



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 ↑

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		
Campnospermum	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

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

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.

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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 ↑

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

**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.

At current prices operators are reoporting 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	per Cu.m
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

### 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.

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 ↑

### Ghana

Logs	per Cu.m
Ceiba90cm plus	US\$40
Otie/Ilombe 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

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 Malaysia

Logs	per Cu.m
Domestic (SQ ex-log yard)	
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

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	
	per Cu.m
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

	per Cu.m
Mixed Redwoods	US\$330
low grade Odum (Iroko)	US\$400
Wawa	US\$220
Wawa fixed dimensions	US\$260
Wawa Boules	US\$219
70cm log dia. 25-75mm. 450cm length	

Mahogany	per Cu.m
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)	per Cu.m
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	per Cu.m
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)	per Cu.m
Northern Mills	
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)**

	<i>per Cu.m</i>
<i>Caoba (Mahogany)</i>	US\$593 ↑
<i>Cedro (Cedro)</i>	US\$411 ↑
<i>Estoraque (Cabreuva)</i>	US\$158 ↑
<i>Copaiba</i>	US\$130 ↑
<i>Catahua</i>	US\$84 ↓

**Ghana**

**Dahoma, Chenchen, Antiaris**

	<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>	
<i>40x300x3.6m</i>	US\$105-240

**Report from Indonesia**

**Sawn timber**

	<i>per Cu.m</i>
<i>Kampar</i>	
<i>AD 6x12-15x400cm</i>	US\$300-320
<i>KD</i>	US\$410-425
<i>AD 3x20x400cm</i>	US\$365-390
<i>KD</i>	US\$480-500
<i>Keruing</i>	
<i>AD 6x12-15cmx400</i>	US\$260-280
<i>AD 2x20cmx400</i>	US\$300-310
<i>AD 3x30cmx400</i>	US\$320-330

**Malaysian Domestic Sawnwood Prices**

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

**Myanmar**

Sawn Hardwoods, length 6ft and up.

	<i>per ton</i>
<i>2nd Grade Sawn Teak</i>	Kyat100,00
<i>3rd Grade sawn Teak</i>	Kyat55,000
<i>Sawn Pyinkado</i>	Kyat55,000
<i>Sawn Padauk</i>	Kyat60,000
<i>Sawn Gurjan</i>	Kyat36,000
<i>Mixed Species</i>	Kyat32,000

One ton equivalent to 1.4 Cu.m

**International Plywood and Veneers Prices**

**Indonesia**

**Plywood (export, FOB)**

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

**Ghana**

**Rotary Cut Veneer FOB**

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

**Sliced Veneer FOB**

	<i>per Sq.m</i>
<i>Asanfona</i>	
<i>Face</i>	US\$1.20
<i>Interior</i>	US\$1.00
<i>Backing</i>	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.

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

**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\$185-210
Mahogany Veneer		per Sq.m
0.7mm		US\$2.80

**Plywood FOB per Cu.m**

White Virola (US Market)	
5.2mm OV2 (MR)	US\$410
15mm BB/CC (MR)	US\$340
For Caribbean countries	
White Virola 4mm	US\$490
9mm	US\$390
Pine USA market	
9mm C/CC (WBP)	US\$265
15mm C/CC (WBP)	US\$245

**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.

**MR Grade BB/CC FOB**

	per Cu.m
2.7mm	US\$430-450
3mm	US\$380-400
3.6mm	US\$350-360 ↓
9-18mm	US\$300-320 ↓

**Domestic plywood**

3.6mm	US\$385-400 ↓
9-18mm	US\$370-390 ↓

**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

<b>Rotary Cut Veneer</b> (ex-mill Northern Mill)	<b>per Cu.m</b>
White Virola Face	US\$163
White Virola Core	US\$109

<b>Plywood</b> (ex-mill Southern Mill)	
Grade MR	<b>per Cu.m</b>
4mm White Virola	US\$572
15mm White Virola	US\$410
4mm Mahogany 1 face	US\$1,268

### Mahogany/Edinam Faces

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

## Other Panel Product Prices

### Brazil

<b>Export Prices</b>	
Blockboard 18mm	<b>per Cu.m</b>
White Virola Faced	
B/C	US\$275

