



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\$180-195 ↓
small	US\$150-165 ↓
super small	US\$120-135 ↓
Keruing SQ up	US\$190-210 ↓
small	US\$160-180 ↓
super small	US\$130-150 ↓
Kapur SQ up	US\$180-195 ↓
Selangau 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	no report
Group 1B		
Palaquium	US\$ 150	mod. fall
Planchonella	"	signif. fall
Calophyllum	"	signif. fall
Pometia	"	signif. fall
Gonostylus	"	no report
Schizomeria	"	mod. fall

Group 2

Canarium	US\$ 130	signif. fall
Burckella	"	signif. fall
Terminalia	"	signif. fall

Group 3

Dillenia	US\$ 110	mod. fall
Celtis	US\$ 108	signif. fall
Alstonia	"	signif. fall
Dysoxylum	"	no report
Eugenia	"	mod. fall
Endospermum	"	signif. fall
Vitex	"	no report
Amoora	"	signif. fall

Group 4

Campnospermum	US\$ 110	signif. fall
Parinari	US\$100	signif. fall
Marathes	"	signif. fall
Mixed white	"	signif. fall
Mixed red	"	signif. fall

Significant price falls are expected in all groups with elements of moderate falls in groups 1B and 3.

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
Irok0	70cm+LM-C	FFR 1650

Myanmar

The Ministry of Forestry, Myanma Timber Enterprise has kindly offered to provide average export prices realised in Tender Sales held by the Enterprise.

International Tropical Timber Organization (ITTO)

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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	-

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.

Papua New Guinea

Log exporters in PNG are facing the worst market conditions since the early 1990's. The Thai baht, the Philippine peso, the Indonesian rupiah and the Malaysian ringgit continue to fall against the US\$, while the Singapore, Hong Kong and South Korean currencies have weakened. The Japanese yen has lost 46% of its value against the US\$ since early 1995.

The provisional estimate of US\$126 Cu.m average export price for the six months to June has now been revised down to US\$124 per Cu.m. This represents a decline of 8% from the US\$135 recorded in the same period in 1996. In the month of June prices fell again to average US\$118 and since the end of June prices have fallen further to a reported average of US\$115 currently. At this price level, and after the export tax and other levies and charges have been paid, producers are reporting that they can not cover their operating costs. Latest price indications 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

The collapse in the market, which began with difficulty in selling Group 3 and 4 mixed species shipments in June, has now spread to include all species and Groups. Producers report difficulty in finding buyers for single specie 1, Group 1 shipments. Demand for lower value and grade logs is none existent. The PNG FIA members report that there is now in excess of 460,000 per Cu.m of unsold logs in stock piles around the country. This represents over K40 million in production costs and up to K25 million in lost export tax payments.

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

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

Logs at mill yard	per Cu.m
Mahogany 1st Grade	US\$320
Ipe	US\$86

<i>Jatoba</i>	US\$58
<i>Guaruba</i>	US\$47
<i>Mescla(white virola)</i>	US\$52

Report from Peru

<i>Domestic Log</i>	<i>Prices Pucallpa per Cu.m</i>
<i>Tahuari (Ipe)</i>	US\$61
<i>Estoraque (Cabreuva)</i>	US\$54
<i>Largarto (Jacareuba)</i>	US\$46
<i>Quinilla (Macaranduba)</i>	US\$46
<i>Yacushapana (Tanimbuca)</i>	US\$41
<i>Cumala (Virola)</i>	US\$37
<i>Catahua (Assacu)</i>	US\$21

Ghana

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

Report from Indonesia

Following the rupiah depreciation against the US\$, the currency conversion rate for determining the reforestation fees payment has been fixed at 1US\$=Rp3,000 against a pre-depreciated rate of about 1US\$=Rp2400. With this new rate there is actually an increase in the reforestation fees by around 20 % in local currency terms, although the value in US\$ remains the same at US\$16 per Cu.m.

<i>Domestic log prices</i>	<i>per Cu.m</i>
<i>Plywood logs</i>	
<i>Face Logs</i>	US\$130-150 ↓
<i>Core logs</i>	US\$ 110-130
<i>Sawlogs</i>	US\$120-150 ↓

<i>Falkata logs</i>	US\$60-70 ↓
<i>Rubberwood</i>	US\$32-36 ↓
<i>Pine</i>	US\$63-65
<i>Teak</i>	US\$1250
<i>Mahoni</i>	US\$330-350

Report from Malaysia

<i>Logs</i>	<i>per Cu.m</i>
<i>Domestic (SQ ex-log yard)</i>	
<i>DR Meranti</i>	US\$200-215 ↓
<i>Balau</i>	US\$180-195
<i>Merbau</i>	US\$200-210
<i>Peeler Core logs</i>	US\$110-130 ↓
<i>Rubberwood</i>	US\$28-31 ↓
<i>Kempas</i>	US\$120-135 ↓
<i>Keruing</i>	US\$180-200 ↓

