Tropical Timber Market Report since 1990

Volume 13 Number 8, 16-30 April 2008

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

Snapshot

Mixed trade results were seen in Africa and Asia. Ghana for the first time reported non-traditional export earnings greater than USD1 billion in 2007 principally from agriculture, processed and semi-processed products and handicrafts. Brazil's first quarter exports from Alta Floresta and Sinop slid 2.4% and 20%, respectively, but they continued to be the major wood cluster regions in the state of Northern Mato Grosso. Brazil's furniture exports to the US tumbled 27% in value in the first quarter but Argentina's share climbed 38% in value over the same period. Guyana's exports of piles also began to recover after falling earlier in the year.

Japan's imports of Southsea logs fell 25.6% in 2007 from 2006 levels, largely due to the impact of the Revised Building Standards Act. China's first quarter 2008 plywood exports through Shandong Port also dropped nearly 20%.

Prices jumped for Indonesian timber as news came of suspended port strikes. Poor weather, fuel costs and surging commodity prices also pushed price levels up for Malaysia and Indonesia products. Relatedly, the shortage of Southsea logs in Japan prompted price hikes for hardwood plywood and plywood logs. Prices for Guyana's dressed lumber were also at record highs during the first two weeks of April.

Contents

Headlines

International Tropical Timber Organization (ITTO)
Market Information Service (MIS)

International Organizations Center - 5th Floor, Pacifico-Yokohama
1-1-1 Minato-Mirai, Nishi-ku, Yokohama 220-0012, Japan
E-mail: mis@itto.or.jp **Website:** http://www.itto.or.jp

Report from Central/West Africa

Prices slide as European demand lags

Certain log prices fell as markets experienced some significant changes in demand. Buyers from China have become much more selective and concentrated on purchases of separate grades of okoume in place of previous emphasis on mixed, lower grades. Redwoods were also moving sluggishly, as a result of changed buying patterns in the past few weeks. Some producers were reducing output and waiting to see how the market developed. Log buying for Europe also turned quieter with only France being relatively active.

Sawn lumber markets were reporting much slower business, with some countries that had high stocks of previously favored species showing quite large price falls for the second time in recent weeks. Douka/makore was down again for GMS and scantlings. Moabi was also retreating, ending its long run of price rises. Sapele FAS declined by EUR60 on lower demand from Spain and the UK. UK importers were particularly hit by poor demand from the building and carpentry sectors and have reportedly been selling well below replacement cost at the present time.

West African exporters are preparing for a more volatile market situation over the rest of the second quarter and reducing output where necessary to match the fall in demand.

West Africa Log Prices

West Africa logs, FOB		€ per m^3	
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	221	191	175
Ayous/Obéché/Wawa	206↓	205	168
Azobe & Ekki	168	168	122
Belli	198	198	-
Bibolo/Dibétou	168	168	114
Bubinga	533	457	381
Iroko	289	274	259
Okoume (60% CI, 40% CE, 20% CS)	175	150	-
Moabi	320↓	305↓	282
Movingui	205	190	152
Niove	129	129	-
Okan	221↓	221↓	198
Padouk	289	289	267
Sapele	297	297	282
Sipo/Utile	335	305	267
Tali	190	190	152

Gabon Okoumé logs, FAS*		€ per m^3	
		Asia	Europe
Grade	QS	213	219
	CI	171	171
	CE	146	150
	CS	108	111

*Based on SNBG official prices

West Africa Sawnwood Prices

West Africa sawnwood, FOB		€ per m^3
Ayous	FAS GMS	396
	Fixed sizes	-
Okoumé	FAS GMS	325
	Sel. & Bet. GMS Italy	275↓
	Sel. & Bet. fixed sizes	-
Sipo	FAS GMS	630
	FAS fixed sizes	-
	FAS scantlings	580↓
Padouk	FAS GMS	600
	FAS scantlings	630
	Strips	425
Sapele	FAS Spanish sizes	560↓
	FAS scantlings	635
Iroko	FAS GMS	458
	Scantlings	519
	Strips	304
Khaya	FAS GMS	396
	FAS fixed	427
Moabi	FAS GMS	600↓
	Scantlings	610↓
Movingui	FAS GMS	420↓

Report from Ghana

Non-traditional export earnings breach USD1 billion mark

Ghana's Non-Traditional Exports (NTE) revenue for 2007 crossed the targeted USD1 billion mark for the first time, reaching an all time high of USD1.165 billion. This marked a 30.5% increase over Ghana's NTE income for 2006, when income was USD892 million. NTE represented 27.7% of the country's total exports of USD4.2 billion. The income growth was achieved on the back of earnings from three main sub-sectors: agriculture; processed and semi-processed products; and handicrafts.

Speaking at a press briefing on the 2007 export performance report, the Executive Secretary of the Ghana Export Promotion Council (GEPC), Mr. Collins Boateng, attributed the high growth to enhanced market access programmes for exporting companies benefiting from the support of the Export Development Investment Fund. He also noted that product diversification, the aggressiveness of Ghanaian exporters and enhanced data capture through the GCNet system contributed to the growth. Boateng believed the new income levels were proof that the Ghana's strategy was working.

The European Union (EU) and ECOWAS remained the major destinations of NTE, accounting for 46.5% and 31.3%, respectively, of the exports. The leading markets included the United Kingdom, France, Nigeria, Burkina Faso, Togo and the United States. Nigeria has become a prominent NTE market in the ECOWAS sub-region.

While acknowledging the impressive growth in the NTE sector, Mr. Boateng said there was a need for increased funding if the sector was to meet its projection of four billion dollars in export revenue by 2010. The GEPC has projected target of USD1.5 billion by December 2008, Boateng added. Currently, there are 383 different non-traditional export products categorized into agricultural, processed/semi-processed and handicrafts. The GEPC had a base of over 3,000 registered private sector exporting companies organized into 15 product associations.

Preparatory phase begins for President's Special Initiative

The Ministry of Lands, Forestry and Mines and the Forestry Commission (FC) intended to disburse part of its 2008 budget for plantation development for civil works in degraded forests. The development of plantations falls under the President's Special Initiative (PSI) on afforestation and reforestation in degraded forest reserves. The Ministry has begun preparatory work to contract the services of consulting firms, companies and agencies to provide services which include surveying and digital mapping of established plantations.

Ghana Log Prices

Ghana logs, domestic	US$ per m^3	
	Up to 80cm	80cm+
Wawa	90-105	110-140
Odum Grade A	160-170	175-185
Ceiba	80-95	100-120
Chenchen	60-88	90-112
Khaya/Mahogany (Veneer Qual.)	70-90	95-120
Sapele Grade A	130-150	155-175
Makore (Veneer Qual.) Grade A	125-135	140-166

Ghana Sawnwood Prices

Ghana Sawnwood, FOB	€ per m^3	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	855	-
Asanfina	480	560
Ceiba	205	260
Dahoma	310	385
Edinam (mixed redwood)	390	470↑
Emeri	430	490
African mahogany (Ivorensis)	580	670
Makore	510	600
Niangon	520	-
Odum	670	750
Sapele	540	600
Wawa 1C & Select	255	280

Ghana sawnwood, domestic		US$ per m^3
Wawa	25x300x4.2m	245
Emeri	25x300x4.2m	350
Ceiba	25x300x4.2m	204
Dahoma	50x150x4.2m	306
Redwood	50x75x4.2m	360
Ofram	25x225x4.2m	330

Ghana Veneer Prices

Rotary Veneer, FOB	€ per m^3	
	CORE (1-1.9mm)	FACE (<2mm)
Bombax	325	350
Kyere, Ofram, Ogea & Otie	325	360
Chenchen	315	360
Ceiba	275↑	315
Mahogany	425	460

