

Tropical Timber Market Report

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Top Story

Tight tropical hardwood supply balanced by low European consumption

Supply of African tropical sawn hardwood sawnwood is now very tight, with lead times for new orders in Europe often extending to over 4 months. This is partly due to long term reduction in capacity as many mills were closed during the financial crises in 2008/2009.

The situation has been made worse by shorter term factors including heavy rains during 2010, on-going efforts to tighten governance and reallocate concessions in some countries, increased diversion of product to the Asian market, and the political situation in Cote d'Ivoire. This last factor, which has led European shipping companies to avoid calling at Cote d'Ivoire ports, has resulted in particularly short supplies of iroko and samba sawnwood.

However, the tight supply situation continues to be balanced by relatively low tropical hardwood consumption in Europe.

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Timber producers and exporters upbeat on prospects for second quarter

Timber producers and exporters are very upbeat on market prospects remaining strong at very firm prices through the second quarter. Although European demand is still subdued, there are signs of increased interest from some European importers in response to improved demand for refurbishment projects rather than new build.

The economic recovery has been strongest in Germany, followed by France and this has contributed to improved demand. In contrast, timber trading in the UK and Netherlands has yet to make any headway.

EU imposes sanctions on Cote d'Ivoire

The political turmoil in Cote d'Ivoire has continued unabated and on 14 January 2011, the EU imposed sanctions against Mr. Laurent Gbagbo and some members of his administration. So far, timber producers in Cote d'Ivoire have managed to continue limited production and exports but there are concerns that the on-going crisis may result in the closure of transport and ports in the country.

According to latest reports, the EU sanctions are already having some effect on Cote d'Ivoire shipments as European importers have begun boycotting imports from the country. For example, Italian buyers who used to purchase iroko from Cote d'Ivoire, are now making enquiries with other producing countries in the region. For the time being, other species are being sourced from existing stocks in the EU.

According to an analyst, the overall impact of the EU sanctions is still difficult to assess in light of the absence of relevant details of the move.

Pressure on Congo Brazzaville to re-impose log export quota

According to an analyst, there is some pressure for Congo Brazzaville to re-impose log export quota as the market situation and prices for processed products recover sufficiently from the global economic crisis. As a result, the relaxation of log exports may no longer be necessary to support the domestic timber sector, says an analyst.

Meanwhile, expectations for a relaxation of the log export ban in Gabon have faded and the country is said to be planning for a reorganization of its forest inspectorate. Producers believe that during the course of the year, inspection procedures will be decentralised away from the ministry and closer to the forest areas.

Plywood prices lead in upward trend

Log prices remain firm and steady at previously reported levels. Sawnwood prices also continue to remain firm following the recent price hikes for the favoured species. Demand for sawnwood is reportedly good and with on-going enquiries sawmillers believe that production can be maintained at current level.

Plywood prices are notably bullish, however, with markets accepting higher prices, especially in Asia, after a long period of stagnant prices and poor demand for the product.

West Africa Log Prices

West Africa logs, FOB	€ per m ³		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	205	205	153
Ayous/Obeche/Wawa	190	190	145
Azobe & Ekki	205	205	122
Belli	210	210	-
Bibolo/Dibétou	145	130	-
Bubinga	720	600	440
Iroko	265	260	195
Okoume (60% CI, 40% CE, 20% CS) (China only)	240	-	-
Moabi	280	280	190
Movingui	180	150	140
Niove	145	145	-
Okan	320	320	-
Padouk	380	345	235
Sapele	245	235	170
Sipo/Utile	275	250	190
Tali	270	270	-

West Africa Sawnwood Prices

West Africa sawnwood, FOB	€ per m ³
Abura KD	560
Ayous FAS GMS	300
Bilinga FAS GMS	430
Okoumé FAS GMS	380
FAS, fixed sizes	360
Std/Btr GMS	300
Sipo FAS GMS	420
FAS fixed sizes	-
FAS scantlings	480
Padouk FAS GMS	600
FAS scantlings	620
Strips	320
Sapele FAS Spanish sizes	390
FAS scantlings	435
Iroko FAS GMS	590
Scantlings	600
Strips	380
Khaya FAS GMS	415
FAS fixed	400
Moabi FAS GMS	505
Scantlings	440
Movingui FAS GMS	360

Report from Ghana

Timber exports improved in January

According to the Timber Industry Development Division (TIDD) of the Forestry Commission, wood and timber product exports from Ghana in January 2011 totalled 23,948 cu.m valued at Euro 7.9 million, compared to 26,430 cu.m and Euro 8.27 million in January 2010. This represents a decline of 9.4% and 4.4% in volume and value respectively.

In January 2011, exports of all timber products declined except for plywood, moulding and parquet/flooring.

Exports of primary products, including poles and billets, were valued at Euro 3 million in January compared to Euro 3.6 million in January 2010. Similarly, the value of exports of secondary timber products declined 3.5%, from Euro 7 million in January 2010 to Euro 6.8 million January 2011. However, exports of tertiary products were valued at US\$902,209 in January 2010, up steeply by 32% from US\$681,275 in January 2010. Primary products, secondary products and tertiary products accounted for 3%, 86% and 11% of the total export value respectively.

In January 2011, the share of Ghana's exports of wood and timber products to other countries in Africa was 51% of the total export value, compared to 36% in January 2010. Exports to other destinations included Europe (26% of the total export value), Asia/Far East (15%) and the Middle East (5%). The main importing countries in Europe were Italy, France, Germany, the UK, Belgium, Spain, Ireland and the Netherlands.

Plywood accounted for 38% of the total exports of wood and timber products exports from Ghana in January 2011. Compared to January 2010, plywood exports rose 9.2% in volume and 32% in value. The main importing countries for Ghana plywood were Nigeria, Niger and Togo. Ceiba, Mahogany and Ofram were the principal species utilised for plywood production.

Wood and timber product exports in January 2009 / 2010

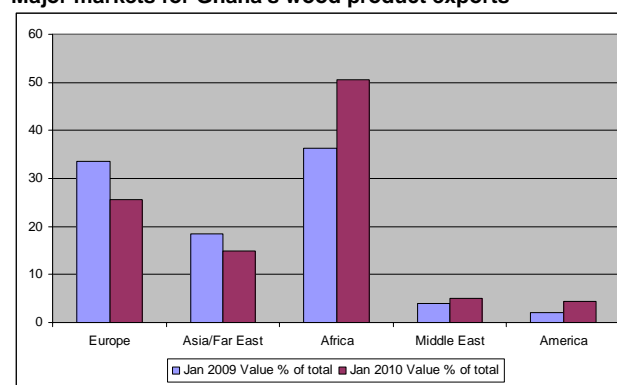
Product	Jan-09		Jan-10		% Change	
	Volume 1000 cu.m	Value million Euro	Volume 1000 cu.m	Value million Euro	Volume	Value
Lumber AD ¹	4.83	1.09	5.03	1.08	4.1	-0.9
Lumber KD	6.27	2.4	5.4	1.92	-13.9	-20
Sliced Veneer ²	1.81	1.2	1.24	0.81	-31.5	-32.5
Rotary Veneer	0.38	0.1	0.16	0.05	-57.9	-50
Plywood ³	8.38	2.17	9.15	2.87	9.2	32.3
Mouldings	1.1	0.53	1.32	0.68	20	28.3
Boules (AD & KD)	0.1	0.05	0.06	0.03	-40	-40
Floorings	0.08	0.07	0.09	0.2	12.5	185.7
Other wood products	3.48	0.66	1.5	0.27	-56.9	-59.1
TOTAL	26.43	8.27	23.95	7.91	-9.4	-4.4

¹Lumber(AD) includes lumber overland

²Sliced Veneer includes Layons

³Plywood includes Overland

Major markets for Ghana's wood product exports



Source: the Timber Industry Development Division (TIDD)

Reduced tariffs for electricity and water announced

Ghana's Public Utility Regulatory Commission (PURC) announced reductions in utility tariffs for electricity and water. The reductions range from 0 to 6.58% for residential electricity consumers and from 0 to 13.38% for non-residential consumers. Non-residential consumers will also enjoy a 6.86% tariff reduction for water. These revisions on tariffs were made on the back of lower production costs resulting from the completion of the West Africa Gas Pipeline.

Analysts were pessimistic over the impact of the revised tariffs on total operating costs which are dependent on several other factors.

Lending rate maintained to rein in inflation

The Monetary Policy Committee decided to keep its Prime Rate at 13.5%, unchanged since July 2010 due to potential risks in the fiscal outlook and inflation which climbed in January 2011 for the first time in 19 months.

In addition, authorities will continue to intervene in order to prevent the Cedi from a further freefall.

Ghana Log Prices

Ghana logs, domestic	US\$ per m ³	
	Up to 80cm	80cm+
Wawa	133-145	152-165
Odum Grade A	160-170	175-185
Ceiba	110-118▲	120-140
Chenchen	90-100	105-120
Khaya/Mahogany (Veneer Qual.)	107-120▲	125-145
Sapele Grade A	135-150	160-175
Makore (Veneer Qual.) Grade A	128-135	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		
Abura/Subaha	410	480
Afrormosia	855	-
Asanfina	500	560
Ceiba	215	262
Dahoma	309	385
Edinam (mixed redwood)	400	450
Emeri	350	430
African mahogany (Ivorenensis)	568	650
Makore	520	585
Niangon	518	590
Odum	625	690
Sapele	545	600
Wawa 1C & Select	260	285

Ghana sawnwood, domestic		US\$ per m ³
Wawa	25x300x4.2m	268
Emeri	25x300x4.2m	307
Ceiba	25x300x4.2m	233↑
Dahoma	50x150x4.2m	292
Redwood	50x75x4.2m	320↑
Ofram	25x225x4.2m	313

Ghana Veneer Prices

Rotary Veneer, FOB	€ per m ³	
	CORE (1-1.9mm)	FACE (<2mm)
Bombax	315	350
Ofram, Ogea & Otie	318	355
Chenchen	315	350
Ceiba	320	350
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	274
Chenchen	305
Ogea	300
Essa	290
Ofram	310

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afrormosia	1.19	1.00
Asanfina	1.50	1.00
Avodire	1.12	0.60
Chenchen	1.27	0.60
Mahogany	1.25	0.96
Makore	1.20	0.60
Odum	1.80	1.40

Ghana Export Plywood Prices

Plywood, FOB	€ per m ³		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	370	546	597
6mm	367	540	575
9mm	307	384	436
12mm	290	381	397
15mm	281	327	334
18mm	270	320	330

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

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	492
Denya grade 1	516
Hotrohotro grade 1	580
Wawa grade 1	500
Wawa grade 2	428
Ekki grade 1	475
Wawabimba Laminated grade 1	750

Report from Malaysia

Bulk of Malaysian furniture destined for exports

In terms of consumer spending on furniture, Europeans and Americans spent an average of US\$540 and US\$300 per year respectively. However, Malaysians spent only an average of US\$40 per year. Although Malaysian furniture is of international standards, most Malaysians prefer imported furniture over domestic products.

Consequently, some 85% of furniture manufactured in Malaysia are for exports. According to trade statistics, the US remained the largest market accounting for RM1.98 billion of Malaysian furniture exports from January to October 2010, followed by Japan (RM573 million), Singapore (RM477 million) and the UK (RM407 million). Other important export destinations include Australia, Canada, Germany, India, the UAE and Saudi Arabia.

Asian is emerging as an important market for Malaysian furniture exports on account of population reaching 1.3 billion in China, 1 billion in India and 550 million in the ASEAN economic zone.

