

Tropical Timber Market Report since 1990

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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

This issue of the *Tropical Timber Market Report* begins with an excerpt from the *ITTO Annual Review and Assessment of the World Timber Situation 2007*. It discusses general trends in the timber trade in ITTO producer and consumer countries during the year 2007. The full report is available at www.itto.or.jp.

Over the past fortnight, demand for some wood products has slowed and has continued to impact producers. It was anticipated that European purchases would virtually stop in the summer months. In West Africa, logging has been restricted to certain species and production of sawn timber has been kept at moderate levels. In Brazil, despite recovery in exports from Mato Grosso, the area was still struggling to recover from the wave of mill closures and delays in the approval of management plans. Guyana's export volumes continued to decline, although prices rose for the period.

New investments to promote the wood trade were being launched in producer countries. Indonesia announced plans to establish new trade centers in eleven countries to strengthen the country's international market presence. Brazil planned to use new lines of bank credit to reduce waste from logging and log processing. Recent investments in China's value-added production in the furniture industry helped boost the value of furniture exports nearly 35% in 2007.

Headlines

Slowing demand creates buyers' market	7
Ghana launches GIFEX 2008	7
TIDD reports sharp improvement in Q1 plywood prices	8
Over USD2 million announced at ITTO meeting in Ghana	8
Malaysia wood industry exports up nearly 60%	9
New policy in Brazil to boost solidwood and furniture sectors	11
Solidwood companies in Mato Grosso continue to face difficulties	11
Plantation timber could reduce Mexico's dependence on imports	13
Guyana log exports continue to decline as prices rise	13
Chinese furniture enterprises boost export value	15
China wood flooring outputs rise 9.4%	16
Sapele prices under pressure in EU	16
EU plywood market weakens	17
UK sets new standard for construction products	17

Contents

Excerpts from the ITTO Annual Review	2
Central/West Africa	7
Ghana	7
Malaysia	9
Indonesia	10
Myanmar	10
Brazil	10
Peru	12
Bolivia	13
Mexico	13
Guyana	13
Japan	14
China	15
Europe and the UK	16
Internet News	18
Currencies and Abbreviations	19
Ocean Freight Index	19
Appendix: Tropical Timber Price Trends	19

Excerpts from the ITTO Annual Review

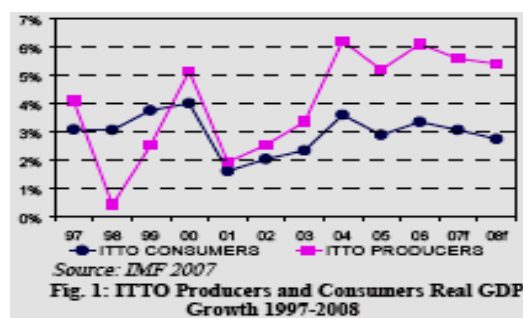
This chapter from the *ITTO Annual Review and Assessment of the World Timber Situation* provides a brief analysis of general developments in tropical timber markets as well as an overview of tropical timber trade in 2006-2007. The analysis is based on responses to the Joint Forest Sector Questionnaire submitted by ITTO members, International Monetary Fund (IMF) statistics and a review of other available literature.

Economic Trends

Global

In late 2007, IMF reported that global output (real GDP) grew by 5.2% in the first half of 2007, the global economy having experienced its strongest sustained period of growth since the early 1970s. Despite strong global economic growth in the third quarter, world GDP slowed markedly in the fourth quarter following uncertainty in global financial markets originating from the US subprime mortgage crisis. In response to moderation in economic expansion in late 2007, IMF revised the World Economic Outlook in January 2008, estimating that global growth had declined to 4.9% (on an annual basis) in 2007 and projecting further deceleration in growth to 4.1 percent in 2008 in response to continuing financial turbulence. IMF notes significant downside risks to the outlook for global growth in 2008, the main risk being that ongoing turmoil in financial markets may further reduce domestic demand in the advanced economies and create more significant spillovers into emerging market and developing economies. Further risks noted by IMF include 'potential inflation pressures, volatile oil markets, the impact on emerging markets of strong capital inflows, and continued large global imbalances. Key longer-term issues relate to addressing obstacles to sustained growth from population aging and the increasing resistance to globalization'.

Figure 1 shows the trends in GDP growth for ITTO producers and consumers over the last 10 years. The strong global economic expansion in 2007 was led by strong GDP growth in the emerging market and developing economies, with China, India and Russia accounting for one-half of global growth in 2007. Economic performance in the emerging market and developing economies has outgrown the advanced economies since 1990, real GDP growth reaching an estimated 7.8% (on an annual basis) in 2007 compared with 2.6% in the advanced economies. The global economic expansion in 2007 drove real GDP growth upwards in Africa (ITTO and non-ITTO countries) and the Middle East, both regions increasing from 5.8% in 2006 to 6.0% in 2007.



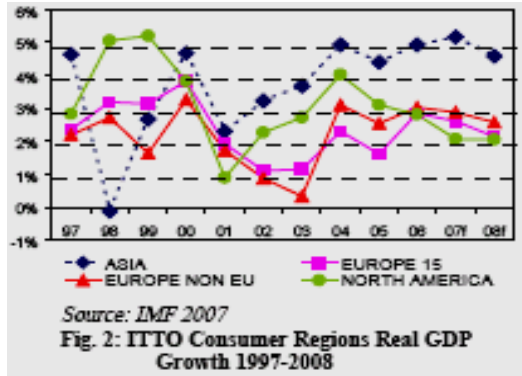
In Developing Asia and the Western Hemisphere regions, growth moderated at 9.6% and 5.4% respectively. The IMF expects growth in output in developing countries to ease to 6.9% in 2008, well above the 1.8% growth expected in advanced economies.

Inflation was contained in the advanced economies in the first half of 2007 but picked up in the latter half of the year and in a number of emerging market and developing countries. This reflected strong growth in domestic demand and rising food prices, largely attributed to the increased use of corn and other food items for biofuel production. In 2007, crude oil prices increased owing to a stronger growth in demand than had been anticipated by OPEC, a smaller than expected rise of non-OPEC output and continuing geopolitical concerns. Although the global economy adjusted with relative ease to oil price increases, in early 2008 inflationary pressures were caused by further oil price spikes, which threatened household real incomes in all economies. Average non-fuel primary commodity prices (USD) climbed by 28.4% in 2006, due mostly to buoyant global demand, particularly in China, which has kept both non-fuel (metal) and fuel (oil) commodity prices at high levels. Food prices have also spiked upwards, causing particular concern in developing countries where food represents a significant proportion of consumption. Average non-fuel primary commodity prices were predicted to contract by 12.2% in 2007 in anticipation of slowing global growth.

World trade volume (exports plus imports) continued improving in 2006 with a year-on-year increase of 9.2%, up from 7.5% in 2005. IMF predicted growth in world trade volume to slow in 2007 but still expand by a solid 6.6%. Although trade growth for both imports and exports grew in 2006, their rate of growth was predicted to contract in 2007 in both developed and developing countries. IMF notes the global concerns regarding persistent large trade imbalances (particularly in the USA), increasing the risk of disorderly adjustments to the US current account deficit, and the threat of rising protectionist pressures and pressures for increased trade restrictions.

ITTO Consumers

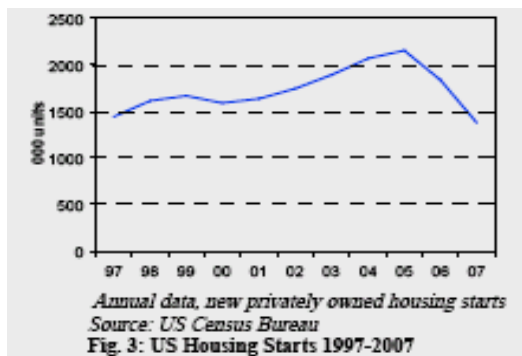
Figure 2 shows trends in GDP growth for ITTO consumer regions from 1997 to 2008.



The USA

The USA, the world’s largest economy, experienced a significant economic downturn in the latter part of 2007 related to corrections in the residential housing sector, causing speculation regarding the repercussions of a possible US recession for the global economy. Although export growth was strong in 2007 as the US dollar weakened, US economic growth slowed in 2007, with IMF estimating real GDP growth at 2.2%, down from 2.9% in 2006. Inflation in the USA has been relatively high in recent years, and was estimated at 2.7% in 2007, although down from 3.2% in 2006, with inflation pressures moderating from the weakening economy. The USA has experienced relatively low unemployment (4.7% in 2007) but this is being threatened by the economic slowdown.

Current difficulties in the US economy stem from financial problems in the subprime mortgage market for residential housing which is threatening the wider US economy, and a large current account deficit. (These issues are related in that house price appreciation has increased consumer wealth and reduced consumer incentive to save). US annual real house prices have declined sharply since 2005, leading to a decline in US residential housing investment (Figure 3). In early 2008 projected housing starts fell below 1.1 million.



A decline in real house prices is expected to impact consumer spending, as credit expansion has been made possible by appreciating house prices. IMF notes that a

number of advanced economies’ housing markets outside the USA could be vulnerable to a correction in house prices, with tightening credit conditions and associated risks to economic growth. Uncertainties for the US economic outlook have risen with recent indications (early 2008) of weakening manufacturing and housing sector activity, employment and consumption. Export growth and declining imports are, however, expected to provide some offset to the weakening housing sector.

European Union

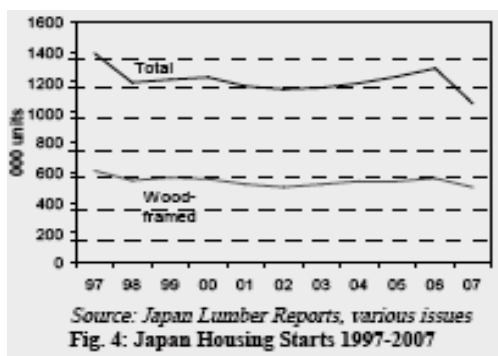
Average GDP growth in 2007 for Euro area countries slowed marginally to 2.6% following the region’s best economic performance period since 2000, with GDP growth reaching 2.8% in 2006. GDP growth to 2007 was driven by an increase in investment spending, particularly in Germany, in response to high regional and global demand for machinery and equipment, increased construction activity and robust exports from the region. Euro area economic growth equaled the average growth for all advanced economies in 2007 but the marginal slowing of growth was in response to the continuing appreciation of the euro, higher interest rates and the economic slowdown in the USA.

