

Tropical Timber Market Report since 1990

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Snapshot

Over the last fortnight, prices were showing moderate strength in West Africa and Malaysia, although these trends were not expected to hold. Price declines were seen in Indonesia and for some species in Peru. In contrast, prices for Ghana's products maintained relative stability when compared to the same period in 2008. Prices in Japan were expected to bottom out after the Japanese Golden Week holidays in early May. Trading continued to be light in most producer and consumer countries.

Further trade data was also posted over the last fortnight. Ghana reported dips in all timber product exports except plywood during 2008. Brazil's furniture exports to Argentina dropped 51% during the first two months of 2009. Peru's wood products exports also fell nearly 50% in the first two months of 2009 when compared to the same period in 2008. European imports for 2008 showed a marked decline of tropical hardwood products. China was the only country posting more mixed results, with China's export value of wood and non-wood furniture growing 21.5% in 2008, with wood flooring sales declining during the fourth quarter of 2008.

Editor's note: Due to the upcoming Japanese Golden Week holidays, the next two issues of the Tropical Timber Market Report will be published on 8 and 18 May.

Headlines

Prices for West African logs show slight strength	2
Ghana's plywood contracts show gains in fourth quarter 2008	2
Sarawak state government reduces timber royalty	3
Price declines in Malaysia trigger fears for mill owners and workers	4
Low trade expected in Myanmar due to holiday period	5
AIMEX anticipates future problems in Pará's forest sector	5
Leadership transition in Brazilian Forest Service	7
Peru's early 2009 exports drop 50%	7
Guyana's prices show relative stability	9
Market prices expected to bottom out after Golden Week in Japan	10
Log imports through China's Erianhhot Port rise in February 2009	11
EU import statistics show declines in tropical hardwoods in 2008	12

Contents

Central/West Africa	2
Ghana	2
Malaysia	3
Indonesia	4
Myanmar	5
Brazil	5
Peru	7
Bolivia	9
Mexico	9
Guyana	9
Japan	10
China	11
Europe, the UK and Russia	12
Internet News	15
Currencies and Abbreviations	16
Ocean Freight Index	16
Appendix: Tropical Timber Price Trends	16

Report from Central/West Africa

Prices for West African logs show slight strength

Over the last fortnight, prices for some West African log species have shown some strength where there has been demand from India, China and Vietnam. However, the majority of prices were unchanged due to the dull market conditions. A few species have shed around EUR3 to EUR5/m³ or so through lack of buyer interest rather than the result of actual sales. Demand has been only moderate and exporters had no great expectations of any sudden revival in the short to medium term, and production remains at an ongoing low level.

Europe was still very quiet and demand for logs for traditional French and German buyers was extremely limited. Sawn lumber prices were stagnant and seem likely to remain so through the current quarter. Even the European spring weather that usually turns buyers' minds towards topping up stock levels for a more active phase in building activity has this year not led to a rise in inquiries, and even fewer new contracts. Sapele prices were still low, while other prices seem once again to be unchanged. West African sawmills in most areas have either closed or were operating at low capacity. In other news, the Gabon government released details of the 2009 log quota, which is set at just above 1.5 million m³.

West Africa Log Prices

West Africa logs, FOB	€ per m ³		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	205	191	153
Ayous/Obéché/Wawa	195	192	150
Azobe & Ekki	189	189	-
Belli	175↑	170	-
Bibolo/Dibétou	152↓	140	-
Bubinga	533	457	381
Iroko	257	260	200
Okoume (60% CI, 40% CE, 20% CS) (China only)	151↑	-	-
Moabi	270↓	270↓	206
Movingui	170	145↓	137
Niove	135↑	135↑	-
Okan	180↑	180↑	122
Padouk	275	255	215
Sapele	225	220	150
Sipo/Utile	270	270	215
Tali	198↑	197↑	114

West Africa Sawnwood Prices

West Africa sawnwood, FOB	€ per m ³
Ayous FAS GMS	300
Fixed sizes	360
Okoumé FAS GMS	300
Sel. & Bet. GMS Italy	250
Sel. & Bet. fixed sizes	-
Sipo FAS GMS	570
FAS fixed sizes	-
FAS scantlings	585
Padouk FAS GMS	585
FAS scantlings	585
Strips	425
Sapele FAS Spanish sizes	500
FAS scantlings	500
Iroko FAS GMS	440
Scantlings	475
Strips	360
Khaya FAS GMS	380
FAS fixed	420
Moabi FAS GMS	540
Scantlings	560
Movingui FAS GMS	300-320

Report from Ghana

Plywood contracts show gains in fourth quarter 2008

A total contract volume of 152,244 m³ and 9,507 pieces of furniture parts were processed and approved during the quarter under review. These represent drops of 10.2% and 38.2% respectively, when compared to the figures achieved during the third quarter of 2008. With the exception of plywood contracts, which increased 68.3%, and were 75,882 m³ by volume, the volume of contracts processed and approved for all major exportable products fell during the quarter under review when compared to the previous quarter.

Export volumes of lumber, rotary veneer and sliced veneer decreased by 26.5%, 9.8% and 7.5% respectively. There was a sharp drop in the export volume of logs/poles/billets, which were 13,732 m³, representing a decrease of 70.95% when compared to the previous quarter. The difficulty in securing contracts from the European and the American markets shifted the attention of most integrated mills to the West African sub-region where plywood is readily available. This resulted in a high volume of plywood contracts being issued during the quarter under review. Plywood contributed 49.8% to the total wood products export volume.

The TIDD contract offices in Kumasi, Accra and Sunyani processed and approved 14.5%, 0.5% and 48.5%, respectively, of total wood products approved during the quarter under review. These three offices together contributed 63.5% of the total volume of wood products approved. The high percentage of contracts attributed to the Sunyani office was mainly due to the high volume of plywood approved during the quarter. The office approved 58,607 m³ of plywood, representing 38.5% of the total contract volume.

Regarding price and market performance, prices were generally down, especially during the last month of the quarter under review. This has been attributed to the global economic downturn and the credit crunch in Germany, the UK, Italy and the US, the major destinations of Ghana's wood products. Inquiries from most buyers

also revealed that this situation has seriously affected the building industry, which is the main consumer of Ghana's wood products. It has become very difficult to obtain credit from financial institutions and debtors have taken advantage of the situation by not paying for already bought timber.

Prices generally dropped between EUR5/m³ and EUR20/m³ below the TIDD minimum Guiding Selling Prices (GSP) for lumber and rotary veneer. Odum lumber, for example, fell as low as EUR40/m³ below the TIDD minimum Guiding Selling Prices (GSP). Notwithstanding the above, plywood to West African markets performed notably well during the quarter under review. Depending on the thickness, plywood prices increased between USD10/m³ and USD50/m³ over the TIDD minimum Guiding Selling Prices (GSP).

Ghana Log Prices

Ghana logs, domestic	US\$ per m ³	
	Up to 80cm	80cm+
Wawa	100-115	120-145
Odum Grade A	160-170	175-185
Ceiba	90-100	105-120
Chenchen	60-90	95-112
Khaya/Mahogany (Veneer Qual.)	80-100	110-135
Sapele Grade A	135-150	155-175
Makore (Veneer Qual.) Grade A	125-135	140-166

Ghana Sawnwood Prices

Ghana Sawnwood, FOB	€ per m ³	
	Air-dried	Kiln-dried
FAS 25-100mm x 150mm up x 2.4m up	855	-
Afromosia	480↓	560
Asanfina	190↓	260
Ceiba	330	410↑
Dahoma	370↓	430↓
Edinam (mixed redwood)	425	470↓
Emeri	595↓	665
African mahogany (Ivorenensis)	520	610
Makore	555↓	585↓
Niangon	655	700
Odum	540	600
Sapele	260	285
Wawa 1C & Select		

Ghana sawnwood, domestic	US\$ per m ³
Wawa 25x300x4.2m	250↓
Emeri 25x300x4.2m	335↓
Ceiba 25x300x4.2m	210
Dahoma 50x150x4.2m	290↓
Redwood 50x75x4.2m	270↓
Ofram 25x225x4.2m	330

Ghana Veneer Prices

Rotary Veneer, FOB	€ per m ³	
	CORE (1-1.9mm)	FACE (<2mm)
Bombax	330	350
Kyere, Ofram, Ogea & Otie	325↓	360↑
Chenchen	315	360
Ceiba	330↓	355↑
Mahogany	400	435↑

The above prices are for full sized panels, smaller sizes minus 15%. Thickness below 1mm would attract a 5% premium.

Rotary Veneer, FOB Core Grade 2mm & up	€ per m ³
Ceiba	250
Chenchen, Ogea & Essa	295
Ofram	312

Sliced Veneer, FOB	€ per m ²	
	Face	Backing
Afromosia	1.80	1.00
Asanfina	2.00	1.00
Avodire	1.12	0.80
Chenchen	1.00	0.55
Mahogany	1.40	0.79
Makore	1.75	0.90
Odum	1.80	1.00

Ghana Plywood Prices

Plywood, FOB B/BB, Thickness	€ per m ³			
	Redwoods		Light Woods	
	WBP	MR	WBP	MR
4mm	560	475	500	375↓
6mm	340	325	335	285
9mm	365↓	305↑	290	270
12mm	300	295↓	270↓	255↑
15mm	310	300↑	280↓	270
18mm	300	290↑	285	250↓

Grade AB/BB would attract a premium of 5%. BB/BB would be 5% less, C/CC 10% less and CC/CC 15% less.

Ghana Added Value Product Prices

Parquet flooring 1st	FOB € per m ²		
	10x60x300mm	10x65-75mm	14x70mm
Apa	12.00	14.47	17.00
Odum	8.42	10.18	11.00
Hyedua	13.67	13.93	17.82
Afromosia	13.72	18.22	17.82

Grade 2 less 5%, Grade 3 less 10%.

