



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\$160-170	↓
small	US\$130-140	↓
super small	US\$100-110	↓
Keruing SQ up	US\$190-200	
small	US\$160-170	
super small	US\$100-110	↓
Kapur SQ up	US\$200-215	↑
Selangan Batu SQ up	US\$210-225	↑

Log producers are facing the prospect of selling logs at prices below production cost. The STA has appealed to Japanese buyers to understand that prices cannot drop any lower. Log production costs have increased as plant maintenance and transport costs have risen sharply.

Solomon Islands

Forestry Department Indicative FOB Prices and SIFIA's forecast price trend

	Forestry Department Indicative Price per Cu.m	SIFIA Forecast Movement
Group 1A		
Kwila	US\$150 ↓	signif. fall
Group 1B		
Palaquium	US\$ 135 ↓	signif. fall

Planchonella	"	signif. fall
Calophyllum	"	signif. fall
Pometia	"	signif. fall
Gonostylus	"	signif. fall
Schizomeria	"	signif. fall

Group 2		
Canarium	US\$ 115 ↓	signif. fall
Burckella	"	signif. fall
Terminalia	"	signif. fall

Group 3		
Dillenia	US\$ 105 ↓	mod. fall
Celtis	US\$ 105	mod. fall
Alstonia	"	unchanged
Dysoxylum	"	no report
Eugenia	US\$100	mod. fall
Endospermum	"	mod. fall
Vitex	US\$140	mod. fall
Amoora	US\$135	mod. fall

Group 4		
Camptospermum	US\$105 ↓	signif. fall
Parinari	US\$95	signif. fall
Marathes	"	signif. fall
Mixed white	"	signif. fall
Mixed red	"	signif. fall
Low Grade Logs	US\$80	signif. fall

In recent times, differing perceptions of the market by the Forestry Department and the SIFIA has resulted in marked differences in price expectations. The SIFIA reports the FD indicative prices of the past 2 weeks but does have strong reservations on these indicators given the present market conditions.

The market continues to be very depressed and sales are down. Many companies are reducing or suspending operations.

International Tropical Timber Organization (ITTO)

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Cameroon Log Prices

FOB		per Cu.m
N'Gollon	70cm+LM-C	FFR 1725 ↑
Ayous	80cm+LM-C	FFR 1100
Sapele	80cm+LM-C	FFR 1730 ↑
Iroko	70cm+LM-C	FFR 1800 ↑

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	-

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

The FIA now estimates that 30% of the industry's capacity is shut down and 1997 log exports will be 2.4-2.5 million Cu.m, a drop of approximately 12% on 1996. Lay-offs of forest industry workers are expected to reach at least 2,000 by the end of November and 3,000, approximately 25% of the total sector workforce, by the end of the year.

It is estimated that there is currently still 350,000 Cu.m of uncommitted logs in stock. While this is an improvement on the end of September stock level, (estimated at 460,000 Cu.m), much of the remaining stock may be difficult to move due to degrade.

Latest Price offers for November shipments are:

	FOB per Cu.m
Taun	US\$110-120 ↓
Calophyllum	US\$100-120 ↓
Group 2	
Amoora, Hopea	US\$80-95 ↓ wide variation depending on mix
Group 3	
Celtis, Watergum	US\$70-85
Group 4	
Mixed Reds/Whites	US\$50-60 no buyer interest

At current prices operators are reporting that they cannot recover costs of production and that the export tax on FOB values only increases the losses. Even at FOB prices of PNGK90 (\$60) per Cu.m tax is charged at 15%.

The FIA has called for an immediate cut of 20% in export tax rates, which would eliminate the tax at the low end of the market and maybe allow producers some alternative to a closure of operations. The Government has responded with a proposal to reduce rates by 7% in November and possibly a further review of rates in March depending on market conditions.

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	
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 Ist Grade	US\$310
Ipe	US\$68
Jatoba	US\$55
Guaruba	US\$45
Mescla(white virola)	US\$53

Guarea	60cm plus	US\$60
Chenchen	70cm plus	US\$45
Cedrella	50cm plus	US\$45

Report from Indonesia

Domestic log prices	per Cu.m
Plywood logs	
Face Logs	US\$130-150 ↑
Core logs	US\$110-120 ↑
Sawlogs	US\$130-150 ↑
Falkata logs	US\$65-70
Rubberwood	US\$32-35 ↓
Pine	US\$63-65
Teak	US\$1250
Mahoni	US\$350-380

Report from Peru

In 1996 log production was around 1.4 million Cu. m, most of which was consumed by the domestic market, only a small fraction was for export. Exporters have been focusing their interest on high value species, principally mahogany and cedar and occasionally on other species.