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	245
Chenchen, Ogea & Essa	295
Ofram	305

Sliced Veneer, FOB	€ per m^2	
	Face	Backing
Afrormosia	1.80	1.00
Asanfina	2.00	0.88
Avodire	1.12	0.75
Chenchen	0.72	0.50
Mahogany	1.50	0.79
Makore	1.30	0.80
Odum	1.54	1.10

Ghana Plywood Prices

Plywood, FOB	€ per m^3			
B/BB, Thickness	Redwoods		Light Woods	
	WBP	MR	WBP	MR
4mm	560	465	500	375
6mm	380	315	335	285
9mm	388	305	290	280↑
12mm	340	285	300	280
15mm	350	290	300	280↑
18mm	300	290	285	260↑

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

Ghana Added Value Product Prices

Parquet flooring 1st	FOB € per m^2		
	10x60x300mm	10x65-75mm	14x70mm
Apa	12.00	14.47	17.00
Odum	7.90	10.18	11.00
Hyedua	13.67	18.22	17.82
Afrormosia	13.25	15.70	17.82

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

Report from Malaysia

Uncertain demand clouds export expectations for 2008

The Star Online reported on Malaysia's export prospects for 2008, drawing from the Malaysian Timber Industry Board's (MTIB) comments that demand from the US, Europe and Japan would largely determine export levels in 2008. An MTIB spokesperson, Kamaruzaman Othman, noted that timber exports in 2007 were adversely affected by the slowdown of the U.S. economy. He reported on Malaysia's total timber exports statistics in 2007 to the following countries/regions: Japan (RM4.8 billion); the EU (RM3.63 billion); the US (RM2.91 billion); ASEAN countries (RM2.19 billion); West Asia (RM1.78 billion); South Korea (RM1.14 billion); China (RM1.12 billion); Taiwan SAR (RM1.04 billion); and other countries (RM4.06 billion).

Prices of Malaysian wood products continue to rise in part due to surging global commodity prices, higher fuel costs and bad weather.

Malaysia Log Prices

Sarawak log, FOB	US$ per m^3
Meranti SQ up	300-320↑
Small	276-296↑
Super small	266-274↑
Keruing SQ up	272-283↑
Small	239-270↑
Super small	231-239↑
Kapur SQ up	250-264↑
Selangan Batu SQ up	271-294↑

Pen. Malaysia logs, domestic (SQ)	US$ per m^3
DR Meranti	355-398↑
Balau	292-321↑
Merbau	418-441↑
Rubberwood	245-264↑
Keruing	284-297↑

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

Malaysia Sawnwood Prices

Malaysia Sawnwood, FOB	US$ per m^3
White Meranti A & up	431-456↑
Seraya Scantlings (75x125 KD)	709-747↓
Sepetir Boards	331-341↑
Sesendok 25,50mm	446-475↑
Kembang Semangkok	426-447↑

Malaysian Sawnwood, domestic		US$ per m³
Balau (25&50mm,100mm+)		346-366⬆
Merbau		559-580
Kempas 50mmx(75,100 & 125mm)		294-311⬆
Rubberwood	25x75x660mm up	285-316⬆
	50-75mm Sq.	308-333⬆
	>75mm Sq.	320-352⬆

Malaysia Plywood Prices

Malaysia ply MR BB/CC, FOB	US$ per m³
2.7mm	489-509⬆
3mm	460-486⬆
9mm & up	421-444⬆

Meranti ply BB/CC, domestic	US$ per m³
3mm	459-469⬆
12-18mm	400-408⬆

Other Malaysia Panel Prices

Malaysia, Other Panels, FOB		US$ per m³
Particleboard	Export 12mm & up	237-255⬆
	Domestic 12mm & up	226-243⬆
MDF	Export 15-19mm	303-326⬆
	Domestic 12-18mm	279-297⬆

Malaysia Added Value Product Prices

Malaysia, Mouldings, FOB	US$ per m³
Selagan Batu Decking	681-699⬆
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	718-738⬆
Grade B	634-652⬆

Malaysia Furniture and Parts Prices

Malaysia, Rubberwood, FOB		US$ per piece
Semi-finished dining table		
solid laminated top 2.5'x4', extension leaf		59-75⬆
As above, Oak Veneer		66-80⬆
Windsor Chair		57-59⬆
Colonial Chair		53-59⬆
Queen Anne Chair (soft seat)	without arm	54-65⬆
	with arm	57-66⬆
Chair Seat 27x430x500mm		39-46⬆
Rubberwood Tabletop		US$ per m³
22x760x1220mm sanded & edge profiled		
Top Grade		630-640⬆
Standard		597-615⬆

Report from Indonesia

Jump in prices as port strikes dissipate

Indonesian timber prices surged as strikes by port workers ended. Plywood manufacturers were the main beneficiary of the latest round of price increases. This has also filtered down to timber merchants trading plywood logs. Bad weather was also a major contributory factor in the price changes and the effects of La Niña were expected to persist for an additional three months.

Antara Online said that the International Monetary Fund (IMF) indicated strong consumer prices would help stave off the effects of the global economic slowdown. However, local demand for timber products and other building materials, including cement, has been tempered by rising food prices. Indonesian officials have recently said the UN should adopt measures against rising prices for food commodities to prevent a full-scale crisis. Indonesia's UN Ambassador, Marty Natalegawa, said there were no short or long-term plans to address world food prices.

Indonesia Log Prices (domestic)

Indonesia logs, domestic prices	US$ per m³
Plywood logs	
Face Logs	237-277⬆
Core logs	184-214⬆
Sawlogs (Meranti)	234-273⬆
Falcata logs	185-199⬆
Rubberwood	217-241⬆
Pine	209-232⬆
Mahoni (plantation mahogany)	607-654⬆

Indonesia Sawnwood Prices

Indonesia, construction material, domestic		US$ per m³
Kampar (Ex-mill)	AD 3x12-15x400cm	250-258⬆
	KD	330-345⬆
	AD 3x20x400cm	351-372⬆
	KD	375-385⬆
Keruing (Ex-mill)	AD 3x12-15x400cm	285-294⬆
	AD 2x20x400cm	273-282⬆
	AD 3x30x400cm	278-287⬆

Indonesia Plywood Prices

Indonesia ply MR BB/CC, FOB	US$ per m³
2.7mm	474-504⬆
3mm	416-475⬆
6mm	394-417⬆

MR Plywood (Jakarta), domestic	US$ per m³
9mm	332-345⬆
12mm	308-329⬆
15mm	306-335⬆

Other Indonesia Panel Prices

Indonesia, Other Panels, FOB		US$ per m³
Particleboard	Export 9-18mm	237-247⬆
	Domestic 9mm	204-221⬆
	12-15mm	193-205⬆
	18mm	190-194⬆
MDF	Export 12-18mm	312-324⬆
	Domestic 12-18mm	255-275⬆

Indonesia Added Value Product Prices

Indonesia, Mouldings, FOB	US$ per m³
Laminated Boards Falcata wood	382-401⬆
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	675-699⬆
Grade B	600-640⬆

Report from Myanmar

Myanmar Log Prices (natural forests)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)		
Veneer Quality	Mar	Apr	6 mo. Avg
2nd Quality	5,489 (6 tons)	5,508 (4 tons)	5,448
3rd Quality	5,360 (14 tons)	4,566 (12 tons)	5,047
4th Quality	4,523 (42 tons)	3,669 (47 tons)	4,247
Sawing Quality	Mar	Apr	
Grade 1 (SG-1)	2,654 (123 tons)	2,747 (342 tons)	2,678
Grade 2 (SG-2)	2,080 (846 tons)	2,031 (479 tons)	2,163
Grade 3 (SG-3)	1,658 (18 tons)	1,624 (43 tons)	1,650
Grade 4 (SG-4)	2,014 (231 tons)	1,708 (381 tons)	1,966
Grade 5 (SG-5) Assorted	1,872 (857 tons)	1,598 (574 tons)	1,713
Grade 6 (SG-6) Domestic	1,364 (337 tons)	1,296 (383 tons)	1,345
Grade 7 (ER-1)	989 (154 tons)	816 (287 tons)	990
Grade 8 (ER-2)	NIL	NIL	1,072