Report from Malaysia

Sarawak state government reduces timber royalty

The Sarawak state government has reduced the 2009 timber royalty to a flat rate of RM50 for all timber with a diameter of 30cm or more, reported *The Star*. The reduction derived from an appeal by the Sarawak Timber Association (STA), after the state forestry department had increased the royalty to RM65 four months ago. However, the government rejected STA's appeal for a 50% discount on the timber royalty extracted from agri-conversion land and for timber with a diameter of between 30cm and 40cm. The royalty will increase to RM55 by 2010 and RM65 in 2011.

Minister expects exports to reach RM20 billion

According to *Bernama*, Deputy Plantation Industries and Commodities Minister Mr. A. Kohilan speculated that demand for Malaysian timber products from Central Asia, India and Eastern Europe could help Malaysia achieve at least RM20 billion in exports in 2009. He also said the federal government has launched an afforestation programme, which is managed by the Malaysian Timber Industry Board (MTIB). A target of 25,000 ha has been earmarked for afforestation yearly over a period of 15 years, which would result in a total of 375,000 ha afforested. Fourteen companies are said to be participating in this programme, with an area of nearly 60,000 ha afforested to date.

Malaysia's exports fall 15.9% in February

Malaysia's exports fell 15.9% in February 2009, when compared to February 2008 exports, as reported on *CNBC.com*. Exports in January 2009 declined 27.8% compared to the previous year, the steepest decline in nearly 30 years. Economists commented that the current economy is performing better than predicted, but

cautioned that a decline in exports at least over the next few months will hover in the realm of 20%.

Timber prices steady but may not hold

Prices of Malaysian timber products remain weak but steady as thunderstorms continue to hammer the country, making timber extraction difficult. However, prices are not expected to hold. Foreclosures of both private and commercial properties were on the increase in the wake of massive layoffs by major MNCs and a slump in domestic demand. At the forefront of the layoffs were suppliers of major building/construction material and household accessories.

Prices of residential properties, often propped up by foreign investors and speculators, may actually decline for the first time. Some analysts commented that the Malaysian economy will take 2 to 3 years to recover, and will do so only after there is some upturn in the US economy.

Malaysia Log Prices

Sarawak log, FOB	US\$ per m ³
Meranti SQ up	230-254
Small	212-243↑
Super small	201-225↑
Keruing SQ up	217-229
Small	187-218
Super small	162-193↑
Kapur SQ up	207-232
Selangang Batu SQ up	178-215
Pen. Malaysia logs, domestic (SQ) US\$ per m ³	
DR Meranti	232-251
Balau	300-327
Merbau	324-359↓
Rubberwood	40-75↓
Keruing	216-232

Peninsular Malaysian meranti logs are top grade and are used for scantlings for the EU. Their prices are higher than Sarawak's.

Malaysia Sawnwood Prices

Malaysia Sawnwood, FOB	US\$ per m ³
White Meranti A & up	282-313
Seraya Scantlings (75x125 KD)	455-470↓
Sepetir Boards	251-273
Sesendok 25,50mm	355-373↓
Kembang Semangkok	296-319
Malaysian Sawnwood, domestic	
Balau (25&50mm,100mm+)	335-355↓
Merbau	479-531↓
Kempas 50mmx(75,100 & 125mm)	266-306
Rubberwood 25x75x660mm up	194-244
50-75mm Sq.	236-268
>75mm Sq.	258-287

Malaysia Plywood Prices

Malaysia ply MR BB/CC, FOB	US\$ per m ³
2.7mm	416-478↓
3mm	393-423
9mm & up	338-410
Meranti ply BB/CC, domestic	
3mm	389-430
12-18mm	323-352

Other Malaysia Panel Prices

Malaysia, Other Panels, FOB	US\$ per m ³
<i>Particleboard</i> Export 12mm & up	230-253
Domestic 12mm & up	215-232
<i>MDF</i> Export 15-19mm	285-317
Domestic 12-18mm	274-292

Malaysia Added Value Product Prices

Malaysia, Mouldings, FOB	US\$ per m ³
Selagan Batu Decking	550-560↓
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	566-579↓
Grade B	517-526↓

Malaysia Furniture and Parts Prices

Malaysia, Rubberwood, FOB	US\$ per piece
Semi-finished dining table	
solid laminated top 2.5'x4', extension leaf	58-74
As above, Oak Veneer	65-79
Windsor Chair	57-59
Colonial Chair	55-60
Queen Anne Chair (soft seat)	55-63
without arm	55-64
with arm	55-64
Chair Seat 27x430x500mm	43-48
Rubberwood Tabletop	US\$ per m ³
22x760x1220mm sanded & edge profiled	
Top Grade	556-588↓
Standard	541-559↓

Report from Indonesia

Indonesian economic stimulus package to be released soon

According to *Antara News*, the Indonesian government is currently processing its Rp73.3 trillion economic stimulus package and will begin to allocate funds by end April 2009. Indonesia, the most populated state in South-East Asia has been facing its worst recession in modern history. The government was hopeful the stimulus would help address the various issues posed by unemployment in the country.

Sales of forestry equipment plunge for PT United Tractors

Forestry Minister MS Kaban said 'chronic ailments' affecting Indonesian forests would take a long time to fix. As reported in *Antara News*, the minister indicated weak government control and mismanagement by forest concessionaries, timber estates and licensed plantations had contributed to the damage in the forests. Kaban noted the ailments were also affecting forest industries and timber companies, which had cut the state's foreign exchange earning and spurred illegal logging and theft. To address some of these problems, Kaban drew attention to forest plantation activities undertaken by the government on the last three years, during which a total of USD1.9 million trees had been planted and which were expected to boost recovery of the forests.

Price declines trigger fears for mill owners and workers

Reports are emerging that some sawmill and plywood mill owners in Indonesia may resort to arson to recoup their financial losses from recent months. Prices of Indonesian timber products declined sharply as exporters to traditional markets, e.g. Japan and the US, struggle under the weight of heavy corporate debts.

Potential investors in the Indonesian timber industry added that aging machinery, poor infrastructure and illiteracy are

some of the biggest hindrances to investors. The high rate of illiteracy in Indonesia makes it difficult for companies to train and provide skilled workers required by the downstream and value-added timber industry.

Experts also noted that any collapse in prices of Indonesian timber products could trigger a similar chain reaction among timber producers in the region.

Indonesia Log Prices (domestic)

Indonesia logs, domestic prices	US\$ per m ³
Plywood logs	
Face Logs	186-229↓
Core logs	167-200↓
Sawlogs (Meranti)	174-235↓
Falcata logs	142-176↓
Rubberwood	34-60
Pine	157-196↓
Mahoni (plantation mahogany)	480-506↓

Indonesia Sawnwood Prices

Indonesia, construction material, domestic	US\$ per m ³
Kampar (Ex-mill) AD 3x12-15x400cm	170-189↓
KD	193-227↓
AD 3x20x400cm	218-241↓
KD	222-247↓
Keruing (Ex-mill) AD 3x12-15x400cm	234-248↓
AD 2x20x400cm	220-238↓
AD 3x30x400cm	200-219↓

Indonesia Plywood Prices

Indonesia ply MR BB/CC, FOB	US\$ per m ³
2.7mm	405-462↓
3mm	361-402↓
6mm	318-382↓

MR Plywood (Jakarta), domestic	US\$ per m ³
9mm	255-266↓
12mm	247-257↓
15mm	236-254↓

Other Indonesia Panel Prices

Indonesia, Other Panels, FOB	US\$ per m ³
<i>Particleboard</i> Export 9-18mm	218-229
Domestic 9mm	191-203
12-15mm	182-193
18mm	172-184
<i>MDF</i> Export 12-18mm	255-268↓
Domestic 12-18mm	235-246↓

Indonesia Added Value Product Prices

Indonesia, Mouldings, FOB	US\$ per m ³
Laminated Boards Falcata wood	306-318↓
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	499-533↓
Grade B	454-475↓

Report from Myanmar

Low trade expected as a result of holiday period

Analysts expect not much work to be undertaken during April, with stock taking being done at the end of the Myanmar fiscal year and the Myanmar new year holiday, which occurs during 11-21 April. The last tender on 30 April resulted in some price rises for specific grades. Nevertheless, the quantity traded was small, so the price gains do not reflect the actual state of the market. April's tender prices will be in FOB prices, with the remaining sales being done on an ex-works basis. Most analysts believe this will keep prices up, unless log parcels are graded poorly. The tender lots were reported to be mostly above average in quality.

In general, the market was reported to be very slow. Not many new orders for sawn teak were reported. However,

some reports indicate the log market was showing slightly increasing strength. One analyst expected the situation to become clearer around June.

Myanmar Log Prices (natural forests)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
	Feb	Mar
<i>Veneer Quality</i>		
2nd Quality	-	-
3rd Quality	4,189 (6 tons)	4,389 (5 tons)
4th Quality	3,702 (11 tons)	3,639 (11 tons)
<i>Sawing Quality</i>		
Grade 1 (SG-1)	2,634 (95 tons)	2,543 (61 tons)
Grade 2 (SG-2)	2,366 (53 tons)	2,419 (19 tons)
Grade 3 (SG-3)	-	-
Grade 4 (SG-4)	2,034 (339 tons)	2,071 (412 tons)
Grade 5 (SG-5)	1,587 (172 tons)	1,579 (145 tons)
Grade 6 (SG-6)	1,291 (103 tons)	1,305 (85 tons)
Grade 7 (ER-1)	1,035 (29 tons)	1,017 (81 tons)
Grade 8 (ER-2)		-

Hoppus ton=1.8m³; All grades, except SG-3/5/6, are length 8' x girth 5' & up. SG-3/4/6 are girth 4' & up. SG-3 grade is higher than SG-4 but with lower girth and price.

Logs, FOB	€ Avg per Hoppus Ton (traded volume)
Pyinkado (export)	431 (210 tons)
Gurjan (keruing-exp)	238 (70 tons)
Tamalan	--
Taungthayet	--

Prices differ due to quality or girth at the time of the transaction.

Report from Brazil

AIMEX anticipates future problems in Pará's forest sector

According to *Folha do Progresso*, the Association of Timber Exporters Industries of the State of Pará (AIMEX) has indicated 2009 will be a problematic year for the forest sector in Pará. Exports from the state in January and February 2009 fell 60% by value and 65% by volume when compared to year 2007 results. Entrepreneurs working in the international market have recognized the global economic crisis has strongly impacted Pará's industrial and manufactured timber products trade.

