

# Tropical Timber Market Report since 1990

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## Snapshot

Trade has been quiet as demand continued to be slow in most tropical timber consumer countries. Low demand, coupled with the emerging global economic crisis, was expected to further impact markets in the coming months. With the expectation that markets were slowing, Indonesia anticipated lowering its growth targets for 2009 exports. Northern Brazil's forest products sector was cautious in making projections for sales to foreign markets. The EU market was also shrinking and buyers were looking for ways to cut costs.

Despite the current economic situation, some countries continued to stimulate and receive investments in forest plantations. Brazil's new forest investment mechanism, the forest 'condominium', is expected to establish Brazil's largest, fully irrigated forest plantation containing native species. Mexico's private sector will use stock-exchange certificates (CBs) to complete the financing of a forest teak plantation in the south-east of the country. Private investments in teak plantations were also reported to be on the rise in the Pinyinana and Taungdwingyi districts of Myanmar.

## Contents

Central/West Africa	2
Ghana	2
Malaysia	3
Indonesia	3
Myanmar	4
Brazil	4
Peru	6
Bolivia	6
Mexico	7
Guyana	7
Japan	8
China	9
Europe and the UK	10
Internet News	11
Currencies and Abbreviations	12
Ocean Freight Index	13
Appendix: Tropical Timber Price Trends	13

## Headlines

China and India help sustain West Africa trade	2
Deputy Minister calls for original design manufacturing in Malaysia	3
Indonesia to lower growth export targets for 2009	3
Teak plantations are on the rise in Myanmar	4
Forest 'condominiums' offer new opportunities to timber investors	4
New research shows possibility of mahogany reforestation in Brazil	5
Commercial forest plantations draw further financial support in Mexico	7
Market trends in Guyana stable over past fortnight	7
Forestry Training Center Incorporated continues work on SFM	7
Sumitomo Forestry to increase sales of certified plywood imports	8
China's wooden door manufacturing shows growth in recent years	9
China's furniture imports skyrocket in value	9
Confidence in EU market low	10
EU illegal logging legislation continues to be delayed	11

## Report from Central/West Africa

### China and India help sustain West Africa trade

While China and India were buying at reasonable levels, log trade elsewhere was very slow and demand was low. Prices were reported as stable, although beyond the restricted number of species for China and India, there were too few buyers in the market on which to base normal market prices. Some business in non-premium species was being conducted with Vietnam. Prices for these species were likely to have been keenly negotiated and qualities would have been lower than usual.

The onset of many countries' global economic problems has yet to fully impact all sectors of the log and lumber industries. However, lower growth forecasts for economies in developed countries is certain to slow manufacturing and sales of furniture, which will impact demand for tropical timber. There has already been a downturn in sales of board products in Europe, due to problems in the building industries and lower demand from furniture manufacturers and exporters.

As with logs, it is likely that sawn lumber prices appear stable only because of low trading volumes, rather than being led by demand in the market. Buying was very slow over the previous fortnight. Sapele prices were still variable and subject to offers. Buying for iroko lumber was weaker due to lower demand.

### West Africa Log Prices

West Africa logs, FOB	€ per m <sup>3</sup>		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	221	191	137
Ayous/Obéché/Wawa	206	206	168
Azobe & Ekki	168	168	122
Belli	168	168	-
Bibolo/Dibétou	168	168	114
Bubinga	533	457	381
Iroko	289	274	259
Okoume (60% CI, 40% CE, 20% CS) (China only)	132	-	-
Moabi	259	259	206
Movingui	191	191	137
Niove	129	129	-
Okan	162	162	135
Padouk	259	259	229
Sapele	251	251	191
Sipo/Utile	305	305	228
Tali	152	152	114

### West Africa Sawnwood Prices

West Africa sawnwood, FOB	€ per m <sup>3</sup>
Ayous FAS GMS	335
Fixed sizes	396
Okoumé FAS GMS	300
Sel. & Bet. GMS Italy	250
Sel. & Bet. fixed sizes	-
Sipo FAS GMS	585
FAS fixed sizes	-
FAS scantlings	585
Padouk FAS GMS	585
FAS scantlings	585
Strips	425
Sapele FAS Spanish sizes	520
FAS scantlings	520
Iroko FAS GMS	458
Scantlings	519
Strips	304
Khaya FAS GMS	396
FAS fixed	427
Moabi FAS GMS	580
Scantlings	580
Movingui FAS GMS	420

## Report from Ghana

### Ghana Log Prices

Ghana logs, domestic	US\$ per m <sup>3</sup>	
	Up to 80cm	80cm+
Wawa	100-115	120-145
Odum Grade A	160-170	175-185
Ceiba	90-100	105-120
Chenchen	60-88	90-112
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 <sup>3</sup>	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	855	-
Asanфина	490	560
Ceiba	200	255
Dahoma	330	390
Edinam (mixed redwood)	400	470
Emeri	425	485
African mahogany (Ivorensis)	585	670
Makore	510	585
Niangon	550	-
Odum	650	720
Sapele	540	600
Wawa 1C & Select	260	285

Ghana sawnwood, domestic	US\$ per m <sup>3</sup>
Wawa 25x300x4.2m	255
Emeri 25x300x4.2m	350
Ceiba 25x300x4.2m	204
Dahoma 50x150x4.2m	318
Redwood 50x75x4.2m	274
Ofram 25x225x4.2m	330

### Ghana Veneer Prices

Rotary Veneer, FOB	€ per m <sup>3</sup>	
	CORE (1-1.9mm)	FACE (<2mm)
Bombax	315	350
Kyere, Ofram, Ogea & Otie	325	360
Chenchen	315	360
Ceiba	360	305
Mahogany	415	450

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 <sup>3</sup>
Ceiba	245
Chenchen, Ogea & Essa	295
Ofram	305

Sliced Veneer, FOB	€ per m <sup>2</sup>	
	Face	Backing
Afrormosia	1.80	1.00
Asanfina	2.00	0.80
Avodire	1.12	0.80
Chenchen	0.97	0.53
Mahogany	1.40	0.79
Makore	1.40	0.90
Odum	1.66	1.00

#### Ghana Plywood Prices

Plywood, FOB B/BB, Thickness	€ per m <sup>3</sup>			
	Redwoods		Light Woods	
	WBP	MR	WBP	MR
4mm	560	475	500	365
6mm	340	325	335	285
9mm	380	300	290	270
12mm	300	300	280	255
15mm	310	280	300	260
18mm	300	280	285	250

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 <sup>2</sup>		
	10x60x300mm	10x65-75mm	14x70mm
Apa	12.00	14.47	17.00
Odum	7.80	10.18	11.00
Hyedua	13.67	13.93	17.82
Afrormosia	13.72	18.22	17.82

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

## Report from Malaysia

### Deputy Minister calls for original design manufacturing in Malaysia

Deputy Minister of Plantation Industries and Commodities, Mr. A. Kohilan Pillay said that Malaysian timber companies should invest in original design manufacturing (ODM) and own brand manufacturing (OBM). According to *Bernama News*, the Deputy Minister noted that ODM and OBM would allow Malaysian timber companies to improve their competitive status among other low-cost producer countries such as China and Vietnam.