International Sawnwood Prices

Brazil

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

Peru

<i>Export Sawnwood FOBCallao/Lima</i>	<i>perCu.m</i>
<i>Caoba (Mahogany)</i>	US\$891
<i>Cumala (Virola)</i>	US\$225

Ghana

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

<i>Wawa</i>	US\$220
<i>Odum</i>	US\$400
<i>Danta/Kotibe</i>	US\$310

Rough Sawn Prices FOB

	<i>per Cu.m</i>
<i>Mixed Redwoods</i>	US\$330
<i>low grade Odum (Iroko)</i>	US\$400
<i>Wawa</i>	US\$220
<i>Wawa fixed dimensions</i>	US\$260
<i>Wawa Boules</i>	US\$219
<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>	US\$480
<i>FAS 150mm plus 2.4m plus</i>	US\$520
<i>Odum FAS 100mm</i>	US\$700
<i>Wawa FAS 1.8m plus</i>	US\$400
<i>Anegre</i>	
<i>FAS 150mm plus 2.4m plus</i>	US\$640

<i>Guarea</i>	<i>FAS</i>	US\$460
<i>Ofram</i>	<i>FAS</i>	US\$270
<i>Emire</i>	<i>FAS</i>	US\$460
<i>Ekki</i>	<i>FAS</i>	US\$335
<i>Kussia</i>	<i>FAS</i>	US\$330
<i>Dahoma</i>	<i>FAS</i>	US\$250
<i>Cedrella</i>	<i>FAS</i>	US\$410

Malaysia**Sawn Timber**

<i>Export(FOB)</i>	<i>per Cu.m</i>
<i>Dark Red Meranti (2.5ins x 6ins & up)</i>	
<i>GMS select & better (KD)</i>	US\$610-640 ↓
<i>Seraya</i>	
<i>Scantlings (75x125 KD)</i>	US\$690-715 ↓
<i>Sepetir Boards</i>	US\$290-310 ↓
<i>Perupok (25mm&37mm KD)</i>	US\$900-920 ↓
<i>K.Semangkok</i>	
<i>(25mm&37mmKD)</i>	US\$725-740

The trade in the UK is reporting that, currently, the Dark Red Meranti market is in chaos. There is considerable concern in the trade that the Far eastern market may collapse completely in the UK. These are very worrying times for the trade because the market is still very slack. Despite the fact that builders merchants are doing quite well this is not resulting in any spin off for tropical timbers.

Taiwan Province of China

<i>Rubberwood</i>	<i>per Cu.m</i>
<i>25mm boards</i>	US\$360-370 ↓
<i>50-75mm squares</i>	US\$410-430 ↓
<i>75-100mm squares</i>	US\$490-500

<i>Sepetir</i>	
<i>GMS (AD)</i>	US\$370-380
<i>Ramin less than 2 ft.</i>	US\$580-600 ↑
<i>greater than 2 ft.</i>	US\$635-650
<i>Oak 25mm boards</i>	US\$780-800 ↑
<i>Maple</i>	US\$1100-1200
<i>Cherry</i>	US\$1200-1280

Domestic Sawnwood Prices**Report from Brazil**

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

Peru

<i>Domestic sawnwood (Green)</i>	<i>per Cu.m</i>
<i>Caoba (Mahogany)</i>	US\$576
<i>Cedro (Cedro)</i>	US\$352
<i>Estoraque (Cabreuva)</i>	US\$136
<i>Copaiba</i>	US\$112
<i>Catahua</i>	US\$80

Ghana

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

Report from Indonesia

Sawn timber

Domestic construction material

Kampar	per Cu.m
AD 6x12-15x400cm	US\$310-330 ↓
KD	US\$425-435 ↓
AD 3x20x400cm	US\$365-400 ↓
KD	US\$480-500 ↓
Keruing	
AD 6x12-15cmx400	US\$280-300
AD 2x20cmx400	US\$310-330 ↓
AD 3x30cmx400	US\$320-350 ↓

Malaysian Domestic Sawnwood Prices

Sawnwood	per Cu.m
Balau(25&50mm,100mm+)	US\$320-360 ↓
Kempas 50mm by (75,100&125mm)	US\$195-210 ↓
Red Meranti (22,25&30mmby180+mm)	US\$300-310 ↓
Rubberwood	
25mm & 50mm Boards	US\$190-220 ↓
50mm squares	US\$260-270 ↓
75mm+	US\$300-310 ↓

Myanmar

Sawn Hardwoods, length 6ft and up.

	per ton
2nd Grade Sawn Teak	Kyat100,00
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

