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INTERNATIONAL TROPICAL TIMBER ORGANIZATION

Tropical Timber Market Information

Towards Greater Transparency in the Tropical Timber Markets

Producers Report

Log Prices

International Prices

Log Prices, Gabon

Okoume, FOB Grade	*F.CFA per Cu.m*
LM	*146,000*
QS	*129,000*
CI	*99,000*
CE	*83,500*
CS	*67,000*

Ozigo, FOB Grade	*F.CFA per Cu.m*
LM	*103,000*
QS	*90,000*
CI	*70,000*
CE	*59,500*

Logs	*F.CFA per Cu.m*
Agba	*55,000*
Moabi	*65,000*
Niangon	*78,000*
Douka	*55,000*
Abura	*65,000*
Sapelli	*85,000*
Iroko	*58,000*
Sipo	*95,000*
Padouk	*55,000*

Malaysia

Sarawak Log Export Prices (FOB)	*per Cu.m*
Meranti SSQ	*US$195-210*
Keruing SSQ Ply Face	*US$245-260*
Mixed Light H'woods	*US$130-140*
Peeler Logs	*US$140-150*

Cameroon Log Prices

FOB		*Per Cu.m*
N'Gollon	*70cm+ LM-C*	*FFR1350*
Ayous	*80cm+LM-C*	*FFR1050*
Sapele	*80cm+LM-C*	*FFR1450*
Iroko	*70cm+LM-C*	*FFR1450*

South Sea Logs

FOB	*per Cu.m*
Pometia	*US$145-160*
Calophyllum	*US$150-160*
Terminalia	*US$125-135*
Other mixed species	*US$110-115*

International Tropical Timber Organization (ITTO)
Pacifico-Yokohama 1-1-1 Minato-mirai, Nishi-ku, Yokohama 220 JAPAN
Tel: (81-45) 223-1110 Fax: (81-45) 223-1111 e-mail: mjadams@itto.or.jp

Domestic Log Prices

Report From Brazil

Logs at mill yard	per Cu.m
Ipe	US$70
Jatoba	US$60

Ghana

While there are no price changes to report currently rain is disrupting the flow of logs. The weather is expected to improve by September.

Logs FAQ	Per Cu.m
Ceiba	90cm + US$40
Otie/Ilombe	60cm + US$50
Emire/Framire	60cm + US$55
Ofram/Frako	55cm + US$45
Ekki/Azobe	70cm + US$50
Kussia/Billina	70cm + US$50
Guarea	60cm + US$60
Chenchen	70cm + US$45
Cedrella	50cm + US$45

Report from Indonesia

Domestic log prices	Per Cu.m
Plywood logs	
Face Logs	US$190-195
Core logs	US$ 140-150
Sawlogs	US$145-150
Falkata logs	US$45-50
Rubberwood	US$35-36
Pine	US$65
Teak	US$1200
Mahoni	US$160

Report from Malaysia

Logs	
Domestic (SQ ex-log yard)	Per Cu.m
Meranti Bukit (SQ)	US$250-265
Kembang Semangkok	US$160-170
Merbau	US$195-210
Peeler Core logs	US$145-155
Rubberwood	US$30-32
Kempas	US$150-165

Sawnwood Prices

International Prices

Brazil

The full impact on industry of the ban on the felling of Mahogany is unclear, an update will be provided in the next report.

Export Sawnwood	per Cu.m
Jatoba Green	US$460
Curupixa (Europe)	US$540
LKS (Asian Market)	US$250

Ghana

Currently there are large orders being negoitiated for railway sleepers.

Rough Sawn Prices FOB	
	Per Cu.m
Mixed Redwoods	US$335
low grade Odum (Iroko)	US$400
Wawa	US$220
Wawa fixed dimensions	US$267
Wawa Boules	US$219
70cm log dia. 25-75mm. 450cm length	

Mahogany	per Cu.m
FAS 100mm plus 1.8m plus	US$480
FAS 150mm plus 2.4m plus	US$520
Anegre	
FAS 150mm plus 2.4m plus	US$640

Guarea	*FAS*	*US$466*
Ofram	*FAS*	*US$270*
Emire	*FAS*	*US$460*
Ekki	*FAS*	*US$335*
Kussia	*FAS*	*US$335*
Dahoma	*FAS*	*US$256*
Cedrella	*FAS*	*US$413*

Malaysia

Sawn Timber	
Export(FOB)	*per Cu.m*
Dark Red Meranti (DUC)	
GMS select & better (KD)	*US$705-725*
Seraya	
Scantlings (75x125 KD)	*US$720-735*
Perupok (25mm&37mm KD)	*US$755-765*
K.Semangkok	
(25mm&37mmKD)	*US$635-650*