The Deputy Minister made the announcement at Aseanwood-Woodtech Malaysia (WTM) 2008, a leading trade show for the woodworking industry, held from 24-28 September at the Putra World Trade Center (PWTC) in Kuala Lumpur. The show was estimated to draw over 15,000 visitors, a projected growth of 10% over the number of visitors received during the last show in 2005.

#### Malaysia Log Prices

Sarawak log, FOB	US\$ per m <sup>3</sup>
Meranti SQ up	292-313↓
Small	276-298↓
Super small	274-270↓
Keruing SQ up	273-282↓
Small	242-274↓
Super small	234-238↓
Kapur SQ up	253-268↓
Selangang Batu SQ up	270-294↓
Pen. Malaysia logs, domestic (SQ) US\$ per m <sup>3</sup>	
DR Meranti	358-398↓
Balau	300-340↓
Merbau	411-435↓
Rubberwood	262-281↓
Keruing	289-303↓

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 <sup>3</sup>
White Meranti A & up	433-456↓
Seraya Scantlings (75x125 KD)	687-734↓
Sepetir Boards	339-353↓
Sesendok 25,50mm	444-473↓
Kembang Semangkok	427-447↓

Malaysian Sawnwood, domestic	US\$ per m <sup>3</sup>
Balau (25&50mm,100mm+)	352-372↓
Merbau	552-575↓
Kempas 50mmx(75,100 & 125mm)	302-317↓
Rubberwood 25x75x660mm up	296-326↓
50-75mm Sq.	320-344↓
>75mm Sq.	332-363↓

#### Malaysia Plywood Prices

Malaysia ply MR BB/CC, FOB	US\$ per m <sup>3</sup>
2.7mm	480-507↓
3mm	460-485↓
9mm & up	423-446↓

Meranti ply BB/CC, domestic	US\$ per m <sup>3</sup>
3mm	458-468↓
12-18mm	401-409↓

#### Other Malaysia Panel Prices

Malaysia, Other Panels, FOB	US\$ per m <sup>3</sup>
<i>Particleboard</i> Export 12mm & up	249-266↓
Domestic 12mm & up	241-255
<i>MDF</i> Export 15-19mm	310-333↓
Domestic 12-18mm	291-311

#### Malaysia Added Value Product Prices

Malaysia, Mouldings, FOB	US\$ per m <sup>3</sup>
Selagan Batu Decking	673-690↓
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	712-731↓
Grade B	631-654↓

#### Malaysia Furniture and Parts Prices

Malaysia, Rubberwood, FOB	US\$ per piece
Semi-finished dining table	
solid laminated top 2.5'x4', extension leaf	62-78
As above, Oak Veneer	69-83
Windsor Chair	61-63
Colonial Chair	59-64
Queen Anne Chair (soft seat)	
without arm	59-67
with arm	59-68
Chair Seat 27x430x500mm	47-52
Rubberwood Tabletop	US\$ per m <sup>3</sup>
22x760x1220mm sanded & edge profiled	
Top Grade	633-643↓
Standard	602-619↓

## Report from Indonesia

### Indonesia to lower export growth targets for 2009

*Antara News* has reported that the government of Indonesia may be revising its export growth targets for 2009, since exports are expected to decline in line with the current financial crisis in the US. Trade Minister Mari Elka Pangestu announced Indonesia's precautionary steps, saying that the government must be realistic about global economic conditions. She noted that the government needs to also intensify export promotion campaigns to diversify markets and export products to non-traditional export destinations.

While widespread declining commodity prices are affecting Indonesian exports, the fall of the Indonesian rupiah is also drawing investors to Indonesian forest plantations as an alternative to the receding financial markets. With long gestation periods and carbon trading schemes, plantation forests appear to fit in well with mid-term to long-term investments.

### Indonesia Log Prices (domestic)

Indonesia logs, domestic prices	US\$ per m <sup>3</sup>
Plywood logs	
Face Logs	235-275↓
Core logs	196-223
Sawlogs (Meranti)	232-270↓
Falcata logs	196-212
Rubberwood	218-242
Pine	210-233
Mahoni (plantation mahogany)	593-639↓

### Indonesia Sawnwood Prices

Indonesia, construction material, domestic	US\$ per m <sup>3</sup>
Kampar (Ex-mill) AD 3x12-15x400cm	249-256↓
KD	325-340↓
AD 3x20x400cm	343-356↓
KD	368-378↓
Keruing (Ex-mill) AD 3x12-15x400cm	286-295↓
AD 2x20x400cm	274-283↓
AD 3x30x400cm	279-288↓

### Indonesia Plywood Prices

Indonesia ply MR BB/CC, FOB	US\$ per m <sup>3</sup>
2.7mm	472-501↓
3mm	415-473↓
6mm	394-417↓

MR Plywood (Jakarta), domestic	US\$ per m <sup>3</sup>
9mm	325-340↓
12mm	303-323↓
15mm	300-329↓

### Other Indonesia Panel Prices

Indonesia, Other Panels, FOB	US\$ per m <sup>3</sup>
<i>Particleboard</i> Export 9-18mm	242-252↓
Domestic 9mm	206-223↓
12-15mm	201-213↓
18mm	199-203↓
<i>MDF</i> Export 12-18mm	312-325↓
Domestic 12-18mm	256-276↓

### Indonesia Added Value Product Prices

Indonesia, Mouldings, FOB	US\$ per m <sup>3</sup>
Laminated Boards Falcata wood	380-400↓
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	665-690↓
Grade B	597-639↓

## Report from Myanmar

### Teak plantations are on the rise in Myanmar

Recent news reports from Myanmar have indicated that plantation areas have been growing in recent years, particularly in the Pyinmana and Taungdwingyi districts where conditions are highly suitable for growing world class teak. The Forestry Department of the Ministry of Forestry has planted teak on the Bago Yoma mountain range in the Pyinmana District as part of the Ministry's greening project of 2004-2005. Further actions under this greening plan are being undertaken during 2008-2009 (see TTMR 13:16).

Other reports have indicated that two privately owned teak plantations have been established: a 5,000 acre teak plantation in Kyangin Forest Reserve in the Ayeyarwady area and a 1,700 acre teak plantation in Taungnawin Forest Reserve of Paukhaung Township. Both private entities planted teak in deforested areas after 2006. One owner of the forest plantations noted that he would wait about six to seven years before harvesting the trees, instead of maintaining the stands for about 40 years.

The government has also been conducting work to assist others in managing and establishing plantations. The Ministry of Forestry and the Myanmar Timber

Entrepreneurs Association (MTEA) jointly held a seminar on 4 October in Yangon to discuss these themes. Participants at the seminar examined the specific subjects of timber certification and wood industry development and identified opportunities to establish teak plantations.

