

# Tropical Timber Market Report

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## Top Story

### US tropical timber imports picked up in June

The US imported 20,657 cu.m of tropical sawnwood in June 2010, up from 14,652 cu.m in May. In June, imports of species from South East Asia and Africa picked up significantly due to the exhausted inventories and low availability from South America. In Brazil, some sawmills have reportedly shut down and the domestic market is consuming all the production leaving little for export. The depreciation of the Euro against the US dollar pushed up the imports of African tropical sawnwood much of which is priced in Euro.

Hardwood moulding imports showed a slight decline year-to-date June 2010 even compared with the low levels seen in 2009. However, US imports of hardwood plywood will likely exceed 2009 volumes, based on year-to-date imports of 1.1 million cu.m, which is 32% higher than in the same period last year.

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## Report from Central/West Africa

### Log markets steady amid good demand

Central and West African log markets are reportedly steady with supply and demand fairly well balanced. In spite of adequate stocks, purchasing to China continues to be active. Buyers in India and Vietnam also remain as strong players in the market generating high demand for some specific species. Demand for okume is strong and is being met mainly with supplies from Congo Brazzaville and Equatorial Guinea. Demand for Azobe logs for the Netherlands has resumed and some shipments have also been made to Germany and China.

Log prices are firm with some occasional small adjustments following the upward trend in Malaysian log prices. West African shippers are now confident that the market and prices are likely to remain stable at least during the 3rd quarter.

### Stable demand for sawnwood

For sawnwood, market demand is also steady and sawmills are still having strong order books. Prices are firm with some small increases for few species such as padouk and bubinga. However, prices of these species tend to fluctuate according to changes in demand.

Demand from continental Europe has picked up slightly and this has kept sapele and sipo prices firm. Due to the lower availability and higher prices for some Brazilian species, US buyers are now showing more interest in West African redwood sawnwood e.g. khaya and sapele. Some of the larger international sawmills in the West African region have global sales coverage and currently they seem to be active in expanding sales in the US market.

In the region, Ghana has pioneered the global sawnwood trade for many years while other producing countries are only now starting to look beyond their traditional UK and European markets. The UK market is slow and demand is unlikely to return for the time being, says an analyst. Currently, UK businesses are waiting for the government's autumn spending review which is certain to bring some cuts in government expenditure in many sectors of the economy.

### West Africa Log Prices

West Africa logs, FOB	€ per m <sup>3</sup>		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	205	205	153
Ayous/Obéché/Wawa	190	190	145
Azobe & Ekki	205	205	122
Belli	210	210	-
Bibolo/Dibétou	145	130	-
Bubinga	600	530	390
Iroko	250▲	235	190
Okoume (60% CI, 40% CE, 20% CS) (China only)	230	-	-
Moabi	275	275	190
Movingui	180	150	140
Niove	130	130	-
Okan	320▲	320▲	-
Padouk	370▲	340	235
Sapele	240	220	170
Sipo/Utile	270	250	200
Tali	265▲	265▲	-
	C1	CE	CS
Okoume	170	160	120

### West Africa Sawnwood Prices

West Africa sawnwood, FOB		€ per m <sup>3</sup>
Ayous	FAS GMS	300
Okoumé	FAS GMS	370
	FAS. fixed sizes	340
	Std/Btr GMS	275
Sipo	FAS GMS	475
	FAS fixed sizes	-
	FAS scantlings	490
Padouk	FAS GMS	540
	FAS scantlings	525▲
	Strips	300
Sapele	FAS Spanish sizes	390
	FAS scantlings	460
Iroko	FAS GMS	480
	Scantlings	500
	Strips	350
Khaya	FAS GMS	380
	FAS fixed	380
Moabi	FAS GMS	475
	Scantlings	440
Movingui	FAS GMS	335▲

## Report from Ghana

### Workshop on domestic timber market

The Timber Industry Development Division (TIDD) recently organised a National Consultative Workshop on Domestic Timber Market in Accra. At the opening, Mr. Samuel Afari Dartey, the Chief Executive Officer of TIDD, urged participants to find realistic solutions to the problem of domestic timber supply which has been hampering the sector development. The participants consisted of all stakeholders in the timber industry across the country.

### FURNIDEC 2010 showcases local furniture

To promote local furniture, a 3-day Furniture and Décor Exhibition Fair (FURNIDEC 2010) was held in Accra. The fair was one of the measures taken by the local furniture producers in the country to improve the competitiveness of local furniture products in the global markets.

### Progress in the implementation of NFPDP

The National Forest Plantation Development Programme (NFPDP) launched in January 2010 aims at restoring 30,000 hectares of degraded forest reserves by the end of year 2010. According to the performance review report, the implementation of the programme is progressing towards meeting the target in the various parts of the country. The programme implementation is supervised by technical officers from the Forest Service Division of Forestry Commission.

The programme also aims at creating jobs for the youth in programme areas, improving the ecosystem quality and contributing to food security.

In the Northern Ashanti region, more than 4,300 young people are employed under the programme in various plantation activities. A workshop was organised in the Volta Region to share ideas on how to address deforestation and degradation of forest reserves and promote afforestation.

### Ghana Log Prices

Ghana logs, domestic	US\$ per m <sup>3</sup>	
	Up to 80cm	80cm+
Wawa	130-140	145-165
Odum Grade A	160-170	175-185
Ceiba	104-110	120-140
Chenchen	90-100	105-120
Khaya/Mahogany (Veneer Qual.)	100-115	120-145
Sapele Grade A	135-150	160-175
Makore (Veneer Qual.) Grade A	125-135	140-166

### Ghana Export Sawwood Prices

Ghana Sawwood, FOB	€ per m <sup>3</sup>	
	Air-dried	Kiln-dried
FAS 25-100mm x 150mm up x 2.4m up	855	-
Afrormosia	500	552
Asanfina	215	266
Ceiba	315	390
Dahoma	400	445
Edinam (mixed redwood)	350	414
Emeri	563	690
African mahogany (Ivorenensis)	520	585
Makore	505	600
Niangon	630	690
Odum	530	590
Sapele	250	295
Wawa 1C & Select		

Ghana sawnwood, domestic	US\$ per m <sup>3</sup>
Wawa 25x300x4.2m	255
Emeri 25x300x4.2m	310
Ceiba 25x300x4.2m	218
Dahoma 50x150x4.2m	282
Redwood 50x75x4.2m	315
Ofram 25x225x4.2m	310

### Ghana Veneer Prices

Rotary Veneer, FOB	€ per m <sup>3</sup>	
	CORE (1-1.9mm)	FACE (<2mm)
Bombax	315	350
Ofram, Ogea & Otie	318	355
Chenchen	315	350
Ceiba	320	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 <sup>3</sup>
Ceiba	274
Chenchen	305
Ogea	300
Essa	290
Ofram	300

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afrormosia	1.19	1.00
Asanfina	1.40	0.90
Avodire	1.12	0.70
Chenchen	1.25	0.70
Mahogany	1.25	0.70
Makore	1.20	0.72
Odum	1.80	1.10

### Ghana Export Plywood Prices

Plywood, FOB B/BB	€ per m <sup>3</sup>			
	Redwood		Light Wood	
	WBP	MR	WBP	MR
4mm	560	465	500	380
6mm	340	345	335	320
9mm	365	325	295	285
12mm	300	305	290	285
15mm	310	290	280	285
18mm	300	285	285	280

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 <sup>3</sup>
Dahoma grade 1	492
Denya grade 1	516
Hotrohotro grade 1	580
Wawa grade 1	490
Wawa grade 2	420
Ekki grade 1	475
Wawabimba Laminated grade 1	750

## Report from Malaysia

### Sarawak steps up imports of raw materials for domestic processing industry

Imports of wood and timber products from Australia, China, Japan, New Zealand, Papua New Guinea and the US by processing mills in Sarawak have continued to increase.

In the first half of 2010, 63,000 cu.m of raw materials worth RM63 million were imported by processing mills in Sarawak. These raw materials include logs, sawnwood, wood flitches and veneer. In comparison, around 118,000 cu.m of wood and timber products worth RM119 million were imported in 2009 and some 72,000 cu.m worth RM77.6 million in 2008.

During the first half of 2010, up to 95% of raw materials were imported from Australia comprising RM60.5 million worth of veneer which was processed into plywood. Imported sawnwood was processed into wood mouldings and wooden furniture.

As for log imports, Sarawak state limits importation to species which are not available locally. These logs are then processed into value-added products.

For the first half of 2010, Sarawak posted earnings of RM3.67 billion from wood and timber product exports, compared to RM6.59 billion for the whole year of 2009. Out of the total exports in the first half of 2010, 2.04 million cu.m were logs valued at RM974 million and some 1.46 million cu.m were plywood worth RM1.95 billion. Japan imported more than 50% of Sarawak's total plywood exports.

### New policy to promote commercial forest plantations

The Malaysian Timber Industry Board under the Malaysian Plantation Industries and Commodities Ministry announced in June a target of RM53 billion in wood and timber product exports by 2020.

In order to meet the target, the federal government is formulating a National Wood Industrialisation Policy to promote commercial forest plantation programmes.

The Forest Plantation Development Sdn. Bhd., a ministry's programme agency, has to date granted RM1,045 million for local forestry companies to establish commercial forest plantations. The programme aims at establishing up to 375,000 hectares of forest plantations over a 15-year period at a rate of 25,000 hectares per year.

#### Market sentiment remains cautious

Prices of Malaysian timber products continue on an upward trend mainly due to the local currency's appreciation against the US dollar. Sentiment among the traders, however, is cautious as the recovery of the US economy remains weak.