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

Logs, FOB	€ Avg per Hoppus Ton (traded volume)
Pyinkado	--
Gurjan (keruing)	190 (14 tons)
Tamalan	2500 (67 tons)
Taungthayet	--

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

Report from Brazil

IBAMA uncovers more cases of illegal harvesting

The Brazilian Institute of Environment and Renewable Resource (IBAMA) uncovered 730 hectares of natural forest that were being illegally harvested in Bannach municipality in the southeast region of Pará. According to *Folha Online*, Bannach was not included in the list of municipalities that experienced the most deforestation in 2007. The list was the basis by which IBAMA conducted their raids on suspected illegally logged areas in the Amazon.

According to the IBAMA Maraba Regional Office (in Para), deforestation in Bannach likely started in January 2008. Due to the rainy season, satellite monitoring could not be used to assess the extent of deforestation caused by illegal logging. Access to the areas was difficult in the rainy season, and inspectors could only reach the area with a local guide.

The property-owner of the 730 hectares in Bannach had 20 days to present a preliminary defense. In the meantime, the area was embargoed and could not be used for any activities. In addition to the fine imposed by IBAMA, an infraction against the owner will be sent to the Federal Prosecution Office, which may then choose to proceed with a criminal investigation. According to IBAMA, it was expected that the deforested area was to be used for cattle ranching.

IBAMA imposes fines worth BRL3.3 million in one month

According to *Só Notícias*, IBAMA fined companies and property owners BRL3.3 million in the first month of its 'Arco de Fogo' operations to control illegal logging and associated activities in the Brazilian Amazon. The ongoing operations (see TTM 13:4-7) have been conducted primarily in the regions of Sinop and Alta Floresta. In the first month of its operation, IBAMA inspected 20 charcoal and timber production companies, resulting in over 46 companies being fined. According to IBAMA, 4,500 m³ of logs, sawnwood and veneer were deemed to be from illegal sources and seized. In addition, 10 vehicles and three chainsaws were confiscated. Some of the timber companies accused by IBAMA of conducting illegal activities have since obtained legal permission to conduct legal timber related activities elsewhere. The IBAMA inspection operations are expected to continue in the near future. It is not known when IBAMA expects to conclude the operations.

Brazil exports slide 5% in March

In March 2008, the value of exports of general wood products (except pulp and paper) fell 5% compared to the same period in 2007, from USD339.6 million to USD322.7 million. The charts below show the volume and value of exports over the March 2007—March 2008 period:

Brazil's Exports by Value in March 2008 (USD mil)

		2007	2008	% change
MAR	Solid wood*	339.6	322.7	(5.0)
	Pine plywood	36.6	46.7	27.5
	Tropical sawnwood	46.9	46.2	(18.2)
	Pine sawnwood	24.3	18.6	(23.5)
	Wood furniture	67.5	61.4	(9.0)

*Figures for solid wood exclude pulp and paper exports

Brazil's Exports by Volume in March 2008 (000 m³)

		2007	2008	% change
MAR	Tropical plywood	36.79	24.72	(32.8)
	Pine plywood	135.65	129.62	(4.4)
	Tropical sawnwood	116.71	95.5	(18.2)
	Pine sawnwood	127.48	90.69	(28.9)

Alta Floresta and Sinop clusters sustain timber exports in 2008

According to *Só Notícias*, Alta Floresta and Sinop continued to deliver competitive levels of exports in 2008 and remain the major wood clusters in Northern Mato Grosso. Alta Floresta is not among the main exporting regions of the state but has an important role in the timber trade. Timber dominated exports from Alta Floresta in the first quarter of 2008, reaching USD4.1 million in value, according to the Secretary of Foreign Trade. In 2007, the total trade of the municipality reached USD4.2 million in the first quarter.

The most popular solid wood products from Alta Floresta in the international market were wood mouldings, sawnwood and manufactured products such as doors, frames and doorsteps. The value exported in January was USD1.6 million, 31% higher than the same period last year. The US was the main destination of wood product exports from Alta Floresta, accounting for 46% of exports by value, equivalent to USD1.9 million, followed by Spain with 24% and Israel 14%.

On the other hand, exports from Sinop were USD4.9 million in March 2008, down 27% compared to the same period in 2007 when exports reached USD6.7 million. Overall, Sinop's first quarter exports in 2008 dropped 20% from USD 14.6 million in 2007 to USD11.8 million in 2008.

Despite the negative scenario in Sinop, the wood products trade continues to be important to the economy of the region. In the first quarter of 2008, sawn timber was nearly 50% of the value of exports, equivalent to BRL 6 million. Veneer exports were 233% higher than the same period in 2007; plywood and wood mouldings also were among the major traded wood products. The main importing countries of Sinop's products were Belgium followed by Spain, Italy and Thailand.

Strong gains in regional exports by Brazil

Brazil exported USD45.2 million of furniture to the U.S. in the first quarter of 2008, down 27% in value compared to the same period in 2007. Nevertheless, the U.S.

continues to be the major destination market for Brazilian furniture, taking 21% of total exports. On the other hand, Brazilian exports of furniture to Argentina continued on a growing trend, with exports worth USD21.3 million in the period, a 38% increase. The Netherlands imported the equivalent of USD8 million, representing a 34% rise.

Rio Grande do Sul exported USD63.7 million of furniture in the first quarter of 2008. Despite the small increase of 2%, it was below the average of total Brazilian furniture exports. Rio Grande do Sul furniture sector exports to the US were USD3.9 million, a 47% slump. The United Kingdom, the main importer of the state's furniture exports (17% of total state exports), purchased USD8.9 million from January to March 2008, 16% less than the same period last year. Furniture exports to Venezuela have increased drastically by 493% during the period and amounted to USD3.9 million.

The Southern state of Santa Catarina's share of total Brazilian furniture sales was 34%, followed by Rio Grande do Sul with 29% and São Paulo with 15%. However, Santa Catarina´s share has been gradually falling.

Brazil Log Prices (domestic)

Brazilian logs, mill yard, domestic	US$ per m^3
Ipê	147⬆
Jatoba	104⬆
Guariuba	70⬆
Mescla (white virola)	77⬆

Brazil Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB		US$ per m^3
Jatoba Green (dressed)		841
Cambara KD		465
Asian Market (green)	Guariuba	265
	Angelim pedra	590⬇
	Mandioqueira	234
Pine (AD)		200⬆

Brazil sawnwood, domestic (Green)		US$ per m^3
Northern Mills (ex-mill)	Ipé	691⬆
	Jatoba	527⬆
Southern Mills (ex-mill)	Eucalyptus (AD)	202⬆
	Pine (KD) 1st grade	267⬆

Brazil Veneer Prices

Veneer, FOB (Belem/Paranagua Ports)	US$ per m^3
White Virola Face 2.5mm	295
Pine Veneer (C/D)	210⬇

Rotary cut Veneer, domestic	US$ per m^3	
(ex-mill Northern Mill)	Face	Core
White Virola	266⬆	222⬆

Brazil Plywood Prices

Plywood, FOB	US$ per m^3
White Virola (US Market)	
5.2mm OV2 (MR)	460
15mm BB/CC (MR)	398
White Virola (Caribbean market)	
4mm BB/CC (MR)	507
12mm BB/CC (MR)	407

Pine Plywood EU market, FOB	US$ per m^3
9mm C/CC (WBP)	307
15mm C/CC (WBP)	276
18mm C/CC (WBP)	278

Plywood, domestic (ex-mill Southern mill)		US$ per m^3
Grade MR (B/BB)	White Virola 4mm	911⬆
	White Virola 15mm	666⬆

Domestic prices include taxes and may be subject to discounts.

