



INTERNATIONAL TROPICAL

TIMBER ORGANIZATION

Tropical Timber Market Information

Towards Greater Transparency in the Tropical Timber Markets

Producer's Report

Log Prices

International Prices

Log Prices, Gabon

| <i>Okoume, FOB</i> | <i>F.CFA per Cu.m</i> |
|--------------------|-----------------------|
| <i>Grade</i> | |
| LM | 146,000 |
| QS | 129,500 |
| CI | 99,000 |
| CE | 83,500 |
| CS | 67,000 |

| <i>Ozigo, FOB</i> | <i>F.CFA per Cu.m</i> |
|-------------------|-----------------------|
| <i>Grade</i> | |
| LM | 103,000 |
| QS | 90,000 |
| CI | 70,000 |
| CE | 59,500 |

| <i>Logs</i> | <i>F.CFA per Cu.m</i> |
|-------------|-----------------------|
| Agba | 55,000 |
| Moabi | 65,000 |
| Niangon | 78,000 |
| Douka | 55,000 |
| Abura | 65,000 |
| Sapelli | 85,000 |
| Iroko | 58,000 |
| Sipo | 95,000 |
| Padouk | 55,000 |

Malaysia

Japanese buyers are reporting that log supplies are tight in Sarawak as a result of the combined effects of the rain season, the New Year holidays and active buying from India. It is reported that exporters are looking for a US\$5-10 increase in prices and that this is being strongly contested by buyers who are looking for prices quoted in dollars to be reduced to off-set the rapid appreciation of the dollar against the Yen.

Sarawak Log Export Prices

| <i>(FOB)</i> | <i>per Cu.m</i> |
|----------------------------|--------------------|
| <i>Meranti SQ up</i> | <i>US\$205-215</i> |
| <i>small</i> | <i>US\$170-180</i> |
| <i>super small</i> | <i>US\$140-150</i> |
| <i>Keruing SQ up</i> | <i>US\$220-225</i> |
| <i>small</i> | <i>US\$190-195</i> |
| <i>super small</i> | <i>US\$160-165</i> |
| <i>Kapur SQ up</i> | <i>US\$215-225</i> |
| <i>Selangan Batu SQ up</i> | <i>US\$220-230</i> |

Cameroon Log Prices

| <i>FOB</i> | <i>Per Cu.m</i> |
|----------------------------|-----------------|
| <i>N'Gollon 70cm+ LM-C</i> | <i>FFR1375</i> |
| <i>Ayous 80cm+LM-C</i> | <i>FFR1100</i> |
| <i>Sapele 80cm+LM-C</i> | <i>FFR1550</i> |
| <i>Iroko 70cm+LM-C</i> | <i>FFR1400</i> |

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South Sea Logs

| FOB | per Cu.m |
|----------------------------|-------------|
| <i>Pometia</i> | US\$150-155 |
| <i>Calophyllum</i> | US\$135-145 |
| <i>Terminalia</i> | US\$110-120 |
| <i>Other mixed species</i> | US\$105-110 |

Domestic Log Prices

Report From Brazil

| Logs at mill yard | per Cu.m |
|-----------------------------|----------|
| <i>Mahogany 1st Grade</i> | US\$390 |
| <i>Ipe</i> | US\$82 |
| <i>Jatoba</i> | US\$62 |
| <i>Guaruba</i> | US\$42 |
| <i>Mescla(white virola)</i> | US\$43 |

Ghana

Export demand, especially in the UK, is still high but the local supply position is gloomy with logs in short supply, log prices remain unchanged, however. Renewal of the timber property marks usually takes place in January but it has been delayed and is not expected to be completed until the end of February.

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

Report from Indonesia

Log production for 1996 is reported at almost 24 million Cu.m, registering a decrease of about 5 % compared to 1995. Revenue from the reforestation levy and forest royalties in 1996 totaled US\$ 610 million.

The Forestry Ministry is predicting total earnings would increase by about 10 % in 1997 due to a projected increase

in land clearing and forest conversion projects which would boost the output of logs.

| Domestic log prices | Per Cu.m |
|---------------------|---------------|
| <i>Plywood logs</i> | |
| <i>Face Logs</i> | US\$150-160 |
| <i>Core logs</i> | US\$ 125-135 |
| <i>Sawlogs</i> | US\$125-145 |
| <i>Falkata logs</i> | US\$55-58 |
| <i>Rubberwood</i> | US\$38-40 |
| <i>Pine</i> | US\$65-70 |
| <i>Teak</i> | US\$1000-1250 |
| <i>Mahoni</i> | US\$210-225 |

Report from Malaysia

| Logs | Per Cu.m |
|----------------------------------|-------------|
| <i>Domestic (SQ ex-log yard)</i> | |
| <i>Meranti Bukit (SQ)</i> | US\$260-270 |
| <i>Kembang Semangkok</i> | US\$205-210 |
| <i>Merbau</i> | US\$195-200 |
| <i>Peeler Core logs</i> | US\$130-140 |
| <i>Rubberwood</i> | US\$34-36 |
| <i>Kempas</i> | US\$155-165 |
| <i>Keruing</i> | US\$215-225 |

Sawnwood Prices

International Prices

Brazil

It has been announced that Brazilian exports of sawn timber, veneer and plywood dropped by 20% last year. Producers are blaming the strong Real and high production costs for exports. These factors may have contributed to the decline but also a stronger domestic demand for wood products has played an important role.

Export volumes and prices, continue at the same level as during January. More and more exporters are looking to the Asian market. Apparently there is interest in several products, including low grade pine sawnwood (construction) tropical sawnwood (particularly LKS), edge glued pine panels and furniture.