#### Log Prices

	US\$ per m <sup>3</sup>
Sarawak log, FOB	240-265▲
Meranti SQ up	225-255▲
Small	222-243▲
Super small	226-238▲
Keruing SQ up	211-240▲
Small	193-221▲
Super small	217-242▲
Kapur SQ up	206-241▲
Selangang Batu SQ up	

	US\$ per m <sup>3</sup>
Pen. Malaysia logs, domestic (SQ ex-log yard)	
DR Meranti	247-266▲
Balau	308-337▲
Merbau	339-371▲
Rubberwood	76-110▲
Keruing	226-242▲

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

#### Sawnwood Prices

	US\$ per m <sup>3</sup>
Malaysia Sawnwood, FOB	400-436▲
DR Meranti	290-320▲
White Meranti A & up	439-452
Seraya Scantlings (75x125 KD)	258-280▲
Sepetir Boards	351-369▲
Sesendok 25,50mm	313-336▲
Kembang Semangkok	

	US\$ per m <sup>3</sup>
Malaysian Sawnwood, domestic	
Balau (25&50mm,100mm+)	331-351▲
Merbau	463-515
Kempas 50mmx(75,100 & 125mm)	266-306▲
Rubberwood	
25x75x660mm up	220-270▲
50-75mm Sq.	259-291▲
>75mm Sq.	281-310▲

#### Plywood Prices

	US\$ per m <sup>3</sup>
Malaysia ply MR BB/CC, FOB	
2.7mm	415-477▲
3mm	395-425▲
9mm & up	342-414▲

	US\$ per m <sup>3</sup>
Meranti ply BB/CC, domestic	
3mm	339-430▲
12-18mm	322-351▲

#### Other Panel Prices

	US\$ per m <sup>3</sup>
Malaysia, Other Panels, FOB	
<i>Particleboard</i>	
Export 12mm & up	235-258▲
Domestic 12mm & up	222-239▲
<i>MDF</i>	
Export 15-19mm	289-320▲
Domestic 12-18mm	279-297▲

#### Added Value Product Prices

	US\$ per m <sup>3</sup>
Malaysia, Mouldings, FOB	
Selagan Batu Decking	547-558▲
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	562-575▲
Grade B	516-526▲

#### Furniture and Parts Prices

	US\$ per piece
Malaysia, Rubberwood, FOB	
Semi-finished dining table	
solid laminated top 2.5'x4', extension leaf	66-82
As above, Oak Veneer	73-87
Windsor Chair	65-67▲
Colonial Chair	63-68
Queen Anne Chair (soft seat)	
without arm	64-71
with arm	63-72
Chair Seat 27x430x500mm	51-56

	US\$ per m <sup>3</sup>
Rubberwood Tabletop	
22x760x1220mm sanded & edge profiled	
Top Grade	588-621
Standard	571-591

## Report from Indonesia

#### Appreciation of Rupiah hampers furniture exports

The Indonesian Handicraft and Furniture Industry Association (Asmindo) warned that the appreciation of the Indonesian currency against the US dollar is starting to have a negative impact on the industry. The Indonesian currency's exchange rate has now reached Rp.8,900/US\$.

Asmindo called on the Indonesian government to take proactive action to safeguard the furniture and handicraft industry.

Furthermore, the Euro has depreciated against the US dollar and Rupiah. As a result, Euro zone importing countries including Italy and Spain have been reluctant to buy from Indonesia. According to Asmindo, the EU is one of the major markets for Indonesian furniture.

The Indonesian furniture market grew 28% in June 2010 year-on-year, however, the continuing appreciation of the Rupiah could lead to the collapse of the local furniture industry, says the spokesman of Asmindo. In this regard, the next few months could be crucial to the industry. Some layoffs have already taken place in various regions in Indonesia including Jepara, Cirebon and Yogyakarta.

#### Progress in implementation of forest conservation projects

As part of the 2-year moratorium on new permits to convert natural forests and peatlands, the US\$1 billion partnership agreement between Norway and Indonesia on forests conservation will protect at least 40 million hectares of a total of 100 million hectares of natural forests in Indonesia.

The Indonesian government intends to implement the moratorium and agreement gradually and in meeting the minimum measurable goals. At the same time, the position and requirements of forest concessionaires will be taken into account.

Details of the US\$1 billion arrangement will be finalised by September and an initial funding of US\$30 million will be released in October 2010.

The government will publish a forestry map on protected forest areas next year. The map will also outline areas under the 2-year moratorium.

**Log Prices (domestic)**

Indonesia logs, domestic prices	US\$ per m <sup>3</sup>
<b>Plywood logs</b>	
Face Logs	200-243 ↑
Core logs	181-214 ↑
Sawlogs (Meranti)	191-252 ↑
Falcata logs	158-192 ↑
Rubberwood	70-94 ↑
Pine	173-214 ↑
Mahoni (plantation mahogany)	481-509 ↑

**Sawnwood Prices**

Indonesia, construction material, domestic	US\$ per m <sup>3</sup>
<b>Kampar (Ex-mill)</b>	
AD 3x12-15x400cm	188-207 ↑
KD	208-242 ↑
AD 3x20x400cm	229-252 ↑
KD	231-260 ↑
<b>Keruing (Ex-mill)</b>	
AD 3x12-15x400cm	243-257 ↑
AD 2x20x400cm	231-249 ↑
AD 3x30x400cm	213-232 ↑

**Plywood Prices**

Indonesia ply MR BB/CC, FOB	US\$ per m <sup>3</sup>
2.7mm	401-458 ↑
3mm	358-399 ↑
6mm	337-379 ↑

MR Plywood (Jakarta), domestic	US\$ per m <sup>3</sup>
9mm	259-270 ↑
12mm	251-261 ↑
15mm	240-254 ↑

**Other Panel Prices**

Indonesia, Other Panels, FOB	US\$ per m <sup>3</sup>
<b>Particleboard</b>	
Export 9-18mm	225-234 ↑
Domestic 9mm	204-216 ↑
12-15mm	196-207 ↑
18mm	187-199 ↑
<b>MDF</b>	
Export 12-18mm	258-271 ↑
Domestic 12-18mm	240-251 ↑

**Added Value Product Prices**

Indonesia, Mouldings, FOB	US\$ per m <sup>3</sup>
<b>Laminated Boards</b>	
Falcata wood	306-319 ↑
<b>Red Meranti Mouldings 11x68/92mm x 7ft up</b>	
Grade A	495-529 ↑
Grade B	451-472 ↑

**Market demand remains unchanged**

The market situation for teak has remained unchanged over the past few months. Demand in the Indian teak market shows some activity while markets in China, Thailand and Vietnam are quiet.

Pyinkado and Gurjan logs are not selling well, say analysts. For the Gurjan logs, extremely dry weather conditions earlier this year lowered the river levels and thus hampered log transportations by rafts. It is reported that the Gurjan logs now available in Yangon are not fresh enough to attract buyers.

According to analysts, demand for teak in India will continue to be fairly strong in coming months, while other hardwoods may face difficult times.

**Myanmar log prices (natural forest logs)**

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
	Jul	Aug
<i>Veneer Quality</i>		
2nd Quality	6,669 (3 tons)	nil
3rd Quality	6,437 (4 tons)	6,378 (5 tons)
4th Quality	4,370 (11 tons)	4,400 (10 tons)
<i>Sawing Quality</i>		
Grade 1 (SG-1)	3,249 (36 tons)	3,261 (41 tons)
Grade 2 (SG-2)	2,566 (29 tons)	2,244 (35 tons)
Grade 3 (SG-3)	nil	nil
Grade 4 (SG-4)	1,590 (223 tons)	1,779 (216 tons)
Grade 5 (SG-5)	1,443 (121 tons)	1,325 (107 tons)
Grade 6 (SG-6)	1,127 (102 tons)	1,109 (106 tons)
Grade 7 (ER-1)	919 (107 tons)	834 (111 tons)
Grade 8 (ER-2)	nil	nil
Short Logs 6 ft. / 7 ft.	nil	nil

Hoppus ton=1.8m<sup>3</sup>; 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

### Indian plywood market poised for strong growth

Recently published annual reviews by plywood companies signalled growing demand for plywood and engineered panels. India's annual plywood and panel product market is estimated at Rs.100 billion in value in fiscal 2009-10 and is expected to grow 20% per year. The plywood market in India is highly fragmented with small and medium sized companies accounting for almost 75% of the total market. The rest is supplied by large companies having the advantage of volume, quality and superior manufacturing facilities.

The sector has been suffering from increasing costs of raw materials among other challenges. As a result, importers are claiming for a revision of the current timber trade regulations. They contend that instead of a list of permitted species for import, a list of prohibited species would be more efficient as a wide range of species are now used in plywood manufacture.

### Hardwood auctions

Auctions of teak in Central Indian depots continued to attract active buying. The total sales of teak logs were 8,000-10,000 cu.m with prices around Rs.50-75 per cft. higher than in the previous auctions at the end of July. Premium quality saw logs were priced at Rs.1,500 per cft., medium quality around Rs.1,000-1,200 per cft. and average quality attracted prices of Rs.800 per cft.

### Higher imports of all hardwoods

While teak market remains more or less stable, demand for other hardwood logs shows improvement. Malaysian balau, kempas, meranti, rengas and kapur are some of the species that are increasingly used to substitute teak in the local market.

In the period April 2009 – March 2010, a total of 3,300,000 cu.m of logs were imported through Kandla port which accounted for 52% of India's total log imports. Out of the total, around 327,000 cu.m were teak logs and 2,141,292 cu.m other hardwood logs. The following table presents hardwoods log imports through Kandla port in the period April 2009 – March 2010.

### Hardwood log imports (excluding teak) through Kandla port in the period April 2009 – March 2010

April 2009 – March 2010	m <sup>3</sup>
ARAU	91,953
BEECH	15,801
BELI	8,087
GURJAN/KERUING	251,823
KAPUR	224,180
MAPLE	3,168
MERANTI	1,040,951
MERSAWA	15,048
PADOUK	1,804
RESAK	136,216
SELANGAN BATU / BALAU	209,816
SANDALWOOD	1,854
WALNUT	1,438
<b>TOTAL</b>	<b>2,141,292</b>

Source: Kandla Timber Association

### CNF Plantation Teak

	US\$ per m <sup>3</sup>
Tanzania Teak sawn	710-760
Côte d'Ivoire logs	450-500
PNG logs	450-500
El-Salvador logs	325-350
Guatemala logs	375-400
Ghana logs	450-475
Benin logs	400-425
Brazil squares	375-395
Togo logs	325-350
Ecuador logs	275-300
Costa Rica logs	350-375
Panama logs	300-325

Variations exist based on lengths and average girths of logs in a parcel. Prices also vary with measurement allowances given for bark and sap in different countries of origin.