Tight supplies of rubberwood and palm fibres

Prices of Malaysian timber products continue to climb across the board in line with other commodity prices. Rubberwood prices remain buoyant as natural rubber futures prices breached US\$6.44 per kg in the Tokyo commodity exchange TOCOM.

Similarly, with crude palm oil futures prices within the range of RM3,600 per tonne, the supply of palm fibres, an important component of most panel products, has become tighter.

According to an analyst, supplies of rubberwood and palm fibres will remain tight if high price levels of natural rubber and palm oil are maintained in the international markets.

Log Prices

Sarawak log, FOB	US\$ per m ³
Meranti SQ up	249-274▲
Small	235-265▲
Super small	235-256▲
Keruing SQ up	234-246▲
Small	223-251▲
Super small	208-234▲
Kapur SQ up	225-251▲
Selangau Batu SQ up	220-254▲

Pen. Malaysia logs, domestic (SQ ex-log yard)	US\$ per m ³
DR Meranti	258-277▲
Balau	313-342▲
Merbau	343-375▲
Rubberwood	93-127▲
Keruing	234-250▲

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	403-439▲
White Meranti A & up	295-325▲
Seraya Scantlings (75x125 KD)	442-455▲
Sepetir Boards	264-286▲
Sesendok 25,50mm	354-372▲
Kembang Semangkok	318-344▲

Malaysian Sawnwood, domestic	US\$ per m ³
Balau (25&50mm,100mm+)	334-354▲
Merbau	466-518▲
Kempas 50mmx(75,100 & 125mm)	272-312▲
Rubberwood	
25x75x660mm up	228-278▲
50-75mm Sq.	267-299▲
>75mm Sq.	289-318▲

Plywood Prices

Malaysia ply MR BB/CC, FOB	US\$ per m ³
2.7mm	427-487
3mm	407-437▲
9mm & up	355-427▲

Meranti ply BB/CC, domestic	US\$ per m ³
3mm	350-441▲
12-18mm	333-362▲

Other Panel Prices

Malaysia, Other Panels, FOB	US\$ per m ³
<i>Particleboard</i>	
Export 12mm & up	243-266▲
Domestic 12mm & up	231-248▲
<i>MDF</i>	
Export 15-19mm	297-328▲
Domestic 12-18mm	287-305▲

Added Value Product Prices

Malaysia, Mouldings, FOB	US\$ per m ³
Selagan Batu Decking	557-567▲
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	572-585▲
Grade B	526-536▲

Furniture and Parts Prices

Malaysia, Rubberwood, FOB	US\$ per piece
Semi-finished dining table	
solid laminated top 2.5'x4', extension leaf	72-88▲
As above, Oak Veneer	79-93▲
Windsor Chair	71-73▲
Colonial Chair	69-74▲
Queen Anne Chair (soft seat)	
without arm	70-77▲
with arm	69-78▲
Chair Seat 27x430x500mm	57-62▲
Rubberwood Tabletop	US\$ per m ³
22x760x1220mm sanded & edge profiled	
Top Grade	610-640▲
Standard	591-610▲

Report from Indonesia

Agreement on key points of moratorium reached

The Indonesian president is expected to sign a presidential decree, laying the legal framework for the 2-year moratorium on new permits to convert natural forests and peatlands.

The Indonesian Presidential Delivery Unit working on two alternative drafts, has reached an agreement on the key points of the moratorium. Secondary forests already converted are excluded from the moratorium, but the decree will incorporate mechanisms to protect pristine forests and rehabilitate degraded forests.

Indonesia to sign VPA within 3 months

The Jakarta Post reports that Indonesia is hoping to sign the Voluntary Partnership Agreement (VPA) under FLEGT Action Plan with the EU within the next 3 months. If this materialises, Indonesia would become the first country in Asia to conclude such an agreement which would require that only legally verified timber and timber products from Indonesia be can supplied to the EU market. The Jakarta Post quotes Iman Santoso, Director General for Forest Business Management at the Ministry of Forestry, Indonesia:

“We're nearly there. This agreement is crucial for Indonesia as it enables Indonesian timber exporters to expand their market for timber and timber products in the EU....This is especially important because the EU has just enacted a timber regulation prohibiting the sale of illegally harvested timber in the EU market by March 2013”. The value of Indonesia's timber trade with the EU stands at an estimated US\$1 billion per year.

Indonesia and Finland ink deal on renewable energy sources

Indonesia and Finland signed a bilateral agreement to promote wood-based biomass and agricultural residue as renewable energy sources in the provinces of Central Kalimantan and Riau.

The bilateral agreement will form the basis for the Energy and Environment Partnership (EEP) programme, designed to reduce greenhouse gas emissions and combat climate change.

The Finnish Ministry for Foreign Affairs had earmarked Euro 4 millions for Indonesia to implement the programme from 2011 to 2014. The programme will enable Indonesia to access modern technologies in renewable energy production.

Plywood in demand

Indonesian plywood manufacturers are hoping to benefit from the current high prices of plywood. This will enable them to upgrade machines and purchase spare parts. Plywood manufacturers are also beginning to hire more workers to cope with export demand.

Furniture manufacturers are also more optimistic as more orders are coming in from the Middle-East despite the on-going political unrest.

Log Prices (domestic)

Indonesia logs, domestic prices	US\$ per m ³
Plywood logs	
Face Logs	208-251 ↑
Core logs	190-221
Sawlogs (Meranti)	203-264 ↑
Falcata logs	169-204 ↑
Rubberwood	83-87 ↑
Pine	182-223 ↑
Mahoni (plantation mahogany)	491-521 ↑

Sawnwood Prices

Indonesia, construction material, domestic	US\$ per m ³
Kampar (Ex-mill)	
AD 3x12-15x400cm	196-215 ↑
KD	214-248 ↑
AD 3x20x400cm	235-258 ↑
KD	237-266 ↑
Keruing (Ex-mill)	
AD 3x12-15x400cm	249-263 ↑
AD 2x20x400cm	237-255 ↑
AD 3x30x400cm	220-239 ↑

Plywood Prices

Indonesia ply MR BB/CC, FOB	US\$ per m ³
2.7mm	416-472 ↑
3mm	373-414 ↑
6mm	352-394 ↑

MR Plywood (Jakarta), domestic	US\$ per m ³
9mm	271-282 ↑
12mm	263-273 ↑
15mm	253-267 ↑

Other Panel Prices

Indonesia, Other Panels, FOB	US\$ per m ³
<i>Particleboard</i> Export 9-18mm	232-241 ↑
Domestic 9mm	211-223 ↑
12-15mm	205-216 ↑
18mm	198-2010 ↑
<i>MDF</i> Export 12-18mm	264-277 ↑
Domestic 12-18mm	246-258 ↑

Added Value Product Prices

Indonesia, Mouldings, FOB	US\$ per m ³
Laminated Boards	
Falcata wood	314-327 ↑
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	505-539 ↑
Grade B	461-483 ↑

Market outlook remains favourable

The favourable market situation for teak and other hardwoods remains unchanged from the previous month, with marginal gains in prices. Market prospect for kanyin logs has also improved particularly for veneer production.

At Myanmar Timber Enterprise (MTE) tender sales, the higher grade teak SG5 logs fetched lower prices than the lower grade teak SG6 logs. According to an analyst, this was due mainly to forest area preference and grading.

All teak SG6 logs came from special and first class areas, while 42% of SG5 logs originated from second and third class areas. An analyst says that besides the origin, prices are determined by other factors including buyers' preference.

Other hardwood tender sales in February were done at favourable prices indicating improving markets. Some 265 tonnes of export quality pyinkadoe logs fetched US\$561 - US\$762 per Hoppus tonnes (MTE list price US\$678). In addition, some 500 tonnes of export quality kanyin logs fetched US\$424 - US\$434 per Hoppus tonnes (MTE list price US\$390).

Myanmar log prices (natural forest logs)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
Veneer Quality	Jan	Feb
2nd Quality	nil	nil
3rd Quality	6,650 (5 tons)	6,889 (5 tons)
4th Quality	4,727 (10 tons)	4,759 (11 tons)
<i>Sawing Quality</i>		
Grade 1 (SG-1)	3,122 (37 tons)	3,131 (33 tons)
Grade 2 (SG-2)	2,572 (40 tons)	2,710 (41 tons)
Grade 4 (SG-4)	2,100 (208 tons)	2,152 (212 tons)
Grade 5 (SG-5)	1,323 (130 tons)	1,225 (157 tons)
Grade 6 (SG-6)	1,136 (101 tons)	1,274 (64 tons)
Grade 7 (ER-1)	754 (82 tons)	809 (190 tons)

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

India maintains robust growth in trade

According to the Ministry of Commerce and Industry, exports in January 2011 reached US\$20.6 billion, 33% higher than in January 2010.

Imports also rose to US\$28.6 billion in January 2011, up 13% from the same month in 2010.

Declining exports to North America and Europe are being offset by increasing exports to Latin America, Africa and Asia.

Plywood in good demand

According to an analyst, domestic demand for processed timber products is on the rise.

Demand for plywood is good with imports from China increasing. However, the quality of the plywood imported has gone down.

Teak prices trending upwards

Timber auction sales in government depots were brisk in January with arrivals of fresh teak logs. As prices for imported teak climb, auction sale prices are also up.

In addition to fresh logs, remaining logs from earlier auctions as well as logs harvested during previous season were sold in February auction sales.

There have been less arrivals of teak in depots of Maharashtra. Gujarat auctions sales ground to a halt as bidders objected to the electric auction sales system introduced by the local government to be launched in March 2011. In contrast, sales in Madhya Pradesh were more active. Teak supply remained good in Central Indian depots with arrivals from Hoshangabad, Jabalpur, Harda and Baitul.

Log prices in government depots' auction sales

Lengths (metres)	Girths (cm)	Rs. per ft ³
<i>Teak logs</i>		
2 to 3 metres	46 to 60 cm	800-850
2 to 3 metres	61 to 75 cm	850-900
2 to 3 metres	76 to 90 cm	900-950
2 to 3 metres	90 cm & up	1000
3 to 4 metres	46 to 60 cm	850-900
3 to 4 metres	61 to 75 cm	900-950
3 to 4 metres	76 to 90 cm	1000-1050
3 to 4 metres	90 cm & up	1100 & up
4 to 5 metres	46 to 60 cm	950-1000
4 to 5 metres	61 to 75 cm	1050-1100
4 to 5 metres	76 to 90 cm	1200-1300
4 to 5 metres	90 cm & up	1500 & up
<i>Laurel and Adina logs</i>		
3 to 4 metres		150-350
4 to 5 metres		250-450

CNF Plantation Teak

	US\$ per m ³
Tanzania Teak sawn	450-775
Côte d'Ivoire logs	550-700
PNG logs	500-550
El-Salvador logs	475-550
Guatemala logs	400-500
Nigeria squares	375-450
Ghana logs	350-600
Guyana logs	350-450
Benin logs	500-650
Benin sawn	475-600
Brazil squares	500-600
Burkina Faso logs	350-450
Columbia logs	365-600
Togo logs	350-500
Ecuador logs	350-400
Costa Rica logs	350-500
Panama logs	315-400
Sudan logs	500-600
Venezuela logs	460-500

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 Sawnwood Prices (domestic) Myanmar Teak (imports)

Sawnwood (Ex-mill)	Rs. per ft ³
Myanmar Teak (AD)	
Export Grade F.E.Q.	5500-8000
Plantation Teak A grade	3000-3800
Plantation Teak B grade	2500-2800
Plantation Teak C grade	1800-2000

India Sawnwood Prices (imports)

Sawnwood, (Ex-mill) (AD)	Rs. per ft ³
Merbau	1350
Balau	1350
Kapur	900
Red Meranti	750
Bilinga	650
Radiata Pine (AD)	390-400
Sawnwood, (Ex-warehouse) (KD)	Rs. Per ft ³
Beech	1100
Sycamore	1200
Oak wood	1400
American Walnut	2000▲
Hemlock clear grade	1000
Hemlock AB grade	850
Western Red Cedar	1350

India Plywood Prices

Plywood, (Ex-warehouse) (MR Quality)	Rs. per sq.ft
4 mm	32.0
6 mm	45.0
12 mm	58.6
15 mm	70.0
18 mm	84.4

Locally Manufactured Plywood "Commercial Grade"	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.11.00	Rs.18.90▲
6mm	Rs.16.00	Rs.27.60▲
8mm	Rs.20.00	Rs.30.90▲
12mm	Rs.24.00	Rs.33.20▲
19mm	RS.31.50	Rs.44.60▲
5mm Flexible ply	Rs.19.50	Rs.23.50

Prices of timber products on an upward trend

The average price of timber products in Brazil in BRL increased by 1.24% from the previous fortnight. Prices in US dollars also gained 2.73% due to the slight appreciation of the Brazilian currency against the US dollar.

