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INTERNATIONAL TROPICAL TIMBER ORGANIZATION

Tropical Timber Market Information

Towards Greater Transparency in the Tropical Timber Markets

Producers Report

Log Prices

International Prices

Log Prices, Gabon

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

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

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

Malaysia

Sarawak Log Export Prices (FOB)		*per Cu.m*
Meranti	*SQ up*	*US$205-215*
	small	*US$185-190*
	super small	*US$160-165*
Keruing	*SQ up*	*US$225-230*
	small	*US$190-195*
	super small	*US$160-165*
Kapur	*SQ up*	*US$210-220*
Selangan Batu	*SQ up*	*US$230-235*

Cameroon Log Prices

FOB		*Per Cu.m*
N'Gollon	*70cm+ LM-C*	*FFR1400*
Ayous	*80cm+LM-C*	*FFR1100*
Sapele	*80cm+LM-C*	*FFR1450*
Iroko	*70cm+LM-C*	*FFR1500*

South Sea Logs

FOB	*per Cu.m*
Pometia	*US$150-155*
Calophyllum	*US$135-145*
Terminalia	*US$110-120*
Other mixed species	*US$105-110*

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Domestic Log Prices

Report From Brazil

Logs at mill yard	per Cu.m
Mahogany Ist Grade	US$420
Ipe	US$80
Guaruba	US$40
Mescla(white virola)	US$46

Ghana

The dry season has arrived in Ghana and log deliveries to the mills are increasing. Odum prices are rising in the wake of increasing demand for lumber mainly from the UK and Ireland. Odum availability is a problem and the trade is saying that the future for Odum exports is not very bright as supplies of logs cannot be sustained.

Research into the regeneration of Odum is underway but most of the trade feel the effort is too late.

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

Report from Indonesia

Domestic log prices	Per Cu.m
Plywood logs	
Face Logs	US$145-160
Core logs	US$ 125-135
Sawlogs	US$120-135
Falkata logs	US$52-58
Rubberwood	US$38-40
Pine	US$62-65
Teak	US$900-1200
Mahoni	US$180-195

Report from Malaysia

Logs	
Domestic (SQ ex-log yard)	Per Cu.m
Meranti Bukit (SQ)	US$240-250
Kembang Semangkok	US$185-200
Merbau	US$195-200
Peeler Core logs	US$125-135
Rubberwood	US$33-35
Kempas	US$150-155
Keruing	US$190-205

Sawnwood Prices

International Prices

Brazil

Export Sawnwood	per Cu.m
Mahogany KD FAS	
UK market	US$1020
Jatoba Green	US$445-485
Curupixa (Europe)	US$520
Asian Market	
Guaruba	US$285
Angelim pedra	US$270
Mandioqueira	US$245
Pine (AD)	US$150

Ghana

Odum demand is strong especially in the UK and prices for boards have gone to Sterling 360 per Cu.m FOB. Prices for random specifications are at Sterling 320 per Cu.m FOB. Millers are reporting that order books are overflowing.

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

Ghana cont.

		Per Cu.m
Wawa Boules		US$219
70cm log dia. 25-75mm. 450cm length		
Mahogany		per Cu.m
FAS 100mm plus 1.8m plus		US$480
FAS 150mm plus 2.4m plus		US$520
Anegre		
FAS 150mm plus 2.4m plus		US$640
Guarea	FAS	US$460
Ofram	FAS	US$270
Emire	FAS	US$460
Ekki	FAS	US$335
Kussia	FAS	US$330
Dahoma	FAS	US$250
Cedrella	FAS	US$410

Malaysia

Sawn Timber	
Export(FOB)	per Cu.m
Dark Red Meranti (DUC)	
GMS select & better (KD)	US$735-745
Seraya	
Scantlings (75x125 KD)	US$775-785
Perupok (25mm&37mm KD)	US$850-865
K.Semangkok	
(25mm&37mmKD)	US$685-700

Taiwan Province of China

Rubberwood	per Cu.m
25mm boards	US$375-385
50-75mm squares	US$400-425
75-100mm squares	US$445-460

Sepetir	
GMS (AD)	US$375-385
Ramin	US$600-605
Oak 25mm boards	US$670-700
Maple	US$930-955
Cherry	US$1150-1200

Domestic Sawnwood Prices

Report from Brazil

Sawnwood (Green ex-mill)	
Northern Mills	per Cu.m
Mahogany	US$910
Ipe	US$412
Jatoba	US$382
Eucalyptus	US$165
Southern Mills	
Pine (KD)	US$160

