

Tropical Timber Market Report

Volume 15 Number 7, 1st – 15th April 2010



The ITTO *Tropical Timber Market (TTM) Report*, an output of the ITTO Market Information Service (MIS), is published in English every two weeks with the aim of improving transparency in the international tropical timber market. Its contents do not necessarily reflect the views or policies of ITTO. News may be reprinted without charge provided that the ITTO *TTM Report* is credited. A copy of the publication should be sent to eimi@itto.or.jp.

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Top Story

China's trade surges

Housing demand in China remains strong and in the first two months of 2010 demand jumped around 40% compared to the same period in 2009. The continued strong growth in house building is at the core of domestic demand for wood products.

According to the latest data, housing completions were for a total of over 900 million square metres.

Strong domestic demand and the beginnings of a recovery in the main western economies drove up imports and exports of wood products in January and February this year.

(see details on page 12)

Report from Central/West Africa

Logs the main interest

Reports from exporters in W. Africa indicate that business with Asian and Indian buyers continues to be brisk. Logs are the main interest in these two markets. The recent increase in enquiries for sawnwood for the Asian markets seen earlier in the year have not translated into firm orders.

Prices holding firm

The European interest in W. African wood products remains very subdued. However, price increases for specific species and sizes of both log and lumber secured by exporters in March are now firmly established. Analysts say it will require a sustained upward movement in demand before prices move any higher.

Alternative log source steady market

The fear of a destabilisation of the log trade as a result of the decision by Gabon to ban log exports has subsided, helped by the higher volumes being made available by Cameroon following the relaxation of restrictions on log exports.

Exporters in Congo Brazzaville have also been hard pressed by Asian buyers to maximise log export volumes to make up for the shortfall from Gabon.

Gabon rushes to meet deadline

Efforts in Gabon to transport and ship all logs cut before the January log ban announcement are running into difficulties. It is taking longer than expected to haul and transport the logs to the port and there are reported difficulties in handling and loading the logs onto available vessels. The original cut-off date to ship logs felled up to the date of the export ban has passed.

Traders now feel that shipping all the logs might well stretch to the end of April but there has been no official statement on a change of deadline. The logs now being shipped are at least 4 months old, past their best condition by normal trade standards. Buyers prefer fresh logs hence, the pressure is growing on Cameroon and Congo to step up log exports.

Second quarter prospects

For the second quarter 2010 it seems likely that European buyers will concentrate on a very small number of sawnwood species, including sapele and sipo, padouk, iroko, azobe and a few other premium timbers. Prices for these timbers should remain firm, say analysts.

The economies of Asian importing countries have strengthened. Demand for logs from West and Central Africa is particularly strong in India and exporters feel that prices will be stable with the prospect of some further increases.

There are no price changes to report after the increases recorded in March.

West Africa Log Prices

West Africa logs, FOB Asian market	LM	€ per m ³	
		B	BC/C
Acajou/ Khaya/N'Gollon	205	205	153
Ayous/Obéché/Wawa	190	190	145
Azobe & Ekki	195	195	132
Belli	230	230	-
Bibolo/Dibétou	145	130	-
Bubinga	600	520	390
Iroko	245	230	200
Okoume (60% CI, 40% CE, 20% CS) (China only)	220	-	-
Moabi	275	275	195
Movingui	180	155	125
Niove	130	130	-
Okan	270	270	122
Padouk	325	315	235
Sapele	230	215	160
Sipo/Utile	270	245	200
Tali	240	225	114
	C1	CE	CS
Okoume	185	175	135

West Africa Sawnwood Prices

West Africa sawnwood, FOB		€ per m ³
Ayous	FAS GMS	300
Okoumé	FAS GMS	370
	FAS, fixed sizes	340
	Std/Btr GMS	275
Sipo	FAS GMS	475
	FAS fixed sizes	320
	FAS scantlings	490
Padouk	FAS GMS	540
	FAS scantlings	490
	Strips	300
Sapele	FAS Spanish sizes	380
	FAS scantlings	460
Iroko	FAS GMS	430
	Scantlings	440
	Strips	350
Khaya	FAS GMS	380
	FAS fixed	420
Moabi	FAS GMS	415
	Scantlings	440
Movingui	FAS GMS	295

Report from Ghana

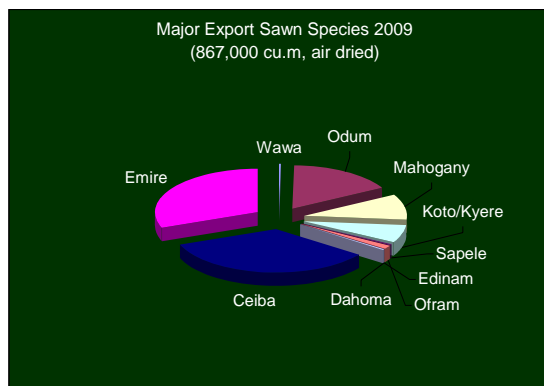
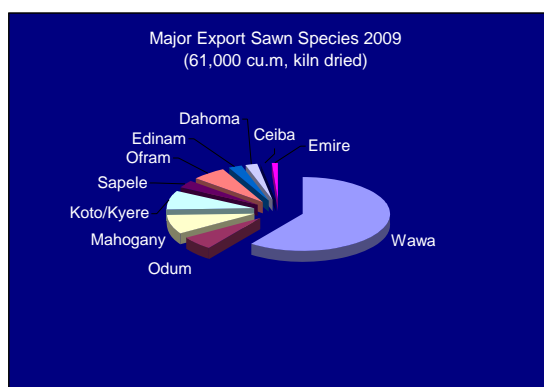
Ghana's top ten sawnwood timbers

Export data for 2009 highlights the slow pace of market growth for kiln dried sawnwood from Ghana. Of the almost 1 mil. cubic metres of sawnwood exported, only around 6% was kiln dried, the bulk being air dried.

As will be seen from the following graphics there is a marked difference in the range of species exported depending on whether the timber is kiln or air dried.

Wawa dominated exports of kiln dried sawnwood in 2009 but for air dried sawnwood Emire, Ceiba and Odum accounted for over two thirds of totaled exports.

Exports of air dried Wawa were negligible as this timber is highly susceptible to insect and fungal attack if not kiln dried.



Special permit exports

During the period under review, six special export permits were issued solely for Takoradi shipments including 67 cubic metres of Okoumé kiln dried laminated mouldings, 31 cubic metres of Odum kiln dried decking strips and 90 cubic metres of sliced veneer of various species.

These products were shipped by Machined Wood Ltd and Africa and Auson Veneer (Ghana) Ltd to their clients in Italy and France.

The laminated mouldings were manufactured from Okoumé sawn timber imported from Gabon while the sliced veneers were imported from Cameroon for re-export.

Upon application, the Ghana Timber Industry Development Division (TIDD) grants special permits to millers who intend to ship smaller quantities of some selected wood products to their clients as samples for testing.

While such items are not considered to have any commercial value it is mandatory for the exporters to secure these free/special permits before shipping.

Minor wood products

Export duty free permits were also issued for the shipments of timber stumps, wood handicrafts and wood carvings during the last quarter of 2009. These shipments were also made through the port of Takoradi.

The shippers were John Bitar Ltd and Peewood Craft and Art to buyers in the United Kingdom, the United States and Spain.

Company Registration

A total of eighty company registration applications were processed during the fourth quarter period of 2009 as compared to ninety-one for the previous quarter, representing a decrease of 12.09%.

Out of the total applications processed, fifty-one were Exporters (45 Export Trading Companies and 6 Saw/Ply/Processing Mills). A further 29 non-Exporters comprised the following; retailers (1), dealers in wood products (14), boat manufacturers (8), dealers in wood fuel (3) and 3 others.

Seeking Partnerships

At present, Ghana's industrial base suffers from inadequate financial and technical resources. Working with Ghana's Investment Promotion Centre and other institutions, the TIDD seeks to create technical and investment collaboration between Ghanaian timber processing companies and their opposite numbers in overseas markets.

Partnerships offer the potential to enhance incomes and abilities of local companies and their workers, and at the same time offer cost savings to foreign investors.

Ghana Log Prices

Ghana logs, domestic	US\$ per m ³	
	Up to 80cm	80cm+
Wawa	120-135▲	145-155▲
Odum Grade A	160-170	175-185
Ceiba	100-110	115-125
Chenchen	85-100	105-120
Khaya/Mahogany (Veneer Qual.)	95-105	110-135
Sapele Grade A	135-150	160-175▲
Makore (Veneer Qual.) Grade A	125-135	140-166

Ghana Export Sawnwood Prices

Ghana Sawnwood, FOB	€ per m ³	
	Air-dried	Kiln-dried
FAS 25-100mm x 150mm up x 2.4m up	855	-
Afrormosia	500	545
Asanfina	205	255
Ceiba	315	390
Dahoma	400	430
Edinam (mixed redwood)	350	400
Emeri	556	665
African mahogany (Ivorensis)	520▲	585
Makore	475	620
Niangon	630	690
Sapele	530	590
Wawa 1C & Select	250	290

Ghana sawnwood, domestic		US\$ per m ³
Wawa	25x300x4.2m	247
Emeri	25x300x4.2m	310↓
Ceiba	25x300x4.2m	205↓
Dahoma	50x150x4.2m	270↓
Redwood	50x75x4.2m	295
Ofram	25x225x4.2m	310

Ghana Veneer Prices

Rotary Veneer, FOB	€ per m ³	
	CORE (1-1.9mm)	FACE (<2mm)
Bombax	315	350
Ofram, Ogea & Otie	315	350
Chenchen	315	350↓
Ceiba	310↓	335
Mahogany	415	450