IMF predicts growth to slow further to 1.6% in 2008, 0.2 percentage points less than the average for advanced economies, in response to economic contagion from the US sub-prime mortgage crisis and global financial market turbulence. Construction activity in the region boomed in 2006 but weakened in 2007. EUROCONSTRUCT estimated growth in real construction at 3.8% in 2006, slowing to 2.0% in 2007. In 2008 growth in construction activity is anticipated to slow further to 1.4%, with tightening of global credit conditions affecting residential investment.

Real GDP growth in Germany (which comprises one-third of the EU economy), reached 2.9% in 2006 but slowed to 2.4% in 2007, when a value-added-tax hike reduced private consumption. France, Italy and Portugal have underperformed compared to the Euro area average over the last two years. GDP growth in 2007 for the three economies was estimated at 1.9%, 1.7% and 1.8% respectively. All three economies experienced a slowing of growth in 2005, rebounding in 2006 before stagnating again in 2007. The UK economy has experienced a strong and steady period of growth since it peaked at 3.3% in 2004. It slowed to 1.8% in 2005 but reached 3.1% in 2007, well above the average growth for the Euro area. Growth is expected to moderate in 2008 and housing construction activity is expected to weaken.

Japan

The Japanese economy grew slightly in 2007 with GDP growth of 1.9%, having recovered from a recession in 2002 when the economy shrank by 0.3%. This recovery reflected strong export performance, although offset somewhat by a sharp downturn in housing investment. Residential housing starts declined significantly in the last quarter of 2007, dipping to their lowest levels since 1967 at 1.06 million units for the year ended December



2007 (Figure 4). This sharp decline is reported to be due to poor implementation of the new Building Standard Law in mid-2007, under which new rules intended to crack down on the falsification of earthquake resistance data for buildings. Housing starts are expected to experience an upswing as the Japanese housing industry adjusts to the new rules in 2008.

Despite a relatively steady four-year recovery, economic commentators note Japan's political failure in addressing economic risks – namely the reliance on trade for GDP growth, in the light of turmoil in the US housing and credit markets, low productivity growth and weak consumption growth. Following a long period of deflation, with consumer prices averaging an annual average decrease of 0.2% in the last decade, Japan experienced inflation of 0.3% in 2006 but had no growth in consumer prices in 2007 and IMF noting that 'deflation [had] still not [yet been] decisively beaten'.

The unemployment rate declined to 4.0% in 2007 but wages had not increased, wages being held down by demographic changes to the workforce. Japan's demographic profile presents risks to economic growth. Japan has had zero population growth for the last five years and a declining and ageing work force, 21% of the population in 2007 being over age 65. Although IMF notes that direct exposure of the Japanese financial system to the US subprime mortgage market is limited, revised economic projections indicate further easing in Japan's real GDP growth to 1.5% in 2008.

China

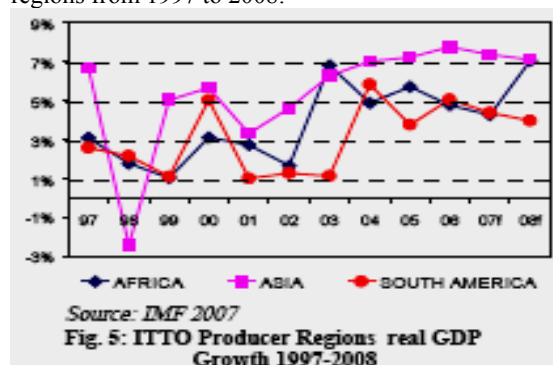
China's economy continued to grow at relatively high levels in 2006 and 2007, expanding by over 11% in both years as exports and investments (including outbound investments) accelerated. China's growth is projected to decelerate while still remaining impressive, from 11.4% in 2007 to 10.0% in 2008. Although the US economy is important to China, the share of China's exports to the USA has decreased from 34% in 1999 to 21% in 2007 with intra-regional trade and trade with other emerging economies becoming more important. The government is attempting to increase the contribution of private consumption to overall growth. IMF (2007) notes that the projected easing of growth may not occur if monetary policy does not allow a faster appreciation of the exchange rate. Faster growth, however, poses higher risks in overinvestment. Other risks to export growth include a

lack of protection of intellectual property rights, growing protectionism in key export markets and rising costs in manufacturing, which are causing rapid growth in the manufacturing base in other parts of Asia – particularly Vietnam, Malaysia, Indonesia and India.

China's demographic profile also provides risks to China's manufacturing base in the longer term. Global Demographics (2007) estimates that the working age population, and ultimately the labor force, will peak in 2011, stagnate in size and then start to decline by 2019.

ITTO Producers

Figure 5 shows GDP growth trends in ITTO producer regions from 1997 to 2008.



ITTO Asian producer countries continued to grow strongly in 2007, with GDP growth at 7.4%, although growth has slowed marginally since it peaked in 2006 at 7.7% following a period of sustained growth since the Asian economic crisis in 1998. ITTO Asian producer countries are also experiencing relatively high population growth and affluence. Malaysia – the wealthiest of the ITTO Asian producers with GDP/capita of USD5,266 in 2007 – has a relatively high population growth rate, averaging 1.9% per annum from 2002 to 2007. The other major ITTO producer in the region - Indonesia – also has a high average growth rate (1.3% over the last 5 years) and a relatively large population (218 million in 2007).

In the ITTO African producer countries, growth slowed in 2006 and 2007, to 4.7% and 4.2% respectively. It is expected to rebound to 7.0% in 2008 due to new production facilities in oil exporting countries, rising fuel and commodity based exports and diversification of export markets. IMF estimates inflation in the Africa region, which had been running in double-digits since 2001, to reach 6.6% in 2007.

In 2006, GDP growth in ITTO South American producer economies increased on 2005 levels, but declined slightly in 2007 to 4.3%. IMF (2007) predicts GDP growth to slow further in 2008 with Mexico and Central American countries at risk from the US slowdown because of trade linkages. Brazil was selected along with Russia, India and China by investment bank Goldman Sachs as the four BRICs – the developing economies that would share dominance of the world economy by 2050 – but has not yet achieved its economic potential. GDP has grown strongly since 2005, reaching an estimated 4.4% in 2007.

Brazil's currency has continued to strengthen relative to the US dollar, although the Brazilian economy is not overly dependent on the US market, exports to other destinations have increased and domestic demand is strong.

Tropical Timber Trade Overview

The direction of trade tables for 2006 in Appendix 2 of the ITTO Annual Review were derived from responses to the 2007 Joint Forest Sector Questionnaire (JFSQ) and other sources listed in the notes accompanying the Appendices. Minor trade flows are not included in Appendix 2, with only the top twelve importers and exporters for each product included. These countries accounted for over 90% of total trade of the four products in 2006. Direction of trade statistics are not collected directly via the JFSQ from most consumer countries. Data for UNECE and other countries that did not provide trade flows via the JFSQ was extracted from the UN COMTRADE database where available. This often caused difficulties in many cases where figures aggregated from these databases were significantly different from the total trade figures provided in the JFSQ. Directions of trade for tropical logs, sawnwood and plywood are also depicted in Figures 6, 7 and 8 for major trade flows.

Total values (US dollars) of 2005 and 2006 imports and exports by product are summarized in Appendix 1, together with unit values based on reported trade volumes. Value data is reported poorly or not at all by many member countries. Values have in many cases been estimated using average unit values. Many countries made errors or omissions in providing trade data, particularly by failing to distinguish tropical wood imports and exports from those of all timbers. Many countries also have serious problems in their customs statistics for tropical timber, with misclassification of imports and failure to count tropical species/ products grouped in 'Others' categories of customs classification systems. If available, other data sources were used when data provided was obviously flawed. Entries in the tables of Appendix 2 consist of exporters' reports (italicized) and importers' reports (bold).

The discrepancies which are illustrated by many of these entries can be due to a number of factors, as detailed in ITTO's studies of trade statistics discrepancies under Council Decision 6(XXXI). Carelessness or inadequate training of reporting officials or correspondents is often a prime reason; this can only be remedied with better training and supervision, particularly in the application of customs classification systems. Problems with consistency in conversion factors (some countries report weights and/or surface areas instead of volumes) and/or product definitions can explain some discrepancies. Also, different scaling or measurement systems are sometimes used in different countries. Definitions of the reporting period may differ from exporter to importer, or shipments sent at the end of one period may not arrive until the following. Imports destined for re-export may not be correctly recorded, and (re-) exports of tropical timber from nontropical countries may not be recognized as tropical by

the importing country. Finally, timber theft as well as smuggling and transfer pricing to avoid tariffs, quotas and/or taxes have been documented for several tropical forest products and in several countries. It is clear that if ITTO is to fulfill its mandate to ensure greater transparency in the tropical timber market, major improvements in the collection and reporting of trade statistics are still required, in both producing and consuming countries. The sections on exports in this and the next chapter use exporters' reports unless stated otherwise; those on imports use importers' reports.

Exports

The composition of primary tropical timber exports for 2005-2007 from the ITTO producing regions is shown in Table 3. The contribution of logs to total primary timber exports of ITTO producers (in terms of both value and roundwood equivalent - rwe - volume) has fallen dramatically from over 60% in the 1980s to 22% in 2007. Only Africa continues to export a significant volume of tropical logs compared to processed primary products, with log exports making up 19% of Africa's log production and 45% of Africa's total export volume in 2007. The Asia Pacific region has replaced significant log exports with the export of secondary processed primary products, as detailed in Chapter 4. Asian log exports made up just over a fifth of Asia's total primary product export volume in 2007 (under 12% of log production).

Table 3. Tropical Primary Product Exports by Producing Regions, 2004-2007 (1000 m³ rwe).