Exports of tropical timber products continue to decline

In January 2011, exports of timber products (excluding pulp and paper) jumped 13.7% to US\$170 million compared to US\$149 million in January 2010.

However, exports of tropical sawnwood declined in terms of both volume and value, from 39,000 cu.m worth US\$20 million in January 2010 to 36,100 cu.m valued at US\$17.8 million in January 2011, representing 7.4% decline in volume and 11% in value.

Exports of tropical plywood also dipped, plummeting 19% from 6,300 cu.m in January 2010 to 5,100 cu.m in January 2011. In value terms, the drop was 17%, from US\$3.5 million to US\$2.9 million.

For wooden furniture too, the value of exports declined 10% compared to the level in January 2010 to US\$30.8 million in January 2011.

In contrast, pine sawnwood exports jumped 38% in January 2011 compared to January 2010, from US\$8.1 million to US\$11.3 million. In terms of volume, exports rose 27% from 39,100 cu.m to 49,600 cu.m over the period.

The value of pine plywood exports also surged 26% in January 2011 compared to the level in January 2010, from US\$21.6 million to US\$27.3 million. In terms of volume, exports rose 15% from 66,200 cu.m to 76,100 cu.m over the period.

First hike in prime interest rate since July 2010

According to the Brazilian Institute of Geography and Statistics (IBGE), the Consumer Price Index (IPCA) in January 2011 increased 0.83% over the level recorded in January last year, up 0.20 percentage points compared to December 2010.

In January 2011, the average exchange rate to the US dollar was BRL1.67/US\$ compared to BRL 1.78/US\$ during the same month of 2010, showing further strengthening of the Brazilian Real against the US dollar over the period.

For the first time since July 2010, the Copom (Economic Policy Committee) raised the prime interest rate (Selic) by 0.5 percentage points to 11.25% per year in January 2011.

Economic assessment of forest concessions in Pará

The Brazilian Forest Service (SFB) and the Timber Exporters Association of the State of Pará (AIMEX) will organise a meeting on economic aspects of forest concessions. The meeting is to assess prospects and opportunities for trade and financing of forestry activities in Pará. The strategy for the forestry sector in Pará is to increase its share in the domestic and foreign markets by expanding forest concession areas under sustainable management and attracting more financing.

SFB opened a bidding process for forest concessions of 210,000 hectares in the Amaná National Forest. SFB plans to launch three other bidding processes for forest concessions covering 700,000 hectares in the context of the management of national forests in the state of Pará. In addition, a forest concession of 48,800 hectares in the Saracá-Taquera National Forest is expected to become operational this year.

The national forests of Altamira, Amaná and Crepori in the regions of Itaituba and Jacareacanga of the state of Pará cover altogether an area of over two million hectares. It is estimated that 300,000 hectares of forests are required under concession management per year in order to meet the current demand for tropical timber in the state of Pará. Concessions are usually granted for period of 40 years to facilitate effective combating of illegal forest activities and promoting legal timber operations, commercialisation and processing.

The volume of timber production in Pará was 6.6 million cu.m in 2009, accounting for 47% of the total domestic timber production. Pará was also the largest producer of processed timber in Brazil at 2.5 million cu.m and generated the highest gross revenue from logging with BRL 2.17 billion in 2009, according to SFB.

Pará timber product exports on the mend

The value of manufactured and industrial timber product exports from Pará in 2010 rose 11.7% to US\$387 million compared to 2009. In terms of volume, exports rose only 0.33% to 360,952 tonnes, still far below the record level of exports of 1,016,678 tonnes worth US\$793 million in 2007.

The total exports of Pará in 2010 were valued at US\$ 12.8 billion, up sharply by 54% over 2009. The timber sector was the third largest exporter in the state.

The US continues to be the main export destination for timber products from Pará accounting for US\$120 million of the value of exports in 2010, up 9.7% compared to 2009.

In Brazil, the state of Parana is the largest wood and timber product exporter with a value of exports of US\$647 million in 2010, followed by Santa Catarina (US\$410 million) and Pará.

Timber industry calls for cost sharing

The timber industry has called for sharing of maintenance and infrastructure costs of public forests by the public and private sectors.

According to the Timber Exporters Association of the State of Pará (AIMEX), forest concessions generate social and environmental benefits for the states in the Amazon and, as such the cost of a Forest Management Unit (FMU) should be lower. Currently, the minimum price of a FMU may be as high as BRL 2 million.

Restricting logging during the rainy season

The federal rule restricting logging, skidding and transportation of timber in Mato Grosso was implemented for the first time in 2010. For this year, the federal rule is effective during the rainy season from 1 February to 1 April. However, forest engineers responsible for forest management areas can extend the period in accordance with the prevailing conditions in each area.

Log trade and transportation is only allowed from timber yards with forest roads built according to forest management plans.

The aim of the rule is to address the problems of soil degradation and damage caused by logging undertaken during the rainy season.

Brazil Log Prices (domestic)

	US\$ per m ³
Brazilian logs, mill yard, domestic	
Ipê	163↑
Jatoba	118↑
Guariuba	76↑
Mescla (white virola)	83↑

Brazil Export Sawwood Prices

	US\$ per m ³
Sawnwood, Belem/Paranagua Ports, FOB	
Jatoba Green (dressed)	883↑
Cambara KD	513↑
Asian Market (green)	
Guariuba	277↑
Angelim pedra	673↑
Mandioqueira	246↑
Pine (AD)	200↓

	US\$ per m ³
Brazil sawnwood, domestic (Green)	
Northern Mills (ex-mill)	
Ipê	805↑
Jatoba	615↑
Southern Mills (ex-mill)	
Eucalyptus (AD)	207↑
Pine (KD) 1st grade	257↓

Brazil Veneer Prices

	US\$ per m ³
Veneer, Export (Belem/Paranagua Ports) FOB	
White Virola Face 2.5mm	298
Pine Veneer (C/D)	209

	US\$ per m ³	
Rotary cut Veneer, domestic		
(ex-mill Northern Mill)	Face	Core
White Virola	273	225

Brazil Plywood Prices

	US\$ per m ³
Plywood, FOB	
White Virola (US Market)	
5.2mm OV2 (MR)	449↓
15mm BB/CC (MR)	391↓
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)	281↑
15mm C/CC (WBP)	261↑
18mm C/CC (WBP)	249↑

	US\$ per m ³
Plywood, domestic (ex-mill Southern mill)	
Grade MR (B/BB)	
White Virola 4mm	965↑
White Virola 15mm	702↑

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)	314↑
Domestic Prices, Ex-mill Southern Region	
Blockboard White Virola faced 15mm	609↑
Particleboard 15mm	392↑

Brazil Added Value Products

	US\$ per m ³
FOB Belem/Paranagua Ports	
Edge Glued Pine Panel	
Korean market (1st Grade)	632↑
US Market	497↑
Decking Boards	
Cambara	628↑
Ipê	1,657↑

Report from Peru

Congress debate on draft law deferred

As reported earlier, the Congressional debate on the draft Forestry and Wildlife law was deferred to the next term from March to June 2011. The consultations with indigenous people were extended by 60 days to the end of February. During that extended consultation period, the minimum requirements and an agreement on the next draft are expected to be completed.

The new Forestry and Wildlife law is needed to fulfil the conditions of the Free Trade Agreement (FTA) with the United States.

Growth in exports to China

The China-Peru Free Trade Agreement (FTA) came into effect on 1 March 2010. Following the FTA, Peruvian exports to China have registered robust growth. The total value of Peruvian exports to China in 2010 soared 33% to US\$5.4 billion from US\$4.1 billion in 2009. Wooden flooring were among the non-traditional timber products which were able to make significant gains in sales to China.

China is the main destination for Peru timber exports, accounting for 43% of the total value of Peruvian timber exports.

Peru Sawwood Prices

Peru Sawwood, FOB Callao Port	US\$ per m ³
Mahogany S&B KD 16%, 1-2" random lengths (US market)	1655-1702
Spanish Cedar KD select	
North American market	918-922
Mexican market	897-921
Pumaquiro 25-50mm AD Mexican market	532-586

Peru Sawwood, FOB Callao Port (cont.)	US\$ per m ³
Virola 1-2" thick, length 6'-12' KD	
Grade 1, Mexican market	329-374
Grade 2, Mexican market	269-283
Cumaru 4" thick, 6'-11' length KD	
Central American market	831-855
Asian market	798-871
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	509-549
Dominican Republic	558-569
Marupa (simarouba) 1", 6-11 length Asian market	359-382

Peru Sawwood, 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	328-349
Grade 2, Mexican market	265-278
Grade 3, Mexican market	143-158
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	222-242

Peru sawwood, domestic	US\$ per m ³
Mahogany	879-911
Virola	59-79▲
Spanish Cedar	274-332▲
Marupa (simarouba)	59-72

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	396-402
Cedar fissilis, 2 faces sanded 4x8x5.5mm	733-744
Lupuna, treated, 2 faces sanded, 5.2x4x8mm	363-385
Lupuna plywood B/C 15x4x8mm	358-375
B/C 9x4x8mm	345-350
B/C 12x4x8mm	350-360
B/C 8x4x15mm	396-408
C/C 4x8x4mm	384-396
Lupuna plywood B/C 8x4x4mm Central Am.	368-388

Lupuna Plywood BB/CC, domestic	US\$ per m ³
(Iquitos mills)	
122 x 244 x 4mm	433
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, FOB strips for parquet	US\$ per m ³
Cabreuva/estoraque KD12% S4S, Asian market	1277-1376
Cumaru KD, S4S Swedish market	797-920
Asian market	933-998
Cumaru decking, AD, S4S E4S, US market	949-1098
Pumaquiro KD # 1, C&B, Mexican market	423-511
Quinilla KD, S4S 2x10x62cm, Asian market	477-503
2x13x75cm, Asian market	708-768

Report from Guyana

Timber prices trending upwards

During the period under review, there were again no exports of greenheart logs which was one of the main species used in domestic value-added production. Export sales of purpleheart logs were brisk at favourable prices especially for standard and fair sawmill qualities, while mora prices retreated marginally during this fortnight period.