There are many foreign investors wishing to set up export industries in Peru and they are looking for forest concessions. To attend to this demand the Forest Administration is planing to offer some 8-10 million hectares of production forest for forest management, through auction sales.

Report from Malaysia

Domestic Log	Prices Pucallpa
	per Cu.m
Tahuari (Ipe)	US\$ 57 ↑
Estoraque (Cabreuva)	US\$ 53 ↑
Largarto (Jacareuba)	US\$ 45 ↑
Quinilla (Macaranduba)	US\$ 45 ↑
Yacushapana (Tanimbuca)	US\$ 44 ↑
Cumala (Virola)	US\$ 41 ↑
Catahua (Assacu)	US\$ 25 ↑

Logs	Domestic (SQ ex-log yard)	per Cu.m
DR Meranti		US\$170-190 ↓
Balau		US\$180-200 ↑
Merbau		US\$190-200
Peeler Core logs		US\$110-130
Rubberwood		US\$28-31
Keruing		US\$180-210 ↑

International Sawnwood Prices

Brazil

Ghana

Logs	per Cu.m
Ceiba90cm plus	US\$40
Otie/Ilonbe 60cm plus	US\$50
Emire/Framire60cm plus	US\$55
Ofram/Frako55cm plus	US\$45
Ekki/Azobe 70cm plus	US\$50
Kussia/Billina70cm plus	US\$50

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

Peru

During 1996 Peru earned US\$26.6 mil. from timber exports, almost exclusively in the form of sawnwood. On the other hand, imports of forest products totalled US\$197mil, 85% of which was pulp and paper.

In the first quarter of this year exports of forest products amounted US\$20.3 mil. If this rate is maintained then timber exports for the year will be doubled. Imports have maintained the same trend as last year.

Export Sawnwood FOB Callao/Lima	
	<i>per Cu.m</i>
Caoba (Mahogany)	US\$881 ↓
Cumala (Virola)	no report

Ghana

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

Rough Sawn Prices FOB	
	<i>per Cu.m</i>
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		<i>per Cu.m</i>
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
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)	<i>per Cu.m</i>
Dark Red Meranti (2.5ins x 6ins & up)	
GMS select & better (KD)	US\$590-610 ↓
Seraya	
Scantlings (75x125 KD)	US\$670-680 ↓
Sepetir Boards	US\$280-290
Perupok (25mm&37mm KD)	US\$880-900 ↓
K.Semangkok (25mm&37mmKD)	US\$725-740

Taiwan Province of China

Rubberwood		<i>per Cu.m</i>
25mm boards		US\$350-360
50-75mm squares		US\$380-400 ↓
75-100mm squares		US\$460-480 ↓
Sepetir		
GMS (AD)		US\$310-330 ↓
Ramin less than 2 ft.		US\$580-600
greater than 2 ft.		US\$635-650
Oak 25mm boards		US\$780-800
Maple		US\$1200-1300 ↑
Cherry		US\$1150-1200 ↓

Domestic Sawnwood Prices

Report from Brazil

Sawnwood (Green ex-mill)	
Northern Mills	<i>per Cu.m</i>
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\$593 ↑
Cedro (Cedro)	US\$411 ↑
Estoraque (Cabreuva)	US\$158 ↑
Copaiba	US\$130 ↑
Catahua	US\$84 ↓

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

	per Cu.m
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

Malaysian Domestic Sawnwood Prices

Sawnwood	per Cu.m
Balau(25&50mm,100mm+)	US\$300-320 ↓
Kempas50mm by (75,100&125mm)	US\$175-190 ↓
Red Meranti (22,25&30mmby180+mm)	US\$280-300
Rubberwood	
25mm & 50mm Boards	US\$170-180 ↓
50mm squares	US\$250-260 ↓
75mm+	US\$290-300-

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)

