



INTERNATIONAL TROPICAL

TIMBER ORGANIZATION

Tropical Timber Market Information

Towards Greater Transparency in the Tropical Timber Markets

Producer's Report

International Log Prices

Malaysia

Sarawak Log Export Prices

(FOB)	per Cu.m
Meranti SQ up	US\$190-200
small	US\$160-170
super small	US\$130-140
Keruing SQ up	US\$200-210
small	US\$170-180
super small	US\$140-150
Kapur SQ up	US\$200-215
Selangan Batu SQ up	US\$210-220

Malaysian Minister Dr. Lim Keng Yaik is reported as saying that the timber export levy in Sabah, Sarawak and the Peninsula should be standardised to check competition among timber exporters. The timber export levies imposed by the three regions is quite different and a uniform levy is necessary so that none of the local exporters would be at a disadvantaged, said the Minister.

The Sabah Timber Industries Association was advised to make representation to the State Government for the timber export levy to be reduced. The Minister also said that he hoped that the State Government would take a sympathetic view and make comparison with the other States in order to give local timber exporters the chance to compete.

Solomon Islands

SIFIA Indicative FOB Prices

	Current Indicative Price per Cu.m	Forecast Movement
Group 1A		
Kwila	US\$200	no report
Group 1B		
Palaquium	US\$ 158	signif. fall
Planchonella	"	signif. fall
Calophyllum	"	signif. fall
Pometia	"	signif. fall
Gonostylus	"	no report
Schizomeria	"	signif. fall
Group 2		
Canarium	US\$ 138	signif. fall
Burckella	"	signif. fall
Terminalia	"	mod. fall
Group 3		
Dillenia	US\$ 120	mod. fall
Celtis	US\$ 118	mod. fall
Alstonia	"	signif. fall
Dysoxylum	"	signif. fall
Eugenia	"	signif. fall
Endospermum	"	mod. fall
Vitex	"	no report
Amoora	"	signif. fall
Group 4		
Campospermum	US\$ 116	mod. fall
Parinari	US\$ 110	signif. fall
Maranthes	"	signif. fall
Others (white)	"	mod. fall
Others (red)	"	signif. fall

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Special Contribution from the Forest Industries Association, PNG

Highlights from 1996-97

Log exports increased in 1996 by 9% to 2,625,968 m3. Average log export prices remained steady in 1996 recording only a US\$1 Cu.m fall to US\$134 Cu.m compared to 1995.

Log exports to Japan in 1996 increased by 297,671 Cu.m which more than offset falls in shipments to South Korea, 164,421 m3, and Taiwan 28,822 Cu.m. Demand from the Philippines continues to grow, export volumes increased by 110,698 Cu.m to 237,591 m3 in 1996.

Exports of processed and semi-processed forest products exceeded PNG K15.5 million, a 90% increase in four years from 1992. Further expansion is both possible and expected.

Log exports in the first six months to June 1997 were 1,543,000 Cu.m up 9% from 1,410,000 Cu.m in the same period 1996. Export prices have recorded a decline from US\$135 per Cu.m average for the first half of 1996 to US\$126 per Cu.m average this half. Log prices continue to decline, averaging US\$122 per Cu.m in June 1997 down 6% from January US\$130 per Cu.m.

Registered forest industry participants are: -

<i>Sawmills</i>	49
<i>Furniture/Joinery factories</i>	47
<i>Plywood Mill</i>	1
<i>Rubberwood Mill</i>	1
(commencing 1997)	
<i>Log Exporters</i>	56

Much uncertainty, on the part of industry, in the future of the sector has been created by Government and World Bank proposals under its Structural Adjustment Programme were it is proposed to:

-introduce a processing tax on mill production which would be levied at a rate approximating log export tax, currently averaging 35% of FOB value. The non-charging of such a tax is seen as being a subsidy to the processing industry.

-introduce, on 1st January 1998, of a broad based Value Added Tax at 10% on all goods and services traded in PNG. This it is forecast by industry will raise log production costs significantly and will flow through to the processing sector in the form of higher log input costs.

-re-organize both the method and level of premium payments made by logging concession operators to local land owner companies. It is proposed to backdate these charges to 1st July 1996. Presently, the operators do not know what the new level of payments will be - this is now the subject of a World Bank funded "industry benefits" study - and operators may be exposed to substantial future payments when the study is completed in another 6 to 9 months.

Industry studies are also underway into processing and marketing of forest products which incorporate reviews of fiscal incentives, costs of production and the level of taxes imposed on the sector.

The Government has indicated that it is unable to negotiate the establishment of any new processing projects until the studies are completed and results reviewed. This is expected about mid 1998.

Six new logging concession areas were tendered in late 1996; the first new areas to be tendered since 1992. As yet no logging agreements have been finalized nor operations commenced in these areas.

Cameroon Log Prices

FOB		per Cu.m
N'Gollon	70cm+LM-C	FFR 1550 ↑
Ayous	80cm+LM-C	FFR 1100
Sapele	80cm+LM-C	FFR 1650 ↓
Iroko	70cm+LM-C	FFR 1650

Gabon Log Prices

Okoume, FOB	per Cu.m
Grade	
LM	FFR 1450
QS	FFR 1285
CI	FFR 1165
CE	FFR 980
CS	FFR 780

<i>Ozigo, FOB Grade</i>	<i>per Cu.m</i>
<i>LM</i>	<i>FFR 1020</i>
<i>QS</i>	<i>FFR 890</i>
<i>CI</i>	<i>FFR 815</i>
<i>CE</i>	<i>FFR 690</i>

Domestic Log Prices

Report From Brazil

Inflation is very low at moment. Projections point out a inflation of 5-6% for 1997, and an economic growth of 4%. Prospects for 1988 are for a continual decline in inflation and up to 5% economic growth. Economic growth, low inflation and a large domestic market and forest reserves have been the main factors that have favored investments in Brazil.