For sawnwood, prices for undressed greenheart (select quality) increased from US\$806 per cu.m in last fortnight to US\$975 per cu.m in the period under review. Undressed greenheart (sound quality) attracted a high average price of US\$784 per cu.m, while prices for undressed greenheart (merchantable) reached US\$806 per cu.m. For undressed purpleheart (select quality) prices shot up to US\$1,450 per cu.m, from US\$650 recorded a fortnight ago, while upper bound prices for undressed purpleheart (sound quality) advanced to US\$825 per cu.m from US\$615 per cu.m. However, the volume of exports was small.

Similarly, dressed greenheart attracted favourable prices for both prime and standard qualities. Guyana's Washiba (Ipe) continued to be in demand in the North American markets, fetching a high average price of US\$2,050 per cu.m for this fortnight period. Splitwood prices also climbed to US\$1,182 per cu.m with the main export destination being the Caribbean.

For the period under review, exports of value-added products including wooden doors, indoor furniture, mouldings, wooden utensils and ornaments also contributed to total export earnings.

Booming housing sector drives domestic demand up

The government of Guyana is encouraging forest concessionaires to optimise timber production under the state's sustainable management plan in order to meet increasing domestic demand for sawnwood driven by the booming housing sector in the country.

Due to a projected increase in public spending on housing in 2011, domestic consumption of sawnwood is expected to grow sharply by 40% from the level in 2010, to 300,000 cu.m in 2011.

In 2010, total production of logs production was 420,000 cu.m of which around half was exported. In order to meet projected domestic and export demand for 2011, a benchmark of 60% of the annual allowable cut has been set for log harvest in forest concessions. At this level, the rate of deforestation in Guyana can be kept at the current low level.

The Guyana Forestry Commission is currently granting new concessions for the management of state forests to designated communities in an attempt to improve the livelihoods of forest communities and increase timber production. In addition, with the establishment of three kiln drying facilities across the country, Guyana's focus remains on reducing log exports and increasing domestic production of value-added products.

Guyana Log Export Prices

Logs, FOB Georgetown	SQ - \$ Avg unit value per m ³		
	Std	Fair	Small
Greenheart*	-	-	-
Purpleheart	200-260	170	150
Mora	120	115↓	110↓

*Small SQ is used for piling in the USA and EU. Price depends on length. In the case of no price indication, there is no reported export during the period under review.

Guyana Sawnwood Export Prices

Sawnwood, FOB Georgetown		\$ Avg unit val. per m ³	
EU and US markets		Undressed	Dressed
Greenheart	Prime	-	721-806
	Standard	-	657-827↑
	Select	575-975↑	
	Sound	551-784	
	Merchantable	806↑	
Purpleheart	Prime	-	-
	Standard	-	742-827
	Select	650-1,450↑	
	Sound	815-825↑	
	Merchantable	-	
Mora	Prime	-	
	Select	500↓	
	Sound	450	
	Merchantable	-	

In the case of no price indication, there is no reported export during the period under review.

Guyana Plywood Export Prices

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

In the case of no price indication, there is no reported export during the period under review.

Peru, FOB strips for parquet		US\$ per m ³
Cabreuva/estoraque KD12% S4S, Asian market		1277-1376
Cumaru KD, S4S	Swedish market	797-920
	Asian market	933-998
Cumaru decking, AD, S4S E4S, US market		949-1098↓
Pumaquiro KD # 1, C&B, Mexican market		423-511
Quinilla KD, S4S 2x10x62cm, Asian market		477-503
	2x13x75cm, Asian market	708-768

Report from Bolivia

Business Round Table in Bolivia

The 7th Business Round Table of the Timber Industry will be held on 24-25 March 2011 in Santa Cruz, Bolivia. Participants will include local and international timber industry companies, as well as machinery and equipment providers and consultants.

<http://www.cfb.org.bo/CFBInicio/>

Bolivia Sawnwood Prices

Sawnwood 1-3"x3x5"x7-19', FOB Arica Port	US\$ per m ³
Morado / Caviuna (Japan, US and France Market)	1510-2000
Roble / Oak (Indonesia Market) (AD)	700
Quina Quina / Santos Mahogany (China)	846
Cuta (French Market) (FSC)	700-780
Cambará / Jaboty (Belgium Market) (AD)	780

Bolivia Added Value Product Prices

Doors 13/4"x36"x96", FOB Arica Port	Avg \$ per piece
Yesquero / Jequitiba (US Market)	120-305
Ochoó / Hura, Possumwood, Assacu (US Market)	231
Yesquero / Jequitiba (US Market)	55-100

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	
Jatobá (US and China Market) (KD)	1260-1385
Ipé (Germany Market) (AD)	1888
Cumarú (US and Germany Market) (KD)	1350

Report from Japan

Supply of tropical logs remains extremely tight

According to Japanese Lumber Reports (JLR), log supply in Sabah and Sarak remains extremely tight due to heavy rains hampering logging and transportation. Adverse weather conditions are expected to persist through early March. The celebration of Chinese Lunar New Year is over and demand is back to normal. However, with tight supply of logs, prices keep inching up. In Sarawak, export prices for meranti regular logs breached US\$300 per cu.m FOB.

In Japan, monthly consumption of Southeast Asian logs for both plywood and veneer production is around 40,000 cu.m. Some plywood mills have placed orders to build their log inventories. However, orders could not be met by importers due to unavailability of logs.

In Japan, CIF prices remained unchanged from the previous month at Yen 7,400-7,500 per koku for Sarawak meranti regular logs, Yen 6,600-6,700 per koku for small meranti logs, and Yen 6,100-6,200 per koku for super small meranti logs. Sabah kapur log prices also stood at Yen 9,500 per koku, unchanged since November 2010.

Demand for keruin hardwood sawnwood by Japanese crating manufacturers has strengthened, reports JLR.

Strong rebound of timber imports in 2010

The total volume of wood and timber product imports to Japan was 14.894 million cu.m in 2010, up 13.2% compared to 2009. Imports in 2010 showed the first increase after four years of decline, reports JLR.

The share of imports of processed products including sawnwood, plywood and laminated panels has been increasing in relation to the share of log imports. In 2001, the share of processed products was 52% and in 2010 it has expanded to 69% of the total wood and timber product imports.

Imports from North America, Europe, Southeast Asia and New Zealand have increased while imports from Russia have dropped due to the high export tax on logs, market expectations for possible changes in future taxation and problems encountered by Russian sawmills.

In 2010, depressed US housing starts and the strong Yen against the US dollar underpinned timber exports from North America to Japan. The US began to produce and export more sawnwood to the Japanese market. The decline in Japanese log imports from the US and Russia was offset by log imports from Canada.

According to JLR, timber imports from Southeast Asia rebounded in 2010 from the sharp drop experienced in 2009. Despite the apparent upswing, JLR reports that the market does not consider this as reflecting an improvement in demand.

European sawnwood exports to Japan have recovered following two years of light trade. The total sawnwood exports from Europe to Japan jumped 12% and imports of laminated panels soared 24% over 2009.

Log and sawnwood imports in 2010

		2009 (1,000 cu.m)	2010 (1,000 cu.m)	% Change to 2009
The US	Logs	1,693	1,639	-3.2%
	Sawnwood	284	394	38.7%
	Total	1,977	2,033	2.8%
Canada	Logs	775	1,266	63.4%
	Sawnwood	1,987	2,354	18.5%
	Total	2,763	3,619	31.0%
N. America	Logs	2,468	2,905	17.7%
	Sawnwood	2,272	2,748	21.0%
	Total	4,740	5,653	19.3%
Europe	Logs	12	11	-8.3%
	Sawnwood	2,036	2,281	12.0%
	Total	2,048	2,292	11.9%
Southeast Asia	Logs	423	556	31.4%
	Sawnwood	533	586	9.9%
	Total	956	1,142	19.5%
Russia	Logs	650	440	-32.3%
	Sawnwood	679	635	-6.5%
	Total	1,329	1,075	-19.1%
Total logs		4,091	4,637	13.3%
Total sawnwood		5,769	6,563	13.8%
Total		9,859	11,200	13.6%

Source: JLR

Improved plywood supply in 2010

The supply of plywood in Japan in 2010 was 5.8 million cu.m, up 12.9% from the level recorded in 2009. The improved plywood supply in 2010 was a rebound from four consecutive years of decline, reports JLR. In particular, domestic supply and imports from China and New Zealand have recovered significantly.

Of the total supply, plywood imports accounted for 54% in 2010, down 1.3 percentage points from 2009. Both domestic and imported thick flooring, wall and roof panels (24 and 28 mm) were among the products with upswing in sales in the Japanese market.

Plywood imports in 2010

	2010 (1,000 cu.m)	% Change to 2009
Malaysia	1,499	-1.0%
Indonesia	908	7.3%
China	600	46.7%
New Zealand	42	41.9%
Canada	5	8.7%
Others	74	92.7%
Total imports	3,130	10.1%
Domestic supply	2,674	16.4%
Total supply	5,801	12.9%

Source: JLR

Adhesive prices moving up

Prices of naphtha and methanol have increased and this is impacting on the costs of producing adhesives for the plywood industry. Due to the weak demand for plywood and board products, adhesive manufacturers were not able to raise prices earlier to cover their increased production costs. Previously, manufacturers were only able to raise the prices of phenol resin adhesive by 30% since June 2010. As the plywood market has picked up and prices improved, adhesive manufacturers presently see an opportunity to raise adhesive prices across the board.

Oshika Corporation which manufactures adhesive for the plywood industry has announced its intention to raise prices of melamine resin by 15%, and phenol resin and urea resin by 10% with effect from 1 March 2011. In addition, two major melamine resin manufacturers, Mitsui Chemical and Nissan Chemical, have raised prices of melamine resin by Yen 30-35 per kg since December 2010, reports JLR.

Plywood manufacturers are against the Trans Pacific Partnership (TPP)

As reported earlier, the Japanese government is currently considering joining the Trans Pacific Partnership (TPP), a free trade agreement between Singapore, New Zealand, Australia, Chile, Peru, Malaysia, Vietnam, Brunei and the USA.

The Japan Federation of Plywood Manufacturers has added its voice to other national forest product manufacturers in objecting to the TPP. At a meeting with government officials, the chairman of Japan Federation of Plywood Manufactures, Mr. A. Inoue, noted that liberalisation of the timber trade would have serious impacts not only on the domestic plywood industry but also the whole forestry sector and employment in Japan.

Currently, some 60% of plywood consumed in Japan is imported plywood mainly from Malaysia, Indonesia and China. Mr. A. Inoue added that the current level of plywood imports has already hampered the development of the domestic plywood industry and the forestry sector.

Log and Sawwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku (Koku=0.278 m ³)
Meranti (Hill, Sarawak)	7,400▲
Medium Mixed	7,600▲
Standard Mixed	7,400▲
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)	-

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)	Jan	Feb
		¥ per sheet	
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	320	330
3.7mm (med. Thickness, F 4star, type2)	910 X 1820	450	460
5.2mm (med. Thickness, F 4star, type 2)	910 X 1820	560	570
11.5mm for sheathing (F 4star, type 2)	910 X 1820	910	940
12mm for foundation (F 4star, special)	910 X 1820	940	970
12mm concrete-form ply (JAS)	900 X 1800	900	930
12mm coated concrete-form ply (JAS)	900 X 1800	1040	1070
11.5mm flooring board	945 X 1840	1280	1280
3.6mm baseboard for overlays (OVL)	1230 X 2440	740	740
OSB (North American)			
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	-	-

China's trade in forest products more diversified and expanding

China's trade in forest products is getting more diversified as it continues expanding. While trade in primary and processed products continues to dominate, development in border, entreport, transit and service trade is also taking place. There has also been a shift from low value traditional products and raw materials to high value, and quality branded finished products.

