

# Tropical Timber Market Report

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## Top Story

### **Surging EU imports of plywood from Russia**

EU hardwood plywood imports in the second quarter of 2011 surged 12% on the previous quarter and up 9% on the same quarter of last year.

Most of the increase in hardwood plywood imports consisted of birch plywood from Russia which rose 23% from the same period last year.

EU imports of hardwood plywood from China were also up however, on a quarterly basis, imports from China have been slipping since reaching a peak in the third quarter of 2010.

EU imports of hardwood plywood from the major tropical producers have continued to decline this year.

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### Market sentiment remains favourable

Across W. Africa the trade is reporting that business activity has been stable for the whole of September with scarcely any discernable change of sentiment in any of the markets serviced by exporters in the region.

Sawnwood demand from Eastern Mediterranean consumer countries was, and still is, particularly active. The interest of buyers in these markets is for a number of species, including mixed redwoods, that compete with the lighter mixed hardwoods from Malaysia.

Demand for sawn okoume is very firm in China and in several other countries. Over recent weeks there has been renewed interest in sawnwood by South African importers who had been less active in the market over the past few months.

Overall, demand is firm and this has helped the new sawmills in Gabon get a stronger foothold in the market. Sawmills in Cameroon are also doing a good job in meeting market demand say analysts.

### Firm demand for logs not being met

Demand in China for logs and okoume logs in particular is an opportunity for exporters willing to develop this trade in countries where log exports are permitted. It seems clear that the market for logs, especially in China, would readily absorb larger volumes if more became available.

Demand for logs remains firm and this is supporting price levels but, as there has been no change in the volumes being ordered, suppliers do not have an opportunity to try and secure higher prices. The one notable exception to the overall firm demand is dabema for which market interest has fallen sharply, driving down prices.

There is growing evidence that the restrictions on log exports imposed on West and Central African log exporters has greatly stimulated demand for sawnwood and has resulted in the establishment of new milling capacity providing many extra jobs in the industry.

### W. African exporters see slow business in India

Indian market demand remains buoyant although it cooled somewhat recently, apparently due to some minor overstocking of some species. This was particularly noticeable for padouk boules for which new orders show signs of slowing.

Business in India is still slow say analysts and prices dipped during September however, producers are confident that the markets for both boules and clean sawn lumber will improve over time, although conditions for improving price levels are yet to emerge.

### Selective buying in the EU

European market demand continues to be very slow and only for selective species and grades. Some West African producers say they are much less inclined to cut for

European markets where importers require much tighter grades and specifications compared to those acceptable in markets in the Middle East and Asia.

As a result of the economic problems in Spain and Portugal, previously active buyers of W. African timbers, demand is now almost non-existent. Orders from importers in Greece are currently a fraction of those made two years ago.

### Mixed prospects for the fourth quarter

Analysts suggest that the fourth quarter will likely bring further economic challenges in the traditional markets in Europe but point out that most timber producers in W. Africa are confident that demand in China, India and in Middle East countries will remain strong through into 2012.

The trade in the region is only now beginning to address the need for compliance with the EU Timber Regulations due to come into effect next year. However, most W. African exporters are still only in the early stages of establishing working procedures.

### Log Export Prices

West African logs, FOB	€ per m <sup>3</sup>		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	205	205	165
Ayous/Obeche/Wawa	200	200	145
Azobe & Ekki	205	205	122
Belli	215	215	-
Bibolo/Dibétou	145	130	-
Bubinga	790	625	480
Iroko	285	280	215
Okoume (60% CI, 40% CE, 20% CS) (China only)	250	-	-
Moabi	280	280	190
Movingui	185	150	140
Niove	155	155	-
Okan	310↓	310↓	-
Padouk	380	345	235
Sapele	245	235	175
Sipo/Utile	275	250	190
Tali	285	285	-

### Sawnwood Export Prices

West African sawnwood, FOB	€ per m <sup>3</sup>
Ayous FAS GMS	300
Bilinga FAS GMS	505↑
Okoumé FAS GMS	450↑
Merchantable	300↑
Std/Btr GMS	334↑
Sipo FAS GMS	500
FAS fixed sizes	-
FAS scantlings	460↑
Padouk FAS GMS	810↓
FAS scantlings	810↓
Strips	340
Sapele FAS Spanish sizes	370
FAS scantlings	430
Iroko FAS GMS	655
Scantlings	655
Strips	405
Khaya FAS GMS	415
FAS fixed	430
Moabi FAS GMS	530
Scantlings	535
Movingui FAS GMS	420

## Report from Ghana

### More sawnwood export permits issued in second quarter

According to a Timber Industry Development Division (TIDD) report, 1,755 export permits were processed, approved and issued to exporters during the second quarter of 2011 for the shipment of timber and wood products through the ports of Takoradi and Tema as well as via overland routes to neighbouring ECOWAS countries.

Compared to approval levels during the previous quarter the second quarter results were up almost 12%.

Sawnwood continues to account for the highest number of export permits issued at almost 60% during the quarter under review. Plywood export approvals were the second highest accounting for around 15% of the total permits issued.

A total of 778 permits were approved for the exports of sawnwood, plywood and blockboard by road to Nigeria, Niger, Benin, Mali and Togo during the quarter under review. The total permits issued for overland export showed an increase of 31% when compared to the figure achieved during the previous quarter.

Permits issued for overland export totalled 43,021cu.m (up 10.5%) and these exports generated earnings of Euro 9.30 million compared to the previous quarter.

### 10,000 hectares targeted for 2011 plantation programme

Reports show that in 2010 a total of 20,200 hectares was planted with various species of trees under the National Forest Plantation Programme. In total some 67,000 hectares have been planted since 2002.

Nana Poku Bosompim, the Assistant District Manager of the Forest Services Division, said this at Attakrom during a visit to the Sui River Forest Reserve by members of the Parliamentary Select Committee on Lands and Forestry.

He said the target for 2011 is a further 10,000 hectares to ensure the continued expansion of plantation forests in the country.

### GIPC targets US\$1.5 bil. non-oil investments

The Ghana Investment Promotion Centre (GIPC) has said its target for 2011 investments is US\$1.5 billion.

Investment promotion by GIPC continues to yield positive results as reflected in its performance for the 2nd quarter.

In the quarter, 127 new non-oil projects were registered; an increase of 21% compared to the same quarter of 2010. The estimated total value of the registered projects for the quarter was just over US\$600 million.

Total initial capital transfers for newly registered projects during the quarter amounted to US\$97.03 million.

The FDI component of the value of the projects in the quarter was US\$552 million, or 92% of the total.

The total number of jobs expected to be created for Ghanaians from the projects registered in the second quarter is around 6,700 while expatriate employment is expected to total 735.

China, with 23 projects, topped the list of countries with the highest number of registered projects. However, with US\$128 million in estimated value of investments, the Netherlands topped the list in terms of value of investment.

### Second quarter investments by sector

Sector	Newly Registered Projects	Estimated Value (US\$ mil.)	Percent by sector
Agriculture	1	0.06	0.01
Building/Const	9	48.34	8.05
Export Trade	7	1.29	0.21
General Trading	27	34.93	5.82
Liaison	2	10.3	1.72
Manufacturing	26	209.03	34.82
Service	48	295.57	49.24
Tourism	7	0.79	0.13
<b>Total</b>	<b>127</b>	<b>600.3</b>	<b>100</b>

Source: GIPC Second Quarter Investment Report

Ghana's timber manufacturers are currently seeking business ventures with international partners in order to upgrade manufacturing in the country, to improve management practices and increase the range of products offered. Opportunities for investment exist in the following product areas:

- Finished and semi-finished furniture and components;
- Mouldings and machined wood;
- Floor and deck blanks, strips and blocks;
- Door, window, and cabinet frames and panels;
- Dowels and tool handles;
- Peeled and sliced veneers;
- Kiln dried rough or machined lumber.

It is estimated that there are 400,000 hectares of land currently available within Ghana's degraded forest reserves that can be converted to commercial forest plantations.

In addition, there exist a large number of over mature cocoa farms and degraded areas outside reserve areas that are also suitable for plantation development. <http://www.gipc.org.gh/pages.aspx?id=84>

### Domestic Log Prices

Ghana logs	US\$ per m <sup>3</sup>	
	Up to 80cm	80cm+
Wawa	140-150	157-170
Odum Grade A	165-170	175-185
Ceiba	118-130	132-148
Chenchen	90-100	105-120
Khaya/Mahogany (Veneer Qual.)	111-123	125-145
Sapele Grade A	145-155	160-185
Makore (Veneer Qual.) Grade A	128-135	140-166
Ofram	105-114	118-127

### Domestic Sawnwood Prices

		US\$ per m <sup>3</sup>
Wawa	25x300x4.2m	296
Emeri	25x300x4.2m	310
Ceiba	25x300x4.2m	240
Dahoma	50x150x4.2m	320
Redwood	25x300x4.2m	430
Ofram	25x225x4.2m	332

### Export Sawnwood Prices

Ghana Sawnwood, FOB	€ per m <sup>3</sup>	
	Air-dried	Kiln-dried
FAS 25-100mm x 150mm up x 2.4m up	855	-
Afrormosia	495↓	560
Asanfina	210↓	269
Ceiba	330	385
Dahoma	400	450
Edinam (mixed redwood)	350	430
Emeri	568	685
African mahogany (Ivorensis)	530	585↑
Makore	515	590
Niangon	625	690
Sapele	555	615
Wawa 1C & Select	260	285

### Export Veneer Prices

Rotary Veneer, FOB	€ per m <sup>3</sup>	
	CORE (1-1.9mm)	FACE (<2mm)
Bombax	315	350
Ofram,	310↓	353↓
Ogea & Otie	315	350
Chenchen	315	350
Ceiba	330	353
Mahogany	415	450

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

### Export Rotary Veneer Prices

Rotary Veneer 2mm and up, FOB	€ per m <sup>3</sup>	
	CORE (2mm & up)	FACE (2mm & up)
Ceiba	280	285
Chenchen	305	345
Ogea	305	340
Essa	290	330
Ofram	310	350

### Export Sliced Veneer Prices

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afrormosia	1.19	1.00
Asanfina	2.00↑	.90
Avodire	1.12	0.69
Chenchen	1.10	.59↑
Mahogany	2.00	1.40
Makore	2.00↑	0.90
Odum	1.80	1.40

### Export Plywood Prices

Plywood, FOB	€ per m <sup>3</sup>		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	380	565↑	597
6mm	367	540	575
9mm	310	384	445↑
12mm	290	390	397
15mm	285	327	343↑
18mm	275	320	333

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

### Export 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%.

### Export Moulding Prices

Mouldings (FOB)	€ per m <sup>3</sup>
Dahoma grade 1	492
Denya grade 1	516
Hotohotro grade 1	580
Wawa grade 1	500
Wawa grade 2	428
Ekki grade 1	570↑
Wawabimba Laminated grade 1	750

## Report from Malaysia

### Malaysia aims to maintain furniture exports at 2010 levels

Malaysia's exports of wooden furniture in 2011 are expected to be no higher than the RM6.5 billion achieved in 2010 as continued uncertainty in the global economy weighs on the timber manufacturing and export sectors.

