber and related products.

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	440-455 ⬆
Cedro FAS 25mm	420-430 ⬆
DR Meranti Sel/Btr 25mm	410-420
Keruing Std/Btr 25mm	295-315 ⬆
Sapele FAS 25mm	430-450 ⬆
Iroko FAS 25mm	430-450
Khaya FAS 25mm	420-430
Utile FAS 25mm	410-420
Wawa No.1 C&S 25mm	230-240 ⬆

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	54 ⬆

Report from North America

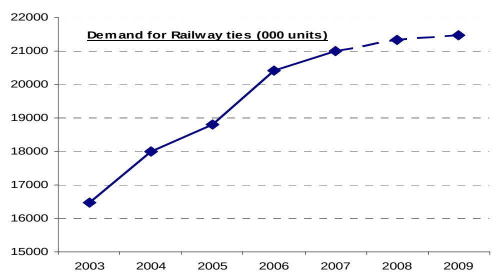
Fed cuts rates by 50 points, foreclosures jump

The Economist reported on the Federal Reserve's decision to cut interest rates by 50 basis points. The move was made to avoid harm to the global economy, due to the US subprime mortgage fallout and weak credit markets. Recent statistics by RealtyTrac also showed that home foreclosures jumped 36% in August. Experts anticipate forthcoming rate cut by the Fed at its next meeting.

Rising demand for American hardwoods for railway ties

Overall, the American hardwood industry is not performing well, mainly as a result of the slumping US housing market. However, there are a few sectors in the industry that seem to have escaped the general downturn. Demand for wood flooring and for wood from transportation-related industries are holding up fairly well. In particular, the markets for wooden truck trailer flooring, pallets, skids, crates, and railway ties remain healthy. The following article focuses on the railway tie industry.

Real GDP growth is one of the main drivers for cross tie purchases. Growth stood at approximately 3%, both in 2005 and 2006. No doubt, a cooling US economy could slow the railway tie market in the next few years, but is not likely to cause a declining trend. Growth may fall below 2% in 2007 and only marginally above this mark next year.



Source: AKTRIN, Railway Tie Association

Another important driver is railroad shipments of bulk products. Due to the increase of global trade, railroads have been outperforming the overall economy. Furthermore, the limitation of the Panama Canal requires most ocean vessels from China and other Asian source countries to make use of ports along the US Pacific coast. As a large portion of these products are consumed in the eastern United States, the demand for cross-country railway transportation should remain even more resilient.

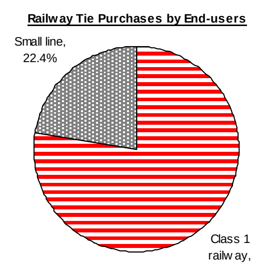
Most American railways operate with diesel locomotives. The price of fuel has an impact on railways and by implication on demand for cross ties. Even though diesel prices are forecast to drop and railroads will get some financial relief from falling fuel costs, diesel is still quite expensive by historical standards. Nevertheless, recent experience indicates that the US economy has largely insulated itself from the adverse effects of high fuel prices by becoming more energy efficient. Energy use in relation to real GDP has decreased substantially during the last three decades. With regard to railways, rising fuel prices may even have a beneficial impact. As diesel gets more expensive, freight shipments shift from trucks to rail.

North American freight railroads are segmented into Class 1 (long-distance) railroads, and Small (short-distance) railroads. According to recent trends the length of Class 1 railroad tracks has been declining by about 1% annually. However, when Class 1 railroads shed tracks, short lines usually acquire some of those lines. Also, the decrease in track length is more than counterbalanced by increases in freight.

As of 2006 the market for North American cross ties stood at 20.4 million units, up from 16.5 million units in 2003. Sales of railway ties increased again this year and may reach approximately 21 million. This would be the highest total in the past 20 years.

Taking the above described economic fundamentals into consideration, the railway tie market will continue to expand in the foreseeable future, but at a slower rate. Freight traffic is slowing down in conjunction with the cooling economy and slower bulk shipments. According to forecasts by the *Railway Tie Association*, demand may possibly reach 21.5 million units by 2009.

In 2006, 77.6% of the railway tie demand went on account of Class 1 railways, and the remaining 22.4% on account of Small-line railways. During the past few years, Class 1 railways have been loosing market share which was still 82.3% as recent as 2003. Looking into the future, it may be that the Class 1 lines will gain back some of their lost grounds.



Source: AKTRIN, Railway Tie Association

US Imported Sawnwood Prices

FOB unit value prices		Avg $ per m^3	
		May	June
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)	995⬇	1027⬆
	(Indonesia)	1007⬆	1025⬆
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)	May	June
By species (all countries)		
Meranti	6.2⬇	11.4⬆
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)	May	June
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.