According to analysts, the main challenges confronting China's trade in forest products are:

- International trade in forestry products is expanding but there is room for greater diversification;
- More pressure, challenges and obstacles to trade;
- Domestic manufactures have limited capacities to address trade barriers;
- Greater difficulties in gaining access to foreign capital in the aftermath of the global financial crisis;
- Significant increase of investment risks.

These issues should be addressed during the course of the implementation of the Twelfth Five Year Plan for the Forestry, say analysts.

China draws in US\$10 billion of foreign capital for the forest sector

China's cumulative utilisation of foreign capital for the development of her forestry sector reached US\$10 billion by the end of 2010. The main forestry actives utilising foreign capital include afforestation, forest product industry and forest tourism.

By the end of 2010, some US\$3 billion of credits have been provided by the World Bank, Asian Development Bank, European Investment Bank, Japan and Germany. These have been utilised for the development of the forestry sector in 20 provinces. In addition, Chinese enterprises have attracted US\$6 billion of foreign direct investments for the establishment of 5 million hectares of forest plantations. Some of the leading forestry enterprises in China have been listed on the stock market to gain more access to international financing.

Meanwhile, China has to date invested in some 130 forestry projects in 21 countries, particularly in Russia. More than 80 Chinese enterprises have purchased or rented forest land abroad for logging, primary processing as well as wood product and furniture manufacturing. The duration of these investments ranges from 5 to 70 years.

Imports and exports of forest products soared in 2010

According to China Customs, the total value of China's trade in forest products soared to US\$96.3 billion in 2010, 37% higher than in 2009. The value of forest product exports surged 34% from 2009, to US\$48.8 billion in 2010, while imports climbed 40% from 2009, to US\$47.5 billion in 2010.

In terms of imports, the volume and value of logs, wood chips, furniture and sawnwood have both increased. In contrast, imports of paper pulp and recycled paper decreased in volume. The volume of imports of paper pulp fell 17% from 2009, to 11.37 million tonnes in 2010 but the value of imports rose 29%, to US\$8.8 billion. The imports of wood chips rose sharply both in volume (67%) and in value (90%) compared to 2009, reaching 4.65 million tonnes worth US\$680 million in 2010.

Wooden furniture is the biggest forest product exported from China. Exports of wooden furniture in 2010 were 300 million pieces valued at US\$16.16 billion, up 21% in volume and 34% in value compared to 2009. Exports of paper, paperboard and paper products, plywood and fibreboard also increased sharply. In contrast, exports of sawnwood eased slightly to 539,000 cu.m in volume and US\$340 million in value in 2010, down 4% and 1% from 2009 respectively.

Fujian posted sharply higher imports of timber in 2010

According to the information from Fujian Customs, timber imports through Fujian province in 2010 soared 146% in volume and 149% in value compared to 2009, reaching 370,700 cu.m worth US\$59.8 million in 2010.

Timber imported through Fujian included logs and sawnwood. The volume of log imports in 2010 was 324,700 cu.m, up 154% over 2009, accounting for 88% of the total volume of timber imports through Fujian. The value of log imports rose sharply to US\$49.55 million, 172% higher than in 2009 and accounted for 83% of the total value of timber imports through Fujian. Log imports of Canadian hemlock, douglas fir, spruce and fir totalled 160,400 cu.m valued at US\$20.53 million, representing 49% of the total volume of log imports, up 103% in volume and 133% in value compared to 2009. Imports of American spruce, hemlock, cypress logs as well as mixed logs from other countries were 155,800 cu.m (US\$27.83 million), accounting for 48% of the total volume of log imports, a spectacular surge of 224% in volume and 210% in value.

Sawnwood and panel imports through Fujian amounted to 46,100 cu.m valued at US\$10.21 million, soaring 100% in volume and 78% in value from the levels in 2009. Sawnwood imports were mainly Filipino white albizia panels, American red alder, Chinese fir, cypress panels, radiata pine from Australia, New Zealand, Brazil and Chile as well as slash pine panels and Canadian fir panels.

According to analysts, the increase in timber imports through Fujian can be attributed to the following factors:

- Soaring domestic demand for timber in furniture production, construction sector, home interior decoration and improvement is increasing due to rapid economic development;
- Recovery from the global economic crisis which has spurred trade and exports of wood products;
- National forest protection policies that have restricted domestic timber supply and raised the need for increased imports;
- New clearance and quarantine policies and measures adopted by Fujian Custom to promote timber imports.

Guangzhou City Imported Timber Market

Logs	Yuan per m ³
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)	9600▲
US Maple 2" KD	7500-10000
US Cherry 2"	10000-13000
US Walnut 2"	14000-16000
Lauan	-
Okoume	4200-4700▲
Sapele	6000-6400

Shanghai Furen Wholesale Market

Logs	Yuan per m ³
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)	6200-6500▼
KD (2", grade A)	5600-5800▼

Shandong De Zhou Timber market

Logs	Yuan per m ³
Larch 6m, 24-28cm diam.	1200
White Pine 6m, 24-28cm diam.	1350
Korean Pine 4m, 30cm diam.	1350
6m, 30cm diam.	1450
Mongolian Scots Pine 6m, 30cm diam.	1480

Hebei Shijiazhuang Wholesale Market

Logs	Yuan per m ³
Korean Pine 4m, 38cm+ diam	1800▲
Mongolian Scots Pine 4m, 30cm diam.	1700
6m, 30cm+ diam.	1750
Sawnwood	
Mongolian Scots Pine 4m, 5-6cm thick	1700
4m, 10cm thick	1750

Wenzhou Timber Trading Market

Logs	Yuan per m ³
Wenge (Africa)	4500-5100
Teak (Africa)	2100-2500
Merbau (Africa)	3500-5000
Sapelli (Africa)	3200-3700
Plywood	
Red beech 4x8x3 mm	40-80
Black walnut 4x8x3 mm	40-85
Teak 4x8x3 mm	45-110

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

Tight tropical hardwood supply balanced by low European consumption

Supply of African tropical sawn hardwood is now very tight, with lead times for new orders in Europe often extending to over 4 months. This is partly due to long term reduction in capacity as many mills were closed during the financial crises in 2008/2009.

However, the situation has been made worse by shorter term factors including heavy rains during 2010, on-going efforts to tighten governance and reallocate concessions in some countries, increased diversion of product to the Asian market, and the political situation in Cote d'Ivoire. This last factor, which has led European shipping companies to avoid calling at Cote d'Ivoire ports, has resulted in particularly short supplies of iroko and samba sawnwood.

Due to low levels of purchases last year, existing landed stocks of tropical sawn hardwood in Europe are at historically low levels. However, the tight supply situation continues to be balanced by relatively low tropical hardwood consumption in Europe. There has been a minor increase in orders by European importers this year in order to fill gaps in stock. But overall stocks are reasonably well balanced with demand and importers are still able to satisfy customers' requirements for most standard products at short notice.

Market conditions for tropical sawnwood vary widely across the continent. While confidence has been rising in Germany, uncertainty continues to be the prevailing sentiment across much of the rest of Europe. This is particularly true of Spain where recent reports suggest more bankruptcies in the hardwood importing sector and extremely low levels of production in the door and other wood-based manufacturing sectors. Hardwood demand in the UK is variously described as "difficult" and "patchy", while the Irish market remains dull. Italian importers are still cautious in the face of uncertain economic and political conditions and are tending to shift away from tropical hardwoods in favour of raw materials which may be more readily sourced at short notice.

Rougier financial statement indicates direction of European market

While a spirit of uncertainty still prevails across much of the European tropical hardwood trade, Rougier's latest financial statement for the full year 2010 suggests that the situation is gradually improving. The statement issued by one of Europe's largest tropical hardwood trading companies also provides insights into strategies being adopted to deal with increased restrictions on tropical log exports, increased competition for raw materials from East Asia, and rising requirements for legality verification and certification, particularly in Europe.

Rougier's corporate revenues reached Euro 138.7 million during 2010, up 11.2% in relation to 2009. Revenues grew particularly strongly in the fourth quarter despite being held back temporarily by supply chain disruptions in October and poor climatic conditions at the end of the year. Sales of processed products grew very strongly during 2010 and now account for 73.2% of consolidated revenues compared to only 60.4% in 2009. This development is being driven by the ramping up of the sawmill units which were partially shut down in 2009, a shift to plywood sales following implementation of the Gabon log export ban, and by positive trends in sales prices. In 2010, log sales accounted for only 26.8% of revenues compared with 39.6% in 2009 reflecting the full impact of the ban on log exports from Gabon. Nevertheless, Rougier reports that log sales from Cameroon and Congo, as well to industrial processing firms in Gabon, were holding up well at the end of 2010.

Rougier reports improved business across the main mature markets as well as in certain emerging countries in the Mediterranean region. Rougier's sales into Europe recovered particularly strongly last year, up 22%, a trend which Rougier attributes largely to a corporate commitment to certification and legality verification. In contrast, sales into Asia contracted by 25% during 2010, primarily due to the ban on log exports from Gabon. However, by the fourth quarter of 2010 this trend was being partly offset by a positive turnaround in sales of processed products to Asia.

Anti-dumping duties extended on EU imports of okoumé plywood from China

The Council of the European Union has decided to retain anti-dumping duties on okoumé plywood imports from China. The decision, published in European Council Implementing Regulation No 82/2011 of 31 January 2011, means that the duties first imposed in 2004 will remain in place for another five years. The product concerned is that covered by CN code ex 4412 31 10 (previously 4412 13 10) and is defined as follows: plywood consisting solely of sheets of wood, each ply not exceeding 6 mm thickness, with at least one outer ply of okoumé not coated by a permanent film of other materials, originating from China. This product is used for a wide variety of end-uses in the EU, including exterior joinery (boarding, shutter boards, exterior basements and balustrades and riverside panelling) and more decorative purposes (including doors, furniture and panelling in vehicles and yachts).

Under the terms of EU regulations, anti-dumping duties expire after a period of 5 years unless a European party appeals and demonstrates that removal of the duties are likely to lead to a continuation or recurrence of dumping. In this instance, an appeal was placed by the European Federation of the Plywood Industry.

The announcement means that a duty of 66.7% will continue to be imposed on all EU imports of okoumé plywood from China with the exception of products from the following manufacturers for which a lower rate of duty (in brackets) will continue to apply: Nantong Zongyi Plywood Co. Ltd (9.6%); Zhejiang Deren Bamboo-Wood Technologies Co. Ltd (23.5%); Zhonglin Enterprise (Dangshan) Co. Ltd (6.5%); and JiaxingJinlin Lumber Co. Ltd (17%).

The EU's announcement followed an investigation of the current competitive status of the European okoumé plywood sector and the costs of okoumé plywood production in an "analogue country" (in this case Turkey) in order to establish "normal value" of production outside the EU. The investigation covered the period from 1 October 2008 to 30 September 2009 (referred as the 'review investigation period' or 'RIP').

The EU investigation found that China imported around 900,000 cu.m of okoumé logs during the RIP and suggested that around 85% or 765,000 cu.m was used for the production of plywood. As no Chinese firm was willing to co-operate with the EU investigation, it was not possible to accurately assess Chinese okoumé plywood production capacity. However, the EU concluded that "in any product mix scenario, the production capacity in China is largely above the volumes consumed in the EU market (291,000 cu.m in the RIP)".