However, the delay in government approval of environmental permits has been cited as the primary reason for the current difficulties. Many noted that negative indicators in Pará's timber sector have preceded the economic downturn, seemingly due to the delay in permit approval and the lack of available raw material, which has lasted for nearly five years.

The situation has become so serious that the state of Pará has begun to import timber, particularly from Bolivia. Pará was also buying timber from planted forests in other Amazonian states. These are considered emergency measures to meet the terms of the medium and long-term contracts with the European and American markets.

According to AIMEX, these are illustrations of the crisis facing the forest sector over the last two decades.

Experts have urged the government to set policies that promote forest activities. Representatives from the timber sector have asked the government to invest quickly in forest concessions and forest plantation policies. AIMEX has said, given the timber sector's severe financial crisis, the state government should take concrete actions to reduce the impact of the crisis in Pará's economy. AIMEX also stressed that measures recently undertaken by the government, including the restructuring of the State Secretariat of the Environment (SEMA), were positive, but were insufficient to cope with an unprecedented crisis like the current one.

IBAMA and SEMA on the hunt for 'ghost companies'

The Brazilian Institute of Environment and Renewable Natural Resources (IBAMA), in collaboration with the Pará Secretary of the Environment (SEMA) and IBAMA regional offices, has continued to conduct investigations to identify ghost companies, which have fraudulently engaged in trade of forest products and by products. According to *EcoDebate*, the investigations, which were started in March 2009 (see TTM 14:5), have already stopped more than 100 companies selling illegal timber in the state capital (Belem) and other timber clusters of the state. According to the IBAMA regional office, the operation has generated nearly BRL100 million in fines, and fines are expected to reach over BRL1 billion at the end of the operation.

The operation focuses on companies that exist only on paper. The ghost companies are established to create a façade for the company to sell illegal products from protected areas, public forests and indigenous lands. In 2008, illegal trade in these products was responsible for over BRL 250 million. As part of the operation, IBAMA and its partners will block the operation of the ghost companies and seize any illegally traded timber or charcoal from the company. The amount of logs and charcoal seized so far has reached 10,000 m³ and 5,000 m³, respectively.

Business events expected to generate nearly USD13 million for furniture exporters

The 'International Purchaser Project' Fair, held from 10-12 March at the Movelpar 2009 Furniture Fair in the state of Paraná, promoted 402 businesses among 20 importers and 48 furniture manufacturers, fair exhibitors and participants, and was organized by Apex Brazil and ABIMOVEL (the Brazilian Furniture Association). Research conducted among importers from 17 countries at the Movelpar Fair indicated 75% of the meetings resulted in prospects for future business, estimated at USD12.9 million by value. A survey among the furniture producers indicated deals closed at the end of the business rounds were worth about USD3.8 million.

Portal Moveleiro has reported that one of the main obstacles for furniture manufacturers to overcome is the export crisis. Recently, Brazil has had to undertake measures to maintain its competitiveness in international

markets. In recent months, the federal government had been asked to reduce taxes on particleboard imports to maintain the furniture sector's competitiveness. Additionally, ABIMOVEL is establishing a partnership with design professionals to produce high quality furniture in order to heighten its competitiveness in the international market. To some, Brazil is considered to be more competitive than China in the international furniture market, since Brazil is known for having higher raw material quality and design. According to ABIMOVEL, Chinese furniture is more expensive due to a number of factors, including freight costs for exports and a reduction in the weekly working hours now set at 40 hours, whereas Brazilian workers clock over 44 hours.

Brazil exports about 10% of its furniture production. According to the Federal Secretary of Foreign Trade (SECEX), furniture exports fell 1.7% in 2008 compared to 2007. In January 2009, it dropped 27.4% compared to January 2007. Despite these negative indicators, there is a prospect of a 5% increase in sales to the domestic market and a 3% rise in sales to the international market. ABIMOVEL is also requesting the federal government reduce tax on industrialized products (IPI) from 10% to 5% and to include the furniture sector in the Growth Acceleration Program (PAC) for housing, which is expected to cost about BRL90 billion by 2010.

Furniture exports to Argentina drop 51%

Sharp declines in Brazilian furniture exports to Argentina have been appearing, similar to a cycle observed in 2000 and 2001. This has been caused by a strong deceleration of the Argentinean economy, noted *Gazeta Mercantil*. The Association of Furniture Companies of Rio Grande do Sul (MOVERGS) reported that in the first bi-month of 2009, Brazil's exports to Argentina were 51% less than the same period of last year (USD6.4 million in 2009, compared to USD13.1 million in 2008).

This was the worst fall since 2004. The average annual growth in exports to Argentina between 2004 and 2008 was 72% per year. However, the average drops to 39.5% if the first two months of 2009 are included. The annual average growth rate of Brazilian furniture exports between 2004-2008 was 10.6%, but if including results from the first two months of 2009, it slows down to only 2.1%.

Additionally, a new trade rule in Argentina requires importers to have an import license for Brazilian furniture products, which is considered to some a new obstacle in the bilateral relationship. The measure has been the subject of negotiation between the governments. Venezuela has already adopted the license system and Ecuador has recently increased import tax from 24.5% to 60.5%. These markets do not have enough mills to meet their demand.

One-third of shipments of Brazilian furniture go to the European Union (EU). However, the situation there is not unlike that in Argentina. In the first two months, exports to France decreased 38.6%, 19.1% to the United Kingdom, 11.1% to Germany, 11.5% to the Netherlands and 50% to Spain. Brazil closed its January - February balance with a

31.7% drop in furniture exports over the same period of 2008 (USD96.5 million against USD141.2 million in 2008).

Leadership transition in Brazilian Forest Service

Antonio Carlos Hummel has been appointed the new Director General of the Brazilian Forest Service (BFS), replacing Tasso Azevedo. Azevedo will now act in the capacity of special advisor to the Minister on forest and climate change issues and on matters relating to the Amazon Fund, an organization implementing forestry projects in that region. The new Director General of the BFS has been a career employee of IBAMA and in the last six years was responsible for overseeing the Department of Biodiversity and Forests. He has extensive experience on forestry issues, especially in the institutional development of the sector. As director of the BFS, he will be responsible for implementing and expanding the Brazilian forest concessions and for sustained production, and will oversee BFS's role as focal point of the ITTO for Brazil.

Brazil Log Prices (domestic)

	US\$ per m ³
Brazilian logs, mill yard, domestic	109
Ipê	78
Jatoba	52
Guariuba	57
Mescla (white virola)	

Brazil Sawnwood Prices

	US\$ per m ³
Sawnwood, Belem/Paranagua Ports, FOB	
Jatoba Green (dressed)	809
Cambara KD	471
Asian Market (green)	
Guariuba	266
Angelim pedra	611
Mandioqueira	235
Pine (AD)	195
Brazil sawnwood, domestic (Green)	US\$ per m ³
Northern Mills (ex-mill)	
Ipê	518
Jatoba	398
Southern Mills (ex-mill)	
Eucalyptus (AD)	147
Pine (KD) 1st grade	192

Brazil Veneer Prices

	US\$ per m ³
Veneer, FOB (Belem/Paranagua Ports)	
White Virola Face 2.5mm	298
Pine Veneer (C/D)	210
Rotary cut Veneer, domestic	US\$ per m ³
(ex-mill Northern Mill)	Face Core
White Virola	196 163

Brazil Plywood Prices

	US\$ per m ³
Plywood, FOB	
White Virola (US Market)	
5.2mm OV2 (MR)	469
15mm BB/CC (MR)	405
White Virola (Caribbean market)	
4mm BB/CC (MR)	512
12mm BB/CC (MR)	410
Pine Plywood EU market, FOB	US\$ per m ³
9mm C/CC (WBP)	275
15mm C/CC (WBP)	252
18mm C/CC (WBP)	250
Plywood, domestic (ex-mill Southern mill)	US\$ per m ³
Grade MR (B/BB)	White Virola 4mm
	676
	White Virola 15mm
	494

Domestic prices include taxes and may be subject to discounts.

Other Brazil Panel Prices

	US\$ per m ³
Belem/Paranagua Ports, FOB	
Blockboard Pine 18mm 5 ply (B/C)	315
Domestic Prices, Ex-mill Southern Region	
Blockboard White Virola faced 15mm	430
Particleboard 15mm	272

Brazil Added Value Products

	US\$ per m ³
FOB Belem/Paranagua Ports	
Edge Glued Pine Panel	
Korean market (1st Grade)	640
US Market	493
Decking Boards	
Cambara	608
Ipê	1590

Report from Peru

Early 2009 exports drop 50%

According to the Export Association of Peru (ADEX), Peru's wood exports from January-February 2009 dropped 50% by value, when compared to the previous year. Exports also fell to USD19.6 million during 2009 from USD39.2 million from the same period in 2008.

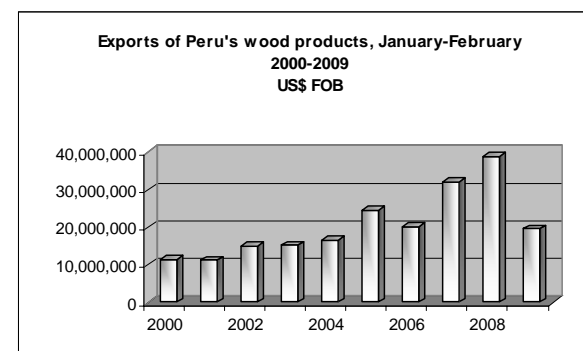


Chart 1: Peru's wood exports, January and February 2000-2009 (USD FOB)

Sawnwood represented 37.6% of sector exports. Exports in January-February 2009 were just over USD7 million, while for the same period in 2008 exports were USD20 million, a year-on-year decrease of 63%. The main markets for this sub-sector were Mexico, China, the US, and the Dominican Republic, which received 41%, 22%, 14%, 8% of sawnwood exports, respectively.