Export Sawnwood per Cu.m
Mahogany KD FAS FOB

UK market US\$1030

Jatoba Green US\$445-485

Curupixa (Europe) US\$520

Asian Market

Guaruba US\$285

Angelim pedra US\$270

Mandioqueira US\$245

Pine (AD) US\$145

Malaysia
Sawn Timber

Export(FOB) per Cu.m

Dark Red Meranti (DUC)

GMS select & better (KD) US\$715-720

Seraya

Scantlings (75x125 KD) US\$760-770

Sepetir Boards US\$320-330

Perupok (25mm&37mm KD) US\$890-900

K.Semangkok

(25mm&37mmKD) US\$700-715

Ghana

Changes in demand are mainly affecting Odum. The ban imposed by Cote d'Ivoire, coupled with the heavy rains during June and September, has reduced the availability of Odum lumber to Europe.

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

Taiwan Province of China
Rubberwood per Cu.m

25mm boards US\$435-450

50-75mm squares US\$480-495

75-100mm squares US\$510-520

Sepetir

GMS (AD) US\$385-400

Ramin US\$600-615

Oak 25mm boards US\$670-700

Maple US\$930-955

Cherry US\$1150-1200

Domestic Sawnwood Prices
Report from Brazil

The domestic market is becoming active as the holiday period (and carnival) comes to an end. Economic indicators are strong and government reforms are back on track, the prospects are good for 1997.

Some companies, especially the furniture industry based on pine from plantations, are facing supply shortages at the moment. Higher grades of pine sawnwood (KD) are not available in sufficient volumes and this is putting some pressure on prices. Some millers are investing in new processing plant to meet the demand.

Generally speaking domestic prices are stable, in spite of the high demand for some products and low inventories in the north due to rain season.

| <i>Sawnwood (Green ex-mill)</i> | |
|---------------------------------|-----------------|
| <i>Northern Mills</i> | <i>per Cu.m</i> |
| <i>Mahogany</i> | <i>US\$890</i> |
| <i>Ipe</i> | <i>US\$395</i> |
| <i>Jatoba</i> | <i>US\$380</i> |
| <i>Eucalyptus</i> | <i>US\$165</i> |
| <i>Southern Mills</i> | |
| <i>Pine (KD) First Grade</i> | <i>US\$170</i> |

Ghana

The high cost of all building materials, as well as the sluggish state of the economy, is affecting the construction industry badly and this has affected domestic timber sales.

| <i>Dahoma, Chenchen, Antiaris</i> | |
|-----------------------------------|--------------------|
| | <i>per Cu.m</i> |
| <i>Mill Run 50x150mm</i> | <i>US\$95-125</i> |
| <i>50x100mm</i> | <i>US\$72-105</i> |
| <i>50x50mm</i> | <i>US\$105-150</i> |
| <i>25x300mm</i> | <i>US\$72-105</i> |
| <i>Mixed Redwood</i> | |
| <i>40x300x3.6m</i> | <i>US\$105-240</i> |

Gabon

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

Report from Indonesia

Sawn timber *Domestic construction material*

| | |
|-------------------------|--------------------|
| <i>Kampar</i> | <i>per Cu.m</i> |
| <i>AD 6x12-15x400cm</i> | <i>US\$335-345</i> |
| <i>KD</i> | <i>US\$470-480</i> |
| <i>AD 3x20x400cm</i> | <i>US\$400-410</i> |
| <i>KD</i> | <i>US\$520-530</i> |

| | |
|-------------------------|--------------------|
| <i>Keruing</i> | <i>per Cu.m</i> |
| <i>AD 6x12-15cmx400</i> | <i>US\$290-300</i> |
| <i>AD 2x20cmx400</i> | <i>US\$292-300</i> |
| <i>AD 3x30cmx400</i> | <i>US\$330-340</i> |

Malaysian Domestic Sawnwood Prices

| | |
|--|--------------------|
| <i>Sawnwood</i> | <i>per Cu.m</i> |
| <i>Balau(25&50mm,100mm+)</i> | <i>US\$415-425</i> |
| <i>Kempas50mm by (75,100&125mm)</i> | <i>US\$225-235</i> |
| <i>Red Meranti (22,25&30mm by180+mm)</i> | <i>US\$320-330</i> |
| <i>Rubberwood (25mm & 50mm)</i> | <i>US\$285-300</i> |
| <i>50mm squares</i> | <i>US\$315-325</i> |
| <i>75mm+</i> | <i>US\$365-375</i> |
| <i>Mixed Hardwood Piling</i> | |
| <i>5-6 ins x5-6 ins sections</i> | <i>US\$210-220</i> |

Plywood and Veneers

International Prices

Indonesian Plywood

Plywood exports in 1996 reached US\$4.73 billion, an increase of nearly 20 % over 1995 exports of around US\$3.95 billion. Japan represented the most important market for Indonesian plywood exports. The industry is confident that 1997 will even be better than last year. A bright future is indicated, by January 1997 plywood exports to Japan amounted to about 330,000 Cu.m, where traditionally the figure is around 200,000 Cu.m.

The Japanese have designated PT Mutuagung Lestari in Jakarta as another Foreign Testing Organisation (FTO) for plywood. The expansion of FTO's is in line with Japanese policies towards deregulation and housing cost reductions. PT Mutuagung Lestari is engaged in the inspection and quality certification of plywood and has test facilities in Jakarta and Samarinda and can now issue JAS marks. This is the fifth FTO for plywood.

Plywood (export, FOB)

| MR, | per Cu.m |
|---------------|-------------|
| Grade BB/CC | |
| 2.7mm | US\$485-495 |
| 3mm | US\$440-450 |
| 6mm and above | US\$370-380 |
| WBP, | |
| Grade BB/CC | |
| 12-18mm | US\$430-450 |

Ghana

No price changes have been reported.

