



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\$165-180 ↓
small	US\$135-150 ↓
super small	US\$100-120 ↓
Keruing SQ up	US\$190-200 ↓
small	US\$160-170 ↓
super small	US\$130-140 ↓
Kapur SQ up	US\$190-205 ↑

Selangor Batu SQ up US\$200-220

Solomon Islands

SIFIA Indicative FOB Prices

	Current Indicative Price per Cu.m	Forecast Movement
Group 1A		
Kwila	US\$200	signif. fall
Group 1B		
Palaquium	US\$ 145 ↓	signif. fall
Planchonella	"	signif. fall
Calophyllum	"	signif. fall
Pometia	"	signif. fall
Gonostylus	"	mod. fall
Schizomeria	"	signif. fall

Group 2

Canarium	US\$ 125 ↓	mod. fall
Burckella	"	signif. fall
Terminalia	"	signif. fall

Group 3

Dillenia	US\$ 110	mod. fall
Celtis	US\$ 105 ↓	unchanged
Alstonia	"	unchanged
Dysoxylum	"	no report
Eugenia	"	signif. fall
Endospermum	"	mod. fall
Vitex	"	no report
Amoora	"	mod. fall

Group 4

Campnospermum	US\$ 110	mod. fall
Parinari	US\$95 ↓	signif. fall
Marathes	"	signif. fall
Mixed white	"	signif. fall
Mixed red	"	signif. fall

Except for a few selected species the outlook is extremely serious. In many cases there are no enquiries. Many companies have decided to cut back or suspend operations.

Cameroon Log Prices

FOB		per Cu.m
N'Gollon	70cm+LM-C	FFR 1500
Ayous	80cm+LM-C	FFR 1100
Sapele	80cm+LM-C	FFR 1700
Iroko	70cm+LM-C	FFR 1650

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Myanmar

Logs per Hoppus ton FOB		
Teak	Aug 97	Sept 97
3rd Grade	-	US\$4141
4th Grade	US\$2989	US\$2983
SG-1 Grade	US\$1950	US\$1968
SG-2 Grade	US\$1491	US\$1486
SG-3 Grade	US\$1064	US\$969
SG-4 Grade	US\$1082	US\$1021
Padauk		
3rd Grade	US\$1689	-
4th Grade	US\$1024	-
Assorted	US\$759	US\$705
Pyinado	US\$269	US\$294
Gurjan	US\$250	US\$294
Sagawa	US\$525	-

Ozigo, FOB	per Cu.m
Grade	
LM	F.CFA 104000
QS	F.CFA 100000
CI	F.CFA 80000
CE	F.CFA 60000
Agba	F.CFA 65000
Niangon	F.CFA 78000
Sapelli	F.CFA 85000
Faro	F.CFA 90000
Padouk	F.CFA 95000

Domestic Log Prices

Report From Brazil

Hoppus ton equivalent to 1.8 Cu.m. Teak 3-4th Grade for sliced veneer.

Teak grade 1-4 for sawmilling. SG Grade 3 3ft - 4ft 11" girth, other grades 5ft girth minimum.

Logs at mill yard	per Cu.m
Mahogany 1st Grade	US\$310 ↓
Ipe	US\$68 ↓
Jatoba	US\$55 ↓
Guaruba	US\$45 ↓
Mescla(white virola)	US\$53 ↑

Papua New Guinea

Prices for October shipments are:

FOB per Cu.m	
Taun	US\$142-150 depending on mix
Calophyllum	US\$135-140
Group 2	
Amoora, Hopea	US\$105-125
wide variation depending on mix	
Group 3	
Celtis, Watergum	US\$90
Group 4	
Mix Reds/Whites	US\$80 may be lower

Report from Peru

Domestic Log	Prices Pucallpa
	per Cu.m
Tahuari (Ipe)	US\$ 56 ↓
Estoraque (Cabreuva)	US\$ 52 ↓
Largarto (Jacareuba)	US\$ 42 ↓
Quinilla (Macaranduba)	US\$ 42 ↓
Yacushapana (Tanimbuca)	US\$ 40 ↓
Cumala (Virola)	US\$ 29 ↓
Catahua (Assacu)	US\$ 17 ↓

Gabon Log Prices

Okoume, FOB	per Cu.m
Grade	
LM	F.CFA 147000
QS	F.CFA 130000
CI	F.CFA 100000
CE	F.CFA 90000
CS	F.CFA 70000

Ghana

Rians have set in and this is said to herald the coming of the hot and dry season. The temporary suspension of the felling of Abura (Subaha) has been lifted. The felling ban came into effect in 1991.

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

Report from Indonesia

Domestic log prices per Cu.m	
Plywood logs	
Face Logs	US\$120-140 ↓
Core logs	US\$ 100-120 ↓
Sawlogs	US\$120-150
Falkata logs	US\$65-70 ↑
Rubberwood	US\$32-36
Pine	US\$63-65
Teak	US\$1250
Mahoni	US\$350-380 ↑

Report from Malaysia

The Malaysian Ministry of Primary Industries has indicated that it intends to scale up forest plantation development, largely through incentives for the private sector. Of Malaysia's 14.28 million hectares of Permanent Forest Estates, only 190,000 hectares are covered by forest plantations. A 1996 survey indicated the availability of more than 1 million hectares of idle stateland outside forest reserves in Peninsula Malaysia which could be developed for forest plantation.

