



INTERNATIONAL TROPICAL

TIMBER ORGANIZATION

Tropical Timber Market Information

Towards Greater Transparency in the Tropical Timber Markets

Producers Report

Log Prices

The log supply is still quite a problem because of the poor weather conditions.

Domestic Log Prices

Report from Brazil

The domestic prices for wood products have remained relatively stable during the last two weeks. Demand for wood products in the local market is still low and, despite the low stocks in the north due to the rain season, prices have not moved.

Logs (at mill gate)	Per Cu.m
Mahogany (first grade)	US\$245
Ipe	US\$81
Jatoba	US\$55

Report from Thailand

Log Prices	Per Cu.m
Plantation Teak	US\$180
Forest Teak	US\$1061-1225
Daeng	US\$286-294
Pradu	US\$659-693
Yang	US\$245-265
	Per Ton
Rubberwood	US\$45
Eucalyptus	US\$33-41

Report from Indonesia

Plywood logs	
Face Logs	US\$185
Core logs	US\$125
Sawlogs	US\$140-145
Falkata logs	US\$40-45
Rubberwood	US\$32-33

Report from Malaysia

Logs	Per Cu.m
Domestic (SQ ex-log yard)	
Meranti Bukit (SQ)	US\$216
Kembang Semangkok	US\$175
Selangan Batu	US\$130
Merbau	US\$170
Rubberwood	US\$26-28

Business is generally still quiet after the double festive season of Chinese New Year and "Hari Raya". There are no appreciable changes in prices since the last report.

Export Logs

Log Prices, Gabon

Okoume Grade	F.CFA per Cu.m	
	Export FOB	Local
LM	146,000	110,000
QS	129,000	91,000
CI	99,000	73,000
CE	83,500	63,000
CS	67,000	41,000

Ozigo Grade	F.CFA per Cu.m	
	Export FOB	Local
LM	103,000	73,000
QS	90,000	64,000
CI	70,000	50,000
CE	59,500	41,000

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Other Species

	FOB F.CFA per Cu.m
Agba	55,000
Moabi	65,000
Niangon	78,000
Douka	55,000
Abura	65,000
Sapelli	85,000
Movingui	60,000
Iroko	58,000
Dibetou	60,000
Kevazingo	90,000
Ovang-kol	50,000
Padouk	55,000
Sipo	95,000

Sarawak Log Export Prices

(FOB)	per Cu.m
Meranti SSQ	US\$210
Mixed Light Hardwoods	US\$130-140

Cameroon Log Prices

FOB		Per Cu.m
N'Gollon	LM-C	FFR1350
Ayous	LM-C	FFR1150
Sapele	LM-C	FFR1450
Iroko	LM-C	FFR1350

South Sea Logs

Stocks remain quite low due to poor weather conditions

FOB	per Cu.m
Pometia	US\$150-155
Calophyllum	US\$150-155
Terminalia	US\$130-135
Other mixed species	US100

Sawnwood Prices

Domestic Prices

Report from Brazil

The Brazilian economy is still strong and inflation dropped to 0.4% in February, the lowest level since 1973. Even though interest rates are dropping, the rates are still high and this is limiting new investments, it also has a negative effect on existing timber industries as access to credit is limited. The industry is looking for an improvement in the domestic market in the following months.

Sawnwood	Green FOB Northern Mills Per Cu.m
Mahogany	US\$735
Ipe	US\$430
Jatoba	US\$405

Report from Thailand

No significant changes in price have been observed since the last report

Sawnwood Prices	Per Cu.m
Yang2-2.5m Length	US\$382
3-3.5m Length	US\$512
4-5.5m Length	US\$541
6m plus Length	US\$584

Daeng and Pradu	
2-2.5m Length	US\$771
3-3.5m Length	US\$872
4-5.5m Length	US\$959
6m Plus Length	US\$1045

Teak Grade EII (European 2nd Class)	
3m	US\$1391
3.5m	US\$1398
4m	US\$1413
4.5m	US\$1420
5-5.5m	US\$1427

Teak Grade Mixed	
3m	US\$1326
3.5m	US\$1341
4m	US\$1348
4.5m	US\$1348
5-5.5m	US\$1355

Teak Grade Indian	
3m	US\$915
3.5m	US\$923
4m	US\$930
4.5m	US\$937
5-5.5m	US\$951

Report from Indonesia

Sawn timber	
Domestic construction material	
Kamper AD 6x12-15cm	US\$395
KD	US\$500
AD 3x20cm	US\$465
KD	US\$540
Keruing AD 6x12-15cm	US\$260
KD	US\$360