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

### Indonesia

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

### Ghana

### Decorative Sliced Veneer Surfaced Plywood

#### Avodire/Walnut/Figured Anegre/ Hyedua/Mansonnia/Sapele faces

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

### Indonesia

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



**Taiwan Province of China, Imports**

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

**Malaysia**

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

**Prices of Added Value Products**
**Indonesia**

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

**Malaysia**

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

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**

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

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

**Brazil**

<b>Edge Glued Pine Panel</b>	<b>per Cu.m</b>
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\$165-180 per set ↓

### Dining table Cherry veneer

Occasional table Cherry veneer

top 2ftx4ft

US\$28-30 ea ↓

# Consumer's Report

## Report From Japan

### October Wholesale Prices

		Yen per
Indonesian Ply wood		Sheet
2.4mm (thin plywood, A board)	920 X 1830	310
3.6mm (medium thickness, OVL)	910 X 1820	440
5.2mm (medium 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 plywood, A board)	920 X 1830	310
3.6mm (medium thickness, OVL)	910 X 1820	430
5.2mm (medium 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

<b>Meranti (Hill, Sarawak)</b>	
Medium Mixed	7,500 ↓
<b>Meranti (Hill, Sarawak)</b>	
STD Mixed	7,300 ↓
<b>Meranti (Hill, Sarawak)</b>	
Small Lot	
(SM60%, SSM40%)	6,500 ↓
<b>Taun, Calophyllum (PNG)</b>	
and others	6,400
<b>Mix Light Hardwood</b>	
(PNG G3-G5 grade)	5,200
<b>Okume (Gabonese)</b>	
	7,600 ↓
<b>Keruing (Sarawak)</b>	
Medium MQ & up	8,000
<b>Kapur (Sarawak) Medium</b>	
MQ & up	7,700 ↓

### Logs For Sawmilling FOB Price Yen per Koku

<b>Melapi (Sarawak)</b>	
Select	10,500 ↓
<b>Agathis (Sarawak)</b>	
Select	9,500



<b>Lumber</b>	<b>FOB Price Yen per Cu.m</b>
<b>White Seraya (Sabah)</b>	
24x150mm, 4m 1st grade	115,000 ↓
<b>Mixed Seraya 24x48mm,</b>	
1.8 - 4m, S2S	47,000 ↓
<b>Red Oak 5/4x6 ins and wider</b>	
FAS (US East Coast)	125,000

## Report From China

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

<b>Commodity Code</b>	
9401	
4000	<i>Seats convertible into beds</i>
5000	<i>Seats of cane, bamboo or similar materials</i>
6100	<i>Other seats with soft pad and wooden frames</i>
6900	<i>Other seats with wooden frames</i>
7100	<i>Seats with soft pad and metal frames</i>
7900	<i>Other seats with metal frames</i>
8000	<i>Other seats</i>
9000	<i>Parts of the seats</i>
9403	
1000	<i>Metal Office furniture</i>
2000	<i>Other metal furniture</i>
3000	<i>Wooden Office furniture</i>
4000	<i>Wooden Kitchen furniture</i>
5010	<i>Rose wood Bedroom furniture</i>
5091	<i>Lacquered wood Bedroom furniture</i>
5099	<i>Other wood Bedroom furniture</i>
6010	<i>Other Rose wood furniture</i>
6091	<i>Other lacquered wood furniture</i>
6099	<i>Other wooden furniture</i>
7000	<i>Plastic furniture</i>
8010	<i>Furniture of canes, bamboo or similar materials</i>
8090	<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 m<sup>2</sup> 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**

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

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

	Yuan per Cu.m
<b>Keruing Log</b>	
Length: 6-20m	1880-2400
<b>Malaysian Lauan Log</b>	
various sizes	2500-2600
<b>Malaysian Lauan with hollow heart</b>	
various sizes	1200-1400
<b>Teak log Myanmar</b>	
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** Yuan 4407

**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 South 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**

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



## 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 FFR561

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

per Lin. m

Medium Price, Pine

1.4x4.8cm FFR8.56

Lower Price, Pine

1.0x2.9cm FFR5.05

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

## 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%,



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	Peseta	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	Venezuela	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	MR	Moisture Resistant
Plywood		pc	per piece
MBF	1000 Board Feet	ea	each
Sq.Ft	Square Foot	BF	Board Foot
FFR	French Franc	MDF	Medium Density Fibreboard
Koku	0.278 Cu.m or 120BF	F.CFA	CFA Franc
		↓ ↑	Price has moved up or down



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