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	255
Chenchen	290
Ogea	295
Essa	285
Ofram	300

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afrormosia	1.19	1.00
Asanfina	1.40	0.80
Avodire	1.12	0.60
Chenchen	1.25	0.54
Mahogany	1.25	0.70
Makore	1.20	0.63
Odum	1.80	0.95

Ghana Plywood Prices

Plywood, FOB B/BB, Thickness	€ per m ³			
	Redwoods		Light Woods	
	WBP	MR	WBP	MR
4mm	560	465	500	380↑
6mm	340	335	335	315
9mm	365	320	295	280
12mm	300	305	280	275
15mm	310	290↓	280	270
18mm	300	285	285	265

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 sq.m		
	10x60mm	10x65-75mm	14x70mm
Apa	12.00	14.47	17.00
Odum	7.80	10.18	11.00
Hyedua	13.67	13.93↑	17.82
Afrormosia	13.72	18.22	17.82

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

Mouldings (FOB export)	€ per m ³
Dahoma grade 1	485
Denya grade 1	516
Hotrohoto grade 1	580
Wawa grade 1	490
Wawa grade 2	420
Ekki grade 1	475
Wawabimba Laminated grade 1	750

Report from Malaysia

Steel price affects plywood demand

Plywood prices have been moving up over the past month and a number of factors have contributed to this change.

The main factor driving up plywood prices is said to be the recent jump in demand (and hence price) of iron ore in China. This has resulted in rising steel prices in most markets. Plywood and steel products compete in many enduses and plywood has suddenly become more competitive. Analysts are expecting these factors to affect price structures in other sectors of the timber industry.

Reportedly, iron ore prices tracked through a benchmark system used by major Japanese, Korean and European manufacturers, almost doubled in 2009.

The benchmark price of iron ore in 2009 was US\$70 per ton (Australian powder ore), inclusive of transportation. However, the recent spot market prices for iron ore from India destined for China have jumped to around US\$140 per ton. Similarly, in Japan, Nippon Steel has reportedly agreed a price of US\$110 per ton for April to June deliveries.

The increase in steel prices is expected to impact the price levels of other construction products. Plywood traders are saying that construction plywood prices could increase by as much as 20% over the next few months and that eventually this will lift the prices of other wood products.

In addition, news that plywood stocks in Japan have been run down and are now being replenished is encouraging the plywood producers in Malaysia and Indonesia.

The STA view

The Sarawak Timber Association (STA) has indicated that plywood stocks in Japan have been declining for the past 12 months in the face of the sharp drop in housing starts and cuts in civil construction projects.

Most plywood mills in Malaysia and Indonesia reduced output due to the poor demand in international markets over the past year and a half and are likely to maintain low production until they see improved price levels take a firm hold.

Sarawak exports

Exports of wood products from Sarawak continued to decline in the first two months of 2010, dropping by over a third compared to the same period in 2009.

In addition to weak overseas demand, part of the decline was due to log transport problems caused by a dry spell as water levels in many rivers were too low for transporting logs to the mills.

Log Prices

Sarawak log, FOB	US\$ per m ³
Meranti SQ up	230-254↑
Small	214-245↑
Super small	206-230↑
Keruing SQ up	219-231↑
Small	198-228↑
Super small	176-206↑
Kapur SQ up	209-234↑
Selangau Batu SQ up	187-224↑

Pen. Malaysia logs, domestic (SQ ex-log yard)	US\$ per m ³
DR Meranti	237-256↑
Balau	302-331↑
Merbau	329-361↑
Rubberwood	65-99↑
Keruing	220-236↑

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

Sawnwood Prices

Malaysia Sawnwood, FOB	US\$ per m ³
DR Meranti	394-430▲
White Meranti A & up	283-313▲
Seraya Scantlings (75x125 KD)	434-447▲
Sepetir Boards	252-274
Sesendok 25,50mm	346-364▲
Kembang Semangkok	302-325▲

Malaysian Sawnwood, domestic	US\$ per m ³
Balau (25&50mm,100mm+)	326-346▲
Merbau	458-510▲
Kempas 50mmx(75,100 & 125mm)	262-302▲
Rubberwood	
25x75x660mm up	211-261▲
50-75mm Sq.	250-282▲
>75mm Sq.	272-301▲

Plywood Prices

Malaysia ply MR BB/CC, FOB	US\$ per m ³
2.7mm	408-470
3mm	388-418
9mm & up	335-407

Meranti ply BB/CC, domestic	US\$ per m ³
3mm	332-423▲
12-18mm	316-345▲

Other Panel Prices

Malaysia, Other Panels, FOB	US\$ per m ³
<i>Particleboard</i>	
Export 12mm & up	229-252▲
Domestic 12mm & up	214-231▲
<i>MDF</i>	
Export 15-19mm	282-313▲
Domestic 12-18mm	272-290▲

Added Value Product Prices

Malaysia, Mouldings, FOB	US\$ per m ³
Selagan Batu Decking	536-546▲
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	551-564▲
Grade B	504-514▲

Furniture and Parts Prices

Malaysia, Rubberwood, FOB	US\$ per piece
Semi-finished dining table	
solid laminated top 2.5'x4', extension leaf	63-79▲
As above, Oak Veneer	70-84▲
Windsor Chair	62-64▲
Colonial Chair	60-65▲
Queen Anne Chair (soft seat)	
without arm	60-68▲
with arm	60-69▲
Chair Seat 27x430x500mm	48-53▲

Rubberwood Tabletop	US\$ per m ³
22x760x1220mm sanded & edge profiled	
Top Grade	577-610▲
Standard	561-580▲

Export growth forecast

According to Indonesian Government analysts, the country's non-oil and gas exports, which include wood products, are likely to increase this year.

The rise in exports is said to be driven mainly by expanding demand in China and other Asian economies, notably South Korea.

Non-oil and gas exports in the first two months of 2010 were just over US\$18 billion and estimates of March exports are in the region of US\$8-9 billion. Non-oil and gas exports to China stood at US\$2 billion for the first two months of 2010, an increase of over 130% compared to the same period in 2009. Similarly, exports to South Korea more than doubled.

Mono-cable logging

The Indonesian timber industry is testing a logging system which is not commonly used in tropical logging operations.

The so-called "mono-cable" system has been promoted as an "environmentally friendly" alternative to the traditional crawler tractors. The mono-cable system is said to cause less damage to the remaining standing trees and less soil disturbance than the heavy tractors commonly used to harvest tropical logs.

Log Prices (domestic)

Indonesia logs, domestic prices	US\$ per m ³
Plywood logs	
Face Logs	190-233▲
Core logs	171-204▲
Sawlogs (Meranti)	181-242▲
Falcata logs	148-182▲
Rubberwood	57-81▲
Pine	163-202▲
Mahoni (plantation mahogany)	471-498

Sawnwood Prices

Indonesia, construction material, domestic	US\$ per m ³
Kampar (Ex-mill)	
AD 3x12-15x400cm	180-199▲
KD	202-236▲
AD 3x20x400cm	222-245▲
KD	224-253▲
Keruing (Ex-mill)	
AD 3x12-15x400cm	237-251▲
AD 2x20x400cm	224-242▲
AD 3x30x400cm	207-226▲

Plywood Prices

Indonesia ply MR BB/CC, FOB	US\$ per m ³
2.7mm	394-451▲
3mm	351-392▲
6mm	330-372▲

MR Plywood (Jakarta), domestic	US\$ per m ³
9mm	254-265▲
12mm	246-256▲
15mm	235-249▲

Other Panel Prices

Indonesia, Other Panels, FOB		US\$ per m ³
<i>Particleboard</i>	Export 9-18mm	217-226▲
	Domestic 9mm	198-210▲
	12-15mm	190-201▲
	18mm	180-192▲
<i>MDF</i>	Export 12-18mm	252-265▲
	Domestic 12-18mm	234-245▲

Added Value Product Prices

Indonesia, Mouldings, FOB		US\$ per m ³
Laminated Boards		
Falcata wood		299-311▲
Red Meranti Mouldings 11x68/92mm x 7ft up		
Grade A		487-521▲
Grade B		443-464▲

Report from Myanmar

MTE relocates

Visitors to the Myanmar Timber Enterprise (MTE) head office have found that the long awaited relocation of the office is underway. MTE has occupied its current office for 55 years and a move just before the Myanmar New Year Holidays (10th April till 21st April) came as a surprise to many in the trade.

The MTE office will apparently be in Gyogon, Yangon, at the former office of the Director-General of the Forest Department. The Forestry Department moved to the new administrative capital, Naypyitaw, some time ago. As teak timber is a specialised item and is of interest to just a handful of dedicated buyers, the relocation will quickly become common knowledge.

The old MTE riverside office with log storage ponds and the vast log yard will remain a fond memory of many old timers who remember State Timber Board (precursor to the present MTE) moving its office from downtown Yangon to the Forest Compound in Ahlone Road.

It is reported that MTE will hold its April tender sales at its previous office in Ahlone; and the May tender will be held at the new location.

New Year holidays bring business to a halt

The month of April is the beginning of the new fiscal year 2010-11. The 1st of April usually starts with the annual stock taking at state owned saw mills and log yards and lasts for about a fortnight.

This year, the month of April has altogether 17 days of holidays. These 17 days, plus the annual stocktaking period, will bring the timber business to a halt until month end.