### India Sawwood Prices (domestic)

Sawwood (Ex-mill)	Rs. per ft <sup>3</sup>
Myanmar Teak (AD)	
Export Grade F.E.Q.	4800-5000▲
Plantation Teak A grade	2000-3600
Plantation Teak B grade	1800-3000
Plantation Teak C grade	1350-1500

### India Sawwood Prices (imports)

Sawwood, (Ex-mill) (AD)	Rs. per ft <sup>3</sup>
Merbau	1200
Balau	975
Kapur	825
Red Meranti	550
Bilinga	650
Radiata Pine (AD)	340-350

Sawwood, (Ex-warehouse) (KD)	Rs. per ft <sup>3</sup>
Beech	950
Sycamore	1000
Oak wood	1100
American Walnut	1600
Hemlock clear grade	950
Hemlock AB grade	800
Western Red Cedar	1250

### India Plywood Prices

Plywood, (Ex-warehouse) (MR Quality)	Rs. per sq.ft
4 mm	28.0▲
6 mm	37.0▲
12 mm	54.0▲
15 mm	65.0▲
18 mm	78.0▲

Locally Manufactured Plywood "Commercial Grade"	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.10.00▲	Rs.17.50▲
6mm	Rs.14.50▲	Rs.25.50▲
8mm	Rs.18.25▲	Rs.28.60▲
12mm	Rs.22.25▲	Rs.30.70▲
18mm	RS.28.00▲	Rs.41.30▲
5mm Flexible ply	Rs.18.50▲	Rs.22.50▲

### **Tropical sawnwood exports on the mend**

In July 2010, exports of timber products (except pulp and paper) increased by 24% from US\$182 million in July 2009 to US\$227 million.

After a decline in June, exports of tropical sawnwood improved in terms of both volume and value, from 44,600 cu.m in July 2009 to 45,400 cu.m in July 2010 and from US\$18.9 million to US\$21.1 million, representing 1.8% increase in volume and 11.6% in value.

Exports of tropical plywood continued to fall; from 9,500 cu.m in July 2009 to 8,800 cu.m in July 2010, down 7.4%. In value terms, the drop was 4.1%, from US\$4.9 million to US\$4.7 million.

After a decline in June, pine sawnwood exports increased 20% in July 2010 compared to the July 2009, from US\$14 million to US\$17 million. In terms of volume, exports rose 2.8% from 70,500 cu.m to 72,500 cu.m over the period.

The value of pine plywood exports jumped 39% in July 2010 compared to the level in July 2009, from US\$22 million to US\$30 million. However, export volumes decreased by 4.5% during the period, from 83,800 cu.m to 80,000 cu.m.

For wooden furniture, the value of exports rose slightly by 0.2% compared to the level in June 2009 to US\$49.4 million in June 2010.

### **Volatility of tropical timber exports from Pará**

In the state of Pará, timber product exports rose 7% in value during the first half of 2010 compared to the same period last year while export volumes increased by 3.9%. However, there was no significant boost in exports as forecast. In particular, exports eased towards the end of the period.

Despite the positive growth in the first half of 2010, exports have fluctuated since the beginning of the year. According to analysts, this is due to the fact that export markets have not fully recovered from the global financial crises.

### **Impact of new EU legislation on illegal timber trade**

The European Union's decision to ban the trade of illegal timber will not have any major impact on Brazilian timber sector in the short run, say a Brazilian analyst. The reason is that most of the Brazilian timber is sold in the domestic market and little goes to the EU. Brazil's wood product exports are forecast to grow as the global availability of tropical hardwood is diminishing while the sustainable tropical timber supply from the Amazon rainforest has the potential to be increased. In the medium to long-run, the new EU legislation may work as an incentive to strengthen due diligence systems in Brazil to verify the legality of timber from Brazilian forests.

All in all, the new EU legislation is considered to have a positive effect on the Brazilian timber sector. As the short-term impact is estimated to be slight, this decision by the EU is expected to result in new attitudes amongst Brazilian timber producers.

### **Timber prices in US\$ rise**

The price average of timber products in Brazil remained unchanged from the last fortnight period. However, the prices quoted in the US dollars increased by 1.70% due to the appreciation of Brazilian currency against the US dollar.

### **Economic growth remains steady**

According to the Brazilian Institute of Geography and Statistics (IBGE), the Consumer Price Index (IPCA) of July 2010 remained steady at 0.43% increasing only slightly from June. The July's figure is 0.24% higher than in same month last year. The accumulated IPCA for the first seven months of the year was 3.1%, posting a 4.60% increase over the past 12 months.

In July 2010, the average exchange rate was BRL1.77/US\$ compared to BRL 1.93/US\$ in the same month of 2009, showing further appreciation of the Brazilian Real against the US dollar over the period.

In an attempt to keep inflation within the targeted range, the Copom (Economic Policy Committee) raised the prime interest rate (Selic) to 10.75% per year in July, the third increase during the current year.

### **Logging in Pará state forests**

The Promadeira, a major timber sector fair was held in August in Sinop, Northern Mato Grosso. At the fair, there was a public debate on concessions and harvests of public forests which have offered an alternative for timber manufacturers to source supplementary timber for industrial processing. The topic was debated by experts considering the legal aspects, requirements and criteria for harvesting set by the federal government.

Tapajos National Forest, also known as Tapajós Flonam, is the major public forest area in the Sinop region that has the potential to provide quality timber for the industry. Tapajós Flona is a natural forest area with a rich variety of commercial timber species suitable for different processing applications. Tapajós Flona is located in the Western Pará, in the counties of Belterra, Aveiro, Rurópolis and Placas, accessible by the federal road BR-163. IBAMA (Brazilian Institute of Environment and Renewable Natural Resources) of the Ministry of Environment has approved the management plan of Tapajos Flona in 2005, which also specifies the allowable timber species to be harvested. The legal timber extraction in Tapajós Flona has recently started.

### **Brazilian Forest Service funds sustainable forestry projects**

The National Fund for Forestry Development (FNDF) managed by the Brazilian Forest Service (SFB) has invited applications for sustainable forest project funding. The total estimated fund is BRL2.2 million (about US\$1.25

million) in 2010 aimed at strengthening forest management.

The Brazilian Forest Service announced that the FNDF is in line with the strategy introduced in Public Forest Management Law requiring a specific fund to support the forest sector. The FNDF will be implemented in cooperation with the National Environment Fund (FNMA), Forestry Board of Ministry of Environment and Chico Mendes Institute for Biodiversity Conservation (ICMbio).

In addition to resources from the executive agencies, the FNDF harnesses financial resources from forest concessions. With the expansion of public forest concession areas scheduled for 2015, the budget of FNDF will rise to BRL20 million (about US\$11.4 million) per year.

#### Brazil Log Prices (domestic)

Brazilian logs, mill yard, domestic	US\$ per m <sup>3</sup>
Ipê	148▲
Jatoba	106▲
Guariuba	70▲
Mescla (white virola)	76▲

#### Brazil Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB	US\$ per m <sup>3</sup>
Jatoba Green (dressed)	832
Cambara KD	479
Asian Market (green)	
Guariuba	267
Angelim pedra	622▲
Mandioqueira	232
Pine (AD)	195

Brazil sawnwood, domestic (Green)	US\$ per m <sup>3</sup>
<i>Northern Mills</i> (ex-mill)	
Ipê	710▲
Jatoba	541▲
<i>Southern Mills</i> (ex-mill)	
Eucalyptus (AD)	190▲
Pine (KD) 1st grade	242▲

#### Brazil Veneer Prices

Veneer, Export (Belem/Paranagua Ports) FOB	US\$ per m <sup>3</sup>
White Virola Face 2.5mm	297
Pine Veneer (C/D)	210

Rotary cut Veneer, domestic	US\$ per m <sup>3</sup>	
(ex-mill Northern Mill)	Face	Core
White Virola	258▲	214▲

#### Brazil Plywood Prices

Plywood, FOB	US\$ per m <sup>3</sup>
White Virola (US Market)	
5.2mm OV2 (MR)	490
15mm BB/CC (MR)	421
White Virola (Caribbean market)	
4mm BB/CC (MR)	525
12mm BB/CC (MR)	422

Pine Plywood EU market, FOB	US\$ per m <sup>3</sup>
9mm C/CC (WBP)	291
15mm C/CC (WBP)	274
18mm C/CC (WBP)	263

Plywood, domestic (ex-mill Southern mill)	US\$ per m <sup>3</sup>
Grade MR (B/BB)	
White Virola 4mm	900▲
White Virola 15mm	656▲

Domestic prices include taxes and may be subject to discounts.

#### Other Brazil Panel Prices

Belem/Paranagua Ports, FOB	US\$ per m <sup>3</sup>
Blockboard Pine 18mm 5 ply (B/C)	315
<i>Domestic Prices, Ex-mill Southern Region</i>	
Blockboard White Virola faced 15mm	562▲
Particleboard 15mm	360▲

#### Brazil Added Value Products

FOB Belem/Paranagua Ports	US\$ per m <sup>3</sup>
Edge Glued Pine Panel	
Korean market (1st Grade)	664
US Market	493
Decking Boards	
Cambara	611
Ipê	1,609

### Report from Peru

#### Wood product exports surge in first half of 2010

The Export Association of Peru (ADEX) has reported that June 2010 exports of wood products were US\$ 18.2 million, up 50% from the levels in June 2009. In the first half of 2010, wood product exports reached US\$82 million, representing a 31% growth from the same period last year.

Three biggest buyers were China, United States and Mexico, together accounting for 82% of the total export volume. In June, Taiwan P.o.C and Sweden increased their imports of sawnwood, plywood and decking materials compared to last year. Venezuela and Japan reduced their wood product imports significantly from last year, by 78% and 32% respectively.

#### First half year exports in categories

In the first half of 2010, the main exported items were semi-manufactured products with a 46% share of the total wood product export volume. The exports totalled US\$38 million representing a 51% increase over the first half of 2009.

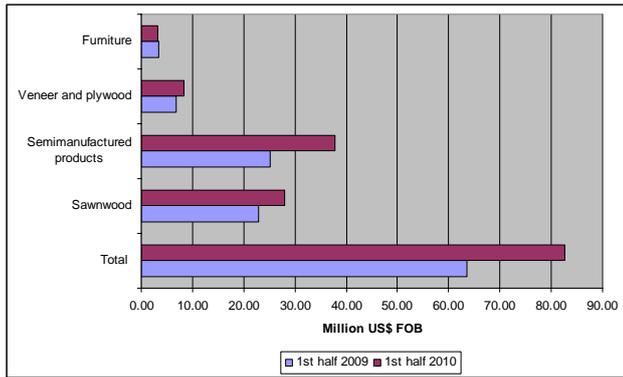
Semi-manufactured products were exported mainly to China which accounted for 79% of the total first half year exports. Canadian and Israeli importers substantially increased their purchases of semi-manufactured products in June.

Sawnwood exports made up 34% of the total exports. In the first half of 2010, sawnwood exports totalled US\$28 million, up 22% over the same period last year. The main destination was China with a 36% share of the total sawnwood exports.

Veneer and plywood exports in the first half of the year were valued at US\$8.4 million, an increase of 22% over the same period last year. Veneer and plywood are exported mainly to Mexico which accounted for 95% of total exports.