### Myanmar Log Prices (natural forests)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
<i>Veneer Quality</i>	<u>Aug</u>	<u>Sep</u>
2nd Quality	5,428 (6 tons)	5,428 (6 tons)
3rd Quality	3,964 (13 tons)	4,587 (9 tons)
4th Quality	3,294 (43 tons)	3,428 (44 tons)
<i>Sawing Quality</i>	<u>Aug</u>	<u>Sep</u>
Grade 1 (SG-1)	2,514 (253 tons)	2,574 (191 tons)
Grade 2 (SG-2)	2,074 (465 tons)	1,950 (531 tons)
Grade 3 (SG-3)	1,462 (58 tons)	1,671 (31 tons)
Grade 4 (SG-4)	1,858 (470 tons)	1,817 (487 tons)
Grade 5 (SG-5)	1,537 (592 tons)	1,651 (661 tons)
Grade 6 (SG-6)	1,215 (382 tons)	1,273 (365 tons)
Grade 7 (ER-1)	1,055 (156 tons)	1,108 (190 tons)
Grade 8 (ER-2)	790 (69 tons)	-

Hoppus ton=1.8m<sup>3</sup>. All grades, except SG-3/5/6, are length 8' x girth 5' & up. SG-3/4/6 are girth 4' & up. SG-3 grade is higher than SG-4 but with lower girth and price.

Logs, FOB	€ Avg per Hoppus Ton (traded volume)
Pyinkado (export)	417 (319 tons)
Gurjan (keruing-exp)	232 (469 tons)
Tamalan	364 (76 tons)
Taungthayet	--

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

## Report from Brazil

### Forest condominiums offer new opportunities to invest in high value wood

The Brazilian Micro and Small Enterprises Support Service (SEBRAE) indicated that innovative forms of investment are opening as a result of the forest sector's expansion in Brazil. One of the newest mechanisms, called a forest 'condominium', has been developed by a private company in the state of Mato Grosso do Sul and is expected to help establish Brazil's largest area of fully irrigated forest plantation containing native species. The mechanism will group individual investors, with each investor's share relative to their investment, and establish a private firm responsible for overseeing operations.

Guanandi (*Calophyllum brasiliense*), the species planted in the new project is native, of high value and on the brink of extinction. In the coming years, the demand and price for high value wood will be much greater due to its scarcity and strict environmental laws that prohibit the indiscriminate logging in conservation areas. The system works by offering a lease on farm lands and a services contract for environmental management of the plantation. The leaseholder will make an initial investment and the management of the forest remains with the services provider. The leaseholder will also be entitled to profits

from products, such as seeds, wood or any other resources from the plantation.

The scheme will also apply advanced technology for forest maintenance and tree planting. One of the new technologies combines drip irrigation and ferti-irrigation systems and is expected to raise productivity of the plantations by nearly 30%. Another project using the tree species *Canafistula* is expected to be conducted in the near future and should help supply greater raw materials for furniture manufacturing, due to the species' reduced harvesting cycle of approximately nine years.

#### **New research shows possibility of mahogany reforestation**

A technique developed by researchers at the Federal Rural University of Amazonia (UFRA) could facilitate large-scale mahogany planting. Mahogany reforestation has previously been difficult due to the caterpillar moth *Hypsipyla grandella*, which causes wide-scale damage to plantations. *Sociedade Brasileira de Silvicultura* has noted that the new tree planting technique developed by the researchers, which combines the planting of mahogany and cedar (*Toona Ciliata*, an exotic species that attracts moths) leaves the mahogany free of the pest. Another technique that uses the substance *colacid* on young populations of mahogany has also shown to be effective in controlling the caterpillar moths.

Enabling cultivation of planted forests can help ease pressure caused by the exploitation of mahogany in the Amazon. According to researchers, further tests will be conducted using the new techniques before they can be applied to rehabilitate degraded areas. Due to its high value in the international market, mahogany has been heavily logged in the past and today is included on the list of endangered species.

#### **Timber companies dissatisfied with new procedures for export**

*Só Notícias/Assessoria de Imprensa* reported that the timber sector of the Northern region of state of Mato Grosso is not satisfied with the government's new legal procedures demanding timber export companies to implement a new system to control of goods and products under the Export Control System of Mato Grosso. Under Decree 1562, which was enacted in September 2008, exporting companies are required to register invoices for direct export (when the company itself negotiates its export) and indirect export (the negotiations are made through a trading company) under the Digitalized System of Export Invoices. In practice, although the forest products market is active, the paperwork changed by various decrees and administrative ordinances makes the market negotiations slower and hinders expansion of the market. The new bureaucratic procedures cause inconveniences for timber companies since they need to complete paperwork to begin their transactions or pay a tax.

#### **Northern Brazil's forest products sector cautious in making projections**

*Remade/Celulose Online* has indicated that due to the Real's fluctuation in recent weeks, Northern Brazil's forest products sector has taken a cautious approach to its current projections about growing timber sales to foreign markets. According to the Timber Traders Union of the Far North (SIMENORTE), the municipality of Alta Floresta has already reported a reduction in forest products exports by volume.

With the intensification of the crisis in the Brazilian financial market over the past few weeks, production costs have jumped and the value of the US dollar, on which most of Brazil's foreign timber sales are based, has fallen. Consequently, the domestic market has been seen as a more attractive destination for Brazil's forest products. In the municipality of Alta Floresta alone, the bulk of its recent trade resulted from business conducted with other states, in addition to sales within the Alta Floresta municipality.

#### **Brazil Log Prices (domestic)**

	US\$ per m <sup>3</sup>
Brazilian logs, mill yard, domestic	159
Ipê	113
Jatoba	76
Guariuba	83
Mescla (white virola)	

#### **Brazil Sawwood Prices**

	US\$ per m <sup>3</sup>
Sawwood, Belem/Paranagua Ports, FOB	853
Jatoba Green (dressed)	466
Cambara KD	266
Asian Market (green)	594
Guariuba	235
Angelim pedra	200
Mandioqueira	
Pine (AD)	
Brazil sawwood, domestic (Green)	745
Northern Mills (ex-mill)	572
Ipê	217
Jatoba	286
Southern Mills (ex-mill)	
Eucalyptus (AD)	
Pine (KD) 1st grade	

#### **Brazil Veneer Prices**

	US\$ per m <sup>3</sup>
Veneer, FOB (Belem/Paranagua Ports)	296
White Virola Face 2.5mm	210
Pine Veneer (C/D)	
Rotary cut Veneer, domestic	285
(ex-mill Northern Mill)	238
White Virola	
Face	
Core	

#### **Brazil Plywood Prices**

	US\$ per m <sup>3</sup>
Plywood, FOB	460
White Virola (US Market)	398
5.2mm OV2 (MR)	
15mm BB/CC (MR)	
White Virola (Caribbean market)	508
4mm BB/CC (MR)	
12mm BB/CC (MR)	407
Pine Plywood EU market, FOB	307
9mm C/CC (WBP)	276
15mm C/CC (WBP)	278
18mm C/CC (WBP)	
Plywood, domestic (ex-mill Southern mill)	974
Grade MR (B/BB)	712
White Virola 4mm	
White Virola 15mm	

Domestic prices include taxes and may be subject to discounts.