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 |

Plywood 2440x1220mm

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

Rotary Cut Veneer

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

Brazilian Plywood and Veneer

Domestic demand for veneer and plywood are relatively constant. Malaysian companies continue to visit Brazil looking for investment opportunities. Negotiations involve mainly plywood mills located in Belem and Manaus.

| Veneer FOB | per Cu.m |
|-------------------|-------------|
| White Virola Face | |
| 2.5mm | US\$265-310 |
| Pine Veneer (C/D) | US\$210 |
| Mahogany Veneer | per Sq.m |
| 0.7mm | US\$2.50 |

| Plywood FOB | per Cu.m |
|--------------------------|----------|
| White Virola (US Market) | |
| 5.2mm OV2 (MR) | US\$340 |
| 15mm BB/CC (MR) | US\$320 |
| For Caribbean countries | |
| White Virola 4mm | US\$470 |
| 9mm | US\$380 |
| Pine USA market | |
| 9mm C/CC (WBP) | US\$270 |
| 15mm C/CC (WBP) | US\$250 |

Malaysian Plywood

Trading companies in Japan importing Malaysian plywood are concerned that the market will resist the price increases being sought by exporters.

| MR Grade BB/CC FOB | Per Cu.m |
|--------------------|-------------|
| 2.7mm | US\$490-495 |
| 3mm | US\$455-450 |
| 9-12mm | US\$370-380 |
| 18mm plus | US\$345-350 |
| WBP Grade BB/CC | |
| 9-18mm | US\$410-430 |
| Phenolic Overlayed | |
| 12-18mm | US\$500-510 |
| Domestic plywood | |
| 9-18mm | US\$470-490 |

Taiwan Province of China

| Plywood | per Cu.m |
|-----------------|-------------|
| 2.7mm x 4' x 8' | US\$600-620 |
| 9.0mm x 4' x 8' | US\$495-510 |
| 12-18mm | US\$460-490 |

Domestic Plywood Prices

Brazil

| Rotary Cut Veneer (ex-mill Northern Mill) | | per Cu.m |
|--|--|-----------|
| White Virola Face | | US\$165 |
| White Virola Core | | US\$115 |
| Plywood (ex-mill Southern Mill) | | Per Cu.m |
| Grade MR | | |
| 4mm White Virola | | US\$670 |
| 15mm White Virola | | US\$495 |
| 4mm Mahogany 1 face | | US\$1,410 |

Indonesia

| Domestic MR plywood (Jarkarta) | | per Cu.m |
|-----------------------------------|--|-------------|
| 9mm | | US\$455-460 |
| 12mm | | US\$415-430 |
| 15mm | | US\$405-420 |
| 18mm | | US\$375-400 |

Gabon

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

Furniture Parts and Components

Taiwan Province of China, Imports

| Imports C&F | per pc |
|---|------------------|
| Rubberwood Chair seats | US\$3.00-3.10 |
| Rubberwood unfinished Queen Anne Chairs (excluding soft seat) | US\$13.5-15.00ea |
| Queen Anne Legs | |
| 2 1/4 ins square x 18 ins | US\$1.00-1.10ea |
| 2 3/4 ins square x 28 ins | US\$2.00-2.10ea |

Other Panel Product Prices

Brazil

Demand for reconstituted panels is high. Imports of particleboard and MDF are continuing to expand. Also, expansion of local production is under study.

| Export Prices | |
|-------------------------|----------|
| Blockboard 18mm | per Cu.m |
| White Virola Faced | |
| B/C | US\$305 |
| Domestic Prices | |
| Ex-mill Southern Region | per Cu.m |
| Blockboard | |
| 15mm White Virola Faced | US\$510 |
| 15mm Mahogany Faced | US\$860 |
| Particleboard | |
| 15mm | US\$320 |

Indonesia

| Other Panels | Per Cu.m |
|--------------------------|-------------|
| Export Particleboard FOB | |
| 9-18mm | US\$150-155 |
| Domestic Particleboard | |
| 9mm | US\$260 |
| 12mm | US\$235 |
| 15mm | US\$220 |
| 18mm | US\$200 |

| | |
|-----------------------------|--------------------|
| MDF Export (FOB) | per Cu.m |
| 12-18mm | US\$210-220 |
| MDF Domestic 15-18mm | US\$300-310 |

Taiwan Province of China, Imports

| | |
|------------------------|-----------------|
| MDF | per Cu.m |
| Domestic Prices | |
| 3mm thick | US\$390-400 |
| 4.75mm | US\$380-390 |
| 12-18mm x 4' x 8' | US\$270-290 |
| Particleboard | per Cu.m |
| 12-18mm (4x8) | US\$195-205 |

Malaysia

| | |
|----------------------------|-----------------|
| Particleboard (FOB) | per Cu.m |
| 6mm & above | US\$150-155 |
| Domestic | |
| 6mm & above | US\$180-185 |
| MDF (FOB) | per Cu.m |
| Less than 5mm | US\$230-240 |
| Greater than 6mm | US\$210-220 |
| Domestic Sales | per Cu.m |
| 6-21mm | US\$240-245 |

Prices of Added Value Products

Indonesia

| | |
|--------------------------------------|--------------------|
| Mouldings | |
| Ramin skirting | per Cu.m |
| (for the Italian market) | US\$885-895 |
| Crown using Pulai or Jelutong | |
| (for Japanese market) | US\$800-810 |
| Laminated Scantlings | US\$640-660 |
| Laminated Boards | |
| Falkata wood | US\$390-410 |
| Laminated Boards | |
| Pine | US\$850-880 |