Ghana

Dahoma, Wawa, Odum, 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

Gabon

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

Report from Indonesia

Sawn timber
Domestic construction material

Kampar	
AD 6x12-15x400cm	*US$360-375*
KD	*US$470-490*
AD 3x20x400cm	*US$410-415*
KD	*US$525-530*
Keruing	
AD 6x12-15cm	*US$290-300*
AD 3x20cm	*US$380-385*

Malaysian Domestic Sawnwood Prices

Sawnwood	*per Cu.m*
Balau(25&50mm,100mm+	*US$400-410*
Kempas50mm by	
(75,100&125mm)	*US$220-230*
Red Meranti	
(22,25&30mm by180+mm)	*US$350-360*
Mixed Hardwood Piling	
5-6 ins x5-6 ins sections	*US$210-215*

Rubberwood	
(25mm & 50mm)	*US$285-290*
50mm squares	*US$310-325*
75mm+	*US$365-370*

Plywood and Veneers

International Prices

Indonesian Plywood

Indonesian plywood exports to Japan are expected to reach 3.65 million Cu.m in 1996, an increase of just over 20% over 1995. In terms of total exports, it is estimated that 1996 exports will reach 7.95 million Cu.m. Japan accounts for nearly 46% of total plywood exports from Indonesia.

Plywood (export, FOB)	
MR,	*per Cu.m*
Grade BB/CC	
2.7mm	*US$490-495*
3mm	*US$450-455*
6mm and above	*US$370-380*
WBP,	
Grade BB/CC	
12-18mm	*US$475-480*

Ghana

Prices remain unchanged. Industry is still trying to adjust to export demand standards especially with regard to sanding, gluelines and quality control. Redwoods are in demand in the export market and this is not easily satisfied from available supplies.

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

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

Plywood 2440x1220mm		
Grade BB/CC, Per Cu.m		
Ceiba	*WBP*	*MR*
4mm	*US$522*	*US$430*
6mm	*US$438*	*US$387*
9mm	*US$433*	*US$395*
12mm	*US$407*	*US$373*
18mm	*US$400*	*US$357*

The single producer has exported 10,000 Sq.m to France and plans to ship 12,000 Sq.m again this month. Prices range from DM5-DM40 per Sq.m depending on quality and size. The mill capacity of the single plant is 25,000 Sq.m per month

Rotary Cut Veneer	
	per Cu.m
Face Veneer	*1-1.6mm*
Ceiba	*US$320*
Koto	*US$500*
Otie/Ilomba	*US$440*
Ofram	*US$440*

Brazilian Plywood and Veneer

Veneer	*per Cu.m*
White Virola Face	
2.5mm	*US$265-320*
Pine Veneer (C/D)	*US$205*
Mahogany Veneer	*per Sq.m*
0.7mm	*US$2.40*

Plywood	*per Cu.m*
White Virola (US Market)	
5.2mm OV2 (MR)	*US$370*
15mm BB/CC (MR)	*US$352*
For Caribbean countries	
White Virola 4mm	*US$485*
9mm	*US$380*
Pine USA market	
9mm C/CC (WBP)	*US$280*
15mm C/CC (WBP)	*US$260*

Malaysian Plywood

MR Grade BB/CC FOB	
	Per Cu.m
2.7mm	*US$495-500*
3mm	*US$455-460*
9-12mm	*US$380-385*
18mm plus	*US$360-375*

Malaysian plywood cont.

WBP Grade BB/CC	*per Cu.m*
9-18mm	*US$450-470*
Phenolic Overlayed	
12-18mm	*US$500-510*
Domestic plywood	
9-18mm	*US$485-490*

Taiwan Province of China

Plywood	*per Cu.m*
2.7mm x 4' x 8'	*US$545-555*
5.0mm x 4' x 8'	*US$485-500*

Domestic Plywood Prices

Brazil

Rotary Cut (Northern Mill)	
	per Cu.m
White Virola Face	*US$170*
White Virola Core	*US$120*
Plywood	
(ex-mill Southern Mill)	
Grade MR	*Per Cu.m*
4mm White Virola	*US$670*
15mmWhite Virola	*US$495*
4mm Mahogany 1 face	*US$1,450*