Logs	Domestic (SQ ex-log yard)	per Cu.m
<i>DR Meranti</i>		US\$180-200 ↓
<i>Balau</i>		US\$170-190 ↓
<i>Merbau</i>		US\$190-200 ↓
<i>Peeler Core logs</i>		US\$110-130
<i>Rubberwood</i>		US\$28-31
<i>Keruing</i>		US\$180-200

The Malaysian National Forestry Council (MNFC) has decided to set up a timber certification council but the Malaysian Timber Organization cautions that its formation

should not be rushed into saying some important issues had to be studied before its implementation. Topping the list is the credibility of the National Timber Certification Council (NTCC) in the eyes of the timber buyers and a potentially high cost.

International Sawwood Prices

Brazil

Sawwood volumes to Asia are dropping. Buyers are trying to secure price reductions but it is unlikely producers can go down any further. The US market for Pine, clear blocks and mouldings has weakened. Some producers servicing this market are reporting financial difficulties and most have cut back production. The South Korean market for pine edge glued panels has apparently collapsed and in Japan, where there is a growing interest in Brazilian pine some importers are reporting problems with specification of shipments.

Export Sawwood	per Cu.m
Mahogany KD FAS FOB	
UK market	US\$1010 ↓
<i>Jatoba Green</i>	US\$505 ↓
Asian Market	
<i>Guaruba</i>	US\$275 ↓
<i>Angelim pedra</i>	US\$260 ↓
<i>Mandioqueira</i>	US\$230 ↓
<i>Pine (AD)</i>	US\$175

Peru

Export Sawwood FOB Callao/Lima	per Cu.m
<i>Caoba (Mahogany)</i>	US\$910+
<i>Cumala (Virola)</i>	US\$225

Ghana

Orders for sawn Abura lumber are being negotiated at prices of around DM850 per Cu.m FOB.

Sales to Saudi Arabia	per Cu.m
<i>Mahogany</i>	US\$320
<i>Edinam</i>	US\$320
<i>Candollei</i>	US\$315

Wawa	US\$220
Odum	US\$400
Danta/Kotibe	US\$310

Rough Sawn Prices FOB	per Cu.m
Mixed Redwoods	US\$330
low grade Odum (Iroko)	US\$400
Wawa	US\$220
Wawa fixed dimensions	US\$260
Wawa Boules	US\$219
70cm log dia. 25-75mm. 450cm length	
Mahogany	
FAS 100mm plus 1.8m plus	US\$480
FAS 150mm plus 2.4m plus	US\$520
Odum FAS 100mm	US\$700
Wawa FAS 1.8m plus	US\$400
Anegre	
FAS 150mm plus 2.4m plus	US\$640

Malaysia

Sawn Timber	
Export(FOB)	per Cu.m
Dark Red Meranti (2.5ins x 6ins & up)	
GMS select & better (KD)	US\$610-620 ↓
Seraya	
Scantlings (75x125 KD)	US\$690-700 ↓
Sepetir Boards	US\$280-300 ↓
Perupok (25mm&37mm KD)	US\$900-920
K.Semangkok	
(25mm&37mmKD)	US\$725-740

Taiwan Province of China

Rubberwood	per Cu.m
25mm boards	US\$350-360 ↓
50-75mm squares	US\$400-410 ↓
75-100mm squares	US\$490-500
Sepetir	
GMS (AD)	US\$330-350 ↓
Ramin less than 2 ft.	US\$580-600
greater than 2 ft.	US\$635-650
Oak 25mm boards	US\$780-800
Maple	US\$1100-1200
Cherry	US\$1200-1280

Domestic Sawnwood Prices

Report from Brazil

Sawnwood (Green ex-mill)	
Northern Mills	per Cu.m
Mahogany	US\$853 ↓
Ipe	US\$430 ↓
Jatoba	US\$320 ↓
Eucalyptus AD	US\$175 ↓
Southern Mills	
Pine (KD) First Grade	US\$165 ↓

Peru

Domestic sawnwood (Green)	per Cu.m
Caoba (Mahogany)	US\$592 ↑
Cedro (Cedro)	US\$400 ↑
Estoraque (Cabreuva)	US\$128 ↓
Copaiba	US\$112
Catahua	US\$88 ↑

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

Report from Indonesia

Sawn timber	
Domestic construction material	
Kampar	
AD 6x12-15x400cm	US\$300-320
KD	US\$410-425 ↓
AD 3x20x400cm	US\$365-390 ↓
KD	US\$480-500

Keruing	
AD 6x12-15cmx400	US\$260-280 ↓
AD 2x20cmx400	US\$300-310 ↓
AD 3x30cmx400	US\$320-330 ↓

Plywood (export, FOB)	
MR,	per Cu.m
Grade BB/CC	
2.7mm	US\$420-440 ↓
3mm	US\$370-400 ↓
6mm and above	US\$315-335 ↓

Malaysian Domestic Sawnwood Prices

Sawnwood	per Cu.m
Balau(25&50mm,100mm+)	US\$320-330 ↓
Kempas50mm by (75,100&125mm)	US\$185-200 ↓
Red Meranti (22,25&30mmby180+mm)	US\$300-310
Rubberwood	
25mm & 50mm Boards	US\$180-190 ↓
50mm squares	US\$250-270 ↓
75mm+	US\$300-310