Other Brazil Panel Prices

Belem/Paranagua Ports, FOB	US$ per m^3
Blockboard Pine 18mm 5 ply (B/C)	315
Domestic Prices, Ex-mill Southern Region	
Blockboard White Virola faced 15mm	594⬆
Particleboard 15mm	374⬆

Brazil Added Value Products

FOB Belem/Paranagua Ports		US$ per m^3
Edge Glued Pine Panel		
Korean market (1st Grade)		651
US Market		503
Decking Boards	Cambara	609⬆
	Ipê	1697⬆

Report from Peru

Domestic demand drives Peru's production of forest products

Domestic consumption has increased to such as level that veneer and plywood mills are working at 100% installed capacity. Mr. Ricardo Dueñas, head of the Forest Products Sector of PROMPERU, said high production levels are expected to continue over the next five or six months. He noted that the heightened outputs are due mainly to the high growth of domestic demand and waning export capacity by companies. Tree species such as capinurí, catahua and kapok (Ceiba sp.) are primarily used as the raw material for Peru's plywood.

EU and CAN make progress in trade talks

Negotiations between the Andean Nations Community (CAN) and the European Union (EU) continued despite the recent crisis between Ecuador and Colombia, reported the Chief of the EC delegation, Antonio Cardoso Mota. Cardoso said that the agreement between CAN and the EU was based on three pillars: political dialogue, technical cooperation for development and commercial trading. He admitted that the Colombian raids in Ecuador could have been detrimental to the negotiations, but said constructive dialogue between CAN and the EU allowed the parties to move forward.

Ecotourism project poses benefits and threats to Amazonian rainforest

The Economist recently reported on the success of a Peruvian ecotourism project. The project allows community owners living in the ecotourism area to share in decision-making while receiving 60% of the profits from the project. The article said the community members were being trained to take over the operation in 2016 and early outputs had helped raise literacy, healthcare and nutrition standards in the community. Although most of the rainforest continues to remain unspoiled, the article noted public concerns over the impact of roads, which were likely to spur future development in the region. Conservationists and ecotourism operators were aware of the possible threats of the roads, with one conservationist hoping to establish an ecotourism corridor along the roads in the rainforest.

Peru Sawnwood Prices

Peru Sawnwood, FOB Callao Port		US$ per m^3
Mahogany S&B KD 16%, 1-2" random lengths (US market)		1847-1875
Spanish Cedar KD select		
North American market		938-985
Mexican market		960-988
Pumaquiro 25-50mm AD	Mexican market	490-525

*Cheaper and small-dimension sawnwood for this market.

Peru Sawnwood, FOB Callao Port (cont.)	US$ per m^3
Virola 1-2" thick, length 6'-8' KD	
Grade 1, Mexican market	334-383↑
Grade 2, Mexican market	300-324↑
Cumaru 4" thick, 6'-11' length KD	
Central American market	760-795
Asian market	720-760
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	550-585
Dominican Republic	565-575
Marupa (simarouba) 1", 6-11 length Asian market	395-415

Peru Sawnwood, FOB Iquitos	US$ per m^3
Spanish Cedar AD Select Mexican market	939-978
Virola 1-2" thick, length 6'-13' KD	
Grade 1, Mexican market	333-364↑
Grade 2, Mexican market	305-318↑
Grade 3, Mexican market	183-198↑
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	250-263

Peru sawnwood, domestic	US$ per m^3
Mahogany	1295-1331
Virola	93-105↓
Spanish Cedar	451-468↓
Marupa (simarouba)	130-136↓

Peru Veneer Prices

Veneer FOB	US$ per m^3
Lupuna 3/Btr 2.5mm	220-228
Lupuna 2/Btr 4.2mm	220-250
Lupuna 3/Btr 1.5mm	245-255

Peru Plywood Prices

Peru plywood, FOB (Mexican Market)		US$ per m^3
Copaiba, 2 faces sanded, B/C, 15x4x8mm		368-385
Virola, 2 faces sanded, B/C, 5.2x4x8mm		424-432
Cedar fissilis, 2 faces sanded 4x8x5.5mm		755-765
Lupuna, treated, 2 faces sanded, 5.2x4x8mm		369-383
Lupuna plywood	B/C 15x4x8mm	350-358
	B/C 9x4x8mm	345-350
	B/C 12x4x8mm	350-360
	B/C 8x4x15mm	420-430
	C/C 4x8x4mm	380-388
Lupuna plywood B/C 8x4x4mm Central Am.		385-395

Lupuna Plywood BB/CC, domestic	US$ per m^3
(Iquitos mills)	
122 x 244 x 4mm	426
122 x 244 x 6mm	397
122 x 244 x 8mm	403
122 x 244 x 12mm	398
(Pucallpa mills)	
122 x 244 x 4mm	450
122 x 244 x 6mm	439
122 x 244 x 8mm	427
122 x 244 x 12mm	419

Other Peru Panel Prices

Peru, Domestic Particleboard	US$ per m^3
1.83m x 2.44m x 4mm	277
1.83m x 2.44m x 6mm	230
1.83m x 2.44m x 12mm	198

Peru Added Value Product Prices

Peru, strips for parquet		US$ per m^3
Cabreuva/estoraque KD12% S4S, Asian market		1445-1500
Cumaru KD, S4S	Swedish market	650-695
	Asian market	920-945
Cumaru decking, AD, S4S E4S, US market		930-950
Pumaquiro KD # 1, C&B, Mexican market		492-534
Quinilla KD, S4S 2x10x62cm, Asian market		590-620
2x13x75cm, Asian market		700-730

Report from Bolivia

Business roundtable nets 48% gain in contracts

The Fourth Business Wood Roundtable organized by the Forest Chamber of Bolivia (CFB) recorded business deals of USD27.6 million dollars, a 48% jump over the amount of last year's total contracts. The amount resulted from over 1,300 business negotiations between 201 companies registered at the conference. Over 60 companies from 18 countries participated in the event.

Bolivia hosts investment workshop on tropical forests

From 26-27 March 2008, the CFB, in conjunction with USAID and ITTO, convened a national investment workshop on tropical forests. The event was held as part of Expoforest 2008 and attracted more than 150 participants from the private sector, investors, banks, consultants, universities and executives from the forest sector. The workshop discussed Bolivia's plans and policies for tropical forest investment in Santa Cruz and other regions of Bolivia and South America's tropical forest products trade in international markets.

Bolivia Sawnwood Prices

Sawnwood 1-3"x3x5"x7-19', FOB Arica Port		$ Avg un. val. per m^3
Mahogany	(US market)	1400-1700↓
Spanish Cedar	(US market)	500-960↓
Oak	(US and EU market)	700↑

Bolivia Added Value Product Prices

Doors 13/4"x36"x96", FOB Arica Port		Avg $ per piece
US market	Mara macho/Tornillo (FSC)	100-400↓
	Yesquero	100-490
	Ochoó	120-495

Report from Mexico

Germplasm banks give hope to threatened forest species

In July 2007, the President of Mexico, Felipe Calderon Hinojosa, announced the creation of ambitious projects to preserve Mexico's biodiversity, the National System of Forest Resources and the National Center for Forest Genetic Resources. Germplasm from forest seeds and spores are collected and conserved as high-value products. The materials have already been used to conserve certain vegetative species or improve their resistance, productivity and tolerance to certain climates. At present, CONAFOR, the national forest agency, has 17 germplasm banks, which can be used for immediate seed production.