Malaysian Domestic Sawnwood Prices

Sawnwood	per Cu.m
Balau	US\$410
Kempas	US\$220
Red Merantis	USD335
Rubberwood	
25mm boards	US\$265
50mm squares	US\$310
75mm+	US\$385
Nyatoh	US\$305
Mengkulang	US\$310

Taiwan Province of China

Sawnwood Imports

Rubberwood	per Cu.m
25mm boards	US\$375
50-75mm squares	US\$405
75-100mm squares	US\$445
Sepetir	
GMS (AD)	US\$415-440
Oak 25mm boards	US\$515

Export Prices

Sawnwood Export Brazil

Brazilian exporters are reporting weak demand. No substantial changes in demand or prices were detected in the last two weeks. The US market is dull for Brazilian products and CDX pine plywood prices have dropped again. LKS prices have also dropped.

Many small producers are claiming that the distribution chain is dominated by international companies. These international companies normally buy the entire production for export. Some producers report that while prices paid to producers have been going down export prices have remained fairly stable. Importers in the Philippines are demanding higher volumes, but inventories are low at the moment.

There is a general feeling in the trade that the number of orders are increasing and several importers are contacting producers. It is also felt that there is room for further improvements.

Sawnwood	Per Cu.m
FOB	
Mahogany KD-FS	
(UK market)	US\$970
Jatoba green	US\$450-500
Jatoba KD (Europe)	US\$635
Curupixa KD (Europe)	US\$575
Marupa KD-2nd grade	
(Japan)	US\$550
Others Species	
UnGraded-Green	
(Asian Market)	US\$205-270

Ghana

Ghana Log Supply Situation

Measures have been introduced to regulate cutting outside forest reserves, this has slowed log flows. The rain season has started rather early this year. Millers are reporting that the log stocks are not as they would have liked.

The industry is reporting that some of the measures introduced by the Forestry Department in regulating logging seem to be slowing down log extraction. A conveyance certificate has to be issued to cover every truck load. This certificate involves

pre-logging inspection and post logging inspection by overstretched staff of the Forestry Department. Log extraction, which would normally take place within 2 days is now taking as long as 10 days and the industry is complaining. The Forestry Department currently reviewing the new procedures.

It is expected that over the next few years Ghana's plantation area will increase from 15,000 hectares to 200,000 hectares. In addition to providing industrial wood, the plantations will satisfy the increasing local demand for fuelwood and charcoal. Individuals, communities and mill owners have been urged to invest in plantations.

The order book positions are generally very disappointing. The traditional export markets are very dull for redwood species. There is pressure on export prices. Producers are claiming that at current prices they cannot break-even.

Ghanaian mills are buying more drying Kilns and everything points to a further expansion of kiln capacity. This development will be followed closely.

Ghanaian Sawnwood Export Prices Per Cu.m (FOB)

The Middle East (Saudi Arabia), France, U.K., Italy and U.S.A. are active for Sawnwood. Saudi Arabia demand is for mixed redwoods in random length parcels of No.2 common and better grades.

The introduction of the Trees and Timber (Amendment) Act 493 of 1994 is now being delayed. The Amendment seeks to introduce export levies on round logs and on lumber that has not been dried. Twenty-five species of logs and seven species in lumber form could be affected. Levies on logs could range from 15% to 30%; on lumber the range could be 10% to 15% of the FOB price. A decision has been taken to seek opinions from the various stakeholders before a final decision is made on the levy.

Malaysia

Sawn Timber	
Export(FOB)	<i>per Cu.m</i>
Dark Red Meranti (DUC)	
GMS select & better (KD)	US\$650
Seraya	
Scantlings (75x125 KD)	US\$720

Plywood and Veneers

Domestic Prices

Brazil

Rotary cut veneer	
FOB Northern Region	<i>Per Cu.m</i>
White virola face veneer	US\$198
White virola core veneer	US\$178

Plywood	
FOB South Region	<i>Per Cu.m</i>
4mm White virola-MR	US\$610
15mm White virola-MR	US\$505
15mm film faced	
Concrete Form	US\$770

Ghana

Sales of plywood (and other wood products) in the local market attract a sales tax of 15%. The local demand for plywood is very high. About 96% of the plywood sold locally is of MR type (Urea Formaldehyde) and is suitable for interior use. However, since much of the use locally is in exposed environments, such as for billboards, kiosks, exterior doors, sheathing and to support roofing tiles, failure of MR plywood in external applications is common. Some manufacturers are now producing WBP plywood for the local market.