The Tapajos National Forest bidding process, the first national initiative to facilitate access of private companies to public forests, is facing difficulties. A NGO is claiming that IBM has not fulfilled all the legal procedures to go ahead with the logging operations. It appears that this may cause a delay in the process.

<i>Logs at mill yard</i>	<i>per Cu.m</i>
<i>Mahogany Ist Grade</i>	<i>US\$320 ↓</i>
<i>Ipe</i>	<i>US\$86 ↓</i>
<i>Jatoba</i>	<i>US\$58 ↓</i>
<i>Guaruba</i>	<i>US\$47</i>
<i>Mescla(white virola)</i>	<i>US\$52</i>

Report from Peru

<i>Domestic Log</i>	<i>Prices ex Pucallpa per Cu.m</i>
<i>Tahuari (Ipe)</i>	<i>US\$61</i>
<i>Estoraque (Cabreuva)</i>	<i>US\$54</i>
<i>Largarto (Jacareuba)</i>	<i>US\$46</i>
<i>Quinilla (Macaranduba)</i>	<i>US\$46</i>
<i>Yacushapana (Tanimbuca)</i>	<i>US\$46</i>
<i>Cumala (Virola)</i>	<i>US\$41</i>
<i>Catahua (Assacu)</i>	<i>US\$21</i>

Ghana

<i>Logs</i>	<i>per Cu.m</i>
<i>Ceiba 90cm plus</i>	<i>US\$40</i>
<i>Otie/Ilombe 60cm plus</i>	<i>US\$50</i>
<i>Emire/Framire 60cm plus</i>	<i>US\$55</i>
<i>Ofram/Frako 55cm plus</i>	<i>US\$45</i>
<i>Ekki/Azobe 70cm plus</i>	<i>US\$50</i>
<i>Kussia/Billina 70cm plus</i>	<i>US\$50</i>
<i>Guarea 60cm plus</i>	<i>US\$60</i>
<i>Chenchen 70cm plus</i>	<i>US\$45</i>
<i>Cedrella 50cm plus</i>	<i>US\$45</i>

Report from Indonesia

Indonesia is in a process of formulating a new forestry law aimed at preventing damage to the country's forest. The new ruling is intended to prevent timber companies, including plywood, sawmills and pulp mills from expanding their concession areas without obtaining a government approval. The implementation of the new ruling is expected to begin in March 1998. Timber concessionaires would be to replant logged over areas with, for example Meranti species. At the moment many timber companies have the tendency to replant areas with short rotation plantations whose rotation is equivalent to the validity period of their concession license.

<i>Domestic log prices</i>	
<i>Plywood logs</i>	<i>per Cu.m</i>
<i>Face Logs</i>	<i>US\$155-170</i>
<i>Core logs</i>	<i>US\$ 115-130</i>
<i>Sawlogs</i>	<i>US\$140-150</i>
<i>Falkata logs</i>	<i>US\$63-68</i>
<i>Rubberwood</i>	<i>US\$37-40</i>
<i>Pine</i>	<i>US\$63-65</i>
<i>Teak</i>	<i>US\$1250</i>
<i>Mahoni</i>	<i>US\$300-315</i>

Report from Malaysia

<i>Logs</i>	<i>per Cu.m</i>
<i>Domestic (SQ ex-log yard)</i>	<i>US\$240-255</i>
<i>DR Meranti</i>	<i>US\$185</i>
<i>Balau</i>	<i>US\$200-210</i>
<i>Merbau</i>	<i>US\$200-210</i>

<i>Peeler Core logs</i>	<i>US\$120-135</i>
<i>Rubberwood</i>	<i>US\$29-31</i>
<i>Kempas</i>	<i>US\$130-140</i>
<i>Keruing</i>	<i>US\$200-210</i>

International Sawwood Prices

Brazil

Sawnwood exports to Asia market continue, but there are some negative signs on the horizon due to the exchange rate problems in the region.

A strong price reduction faced some pine product producers. Prices for items such as clear blocks for the North American molding market have dropped. No demand reduction was been noticed by producers and is thought locally that the prices were depressed by the big importers.

This is creating problems for some local producers who claim to be losing money at current prices, and is possible that some will be out of business if this market condition continues.

<i>Export Sawwood</i>	<i>per Cu.m</i>
<i>Mahogany KD FAS FOB</i>	
<i>UK market</i>	<i>US\$1020</i>
<i>Jatoba Green</i>	<i>US\$510 ↓</i>
<i>Asian Market</i>	
<i>Guaruba</i>	<i>US\$285 ↓</i>
<i>Angelim pedra</i>	<i>US\$270</i>
<i>Mandioqueira</i>	<i>US\$240 ↓</i>
<i>Pine (AD)</i>	<i>US\$175 ↑</i>

Peru

<i>Export Sawwood FOB Callao/Lima</i>	<i>per Cu.m</i>
<i>Caoba (Mahogany)</i>	<i>US\$ 780</i>
<i>Cumala (Virola)</i>	<i>US\$225</i>