Taiwan Province of China

Rubberwood	*per Cu.m*
25mm boards	*US$365-370*
50-75mm squares	*US$430-440*
75-100mm squares	*US$450-460*
Sepetir	
GMS (AD)	*US$365-380*
Ramin	*US$490-505*
Oak 25mm boards	*US$535-550*
Maple	*US$825-830*
Cherry	*US$1100-1200*

Domestic Sawnwood Prices

Report from Brazil

Sawnwood (Green ex-mill)	
	per Cu.m
Ipe	*US$450*
Eucalyptus	*US$160*

Ghana

Domestic prices have remained unchanged, demand is stagnant.

Dahoma, Wawa, Odum, Antiaris	
	per Cu.m
Mill Run 50x150mm	*US$90-120*
50x100mm	*US$70-100*
50x50mm	*US$100-250*
25x300mm	*US$70-100*
Mixed Redwood	
40x300x3.6m	*US$100-240*

Gabon

Sawnwood
Sawnwood Up to 6m length
80x40mm up to 250x50mm
Okoume, Ozigo,Olon,Alone,Faro,Abura,
Agba and Andoung heitz
F.CFA 110,000 per Cu.m
Acajou,Movingul,Kosipo,
Afo, Aiele,Bosse fonce.Eblara
F.CFA 115,000 per Cu.m
Prices before sales tax

Report from Indonesia

Sawn timber	
Domestic construction material	
Kampar	
AD 6x12-15x40cm	*US$365—390*
KD	*US$490-510*
AD 3x20x40cm	*US$415-435*
KD	*US$540-560*
Keruing	
AD 6x12-15cm	*US$290-300*
AD 3x20cm	*US$380-385*

Malaysian Domestic Sawnwood Prices

Sawn timber demand in the domestic market has been very active during recent weeks. Red Merantis and construction timbers such as Kempas, Kapur, Keruing and other mixed medium and light hardwoods are in demand. Contractors are finding it difficult to secure sufficient supplies for their needs. The prices for these construction timbers are also very firm

Sawnwood	per Cu.m
Balau(25&50mm,100mm+)	US$415-425
Kempas50mm by (75,100&125mm)	US$215-225
Red Merantis (22,25&30mm by180+mm)	US$360-370
Rubberwood	
25mm	US$280-290
50mm squares	US$320-335
75mm+	US$360-380
Kembang Semangkok	US$530-540
Ramin Boards	US$500-520

Plywood and Veneers

Internatioanal Prices

Ghana

Industry is reporting that while sales are slow at present the situation is expected to improve by the end of August. The holiday period in Europe has a dampening effect on business inquires

Sliced Veneer		per Sq.m
Asanfona	Face	US$1.20
	Interior	US$1.00
	Backing	US$0.65
Redwoods (Mahogany, Candollei, Edinam)		per Sq.m
	Face	US$1.15
	Interior	US$0.90
	Backing	US$0.55

Ready Spliced Veneer (layons) Thickness 6mm	per Cu.m
Sapele	US$1370
Anegre	US$1062
Mahogany	US$1149
Koto	US$1153

A new plywood mill has been commissioned and will be producing for the export and domestic market. During this commissioning stage all output will go to the domestic market.

Plywood 2440x1220mm Grade B/BB, WBP	
Ceiba	per Cu.m
4mm	US$554
6mm	US$498
9mm	US$478
12mm	US$420
15mm	US$426
18mm	US$420
MR B/BB 10 % less	

Rotary Cut Veneer	per Cu.m	
	Face 1-1.6mm	Core 1.7-2.5mm
Ceiba	413	360
Koto	503	450
Otie/Ilomba	440	415
Chenchen	426	415
Wawa	440	415
Bombax	440	415

Brazilian Plywood and Veneer

Prices at which last business was done remain unchanged. As the situation regarding Virola emerges it will be reported

Veneer	per Cu.m
White Virola Face 2.5mm	US$260-320

Plywood	
For Europe	
White Virola	*INDO 93 + 7-9%*
For Caribbean countries	
	per Cu.m
White Virola	*BR 96 + 8%*
Pine CDX USA	*US$245*

Malaysian Plywood

MR Grade BB/CC FOB	
	Per Cu.m
2.7mm	*US$495-510*
3mm	*US$450-460*
9-12mm	*US$390-405*
18mm plus	*US$370-380*
WBP Grade BB/CC	
9-18mm	*US$465-475*
Phenolic Overlayed	
12-18mm	*US$510-515*