Ghana

Rotary Cut Veneer FOB	
Face Veneer1-1.6mm	per Cu.m
Ceiba	US\$320
Koto	US\$500
Otie/Iomba	US\$440
Ofram	US\$440

Myanmar

Sawn Hardwoods, length 6ft and up.

	per ton
2nd Grade Sawn Teak	Kyat100,000
3rd Grade sawn Teak	Kyat55,000
Sawn Pyinkado	Kyat55,000
Sawn Padauk	Kyat60,000
Sawn Gurjan	Kyat36,000
Mixed Species	Kyat32,000

One ton equivalent to 1.4 Cu.m

Today Ghana has 40 slicers in operation and it is likely that another 3 will be installed by year end. Some plants are trying new species, especially the paler coloured woods. One company has shipped an 8,000 sq.m trial shipment of *Hannoa klaineana* at DM0.70 per Sq.m FOB.

Sliced Veneer FOB 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

International Plywood and Veneers Prices

Indonesia

The present currency situation is affecting both the export and domestic market for timber and timber products in Malaysia and Indonesia. The export sector is enjoying an advantage from the depreciation of the local currencies. However local costs, in terms of spares and other ancillaries, which have to be imported, have increased due to the weaker local currency.

A Ghanaian company has reportedly signed a contract to supply US\$2.5 mil.worth of plywood to mainland China. The contact is said to be with China Resources International Corporation.

Plywood 1220 x 2440 mm Grade BB/CC, FOB Ceiba for the UK market per Cu.m		
	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 per Cu.m**

4mm	DM735
6mm	DM623
9mm	DM613
12mm	DM600
15mm	DM587
18mm	DM573

Domestic plywood

3.6mm	US\$395-420
9-18mm	US\$380-390 ↓

Brazilian Plywood and Veneer

Producers expectations of an improvement in exports for 1997 have not been fulfilled. The only positive market development has been seen in the Caribbean markets.

Veneer FOB per Cu.m

White Virola Face	
2.5mm	US\$280-330
Pine Veneer (C/D)	US\$185-210 ↓
Mahogany Veneer per Sq.m	
0.7mm	US\$2.80

Myanmar

Hardwood plywood, FOB

	per Cu.m
9mm BB/CC	US\$300
9mm Utility	US\$281
9mm B2	US\$262
9mm B3	US\$244
15mm BB/CC	US\$289
15mm Utility	US\$267
15mm B2	US\$256
15mm B3	US\$233

Domestic Plywood Prices

Brazil

Domestic market prices have dropped in the last weeks and producers are not expecting any short term recovery. Prices have been dropping, not because of a fall in demand, but rather because production has increased in the Amazon because of favorable weather allowing logging.

Plywood FOB per Cu.m

White Virola (US Market)	
5.2mm OV2 (MR)	US\$410 ↓
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\$265 ↓
15mm C/CC (WBP)	US\$245 ↓

Rotary Cut Veneer

(ex-mill Northern Mill)	per Cu.m
White Virola Face	US\$163 ↑
White Virola Core	US\$109 ↓
Plywood	
(ex-mill Southern Mill)	
Grade MR	per Cu.m
4mm White Virola	US\$572 ↓
15mm White Virola	US\$410 ↓
4mm Mahogany 1 face	US\$1,268 ↓

Malaysian Plywood

The currency depreciation in Indonesia is greater than that of Malaysia and it was reported that prices for certain commodity products, such as plywood, are being quoted at lower prices by the Indonesian manufacturers.

MR Grade BB/CC FOB

	per Cu.m
2.7mm	US\$430-450
3mm	US\$380-400 ↓
3.6mm	US\$350-370 ↓
9-18mm	US\$310-320 ↓

Indonesia

Domestic MR plywood

(Jarkarta)	per Cu.m
9mm	US\$400-420 ↓
12mm	US\$380-400 ↓
15mm	US\$370-380 ↓
18mm	US\$350-360 ↓

Other Panel Product Prices

Brazil

The market for MDF continues to strengthen with imports still at a high level despite the coming onstream of the local mill. Particleboard is slow moving and stocks are rising fast.

<i>Export Prices</i>	
<i>Blockboard 18mm</i>	<i>per Cu.m</i>
<i>White Virola Faced</i>	
<i>B/C</i>	US\$275 ↓
<i>Domestic Prices</i>	
<i>Ex-mill Southern Region</i>	<i>per Cu.m</i>
<i>Blockboard</i>	
<i>15mm White Virola Faced</i>	US\$486 ↓
<i>15mm Mahogany Faced</i>	US\$890 ↓
<i>Particleboard</i>	
<i>15mm</i>	US\$239

Indonesia

<i>Other Panels</i>	
<i>Export Particleboard FOB</i>	<i>per Cu.m</i>
<i>9-18mm</i>	US\$145-155
<i>Domestic Particleboard</i>	
<i>9mm</i>	US\$225
<i>12-15mm</i>	US\$200-210
<i>18mm</i>	US\$200
<i>MDF Export (FOB)</i>	
<i>12-18mm</i>	US\$190-210 ↓
<i>MDF Domestic 15-18mm</i>	US\$260-280 ↓