MR, Grade BB/CC	per Cu.m
2.7mm	US\$420-440
3mm	US\$360-400 ↓
6mm and above	US\$310-330 ↓

Ghana

Rotary Cut Veneer FOB

	per Cu.m
Face Veneer1-1.6mm	
Ceiba	US\$320
Koto	US\$500
Otie/Iloba	US\$440
Ofram	US\$440

Sliced Veneer FOB

Asanfona	Face	per Sq.m
	Interior	US\$1.20
	Backing	US\$1.00
		US\$0.65

<i>Redwoods (Mahogany, Candollei, Edinam)</i>		
		<i>per Sq.m</i>
<i>Face</i>		<i>US\$1.15</i>
<i>Interior</i>		<i>US\$0.90</i>
<i>Backing</i>		<i>US\$0.55</i>

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

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

Plywood 1220 x 2440mm Grade c/c WBP FOB Ceiba for the German market per Cu.m

<i>4mm</i>	<i>DM735</i>
<i>6mm</i>	<i>DM623</i>
<i>9mm</i>	<i>DM613</i>
<i>12mm</i>	<i>DM600</i>
<i>15mm</i>	<i>DM587</i>
<i>18mm</i>	<i>DM573</i>

<i>Plywood FOB</i>	<i>per Cu.m</i>
<i>White Virola (US Market)</i>	
<i>5.2mm OV2 (MR)</i>	<i>US\$410</i>
<i>15mm BB/CC (MR)</i>	<i>US\$340</i>
<i>For Caribbean countries</i>	
<i>White Virola 4mm</i>	<i>US\$490</i>
<i>9mm</i>	<i>US\$390</i>
<i>Pine USA market</i>	
<i>9mm C/CC (WBP)</i>	<i>US\$265</i>
<i>15mm C/CC (WBP)</i>	<i>US\$245</i>

Malaysian Plywood

Japan has increased its imports of plywood from Sarawak but has cut its imports of logs. Japan became a major buyer of plywood from Sarawak in 1995 when it imported 590,000 Cu.m up from 244,000 Cu.m in 1994. Log exports to Japan have dropped steadily from 5.2 mil Cu.m in 1993 to 3.6 mil Cu.m last year.

<i>MR Grade BB/CC FOB</i>	
	<i>per Cu.m</i>
<i>2.7mm</i>	<i>US\$430-450</i>
<i>3mm</i>	<i>US\$380-400</i>
<i>3.6mm</i>	<i>US\$350-360 ↓</i>
<i>9-18mm</i>	<i>US\$300-320 ↓</i>
<i>Domestic plywood</i>	
<i>3.6mm</i>	<i>US\$385-400 ↓</i>
<i>9-18mm</i>	<i>US\$370-390 ↓</i>

Myanmar

<i>Hardwood plywood, FOB per Cu.m</i>	
<i>9mm BB/CC</i>	<i>US\$300</i>
<i>9mm Utility</i>	<i>US\$281</i>
<i>9mm B2</i>	<i>US\$262</i>
<i>9mm B3</i>	<i>US\$244</i>
<i>15mm BB/CC</i>	<i>US\$289</i>
<i>15mm Utility</i>	<i>US\$267</i>
<i>15mm B2</i>	<i>US\$256</i>
<i>15mm B3</i>	<i>US\$233</i>

Brazilian Plywood and Veneer

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

Domestic Plywood Prices

Brazil

<i>Rotary Cut Veneer</i>	
<i>(ex-mill Northern Mill)</i>	<i>per Cu.m</i>
<i>White Virola Face</i>	<i>US\$163</i>
<i>White Virola Core</i>	<i>US\$109</i>
<i>Plywood</i>	
<i>(ex-mill Southern Mill)</i>	
<i>Grade MR</i>	<i>per Cu.m</i>
<i>4mm White Virola</i>	<i>US\$572</i>
<i>15mm White Virola</i>	<i>US\$410</i>
<i>4mm Mahogany 1 face</i>	<i>US\$1,268</i>

<i>Mahogany/Edinam Faces</i>	
	<i>Cedi per Sheet</i>
<i>4mm</i>	<i>18,000</i>
<i>6mm</i>	<i>20,700</i>
<i>9mm</i>	<i>22,500</i>
<i>12mm</i>	<i>27,000</i>
<i>15mm</i>	<i>29,700</i>
<i>18mm</i>	<i>32,000</i>