The appreciation of the Malaysian currency against the US dollar and competition from new players such as Vietnam are also affecting the confidence on the part of wooden furniture exporters.

### Cutting costs by means of more advanced machining technologies

The Ministry of Plantation Industries and Commodities voiced the opinion that the adoption of more advanced machining methodologies would help cut production cost while maintaining a leading edge for the Malaysian wooden furniture industry.

The Malaysian government has indicated its commitment to continue providing soft loans for investors in the forest plantation sector and will continue to vigorously support the Malaysian Timber Certification Scheme so that it becomes even more widely accepted internationally.

### MTIB reassesses 2011 timber sector forecasts

The Malaysian Timber Industry Board is reviewing its forecast for 2011 timber exports. Malaysia's exports of timber and timber products amounted to RM20.52 billion in 2010 but analysts report the likelihood is that total exports for 2011 may be lower than those in 2010.

In contrast, demand in the domestic market remains buoyant for the time being. Domestic consumption of wood products is estimated to be worth around RM20 billion, out of which sawn timber accounts for just over RM10 billion, furniture RM4 billion, plywood and other panels RM4 billion, joinery products RM1 billion and other timber products the remainder.

#### MTC to hold International timber marketing conference

The Malaysian Timber Council (MTC) will organize an International Timber Marketing Conference in conjunction with the fourth Malaysia International Commodities, Conference and Showcase 2011 due to be held at the Malaysian Agro Exposition Park Serdang on October 28<sup>th</sup> this year.

Speakers from the USA, Europe, India, Hong Kong and the UAE will be present to provide insights into the global timber industry and trade. A consultation and marketing 'clinic' will also be held for the Malaysian industry on October 31 with regional directors and market correspondents and consultants in attendance. For more information see <http://www.mtc.com.my/trade/>

#### Log Export Prices (Sarawak)

	US\$ per m <sup>3</sup>
Sarawak log, FOB	
Meranti SQ up	265-292
Small	253-286
Super small	255-279
Keruing SQ up	247-259
Small	238-271
Super small	227-251
Kapur SQ up	239-265
Selangau Batu SQ up	244-278

#### Domestic log Prices

	US\$ per m <sup>3</sup>
Pen. Malaysia logs, domestic (SQ ex-log yard)	
DR Meranti	283-302
Balau	325-355 ↓
Merbau	378-409
Rubberwood	106-140
Keruing	247-263 ↓

Peninsular Malaysian meranti logs are top grade and are used to produce scantlings for the EU. These log prices are higher than for the same species in Sarawak's.

#### Export Sawnwood Prices

	US\$ per m <sup>3</sup>
Malaysia Sawnwood, FOB	
DR Meranti	415-451
White Meranti A & up	310-340
Seraya Scantlings (75x125 KD)	452-464 ↓
Sepetir Boards	277-306
Sesendok 25,50mm	364-382 ↓
Kembang Semangkok	344-373

#### Domestic Sawnwood Prices

	US\$ per m <sup>3</sup>
Malaysian Sawnwood, domestic	
Balau (25&50mm,100mm+)	346-366
Merbau	486-538
Kempas 50mmx(75,100 & 125mm)	290-330
Rubberwood	
25x75x660mm up	241-291
50-75mm Sq.	279-311
>75mm Sq.	301-331

#### Export Plywood Prices

	US\$ per m <sup>3</sup>
Malaysia ply MR BB/CC, FOB	
2.7mm	448-509
3mm	429-459
9mm & up	380-450

#### Domestic Plywood Prices

	US\$ per m <sup>3</sup>
Meranti ply BB/CC, domestic	
3mm	372-462
12-18mm	355-384

#### Other Panel Export and Domestic Prices

	US\$ per m <sup>3</sup>
Malaysia, Other Panels, FOB	
<i>Particleboard</i>	
Export 12mm & up	263-286
Domestic 12mm & up	254-268
<i>MDF</i>	
Export 15-19mm	315-347
Domestic 12-18mm	306-325

#### Export Added Value Product Prices

	US\$ per m <sup>3</sup>
Malaysia, Mouldings, FOB	
Selagan Batu Decking	576-586
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	590-603
Grade B	545-555

#### Export Furniture and Parts Prices

	US\$ per piece
Malaysia, Rubberwood, FOB	
Semi-finished dining table	
solid laminated top 2.5'x4', extension leaf	79-95
As above, Oak Veneer	86-100
Windsor Chair	78-80
Colonial Chair	76-81
Queen Anne Chair (soft seat)	
without arm	75-87
with arm	78-88
Chair Seat 27x430x500mm	64-69
Rubberwood Tabletop	US\$ per m <sup>3</sup>
22x760x1220mm sanded & edge profiled	
Top Grade	634-664
Standard	617-633

## Report from Indonesia

#### Counterfeit furniture deceiving Indonesian consumers says ASMINDO

The Indonesian domestic furniture market is worth around US\$700 million according to the Indonesian Furniture Entrepreneurs Association (ASMINDO). In a recent statement ASMINDO has suggested that the domestic market is being undermined by imports of fraudulently labelled furniture.

To address this ASMINDO has urged the government to tighten rules and regulations governing furniture imports in order to offer some protection to the local furniture industry especially from mislabelled imported furniture.

ASMINDO says it has uncovered instances of falsified labelling and mislabelling of imported furniture after investigating the origin of some products and the business practices of some importers.

The government has been asked to take the necessary steps to make it mandatory for imported furniture be supported by an authentic certificate of origin.

ASMINDO cited a few cases where European style furniture with a "Made in Europe" label was actually manufactured in an Asian country.

The counterfeit furniture can be sold at a high price on the domestic market, thereby deceiving the consumers.

#### Options mulled to detect counterfeit furniture

The head of the business unit at the Directorate of Wood and Plantation-based Industries at the Indonesian Industry Ministry added that it will act to put a stop to counterfeit furniture imports.

However, the Ministry is yet to implement inspection procedures for imported furniture. The ministry proposed that imports of furniture be limited only to certain ports, as is the case with the imports of food and beverages as this will facilitate inspection.

Other options include the use of certificates of origin to verify the origins of products.

#### UK welcomes Indonesia's signing of VPA

In a press release the UK's Defra (Department for Environment, Food and Rural Affairs) has praised the work to tackle illegal logging with the news that Indonesia has become the fifth country to sign a voluntary partnership agreement (VPA) with the EU.

The press release says Indonesia is leading the way in Asia and has one of the biggest areas of forest in the world. Six countries have now signed agreements with the EU, and another four are in negotiations.

The UK Government is helping developing countries to prevent the loss of forests as part of wider efforts to help them both adapt to the impacts of climate change whilst continuing their economic development.

#### Domestic Log Prices

Indonesia logs, domestic prices	US\$ per m <sup>3</sup>
Plywood logs	
Face Logs	222-265
Core logs	210-239
Sawlogs (Meranti)	219-279
Falcata logs	187-218
Rubberwood	95-99
Pine	196-239
Mahoni (plantation mahogany)	505-536

#### Domestic Ex-mill Sawnwood Prices

Indonesia, construction material, domestic	US\$ per m <sup>3</sup>
Kampar (Ex-mill)	
AD 3x12-15x400cm	209-228
KD	223-258
AD 3x20x400cm	243-266
KD	244-273
Keruing (Ex-mill)	
AD 3x12-15x400cm	258-272
AD 2x20x400cm	248-266
AD 3x30x400cm	231-250

#### Export Plywood Prices

Indonesia ply MR BB/CC, export FOB	US\$ per m <sup>3</sup>
2.7mm	434-490
3mm	392-433
6mm	371-413

#### Domestic Plywood Prices

MR Plywood (Jakarta), domestic	US\$ per m <sup>3</sup>
9mm	292-303
12mm	283-294
15mm	273-288

#### Export and Domestic Other Panel Prices

Indonesia, Other Panels, FOB	US\$ per m <sup>3</sup>
<i>Particleboard</i>	
Export 9-18mm	246-255
Domestic 9mm	226-238
12-15mm	221-233
18mm	217-228
<i>MDF</i>	
Export 12-18mm	278-293
Domestic 12-18mm	261-273

#### Export Added Value Product Prices

Indonesia, Mouldings, FOB	US\$ per m <sup>3</sup>
Laminated Boards	
Falcata wood	328-341
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	522-553
Grade B	480-502

### Report from Myanmar

#### Sale of old stock Teak logs in September

In mid September there was a further 'Special Open Tender' for 920 h.tons of old stock teak logs of various grades (SG7, SG8 and SG9) as well as some teak thinnings held by the Myanmar Timber Enterprise.

In total 904 h.tons were sold. Teak logs of SG7 grade were sold at an average of Euro 552 per h.ton while grade SG8 logs fetched Euro 215 per h.ton. Thinning Posts, as the thinnings are termed locally, were sold at Euro 108 per h.ton.

#### Teak prices ease on news of high stocks in India

Over the past weeks analysts have noticed a weakening of the market for teak logs. Reports suggest that stocks of Myanmar teak logs in India are rather high and has led to a decline in orders.

Also, the Indian Rupee has weakened from Rupees 44 in April to almost 50 to the US dollar at present and some log dealers reported that buyers are reluctant to open new letters of credit fearing further currency fluctuations.

Demand for Pyinkado remains weak as in previous months and analysts report that demand for Kanyin (Gurjan) has also weakened. Kanyin sales normally drop after the Myanmar New Year in April but demand was sustained this year as early monsoon rains hampered the transport of logs to Yangon and this created firm demand for a longer period than usual.