International Plywood and Veneers Prices

Indonesia

Plywood (export, FOB)	per Cu.m
MR,	
Grade BB/CC	
2.7mm	US\$420-460 ↓
3mm	US\$380-410 ↓
6mm and above	US\$315-345 ↓
WBP,	
Grade BB/CC	
12-18mm	US\$420-430 ↓

Ghana

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

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

*Thickness 0.55mm, Width 950 - 1250mm,
Length 1550, 1850, 2150, 2450 mm.*

<i>Species</i>	<i>Grade</i>	<i>DM per Sq m.</i>
<i>Angre</i>	<i>Interior</i>	<i>3.05</i>
<i>Angre</i>	<i>Backing</i>	<i>2.28</i>
<i>Sapele</i>	<i>Backing</i>	<i>2.25</i>
<i>Makore</i>	<i>Backing</i>	<i>2.25</i>
<i>Khaya, Edinam, Kosipo</i>	<i>Backing</i>	<i>2.06</i>

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

Brazilian Plywood and Veneer

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

Plywood FOB	per Cu.m
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

	per Cu.m
2.7mm	US\$430-450 ↓
3mm	US\$390-410 ↓
3.6mm	US\$370-390 ↓
9-18mm	US\$320-330 ↓
WBP Grade BB/CC	
9-18mm	US\$390 ↓
Phenolic Overlayed	
12-18mm	US\$460 ↓

Domestic plywood prices

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

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

Rotary Cut Veneer	per Cu.m
(ex-mill Northern Mill)	
White Virola Face	US\$160
White Virola Core	US\$120

Plywood	per Cu.m
(ex-mill Southern Mill)	
Grade MR	
4mm White Virola	US\$579
15mm White Virola	US\$416
4mm Mahogany 1 face	US\$1,308

Indonesia

Domestic MR plywood

(Jarkarta)	per Cu.m
9mm	US\$415-440 ↓
12mm	US\$390-410 ↓
15mm	US\$370-400 ↓
18mm	US\$350-390 ↓

Ghana

Decorative Sliced Veneer Surfaced Plywood

Avodire/Walnut/Figured Anegre/Hyedua/ Mansonia/Sapele faces

	Cedi per Sheet
4mm	20,000
6mm	23,000
9mm	25,000
12mm	30,000
15mm	33,000
18mm	36,000

Mahogany/Edinam Faces

	Cedi per Sheet
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	per pc
Rubberwood Chair seats	US\$2.60-2.80 ↓
Rubberwood unfinished Queen Anne Chairs (including soft seat)	US\$20.00-24.00ea
Queen Anne Legs	
2 1/4 ins square x 18 ins	US\$1.00ea ↓
2 3/4 ins square x 28 ins	US\$2.00-2.10ea ↓

Other Panel Product Prices

Brazil

Export Prices

Blockboard 18mm	per Cu.m
White Virola Faced B/C	US\$285

Domestic Prices

Ex-mill Southern Region	per Cu.m
Blockboard	
15mm White Virola Faced	US\$490
15mm Mahogany Faced	US\$908
Particleboard	
15mm	US\$255

Indonesia

Other Panels

Export Particleboard FOB	per Cu.m
9-18mm	US\$145-155
Domestic Particleboard	
9mm	US\$225
12-15mm	US\$200-210
18mm	US\$200

MDF Export (FOB)

12-18mm	US\$200-210
MDF Domestic 15-18mm	US\$270-285 ↓

Taiwan Province of China, Imports

MDF

Domestic Prices	per Cu.m
3mm thick	US\$380-390
16-18mm x 4' x 8'	US\$255-270 ↓

Particleboard

12-18mm (4x8)	per Cu.m
	US\$190-195 ↑

Malaysia

Particleboard (FOB)

6mm & above	per Cu.m
Domestic	US\$150-155
6mm & above	US\$160-180

<i>MDF (FOB)</i>	<i>per Cu.m</i>
<i>Less than 5mm</i>	<i>US\$240-260</i>
<i>Greater than 6mm</i>	<i>US\$210-220</i>
<i>Domestic</i>	<i>US\$250-280 ↑</i>

Prices of Added Value Products

Indonesia

PT Sarana Agroraksa Mandiri will team up with PT Inhutani V to jointly set up a wood panel processing factory with a total investment of RP265 billion (US\$80 million). The joint venture will be 80% owned by PT Sarana while the remaining 20 % will be held by Inhutani.

The proposed factory will be located in the province of Jambi, Sumatra and will have an annual production capacity of 40,000 Cu.m of LVL and 115,000 Cu.m of MDF. Plant construction will begin early next year, with the LVL production facility being built first.