### Other Brazil Panel Prices

Belem/Paranagua Ports, FOB	US\$ per m <sup>3</sup>
Blockboard Pine 18mm 5 ply (B/C)	315
<i>Domestic Prices, Ex-mill Southern Region</i>	
Blockboard White Virola faced 15mm	633
Particleboard 15mm	400

### Brazil Added Value Products

FOB Belem/Paranagua Ports	US\$ per m <sup>3</sup>
Edge Glued Pine Panel	
Korean market (1st Grade)	640
US Market	515
Decking Boards	
Cambara	609
Ipê	1700

## Report from Peru

### Lima to host international wood fair

The Second International Fair on Machinery, Equipment and Services (FENAFOR) for the wood sector will be held from 16-18 October 2008 in Jockey Plaza, Lima. Organizers have announced that the Fair will include the participation of several foreign companies. Among the items to be discussed will be low-impact harvesting techniques, product processing and value-added activities.

### Peru Sawwood Prices

Peru Sawwood, FOB Callao Port	US\$ per m <sup>3</sup>
Mahogany S&B KD 16%, 1-2" random lengths (US market)	1823-1866
Spanish Cedar KD select	
North American market	934-965
Mexican market	943-970
Pumaquiro 25-50mm AD	Mexican market 490-525

\*Cheaper and small-dimension sawwood for this market.

Peru Sawwood, FOB Callao Port (cont.)	US\$ per m <sup>3</sup>
Virola 1-2" thick, length 6'-8' KD	
Grade 1, Mexican market	328-373↓
Grade 2, Mexican market	291-315↓
Cumaru 4" thick, 6'-11' length KD	
Central American market	809-836
Asian market	770-789
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	550-585
Dominican Republic	565-575
Marupa (simarouba) 1", 6-11 length Asian market	395-420

Peru Sawwood, FOB Iquitos	US\$ per m <sup>3</sup>
Spanish Cedar AD Select Mexican market	935-951
Virola 1-2" thick, length 6'-13' KD	
Grade 1, Mexican market	326-352↓
Grade 2, Mexican market	296-306↓
Grade 3, Mexican market	170-180↓
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	245-260

Peru sawwood, domestic	US\$ per m <sup>3</sup>
Mahogany	1295-1290
Virola	80-93
Spanish Cedar	435-450
Marupa (simarouba)	130-136

### Peru Veneer Prices

Veneer FOB	US\$ per m <sup>3</sup>
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 <sup>3</sup>
Copaiba, 2 faces sanded, B/C, 15x4x8mm	368-385
Virola, 2 faces sanded, B/C, 5.2x4x8mm	424-432
Cedar fissilis, 2 faces sanded 4x8x5.5mm	755-765
Lupuna, treated, 2 faces sanded, 5.2x4x8mm	369-383
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 (Iquitos mills)	US\$ per m <sup>3</sup>
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 <sup>3</sup>
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 <sup>3</sup>
Cabreuva/estoraque KD12% S4S, Asian market	1451-1508
Cumaru KD, S4S	
Swedish market	674-722
Asian market	1010-1022
Cumaru decking, AD, S4S E4S, US market	962-1102
Pumaquiro KD # 1, C&B, Mexican market	492-534
Quinilla KD, S4S 2x10x62cm, Asian market	592-628
2x13x75cm, Asian market	712-736

## Report from Bolivia

### Bolivia Sawwood Prices

Sawwood 1-3"x3x5"x7-19', FOB Arica Port	\$ Avg un. val. per m <sup>3</sup>
Mahogany (US market)	1200-1800↑
Spanish Cedar (US market)	764-998↑
Oak (US and EU market)	594-709↑

### Bolivia Added Value Product Prices

Doors 13/4"x36"x96", FOB Arica Port	Avg \$ per piece
US market	100-299
Mara macho/Tornillo (FSC)	
Yesquero	70-340↑
Ochoó	100-300

Parquet Flooring 3-5"x4-6"x5-13', FOB Arica Port	\$ Avg un. val. per m <sup>3</sup>
Mani (FSC) (US market)	675-675
Caviuna (FSC) (US market)	700-1000↑
Cumaru (FSC) (US, EU and Asia mkt)	600-1000↑
3/4"x3-5"x1-7'	
Jatoba (US, EU and Mexico market)	1050-1900↓
Ipe (EU and Asia market)	900-1800↑
Jequitaba (EU market)	-

## Report from Mexico

### Commercial forest plantations draw further financial support

In July, Agropecuaria Santa Genoveva S.A.P.I. announced the use of stock-exchange certificates (CBs) to complete the financing of a forest teak plantation in the south-east of the country. The CBs will be established through a trust consisting of two components: a) a guaranteed component that ensures total recovery of the invested capital; and b) a variable component based on the remaining resources contributed by investors. The project has already had a positive impact on the economic and social conditions of the region, since it entails a high level of investment and has been a source of work opportunities.

The instrument is the first of its kind in Mexico and is part of the Society of Specialized Investment in Retirement Funds (SIEFORES), which creates a bridge between the savings of Mexican workers' savings and productive investments in the long-term. It will facilitate funding for long-term plantation investments and strengthen economic activity in the region. This new investment opportunity has been seen as an excellent alternative to other long-term investment strategies and is expected to attract finance from various sectors.

## Report from Guyana

### Market trends stable over past fortnight

Export market prices have remained stable for most species of logs exported in the last fortnight of September 2008. While prices for greenheart logs remained stable, mora logs increased on average between 12% and 21% for various grades. Prices for purpleheart logs have similarly remained stable for the same period with marginal raises for some grade categories.

Undressed sawnwood prices for mora have declined from early September, when prices were at an all time high of USD1,696 per m<sup>3</sup>. However, purpleheart undressed sawnwood showed a reverse trend, with higher prices seen on average for every grade exported in the last fortnight.

Domestic prices in Guyana were marginally lower for almost all products. Dressed sawnwood, more so than undressed sawnwood, showed a much greater difference in the export versus the domestic price. Domestic prices have traditionally been lower than export prices over the past five years. Domestic prices for most products have generally risen over the years with prices of other products remaining stable. Table 1 below shows a summary of domestic prices for 2007 and 2008.

Table 1: Guyana's domestic price summary for 2007 and 2008

YEAR PRODUCT	2007	Jan - Aug 2007	Jan - Aug 2008
	Domestic US\$ equiv**	Domestic US\$ equiv**	Domestic US\$ equiv**
Logs	119.37	114.22	121.60
Sawnwood *	324.93	328.37	329.80
Dressed	357.51	371.06	336.54
Undressed	276.48	308.67	319.69
Roundwood	183.81	187.91	182.96
Splitwood	119.24	128.31	148.31
Fuelwood	16.78	16.46	22.06
<b>Plywood</b>	<b>365.71</b>	<b>307.36</b>	<b>557.46</b>

\* Row indicates combined average for Dressed and Undressed Sawnwood

\*\* Exchange Rate: G\$200 = US\$1

### Guyana discusses potential technical assistance at Latin American and Caribbean Forestry Commission

Guyana attended the 25th session of FAO's Latin American and Caribbean Forestry Commission (LACFC) in Quito, Ecuador, from 29 September to 3 October 2008. The LACFC has been a forum in which member countries like Guyana can strengthen regional dialogue and set ground work necessary to implement LACFC's work plan over coming months. The main areas of discussion at the session were forest institutions and forest legislation, forest and climate change and sustainable forest management.