#### Planning for more added value production

The Yangon Times has reported that the Myanmar Timber Enterprise has decided to reduce log extraction by 50% prior to the establishment of the ASEAN Free Trade Area in 2015. But this has not been officially announced.

A reduction of 20% is projected to start in 2012 followed by a further 30% reduction in 2013 to reach the target of a 50% reduction by 2015.

According to the Chairman of the Timber Merchants' Association, during the years up to 2015 the wood industry must be reorganised for production of more value-added products to make up for the shortfall in export earnings.

The Yangon Times also reported that in order to ensure the flow of logs to domestic industry a monthly open tender will be held by MTE. Reports suggest that Teak, Pyinkado, and Gurjan logs will be included in the tender.

In addition, to reduce pressure on natural forests, 80,000 acres (32,375 ha) of teak plantations have been established within the country the journal mentioned.

**Myanmar Teak Log Auction Prices (natural forest logs)**

Purchases were made by competitive bidding in September 2011.

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
	Aug	Sep
Veneer Quality	nil	nil
2nd Quality		
3rd Quality	nil	nil
4th Quality	4,520 (11 tons)	4,503 (10 tons)
Sawing Quality		
Grade 1 (SG-1)	3,108 (36 tons)	3,186 (33 tons)
Grade 2 (SG-2)	2,699 (42 tons)	2,879 (44 tons)
Grade 4 (SG-4)	2,092 (213 tons)	2,092 (216 tons)
Grade 5 (SG-5) Assorted	1,493 (188 tons)	1,554 (133 tons)
Grade 6 (SG-6) Domestic	1,325 (79 tons)	1,382 (110 tons)
Grade 7 (ER-1)	1090 (34 tons)	975 (40 tons)
Grade 7 (ER-1)	nil	516 (21 tons)

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.

**August hardwood log prices**

Hardwood log prices FOB per hoppus ton	Euro per m <sup>3</sup>
Pyinkado export quality	570
Gurjan export quality	418

Prices are in Euro per hoppus ton FOB (Hoppus ton equivalent to 1.83 cu.m)

**'Save the Ayeyarwady' campaign a challenging task for MOECAF**

The controversial Myitsone Hydroelectric Power Project in Northern Myanmar, was in the news again recently. A host of people from all walks of life doubt the merit of building this dam saying the cost to the environment will

be too high and they have started a 'Save the Ayeyarwady' campaign.

The media in Myanmar has suggested that the government is re-examining this plan and that the Ministry of Environment Conservation and Forestry will review the environmental impact assessment.

Analysts in Myanmar say that considering the new government's commitment to preserving the environment, these current events may help strengthen MOECAF's role in re-aligning the country's forest and timber trade policies.

**Report from India**

**Gandhidham emerges as a wood manufacturing hub**

Gandhidham is a city and a municipality in the Kutch District of Gujarat State and home to India's largest port Kandla which is around 11 km from the city. Kutch is a growing economic and industrial hub in one of India's fastest growing states. Its growth as a major industrial centre on the western side of India has helped the development of two major ports, Kandla and Mundra.

Location of Gujarat state



source : [http://en.wikipedia.org/wiki/File:India\\_Gujarat\\_locator\\_map.svg](http://en.wikipedia.org/wiki/File:India_Gujarat_locator_map.svg)

When Kutch was declared a wood industry hub it opened an opportunity for entrepreneurs to expand wood based industries drawing on imported raw materials.

Today the region has one of the fastest growing wood based industries. There are around 500 sawmills, some 70 plywood and veneer mills, 2 fibreboard plants and one paper laminate plant in the area.

Timber imports into the area in fiscal 2010-11 reached 3.7 million cubic metres, of which just 1.23 million cubic metres was of coniferous species. Analysts point out that almost half the timber imports by Indian companies pass through these facilities.

**Growth of particleboard industry limited by raw material supply**

The growth in demand for particleboard in the country has been around 30% annually in recent years making it one of the fastest growing panel products in the market.

The commissioning of 5 to 6 new plants every year is keeping up this momentum. Analysts say that the only thing holding back further expansion of the particleboard industry is the lack of raw materials.

The shortfall in domestic supplies is being made up by imports but local efforts to raise plantations of eucalyptus and poplar are being made by various State Forest Departments and by private investors. However, the demand for raw materials is outstripping the supply.

#### Further interest rate increases anticipated

The Bank of India has indicated that it will continue its aggressive monetary policy in support of the government's continued push for growth. The Bank has been trying to address high inflation for the past 2 years by reining in demand through interest rate increases but many say this has had the effect of seriously slowing economic growth.

The Bank has indicated that it will only consider lowering interest rates when the economy is showing signs of cooling. On September 17, the Bank announced its twelfth interest rate increase in eighteen months and it is expected to raise rates again in October.

#### Raising plantations of endangered species

While industrial plantations are the priority for industry analysts are calling for more attention to be given to raising plantations of Sandalwood and Red Sanders as the demand for these two timbers is unabated.

Newspaper reports indicate that illegal trade in these two precious woods continues. If new plantations are not established, a day will come when they may become extinct says an analyst.

#### Imported Plantation Teak Prices (C&F)

	US\$ per m <sup>3</sup>
Tanzania Teak sawn	450-800
Côte d'Ivoire logs	450-850
PNG logs	500-700
El-Salvador logs	400-550
Guatemala logs	400-500
Nigeria squares	300-475
Ghana logs	350-650
Guyana logs	300-450
Benin logs	425-650
Benin sawn	475-600
Brazil squares	400-600
Burkina Faso logs	350-450
Columbia logs	400-600
Togo logs	350-500
Ecuador squares	350-700
Costa Rica logs	350-600
Panama logs	350-450
Sudan logs	350-800

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.

#### Domestic Ex-mill Sawnwood Prices for Myanmar Teak

Sawnwood (Ex-mill)	Rs. per ft <sup>3</sup>
Myanmar Teak (AD)	
Export Grade F.E.Q.	4000-9500
Plantation Teak A grade	3000-3800
Plantation Teak B grade	2500-2800
Plantation Teak C grade	1800-2000

#### Domestic Ex-mill Sawnwood Prices for imported timbers

Sawnwood, (Ex-mill) (AD)	Rs. per ft <sup>3</sup>
Merbau	1200-1450
Balau	1200-1550
Kapur	850-1000
Red Meranti	650-925
Radiata Pine (AD)	425-475

Sawnwood, (Ex-warehouse) (KD)	Rs. Per ft <sup>3</sup>
Beech	900-1200
Sycamore	900-1200
White Oak	1100-1500
American Walnut	1800-2150
Hemlock clear grade	800-1000
Hemlock AB grade	650-850
Western Red Cedar	1000-1350
Douglas fir	800-1000

#### Domestic Ex-warehouse Prices for Imported Plywood

Plywood, (Ex-warehouse) (MR Quality)	Rs. per sq.ft
4 mm	36.25
6 mm	51.00
12 mm	66.50
15 mm	79.60
18 mm	95.00

#### Domestic Ex-warehouse Prices for Locally Manufactured Plywood

Locally Manufactured Plywood "Commercial Grade"	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.13.70	Rs.23.50
6mm	Rs.20.00	Rs.34.20
8mm	Rs.25.70	Rs.38.20
12mm	Rs.31.00	Rs.41.00
19mm	RS.42.00	Rs.55.00
5mm Flexible ply	Rs.26.00	

## Report from Brazil

#### August data shows broad based decline in exports

In August 2011, the total value of wood product exports (except pulp and paper) fell 2.7% compared to values in August 2010, from US\$217.4 million to US\$211.5 million.

Pine sawnwood exports increased 0.7% in value in August 2011 compared to the same month in 2010, from US\$14.3 million to US\$14.4 million. In terms of volume, exports increased 6.1%, from 61,800 cu.m to 65,600 cu.m year on year.

Exports of tropical sawnwood fell both in volume and in value, from 42,300 cu.m in August 2010 to 35,600 cu.m in August 2011 and from US\$19.9 million to US\$18.7 million, respectively, over the same period.

This performance represents an overall 6.0% decline in value and 16% decline in export volumes.

Pine plywood exports dropped 23% in value in August 2011 compared to levels in August 2010, from US\$32.2 million to US\$24.7 million. The decline in volume amounted to 29% over the same period, from 87,800 cu.m to 62,600 cu.m.

Exports of tropical plywood also dropped going from 9,800 cu.m in August 2010 to 7,300 cu.m in August 2011, representing a 25.5% decline. In terms of value, a 17% fall was recorded, from US\$5.4 million to US\$4.5 million.

Exports of wooden furniture also suffered as the value of exports fell from US\$48.1 million in August 2010 to US\$45 million in August 2011, a 6.4% decrease.

#### **Hardwood product exports boosted by strong performance of mills in northern Mato Grosso**

Exports of wood products from mills in Alta Floresta earned some US\$22.4 million between January and August this year according to the Ministry of Development, Industry and Foreign Trade (MDIC). This represents a staggering doubling of trade over the same period last year, when exports totaled US\$11.3 million.

Exports of non-coniferous wood products lead the way at US\$11.2 million (50.3%). The United States was the main importers of wood products from Alta Floresta, accounting for around 37% of the year's total exports. Hong Kong followed with 21% of the total exports. Other export destinations included Egypt (12%), Iraq (6%) and Spain (4%) as well as about 19 other destinations.

#### **Plans to raise competitiveness of furniture manufacturers in Santa Catarina**

In September this year an agreement to improve the manufacturing and trade in wooden furniture was signed by the Wood and Furniture Producers Association of Western Santa Catarina (Amoesc) and the Furniture and Woodworking Industry Union of Uruguay Valley (Simovale), and the Industry Federation of State of Santa Catarina (Fiesc).

The purpose of this agreement is to raise the competitiveness of participating companies, provide support and encouragement to furniture exporters in Western Santa Catarina and expand international marketing activities.

A preliminary assessment made of the furniture companies in the Western Wood Products cluster reveals that most are not oriented towards export markets and have little experience in managing export marketing.

The agreement is part of an 'Exporting Industrial Extension' (PEIEX) project created by the Ministry of Development, Industry and Foreign Trade and Apex Brazil.

The agreement will expand industry access to support services available from government institutions and the private sector, provide means for technical and management improvements and technological change. Approximately 140 major companies of Western of Santa Catarina are involved.

#### **Timber prices in domestic market continue upward trend**

Prices of wood products in the domestic market in BRL increased on average by almost 2% over the past month

but when compared in terms of US dollars the increase was much larger being on average 3.5%.