Other Panel Product Prices

Brazil

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

Indonesia

<i>Domestic MR plywood</i>	
<i>(Jarkarta)</i>	<i>per Cu.m</i>
<i>9mm</i>	<i>US\$400-420</i>
<i>12mm</i>	<i>US\$380-400</i>
<i>15mm</i>	<i>US\$370-380</i>
<i>18mm</i>	<i>US\$350-360</i>

Ghana

Decorative Sliced Veneer Surfaced Plywood

<i>Avodire/Walnut/Figured Anegre/</i>	
<i>Hyedua/Mansonia/Sapele faces</i>	
	<i>Cedi per Sheet</i>
<i>4mm</i>	<i>20,000</i>
<i>6mm</i>	<i>23,000</i>
<i>9mm</i>	<i>25,000</i>
<i>12mm</i>	<i>30,000</i>
<i>15mm</i>	<i>33,000</i>
<i>18mm</i>	<i>36,000</i>

Indonesia

<i>Other Panels</i>	
<i>Export Particleboard FOB</i>	<i>per Cu.m</i>
<i>9-18mm</i>	<i>US\$140-150 ↓</i>
<i>Domestic Particleboard</i>	
<i>9mm</i>	<i>US\$230 ↑</i>
<i>12-15mm</i>	<i>US\$210-220 ↑</i>
<i>18mm</i>	<i>US\$200</i>
<i>MDF Export (FOB)</i>	
<i>12-18mm</i>	<i>US\$200-210 ↑</i>
<i>MDF Domestic 15-18mm</i>	<i>US\$270-280 ↑</i>

Taiwan Province of China, Imports

MDF	<i>per Cu.m</i>
Domestic Prices	
3mm thick	US\$340-360 ↓
16-18mm x 4' x 8'	US\$245-260 ↓
Particleboard	<i>per Cu.m</i>
12-18mm (4x8)	US\$190-195

Malaysia

Mouldings (FOB)	<i>per Cu.m</i>
Selagan Batu Decking	US\$590-610
Laminated Scantlings	
72mmx86mm	US\$615-630 ↓
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	US\$815-835 ↓
Grade B	US\$650 ↓

Malaysia

Particleboard (FOB)	<i>per Cu.m</i>
6mm & above	US\$150-155
Domestic	
6mm & above	US\$160-170
MDF (FOB)	<i>per Cu.m</i>
Less than 5mm	US\$240-250 ↓
Greater than 6mm	US\$200-210 ↓
Domestic	US\$230-250 ↓

Malaysia has plans to become an exporter of pulp and paper by the year 2000 when at least 6 mills will reportedly be in operation. Currently only the mill in Sabah produces pulp. Malaysia is forging ahead with its plantation programme to ensure adequate resources are available.

Rubberwood Parts and Furniture

Malaysia

	<i>per Cu.m</i>
Finger jointed laminated boards	
top grade	US\$700-730 ↓
	US\$780-790 ↓

Prices of Added Value Products

Indonesia

Mouldings	
Ramin casings	<i>per Cu.m</i>
(for the Italian market)	US\$930-950 ↑
Laminated Scantlings	US\$620-630 ↑
Laminated Boards	
Falkata wood	US\$395-400
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	US\$780-810 ↓
Grade B	US\$580-600 ↓

Dining table	
Solid rubberwood laminated top 3' x 5' with extension leaf	US\$45-50ea ↓
Same with	
Oak veneered MDF	US\$60-63ea
Windsor Chair	US\$11.00-12.00ea
Colonial Chair	US\$12.0-14.0ea ↓
Napolean Chair	US\$20-24ea
Queen Anne Chair (with soft seat)	
without arm	US\$18-20ea ↓
with arm	US\$23-25ea ↓

Brazil

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

Taiwan Province of China

Furniture	
Dining suite (FOB)	
Oak Veneered MDF tables and chairs (6 per set) 4ft dia.	US\$165-180per set ↓
Dining table Cheery veneer	
Occasional table Cherry veneer top 2ftx4ft	US\$28-30ea ↓