The MTE is actually the hub upon which the whole timber business in Myanmar revolves and because of the relocation of the MTE office coupled with the New Year holidays, business is likely to grind to a halt.

Hardwood shipments increase

The following table shows the hardwood shipments made by the MTE in the financial years of 2008 and 2009.

It will be seen that for FY 2009 shipments (excluding the border trade) were almost 890,000 tons, almost 200,000 tons above shipments in FY 2008.

Hardwood Shipments (excluding border trade) by MTE (tons)

	Financial Year 2008-09	Financial Year 2009-10
Teak logs	150,300	163,200
Hardwood logs	533,800	698,400
Sawn Teak	15,000	6,800
Sawn Hardwoods	5,600	2,500
Total	704,700	870,900

Myanmar Log Prices (natural forest logs)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
<i>Veneer Quality</i>	<u>Feb</u>	<u>Mar</u>
2nd Quality	-	nil
3rd Quality	5,050 (2 tons)	6,001 (5 tons)
4th Quality	4,259 (9 tons)	4,899 (10 tons)
<i>Sawing Quality</i>		
Grade 1 (SG-1)	2,865 (34 tons)	3,105 (39 tons)
Grade 2 (SG-2)	2,291 (41 tons)	2,600 (37 tons)
Grade 3 (SG-3)	-	nil
Grade 4 (SG-4)	1,780 (222 tons)	2,005 (217 tons)
Grade 5 (SG-5) Assorted	1,379 (180 tons)	1,408 (181 tons)
Grade 6 (SG-6) Domestic	664 (175 tons)	1,244 (58 tons)
Grade 7 (ER-1)	611 (306 tons)	905 (103 tons)
Grade 8 (ER-2)	533 (14 tons)	nil (-)
Short Logs 6 ft. / 7 ft.	nil	nil

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

Report from India

Hardwood auctions

Auctions of Teak and other hardwoods continue to attract active buying. The volumes offered at auctions in Central Indian and in the log depots in Gujarat are satisfactory. Sales are swift and prices are tending to remain firm.

Further auctions will be held in late April at various log depots in the north and south Dangs division. During the April auctions some 7-8,000 cubic metres of hardwoods are expected to be put up for sale, out of which Teak is approximately 70%. The other hardwood species to be sold include timbers such as Laurel, Haldu, Bija and other local hardwood species.

Economic progress continues

In line with WTO forecasts of improving global trade, exports from India rose 35 per cent in February to just over USD16 billion, the fourth consecutive rise after 13 months of decline. Similarly, February imports also rose, climbing 66% (US\$25 billion) compared to February last year. Industrial output also rose by about 16% year on year.

The rapidly growing economy has attracted considerable foreign investments and this, along with other positive economic fundamentals, has taken Indian Rupee to a 19 month high against US dollar. At one point the exchange rate touched Rs.44.44 to a US dollar.

Woodworking training boosts production

The Advanced Woodworking Training Center (AWTC) has been established in India and reports indicate that the benefits from improved training opportunities are being already being felt in the industry.

The AWTC is a joint venture between the Indian and Italian Governments and ACIMALL (Italian Woodworking Machine and Tool Manufacturers Association).

Indiawood 2010

Details of the recently concluded Indiawood 2010 held in March this year are just emerging. Indiawood is a biannual event organised by PDA Trade Fairs and Eumabois.

The objective of Indiawood is to present to the Indian market the latest in wood processing technologies and tools, accessories and fittings and other consumables from around the world.

This year a special focus was on wood and bamboo in architecture which addressed both management and processing of bamboo in construction and for energy generation using bamboo residues.

The event was a sourcing ground for the entire woodworking community from India, South Asia, South-East Asia and the Gulf region.

Indiawood 2010 attracted over 24,000 visitors to view the more than 450 exhibitors from 24 countries. The largest representation was from Europe with a significant presence from German, Italian, Canadian and US suppliers and manufacturers.

C&F Plantation Teak

	US\$ per m ³
Sudan sawn	750-800
Ivory Coast logs	550-600
PNG logs	450-500
El-salvador logs	375-400
Guatemala logs	395-415
Ghana logs	425-450
Benin logs	425-450
Brazil squares	450-475
Togo logs	325-350
Ecuador logs	275-300
Costa Rica logs	400-425▲
Panama logs	300-325

India Sawnwood Prices (domestic)

	Rs. per ft ³
Sawnwood (Ex-mill)	
Myanmar Teak (AD)	
Export Grade F.E.Q.	4500-5500▼
Plantation Teak A grade	2000-3600
Plantation Teak B grade	1800-3000
Plantation Teak C grade	1250-1500

India Sawnwood Prices (imports)

	Rs. per ft ³
Sawnwood, (Ex-mill) (AD)	
Merbau	1400
Balau	1150
Kapur	1000
Red Meranti	650
Bilinga	650
Radiata Pine (AD)	375-400

	Rs per ft ³
Sawnwood, (Ex-warehouse) (KD)	
Beech	1200
Sycamore	1250
Oak wood	1300
American Walnut	2250
Hemlock clear grade	950
Hemlock AB grade	800
Western Red Cedar	1250

India Plywood Prices

	Rs per sq.ft
Plywood, (Ex-warehouse) (MR Quality)	
4 mm	21.0
6 mm	30.5
12 mm	44.0
15 mm	53.0
18 mm	64.0

Locally Manufactured Plywood "Commercial Grade"	Rs per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.8.00	Rs.14.5
6mm	Rs.12.00	Rs.21.0
8mm	Rs.15.00	Rs.24.0
12mm	Rs.18.50	Rs.25.5
18mm	RS.23.00	Rs.34.0
5mm Flexible ply	Rs.15.0	Rs.19.0

Utilization of Paricá

Research conducted at the University of Santa Catarina has highlighted the potential of Paricá (*Schizolobium amazonicum*); a lesser used timber, especially for glue laminated products.

Paricá has been traded in small quantities as the timber is found in the natural forest. However, timber from plantation grown Paricá has different properties to that from trees harvested in the natural forest.

Further studies on Paricá from plantations are needed to determine the properties of timber from trees harvested at various ages.

It is anticipated that Paricá from plantation forests could be used to produce laminated products suitable for building and construction uses.

Forest Service Timber Price Index

The Brazilian Forest Service (SFB) has recently started to compile a tropical timber price index. The index in January was 1.091, compared to the October 2009 baseline (index = 1.0), the first month when prices were surveyed.

The change in the price index has come about, it is said, mainly due to price increases for the low and medium-value timber species which were actively traded in the period reviewed.

The SFB says that business transacted in the Belém-Brasília and Cujubim timber markets contributed most to the improved price index. The reported short supply of some timbers, due to slow harvesting in the rain season, was also a factor for the change in the price index.

The IPMA Index calculation involves three steps. First, a survey of processing plants in various areas is undertaken. Some 20 to 25% of the companies in the various production clusters in the region are surveyed (approx. 1,000 mills). The second step is to assess the harvest volume and timber transport approvals (Forest Origin Document and Forest Products Trade and Transportation Documents)

The final step in compiling information for the index is a survey of prices that sawmills, plywood, and laminated and sliced veneer mills pay for delivered logs. The index is published on the SFB website (www.florestal.gov.br).

Domestic trade at new highs

Wood product sales in Mato Grosso have been growing steadily over the past years. From 2006 to 2009 the market was worth just over R\$ 6.3 billion and has continued to expand. Over the same period wood products valued at over R\$ 4 billion were traded with other states or within the region.

According to the State Secretary of Environment (SEMA), exports from 2006 to 2009 were in the region of R\$1.4 billion.

Of all the production forest clusters in Mato Grosso, the Sinop cluster traded the most with a 15% share of the total trade. Sinop was followed by Aripuanã (9%), Juína (7%) and Alta Floresta (5%).

According to SEMA, Sinop traded a total of R\$ 933.4 million over the four year period. Of this trade over 70% was destined for the domestic market, while the balance (some R\$ 261 million) was exported.

Aripuanã traded around R\$ 569 million, over R\$ 340 million for the local market and the balance for export.

Juina traded R\$ 444.8 million in nearly four years. In contrast to the trade in Sinop and Aripuanã the bulk of the trade in Juina was to international markets (R\$ 227.2 million). Slightly less than half of the trade was in domestic markets.

Trade incentive needed in Southern Brazil

Forest sector analysts consider that the wood product manufacturing sector in the state of Paraná is underperforming and that certain sectors of the industry would benefit from government trade incentives.

Trade statistics are indicating that output in the timber and pulp and paper sectors is gradually recovering from the effects of the global financial crisis. But, as pointed out by the Paraná Industry Federation (FIEP), not all industry sectors are recovering at the same pace.

As a result of the collapse in global markets, the solid wood industries have suffered steep declines in sales (down 11% in 2009). However, in contrast, the pulp and paper sector in the region recorded a 5% growth of sales last year.

The solid wood timber sector relies heavily on demand in the North American housing market, a sector which accounted for almost half of the export from the State.

Prior to the crisis, the timber industry exported a quarter of its production; the paper industry exports only 16% of its output and is less vulnerable to the ups and downs of the international market.

Despite the gloomy picture, there are signs of recovery in the manufacturing sector and more companies have moved into the Telemaco Borba Industrial District.

According to the Jaguariaíva Timber Industry Association, the government should consider ways to assist the industry to climb out of the difficult situation it is facing.