UK government provides finance for mangrove swamps

The UK government will contribute 3,322,000 Mexican pesos this year in mangrove swamps in Nayarit to strengthen the capacity of community lands ('ejido'). The project, called the 'Regional Action Plan for the Restoration of Mangrove Swamps in Nayarit', will be used for environmental education and investigation on economic alternatives for environmental use. It is anticipated that the project will benefit more than 20 community lands and communities in the area. Activities associated with the project began in February 2008 and are expected to be complete in two and a half years.

Report from Guyana

GFC undertakes greater scrutiny of forest concessions

The Guyana Forestry Commission (GFC) has increased its monitoring of forest concessions to ensure that concessionaires practice sustainable forestry in accordance with the rules set out by the Commission. Over 30 additional permanent field staff have been hired to facilitate these activities, and the GFC is in the process of enhancing the physical resources available to strategic field offices. The new measures follow findings in 2007 that show companies harvested logs outside of their approved blocks. One company in 2008 has repeatedly breached harvesting rules. The GFC has instituted the appropriate penalties against the company and will continue to examine the operations of other concessions in an effort to maintain the highest level of sustainable forest management practices and legality throughout the country.

Guyana's dressed lumber show highest price gains

Guyana's exports of piles have begun to increase, following a drop earlier in the year, as export earnings for the first fortnight of April were almost equal to the monthly average for 2007. Earnings have so far exceeded the monthly average for 2008 by 12 percent. Meanwhile, prices for dressed lumber have reached their highest levels in recent times, with purpleheart prices exceeding USD1,000 per m³ over the first two weeks of April 2008.

Guyana Log Prices

Logs, FOB Georgetown	SQ - $ Avg unit value per m³		
	Std	Fair	Small
Greenheart	120-140	120-140	115-120
Purpleheart	160-195⬆	150-185	160-180⬆
Mora	110-140	120-130	120⬆

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

Guyana Sawnwood Prices

Sawnwood, FOB Georgetown		$ Avg unit val. per m³	
EU and US markets		Undressed	Dressed
Greenheart	Prime	600⬆	620-985⬆
	Select/Standard	430-750⬆	524-834⬆
Purpleheart	Prime	-	600-1,000⬆
	Select/Standard	470-720⬆	450-615⬇
Greenheart scantlings		-	-

Guyana Plywood Prices

Plywood, FOB Georgetown Port			$ Avg unit val. per m³
Baromalli	BB/CC	5.5mm	-
		12mm	380⬆
	Utility	5.5mm	-
		12mm	350⬇

Report from Japan

South Sea log imports plummet 26% in 2007

Japan Lumber Reports indicated that the total volume of South Sea logs dropped 25.6% in 2007 from 2006 levels, which was largely attributed to the impact of the revised Building Standards Act. PNG and the Solomon Islands showed stable levels of exports, mostly plantation logs. In contrast, Sabah's exports to Japan fell. The following charts show trends for South Sea and African logs since 2002:

Southsea Logs

	Import					Demand		
	Total	Sabah	Sarawak	Slmn Isl.	PNG	Total	for Ply	for Lmbr
2002	1,982	126	1,389	54	413	1,962	1,766	196
2003	1,717	149	1,121	38	409	1,779	1,604	175
2004	1,612	198	1,018	65	330	1,645	1,490	160
2005	1,368	240	834	74	204	1,465	1,318	145
2006	1,405	261	813	106	189	1,318	1,189	130
2007	1,021	179	576	101	164	1,041	928	113

Table 1: Supply/Demand Trends for Southsea Log in Japan, 2002-2007 (1,000 cubic meters) \Source: *Japan Lumber Journal*

African Logs

	Import	Demand		
		Total	for Plywood	for Lumber
2002	111	130	123	6.6
2003	120	107	102	4.5
2004	63.2	79.5	76.6	2.82
2005	17.85	10.6	8.03	2.65
2006	353	9.65	7.31	2.43
2007	9	9.2	6.6	2.5

Table 2: Supply/Demand Trends for African logs in Japan, 2002-2007 (1,000 cubic meters) \Source: *Japan Lumber Journal*

The *Japan Lumber Journal* reported that the imported volume of South Sea logs is expected to fall by 20% in 2008. Prices for plywood were also increasing in late April due to tight supply of South Sea hardwood plywood, said *Japan Lumber Reports*. It also noted that prices for logs were bullish due to log supply shortage.

Ministry of Environment launches campaign against illegal wood

The Ministry of Environment in Japan has embarked on a campaign against illegal wood to raise public awareness about diminishing forest resources. Based on results gained from a public questionnaire issued by the Ministry, it was found that the public had low awareness about the problems associated with illegally harvested wood. Due to these findings, the Ministry vowed to promote its Green Purchasing Law. The Ministry also linked the problem of deforestation to climatic change and noted that sustainable forest management was essential to promote global environmental protection. The Ministry is encouraging wood purchasers not to buy illegally harvested logs and products and to buy only those products certified as legal and sustainable. Although the government's Green

Purchasing Law applies only to the government purchases of wood products, it has been promoting the idea to the public and various private sector organizations.

Log and Sawnwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku (Koku=0.278 m^3)
Meranti (Hill, Sarawak)	
Medium Mixed	8,200↓
Standard Mixed	8,300↓
Small Log (SM60%, SSM40%)	7,200↓
Taun, Calophyllum, others (PNG)	7,400↓
Mixed light hardwood, G3/4 grade (PNG)	-
Okoumé (Gabon)	11,000↓
Keruing MQ & up (Sarawak)	10,200
Kapur MQ & up (Sarawak)	9,800

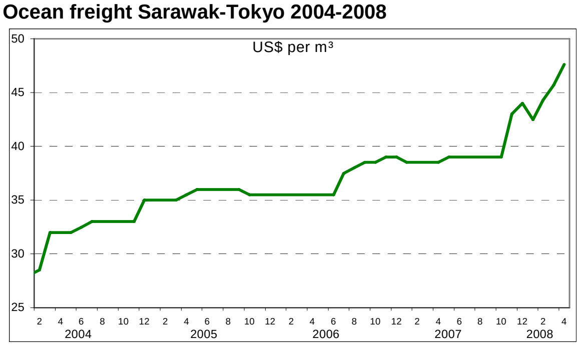
Logs for Sawmilling, CIF	Yen per Koku
Melapi (Sarawak) High Select	11,000
Agathis (Sarawak) High Select	-

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

Wholesale Prices (Tokyo)

Indonesian & Malaysian Plywood	Size (mm)	Feb (¥ per sheet)	Mar
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	370	370
3.7mm (med. Thickness, F 4star, type1)	910 X 1820	560	560
5.2mm (med. Thickness, F 4star, type 1)	910 X 1820	670	670
11.5mm for sheathing (F 4star, type 2)	910 X 1820	930	940 ↑
12mm for foundation (F 4star, special)	910 X 1820	1000 ↑	1030 ↑
12mm concrete-form ply (JAS)	900 X 1800	930	940 ↑
12m coated concrete-form ply (JAS)	900 X 1800	1090 ↑	1110 ↑
11.5mm flooring board	945 X 1840	1300	1300
3.6mm baseboard for overlays (OVL)	1230 X 2440	880 ↓	860 ↓
OSB (North American)			
12mm foundation of roof (JAS)	910 X 1820	1000	1000
9mm foundation for 2 by 4 (JAS)	910 X 2440	1050	1050
9mm conventional foundation (JAS)	910 X 2730	1250	1250
9mm conventional foundation (JAS)	910 X 3030	1350	1350

Ocean freight Sarawak-Tokyo 2004-2008



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

Report from China

China issues updated Catalogue of Prohibited Products

On 4 April 2008, the Ministry of Commerce and General Administration of Customs issued the updated Catalogue of Prohibited Products in the Processing Trade for 2008 (Circular No. 22/2008). The updated catalogue lists prohibited products to control high polluting commodities for export, mitigate risks to the environment and promote transformation of the processing trade. The Catalogue covers a total of 1816 ten-digit customs tariff codes. Of the total, 606 forest products are included, adding 183 forest products from 2007 and making up 33% of the total prohibited products. Processing trade contracts involving newly prohibited products approved before 5 May 2008 may be filed with customs according to relevant regulations and completed within the contract validity period. Enterprises under online monitoring can complete their contracts by 5 April 2009.