Region	Log Production			Log Exports			Processed Exports			Total Exports		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
Africa	17 356	17 988	18 029	3 015	3 406	3 406	4 339	4 200	4 202	7 354	7 606	7 608
Asia-Pacific	79 904	75 429	73 726	9 734	9 268	8 378	35 970	32 624	32 165	45 704	41 892	40 543
Latin America	34 205	32 010	33 151	237	415	391	6 574	5 589	5 656	6 811	6 004	6 247
Total	131 465	125 427	124 906	12 986	13 089	12 175	46 883	42 413	42 223	62 347	56 766	54 398

Latin American tropical log exports are a small fraction of both production and total primary exports. Total roundwood equivalent export volume as a percentage of log production increased marginally in Latin America from 0.7% in 2005 to 1.2% in 2007, and increased in Africa from 17.4% to 18.9% but decreased in Asia-Pacific from 12.2% to 9.7%. Total ITTO producer member exports (rwe) of tropical primary products have declined since 2005, to 54.4 million m³ in 2007. Levels of primary product exports from all three regions are complemented by increased exports of secondary processed wood products (SPWPs), as detailed in Chapter 4.

Imports

Table 4 provides an overview of the dependence of major ITTO importers on tropical wood products in 2004 and 2006. Major importers are defined here as those with imports of at least 100 000 m³ of one or more tropical products. Table 4 indicates for which products each country qualifies as a major importer by denoting the relevant figures in bold; only Korea and Taiwan P.O.C. qualify as major importers of tropical timber under this

criterion in all primary product categories. Taiwan P.O.C. is the most dependent of the major consumer importers on tropical timber, with a significant proportion of its log, veneer and plywood imports of tropical origin. Expectedly, given the dominance of tropical plywood in international plywood trade, several of the countries in Table 4 have a fairly high dependence on tropical plywood imports (although this dependence is decreasing in some cases), with China, Japan, Korea and Taiwan POC dependent on tropical sources for close to or over 50% of total imports.

Table 4. Tropical Proportion of Total Imports by Major ITTO Importers, 2004, 2006 (%).

Consumer Members	Logs		Sawnwood		Veneer		Plywood	
	2004	2006	2004	2006	2004	2006	2004	2006
Australia	41.1	32.0	16.8	19.9	38.3	26.7	26.8	23.3
Belgium	1.1	2.3	11.2	8.2	23.6	21.2	41.1	33.2
China	26.5	21.3	39.1	34.5	64.2	68.6	61.5	59.0
France	23.3	16.0	11.0	10.8	61.5	65.8	24.1	24.8
Germany	4.4	3.6	3.0	3.5	21.9	25.3	10	9.8
Hong Kong S.A.R.	41.3	30.7	51.2	46.2	14.0	13.6	57.3	43.4
Italy	3.3	2.8	4.3	3.1	37.0	41.9	16.8	11.1
Japan	12.9	12.8	4.1	3.3	32.6	32.5	88.8	69.2
Netherlands	6.7	2.0	14.2	13.6	33.1	44.4	36.5	35.1
Portugal	56.3	40.8	45.0	35.0	41.3	21.8	25.6	22.2
Republic of Korea	7.0	3.9	34.5	15.2	77.9	81.7	91.3	84.3
Spain	3.5	4.4	10.3	11.2	29.5	25.5	7.5	2.5
Taiwan P.O.C.	81.1	74.7	36.1	27.7	81.2	83.5	76.6	65.0
U.K.	3.7	4.2	2.7	2.4	43.3	42.3	13.0	15.0
USA	0.1	0.1	0.8	0.4	5.3	4.4	32.1	24.6
Producer Members								
India	84.6	75.6	21.4	69.8	68.5	62.4	62.2	31.7
Malaysia	67.0	68.0	89.7	79.4	14.7	9.2	9.1	26.3
Mexico	0.8	3.9	1.0	0.9	20.6	24.5	42.4	30.7
Philippines	83.0	36.4	44.7	34.3	74.9	9.2	7.5	10.1
Thailand	92.3	95.6	44.5	32.4	91.6	69.6	48.1	35.9

However, with the exception of France and the UK, the tropical portion of plywood imports in all the major ITTO importing countries declined between 2004 and 2006, reflecting the increasing importance of softwoods in world plywood production and trade. Tropical sawnwood has a lower market share in most non-tropical countries, with only Hong Kong S.A.R. dependent on it for around half of their total sawnwood imports. Only Taiwan POC amongst major consumers reported imports of a greater proportion of tropical than non-tropical logs in 2007. Korea and Taiwan P.O.C. were the only major tropical veneer importers in 2007.

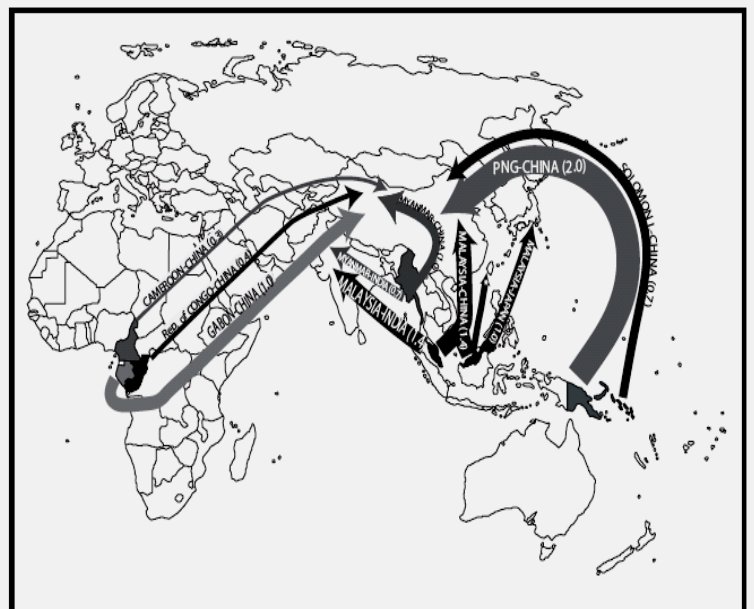
The major ITTO producer country importers in Table 4 with the exception of Mexico which trades extensively with the USA) are more dependent on tropical timber for their imported wood needs. This is changing, however, with for example, India, Malaysia and the Philippines now sourcing substantial quantities of timber imports from non-tropical areas.

Apart from the adverse impacts of the US economic slowdown on global consumption, a number of other developments in several of the consumer countries in Table 4 will likely affect demand for tropical timber in the near future. The EU is developing a scheme to restrict imports of timber to those legally sourced from volunteer partners under its 'Forest Law Enforcement, Governance and Trade' initiative. At least eleven countries have developed timber procurement policies in public sector construction – UK, France, Germany, Belgium, Netherlands, Denmark, Switzerland, Austria, Norway, Japan and New Zealand.

Public procurement generally accounts for about 15% to 20% of the demand for timber products but the indirect effect of respective policies is significantly higher. Government policies differ widely by the extent to which they demand that wood must be 'verified legal' or 'verified sustainable' and their requirements for certification. This has caused/created uncertainty for tropical timber suppliers and demand for a common approach for standards of legal origin and legal compliance as well as verification procedures.

Private sector purchasing policies and codes of conduct have also grown in importance during the past few years, especially in the USA and Western Europe. Several EU industry associations, for example, have demonstrated a strong commitment to procure only legally sourced timber and give preference to products from sustainable sources. The EU Timber Trade Action Plan (TTAP) is seeking to address issues such as illegality by working through industry-led national organizations. Corporate Social Responsibility (CSR) policies are becoming an important marketing tool for many companies which are responding to market demand for products perceived as environmentally and socially acceptable.

Fig. 6: Major Trade Flows: Tropical Industrial Roundwood 2006 (million m³).



* MALAYSIA-TAIWAN P.O.C. (0.5)
Sources: ITTO, COMTRADE

Report from Central/West Africa

Slowing demand creates buyers' market

Business continued to slow, and demand has fallen further from the previous fortnight. Log export volumes are currently much lower than normal, up to one-third less than would be expected for this time of year. Buying for India is taking place, but volumes are reduced and tough negotiations on prices have led to some concessions. As previously noted, West African producers have made quite severe reductions in logging volumes and areas, laying off workers and generally taking all sensible steps to hold production down to the current demand.

Logging for sawmills has also become more selective for particular species and sawn lumber production has been kept at moderate levels while matching as closely as possible the expected demand for premium timbers. European buyers are very cautious since they have adequate levels of stock overall and made lower offers for purchases or are waiting for prices to fall. Many believe that time is on their side in what is now very much a buyers' market.

As noted, market conditions in all areas are very difficult and there is no sign of any upturn. While the steep costs of fuel may not yet have worked through the system, there is little doubt that producers will face substantial increases in fuel costs, especially in transportation of all products. Higher bunker surcharges on sea freight costs also will impact buyers landed costs. This may mean that when many months have passed, the current lower log and lumber prices will in retrospect look more attractive than buyers now believe.

West Africa Log Prices

West Africa logs, FOB	€ per m ³		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	206	175	137
Ayous/Obéché/Wawa	191	191	152
Azobe & Ekki	168	168	122
Belli	198↑	198↑	-
Bibolo/Dibétou	152	152	114
Bubinga	533	457	381
Iroko	259	244	229↑
Okoume (60% CI, 40% CE, 20% CS)	-	-	-
Moabi	320	305	282
Movingui	191	190	137
Niove	129	129	-
Okan	198	198	152
Padouk	267	267	229↑
Sapele	267	267	229↑
Sipo/Utile	335	305	267
Tali	168	168	152
Okoume (40% CI, 40% CE, 20% CS), FAS-China	142	-	-

West Africa Sawnwood Prices

West Africa sawnwood, FOB	€ per m ³
Ayous FAS GMS	335↓
Fixed sizes	-
Okoumé FAS GMS	300
Sel. & Bet. GMS Italy	250
Sel. & Bet. fixed sizes	-
Sipo FAS GMS	610↓
FAS fixed sizes	-
FAS scantlings	630↑
Padouk FAS GMS	585↓
FAS scantlings	610↓
Strips	425
Sapele FAS Spanish sizes	520
FAS scantlings	540
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

Ghana launches GIFEX 2008

Various news sources in Ghana reported on the launch of the 'The 12th Ghana International Furniture and Woodworking Industry Exhibition (GIFEX) 2008', which will be held from 17—26 October 2008 in Accra, Ghana. The event will focus on the theme, '100 Years of Forestry in Ghana: Working Partnership for Sustainable Development'. GIFEX is an annual event where the furniture and woodworking industry from within and outside Ghana exhibits new products and advances in the trade to consumers and the general public.