Domestic plywood	
9-18mm	*US$490-515*

Indonesian Plywood

Plywood (export, FOB)	
MR,	*per Cu.m*
Grade BB/CC	
2.7mm	*US$490-510*
3mm	*US$450-475*
4.0-6.0mm	*US$380-395*
6mm and above	*US$380-395*
WBP,	
Grade BB/CC	
12-18mm	*US$465-480*

Taiwan Province of China

Plywood	*per Cu.m*
2.7mm x 4' x 8'	*US$590-605*
5.0mm x 4' x 8'	*US$550-565*

Domestic Plywood Prices

Brazil

Rotary Cut (Nortern Mill)	
	per Cu.m
White Virola Face	*US$160*
White Virola Core	*US$120*
Plywood	
(ex-mill Soutern Mill)	
Grade MR	*Per Cu.m*
4mm White Virola	*US$595*
15mm	*US$480*
15mm Film Faced	
Concrete Formwork	*US$720*

Indonesia

Domestic MR plywood	
(Jarkarta)	*per Cu.m*
9mm	*US$470-480*
12mm	*US$450-460*
15mm	*US$420-430*
18mm	*US$410-420*

Gabon

Okume Plywood		
(250x122cm)	*F.CFA Per pc*	
	Untaxed	*Taxed*
4mm	*3,430 -*	*3,780*
5mm	*5,314 -*	*6,270*
8mm	*8,886 -*	*9,540*
10mm	*9,010 -*	*11,047*
12mm	*10,762 -*	*12,699*
15mm	*13,019 -*	*15,362*
19mm	*15,790 -*	*18,632*

Furniture Parts and Components

Taiwan Province of China, Imports

Imports C&F	*per pc*
Rubberwood Chair seats	*US$3.10-3.25*

Rubberwood unfinished	
Queen Anne Chairs	
(excluding soft seat)	*US$13-15.5*
Rubberwood	*per Cu.m*
table-tops	*US$770—780*

Other Panel Product Prices

Brazil

Export Prices	
Blockboard 18mm	*per Cu.m*
White Virola Faced	
For UK	*US$350-370*

Domestic Prices	
Ex-mill Southern Region	*per Cu.m*
Blockboard	
15mm White Virola Faced	*US$420*
15mm Mahogany Faced	*US$810*
Particleboard	
15mm	*US$310*

Indonesia

Other Panels	*Per Cu.m*
Particleboard	
9mm	*US$220*
12mm	*US$260*
15mm	*US$230*
18mm	*US$225*
MDF Export (FOB)	
12-18mm	*US$260*
MDF Domestic	*US$290-310*

Taiwan Province of China, Imports

MDF	*per Cu.m*
3-4mm thick	*US$330-340*
12-25mm x 4' x 8'	*US$275-285*

Particleboard	*per Cu.m*
12-18mm (4x8)	*US$165-180*

Malaysia

The export market for particleboard continues to be quite weak and the prices are still low. There are reports of local production being scaled down drastically and one mill is reported to have ceased production. FOB prices range from US$ 150 - 160 per Cu.m

The domestic consumption of particleboard is reported to be quite high recently and it is estimated to be in the region of 350,000 Cu.m annually. The prices for imported particleboard are reported to be very competitive. Domestic prices range from US$ 165 - 180 Cu.m.

Particleboard (FOB)	
	per Cu.m
6mm & above	*US$150-160*
Domestic	
6mm & above	*US$165-180*

MDF (FOB)	*per Cu.m*
Less than5mm	*US$270-275*
Gretaer than 6mm	*US$250-260*

Domestic Sales	
	per Cu.m
6-21mm	*US$27-285*

Prices of Added Value Products

Indonesia

Mouldings	
Ramin skirting	*per Cu.m*
(for the Italian market)	*US$825-835*
Crown using Pulai or Jeluton	
(for Japanese market)	*US$720-730*

cont.

Laminated Scantlings	*US$680-700*
Laminated Boards	
Falkata wood	*US$30-315*
Laminated Boards	
Pine	*US$900-910*

Malaysia

Mouldings (FOB)	*per Cu.m*
Kembang Semangkok	
S4S to Japan	*US$910-920*
Skirting	*US$1050-1100*
Rubberwood	
S4S to Japan	*US$460*

Brazil

Added Value Products

	per Cu.m
Edge Glued Panel	
Clear Pine	*US$830*

Rubberwood parts and components:

Malaysia

The demand for wooden furniture, particularly the low to medium category continues to be very active. However the prices remain quite low as competition in this market is particularly intense among producers in Malaysia, Thailand, China and Vietnam.