Fujian introduces international timber e-trading market

The first third-party online e-business platform for the national timber industry was recently established in Putian City of Fujian Province and has formally been opened to traders. The platform was set up in Putian State Level Timber Trading and Processing Demonstration Zone. A sum of 120 million yuan was invested by Zongtong Timber Electronic Trading Co., Ltd to establish the platform which covers information on trading and logistical information. The traders can make online transactions by gaining information on merchandise on hand, orders, bidding processes and auctions. The platform has the function of making orders through global internet videos, electronic businesses and credit guarantees.

Sunlight Technology Co. (HK) invests USD180 million in plantations

Sunlight Technology (HK) Co., Ltd has invested USD180 million to establish a 400,000 mu (where 1 hectare equals to 15 mu) fast growing and high yield plantation and start a 400,000 m³ high density fiberboard processing project in Tongnan County of Chongqing City. According to planning, 10,000 mu of a demonstration site will be built in 2008 and 50,000 mu of plantation by 2009. The project will be complete within 8 years. According to planning, the fiberboard project will be initiated in 2008.

Shandong Port gains first quarter increase in plywood exports

According to statistics from Qingdao Customs, plywood exports through Shandong Port during the first quarter of 2008 were 600,000 m³ or USD 210 million in value, up 20%. The average price for exported plywood was USD356 per m³, up 16% from the same period in 2007.

The main export markets were the US, the European Union and ASEAN member countries. The US was the largest market for plywood exports through Shandong Port. Plywood exports through Shandong Port to the US were 160,000 m³, down 7% from the same period in 2007; to the EU 156,000 m³, up 0.5%; to ASEAN countries 72,000 m³, down 8%. Plywood exports to the above regions totalled 388,000 m³, accounting for 65% of Shandong's total.

In the first quarter of 2008 plywood exports from private enterprises rose 17% to 447,000 m³, representing 70% of all plywood exports. Plywood exports of state-owned enterprises fell 40% to 87,000 m³. Plywood exports of foreign capital enterprises grew 38% to 60,000 m³.

China has been experiencing difficulty in the development of its plywood industry due to supply and demand imbalances. Supply exceeds demand in the domestic plywood market due to output capacity expansion and China's strengthening control on the real estate market. In the meantime, plywood exports are slowing as export refund rates decrease, the yuan appreciates and foreign anti-dumping measures continue to be enforced.

Furthermore, profits have been reduced greatly due to increases in oil and adhesive prices.

Guangzhou City Imported Timber Market

Logs	Yuan per m^3
Radiata 6m, 30cm diam.	1300
Lauan	2200-2400
Kapur	1900-2500
Merbau 6m, 60cm diam.	4800-5200
Keruing 60cm+ diam.	1900-2350
Beech 6m,30cm veneer Qual.	3300-3600
Sawnwood	
Teak sawn grade A	7400-7500
US Maple 2" KD	8800-12500
US Cherry 2"	15000-15600
US Walnut 2"	12500-14500
SE Asian Sawn 4m+, KD	3700-3900
*Plywood**note, dimensions have changed*	Yuan per sheet
4x8x5mm	87
4x8x15mm	219-223

Shanghai Furen Wholesale Market

Sawnwood		Yuan per m^3
Beech KD Grade AB		2500-3200
US Cherry, 25mm		9500-10500
US Red Oak, 50mm		9800-10500
Sapele 50mm FAS (Congo)		
	KD (2", FAS)	9500-9800
	KD (2",grade A)	8000-9500

Shandong De Zhou Timber market

Logs		Yuan per m^3
Larch	6m, 24-28cm diam.	1220
White Pine	6m, 24-28cm diam.	1250
Korean Pine	4m, 30cm diam.	1350
	6m, 30cm diam.	1400

Hebei Shijiangzhuang Wholesale Market

Logs		Yuan per m^3
Korean Pine 4m, 38cm+ diam		1700
Mongolian Scots Pine	4m, 30cm diam.	1350
	6m, 30cm+ diam.	1380
Sawnwood		
Mongolian Scots Pine	4m, 5-6cm thick	1550
	4m,10cm thick	1600

Tian Jin City Huan Bo Hai timber Market

Logs	Yuan per m^3
Okoume 80cm+	3000
Sapele 80cm+	5350
Padauk 40cm+	6000
Sawnwood	
US Black Walnut 2.2-4m, 5cm thick	16000
Padauk 2.2-3.2m, 5cm thick	11000
Sapele 2.2-2.6m, 5cm thick	6800
Ash 4m, 5cm thick	4300

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

Report from Europe and the UK

Sawn lumber demand slows in all leading EU markets

European demand for tropical hardwoods remains subdued due to uncertain economic conditions in all the main markets. The strong euro has meant particularly slow buying of African species and given dollar denominated species an edge. Importers stocks of African hardwood species are generally high and it is becoming increasingly difficult for importers to pass on replacement prices.

The problems of the European hardwood market are not only impacting on tropical hardwoods. Even American hardwoods – which should be benefiting from the weakness of the dollar against the euro – are experiencing a significant downturn. According to the April issue of the US journal Hardwood Review Global 'European demand for US hardwoods declined last month amid slowing home construction, faltering economic confidence, and increasing competition from Asian wood manufacturers. Most Italian, British Portuguese and Belgian importers reduced purchases only marginally. However orders from Spanish, German, Irish, Dutch, Swedish, French and Danish yards and end-users were sharply lower'.

In the UK, demand for sapele, the favored joinery species, is reported to be weak. Importers' stocks are in excess demand and there is a lot of selling below replacement cost. Interest in the forward market is limited with most buyers satisfying short-term need from existing grounded stocks in the UK and on the continent. Although sapele forward prices have remained reasonably stable, there are some reports of shippers dropping prices in order to stimulate demand. Subdued levels of consumption of other African hardwoods in the UK including framire and iroko have changed little in recent weeks.

CIF dollar prices for meranti tembaga on offer to UK buyers have risen 2-3% in recent weeks as shippers have sought to compensate for the stronger ringgit against the dollar, the rising costs of production and freight and as supplies have tightened in the rainy season. However the strong euro means that meranti still maintains a significant price advantage over sapele. Although many UK manufacturers of doors and windows remain firmly wedded to the quality and consistency of sapele, those buying for more general utility joinery applications have switched to meranti in recent months. Nevertheless, uncertainty over construction sector prospects has meant that UK forward demand even for meranti remains weak.

There are some suggestions of reasonable demand for keruing in the UK despite firm prices although consumption is limited by supply constraints.

A major feature of the UK hardwood market in recent years has been the strong fashion for European oak. This trend seems to have changed little this year. European oak continues to be strongly favored even as the strong euro has meant high prices in the UK compared to American white oak. The UK market for the latter has been suffering this year due to a distinct lack of shipping space from the eastern US to the EU.