Ghana

<i>Sales to Saudi Arabia</i>	<i>per Cu.m</i>
<i>Mahogany</i>	<i>US\$320</i>
<i>Edinam</i>	<i>US\$320</i>
<i>Candollei</i>	<i>US\$315</i>
<i>Wawa</i>	<i>US\$220</i>
<i>Odum</i>	<i>US\$400</i>
<i>Danta/Kotibe</i>	<i>US\$310</i>

<i>Rough Sawn Prices FOB</i>	<i>per Cu.m</i>
<i>Mixed Redwoods</i>	<i>US\$330</i>
<i>low grade Odum (Iroko)</i>	<i>US\$400</i>
<i>Wawa</i>	<i>US\$220</i>
<i>Wawa fixed dimensions</i>	<i>US\$260</i>
<i>Wawa Boules</i>	<i>US\$219</i>
<i>70cm log dia. 25-75mm. 450cm length</i>	

<i>Mahogany</i>	<i>per Cu.m</i>
<i>FAS 100mm plus 1.8m plus</i>	<i>US\$480</i>
<i>FAS 150mm plus 2.4m plus</i>	<i>US\$520</i>
<i>Odum FAS 100mm</i>	<i>US\$700</i>
<i>Wawa FAS 1.8m plus</i>	<i>US\$400</i>
<i>Anegre</i>	
<i>FAS 150mm plus 2.4m plus</i>	<i>US\$640</i>
<i>Guarea FAS</i>	<i>US\$460</i>
<i>Ofram FAS</i>	<i>US\$270</i>
<i>Emire FAS</i>	<i>US\$460</i>
<i>Ekki FAS</i>	<i>US\$335</i>
<i>Kussia FAS</i>	<i>US\$330</i>
<i>Dahoma FAS</i>	<i>US\$250</i>
<i>Cedrella FAS</i>	<i>US\$410</i>

Malaysia

<i>Sawn Timber</i>	<i>per Cu.m</i>
<i>Export(FOB)</i>	
<i>Dark Red Meranti (2.5ins x 6ins & up)</i>	
<i>GMS select & better (KD)</i>	<i>US\$650-680</i>
<i>Seraya</i>	
<i>Scantlings (75x125 KD)</i>	<i>US\$710-725</i>
<i>Sepetir Boards</i>	<i>US\$300-310</i>
<i>Perupok (25mm&37mm KD)</i>	<i>US\$915-950</i>
<i>K.Semangkok (25mm&37mmKD)</i>	<i>US\$725-740</i>

Taiwan Province of China

Rubberwood	per Cu.m
25mm boards	US\$390-400
50-75mm squares	US\$455-465
75-100mm squares	US\$500-515
Sepetir	per Cu.m
GMS (AD)	US\$370-390
Ramin less than 2 ft.	US\$550-565
greater than 2 ft.	US\$635-650
Oak 25mm boards	US\$730-760
Maple	US\$1100-1200
Cherry	US\$1150-1200

Report from Indonesia

Sawn timber	
Domestic construction material	
Kampar	per Cu.m
AD 6x12-15x400cm	US\$320-345
KD	US\$435-455
AD 3x20x400cm	US\$385-410
KD	US\$490-505
Keruing	
AD 6x12-15cmx400	US\$280-300
AD 2x20cmx400	US\$320-330
AD 3x30cmx400	US\$340-350

Domestic Sawnwood Prices

Report from Brazil

Sawnwood (Green ex-mill)	
Northern Mills	per Cu.m
Mahogany	US\$859 ↑
Ipe	US\$456 ↓
Jatoba	US\$385 ↓
Eucalyptus AD	US\$185 ↑
Southern Mills	
Pine (KD) First Grade	US\$180

Malaysian Domestic Sawnwood Prices

Sawnwood	per Cu.m
Balau(25&50mm,100mm+)	US\$365-390
Kempas50mm by	
(75,100&125mm)	US\$205-215
Red Meranti	
(22,25&30mm by180+mm)	US\$310-325
Rubberwood	
25mm & 50mm Boards	US\$215-230
50mm squares	US\$280-300
75mm+	US\$330-340

Report from Peru

Domestic sawnwood	
(Green)	per Cu.m
Caoba (Mahogany)	US\$576
Cedro (Cedro)	US\$352
Estoraque (Cabreuva)	US\$136
Quinilla (Macaranduba)	US\$136

International Plywood and Veneers Prices

Indonesia

Plywood (export, FOB)	
MR,	per Cu.m
Grade BB/CC	
2.7mm	US\$460-485
3mm	US\$415-440
6mm and above	US\$335-370
WBP,	
Grade BB/CC	
12-18mm	US\$440-450

Ghana

Dahoma, Chenchen, Antiaris	per Cu.m
Mill Run 50x150mm	US\$95-125
50x100mm	US\$72-105
50x50mm	US\$105-150
25x300mm	US\$72-105
Mixed Redwood	
40x300x3.6m	US\$105-240

Ghana

Rotary Cut Veneer FOB	
	<i>per Cu.m</i>
Face Veneer	1-1.6mm
Ceiba	US\$320
Koto	US\$500
Otie/Ilomba	US\$440
Ofram	US\$440

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

Ready Spliced Veneer (layons) FOB

Thickness 0.55mm, Width 950 - 1250mm, Length 1550, 1850, 2150, 2450 mm.		
Species	Grade	DM per Sq m.
Angre	Interior	3.05
Angre	Backing	2.28
Sapele	Backing	2.25
Makore	Backing	2.25
Khaya, Edinam, Kosipo	Backing	2.06