#### **Demand for sustainable timber could outstrip supply in Para says IMAZON**

In a study prepared by IMAZON, (Amazon Institute of People and the Environment), a non-profit research institution, an assessment of the availability of forest areas for forest management was made considering current and future demand for timber by the wood processing industry in Para State.

Production and consumption of wood products in Para State is the highest in Brazil and the state currently produces around 6.5 mil. cu.m of wood products from the natural forest.

To ensure sustainable production it has been estimated that, at the current rate of harvesting, the timber sector in Para needs approximately 100 square km of forests assuming a cutting cycle of 30 years.

The IMAZON study suggests that the forest area available is insufficient to support sustainable harvesting to meet projected increase in demand for raw material and that some 210,000 sq. km will be required.

The report recommends policies for more effective and transparent preparation, approval and implementation of forest management plans in the State with emphasis on sustainable forest concession management planning.

#### **Amazonas considers law on payments for environmental services**

The Northern Amazonian state of Amazonas could be the third state in Brazil to enact laws defining payments for environmental services aimed at encouraging the protection of natural resources. Currently, only Acre and Espírito Santo have approved state laws and have actually implemented payments for environmental services.

A commission formed by representatives from the Forum on Climate Change and other institutions have prepared a draft law which is currently under discussion in Amazonas. This is a significant issue in the State and the broad based discussions planned will involve civil society and the mainly forest and rural communities across the state.

#### **Despite 'hot' economy interest rates cut by half a percent**

The National Consumer Price Index (IPCA) was 0.37% in August, after rising by 0.16% in July, according to the Brazilian Institute of Geography and Statistics (IBGE). The cumulative rate over the last 12 months up to August 2011 is 7.23%, the highest since June 2005 and well above the 6.5% target set by the government.

The average exchange rate in August was BRL 1.60/US\$ compared to BRL 1.76 in the same month of last year. The appreciation of the Brazilian currency against the US dollar continues to be of concern to exporters.

The Monetary Policy Committee (Copom) reduced the prime interest rate (Selic) from 12.50% to 12.00% at its meeting in the end of August. The next Copom meeting is scheduled for mid-October.

#### Domestic Log Prices

	US\$ per m <sup>3</sup>
Brazilian logs, mill yard, domestic	
Ipê	178▲
Jatoba	131▲
Guariuba	87▲
Mescla (white virola)	95▲

#### Export Sawwood Prices

	US\$ per m <sup>3</sup>
Sawwood, Belem/Paranagua Ports, FOB	
Jatoba Green (dressed)	945▲
Cambara KD	554▲
Asian Market (green)	
Guariuba	298▲
Angelim pedra	692▲
Mandioqueira	260▲
Pine (AD)	216▲

#### Domestic Sawwood Prices

	US\$ per m <sup>3</sup>
Brazil sawwood, domestic (Green)	
Northern Mills (ex-mill)	
Ipê	903▲
Jatoba	682▲
Southern Mills (ex-mill)	
Eucalyptus (AD)	230▲
Pine (KD) 1st grade	276▲

#### Export Veneer Prices

	US\$ per m <sup>3</sup>
Veneer, Export (Belem/Paranagua Ports) FOB	
White Virola Face 2.5mm	305▲
Pine Veneer (C/D)	216▲

#### Domestic Veneer Prices

	US\$ per m <sup>3</sup>	
Rotary cut Veneer, domestic		
(ex-mill Northern Mill)	Face	Core
White Virola	305▲	252▲

#### Export Plywood Prices

	US\$ per m <sup>3</sup>
Plywood, FOB	
White Virola (US Market)	
5.2mm OV2 (MR)	455▲
15mm BB/CC (MR)	401▲
White Virola (Caribbean market)	
4mm BB/CC (MR)	554▲
12mm BB/CC (MR)	426▲

	US\$ per m <sup>3</sup>
Pine Plywood EU market, FOB	
9mm C/CC (WBP)	307▲
15mm C/CC (WBP)	288▲
18mm C/CC (WBP)	323▲

#### Domestic Plywood Prices

	US\$ per m <sup>3</sup>
Plywood, domestic (ex-mill Southern mill)	
Grade MR (B/BB)	
White Virola 4mm	1052▲
White Virola 15mm	767▲

Domestic prices include taxes and may be subject to discounts.

#### Export Prices For Other Panel Products

	US\$ per m <sup>3</sup>
Belem/Paranagua Ports, FOB	
Blockboard Pine 18mm 5 ply (B/C)	316
Domestic Prices, Ex-mill Southern Region	
Blockboard White Virola faced 15mm	659▲
Particleboard 15mm	442▲

#### Export Prices For Added Value Products

	US\$ per m <sup>3</sup>
FOB Belem/Paranagua Ports	
Edge Glued Pine Panel	
Korean market (1st Grade)	674▲
US Market	522▲
Decking Boards	
Cambara	675▲
Ipê	1,822▲

### Report from Peru

#### Growth forecasts revised downward

Peru's Central Bank has lowered its forecast for the country's economic growth for this year and in 2012 because of uncertainty in the economies of the United States and Europe.

Peru's GDP is forecast to grow by 6.3% this year, down from a previously expected 6.5%. The Central Bank has indicated that they expect the economy to slow in the second half of the year to 5% and that in 2012 a growth of only between 5-6% will be achieved.

#### Amazonian Ucayali Wood Technology Fair

Promotion of the Amazonian Ucayali Wood Technology – FAMATEC fair has started.

The objective of the fair, say organizers, is to reduce the negative impacts of the current economic crisis on the forestry sector by developing the flow of wood products and by diversifying markets.

According to organizers, this event is aimed at forest concession holders, exporters, traders, manufacturers and all private, state and nongovernmental bodies in the forestry and timber sectors.

#### Ministry of Development and Social Inclusion established

Peru's Congress has approved the creation of a new Ministry of Development and Social Inclusion.

This ministry will be responsible for implementing the government's main social programmes to improve social inclusion for marginalized sectors of Peru that are yet to feel the benefits of the country's economic growth.

#### Export Sawwood Prices

	US\$ per m <sup>3</sup>
Peru Sawwood, FOB Callao Port	
Mahogany S&B KD 16%, 1-2" random lengths (US market)	1655-1702
Spanish Cedar KD select	
North American market	958-977
Mexican market	946-965
Pumaquiro 25-50mm AD	Mexican market 532-586

	US\$ per m <sup>3</sup>
Peru Sawwood, FOB Callao Port (cont.)	
Virola 1-2" thick, length 6'-12' KD	
Grade 1, Mexican market	388-415▲
Grade 2, Mexican market	315-333▲
Cumaru 4" thick, 6'-11' length KD	
Central American market	834-849
Asian market	798-871
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	509-549
Dominican Republic	564-573
Marupa (simarouba) 1", 6-11 length Asian market	365-389

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	388-406▲
Grade 2, Mexican market	303-324▲
Grade 3, Mexican market	161-176
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	258-283

#### Domestic Sawnwood Prices

Peru sawnwood, domestic	US\$ per m <sup>3</sup>
Mahogany	867-911
Virola	63-80
Spanish Cedar	264-305
Marupa (simarouba)	62-76

#### Export Veneer Prices

Veneer FOB Callao port	US\$ per m <sup>3</sup>
Lupuna 3/Btr 2.5mm	198-223
Lupuna 2/Btr 4.2mm	212-222
Lupuna 3/Btr 1.5mm	211-221

#### Export Plywood Prices

Peru plywood, FOB Callao (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	399-406
Cedar fissilis, 2 faces sanded 4x8x5.5mm	750-761
Lupuna, treated, 2 faces sanded, 5.2x4x8mm	363-385
Lupuna plywood B/C 15x4x8mm	366-382
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.	370-393

#### Domestic Plywood Prices

Lupuna Plywood BB/CC, domestic (Iquitos mills)	US\$ per m <sup>3</sup>
122 x 244 x 4mm	438
122 x 244 x 6mm	397
122 x 244 x 8mm	415
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

#### Domestic Prices for Other Panel Products

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

#### Export Prices for Added Value Products

Peru, FOB strips for parquet	US\$ per m <sup>3</sup>
Cabreuva/estoraque KD12% S4S, Asian market	1287-1388
Cumaru KD, S4S Swedish market	852-961▲
Asian market	970-1020▲
Cumaru decking, AD, S4S E4S, US market	934-996
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

### Activity in the market suggests a slowing of demand

During the period under review there was a reduction in Greenheart log exports compared to levels recorded recently. Only standard and fair sawmill quality logs were exported.

At the same time Purpleheart log export prices dipped for standard and small sawmill qualities, whilst Purpleheart fair sawmill quality log price held onto gains made recently. In contrast, export shipments of Mora logs were up and prices were favourable for all sawmill qualities.

### Lack of direction in market for Guyana's sawnwood

The trade in sawnwood for this fortnight showed no particular direction. Undressed Greenheart (Select) prices dropped at the top end of the range from US\$827 to US\$615 per cubic metre. Undressed Purpleheart sawnwood prices also declined at the top of its range from US\$1,548 to US\$1,050 per cubic metre. Undressed Mora prices remained unchanged.

Dressed Greenheart prices remained firm compared to levels in the recent past while dressed Purpleheart prices slid from US\$1,200 to US\$1,060 per cubic metre.

### Plywood exports to neighbouring countries resume

Plywood exports to markets in the Caribbean and in neighbouring countries resumed in September and prices were reported as favourable moving to US\$588 per cubic metre.

The contribution of value added product exports for this period were encouraging making a noteworthy contribution towards the total export earnings. The Caribbean was the main destination for exports from Guyana.

### Countrywide survey to assist sawmillers and timber producers

Following recent meetings of stakeholders on the unavailability of sawnwood in the local market and due to the need to encourage more utilization of Lesser Used Species of timber, the Forest Products Development and Marketing Council of Guyana (FPDMC) is undertaking a country wide survey aimed at assisting sawmillers and timber producers in the forest industry.

The main objective of this survey is to determine the issues affecting stakeholders and what can be done to increase performance in their business operations.

This survey will also help identify whether Guyana is actually widening its species utilisation and if sawmillers are supplying what is demanded by consumers.

### LUS promotion underway in Guyana

The FPDMC is currently engaged in creating awareness of the lesser used species locally by way of promotional activities which include newspapers and television advertisements.