For the Saudi Arabia market	
<i>25-75mm, 100cm and up 180cm and up</i>	
Rough Sawn Prices Per Cu.m (FOB)	
Mixed Redwoods	US\$335
low grade Odum (Iroko)	US\$400
Wawa	US\$200-220
For the Italian market	
<i>25-75mm, 150cm and up 180cm and up</i>	
Rough Sawn	
Wawa fixed dimensions	US\$267
Wawa Boules	US\$219
<i>70cm log dia. 25-75mm. 450cm length</i>	
France:	
Niangon Boules	US\$486

Prices for local plywood (unsanded 2400x1200mm) including a 15% sales tax.

Export Prices

Grade B/BB MR.	
<i>Redwoods</i>	<i>per Sheet</i>
4mm	US\$5.50
6mm	US\$6.85
9mm	US\$10.45
12mm	US\$13.75
15mm	US\$17.60
18mm	US\$21.30
D.ogea, Koto	
4mm	US\$4.55
6mm	US\$6.55
9mm	US\$10.00
12mm	US\$13.15
15mm	US\$15.30
18mm	US\$20.55
Ceiba, Antiaris	
4mm	US\$4.15
6mm	US\$5.95
9mm	US\$9.10
12mm	US\$11.95
15mm	US\$15.25
18mm	US\$18.70

WBP Bonding for exterior use attracts additional 20% of the MR prices.

BB/BB Grade is 10% less of the B/BB price.

Rotary veneer production is increasing and five companies have invested in equipment for veneer production for the US and Italian markets.

Indonesia

Domestic MR plywood (Jarkarta)	
	<i>per Cu.m</i>
9mm	US\$455
12mm	US\$405
15mm	US\$390
18mm	US\$350

Brazil

Rotary Veneer FOB Per Cu.m	
<i>White virola face 2.5mm</i>	US\$260-300
<i>Sliced mahogany (first grade)</i>	<i>Per Sq.m</i> US\$2.20
<i>Plywood</i>	<i>INDO + 3-4%</i> <i>Per Cu.m</i>
<i>White virola BB/CC</i>	US\$250
<i>Pine CDX 18mm</i>	US\$265

Ghana

Ghana produces about 50 million sq.m of decorative veneers annually. About 80% of this amount of veneers is in Anigre (Asanfona), about 95% of the veneers are exported to Italy.

Sliced Veneer

<i>Veneer</i>	<i>per Sq.m</i>
<i>Asanfona face</i>	US\$1.20
<i>Interior</i>	US\$1.00
<i>Backing</i>	US\$0.65
Redwoods	
Mahogany, Candollei, Edinam	
<i>Face</i>	US\$1.15
<i>Interior</i>	US\$0.90
<i>Backing</i>	US\$0.55

For the first time curls of mahogany and other species are to be sliced in Ghana.

A mill should be on stream by the end of March 1996. Curls in the raw form fetch between US\$300 and US\$400 per ton. A ton of 40 cu.ft. yields between 550 and 650sq.m. Six new slicers are being installed. The dull European furniture market is, however, leading to declining demand for veneers.

The availability of redwood veneer species is being reduced by the Forestry Departments' yield calculation. Competition between local mills is increasing for all logs.

Malaysian Plywood

Plywood (FOB)	
MR Type	
Grade BB/CC	
3-4mm	US\$445
9-12mm	US\$370
>18mm	US\$385
WBP Type	
Grade BB/CC	
9-18mm	US\$410
Phenolic overlaid	
WBP, Grade BB/CC	
12-18mm	US\$515
Domestic plywood	
9-18mm	US\$500-540

Plywood (export, FOB)	
MR,	
per Cu.m	
Grade BB/CC	
2.7mm	US\$455
5.0mm	US\$350
6mm and above	US\$360-370
WBP,	
Grade BB/CC	
	US\$415

Taiwan Province of China

Plywood	per Cu.m
2.7mm x 4' x 8'	US\$620
5.0mm x 4' x 8'	US\$580

Indonesian Plywood

Plywood manufacturers need to restructure their facilities to increase their efficiency and accommodate the country's diminishing supply of timber according to the executive chairman of APKINDO. The Ministry of Forestry is reported as saying that logs may need to be imported to sustain the production of the plywood industry.

The Director General of Forest Utilisation is reported as saying that the developments in plywood prices would make it difficult for small plywood mills to break-even.