Malaysia

| | |
|-----------------------------|---------------------|
| Mouldings (FOB) | per Cu.m |
| Selagan Batu Decking | US\$570-580 |
| Kembang Semangkok | |
| S4S to Japan | US\$990-1050 |
| Laminated Scantlings | |
| 72mmx86mm | US\$675-685 |

Rubberwood parts and components:

Malaysia

| | |
|---------------------------|----------------------|
| Shaped chair seats | |
| (18-22mm 16"-18" squares) | |
| | US\$2.95-3.20 per pc |

| | |
|-------------------------|--------------------|
| Finger jointed | per Cu.m |
| laminated boards | US\$825-840 |
| top grade | US\$880-890 |

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

Furniture

Recent statistics indicate that 1996 exports of Malaysian furniture topped US\$ 930 million compared to about US\$ 800 million in 1995. The wooden furniture sector accounted for about 85 % of the total exports, or about US\$ 790 million. Of this amount, wooden furniture made from Rubberwood accounted for more than US\$ 630 million or more than 80 % of the of the total wooden furniture exports.

The demand for the Malaysian wooden furniture was relatively weak for December 1996 and January this year but it is projected that shipments will pick up from March onwards. In 1997, the industry is confident that the wooden furniture exports will exceed the US\$ 900 million mark

Dining suite

Solid rubberwood laminated top 3' x 5'
with extension leaf US\$60-65ea

Same with

Oak veneered MDF US\$75-80ea

Windsor Chair US\$11.50-13.00ea

Colonial Chair US\$14.00-15.50ea

Napolean Chair US\$22-26ea

Queen Anne Chair (with soft seat)

without arm US\$22-25ea

with arm US\$24-28ea

Strong housing investment, with housing starts at an annual rate of 1.6 million units, and the implementation of the economic stimulus package announced in September 1995, the largest ever, also played a major role in improving sentiment.

However the economic recovery failed to show the strength that was originally expected. Inventory adjustments, which were expected to end in the spring were instead prolonged. The financial markets presented an entirely different picture with the arrival of autumn. When the Bank of Japan's tankan, released at the end of August, confirmed the view that the business mood was not improving, the market took a downturn and stock prices began to drop. The outlook for the Japanese economy has again become uncertain.

The economic recovery lacks strength because the private sector, which could act as the engine of growth, has not yet achieved sufficient structural adjustment to enable it to drive an economic recovery. The corporate environment is not encouraging companies to expand their operations, as seen in the unprecedented declines in return on assets. A look at the household sector also shows that, with corporations' wage bills remaining at a high level, the job picture is dismal while the income growth is stagnant. As a result, both capital investment and personal consumption, the two main components of domestic private-sector demand, are still low.

A Difficult 1997

Analysts report that the economy in 1997 will depend to a large extent on the progress of structural adjustment and to whether this structural adjustment will impact quickly, creating an environment that is conducive to a recovery of domestic private-sector demand.

The household sector shows little promise. With declining corporate profits foreseen for the time being, no big improvement can be expected in employment or household income. Moreover, household will be hit by a heavier tax burden from April as the consumption tax rate will be increased and the special income tax reduction will be discontinued. Under these conditions personal consumption cannot be expected to lead the economy forward. Moreover, housing investment, which has been growing vigorously, will be affected negatively. Analysts forecast that the road for the Japanese economy in 1997 will not be smooth and that here is unlikely to be enough pace to the adjustment process to allow it to gather sufficient momentum for an self-driven recovery.

Source: Tokyo-Mitsubishi Review

Brazil

Edge Glued Pine Panel

for Korea US\$510 per Cu.m

Taiwan Province of China

Furniture

Dining suite (FOB)

Oak Veneered MDF tables and
chairs (6 per set)

US\$235-245per set

Consumer's Report

Report From Japan

Outlook for the Japanese Economy in 1997

For the Japanese economy, 1996 was a year of disappointment. Hopes for a recovery, which appeared possible at the beginning of the year, were unfulfilled. A series of fiscal and monetary measures scored some successes in the first half of the year, and the corrective depreciation of the Yen benefited the economy. Early in the year sentiment, on both the business and consumer levels, brightened somewhat. Supported by improved corporate performance, business investment in plant and equipment traced a moderate upward path, and personal consumption also moved higher. The threat of serious unemployment, which once gripped the nation, appeared to recede.

Other News from Japan

The continued fall in the value of the Yen is having a serious impact on import costs.

Exporter prices to Japan have risen. The rain season has slowed logging in Sarawak and this, coupled with the growing domestic log consumption, has caused shortages and price increases. Red Meranti SQ and Up has gone to US\$210-213 Per Cu.m FOB.

In a recent survey conducted by the Kansai Nettai Mokuzai Shiyo Sakugen Iinkai (Kansai Tropical Timber Use Reduction Committee) it was identified that a total of 159 local governments are trying to reduce the use of tropical timber in public sector works.