This promotion is aimed at increasing the awareness of contractors, architects and home-owners of the lesser used species timber in Guyana and helping to alleviate the pressure on the popular commercialised species such as Greenheart and Purpleheart.

The FPDMC, Guyana Forestry Commission (GFC) and the Forest Producers Association (FPA) are working with

the forest stakeholders to increase the awareness of the lesser used species selection to lessen dependency on the popular species of timber.

**Export Log Prices**

Logs, FOB Georgetown	SQ - \$ Avg unit value per m <sup>3</sup>		
	Std	Fair	Small
Greenheart*	-	-	-
Purpleheart	290	280	270
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.

**Export Plywood Prices**

Plywood, FOB Georgetown Port		\$ Avg unit val. per m <sup>3</sup>	
Baromalli	BB/CC	5.5mm	Not available
		12mm	"
	Utility	5.5mm	"
		12mm	"

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

**Export Sawnwood Prices**

Sawnwood, FOB Georgetown		\$ Avg unit val. per m <sup>3</sup>	
EU and US markets		Undressed	Dressed
Greenheart	Prime	-	-
	Standard	-	615-933
	Select	575-827	
	Sound	-	
	Merchantable	530	
Purpleheart	Prime	-	-
	Standard	-	742-1200
	Select	650-1548	
	Sound	575	
	Merchantable	-	
Mora	Prime	-	
	Select	500	
	Sound	-	
	Merchantable	400	

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

**Report from Japan**

**Structural plywood prices undergo correction**

Prices for imported structural panels have dropped sharply in Japan reports the Japan Lumber Reports (JLR). In the Tokyo area concrete formboard prices currently vary so much that it is hard to pinpoint an average.

JAS 3x6 concrete formboard panel prices in the Tokyo area are Yen 1,040 per sheet delivered, Yen 60-70 down from levels in August.

Prices for concrete formboard for coating are Yen 1, 140, Yen 60 down on last month. The JLR is reporting that there is a price difference of Yen 150 per sheet on concrete formboard for coating between the present wholesale price and the price of recently landed stocks.

Structural panel prices vary by source, species and type of adhesive. Twelve (12mm) imported panel (special type/F4 star) prices range from Yen 970 to Yen 1,100 per sheet while 9mm panels are selling at Yen 900-930 per sheet.

Indonesian floor base panel prices are now US\$830 per cu.m FOB, US\$20 down from August, says the JLR.

Thin 2.4 mm panel (type 2/F4 star) prices are US\$940-950 FOB, US\$10-20 down on levels in August. The volumes on offer from Indonesia are limited because of a shortage of good quality logs and Indonesian mills are, according to the JLR, holding orders for about a months' supply so that any decline in prices of Indonesian products is unlikely.

**House eco-point scheme to be reinstated**

The JLR is reporting that the Japanese government will restart the 'eco point system' for new homes that are built. The previous scheme, which helped spur housing starts ended in July.

This is an incentive system to get home buyers build 'environmentally friendly' houses.

The total budget for the new scheme has not been disclosed but when the scheme started in 2009 the amount made available was Yen 100 billion. The government's intention is to boost housing starts and stimulate the use of energy saving system for new homes.

**APEC forestry ministers agree 15 point agenda for green growth**

The first meeting of the Asia Pacific Economic Cooperation (APEC) ministers responsible for forestry was held recently in China. Twenty one countries participated and adopted a fifteen point statement for green growth and sustainable development.

The main points of agreement according to the JLR were in relation to:

- maintaining the political commitment to sustainable forest management, forest conservation and forest restoration.
- strengthening cooperation among APEC countries and areas of forest management and policies
- achieving targets on expanding forest areas, improving the quality of the forest cover, and adopting measures to achieve sustainable social, environmental and economic goals
- exchanging information on natural disasters which can be prevented and alleviated by forestry

**Reconstruction budget includes promoting domestic timber resources**

Japan's Ministry of Agriculture, Forestry and Fisheries has released some details of measures included by this ministry in the third supplementary budget in relation to rehabilitation of the East Japan earthquake.

Major points include provisions to ensure a stable supply mechanism to facilitate utilisation of domestic wood

resources and wood products from domestic manufacturers for restoration work in the quake hit areas.

Provision is also made for funds to introduce biomass utilisation facilities to dispose of the approximately six million tonnes of wood debris from destroyed buildings and forests.

#### Imported Log and Sawwood Prices

	Yen per Koku (Koku=0.278 m <sup>3</sup> )
Logs for Ply Manufacture, CIF	
Meranti (Hill, Sarawak)	9,500
Medium Mixed	9,700
Standard Mixed	9,600
Small Log (SM60%, SSM40%)	8,000
Taun, Calophyllum, others (PNG)	-
Mixed light hardwood, G3/4 grade (PNG)	12,500
Keruing MQ & up (Sarawak)	12,700
Kapur MQ & up (Sarawak)	

	Yen per m <sup>3</sup>
Logs for Sawmilling, CIF	
Melapi (Sarawak) High Select	210,000
Agathis (Sarawak) High Select	-

	Yen per m <sup>3</sup>
Lumber, FOB	
White Seraya (Sabah) 24x150mm, 4m, Grade 1	148,000
Mixed Seraya, Sangi 24x48mm, 1.8-4m, S2S	58,000

#### Wholesale Plywood Prices (Tokyo)

Indonesian & Malaysian Plywood	Size (mm)	Aug		Sept	
		¥ per sheet		¥ per sheet	
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	380-400	390		
3.7mm (med. Thickness, F 4star, type2)	910 X 1820	540-570	550		
5.2mm (med. Thickness, F 4star, type 2)	910 X 1820	640-680	650		
12mm for foundation (F 4star, special)	910 X 1820	1180	1130		
12mm concrete-form ply (JAS)	900 X 1800	1100	1050		
12mm coated concrete-form ply (JAS)	900 X 1800	1200	1170		
11.5mm flooring board	945 X 1840	1530	1530		
3.6mm baseboard for overlays (OVL)	1220 x 2440	1000	1000		

### Report from China

#### Chinese importers brace for Lithuanian export duty on logs

The Lithuania Western Timber Enterprises Association has forecast that Lithuanian log exports will reach 2.5 million cubic metres in 2011. Of this total, 1.5 million cubic metres will be exported to Asia with most going to China.

In the past China imported large quantities of logs from Russia but this has changed due to the imposition of high export tariffs on log exports from Russia.

Timber traders in China have been importing logs from Lithuania as they are cheaper than those from Russia because there is no export duty applied. However the increasing demand from China has pushed up log prices to such an extent that domestic mills in Lithuania cannot compete.

News reports say that Imedeksa, one of Lithuania timber processing companies, is of the opinion that some Lithuanian timber processing companies will face the risk of bankruptcy if the Lithuanian government does not act to impose an export tariff on logs.

Many Lithuanian timber processing companies signed a letter to the government asking that the risks to domestic manufacturers be addressed. However, the imposition of an export duty by Lithuania may first have to be approved by the EU says an analyst.

#### Guangxi quick to develop plans for strategic timber reserve

The Guangxi Forestry Department has just completed a plan for establishing, what it terms, a national timber strategic reserve. Reports suggest that within 10 years the province will establish plantations over an area of 3.3 million hectares.

At full production this area would produce around 70 million cubic metres annually and could meet about 20% of the domestic timber supply shortfall.

China is not rich in timber resources and has to import over 40% of its timber needs to meet domestic demand. Analysts say the rate of growth in demand is around 15% annually due to the rapid economic development.

In order to guarantee timber security the country is actively pursuing a national timber strategic reserve aimed at increasing domestic timber supply capacity.

The State Forestry Administration (SFA) recently announced 'The compilation of the planning of national timber strategic reserve'. The SFA has requested 25 provinces and 4 forest industry groups to prepare plans for this strategic timber reserve.

According to the Guangxi forestry plan, the forest cover of the Province will increase by 2.6 percent when the plan is implemented. The net increase of forest volume is expected to be around 200 million cubic metres (around 8% of the national total).

#### Ganzhou furniture exports top 100 million dollars

During the first eight months of this year furniture exports by manufacturers in the region of Ganzhou City, Jiangxi Province almost doubled to US\$102 million making up about 32% of the total exports from the province.

In the first eight months of 2011, furniture exports by foreign enterprises based in Ganzhou city doubled compared to levels in 2010 and accounted for most of the increased exports.

The largest single factor behind this performance was the increase in exports to ASEAN countries following the latest round of trade deals between China and ASEAN. Exports to the US and the EU also rose significantly.

**APEC offered a 3 point forestry plan by Chinese President**

President Hu Jintao said that China aims to increase its total area of forest by 40 million hectares in the next decade and that China will continue to accelerate the pace of forestry development.

The Chinese President outlined a three-point plan for sustainable and green growth.

In addressing an APEC meeting the President said APEC members should strengthen forestry cooperation by integrating forestry development with economic and social development aims.

President Hu also said APEC members should balance economic development, environmental protection, industrial growth and ecologic issues by tapping into the various beneficial functions of forests.

At the summit APEC members were asked to deepen regional forestry cooperation through high-level dialogue on policy coordination and technological cooperation and the elimination of trade barriers.