In the first half of 2010, exports of furniture and its parts were valued at US\$3.2 million, representing a 9% decline compared to the same period last year. The US is the main market for furniture accounting for 55% of the total exports. In July, there was some improvement in exports to the US and Italy, however, the first half year exports were down by 59% and 38% respectively.

### Wood product exports in the first half of 2009/2010



### Peru Sawnwood Prices

Product	Market	US\$ per m <sup>3</sup>
Peru Sawnwood, FOB Callao Port		US\$ per m <sup>3</sup>
Mahogany S&B KD 16%, 1-2" random lengths (US market)		1698-1745
Spanish Cedar KD select		
North American market		918-922
Mexican market		897-921
Pumaquiro 25-50mm AD	Mexican market	532-586

Product	Market	US\$ per m <sup>3</sup>
Peru Sawnwood, FOB Callao Port (cont.)		US\$ per m <sup>3</sup>
Virola 1-2" thick, length 6'-8' KD		
Grade 1, Mexican market		312-364
Grade 2, Mexican market		248-265
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

Product	Market	US\$ per m <sup>3</sup>
Peru Sawnwood, FOB Iquitos		US\$ per m <sup>3</sup>
Spanish Cedar AD Select Mexican market		887-909
Virola 1-2" thick, length 6'-13' KD		
Grade 1, Mexican market		312-336 ↑
Grade 2, Mexican market		255-266 ↑
Grade 3, Mexican market		139-156 ↑
Marupa (simarouba) 1", 6-13 length KD		
Grade 1, Mexican market		216-235 ↑

Product	Market	US\$ per m <sup>3</sup>
Peru sawnwood, domestic		US\$ per m <sup>3</sup>
Mahogany		879-911
Virola		54-72
Spanish Cedar		259-311
Marupa (simarouba)		61-75

### Peru Veneer Prices

Product	Market	US\$ per m <sup>3</sup>
Veneer FOB		US\$ per m <sup>3</sup>
Lupuna 3/Btr 2.5mm		191-212
Lupuna 2/Btr 4.2mm		203-217
Lupuna 3/Btr 1.5mm		211-221

### Peru Plywood Prices

Product	Market	US\$ per m <sup>3</sup>
Peru plywood, FOB (Mexican Market)		US\$ per m <sup>3</sup>
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

Product	US\$ per m <sup>3</sup>
Lupuna Plywood BB/CC, domestic (Iquitos mills)	
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

Product	US\$ per m <sup>3</sup>
Peru, Domestic Particleboard	US\$ per m <sup>3</sup>
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

Product	Market	US\$ per m <sup>3</sup>
Peru, strips for parquet		US\$ per m <sup>3</sup>
Cabreuva/estoraque KD12% S4S, Asian market		1348-1444
Cumaru KD, S4S	Swedish market	797-920 ↑
	Asian market	1083-1257 ↓
Cumaru decking, AD, S4S E4S, US market		949-1139 ↑
Pumaquiro KD # 1, C&B, Mexican market		423-511
Quinilla KD, S4S 2x10x62cm, Asian market		502-527
	2x13x75cm, Asian market	712-779

## Report from Bolivia

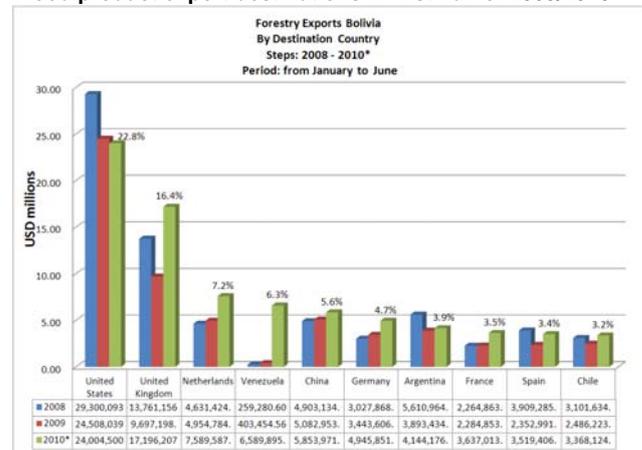
### Sharp jump in exports in first half of 2010

Forest product exports from Bolivia totalled US\$105 million in the first half of 2010, up 33% from US\$79 million in the same period last year.

Furniture, doors, panels, decking (as well as peeled chestnut and canned palm hearts) accounted for 82% of the total forest product exports, while the remaining 18% consisted of primary processed wood products, such as sawnwood and poles.

The US remains the major market for Bolivian forest products taking some US\$24 million, which accounted for 23% of the total forest product exports from Bolivia. Other major export destinations were the UK (US\$17 million), the Netherlands (US\$7.6 million), Venezuela (US\$6.6 million) and China (US\$5.8 million).

### Wood product export destinations in first half of 2009/2010



### Bolivia Sawwood Prices

Sawwood 1-3"x3x5"x7-19', FOB Arica Port	US\$ per m <sup>3</sup>
Tajibo / Ipe (Spain and US Market)	860-980
Quina Quina / Santos Mahogany (China)	900
Paquió / Jatobá (KD)	950
Cedro / Spanish Cedar (US Market)	901

### Bolivia Added Value Product Prices

Doors 13/4"x36"x96", FOB Arica Port	Avg \$ per piece
Yesquero / Jequitiba (US Market)	230
Ochoó / Hura, Possumwood, Assacu (US Market)	264
Yesquero / Jequitiba (US Market)	90-130

Chairs FOB Arica Port	\$ Avg Per piece
Ipe (US market)	47-178
Roble/Oak (UK market)	49-83
Parquet Flooring 3/4"x3-5"x1-7', FOB Arica Port	\$ Avg un. val. Per m <sup>3</sup>
Jatoba (US market)	1244-1300
Ipe (South Korea and EU Market)	900-1845
Cumaru (US market)	1018

## Report from Guyana

### Prices remain generally favourable

Compared to the previous fortnight period, log prices remained stable. Purpleheart and mora log export prices showed some increases while there were no greenheart log exports.

During the period under review, undressed sawnwood prices for select quality greenheart jumped to US\$1017 per cu.m while mora undressed sawnwood prices were relatively stable. Prices for dressed greenheart and purpleheart sawnwood dropped in this fortnight period. Guyana's Washiba (Ipe) is in demand fetching high prices at US\$1,637 per cu.m.

The Baromalli plywood market showed some activity but only for utility category panels. However, prices were down. Splitwood, roundwood and fuelwood exports to the Caribbean and Germany also contributed to export earnings.

For the period under review, exports of value-added products were marginal with some orders for indoor furniture from the Caribbean market.

### Chainsaw Milling Project launched

To enhance chainsaw milling in the country, the government of Guyana has launched a Chainsaw Milling Project with support from the EU in three pilot communities: Ituni, Orealla/Siparuta and the Annai District. Chainsaw milling is reportedly the main source of income for forest dependent communities in Guyana providing direct employment for approximately 8000 people.

Project stakeholders include federal agencies, chainsaw operators, community forestry associations, traditional sawmillers, different actors along the supply chain and persons with an interest in sustainable forest management.

According to the project management team in Guyana, progress has been made in the fields of baseline research and stakeholder engagement.

### Guyana Log Prices

Logs, FOB Georgetown	SQ - \$ Avg unit value per m <sup>3</sup>		
	Std	Fair	Small
Greenheart*	-	-	-
Purpleheart	200-240▲	170-200	150-180
Mora	120	115-140	110-130▲

\*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 <sup>3</sup>	
EU and US markets		Undressed	Dressed
Greenheart	Prime	-	-
	Standard	-	649-806▼
	Select	615-1017▲	-
	Sound	-	-
Purpleheart	Merchantable	-	-
	Prime	-	-
	Standard	650	700-806▼
	Select	784-806	-
Mora	Sound	-	-
	Prime	-	-
	Select	500▼	-
	Merchantable	400	-

### Guyana Plywood Prices

Plywood, FOB Georgetown Port		\$ Avg unit val. per m <sup>3</sup>	
Baromalli	BB/CC	5.5mm	-
		12mm	-
Utility		5.5mm	-
		12mm	385-475▼

## Report from Japan

### Tight log supply impacts Japanese market

According to Japan Lumber Reports (JLR), some log shipments from Sarawak and Sabah to Japan have been cancelled due to log shortages.

The Sarawak state's policy to promote sustainable forest management has greatly reduced log supply. Much of the logging is now carried out in the Northern part of the state and thus has resulted in delays in log transport to the ports. In addition, robust demand from India and China at good prices is a reason for the decreased availability of logs for the Japanese market. JLR says that even some local plywood mills in Sarawak have been forced to shut down due to log shortages.

In the period up to mid August, Sarawak meranti regular log export prices remain unchanged from July at US\$210 per cu.m FOB and small meranti prices at US\$185 per cu.m FOB. The demand for Sarawak kapur logs is bullish export prices fetching US\$290-300 per cu.m FOB.

Log export prices in Sabah for kapur and white serayah logs are at US\$270 and US\$230 per cu.m FOB respectively, unchanged from July. Sabah keruing log prices climbed to US\$245-250 per cu.m FOB due to robust demand from Chinese companies.

In Japan, despite the appreciation of the Yen against the US dollar, CIF prices were up at Yen 7,400-7,500 per koku for Sarawak meranti regular logs and at Yen 6,600-6,700 per koku for small meranti logs.

As a result of low supply, tropical hardwood log inventories are down in Japan. Even with the much reduced Japanese demand for tropical hardwood plywood, Japanese mills report continued shortage of logs. As log inventories in Japan are declining, trade and price negotiations between importers and plywood manufacturers are quickly concluded, reports JLR.

#### Plywood imports rose in first half of 2010

The total plywood supply in the first half of 2010 was 2,856,200 cu.m in Japan, up 18% from the same period last year. Plywood imports climbed 15% from the same period last year to 1,555,800 cu.m.

In the first half of 2010, plywood imports from Malaysia rose by 8.3% compared to the same period last year while imports from Indonesia showed no increase.

#### Plywood imports in the first half of 2010

	Jan-June 2010 (cu.m)	% Change Jan- June 2009 to 2010
Malaysia	766,391	8.3
Indonesia	440,815	0.1
China	296,376	72.5
New Zealand	17,523	25.7
Canada	2,393	-5.2
Others	32,378	65
<b>Total imports</b>	<b>1,555,876</b>	<b>14.7</b>

Source: JLR

#### Plywood prices ease despite log shortages

The JLR reports that tropical plywood suppliers continue to set higher prices due to log shortages. However, strong resistance from Japanese buyers for any price increases has driven imported plywood prices slightly down.