Plywood 1220 x 2440 mm Grade BB/CC, FOB Ceiba for the UK market

	<i>per Cu.m</i>	
	WBP	MR
4mm	Stg347	Stg278
6mm	Stg296	Stg249
9mm	Stg284	Stg248
12mm	Stg275	Stg238
18mm	Stg270	Stg230
25mm	Stg282	—

Plywood 1220 x 2440mm Grade c/c WBP FOB Ceiba for the German market	
	<i>per Cu.m</i>
4mm	DM735
6mm	DM623
9mm	DM613
12mm	DM600
15mm	DM587
18mm	DM573

Brazilian Plywood and Veneer

Plywood exporters continue optimistic, but this optimism is not reflected in higher prices or volumes. The Caribbean plywood market continue strong, but North American and European markets are not reacting. Many plywood producers continue to export veneer and to reduce plywood output.

Veneer	FOB	<i>per Cu.m</i>
White Virola Face		
2.5mm		US\$280-330
Pine Veneer (C/D)		US\$190-210
Mahogany Veneer		<i>per Sq.m</i>
0.7mm		US\$2.80 ↑

Plywood FOB		<i>per Cu.m</i>
White Virola (US Market)		
5.2mm OV2 (MR)		US\$420
15mm BB/CC (MR)		US\$340
For Caribbean countries		
White Virola 4mm		US\$490
9mm		US\$390
Pine USA market		
9mm C/CC (WBP)		US\$270
15mm C/CC (WBP)		US\$250

Malaysian Plywood

MR Grade BB/CC FOB	
	<i>per Cu.m</i>
2.7mm	US\$460-480
3mm	US\$415-425
3.6mm	US\$400-420
9-18mm	US\$340-360
WBP Grade BB/CC	
9-18mm	US\$420-430
Phenolic Overlaid	
12-18mm	US\$495-510
Domestic plywood	
3.6mm	US\$425-445
9-18mm	US\$410-430

Taiwan Province of China

Plywood	<i>per Cu.m</i>
2.7mm x 4' x 8'	US\$590-600
9.0mm x 4' x 8'	US\$490-510
12-18mm	US\$450-460

Domestic Plywood Prices

Brazil

Plywood demand is stable. Supply is now not a problem as the rain season is over and industry in the Amazon is reaching full production. As a result of improved supply some prices have declined.

Rotary Cut Veneer	
<i>(ex-mill Northern Mill)</i>	
White Virola Face	US\$160 ↓
White Virola Core	US\$120 ↓
Plywood	
<i>(ex-mill Southern Mill)</i>	
Grade MR	<i>Per Cu.m</i>
4mm White Virola	US\$579 ↓
15mm White Virola	US\$416
4mm Mahogany 1 face	US\$1,308 ↓

Indonesia

Domestic MR plywood	
<i>(Jarkarta)</i>	
	<i>per Cu.m</i>
9mm	US\$435-450
12mm	US\$410-420
15mm	US\$400-415
18mm	US\$395-400

Ghana

Decorative Sliced Veneer Surfaced Plywood

Avodire/Walnut/Figured Anegre/Hyedua/ Mansonia/Sapele faces	
	<i>Cedi per Sheet</i>
4mm	20,000
6mm	23,000
9mm	25,000
12mm	30,000
15mm	33,000
18mm	36,000
Mahogany/Edinam Faces	
	<i>Cedi per Sheet</i>
4mm	18,000
6mm	20,700
9mm	22,500
12mm	27,000
15mm	29,700
18mm	32,000

Furniture Parts and Components

Taiwan Province of China, Imports

Imports C&F	<i>per pc</i>
Rubberwood Chair seats	US\$2.80-2.90
Rubberwood unfinished	
Queen Anne Chairs	
<i>(including soft seat)</i>	US\$20.00-24.00ea
Queen Anne Legs	
2 1/4 ins square x 18 ins	US\$1.00-1.10ea
2 3/4 ins square x 28 ins	US\$2.00-2.15ea

Other Panel Product Prices

Brazil

Domestic market prices continue to be stable. Demand for MDF continues to be very strong and imports are rising. Some MDF imports from South Africa have now been registered, but total demand has not been satisfied. The first MDF mill (DURATEX) is now in operation, but the output is still very small. Full production capacity will only be reached next year.

Another particle board and MDF investment (around US\$250 million) has been announced by Placas do Parana, a leading national producer of particleboard. The mill will be located in Parana or Santa Catarina State and will be based on logs from pine plantations.

The US\$200 million investment in an OSB plant announced last month for Parana State will also include another similar plant for Rio Grande do Sul (last state in the south close to Uruguay). The company acquired a 30,000 ha pine plantation in Parana to supply the raw material needs.