**Guangzhou City Imported Timber Wholesale Market**

Logs		Yuan per m3
Lauan (50-60cm)		2000-2100
Kapur (up to 79cm)		3300-3500▲
Merbau 6m, (up to 79cm)		3500-4000
Teak		11000-13000
Wenge		6200-7100
Sawnwood		
Teak sawn grade A (Africa)		9600
US Maple 2" KD		7500-9500
US Cherry 2"		10000-13000
US Walnut 2"		14000-16000
Okoume		4500-5000
Sapele		5900-6100

**Shanghai Furen Imported Timber Wholesale Market**

Logs		Yuan per m3
Teak (Myanmar, all lengths)		7500-8500
Sawnwood		
Beech KD Grade A		4800-5000
US Cherry, 25mm		9000-10000
US Red Oak, 50mm		9500-9800
Sapele 50mm FAS (Congo)		
KD ( FAS)		6500-6800
KD (grade A)		5700-5800

**Hangzhou Imported Timber Wholesale Market**

Logs		Yuan per m3
Ash 4m, 30cm diam.		2900-4300
Linden 4m, 26cm diam.		2000-3200
Sawnwood		
Beech Europe		3500-7500
Black walnut North America		12000-17500
Teak Myanmar		9000-18000
Red oak North America		8500-15000
Alder Myanmar		4600-7600
Sapele Africa		5000-6500
Plywood		
Red beech 4x8x3 mm		50-65
Black walnut 4x8x3 mm		50-95
Teak 4x8x3 mm		75-150

**Shandong De Zhou Imported Timber Wholesale Market**

Logs		Yuan per m3
Larch 6m, 24-28cm diam.		1800
White Pine 6m, 24-28cm diam.		1750
Korean Pine 4m, 30cm diam.		-
6m, 30cm diam.		-
Mongolian Scots Pine 6m, 30cm diam.		1580

**Hebei Shijiazhuang Imported Timber Wholesale Market**

Logs		Yuan per m3
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

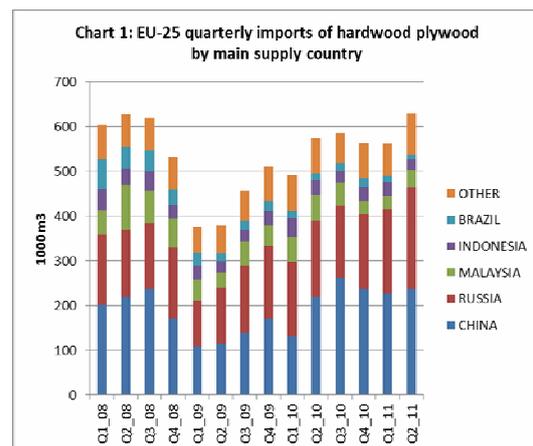
**Wenzhou Imported Timber Wholesale Market**

Logs		Yuan per m3
Wenge (Africa)		4500-5100
Plantation Teak (Africa)		2100-2500
Merbau		3500-5000
Sapele		3200-3700
Plywood		Yuan per piece
Red beech 4x8x3 mm		40-80
Black walnut 4x8x3 mm		40-85
Teak 4x8x3 mm		45-110

**Report from Europe**

**Surging EU imports of plywood from Russia**

At 630,000 cu.m, EU hardwood plywood imports in the second quarter of 2011 were up 12% on the previous quarter and up 9% on the same quarter of the previous year. Imports during the second quarter of 2011 were at high levels not seen since the onset of the economic crises in 2008. Imports over the first 6 months of 2011 stood at 1.2 million cu.m, up 12% on the same period in 2010.

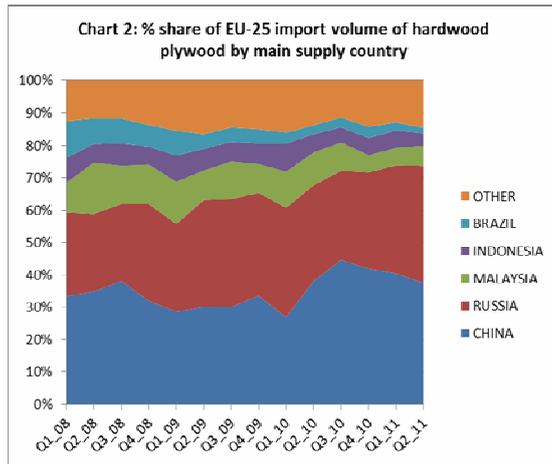


Source: Forest Industries Intelligence Ltd and BTS Ltd

Much of the increase in EU hardwood plywood imports consisted of birch plywood from Russia. EU imports of hardwood plywood from Russia reached 416,000 cu.m in the first half of 2011, up 23% from 340,000 cu.m in the same period last year.

EU imports of hardwood plywood from China were up 32% at 464,000 cu.m in the first 6 months of this year. However on a quarterly basis, imports from China have been slipping since reaching a peak in the third quarter of 2010 and China's share of overall EU imports has been falling relative to Russia during 2011.

However, there is little direct competition between Russian and Chinese plywood in the EU market since most Chinese plywood is destined for the UK and Belgium while Russian plywood is sold primarily to Germany, Finland, the Baltic countries and Italy.



Source: Forest Industries Intelligence Ltd and BTS Ltd

EU imports of hardwood plywood from the major tropical producers have continued to decline this year. During the first 6 months of 2011, imports from Malaysia were 69,000 cu.m, down nearly 40% on the same period of 2010.

Imports from Indonesia were down 28% at 55,000 cu.m, and imports from Brazil reached only 24,000 cu.m, down 25%. Over the last 3 years, the share of these three countries in overall EU hardwood plywood imports has slipped from 28% to 12%.

**European plywood market prospects set to deteriorate**

There is little prospect of any significant improvement in hardwood plywood market conditions during the rest of the year says an analyst.

In their most recent plywood market report, the UK's TTI notes that forward purchasing was so limited over the summer that the large regular monthly break-bulk shipment from China to the UK for August was cancelled.

Furthermore, plywood trading has been very slow to pick up in September and UK stocks of most qualities of plywood are already considered sufficient to satisfy demand for some weeks to come.

In fact many UK importers have more inventory of Chinese hardwood plywood than they would like and prices for onward sales in the UK have been weakening.

This is occurring even while CIF prices for Chinese plywood have continued to firm in response to the escalating costs of poplar veneer in China.

TTJ comment that Chinese plywood now dominates the lower end of the UK plywood market and that its impact is extending into the top end. Its presence has led to reduced price expectations in the UK market as a whole and made it more difficult for Malaysia's exporters to obtain a margin that amply reflects the higher quality on offer.

The latest plywood market report by Germany-based EUWID notes that demand for all types of Chinese plywood has also been quiet in mainland Europe in recent weeks with only occasional signs of a higher rate of top-up purchases during September.

Although mainland European stocks of Chinese plywood are low at present, the imminent arrival of some fairly large shipments delayed from July and August are expected to be sufficient to avoid any shortfalls in supply in the last quarter of the year.

EUWID also note that demand for Indonesia and Malaysian plywood in mainland Europe declined significantly in July and August.

Furthermore plywood bought from Malaysia and Indonesian mills at the end of September is unlikely to reach importers before the end of November when consumption is likely to be low and declining. Therefore importers are already trying to avoid any build-up of stocks at the end of the year as a reason to curtail forward purchases.

Some importers say that tight margins and lower price expectations in the plywood market driven partly by China's large presence in the European market is now pushing some shippers in Malaysia to compromise on quality.

**Unease deepens over European economic outlook**

Clear signs of increasingly cautious buying of both hardwood plywood and lumber by European importers emerged during September. Underlying this trend is deepening unease over the immediate prospects for the European economy. Since their return from summer vacations in August, European traders have been hit by a wave of gloomy news.

In a recent report on the euro-zone's "flagging economy", The Economist suggests that the region is caught in "a vicious feedback loop between growth, sovereign-debt concerns and banking woes". At the start of 2011, there was confidence that a surging recovery in the euro-zone, led by Germany, would enable the region to withstand the debt crises that is now threatening to engulf Greece.

However, between the first and second quarters of 2011, GDP growth fell sharply from 0.8% to 0.2% across the euro-region and from 1.3% to 0.1% in Germany.

Slower growth across the euro-zone will make it even more difficult for governments to hit their fiscal targets. It implies that austerity measures will be even deeper and more painful than expected.

The rising risk of recession is also likely to damage Europe's fragile banking sector which already faces, according to the IMF, potential losses of around \$200 billion from higher risk on sovereign debt.

Under these circumstances, there seems little prospect of any easing in the extremely tight credit available to smaller firms – including those in the wood sector – which has been impeding private sector growth over the last 3 years. And as growth stalls, it becomes even trickier for increasingly unpopular politicians to convince European tax payers to reach deeper into their pockets to rescue the struggling euro.

Prospects seem little better outside the euro-zone at present. On 20 September, the IMF reduced its forecast for UK GDP growth to just 1.1% in 2011 compared to 1.7% forecast in April. IMF now predicts the UK economy will grow by only 1.6% in 2012 compared to 2.3% in the previous forecast.

**European Forest Sector Outlook study**

The United Nations Economic Commission for Europe (UNECE) and the Food and Agriculture Organisation (FAO) have jointly released a comprehensive and far-reaching analysis of the outlook for the European forest sector over the next 20 years.

Using computer modelling techniques and the best available economic, forest inventory and trade data, the “European Forest Sector Outlook Study II 2010-2030” considers the impact of various policy scenarios.

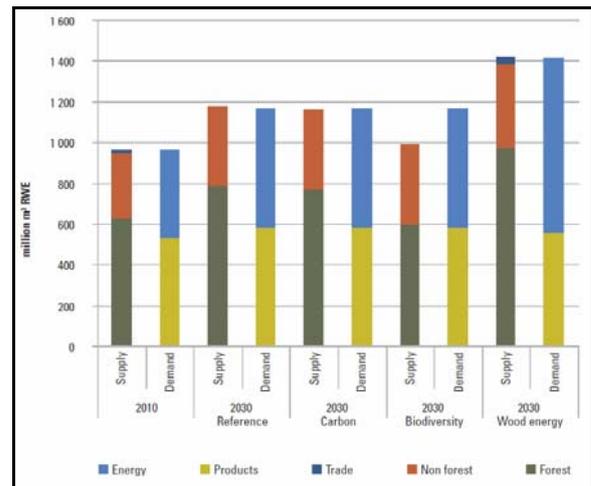
The study suggests that Europe will remain, in all scenarios, a net exporter of wood and forest products. Significant net exports of wood products will continue to outweigh relatively minor net imports even if demand for the latter increases substantially in order to achieve ambitious renewable energy targets.

The study's projections also show a steady rise in prices of forest products and wood over the whole period, driven by expanding global demand and increasing scarcity in several regions.

The study compares various alternative policy scenarios against a reference "business-as-usual" scenario (see following graphic).

In this scenario, consumption of forest products and wood energy is projected to grow steadily and wood supply to expand to meet this demand, from around 970 million cu.m RWE in 2010 to 1180 million cu.m RWE in 2030. All components of supply will have to expand, especially harvest residues.

**European Wood Supply/demand balance in EFSOS scenarios, 2010-2030**



Source: UNECE/FAO European Forest Sector Outlook Study II 2010-2030”

The “maximising biomass carbon” scenario explores how much carbon could be stored in the European forest by changing silvicultural methods while not affecting the level of harvest. It concludes that the forest sector's contribution to carbon storage may be maximised in the medium term by combining longer forestry rotations and a greater share of forest thinnings to provide a steady flow of wood for products and energy.