Responding to reports that Indonesia would temporarily stop plywood exports to China, a representative of APKINDO is reported as stating that the situation will not affect Indonesia's exports to other countries.

The industry is forecasting that exports will rise by 7 percent to around US\$4.2 million in 1996 up from US\$ 3.99 million in 1995. Export from Indonesia to China in 1995 reached 800,000 Cu.m representing about 10 percent of Indonesia's exports.

The Indonesian Minister of Forestry has indicated that some plymills may have to import logs from Irian Jaya to overcome the shortage of raw materials. However it is reported that log supplies would increase when the government starts clearing peat areas in Central Kalimantan for the establishment of one million hectares of rice paddy. This project, which began in January 1996 is forecast to yield some 6 million cubic metres of logs up to the end of 1998 when the project should be completed.

Parts and Components

Taiwan Province of China, Imports

Import	per pc
Rubberwood Chair seats	US\$3.30
Rubberwood unfinished	
Queen Anne Chairs	
(excluding soft seat)	US\$14-16
Rubberwood	per Cu.m
table-tops	US\$780-820

Malaysia and Vietnam are the main suppliers of parts and components (Rubberwood) to the furniture industry, particularly chair seats and unfinished chairs.

Other Panel Product Prices

Brazil

Blockboard	Per Cu.m
15 mm Blockboard	
white virola faced	US\$380
15mm Blockboard	
sliced mahogany Faced	US\$780
Particleboard	Per Cu.m
15mm	US\$315

Thailand

Particleboard	<i>per Cu.m</i>
10mm	US\$309
12mm	US\$291
16mm	US\$261
19mm	US\$271
MDF	<i>per Cu.m</i>
6mm	US\$480
12mm	US\$468
16mm	US\$454
19mm	US\$469
Blockboard	<i>Per Cu.m</i>
15mm	US\$530
20mm	US\$507

Indonesia

Blockboard	<i>Per Cu.m</i>
	US\$325-US\$335

Taiwan Province of China

Imports

MDF (FOB)	<i>per Cu.m</i>
3-4mm thick	US\$340-345
12-25mm x 6' x 8'	US\$270-280
Particleboard	<i>per Cu.m</i>
18mm (5' x 8')	US\$210

Malaysia

Particleboard (FOB)	<i>per Cu.m</i>
6 mm & above	US\$180-205

Domestic prices range from USD 225 - 250 / m3. Domestic demand is currently very strong.

A 120,000 m3 per year particleboard plant is being planned in Sg. Petani, Kedah. The plant is a joint venture between Millplex Corp of Malaysia and San-Mic Chiyoda Corp of Japan. Under the joint venture agreement San-Mic Chiyoda

will purchase more than half of the particleboard produced by the factory for sale in Japan.

MDF(FOB)	<i>per Cu.m</i>
6mm	US\$285

Domestic prices range from US\$335 - 380 per Cu.m for (6 - 21 mm thick boards)

Prices of Added Value Products

Brazil

FOB	<i>Per Sq.m</i>
Jatoba floor (22mm)	US\$22.00
Edge Glue Panel (clear Pine)	<i>Per Cu.m</i> US\$830

Ghana

Kiln drying of lumber for export is also on the increase. The last two months saw the installation of about 1,000 Cu.m capacity. Over the coming months an additional 500 Cu.m of drying capacity is expected to be installed. Moulding equipment installation is also on the increase. Production of machined lumber is destined for Spain, Germany and Taiwan Province of China.

The main species for moulding production are wawa, koto, antiaris, Celtis and Akasa (Chrysophyllum) Albidum, also known as while star apple.

Products include dowels (6mm to 40mm), picture frames, bed laths, door components and lippings, sauna boards, boards for shelves, etc. Prices vary depending on species and product. For example, machined Antiaris (S4S) is USD 600 per Cu.m. Dowels, in short lengths, can fetch USD 600 per Cu.m. There are large orders for wawa mouldings for Taiwan Province of China and Japan. The industry is having to adjust to these new orders which are very large compared to the traditional UK and some European sawnwood markets.