<i>Export Prices</i>	
<i>Blockboard 18mm</i>	<i>per Cu.m</i>
<i>White Virola Faced</i>	
<i>B/C</i>	<i>US\$285</i>
<i>Domestic Prices</i>	
<i>Ex-mill Southern Region</i>	<i>per Cu.m</i>
<i>Blockboard</i>	
<i>15mm White Virola Faced</i>	<i>US\$490 ↑</i>
<i>15mm Mahogany Faced</i>	<i>US\$908 ↑</i>
<i>Particleboard</i>	
<i>15mm</i>	<i>US\$255 ↓</i>

Indonesia

<i>Other Panels</i>	<i>per Cu.m</i>
<i>Export Particleboard FOB</i>	
<i>9-18mm</i>	<i>US\$140-155</i>
<i>Domestic Particleboard</i>	
<i>9mm</i>	<i>US\$240</i>
<i>12-15mm</i>	<i>US\$220-230</i>
<i>18mm</i>	<i>US\$205</i>

<i>MDF Export (FOB)</i>	
<i>12-18mm</i>	<i>US\$200-210</i>
<i>MDF Domestic 15-18mm</i>	<i>US\$280-295</i>

Taiwan Province of China, Imports

<i>MDF</i>	<i>per Cu.m</i>
<i>Domestic Prices</i>	
<i>3mm thick</i>	<i>US\$390-400</i>
<i>16-18mm x 4' x 8'</i>	<i>US\$260-275</i>
<i>Particleboard</i>	
<i>12-18mm (4x8)</i>	<i>US\$185-195</i>

Malaysia

<i>Particleboard (FOB)</i>	<i>per Cu.m</i>
<i>6mm & above</i>	<i>US\$140-155</i>
<i>Domestic</i>	
<i>6mm & above</i>	<i>US\$160-180</i>
<i>MDF (FOB)</i>	<i>per Cu.m</i>
<i>Less than 5mm</i>	<i>US\$220-230</i>
<i>Greater than 6mm</i>	<i>US\$210-220</i>
<i>Domestic</i>	<i>US\$245-255</i>

Prices of Added Value Products

Indonesia

<i>Mouldings</i>	
<i>Ramin casings</i>	<i>per Cu.m</i>
<i>(for the Italian market)</i>	<i>US\$920-935</i>
<i>Crown using Pulai or Jelutong</i>	
<i>(for Japanese market)</i>	<i>US\$780-790</i>
<i>Laminated Scantlings</i>	<i>US\$620-635</i>
<i>Laminated Boards</i>	
<i>Falkata wood</i>	<i>US\$390-415</i>
<i>Red Meranti Mouldings</i>	
<i>11x68/92mm x 7ft up</i>	
<i>Grade A</i>	<i>US\$815-825</i>
<i>Grade B</i>	<i>US\$605-620</i>

Malaysia

Mouldings (FOB)	per Cu.m
Selagan Batu Decking	US\$610-625
Kembang Semangkok	
S4S to Japan	US\$1100-1250
Laminated Scantlings	
72mmx86mm	US\$645-660
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	US\$825-845
Grade B	US\$660
Doors (FOB)	
Meranti (red) panel doors	
Grade A	US\$50-52per pc
Grade B	US\$45-47per pc
Grade C	US\$40-45per pc

Rubberwood Parts and Furniture

Malaysia

Finger jointed	per Cu.m
laminated boards	US\$780-800
top grade	US\$820-830
Rubberwood S4S	US\$430
Dining table	
Solid rubberwood laminated top 3' x 5'	
with extension leaf	US\$48-56ea
Same with	
Oak veneered MDF	US\$60-68ea
Windsor Chair	US\$11.00-12.00ea
Colonial Chair	US\$12.50-14.50ea
Napolean Chair	US\$20-24ea
Queen Anne Chair (with soft seat)	
without arm	US\$20-24ea
with arm	US\$24-28ea

Brazil

Chilean companies have been very aggressive. Several companies from Chile are investing in Brazil mainly on solid wood products, including value added products such as mouldings. Chilean companies are mostly concentrated in the southern region, and basing their supply on pine plantations. Among the new players are also large trading companies from Japan. They are looking for value added products, investments and joint ventures.

Edge Glued Pine Panel	
	per Cu.m
for Korea 1st Grade	US\$770 ↓
US Market	US\$530 ↓

Taiwan Province of China

Furniture	
Dining suite (FOB)	
Oak Veneered MDF tables and chairs (6 per set) 4ft dia.	US\$190-210per set
Dining table Cherry veneer	
Occasional table Cherry veneer top 2ftx4ft	US\$30-35ea

Consumer's Report

Report From Japan

South Sea Logs

South Sea log prices are weak because Japanese plywood manufacturers cannot accept the current FOB prices because of the weak yen. Japanese plywood manufacturers are seeking cheaper logs.

Plywood and Panels

No significant changes have been observed in the Japanese plywood, business is slow. Imports of plywood in July dropped 11.7% compared to last year's July figures. Imports of Malaysian plywood, which had kept growing despite a downturn in the sector, have now fallen back rapidly.

The president of NIPPINDO, has indicated that Japan's import of Indonesian concrete-form plywood, which had been liberalised by abolishing the tendering obligation, will be at around 30,000 Cu.m per month. He also announced that an "Indonesian Plywood Import Association" would be established to promote Indonesian forest industries in Japan.

Imports of Korean MDF into Japan increased in July. Japan's import of Canadian OSB is still running at a high level and this product is gaining growing market acceptance in Japan.

Construction

The Ministry of Construction has reported that housing starts in July were 113,495, that is almost 28% down from the same month last year. Construction of family homes, in particular, are down by 40%.