Indonesia

Domestic MR plywood	
(Jarkarta)	*per Cu.m*
mm	*US$425-450*
12mm	*US$415-430*
15mm	*US$405-420*
18mm	*US$375-400*

Gabon

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

Indonesia

Other Panels	Per Cu.m
Export Particleboard FOB	
9-18mm	US$140-150
Domestic Particleboard	
9mm	US$260
12mm	US$225
15mm	US$225
18mm	US$200
MDF Export (FOB)	
12-18mm	US$210-220
MDF Domestic	US$280-300

Furniture Parts and Components

Taiwan Province of China, Imports

Imports C&F	per pc
Rubberwood Chair seats	US$3.10-3.20
Rubberwood unfinished	
Queen Anne Chairs	
(excluding soft seat)	US$14.5-15.50ea
Queen Anne Legs	
2 1/4 ins square x 18 ins	US$1.10-1.20ea
2 3/4 ins square x 28 ins	US$2.00-2.10ea

Taiwan Province of China, Imports

MDF	per Cu.m
Domestic Prices	
3-4mm thick	US$290-305
12-18mm x 4' x 8'	US$260-270
Particleboard	per Cu.m
12-18mm (4x8)	US$160-175

Other Panel Product Prices

Brazil

Export Prices	
Blockboard 18mm	per Cu.m
White Virola Faced	
B/C	US$310

Domestic Prices	
Ex-mill Southern Region	per Cu.m
Blockboard	
15mm White Virola Faced	US$510
15mm Mahogany Faced	US$850
Particleboard	
15mm	US$315

Malaysia

Particleboard (FOB)	per Cu.m
6mm & above	US$145-160
Domestic	
6mm & above	US$170-180

MDF (FOB)	per Cu.m
Less than5mm	US$230-245
Gretaer than 6mm	US$210-220
Domestic Sales	per Cu.m
6-21mm	US$240-250

Prices of Added Value Products

Indonesia

Mouldings	
Ramin skirting	*per Cu.m*
(for the Italian market)	*US$865-870*
Crown using Pulai or Jelutong	
(for Japanese market)	*US$750-770*
Laminated Scantlings	*US$650-690*
Laminated Boards	
Falkata wood	*US$375-380*
Laminated Boards	
Pine	*US$870-905*

Malaysia

Mouldings (FOB) per Cu.m	
Selagan Batu Decking	*US$575-590*
Kembang Semangkok	
S4S to Japan	*US$985-1000*
Laminated Scantlings	
72mmx86mm	*US$675-695*

Prices for laminated scantlings in Germany came under strong pressure as a result of a downturn in sales last winter, this winter the trade is reporting that sales seem to be about the same with a handful reporting some improvement in sales. Importers in Germany are dissatisfied with the margins however. Sales prices for Meranti 72x86mm, three-ply gluing are DM6.95-7.60, Spruce is at DM9-9.80 while Finger jointed is at DM8.50-9.50, Pine is at DM8.50-9.50 for solid while Finger jointed is at DM6-6.70. The most preferred laminates are Spruce, Pine and Meranti.

Rubberwood parts and components:

Malaysia

Shaped chair seats	
(18-22mm 16"-18" squares)	
	US$2.95-3.20per pc
Finger jointed	*per Cu.m*
laminated boards	*US$835-850*
top grade	*US$890-900*

Doors (FOB)	
Meranti (red) panel doors	
Grade A	*US$53-56per pc*
Grade B	*US$46-50per pc*
Grade C	*US$42-45per pc*

Furniture

Malysian exports of furniture are expected to reach US$902 million in 1996. This represents a 15% increase over the 1995 performance. Wooden furniture accounts for about 85% of total exports of furniture.

Imports of furniture have also been increasing with 1994 imports at US$72 million, 1995 at US$ 89 million and 1996 estimated at around US$106 million. Imports are coming mainly from Italy, Indonesia and the Philippines.