Prices for imported 3x6 concrete formboard are now between Yen 910-930 per sheet delivered. Prices for 3x6 coated concrete formboard are at Yen 1,080 per sheet and for 2x6 at Yen 820-830 per sheet.

#### Housing starts remain flat

Total housing starts in Japan during June were 68,688 units, 0.6% more than in the same month a year earlier. The overall situation remains subdued, as the seasonally adjusted housing starts improved only 1.8% from the drop recorded in May.

The monthly housing starts reached the bottom in August 2009 and have been improving since. However, the total of 381,653 units recorded in the first half of 2010 was the lowest ever for the first half period, reports JLR.

#### June and the first half of 2010 housing starts

	Jun-10	% Change to June-09	Jan-June 2010	% Change Jan- June 2009 to 2010
Total	68,688	0.6	381,653	-3.8
Owner's units	27,656	4.4	139,387	3.8
Rental units	24,871	-10.9	143,821	-11.3
Built for sale	15,705	24.6	93,617	2.0
Condo units	5,959	29.8	41,194	-15.1
Wood frame units	40,748	1.7	210,823	5.0
Prefabricated units	11,417	8.3	58,824	-1.1
2x4 units	8,842	6.3	42,575	4.5

Source: JLR

#### Sumitomo Forestry introduces wood procurement action plan

Sumitomo Forestry Co., Ltd. introduced wood procurement action plan for 2010-2011, says JLR.

The company has adopted wood procurement guidelines since 2007. According to the revised plan, the company will increase sourcing of certified wood from tropical forests, plantations and domestic forests in the next few years.

#### Log and Sawwood Prices in Japan

	Yen per Koku (Koku=0.278 m <sup>3</sup> )
Logs for Ply Manufacture, CIF	
Meranti (Hill, Sarawak)	7,100▲
Medium Mixed	7,300▲
Standard Mixed	7,100▲
Small Log (SM60%, SSM40%)	8,000
Taun, Calophyllum, others (PNG)	-
Mixed light hardwood, G3/4 grade (PNG)	10,500
Keruing MQ & up (Sarawak)	9,600
Kapur MQ & up (Sarawak)	

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

	Yen per m <sup>3</sup>
Lumber, FOB	
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)	Jul (¥ per sheet)	Aug
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	910	910
12mm for foundation (F 4star, special)	910 X 1820	970	950
12mm concrete-form ply (JAS)	900 X 1800	920	920
12m coated concrete-form ply (JAS)	900 X 1800	1090	1090
11.5mm flooring board	945 X 1840	1250	1250
3.6mm baseboard for overlays (OVL)	1230 X 2440	740	740
<b>OSB (North American)</b>			
12mm foundation of roof (JAS)	910 X 1820	-	-
9mm foundation for 2 by 4 (JAS)	910 X 2440	-	-
9mm conventional foundation (JAS)	910 X 2730	-	-
9mm conventional foundation (JAS)	910 X 3030	-	-

### Special Committee to assist timber importers

China Timber and Wood Products Circulation Association (CTWPCA) (former China Timber Circulation Association) has applied to establish a Special Committee for Timber Imports. The initiative came from the timber and wood product importing companies which have been facing more challenges since China became one of the world's leading timber importers. CTWPCA has listed four main challenges faced by the importers which the new committee will address.

The first challenge is to cope with the new environmental protection requirements for combating illegal timber logging and trade in illegal timber. These international requirements are proliferating and there is a high risk of failing to meet some of them. In this regard, an organisation is needed to offer guidance and support for traders, and also to monitor changes and law enforcement.

The second challenge is that currently there is neither adequate statistics nor a system for stock evaluation at the national level that would help prevent over or under stocking in the country.

The third challenge is to address corruption in the timber importing trade.

The fourth challenge is to set a responsible procurement system for timber imports.

The association would also aim at promoting and developing the Chinese timber importing and trade to international standards.

### China hosts conferences on wood standardisation

The Sixth International Conference on Timber Standardisation Science and Practice and the Ninth Annual Conference for Wood Technical Committee of International Standardisation Organisation (ISO/TC218) were held in Beijing on 2-6 August 2010. The International Conference on Wood Standardisation was held for the first time in China and hosted jointly by the China National Standardisation Committee, State Forestry Administration, Timber Industry Research Institute under the Chinese Academy of Forestry and the International Center for Bamboo and Rattan.

At the conference, the latest developments in international timber standardisation science and practice were discussed. Six workshops were held in the fields of standard terminology, logs, sawnwood and processed wood, test methods, wood products, and discarded wood. Altogether three international standards were approved, including those initiated by China on General Technical Requirements on Solid Wood Flooring.

The State Forestry Administration of China attaches great importance to forestry standardisation. Currently, there are 23 national forest Standardisation Technical Committees. In addition, there are national standards, industry standards, local standards and enterprise standards to supplement the forestry standard system which covers 300 national standards for forestry and 800 industry standards for forestry. These standards have been instrumental in the standardisation of forestry production and construction sector in China.

China is actively involved in international timber standardisation development which is important in removing barriers to international wood processing technology trade and thus promoting the development of Chinese timber industry.

### Promoting wooden building materials in rural areas

China National Forestry Products Industry Association launched the nationwide "Wooden Building Material to Countryside" programme to promote use of wooden products such as floors and doors in rural areas. Pilot projects under the programme will be implemented in Shangdong, Hubei, Shanxi, Chongqing, Sichuan, He'nan, Hu'nan, Guangdong, Zhejiang, Jiangsu, Fujian and Heilongjiang.

The initial pilot projects will be completed by 31 January 2011. Some 14 wooden building material production enterprises will take part in the pilot activities and consumers in rural areas will enjoy discounts if they buy products with the programme vouchers. During the pilot, enterprises will research and develop production of suitable products for rural consumption at the lowest possible prices.

### Guangdong log imports hit record high

According to the latest statistics from Huangpu Customs, logs imports of Guangdong Province totalled 719,000 cu.m during the period from January to July 2010. Log imports were 60% higher compared to the same period last year, hitting a record high.

Of the total, log imports from the EU increased 33% to 263,000 cu.m, while log imports from ASEAN countries increased 160% to 146,000 cu.m. These two regions accounted for 57% of the total log imports. In addition, log imports from Australia rose by 190% to 47,000 cu.m and from Mozambique by 170% to 40,000 cu.m.

According to analysts, there are two main reasons for the increase in log imports. Firstly, timber product demand in some parts of the European and ASEAN markets is growing as consumers' purchasing power is improving in line with the economic recovery. Secondly, domestic demand for timber is increasing driven by booming real estate, furniture and flooring markets.

### Guangzhou City Imported Timber Market

Logs		Yuan per m <sup>3</sup>
Lauan (50-60cm)		1900-2100
Kapur (up to 79cm)		2000-2100
Merbau 6m, (up to 79cm)		3500-4000
Teak		11000-13000
Wenge		5000-5200↓
Sawnwood		
Teak sawn grade A (Africa)		9200↓
US Maple 2" KD		7500-10000
US Cherry 2"		10000-13000
US Walnut 2"		14000-16000↑
Lauan		4000-4200↓
Okoume		4500-5000
Sapele		6300-6500

### Shanghai Furen Wholesale Market

Logs		Yuan per m <sup>3</sup>
Teak (Myanmar, all lengths)		7500-8500
Sawnwood		
Beech KD Grade A		4800-5000↓
US Cherry, 1 inch		9500-10000
US Red Oak, 50mm		6500-7000
Sapele 50mm FAS (Congo)		
	KD (2", FAS)	6500-6800↑
	KD (2", grade A)	5700-5800↑

### Shandong De Zhou Timber market

Logs		Yuan per m <sup>3</sup>
Larch	6m, 24-28cm diam.	1200
White Pine	6m, 24-28cm diam.	1300↑
Korean Pine	4m, 30cm diam.	1350
	6m, 30cm diam.	1450
Mongolian Scots Pine	6m, 30cm diam.	1380↑

### Hebei Shijiazhuang Wholesale Market

Logs		Yuan per m <sup>3</sup>
Korean Pine 4m, 38cm+ diam		1600↓
Mongolian Scots Pine	4m, 30cm diam.	1400↑
	6m, 30cm+ diam.	1550↑
Sawnwood		
Mongolian Scots Pine	4m, 5-6cm thick	1550↑
	4m, 10cm thick	1600↑

### Zhejiang Jiashan Kaihua International Timber Market

Logs		Yuan per m <sup>3</sup>
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](http://www.forestry.ac.cn)

## Report from Europe

### German revival boosts European prospects

The most recent data released by European countries continues to show very mixed economic conditions across the continent. While much of the data is still gloomy, some positive trends are beginning to emerge. Notable amongst the latter are signs of robust recovery in Germany and the UK, together with a rise in the level of loans to European households which suggest improved consumer

confidence and some loosening of the exceptionally tight credit conditions so prevalent over the last two years.

Strengthening global demand helped Europe's economy to expand 1% in the second quarter of 2010, the fastest pace in four years. The German economy grew by 2.2% during the period, implying an annualised rate of 8.8% and outpacing even China. Growth was particularly boosted by an increase in the level of Germany's exports of manufactured goods, helped along by the weakening of the Euro on international currency markets. Economists are becoming more confident that output in Germany, Europe's largest economy, will continue to rise at a healthy pace. This view is reinforced by surveys of business sentiment in Germany which increased to a three-year high in August 2010.

During the second quarter, the UK economy recorded its strongest growth in nine years with GDP growing by 1.2%. The UK statistical office reports that the improved growth was mainly due to strong performance in the building sector which is particularly encouraging for the wood sector.

Unfortunately, rising optimism does not extend to all areas of Europe. The latest GDP data provides little evidence of a revival in the countries of Southern Europe. GDP growth between April and June in France, Italy and Spain was only 0.6%, 0.4% and 0.2% respectively. Italian consumer confidence fell in August to the lowest in more than a year as government austerity measures made households more pessimistic about their ability to save.

### Lack of credit to companies continues to slow trade

Lack of credit for both consumers and companies has been a major factor gumming up the European economy since the 2008 banking crises, limiting investment particularly in the housing market and impacting directly on the ability of firms to trade. The latest news on this issue is mixed.

In July this year, the overall level of loans to the private sector rose by 0.9% from a year earlier, which is the strongest increase since June 2009. Lending to households was up 2.8%, suggesting rising consumer confidence.

However, lending to corporations fell by 1.3%, suggesting both that long-term business investment remains weak and that many European trading companies continue to suffer from lack of available credit. This situation is not likely to change quickly. According to the European Central Bank's latest Bank Lending Survey published on July 28, Euro-area banks "anticipate credit standards on loans to enterprises to tighten somewhat in the third quarter."