Indonesia

Mouldings	<i>per Cu.m</i>
Ramin skirting (for the Italian market)	US\$900
Crown using Pulai or Jeluton (for Japanese market)	US\$650

Malaysia

Mouldings (FOB) per Cu.m	
Kembang Semangkok	
<i>S4S to Japan</i>	<i>US\$835</i>
Rubberwood	
<i>S3S to Japan</i>	<i>US\$410-420</i>

Rubberwood parts and components:

Shaped chair seats (18-22mm 16"-18" squares)	
	<i>US\$2.6-2.70/pc</i>
<i>Pedestal legs(6"-8" dia.)</i>	<i>US\$8-9/pc</i>
Queen Anne legs	
<i>(2 1/2" x 2 1/2" x 18")</i>	<i>US\$0.9/pc</i>
<i>(2 1/2" x 2 1/2" x 27")</i>	<i>US\$3.50-4/pc.</i>
Finger jointed <i>per Cu.m</i>	
<i>laminated boards</i>	<i>US\$760-800</i>
<i>top grade</i>	<i>US\$900</i>

Doors (FOB)	
Meranti (red) panel doors	
<i>Grade A</i>	<i>US\$58/pc</i>
<i>Grade B</i>	<i>US\$52/pc</i>
<i>Grade C</i>	<i>US\$46/pc</i>
Furniture	
Dining suite	
<i>Solid rubberwood laminated top 3' x 5'</i>	
<i>with extension leaf and six hard seat chairs</i>	
<i>US\$160/set</i>	

Taiwan Province of China

Exports

Furniture

Dining suite (FOB)	
Veneered MDF tables and chairs (6 per set)	
<i>US\$270-290 per set</i>	

The prices are still quite weak and intense competition is coming from China, Malaysia and Thailand for furniture destined for the US market.

Freight Costs

Brazil

Sawnwood	
Paranagua-Rotterdam	
<i>Container 20 ft.</i>	<i>US\$1300</i>
<i>Container 40 ft.</i>	<i>US\$2000</i>
Paranagua-Baltimore	
<i>Container 20 ft.</i>	<i>US\$1500</i>
<i>Container 40 ft.</i>	<i>US\$1800</i>
Bulk Sawnwood <i>US\$66per Cu.m</i>	
<i>(Hardwoods over 750kg/Cu.m)</i>	
Plywood	
Paranagua-UK	
<i>Palletised</i>	<i>US\$42per Cu.m</i>

Significant reductions are possible on all rates.

Indonesia

40ft Container	
<i>Jakarta-Rotterdam</i>	<i>US\$2,200</i>
<i>Jakarta-LA(west coast USA)</i>	<i>US\$2,800</i>
<i>Jakarta-NY(east coast USA)</i>	<i>US\$4,200</i>

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\$1900
 East Coast USA from Taiwan Province China US\$ 2400

Malaysia

Bundled Sawnwood

Malaysia to Rotterdam US\$40-42 per Cu.m.

40 ft. container

Malaysia to West Coast USA at US\$2400-2500

Malaysia to East Coast USA US\$3100-3200.

Port Klang / Taiwanese ports = USD 525 per 40' container

Consumers Report

From Europe, A Focus on France

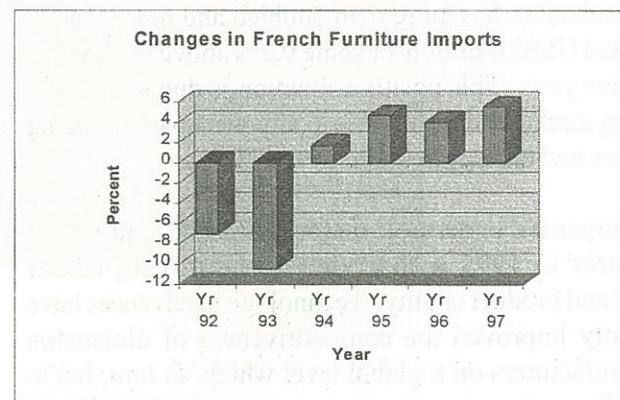
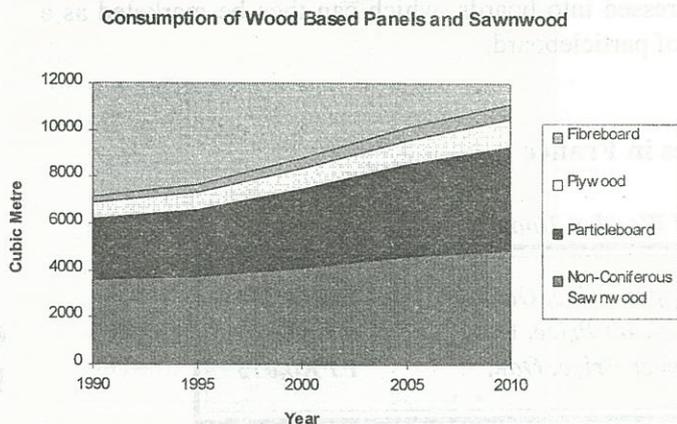
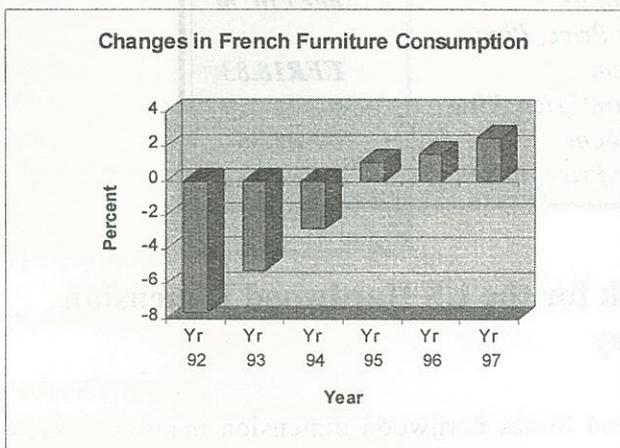
Industry analysts believe that in 1996 the French furniture sector is not expected to show any signs of real recovery, with consumption and production of furniture improving only modestly by 1.5%. In 1995 French furniture production was stagnant, having risen by only +0.4%, this was the result of the positive growth of internal consumption (up by +1.1%). Exports also improved (up by +4.4%) which compensated for the rise in imports which were up by 4.6%, helped by the strength of the French Franc.