The Australian auditor-general has criticized the Forest Products Commission for not accurately tracking its harvested timber. Concerns about incorrect timber deliveries were brought to the attention of the auditor-general, triggering an investigation which was tabled in the Western Australian Parliament.
http://www.abc.net.au/news/stories/2007/09/27/2044890.htm

Bamboo plantations in the Philippines, estimated to be at 52,000 hectares in 1998, are 'almost all neglected now,' reducing the resources for economic development in rural areas and efforts to ease global warming, an official of the Philippine Bamboo Foundation Inc. said.
http://globalnation.inquirer.net/philippineexplorer/philippineexplorer/view_article.php?article_id=89090

The Amazon rainforest may be more resistant to rising temperatures than has been believed. Researchers found that during the 2005 drought, many parts of the rainforest 'greened', apparently growing faster.
http://news.bbc.co.uk/2/hi/science/nature/7003788.stm

Built from scratch in a treeless corner of the country, a community of scientists, tinkerers, and refugees - now numbering more than 200 - has created a verdant rainforest where once there was nothing but scrub grass. It has also devised and deployed dozens of inventions with a frequency and success rate that puts some of America's most storied technology companies to shame.
http://money.cnn.com/2007/09/26/technology/village_saving_planet.biz2/index.htm?postversion=2007092703

Cia. Vale do Rio Doce, Rio Tinto Group and BHP Billiton Ltd., the world's three largest iron-ore exporters, may increase prices by 30 percent next year as demand driven by steelmakers in China outpaces growth in supply.
http://www.bloomberg.com/apps/news?pid=20601080&sid=aML6rIMJM0Io&refer=asia

The dollar fell to an all-time low against the euro on speculation a government report will show a drop in U.S. home sales, bolstering the Federal Reserve's case for cutting interest rates.
http://www.bloomberg.com/apps/news?pid=20601087&sid=aglBIsiogx.w&refer=home

The Indian Minister of State for Environment and Forests S Regupathy said that the government aims to increase the forest and tree cover in the country to 33 percent of the geographical area by 2012.
http://www.newindpress.com/NewsItems.asp?ID=IER20070925230635&Page=R&Headline=Govt+to+raise+forest+cover&Title=Kerala&Topic=0

These days biodiesel isn't just good for the environment - it's good for the bottom line. The U.S. market for the combustible stuff has more than doubled every year since 2004 and will hit $1 billion this year. The number of retail pumps nationwide has grown from 350 in 2005 to more than 1,000 today. A couple of biodiesel IPOs are in the offing - and opportunities abound. 'Biodiesel is the rock star of fuels,' says Will Thurmond, author of Biodiesel 2020: A Global Market Survey. 'It has moved from Woodstock to Wall Street.'
http://money.cnn.com/2007/09/25/technology/biodieselboom.biz2/index.htm?postversion=2007092609

Three Australian companies have taken a great leap northwards and bought land around Tully, Ingham and Innisfail in far north Queensland, offering managed investment schemes for retail investors, and other vehicles for institutions and wealthy individuals seeking long-term investments.
http://www.theaustralian.news.com.au/story/0,25197,22383587-25658,00.html

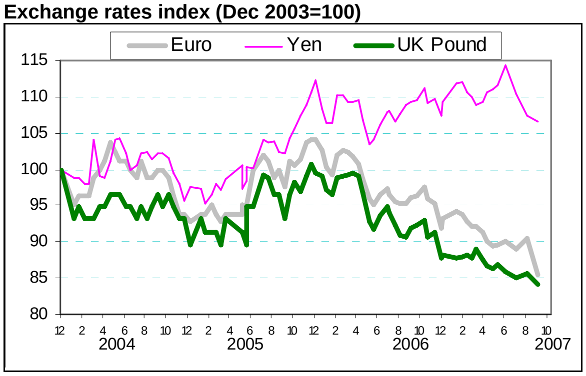
World Wildlife Fund scientists have just announced the discovery of 11 new animal and plant species in a remote area in central Vietnam. They say this underscores the importance of conservation efforts in the ancient tropical forests of the region.
http://www.sciencedaily.com/releases/2007/09/070925204929.htm