Taiwan Province of China, Imports

<i>MDF</i>	
<i>Domestic Prices</i>	<i>per Cu.m</i>
<i>3mm thick</i>	US\$360-380 ↓
<i>16-18mm x 4' x 8'</i>	US\$255-270
<i>Particleboard</i>	<i>per Cu.m</i>
<i>12-18mm (4x8)</i>	US\$190-195

Malaysia

<i>Particleboard (FOB)</i>	<i>per Cu.m</i>
<i>6mm & above</i>	US\$150-155
<i>Domestic 6mm & above</i>	US\$160-170 ↓
<i>MDF (FOB)</i>	<i>per Cu.m</i>
<i>Less than 5mm</i>	US\$240-260
<i>Greater than 6mm</i>	US\$210-220
<i>Domestic</i>	US\$250-260 ↓

Prices of Added Value Products

Indonesia

Some suppliers of spares and ancillaries are also resorting to quoting in foreign currency. As a whole it was observed that there has been a general rise in the costs of local supplies ranging from 5 to 15 % depending on the products. Overseas buyers are taking the opportunity to press for a lower prices from the local producers citing the exchange gain as the main reason.

Overall, the manufacturers are giving in to the demands of the buyers. As a result pricing is very mixed and there seems to be no general trend on the pricing. This could also be attributed to the current generally weak market for manufactured timber products. For instance a typical chair, prior to the present currency crisis, fetched US\$20 per piece, it is currently sold at around US\$18.

<i>Mouldings</i>	
<i>Ramin casings</i>	<i>per Cu.m</i>
<i>(for the Italian market)</i>	US\$900-915 ↑
<i>Laminated Scantlings</i>	US\$600-630 ↓
<i>Laminated Boards</i>	
<i>Falkata wood</i>	US\$395-400 ↓
<i>Red Meranti Mouldings 11x68/92mm x 7ft up</i>	
<i>Grade A</i>	US\$800-820
<i>Grade B</i>	US\$600-620

Malaysia

<i>Mouldings (FOB)</i>	<i>per Cu.m</i>
<i>Selagan Batu Decking</i>	US\$590-610
<i>Laminated Scantlings</i>	
<i>72mmx86mm</i>	US\$615-630

Red Meranti Mouldings	<i>per Cu.m</i>
11x68/92mm x 7ft up	
Grade A	US\$825-845
Grade B	US\$660

Rubberwood Parts and Furniture

Malaysia

Finger jointed laminated boards top grade	<i>per Cu.m</i>
	US\$720-750
	US\$780-800
Dining table	
Solid rubberwood laminated top 3' x 5' with extension leaf	US\$48-51ea ↓
Same with Oak veneered MDF Windsor Chair	US\$60-63ea ↓
Colonial Chair	US\$11.00-12.00ea
Napolean Chair	US\$12.50-14.50ea
Queen Anne Chair (with soft seat) without arm	US\$20-24ea
with arm	US\$18-22ea ↓
	US\$24-26ea ↓

Brazil

Edge Glued Pine Panel for Korea 1st Grade	<i>per Cu.m</i>
	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\$175-185per set ↓
Dining table Cheery veneer	
Occasional table Cherry veneer top 2ftx4ft	US\$30-32ea

Consumer's Report

Report From China

Since the beginning of 1997, the plywood market in China has been very stable as the market price of imported plywood, mainly from Indonesia, has kept within the range of 40-46 yuan per piece; This market situation is changing for several reasons.

First, the international market price has been changed. On September 13, Chairman of the Hong Kong branch of the Indonesian plywood association declared that the export price of 3-mm plywood would be reduced to US\$ 365 per cubic meter from original US\$ 460 per cubic meter. This was largely in response to the appreciating dollar and the falling Rupiah. This change means that the price of Indonesian plywood will be reduced by 7 yuan per piece. This price reduction is the first in the past two years.

Second, the import duty on plywood has been reduced from 20% to 15%. This tax change will cut a further 1.35 yuan off the price of a sheet of plywood. These changes will affect domestic plywood production and the market in China.

Domestic Manufacturers

It is forecast by analysts in China that both the domestic spot market and futures market in China will be greatly affected. The smuggling of plywood into China is a mayor problem and the impact of this "duty free" supply and the reduction in exporters prices has shaken the market. The average price of plywood from Indonesia in the market is only 40-41 yuan per piece, a price influenced by the smuggled products and the regularly imported product (without the effect of smuggled plywood it is felt by some that the price on the market could be as high as 50 yuan per sheet). In the short term it is thought by analysts in China that the smuggling of plywood will continue and this will hold the prices down.

Domestic plywood manufacture will be affected by the price changes. At present domestic manufacturers have around 50% of the market. A sizable reduction in international plywood prices will considerably increase competition between domestically manufactured and imported plywood.