### Efforts to reduce budget deficits hamper domestic consumption

In the short term, future economic growth and domestic consumption across Europe is expected to be dampened as governments reduce spending to tackle bloated budget deficits. In contrast to the U.S. where the need for government spending to stimulate growth is still widely accepted, the political consensus in Europe is that the

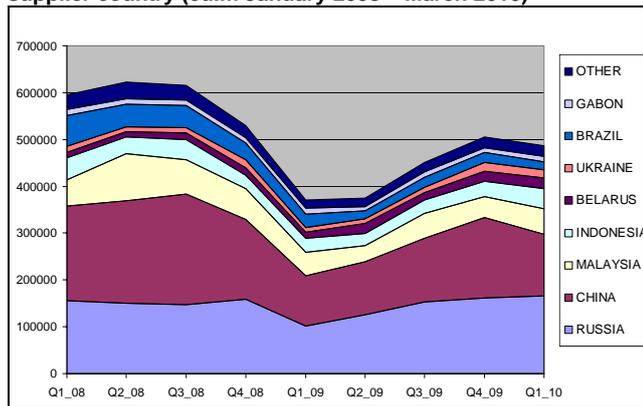
emphasis must now be on greater austerity. The head of the European Central Bank recently said that “reducing the debt overhang is the only option to bring the world economy back to a sustainable and strong path of growth”. Starting in June, indebted European countries including UK, Greece, Italy and Spain set common fiscal austerity measures, promising to slash spending and raise taxes.

With domestic consumption likely to remain low in the EU for the foreseeable future, prospects for growth are heavily dependent on the development of new export market demand. This in turn hinges heavily on continuing sustained economic growth in the US, Asia and the Middle East.

**Changing fortunes of hardwood plywood suppliers in the EU**

Recent import statistics highlight the shifting fortunes of hardwood plywood suppliers to the EU. After the dramatic fall in European hardwood imports between September 2008 and March 2009, imports recovered some ground during the second half of last year. However the recovery was short lived and imports fell away again during 2010.

**EU-25 quarterly imports of hardwood plywood by main supplier country (cu.m January 2008 – March 2010)**



Source: Eurostat

A particularly notable trend in recent months has been a significant rise in the share of European hardwood plywood imports derived from Russia, increasing from 26% to 34% of all imports between the first quarter of 2008 and first quarter of 2010. This is in line with some reports that Russian birch plywood has been increasingly favoured as a substitute for hardwood plywood from China and tropical sources. This trend may not be maintained into the second half of 2010 with emerging signs that lead times and prices for Russian birch plywood are on the rise.

Over the last two years, the share of China in European imports of hardwood plywood has decreased from 34% to 26%. A number of factors have contributed including continuing quality concerns, rising costs in China, and high and volatile freight rates combined with fears of delivery delays.

Recent market reports from the German trade journal EUWID suggest that these problems with Chinese plywood continued throughout the second quarter of 2010.

Chinese hardwood plywood exporters have been trying to force through price rises for products shipped to Europe to better reflect rising costs but continue to face resistance from a largely unreceptive market. Freight rates from China to Europe are anticipated to rise from a level of around US\$3700-US\$3,800/40ft in July to US\$3,900-US\$4,100 in August. This is encouraging more European buyers to consider break bulk imports of Chinese plywood.

Malaysia and Indonesia accounted respectively for around 11% and 9% of European hardwood plywood imports in early 2010, both having marginally improved their market position relative to Chinese product over the last 2 years. Some recent signs of improvement in supply suggest this trend might be maintained into the second half of 2010. South East Asian plywood suppliers are also beginning to benefit from increased focus on higher quality more specialised and certified products for the European market.

Nevertheless, according to EUWID, European consumption of South East Asian plywood remains low and there continues to be significant market resistance to exporters’ efforts to increase prices. As with Chinese plywood, a significant proportion of shipments of Malaysian and Indonesian plywood are now arriving break bulk due to high container rates.

Brazil has lost significant ground in the European hardwood plywood market over the last 2 years with its share of European imports falling from 11% to only 3%. This reflects lack of available hardwood supply for export in Brazil and the relative strength of the Brazilian currency which has reduced competitiveness.

**EU market for South East Asian hardwood still very slow**

The German trade journal EUWID reports that the European market for meranti lumber and bangkirai decking has not seen any major changes in demand or prices in the last few weeks. EUWID notes that “hardly any orders continue to be placed for Malaysian meranti lumber”. EUWID also reports that following another slow season for decking, many European importers have now suspended orders for bangkirai decking profiles as new product cannot be expected to arrive in Europe before November, well past the end of the current summer season.

**Downturn in European panels production**

According to data compiled by the European Panels Federation (EPF), production of wood-based panels in Europe reached 49.5 million in 2009, down 12% on the figure of 56 million in 2008. Output during 2009 was down 19% on the peak level of 61 million recorded in 2007.

Considering the main products, European output of particleboard declined 14% during 2009 to reach only 29.7 million cu.m. MDF/HDF reached 11.2 million cu.m last year, down 8.2% on the previous year. In contrast,

European OSB output actually increased 9.1% to reach 3.6 million cu.m.

EPF's 350 page annual report for 2009/2010 can be ordered by contacting the EPF.

**EU Timber Trade Action Plan extended**

The European Commission recently announced an 18 month extension to the so-called "Timber Trade Action Plan (TTAP) 2" that will take project activities to June 2013. Managed by The Forest Trust (TFT) in partnership with a number of European Timber Trade Federations, TTAP aims to reduce the trade in illegal wood products and contribute to sustainable forest management.

The "TTAP 2" project assists members of EU trade associations to demonstrate that timber originating from the focus countries (China, Brazil, Guyana, Bolivia and Suriname) is legal through third-party verification. It is distinct from "TTAP 1" which prepares producers in Africa (Cameroon, Congo-Brazzaville and Gabon) and South East Asia (Indonesia and Malaysia) for legality verification. "TTAP 1", which is unaffected by the announcement, is due to end in December 2011.

According to TFT, the extension of the "TTAP 2" period reflects delays in project activities which have been hampered by the world financial crisis. In a situation of uncertainty where many companies in China and Brazil were going out of business, European importers were not willing to invest in their supply chains.

In addition, the prolonged negotiations of the EU Due Diligence Regulation held back the project as a single clear message to the market was lacking from regulators. However, the context has now changed with the European Parliament voting overwhelmingly in favour of the new timber regulation in June. TFT views this as a significant change in the illegal logging debate in Europe as buyers are now obliged to implement due diligence systems in preparation of the entry into force of the legislation in two years' time.

In related news, The Forest Trust has announced that it is hosting a third annual International Timber Trade Federation Day (ITTFD) on 6-8 October 2010 in Geneva to provide a forum for discussion and to present ideas and initiatives on improving market demand for legal and sustainable timber.

Further details of the TTAP project and the ITTFD are available from The Forest Trust.

**Vietnam and EU in discussions on illegal logging agreement**

Vietnam and the EU are to hold the first round of formal negotiations on a bilateral Voluntary Partnership Agreement (VPA) for Forest Law Enforcement, Governance and Trade (FLEGT) in Hanoi by late November. At the first VPA preparatory meeting on August 16, both sides raised hopes that the negotiations will conclude with the signing of a voluntary partnership agreement by the end of 2012.

The agreement is expected to create conditions for Vietnam's timber producers to improve their position on the EU market and increase their ability to adapt to EU market requirements with respect to the legality of timber. The agreement aims at establishing control and licensing procedures in timber producing and processing countries to ensure that only timber products derived from legally harvested timber enter the EU.

At the VPA preparatory meeting, the charge d'affaires of the EU delegation Hans Farnhammer emphasised the importance of the agreement. He said, "We do hope that the signing of the FLEGT Voluntary Partnership Agreement will help to further strengthen the position of Vietnam's timber and timber products in the EU market. The forthcoming negotiations are witness to Vietnam's commitment to meeting EU consumer demands as well as fighting climate change".

Vice Minister of Agriculture and Rural Development Hua Duc Nhi said, "This is the first step to ensure the exports of timber and timber products from Vietnam to the EU continue smoothly in years to come. In the long run, the VPA will give legal certainty and bankable guarantees to exporters, importers and investors in the timber sector willing to trade with the EU".

The EU has so far signed FLEGT VPAs with Ghana, Cameroon and the Republic of Congo and is also conducting negotiations with Malaysia, Indonesia, Central African Republic, and Liberia.

**The Netherlands Sawwood Prices**

	US\$ per m <sup>3</sup>
FOB (Rotterdam)	
Sapele KD	874↓
Iroko KD	1034↓
Sipo KD	1040↓
DRM Bukit KD	932↓
DRM Seraya KD	939↓
DRM Meranti KD Seraya MTCC cert.	953↓
Merbau KD	1215↓
Sapupira (non FSC) KD	946
Sapupira (FSC) KD	1483
Anti-slip decking AD C&F Rotterdam	
Selangan batu	1504↓

**UK Log Prices**

	€ per m <sup>3</sup>
FOB plus commission	
N'Gollon (khaya) 70cm+ LM-C	350-380
Ayous (wawa) 80cm+ LM-C	250-270
Sapele 80cm+ LM-C	320-340
Iroko 80cm+ LM-C	380-420
African Walnut 80cm+ LM-C	340-370

**UK Sawwood Prices**

	GB Pounds per m <sup>3</sup>
FOB plus Commission	
Framire FAS 25mm	465-475
Sipo FAS 25mm	665-685
Sapele FAS 25mm	570-580
Iroko FAS 25mm	670-690
Wawa FAS25mm	285-305
CIF plus Commission	
Tulipwood FAS 25mm	345-370
Meranti Tembaga Sel/Btr (KD 2"boards)	560-580
Balau/Bangkirai Decking	975-1025
White Oak	580-630

**UK Plywood and MDF Prices**

Plywood Panels 8x4", CIF	US\$ per m <sup>3</sup>
Brazilian WBP BB/CC 6mm	540-560
Malaysian WBP BB/CC 6mm	560-580
China (hardwood face, eucalyptus core) 18mm	370-380↓
China (tropical hardwood face, poplar core) 18mm	350-370