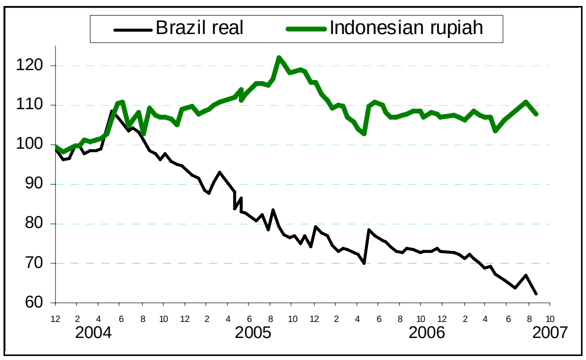
Main US Dollar Exchange Rates

As of 28th Sep 2007

Brazil	Real	1.833	↓
CFA countries	CFA Franc	459.169	↓
China	Yuan	7.506	↓
EU	Euro	0.701	↓
Indonesia	Rupiah	9,141.00	↓
Japan	Yen	114.88	↑
Malaysia	Ringgit	3.4072	↓
Peru	New Sol	3.0845	↓
UK	Pound	0.4887	↓

Exchange rates index (Dec 2003=100)

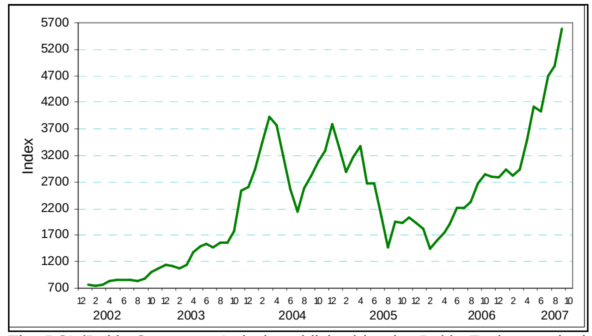




Abbreviations and Equivalences

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

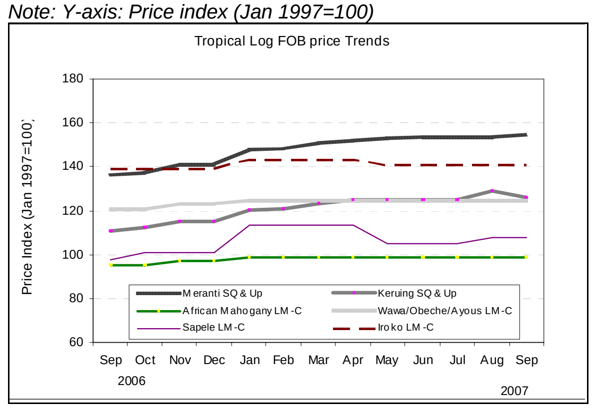


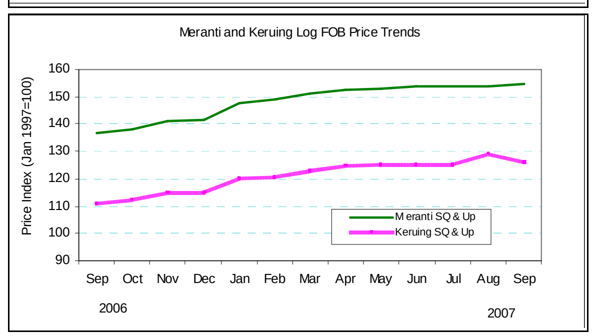
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