Furthermore, the EU investigation suggested that "Chinese plywood made from different wood species is produced by the same companies, on the same equipment. Therefore, it can be expected that, in the absence of measures, Chinese producers which are currently focusing on the production of other, less lucrative types of plywood may increasingly shift their production towards okoumé plywood". The investigation also noted that "according to Chinese export statistics, Chinese exports of plywood accounted for more than 5 million cu.m during the RIP, or around 17 times the EU market of okoumé plywood. Consequently, only a minor shift in product mix is needed to substantially increase the volumes of okoumé plywood available for export".

The EU investigation suggested that following introduction of the duties, actual imports of okoumé plywood into the EU dropped from over 80,000 cu.m per year to only around 13,000 cu.m during the RIP. Prices for Chinese okoumé plywood increased from Euro 485 per cu.m in 2006 to Euro 642 cu.m in the RIP. Meanwhile prices for okoumé plywood product manufactured in the EU recovered from around Euro 786 per cu.m in 2006 to Euro 930 cu.m in 2008, although they fell away again to Euro 887 cu.m during the RIP. Over the same period, overall EU consumption of okoumé plywood decreased by 35% to stand at around 290,000 cu.m during the RIP.

Falling overall consumption of okoumé plywood in the EU was partly explained by substitution by other tropical wood species, such as red canarium, bangkirai or meranti and partly by the economic crises in 2008 and during the RIP. Overall EU production of okoumé plywood has also declined slightly since the anti-dumping measures were first imposed, from around 270,000 cu.m in 2003 to around 235,000 cu.m during the RIP. However, EU manufacturers' market share has risen and stood at around 80% during the RIP.

At the time of the EU investigation, okoumé plywood was known to be manufactured by sixteen producers in Cyprus, France, Greece, Italy, Portugal and Spain. The investigation suggested that the anti-dumping duties effectively allowed this industry to survive over a very uncertain period. Profitability of sampled EU producers recovered from -8.9% in 2003 to between +4.3 % and +9.8% each year following passage of the regulation.

Further details are available at:

http://trade.ec.europa.eu/doclib/docs/2011/february/tradoc_147474.def.en.L28-2011.pdf

Margins squeezed in European okoumé plywood manufacturing sector

Despite continuation of the anti-dumping duties, uncertainty continues to surround the long-term future of the EU (and for that matter the Chinese) okoumé manufacturing following the decision by Gabon to ban okoumé log exports. Recent reports from the German trade journal EUWID suggest that profitability in the European okoumé manufacturing sector is now under intense pressure as prices for okoumé rotary veneer from Gabon have been rising while sales prices for finished okoumé plywood in Europe have remained static for many months. Efforts to boost prices have failed to date due to sluggish demand and the actions of some suppliers selling inventory at below replacement cost in order to increase market share. Suppliers with access to their own concessions in Gabon, or that are certified, or that are able to offer more specialist products, are generally faring better in the market than those only able to offer standard products. Suppliers are now hoping that the market situation will improve from March onwards with rising European construction activity, particularly in France where there was an increase in the number of building permits issued last year.

Report of Chatham House Illegal Logging Update meeting

The full report of the Chatham House Illegal Logging Update meeting held at the end of January 2011 has been posted at <http://illegal-logging.info/uploads/MeetingReportNo17.pdf>.

The report provides a detailed snapshot of the current status of EU policy and actions with respect to illegal logging, many of which have strong potential to impact on the trade in tropical hardwood products. In addition to news of the latest developments in the EU's Illegal Timber Law (ITL – see ITTO TTM Report 16:3), highlights include:

- A commentary by Sheam Satkuru-Granzella of the Malaysian Timber Council on the challenges and opportunities presented by EU green public procurement policies (GPPP). This particularly emphasises the problems faced by companies exporting into the EU due to the varying GPPPs of different Member States. Satkuru-Granzella noted that GPPPs were recently identified in a report by IISD as a key driver in the progress towards forest certification but that they will only perform this role in tropical regions if they actually recognise systems of certification appropriate to tropical forest conditions. At present less than 1% of tropical forest is certified by FSC or PEFC, the only two systems currently recognised in the EU GPPP. Meanwhile only the GPPP of UK, of all EU Member States, gives any credit for FLEGT VPA Licensed timber. Also, given that FLEGT VPA Licensed timber will not be labelled or marked in any way once it enters the EU market, it is not yet clear how such timber will derive positive market benefits in the EU. Nevertheless, Malaysia remains committed to signing a VPA, seeing the process as a means of addressing areas that are currently outside existing certification schemes.
- A report by Emily Fripp of Efeca Associates on a formal impact assessment of the UK GPPP. This indicated that “the policy has under-delivered in terms of direct government spend as there has been a lack of comprehensive implementation and inconsistency across government departments and contractors”. On the other hand the policy “has over-delivered in terms of wider market impacts; all trade respondents reported that the policy had an impact on the way in which they do business, and there has been a significant increase in the supply of certified wood [to the overall UK timber market], from 47% in 2003 to 63% in 2009.
- A commentary by Shengfu Wu of the China National Forest Products Industry Association on the measures being taken by the Chinese industry to comply with the terms of the EU Illegal Timber Law (ITL) and Lacey Act. In the light of these new requirements, China is discussing introducing a code of conduct, including the establishment of a due diligence system. The code will specify the obligations and responsibilities of signatories to the code, and provide guidance on how to comply with policies in order to minimise the risk of supporting illegal logging and associated trade activities. The code of conduct would be voluntary and will encompass traceability, legality, declaration and practice. Signatories would be required to prioritise the purchase of wood sourced from certified forests, ensure that locally produced goods have logging, transportation and processing licenses, and require the application of due diligence to imported logs. The aim would be to avoid the use of high risk products. Risk assessment may be undertaken by a third party and the aim would be to minimise all risks.
- An update from the European Forestry Institute on the current status of REDD+ negotiations in the wake of the Cancun UNFCCC conference in December 2010. It was noted that agreement was reached on the three main issues left open in Copenhagen: (1) the goal of REDD+ which was formulated as ‘Parties should collectively slow, halt and reverse forest cover and carbon loss’; (2) the source of finance - parties agreed to ‘explore financing options for the full implementation of the result-based actions’, although the debate continues on the respective roles of an international fund versus market-based instruments; and (3) the debate over whether REDD+ should be managed at national level or project level was resolved by agreeing that implementation could be at a sub-national project level as an interim measure within a national framework. It was also reported that an international work programme on REDD+ will start in 2011 on: identifying activities to counter drivers of deforestation and forest degradation; modalities for emission reference levels and robust and transparent monitoring systems; and modalities for measuring, reporting and verifying emissions and removals resulting from the implementation of REDD+ activities.

The Netherlands Sawwood Prices

	US\$ per m ³
FOB (Rotterdam)	
Sapele KD	910▲
Iroko KD	1130▲
Sipo KD	1104▲
DRM Bukit KD	918
DRM Seraya KD	925
DRM Meranti KD Seraya MTCC cert.	939
Merbau KD	1208
Sapupira (non FSC) KD	946
Sapupira (FSC) KD	1483
Anti-slip decking AD C&F Rotterdam	
Selangan batu	1497

UK Log Prices

	€ per m ³
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	410-450
African Walnut 80cm+ LM-C	340-370

UK Sawwood Prices

	GB Pounds per m ³
FOB plus Commission	
Framire FAS 25mm	485-500
Sipo FAS 25mm	680-710
Sapele FAS 25mm	560-580
Iroko FAS 25mm	685-705
Wawa FAS25mm	275-305
CIF plus Commission	
Tulipwood FAS 25mm	300-325
Meranti Tembaga Sel/Btr (KD 2"boards)	565-585
Balau/Bangkirai Decking	920-960
White Oak	540-560

UK Plywood and MDF Prices

	US\$ per m ³
Plywood Panels 8x4", CIF	
Brazilian WBP BB/CC 6mm	580-600
Malaysian WBP BB/CC 6mm	565-585
MALAYSIA MTCS/PEFC trop hard face, pine core* 18mm	490-510
China (hardwood face, eucalyptus core) 18mm	375-385↓
China (tropical hardwood face, poplar core) 18mm	355-370

* MTCS/PEFC certified plywood is now becoming more widely available than equivalent FSC certified product from Malaysia

Report from North America

Rebound expected in moulding and trim markets

US demand for moulding and trim is expected to rebound and grow by an average of 10% per year to 2014, according to a Freedonia study released in February 2011. Moulding and trim demand suffered in 2008 and 2009 when the US housing market went down. New home construction usually accounts for about 40% of total demand for moulding and trim. Much of the increase in moulding and trim demand to 2014 will be from a recovering housing market and from non-residential building construction such as offices and commercial buildings.

Freedonia forecasts that demand for moulding and trim will be US\$9.6 billion in 2014, up from US\$6.3 billion in 2009. Some 41% of the market will be mouldings, 30% stairwork and 29% in other products. Interior mouldings account for the majority of the market. Wood will remain the leading material used in moulding and trim, followed by metal, plastic and wood-plastic composites. Freedonia forecasts that by 2014 plastic will be the second most common material after wood. Plastic and wood-plastic composites will gain market share in exterior moulding and trim products. The price of wood materials is expected to grow at a slightly faster rate than plastic or metal.

US tropical timber imports

Last quarter sawn hardwood imports improve

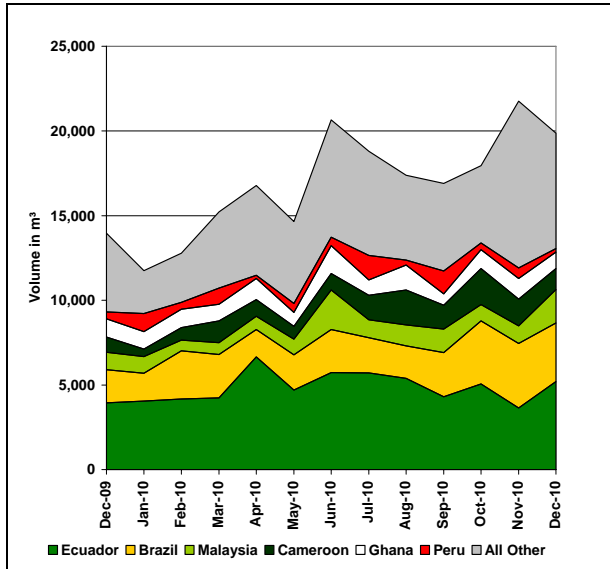
The latest quarterly import data shows that the value of tropical sawn hardwood imports was at its highest in the last quarter of 2010 since the end of 2008. The US imported US\$60.8 million worth of sawn tropical hardwood in the fourth quarter of 2010, up 24% from the previous quarter. Ipe imports soared by 169% from the third quarter of 2010. Imports of keruing, cedro and sapelli also increased significantly from the previous quarter.

December 2010 imports of sawn tropical hardwood were 19,866 cu.m., which represents a drop of 9% from 21,765 cu.m in November 2010. Balsa was back at the top of the imported species with 5,253 cu.m in December. Ipe imports remained high at 2,920 cu.m, followed by acajou d'Afrique (2,054 cu.m) and sapelli (2,017 cu.m). Although imports of most species declined from November 2010, volumes increased for keruing, mahogany, cedro and jatoba.

Most supplier countries shipped less sawn hardwood to the US in December 2010, with the exception of Ecuador and Malaysia who benefited from the growth in imports of balsa and keruing.