Consumer's Report

Report From Japan

October Wholesale Prices		
		Yen per Sheet
Indonesian Ply wood		
2.4mm (thin ply wood, A board)	920 X 1830	310
3.6mm (midium thickness, OVL)	910 X 1820	440
5.2mm (midium thickness, OVL)	910 X 1820	550
8.5mm for sheathing (UTY)	910 X 1820	830
11.5mm for foundation	910 X 1820	950
12mm concrete-form ply (JAS)	900 X 1800	1020
11.5mm flooring board (JAS)	945 X 1840	1730
3.6mm baseboard for overlays (OVL)	1230 X 2440	800
5.2mm for packing	1230 X 2440	910
8.5mm for packing	1230 X 2440	1410
Malaysian Ply wood		
2.4mm (thin ply wood, A board)	920 X 1830	310
3.6mm (midium thickness, OVL)	910 X 1820	430
5.2mm (midium thickness, OVL)	910 X 1820	560
8.5mm for sheathing (UTY)	910 X 1820	790
11.5mm for foundation	910 X 1820	950
11.5mm concrete-form ply (non-JAS)	900 X 1800	1000
11.5mm flooring board (non-JAS)	945 X 1840	1620
3.6mm baseboard for overlays (OVL)	1230 X 2440	760
Softwood Ply wood		
9.5mm foundation of wall (JAS)	1220 X 2440	1300
12.5mm Sheathing (T&G JAS)	606 X 2273	1000
15.5mm foundation (T&G JAS)	1220 X 2440	2300
9.5mm for packing (non-JAS)	1220 X 2440	1280
Particleboard		
12mm for woodworking	910 X 1820	560
15mm for woodworking	910 X 1820	670
OSB		
11.9mm foundation of roof (JAS)	910 X 1820	770
9.5mm foundation for 2 by 4	910 X 2440	870
6.5mm for packing (non-JAS)	1220 X 2440	620
9.5mm for packing (non-JAS)	1220 X 2440	1020

The Tokyo branch of the South-sea Lumber Association is reporting that some logs from Sabah are of generally good quality and could boost tropical lumber in the market. Log prices are down across the board and there are no signs of improvement. Log buyers are keeping out of the market.

Plywood production continues to decline as the market is weak. The usual autumn surge in consumption did not occur. Housing starts are low and the construction sector is depressed.

Nippindo has announced that it will be reducing the acceptance of orders, it has lowered deliveries to 200,000 Cu.m per month down from 300,000 Cu.m per month before August. The supply of plywood in the market exceeds demand.

Asian Log, Lumber and Panel Prices

Logs For Plywood Manufacturing	
CIF Price Yen per Koku	
Meranti (Hill, Sarawak)	
Medium Mixed	7,500 ↓
Meranti (Hill, Sarawak)	
STD Mixed	7,300 ↓
Meranti (Hill, Sarawak)	
Small Lot	
(SM60%, SSM40%)	6,500 ↓
Taun, Calophyllum (PNG)	
and others	6,400
Mix Light Hardwood	
(PNG G3-G5 grade)	5,200
Okume (Gabonese)	
	7,600 ↓
Keruing (Sarawak)	
Medium MQ & up	8,000
Kapur (Sarawak) Medium	
MQ & up	7,700 ↓

Logs For Sawmilling	
FOB Price Yen per Koku	
Melapi (Sarawak)	
Select	10,500 ↓
Agathis (Sarawak)	
Select	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>115,000 ↓</i>
<i>Mixed Seraya 24x48mm,</i>	
<i>1.8 - 4m, S2S</i>	<i>47,000 ↓</i>
<i>Red Oak 5/4x6 ins and wider</i>	
<i>FAS (US East Coast)</i>	<i>125,000</i>

Report From China

The tariff for these Imported Forest Products has been reduced to 22 % (effective October 1)