Brazil Log Prices (domestic)

	US\$ per m ³
Brazilian logs, mill yard, domestic	
Ipê	144
Jatoba	103
Guariuba	68
Mescla (white virola)	75

Brazil Export Sawwood Prices

	US\$ per m ³
Sawnwood, Belem/Paranagua Ports, FOB	
Jatoba Green (dressed)	827
Cambara KD	477
Asian Market (green)	
Guariuba	266
Angelim pedra	619
Mandioqueira	231
Pine (AD)	192

	US\$ per m ³
Brazil sawnwood, domestic (Green)	
Northern Mills (ex-mill)	
Ipê	692
Jatoba	530
Southern Mills (ex-mill)	
Eucalyptus (AD)	185
Pine (KD) 1st grade	237

Brazil Veneer Prices

	US\$ per m ³
Veneer, Export (Belem/Paranagua Ports) FOB	
White Virola Face 2.5mm	293
Pine Veneer (C/D)	206

	US\$ per m ³
Rotary cut Veneer, domestic	
(ex-mill Northern Mill)	
Face	
White Virola	253
Core	211

Brazil Plywood Prices

	US\$ per m ³
Plywood, FOB	
White Virola (US Market)	
5.2mm OV2 (MR)	475
15mm BB/CC (MR)	410
White Virola (Caribbean market)	
4mm BB/CC (MR)	519
12mm BB/CC (MR)	416

	US\$ per m ³
Pine Plywood EU market, FOB	
9mm C/CC (WBP)	276
15mm C/CC (WBP)	252
18mm C/CC (WBP)	247

	US\$ per m ³
Plywood, domestic (ex-mill Southern mill)	
Grade MR (B/BB)	
White Virola 4mm	867
White Virola 15mm	633

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)	311

	US\$ per m ³
Domestic Prices, Ex-mill Southern Region	
Blockboard White Virola faced 15mm	552
Particleboard 15mm	351

Brazil Added Value Products

	US\$ per m ³
FOB Belem/Paranagua Ports	
Edge Glued Pine Panel	
Korean market (1st Grade)	634
US Market	486
Decking Boards	
Cambara	603
Ipê	1,583

Report from Peru

Export recovery

Further signs of economic recovery in Peru came recently when February export data were released by the Ministry of Foreign Trade and Tourism.

Exports in February totalled US\$2.6 billion, a 40 percent increase over the same month in 2009. This improvement

was due mainly to increased international demand for commodity products.

Crude oil exports were up 750 percent, agriculture product exports were up 240 percent, zinc exports improved by 185 percent and copper oil derivatives were up around 100 percent. These products accounted for around US\$2.4 billion of the total exports of US\$2.6 billion.

The so-called non-traditional exports (mainly metallurgical products, crafts, and minerals) grew by almost 20 percent.

Exports to N. America were up by almost a third and exports to the EU increased by about 50 percent. German and Italian imports from Peru more than doubled in February and this lifted the overall EU import figures.

Asia remains a major export market and there were significant increases in exports particularly to Japan and S. Korea.

Diversifying exports

One outcome of the slowdown in Peru's exports of wood products, a result of the recent financial crisis, was a diversification of markets. As companies sought to sustain sales, new markets were sought.

In 2009, in the face of diminished demand in the traditional markets of the US and Mexico, interest from buyers in other countries was actively pursued with success seen with New Zealand, where exports jumped threefold.

Recently, there has been some interest from buyers in Australia, particularly for certified wood products. Historically, the trade between Australia and Latin American countries has been small, especially when compared to trade with Australia's Asian neighbours. However, there are signs that markets for wood products, especially certified products, from Peru can be developed in Australia.

Peru Sawnwood Prices

	US\$ per m ³
Peru Sawnwood, FOB Callao Port	
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
	526-571

	US\$ per m ³
Peru Sawnwood, FOB Callao Port (cont.)	
Virola 1-2" thick, length 6'-8' KD	
Grade 1, Mexican market	296-346
Grade 2, Mexican market	244-259
Cumaru 4" thick, 6'-11' length KD	
Central American market	831-855
Asian market	829-888
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	509-549
Dominican Republic	558-569
Marupa (simarouba) 1", 6-11 length Asian market	352-377

Peru Sawnwood, 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	283-302
Grade 2, Mexican market	239-253
Grade 3, Mexican market	132-151
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	211-222

Peru sawnwood, domestic	US\$ per m ³
Mahogany	887-923
Virola	48-65
Spanish Cedar	268-321
Marupa (simarouba)	57-69

Peru Veneer Prices

Veneer FOB	US\$ per m ³
Lupuna 3/Btr 2.5mm	191-212
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	398-403
Cedar fissilis, 2 faces sanded 4x8x5.5mm	746-758
Lupuna, treated, 2 faces sanded, 5.2x4x8mm	359-376
Lupuna plywood B/C 15x4x8mm	353-365
B/C 9x4x8mm	345-350
B/C 12x4x8mm	350-360
B/C 8x4x15mm	410-419
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	441
122 x 244 x 6mm	397
122 x 244 x 8mm	409
122 x 244 x 12mm	399
(Pucallpa mills)	
122 x 244 x 4mm	458
122 x 244 x 6mm	439
122 x 244 x 8mm	430
122 x 244 x 12mm	429

Other Peru Panel Prices

Peru, Domestic Particleboard	US\$ per m ³
1.83m x 2.44m x 4mm	282
1.83m x 2.44m x 6mm	230
1.83m x 2.44m x 12mm	204

Peru Added Value Product Prices

Peru, strips for parquet	US\$ per m ³
Cabreuva/estoraque KD12% S4S, Asian market	1348-1444
Cumaru KD, S4S Swedish market	774-887
Asian market	1024-1232
Cumaru decking, AD, S4S E4S, US market	909-1089
Pumaquiro KD # 1, C&B, Mexican market	423-511
Quinilla KD, S4S 2x10x62cm, Asian market	502-527
2x13x75cm, Asian market	721-798

Report from Guyana

Market news

For the period under review, log prices remained stable. Earnings were derived primarily from exports to Asia - Pacific markets.

Prices for rough sawn (undressed) Select Greenheart were very favourable, reaching as high as US\$1,140 per cubic metre. In contrast, prices for sawn Purpleheart (Select) declined slightly but sawn Mora prices remained unchanged.

Dressed Greenheart prices for this fortnight period moved up to US\$1,414, a record high thus far for the year. In line with the prices for rough sawn timber, dressed Purpleheart prices also dropped.

Guyana's Washiba (Ipe) continues to be in demand and is attracting price levels of US\$1,200 for rough sawn lumber and US\$1,500 for dressed lumber.

Baromalli plywood prices have now moved up slightly on the levels seen recently. Prices for both BB/CC and Utility qualities have increased

Splitwood prices moved positively to attain levels of US\$1,387 per cubic metre in the period under review.

Added value exports

Outdoor garden furniture, doors, windows and non timber forest products continue to be in demand in the Caribbean island markets and exports of these added value products helped improve export earnings.

Community chainsaw milling

Chainsaw milling by forest communities is common but often carried out inefficiently. To assist a local community in Guyana, a project involving the Guyana Forestry Training Centre and Iwokrama, with support from Tropenbos in the Netherlands, is being undertaken. The objective is to educate chainsaw operators and millers on the best practices in harvesting forest products and more efficient log utilisation.

Guyana Log Prices

Logs, FOB Georgetown	SQ - \$ Avg unit value per m ³		
	Std	Fair	Small
Greenheart	160-170↓	160↑	145
Purpleheart	200-230	170-210	200
Mora	-	-	125

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

Guyana Sawnwood Prices

Sawnwood, FOB Georgetown	\$ Avg unit val. per m ³	
EU and US markets	Undressed	Dressed
Greenheart	Prime	-
	Standard	649-1414↑
	Select	575-1140↓
	Sound	1061↑
	Merchantable	-
Purpleheart	Prime	-
	Standard	700-848↓
	Select	702-780↓
	Sound	-
Mora	Prime	-
	Select	500
	Sound	450
	Merchantable	400

Guyana Plywood Prices

Plywood, FOB Georgetown Port	\$ Avg unit val. per m ³	
Baromalli	BB/CC	5.5mm
		12mm
	Utility	5.5mm
		12mm
		No export
		390-430↑
		No export
		355-445↑

Tropical log demand improves

Demand for tropical logs from manufacturers in Japan is increasing according to the Japan Lumber Reports (JLR) and FOB prices are firming on the back of this renewed buying.

Plywood mills in Malaysia and Indonesia are maintaining reduced production levels in the face of the weak demand for plywood but there are indications that they have started to rebuild log inventories. This is supporting an improvement in domestic log prices.

Japan's monthly consumption of tropical logs is around 45,000 cubic metres and this was maintained in January but there are signs of slightly higher production levels in Japanese mills so stocks must be falling.

Market prices for Sarawak Meranti Regular are currently around Yen 6,400 per koku CIF up 200 from levels in March. Prices of Yen 5,400 for Meranti Small and Yen 4,900 for Meranti Super Small are an improvement of levels seen in March.

Supporting the upward movement in log FOB prices has been renewed active buying for the Chinese and Indian markets. The JLR is saying that log shipments during April will be affected by a diminished supply in the producer countries with Meranti Regular logs being particularly affected.

Current prices for Meranti Regular are around US\$190 per cubic metre but suppliers are pushing for a price of US\$200. Kapur prices in Sabah are also moving up sharply on the back of strong demand from buyers in China.

February plywood supply

The availability of both domestic and imported plywood during February was 102% higher than in February 2009 and more than 100% more than in January this year. However, plywood imports in February 2009 were the lowest for 21 years, so this improvement is not so startling.

Imports of plywood from all sources increased during February. Imports from Malaysia were up 126% and imports from Indonesia jumped 134%.