In a speech read on his behalf at the launch, the Chief Executive of the Forestry Commission, Professor Nii Ashie Kotey, stated that the forestry industry accounted for about 4% of Ghana's GDP and 11% of export earnings. He said over the last 20 years, export revenues in the sector had risen to about USD250 million in 2007, up from USD44 million in 1986 and the bulk of this revenue came from secondary wood products such as lumber, veneer and plywood. However, he said, average export revenues from the sector over the last five years had stabilized at about USD212 million. He said the largest producer of logs for the industry has been the Western Region of Ghana, where about 35% of logs were produced last year.

Professor Kotey added that GIFEX 2008 would be relevant to the forestry sector policy of promoting viable and efficient forest-based industries to satisfy domestic and international demand for competitively priced value-added products. He said that strategic innovations in the wood industry were required to help Ghana remain competitive in global markets and for the promotion of tertiary wood processing in the country. It was expected that through GIFEX 2008, there would be a general improvement in the production of quality wood products, promotion and increased utilization of lesser-used timber species as well as development of new technologies in the industry to enhance industry efficiency, productivity and competitiveness.

TIDD reports sharp improvement in Q1 plywood prices

According to the Timber Industry Development Board (TIDD) contract report, there has been a sharp improvement in prices of plywood during the first quarter of 2008. Buyers of plywood in West African countries, especially Nigeria, have been paying between USD20/m³ and USD30/m³ more than the TIDD minimum Guiding Selling Prices (GSP). The price paid depends on the thickness of plywood being demanded. This development has helped push up prices of plywood and rotary veneer to US markets, which were slightly below the minimum GSP. Though prices of plywood and rotary veneer to the US are still low when compared to those in ECOWAS and European markets, they have improved by an average of USD15/m³ and USD25/m³ respectively above the minimum GSP. The only exception to this trend is celtis rotary veneer, which is still at the GSP of USD384/m³.

West African countries have been the major consuming markets of Ghana's plywood exports, with Nigeria topping the list. Currently, about 70% of Ghana's plywood exports is absorbed by West African markets. Export prices of niangon boules, which were down during the third and fourth quarters of 2007, have shown signs of improvement during the quarter under review. Contracts submitted registered higher prices of between EUR510/m³ and EUR540/m³, up from the current GSP of EUR500/m³. Prices of air-dried wawa, which were stable during the last quarter of 2007 and hovering around the GSP of EUR255/m³, rose by an average of EUR10/m³ during the quarter under review.

Within the same period, prices of traditional species improved as they did during the previous quarter. Prices of khaya ivorensis, sapele, makore and utile particularly improved on average EUR15/m³. Prices of odum did not improve as during the previous quarter. Exporters therefore found it difficult to achieve the minimum GSP of EUR715/m³ for KD Lumber. For the first time, about 45.5m³ of semi-powdered mahogany bark was exported to China at a price of USD90/m³. The product was contracted by Kugyampy Limited of Accra and Qingdao Songlin Wire Industry Company Limited of China.

Of the few contracts submitted for approval during the last month of the quarter under review, teak log prices improved on average USD20/m³. It is anticipated that prices of timber to India would improve during the second quarter. Generally prices for most of the species in lumber form were stable during the quarter under review.

Over USD3 million pledged at ITTO meeting in Ghana

The ITTO convened a meeting on the modalities of organizational thematic programmes and other issues associated with the entry into force of the International Tropical Timber Agreement, 2006 (ITTA 2006) in Accra, Ghana from 9—12 June 2008. In an interview with the *Daily Graphic* newspaper, Mr Tabi Agyarko, Principal Planning Officer at the Ministry of Lands, Forestry and Mines, said the meeting also assessed the possible impact of the ITTA, 2006 on the operations of the International Tropical Timber Council's subsidiary committees, as well as addressed the cycle of submission, review and funding

of projects. At the Ghana session, grants worth USD2 million to assist sustainable forest management in Africa were announced. The first day of the meeting also focused on Africa's regional challenges and development assistance needs. For more information on the Accra meeting, please visit the ITTO website at www.itto.or.jp.

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	
	Air-dried	Kiln-dried
FAS 25-100mm x 150mm up x 2.4m up		
Afrormosia	855	-
Asanfina	480	560
Ceiba	205	260
Dahoma	330	390↑
Edinam (mixed redwood)	400	470
Emeri	425	490
African mahogany (Ivorensis)	580	670
Makore	510	600
Niangon	550	-
Odum	670	750
Sapele	540	600
Wawa 1C & Select	255	285↑

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	270
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	360	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	0.92
Avodire	1.12	0.80
Chenchen	0.72	0.50
Mahogany	1.50	0.79
Makore	1.40	0.85
Odum	1.54	1.10

Ghana Plywood Prices

Plywood, FOB B/BB, Thickness	€ per m ³			
	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	7.10	10.18	11.00
Hyedua	13.67	18.22	17.82
Afrommosia	13.25	15.70	17.82

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

Report from Malaysia

New Zealand could help boost Malaysia's raw material supply

According to *The Star*, Jim Anderton, New Zealand's Agriculture and Forestry Minister, said that Malaysia and New Zealand could help sustain global timber supply for production, given the rising international demand for timber and shortage of raw material supply. Anderton noted that deforestation in Europe, particularly in Russia, had reduced quality wood supply and slow growth of European forests would lead users to seek alternative sources. He noted that while China supplies Malaysia with significant amounts of raw material, New Zealand could also provide raw material to Malaysia. Many timber manufacturers have sought raw materials from outside Malaysia lately given the high prices of Sarawak logs.

Wood industry exports up nearly 60%

The Deputy Minister of Plantation Industries and Commodities, A. Kohilan Pillay, said wood industry exports in Malaysia during 2007 rose nearly 60% to RM22.65 billion compared with figures from 10 years ago. *Bernama* reported on the Deputy Minister's remarks, which were delivered at a Malaysian Timber Industry Board seminar on incentives for wood-based industries. Kohilan noted that furniture exports stood at RM6 billion, and were exported to 160 countries, with the largest market, the US, receiving about USD2 billion worth of exports.

Kohilan also said that investments in the wood-based sector have improved as a result of the growth of the sector. Investments grew to about RM933.4 million, about 23.1% of total investments in the commodities sector. Over a third of this amount was from foreign investments and over half was from domestic investments.

The Malaysian furniture industry was also moving its export focus from the US to the new members of the EU in Eastern Europe. According to sources within the industry, the combined consumption of EU members could easily replace that of the US in the near future.

Malaysia Log Prices

	US\$ per m ³
Sarawak log, FOB	290-311 ↓
Meranti SQ up	273-293 ↓
Small	263-270 ↓
Super small	270-280 ↓
Keruing SQ up	237-270 ↓
Small	230-236 ↓
Super small	248-266 ↓
Kapur SQ up	272-294 ↓
Selangan Batu SQ up	

Pen. Malaysia logs, domestic (SQ) US\$ per m ³	
DR Meranti	354-396 ↓
Balau	292-322 ↓
Merbau	413-436 ↓
Rubberwood	253-273
Keruing	284-288 ↓

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

	US\$ per m ³
Malaysia Sawnwood, FOB	432-457
White Meranti A & up	705-744 ↓
Seraya Scantlings (75x125 KD)	335-345
Sepetir Boards	447-477
Sesendok 25,50mm	428-449
Kembang Semangkok	
Malaysian Sawnwood, domestic	348-368
Balau (25&50mm,100mm+)	559-582
Merbau	297-314
Kempas 50mmx(75,100 & 125mm)	290-321
Rubberwood 25x75x660mm up	313-338
50-75mm Sq.	325-357
>75mm Sq.	

Malaysia Plywood Prices

	US\$ per m ³
Malaysia ply MR BB/CC, FOB	482-510
2.7mm	462-488
3mm	423-446
9mm & up	
Meranti ply BB/CC, domestic	460-470
3mm	403-411
12-18mm	

Other Malaysia Panel Prices

	US\$ per m ³
Malaysia, Other Panels, FOB	
<i>Particleboard</i> Export 12mm & up	241-258
Domestic 12mm & up	231-247
<i>MDF</i> Export 15-19mm	306-329
Domestic 12-18mm	281-300

Malaysia Added Value Product Prices

	US\$ per m ³
Malaysia, Mouldings, FOB	681-699
Selagan Batu Decking	
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	717-737
Grade B	635-653

Malaysia Furniture and Parts Prices

	US\$ per piece
Malaysia, Rubberwood, FOB	
Semi-finished dining table	
solid laminated top 2.5'x4', extension leaf	61-77
As above, Oak Veneer	68-82
Windsor Chair	59-61
Colonial Chair	55-63
Queen Anne Chair (soft seat)	54-66
without arm	56-67
with arm	42-48
Chair Seat 27x430x500mm	
Rubberwood Tabletop	US\$ per m ³
22x760x1220mm sanded & edge profiled	
Top Grade	635-645
Standard	603-620

Report from Indonesia

New trade centers to promote Indonesian products overseas

Antara News said the Indonesian government will launch eleven new international trade promotion centers (ITPC) in 2008. In addition to the already established nine ITPC offices, including in Japan, the US, Australia, the United Arab Emirates and South Africa, the new centers will help strengthen the presence of and identify new opportunities for Indonesian products in international markets. The ITPCs will be launched in: Shanghai, China; Busan, South Korea; Chennai, India; San Diego, US; Chicago, US; Barcelona, Spain; Lagos, Nigeria; Vancouver, Canada; Jeddah, Saudi Arabia; and Lyon, France. At the same time, the chairman of the Indonesian Furniture and Handicraft Producers Association, Ambar Tjahjono, asked the government to evaluate ITPC activities dedicated to promoting Indonesian timber products overseas.

In other news, recent hikes of fuel and food prices are forcing the Indonesian government to sharpen its international marketing strategy. Steep competition from China, Malaysia and Vietnam has also made the positioning of timber products even more critical.