France is expecting to be able to produce more logs from its own national forests and an agreement has been signed by the National Forest Office, the National Union of French furniture industries, the National Federation of forested communes and the National Wood Federation to raise timber production. The agreement is aimed at increasing the national production of wood by 4 million cubic metres and to create 50,000 new jobs in the industry over the next three years.

The French group Cauval has taken over the UK based C&C Bedding and Upholstery (UK bedding maker with a turnover of Sterling 15 million) and Diva France (French sofa beds manufacturer with a turnover of Ffr 170 million). This move puts Cauval into a premier position in the industry.

Consolidation in the French Trade

The French chain store group Darty has bought the 20% of BUT, another store chain. The stake has reportedly been bought from the family group Venturini for FFR 451 million. BUT, which is the second-ranking distributor of furniture in France, has a turnover of FFR 8.5 billion. This acquisition strengthens the distribution functions of Darty.



Source: SESSI, INSEE ed Eurostat; forecasts: Csil

News from other European Countries

In the UK, Morris Furniture plans to invest Sterling 2 million in new machinery and a 20,000 sq. ft extension to its 250,000 sq. ft factory. The changes are to prepare the relaunch of G Plan cabinet furniture, which was acquired in February 1996 from Woodberry Bros and Haines. The new division will be run as a separate entity; 60 new workers will join a 240 strong workforce at the firm's Glasgow factory.

Expansion of the East European industry is continuing. The majority stake of Silutes Baldai, a Lithuanian furniture maker, has been sold to the SBA of Italy, a holding company that is

a major industry player owning four companies. Last year Silutes Baldai sales were worth Lira 22,770 million (US\$ 5.7 million) and 63% of its production was exported to Western Europe.

In an effort to save both the company and jobs, for a symbolic amount of Pta 3, the employees of Roneo Asociados (the Spanish office furniture producer) have bought the business from Corporacion Ucem (the parent company). This follows an unsuccessful feasibility plan that predicted doom for the company with net worth of (negative)Pta 46 million.

Also in Spain, Ikea will open its first retail outlet in Barcelona in May 1996, a second outlet will be opened in Madrid in October. Ikea expansion plans include 2 stores in 1997 and 3-4 in 1998.

Used furniture recycling

Muller Holztechnik GbR of Dresden, Germany is planning to install a pilot plant for large-scale recycling of used furniture. The plant will have a capacity of 500 cubic metres a year. The project is supported by the Federal Environment Trust. During the recycling process furniture will be shredded and pressed into boards, which can then be marketed as a form of particleboard.