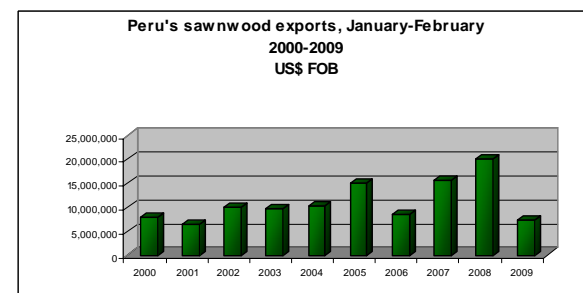


Chart 2: Peru's comparative sawnwood exports, January-February 2000-2009 (USD FOB)

Semi-manufactured products accounted for 42% of wood sector exports and were the principal export item in the wood sector. Exports in January-February 2009 were valued at USD8.3 million, while exports for the same period in 2008 were valued at USD10.3 million, marking a

19% drop in exports against 2008 levels. The main markets for this sub-sector were China, the US and Hong Kong, which received 80%, 9% and 5% of semi-manufactured products, respectively.

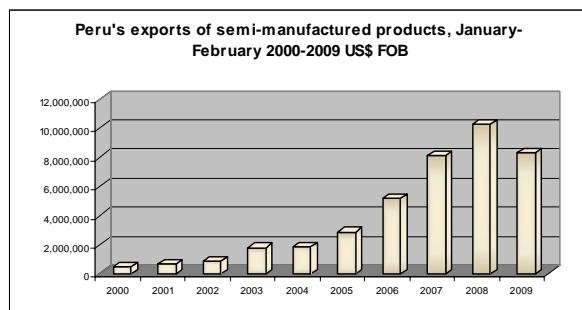


Chart 3: Peru's exports of semi-manufactured products, January-February 2000-2009 (USD FOB)

Veneer and plywood exports for the January-February 2009 period were USD1.7 million, while exports for the same period in 2008 were valued at USD4.7 million, falling 62.6%. Results from the sub-sector show Mexico as the main market for Peru's exports (78.7%) followed by Venezuela (15.4%), with other countries making up the remaining 5.9%.

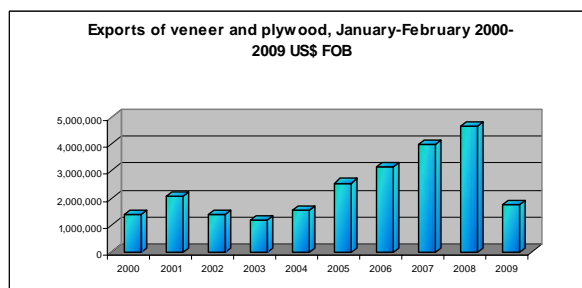


Chart 4: Peru's exports of veneer and plywood, January-February 2000-2009 (USD FOB)

Furniture exports were worth a value of USD1.1 million during the January-February 2009 period, a 56.2% decrease from the same period in 2008. The main market destination for these products was the US (58.7%), followed by Italy (21.5%).



Chart 5: Peru's furniture exports, January-February 2000-2009 (USD FOB)

During the January-February 2009 period, exports were concentrated in three markets representing 81.1% of total wood products exports. China represented 42.6% of exports in the sector, dropping 6.5% when compared to the

previous year. Mexico followed, receiving 23% of exports, although this was a 70% drop in exports received in the previous year. The US was the third destination market, representing 15.3% of exports, although its level of imports has fallen 68.9% when compared to the same period in 2008.

Peru Sawmwood Prices

Peru Sawmwood, FOB Callao Port	US\$ per m ³
Mahogany S&B KD 16%, 1-2" random lengths (US market)	1722-1798↓
Spanish Cedar KD select North American market	918-922↓
Mexican market	897-921↓
Pumaquiro 25-50mm AD Mexican market	485-515

*Cheaper and small-dimension sawmwood for this market.

Peru Sawmwood, FOB Callao Port (cont.)	US\$ per m ³
Virola 1-2" thick, length 6'-8' KD	
Grade 1, Mexican market	315-362
Grade 2, Mexican market	269-296
Cumaru 4" thick, 6'-11' length KD	
Central American market	809-836
Asian market	778-797
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	509-549
Dominican Republic	558-569
Marupa (simarouba) 1", 6-11 length Asian market	366-388

Peru Sawmwood, FOB Iquitos	US\$ per m ³
Spanish Cedar AD Select Mexican market	887-909↓
Virola 1-2" thick, length 6'-13' KD	
Grade 1, Mexican market	299-323
Grade 2, Mexican market	266-280
Grade 3, Mexican market	145-165
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	226-237

Peru sawmwood, domestic	US\$ per m ³
Mahogany	945-967↓
Virola	50-67↓
Spanish Cedar	326-378
Marupa (simarouba)	66-81↓

Peru Veneer Prices

Veneer FOB	US\$ per m ³
Lupuna 3/Btr 2.5mm	189-202↓
Lupuna 2/Btr 4.2mm	203-217↓
Lupuna 3/Btr 1.5mm	211-221↓

Peru Plywood Prices

Peru plywood, FOB (Mexican Market)	US\$ per m ³
Copaiba, 2 faces sanded, B/C, 15x4x8mm	318-347
Virola, 2 faces sanded, B/C, 5.2x4x8mm	406-416
Cedar fissilis, 2 faces sanded 4x8x5.5mm	745-755
Lupuna, treated, 2 faces sanded, 5.2x4x8mm	348-359
Lupuna plywood B/C 15x4x8mm	350-358
B/C 9x4x8mm	345-350
B/C 12x4x8mm	350-360
B/C 8x4x15mm	420-430
C/C 4x8x4mm	380-388
Lupuna plywood B/C 8x4x4mm Central Am.	368-388

Lupuna Plywood BB/CC, domestic (Iquitos mills)	US\$ per m ³
122 x 244 x 4mm	415
122 x 244 x 6mm	397
122 x 244 x 8mm	403
122 x 244 x 12mm	383
(Pucallpa mills)	
122 x 244 x 4mm	439
122 x 244 x 6mm	439
122 x 244 x 8mm	416
122 x 244 x 12mm	419

Other Peru Panel Prices

	US\$ per m ³
Peru, Domestic Particleboard	282
1.83m x 2.44m x 4mm	230
1.83m x 2.44m x 6mm	204

Peru Added Value Product Prices

	US\$ per m ³
Peru, strips for parquet	1323-1411↓
Cabreuva/estoraque KD12% S4S, Asian market	655-708↓
Cumaru KD, S4S Swedish market	924-967↓
Asian market	778-867↓
Cumaru decking, AD, S4S E4S, US market	388-444↓
Pumaquiro KD # 1, C&B, Mexican market	477-523↓
Quinilla KD, S4S 2x10x62cm, Asian market	617-680↓
2x13x75cm, Asian market	

Report from Bolivia

Bolivia Sawwood Prices

	\$ Avg un. val. per m ³
Sawnwood 1-3"x3x5"x7-19', FOB Arica Port	1260-2000
Ipe (Spain and Chile markets)	1300
Caviuna (EU market)	700
Cambara (FSC) (EU market)	

Bolivia Added Value Product Prices

	Avg \$ per piece
Doors 13/4"x36"x96", FOB Arica Port	100-105
US market Mara macho/Tornillo (FSC)	100-135
Yesquero	42
Ochoó	

	\$ Avg Per piece
Chairs FOB Arica Port	48-176
Ipe (US market)	72-94
Roble/Oak (UK market)	

	\$ Avg un. val. per m ³
Parquet Flooring 3/4"x3-5"x1-7', FOB Arica Port	1240-1300
Jatoba (US market)	1650-1780
Ipe (EU and Asia market)	1708-1880
Cumaru (FSC) (US mkt)	

Report from Mexico

Mexico lowers annual deforestation average

Mexico's annual average deforestation rate fell from 348,000 hectares to 260,000 during the period from 2000 to 2005, according to data provided by the national forest inventory. This was considered encouraging for national policies designed to improve the state of Mexico's vegetation and forests. This information on Mexico's deforestation rate was included in the *State of the World's Forests 2009*, published by the Food and Agriculture Organization of the United Nations (FAO) and presented at the nineteenth session of the Committee on Forestry (COFO) in Rome, Italy, from 16-20 March 2009.

During the last decade, the financial resources invested by Mexico have helped initiate or fortify processes of community development in 2,000 agrarian centers. In the present administration, this investment has reached 565 million pesos for communitarian forest management over 334,391 ha, through the national programmes ProTree and the Programme of Communitarian Forest Development (PROCYMAF). In the same period, it has addressed the technical management of 3.6 million hectares of forest and obtained sustainable forest management (SFM) certification for over 244,719 ha of land.

Additionally, forest representatives of 115 countries recognized Mexico's contributions to mitigating climatic change, to prevent deforestation and fight the poverty in

forest zones, particularly by way of community forest management and application of SFM. At the COFO session, Mexico suggested that SFM was an important element to address climate change and noted SFM and the Reduction of Emissions by Deforestation and Degradation (REDD) should be more broadly addressed in UN Framework Convention on Climatic Change. Mexico is in the process of elaborating a national program on climatic change and is considering how to adapt to and mitigate the effects of the phenomenon.

Report from Guyana

Guyana's prices show relative stability

A comparison of prices from the period 16-31 March 2009 with the corresponding period in 2008 showed relative stability in log prices. Sawnwood prices have shown significant increases when compared to the same period of 2008. Plywood and roundwood prices have remained stable for the same period in 2008. Value-added products such as doors have shown a moderate increase in export value when compared to same period. The Caribbean market was the main destination for value-added exports. Outdoor garden furniture for the period under consideration recorded a comparatively high export value to the UK market. Mouldings have also shown a higher export value when compared to the same period of 2008.