Dining suite	
Solid rubberwood laminated top 3' x 5'	
with extension leaf	*US$62-65ea*
Same with	
Oak veneered MDF	*US$78-80ea*

Windsor Chair	*US$11.50-12.50ea*
Colonial Chair	*US$14.50-15.50ea*
Napolean Chair	*US$23-26ea*
Queen Anne Chair (with soft seat)	
without arm	*US$22-26ea*
with arm	*US$24-29ea*

Taiwan Province of China

Furniture	
Dining suite (FOB)	
Oak Veneered MDF tables and	
chairs (6 per set)	
	US$250-255per set

Freight Costs

Brazil

Sawnwood
Paranagua-Rotterdam

Container 20 ft.	*US$1300*
Container 40 ft.	*US$2000*

Paranagua-Baltimore

Container 20 ft.	*US$1500*
Container 40 ft.	*US$1800*

Bulk Sawnwood *US$66per Cu.m*
(Hardwoods over 750kg/Cu.m)

Plywood
Paranagua-UK
Palletised *US42per Cu.m*

Indonesia

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

Ghana

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

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

Taiwan Province of China

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

Malaysia

40 ft. container
Malaysia to West Coast USA at US$2650
Malaysia to East Coast USA US$3200
Malaysia to Ports in Taiwan Province of China US$500-600

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

Consumers Report

Report From Japan

Demand Projections for 1997

Projections for imports for 1997 have been made. It is forecast that 1997 imports will total 34,126,000 Cu.m or 97% of the estimated 1996 import level. Housing starts, that have risen recently partly as a result of the rush to complete construction before the planned increase in consumption tax, are expected to fall back to a more normal level. As a result of this, demand for wood products for construction is expected to be less active.

Imports from many regions are forecast to decline. Imports of softwoods, especially Russian, New Zealand and Chilean logs for plywood manufacture are expected to increase.

Imports of logs for plywood manufacture from SE Asia are expected to decline further as substitution by softwoods continues. Two million cubic metres of softwood logs are expected to be used by the plywood industry in 1997, up by 27% on 1996. While Sabah has lifted the log export restrictions this is not expected to have a significant impact as prices are high and manufacturers are gearing to softwoods. The decline in use of SE Asian hardwoods is expected to be even more pronounced in the sawmilling sector.

The following table shows the distribution of log imports over the past years.

Log Imports to Japan
(000's Cu.m)

	1993	1994	1995	1996
USA	7,980	7,451	6,935	6,500
SE Asia	7,438	6,802	5,924	5,800
Africa	512	652	531	430
Russia	4,525	4,498	5,090	5,050
New Zealand	1,539	1,757	1,754	1,700
Chile	126	28	19	20
Scandinavia	100	297	507	300

Log Imports for Plywood Manufacture
(000's Cu.m)

	1993	1994	1995	1996
Tropical	6,969	6,040	5,512	5,000
Russian	356	642	727	1,100
New Zealand	218	233	314	400
Others	118	86	123	100

Plywood imports are projected to decline. Current estimates for 1996 imports are around 5,380,000 Cu.m which is way above the original 1996 estimate of 4,960,000 made at the beginning of the year. Current inventories are nearly 1.0 million Cu.m.

Plywood Log Demand

The raw materials needed for plywood production in 1997 have been estimated at 4.1 million Cu.m, that is 91% of the volume that will be used in 1996. Softwoods will feature more prominently in the mix for plywood production and it is estimated that softwoods will make up to 30% of the total raw material needs. The forecasts are for a total log requirement of 6,869,000 Cu.m and 500,000 Cu.m of imported veneer. Of the total log requirement it is expected that 6,649,000 Cu.m will be imported. SE Asia is forecast to be supplying 82.5% of the imported logs, Africa and others a total of 500,000 Cu.m and the balance is expected to be made up of softwoods.

1997 Housing Starts

In its projections of housing starts for 1997 the Institute for Construction Economy indicates that housing starts are expected to decline to around 1.42 million units as the rush to build before the increase in consumption tax is introduced and because of an over supply in condominium units is heavy.

Delivered Prices

Asian Log, Lumber and Panel Prices

Logs For Plywood Manufacturing	CIF Price Yen per Koku
Meranti (Hill, Sarawak) Medium Mixed	7,850
Meranti (Hill, Sarawak) STD Mixed	7,900
Meranti (Hill, Sarawak) Small Lot (SM60%, SSM40%)	7,100
Taun, Calophyllum (PNG) and others	6,700
Mix Light Hardwood (PNG G3-G5 grade)	5,500
Okume (Gabonese)	7,900
Keruing (Sarawak) Medium MQ & up	8,300
Kapur (Sarawak) Medium MQ & up	8,200
Logs For Sawnmilling	**Wholesale Price Yen per Koku**
Melapi (Sarawak) Select	10,500
Agathis (Sabah) Select	9,500