Prices in France

Solid Wooden Doors

<i>Upper Price, Oak,</i>	<i>FFR10,018</i>
<i>Medium Price, Oak,</i>	<i>FFR7,920</i>
<i>Lower Price, Oak,</i>	<i>FFR6,073</i>

Furniture and Components

<i>Kitchen Chairs</i>	
<i>Medium Price, Beech,</i>	<i>FFR234</i>
<i>Lower Price, Beech,</i>	<i>FFR140</i>
<i>Dining Chair</i>	
<i>Upper Price, Beech</i>	<i>FFR424</i>
<i>Medium Price, Beech</i>	<i>FFR280</i>
<i>Lower Price, Beech,</i>	<i>FFR181</i>

<i>Kitchen Table</i>	
<i>Medium Price, Beech</i>	<i>FF561</i>
<i>100x70cm</i>	
<i>Lower Price, Melamine</i>	
<i>Covered 115x74cm</i>	<i>FFR238</i>

<i>Dining Table</i>	
<i>Upper Price, Redwood</i>	<i>FFR11,700</i>
<i>150x90cm</i>	
<i>Medium Price, Beech</i>	
<i>174x86cm</i>	<i>FFR2,400</i>
<i>Lower Price, Particleboard</i>	
<i>115x74cm</i>	<i>FFR660</i>

<i>Kitchen Doors</i>	
<i>Upper Price, Solid Oak,</i>	<i>FFR560</i>
<i>58.8x49.5cm</i>	
<i>Medium Price, Solid Oak,</i>	<i>FFR327</i>
<i>58.8x49.5cm</i>	
<i>Lower Price, Solid Oak</i>	<i>FFR265</i>
<i>58.8x49.5cm</i>	

<i>Mouldings</i>	<i>Per Lin. m</i>
<i>Upper Price, Pine</i>	
<i>1.8x7cm</i>	<i>FFR18.83</i>
<i>Medium Price, Pine</i>	
<i>1.4x4.8cm</i>	<i>FFR8.35</i>
<i>Lower Price, 1x2.9cm</i>	<i>FFR4.93</i>

Outlook for the US Hardwood Dimension Industry

The United States hardwood dimension manufacturing industry has grown significantly during the past ten years. Annual production has more than doubled and now stand at an estimated US\$2.4 billion or some 9.2% above the level in the previous year. This positive situation is due to a strong remodeling market and a growth in component parts sourcing by furniture and cabinet manufacturers.

Many companies undertook major plant and equipment expenditures in 1995 with a view to improving labour efficiency and product quality. Technological advances have significantly improved the competitiveness of dimension stock manufacturers on a global level which, in turn, led to booming dimension exports.

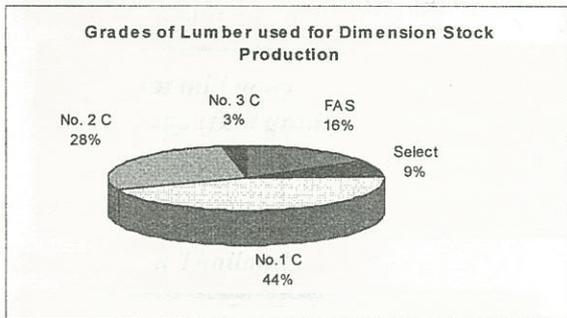
Employment in the industry rose by 4.4% in 1995, and the average plant capacity utilization rate is estimated by industry sources to be approximately 87% at the present time. Dimension sales are expected to continue their growth for the medium term as the worldwide demand for American wood products grows.

Species Preferences

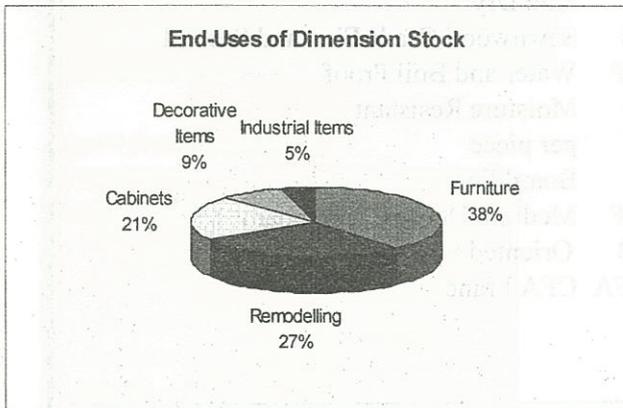
The average annual consumption of lumber used for dimension stock production is around 5 million board feet per company. Red Oak continues to be the dominant species used in the production of dimension stock, accounting for 33% of all species used.

Hard Maple has gained in popularity but stayed in second place. Poplar has moved into third place, while White Oak has dropped to fourth place. These four hardwoods are followed in popularity by White Pine, Soft Maple, Ash, Hickory, and Cherry. The most notable changes in recent times has been the increase in popularity of Hard Maple and Poplar and the slight decline in popularity of Red and White Oak.