Seven Swedish exporters have formed a consortium with the aim of improving softwood sales to Japan. The seven companies will operate under the trade umbrella name of "Trahusgruppen Nippon"

Delivered Prices

Asian Log, Lumber and Panel Prices

Logs For Plywood Manufacturing CIF Price Yen per Koku

| | |
|-------------------------|-------|
| Meranti (Hill, Sarawak) | |
| Medium Mixed | 7,900 |
| Meranti (Hill, Sarawak) | |
| STD Mixed | 8,000 |
| Meranti (Hill, Sarawak) | |
| Small Lot | |
| (SM60%, SSM40%) | 7,500 |
| Taun, Calophyllum (PNG) | |
| and others | 7,000 |
| Mix Light Hardwood | |
| (PNG G3-G5 grade) | 5,800 |
| Okume (Gabonese) | 8,100 |
| Keruing (Sarawak) | |
| Medium MQ & up | 8,400 |
| Kapur (Sarawak) Medium | |
| MQ & up | 8,300 |

Logs For Sawmilling FOB Price Yen per Koku

| | |
|------------------|--------|
| Melapi (Sarawak) | |
| Select | 11,500 |
| Agathis (Sabah) | |
| Select | 9,800 |

Lumber FOB Price Yen per Cu.m

| | |
|-----------------------------|---------|
| White Seraya (Sabah) | |
| 24x150mm, 4m 1st grade | 125,000 |
| Mixed Seraya 24x48mm, | |
| 1.8 - 4m, S2S | 50,000 |
| Red Oak 5/4x6 ins and wider | |
| FAS (US East Coast) | 125,000 |

Plywood

The demand for the thicker grades of plywood is still good. NIPPINDO has raised the prices further. Prices for half inch plywood are touching Yen 1330 per sheet on the local market.

FOB prices for Malaysian plywood remain high at around US\$430-435 per Cu.m and some importers are reporting that the market for Malaysian ply is becoming more difficult than that for Indonesian products.

Plywood Mill Gate Price Tokyo Area Yen per sheet

| | |
|---|-------|
| Concrete Formboard | |
| Domestic Production from S.E Asian Logs | |
| 11.5x900x1800mm Type 1 | 1,280 |
| Thin | |
| 2.3x910x1820mm Type 2 | 340 |
| Medium | |
| 4.0x910x1820mm Type 2 | 530 |
| 5.5x910x1820mm Type 2 | 640 |

Tokyo Market Price Per Sheet

| | |
|----------------------|---------|
| Plywood | |
| 2.4x91x1820mm | Yen340 |
| 3.6x91x1820mm | Yen480 |
| 5.2x91x1820mm | Yen620 |
| Plywood for flooring | |
| 11.5x94.5x1840mm | Yen1710 |
| Plywood for Printing | |
| 3.6x123x2440mm | Yen820 |

January Wholesale Prices in Japan

| | | Yen Per Sheet |
|------------------------------------|-----------|---------------|
| Indonesian Plywood | | |
| 2.4mm (thin plywood, A board) | 920x1830 | 340 |
| 3.6mm (medium thickness, OVL) | 910x1820 | 480 |
| 5.2mm (medium thickness, OVL) | 910x1820 | 620 |
| 8.5mm for sheathing (UTY) | 910x1820 | 910 |
| 11.5mm for foundation | 910x1820 | 1200 |
| 12mm concrete-formply (JAS) | 900x1800 | 1270 |
| 11.5mm flooring board (JAS) | 945x1840 | 1660 |
| 3.6mm Baseboard for overlays (OVL) | 1230x2440 | 850 |
| 5.2mm for packing | 1230x2440 | 970 |
| 8.5mm for packing | 1230x2440 | 1480 |
| Malaysian Plywood | | |
| 2.4mm (thin plywood, A board) | 920x1830 | 330 |
| 3.6mm (medium thickness, OVL) | 910x1820 | 470 |
| 5.2mm (medium thickness, OVL) | 910x1820 | 590 |
| 8.5mm for sheathing (UTY) | 910x1820 | 900 |
| 11.5mm for foundation | 910x1820 | 1160 |
| 11.5mm concrete-formply (non-JAS) | 900x1800 | 1220 |
| 11.5mm flooring board (non-JAS) | 945x1840 | 1550 |
| 3.6mm Baseboard for overlays (OVL) | 1230x2440 | 820 |
| Softwood Plywood | | |
| 9.5mm foundation of wall (JAS) | 1220x2440 | 1400 |
| 12.5mm Sheathing (T&G JAS) | 606x2273 | 1080 |
| 15.5mm foundation (T&G JAS) | 1220x2440 | 2100 |
| 9.5mm for packing (non-JAS) | 1220x2440 | 1280 |
| Particleboard | | |
| 12mm for woodworking | 910x1820 | 560 |
| 15mm for woodworking | 910x1820 | 670 |
| OSB | | |
| 11.9mm foundation of roof (JAS) | 910x1820 | 900 |
| 9.5mm Foundation for 2 by 4 | 910x2440 | 980 |
| 6.5mm for packing (non-JAS) | 1220x2440 | 800 |
| 9.5mm for packing (non-JAS) | 1220x2440 | 1130 |

Report From China

China's Timber Market in Early 1997

According to Chinese expert forecasts, demand for wood products in early 1997 will be stable, demand will increase slightly, and prices are expected to rise moderately. Analysts in China cite the following reasons for this forecast:

- as the State policy of macro-economic control and adjustment will be implemented further, the scale of

construction activity will expand significantly, finance and currency policy will be more tightly controlled and this will result in more stable market conditions. Through State adjustment and control over several years, the national economy has been heading for a soft landing. The State is expecting to increase input to agriculture, so timber for agricultural use will be increasing.

- the State will continue its support the development of real estate, the stock of commercial property will be increased, input for the construction of residential housing will increase and programmes for providing housing for low income families will be expanded. On top of this the government will fund key construction projects.

- development of the wood based furniture industry will be encouraged by the State.