Lumber	Landed Price Yen per Cu.m
White Seraya (Sabah) 24x150mm, 4m 1st grade	120,000
Mixed Seraya 24x48mm, 1.8 - 4m, S2S	46,000
Red Oak 5/4x6 ins and wider FAS (US East Coast)	125,000

Plywood	*Mill Gate Price Tokyo Area Yen per sheet*
Concrete Formboard	
Domestic Production from S.E Asian Logs	
11.5x900x1800mm Type 1	*1,280*
Thin	
2.3x910x1820mmType 2	*340*
Medium	
4.0x910x1820mm Type 2	*530*
5.5x910x1820mm Type 2	*640*

(Tokyo Market Price Per Sheet)	
Plywood	
2.4x91x1820mm	*Yen340*
3.6x91x1820mm	*Yen460*
5.2x91x1820mm	*Yen580*
Plywood for flooring	
11.5x94.5x1840mm	*Yen1660*
Plywood for Printing	
3.6x123x2440mm	*Yen800*

Higher Wholesale Prices

Wholesaler's market prices are continuing to rise according to the Tokyo Lumber Wholesalers Association. The Association identified 52 items of domestic and imported timber products for which prices are now higher than a month ago. Items that were especially firm included Japanese red cedar (squares) up by Yen 3000 per Cu.m, imported hemlock squares up by Yen 3000 per Cu.m. Scantlings and Russian whitewood and red pine are also up.

The weakening Yen has also pushed up the price of Southsea logs for plywood but prices seem to be leveling of especially in the Tokyo area. Arrivals of Southsea lumber are not increasing as these timbers are lees popular now and part of this market has been captured by softwoods.

The price for plywood has begun to rise. Prices for Japanese Linden plywood and plywood for scaffolding have firmed. The trade is predicting that the plywood market will become firmer as stocks of domestic stock decline and as overseas producers push for better prices, it is anticipated that this situation will begin to appear in March.

Southsea Log Prices

Prices for Sarawak logs have firmed in recent weeks as a result of reduced availability as a result of the rain season and the industry slow down prior to the Chinese New Year and Hari Raya.

Malaysian plywood mills are now consuming large quantities of logs to satisfy demand from Japan and this is also having a spin off effect on the price of logs for export.

The FOB price of PNG logs has not moved since November 1996, being steady at around US$165-169 per Cu.m. This situation is expected to change in the early part of the year as other log suppliers increase prices.

Report From China

China's Wood-based Panel Industry

According to the latest survey China's wood-based panel output in 1995 reached 16.9 million cubic meters, up by 10 million cubic metres over 1994. An apparent dramatic increase in output is actually the result of expanding of scope of the national survey. The output of panel enterprises at the village level in rural areas was not included in previous surveys.

Of the total wood based panel output in 1995, plywood output reached 7.6 million cubic metres, accounting for 45.1%; Fibreboard 2.2 million cubic metres, 12.9%; Particleboard 4.4 million cubic metres, 25.8%; Other panel products including blockboard and wood-woolboard 2.8 million cubic metres, 16.29%.

Plywood

Of the total plywood production, common plywood yielded 7.3 million cubic metres, accounting for 96.2%; Special plywood 10,800 cubic metres, 0.1%; Bamboo plywood 277,100 cubic metres, 3.7 %. With an output of 1.6 million cubic metres, Shandong province had highest production of plywood in country, accounting for 20.9%. The plywood production of Jiangsu, Hebei, Anhui, Fujian and Hubei provinces reached between 0.5-1 million cubic metres.

Fibreboard

Of all fibreboard products, wood fibreboard output reached 1.8 million cubic metres, accounting for 82.8 %; Non-wood fibreboard 0.4 million cubic metres, 17.2%. Of the wood fibreboard production, hard fibreboard output was 1.13 million cubic metres, accounting for 63.2 %; MDF 0.54 million cubic metres, 30 %; Soft fibreboard 0.12 million cubic meters, 6.8 %. Shandong and Zhejiang provinces had highest production in the all hard fiberboard, accounting for around 1.1 million cubic metres. The major production regions for MDF are Guandong, Fujian, Helongjian and Liaonin province.

Particleboard

Wood particleboard reached 3.1105 million cubic metres, accounting for 71.5 %; Non-wood particleboard 1.2405 million cubic metres, 28.5%. The region with highest particleboard output is Shandong province, which at 1.16 million cubic metres, accounted for 26.6 % of total output.