Lumber Grades

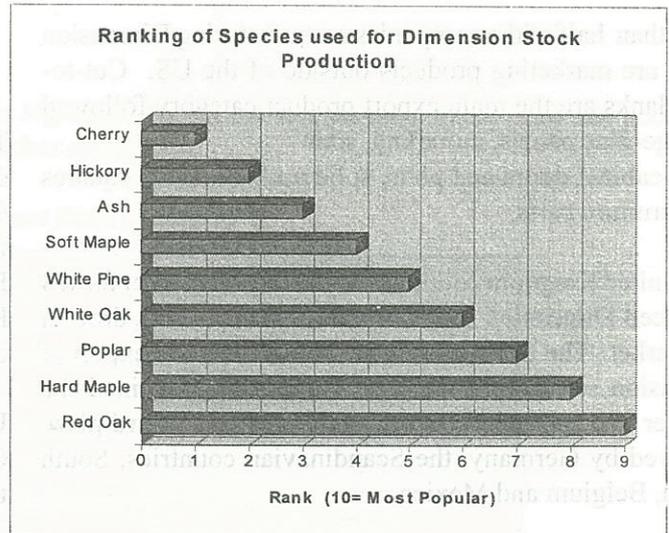


Lumber grades used for Dimension Stock production over the past 12 months were observed to be FAS, 15.7%, Selects, 8.6%, No.1 Common, 44.8%, No.2 Common, 28.2%, and No.3 Common, 2.8%. It would appear that greater preference is being shown for FAS and selects, and a slightly lower preference of the common grades compared to previous years.



Dimension Stock End-uses

The furniture industry provides the largest market for dimension stock, followed by the building/remodeling markets. The cabinet industry ranks third in the consumption of dimension stock and the decorative/specialty and industrial wood product industries follow in fourth place. The household and commercial furniture industries currently account for 39% of overall dimension sales.



The building/remodeling industry is the fastest growing segment for hardwood dimension products. Dimension products used in building/remodeling has increased significantly in recent years. These products include interior trim, mouldings, paneling, millwork flooring, staircase parts, etc. The building industry's share of total dimension sales has nearly tripled over the past 4 years.

The kitchen and bathroom cabinet industry is the third largest market for dimension stock, accounting for around 20% of sales annually. Five years ago the cabinet industry was a major consumer of dimension stock at around 35% of total sales however this share has declined during the past few years.

Decorative and specialty products such as parts for musical instruments, caskets, toys, plaques, picture frames, gift items, etc. represent about 8.5% of the total market for dimension stock. Industrial wood products such as tool handles, brush parts, equipment parts, and other miscellaneous wood products account for the balance of demand.

Total sales of dimension stock by product category reveals that edge-glued panels represented the largest dimension product category this is followed by cut-to-size blanks, mouldings, cabinet parts, laminated squares, staircase parts, flooring strips, and solid squares.

External Trade

More than half of the companies manufacturing Dimension Stock are marketing products outside of the US. Cut-to-size blanks are the main export product category followed by edge-glue panels, moulding, stair parts, cabinet doors and parts, solid and laminated squares and furniture parts.

The United Kingdom continues as the largest market for US produced Dimension Stock despite a recent slight drop in the market. The UK accounts for 21% of the total export of dimension stock from the US. Canada has regained the number two spot while Japan has moved up to third place followed by Germany, the Scandinavian countries, South Korea, Belgium and Mexico.

United Kingdom	1st
Canada	2nd
Japan	3rd
Germany	4th
Scandinavia	5th
South Korea	6th
Belgium	7th
Mexico	8th

The most notable trend in the export market is the growth of demand for Maple and White Oak dimension stock. White Oak and Maple continue as the leading export species, followed by Red Oak, Basswood, Cherry, Poplar, Ash, Birch, Beech and Pine. Red Oak is the preferred species in Pacific Rim countries, while White Oak and Maple dominate the demand in most European countries.

US imports of dimension stock generally exceed exports and Canada is the main foreign supplier of dimension stock to the US market.

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
BB/CC	Grade B faced and Grade C backed Plywood	MR	Moisture Resistant
MBF	1000 Board Feet	pc	per piece
Sq.Ft	Square Foot	BF	Board Foot
FFR	French Franc	MDF	Medium Density Fibreboard
		OSB	Oriented Strand Board
		F.CFA	CFA Franc