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

| | |
|--|-----------------|
| Keruing Logs | per Cu.m |
| Length: 6-20m | 1880-2400 |
| Mengaris Log | |
| Length 6m+ | 1800-1900 |
| Malaysian Lauan Logs | |
| Mixed | 2500-2600 |
| Malaysian Lauan with hollow heart | |
| Mixed | 1200-1400 |
| Lauan lumber | per Cu.m |
| Thickness: 5-6cm | |
| Length: 3-4m | 2850-3450 |
| Lauan tongued, grooved flooring strip | |
| 18mmx50-70mmx3m | 110-125 per m |
| Malas tongued, grooved flooring strip | |
| 18x70mm x2.2-4.1m | 110-125 |
| Balian Flooring Top Grade Myanmar | |
| 18x50-70x2400mm | 300-350 |
| Plywood from Indonesia | |
| 3mm 1220x2240 | 41 per sheet |

Other News from China

According to the latest statistics, the production of machine made paper and paperboard reached 27.8 million ton in 1995, only just behind the US and Japan in world production. Production is up 52% over 1980, increasing, on average,

almost 12% each year. However, the greatest proportion of the total production was produced by small factories with an annual production of less than 5,000 tons. Almost all of these mills use straw as raw material. There are currently 11,025 manufacturers of pulp and paper, of which 9,141 have annual production less than 3,000 ton.

The annual volume of polluted discharge water by China's pulp and paper manufacturers is estimated at about 3 billion ton, making up 13% of the total of polluted water discharge. Of all pulp production, straw pulp makes up about 55%, and much of the pollution by these small scale industries is hard to control.

In order to reduce the severe pollution in Wei River, the State Council ordered the closure of more than 1,000 factories with an annual production of less than 5,000 ton, and the closure of straw pulp factories without any pollution control facilities in Henan, Anhui, Jiangsu, and Shandong provinces in 1996. To obtain alternative raw materials the country will develop large scale forest plantations for pulp use, expand production of commercial wood pulp and increase the use of recycled waste paper. As one of the cornerstones of economic development during the Ninth five-year plan, the State will encourage the development of large scale the pulp and paper industries.

China Invests in Chile

The joint venture timber processing mill, Kapiwei Forest Company Ltd., Chile, began operation in December 1996. This is a joint venture involving China and the Chinese Minister of Housing and Construction, the Deputy General Manager of Production and Development and China's Ambassador attended the opening ceremony.

With 30% share, China International Trust Investment Company is the largest shareholder of Kapiwei Forest Company. The registered capital of the company totals US\$ 7.5 million, the plant occupies an area of 9,000 sq.m, has 200 staff and an annual production capacity of 40,000 Cu.m of sawnwood. The mill's production will be sold mainly to Asia, Europe and North America. Annual earnings are estimated to be US\$ 12 million.

From Europe, An Update on France

The French production of furniture fell by 1% in 1996 to Ffr 65.2 billion. The domestic market was flat (+1% at current prices last year to Ffr 68.1 billion) with the French industry covering just 73% of the domestic demand. Unifa, an association of 800 French furniture companies, is therefore urging members to join its campaign aimed at doubling exports over 10 years.

The French spend an average of Ffr 7,700 per year on furniture (1.6% of their total spending). In the first eleven months of 1996 the sales of furniture decreased by 0.9% (compared to the same period of 1995). Retailers are reporting that while quality demands are up, average prices are down, due to the many promotions offered by the sector.

Manufacturer's Prices in France

Solid Wooden Doors

| | |
|--------------------|-----------|
| Upper Price, Oak, | FFR10,018 |
| Medium Price, Oak, | FFR7,920 |
| Lower Price, Oak, | FFR6,073 |

Furniture and Components

| | |
|---------------------------|----------|
| Kitchen Chairs | |
| Medium Price, Beech, | FFR234 |
| Lower Price, Beech, | FFR140 |
| Dining Chair | |
| Upper Price, Solid Cherry | FFR1,650 |
| 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 | FFR560 |
| Medium Price, Solid Oak, 58.8x49.5cm | FFR327 |
| Lower Price, Solid Oak 58.8x49.5cm | FFR265 |

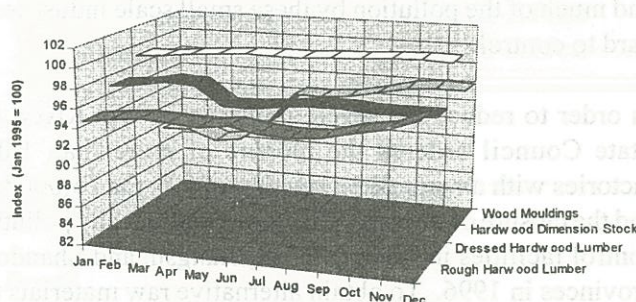
Mouldings

| | Per Lin. m |
|---------------------------------|------------|
| Medium Price, Pine 1.4x4.8cm | FFR8.56 |
| Lower Price, Pine 1.0x2.9cm | FFR5.05 |
| 1.0x2.7cm | FFR5.56 |

Aebi & Cie., the Swiss wooden furniture company located in Huttwill, has been acquired by Novex Ergonom AG. The production of wooden furniture and components will go on, but 50 jobs will be cut.

US Industry Report

US Price Indices for 1996 for Selected Wood Products



Other News from Europe

SH-Shieder Moebel Holding is planning to expand its business in Eastern Europe. The group already has a subsidiary in Hungary and one in Poland (whose turnover was worth DM 100 million in 1996 and is expected to grow by 20% this year) and plans to acquire companies in Czechia and Croatia.

A recent FIRA survey shows the UK domestic furniture market to be worth Sterling 3.4 billion and forecasts it will grow to Sterling 3.5 billion in 1996, and Sterling 3.7 billion by 1998.

Welle of Paderborn, the German furniture producer which had a turnover of DM 1.6 billion in 1996, is planning to merge its subsidiaries Rolf Benz, Leight Kuechen and Ruf Betten into Moebel Marken Holding AG. Further acquisitions are planned and the export business, especially to Asia, is to be increased. Welle will open showrooms in Beijing, Shanghai and Singapore.