Indonesia Log Prices (domestic)

Indonesia logs, domestic prices	US\$ per m ³
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)	604-650

Indonesia Sawnwood Prices

Indonesia, construction material, domestic	US\$ per m ³
Kampar (Ex-mill) AD 3x12-15x400cm	250-258
KD	330-345
AD 3x20x400cm	351-372
KD	375-385
Keruung (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 m ³
2.7mm	478-508
3mm	420-479
6mm	398-421

MR Plywood (Jakarta), domestic	US\$ per m ³
9mm	332-345
12mm	308-329
15mm	306-335

Other Indonesia Panel Prices

Indonesia, Other Panels, FOB	US\$ per m ³
<i>Particleboard</i> Export 9-18mm	240-250
Domestic 9mm	204-221
12-15mm	193-205
18mm	190-194
<i>MDF</i> Export 12-18mm	315-328
Domestic 12-18mm	255-275

Indonesia Added Value Product Prices

Indonesia, Mouldings, FOB	US\$ per m ³
Laminated Boards Falcata wood	384-404
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	673-698
Grade B	603-643

Report from Myanmar

Myanmar Log Prices (natural forests)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)		
<i>Veneer Quality</i>	Apr	May	6 mo. Avg
2nd Quality	5,508 (4 tons)	4,882 (4 tons)	5,354
3rd Quality	4,566 (12 tons)	4,374 (11 tons)	4,958
4th Quality	3,669 (47 tons)	3,752 (40 tons)	4,239
<i>Sawing Quality</i>	Apr	May	
Grade 1 (SG-1)	2,747 (342 tons)	2,603 (287 tons)	2,682
Grade 2 (SG-2)	2,031 (479 tons)	2,055 (500 tons)	2,122
Grade 3 (SG-3)	1,624 (43 tons)	1,565 (79 tons)	1,677
Grade 4 (SG-4)	1,708 (381 tons)	1,828 (421 tons)	1,913
Grade 5 (SG-5) Assorted	1,598 (574 tons)	1,477 (399 tons)	1,672
Grade 6 (SG-6) Domestic	1,296 (383 tons)	1,120 (369 tons)	1,301
Grade 7 (ER-1)	816 (287 tons)	638 (384 tons)	922
Grade 8 (ER-2)	NIL	NIL	926

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

Credit line will help modernize logging in the Amazon

The new Brazilian Minister of the Environment has plans to use credit lines for Economic and Social Development (BNDES) to modernize and increase efficiency of production activities in the Amazon, said *Portal Moveleiro*. The production of timber and vegetable oil products were identified as priorities under the initiative. The investments will help modernize the production process by reducing waste during logging and log processing, since it is believed only three of every 10 logs eventually get to market. The requested credit line from BNDES would be used to update machinery and equipment to spur innovation in these two areas of production. The Ministry plans to use public finance to purchase new machines, conduct worker training programs and introduce capacity building programs for entrepreneurs.

The Environment Ministry also announced the creation of an international voluntary fund for the preservation of the Amazon, which would be established through a Presidential Decree. The fund already has USD100 million in donations from the government of Norway.

IWP chip could help thwart illegal logging

Secom-MT reported that the Web Forest Planet Institute (IWP), located in Brasilia, has developed a system which could thwart illegal logging in the State of Mato Grosso. The software utilizes chips inserted in trees for electronic monitoring and tracking. The project proposal for using the chip was sent to the Brazilian Senate as an alternative method used to control deforestation.

The chip allows users to check whether logged trees or logs sent to timber companies or sawmills are part of a forest management project of the state. The new software is simple and is expected to save costs. The chips inserted in trees register geographic information and location coordinates such as the species name, height, diameter, volume and other information necessary for timber tracking. The distribution and control of the chips would be carried out by the State Secretary of the Environment (SEMA). The company has also developed another kind of chip to be inserted in timber during transportation.

In order to guarantee the security and reliability of the system, every operator within the company is identified. Each operator will have a password and the information is stored in software and other data collection equipment. Even if such storage equipment were to be destroyed, the information would be encrypted within a SEMA database.

Productive Development Policy to boost solidwood and furniture sectors

Portal Moveleiro said a plan of action to boost the solidwood and furniture sectors of Brazil had been developed as part of a Productive Development Policy (PDP). The plan of action was recently presented during the Meeting on Competitiveness of the Timber and Furniture Sector during the last week of May in Brasilia, at the Ministry of Development, Industry and Foreign Trade (MDIC). The policy's goals include reaching an average growth of 15% in domestic sales and 7.5% in exports, increasing consumption in the domestic market by 30% and expanding investments in innovation, research and development to 3% and net sales by 0.5%.

Brazil is responsible for 3.2% of the world timber and furniture production (USD8.7 billion) and 1% of the world's exports (USD100 billion). The sector is composed mainly by micro and small companies organized as a 'local production arrangement'. The main challenges for the sector are to, inter alia: build the capacity of companies in local production arrangements; expand exports; enhance the sustainability of the production chain; disseminate technical standards to improve product quality; increase Brazil's share of furniture in new markets; and promote domestic access to high quality furniture and competitive prices. MDIC has also said that in order to achieve the above mentioned objectives, specific credit lines and expansion of loans for new businesses and designs, brands and trade strategies will be used.

Solidwood companies in Mato Grosso continue to face difficulties

Wood product exports from Mato Grosso are growing each month, although the sector has yet to fully recover from the crisis experienced over the last two years. Many mills have closed since IBAMA and the Federal Police cracked down on illegal activities in the sector. The weak US dollar and the delay by authorities to grant management plan authorizations had also negatively impacted solidwood companies.

According to the International Center of Business of the Industry Federation of Mato Grosso (FIEMT), exports increased 13.8% in the first four months of 2008 when compared to the same period of 2007, with sales rising USD63.44 million to USD72.18 million during the same period. The regional lumber industry is also giving preference to the domestic market to increase profits.

Nevertheless, production costs are still high, with energy costs and taxes continuing to burden manufacturers. Currently, the number of mills operating statewide is lower than three years ago as is the number of jobs. Companies still in operation are those that invested in diversified products and focused on value-added products. In an attempt to boost the sector's productivity, the CIPEM, in cooperation with other Brazilian agencies, will be holding the Promadeira 2008 in Sinop, Northern Mato Grosso, this August. This will be the largest event of the tropical forest-based industry in the region and an opportunity to stimulate new businesses and commercial contracts.

Brazil Log Prices (domestic)

	US\$ per m ³
Brazilian logs, mill yard, domestic	
Ipê	149
Jatoba	105
Guariuba	71
Mescla (white virola)	78

Brazil Sawnwood Prices

	US\$ per m ³
Sawnwood, Belem/Paranagua Ports, FOB	
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)	
Ipê	699
Jatoba	533
Southern Mills (ex-mill)	
Eucalyptus (AD)	205
Pine (KD) 1st grade	270

Brazil Veneer Prices

	US\$ per m ³
Veneer, FOB (Belem/Paranagua Ports)	
White Virola Face 2.5mm	295
Pine Veneer (C/D)	210
Rotary cut Veneer, domestic (ex-mill Northern Mill)	US\$ per m ³
White Virola	Face 270↑ Core 225↑

Brazil Plywood Prices

	US\$ per m ³
Plywood, FOB	
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	922
White Virola 15mm	673

Domestic prices include taxes and may be subject to discounts.

Other Brazil Panel Prices

	US\$ per m ³
Belem/Paranagua Ports, FOB	
Blockboard Pine 18mm 5 ply (B/C)	315
<i>Domestic Prices, Ex-mill Southern Region</i>	
Blockboard White Virola faced 15mm	600
Particleboard 15mm	378

Brazil Added Value Products

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

Report from Peru**Regional government may control concessions by 2009**

The Chief Officer of INRENA, Mr. Jose Luis Camino, said that in 2009 regional governments may be in control of concessions that contain rainforests. Camino said that on 31 December of 2008 at the latest, responsibility for the concessions would be given to the regional government, with the exception of those concessions that have bidders with sound financial and technical resources. Camino said that INRENA hopes to implement the plan in 2009 with regional governments and under the supervision of the Ministry of Agriculture. Part of this plan will involve strengthening surveillance over vast areas of land.

Camino said that most of the verification in the field and staff training would be made by parties other than INRENA. The new plan would give INRENA the right to collect debts made by concessionaries. Camino also noted that the evaluation of concessions would not be undertaken if the concession was over 40,000 hectares, as the area would require a much larger financial investment than what was currently available.

Peru Sawwood Prices

	US\$ per m ³
Peru Sawwood, FOB Callao Port	
Mahogany S&B KD 16%, 1-2" random lengths (US market)	1847-1875
Spanish Cedar KD select	
North American market	934-972↓
Mexican market	943-974↓
Pumaquiro 25-50mm AD Mexican market	490-525

*Cheaper and small-dimension sawwood for this market.

	US\$ per m ³
Peru Sawwood, FOB Callao Port (cont.)	
Virola 1-2" thick, length 6'-8' KD	
Grade 1, Mexican market	332-380↓
Grade 2, Mexican market	300-324
Cumaru 4" thick, 6'-11' length KD	
Central American market	791-816↑
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

	US\$ per m ³
Peru Sawwood, FOB Iquitos	
Spanish Cedar AD Select Mexican market	935-954↓
Virola 1-2" thick, length 6'-13' KD	
Grade 1, Mexican market	332-358↓
Grade 2, Mexican market	302-314↓
Grade 3, Mexican market	182-196↓
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	250-263

	US\$ per m ³
Peru sawwood, domestic	
Mahogany	1295-1331
Virola	85-99
Spanish Cedar	443-454
Marupa (simarouba)	130-136

Peru Veneer Prices

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

Peru Plywood Prices

	US\$ per m ³
Peru plywood, FOB (Mexican Market)	
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

	US\$ per m ³
Lupuna Plywood BB/CC, domestic (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

	US\$ per m ³
Peru, Domestic Particleboard	
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

	US\$ per m ³
Peru, strips for parquet	
Cabreuva/estoraque KD12% S4S, Asian market	1448-1500
Cumaru KD, S4S Swedish market	671-712↑
Asian market	930-956↑
Cumaru decking, AD, S4S E4S, US market	959-1098↑
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

Bolivia Sawwood Prices

Sawwood 1-3"x3x5"x7-19", FOB Arica Port	\$ Avg un. val. per m ³
Mahogany (US market)	1650-1695↑
Spanish Cedar (US market)	800-960↑
Oak (US and EU market)	506-688↓

Bolivia Added Value Product Prices

Doors 13/4"x36"x96", FOB Arica Port	Avg \$ per piece
US market Mara macho/Tornillo (FSC)	100-300↓
Yesquero	90-280↓
Ochoó	120-495

Parquet Flooring 3-5"x4-6"x5-13", FOB Arica Port

	\$ Avg un. val. per m ³
Mani (FSC) (US market)	500
Caviuna (FSC) (US market)	500-600
Cumarú (FSC) (US, EU and Asia mkt)	500-1000

3/4"x3-5"x1-7'

Jatoba (US, EU and Mexico market)	700-1355
Ipe (EU and Asia market)	335-1553
Jequitaba (EU market)	900-1355

Report from Mexico

Plantation timber could diminish Mexico's dependency on imports

Commercial forest plantations could be a solution to diminish Mexico's dependency on imported timber products, as well as reduce the productive pressure on natural forests of the country. The manager of Commercial Forest Plantation Development of the National Forest Agency (CONAFOR), Alexander Noguez Hernandez, said that in 2006, 60% of global wood supply came from natural forests. Although the remaining 40% were from plantations, Noguez hoped that by 2040 only 20% would be from natural forests and 80% would be from commercial forest plantations.