Guyana to convene regional chainsaw milling workshop

A regional workshop on chainsaw milling in the Guiana Shield/Caribbean will be convened in Georgetown, Guyana within the framework of the project 'Developing alternatives for illegal chainsaw lumbering through multi-stakeholder dialogue in Ghana and Guyana'. The chainsaw milling project focuses on the broad theme of forest governance in Ghana and Guyana, where there has been a prevalence of chainsaw lumbering and different approaches have been taken to regulate this activity. The regional workshop targets decision-makers and scientists in the regions where chainsaw lumbering activities occur and aims to present issues and options for regulating chainsaw lumbering.

The project, from which the workshop originates, is funded by the EC and Tropenbos International and has embarked on research into the causes and consequences of chainsaw lumbering, to better understand the phenomenon in Ghana and Guyana. This research is being compiled into case studies for the two countries and will serve as inputs into two regional meetings designed to identify the main issues in West Africa and the Guiana Shield/Caribbean region. The findings from the regional meetings will be summarized in a synthesis paper that will be discussed and refined with participation from experts around the globe. The outputs of these exercises will be documented and distributed in a publication of the European Tropical Forest Research Network (ETFRN) News.

Guyana Log Prices

Logs, FOB Georgetown	SQ - \$ Avg unit value per m ³		
	Std	Fair	Small
Greenheart	-	-	-
Purpleheart	220	200	180
Mora	-	-	-

*Small SQ is used for piling in the USA and EU. Price depends on length.

Guyana Sawwood Prices

Sawwood, FOB Georgetown		\$ Avg unit val. per m ³	
EU and US markets		Undressed	Dressed
Greenheart	Prime	670-680	550-721
	Select/Standard	475-680↓	550-1,125↑
Purpleheart	Prime	-	600-742
	Select/Standard	550-742↓	594-784↓
Mora	Select	424-440	-

Guyana Plywood Prices

Plywood, FOB Georgetown Port		\$ Avg unit val. per m ³	
Baromalli	BB/CC	5.5mm	-
		12mm	379-420↓
Utility	5.5mm	5.5mm	-
		12mm	350-440

Report from Japan

Market prices expected to bottom out after Golden Week holidays

Japan Lumber Journal reported on the meeting of the Lumber Price Market Investigation Committee of Tokyo Lumber Wholesalers' Association, which confirmed the sluggish movement of products in the last few months of 2009. During the meeting, most wholesalers agreed the market was likely to bottom out after the Japanese Golden Week holidays, traditionally held in the first week of May.

There continued to be no shortage of supply until early March for Southsea logs, even though rains in Malaysia have hampered logging operations, as there was limited demand for logs in Japan. However, orders for second grade melapi lumber were moving. Plywood demand continued to be low in early March because of low housing starts in Japan, and manufacturers were reported to have cut production substantially. Nevertheless, this move did not prompt price rises. At the end of March 2009, however, *JLJ* reported some shortage in domestic supply of imported plywood, as declines in new arriving shipments began to affect end users. Supply was expected to get shorter in April.

Income of Japan's forest owners on the decline in 2007

The Ministry of Agriculture, Forestry and Fisheries (MAFF) reported on the gross income of forest owners in Japan, which showed declines of nearly 27% by value. *JLJ* indicated forest income, which is based on gross income less management expenses, also fell 39% when compared to 2006 levels. The slump was attributed to the weakness in timber prices, which caused forest owners to face a more severe business environment.

In other domestic statistics for 2007, MAFF also said total forestry output increased 2%, reaching 441 billion yen. The highest revenue generating items in 2007 were logs (JPY226 billion yen) and cultivated mushrooms (JPY208 billion yen). Income from forestry production fell marginally, however, reaching a total of 246 billion yen.

Despite these results for 2007, MAFF reported an 80% increase in exported logs, with exports of domestic logs rising nearly 1.8 times higher than in 2007. In 2008, Korea received the largest amount of Japan's log exports, followed by China.

Vietnam becomes important pulp source for Japan and China

According to the *Wood Resource Quarterly*, Vietnam is becoming one of the most important suppliers of eucalypt and acacia chips to Japan and China. The chips were among the lowest cost imported chips to Japan in 2008, just higher than those from Malaysia and Thailand. Vietnam has quickly expanded its plantation resources to supply wood chips during 2002 to 2008, when it became the fourth largest exporter of wood chips in the world. Despite this significant increase in imports during the last year, this trend is not expected to continue in the long-term.

Log and Sawwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku (Koku=0.278 m ³)
Meranti (Hill, Sarawak)	7,700↓
Medium Mixed	7,800↓
Standard Mixed	6,700↓
Small Log (SM60%, SSM40%)	7,600
Taun, Calophyllum, others (PNG)	-
Mixed light hardwood, G3/4 grade (PNG)	12,000
Keruing MQ & up (Sarawak)	9,300↓
Kapur MQ & up (Sarawak)	-

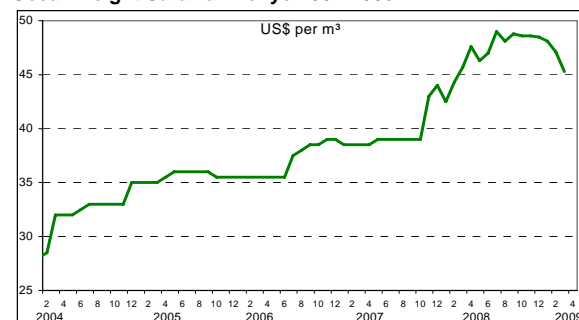
Logs for Sawmilling, CIF	Yen per Koku
Melapi (Sarawak) High Select	11,500
Agathis (Sarawak) High Select	-

Lumber, FOB	Yen per m ³
White Seraya (Sabah) 24x150mm, 4m, Grade 1	145,000
Mixed Seraya, Sanga 24x48mm, 1.8-4m, S2S	53,000

Wholesale Prices (Tokyo)

Indonesian & Malaysian Plywood	Size (mm)	Mar		Apr	
		¥ per sheet		¥ per sheet	
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	360	360	360	360
3.7mm (med. Thickness, F 4star, type1)	910 X 1820	480	480	470	470
5.2mm (med. Thickness, F 4star, type 1)	910 X 1820	590	580	580	580
11.5mm for sheathing (F 4star, type 2)	910 X 1820	900	900	900	900
12mm for foundation (F 4star, special)	910 X 1820	950	960	960	960
12mm concrete-form ply (JAS)	900 X 1800	820	820	820	820
12m coated concrete-form ply (JAS)	900 X 1800	960	960	960	960
11.5mm flooring board	945 X 1840	1250	1150	1150	1150
3.6mm baseboard for overlays (OVL)	1230 X 2440	700	700	700	700
OSB (North American)					
12mm foundation of roof (JAS)	910 X 1820	1000	1000	1000	1000
9mm foundation for 2 by 4 (JAS)	910 X 2440	1050	1050	1050	1050
9mm conventional foundation (JAS)	910 X 2730	1250	1250	1250	1250
9mm conventional foundation (JAS)	910 X 3030	1350	1350	1350	1350

Ocean freight Sarawak-Tokyo 2004-2008



More information on Japan in www.n-mokuzai.com

Report from China

China stepping forward as leader in plantation areas

According to the State Forestry Administration, plantation areas in China reached 53.3 million hectares, accounting for nearly 40% of the world's total. The forest area is increasing at a rate of 4 million ha annually in China, compared to an annual global decrease of over 6 million hectares. With forest plantations increasing in area by 53% globally, China was still viewed as the country in which forest resources grew most quickly, with plantations expected to absorb a significant amount of carbon dioxide.

Log imports through Erlianhot Port rise in February

According to a report from the Erlianhot Entry-Exit Inspection and Quarantine Bureau, Inner Mongolia Autonomous Region, 1,490 batches of logs totaling 111,500 m³ valued at USD16 million were accepted at the Port in February 2009, up 52% by volume and 50% by value respectively over January 2009 levels. These gains are the result of two factors. The first relates to the Russian government's postponement of full implementation of its log export tariff policy to 2010, which would hike export tariffs on logs to 80%. Secondly, at the domestic level, the Chinese government has adopted a series of policies to stimulate demand for logs, increase investment and expand construction, among other measures. These measures have resulted in helping to drive demand in domestic markets, and therefore, promote log imports.

Manzhouli City issues regulation to boost wood processing industry

Manzhouli City, one of the major areas for importing Russian logs in China, recently issued a new regulation to encourage, support and guide development of the wood processing industry. The city plans to establish a fund to support the wood processing industry and help enterprises obtaining financing to support their future development. It has also prepared and organized annual international forums on the development of the wood industry and other wood products fairs. A network on wood products transactions will also be established to promote the wood industry in the city.

Manzhouli City is now host to 107 wood processing enterprises with total capacity of 5 million m³, of which, 30% have downstream processing programs. Due to the increase in export tariffs in Russia during 2008, imports of Russian logs dropped and local processing of timber reduced. However, the output value of large wood processing enterprises skyrocketed to 3.4 billion yuan in 2008, up 130% over the last year, accounting for 60% of total industrial output value in the city.

Volume of wood flooring sales declines for first time

Impacted by the global financial crisis, China's export of wooden flooring suffered a severe setback in the fourth quarter of 2008. Due to lack of activity in the real estate sector, domestic timber markets were also slack. The total sales volume of wooden flooring in the country dropped for the first time in 2008 after successive growth over a twelve year period. According to data from the Flooring

Specialty Committee of China's National Forest Products Industry Association, the gross sales volume of wooden flooring in the country was about 344 million m² in 2008, down 4.8% from last year. Of the total, laminated flooring fell 10% to 198 million m²; solid wood flooring dropped 4.5% to 42 million m²; wooden composite flooring was down 4% to 78 million m²; bamboo flooring fell 20% to 24 million m²; and other types of flooring were down 10% to 1.8 million m².

China's timber and furniture outputs continue to increase in 2008

According to a statistics bulletin on the national economy and societal development in 2008, China's production of timber was 78.94 million m³, up 13% over 2007. According to the Chinese Furniture Association, the output value of China's furniture industry (including non-wood furniture) accounted for 648 billion yuan in 2008, up 17.8% over the last year. Of the total, output value of large-scaled enterprises reached 242.5 billion yuan, up 20% over the last year. The export value of furniture (including non-wood furniture) was about USD26.9 billion in 2008, up 21.5% over the last year.