Shaped chair seats	
(18-22mm 16"-18" squares)	
	US$2.95-3.10per pc
Finger jointed	*per Cu.m*
laminated boards	*US$810-850*
top grade	*US$900*

Doors (FOB)		
Meranti (red) panel doors		
	Grade A	*US$53-55per pc*
	Grade B	*US$46-47per pc*
	Grade C	*US$42-43per pc*

Furniture

Dining suite	
Solid rubberwood laminated top 3' x 5'	
with extension leaf and six hard seat chairs	
	US$200-220per set
Windsor Chair	*US$11.8-12.80ea*
Colonial Chair	*US$14-15.5ea*
Napolean Chair	*US$22.5-28ea*
Oak Veneered MDF	
table top (3'x5')	*US$65ea*

Taiwan Province of China

Furniture	
Dining suite (FOB)	
Oak Veneered MDF tables and	
chairs (6 per set)	
	US$300-320per set

In recent years Taiwan Province of China's furniture industry has encountered problems such as rising wages, difficulties in finding workers, raw material shortages, and soaring land costs. These problems have forced manufacturers to move off-shore, mainly to mainland China and to South-East Asian countries.

Despite these problems, Taiwan Province of China is still one of the leading exporters of furniture in the world, after only Germany and Italy.

According to statistics released by the Industrial Development Bureau, there are more than 3,000 furniture manufacturers on the island and most of them are small and medium-sized enterprises. Of these, 78 % employ less than 50 workers, 16 % employ 50 - 99 workers, 4% employ 100 - 299 workers and those with more than 300 workers accounts for only 2%.

A Special Report from ITTO's Correspondent in China

China's Furniture Industry

Since the reform and the opening of the economy, China's furniture industry has been developing at an unprecedented rate in tandem with national economic development and with the improvement in the life style and demands of its people.

According to statistics from the National Statistics Bureau, China has total 8,014 furniture enterprises. In this context, enterprise means those independently accounted enterprises and industry units with a legal status. These industries employ some 515,500 people and, on an annual basis, produce a total of 3,086,378 items (of which wooden furniture items account for 2,022,609 pieces, or 65%). Furniture of wood and steel combined production totals 368,713 pieces, or 12%.

The annual production value from these industries in 1993 was Yuan 17,548 billion and total sales income was Yuan 13,785 billion. Compared to the production of 116,41 million pieces of furniture in 1985, the production in 1993 has more than doubled.

Statistics from another source, the total number of furniture enterprises in China, including township and individually owned enterprises, had reached 22,000 with about 900,000 employees and Yuan 20 billion gross sales in 1994.

Of all enterprises, 2,711 or 45% of enterprises are independently accounting industries within the definition of the Light Industry System, a further 36% (16,000) were rural township enterprises, and a further 19% were run by the Forestry Department. In addition, 650 were owned by foreign enterprises or Sino-foreign joint enterprises.

Market Prospects

In the coming years, the market prospects for China's furniture sector are positive as demand for furniture is forecast to grow at an annual rate of 8% for the following reasons:

1. Hotels in China are entering a period where they will be replacing furniture. China has more than 1,900 hotels that can receive foreign guests and has more than 300,000 rooms (There are 230 hotels in Beijing region). The total value of the hotel furniture replacement business could be as high as Yuan 2 billion.

2. The residential housing market has entered an improvement period. About 3 million flats are built annually in cities and towns in China. The increasing improvement of residential stocks will result in a rapid growth in demand for household furniture.

3. An estimated 10 million couples will get married annually (80,000-90,000 couples are in Beijing). Their purchases of furniture are estimated to be about Yuan 3 billion.

A Profile on the Furniture Industry

The development of China's furniture industry has the following characteristics:

Joint venture manufacturing by Sino-foreign investors is developing rapidly. Ten years ago China had only 17 joint manufacturing enterprises, this had jumped to 650 enterprises by the end of 1993 (Beijing had more than 30, Shanghai had most, accounting for more than 190).

Investors are from Hong Kong (60% of all), next is Singapore, followed by the United States, Japan and Taiwan Province of China. The enterprises are of the small to medium scale and a variety of furniture is produced of the medium to high quality.

Greater attention is being paid to technological upgrading of old facilities. A variety of furniture facilities have been upgrade and the equivalent of US$170 million has been invested into some 200 enterprises since the reform and opening to the outside world. This investment includes 200 production lines for panel products, solid wood and bent wood furniture and 100 lines for soft/ upholstered furniture and 20 for metal furniture.