During the session, it was noted that over the 2006—2008 period, the counties of the LAC region had continued to implement, review and formulate their forest policies within the framework for national forest programmes and were sustainably building their institutional capacities. However, it was noted that although progress had been made, the region continues to face two major challenges: overcoming restrictions on and introducing better sustainable forest management procedures for natural forests; and strengthening the prevention and control of forest fires. As a result of the meeting, Guyana was expected to benefit from potential technical support to preserve Guyana's forests, including through schemes such as the Clean Development Mechanism and Reducing Emissions from Deforestation and Degradation.

## Forestry Training Center Incorporated continues SFM work

Aiming to meet the growing demand for improved forest management in Guyana, the Forestry Training Center Incorporated (FTCI), has expanded its scope of training to include small and medium size forest operations. Since its establishment in 2002, through a project financed by the ITTO, the Center has regional as well as extensive national coverage. FTCI's activities have been directed toward on-site training as many participants, especially those in rural-based forest communities, find it more convenient to undertake training in community forest areas.

Additionally, the FTCI has been providing Reduced Impact Logging (RIL) training for students, including the University of Guyana (UG) and the Guyana School of Agriculture (GSA), residents of Amerindian communities and non-governmental organizations. FTCI has established itself as a major stakeholder in the forestry sector through the provision of vocational education and training. During 2007, 266 persons were trained in RIL at the Center. One hundred and fifty (150) of these were Guyanese, many of which were from communities, while the others were drawn from the Caribbean, Belize and Suriname. During the first half of 2008, FTCI has trained 142 persons.

Based on consultations and discussions with stakeholders, two training manuals have been developed to date: a 'Forest Roads Manual' and 'An Introduction to Wood Technology'. In addition to these manuals, the FTCI continues to provide training in RIL, forestry extension and environmental impact assessments, creating a strong foundation for sustainable forest management in Guyana.

### Guyana Log Prices

Logs, FOB Georgetown	SQ - \$ Avg unit value per m <sup>3</sup>		
	Std	Fair	Small
Greenheart	165↑	155-160↑	135-150↑
Purpleheart	215↓	195-200↓	180-190↑
Mora	110	110-140↑	110-140↑

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

### Guyana Sawwood Prices

Sawwood, FOB Georgetown		\$ Avg unit val. per m <sup>3</sup>	
EU and US markets		Undressed	Dressed
Greenheart	Prime	-	572
	Select/Standard	474-823↓	550-850↑
Purpleheart	Prime	836-889	-
	Select/Standard	550-780↑	600-780↑
Mora	Select	424-725↓	-

### Guyana Plywood Prices

Plywood, FOB Georgetown Port		\$ Avg unit val. per m <sup>3</sup>	
Baromalli	BB/CC	5.5mm	-
		12mm	430
	Utility	5.5mm	-
		12mm	415-500

## Report from Japan

### Sumitomo Forestry to increase sales of FSC certified products

Japan Lumber Reports indicated that Sumitomo Forestry (Tokyo) plans to increase sales of certified imported plywood. The initial products, which will be from Alas Group's Sari Bumi Kusuma (SBK) and Harjon Timber (HTR), will carry FSC certification from Alas's plantation

in Central and West Kalimantan. Alas primarily supplies meranti plantation timber, with a 50 centimeter diameter for lumber and plywood manufacturing. Sumitomo expects to expand its certified plywood imports from Malaysia and Indonesia by 2011.

### Housing starts continue recovery from August 2007

Japan Lumber Reports posted August's year-on-year gains for housing starts (Figure 1) and a 16.7% rise in plywood imports (Figure 2). This continues July's positive trend, which showed gains in plywood imports and housing starts from July 2007 levels, when housing starts and plywood imports were particularly low as a result of Japan's revised Building Standards Act. However, the Japan Lumber Journal noted that few inquiries for plywood were received at the end of September 2008, since housing starts have not increased recently, which has resulted in manufacturers' inability to move plywood supply at their desired price.

Figure 1: Japan Housing Starts 2005-2008 (000 units)

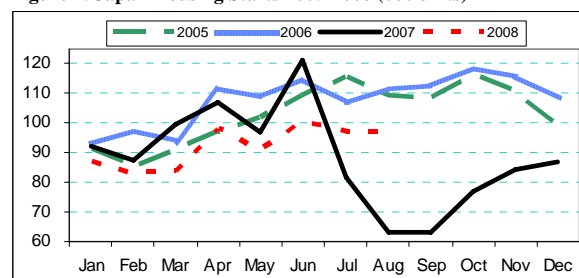
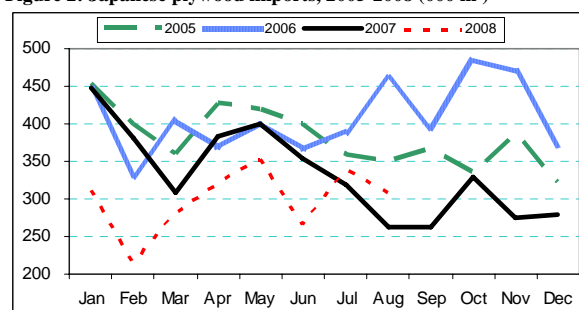


Figure 2: Japanese plywood imports, 2005-2008 (000 m<sup>3</sup>)



### Log and Sawwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku
Meranti (Hill, Sarawak)	(Koku=0.278 m <sup>3</sup> )
Medium Mixed	8,400
Standard Mixed	8,500
Small Log (SM60%, SSM40%)	7,400
Taun, Calophyllum, others (PNG)	7,600
Mixed light hardwood, G3/4 grade (PNG)	-
Keruing MQ & up (Sarawak)	12,000
Kapur MQ & up (Sarawak)	10,700↓

Logs for Sawmilling, CIF	Yen per Koku
Melapi (Sarawak) High Select	11,500
Agathis (Sarawak) High Select	-

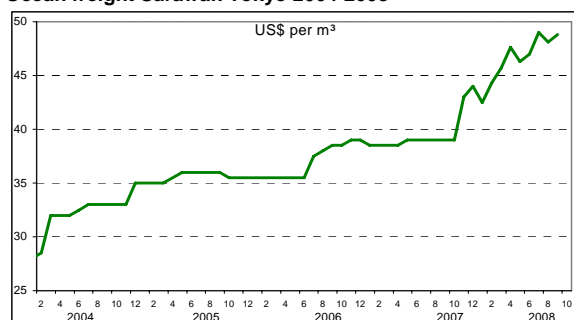
Lumber, FOB	Yen per m <sup>3</sup>
White Seraya (Sabah) 24x150mm, 4m, Grade 1	145,000
Mixed Seraya, Sangi 24x48mm, 1.8-4m, S2S	53,000



## Wholesale Prices (Tokyo)

	Size (mm)	Sep (¥ per sheet)	Oct
<b>Indonesian &amp; Malaysian Plywood</b>			
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	400	400
3.7mm (med. Thickness, F 4star, type1)	910 X 1820	570	570
5.2mm (med. Thickness, F 4star, type 1)	910 X 1820	680	680
11.5mm for sheathing (F 4star, type 2)	910 X 1820	1040 ↑	1040
12mm for foundation (F 4star, special)	910 X 1820	1060 ↑	1060
12mm concrete-form ply (JAS)	900 X 1800	1050 ↑	1050
12m coated concrete-form ply (JAS)	900 X 1800	1130 ↑	1130
11.5mm flooring board	945 X 1840	1500 ↑	1600 ↑
3.6mm baseboard for overlays (OVL)	1230 X 2440	870	870
<b>OSB (North American)</b>			
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 2004-2008



More information on Japan in [www.n-mokuzai.com](http://www.n-mokuzai.com)

## Report from China

### Wooden door manufacturing shows growth in recent years

The scale and output of China's wooden door manufacturing has not been large over the past few years. There are currently about 3000 wooden door manufacturers in China, 2000 of which are larger manufacturers with an annual output value of RMB5 million yuan. The annual output value of the wooden door industry over the last few years has grown about 30% annually and has been driven by the real estate, home improvement and interior decoration industries.