<i>Commodity Code</i>	
<i>9401</i>	
<i>4000</i>	<i>Seats convertible into beds</i>
<i>5000</i>	<i>Seats of cane, bamboo or similar materials</i>
<i>6100</i>	<i>Other seats with soft pad and wooden frames</i>
<i>6900</i>	<i>Other seats with wooden frames</i>
<i>7100</i>	<i>Seats with soft pad and metal frames</i>
<i>7900</i>	<i>Other seats with metal frames</i>
<i>8000</i>	<i>Other seats</i>
<i>9000</i>	<i>Parts of the seats</i>
<i>9403</i>	
<i>1000</i>	<i>Metal Office furniture</i>
<i>2000</i>	<i>Other metal furniture</i>
<i>3000</i>	<i>Wooden Office furniture</i>
<i>4000</i>	<i>Wooden Kitchen furniture</i>
<i>5010</i>	<i>Rose wood Bedroom furniture</i>
<i>5091</i>	<i>Lacquered wood Bedroom furniture</i>
<i>5099</i>	<i>Other wood Bedroom furniture</i>
<i>6010</i>	<i>Other Rose wood furniture</i>
<i>6091</i>	<i>Other lacquered wood furniture</i>
<i>6099</i>	<i>Other wooden furniture</i>
<i>7000</i>	<i>Plastic furniture</i>
<i>8010</i>	<i>Furniture of canes, bamboo or similar materials</i>
<i>8090</i>	<i>Furniture of other materials</i>

Policies on Capital Investment

In order to quicken the pace of overseas capital investment and to regularise its distribution, the Chinese government is preparing to introduce a new strategy as follows:

The emphasis, for attracting overseas companies to invest, has been shifted away from a regional emphasis to one of an industry emphasis.

Efforts are underway to strengthen the competitive market mechanisms and to ensure that regulations are uniformly applied.

Policies and laws to protect companies from monopolies are being drafted.

Capital investment in Middle and Western China will be encouraged.

Joint-venture Plywood Factory

It is reported that Chinese entrepreneurs visiting Egypt showed interest in building a joint-venture plywood factory in Egypt. China considers that Egypt could become an important market for plywood.

Forestry joint-venture project in Heilongjing Province

Hebei Wood Corporation Limited, the largest forestry joint-venture in Heilongjing Province, with a total investment capital of yuan 130 million, has been completed and is in production in Harbin recently. The company uses imported equipment and technologies from Germany and Switzerland and is the first flooring strip joint-venture enterprise.

Some 500,000 m² of three-layer compound flooring strip will be produced annually and sold to Europe. The establishment of this corporation will enhance the further utilisation of forest resources in Heilongjing Province and will open up the way for wood products going into the international market.

Furniture Manufacturing Equipment

The authority of the China Furniture Association said that since the 1980s, China furniture industry has introduced a lot of technique and imported much equipment and furniture to meet the domestic market need.

Only in 1996, the expenditure on above items was beyond US\$ 0.8 billion. It is projected that the need of furniture in

Chinese market will be increased by 10% annually in the coming 10 years, which will offer a good opportunity for overseas furniture coming into Chinese market.

Prices in Hong Kong, September 1997

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

US Lumber
Oak, Maple, Cherry 7000-14000
T&G Cherry Flooring
18x50-70mm x 2-4m 120-140

From Europe an Update on France

In 1997 the French production of furniture should register a light increase (+ 0.6% compared to 1996) and, according to forecasts, it should increase by a further +2.4% in 1998. As far as external trade is concerned, furniture exports should increase by 8% this year, while imports should register a 2% decrease. In 1998 both imports and exports are expected to grow, by 3.5% and 6% respectively. Furniture consumption will decrease by 1.7% in 1997, but it is estimated to grow by around 2% in 1998.

In the first half of 1997 Seribo, the French wood processing group, registered a 57% fall in net group profits to FFr 600,000. This was mainly due to a FFr 6.1 million exceptional loss posted by Seribo as part of the selling of its subsidiary Dolouets, despite a 5% increase posted by its wood furniture subsidiary and the improve in results of its parquet activity.

Ligne Roset, French furniture store, has set up its first outlet in Thailand. For the French group, the branch in Thailand is the second one in Sout East Asia, besides Singapore.

Manufacturers Prices in France

No price movements over the past two months have been reported from correspondents in the furniture industry in France. The French economy continues to be depressed.

Consumer confidence is low and retail sales are down, aggravated by an unemployment rate which has stood at 12.5 percent for the past 8-9 months.