The quality of the furniture produced is now oriented towards the medium and high grade. The market demand for furniture of medium-high grade is growing rapidly due to growth in demand as a result of more hotel construction and as a result of an increase in disposable income. This is especially the case in the coastal region and big cities which are experiencing rapid economic development and where the growth trend is more obvious.

As an example of this, sales of imitation mahogany are booming in cities such as Shanghai, and Guangzhow, as a result, street markets selling only "mahogany" furniture are appearing. In Shanghai alone there are more than 200 newly opened "mahogany" furniture shops. It is anticipated that this market will expand to the other big cities.

There has been a big increase in exports of furniture from China. The country exported furniture valued at only US$33 million in 1985, US$150 million in 1990, US$200 million in 1991, US$800 million in 1992, but exports reached US$1 billion in 1993.

China's customs statistics show thatthe value of furniture exports were US$544 million in the period January to June 1995. The main export destinations were Hong Kong, the United States and Japan.

Raw Materials

The main raw material for furniture manufacture is wood, and combination of wood and steel. In 1993, wooden furniture made up 65% of total furniture production, furniture made of wood and steel combination made up only 11% of the total production.

The wood raw materials used in furniture manufacture has been changing . The proportion of natural solid wood has gradually decreased and has been substituted by reconstituted products especially panels and laminated wood products.

Styles and Demand

Furniture styles are mainly modern, but there has been a development of both modern and traditional styles simultaneously. The designing of furniture is gradually developing from, traditional, frame structure to the panel structure, as a result of the increased use of plywood and other panel products for furniture manufacture.

The average size of the furniture enterprise is small and production facilities are basic and of low technology. Of the more than 20,000 furniture enterprises, 80% are considered small. The furniture output of these mills is of the low grade. The medium to high grade furniture sector has room for a greater growth in capacity and it is for this segment of the market that investment will be directed.

At present it is estimated that the production of low quality furniture has surpassed the demand in the domestic market, it is only in the market for new style furniture within the medium to high quality has more market growth capacity..

Freight Costs

Brazil

Sawnwood	
Paranagua-Rotterdam	
Container 20 ft.	*US$1300*
Container 40 ft.	*US$2000*
Paranagua-Baltimore	
Container 20 ft.	*US$1500*
Container 40 ft.	*US$1800*
Bulk Sawnwood	*US$66per Cu.m*
(Hardwoods over 750kg/Cu.m)	
Plywood	
Paranagua-UK	
Palletised	*US42per Cu.m*

Indonesia

40ft Container	
Jakarta-Rotterdam	*US$2,250*
Jakarta-LA(west coast USA)	*US$2,900*
Jakarta-NY(east coast USA)	*US$4350*

Ghana

Bundled Sawnwood
Ghana to Europe (Antwerp-Hamburg), US$65 to US$83 per Cu.m depending on quantity and the buyers' relation with the shipping lines.

Containers
Containerized sawnwood and other products from Ghana for N. European Ports
US$2070 for a 20ft container
US$3730 for a 40ft container

Taiwan Province of China

40ft. container
West Coast USA from Taiwan Province China US$2000
East Coast USA from Taiwan Province China US$ 2350

Malaysia

Bundled Sawnwood
Malaysia to Rotterdam US$42 per Cu.m.

40 ft. container
Malaysia to West Coast USA at US$2650
Malaysia to East Coast USA US$3200
Malaysia to Ports in Taiwan Province of China US$550-650

Port Klang / Ports of Taiwan Province of China Province of China
USD 42 per Cu.m Bundled Sawnwood

Consumers Report

Report From Japan

Japan's Imports of Plywood Up

According to a report from the Japan Plywood Manufacturers' Association, based on data from the Ministry of Finance, plywood imports in May were 471,000 Cu.m representing an increase of almost 15% over the same month last year. There has now been eight straight months of increase in plywood imports.

Indonesian plywood imports are up 9.9% to 299,000 Cu.m and imports from Malaysia are up by 10.5% to 116,000 Cu.m. Imports from the two countries amount to some 90% of plywood imports and their market share is growing.

Japan's total plywood imports for January-May were 2,038,000 Cu.m, an increase of 14% over the same period one year ago. Imports from Indonesia reached 1,332,000 Cu.m, an increase of 8%, followed by Malaysia at 499,000 Cu.m, an increase of 28%. Canadian softwood plywood imports totaled 133,000 Cu.m, an increase of 32% over the same period last year. Imports of US plywood totaled 23,000 Cu.m, an increase of 18%.