Year	2003	2004	2005	2006	2007
Output value (billion yuan)	--	17	24	32	40
Export volume (1000 ton)	124.5	152.8	237.1	316.5	450.0
Export value (million US\$)	168	225	349	494	700

Table 1: Output Value and Export Volume of China's Wooden Doors, 2003-2007

At present, China's wooden doors are mainly sold in domestic markets. Although sales in the international market have been small, the export volume of wooden doors has slowly been increasing. Wooden door manufacturers mainly export single-leaf and non-decorative semi-finished products. Export-oriented wooden door manufacturers are mainly located in Guangdong, Liaoning, Zhejiang, Fujian, Shandong, Jiangsu, Shanghai, Jilin and Xinjiang. The main destination for China's wooden door exports are the US and Japan. Hong Kong, South Korea, Canada, England, Ireland, France, United Arab Emirates and Kazakhstan have also become popular destinations for China's wooden doors in recent years.

### China's furniture imports skyrocket in value

China's furniture imports have jumped significantly since 2000. Experts suggest that the value of China's furniture imports will be USD1.5 billion by 2010. Prices for China's imported furniture are three times higher than for domestic furniture. The value of imported furniture is 5% of the total value of China's furniture market. Table 2 below shows the value of furniture imports from 2000 to 2007:

Year	2000	2001	2002	2003	2004	2005	2006	2007
Value (million US\$)	151	174	194	574	726	684	802	1071

Table 2: China's furniture imports by value, 2000-2007

China's imported furniture includes bedroom, kitchen and office furniture, redwood furniture and mattresses mainly from Italy (24.5%), Germany (23.6%) and the US (20%). The value of imported furniture to China from these three countries consists of 70% of total furniture imports.

In 2005, China cut import tariffs on furniture to zero to stimulate the growth of furniture imports. Currently, furniture products from 30 countries have entered China's market through franchises and domestic distributors. For example, the US Kinwai Furniture Group, one of the US's five major furniture enterprises, established a 400,000 hectare furniture production base in Jiangmen City (Guangdong Province) in 1993. Since then, it has opened nearly 700 franchised stores, with total annual sales of RMB1 billion yuan. Experts suggest that many foreign furniture manufacturers will enter China's market within the next few years, especially after phase III of the Shanghai International Furniture Village has been completed in 2009.

### Guangxi Province's forest industry boosted by expansion of forest raw materials

Guangxi Zhuang Autonomous Region is located in a tropical and subtropical zone in China and is one of the country's major timber production and forest products industry bases. The development of its forest products industry has been greatly enhanced by the establishment of large-scale plantations and supporting enterprises.

The Guangxi forestry bureau started two large-scale forest and pulp and paper integration projects in Beihai City and Qinzhou City. As part of the projects' activities, the Chinese company Guangxi Gaofeng Forest and Pulp-Paper Co., Ltd, which operates in conjunction with Stora Enso and APP Timber, was formed. The Guangxi forestry bureau has already invested RMB22 billion yuan in phase 1 of project in Beihai. After completion, 900,000 tons of pulp and 900,000 tons of paper will be produced annually. Currently 140,000 hectares of forest have been set aside to supply raw materials for the company. The Guangxi forestry sector also supports local companies such as the Gaofeng Forest Farm, *Guangxi Sanwei* Forestry Industry Co., Ltd, Wuzhou Pine Chemicals Co., Ltd, Fenglin Forestry Development Co., Ltd, and Liujiang Paper Mill, to promote diversity of the forest products industry.

In addition, the Guangxi wood-based panel industry has developed rapidly in recent years. Its output reached 6.59 million m<sup>3</sup> in 2007, 9.5 times the amount in 2000. It is now the fourth highest ranking region in terms of wood-based panel outputs in China.

**Guangzhou City Imported Timber Market**

Logs	Yuan per m <sup>3</sup>
Radiata 6m, 30cm diam.	1300
Lauan	1900-2500
Kapur	1900-2500
Merbau 6m, 60cm diam.	4400-5000
Keruing 60cm+ diam.	1900-2350
Beech 6m,30cm veneer Qual.	3300-3600
<b>Sawnwood</b>	
Teak sawn grade A	7400-8500↓
US Maple 2" KD	8800-12500
US Cherry 2"	14700-15100
US Walnut 2"	17000-18000↑
SE Asian Sawn 4m+, KD	3700-3900
<b>Plywood*note, dimensions have changed</b>	
4x8x5mm	87
4x8x15mm	219-223

**Shanghai Furen Wholesale Market**

Sawnwood	Yuan per m <sup>3</sup>
Beech KD Grade AB	2500-3200
US Cherry, 25mm	9500-10500
US Red Oak, 50mm	9800-10500
Sapele 50mm FAS (Congo)	
KD (2", FAS)	8200-8500↓
KD (2",grade A)	7500-7600↓

**Shandong De Zhou Timber market**

Logs	Yuan per m <sup>3</sup>
Larch 6m, 24-28cm diam.	1400
White Pine 6m, 24-28cm diam.	1460↑
Korean Pine 4m, 30cm diam.	1650
6m, 30cm diam.	1750

**Hebei Shijiazhuang Wholesale Market**

Logs	Yuan per m <sup>3</sup>
Korean Pine 4m, 38cm+ diam	1850↓
Mongolian Scots Pine 4m, 30cm diam.	1380↓
6m, 30cm+ diam.	1480↓
<b>Sawnwood</b>	
Mongolian Scots Pine 4m, 5-6cm thick	1550
4m,10cm thick	1600↑

**Tian Jin City Huan Bo Hai timber Market**

Logs	Yuan per m <sup>3</sup>
Okoume 80cm+	3000
Sapele 80cm+	5350
Padauk 40cm+	6000
<b>Sawnwood</b>	
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](http://www.forestry.ac.cn)

**Confidence in EU market low**

The on-going financial crises across Europe and the housing market bust in several key markets including Spain and the UK have dented confidence among European hardwood buyers. While hardwoods remain a fashionable product in the EU, valued for their quality, aesthetic appeal and natural warmth, overall levels of consumption are falling as the market has shrunk, and as more buyers look for ways to cut costs. Trade contacts indicate that demand did not pick up in September as is usual after the summer vacation period. Meanwhile on-ground sales prices for headline tropical species such as sapele and meranti are below replacement cost as importers' main concerns have been to off-load existing stocks and maintain cash flow rather than to consider the possibility of future short falls.