Chinese manufacturers dependent on imported logs will also be affected. As log supplies become more difficult and

Import Tariff Changes in China

Commodity Code	Commodity	Previous Tariff Rate	New Tariff Rate
4403	Log	%	%
44034910	Teak	6.0	2
44039910	Nan mu (Phoebe)	6.0	2
44039920	Camphor wood	6.0	2
44039930	Rosewood	6.0	2
4408	Veneer		
44081010	Coniferous veneer sheets	12.0	10
44081090	Other coniferous veneer	12.0	8
44083110	Veneer sheets of Dark Red meranti, etc.	12.0	8
44083190	Other of Dark Red meranti, etc.	12.0	8
44083910	Veneer sheets of other tropical timber	12.0	8
44083990	Other tropical timber veneer	12.0	8
44089010	Other non-coniferous facing veneer	12.0	8
44089090	Other non-coniferous veneer	12.0	8
4410	Particleboard		
44101100	Wood particleboard and OSB	22.0	18
44101900	Other wood particleboard	22.0	18
44109000	Similar wood particleboard	22.0	18
4411	Fibreboard		
44111100	Unprocessed or facing hard wood fiberboard	22.0	15
44111900	Processed or facing hard wood fiberboard	22.0	18
44112100	Unprocessed or facing wood MDF	22.0	18
44112900	Processed or facing wood MDF	22.0	18
44113100	Unprocessed or facing soft wood fiberboard	22.0	12
44113900	Processed or facing soft wood fiberboard	22.0	12
44119100	Other unprocessed or facing wood fiberboard	22.0	12
44119900	Other processed or facing wood fiberboard	22.0	12
4412	Plywood		
44121300	Veneered plywood at least with one face of the listed tropical timber	20.0	15
44121400	Veneered plywood at least with one non-coniferous face	20.0	15
44121900	Other veneered plywood	20.0	15
44122200	Other plywood, coating veneer and similar multi-layer plywood at least with one non-coniferous face and one face of the listed tropical timber	20.0	15
44122300	Other plywood, coating veneer and similar multi-layer plywood at least with one non-coniferous face and one face of wood patched board	20.0	15
44122900	Other plywood, coating veneer and similar multi-layer plywood at least with one non-coniferous face	20.0	15
44129200	Other plywood, coating veneer and similar multi-layer plywood at least with one face of the listed tropical timber	20.0	15
44129300	Other plywood, coating veneer and similar multi-layer plywood at least with one face of wood patched board		20.0 15
44129900	Unlisted plywood, coating veneer and similar multi-layer plywood	20.0	15
4418	Wood Products for Construction		
44181000	Wood window, ground window and their frame	30.0	18
44182000	Wood door and its frame and doorsill	30.0	18
44183000	Wood flooring strip	30.0	18
44184000	Wood form work	25.0	20
44185000	Tiling and house-constructing board	25.0	18
44189000	Other wood products for construction	30.0	18

Other Tariffs remain unchanged

expensive to source, local plywood mills will have to seek out new sources. Some Chinese manufactures have begun to import Okume from Africa as the raw material for plywood. At the end of the first quarter of 1997 and into early summer the market suffered a shortage of locally produced plywood because of a delay in the arrival of Okume logs from Africa. However, in the second half of the year this situation was overcome as the bulk of the log orders were fulfilled. In the second half year the market quietened and this, along with a sudden surge in log arrivals and production, caused stocks to accumulate especially in Shanghai and Jiangsu, in eastern China.

Balian Flooring Top Grade Myanmar	
18x50-70x2400mm	Yuan 300-350
Plywood from Indonesia	
3mm 1220x2240	Yuan 4407
US Lumber	
Oak, Maple, Cherry	7000-14000
T&G Cherry Flooring	
18x50-70mm x 2-4m	Yuan 120-140

Prices in Hong Kong, September 1997

	HKS per Cu.ft
Sarawak log 54"-71"	26.00
72"	27.00
Sawnwood	
Mixed Hardwood (locally sawn)	42-43.00
Imported Kapur	104-106.00
Imported Meranti	55.00-58.00
Taiwan P.o.C Plywood	2.7mm 2.00
	3.0mm 2.10
Plywood from Malaysia	12mm 3.70-4.40
Plywood from Malaysia	18mm 4.80-5.00
Plywood from Korea	12mm 3.70-3.90
	18mm 4.80-5.00
Plywood from Philippines	12mm 3.80-4.00
	18mm 4.70-4.90

Report From Japan

The economy in Japan has been retreating steadily prompting the government to introduce measures to help recover economy. A reduction in tax for house buyers and a reduction in loan rates by 0.1 percent to 3 percent has been introduced. However, it is very likely that the housing starts for the year would be below 1.4 million, which casts shadows over construction, housing, and building materials industries.

A manager of the forest products division of a large importer recently said, "We want to go through this fiscal year (that ends 31 March 1998) as soon as possible". During the first half of the outstanding fiscal year that ended 30 September, the company suffered from huge losses.

Some builders have corrected their projection for the housing starts for this year to 1.35-1.39 million from the previous projection of 1.42-1.45 million. It is forecast that the housing starts will stay low or even go down further.

The causes of the recession are said to be the result of a combination of factors. A raise in consumption tax as of 1 April discouraged household spending. A temporary income tax reduction implemented last year was over. Medical fees have been raised. All this has led people to feel their disposable income has been reduced.

Markets for the forest products and building materials are slow. Sales are down 20 to 30 percent. Financing is becoming a problem, leading to more bankruptcies. According to a large credit reference institute, bankruptcies during the period April to September totaled 7,988.

Plywood Production Down

Plywood production in August amounted to 358,000 Cu.m, which is 12 percent less than July this year. Production of

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

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

Lauan lumber	
Thickness: 5-6cm	
Length: 3-4m	Yuan 2850-3450
Luan/Malas tongued, grooved flooring strip	
18x70mm x 2.2-4.1m	Yuan 110-125

plywood above 12 mm thickness is down 13 percent, 3 to 6 mm down 7.0 percent, and less than 3 mm down 11 percent.
Uncertainty in the Markets

Plywood markets remained in confusion and the usual autumn demand is not there this year. Businesses are reporting that sales are limited to small volumes at a time. Sales of half-inch plywood, an index item, is slow as housing starts are dull and public works are reduced.