Import Forecasts

The forecast for this year's imports are 5,769,000 Cu.m of Southsea logs and 429,000 Cu.m of African logs, according to the Southsea Timber Section of the Japan Lumber

Importers' Association. Southsea lumber imports are expected to be 1,172,000 Cu.m and yearly plywood imports are forecast at 4,714,000 Cu.m (up by about 7% over last year). The supplies from Indonesia, the largest exporter of plywood, will remain fairly steady but imports from Malaysia and other countries are expected to continue to grow.

Signs of Recovery in the Log Market

Influenced by favorable housing starts the Japanese imports of logs are showing a recovery after a long dull period. However, prices have not yet started to move but are firm. It is expected that some price improvement will occur. The most important factors in the apparent recovery are, firstly, that housing starts contine to be at higher levels and secondly that there is a shortage of domestic logs at present.

Report From China

Prices of Timber

Yuan per Cu.m

logs		Beijing	Shanghi	Harbin	Xian	Nanjing	Hefei	Guangzhou
Korean Pine	6m, 30-38cm	1200	1600	1300	1450	1500		
Spruce/Fir	6m, 24-28cm	1100	1050	900	1150	880	1150	780
Larch	6m, 24cm+	850	900	750	1050	1200	1050	800
Ash	4m, 30-38cm	220	2400	1800	1550	1816	1800	2300
Chinese Fir	4-5.8m, 14-18cm					1449	1200	1000
Masson Pine	4m, 18-28cm		850		800		1050	780
Yunnan Pine	4m, 18-28cm				850		1220	
Imported logs								
Douglas Fir			1400			1569	1650	
Hemlock						1397		
Luan						2700		

Regional Review

The forests of the Northeast are now providing more of the country's needs. The high quality hardwood logs from the state-owned forest areas of Northeast and Inner Mongolia had very good market in the first half of the year and prices remain high. As an example, Manchurian Ash logs, 4 metre length and 30-40 cm diameter, were fetching 1750-1800 Yuan per Cu.m. In contrast, the price of Korean pine logs had fallen considerably in the Jilin production area.

In the Yichun forest area, although the price of Korean pine logs of 6 metre length and 30-38 cm diameter was only 900 Yuan, demand could not be stimulated. This situation is the result of there being a stronger demand for decorative furniture timbers and lower demand for constructional timber as the construction industry was very depressed.

An exception to this situation was seen in relation to the demand for spruce, fir and larch. Small to medium diameter logs sold well and this was the result of strong demand from the pulp and paper industry where demand was much greater than supply.

The Wood Products Market in the First Half of 1996

In the first half of 1996 the markets for wood products in the country were not very active, stocks had accumulated and were moving slowly, and this was causing a downward pressure on prices.

In order to try and stabilise wood prices, a minimum price limit has been adopted by the state-owned forest of the Northeast, but the stock situation continues to worsen.

In the Southern forest area the market declined and stocks increased, prices were down, especially for the small to medium diameter logs which were hard to dispose of.

Yuan per Cu.m

		Beijing	Shanghi	Harbin	Xian	Nanjing	Hefei	Guangzhou
Plywood								
Imported	4x8 3mm	44	42	42	45	40	41.5	40
Domestic								
Linden/Ash	4x8 3mm	23		30	35	38		

Yuan per Sheet

		Beijing	Shanghi	Harbin	Xian	Nanjing	Hefei
Sawnwood							
Korean Pine	4m Length	1900		1700	1750	2150	
Spruce/Fir	4m Length	1200	1400	1150	1300	1670	1400

In some of the forest areas such as the south Jianxi Province, east Guangxi Autonomous Region, south Fujian Province, south-east Guizhou Province and south Hunan Province, the price of Chinese fir 4 -5.8 m length and 14 -18 cm diameter was in the range 750 -1,050 Yuan per Cu.m.

The impact of low prices and reduced turnover had a negative effect on the enterprises in these areas and all were reporting an unsatisfactory financial performance for the first half of the year.

The picture was much the same in the northern area, demand was low and the timber enterprises were experiencing reduced sales income. Overall, prices were slightly down compared to that last year. Taking Korean pine log as an example, the price of logs 6 m length and 30-38 cm diameter was Yuan 1300, 1250, 1400 and 1500 in Beijing, Zhengzhou, Jinan and Xian, this represented a decline of between 10-15% on prices for last year. However, the prices for decorative hardwoods of high quality remains firm.

In Tianjin, Qingdao and Zhenzhou, the selling price for Manchurian Ash logs reached Yuan 2230, 1800, 2200 per cubic metre in the areas mentioned. The upward trend in prices continued in the first half of the year. In terms of volume of sales, spruce, fir and larch logs were slightly higher than the for Korean pine. Spruce, fir and larch log prices have remained stable.