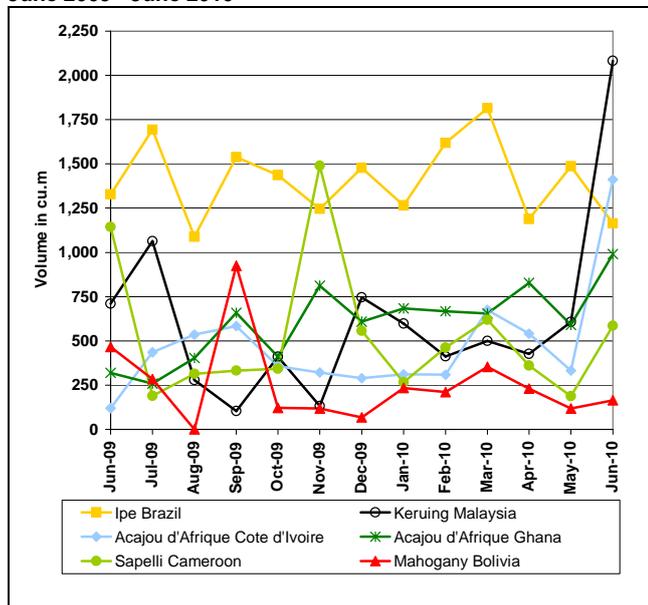
**Report from North America**

**US tropical timber imports**

**Hardwood sawnwood imports**

The US imported 20,657 cu.m of tropical sawnwood in June 2010, up from 14,652 cu.m in May. The top three imported species were balsa (5,608 cu.m), acajou d’Afrique (3,783 cu.m) and keruing (2,128 cu.m). Imports of most species increased from May with the exception of ipe, mahogany, red meranti and padauk. In June, the exports of species from South East Asia and Africa picked up significantly due to the exhausted inventories and low availability from South America. In Brazil, some sawmills have reportedly shut down or the domestic market is consuming all the production leaving no exports to the US. The depreciation of the Euro against the US dollar pushed up the tropical sawnwood imports priced in Euro, e.g. imports from African countries. Monthly import volumes of key imported species by country of origin are shown in the chart below.

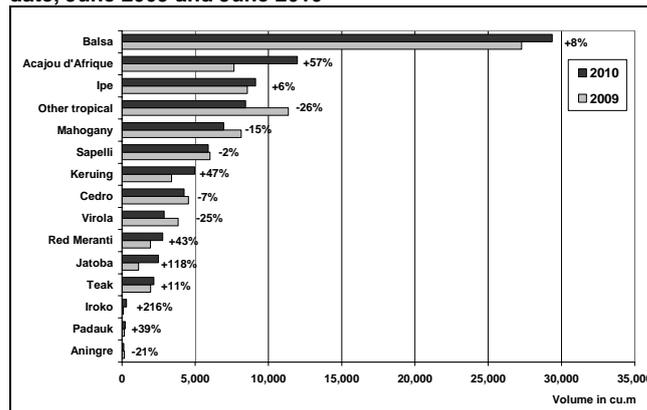
**US tropical hardwood sawnwood import volumes monthly, June 2009 - June 2010**



Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

Year-to-date, import volumes of tropical sawnwood increased by 7% compared to the same period in 2009. Among the species that gained significantly in the period to June 2010 are acajou d’Afrique (+57%), keruing (+47%), red meranti (+43%) and jatoba (+118%).

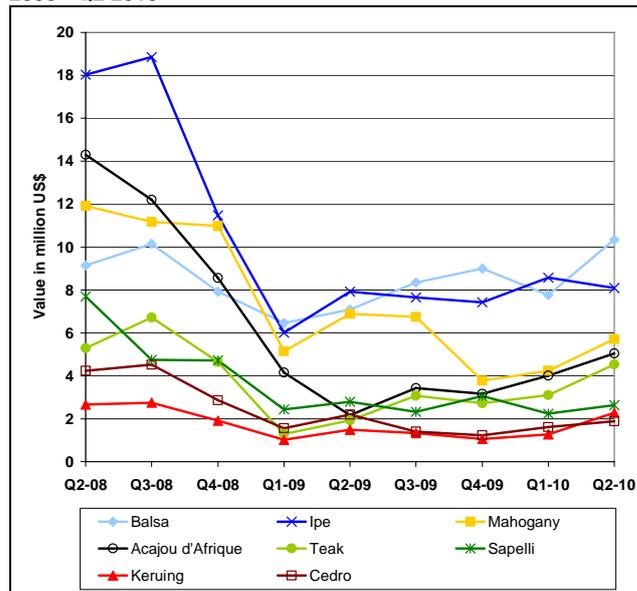
**US tropical hardwood sawnwood import volumes year-to-date, June 2009 and June 2010**



Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

The volumes of tropical sawnwood imported into the US have recovered somewhat from 2009. However, in value terms, imports remain much lower than in 2008, albeit import values have been going up in 2010. Exchange rate fluctuations also have had an influence, first the drop in the value of the US dollar, which further depressed sales to the US market, and recently the weaker Euro favoured sales of products priced in Euro.

**US tropical hardwood sawnwood import values quarterly, Q2 2008 - Q2 2010**



Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

**Hardwood moulding imports**

Hardwood moulding imports showed a slight decline year-to-date June 2010 even compared with the low levels seen in 2009. Year-to-date imports were US\$87.5 million, 2% less compared to 2009. China is the top supplier with US\$28.3 million year-to-date June, up 19% from the same period in 2009. In 2009 Brazil passed China and was the largest supplier, but according to trade data, Brazil is back to second place at US\$24.6 million year-to-date June 2010, a drop of 16% compared to last year.

June imports from Brazil of jatoba moulding were US\$2.1 million (down 26% year-to-date), of cumaru moulding US\$570,000 (up 2% year-to-date), and of ipe moulding US\$232,000 (down 23% year-to-date). Supplies of cumaru mouldings from Peru continued to grow; June imports were US\$306,000 (up 232% year-to-date). Both ipe and mahogany moulding imports were down by approximately one third compared to the same period last year.

#### Hardwood plywood imports

US imports of hardwood plywood will likely exceed 2009 volumes, based on year-to-date imports of 1.1 million cu.m, which is 32% higher than in the same period last year. China remains the dominant supplier. June 2010 imports from China were 165,355 cu.m (up 25% year-to-date). Indonesia is the second-largest supplier, imports to the US totalling 20,375 cu.m in June (up 99% year-to-date). June imports from Ecuador were 5,975 cu.m (up 49% year-to-date) and from Brazil 1,738 cu.m (down 21% year-to-date).

#### Hardwood flooring imports

The decline in hardwood flooring imports that began in 2006 continues this year. Year-to-date June imports were US\$7.2 million, down 54% compared to the same period in 2009. In recent years, import values have roughly halved every year, from US\$332 million in 2006 to under US\$24 million in 2009. All major supplying countries are affected and among the top three, China has seen the steepest drop of 76% in exports to the US year-to-date 2010. Hardwood flooring imports from Brazil were US\$1.3 million year-to-date June 2010, down 22% compared to the same period in 2009. Malaysia has seen a similar drop to US\$1.2 million, a 25% fall compared to the same period last year.

#### US demand for cabinets forecast to grow 7.4% per year

US demand for cabinets is forecast to expand 7.4% per year to 2014, according a new Freedonia market study published in August. In 2009, the US market for cabinets was worth US\$10.6 billion. Kitchen cabinets accounted for 80% of demand, bathroom cabinets for 12% and other types of cabinets for the remaining 8%.

The growth will mainly be driven by a rebound in residential construction from the low levels seen in 2009, although the study authors expect housing starts to remain below the peak reached in 2006. Remodelling will also boost demand for cabinets. Demand for cabinets in the residential market is forecast to rise 8.8% annually to US\$12.1 billion in 2014 from US\$9.8 billion in 2009. Demand for other cabinets, such as cabinets in offices, home entertainment centres, garages and other areas, is expected to increase 3.8% annually through 2014.

Design trends that support the use of cabinets include more and larger cabinets in kitchens, larger cabinets in bathrooms, and replacing shelving with cabinets in other rooms and in offices.

#### Publication promotes tropical species in flooring and decking

The International Wood Products Association (IWPA) publishes every year a buyer's guide to trends and sources of imported wood products. The 2010 issue of International Wood was released at the International Woodworking Fair in Atlanta, and it includes an expanded section titled International Floors and Decks. It highlights applications, design trends and suppliers of imported tropical species. The IWPA outlines in the publication how architects and designers can support sustainable forest management and communities in developing countries by specifying tropical species in their projects.

#### Debt-for-nature deal for Brazilian forests

The governments of the US and Brazil signed an agreement that will reduce Brazil's debt payments to the US by almost US\$21 million over the next five years. In return Brazil has committed funds to support the protection of the Atlantic rainforest and the Caatinga and Cerrado ecosystems.

This is the 16th agreement that the US has signed under its Tropical Conservation Act of 1998. The law offers eligible countries opportunities to reduce a portion of their debt owed to the US while generating funds for tropical conservation activities. The majority of agreements to date include funds leveraged from private donors and NGOs, according to USAID.

#### US Timber prices

	Jul-10 US\$ per cu.m	Aug-10 US\$ per cu.m
Ipe (Brazil) Decking Premium Grade AD, 1x6, FOB Belem	2350	2400
Ipe (Brazil) Decking Premium Grade AD, 5/4x6, FOB Belem	2400	2400
Jatoba (Brazil) No.1 Common & Better AD, FOB Belem	-	-
Jatoba (Brazil) No.1 Common & Better KD, FOB Belem	-	-
Khaya (Côte d'Ivoire) FAS KD, FOB Abidjan	740	740
Khaya (Ghana) FAS KD, FOB Takoradi	880	880
Sapele (Cameroon) FAS AD, FOB Douala	710	720
Sapele (Cameroon) 4/4 to 8/4 FAS KD, FOB Douala	830	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.**

The Brazilian government plans to invest 200 million reais (\$113 million) next year to combat climate change and mitigate the effects of global warming, according to the Environment Ministry. The ministry's secretary for climate change and environmental quality, Branca Americano, said the recently created National Fund on Climate Change will be financed with a portion of a special participation tax on gross revenues from oil production. Americano, who is participating in the 2nd International Conference on Climate, Sustainability and Sustainable Development in Semi-arid Regions in the northeastern city of Fortaleza, noted that the law that governs the oil industry and which also covers the environmental impact of crude production was modified to provide those revenues to the fund.

<http://www.laht.com/article.asp?ArticleId=363750&CategoryId=14090>

The United States and Brazil have signed an agreement converting US\$21 million of Brazilian debt into a fund to protect tropical ecosystems. Instead of paying back the debt, Brazil will use the money to conserve its Atlantic coastal rainforest, as well as the Cerrado and Caatinga ecosystems. All three are under threat from severe deforestation, but receive much less attention than the Amazon. The US has signed similar debt swap agreements with 15 other countries. Brazil's Environment Minister Izabella Teixeira said the deal represented a "qualitative leap" in cooperation with the US.