<i>Mouldings</i>	<i>per Cu.m</i>
<i>Ramin casings</i>	<i>per Cu.m</i>
<i>(for the Italian market)</i>	<i>US\$880-915 ↓</i>
<i>Laminated Scantlings</i>	<i>US\$620-630 ↓</i>
<i>Laminated Boards</i>	
<i>Falkata wood</i>	<i>US\$395-425</i>
<i>Red Meranti Mouldings</i>	
<i>11x68/92mm x 7ft up</i>	
<i>Grade A</i>	<i>US\$800-820</i>
<i>Grade B</i>	<i>US\$600-620</i>

Import Tariff Reductions

As part of the effort to enhance export potential, the Indonesian government announced a rate reduction for 153 tariff items effective 17th September. Reductions were announced on several agricultural items including lumber, veneer, mouldings and flooring. The US currently supplies about 30 percent of the imports of forestry products which are used domestically or for manufacture for export.

According to Indonesian import statistics, imports of items for which tariff reductions have been made totalled US\$ 33 million in 1996 and the US supplied around one third of this. US export of lumber mouldings and floorings are likely to increase.

<i>HS CODE</i>		<i>Old</i>	<i>New</i>
4407	<i>Lumber</i>	10%	0%
4408	<i>Veneer</i>	10%	5%
4409	<i>Moulding & Flooring</i>	10%	0%
4417	<i>Wooden Tool Handles</i>	15%	10%
4421.90.300			
	<i>Other Wooden Articles</i>	20%	10%

Malaysia

<i>Mouldings (FOB)</i>	<i>per Cu.m</i>
<i>Selagan Batu Decking</i>	<i>US\$590-610 ↓</i>
<i>Laminated Scantlings</i>	
<i>72mmx86mm</i>	<i>US\$615-630 ↓</i>
<i>Red Meranti Mouldings</i>	
<i>11x68/92mm x 7ft up</i>	
<i>Grade A</i>	<i>US\$825-845</i>
<i>Grade B</i>	<i>US\$660</i>

Rubberwood Parts and Furniture

Malaysia

<i>Finger jointed</i>	<i>per Cu.m</i>
<i>laminated boards</i>	<i>Standard US\$720-750 ↓</i>
	<i>top grade US\$780-800 ↓</i>
<i>Dining table</i>	
<i>Solid rubberwood laminated top 3' x 5'</i>	
<i>with extension leaf</i>	<i>US\$48-53ea</i>
<i>Same with</i>	
<i>Oak veneered MDF</i>	<i>US\$60-65ea</i>
<i>Windsor Chair</i>	<i>US\$11.00-12.00ea</i>
<i>Colonial Chair</i>	<i>US\$12.50-14.50ea</i>
<i>Napolean Chair</i>	<i>US\$20-24ea</i>
<i>Queen Anne Chair (with soft seat)</i>	
<i>without arm</i>	<i>US\$20-24ea</i>
<i>with arm</i>	<i>US\$24-28ea</i>

Brazil

<i>Edge Glued Pine Panel</i>	<i>per Cu.m</i>
<i>for Korea 1st Grade</i>	<i>US\$770</i>
<i>US Market</i>	<i>US\$530</i>

Taiwan Province of China

Furniture

Dining suite (FOB)

Oak Veneered MDF tables and chairs (6 per set) 4ft dia.

US\$175-195 per set ↓

Dining table Cherry veneer

Occasional table Cherry veneer

top 2ftx4ft US\$30-32ea ↓

Consumer's Report

Report From Japan

As housing starts appear to be moving down below 1.4 million level, demand for wood products is declining. Imports of logs and lumber are expected to drop in the coming months. Stocks of some imported species are expected to remain in heavy into next year.

Southeast Asian Log

Demand for plywood and sawmill logs is slow. Some Malaysian exporters are aggressive and are reducing prices as the ringgit weakens against the US dollar, however import costs in Japan have not dropped much despite the recent weakening yen. Plywood manufacturers are indicating that they will not buy at least until sometime in November. They need logs at lower cost as plywood markets are dull.

Southeast Asian Lumber

The drop in demand for wide lumber has been significant, however demand for S4S is steady. Under current circumstances, both arrivals and consumption are likely remaining unchanged from last year. Consumers are buying the better grades at lower prices first, lower quality products are left in the hands of importers and wholesalers and this could result in losses.

African Logs

The problem of high demurrage at ports in Gabon seems to have eased. Companies are reporting that the buying of African logs for the balance of the year has finished. The price of Okoume at US\$240, C and F is relatively higher compared to logs from Sarawak.

Plywood

The combined supply of domestic and imported plywood currently stands at 9.89 mil. cubic metres, only 0.7 percent less than last year and analysts are saying there is an over supply. Production by domestic mills stands at 4.501 mil cubic meters, down 3.1 percent from the last year while the imports are 5.389 mil. cubic meters, up 1.4 percent. The reduction in domestic production is unexpectedly slight. In addition to imports from Indonesia, imports from Malaysia increased. Stocks are estimated at 1.5 mil. cubic metres some 2.05 times the average monthly consumption. There are no signs of a recovery of the plywood markets as yet.