In 1995 the Hungarian furniture market was worth about Ft 30 billion with imports (mainly from Germany and Italy) accounting for about 33%. The success of imported furniture is partly due to the expansion of foreign chains such as Ikea, Tutto Mobili and Michelfeit. In 1995 exports accounted for about 43% of the domestic furniture companies' sales.

Promles-Sever, a timber company located in Archangel (Russia), is planning to invest about US\$418,000 into furniture production in Azerbaijan. The company has already opened a representative office in Baku.

Rough Sawn Hardwood Lumber
Appalachian Red Oak
kiln dried, FAS

US\$1,512 per MBF

Dressed Hardwood Lumber
North American Species
Appalachian Oak
planed 2 sides

US\$1,535 per MBF

Hardwood Dimension Stock
Appalachian Red Oak Strips
random length, clear 1 face and 2 edges
6" to 16" 10% 4'-5'

US\$1,480 per MBF

Lumber, Genuine Mahogany
Bolivia, Brazil, Honduras
Select or Better Kiln dried
Dock side US West Coast

US\$2,530 per MBF

Lumber, Philippine Mahogany / Meranti
Kiln Dried, kiln dried
Dock side US West Coast
Dark Red
Light Red

US\$2,200 per MBF

US\$2,035 per MBF

Plywood and Veneer

Hardwood Plywood

*Red Oak plywood, 5-ply, lumber core
cross bands of poplar or gum*

Both exterior layers of Red Oak

*Furniture grade, rotary cut 4' x 8' 0.75" thick
US\$47.00 per Sheet*

*Veneer Red Oak, 1/45", flat stock,
Container loads/truck-loads*

US\$0.10-0.15 per sq.ft.

Reconstituted Boards

Particleboard

*Industrial grade board, 4' x 8' x 3/4"
South Central Region*

US\$278 per 1000 sq.ft

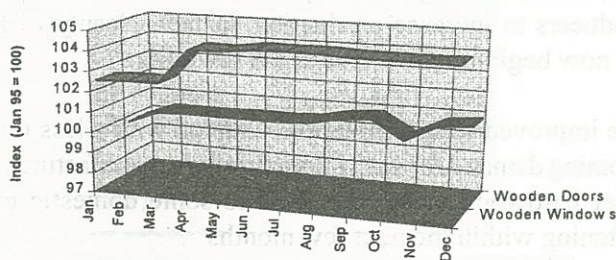
Medium Density Fibreboard

Industrial grade board, 4' x 8' x 3/4"

US\$383 per 1000 sq.ft

Millwork

US Price Indices for 1996 for Selected Builders
Woodwork



Wood Window Units

*Wood sliding window Double glassed,
Upper/lower sash can be titled. 32" x 54"*

US\$81.50

Wood Doors

*Interior door solid wood Raised colonial panels
without frame and hinges. 2'8" x 6'8" x 1.75"*

US\$59.50

Wood Mouldings

White Pine moulding, 3.625" wide,

1" stock, finger jointed length approx. 16'

US\$0.32 per linear foot

Wood Frames for Upholstered Chairs

*Frame for lounge chair, 1" stock
nailed corner blocks*

US\$44.50

Wooden Furniture

Dining Room Table

*18th century, French oval dining room table
extendible, with casters*

*Mahogany veneer on particleboard 64" x 44"
two 15" leaves, extends to 94", Ht. 30"
Apron to floor 26.5"*

US\$610.00

Dining Room Chair

*18th century French Mallard chair Solid Maple
21" x 22", Ht. 44.5" Seat 21" x 17.75, Ht. 18"*

US\$188.00

Bookcase for the Living Room

*18th century traditional styled bookcase
Sheraton accents.*

Base 2 doors one adjustable shelf behind doors

Top cabinet deck 3 adjustable wood shelves.

Maple solids and select cherry veneer

Hand-rubbed cherry finish.

50.25" x 16.5", Ht. 88.5"

US\$795.00

Headboard for Bed

18th century French Fairhope headboard

Mahogany veneer on particleboard.

Width 43", Ht. 60.6"

US\$265.00

Dresser used in the Bedroom

18th century French Elm Bluff 9 drawers.

Mahogany veneer on particleboard.

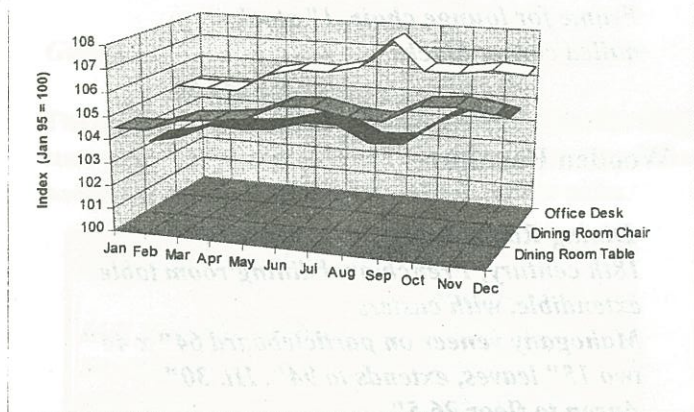
64" x 19", Ht. 36"

US\$475.00

Desks for use in the Office
Conference desk 5 drawers
Mahogany veneer on particleboard.
72" x 36", Ht.29"

US\$895.00

US Prices Indices for 1996 for Some Furniture Items



The final U.S. producer price index for 1996 has now been released and they allow last year's price movements to be plotted. The data reveals the following:

Most raw material prices moved up during 1996 and the trend has been accelerating in recent months. For instance, the price index of domestic hardwood lumber advanced by 2.95% and imported Mahogany prices advanced by 2.64% between January and December of 1996, a departure from this general trend has been Particleboard and MDF. Prices for those engineered wood products declined by 1.45% and 5.10% respectively during the same interval. The main reason is the over-capacity in the industry.