Delivered Prices

Asian Log, Lumber and Panel Prices

<i>Logs For Plywood Manufacturing</i>	
<i>CIF Price Yen per Koku</i>	
<i>Meranti (Hill, Sarawak)</i>	
<i>Medium Mixed</i>	7,800 ↓
<i>Meranti (Hill, Sarawak)</i>	
<i>STD Mixed</i>	7,700 ↓
<i>Meranti (Hill, Sarawak)</i>	
<i>Small Lot</i>	
<i>(SM60%, SSM40%)</i>	7,000 ↓
<i>Taun, Calophyllum (PNG)</i>	
<i>and others</i>	6,700 ↓
<i>Mix Light Hardwood</i>	
<i>(PNG G3-G5 grade)</i>	5,300 ↓
<i>Okume (Gabonese)</i>	8,000 ↓
<i>Keruing (Sarawak)</i>	
<i>Medium MQ & up</i>	8,200 ↓
<i>Kapur (Sarawak) Medium</i>	
<i>MQ & up</i>	8,000 ↓

<i>Logs For Sawmilling</i>	
<i>FOB Price Yen per Koku</i>	
<i>Melapi (Sarawak)</i>	
<i>Select</i>	12,000
<i>Agathis (Sarawak)</i>	
<i>Select</i>	10,000

<i>Lumber</i>	
<i>FOB Price Yen per Cu.m</i>	
<i>White Seraya (Sabah)</i>	
<i>24x150mm, 4m 1st grade</i>	125,000
<i>Mixed Seraya 24x48mm,</i>	
<i>1.8 - 4m, S2S</i>	53,000
<i>Red Oak 5/4x6 ins and wider</i>	
<i>FAS (US East Coast)</i>	125,000

Report From China

Prices for Imported Tropical Wood Products in Shanghai and Eastern China (Yuan/cubic metre or per sheet)

<i>Keruing Log</i>	<i>per Cu.m</i>
<i>Length: 6-20m</i>	1880-2400
<i>Malaysian Lauan Log</i>	
<i>various sizes</i>	2500-2600
<i>Malaysian Lauan with hollow heart</i>	
<i>various sizes</i>	1200-1400
<i>Teak log Myanmar</i>	
<i>2.6m 40 cm dia</i>	2400

<i>Lauan lumber</i>	<i>per Cu.m</i>
<i>Thickness: 5-6cm</i>	
<i>Length: 3-4m</i>	2850-3450
<i>Luan/Malas tongued, grooved flooring strip</i>	
<i>18x70mm x 2.2-4.1m</i>	110-125 per Sq.m
<i>Balian Flooring Top Grade Myanmar</i>	
<i>18x50-70x2400mm</i>	300-350 per Sq.m
<i>Plywood from Indonesia</i>	
<i>3mm 1220x2240</i>	41 per sheet
<i>US Lumber</i>	<i>per Cu.m</i>
<i>Oak, Maple, Cherry</i>	7000-14000
<i>T&G Cherry Flooring</i>	
<i>18x50-70mm x 2-4m</i>	120-140 per Sq.m

From Europe an Update on France

In 1996 the French production of semi-finished products for the furniture industry was worth Ecu 100 million (a 4% share of the total European production). In 1996 France imported components for a total value of Ecu 110 million and exported only Ecu 20 million.

In the first six months of 1997 the French company Strafor-Facom increased its office furniture turnover by 6.6% to FFf 2.13 billion. This good result was mainly due to sustained growth of business outside France and Germany. In the same period total turnover (including hand tools and metalworks) increased by 9.9%.

Kingfisher, UK retailing group, has confirmed its plans to realise full control of the French But (electrical and furniture retailer) in which it currently holds a 26% stake.

It is likely that the UK group, which already owns domestic appliances retailer Darty, will take over French But by the end of 1997.

Manufacturers Prices in France

Window

<i>Venetian Blind</i>	
<i>Ramin 120x150cm</i>	<i>FFR2,376</i>

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, Solid Cherry</i>	<i>FFR1,690</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>100x70cm</i>	<i>FF561</i>
<i>Lower Price, Melamine</i>	
<i>Covered 115x74cm</i>	<i>FFR238</i>

<i>Dining Table</i>	
<i>Upper Price, Cherry</i>	
<i>150x90cm</i>	<i>FFR11,700</i>
<i>Lower Price, Softwood</i>	
<i>115x74cm</i>	<i>FFR1,000</i>

<i>Kitchen Doors</i>	
<i>Upper Price, Solid Oak,</i>	
<i>58.8x49.5cm</i>	<i>FFR571</i>
<i>Medium Price, Solid Oak,</i>	
<i>58.8x49.5cm New Line</i>	<i>FFR307</i>
<i>Lower Price, Solid Oak</i>	
<i>58.8x49.5cm New Line</i>	<i>FFR269</i>

<i>Mouldings</i>	<i>Per Lin. m</i>
<i>Medium Price, Pine</i>	
<i>1.4x4.8cm</i>	<i>FFR8.56</i>
<i>Lower Price, Pine</i>	
<i>1.0x2.9cm</i>	<i>FFR5.05</i>

Other news from Europe

Demand for bathroom furniture is growing in Germany, the market has grown by almost 4% since 1995. Last year Germans bought DM 1.5 billion of bathroom furniture. Imports accounted for one seventh of the total market volume.

Migros, the leading Swiss retailer, acquired the majority stake (53.8%) in Globus group, which consists of department stores, clothing stores, PC stores and 14 Interio furniture stores. The total investment, including a public offer to buy the remaining shares, will be around SFr 700 million. Globus group's turnover is worth SFr 1.8 billion, but in 1996 a loss of SFr 179 million was posted.