In the southern consuming areas the market situation was very different and there were noticeable differences in prices for various grades and sizes, large diameter logs were selling well and at very good prices. The price of Chinese fir logs 4 - 5.8m and 14 - 18 cm diameter reached Yuan 1,449 perCu.m in Nanjing, Yuan 1,080 i n Chansha and Yuan 1,200 in Hefei Prices were up an average 50 Yuan per Cu.m compared to prices at the end of last year.

The price of Masson's pine logs 4 m long and 18-28 cm diameter in the three areas mentioned above was Yuan 850, 740 and 1,050 per Cu.m. Although this price was down compared to last year, it has remained stable. In the south it appears that the Sleeper market has improved.

China's Biggest Processing Centre

Hei Long Jiang Province, with its abundant forest resources, has become the biggest processing centre for forest products in China, today there are more than ten thousand forest products processing enterprises. The main products include a variety of panel products, furniture, paper and paperboards. The total investment by enterprises in forest products processing has now reached Yuan 5.3 billion.

In order to further develop high quality downstream production, during the Ninth five-year Plan, the Province will install a MDF plant with an annual capacity of 125,000 Cu.m. In addition, under the Plan, solid wood furniture production lines will be upgraded. In the non-veneer panel sector, the key development will be focused on MDF and OSB (especially thin board types), at the same time production of wide plywood will be developed as will be the utilisation of a wider range of species. All types of panel with synthetic decorative overlays will be developed in order to raise the value added output.

It is estimated that the solid wood furniture produced by three key enterprises and marketed in China under the trade names "Bright", "Helin" and "Crane" will reach an annual output of 4.5 million pieces. These enterprises are expected to begin to seek ways to come together for business and production rationalisation. Because of the availability of high quality hardwoods in the Province, the production of solid wood furniture will be integrated with up-stream processing.

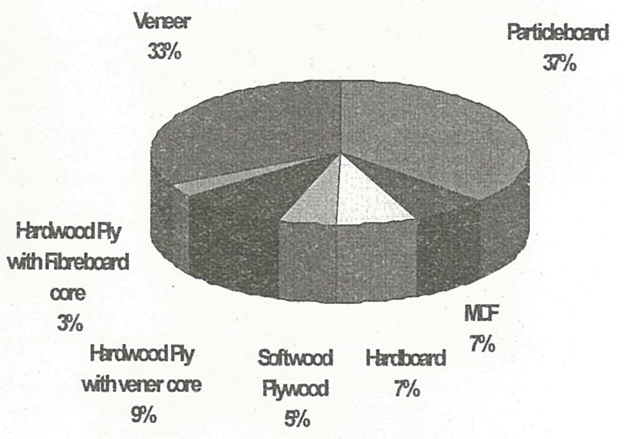
The total production value of forest products of the Province is forecast to reach Yuan 60 billion, and of this some Yuan 800 million is expected to be yielded in taxes and profits. Hei Long Jian Province is well on the way to taking full advantage of the available resources and towards offering employment opportunities to a potentially huge work force.

US Industry Report

Wood Raw-Materials in the American Furniture Industry 1995

Hardwood lumber is the most commonly used material by the furniture industry, however, the use of panel products is increasing. Particleboard use is up 42%, Softwood lumber up 22.9% and MDF up 22.5% all are increasing at a much faster rate than hardwood lumber.

Panel Products in Furniture Manufacture 1995



Wood Material Use by Region

The Southern region accounts for the largest proportion of solid wood raw-materials utilised for the production of furniture. The region absorbs 77.8% of dimension parts and 62.1% of all hardwood lumber used by the American furniture industry. The Southern region is also the leader in panel consumption, accounting for well over 50% of the nation's total use for most products.

A notable exception is in particleboard usage where the Midwestern region accounts for 83.1% of the nation's total consumption. In contrast to this, the Midwestern region consumes only a 11% share of the nations hardwood lumber use in the furniture industry.

This can be explained by the heavy concentration of office and institutional furniture manufacturers in the Midwestern region especially in Grand Rapids, MI. Office and institutional furniture makes much more use of panels than household furniture.

Use of Hardwoods by Species

Red Oak is the most commonly used species, representing some 33% of the furniture industry's total hardwood lumber use. In absolute terms, consumption of Red Oak is highest in the Southern and Western regions, each one claiming a share of 43% of the nation's total.