The Irish market – which in past years has been a major source of demand for iroko and sapele lumber – is now very subdued on the back of a major slowdown in construction activity.

The German hardwood market remains slow, an inevitable consequence of the sluggish building sector. A recent report in the German economic journal *Die Welt* notes that the German government has ceased giving subsidies for owner-occupation and this has contributed to a downturn in house building. Trade experts suggest that the use of timber windows may decrease by roughly 20% this year compared to last. This is already being felt in weak demand for dark red meranti sawn lumber and lamscants in Germany. Although stocks of these commodities are believed to have come down since the start of the year, consumption is so slow that few are anticipating any quick return to the forward market.

According to the German trade journal *EUWID*, forward purchasing of African hardwoods in Germany remains slow. When necessary importers are tending to buy little and often from existing landed stocks in Germany and Netherlands which are reported to be adequate to meet current levels of slow demand. *EUWID* notes that 'one or two importers are even talking of a pronounced over-supply'. As in the UK, the problems have been particularly pronounced for sapele, with some importers reducing prices of this species for onward sale in Germany in an effort to off-load excess stock. However *EUWID* also notes that German demand for African whitewood species including ayous, samba and koto used in the mouldings industry and for sauna-building has tended to be more buoyant than the market for redwood species.

Economic growth in the Netherlands has been undermined by the strong euro and several large Dutch banks have had to write off major losses in the US. *The Economist* journal predicts that following growth of 3% in 2006 and 3.5% in 2007, GDP growth in the country will decelerate to 2.1% in 2008 and 2% in 2009 because of lower export growth.

Although this situation has not yet significantly dented overall business confidence in the Netherlands, the timber trade seems to be suffering from a bout of uncertainty. Forward orders of Malaysian meranti and merbau are very slow, particularly as importers are very keen to avoid the severe problems created in 2007 due to over-stocking. Although meranti stocks are much lower than they were last year, Dutch importers are cautious in their dealings with the forward market. Nor are they encouraged by the current low levels of consumption in the EU.

The Netherlands timber trade is also feeling the cold from the domestic building sector which remains a major cause for concern. Although house prices continue to trend upwards, the building activity continues to be hindered by excessive red tape. As a result many end users are trying to maintain only minimum stocks and to restock only when absolutely necessary.

Poor economic conditions in Italy and Spain are acting as a significant drag on tropical hardwood markets in both countries. The Spanish door sector, a major source of demand for tropical lumber and veneers is under intense pressure from declining home construction and increasing competition from Asian manufacturers.

Dollar CIF Northern Europe prices for good quality Bangkirai have remained largely stable in recent weeks. There are some reports of solid demand for good quality product despite the general lack of good weather at the start of the spring season. However demand for lower quality bangkirai has been weaker and stock levels are reported to be high.

EU plywood market remains subdued

There has been little change in EU market for hardwood plywood in recent weeks. Demand remains quite subdued and CIF prices are reasonably stable. A UK contact suggests that although Southeast Asian mills are looking to increase prices to the EU due to higher costs of logs, glue, utilities, freight and labor, slow demand has meant the market has not been receptive. In mid-April, the German trade journal *EUWID* reports that prices for Indonesian raw plywood in 4x8 foot format are averaging Indo 96 +25 to +27.

In the UK, a barrage of bad news relating to the housing market and global financial crises has hit business confidence this year. Furthermore, overbuying at the end of 2007 in response to supply concerns has meant that existing on-ground supply has generally been sufficient to meet subdued demand. Stocks of Chinese plywood are regarded as particularly high compared to the level of demand. One contact also suggests that Malaysian plywood stocks in the UK are high, leading to intense competition for sales between the major UK importers. There is now a lot of cross-trading between importing companies - rather than enter to forward market, smaller companies are finding it cheaper to buy from existing landed stocks of the larger distributors.

There is a sense that current plywood prices on the ground in the UK do not adequately reflect replacement cost while lack of forward buying might eventually lead to shortages if order levels improve. However there is little expectation of a significant improvement in market sentiment in the short-term.

EU policy developments on illegal wood trade reach a critical stage

EU policy developments relating to illegal logging and timber procurement are reaching a critical stage. Two EC Communications are due to be released in May 2008, one covering Additional Legislative Options, the other covering Green Public Procurement (GPP). The first is expected to recommend a law that would impose a requirement for due diligence on European operators in the wood sector, including importers, manufacturers, and distributors. These operators would be required by law to conform to industry Codes of Conduct or equivalent company based programs involving comprehensive risk assessment of suppliers. The second Communication on

GPP forms part of an EC initiative designed to provide Member States with the necessary tools to raise the quantity and quality of GPP in the EU. Expectations are high that the Communication will improve the current incomplete and inconsistent EC guidance on public sector timber procurement which has contributed to the development of a confusing array of policies at national level.

The Netherlands Sawnwood Prices

FOB (Rotterdam)	USD per m³
Sapele KD	1179⬆
Iroko KD	1158⬆
Sipo KD	1314⬆
DRM Bukit KD	1186⬆
DRM Seraya KD	1194⬆
DRM Meranti KD Seraya MTCC cert.	1236⬆
Merbau KD	1215⬆
Sapupira (non FSC) KD	943⬇
Sapupira (FSC) KD	1441⬆
Anti-slip decking AD C&F Rotterdam	
Selangan batu	1100

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

FOB plus commission		€ per m³
N'Gollon (khaya)	70cm+ LM-C	320-360
Ayous (wawa)	80cm+ LM-C	220-230
Sapele	80cm+ LM-C	340-370
Iroko	80cm+ LM-C	330-350

UK Sawnwood Prices

FOB plus Commission	Pounds per m³
Tulipwood FAS 25mm	210-230
Framire FAS 25mm	430-450
DR Meranti Sel/Btr 25mm	480-490
Sipo FAS 25mm	600-640
Sapele FAS 25mm	560-580
Iroko FAS 25mm	550-570
Wawa No.1 C&S 25mm	250-260
Balau/Bangkirai Decking	560-620
White Oak	460-480

UK Plywood and MDF Prices

Plywood Panels 8x4", CIF	US$ per m³
Brazilian WBP BB/CC 6mm	540-550
Malaysian WBP BB/B 6mm	545-555
China (hardwood face, eucalyptus core) 18mm	420-430
China (hard face, poplar core) 18mm	440-460

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.

Australia and some other Asian countries such as Japan and South Korea planned to provide Rp10 billion worth of a grant to Bengkulu province for the protection and preservation of forests. Head of the Forestry Representative office in Bengkulu Chairul Burhan said Rp5 billion of the total amount was to be provided by Australia, while the rest was shared among some Asian countries.
http://www.antara.co.id/en/arc/2008/4/15/australia-asian-countries-to-provide-grant-for-bengkulu-forests/

European and Japanese leaders at their annual summit in Tokyo have called for 'ambitious and binding' targets for cutting greenhouse gas emissions. Their statement says curbing climate change will need mobilization of 'unprecedented investments and finance' mainly from the private sector. It accepts that a Japanese plan to explore separate targets for different types of industry is 'useful'. Leaders hope to take their arguments forward into the July G8 meeting.
http://news.bbc.co.uk/2/hi/science/nature/7362802.stm

Indonesian national police have confiscated some 12,000m³ of illegally logged timber valued at USD22.5 million. The raid first occurred around April 5 on Kalimantan Island, otherwise known as Borneo. During the raid, police also reportedly confiscated 19 barges and suspended activity at three sawmills.
http://www.furnituretoday.com/article/CA6552480.html?industryid=23184&industry=Global

Indonesia was a fitting host for the recent UN Climate Change Conference in Bali, in part because its rich biodiversity and natural resources are unsurpassed. Indonesia possesses the highest marine biodiversity on the planet, and one of the largest and most biodiverse tropical forests in the world.
http://www.antara.co.id/en/arc/2008/4/22/ri-is-environmental-superpower-us-envoy/