Market prices of half-inch plywood keep going down. Current prices are Yen1,000-1,020 per sheet in eastern Japan and weakening. Domestic mills are asking Yen 1,050 but sales are at around Yen1,020 and analysts say prices are very likely to go down below the Yen1,000 level. As for plywood for underlays, Indonesian products of 11.5 mm are moving at Yen950-960 and the Malaysian products at around Yen950.

Markets for softwood plywood from domestic mills remain weak. Prices have to follow prices of imported plywood. The heavy reduction in production of domestic mills did not help improve markets. Prices are Yen840 for structural use and Yen740-750 for underlayment use. Indonesian products of 3.6 mm are sold at Yen430-440 and 4mm domestic ply is at Yen480-490. 5.2 mm Indonesian plywood is at Yen550-560 and 5.5 mm domestic products are at Yen590-600. Prices of the imported plywood is lower than domestic products.

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>	7,600 ↓
<i>Meranti (Hill, Sarawak)</i>	
<i>STD Mixed</i>	7,500 ↓
<i>Meranti (Hill, Sarawak)</i>	
<i>Small Lot</i>	
<i>(SM60%, SSM40%)</i>	6,800 ↓
<i>Taun, Calophyllum (PNG)</i>	
<i>and others</i>	6,400 ↓
<i>Mix Light Hardwood</i>	
<i>(PNG G3-G5 grade)</i>	5,200 ↓
<i>Okume (Gabonese)</i>	7,700 ↓
<i>Keruing (Sarawak)</i>	
<i>Medium MQ & up</i>	8,000 ↓
<i>Kapur (Sarawak) Medium</i>	
<i>MQ & up</i>	7,800 ↓

<i>Logs For Sawmilling</i>	<i>FOB Price Yen per Koku</i>
<i>Melapi (Sarawak)</i>	
<i>Select</i>	11,000 ↓
<i>Agathis (Sarawak)</i>	
<i>Select</i>	9,500

<i>Lumber</i>	<i>FOB Price Yen per Cu.m</i>
<i>White Seraya (Sabah)</i>	
<i>24x150mm, 4m 1st grade</i>	120,000
<i>Mixed Seraya 24x48mm,</i>	
<i>1.8 - 4m, S2S</i>	48,000 ↓
<i>Red Oak 5/4x6 ins and wider</i>	
<i>FAS (US East Coast)</i>	125,000

From Europe an Update on Germany

Estimates from the Federal Association of the German Timber Trade suggest that 1996 sales will total DM19.3bil down from DM19.8 in 1995. Among the reasons for the decline has been cited as the winter slump in sales at the beginning of the year and the greater than expected drop in sales in eastern Germany (down 6.5%).

For the first half of 1997 sales are some 6% up on 1996.

Changes in German Timber Sales Jan-June 1997

Sawnwood	+4.9%
Planed Products	+4.0%
Woodbased Panels	+4.2%
Garden Furniture	+8.7%
Wooden Flooring	+10.3%
Builders Woodwork	-4.1%

Company News from Germany

Alno of Pfullendorf, the German kitchen furniture manufacturer, is to invest DM14 million in the construction of a bathroom furniture factory in Brilon. The company is planning to start selling bathroom furniture from the second quarter of 1998, thus re-entering this market.

Rauch MÜbelwerke, the German furniture producer located in Freudenberg, has completed the extension of its factory

to 17,000 square metres. The investment was worth DM 50 million. Rauch, which exports about 25% of its production, has a workforce of 1,700.

Europa MÜbel (of Sankt Augustin) and Regent MÜbel Groeinkauf (of Gelsenkirchen), both German purchasing associations, have signed an agreement to implement a joint purchase management scheme. The new purchasing alliance will serve 400 medium-sized furniture retailers with 1,000 outlets.

Prices in Germany

Wooden Windows

<i>Medium Price Meranti,</i> 120x135cm	DM448
<i>Lower Price PVC,</i> 120x135cm	DM388

Solid Wooden Doors

<i>Upper Price,</i> Meranti,	DM1,605
<i>Medium Price,</i> Meranti,	DM1,498
<i>Lower Price, PVC</i>	DM1,119

Furniture and Components

<i>Kitchen Chairs</i>	
<i>Medium Price, Beech,</i>	DM169
<i>Lower Price, Kauri Pine,</i>	DM69
<i>Dining Chair</i>	
<i>Upper Price, Beech</i>	DM526
<i>Medium Price, Beech</i>	DM390
<i>Lower Price, Beech,</i>	DM169

<i>Kitchen Table</i>	
<i>Lower Price, Pine, 80x140</i>	DM329
<i>Dining Table</i>	
<i>Upper Price, Beech 90x180</i>	DM1,624
<i>Medium Price Beech 90x180</i>	DM1,033
<i>Lower Price Beech 80x180</i>	DM671

<i>Kitchen Doors</i>	
<i>Upper Price,</i> <i>Solid Oak, 57x50cm.</i>	DM230 ↓
<i>Medium Price, Oak Frame</i> <i>and Veneer 57x50cm.</i>	DM175 ↓