Signs are that the Spanish market is particularly weak at present. Stocks are relatively high and manufacturing activity is well down. The construction boom that fuelled strong growth in hardwood demand in previous years is now well and truly over. Unlike their Italian counter-parts, joinery manufacturers in the country did little to develop export markets during the boom period so the dramatic downturn in domestic demand has felt particularly painful. Efforts are now being made to diversify markets in other European countries and the Middle East, but this is a struggle as manufacturers everywhere are looking for new buyers.

The UK has also suffered a dramatic downturn in the housing market as credit for home buyers has dried up. The slowdown in joinery activity has been less dramatic in the UK than in Spain, with some contacts suggesting that this sector continues to absorb reasonable volumes. However there is serious concern over apparent lack of new orders emerging in the joinery sector and prospects for consumption going forward into the New Year. Importers are generally keeping stocks low, only purchasing in small volumes as and when required, and keeping a very close eye on price and specification. The end of Ireland's construction boom is also being felt in slow demand for hardwoods.

Reports from Germany and the Benelux countries also suggest that the slowdown in consumption has left importers holding excess inventories in the main commodity grades of tropical hardwood with little need to place new orders.

Second quarter results of DLH, a leading Denmark-based hardwood trading company with sales operations in several European countries, provide one indication of the recent difficult trading conditions in Europe. Company turnover for the period was down 6.5% on the same period in 2007. This follows a 5.7% decline in the first quarter of the year. The fall in turnover was due to a combination of lower sales and price reductions, particularly for African timbers. In addition, business in Brazilian timbers was down due to the relative strength of the Real and resulting loss of competitiveness. DLH has cut production at its

Brazilian facilities in response. Overall the company now expects turnover of DKK5.3 billion in 2008, down from 5.7 billion in 2007. Nevertheless DLH sales to some markets have increased this year, including to Eastern Europe and the Far and Middle East.

#### EU illegal logging legislation continues to be delayed

There continue to be delays to the release of the European Commission Communication containing proposals for EU-wide legislation designed to prevent imports of illegal wood products. The Communication was originally scheduled for April 2008 with a draft parliamentary bill to be prepared by May 2008. The Communication is now scheduled to be considered by the European Commission on 15 October. But even if approved then, it is now doubtful that the proposed legislation can be brought into force by the European Parliament before the end of the legislative period in mid 2009.

According to the European Timber Trade Federation (FEBO), quoted in the German trade journal *EUWID*, the long delay is due to 'internal voting difficulties in a number of the Commission's departments'. However, contacts close to the EC suggest that the delay also reflects dissatisfaction within sections of the European trade and industry for the 'due diligence' legislative proposal currently on the table. This proposal – as outlined by the European Commission at a Chatham House meeting in London in July – is that EU wood trading companies would be under a legal obligation to implement effective management systems to reduce the risk of trade in illegal wood. The aim would not be for the regulatory authorities to capture or monitor individual shipments to ensure they are legal. Instead, companies would be allowed to use risk assessment as part of the due diligence process, so there would be no necessity for traceability and certification for imported wood supplies from countries considered low risk from the perspective of illegal wood supply. There would also be formal recognition for legality licenses issued under the terms of FLEGT Voluntary Partnership Agreements (VPAs) in the legislation. For product for which these are available, EU companies would need to take no further action to demonstrate due diligence.

However there seems to be a fear among sections of the EU trade and industry that such legislation would add unacceptable costs that can be ill afforded at a time of mounting economic problems. Certain industry elements are believed to have been pushing for the existing proposal to be dropped in favor of more emphasis on the existing VPA process. Others have been suggesting that more thought should be given to introduction of legislation closer to the US Lacey Act which, they suggest, was dismissed out of hand too early in the process.

#### The Netherlands Sawwood Prices

	USD per m <sup>3</sup>
FOB (Rotterdam)	
Sapele KD	1054
Iroko KD	1105
Sipo KD	1198
DRM Bukit KD	1112
DRM Seraya KD	1112
DRM Meranti KD Seraya MTCC cert.	1142
Merbau KD	1194
Sapupira (non FSC) KD	883
Sapupira (FSC) KD	1398
Anti-slip decking AD C&F Rotterdam	
Selangan batu	1314

#### UK Log Prices \*note: sources for UK prices have changed

	€ per m <sup>3</sup>
FOB plus commission	
N'Gollon (khaya) 70cm+ LM-C	330-360
Ayous (wawa) 80cm+ LM-C	220-230
Sapele 80cm+ LM-C	340-400
Iroko 80cm+ LM-C	330-350

#### UK Sawwood Prices

	Pounds per m <sup>3</sup>
FOB plus Commission	
Framire FAS 25mm	435-470
Sipo FAS 25mm	630-640
Sapele FAS 25mm	550-570
Iroko FAS 25mm	580-600
Wawa No.1 C&S 25mm	255-265
CIF plus Commission	
Tulipwood FAS 25mm	240-250
Meranti Tembaga Sel/Btr (KD 2"boards)	500-510
Balau/Bangkirai Decking	700-720
White Oak	500-520

#### UK Plywood and MDF Prices

	US\$ per m <sup>3</sup>
Plywood Panels 8x4", CIF	
Brazilian WBP BB/CC 6mm	560-575
Malaysian WBP BB/B 6mm	545-555
China (hardwood face, eucalyptus core) 18mm	430-440
China (hard face, poplar core) 18mm	400-420

### 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.*

As it inches toward forming climate policy, the United States is more open to attempting to slow global warming through investments in tropical forests than the European Union is, a broker that works on forestry deals said.

<http://www.guardian.co.uk/business/feedarticle/7846204>

Brazil's President Luiz Inacio Lula da Silva reaffirmed that his government will not introduce a plan to combat the effects of the international financial crisis, but it will continue to announce measures to counter the credit crunch as necessary.

<http://www.nasdaq.com/aspxcontent/NewsStory.aspx?cpat h=20081007\ACQDJON200810071423DOWJONESDJO NLINE000688.htm&&mypage=newsheadlines&title=Brazil%27s%20Lula%20Says%20Government%20Won%27%20Issue%20An%20Economic%20Plan>

Democratic Republic of Congo plans to cancel more than two-thirds of its timber logging contracts under a World Bank-backed review aimed at cleaning up corruption in the sector, its environment minister said.

<http://www.reuters.com/article/environmentNews/idUSTR E4956ZN20081006>

Enter the global financial crisis - exit action on climate change? That lingering apprehension is not shared by Pamela Cox, the World Bank's vice-president for Latin America and the Caribbean. Money on the table will be used to invest in clean technologies for the countries in need, she said.

<http://www.ipsnews.net/news.asp?idnews=44158>

Indigenous leaders in five Amazonian nations, the Democratic Republic of Congo and Indonesia demanded a larger say on how best to manage tropical forests to fight climate change. More than a billion poor people who depend on forest ecosystems risk economic and cultural devastation if efforts favored by rich nations to reduce greenhouse gases fail to respect their rights and needs, they said at the World Conservation Congress in Barcelona.