Guangzhou City Imported Timber Market

Logs	Yuan per m ³
Lauan (50-60cm)	1900-2400
Kapur	1900-2450
Merbau 6m, 79-100cm diam.	4300-5300
Teak	11000-16000
Wenge	6500-7000
Sawnwood	
Teak sawn grade A	8500-9500
US Maple 2" KD	8800-11000
US Cherry 2"	14000-14200
US Walnut 2"	16000-16800
Lauan	3500-4000

Shanghai Furen Wholesale Market

Sawnwood	Yuan per m ³
Beech KD Grade AB	2500-3000↓
US Cherry, 25mm	9500-10000
US Red Oak, 50mm	9800-10500
Sapele 50mm FAS (Congo)	
KD (2", FAS)	5500-5600
KD (2", grade A)	4200-4500↓

Shandong De Zhou Timber market

Logs	Yuan per m ³
Larch	1170
White Pine	1230↓
Korean Pine	1450
6m, 30cm diam.	1550

Hebei Shijiazhuang Wholesale Market

Logs	Yuan per m ³
Korean Pine 4m, 38cm+ diam	1850↑
Mongolian Scots Pine	1280↑
4m, 30cm diam.	
6m, 30cm+ diam.	1350↑
Sawnwood	
Mongolian Scots Pine	1450↑
4m, 5-6cm thick	
4m, 10cm thick	1450

Zhejiang Jiashan Kaihua International Timber Market

Logs	Yuan per m ³
Okoume 80cm+	2800-3400
Sapele 80cm+	6000-6500
Wenge 80cm+	13000-14000
Plywood	
US Black Walnut 4x8x3 mm	6000-8000
Beech 4x8x3 mm	6000-8000
Teak 4x8x3 mm	6000-8000
Poplar (4x8x3-5 mm)	3000-4000

For more information on China's forestry see: www.forestry.ac.cn

Report from Europe, the UK and Russia

EU import statistics show dramatic fall in tropical hardwoods during 2008

Newly released Eurostat data provides official confirmation of anecdotal reports of a dramatic EU-wide fall in imports of tropical hardwood products during 2008. The downturn was felt in all corners of the EU and affected just about the entire range of wood products imported from tropical countries. In 2008, the volume of EU-25 imports of hardwood logs, sawn, veneer, and plywood from countries in the tropical forest zone was down 27%, 23%, 11% and 14%, respectively.

Closer analysis of quarterly data indicates that the timing of the downward trend varied by product group (Chart 1). The decline in EU-25 imports of hardwood logs and sawn from tropical countries set in at the start of 2008, falling dramatically between the last quarter of 2007 and the first quarter of 2008. The downturn in veneer imports began in the second quarter of 2008, following a gentler but nevertheless relentless slide. Hardwood plywood imports held up well until the end of the third quarter of 2008 but then tumbled dramatically in the last three months of the year. The late response of the European plywood sector to the changing demand situation seems now to be reflected in particularly dire market conditions for this commodity in the EU, with importers now desperate to offload excessive stocks in the face of very slow consumption.

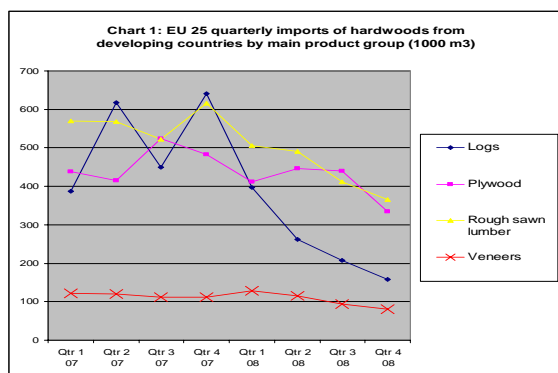


Chart 1: EU-25 quarterly imports of hardwoods from developing countries by main product group (1,000 m³)

No European country has escaped the impact of the market downturn, although there is some variation in the depth of the recession in timber imports (Chart 2). The volume of hardwood imports from tropical countries into France, Italy, Spain, and Portugal fell particularly steeply during the course of 2008. Imports into the UK fell more slowly, although this may be due more to the delayed reaction of

the UK plywood sector than to any strength in underlying consumption. Germany's decline was more moderate, partly because this market is already now less dependent on tropical wood than other European countries and partly due to more stable (but still unexciting) demand in Germany's joinery sector.

Imports of hardwoods from tropical countries into Belgium and to a lesser extent, the Netherlands, held up better than most other countries in 2008. Since both countries are very significant as staging posts in the supply of other European countries, the relative stability of their imports during 2008 is just as likely to reflect changes in purchasing practices in the wider European hardwood market in the face of the recession as it is underlying domestic consumption in the Benelux region. One impact of the recession may have been to intensify the trend towards increased reliance on little-and-often purchases from the large concentration yards in the Benelux countries and to reduce the numbers of European companies engaged in direct imports of tropical wood.

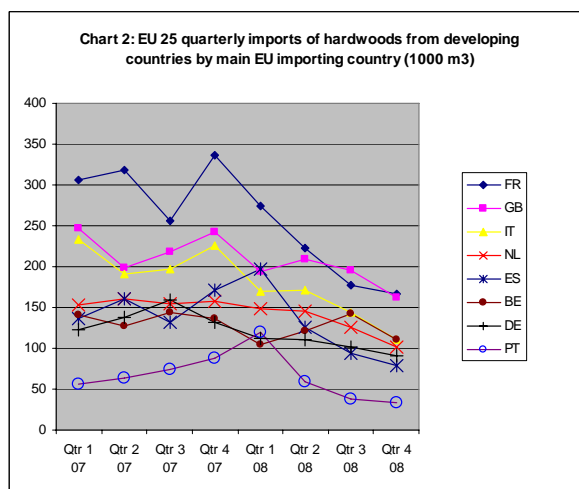


Chart 2: EU-25 quarterly imports of hardwoods from developing countries by main EU importing country (1000 m³)

The fortunes of key tropical hardwood supplying countries to the EU have also varied widely, although none could claim to have had a particularly 'good year' in Europe during 2008 (Chart 3). The volume of EU-25 imports of hardwood products from China (mainly plywood) fell from a peak of around 330,000 m³ in the third quarter of 2007 to less than 180,000 m³ in the last quarter of 2008. Rising costs of labor and raw material combined with quality and environmental concerns were undermining the competitiveness of Chinese plywood products in the EU market from the middle of 2007 onwards. The economic downturn only added to these problems – although it is worth noting that in pure volume terms, China remains a very significant supplier of hardwood-based products to the EU.

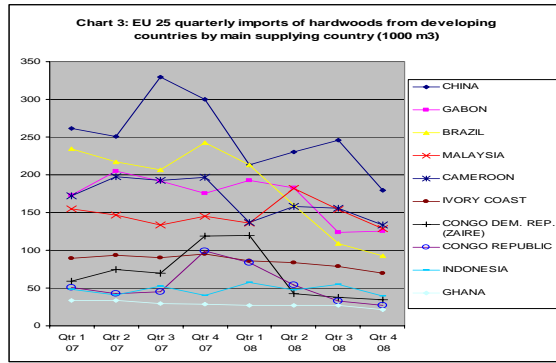


Chart 3: EU-25 quarterly imports of hardwood from developing countries by main supplying country (1000 m³)

The decline in EU-25 imports of hardwood products from Brazil (mainly plywood and sawn lumber) also fell very dramatically from close to 250,000 m³ in the fourth quarter of 2007 to less than 100,000 m³ in the last quarter of 2008. During the whole of 2008, the volume of EU-25 imports of hardwood plywood and sawn lumber from Brazil were down respectively 44% and 15%. This reflects both difficult supply conditions in the Brazilian hardwood sector as well as slowing European consumption.

EU-25 imports from African countries during 2008 saw some significant declines, although less dramatic than those experienced from Brazil and China. European log and sawn imports from Gabon were down 19% and 11% respectively on the previous year, although these declines were partly offset by a 15% rise in EU imports of plywood from Gabon, an effect of the new inward investment in processing capacity in the country in recent times. EU-25 imports from Cameroon followed a similar path, with significant declines in volumes of logs (-45%) and sawn (-19%), but a rise in volumes of plywood (+9%). EU-25 hardwood imports from the Congo Democratic Republic (logs and rough sawn), having risen dramatically at the end of 2007, fell to much lower levels from the end of March 2008 onwards. EU-25 imports of logs and rough sawn from the Republic of Congo fell consistently throughout 2008, partly offset by a rise in imports of veneer from the country. EU-25 imports of hardwood (mainly sawn lumber) from Côte d'Ivoire and Ghana fell consistently during the course of 2008, ending the year around 17% down on 2007.

Malaysian hardwood suppliers performed better than most of their competitors in the European market in 2008. EU-25 imports of Malaysian sawn lumber in 2008 were down only 5% on the previous year while imports of Malaysian plywood were actually up 14%, with large increases in sales to Belgium, Netherlands, and Italy. This reflects both the mounting problems in Chinese plywood supply and the development of new FSC-certified combi-plywood products in Malaysia combining tropical hardwood face with a New Zealand radiata pine core.

Meanwhile EU-25 hardwood imports from Indonesia (mainly plywood and mouldings) remained relatively stable throughout the course of 2008, although a shadow

of their former self at well below 200,000 m³ for the whole year.

During 2008, EU-25 imports of hardwood flooring products from developing economies reached 45.8 million m², a 2% decline on the previous year. China consolidated its position of dominance in the sector, contributing 29.5 million m³ of European imports, up 10% on the previous year. EU-25 imports of hardwood flooring from most other developing countries declined, including from Indonesia (-12%), Brazil (-20%), Malaysia (-24%), Thailand (-22%) and Côte d'Ivoire (-22%).