With Pro Tree, a number of commercial forest projects will be supported, some with an upwards value of 9,000 pesos per hectare, depending on the species planted. In 2002, when the production of raw materials from commercial forest plantations began in Mexico and was supported by the Federal Government, commercial timber production was 100,000 m³ each year. In 2007, this number rose to 350,000 m³, and it is hoped that in the period 2007-2012 this amount will reach 5 million m³. Currently, national timber production from natural forests and plantations is around 7 million m³.

Report from Guyana

Log exports continue to decline while prices rise

Prices for Guyana's log exports have seen marked improvements over the past month. However, there has been a decline in log export volumes over this period. Roundwood exports, particularly transmission poles, have increased over previous periods, especially to Trinidad & Tobago and Dominica. Value-added products, particularly indoor furniture, have however shown robust improvement in exports to the European region. The main destination of these exports was the UK, which has imported more products from Guyana than in previous periods in 2007.

Recent trends also indicate that exporters are shifting toward the export of dressed sawn lumber over the undressed form, a pattern which was the reverse in 2007. Undressed sawnwood dominated the sawnwood lumber category in 2007, making up 74% of its total volume. With more value being added locally, there is some promise of increases in employment in the domestic economy. The major markets for sawn lumber remain in the Latin America/Caribbean region, particularly in Barbados.

LUS to be promoted through results of ITTO project

The utilization of lesser-used wood species in Guyana is likely to see a major boost following favorable test results, as outputs of ITTO Project PD 344/05 are completed by the project's Executing Agency, the Guyana Forestry Commission. With hundreds of species in the forest, Guyana's species utilization base has been centered on approximately 40 or so species, with many currently not harvested, despite being said to have comparable properties and therefore similar end-use application to Guyana's prime commercial species. This ITTO Project aims to tap into this potential advantage and has a strategy to provide concrete baseline information, supported by scientific proof, to boost the utilization of these species and inform Guyana's forest sector marketing and promotion efforts.

This Project, which has been implemented over 2007 – 2008, has seen among the main deliverables detailed tests by a UK consultancy firm on key lesser-used species in Guyana's forests for resistance to abrasion and attack by *Limnoria quadripunctata* Holthuis (marine borer). The tests were a follow-up to a desktop review conducted of information available on the properties of 15 lesser-used species. The project sought to increase the utilization of 15 lesser uses species, with robust tests conducted on identified properties and benchmarking done against ekki and greenheart, which are both currently used in the UK for marine application. Specifically, the species are being targeted for promotion in applications such as marine construction, heavy structural application and decking/cladding (for more information see the ITTO's *Tropical Forest Update* Vol 18: No 1).

The results indicate that many of these species performed the same as the benchmarked species with some even showing better results. A summary of the results is shown below and has been taken from the Laboratory Results Report.

Species	Linnoria Testing				Abrasion Testing			
	Ekki		Green-heart		Ekki		Green-heart	
	Better	Same	Better	Same	Better	Same	Better	Same
Trade Name								
Parinari		√	√			√		√
Mata Mata		√	√			√		√
Cumaru		√	√			√		√
Beru		√	√					√
Morabukea		√	√			√		√
Wadara		√	√					√
Muneridan			√					
Itikiboroballi						√		√
Angelim								√
Quaruba								√

Table 1: Laboratory testing results for Guyana's lesser used species

Tests on natural durability are expected shortly and will further enhance the scientific base of these species and inform potential end-use applications.

Guyana Log Prices

Logs, FOB Georgetown	SQ - \$ Avg unit value per m ³		
	Std	Fair	Small
Greenheart	145	130	120-145
Purpleheart	180	160	100-170
Mora	130	120	110

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

Guyana Sawwood Prices

Sawwood, FOB Georgetown EU and US markets	\$ Avg unit val. per m ³	
	Undressed	Dressed
Greenheart Prime	-	529
Select/Standard	424-594↓	424-800↓
Purpleheart Prime	-	572-615
Select/Standard	551-850↓	450-1100↑
Mora Select	380-430↑	-

Guyana Plywood Prices

Plywood, FOB Georgetown Port		\$ Avg unit val. per m ³	
Baromalli	BB/CC	5.5mm	-
		12mm	-
	Utility	5.5mm	-
		12mm	563↑

Report from Japan

At 500th anniversary, JLR examines history and prospects for Japanese wood sector

Japan Lumber Reports (JLR) published its 500th edition, which contained a special issue on past events in and prospects for the Japanese wood industry. Since the publication's inception, there were a number of major events that shaped the wood industry over the last 22 years, a number of which are mentioned below. Most recently, the announcement and subsequent implementation of the high Russian log export duty from 25% to 80% by 2009 is expected to have a major impact on the Japanese wood trade, since Russian logs are the highest imported amount of logs by volume. Secondly, since the wood industry has had to reduce its reliance on imports, Japan's domestic forest resources have been growing. Third, forest resources in South East Asia have been declining. Fourth, plywood manufacturing has made

way for substitution by other products such as particleboard, MDF, insulation board, and OSB.

Other factors that have shaped the Japanese wood industry in the last 20 years include: the restructuring of the wood product trading businesses; the review of house safety after the 1995 Kobe earthquake, which shifted house construction away from wooden units; the aging population and decreasing birth rate in Japan; the acceptance of global warming as an important global issue; and the introduction of European products.

Regarding prospects for the 2008 wood trade, *JLR* believes that it will be difficult for businesses in Japan to recover after Japanese housing starts dropped to new lows last year due to the introduction of the Revised Building Standards Act. It was also expected that lumber production would slightly decrease as would production at plywood mills. Plywood prices were expected to remain unchanged through the year. Japan was also beginning to search for alternatives to Russian logs for plywood mills and will look mostly to domestic sources for replacement species.

Log and Sawwood Prices in Japan

Logs for Ply Manufacture, CIF Meranti (Hill, Sarawak)	Yen per Koku (Koku=0.278 m ³)
Medium Mixed	8,000
Standard Mixed	8,100
Small Log (SM60%, SSM40%)	7,000
Taun, Calophyllum, others (PNG)	7,200
Mixed light hardwood, G3/4 grade (PNG)	-
Keruing MQ & up (Sarawak)	10,200
Kapur MQ & up (Sarawak)	9,800

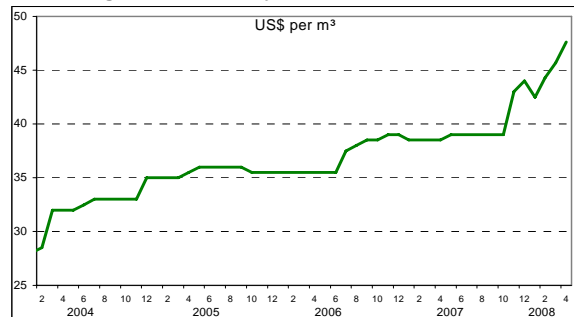
Logs for Sawmilling, CIF	Yen per Koku
Melapi (Sarawak) High Select	11,000
Agathis (Sarawak) High Select	-

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)	May	June
		(¥ per sheet)	
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	943 ↓	943
12mm for foundation (F 4star, special)	910 X 1820	1010 ↓	1010
12mm concrete-form ply (JAS)	900 X 1800	930 ↓	930
12m coated concrete-form ply (JAS)	900 X 1800	1090 ↓	1090
11.5mm flooring board	945 X 1840	1270 ↓	1270
3.6mm baseboard for overlays (OVL)	1230 X 2440	850 ↓	850
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

MDF industry development shows rapid gains in capacity

The MDF industry has developed rapidly over the last twenty years in China, making important contributions to development of the national economy and improvement of people's living standard. China's MDF industry began in the 1970s, with outputs eventually increasing sharply in the 1990s. Production of MDF increased from 0.7 million m³ in 1996 to 2.2 million m³ in 2006, with an annual growth rate of 41.3%.

There were 598 MDF production lines in the country by the end of 2007, with a total annual productive capacity of 26.2 million m³. It is expected that 4.24 million m³ of production capacity will be added in 2008 and another 3 million m³ will be added in 2009. Additionally, driven by the rapid development of furniture, laminated flooring and indoor decorative items, annual consumption of MDF increased sharply from 0.98 million m³ in 1996 to 22.22 million m³ in 2006, with an average annual growth rate of 35.9%.

The number of MDF enterprises is very small in China. The production capacity of MDF enterprises in China varies from 10,000 m³ to 1 million m³. In 2007, there were about 400 enterprises with an average production capacity of 65,000 m³, which is far below that of the developed countries. Privately owned and foreign enterprises account for more than 75% of total MDF enterprises, with the remainder being owned by the state. With the rapid development of MDF industry in China, it is anticipated that more foreign enterprises will enter the field.