In the long term however, the sequestration capacity limit of the forest will be reached, and the only potential for further mitigation will be more regular harvesting to store the carbon in harvested wood products and also avoiding emissions from non-renewable materials and energy sources.

The “Priority to biodiversity” scenario assumes that decision makers give priority to the protection of biological diversity. The study concludes that this would lead to 12% less wood production than the “Business-as-usual” scenario.

It would necessitate reduced consumption of wood products and energy, and/or increased imports from other regions and/or intensified use of other sources like landscape care wood and wood originating from conservation management and short-rotation coppice.

The “Promoting wood energy” scenario explores what would be necessary for wood to contribute to achieving the ambitious targets for renewable energies adopted by most European countries. The study concludes that this would require supply to increase by nearly 50% in twenty years through strong mobilisation of all types of wood.

Such a mobilisation would have significant environmental, financial and institutional costs. For example, it would be necessary to expand areas of short rotation coppice on agricultural land with potential loss of food production capacity.

The study also reviews the sustainability implications of all the scenarios. It concludes that for most indicators of sustainability the outcome is "relatively satisfactory". The main concern is for biodiversity, as increased harvest pressure in all scenarios, except for the "Priority to biodiversity" scenario, lowers the amount of deadwood and reduces the share of old stands.

The "Promoting wood energy" scenario shows a decline in sustainability with regards to forest resources and carbon, due to the heavy pressure of increased wood extraction to meet the renewable energy targets.

More details at:

[http://www.unece.org/press/pr2011/11tim\\_p06e.html](http://www.unece.org/press/pr2011/11tim_p06e.html)

**Netherlands Imported Sawnwood Prices**

	US\$ per m <sup>3</sup>
FOB (Rotterdam)	
Sapele KD	897↓
Iroko KD	1162↓
Sipo KD	1088↓
DRM Bukit KD	968
DRM Seraya KD	975
DRM Meranti KD Seraya MTCC cert.	996
Merbau KD	1257
Sapupira (non FSC) KD	989
Sapupira (FSC) KD	1624
Anti-slip decking AD C&F Rotterdam	
Selangan batu	1681

**UK Imported 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	350-380
Iroko 80cm+ LM-C	400-480
African Walnut 80cm+ LM-C	340-370

**UK Imported Sawnwood Prices**

	GB Pounds per m <sup>3</sup>
FOB plus Commission	
Framire FAS 25mm	465-485↓
Sipo FAS 25mm	665-705
Sapele FAS 25mm	555-565
Iroko FAS 25mm	710-735
Wawa FAS25mm	270-290
CIF plus Commission	
Tulipwood FAS 25mm	245-265
Meranti Tembaga Sel/Btr (KD 2"boards)	600-610
Balau/Bangkirai Decking	1050-1095
White Oak	460-480

**UK Imported Plywood and MDF Prices**

	US\$ per m <sup>3</sup>
Plywood Panels 8x4", CIF	
Brazilian WBP BB/CC 6mm	price not available
Malaysian WBP BB/CC 6mm	635-660↓
MALAYSIA MTCS/PEFC trop hard face, pine core* 18mm	560-580↑
China (hardwood face, eucalyptus core) 18mm	380-395↓
China (tropical hardwood face, poplar core) 18mm	365-375

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

**Keruing, virola and sapelle imports up from last year**

US tropical sawn hardwood imports remained at much the same level in July, but this was mainly due to increasing imports of balsa, while shipments of most other species declined from the previous month.

Imports of balsa were 3,416 cu.m. (-21% year-to-date), ipe 1,233 cu.m. (+34%), acajou d'Afrique 2,343 cu.m. (-16%), mahogany 1,365 cu.m. (-19%), and virola 1,021 cu.m. (+70%).

2011 keruing imports almost doubled from last year to 1,638 cu.m. (+96% year-to-date), and teak imports saw a spike in July at 1,743 cu.m. (+27% year-to-date).

Timber imports from Brazil increased by 30% from June to July despite a slowdown in ipe shipments. Brazilian virola shipments increased significantly, while Peru exported almost no virola to the US in July.

Acajou d'Afrique (mahogany) imports shifted away from Ghana to Cameroon and Cote d'Ivoire in July.

**Plywood imports from Indonesia up in July**

US hardwood plywood imports declined slight in July, down 3% from June to 221,770 cu.m. Year-to-date imports are still 3% above last year's volume, but the recovery in plywood demand has been slower than expected due to the dire state of the US economy and the housing market.

Imports from China slid 20% from June to 140,416 cu.m. in July, but in the year to date plywood imports from China are still 22% above last year. China's share in total US imports of hardwood plywood year-to-date was 70%, down from 77% in June.

The decline in shipments from Indonesia in June appears to have been only temporary, and in July imports went back up to 19,881 cu.m. Malaysia shipped 8,772 cu.m. (-56% year-to-date) and Ecuador 4,302 cu.m. (-14% year-to-date) in July.

**Hardwood moulding imports from Peru growing**

July imports of hardwood moulding were almost at the same level as last month and 18% above 2010 on a year-to-date basis. The value of imports was US\$19.5 million in July, with China supplying US\$6.8 million and Brazil US\$6.1 million.

Brazil has increased moulding shipments by 51% so far this year compared to 2010. Imports from Malaysia also grew and were US\$1.5 million in July (+43% year-to-date).

While Peru is a smaller moulding supplier than China, Brazil and Malaysia, its sales to the US have grown over the past year. This summer Peru's year-to-date exports to the US surpassed Indonesia's and stood at US\$4.4 million in July.

**Malaysia and Indonesia increase hardwood flooring shipments**

US hardwood flooring imports declined from the previous month to US\$ 2.0 million in July, but year-to-date imports remain much higher (+52%) than in 2010.

Malaysia was again the largest supplier of hardwood flooring in July at US\$648,000 (+113% year-to-date). China exported US\$489,000 (+36% year-to-date) and Indonesia US\$225,000 (+198%). Imports from Brazil declined to US\$131,000 (-3% year-to-date).

US manufacturers of engineered wood flooring have also increased exports to the rest of the world. Helped by the weak US dollar, the US exported 40% more flooring this year to date than in 2010. Europe and Canada are the US' largest export markets.

**Final hearing scheduled for investigation on flooring imports from China**

The final hearing will be held on October 12 regarding the alleged dumping of multi-layer (engineered) wood flooring from China, according to the magazine *Hardwood Floors*.

After this hearing the International Trade Commission will decide whether the US Department of Commerce can impose duties on engineered flooring imports from China.

A coalition of American flooring importers and retailers are expected to oppose the introduction of antidumping and countervailing duties, stating that the duties would threaten their businesses and American jobs.

The final International Trade Commission ruling is expected in November. In October, the US Department of Commerce will also issue a revised determination of the current preliminary countervailing and anti-dumping duties on engineered wood flooring from China.

**Changes in the NWFA Responsible Procurement Program**

The National Wood Flooring Association (NWFA) has relaxed some of the requirements in its Responsible Procurement Program, which recognises and promotes wood flooring that come from environmentally and socially responsible sources and suppliers.

The changes to the programme included removing a label that implied that the product was legally sourced and eliminating the Forest Stewardship Council (FSC) Controlled Wood Standard in its tier 2 certification. Tier 2 certification still includes obtaining FSC chain-of-custody certification and selling some FSC-certified products.

The programme was designed in 2008/09 with the first companies certified in 2010. Currently seven US flooring manufacturers participate in the programme. The programme uses the US Renewing Forest label and helps companies in the transition to FSC-certified products. It also supplies guidelines for responsible procurement and guidance for the due care requirements of the Lacey Act.

**World's tallest multi-use wood structure to be built in Canada**

There are tentative plans to build the world's tallest multi-use wood structure (including non-residential use) in the small city of Prince George, British Columbia. The building could be ten storeys high and it will house the Wood Innovation and Design Centre, which will be largely funded by the provincial government.

Construction is likely to start in 2012 and the cost is estimated at around US\$7.5 million. The Wood Innovation and Design Centre will have research and academic programmes on innovative wood building products and technologies. The rest of the building will available for retail, commercial and residential use.

Currently the tallest modern wooden building is the nine-storey residential 'Stadthaus' in London, UK, built from cross-laminated timber (CLT).

An eight-storey low-energy office building, the 'LifeCycle Tower', is being planned in Austria and will be built in glulam with concrete floor slabs. According to the Austrian design company, buildings up to 30 storeys tall can be built in wood using the same building system.

**US Imported Timber prices**

	Aug-11 US\$ per cu.m	Sep-11 US\$ per cu.m
Ipe (Brazil) Decking Premium Grade AD, 1x6, FOB Belem	2750	2750
Ipe (Brazil) Decking Premium Grade AD, 5/4x6, FOB Belem	2925	2925
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	-	-
Khaya (Ghana) FAS KD, FOB Takoradi	875	875
Sapele (Cameroon) FAS AD, FOB Douala	740	765▲
Sapele (Cameroon) 4/4 to 8/4 FAS KD, FOB Douala	910	910

**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*

## 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.*

About six months after the government issued an executive order calling for a moratorium on the cutting and harvesting of timber in national and residual forests, the country's wood industry is complaining about a number of problems that have started to affect their profitability.

Firstly, the Philippines Wood Producers Association (PWPA), representing companies and individuals involved in about any and all things that have to do with wood – from planting to harvesting to manufacturing and selling – are claiming hard wood scarcity, adding that they have to source their raw materials as far as Brazil.

<http://www.philstar.com/Article.aspx?articleId=730963&publicationSubCategoryId=66>

The cost of short-term trade finance for Brazilian investment-grade companies more than doubled this month as European banks retreat from the dollar loan market, according to three people familiar with the matter.

A one-year credit line backed by export contracts costs now as much as 2.85 percent, compared with 1.35 percent in the beginning of September, according to two bankers who asked not to be identified because the terms of the loans are private. It's the first increase in the cost of trade finance for Brazil's biggest exporters since the 2008 global credit crunch.

<http://www.bloomberg.com/news/2011-09-23/brazil-exporters-said-to-see-cost-of-trade-finance-line-double.html>

Countries need to pay more attention to fire management on lands bordering forests in order to prevent the 95 percent of wildfires that originate from human activities in forests and adjacent areas, an international partnership for forests warned Friday.

The Collaborative Partnership on Forests (CPF), which consists of 14 international organizations and secretariats, issued its warning as many countries are experiencing an increasing incidence in the frequency and size of wildfires due to lack of fire management policies and impacts of climate change.