<http://afp.google.com/article/ALeqM5gILLMMXXQYkQs FFa6F6aKOTvIIPA>

The new Global Carbon Budget has been launched simultaneously by Global Carbon Project co-chair Michael Raupach in France at the Paris Observatory, and in the US at Capitol Hill, Washington by GCP Executive Director Pep Canadell.

<http://www.sciencedaily.com/releases/2008/09/080925072 440.htm>

Papua New Guinea has told the United Nations that the world needs to change its values. Speaking to the UN General Assembly, PNG's deputy Prime Minister, and minister for Mining, Lands, and Planning, Dr Puka Temu, said deforestation is driven by the fact the world values its forests more dead than alive.

<http://www.rnzi.com/pages/news.php?op=read&id=42258>

The Penan's protracted resistance to deforestation and the international attention the tribe continues to receive must have irked the Sarawak government. The state government continues to dismiss their concerns over the loss of forest resources brought on by industrial logging that degrades the forest and pollutes the rivers.

<http://thestar.com.my/lifestyle/story.asp?file=/2008/10/6/li fefocus/2148310&sec=lifefocus>

Protecting tropical forests from being over-logged or flattened for pasture should be financed through the international carbon-dioxide market, New Zealand said in a proposal to the United Nations.

<http://www.bloomberg.com/apps/news?pid=20601081&sj d=aWFSI8XoWW6c&refer=australia>

The real estate markets in the Middle East will outperform all other regions in the world while India and China will

be the key drivers of the sector in the Asia-Pacific region, according to a new survey.

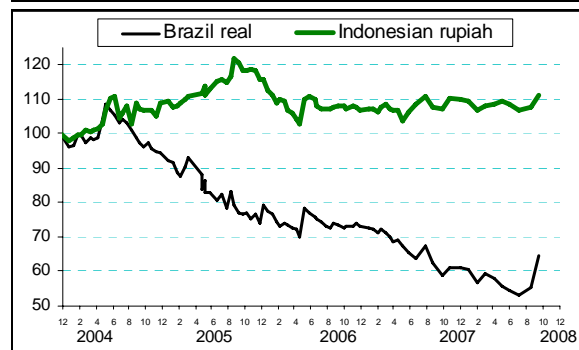
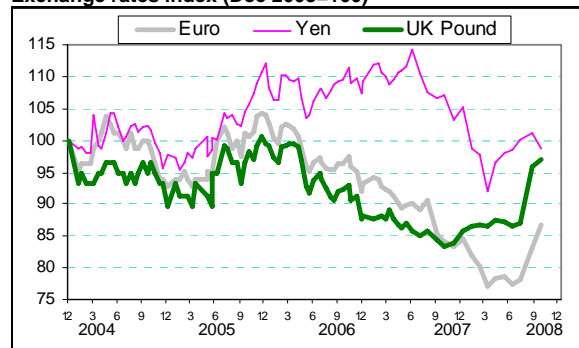
<http://in.news.yahoo.com/43/20081007/838/tbs-gulf-s-indian-real-estate-markets-to.html>

## Main US Dollar Exchange Rates

As of 10 October 2008

Brazil	Real	2.3175	↑
CFA countries	CFA Franc	489.016	↑
China	Yuan	6.8350	↓
EU	Euro	0.7455	↑
Indonesia	Rupiah	9,862.00	↑
Japan	Yen	100.25	↓
Malaysia	Ringgit	3.5125	↑
Peru	New Sol	3.0675	↑
UK	Pound	0.5863	↑

## Exchange rates index (Dec 2003=100)



## Abbreviations and Equivalences

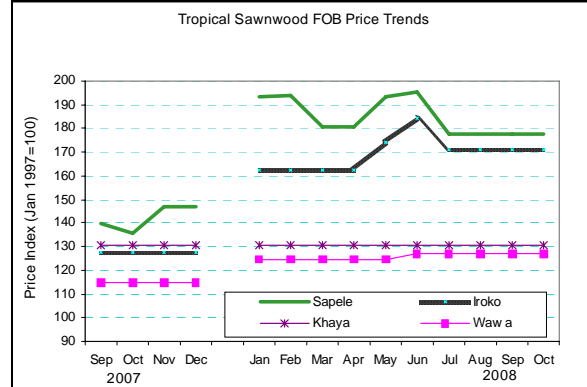
LM	Loyale Merchant, a grade of log parcel
QS	Qualite Superieure
CI, CE, CS	Choix Industriel, Economique or Supplimentaire
FOB	Free-on-Board
CIF; CNF	Cost, insurance and freight; Cost and freight
KD; AD	Kiln Dry; Air Dry
Boule	A log sawn through and through, the boards from one log are bundled together.
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 <sup>3</sup>
Koku	0.278 m <sup>3</sup> or 120 BF
SQ; SSQ	Sawmill Quality; Select Sawmill Quality
FAS	Sawnwood Grade First and Second
GMS	General Market Specifications
GSP	Guiding Selling Price
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



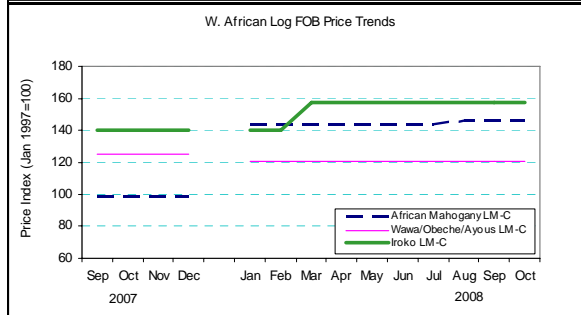
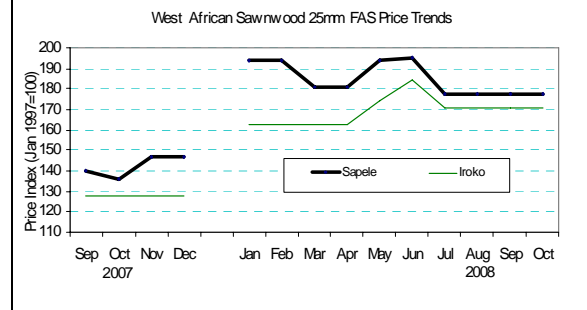
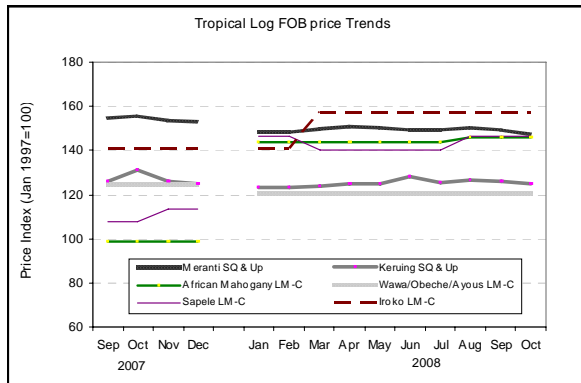
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

## Tropical Sawwood Price Trends



## Appendix. Tropical Timber Price Trends

### Tropical Log Price Trends



\* Please note that our price series have changed since January 2008. Prices for selected UK imported species, which are used in log and sawwood price charts above, are now collected from different suppliers.

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

# Tropical Plywood Price Trends