Furniture enterprises boost export value by increasing added-value products

Exports of Chinese furniture have increased in value over the last few years, primarily due to China's growing emphasis on value-added products. According to statistics, the export value of furniture in China amounted to USD 23.268 billion in 2007, up 34.95% from the same period of 2006. Furniture exports experienced such growth due to the following reasons:

First, there has been a focus on manufacturing of export-oriented products. The export value of seats and sofas reached USD10.3 billion in 2007, accounting for 45% of the total export value of furniture. Sofas have become the

most important furniture product in terms of outputs and exports. Since the US established anti-dumping policies on Chinese bedroom wood furniture, the increase in Chinese wood furniture exports and its share in international markets has gradually fallen. During the period 2003 to 2007, the increase in furniture exports was 36.5%, 29.6%, 26.6%, 23.4% and 15.3% per annum. The share of Chinese wood furniture in international markets also decreased during the period 2004 to 2007 to 52%, 49%, 33% and 29% respectively.

Second, furniture exports are mainly concentrated in 10 provinces (municipalities). In terms of value, the top ten provinces (municipalities) which export furniture were Guangdong (USD9.30 billion), Zhejiang (USD4.49 billion), Shanghai (USD2.89 billion), Jiangsu (USD1.91 billion), Fujian (USD1.35 billion), Shandong, Liaoning, Xinjiang, Tianjin and Beijing. The export value of these 10 provinces make up 96.4% of the nation's total. Furniture exports of Xinjiang Autonomous Region has been growing especially fast, with exports reaching USD480 million in 2007, up 17% over the same period in 2006. The main export destination for Xinjiang furniture is Kazakhstan and other Eurasian countries.

Third, in 2007, value-added furniture products increased 29% in value without increasing export volume. Unit price of furniture products have increased year on year. The unit price of bedroom furniture was USD60.03/piece in 2007, up 11.45% over the same period in 2006. Office furniture was USD33.98/piece, up 11.74% over the same period in 2006. Rosewood furniture was USD100.8/piece, up 15.73% compared with 2006.

Fourth, the proportion of general trade has increased. The export value of furniture reached USD16.15 billion in 2007, accounting for 62.97% of the total export value, up 52.2% over the same period of last year. At the same time, the proportion of barter trade and trade of products processed with materials supplied by customers reduced gradually.

Wood flooring outputs rise 9.4%

According to statistics from the Wood Flooring Commission of the Chinese Forest Products Association, national outputs of wood flooring were 361 million m² in 2007, up 9.4% from 2006. Among various types of flooring, laminated flooring took a leading position, as its output was 220 million m² in 2007, making up 61% of the total and rising 10% since 2006. The output of solid wood flooring was 44 million m² in the same year, accounting for 12% of the total and slightly down from 2006 due to lack of raw materials. The output of composite flooring was 75 million m² in 2007, amounting to 21% of the total and rising 25% from 2006 levels. Due to increase of material costs associated with the production of bamboo flooring, the output of bamboo flooring decreased considerably to 20 million m² in 2007, accounting only for 5.5% of total flooring outputs.

Log imports through Suifenhe Port continue to grow
Suifenhe Port imported a total of 2.05 million m³ of logs during the first quarter of 2008, valued at USD273 million, up 16.7% and 53% over the same period of last year respectively. The import value of logs has accounted for 65.3% of the total import value and up 4.5 percentage points over 2007. Rising market demand is the main reason for an increase in timber imports through the Port. Russia's rising export tariffs for logs since 1 April 2008 is another reason for the growth in imports from other countries.

Exports of wood chip imports slow while imports rise
China had been one of the most important countries to export woodchips. However, with the rapid development of the domestic paper industry and the regulation of resource policies, China has reduced woodchip exports and increased its imports over the years. China exported 25,500 tons of woodchips valued at USD3.12 million at first quarter of 2008, down 78.5% and 77.8% respectively from the same period of last year. It imported 289,300 tons of chips valued at USD45.87 million in this period, up 71.3% and 105.3% respectively.

Guangzhou City Imported Timber Market

Logs	Yuan per m ³
Radiata 6m, 30cm diam.	1300
Lauan	1900-2400
Kapur	1900-2450↓
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"	14700-15100↓
US Walnut 2"	12500-14500
SE Asian Sawn 4m+, KD	3700-3900
Plywood*note, dimensions have changed	
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)	9200-9500↓
KD (2",grade A)	7500-9000↓

Shandong De Zhou Timber market

Logs	Yuan per m ³
Larch 6m, 24-28cm diam.	1300↓
White Pine 6m, 24-28cm diam.	1280
Korean Pine 4m, 30cm diam.	1550
6m, 30cm diam.	1600

Hebei Shijiazhuang Wholesale Market

Logs	Yuan per m ³
Korean Pine 4m, 38cm+ diam	1650
Mongolian Scots Pine 4m, 30cm diam.	1300
6m, 30cm+ diam.	1350
Sawnwood	
Mongolian Scots Pine 4m, 5-6cm thick	1450↓
4m, 10cm thick	1450↓

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

Sapele prices under pressure in the EU

Prices for existing landed stocks of sapele sawn lumber in the EU are now under significant pressure. Although underlying levels of consumption are still holding up reasonably well, despite the gloomy economic news, importers are nervous about future prospects. Many are also holding high stocks of sapele sawn lumber – partly a hangover from last year when a lot of product was not shipped on time due to transport difficulties. A significant volume arrived earlier this year which is now a depreciating asset sitting in importers' yards.

Those importers that also deal in softwood products face serious financial difficulties as softwood demand has declined rapidly this year, softwood prices have plummeted and stocks have mushroomed. There are reports that some importers on the continent are now sitting on softwood stocks in excess of 100,000 m³. Under such precarious economic conditions, European importers are now extremely reluctant to enter the forward market for hardwood sawn lumber and are happy to fill any gaps that may appear using stocks through cross-trading with other importers.

With European forward markets so slow, there are reports that African sawmillers are starting to reduce FOB prices for sapele. Nevertheless, conditions of relatively tight supply in Africa and continuing good demand from Asian markets imply that forward prices are unlikely to fall sharply. In any case, the decline in FOB prices for European importers is being partly off-set by increases in freight rates in response to high fuel costs. Meanwhile prices for other species of African sawn lumber have been holding up reasonably well with relatively slow consumption balanced by generally tight supply.

Prices for meranti sawn lumber have remained stable and are still competitive in the EU market due to the relatively weak dollar rate. With supply tight and consistent demand from alternative markets, Malaysian shippers have seen no reason to give ground on prices to the European market despite slow forward buying.

Prices for Brazilian sawn lumber in the EU market are also holding steady, although the reality is that volumes available to European buyers are currently very restricted. This is a consequence of Brazilian government efforts to tighten control over the hardwood industry – delaying approval of forest management plans - following reports

of an increase in the rate of Amazonian deforestation in Brazil at the second half of last year.

Expectations are that forward demand for tropical hardwood sawn lumber in Europe will slow virtually to a halt over the summer vacation period starting from the beginning of July. Forward demand is also expected to remain sluggish at least until the fourth of the year, perhaps into 2009.

EU plywood market weakens

The UK plywood market is becoming increasingly difficult. Buying by the large UK merchant groups has fallen in response to a significant decline in house-starts and residential sales. Elsewhere in Europe, the German plywood market is now extremely slow, although there are reports that the French and Netherlands markets are holding up reasonably well.

Although Chinese plywood products have taken a larger share of the European market in recent times, the competitive edge of Chinese exporters has been blunted this year by the removal government subsidies and as fuel and labor costs have risen dramatically in China.

Malaysian exporters are the main beneficiaries of China's reduced competitiveness, particularly owing to Malaysia's lower GSP rate. Malaysian exporters are also becoming the suppliers of choice for many of the EU's larger distributors due to their ability to supply significant quantities of MTCC and FSC certified plywood product. An increasing proportion of Malaysian plywood imported into the EU comprises a hardwood face over an FSC-certified radiata pine core. There are also reports of Malaysian plywood manufacturers promoting new plywood products to European buyers which combine a tropical hardwood face with a palm core. While there is always likely to be niche demand for 100% tropical hardwood plywood for the most demanding external applications, these new 'green' products have obvious attraction in the EU market for less demanding applications such as temporary site hoardings.

The government crackdown on Amazonian forestry operations has meant that availability of Brazilian tropical hardwood plywood to European importers is currently very restricted. Deliveries of Brazilian elliotis pine plywood are reported to be inconsistent and often subject to delay. European demand for elliotis pine plywood is expected to fall for the rest of the year as the EU's duty-free softwood plywood quota has now been filled.

French plywood cartel exposed

According to a recent report in the *TTJ*, six French plywood manufacturers have been fined a total of EUR8 million for engaging in a price fixing cartel which lasted for 17 years. UPM escaped a fine after it blew the whistle on the cartel, described by the French competition authority Conseil de la Concurrence as 'very serious' and damaging to the economy. Almost 70% of tropical hardwood plywood sales in France are thought to have affected by the price fixing. Companies fined are Jean Thebault, Plysorol, Rougier Panneaux, Etablissements A

Mathe, Etablissements Guy Joubert, and Etablissements Allin. The Conseil's investigation focused mainly on gaboon plywood, with the plywood companies found to have set up a common price scale which served as a basis for fixing the prices of their different products based on the price of a standard panel. The practice continued between 1987 and 2004.

UK sets new standard for construction products

The UK's Building Research Establishment (BRE) is developing a new Standard for the Responsible Sourcing of Construction Products – known as BS 6001: 2008 – due to be launched in August 2008. The standard aims to level the playing field between construction products. By increasing scrutiny of the environmental impact of the supply chains of competing products, the standard has potential to boost market prospects for wood.

Impetus for development of the standard comes from expansion of the BRE's Environmental Assessment Method (BREEAM) for buildings. A representative of BRE speaking to the UK's *TTJ* notes that 'the timber industry has almost a 20 year head-start when it comes to supply chain certification and we acknowledged this by providing credits under BREEAM for certified timber...Our recent consultation [focused] on a proposed new standard to cover responsible sourcing in every area of construction products'.

The standard encompasses the social, economic and environmental impacts of construction materials sourcing. It addresses aspects such as stakeholder engagement, labor practices and the environmental stewardship shown by the supply chains serving the different materials sectors upstream of the manufacturer.