The biggest increase was seen in imports of plywood from China which grew 250% because of the demand for low priced Poplar crating plywood. According to the JLR plywood inventory levels at the end of February were up slightly from January levels.

Plywood imports

	February 2010 (cu.m)	Feb-10 compared to Feb-09
Malaysia	113,484	126%
Indonesia	75,558	134%
China	40,234	250%
New Zealand	3,902	99%
Canada	203	94%
Others	4,833	149%
Total	238,214	141%

Wood demand until Sept 2010

Japan's Forestry Agency has released its wood demand projections up to September 2010. The Agency is forecasting an improvement in housing starts as a result of the various stimulus measures introduced.

The main beneficiaries of the improved activity in the building and construction sectors will be imported sawnwood, plywood and structural laminated lumber. The Agency foresees continued problems with sourcing sawn Radiata from Chile.

North American log demand is expected to remain firm but import volumes will likely remain at around 2.5 mil cubic metres for the whole year, the same level as for 2009.

On the other hand, demand in Japan for N. American sawnwood could improve over the next six months lifting import levels above those of the same period last year.

European sawnwood imports started to increase from the last quarter 2009 after there was a modest rebound in purchases to replenish stock levels. However, any further growth in demand is expected to be moderate, especially as shippers will be looking for higher prices.

Plywood prices pushed up

The Japan Lumber Journal (JLR) is reporting that the Seihoku Group, the largest plywood manufacturer in Japan, has increased the wholesale price for structural softwood plywood and will not entertain any negotiations on price.

Apparently Seihoku accepted Yen 650 per sheet (delivered) until the end of March but that now the price is Yen 700 with further price increases planned. This move by Seihoku is to reverse its loss making production.

The price of 24mm panels was previously Yen 1,300 but has now been increased to Yen 1,400. 28mm panels are priced at Yen 1,630 up from Yen 1,520 in late March.

In making this move to increase prices Seihoku is hoping that other manufacturers will follow suit, a reasonable gamble in the light of the expected increase in building activity.

2009 wood product exports

The JLR is reporting that, according to data from the Japan Wood Export Council, the total value of exports in 2009 fell by almost 13%, the first decline in three years. The strong Yen and the diminished global demand for wood in 2009 are cited as the main reasons for the decline.

Japan's log exports in terms of both volume and value declined but higher volumes of veneer, plywood and fibreboard were exported.

Log exports were down almost 22% because of weak demand from China and Korea, the main markets. Taiwan P.o.C and Vietnam are other significant buyers of logs from Japan and for these markets export volumes increased.

Selected wood product exports (% change 2009 on 2008)

	Logs %	Sawn %	Veneer %	Ply wood %	Fibre board %	Particle board %
China	27.7	139	120	125	100	85
Korea	69	67	89	23	299	25
Taiwan	547	152	137	1057	94	118
Vietnam	185	64	98	37	17	
Indonesia	31	58	57	91	51	73
Philippines		93	74	48	106	
USA		20	73	117		
Others		60	222			

For the full JLR report see: www.n-mokucai.com/english.htm

Log and Sawnwood Prices in Japan

Logs for Ply Manufacture, CIF Meranti (Hill, Sarawak)	Yen per Koku (Koku=0.278 m ³)
Medium Mixed	6,200
Standard Mixed	6,400
Small Log (SM60%, SSM40%)	6,200
Taun, Calophyllum, others (PNG)	8,000
Mixed light hardwood, G3/4 grade (PNG)	-
Keruing MQ & up (Sarawak)	10,500
Kapur MQ & up (Sarawak)	8,900
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	135,000
Mixed Seraya, Sangi 24x48mm, 1.8-4m, S2S	53,000

Wholesale Prices (Tokyo)

Indonesian & Malaysian Plywood	Size (mm)	Feb (¥ per sheet)	Apr
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	320	320
3.7mm (med. Thickness, F 4star, type2)	910 X 1820	450	450
5.2mm (med. Thickness, F 4star, type 2)	910 X 1820	560	560
11.5mm for sheathing (F 4star, type 2)	910 X 1820	880	890
12mm for foundation (F 4star, special)	910 X 1820	900	920
12mm concrete-form ply (JAS)	900 X 1800	850	870
12m coated concrete-form ply (JAS)	900 X 1800	950	1010
11.5mm flooring board	945 X 1840	1100	1150
3.6mm baseboard for overlays (OVL)	1230 X 2440	740	740
OSB (North American)			
12mm foundation of roof (JAS)	910 X 1820	1000	1000
9mm foundation for 2 by 4 (JAS)	910 X 2440	1050	1050
9mm conventional foundation (JAS)	910 X 2730	1250	1250
9mm conventional foundation (JAS)	910 X 3030	1350	1350

Trade surges

Housing demand in China remains strong and in the first two months of 2010 demand jumped around 40% compared to the same period in 2009. According to the latest data, housing completions totaled over 900 million square metres.

Strong domestic demand and the beginnings of a recovery in the main western economies drove up both imports and exports of wood products in the first two months of 2010.

Imports

Statistics from China Customs show that China's log imports totaled 4.62 million cubic metres in the first two months of 2010, up 54 percent over the same period of last year.

Of the total, log imports from Russia increased 31 percent to 2.12 million cubic metres; imports from New Zealand rose 140 percent to 0.16 million cubic metres and imports from Malaysia were up 114 percent to 0.16 million cubic metres.

A total of 1.647 million cubic metres of sawnwood were imported, up 104 percent from 2009. Of the total, sawnwood imports from Russia rose 77 percent, imports from Canada were up 200 percent and imports from the USA and Thailand increased 66 percent and 140 percent respectively.

For wood-based-panels, imports of plywood rose 33 percent, particleboard imports were up 41 percent, whereas imports of fiberboard fell almost 6 percent.

Furniture exports

Furniture exports in January and February 2010 totaled US\$ 1.4 billion. Exports to the USA, the largest export market for Chinese wooden furniture, were worth US\$428 million, up 32 percent over the same period of last year. This figure was only 12 percent lower than that of 2007, before the global financial crisis.

Exports of furniture to other principal markets also increased. For example imports by Japan rose 5 percent, imports by the UK grew 59 percent and imports by Germany were also higher.

The bulk of the furniture exports were from China's southeastern coastal areas. Guangdong Province, the largest furniture exporting base in China, exported wooden furniture valued at US\$ 572.42 million, up 43 percent over the same period in 2009.

Panel product exports

During the first two months of 2010, China's exports of plywood were 938,000 cubic metres, up 67 percent on the same period in 2009. Of the total, 173,000 cubic metres went to the United States, up 40,300 cubic metres over the same period of 2009.

Plywood exports to the UK rose sharply in January and February (195 percent), Japan's imports jumped 57 percent, South Korea increased imports by 118 percent and the United Arab Emirates imports from China rose 115 percent.

The main plywood exporters are in Shandong, from where some 361,000 cubic metres was exported in the first two months (up 83%); Jiangsu, 311,300 cubic metres (up 58%); Zhejiang, 62,800 cubic metres (up 61%); Guangdong, 49,800 cubic metres (up 86%) and Shanghai, 26,400 cubic metres, up 22 percent.

Exports of MDF also increased in the first months of 2010. A total of 226,700 tonnes of MDF were exported during this period, up 95 percent year on year. Of the total, MDF exports to the USA rose 59 percent, to Russia by 140 percent, to Korea by 126 percent, to Canada by 187 percent, to the UAE 120 percent and to Saudi Arabia by 10 percent.

Exports of MDF mainly came from Jiangsu (146,500 tons), Shandong (17,500 tonnes), Guangdong (12,300 tonnes), Shanghai (10,600 tonnes), Zhejiang (7,600 tonnes) and Guangxi (5,300 tonnes). Exports of particleboard were only 13,700 tonnes but were still up 40 percent over 2009.

Trade in wooden doors and windows - 2009

China's trade in wooden doors and windows suffered seriously in 2009. For the year exports plunged and imports fell sharply.

China's wooden door and window trade

	2008	2009	% change
w ooden doors			
export	542,720	457,210	-16%
import	2,410	5,160	114%
w ooden w indow s			
export	130,020	0	
import	1,060	0	

Chinafloor 2010

Chinafloor 2010, showcasing domestic and international flooring suppliers, has recently been concluded. This year's parquet and laminate section gathered many domestic industry leaders. Companies present included World of Friends, Lulin, Fudeli, Anrantabu, Sterling Pacific, Yan Kanon, New Sihe, Sino-Maple, Kanglong, A and W, Jiusheng, Plantation, Jilin Forestry Jinqiao, Yihua, Yongyu, Kentierwood, were all present at the exhibition.

Domestic manufacturers are now as keen on the local market as the export markets and this, in part, explains the good attendance of local companies at the show.

During the show more than 500 participants from around the world discussed the implications of environmental developments on the production and marketing for flooring at a conference addressing the 'Low Carbon Economy and Global Opportunity'.

The conference discussed the influence of low carbon economy on development of wooden flooring industry. The issues under discussion covered a number of areas such as trade, standards, technology, recycling and product marketing.