<http://www.afriquejet.com/landscapes-management-forest-fires-2011091022064.html>

Forest bonds could be key to scaling up finance to conserve the world's tropical forests, according to WWF, the Global Canopy Programme (GCP) and the Climate Bonds Initiative (CBI). The organizations are calling on governments to take action to close the gap between current financial commitments and the resources needed to protect the world's forests..

[http://wwf.panda.org/wwf\\_news/?201667](http://wwf.panda.org/wwf_news/?201667)

A fresh wave of infrastructure spending has cemented the GCC's position as one of the most exciting markets for the world's biggest construction firms, with Saudi Arabia offering the most opportunities. That was the key message

after two of the region's most exciting new industry events, Middle East Concrete and PMV Live, broke fresh ground on Thursday, September 16, by hosting the Construction Leaders Roundtable in Dubai, a unique forum that assembled leading industry figures to debate the pressing issues facing the sector.

<http://www.bi-me.com/main.php?id=54609&t=1&c=5&cg=3&mset=1021>

The Odisha government in India has decided to set up a mega wood hub at the port town of Paradip. According to forest and environment minister Debi Prasad Mishra, the hub would attract an investment to the tune of Rs 1,000 crore.

The hub would come up over an area of 125 acres with a capacity to process one million cubic meter of wood per annum initially and with an ultimate capacity of five million cubic meter. Stating that the hub would source its raw materials from abroad, Mishra said that the park would have facilities like sawing, processing and value addition.

<http://orissadiary.com/CurrentNews.asp?id=29376>

Year-to-year comparisons tell us the Chinese economy is growing in high single digits, but month-to-month numbers suggest it flat lined this summer. Now, there is evidence indicating it is even starting to contract.

The National Bureau of Statistics estimated that gross domestic product increased by 9.5% in the second quarter this year, down from 9.7% in Q1. Yet GDP is not the most reliable indicator of economic activity in China.

The official Q2 number was substantially above analysts' estimates.

<http://www.forbes.com/sites/gordonchang/2011/09/25/is-chinas-economy-contracting/>

Regional leaders are seeking to raise at least \$3 billion for a planned infrastructure facelift to boost East and southern Africa as an investment destination.

Leaders from four regional trading blocks -- Southern African Development Community (SADC), East Africa Community (EAC), Common Market for Eastern, Southern Africa (COMESA) and InterGovernmental Authority on Development (IGAD) -- are set to meet in Nairobi next week hoping to attract funding from donors and investors for projects. The projects include key corridors in East and southern Africa.

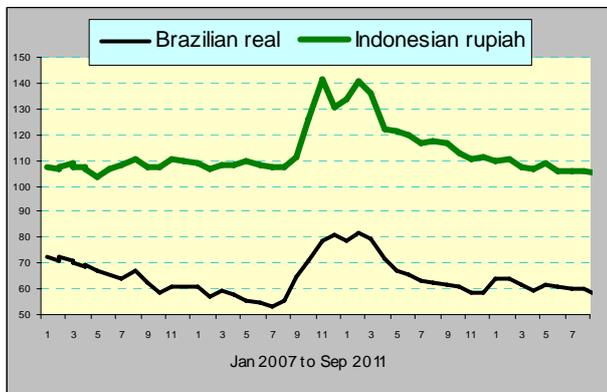
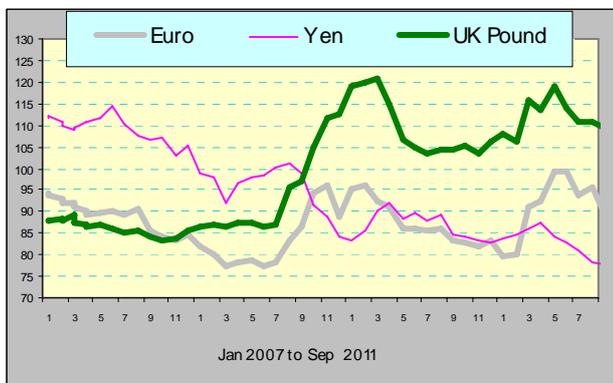
<http://allafrica.com/stories/201109250139.html>

## Main US Dollar Exchange Rates

As of 29<sup>th</sup> September 2011

Brazil	Real	1.8283
CFA countries	CFA Franc	486
China	Yuan	6.3976
EU	Euro	0.747
India	Rupee	48.8799
Indonesia	Rupiah	8962
Japan	Yen	77.04
Malaysia	Ringgit	3.2070
Peru	New Sol	2.769
UK	Pound	0.6416
South Korea	Won	1186.0

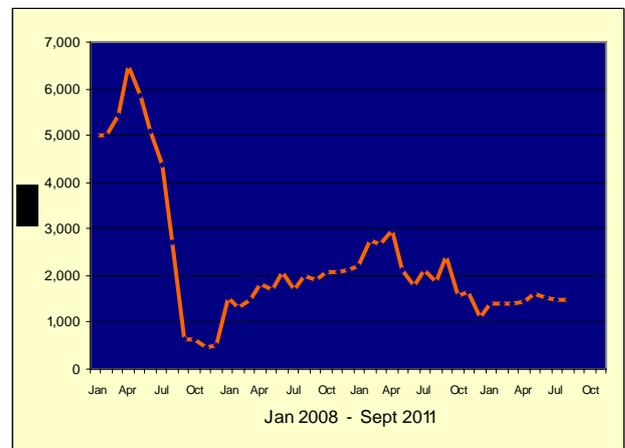
Exchange rates index (Dec 2003=100)



## Abbreviations and Equivalences

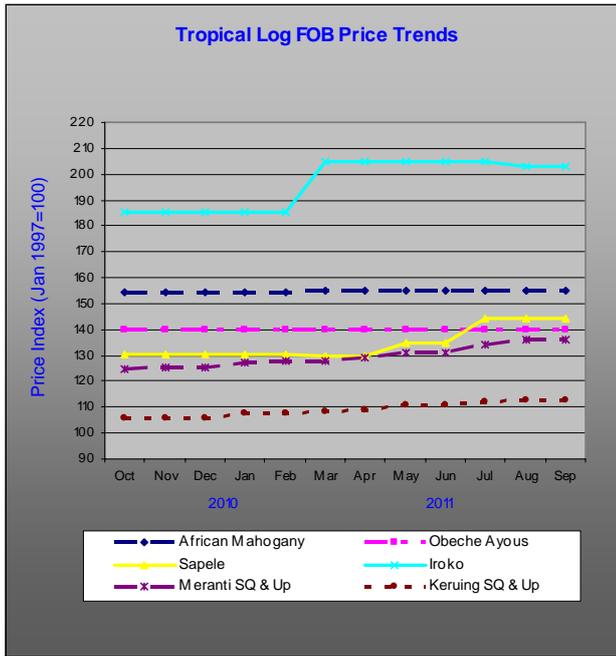
LM	Loyale Merchant, a grade of log parcel
QS	Qualite Superieure
CI, CE, CS	Supplimentaire
FOB	Free-on-Board
CIF; CNF	freight
KD; AD	Kiln Dry; Air Dry
Boule	boards from one log are bundled
BB/CC, etc.	indicate face veneer, on the right backing
BF; MBF	Board Foot; 1000 Board Feet
TEU	Twenty-foot equivalent unit
Hoppus ton	1.8 m <sup>3</sup>
Koku	0.278 m <sup>3</sup> or 120 BF
SQ; SSQ	Saw mill Quality; Select Saw mill Quality
FAS	Saw nwood 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
Arrows	Price has moved up or down
Clean saw n	square edged boule

## Ocean Freight Index

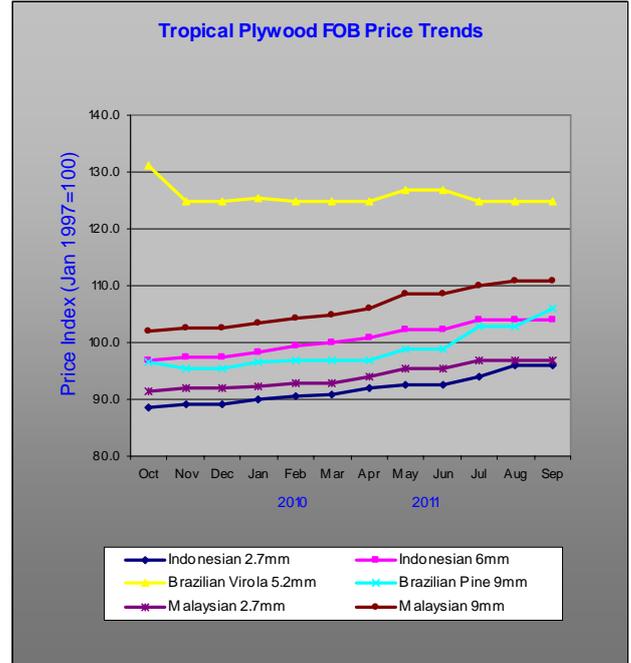


The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

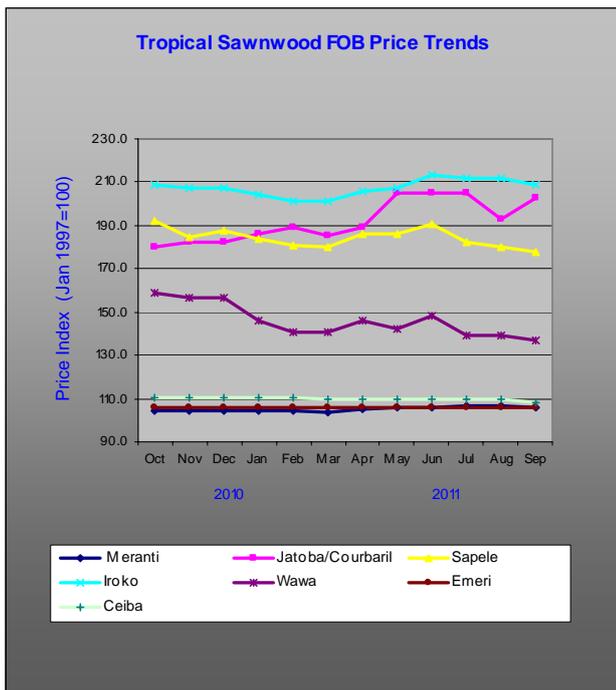
## Tropical Log Price Trends



## Tropical Plywood Price Trends



## Tropical Sawnwood Price Trends



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

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