Solid Wooden Doors

<i>Upper Price, Oak,</i>	<i>FFR10,018</i>
<i>Medium Price, Oak,</i>	<i>FFR7,920</i>
<i>Lower Price, Oak,</i>	<i>FFR6,073</i>

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

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

<i>Lauan lumber</i>	
<i>Thickness: 5-6cm</i>	
<i>Length: 3-4m</i>	2850-3450
<i>Luan/Malas tongued, grooved flooring strip</i>	
<i>18x70mm x2.2-4.1m110-125</i>	
<i>Balian Flooring Top Grade Myanmar</i>	
<i>18x50-70x2400mm</i>	300-350
<i>Plywood from Indonesia</i>	
<i>3mm 1220x2240</i>	Yuan 4407

Furniture and Components

Kitchen Chairs	
Medium Price, Beech,	FFR234
Lower Price, Beech,	FFR140
Dining Chair	
Upper Price, Solid Cherry	FFR1,690
Medium Price, Beech	FFR280
Lower Price, Beech,	FFR181

Kitchen Table	
Medium Price, Beech	
100x70cm	FF561
Lower Price, Melamine	
Covered 115x74cm	FFR238

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

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

Mouldings	
Medium Price, Pine	per Lin. m
1.4x4.8cm	FFR8.56
Lower Price, Pine	
1.0x2.9cm	FFR5.05

Other news from Europe

In 1996 European furniture production grossed ECU 63 billion, down 1.6% at current prices compared to the previous year. Scandinavia contributed 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 produce 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 have also affected family consumption, especially that of consumer durables. 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 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 the furniture industry, in general, the production is not very concentrated. 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.

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.

In 1996 the UK consumption of furniture was worth about Ecu 7.1 billion, accounting for 12% of the total European consumption. In 1997 it should increase by 5.5%, while forecasters see a further 4% growth in 1998.

Ikea is planning to set up its own production of wooden furniture in Eastern Europe, in collaboration with Swedwood. About 20 new production sites might be established in the turn of 5 years. As a consequence of this

Swedwood should double its turnover to around SEK 3.5 billion. The Baltic states, Poland and Slovakia should receive more production sites, while Swedwood production plants might also be established in Russia.

Pervomaisky, a Russian saw mill located in the Republic of Chivashia, has started to manufacture turned table legs and other furniture components to be exported to Italy. Items have been ordered by an Italian company, Onnialyas Srl, which plans to deliver to Pervomaisky modern wood processing equipment.

Acquisition continue in the UK furniture and home textiles retail market. Kingsbury has been taken over by H&C, the group formed in 1996 from the merger of Harveys and Cantors. Thanks to the acquisition, worth GBt 48 million, the H&C group moves into third position in the UK market, with 379 stores and a total turnover of GBt 250 million

US Report

With the exception of Particleboard and Medium Density Fiberboard (MDF), virtually all prices of solid wood raw-materials continue to be on an upward trend. In fact - as of September 1997 - most prices had reached an all-time peak.

Generally speaking, products with a low added value advanced more than products with a higher added value. For instance, the price index for rough hardwood lumber from domestic American species advanced by 8.6% between September 1996 and September 1997.

The price increase of imported Mahogany lumber was even steeper, that is 10.1%. Meranti from SE Asia advanced by 5.7% during the same time period. In contrast to this, wooden raw-materials with a higher added value experienced price increases of less than 5%. Hardwood plywood may serve as an example, prices are only 0.4% higher than one year ago.

The recent price increases must be seen in light of the massive price erosion which occurred during 1995. If price movements are analyzed over the long term, the inflationary impact is minimal. For instance, prices for rough hardwood lumber are only 2.8% higher than on January 1995. However, prices for imported Mahogany wood have been on a rapid increase for several years, compared to January 1995, they are now 22% higher.

This year's price advances for American hardwood lumber apply to most species and most growing regions, with the

exception of Hard Maple. Prices for this wood have been soft for quite some time, both in the Northern and Appalachian growing regions.

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

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

Mahogany (at West coast port of entry)
KD US\$2785 ↑ Up from October 1st

Meranti (at West coast port of entry)
Clear, dark red
KD US\$2310 ↑ Up US\$10 since Sept
Clear, light red
KD US\$2145 ↑ Up US\$25 Since Sept

Cherry
Appalachians
KD US\$2515 ↑ Up US\$15 since Sept

Hard Maple
Northern Region
KD US\$2265- ↓ Down US\$25 Since Oct 1
AD US\$1875 ↑ Up US\$10 since Oct 1
Appalachians
KD US\$2180 ↓ Down US\$15 since Oct 1