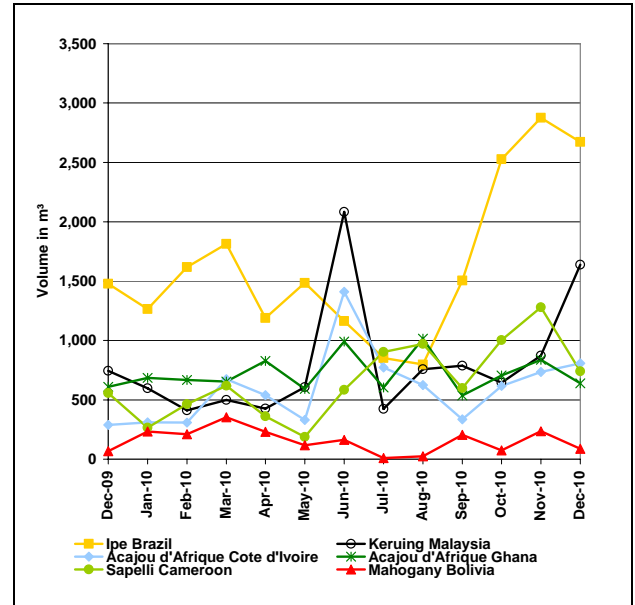
Year-to-date, import volumes of tropical sawnwood increased by 19% compared to December 2009. Among the species that gained significantly in the period to December 2010 are jatoba (+87% year-to-date), acajou d'Afrique (+64% year-to-date), red meranti (+56% year-to-date), sapelli (+52% year-to-date) and keruing (+48% year-to-date).

US tropical hardwood sawnwood imports. Monthly import volumes



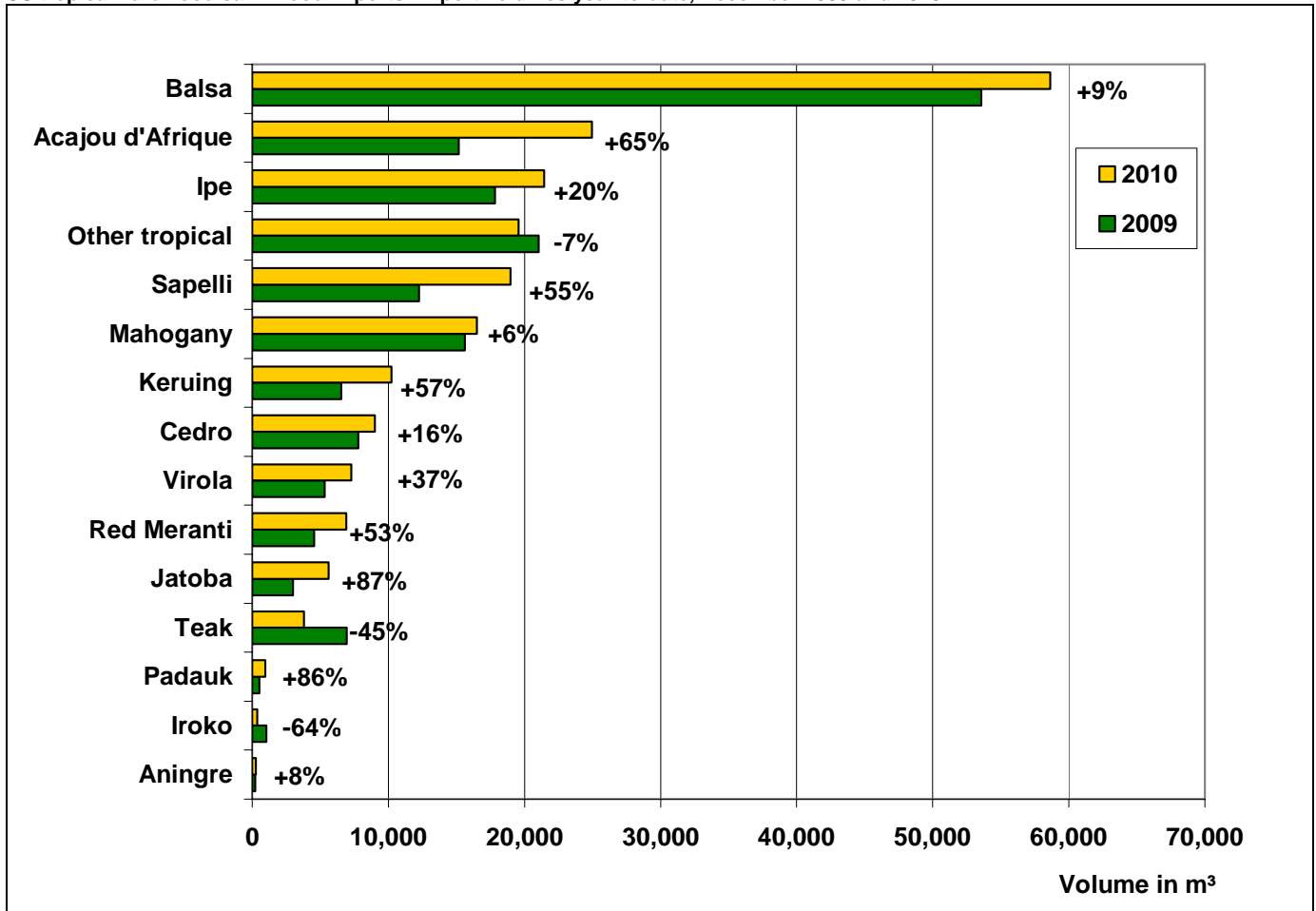
Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

US tropical hardwood sawnwood imports. Monthly import volumes



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

US tropical hardwood sawnwood imports. Import volumes year-to-date, December 2009 and 2010



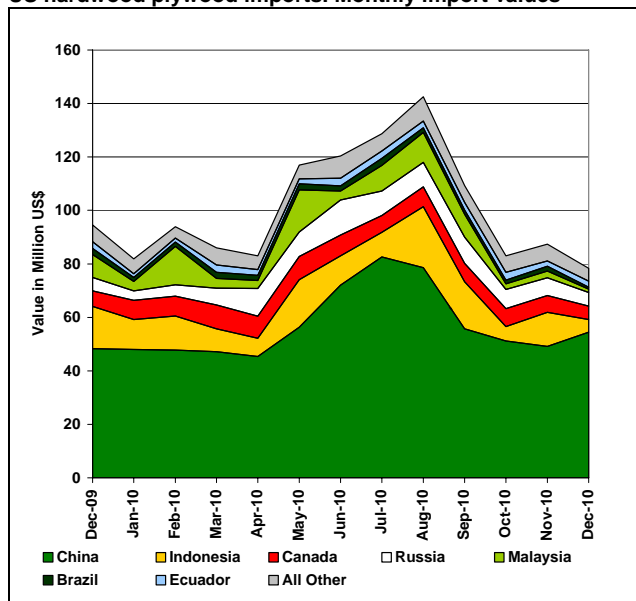
Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

Malaysia and Indonesia increased hardwood plywood exports to US in 2010

US imports of hardwood plywood declined in December 2010 to US\$78.3 million, down 10% from November 2010. However, annual imports in 2010 were 26% above 2009 imports. When comparing 2010 with the previous year, Malaysia saw the highest growth rate followed by Indonesia, while imports from Brazil declined even further from 2009. Imports from China accounted for 57% or US\$688 million of the total imports in 2010.

In December 2010, imports from China were US\$54.5 million (+26% year-to-date) and from Indonesia US\$4.7 million (+53% year-to-date). December imports from Ecuador were US\$2.3 million (+38% year-to-date), from Malaysia US\$1.3 million (+89% year-to-date), and from Brazil US\$0.7 million (-10% year-to-date).

US hardwood plywood imports. Monthly import values



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

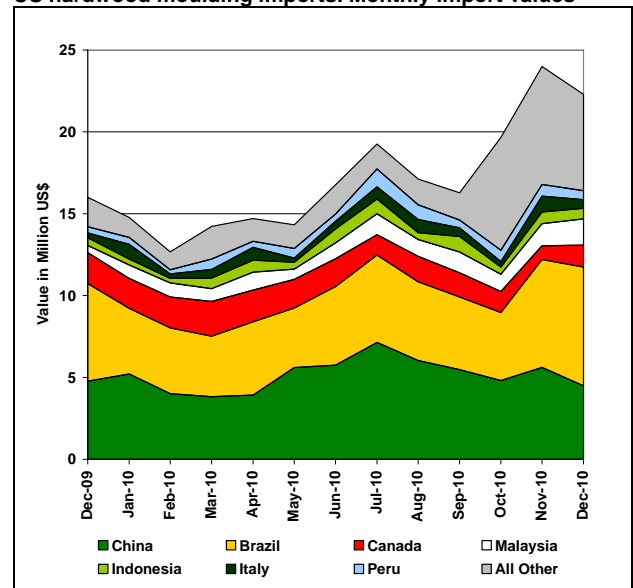
Hardwood moulding imports on the mend

In 2010, US imports of hardwood mouldings increased slightly to US\$191.2 million, up 8% from 2009. December 2010 imports were worth US\$17.8 million, a decrease of 3% from November 2010. Imports from Brazil continued increasing and December saw imports of US\$7.3 million (+4% year-to-date) from Brazil. Imports from China were US\$4.9 million (+20% year-to-date). Malaysia supplied US\$1.6 million in December (+35% year-to-date) and Indonesia US\$653,000 (+30% year-to-date).

December 2010 imports of jatoba mouldings from Brazil were US\$3.2 million (-11% year-to-date), ipe mouldings US\$797,000 (+7% year-to-date), and cumaru mouldings US\$261,000 (+1% year-to-date). Supplies of cumaru mouldings from Peru were US\$337,000 in December (+253% year-to-date). Mahogany moulding imports from Peru were US\$119,000 in December (-24% year-to-date).

Jatoba accounts for the majority of tropical hardwood moulding imports, although in 2010 the value of imports year-to-date was down by 6% compared to 2009. Imports of cumaru mouldings were up by 42%, ipe moulding was almost steady with 2% increase, while mahogany moulding imports declined by 26%.

US hardwood moulding imports. Monthly import values



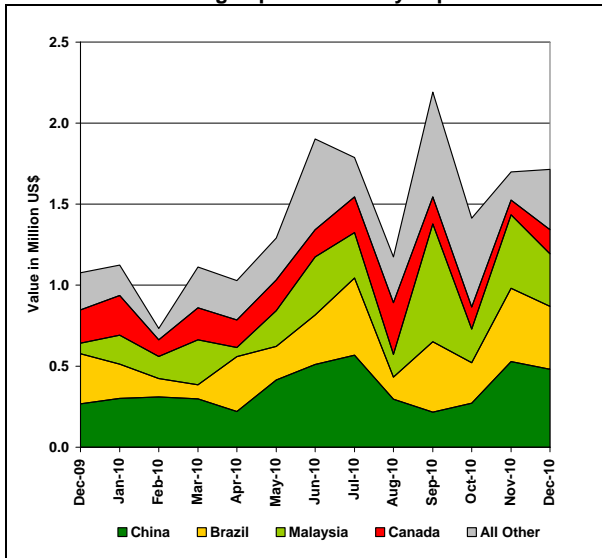
Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

Tropical hardwood flooring imports improved

Even though hardwood flooring imports saw a slight increase in December 2010, total imports in 2010 were below 2009. In 2010, US hardwood flooring imports totaled US\$17.2 million, down 28% compared to the previous year. However, flooring imports from tropical suppliers improved during the same period.

In December, Canada was the only major supplier who increased exports to the US from the previous month (+63%). Hardwood flooring imports from China were US\$481,000, from Brazil US\$388,000 and from Malaysia US\$325,000. On a year-to-date basis, imports from Brazil increased by 10% from 2009, Malaysian exports increased by 38%, Indonesian exports increased by 21%, while Chinese exports to the US were down by 59% compared to 2009.