A new development paradigm is emerging that links the economy and culture, embracing economic, cultural, technological and social aspects of development at both the macro and micro levels. Central to the new paradigm is the fact that creativity, knowledge and access to information are increasingly recognized as powerful engines driving economic growth and promoting development in a globalizing world.
http://www.unctad.org/Templates/Page.asp?intItemID=4504&lang=1

Paying people not to do something may conjure up images of dubious protection rackets, but according to growing numbers of experts it could also prove one of the most cost effective means of curbing global carbon emissions. That is certainly the view of investment banking giant Merrill Lynch, which this week became the latest firm to underline its interest in carbon credits from avoided deforestation projects, inking a deal with Australian firm Carbon Conservation that will see it buy a minimum of USD9 million of carbon credits from an avoided deforestation scheme in Aceh, Indonesia.
http://www.businessgreen.com/business-green/news/2214613/merrill-lynch-throws-weight

There have been efforts in recent years by the Cameroonian government, environmental groups and consumer countries to combat illegal logging, but it remains a major problem. The reason is quite simple, says Albert Barume, the director of Resource Extraction Monitoring, an independent group monitoring forest law enforcement.
http://www.radionetherlands.nl/radioprogrammes/earthbeat/080416eb-deforestation

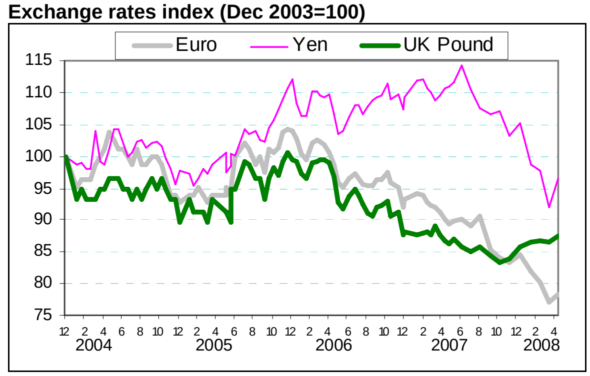
The World Bank Group unveiled a new initiative to help developing countries manage and transform their natural resource wealth into long-term economic growth that spreads the benefits more fairly among their people. The Extractive Industries Transparency Initiative Plus Plus (EITI++) seeks to develop national capability to handle the boom in commodity prices, and channel the growing revenue streams into fighting poverty, hunger, malnutrition, illiteracy and disease, said the World Bank in a statement.
http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,date:2008-04-13~menuPK:34461~pagePK:34392~piPK:64256810~theSitePK:4607,00.html

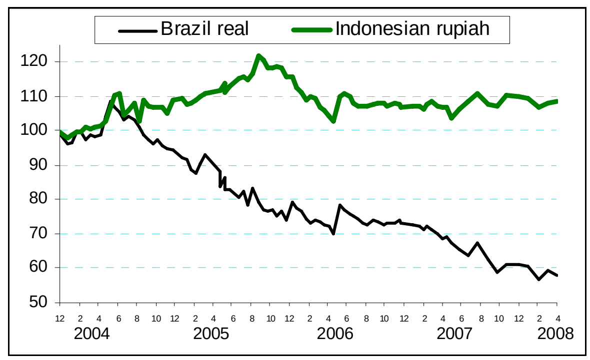
Main US Dollar Exchange Rates

As of 29 Apr 2008

Brazil	Real	1.7047	↑
CFA countries	CFA Franc	421.387	↑
China	Yuan	6.985	↓
EU	Euro	0.6424	↑
Indonesia	Rupiah	9,217.00	↑
Japan	Yen	104.02	↑
Malaysia	Ringgit	3.1516	↓
Peru	New Sol	2.849	↑
UK	Pound	0.5079	↓

Exchange rates index (Dec 2003=100)

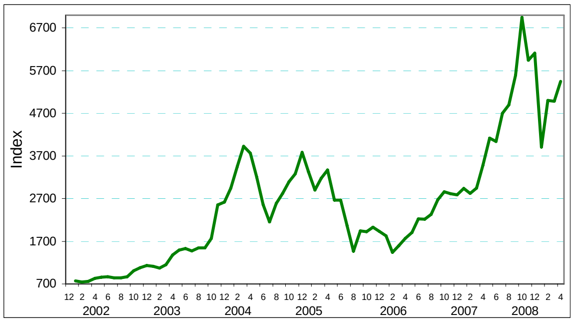




Abbreviations and Equivalences

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

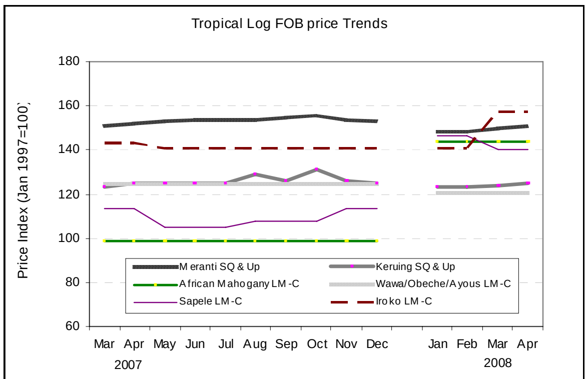
Ocean Freight Index

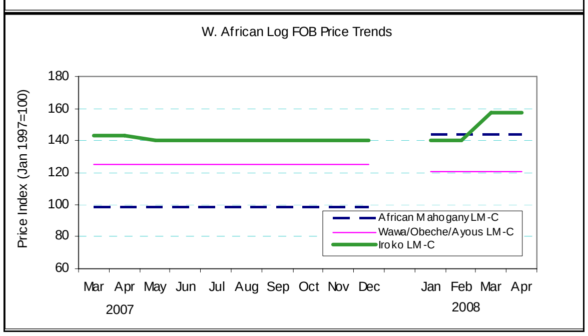


The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

Appendix. Tropical Timber Price Trends

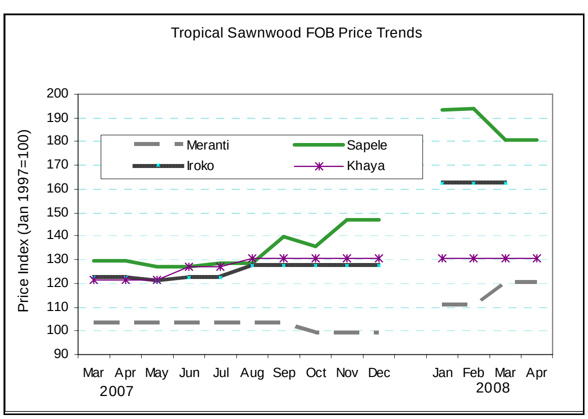
Tropical Log Price Trends

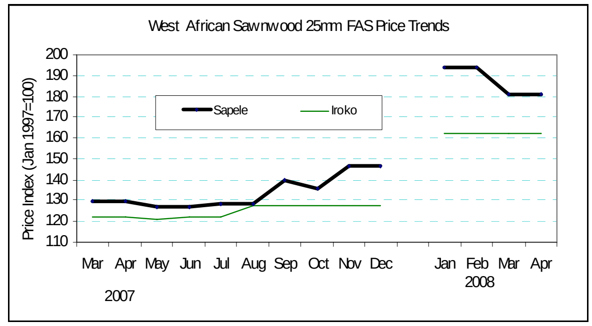




More price trends in Appendix 4, ITTO's Annual Review http://www.itto.or.jp/live/PageDisplayHandler?pageId=199

Tropical Sawnwood Price Trends





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

Tropical Plywood Price Trends