



Dear Sir,

I am happy to inform you that I regularly receive the Tropical Forest Update. I enjoyed your editorial “*Strengthening diversity*” in TFU 18(2). This issue summarized the revision of ITTO’s programs on biodiversity. The guidelines aiming to promote the overall improvement of the management of natural tropical forest is of importance for biodiversity conservation.

The article on sustainable bamboo utilization in Thailand by Florence P. Soriano is important from the point of view of India, since the tribal communities of Maharashtra, Gujarat and Karnataka are dependent on bamboos for their livelihood. They need training for utilizing bamboos for value addition. There is a scheme of the government of India for imparting training to tribal communities through a non-governmental organization. This article will be of immense use for this work.

The topical and tropical section was also informative, particularly the piece on uncontacted tribes in Latin America. I would like to note that in the Andaman Islands there are similar tribes that survived the Indian Ocean tsunami a few years ago.

**Yours faithfully,
Suresh Deshpande
Retired Forest Officer
Maharashtra, India**

Dear Editor,

I own and operate a newly established teak trading company out of Singapore with a focus on Latin American teak. I have over 13 years experience in the teak business across Asia, Africa and Latin America and over 750,000 cubic meters of teak would have flowed commercially through me in this time period.

I have gone through the very interesting article on teak pricing written by Mr Raymond Keogh (TFU 18(2)). I am forwarding my views to you as precursor to generating a meaningful debate to see if transparent pricing is indeed feasible for teak logs. My comments are:

1) Pricing of teak logs is driven by the following factors. Length, girth, straightness, overall formation including taper, weight, thickness of bark, sap content, heartwood content, color of the heartwood, grain patterns of the heartwood including gap between rings, hardness of the heartwood and the defects profile. I may have missed out a couple more but this is largely it. Apart from length, girth and weight the rest are largely a matter of judgment.

2) Unlike other commodities like sugar, rice etc where it is possible for third party inspection services to assess quality, the same is not possible in teak. Teak quality assessment, and by extension its pricing, is done by experienced people who typically are from the trade and not inspection services. There also is a divergence of views amongst experts which most times is driven by the state the market is currently in and the commercial interests of the experts.

3) I would suggest that we work on a price range using one source of origin in Latin America and one in Africa (eg Panama and Ghana). We should define the price on a standard 2.2 meter log with pricing driven by diameter ranges and grade as indicated in the paper referred to above. The market is more attuned to an origin price and it will be easier to figure out for most parties. This might be better than trying to have prices purely based on physical parameters.

It is, relatively speaking, easier to set up criteria for well managed plantations, which essentially are in Latin America, and which in my opinion are the future of the teak business. Today Latin America comprises no more than 10-15 percent of total teak usage but going forward this should take off.

The Latin American segment is also where there are largely financial investors who are crunching their numbers unlike Africa or Asia where we see more government organizations who largely are ‘takers’ of market prices. A pricing solution is likely to enhance investments in the teak plantations sector.

The paper by Keogh refers to grading of natural teak in Myanmar. Teak grading in Myanmar is not as rigorously applied using fixed grading rules as it might appear. The grading rules are approximate and depending on the pressure on the MTE graders from the government the grading changes dramatically. So you would find a few months of very liberal grading for SG4 and a few months of very tight grading on SG4. Within the grade itself the price variability is tremendous, \$300-\$500/cubic meter price variation is normal. The judgment of value in Myanmar teak is really complex.

**Best regards,
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