Other News From China

JingGuang General Company of Indonesia based in Beijing, one of the largest pulp and paper manufactures in Asia, indicated that it will invest US$ 3-5 billion in China establishing a pulp and paper manufacturing plant during the next 3-5 years. The company has already set up a large pulp and paper manufacture with an annual total design capacity of 600,000 tons in Ningbo, Zhejian province. The new investment will be used to establish a larger pulp and paper mill with a production capacity of 1.5 million tons per year in Zhejian city, Jiangsu province.

A contract for establishing a forest products market in Southern Fujian has been signed by China and Canada.

With an area of 173 mu (1 ha =15 mu), the market will be the largest and most advanced market for forest products in Fujian province. It will also be the fourth branch of regional wood trade following Jilin, Luoyang, Shanghai.

According to the contract, Dienye company of Canada and the Forest Bureau of Zhanzhou city will invest Yuan 88 million. The development of the first phase will include a trade zone of 80 mu, 303 business stores, and 3 comprehensive business buildings. Building is expected to be completed in 2 years.

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

	Per Cu.m
Keruing Log	
Length: 6-20m	*1800-2400*
Mengaris Log	
Length 6m+	*1800-1900*
Malaysian Lauan Log	
Mixed	*2500-2600*
Malaysian Lauan with hollow heart	
Mixed	*1200-1400*
Lauan lumber	
Thickness:5-6cm	
Length: 3-4m	*2850-3450*
Lauan tongued, grooved flooring strip	
18mmx50-70mmx3m	*110-125*
Malas tongued, grooved flooring strip	
18x70mm x2.2-4.1m	*110-125*

From Europe, An Update on Italy

For the Italian furniture sector 1996 closed with an overall decline in output of some 0.8% as a result of a continued contraction of the domestic market and to the sluggishness of some important European markets especially Germany. Analysts expect this negative trend to continue into 1997. If domestic demand drops further then the industry will be even more anxious to expand exports.

Marcatre, the Italian office furniture manufacturer which ceased production in May 1996 has sold its brand to TECNO, another Italian furniture group. Marcatre's turnover was worth L 25 billion.

Scavolini's turnover has improved by 5% to L140 billion in the third quarter of 1996. The Italian kitchen furniture producer, who holds a 10% share of the Italian domestic market, has increased its exports by 15%.

Ikea will build a logistics nucleus for sales in Southern Europe in Piacenza, where it plans to invest L 120 billion for a 100,000 sq.m warehouse. The Piaacenza base will support four new openings in Italian cities by the year 2000.

Prices in Italy

No price changes have been reported from the Italian manufacturers in the past 2 months.

Wooden Windows

Upper Price,	
Douglas Fir, 150x120cm	*Lira 793,000.*
Medium Price	
Douglas Fir, 150x120cm	*Lira 629,000.*
Lowest Price	
Pine, 150x120cm	*Lira 453,000.*
Medium Price	
Mahogany, 150x120cm	*Lira 540,000.*
Lowest Price	
Mahogany, 150x120cm	*Lira 367,000*

Solid Wooden Doors

Upper Price,	
Mahogany	*Lira 1,000,000*
Oak/Elm	*Lira 860,200*
Medium Price,	
Tanganika	*Lira 554,000*
Redwood	*Lira 700,000*
Lowest Price,	
Tanganika	*Lira 317,000*
Mahogany	*Lira 250,000*

Furniture and Components

Kitchen Chairs	
Medium Price, Beech	*Lira 188,000*
Lowest Price, Pine	*Lira 43,000*

Dining Chair	
Upper Price, Walnut	*Lira 675,000*
Medium Price, Walnut	*Lira 435,000*
Lowest Price, Beech	*Lira 210,000*

Kitchen Table	
Upper Price, Walnut edge glued	
80x160cm	*Lira 3,242,000*
Medium Price, Walnut edge glued	
80x160cm	*Lira 2,969,000*
Lowest Price, Oak/Walnut	
80x120cm	*Lira 362,000*
Lowest Price, Pine	
80x140cm	*Lira 299,000*

Dining Table	
Upper Price, Walnut edge glued	
90x180cm	*Lira 4,082,000*
Medium Price, Walnut edge glued	
90x160cm	*Lira 2,890,000*
Lowest Price, Beech Cherry Walnut	
90x180cm	*Lira 1,150,000*