The standard is intended to form the core of a Responsibly Sourced Materials certification scheme. The framework will incorporate existing certification schemes and other industry initiatives to avoid adding additional administrative burdens of auditing and verification. It will provide a basis for addressing the Responsible Sourcing of Materials at both sector and company levels. More details: <http://www.bre.co.uk/responsiblesourcing/page.jsp?id=1293>

The Netherlands Sawwood Prices

	USD per m ³
FOB (Rotterdam)	1179
Sapele KD	1201▲
Iroko KD	1342▲
Sipo KD	1186
DRM Bukit KD	1186▼
DRM Seraya KD	1201▼
DRM Meranti KD Seraya MTCC cert.	1229▲
Merbau KD	904▼
Sapupira (non FSC) KD	1412▼
Sapupira (FSC) KD	
Anti-slip decking AD C&F Rotterdam	
Selangan batu	1236▲

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

	€ per m ³
FOB plus commission	
N'Gollon (khaya) 70cm+ LM-C	320-360
Ayous (wawa) 80cm+ LM-C	220-230
Sapele 80cm+ LM-C	330-380
Iroko 80cm+ LM-C	330-350

UK Sawwood Prices

	Pounds per m ³
FOB plus Commission	
Framire FAS 25mm	460-470
Sipo FAS 25mm	630-640▲
Sapele FAS 25mm	600-620
Iroko FAS 25mm	620-640▲
Wawa No.1 C&S 25mm	250-260
CIF plus Commission	
Tulipwood FAS 25mm	230-240
Meranti Tembaga Sel/Btr (KD 2"boards)	490-500▲
Balau/Bangkirai Decking	600-620
White Oak	500-520

UK Plywood and MDF Prices

	US\$ per m ³
Plywood Panels 8x4", CIF	-
Brazilian WBP BB/CC 6mm	
Malaysian WBP BB/B 6mm	545-555
China (hardwood face, eucalyptus core) 18mm	430-440
China (hard face, poplar core) 18mm	400-420▼

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.

Although mountains often constitute only a small fraction of river basin area, they can supply the bulk of transported materials and exert strong regulatory controls on the ecological characteristics of river reaches and floodplains downstream. The Amazon River exemplifies this phenomenon. Its muddy waters and its expansive and highly productive white-water floodplains are largely the products of forces originating in distant Andean mountain ranges.

http://www.redorbit.com/news/technology/1419495/andean_influences_on_the_biogeochemistry_and_ecology_of_the_amazon/

The Asian Development Bank (ADB) released the documentary film 'Forests for Our Future' to mark the 38th World Environment Day, urging the world to pool its efforts for forests protection and fight against climate change.

http://www.redorbit.com/news/science/1419935/adb_documentary_calls_for_forest_protection_against_climate_change/

Brazil revoked Swedish lumber company Gethal's license to log timber in the Amazon and property titles to land owned by the firm for alleged illegal logging activities. Environmental authorities also slapped a fine of nearly 280 million U.S. dollars. Gethal is now owned by Swedish businessman Johan Eliasch, British prime minister's Special Representative on Deforestation and Clean Energy.

<http://www.macroworldinvestor.com/m/m.w?lp=GetStory&id=309489791>

Canada has reached a free-trade agreement with Colombia, David Emerson, said Canada's foreign affairs and international trade minister. The deal will improve market access for both nations' agricultural products, as well as industrial goods and services, Emerson said in a news release. The two countries also struck agreements relating to labor and environmental issues, with both countries committed to pursuing high levels of environmental protection, he said.

<http://english.eviewweek.com/Canada-Colombia-reach-free-trade-agreement.shtml>

Energy ministers from the Group of Eight (G8) industrial powers met in the northern Japanese city of Aomori with officials from China, India and South Korea in the wake of a record spike in oil prices. The 11 nations represented here voiced "serious concerns" over the level of oil prices and said there was an "urgent need for increased and timely investment in the energy sector."

<http://www.bvom.com/news/english/news/index.asp?sequence=62185&this=59>

Over six million Nigerians may soon be submerged if the Federal Government fails to control the effect of the present climate change in the country, an environmental chemist, Professor Babajide Alo, of the University of Lagos, has said.

<http://www.tribune.com.ng/09062008/news/news4.html>

President Luiz Inacio Lula da Silva created three nature reserves in the Amazon, while warning foreigners they lack the 'moral authority' to tell Brazilians how to preserve the rainforest. Silva also announced he would send a bill to Congress to create a national policy on climate change, without providing further details. 'The territory is ours, but we want to share with humanity the benefits we are creating through preservation, because we want everybody to breathe the green air created by our forests,' Silva said.

http://ap.google.com/article/ALeqM5h_WmHX-VZZJACyFOAnwpPT2q5GgD914SH900

The Vietnamese Ministry of Construction recently decided to suspend the progress of several projects after the Government's order to limit public expenditure in a bid to control inflation. Out of the 505 projects planned in the beginning of the year, 52 projects were cut, 63 delayed and 87 extended. Most of the projects on the list have to do with housing and infrastructure.

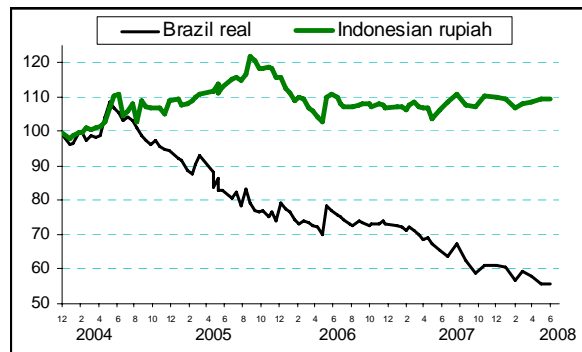
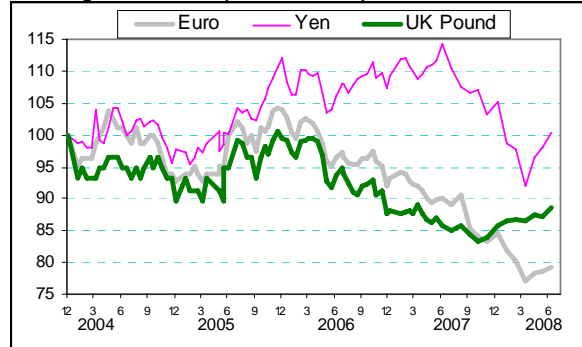
<http://english.vietnamnet.vn/biz/2008/06/787407/>

Main US Dollar Exchange Rates

As of 13 June 2008

Brazil	Real	1.6353	↓
CFA countries	CFA Franc	426.962	↑
China	Yuan	6.9020	↓
EU	Euro	0.6509	↑
Indonesia	Rupiah	9,311.00	↓
Japan	Yen	108.21	↑
Malaysia	Ringgit	3.2776	↑
Peru	New Sol	2.8835	↑
UK	Pound	0.5135	↑

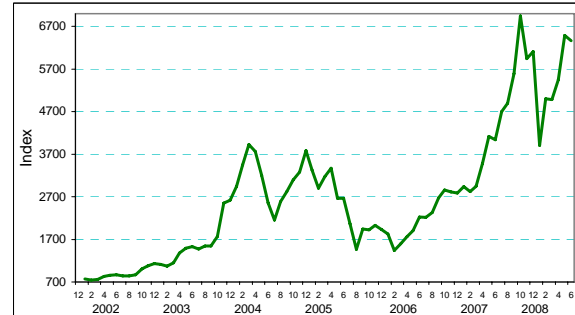
Exchange rates index (Dec 2003=100)



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

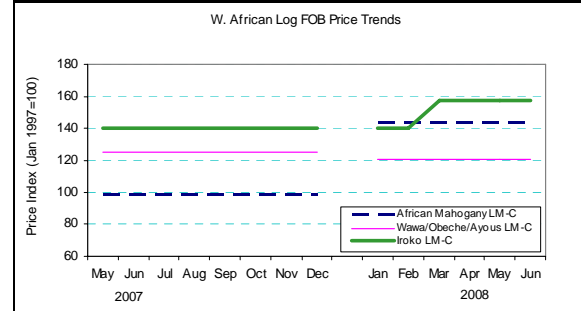
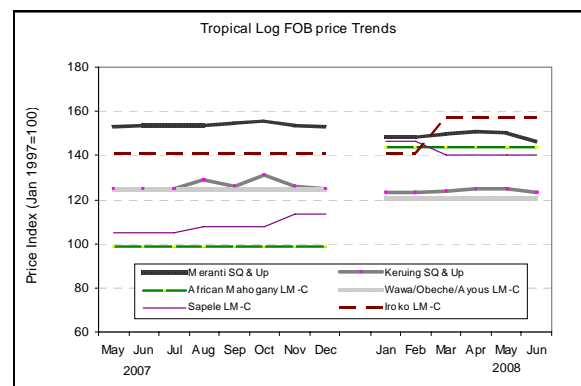
Ocean Freight Index



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.

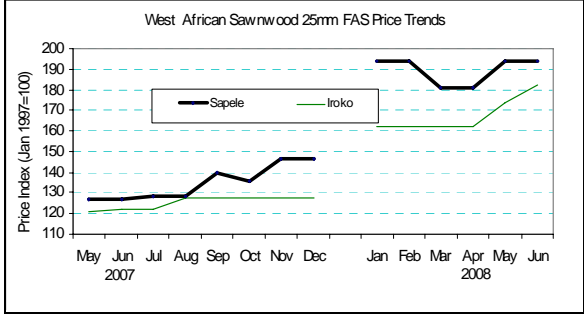
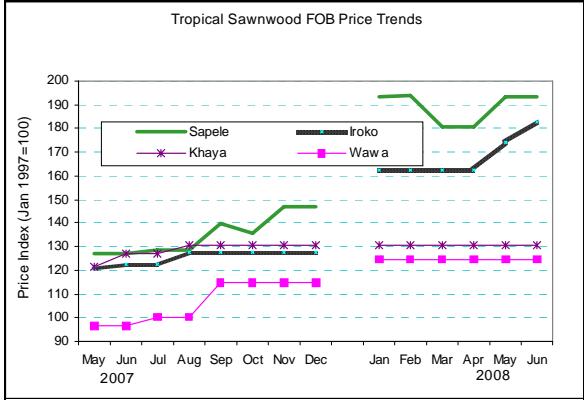
Appendix. Tropical Timber Price Trends

Tropical Log Price Trends



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