<i>Wardrobe Doors</i>	
<i>Upper Price. Beech Veneer</i> 180x45cm	DM331
<i>Medium price, Beech Veneer</i> 180x45cm	DM207
<i>Lower Price, Beech Veneer</i> 194x40cm.	DM106

<i>Drawer Fronts (Office Furniture)</i>	
<i>Upper Price, Particleboard 100x10cm</i>	DM37
<i>Medium Price, Particleboard 100x10cm</i>	DM30
<i>Lowest Price, Particleboard 100x10cm</i>	DM25
<i>Wooden Shelving</i>	
<i>Upper Price, Solid Alder</i>	DM152
<i>Medium Price, Beech Veneer</i>	DM95
<i>Lowest Price, Alder</i>	DM41

Other news from Europe

Nicoletti, the Italian upholstered furniture manufacturer, will invest L 50 billion in the construction of a new factory in Matera. The new plant (100,000 square metres) will employ 400 people and will be equipped with high-tech machinery. The company's aim with this investment is to reach L 300 billion of sales by the year 2000.

Tvilum, the major Danish furniture group, is expanding. The company recently acquired the furniture activities of HLJ Industri, including Scanbirk Mobelfabrik and Fovling Mobelfabrik. Twilum's aim with the acquisitions is to strengthen its position on the global market for DIY furniture. Group's turnover after the takeover is around DKR 1.7 billion.

Spanish furniture exports registered a 23.8% increase in the first six months of 1997 compared to the same period of 1996, to Pta 94.168 billion. Imports grew by 17.9% to Pta 44.254 billion. Spanish exports are mainly directed towards France, Germany, the UK and Portugal, while Russia is becoming one of the most important markets for Spanish furniture.

Ikea is planning to open another store in Pratteln Switzerland by autumn 1999. The new store should have a surface of 12,000-15,000 cubic metres and will employ 140 people.

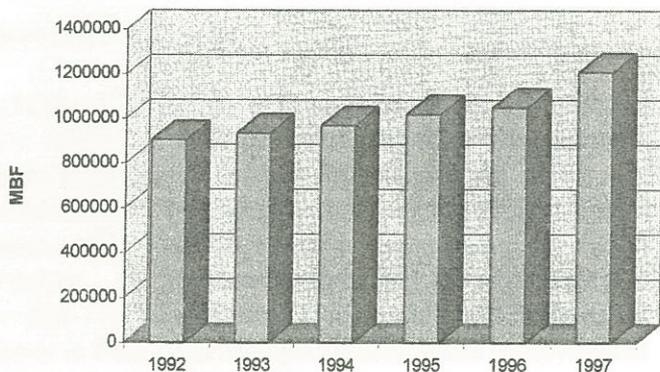
US Report

U.S. Exports of Hardwood Lumber and Logs

The export market for American hardwood lumber, in volume terms, is relatively small in comparison to the domestic consumption. However, as export lumber is generally of a better quality and thus relatively highly priced (presently in excess of US\$1000 per MBF), the value of hardwood lumber exports accounts for a significant share of overall hardwood lumber production in the United States.

Since the mid 1980s, hardwood exports have risen from 495 million board feet to last year's record level of some 1.05 billion board feet. For 1997, it is anticipated that exports of US hardwood lumber will reach an all-time record of 1.21 billion board feet, representing an increase of 15.2% over 1996. Exports of hardwood lumber have been the savior of hardwood producers over the past ten years. Even hardwood mills not directly involved in exporting lumber or logs have benefited from the growth of export markets.

US Hardwood Exports MBF



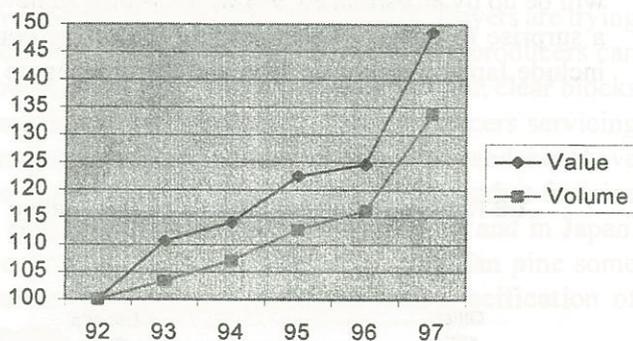
In value terms, the growth is even more spectacular. Prices for hardwood lumber have been on the increase for several years. Hardwood lumber export in 1996 stood at US\$ 1.19 billion, and for this year, it is expected that an increase of 19% will push export values to US\$ 1.42 billion.

The strong export market coincides with a strong domestic demand for hardwood. Manufacturers producing pallets, flooring, kitchen cabinets, and furniture, as well as distribution yards are all experiencing improved sales compared to last year. It appears that this good business climate will continue for the foreseeable future.

Species Exported

The top four export species - ranked in declining order - are: Red Oak, White Oak, Hard Maple, and Western Red Alder, each one with export volumes in excess of 100 million board feet. None of the other export species reaches quantities over 100 million board feet.