Projection of Housing Starts

Projection of housing starts for fiscal year of 1997 ending 31 March 1998 has been corrected downward by 50,000 units to 1.39 million units. This is 240,000 units less than last year.

Asian Log, Lumber and Panel Prices

Logs For Plywood Manufacturing CIF Price Yen per Koku

<i>Meranti (Hill, Sarawak)</i>	
<i>Medium Mixed</i>	7,700
<i>Meranti (Hill, Sarawak)</i>	
<i>STD Mixed</i>	7,600
<i>Meranti (Hill, Sarawak)</i>	
<i>Small Lot</i>	
<i>(SM60%, SSM40%)</i>	6,900
<i>Taun, Calophyllum (PNG)</i>	
<i>and others</i>	6,500 ↓
<i>Mix Light Hardwood</i>	
<i>(PNG G3-G5 grade)</i>	5,300
<i>Okume (Gabonese)</i>	7,800 ↓
<i>Keruing (Sarawak)</i>	
<i>Medium MQ & up</i>	8,100
<i>Kapur (Sarawak) Medium</i>	
<i>MQ & up</i>	7,900 ↓

Logs For Sawmilling FOB Price Yen per Koku

<i>Melapi (Sarawak)</i>	
<i>Select</i>	11,500
<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>	<i>120,000</i>
<i>Mixed Seraya 24x48mm,</i>	
<i>1.8 - 4m, S2S</i>	<i>50,000</i>
<i>Red Oak 5/4x6 ins and wider</i>	
<i>FAS (US East Coast)</i>	<i>125,000</i>

Other News From Japan

The Bank of Japan's quarterly survey of business sentiment indicates confidence in the economy is weaker than expected and hints conditions may get worse.

The survey shows manufacturers, both large and small, predict conditions to worsen later in the year. The dismal figures further reduced expectations for a change in the BOJ's easy monetary policy. The official discount rate has been kept at an all-time low of 0.5 percent since September 1995.

The indexes for the retail and construction sectors were especially depressing; retail was down 19 points and construction down 10 points. Among smaller firms, the diffusion index dropped 6 points for manufacturers to negative 13, and 7 points for non-manufacturers to negative 18. The consumption tax increases, as well as decreases in public works spending and housing investment, have affected major industries broadly.

The survey shows that firms in all four industrial categories saw their sales and current profits for fiscal 1997 revised downward. Large manufacturers revised their current profit forecast down by 1.6 percent on average from the June tankan, to a 6.7 percent year-on-year growth.

With few remaining options to stimulate private sector demand, it has become more urgently necessary to implement a series of tax reforms, including a reduction in corporate tax and a review of the progressive income taxation.

Report From China

Reduced Import Tariffs

The State Council of China announced that import and export tariffs will be reduced. In the next issue the changes announced in import duties will be published.

Since 1993, China has lowered custom tariffs several times, as a result, the custom tariffs have dropped by 60% over five years.

Bamboo in the 21st Century

Bamboo is an important part of the world forest resource, which includes more than 1200 species belonging to 72 genera, 80% of the bamboo species are found in Asia. The total world bamboo resource has been estimated at 14 million ha in 1996, and the total value of trade in bamboo has been estimated at about US\$5 billion.

China is rich in bamboo resources and has one third of the total bamboo species in the world. The area, stock volume and annual yield ranks first in the world. It is reported that bamboo plantations of over 5 million mu (1 ha=15 mu) have been established and more than 15 million mu of low-yield bamboo plantation was improved during the period from 1991-1995. At present, the total bamboo plantation in China is estimated at 66 million mu, increasing by 25% since 1990. Annually, China produces 400 million bamboo pieces, 11.8 million tons of mixed bamboo and 1.6 million tons of bamboo shoot. The total value of bamboo products amounts to about 12 billion yuan, of which the value of processed bamboo products is more than 6.3 billion yuan. Export earnings are up to US\$ 400 million per year.

Investment in Guangdong Province

A recent investment in forest plantations and pulp and paper manufacture by the Shun He Group of Thailand, in Shanwei, Guangdong province, is the largest foreign investment in forestry in China. Although some success has been recorded in attracting overseas capital to forestry in China, this sector is well behind other industrial sectors with respect to overseas investment accounting for less than 1% of the total foreign investments in China.