In spite of the upward movement of prices, overall, prices in 1996 remained below those for 1995 for most domestically produced wooden raw materials. Again, this applies above all to Particleboard and MDF. Average 1996 particleboard prices are 4.16% below the average of 1995, and MDF prices are 11.56% lower. An exception was hardwood plywood, with average 1996 prices being 3.22% above the 1995 average.

Contrary to US produced wooden raw materials, average Mahogany prices in 1996 stood 6.37% above the average prices one year earlier. The equivalent figures for Meranti is +3.2%.

The upward trend of domestic lumber prices, which started almost four months ago, is not the result of strong demand from the wood-using industries. Rather, it is the response to depressed lumber production due to unusually poor logging conditions.

Logging conditions have been very poor this winter. There has been a lot of rain and the ground remained unfrozen during November and December of 1996 which made any logging activity almost impossible in many regions.

As a result, an acute shortage of logs developed and prices started to move upwards in recent weeks. This could be seen particularly in the northern Appalachian region where production is estimated to be about 30% below "normal levels". On the other hand, supply in the all important furniture region of North Carolina was less affected.

Generally log prices increased more than lumber prices. The competitive environment in the sawmill industry makes it almost impossible for operators to raise their output prices in unison with their input prices. While prices for some species, such as Walnut and White Oak, have remained almost immune to the price pressure, the more popular woods felt the full force of the price drive. For instance prices for Hard Maple advanced by 4.5% in January of 1997 alone. Somewhat lesser increases could be observed for Cherry (2.1%) and Red Oak (0.7%).

Currently the logging weather has improved. The cold temperature in January has been freezing the ground enough to allow logging in many areas. In addition to the improved conditions, the high wood prices offer an incentive for producers to increase production, in fact, plenty of logs are now beginning to arrive at the sawmills.

The improved supply situation, coupled with a less than a booming demand for wood from furniture manufactures and other hardwood users, may lead to some domestic price softening within the next few months.

Prices for finished and semi-finished wooden products also advanced throughout 1996. Generally the price advances for finished and semi-finished products were slightly more pronounced than for wooden raw materials. Also, with very few exceptions, average 1996 prices for finished and semi-finished products stood above the averages of 1995.

World Value of the Dollar 7.Feb.97

| | | | | | |
|-------------------------|-------------|----------|----------------|-----------|---------|
| Cameroon | C.F.A.Franc | 559.9 | Australia | Dollar | 1.3128 |
| Central African Republi | C.F.A.Franc | 559.9 | Canada | Dollar | 1.3517 |
| Congo, People's Rep. | C.F.A.Franc | 559.9 | China | Yuan | 8.2916 |
| Cote d'Ivoire | C.F.A.Franc | 559.9 | Egypt | Pound | 3.3985 |
| Gabon | C.F.A.Franc | 559.9 | Austria | Schilling | 11.675 |
| Ghana | Cedi | 1760 | Belgium | Franc | 34.235 |
| Liberia | Dollar | 1 | Denmark | Krone | 6.3317 |
| Togo, Rep. | C.F.A.Franc | 559.9 | Finland | Markka | 4.9197 |
| Zaire, Rep. | New Zaire | 144001.5 | Germany | Mark | 1.6595 |
| Cambodia | Riel | 2300 | Greece | Drachma | 260.05 |
| Fiji | Dollar | 1.4237 | Ireland | Punt | 1.599 |
| India | Rupee | 35.8735 | Italy | Lira | 1630.3 |
| Indonesia | Rupiah | 2388.5 | Netherlands | Guilder | 1.8638 |
| Malaysia | Ringgit | 2.495 | Portugal | Escudo | 166.84 |
| Myanmar | Kyat | 6.2271 | Spain | Peseta | 140.45 |
| Papua New Guinea | Kina | 1.3717 | Sweden | Krona | 7.419 |
| Philippines | Peso | 26.347 | United Kingdom | Pound | 1.633 |
| Thailand | Baht | 26.015 | Japan | Yen | 124.225 |
| Bolivia | Boliviano | 5.21 | Nepal | Rupee | 56.95 |
| Brazil | Real | 1.047 | New Zealand | NZ Dollar | 1.4593 |
| Colombia | Peso | 1064.5 | Norway | Krone | 6.5054 |
| Ecuador | Sucre | 3715 | Korea, Rep. of | Won | 867.5 |
| Guyana | Dollar | 140.3 | Switzerland | Franc | 1.4345 |
| Honduras, Rep. | Lempira | 12.76 | Russian Fed. | Ruble | na |
| Panama | Balboa | 1 | | | |
| Peru | New Sol | 2.639 | | | |
| Trinidad and Tobago | Dollar | 6.179 | | | |
| Venezuela | Bolivar | 474.75 | | | |

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 |
| Boule | A Log Sawn Through and Through the boards from one log are bundled together | Second | |
| BB/CC | Grade B faced and Grade C backed Plywood | WBP | Water and Boil Proof |
| MBF | 1000 Board Feet | MR | Moisture Resistant |
| Sq.Ft | Square Foot | pc | per piece |
| FFR | French Franc | ca | each |
| Koku | 0.278 Cu.m or 120BF | BF | Board Foot |
| | | MDF | Medium Density Fibreboard |
| | | F.CFA | CFA Franc |