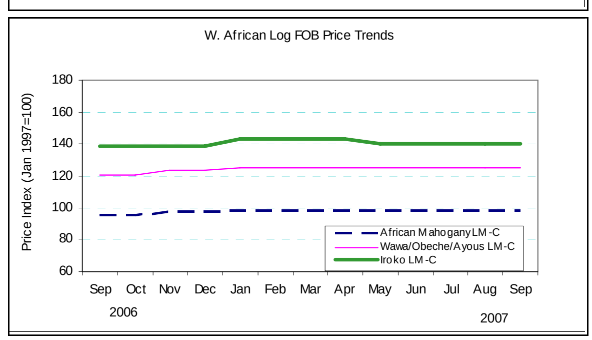
Appendix. Tropical Timber Price Trends

Tropical Log Price Trends

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

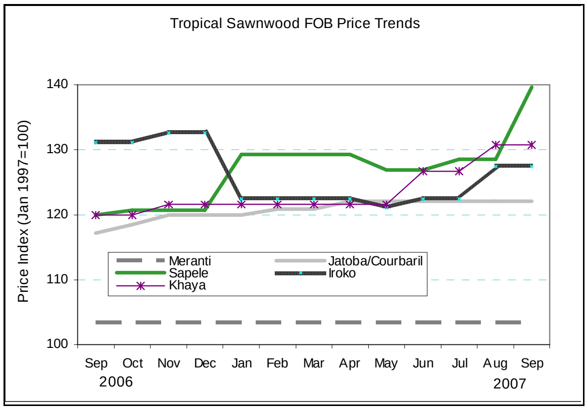


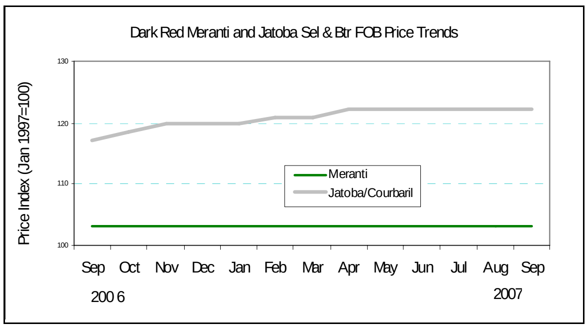


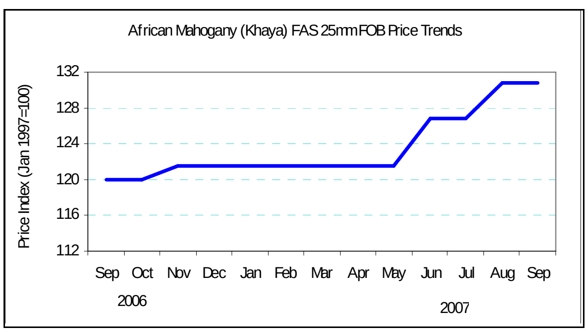


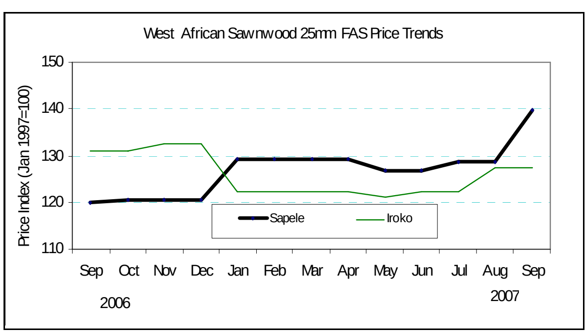
More price trends in Appendix 4, ITTO's Annual Review http://www.itto.or.jp/live/PageDisplayHandler?pageId=199

Tropical Sawnwood Price Trends

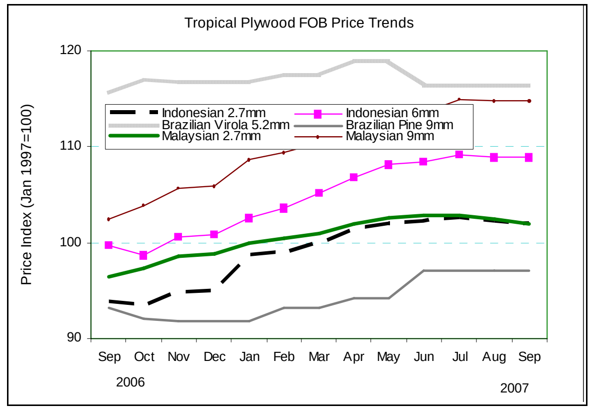


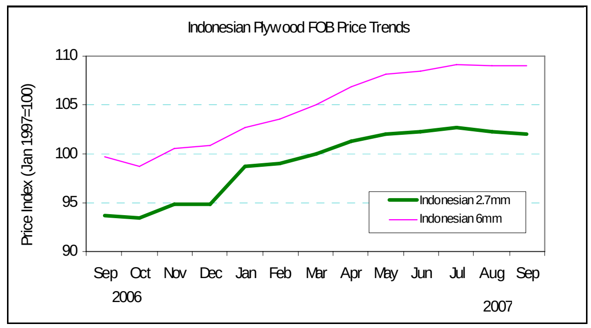


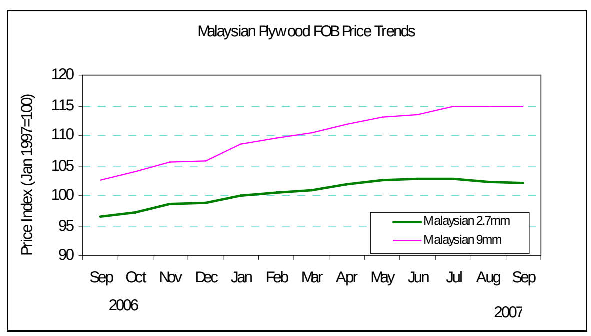


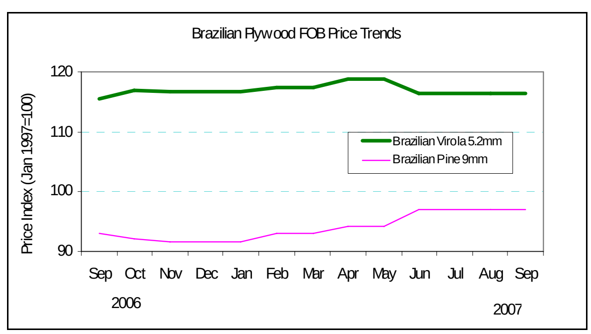


Tropical Plywood Price Trends









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.*