Wardrobe Doors	
Upper Price, Walnut edge glued	
250x45cm	*Lira 1,018,000*
Medium price, Walnut edge glued	
250x45 cm	*Lira 699,000*
Lowest Price, Pine	
201x40cm	*Lira 362,000*

Drawer Fronts (Office Furniture)	
Upper Price, Birch multilayer	
100x10cm	*Lira 2,150*
Medium Price, Birch multilayer	
100x10cm	*Lira 1,800*
Lowest Price, Birch multilayer	
100x10cm	*Lira 1,500*

Wooden Shelving	
Upper Price, Walnut edge glued	
100x24cm	*Lira 365,000*
Medium Price, Walnut edge glued	
100x24cm	*Lira 230,000*
Lowest Price, Walnut 100x24cm	
	Lira 100,000

Moulding
Veneered Ramin Lira 6,300-8,870 per Lin Metre

Other News from Europe

Vi-Spring the UK bed manufacturer and Smallbone, the upmarket bedroom, bathroom and kitchen furniture retailer, are for sale. Both companies are among the subsidiaries Williams Holdings is to dispose of. In 1995 Vi-Spring's sales rose by 13% to Sterling 10.9 million, with pre-tax profits up 27% to Sterling 1.08 million, while Smallbone saw sales dip to Sterling 8.99 million, with pre-tax profits falling from Sterling 204,000 to Sterling 37,000.

Divani and Divani, the Italian upholstered furniture retailer, is creating a franchise retail chain in Spain. The company, which is part of the Natuzzi group, has recently opened an outlet in Madrid and is planning 15 new openings in Spain.

The Danish Labofa and the Swedish EFG-European Furniture Group, both office furniture producers and competitors in the market, have begun to cooperate. With the aim to invest in further R&D instead of buying new machinery, Labofa will move to EFG its production of shelves and cupboards.

Asko, a leading furniture producer and retailer in Finland, is to sell its last sawmill (in Forssa) to Vappo Timber. The Forssa mill, with a staff of 50, posted net sales of about Fmk 42 million for fiscal 1996. Vapo Timber plans to further develop production and processing in Forssa.

US Industry Report

US Hardwood Exports

During the past decade, hardwood exports have grown rapidly. In 1985, exports totaled 890,000 Cu.m. Ten years later this had jumped to 2,466,000 Cu.m, an increase of 177%. During the same period, average prices rose by 55%. The combined effect resulted in hardwood lumber export values advancing by a staggering 386%, that is from US$247.6 million in 1985 to US$1,201 million in 1995.

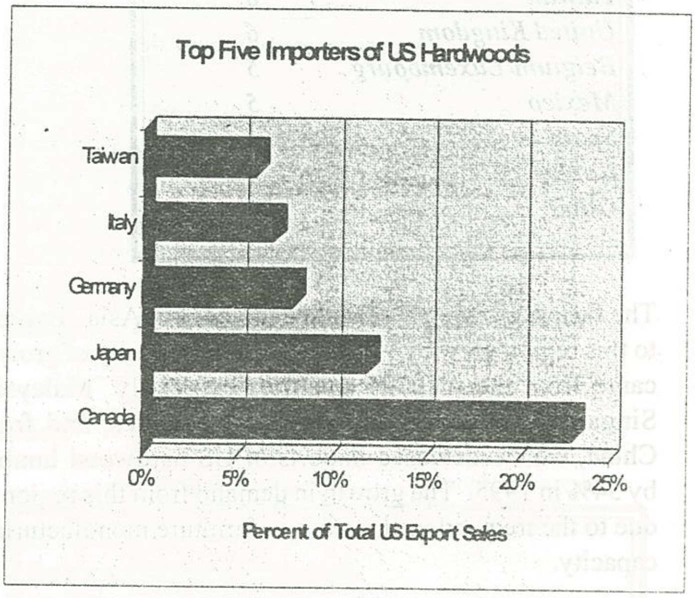
Exports now account for approximately 10% of hardwood lumber production in the United States, making it the third largest market segment for hardwood lumber behind pallets and furniture.

The phenomenal rise in US hardwood exports has come about firstly as a result of the declining value of the US dollar, and secondly the relocation of American furniture manufacturing to low-cost countries.

In no market has the declining value of the US dollar been more apparent than in Japan. Even though average hardwood prices have risen nearly 55% between 1985 and 1995 if expressed in US-dollars, prices for Japanese buyers (expressed in Yens) declined by 39% during the same time period.