US hardwood flooring imports. Monthly import values



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

US Timber prices

	Jan-10 US\$ per cu.m	Feb-10 US\$ per cu.m
Ipe (Brazil) Decking Premium Grade AD, 1x6, FOB Belem	2550	2550
Ipe (Brazil) Decking Premium Grade AD, 5/4x6, FOB Belem	2600	2600
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	790	775
Khaya (Ghana) FAS KD, FOB Takoradi	850	875
Sapele (Cameroon) FAS AD, FOB Douala	770	725
Sapele (Cameroon) 4/4 to 8/4 FAS KD, FOB Douala	870	900

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.

China plans to invest at least US\$1.3 trillion over the next five years to ease transport and freight bottlenecks by developing the companies such as Daqin Railway Co. and Anhui Expressway Co. Rising wages and land costs in the coastal provinces, that have underpinned China's industrial development for three decades, are forcing manufacturers, including Ford Motor Co., Pfizer Inc. and Foxconn Technology Group, to move production to inland in order to cut costs.

<http://english.peopledaily.com.cn/90001/90778/90860/7293180.html>

A high-level committee appointed in India to examine introduction of Minimum Support Price (MSP) for non-timber forest products has made a recommendation on the establishment of a central agency. The responsibilities of such agency would include fixing MSP for the products collected by tribals keeping in mind wages recommended under the National Rural Employment Guarantee Act (NREGA), transportation costs, and added value to the local market prices.

<http://economictimes.indiatimes.com/news/economy/policy/panel-recommends-fixing-of-msp-for-forest-produce/articleshow/7519311.cms>

A total logging ban in the Philippines would only worsen the rate of deforestation in the country, said Dr. Rex Victor Cruz, dean of the UP College of Forestry and Natural Resources in Los Banos. Dr. Rex Victor Cruz warned that as a result of the total logging ban, illegal loggers and subsistence farmers are likely to swarm the forests and indiscriminately cut trees after concessionaires abandon the areas they once protected.

<http://www.mb.com.ph/articles/304634/up-study-logging-ban-bared>

In Guatemala, the Convention on Wetlands came into force on 26 October 1990. Guatemala presently has 7 sites designated as Wetlands of International Importance, with area of 628,592 hectares. Wetland ecosystems are part of Guatemala's natural wealth. In Guatemala the sites are: Eco-región Lachuá, Manchón-Guamuchal, Parque Nacional Laguna del Tigre, Parque Nacional Yaxhá-Nakum-Naranjo, Punta de Manabique, Refugio de Vida Silvestre Bocas del Polochic, and Reserva de Usos Múltiples Río Sarstún.

<http://www.guatemala-times.com/science-environment/environment/2016-guatemala-as-wetlands-of-international-importance.html>

Future climate change could change the profile of tropical forests, with possible consequences for carbon storage and biodiversity, a study says. It also suggests that if current trends continue, the drier conditions would favour deciduous, canopy species at the expense of other trees. US researchers based their findings on the changes they recorded in a Costa Rican forest over a 20-year period.

<http://www.bbc.co.uk/news/science-environment-12496415>

Some 35 local companies specialised in furniture manufacturing, are taking part in the 2nd International Wood and Wood Machinery Show held in Damascus, the capital of Syria. Executive Director of the Jordan Furniture Exporters & Manufacturers Association (JFEMA), Ali Khrino, said that the Jordan's participation in the four-day exhibition aims at looking into progress of the global timber industry as well as into the latest products and equipments.

<http://www.jordandirections.com/2011021718683/local/local-companies-participate-in-damascus-wood-fair>

The Prime Minister Hun Sen said that economic land concessions for rubber plantations in Cambodia should not exceed a total of 300,000 hectares, in order to preserve forests and prevent climate change.

<http://www.phnompenhpost.com/index.php/2011021046718/National-news/hun-sen-urges-forest-protection.html>

South Africa is near the limit of its timber production capacity, warn forestry experts. It is a looming problem masked by lower demand, especially from the construction industry, says Cori Ham, a lecturer at Stellenbosch University's department of forest & wood science. The forestry industry wants to expand, says Roy Southey, chairman of industry body Forestry SA's marketing arm, the Wood Foundation. But the number of trees that can be planted is limited by climatic conditions. Constraints include other land uses such as crop farming and conservation.

<http://www.fm.co.za/Article.aspx?id=134012>

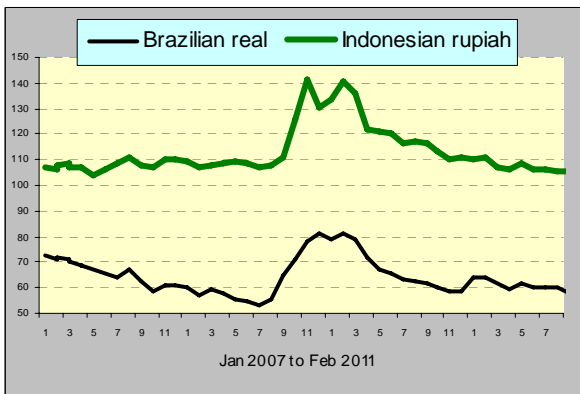
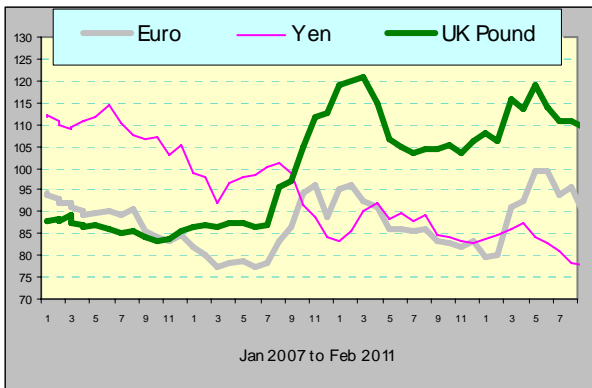
Disclaimer: Though efforts have been made to keep prices near to accurate, these are published as a guide only. ITTO does not take responsibility for the accuracy of this information.

Main US Dollar Exchange Rates

As of 2nd March 2011

Brazil	Real	1.6584
CFA countries	CFA Franc	475
China	Yuan	6.5725
EU	Euro	0.7211
India	Rupee	44.8229
Indonesia	Rupiah	8811
Japan	Yen	81.89
Malaysia	Ringgit	3.0358
Peru	New Sol	2.7732
UK	Pound	0.6125

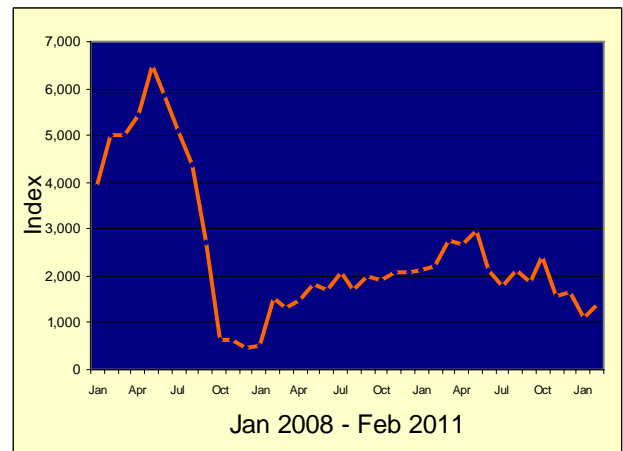
Exchange rates index (Dec 2003=100)



Abbreviations and Equivalences

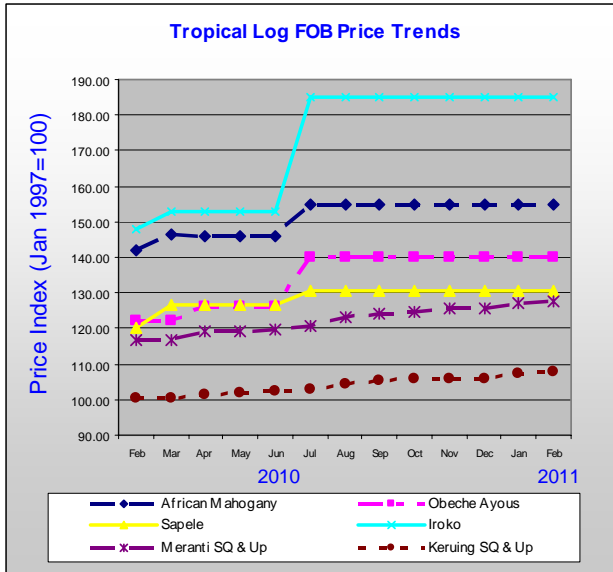
LM	Loyale Merchant, a grade of log parcel
QS	Qualite Superieure
CI, CE, CS	Choix Industriel, Economique or Supplimentaire
FOB	Free-on-Board
CIF; CNF	Cost, insurance and freight; Cost and freight
KD; AD	Kiln Dry; Air Dry
Boule	A log sawn through and through, the boards from one log are bundled together.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

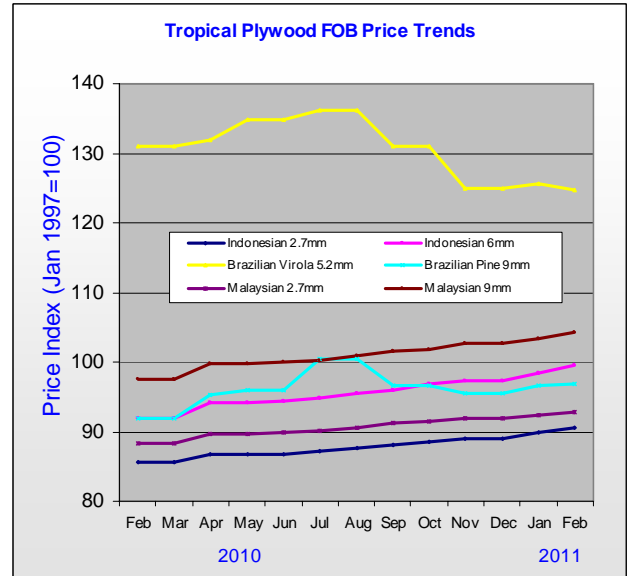


The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

Tropical Log Price Trends

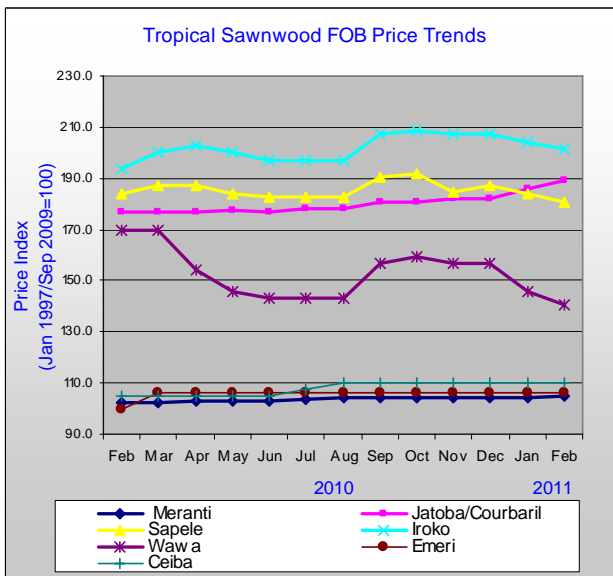


Tropical Plywood Price Trends



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

Tropical Sawwood Price Trends



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