Red Oak
Northern Region
KD US\$1618 ↓ Down US\$5 since Oct 1
AD US\$1300 no change
Southern Region
KD US\$1293 ↓ Down US\$10 since Oct 1
AD US\$995 no change

Appalachians
KD US\$1463 ↑ Up US\$10 since Oct 1
AD US\$1120 ↑ Up US\$30 since Oct 1

White Oak

Northern Region

KD US\$1360 ↓ Down US\$20 since Oct 1

AD US\$990 ↑ Up US\$ 15 since Oct 1

Southern Region

KD US\$1260 no change

AD US\$940 ↑↑ Up US\$10 since Oct 1

Appalachians

KD US\$1433 ↓ Down US\$10 since Oct 1

AD US\$1090 ↓ Down US\$22 since Oct 1

Walnut

Appalachians

KD US\$1923 no change

AD US\$1385 no change

On the other hand, manufacturers using a lot of particleboard and MDF, such as kitchen cabinet manufacturers and manufacturers of RTA furniture, saw their operating margins improve.

Manufacturers of wooden office furniture also benefited from a strong demand for office furniture and, by implication, above average price increases for the finished products.

This, in combination with declining prices of particleboard, has further boosted the profit margins in the office furniture industry.

Prices for composite wood panels are still declining. The added output of the mills, which have been built or expanded during the past few years, is now flooding the market.

It will take at least another six to twelve months before the excess capacity will be taken-up by end-users, and this only if the good economic conditions in North America carry over to the next year.

From a long-term perspective, MDF-prices have fallen more than particleboard prices. Based on an index of 100 as of January 1995, MDF is presently standing at 79.4, while particleboard is at 85.3.

Recently, the situation has changed somewhat. It seems that particleboard prices are now under the most severe price pressure.

Prices of most finished and semi-finished wood products, with the exception of mouldings, have been on an upward trend for several years and are now at, or very close to, an all time peak. Nevertheless, the price advances during the past twelve months were more moderate than the price advances of the raw material inputs.

It can be concluded, therefore, that the operating margins for secondary wood product manufacturers declined. This applies in particular for those manufacturers using much solid wood and imported lumber, especially Mahogany.

World Value of the US Dollar 7th November 1997

Australia	Dollar	1.4279	Indonesia	Rupiah	3300
Austria	Schilling	12.04	Ireland	Punt	0.6615
Belgium	Franc	35.29	Italy	Lira	1677.35
Bolivia	Boliviano	5.31	Japan	Yen	123.78
Brazil	Real	1.1007	Korea, Rep. of	Won	980.3
Cambodia	Riel	3000	Liberia	Dollar	1
Cameroon	C.F.A.Franc	572.81	Malaysia	Ringgit	3.399
Canada	Dollar	1.4047	Myanmar	Kyat	6.2616
Central African Republic	C.F.A.Franc	572.81	Nepal	Rupee	56.95
China	Yuan	8.2817	Netherlands	Guilder	1.9277
Colombia	Peso	1290.5	New Zealand	NZ Dollar	1.5958
Congo D.R.	New Zaire	117500	Norway	Krone	6.9386
Congo, People's Rep.	C.F.A.Franc	572.81	Panama	Balboa	1
Cote d'Ivoire	C.F.A.Franc	572.81	Papua New Guinea	Kina	1.5279
Denmark	Krone	6.5098	Peru	New Sol	2.7125
Ecuador	Sucre	4247	Philippines	Peso	34.975
Egypt	Pound	3.4015	Portugal	Escudo	174.68
Fiji	Dollar	1.4863	Russian Fed.	Ruble	5892
Finland	Markka	5.1524	Spain	Pesata	144.535
France	Franc	5.7281	Sweden	Krona	7.4493
Gabon	C.F.A.Franc	572.81	Switzerland	Franc	1.3953
Germany	Mark	1.71	Thailand	Baht	38.55
Ghana	Cedi	2230	Togo, Rep.	C.F.A.Franc	572.81
Greece	Drachma	269.31	Trinidad and Tobago	Dollar	6.18
Guyana	Dollar	142.8	United Kingdom	Pound	0.5924
Honduras, Rep.	Lempira	13.205	Venezuala	Bolivar	498.8
India	Rupee	36.532	EU	Ecu	1.1555

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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