A comprehensive breakdown of EU-25 imports of hardwood products from countries in the tropical zone during 2008 by leading supply country and European Member State is shown in the following tables. European imports of all hardwood from countries that are fully or partially in the tropical zone are included. In some cases a significant proportion of these hardwoods may be of temperate origin, particularly in the case of China. The EU-25 group of countries includes all members of the EU with the exception of Romania and Bulgaria (which only joined the EU on 1 January 2007). Data is compiled from Eurostat data supplied by Business Trade and Statistics Ltd. Forest Industries Intelligence Limited analyzed the data to remove inconsistencies.

EU-25 2008 imports of hardwood logs from countries in the tropical zone (1000 m³)

	FR	IT	DE	PT	ES	BE	OTHER	TOTAL
GABON	203.3	28.6	29.7	13.5	23.7	10.9	17.4	327.2
CONGO DR.	72.9	3.8	0.4	24.3	2.2	15.1	1.7	120.4
CAMEROON	13.1	20.7	28.0	6.2	6.5	6.0	2.2	82.6
CONGO R.	33.3	15.8	2.5	17.4	6.6	2.5	1.9	80.0
CAR	16.9	7.3	0.0	2.4	5.4	0.0	0.0	32.0
EQUAT. GUINEA	12.2	4.2	8.6	0.0	1.1	0.0	0.0	26.1
OTHER	4.8	4.4	4.0	1.6	0.3	2.2	15.4	32.6
TOTAL	356.3	84.7	73.2	65.4	45.7	36.7	38.6	700.8

EU-25 imports of hardwood logs from countries in the tropical zone (% chg 07-08)

	FR	IT	DE	PT	ES	BE	OTHER	TOTAL
GABON	-25	-17	-24	-42	32	31	57	-19
CONGO DR.	-15	-75	-12	-35	497	-19	-27	-25
CAMEROON	-52	-53	na	-66	-56	133	-47	-45
CONGO R.	-7	-8	-67	25	-33	240	-55	-11
CAR	36	-49	na	-61	-51	na	-100	-34
EQUAT. GUINEA	-43	-58	-55	na	-77	na	-100	-58
OTHER	249	-60	-48	208	0	-3	-45	-36
TOTAL	-22	-42	-37	-37	-22	12	-27	-27

EU-25 imports of hardwood sawn from countries in the tropical zone 2008 (000 m3)

	NL	IT	ES	FR	BE	GB	Other	Total
CAMEROON	40.4	99.6	113.4	57.9	60.9	27.4	55.8	455.3
BRAZIL	102.1	9.4	62.8	85.5	25.6	1.5	78.9	365.7
MALAYSIA	146.7	19.6	0.0	20.5	35.7	32.2	48.2	302.8
IVORY COAST	15.8	70.2	44.9	12.4	6.3	19.8	26.7	196.3
GABON	13.6	44.3	4.1	19.3	4.6	0.5	6.0	92.4
GHANA	9.0	12.5	1.7	15.0	6.8	6.3	22.5	73.7
CONGO R.	1.6	9.8	13.1	9.3	3.6	7.4	11.3	56.1
CONGO DR.	20.6	2.8	1.7	1.4	18.0	1.2	5.2	50.8
INDONESIA	6.4	1.6	0.3	3.7	3.2	4.0	22.1	41.2
Other	23.3	18.7	17.5	6.4	6.0	7.8	29.9	109.5
Total	379.4	288.5	259.5	231.3	170.5	108.2	55.8	1743.9

EU-25 imports of hardwood sawn from countries in the tropical zone (% chng 07-08)

	NL	IT	ES	FR	BE	GB	Other	Total
CAMEROON	-39	0	-13	-15	-10	-44	-30	-19
BRAZIL	-46	-40	-54	-43	-30	-90	-32	-44
MALAYSIA	18	-8	na	-25	-44	-11	3	-5
IVORY COAST	-17	-10	-11	-29	-29	-37	-12	-17
GABON	59	-29	20	40	-9	109	-38	-11
GHANA	-44	-11	-6	-4	13	-51	0	-17
CONGO R.	386	7	-32	15	-56	87	-35	-15
CONGO DR.	-11	22	14	9	4	272	-33	-5
INDONESIA	-5	-26	-70	-24	47	-3	9	0
Other	16	-3	6	1	-41	-56	-19	-14
Total	-20	-11	-28	-26	-25	-37	-86	-23

EU-25 imports of hardwood veneer from countries in the tropical zone 2008 (000 m3)

	FR	IT	ES	DE	GR	BE	Other	Total
GABON	123.4	13.7	1.9	0.4	7.1	2.8	8.9	158.2
IVORY COAST	2.6	41.5	24.2	26.3	1.3	2.9	3.6	102.4
CAMEROON	0.6	35.2	3.9	0.7	0.2	0.0	0.4	41.0
EQUAT. GUINEA	4.6	7.4	21.4	0.0	0.0	0.0	0.0	33.4
GHANA	1.5	8.2	5.0	2.9	0.8	1.1	2.2	21.5
CHINA	0.1	3.6	4.2	1.7	1.7	0.8	7.3	19.5
CONGO R.	10.0	4.7	0.8	0.0	0.3	0.3	0.0	16.1
Other	1.0	2.2	2.1	0.4	0.3	1.0	4.0	11.1
Total	143.9	116.6	63.4	32.3	11.7	9.0	26.4	403.2

EU-25 imports of hardwood veneer from countries in the tropical zone (% chng 07-08)

	FR	IT	ES	DE	GR	BE	Other	Total
GABON	-21	-34	4	13	-26	8	17	-20
IVORY COAST	3	-14	-5	15	-32	-29	23	-5
CAMEROON	57	-7	5	45	-73	-96	-25	-7
EQUAT. GUINEA	-61	54	22	-100	na	na	na	-2
GHANA	49	5	-29	-27	22	-66	-24	-18
CHINA	-53	-5	-26	-32	71	-1	-11	-12
CONGO R.	219	154	333	na	na	658	-21	205
Other	-11	-15	6	-48	na	-20	-27	-17
Total	-18	-9	0	5	-17	-28	-5	-11

EU-25 imports of hardwood plywood from countries in the tropical zone in 2008 (1000 m3)

D_COUNTRY	GB	BE	DE	NL	FR	IT	Other	Total
CHINA	246.9	138.8	134.4	57.4	57.9	22.8	169.1	827.2
MALAYSIA	232.7	25.6	2.2	16.5	1.3	5.6	9.1	293.0
BRAZIL	107.0	21.1	25.6	5.7	13.5	8.7	17.5	198.9
INDONESIA	18.1	59.6	32.2	23.6	14.5	3.7	3.7	155.5
GABON	0.0	0.1	0.1	13.9	11.8	19.8	0.3	45.9
IVORY COAST	0.0	5.8	0.9	0.0	7.3	0.5	2.4	16.9
CAMEROON	0.0	0.0	0.0	0.0	0.0	3.4	1.8	5.1
PARAGUAY	4.1	0.0	0.0	0.0	0.0	0.2	0.1	4.3
GHANA	0.0	2.0	0.0	0.0	0.0	0.0	2.2	4.3
Other	3.6	4.2	1.0	0.7	0.1	0.0	1.5	11.0
Total	612.5	257.1	196.5	117.7	106.5	64.5	207.5	1562.3

EU-25 imports of hardwood plywood from countries in the tropical zone (% chng 07-08)

D_COUNTRY	GB	BE	DE	NL	FR	IT	Other	Total
CHINA	-28	-18	-37	-20	-9	-30	-14	-24
MALAYSIA	6	91	-10	45	-11	94	87	14
BRAZIL	-5	-23	-29	6	-22	-58	14	-15
INDONESIA	-3	16	-3	49	82	-18	-48	12
GABON	na	-87	-16	16	-3	41	-51	15
IVORY COAST	-100	22	-41	-100	-18	-25	-24	-12
CAMEROON	na	na	na	-100	-100	-18	211	9
PARAGUAY	-10	na	na	na	na	na	na	-5
GHANA	-96	-51	-68	-100	-80	100	-30	-50
Other	-59	512	60	-64	-47	-79	106	-15
Total	-14	-5	-32	-1	-5	-18	-10	-14

EU-25 imports of flooring from countries in the tropical zone in 2008 (1000 m2)

	ES	GB	IT	BE	NL	FR	Other	Total
CHINA	3954	6842	4236	3689	2807	1683	6265	29475
INDONESIA	308	350	1133	282	219	400	2791	5483
BRAZIL	3042	15	282	105	40	798	559	4842
MALAYSIA	280	134	287	137	40	46	1072	1996
THAILAND	49	114	31	218	347	8	771	1538
IVORY COAST	17	0	376	2	0	3	33	432
PARAGUAY	102	1	174	1	33	6	30	347
VIETNAM	0	27	40	14	3	29	99	212
CAMEROON	11	0	114	9	0	15	37	186
Other	29	97	732	41	17	170	200	1286
Total	7793	7579	7406	4498	3506	3157	11857	45795

EU-25 imports of flooring from countries in the tropical zone (% chng 07-08)

	ES	GB	IT	BE	NL	FR	Other	Total
CHINA	-15	4	34	36	23	-16	17	10
INDONESIA	-40	-6	-11	-11	16	-21	-8	-12
BRAZIL	-34	165	-1	-15	-51	61	26	-20
MALAYSIA	-20	11	43	-37	11	-44	-33	-24
THAILAND	-18	-64	-33	-30	5	-50	-13	-22
IVORY COAST	-20	na	-25	-54	na	163	47	-22
PARAGUAY	31	-60	-25	-80	-26	-46	-36	-18
VIETNAM	-100	-11	349	90	133	-24	92	50
CAMEROON	-33	na	-29	-22	na	45	-23	-24
Other	-41	46	-35	-20	215	-8	28	-22
Total	-24	1	6	19	18	-6	2	-2

The Netherlands Sawwood Prices

	USD per m ³
FOB (Rotterdam)	
Sapele KD	862↓
Iroko KD	980↓
Sipo KD	1048↓
DRM Bukit KD	847
DRM Seraya KD	847
DRM Meranti KD Seraya MTCC cert.	883
Merbau KD	1116
Sapupira (non FSC) KD	877
Sapupira (FSC) KD	1384
Anti-slip decking AD C&F Rotterdam	
Selangan batu	1328

UK Log Prices *note: sources for UK prices have changed

	€ per m ³
FOB plus commission	
N'Gollon (khaya) 70cm+ LM-C	310-340
Ayous (wawa) 80cm+ LM-C	220-230
Sapele 80cm+ LM-C	270-310↓
Iroko 80cm+ LM-C	300-330

UK Sawwood Prices

	Pounds per m ³
FOB plus Commission	
Framire FAS 25mm	425-450↓
Sipo FAS 25mm	655-670↓
Sapele FAS 25mm	500-530↓
Iroko FAS 25mm	610-640↓
Wawa No.1 C&S 25mm	290-310↓
CIF plus Commission	
Tulipwood FAS 25mm	310-330↓
Meranti Tembaga Sel/Btr (KD 2"boards)	540-570↓
Balau/Bangkirai Decking	850-900
White Oak	480-530↓

UK Plywood and MDF Prices

	US\$ per m ³
Plywood Panels 8x4", CIF	
Brazilian WBP BB/CC 6mm	500-515
Malaysian WBP BB/B 6mm	490-510
China (hardwood face, eucalyptus core) 18mm	330-340
China (hard face, poplar core) 18mm	320-340

Internet News

Below are web links to news items published by the press. These items do not necessarily reflect the views and policies of ITTO.