Guangzhou City Imported Timber Market

Logs	Yuan per m ³
Lauan (50-60cm)	1900-2100▲
Kapur (up to 79cm)	1900-2100▼
Merbau 6m, (up to 79cm)	3500-4000
Teak	11000-13000▼
Wenge	5200-5300▼
Sawnwood	
Teak sawn grade A (Africa)	9300
US Maple 2" KD	7500-10000▼
US Cherry 2"	10000-13000▲
US Walnut 2"	14000-15500▲
Lauan	3600-3800▲
Okoume	3500-3800▼
Sapele	5800-6300

Shanghai Furen Wholesale Market

Sawnwood	Yuan per m ³
Beech KD Grade A	4800-4900▼
US Cherry, 25mm	4500-4600
US Red Oak, 50mm	6500-7000▼
Sapele 50mm FAS (Congo)	
KD (2", FAS)	6000-6100
KD (2", grade	5700-5800

Shandong De Zhou Timber market

Logs	Yuan per m ³
Larch 6m, 24-28cm diam.	1200▲
White Pine 6m, 24-28cm diam.	1280▲
Korean Pine 4m, 30cm diam.	1400
6m, 30cm diam.	1500
Mongolian Scots Pine 6m, 30cm diam.	1320▲

Hebei Shijiazhuang Wholesale Market

Logs	Yuan per m ³
Korean Pine 4m, 38cm+ diam	1700
Mongolian Scots Pine 4m, 30cm diam.	1300▲
6m, 30cm+ diam.	1350
Sawnwood	
Mongolian Scots Pine 4m, 5-6cm thick	1400▼
4m, 10cm thick	1450▼

Zhejiang Jiashan Kaihua International Timber Market

Logs	Yuan per m ³
Okoume 80cm+	2900-3400
Sapele 80cm+	6000-6600
Wenge 80cm+	13000-14500
Sawnwood	
Doussie	3600-4000
European beech boules	3200-3400
Radiata	800-1200
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

EU hardwood log imports down 60% in 2009

During 2009 EU imports of hardwood logs reached only 4.38 million cubic metres, down a massive 60% on the previous year.

In addition to recessionary pressures and a lengthy period of stock reductions by European importers, the figures are strongly influenced by Russia's phased introduction of log export taxes.

This contributed to a 76% fall in the volume of EU imports from Russia during the year. However log imports were also well down from key tropical hardwood supplying countries including Gabon (-31%), Cameroon (-22%), the Congo Dem. Rep. (-48%), and the Congo Republic (-59%).

EU imports of hardwood logs

			% Change
	2008	2009	2008 2009
RUSSIA	7370	1744	-76
BELARUS	1167	894	-23
CROATIA	487	432	-11
UKRAINE	626	421	-33
SWITZERLAND	327	269	-18
GABON	327	227	-31
U.S.A.	147	94	-36
CAMEROON	83	64	-22
CONGO DEM. REP.	120	63	-48
CONGO REPUBLIC	80	33	-59
BOSNIA & HERZ.	70	28	-60
NORWAY	31	26	-17
CENT. AFR. REP.	32	23	-29
ROMANIA	26	21	-18
LIBERIA	2	6	286
CANADA	30	6	-81
SERBIA	8	4	-49
EQUAT. GUINEA	26	4	-86
OTHER	59	21	-64
TOTAL	11019	4378	-60

Note: EU25 data. Excludes intra-EU trade.

Source: Forest Industries Intelligence Limited Analysis of Eurostat data

EU sawn imports down in 2009

The decline in EU imports of hardwood sawn lumber, at around 37% in volume terms, was only slightly less dramatic than that experienced in the log sector.

All supply countries fared badly in the European market last year. The USA, the leading supplier, did better than most - the 27% decline in EU imports from the USA was relatively modest compared to the downturn in imports from other countries. The relative weakness of the dollar against the euro was one factor boosting U.S. hardwood competitiveness in Europe during 2009.

During 2009, Cameroon retained its position as the leading supplier of tropical hardwood sawnwood to the EU despite a 36% decline in shipments compared to the previous year. A number of factors contributed to this decline including: very slow European consumption of the leading Cameroon

redwood species sapele and sipo; continuing efforts by European importers to destock during the first half of 2009; and mounting supply problems in the second half of the year.

EU imports of sawn hardwood

			% change
	2008	2009	09 on 08
U.S.A.	586	428	-27
CAMEROON	516	330	-36
CROATIA	308	229	-26
UKRAINE	315	222	-29
MALAYSIA	306	221	-28
BRAZIL	384	202	-48
IVORY COAST	202	100	-50
RUSSIA	140	66	-53
GABON	94	62	-34
BOSNIA & HERZ.	104	59	-43
BELARUS	84	45	-46
SERBIA	67	42	-38
GHANA	77	40	-48
ROMANIA	71	37	-48
INDONESIA	48	32	-32
CONGO DEM. REP.	51	32	-38
CONGO REPUBLIC	57	27	-51
CANADA	42	23	-45
OTHER	243	149	-39
TOTAL	3694	2345	-37

Note: EU25 data. Excludes intra-EU trade.

Source: Forest Industries Intelligence Limited Analysis of Eurostat data

EU imports of sawnwood from Malaysia held up marginally better than those from Cameroon, benefiting partly from the weaker dollar (Malaysian hardwoods unlike African hardwoods tend to be invoiced in dollars) and also from better availability and faster turnaround times. This latter factor has become particularly important in the recession as distributors throughout the European supply chain have been much less reluctant to carry stock.

Continuing supply problems and better market prospects at home contributed to a dramatic 48% fall in EU imports of hardwood sawn lumber from Brazil.

EU hardwood plywood imports down 28% in 2009

EU imports of hardwood plywood were down 28% in volume terms during 2009. Imports from Russia, the leading supplier of hardwood (mainly birch) plywood to the EU, experienced only a relatively modest decline of 12%. Russian plywood producers stepped in to fill some of the gap in Finnish supply with the phased introduction of Russia's log export taxes. There are also reports that more European plywood buyers are switching away from tropical hardwood in favour of Russian birch product.

During 2009, China retained its dominant position as the leading developing world supplier of hardwood plywood to the EU, although at 530,000 cubic metres the volume is only half of that attained in 2007.

EU imports of hardwood plywood

	2008	2009	% change 09 on 08
RUSSIA	614	542	-12
CHINA	827	530	-36
MALAYSIA	293	182	-38
INDONESIA	155	116	-25
BRAZIL	199	89	-55
BELARUS	54	71	32
UKRAINE	51	50	-2
GABON	46	45	-3
ROMANIA	20	18	-9
URUGUAY	19	17	-10
IVORY COAST	17	14	-20
CHILE	22	13	-40
BOSNIA & HERZ.	1	7	637
TAIWAN	1	6	714
CAMEROON	5	4	-29
U.S.A.	4	3	-22
GHANA	4	3	-36
PARAGUAY	4	2	-50
OTHER	48	11	-77
TOTAL	2385	1723	-28

Note: EU25 data. Excludes intra-EU trade.

Source: Forest Industries Intelligence Limited Analysis of Eurostat data

After significantly expanding share in the European hardwood plywood market in 2008, Malaysia lost ground in 2009. Recent trade reports suggest that declining availability due to tightening log supply in Malaysia is now encouraging more European importers to look to alternatives, including Russian birch plywood, alternative panels and non-wood products.

The pace of the long-term decline in European imports of Indonesian plywood slowed in 2009. However imports of Indonesian plywood – which reached only 116,000 cubic metres in 2009 - are a shadow of levels of around 600,000 cubic metres only 7 years ago. Meanwhile the decline in European imports of Brazilian hardwood plywood steepened last year, falling 55% to only 89,000 cubic metres.

Changes underway in EU veneer sector

Europe's hardwood veneer import figures for 2009 bear the imprint of differing trends affecting the rotary and sliced veneer sectors. Both sectors have been profoundly influenced by the global economic downturn.

The rotary veneer sector is being influenced both by falling European consumption of tropical hardwood plywood and by the continuing shift in tropical hardwood plywood manufacturing away from Europe (notably France). These trends are particularly apparent in the significant decline over the last two years in European veneer imports from Gabon, the leading supplier of rotary veneer (mainly okoume), to the European market.

EU imports of hardwood veneer

	2008	2009	% change 09 on 08
GABON	158	130	-18
IVORY COAST	102	57	-44
U.S.A.	75	46	-38
UKRAINE	30	28	-7
RUSSIA	70	27	-61
ROMANIA	25	25	1
CAMEROON	41	22	-46
CONGO REPUBLIC	16	15	-9
CROATIA	57	13	-77
GHANA	22	12	-43
EQUAT. GUINEA	33	10	-70
CHINA	19	8	-57
BOSNIA & HERZ.	11	7	-33
TURKEY	8	6	-28
SERBIA	14	6	-58
CANADA	22	4	-84
BULGARIA	2	3	24
BRAZIL	5	3	-47
OTHER	17	11	-38
TOTAL	728	433	-41

Note: EU25 data. Excludes intra-EU trade.

Source: Forest Industries Intelligence Limited Analysis of Eurostat data

Meanwhile, the European sliced veneer sector experienced a major crisis during 2009. There was a huge fall-off in demand, particularly in the door sector in Spain which had previously been one of the largest consumers of sliced veneer in Europe. A major reduction in hardwood harvesting in all the leading supply regions greatly reduced access to veneer quality logs. Severe cash flow problems also limited the ability of veneer mills to procure those logs that were available. This all occurred at a time when competitive pressure from the laminate and non-wood surface materials sector – also suffering from excess capacity - was on the rise and as product manufacturers were looking for ways to cut costs.

As a result of these trends, all the leading suppliers of sliced veneer lost a lot of ground in the European market during 2009. The volume of European hardwood veneer imports from Ivory Coast, the U.S.A. and Cameroon was down 44%, 38% and 46% respectively. For these suppliers, some cold comfort may be found in the fact that market conditions were just as bad for European veneer manufacturers. The Germany-based trade journal EUWID reports that large European veneer mills were operating at no more than 50% to 70% of capacity throughout 2009.

