Tropical Timber Market Report since 1990

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Snapshot

Markets were sluggish in most timber producer and consumer countries, with the volume of trade continuing to decline in West Africa. Japan reported a slowing market, with no turnaround likely in the near future. China also faced a slowdown in imports of Russian logs due to increasing Russian tariffs, but reported positive overall results in 2007.

In other news, some producer countries announced tree planting initiatives for reforestation and other commercial purposes. Mexican citizens planted over nine million trees during a one-day tree planting event in the country. Malaysia's Land Development Authority, FELDA, announced plans to establish 100,000 hectares of oil palm near the Amazon River in Brazil. Additionally, Peru's new forest law will require the development of planting and replanting initiatives to boost the availability of the country's commercial species.

Note to readers: While trading is slow during the July-August period, watch this space for a special issue on climate change and forests due out at the end of July.

Headlines

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Report from Central/West Africa

Steep decline in trade lead to price retreat in West Africa

The volume of trade continued to decline. Demand from Asia and Europe was very low and producers in West and Central Africa were slowing production to even lower levels than they had previously considered necessary. In some areas, there were quite large volumes of older logs that had either been sold off at a low price or converted to sawn lumber. Orders were available for fresh logs but limited to very restricted species and for better qualities only. Prices for the premium species such as sapele had fallen again and even sipo had been marked down.

Demand for okoume logs was also low and prices tended to be weak with an overstock of older logs still to be sold. Prices for many species were unchanged due to the absence of demand.

Buyers were delaying shipments against existing contracts which were causing a build up of both logs and sawn lumber in the export storage yards and at mills.

There were predictions as to when an improvement in demand might occur and, with construction activity in Europe rapidly scaling down, there was consensus that poor market conditions would continue possibly through to the end of the year.

West Africa Log Prices

West Africa logs, FOB	€ per m^3		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	221	191	137
Ayous/Obéché/Wawa	206	206	168
Azobe & Ekki	168	168	122
Belli	168	168	-
Bibolo/Dibétou	168	168	114
Bubinga	533	457	381
Iroko	289	274	259
Okoume (60% CI, 40% CE, 20% CS)	135	-	-
Moabi	259⬇	289⬇	267⬇
Movingui	191	191	137
Niove	129	129	-
Okan	152⬇	152⬇	122⬇
Padouk	259	259	229
Sapele	251⬇	251⬇	191⬇
Sipo/Utile	305⬇	305	228⬇
Tali	152⬇	152⬇	114⬇
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	396
Okoumé	FAS GMS	300
	Sel. & Bet. GMS Italy	250
	Sel. & Bet. fixed sizes	-
Sipo	FAS GMS	585⬇
	FAS fixed sizes	-
	FAS scantlings	585⬇
Padouk	FAS GMS	585
	FAS scantlings	585⬇
	Strips	425
Sapele	FAS Spanish sizes	520
	FAS scantlings	520⬇
Iroko	FAS GMS	458
	Scantlings	519
	Strips	304
Khaya	FAS GMS	396
	FAS fixed	427
Moabi	FAS GMS	580⬇
	Scantlings	580⬇
Movingui	FAS GMS	420

Report from Ghana

Minister inaugurates wood cluster initiative

The Deputy Minister of Lands, Forestry and Mines, Mr. Andrew Agyei Yeboah, has inaugurated a Wood Cluster Initiative Secretariat at the Wood Industry Training Centre (WITC) in Akyiakrom near Kumasi, Ghana. The Secretariat is expected to create a platform for businessmen, institutions and government agencies to promote innovation, value-adding and competitiveness for wood products in the country. During the launch, Mr. Yeboah said there was the need to add value to wood products to rehabilitate degraded forests in the country.

Prior to the inauguration, a three-day workshop on wood industry was held at the WITC in Kumasi. More than 40 representatives from the wood industry, academic institutions and government agencies participated in the seminar, with the objective of developing a vibrant and globally competitive wood industry in the Kumasi metropolis. The participants stressed the need to address weaknesses in the industry's use of waste, bush cut practices, preservation, and drying of timber and lack of product standards.

TIDD reports drop in wood exports during first quarter 2008

Timber and wood products export statistics released by the Timber Industry Development Division (TIDD) of the Forestry Commission for the period January to March 2008 registered declines of 0.5% and 4.3% in volume (m^3) and value (EUR), respectively, compared with figures recorded for the same period in 2007. The country earned EUR46.04 million from the total exports of 136,150m^3 for the period under review.

The low volume exports for the period under review compared to the same period in 2007 could be attributed to late signing of contracts after the Christmas and New Year holidays. The table below shows comparative export statistics for the period under review for both 2008 and 2007.