China's forestry covers forest establishment and management, logging and log transportation, forest product processing, non-wood forest products and forest tourism. Forest product processing is the largest industrial sector in China's forestry. Now, China is the biggest investment market in the world, and its forestry sector is an investment area yet to be developed widely. The main forestry sectors being promoted for foreign investment during the Ninth Five Plan period are as follows:

- Introduction of high yield tree species; nursery establishment and renovation of low yield forest
- Development of wood based chemical products and

utilisation of small logs

- Development of wood based panels
- Pulp and paper manufacture
- Added value processing
- Commercialising specialty nonwood forest products
- Forestry machine and forestry pesticide manufacture
- Forest flowers and tourism

The economic activities restricted for foreign investors include logging, sawmilling, paulownia logging and processing, primary resin production as well as development and utilisation of state protected rare plants.

Prices in Hong Kong, September 1997

	HK\$ per Cu.ft
Sarawak log 54"-71"	26.00
Plywood from Malaysia 12mm	3.70-4.40
Plywood from Malaysia 18mm	4.80-5.00
Plywood from Philippine 12mm	3.80-4.00

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

	Yuan per Cu.m
Keruing Log	
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	2400
Lauan lumber	
Thickness: 5-6cm	
Length: 3-4m	2850-3450
Luan/Malas tongued, grooved flooring strip	
18x70mm x 2.2-4.1m	110-125
Balian Flooring Top Grade Myanmar	
18x50-70x2400mm	300-350
Plywood from Indonesia	
3mm 1220x2240	4407
US Lumber	
Oak, Maple, Cherry	7000-14000
T&G Cherry Flooring	
18x50-70mm x 2-4m	120-140

From Europe, an Update on the UK

In 1996 furniture production in the United Kingdom amounted to ECU 6.7 billion, continuing the positive trend of recent years (+4.6% compared to 1995). Furniture consumption was worth ECU 7.1 billion (+5% compared to 1995). The balance of trade for the furniture sector in the United Kingdom is negative, with imports exceeding exports by ECU 411 million.

The UK production of components for the furniture sector in 1996 was worth ECU 155 million, accounting for 6.2% of the total European production. The UK is a net importer of semi-finished products for the furniture industry and imports were worth ECU 130 million, while exports just reached ECU 15 million.

Prices in UK

Wooden Windows

Upper Price Hardwood 120x135cm	Sterling, 301.15 ↓
Medium Price Hardwood 120x135cm	Sterling 244.75 ↑
Lower Price Softwood 120x135cm	Sterling 115.20 ↑

Solid Wooden Doors	
Upper Price Meranti (new range)	
76.2x198.1x3.5cm	Sterling 351.00
Medium Price Sapele	
76.2x198.1x3.5cm	Sterling 142.20 ↓
Lower Price Veneered	
76.2x198.1x3.5cm	Sterling 49.00 ↑

Kitchen Chair	
Upper Price Solid Oak	
	Sterling 333.00
Dining Chair	
Upper Price African Mahogany	
	Sterling 333.00
Medium Price African Mahogany	
	Sterling 214.00

Dining Table

Upper Price African Mahogany

80x160cm Sterling 1134.00

Medium Price African Mahogany

80x160cm Sterling 906.00

Lower Price African Mahogany

80x160cm Sterling 693.00

Wardrobe Door

Lower Price 50x180cm

Sterling 63.15 ↑

Kitchen Cabinet Door 71.5x49.5cm

Medium Price Oak Sterling 19.90

Drawer Front

Upper Price

Melamine Faced Particleboard

100x10cm Sterling 0.74/pc

Medium Price

Melamine Faced Particleboard

100x10cm Sterling 0.59/pc

Lower Price

Melamine Faced Particleboard

100x10cm Sterling 0.53/pc

Other News from Europe

In 1996 European furniture production amounted to ECU 63 billion, down 1.6% at current prices compared to the previous year. Scandinavia realized 9.3% of the total; Germany, Austria, Switzerland, Belgium and the Netherlands 35.8%; France, the United Kingdom and Ireland 22.2%, and Italy, Spain, Portugal and Greece 32.6%. Western Europe produces about 35% of the world's furniture; by way of comparison the US produces 20%, while Japan, ranking third, controls a share of over 10% of the world production of furniture.

The past decade has witnessed stationary demographic trends and slow growth in the European economy, this brought about an end to the boom in residential investments and, as a result, a decline in the purchase of furniture. Added to these structural factors, the policies for the reorganization of national finances adopted by almost all European countries, in advance of EMU, have also affected family consumption.

European companies, as a result, are looking for new outlet markets for their production. The international trade figures for the furniture sector in 1996 showed that the trend that had emerged in the preceding two years continued and was, in some cases, more marked. There was an obvious drop in the trade flows within the European Union, and a sharp increase in the flows from Eastern Europe to Germany. There is a progressive increase also in the flows towards Eastern Europe and Russia (especially from Italy and Germany) and producers from the Far East are making their entry into European markets. Scandinavia and the Mediterranean countries are net exporters of furniture while the rest of the European Union countries are basically net importers.