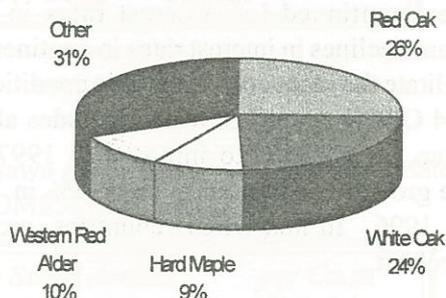
Value and Volume Index for U.S. Hardwood Lumber Exports (1992 = 100)



Between 1994 and 1996, almost every major species exported has seen increases in volume with the exception of steady exports of Red Oak and Ash and falling exports of Walnut. Hard Maple exports have increased the most. Incidentally, the domestic demand for Hard Maple has also grown substantially.

So far this year has again seen a very good export performance for most species. Cherry and Poplar are the leading gainers in shipment volume. Their growth is likely to be in the 25% range for 1997 as a whole. Beech, Hard Maple, and Pecan/Hickory are also expected to record volume increases in excess of 20%. TradingPartners

US Hardwood Exports by Species (% Volume)



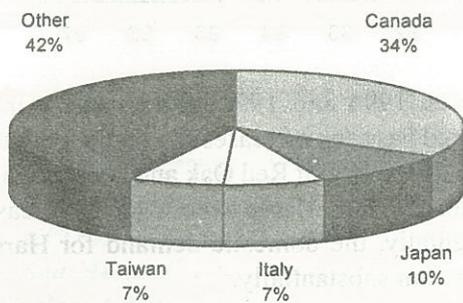
The major US trading partner for hardwoods remains Canada, which is by far the largest purchaser of US hardwood lumber. Benefiting from a strong economy, shipments to Canada are anticipated to increase in excess of 15% in 1997.

Exports to many European destinations are also growing at double digit rates. This is surprising in light of the sluggish state of the European economies. Exports to Germany may even grow in excess of 20% this year. Italy will be up by an estimated 9% which is also somewhat of a surprise to many. Other leading importing countries include Japan which is up 10% and Hong Kong up 35%.

In addition to hardwood lumber, the US is exporting hardwood logs. In comparison to export lumber volumes, log exports are very small amounting to the equivalent of some 250 million board feet in 1997. However, the growth path of log exports has also been equally steep as for lumber. The 1997 export log volume is some 20% above the 1996 volume. In earlier years, log exports were confined to high quality veneer logs, but in recent years an increasing volume of sawlogs are being exported.

Canada buys almost two-thirds of the total log exports from the US, followed by Japan - as a distant second - with a share of approximately 12%. Most of the logs imported into Canada originate from the state of New York and the New England region.

US Hardwood Lumber Exports by Destination



Future Developments

With exports being an integral part of overall hardwood lumber sales, future developments in overseas markets must be closely watched. Any decline in export sales will push more lumber on the North American markets and this would inevitably lead to lumber surpluses and price reductions.

The Japanese and most European economies are still slow. However, continued low interest rates in Japan, and significant declines in interest rates in continental Europe, will facilitate the recovery. Economic conditions for most of the 24 OECD countries, which includes all of Europe and Japan, is expected to improve in 1997 and 1998. Average growth is expected to reach 3% in 1997 versus 2.5% in 1996. In non-OECD countries, growth should remain robust.

One problem for many overseas buyers is the continued strength of the US dollar, which is expected to remain at about present levels in the near future. The health of many currencies in South East Asia is also a concern.



World Value of the US Dollar 24th October 1997

Australia	Dollar	1.4143	Indonesia	Rupiah	3605
Austria	Schilling	12.5385	Ireland	Punt	0.684
Belgium	Franc	36.75	Italy	Lira	1738.52
Bolivia	Boliviano	5.31	Japan	Yen	121.61
Brazil	Real	1.1005	Korea, Rep. of	Won	929.85
Cambodia	Riel	3000	Liberia	Dollar	1
Cameroon	C.F.A.Franc	596.99	Malaysia	Ringgit	3.385
Canada	Dollar	1.3901	Myanmar	Kyat	6.2517
Central African Republic	C.F.A.Franc	596.99	Nepal	Rupee	56.95
China	Yuan	8.2833	Netherlands	Guilder	2.007
Colombia	Peso	1267.255	New Zealand	NZ Dollar	1.5988
Congo D.R.	New Zaire	117500	Norway	Krone	7.1843
Congo, People's Rep.	C.F.A.Franc	596.99	Panama	Balboa	1
Cote d'Ivoire	C.F.A.Franc	596.99	Papua New Guinea	Kina	1.4663
Denmark	Krone	6.7825	Peru	New Sol	2.6685
Ecuador	Sucre	4219	Philippines	Peso	35.25
Egypt	Pound	3.3998	Portugal	Escudo	181.33
Fiji	Dollar	1.4648	Russian Fed.	Ruble	5881
Finland	Markka	5.332	Spain	Pesata	150.15
France	Franc	5.9699	Sweden	Krona	76221
Gabon	C.F.A.Franc	596.99	Switzerland	Franc	1.4781
Germany	Mark	1.7813	Thailand	Baht	38.55
Ghana	Cedi	2230	Togo, Rep.	C.F.A.Franc	596.99
Greece	Drachma	279.7	Trinidad and Tobago	Dollar	6.18
Guyana	Dollar	142.8	United Kingdom	Pound	0.6053
Honduras, Rep.	Lempira	13.215	Venezuala	Bolivar	498.4
India	Rupee	36.23	EU	Ecu	1.1084

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 Plywood	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>

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