Signs of recovery in EU imports

While the 2009 annual import data makes for very gloomy reading, closer analysis of the quarterly data provides grounds for optimism.

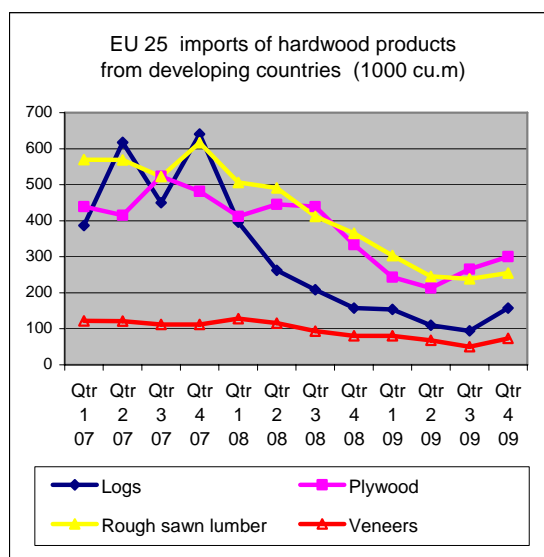
The chart below indicates that EU imports of hardwood logs, sawn and veneer from developing countries all turned upwards in the last quarter of 2009. In the case of logs and sawn, this was the first upward movement in import data following seven consecutive quarters of decline.

For veneers, the upturn followed on from six consecutive quarters of decline. Meanwhile, the upturn in EU imports of plywood which began in the third quarter of 2009 was maintained into the last quarter of the year.

The signs are more promising but there is still considerably uncertainty over the likely strength of recovery in European tropical wood imports during 2010. Trade reports suggest that the recent rebound in imports has less to do with any significant change in underlying consumption than in a move by importers to fill gaps in stocks which have become extremely thin on the ground after such a long period low imports.

European imports of tropical hardwood logs from Gabon also received a significant short-term boost in the final quarter of 2009 as European plywood manufacturers sought to build stocks in advance of Gabon's log export ban scheduled to be introduced from 1 January 2010.

At the end of 2009, European importers of all hardwood products were also responding to widespread reports of tightening availability in major supply regions which was widely reflected in rising prices. Lack of availability combined with patchy consumption may well put a brake on further significant increases in European imports of tropical hardwoods during 2010.



Source: Forest Industries Intelligence Limited Analysis of Eurostat data supplied by BTS Ltd

The Netherlands Sawwood Prices

	US\$ per m ³
FOB (Rotterdam)	
Sapele KD	911 ↑
Iroko KD	1052 ↑
Sipo KD	1067 ↑
DRM Bukit KD	946
DRM Seraya KD	953
DRM Meranti KD Seraya MTCC cert.	968
Merbau KD	1218
Sapupira (non FSC) KD	946
Sapupira (FSC) KD	1483
Anti-slip decking AD C&F Rotterdam	
Selangan batu	1483

UK Log Prices

	€ per m ³
FOB plus commission	
N'Gollon (khaya) 70cm+ LM-C	330-360
Ayous (wawa) 80cm+ LM-C	230-240
Sapele 80cm+ LM-C	310-330
Iroko 80cm+ LM-C	310-350
African Walnut 80cm+ LM-C	320-350

UK Sawwood Prices

	GB Pounds per m ³
FOB plus Commission	
Framire FAS 25mm	480-490
Sipo FAS 25mm	670-690
Sapele FAS 25mm	585-595
Iroko FAS 25mm	680-700
Wawa FAS25mm	345-355
CIF plus Commission	
Tulipwood FAS 25mm	325-350
Meranti Tembaga Sel/Btr (KD 2"boards)	520-540
Balau/Bangkirai Decking	950-1000
White Oak	550-600

UK Plywood and MDF Prices

	US\$ per m ³
Plywood Panels 8x4", CIF	
Brazilian WBP BB/CC 6mm	540-560 ↑
Malaysian WBP BB/CC 6mm	540-560 ↑
China (hardwood face, eucalyptus core) 18mm	380-390
China (tropical hardwood face, poplar core) 18mm	350-370 ↑

Report from North America

Growth in US manufacturing

In March 2010, the US manufacturing sector reported its strongest growth since 2004 according to a monthly survey by the Institute for Supply Management. Economic activity in the manufacturing sector expanded for the eighth consecutive month.

Inventories grew in March for the first time in almost four years, signaling manufacturers' expectations of increased orders and sales. Furniture and wood product manufacturing are among the industries that reported growth in March.

Furniture order levels rise

Residential furniture orders continue to improve, while they are not back to 2007 levels, they are moving in a positive direction. New orders were up by 12% in December 2009 compared to the previous year, according to the most recent survey of residential furniture manufacturers and distributors by the accounting and consulting firm Smith Leonard in High Point, North

Carolina. Sixty-two percent of the survey participants reported higher order rates for the month.

Changes to LEED

The US Green Building Council (USGBC) has released the third draft of LEED's proposed new certified wood credit system. The green building rating and certification programme LEED (Leadership in Energy and Environmental Design) has grown tremendously in recent years.

For about two years, the LEED Certified Wood Credit has been undergoing a process of revision. At the centre of this process is the USGBC forest certification benchmark that, if the revision is approved, will be used to judge which forest certification systems are worthy of recognition under the LEED Certified Wood Credit.

Wood certification systems would be evaluated for eligibility to earn points towards LEED certification against a measurable benchmark that includes criteria on governance, technical/standards substance, accreditation and auditing, and chain of custody and labelling.

The current draft includes multiple levels of compliance, and assigns half-credit, full-credit, or double-credit to certified wood based on the degree of compliance with the benchmark.

The likely outcome of this new approach, according to BuildingGreen.com, is that the Forest Stewardship Council (FSC) would comply at the full-credit level, while the Sustainable Forestry Initiative (SFI), the Canadian Standards Association (CSA) and other industry-supported certification systems would comply at the half-credit level. FSC-certified wood will contribute to LEED points just as it has in the past, while wood certified by other programs will, for the first time, receive credit in LEED.

Draft criticised

Both industry and environmental groups oppose the new draft. Industry groups and SFI have criticised the new draft as FSC-certified wood would keep its preferred status in LEED. They also argue that by promoting FSC-certified wood, LEED is supporting imported wood products at the expense of the North American industry, where the SFI and CSA certifications predominate.

On the other hand FSC has criticized the weakening of governance rules in the new draft and says that the mechanism by which the USGBC would measure conformance to its benchmark is too weak and unclear.

The Cascadia Region Green Building Council, a chapter of the USGBC, argues that by providing an entry point for industry-supported programmes the changes in the new draft "lower the bar" for forest certification in LEED, in contrast to other aspects of the building standard that are becoming more stringent.

Industry remains committed to LEED

Certified wood use accounts for just one point in LEED, while at least 40 points are required for a building to achieve the lowest level of LEED certification. Given the interest and growth in green building, however, the forest industry and forest certification groups have a strong interest in the LEED Certified Wood Credit.

Depending on the comments submitted on this latest draft, the USGBC may either write a fourth draft or the current draft will be voted on by the USGBC members.

Tropical lumber prices

Prices for several tropical species firmed during March because of low inventories in the US and diminished raw material levels for some suppliers. The Hardwood Review reports show sales of tropical hardwoods to flooring, furniture and millwork manufacturers. Generally, demand for tropical hardwood lumber is still weak and inventories remain low.

US Timber prices

	Feb-10	Mar-10
	US\$ per Cu.m	
Ipe (Brazil) Decking Premium Grade AD 1x6, FOB Belem	2100	2175
Ipe (Brazil) Decking Premium Grade AD 5/4x6, FOB Belem	2200	2200
Jatoba (Brazil) No.1 Common & Better AD, FOB Belem	850	830
Jatoba (Brazil) No.1 Common & Better KD, FOB Belem	n/a	875
Khaya (Cote d'Ivoire) FAS KD, FOB Abidjan	730	730
Khaya (Ghana) FAS KD, FOB Takoradi	850	875
Sapele (Cameroon) FAS AD, FOB Douala	720	730
Sapele (Cameroon) 4/4 to 8/4 FAS KD, FOB Douala	860	840

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.

Billions of dollars are being mobilized to protect and increase the world's forests under a climate-protection mechanism known as Reduced Emissions from Deforestation and Degradation (REDD). But many experts are unsure that it will work, and some fear it could end in disaster. According to Anne Larson, who works in Nicaragua as an associate at the Indonesia-based Centre for International Forestry Research (Cifor), "REDD presents lots of risks."

http://businessmirror.com.ph/index.php?option=com_content&view=article&id=23951:forests-at-a-climate-crossroads&catid=44:science&Itemid=69

The Central American Indigenous Council (CICA), the Indian Mesoamerican Council (ICMA), the International Alliance of Indigenous and Tribal Peoples of the Tropical Forests, the Coordinator of Indigenous Organizations of the Amazon Basin (COICA), Indigenous Women's Network on Biodiversity, the Continental Network of Indigenous Women Region South America, the Indian Chair traveling and the International Forum of Indigenous Women, self-organized, met to critically analyze the solutions proposed by governments to address the effects of climate change and agree on a unified political position on the part of our organizations in the face of COP 16 on Climate Change to be held in December 2010, in Mexico.