<http://www.bbc.co.uk/news/world-latin-america-10958695>

Bolivia has been forced to ask for international help after admitting that fires in its Amazonian region are raging out of control. The deliberately set fires have already consumed an estimated 1.5 million hectares of forest and tropical savannah in recent weeks. Bolivian authorities have asked Brazil and Argentina to send fire-fighting aircraft to help deal with the emergency, saying it lacks the necessary equipment.

<http://www.irishtimes.com/newspaper/world/2010/0820/1224277228646.html>

On a former cattle ranch north of Hilo, about 20,000 koa trees are no more than 4 feet tall, but they represent high hopes for a company with a new model for renewable forestry in Hawaii. The endeavour by Hawaiian Legacy Hardwoods is based on attracting wealthy investors to finance a koa farm. As trees mature over eight to 25 years, they theoretically will generate returns to investors and fees to the company for cultivation and the harvesting process. Hawaiian Legacy's plan is ambitious, with a goal of planting as many as 1.3 million trees by 2016.

[http://www.staradvertiser.com/business/businessnews/20100808\\_Seed\\_money.html](http://www.staradvertiser.com/business/businessnews/20100808_Seed_money.html)

A new World Resources Institute (WRI) project will quantify forest degradation and associated greenhouse gas emissions in the forests of the Republic of Congo. The Republic of Congo is part of the larger Congo Basin region, which contains one quarter of the world's tropical forests. Protecting the region's forests has become a crucial part of the international effort to combat global warming. Yet the Republic of Congo, like other countries in the Congo Basin, is still putting the systems in place to implement an effective strategy to reduce emissions from deforestation and forest degradation (known as REDD) and to participate in future related programmes.

<http://www.wri.org/stories/2010/08/preparing-redd-republic-congo>

Indonesia's planned moratorium on the clearing of natural forest from 2011 may lead to the revocation of some firms' existing permits and will slash the size of a giant food estate, said the official in charge of the scheme. The two-year moratorium, agreed under a \$1 billion deal with Norway to curb greenhouse gases from deforestation, has created uncertainty among investors in plantations, timber and mining, who fear their expansion could be stymied. Kuntoro Mangkusubroto, head of the presidential delivery unit, told Reuters the moratorium could also extend beyond two years, given that President Susilo Bambang Yudhoyono was determined to protect the country's extensive tropical forests.

<http://www.reuters.com/article/idUSTRE67H1Y120100818>

Pakistan has only 5.2% forest cover, but had it had the necessary 20 to 25%, the ferocity of the floods would have been minimized and the damage caused far milder. Syed Said Badshah Bukhari, the director-general of Pakistan Forest Institute, says that by trapping rain water in leaves, branches and roots, forests serve to slow down the flow of flood water. In contrast, deforested areas become more susceptible to flooding and landslides. But the absence of forests to slow down the flow of flood water was not the only way in which deforestation contributed to the scale of the disaster.

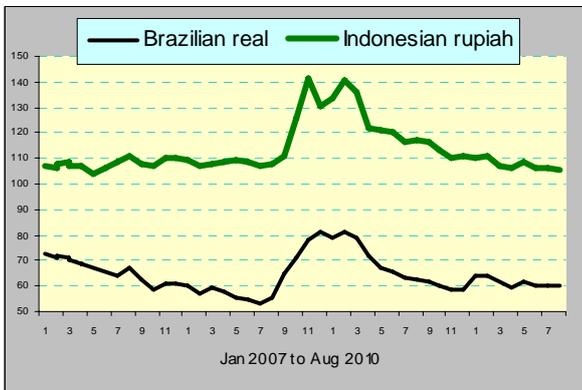
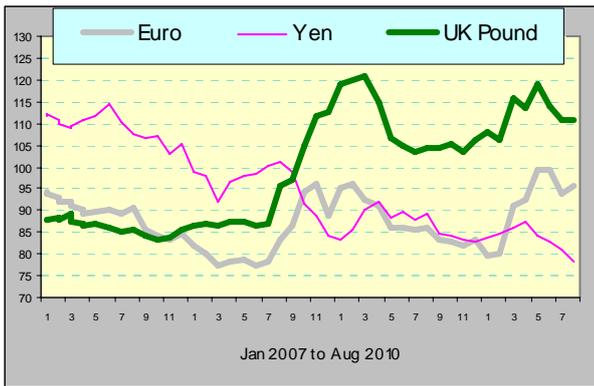
<http://english.aljazeera.net/focus/floodofmisery/2010/08/201081614111704604.html>

## Main US Dollar Exchange Rates

As of 26th August 2010

Brazil	Real	1.7612
CFA countries	CFA Franc	517
China	Yuan	6.7998
EU	Euro	0.7856
India	Rupee	46.7946
Indonesia	Rupiah	8985
Japan	Yen	84.41
Malaysia	Ringgit	3.1397
Peru	New Sol	2.7956
UK	Pound	0.6437

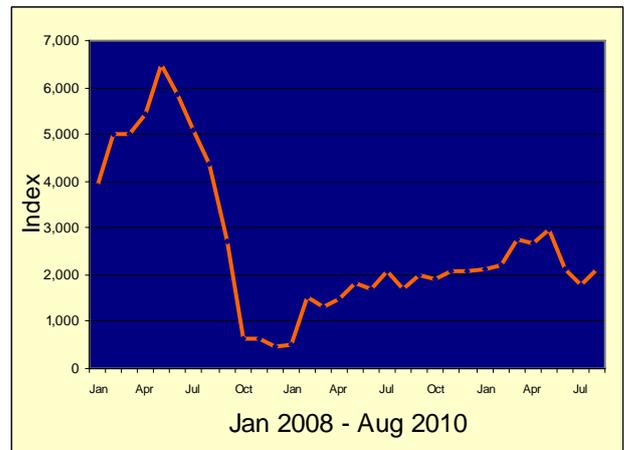
Exchange rates index (Dec 2003=100)



## Abbreviations and Equivalences

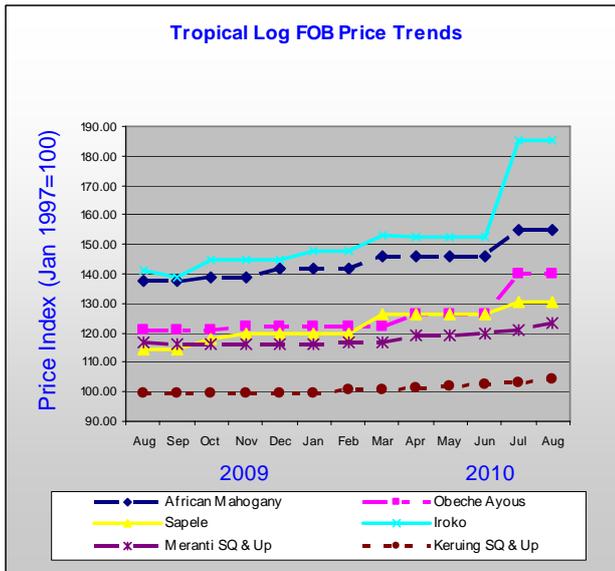
LM	Loyale Merchant, a grade of log parcel
QS	Qualite Superieure
CI, CE, CS	Choix Industriel, Economique or Supplimentaire
FOB	Free-on-Board
CIF; CNF	Cost, insurance and freight; Cost and freight
KD; AD	Kiln Dry; Air Dry
Boule	A log sawn through and through, the boards from one log are bundled together.
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
TEU	Twenty-foot equivalent unit
Hoppus ton	1.8 m <sup>3</sup>
Koku	0.278 m <sup>3</sup> 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
OSB	Oriented strand board
MDF	Medium Density Fibreboard
PHND	Pin hole no defect grade
\$; ↑↓	US dollar; Price has moved up or down

## Ocean Freight Index

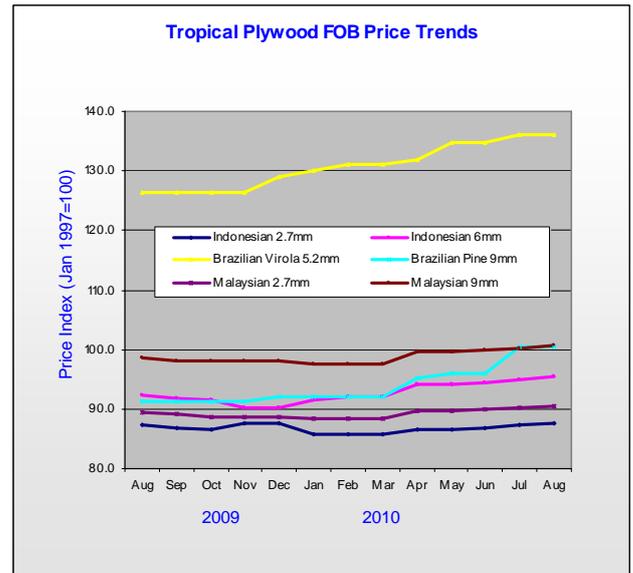


The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

## Tropical Log Price Trends

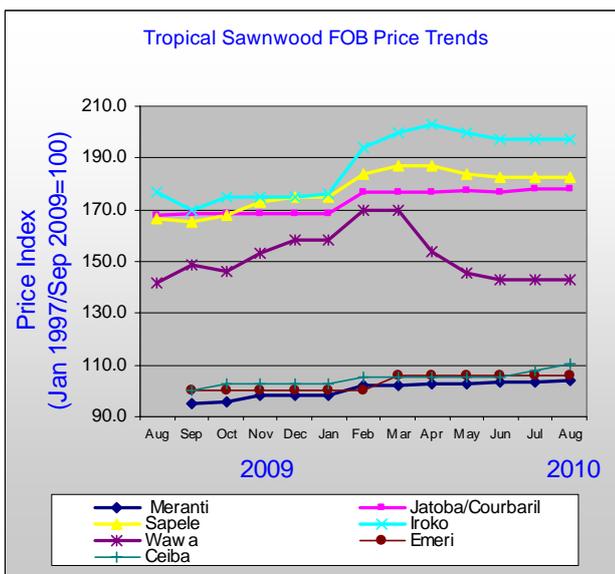


## Tropical Plywood Price Trends



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

## Tropical Sawwood Price Trends



To have a free copy of this twice-monthly ITTO Market Information Service bulletin emailed to you on the day of production, please register at:  
[http://www.itto.int/en/mis\\_registration/](http://www.itto.int/en/mis_registration/)