In 1996 the top 50 furniture producing companies in Europe provided about 18% of global production. Of these, 20 were German, 8 Scandinavian, 7 French and 6 Italian. Again, in terms of the concentration of supply, the situation is not uniform throughout Europe. The greatest difference being between the countries of Southern Europe with an extremely fragmented supply, and the other large countries with a higher degree of concentration. The highest concentration is in Germany, where over 25% of supply is in the hands of the top ten companies.

US Sawm Hardwood Exports to Europe

For the first half of 1997 there has been a marked increase in exports of American hardwoods to European countries - with the exception of Austria - compared to the same period in 1996. According to the American Hardwood Export Council (AHEC) the total volume of US sawn hardwood exports to Europe increased by 27%.

In the first half of 1997 Italy proved the biggest market in Europe for sawn hardwood from the US, having absorbed 106,360 Cu.m, up by 17%.

Exports to Germany, one of the most important markets for American sawn hardwoods, achieved a 35% increase in volume, from 66,471 Cu.m in the first half of 1996 to 89,848 Cu.m this year. Spain registered a 39% increase in volume, equating to 23,548 Cu.m.

In all of Europe, cherry proved very successful during the first half of 1997. During the same period exports of white oak improved by 34,696 Cu.m. On the basis of these figures it is expected that 1997 American shipments of sawn hardwoods to the EU will exceed 800,000 Cu.m.

US Report

US Hardwood Production and Prices

Demand for North American Hardwoods is very strong. Many of the larger sawmills have been investing in new and updated equipment in order to become more efficient, nevertheless supplies are still tight, leading to ever increasing prices. The price index for Rough Hardwood Lumber advanced by 8.5% during the past twelve months and is standing close to its all-time peak. This, however, must be seen in the proper historical perspective. During the recession of the early 1990s, lumber experienced a lengthy period of declining prices and the present upswing is, to a large extent, only a recovery of earlier losses. For instance, current prices for Rough Hardwood Lumber are only 2.5% higher than those prevailing in January of 1995.

Considering the healthy state of the American economy and the continued strong demand for hardwood by end-users, it is anticipated that prices will continue their upward trend for the balance of 1997 and beyond. The all-important housing market is moving ahead at a fast pace. New home sales, so far this year are about 5% higher than during the same time in 1996. For 1997 as a whole, they may reach the highest level since 1978.

The overseas demand for American hardwoods is also good, particularly for Hard Maple and White Oak. Exports should reach record levels this year. A potential problem is the rising value of the US dollar and the currency crisis in SE Asia.

Green lumber is in fairly tight supply in the domestic market and the available stock has an above average moisture content. This foreshadows a looming shortage of dried lumber in the months to come. If logging conditions are not perfect during the coming winter, the lumber inventory will further dwindle, adding more pressure to lumber prices.

In the wake of the strong housing activity, most markets for hardwoods are performing well. Hardwood strip flooring sales are very brisk. The demand for green, Red Oak, White Oak and Hard Maple is strong and the industry anticipates shipping some 420 million board feet of flooring in 1997. This does not include parquet, laminated and plank flooring production. The manufacture of 420 million feet of strip flooring requires about 560 million feet of rough lumber. Little change in demand is expected for the immediate future. However, if prices for rough lumber increase further, and by implication the prices of the finished products rise, then industry may encounter some price resistance and possibly a declining demand.

Kitchen cabinets sales during the first six months of this year showed an increase of 9.6% over the same period of last year. The furniture industry is suffering from over-capacity but the order backlog improved and the third quarter looks promising.

Business conditions in the dimension lumber industry have improved substantially after two years of dismal performance (mainly in the Appalachian region). Strong order are coming in from domestic buyers. Prices of dimension hardwood lumber advanced by 3.3% since August 1996.

Millwork/moulding plants are doing much better now. Prices of wood mouldings advanced by 3.4% between August 1996 and August 1997. A concern is the strong competitive pressure from non-conventional products, made of other materials but hardwood.

The general outlook for hardwood is good, nevertheless there are variations between the different regions, quality grades, thicknesses, and species. Generally speaking, business conditions in the Northern and Appalachian regions are better than elsewhere. Lumber inventories are low throughout the country but the availability of thick stocks is better than for regular and thinner stocks.

The demand for low-grade lumber is very strong and prices are rising. A few years ago buyers were hard to find, but now demand is outstripping supply by a wide margin. In a situation of scarce quality lumber, lower grades are being substituted for the higher grades. This process has been facilitated by better cutting technologies, making the use of lower grades more feasible. The demand for low-grade lumber is likely to remain high this coming winter.