<http://www.pej.org/html/modules.php?op=modload&name=News&file=article&sid=8190&mode=thread&order=0&hold=0>

A small part of South American rainforest has been transported to central London as part of a new open gallery of plants and animals, where a variety of small mammals and birds are allowed to roam freely among species of trees and shrubs that are normally only found in equatorial jungles. Rainforest Life, the latest exhibit at London Zoo, will open to the public and is expected to draw crowds eager to experience one of the world's most vibrant ecosystems – which for many will only ever be seen through the televised narrative of a David Attenborough documentary – first hand.

<http://www.independent.co.uk/environment/nature/an-urban-jungle-with-a-wild-side-1928025.html>

Civil Society Organisations (CSOs) in the Natural Resource and Environment (NREG) sector have, at the end of a three-day annual review meeting in Accra, called on government to, as matter of urgency, revoke the mining rights granted mining companies to mine in Forest Reserves in the country. A communiqué issued at the end of the meeting indicated that mining in forest reserves contravenes certain provisions of the National Land Policy of 1999.

<http://allafrica.com/stories/201004060671.html>

Green-minded investors are being invited to support poor South American farmers, while at the same time hopefully earning a decent return, by putting their money into a pioneering community forestry enterprise. This month will see the launch of a public share issue aimed at raising several hundred thousand pounds to invest in the Cochabamba Project, set up last year to provide assistance to communities in Bolivia and also help reverse the deforestation of the Amazon.

<http://www.guardian.co.uk/money/2010/apr/03/green-investors-bolivian-forests>

India will press for a global fund to help developing countries increase their forest cover—as part of efforts to combat climate change—at a crucial meet to be held in Norway next month, environment minister Jairam Ramesh said. <http://www.livemint.com/2010/04/01231450/India-to-look-for-funds-for-developing-countries.html>

An international forestry company embarking on a global effort to accumulate carbon credits while slowing deforestation has picked an unlikely site for the first of up to 100,000 acres of tree plantations it intends to grow on U.S. soil in the coming years. ECO2 Forests Inc. announced plans to plant up to 3 million trees over the next seven years at irrigated tree farms in northern Nevada's high desert covering a total of up to 21 square miles north of Reno, an area about the size of the island of Bermuda.

<http://www.google.com/hostednews/ap/article/ALeqM5iK8AsAsS83-Doslj5lphlX8QXYgAD9ETQ9B85>

Minister of Finance Dr Ashni Singh and German Ambassador to Guyana, Ernest Martens, signed an additional agreement for financial cooperation on tropical forest protection. The agreement signed in the Credentials room at the Office of the President will make an additional five million Euros (equivalent to G\$1.36B) available to fund the protection of one of the most important ecosystems of the world.

<http://www.caribbeanpressreleases.com/articles/6616/1/Guyana-and-Germany-ink-further-tropical-forest-protection-agreement-Page1.html>

World deforestation, mainly the conversion of tropical forests to agricultural land, has decreased over the past ten years but continues at an alarmingly high rate in many countries, the FAO had announced. Globally, around 13 million hectares of forests were converted to other uses or lost through natural causes each year between 2000 and 2010 as compared to around 16 million hectares per year during the 1990s, according to key findings of FAO's most comprehensive forest review to date The Global Forest Resources Assessment 2010. The study covers 233 countries and areas.

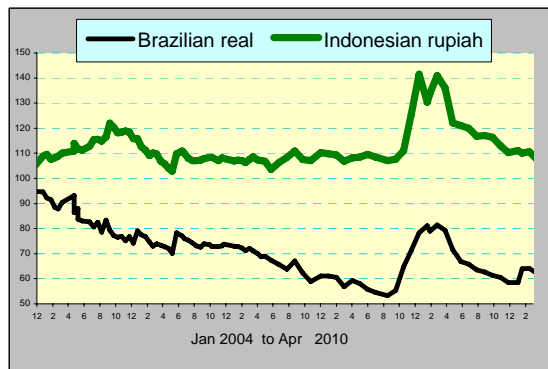
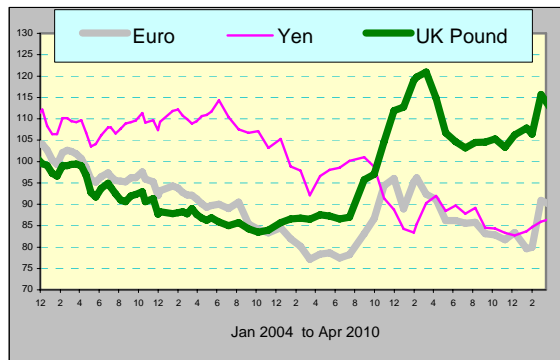
<http://www.fao.org/news/story/en/item/40893/icode/>

Main US Dollar Exchange Rates

As of 14th April 2010

Brazil	Real	1.7547
CFA countries	CFA Franc	483
China	Yuan	6.8257
EU	Euro	0.7362
Indonesia	Rupiah	9017
Japan	Yen	93.25
Malaysia	Ringgit	3.2072
Peru	New Sol	2.8353
UK	Pound	0.6507

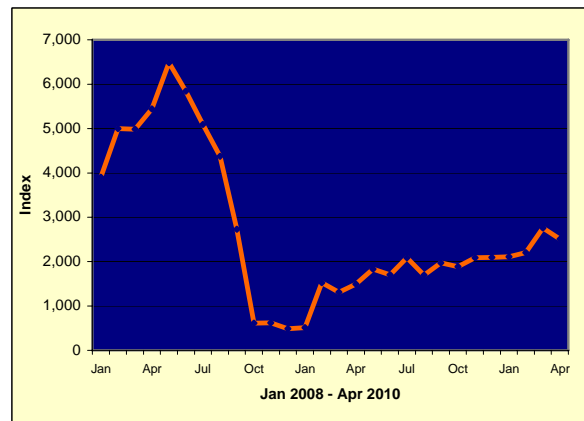
Exchange rates index (Dec 2003=100)



Abbreviations and Equivalences

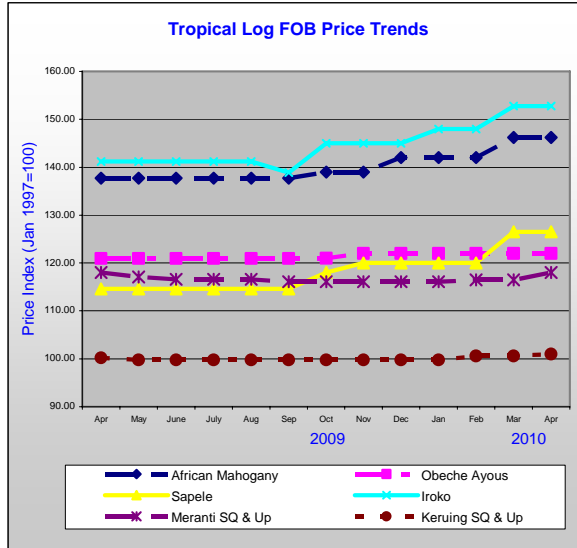
LM	Loyale Merchant, a grade of log parcel
QS	Qualite Superieure
CI, CE, CS	Choix Industriel, Economique or Supplimentaire
FOB	Free-on-Board
CIF; CNF	Cost, insurance and freight; Cost and freight
KD; AD	Kiln Dry; Air Dry
Boule	A log sawn through and through, the boards from one log are bundled together.
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

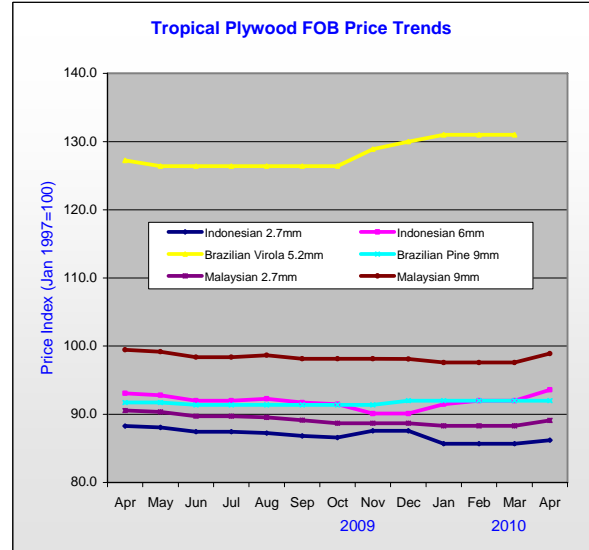


The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

Tropical Log Price Trends

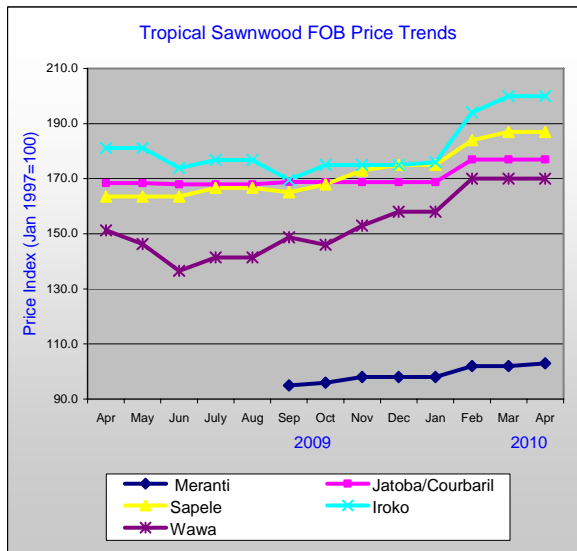


Tropical Plywood Price Trends



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

Tropical Sawwood Price Trends



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http://www.itto.int/en/mis_registration/