Following the takeover, Migros' furniture chain Micasa will be probably integrated in Interio, which is the most profitable Globus division, and Migros will become the leading furniture retailer in Switzerland

The Austrian subsidiary of Ikea is planning the opening of two new shops by the year 2000 and aims at a market share of 10% (it is 6% at present). In 1996-97 the company registered a 10% increase in turnover to Sch 2.8 billion with its stores in Gratz, Haid and VÜsendorf. Ikea forecasts the Austrian furniture market to continue to grow at a rate of 4% in the next fiscal year.

ITH, the Danish wood and furniture group, will acquire Marca Furniture Export Group, which went bankrupt last June. The company mainly produces furniture for exports and has a turnover of Dkr 200 million. After the takeover ITH turnover will reach Dkr 800 million.

US Report

The summer months in the US have historically brought higher production, slower markets and softer prices to the hardwood industry. This year, however, it appears that producers may have difficulties to fully match the demand.

The markets for hardwood lumber appear to be sound and no decline in business is expected for the next few months. It looks like the hardwood industry will find solid business for almost all items that are produced during the balance of 1997.

Demand for Hardwood Lumber

The US economy shows no sign of weakening. Contrary to earlier expectations, interest rates have remained low and inflation is under control. The furniture industry is forecast to improve during the next several quarters. Summer is always the slowest time of the year for furniture plants and autumn is invariably much better. With the housing industry remaining strong the past several years, furniture plants should experience an additional stimulus for orders.

In the longer term, the furniture industry's outlook is somewhat less optimistic. As the population ages, furniture manufacturers' customer base is shrinking. There may be some slowdown in demand as a result of these demographic facts. In addition to the declining domestic market base, an increasing amount of furniture in North America (and Europe) is imported.

Other domestic secondary wood product industries are also producing at high capacity and are in need of an increased amount of quality hardwood. Some of them are running into problems of finding enough raw material for their plants. No change in this trend is on the horizon. Cabinet shops, architectural millwork plants, and hardwood flooring mills are experiencing good sales and, by implication, consume large amounts of hardwood.

The demand for industrial and low grade lumber, mainly for railroad ties and hardwood pallets, is fair. Prices of finished hardwood pallets did not move much since 1992.

Export market is much better than previously expected and the overseas demand for hardwood lumber is likely to increase further during the 4th quarter of this year. The stepped-up demand does not stem from a higher usage by individual countries, but from the development of new export markets. Unfortunately, many buyers in new "client countries" have problems in understanding North American

hardwoods, grades, characteristics and availability. They tend to treat all hardwoods as commodities and therefore price becomes the most decisive buying factor.

Supply of Logs and Lumber

This summer, the hardwood supply has been different from last year. Throughout the South and in parts of Tennessee and Kentucky, sawmills are either closed or operating at less than capacity due to heavy rain. Prices for good timberlands are rising to record levels and in its wake, log prices are bound to go up.

If the weather continues the pattern of the last several months, little increase in production can be expected and the inventory of kiln dried lumber may fall to very low levels by December. Logs for sliced and rotary veneer are in short supply.

The escalating hardwood prices is one reason for the growing popularity by furniture manufacturers of less expensive softwoods. Furniture demand for Eastern White Pine is very strong and prices of top grade softwood lumber are also bound to increase.

Hardwood Demand by Species

The demand for Red Oak is very strong, mainly from hardwood flooring manufacturers. Even though production has been stepped up, shippers of kiln-dried lumber have orders extending several months in the future. Some price drives must be expected, mainly in the Northern and Appalachian regions.

The demand for White Oak declined somewhat in recent weeks and prices have been a bit lower. This species is popular in European markets, however, due to the economic slowdown in Europe, exports sales have been flat throughout most of the summer. Also, White Maple is increasingly replacing White Oak in many applications.

Hard Maple and Soft Maple are both selling well. Soft Maple is increasingly used as a substitute for other higher priced woods. Demand for both species is absorbing all that is being sawn and prices are predicted to remain firm for the remainder of the summer.

Demand for Cherry by furniture manufacturers has weakened. We believe that furniture demand will pick-up again in the fall. As most sawmills have only a small supply of logs, prices for top quality Cherry lumber may soon recover from its present state of temporary softness.

The good demand for Yellow Birch (and White Birch) should continue and prices will remain firm for the next several months.

Walnut sales are fairly strong and prices may increase. The surging Cherry and Genuine Mahogany markets could lead to more interest in this species as an acceptable substitute wood.

During the past several years the demand for Aspen has increased. Overall demand should remain strong for the next few months with prices near present levels.

There has been some increased interest in Ash recently. Many producers have not sawn this species and inventory levels are low, above all in the Southern regions. While prices are still stable, any new demand will push them upward.

In spite of the increased supply, we foresee prices for Mahogany to be higher for the balance of this year.