Reference prices for lumber in selected producer regions

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

Mahogany (at West coast port of entry)

KD US\$2785 ↑ US\$90

AD US\$ na

Meranti (at West coast port of entry)

Clear, dark red

KD US\$2310 ↑ US\$10

Clear, light red

KD US\$2145 ↑ US\$30

Cherry

Appalachians KD US\$2490 ↓ US\$10

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\$1618 ↓ US\$5

AD US\$1300 no change

Southern Region KD US\$1283 ↓ US\$20

AD US\$985 ↓ US\$10

Appalachians KD US\$1453 no change

AD US\$1100 ↑ US\$10

White Oak

Northern Region KD US\$1360 ↑ US\$20

AD US\$975 no change

Southern Region KD US\$1260 no change

AD US\$940 ↑ US\$10

Appalachians KD US\$1443 no change

AD US\$1098 no change

Walnut

Appalachians KD US\$1923 no change

AD US\$1385 no change

Imports of Genuine Mahogany are down slightly from last year as prices from South American suppliers are very firm. During September alone, there was a 3.2% price advance for Genuine Mahogany. If the wet weather resumes sooner than normal, shipment volumes may fall short of demand and prices may continue to move sharply higher. Prices for African Mahogany are somewhat lower than for South American Mahogany and the wood is gaining market share to the detriment of Genuine Mahogany.

A noticeable increase in demand for Yellow Birch is expected to continue and the supply will remain tight. The price range for Yellow Birch will remain firm to slightly higher during the next few months. Yellow birch is sometimes used as a substitute for Hard Maple.

Cherry prices dropped marginally in September. Demand of all quality grades will probably increase during the last quarter of this year and prices may again move higher. The stronger demand is partially the result of buyers' substitution of Cherry for other higher priced woods, such as White Hard Maple.

The strong demand for Hard Maple - mainly from flooring manufacturers - will likely continue for the foreseeable future and prices may start rising. Manufacturers are looking for alternatives to Hard Maple but - so far - established consumer preferences have prevented any significant change in usage.

During the first half of this year, demand for Soft Maple was overwhelming. While demand remains steady, there is more Soft Maple now available and prices have stabilized. If the demand for white woods continues strong, we expect that the supply of Soft Maple will again tighten this winter and modest price increases are likely.

Prices for Red Oak in the Northern and Southern regions were steady or even down a little during August and September. Demand is now increasing from hardwood flooring producers and other end-users. Suppliers in the Appalachian regions may benefit most from the anticipated increased demand. While more of the wood is now being sawn, inventories of Red Oak are still low and prices may soon start to rise.

White Oak demand is steady and prices are stable. However there are considerable differences in demand and price movements for various quality grades and thicknesses, and between various regions. Generally, prices in the Northern regions are firm, while they are somewhat weaker in the Southern regions.

The demand for Walnut is relatively slow and nothing indicates that a change is imminent.

World Value of the US Dollar 6th October 1997

Australia	Dollar	1.3715	Indonesia	Rupiah	3667
Austria	Schilling	12.506	Ireland	Punt	0.6935
Belgium	Franc	36.628	Italy	Lira	1740.25
Bolivia	Boliviano	5.3	Japan	Yen	122.225
Brazil	Real	1.0963	Korea, Rep. of	Won	914
Cambodia	Riel	2850	Liberia	Dollar	1
Cameroon	C.F.A.Franc	596.98	Malaysia	Ringgit	3.1335
Canada	Dollar	1.375	Myanmar	Kyat	6.3694
Central African Republic	C.F.A.Franc	596.98	Nepal	Rupee	58.78
China	Yuan	8.2849	Netherlands	Guilder	2.0017
Colombia	Peso	1243.75	New Zealand	NZ Dollar	1.5619
Congo D.R.	New Zaire	117500	Norway	Krone	7.0851
Congo, People's Rep.	C.F.A.Franc	596.98	Panama	Balboa	1
Cote d'Ivoire	C.F.A.Franc	596.98	Papua New Guinea	Kina	1.4337
Denmark	Krone	6.7665	Peru	New Sol	2.6605
Ecuador	Sucre	4150.5	Philippines	Peso	34.95
Egypt	Pound	3.4	Portugal	Escudo	181.05
Fiji	Dollar	1.4637	Russian Fed.	Ruble	5877
Finland	Markka	5.329	Spain	Peseta	150.055
France	Franc	5.9698	Sweden	Krona	7.5942
Gabon	C.F.A.Franc	596.98	Switzerland	Franc	1.4605
Germany	Mark	1.7773	Thailand	Baht	36.4
Ghana	Cedi	2226	Togo, Rep.	C.F.A.Franc	596.98
Greece	Drachma	280.72	Trinidad and Tobago	Dollar	6.145
Guyana	Dollar	142.8	United Kingdom	Pound	0.6236
Honduras, Rep.	Lempira	13.385	Venezuela	Bolivar	497.5
India	Rupee	36.17	EU	Ecu	1.1156

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

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