	<<Jan-Mar.2007>>		<<Jan-Mar.2008>>		<---%age Change-->	
PRODUCT	**Vol(m³)**	**Val**	**Vol(m³)**	**Val**		
Sawn Timber	**('000)**	**(€million)**	**('000)**	**(€million)**	Vol.(m³)	Value(€)
Lumber (AD)[1]	19.11	6.04	9.09	2.50	(52.4)	(58.6)
Lumber(KD)	28.34	11.29	28.87	11.39	1.9	0.9
Veneers:	-	-	-	-	-	-
Sliced Veneer[2]	8.68	7.33	10.55	8.22	21.5	12.1
Rotary Veneer	11.17	2.61	7.12	1.81	(36.3)	(30.7)
Curls Veneer	0.23	0.90	0.03	0.34	(87.0)	(62.2)
Plywood[3]	31.22	9.07	36.87	10.80	18.1	19.1
Furniture Parts	0.09	0.16	0.01	0.01	(88.9)	(93.8)
Mouldings	7.16	3.15	5.62	2.40	(21.5)	(23.8)
Boules (AD+KD)	1.86	0.92	0.89	0.43	(52.2)	(53.3)
Parquet/Flooring	0.65	0.65	0.63	0.63	(3.1)	(3.1)
Other Wood Products	28.38	6.00	36.47	7.52	28.5	25.3
TOTAL	**136.90**	**48.10**	**136.15**	**46.04**	**(0.5)**	**(4.3)**
NB:	**1 - Lumber(AD) includes lumber overland**					
	2 - Sliced Veneer includes Layons					
	3 - Plywood includes Overland					

Table 1: Comparative timber export statistics by volume and value from January to March, 2007 and 2008

Kiln dried lumber exported during the period was 28,870 m³. This represented a 1.9% increase in volume compared to the same period in 2007. Revenue from lumber (KD) increased marginally by 0.9% to EUR11.39 million. For the same period, the total volume (8,090 m³) of air-dried lumber (including overland exports) registered a 52.4% drop in volume compared to the previous year. The volume represented 6.7% of the overall total exports for the period. Total earnings from lumber (AD) were EUR 2.5 million, a significant drop of 58.6%.

Plywood exports for the year under review was 18.1% higher than in 2007, registering a total volume 36,870 m³ valued at EUR10.80 million. The volume of plywood exports represented 27.12% of total wood exports for the period. Total exports from Naja David Veneer & Plywood, John Bitar & Co. Ltd and Ghana Primewood accounted for 71.6% of total plywood exports. The main species of export were ceiba, chenchen and mahogany.

For the period, sliced veneer export was 10,550 m³ compared to 8,860 m³ registered in 2007. This constituted 21.5% and 12.1% of gains in volume and value, respectively. The volume of rotary veneer dipped 36.2% in 2008 to 7,120 m³ valued at EUR1.8 million.

Ghana Log Prices

Ghana logs, domestic	US\$ per m³	
	Up to 80cm	80cm+
Wawa	95-115↑	120-145↑
Odum Grade A	160-170	175-185
Ceiba	90-100↑	105-120↑
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 m³	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
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 m³
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 m³	
	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 m³
Ceiba	245
Chenchen, Ogea & Essa	295
Ofram	305

Sliced Veneer, FOB	€ per m²	
	Face	Backing
Afrormosia	1.80	1.00
Asanfina	2.00	0.92
Avodire	1.12	0.80↓
Chenchen	0.78↑	0.55↑
Mahogany	1.50	0.79
Makore	1.40	0.92↑
Odum	1.54	1.10

Ghana Plywood Prices

Plywood, FOB	€ per m³			
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	7.10	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

FELDA to establish oil palm plantations in the Amazon

The Star Online reported on FELDA's (Malaysia's Land Development Authority) plans to establish 100,000 ha oil palm plantations in Manaus and Tefe near the Amazon River in Brazil. About 3,000 to 5,000 ha would be planted per year, with initial planting in Tefe. The project is a joint venture, with FELDA holding 70% of the equity and Brazil's Brasplama holding the remaining 30%.

Under the plans, FELDA hopes to launch local projects offering training courses for settlers and their families in the plantations. Malaysian Deputy Prime Minister Datuk Seri Najib Tun Razak also said that FELDA had other projects in the pipeline, including oil palm plantation ventures in PNG (105,000 ha) and Acheh (45,000 ha) and a 20,000 ha nursery in Kalimantan.

SFD issues certificate for exemplary RIL

TTJ said an Exemplary Reduced Impact Logging (RIL) Certificate was issued by the Sabah Forestry Department (SFD) to the Malaysian firm Hormat Jadi Sdn Bhd for its strong performance in sustainable logging operations. During the period September 2006 to December 2007, Hormat Jadi was reported to have produced 68,000 pieces of tropical logs (290,000 m³) using RIL techniques. SFD director Datuk Sam Mannan said Hormat Jadi was the only company to have produced this amount of tropical timber in a short time without compromising RIL and environmental standards.