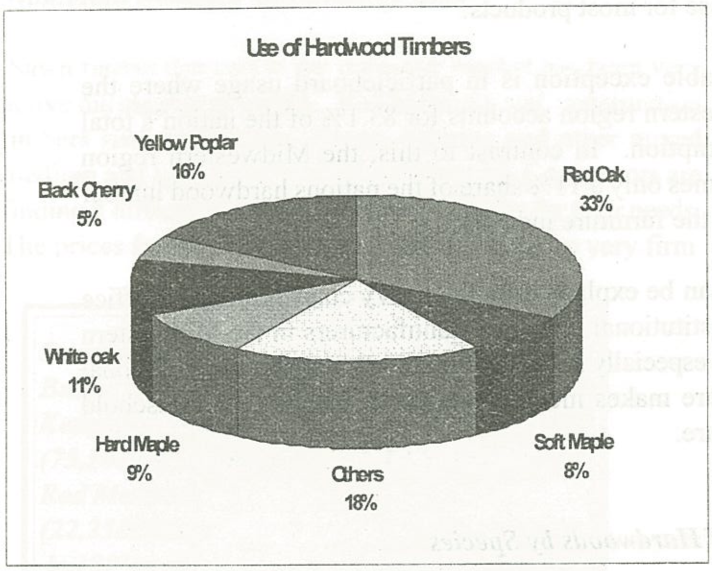
In relative terms, the furniture industry's Red Oak consumption is most dominant in the Western region. In fact, a massive 86% of the region's total hardwood usage for furniture is Red Oak, compared to a national average of 33%. Yellow Poplar (16%), White Oak (11%) and Hard Maple (9%) are also popular furniture woods.

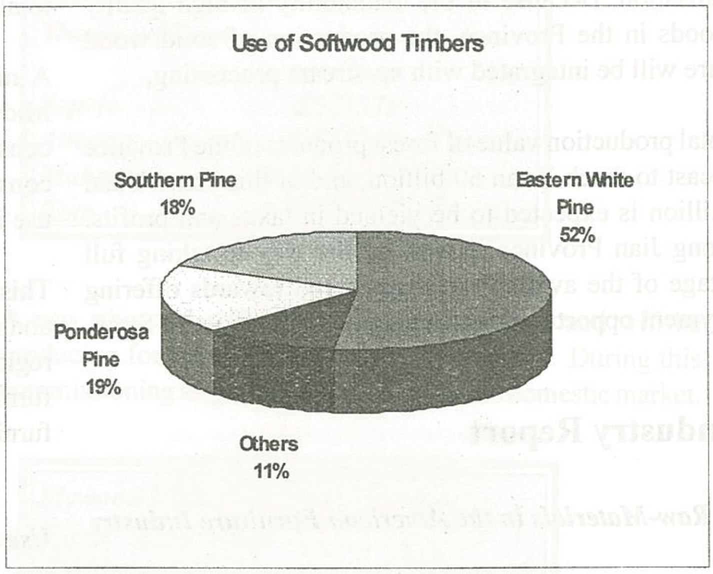
The wood furniture industry is using most often No.1 Common grade hardwood lumber. This grade accounts for approximately 60% of the total hardwood lumber volume, and is highest in the Western region (72%).

Lumber graded No.2 Common and FAS/Selects account for approximately 25% and 12% respectively of the total hardwood lumber volume.

Almost two-thirds of all hardwood lumber purchased by furniture manufacturers is green. However, firms located in the Western region buy nearly all of their hardwood lumber kiln dried.

This may be the result of transportation costs and the heavy consumption of Alder. Also, larger companies are more likely to operate their own dry-kiln.





Use of Softwood by Species

The following chart illustrates the approximate species breakdown of softwood lumber used in the production of furniture. Eastern White Pine is the most commonly used softwood species, accounting for 52% of total softwood lumber use. Ponderosa pine and Southern Pine are the next most commonly used softwood species.

Geographically, the Southern region accounts for the largest quantity (328 MMBF) of softwood consumption. The Eastern White Pine is the most used species in the Southern region and Ponderosa Pine is mostly used in the Midwest and Western regions.

Abbreviations

LM	Loyale Merchant, a grade of log parcel	Cu.m	Cubic Metre
FOB	Free-on-Board	SQ	Sawmill Quality
SSQ	Select Sawmill Quality	KD	Kiln Dry
AD	Air Dry	FAS	Sawnwood Grade First and Second
Boule	A Log Sawn Through and Through the boards from one log are bundled together	WBP	Water and Boil Proof
		MR	Moisture Resistant
BB/CC	Grade B faced and Grade C backed Plywood	pc	per piece
		ea	each
MBF	1000 Board Feet	BF	Board Foot
Sq.Ft	Square Foot	MDF	Medium Density Fibreboard
FFR	French Franc	F.CFA	CFA Franc
Koku	0.278 Cu.m or 120BF		