Exports by Destination

Canada is the number one export market for US hardwood lumber, taking 793,000 Cu.m or 23% of exports. Canada is followed by Japan with a share of 12%, Germany with of 8%, and Italy with 7%. The 4 top countries absorb over half of all American hardwood exports. The relative importance of export markets has undergone significant changes in the past decade.



Canada has been an important market for US hardwood lumber producers for more than a decade. Exports to Canada have grown since 1991 following a major shake-out and revitalisation of the Canadian furniture industry. However Canada's market share is declining; at one time the country accounted for over half of all US hardwood lumber exports, this has now dropped to 23% at the present time.

Europe and Asia as occupy similar positions to Canada. In 1995, hardwood exports totaled 739,000 Cu.m to Europe and 716,000 Cu.m to Asia. The principal European user countries are, in declining order, Germany, Italy, United Kingdom, Belgium and Spain. The top five Asian markets for US hardwood lumber are Japan, followed by Taiwan, South Korea, Hong Kong and Thailand.

It is interesting to note that Japan is the most important foreign buyer of American softwood, claiming an export share of 51%.

Hardwood lumber exports to Mexico amounted to approximately 153,000 Cu.m in 1995, or 5% of overall American hardwood lumber exports. This volume may be underestimated due to the difficulty in accounting for numerous small loads of lumber crossing the US/Mexican border.

Top 10 US Hardwood Importers

Canada	*23%*
Japan	*12*
Germany	*8*
Italy	*7*
Taiwan	*6*
United Kingdom	*6*
Belgium/Luxembourg	*5*
Mexico	*5*
Spain	*4*
Korea	*4*
Other	*20*

The fastest growing hardwood demand is in Asia. Exports to this region grew by 9% in 1995. The majority of growth came from the ASEAN countries especially Malaysia, Singapore, Thailand, Indonesia, Philippines, and from China, which increased imports of US hardwood lumber by 54% in 1995. The growth in demand from this region is due to the tremendous increase in furniture manufacturing capacity.

American hardwood lumber exports to Mexico are also growing at a fast pace. During the past three years the export volumes increased by over 24%. Increasing hardwood lumber demand from Mexico is driven by the furniture industry relocation of the California furniture industry to Mexico.

Export Species

The single largest export timber is Red Oak, followed by White Oak and Maple; However, there are subtle demand differences in the various markets.

Species preferred by Canadian buyers are very similar to those of US buyers. Red Oak is the number one export to Canada, followed by Maple, White Oak, Ash, Cherry and Birch.

The major hardwood species exported to Asia is Red Oak, followed by White Oak, Maple, Ash, Red Alder and Yellow Poplar. Species in most Asian countries are largely dictated by western preferences because of the importance of Asian furniture exports to North America. An exception is Japan, whose furniture industry produces primarily for the domestic market. Japanese buyers prefer light colored and fine textured hardwoods such as White Oak, Ash, Yellow Poplar and Maple.

Europe continues to be a high value market for US hardwood lumber. Average prices for exports to Europe are almost twice as much as those to Canada due to species and grade differences of the products going to these two markets. While Europe accounts for 30% of the US hardwood lumber export volume, its share in value terms is much higher at 39%.

The variety of hardwood species exported to Europe is relatively narrow. White Oak is the most preferred species, followed by Yellow Poplar, Red Alder, Red Oak and Ash. These 5 hardwood species account for over 80% of US lumber exports to Europe.

Red Oak is the major species exported to Mexico accounting for half of the entire export volume to this country. The other half is made up of Yellow Poplar, White Oak, Red Alder, Red Maple and a wide variety of other species.

The Outlook

A look at the data for the first half of 1996 shows overall US exports down from last year by an estimated 3%. The decline was particularly steep in Asia, where exports were down 11%. This decline was entirely the result of shrinking exports to Japan. On the other hand, exports to China, Hong Kong, South Korea, Malaysia, and Thailand were ahead of last year's shipments.

European exports were up from last year by 6% due to growth in the Italian market. Exports to Italy for the first half of 1996 were approximately 24% higher than during the same period in 1995. Markets for US hardwood lumber in Spain, the United Kingdom, and the Netherlands also performed better.

For 1997, it is expected that the European market will gain momentum if the general economies continue to show improvements and the value of the US dollar does not increase by much more. These are also good growth prospects in Asia as the furniture industries in China, Malaysia, Thailand, and Indonesia continue to develop.

Abbreviations

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