Some reference prices for lumber in selected producer regions are shown below as of September 1, 1997:

Prices for 1000 board feet (MBF), 1 inch thick, top quality)

Mahogany (at West coast port of entry)	
	KD US\$2695 no change
	AD US\$2550 no change
Meranti (at West coast port of entry)	
<i>Clear, dark red</i>	
	KD US\$2300 no change
<i>Clear, light red</i>	
	KD US\$2115 no change
Cherry	
Appalachians	KD US\$2500 no change
Hard Maple	
Northern Region	KD US\$2290 no change
	AD US\$1865 no change
Appalachians	KD US\$2195 no change
Red Oak	
Northern Region	KD US\$1623 no change
	AD US\$1300 - US\$10
Southern Region	KD US\$1303 no change
	AD US\$995 no change
Appalachians	KD US\$1458 no change
	AD US\$1090 - US\$28

White Oak	
Northern Region	KD US\$1380 no change
	AD US\$975 no change
Southern Region	KD US\$1260 no change
	AD US\$930 no change
Appalachians	KD US\$1443 no change
	AD US\$1098 no change
Walnut	
Appalachians	KD US\$1923 no change
	AD US\$1385 no change

Plywood and Veneer

Hardwood Plywood	
Red Oak plywood, 5-ply, lumber core	
cross bands of poplar or gum	
Both exterior layers of Red Oak	
Furniture grade, rotary cut 4' x 8' 0.75" thick	
per Sheet	US\$47.00 ↓

Veneer Red Oak, 1/45", flat stock,	
Container loads/truck-loads	
per sq.ft.	US\$0.10-0.15 ↑

Reconstituted Boards

Particleboard	
Industrial grade board, 4' x 8' x 3/4"	
South Central Region	
per 1000 sq.ft	US\$275 ↑
Medium Density Fibreboard	
Industrial grade board, 4' x 8' x 3/4"	
per 1000 sq.ft	US\$383

Prices of Added Value Products

Millwork

Wood Window Units	
Wood sliding window Double glassed,	
Upper/lower sash can be tiled. 32" x 54"	
	US\$82 ↑

Wood Doors

Interior door solid wood Raised colonial panels without frame and hinges. 2'8" x 6'8" x 1.75"
US\$59.50

Headboard for Bed

18th century French Fairhope headboard Mahogany veneer on particleboard.
Width 43", Ht.60.6" US\$265

Wood Mouldings

White Pine moulding, 3.625" wide, 1" stock, finger jointed length approx. 16' per linear foot US\$0.32

Dresser used in the Bedroom

18th century French Elm Bluff 9 drawers. Mahogany veneer on particleboard.
64" x 19", Ht.36" US\$479

Wood Frames for Upholstered Chairs
Frame for lounge chair, 1" stock nailed corner blocks

US\$44 ↓

Desks for use in the Office

Conference desk 5 drawers Mahogany veneer on particleboard.
72" x 36", Ht.29" US\$900 ↓

Wooden Furniture

Dining Room Table

18th century, French oval dining room table extendible, with casters
Mahogany veneer on particleboard 64" x 44" two 15" leaves, extends to 94", Ht. 30"
Apron to floor 26.5"

US\$615

Dining Room Chair

18th century French Mallard chair Solid Maple 21" x 22", Ht. 44.5" Seat 21" x 17.75, Ht. 18"

US\$186 ↓

Bookcase for the Living Room

18th century traditional styled bookcase Sheraton accents.
Base 2 doors one adjustable shelf behind doors
Top cabinet deck 3 adjustable wood shelves.
Maple solids and select cherry veneer
Hand-rubbed cherry finish.
50.25" x 16.5", Ht.88.5" US\$800 ↑

World Value of the US Dollar 5th September 1997

Australia	Dollar	1.3726	Indonesia	Rupiah	2970
Austria	Schilling	12.7779	Ireland	Punt	0.678
Belgium	Franc	37.51	Italy	Lira	1770.25
Bolivia	Boliviano	5.27	Japan	Yen	121.05
Brazil	Real	1.091	Korea, Rep. of	Won	907
Cambodia	Riel	2746	Liberia	Dollar	1
Cameroon	C.F.A.Franc	611.37	Malaysia	Ringgit	2.937
Canada	Dollar	1.3819	Myanmar	Kyat	6.2151
Central African Republic	C.F.A.Franc	611.37	Nepal	Rupee	56.95
China	Yuan	8.2884	Netherlands	Guilder	1.79
Colombia	Peso	1182	New Zealand	NZ Dollar	1.5742
Congo D.R	New Zaire	117500	Norway	Krone	7.4672
Congo, People's Rep.	C.F.A.Franc	611.37	Panama	Balboa	1
Cote d'Ivoire	C.F.A.Franc	611.37	Papua New Guinea	Kina	1.4245
Denmark	Krone	6.9193	Peru	New Sol	2.6605
Ecuador	Sucre	4116	Philippines	Peso	32.45
Egypt	Pound	3.3983	Portugal	Escudo	184.125
Fiji	Dollar	1.4664	Russian Fed.	Ruble	5838
Finland	Markka	5.4394	Spain	Peseta	153.195
France	Franc	6.1137	Sweden	Krona	7.8362
Gabon	C.F.A.Franc	611.37	Switzerland	Franc	1.493
Germany	Mark	1.8175	Thailand	Baht	35.45
Ghana	Cedi	2190	Togo, Rep.	C.F.A.Franc	611.37
Greece	Drachma	286.35	Trinidad and Tobago	Dollar	6.105
Guyana	Dollar	142.5	United Kingdom	Pound	0.63
Honduras, Rep.	Lempira	13	Venezuela	Bolivar	496
India	Rupee	36.58	EU	Ecu	1.0883

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	ea	each
FFR	French Franc	BF	Board Foot
Koku	0.278 Cu.m or 120BF	MDF	Medium Density Fibreboard
		F.CFA	CFA Franc
		↓ ↑	Price has moved up or down

This Market Service can be accessed on the ITTO Internet Home Page at:

<http://www.itto.or.jp>

It is also freely available by E-mail.

To be included on our E-mail mailing list please send your E-mail address to:

mjadams@itto.or.jp or **itto@mail.itto-unet.ocn.ne.jp**