The acres upon acres of lush tropical forest in the Amazon and tropical Africa are often referred to as the planet's lungs. But what if they are also its heart? This is exactly what a couple of meteorologists claim in a controversial new theory that questions our fundamental understanding of what drives the weather. They believe vast forests generate winds that help pump water around the planet.

<http://www.newscientist.com/article/mg20227024.400-rainforests-may-pump-winds-worldwide.html>

Awarding tradable credits to countries that reduce deforestation will cause carbon prices to plummet worldwide and may make global warming worse by pulling investors away from renewable energy, an economic study found.

<http://www.bloomberg.com/apps/news?pid=20601100&sid=aYhjvwnIwjuo&refer=germany>

Deforestation, one of the main drivers of global warming, has barged its way to the heart of UN climate talks, which resumed in Bonn. But which makes the better incentive for

saving the carbon-absorbing tropical woodlands: market mechanisms or public funding?

http://www.google.com/hostednews/afp/article/ALeqM5hTiiQOQY_zdCD8P1_rOudhfrICIQ

The global economic depression has reduced demand for wood products, according to an official from the Viet Nam Timber and Forest Product Association.

<http://english.vietnamnet.vn/biz/2009/03/839062/>

Oil palm cultivation is a significant driver of tropical forest destruction across Southeast Asia. It could easily become a threat to the Amazon rainforest because of a proposed change in Brazil's legislation, new infrastructure and the influence of foreign agro-industrial firms in the region, according to William F. Laurance, senior scientist at the Smithsonian Tropical Research Institute in Panama.

<http://www.sciencedaily.com/releases/2009/03/090324101755.htm>

The Portuguese branch of the environmental association WWF (World Wildlife Fund) has this week called on the Government to implement legislation against the importation of wood that is of illegal origin after it published a report that highlights this country as one of the world's biggest importers of tropical woods.

<http://www.the-news.net/cgi-bin/google.pl?id=1004-3>

Seeds of some tree species in the Panamanian tropical forest can survive for more than 30 years before germinating. That is 10 times longer than most field botanists had believed.

<http://www.sciencedaily.com/releases/2009/04/090401164045.htm>

Timber is abundant in Gabon, Democratic Republic of the Congo (DRC), Congo, Cameroon, Central African Republic, Liberia, Sierra Leone and Ghana. There are rich soils in Nigeria, DRC, Congo, Kenya, Uganda, Zimbabwe, Gambia, Côte d'Ivoire, Ghana, Liberia, Senegal, Malawi, and South Africa. Africans have so much natural resources, so why don't they use it to benefit themselves and the world?

<http://www.modernghana.com/news/209291/1/leadership-incompetence-the-cause-of-africa-s-woes.html>

With an incisive report in hand about what awaits Latin America and the Caribbean in the future if action is not taken to fight climate change, economist John Nash defends the role of the World Bank and underscores the need to expand the so-called 'clean development mechanism'.

<http://www.ipsnews.net/news.asp?idnews=46363>

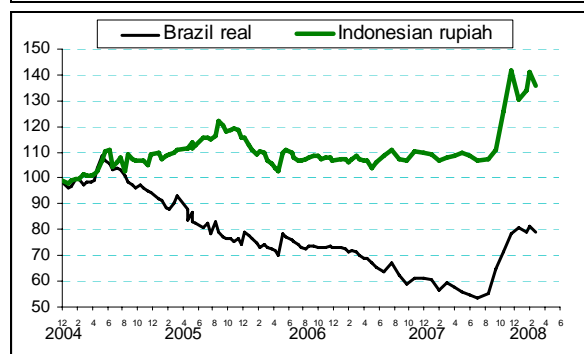
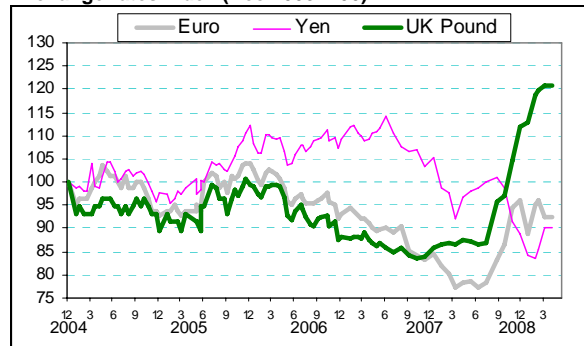
The World Bank today approved USD70 million in grants to increase the capacity of the government and other stakeholders to manage forests sustainably and equitably for multiple uses in pilot areas of the DRC. The International Development Association (IDA) is providing a USD64 million grant and a further USD6 million is being provided by the Global Environment Facility (GEF).

Main US Dollar Exchange Rates

As of 14 March 2009

Brazil	Real	2.3305	▲
CFA countries	CFA Franc	497.019	▼
China	Yuan	6.8366	▼
EU	Euro	0.7577	▼
Indonesia	Rupiah	11,561.00	▼
Japan	Yen	97.25	▼
Malaysia	Ringgit	3.6523	▼
Peru	New Sol	3.1706	▼
UK	Pound	0.7014	▲

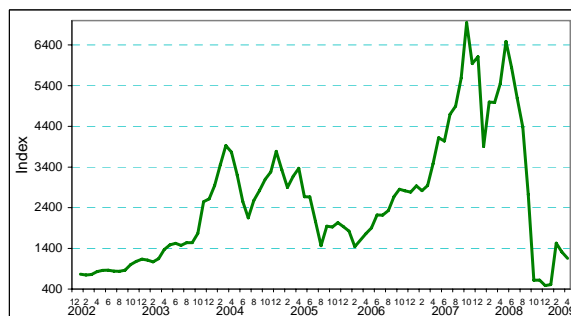
Exchange rates index (Dec 2003=100)



Abbreviations and Equivalences

LM	Loyale Merchant, a grade of log parcel
QS	Qualite Superieure
CI, CE, CS	Choix Industriel, Economique or Supplimentaire
FOB	Free-on-Board
CIF; CNF	Cost, insurance and freight; Cost and freight
KD; AD	Kiln Dry; Air Dry
Boule	A log sawn through and through, the boards from one log are bundled together.
BB/CC, etc.	Log/plywood grades. Letter(s) on the left indicate face veneer(s), on the right backing veneer(s). Grade decreases in order B, BB, C, CC, etc.
BF; MBF	Board Foot; 1000 Board Feet
Hoppus ton	1.8 m ³
Koku	0.278 m ³ or 120 BF
SQ; SSQ	Sawmill Quality; Select Sawmill Quality
FAS	Sawnwood Grade First and Second
GMS	General Market Specifications
GSP	Guiding Selling Price
MR; WBP	Moisture Resistant; Water and Boil Proof
MDF	Medium Density Fibreboard
PHND	Pin hole no defect grade
;\$; ▲▼	US dollar; Price has moved up or down

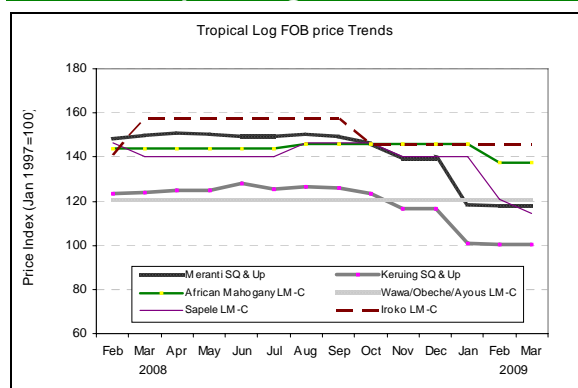
Ocean Freight Index



The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

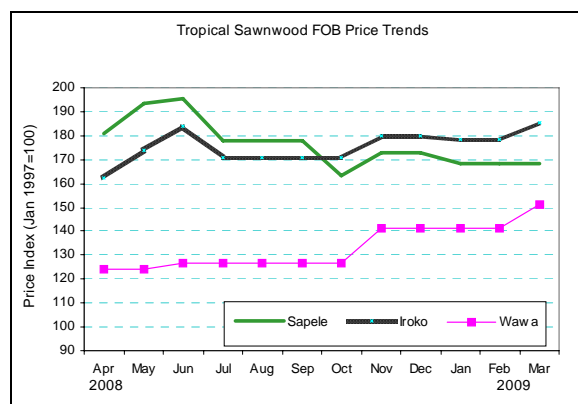
Appendix. Tropical Timber Price Trends

Tropical Log Price Trends



More price trends in Appendix 4, ITTO's Annual Review <http://www.itto.or.jp/live/PageDisplayHandler?pagelid=199>

Tropical Sawnwood Price Trends



* Please note that our price series have changed since January 2008. Prices for selected UK imported species, which are used in log and sawnwood price charts above, are now collected from different suppliers.

Tropical Plywood Price Trends