KL to host Woodtech Malaysia 2008

Bernama News indicated Kuala Lumpur would host the 24-28 September 2008 Aseanwood-Woodtech Malaysia (WTM 2008) exhibition, where China would have the largest pavilion. Various industry representatives from the woodworking machinery, timber processing, forestry management, furniture manufacturing and supplies sectors were expected to attend the event.

Malaysia Log Prices

Sarawak log, FOB	US$ per m^3
Meranti SQ up	296-318
Small	276-295
Super small	274-272
Keruing SQ up	272-282
Small	241-273
Super small	234-239
Kapur SQ up	250-268
Selangan Batu SQ up	272-294

Pen. Malaysia logs, domestic (SQ) US$ per m^3	
DR Meranti	356-399
Balau	296-326
Merbau	416-438
Rubberwood	254-273
Keruing	288-303 ⬆

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	434-457 ⬆
Seraya Scantlings (75x125 KD)	706-746
Sepetir Boards	338-349 ⬆
Sesendok 25,50mm	447-477
Kembang Semangkok	428-449

Malaysian Sawnwood, domestic		US$ per m^3
Balau (25&50mm,100mm+)		349-369
Merbau		559-582
Kempas 50mmx(75,100 & 125mm)		302-318 ⬆
Rubberwood	25x75x660mm up	292-322
	50-75mm Sq.	315-340 ⬆
	>75mm Sq.	328-360 ⬆

Malaysia Plywood Prices

Malaysia ply MR BB/CC, FOB	US$ per m^3
2.7mm	482-510
3mm	462-488
9mm & up	423-446

Meranti ply BB/CC, domestic	US$ per m^3
3mm	460-470
12-18mm	403-411

Other Malaysia Panel Prices

Malaysia, Other Panels, FOB		US$ per m^3
Particleboard	Export 12mm & up	245-262 ⬆
	Domestic 12mm & up	235-249 ⬆
MDF	Export 15-19mm	308-331 ⬆
	Domestic 12-18mm	284-304 ⬆

Malaysia Added Value Product Prices

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

Malaysia Furniture and Parts Prices

Malaysia, Rubberwood, FOB		US$ per piece
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)	without arm	55-66
	with arm	56-67
Chair Seat 27x430x500mm		43-49
Rubberwood Tabletop		US$ per m^3
22x760x1220mm sanded & edge profiled		
Top Grade		635-645
Standard		603-620

Report from Indonesia

EPA may not benefit timber producers

As of 1 July 2008, the economic partnership agreement (EPA) signed by Indonesia and Japan took effect, reported *Antara News.* Former Prime Minister Shinzo Abe and Indonesian President Susilo Bambang Yudhoyono signed the agreement before Abe's resignation in September 2007. The agreement, which is aimed at promoting trade and investment between the countries by reducing tariff barriers and building capacity, is hoped to serve as a model for world economic cooperation.

Under the agreement, Japan is exempted from 93% of Indonesia's 11,163 import duties, although Indonesia could still face non-tariff barriers to trade with Japan. Indonesia's agricultural and timber products would face non-tariff and market-access barriers in Japan due to quality standards. As a result, Indonesian Industry Minister Fahmi Idris said Japan should invest more in Indonesia's manufacturing industry.

According to *Antara*, Indonesia exported commodities worth USD23.6 billion in 2007. The value of the two countries' trade has increased over the last four years, with the value of the two countries' bilateral trade reaching USD30.1 billion in 2007.

Indonesia Log Prices (domestic)

Indonesia logs, domestic prices	US$ per m^3
Plywood logs	
Face Logs	237-277
Core logs	188-218⬆
Sawlogs (Meranti)	234-273
Falcata logs	190-205⬆
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	251-259
	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 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
Particleboard	Export 9-18mm	242-252⬆
	Domestic 9mm	206-223⬆
	12-15mm	197-209⬆
	18mm	195-198⬆
MDF	Export 12-18mm	316-329⬆
	Domestic 12-18mm	256-276⬆

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)		
Veneer Quality	May	Jun	6 mo. Avg
2nd Quality	4,882 (4 tons)	5,377 (5 tons)	5,369
3rd Quality	4,374 (11 tons)	4,437 (12 tons)	4,815
4th Quality	3,752 (40 tons)	3,462 (37 tons)	4,078
Sawing Quality	May	Jun	
Grade 1 (SG-1)	2,603 (287 tons)	2,707 (236 tons)	2,65
Grade 2 (SG-2)	2,055 (500 tons)	2,066 (610 tons)	2,101
Grade 3 (SG-3)	1,565 (79 tons)	1,641 (55 tons)	1,677
Grade 4 (SG-4)	1,828 (421 tons)	1,794 (362 tons)	1,858
Grade 5 (SG-5) Assorted	1,477 (399 tons)	1,245 (323 tons)	1,672
Grade 6 (SG-6) Domestic	1,120 (369 tons)	761 (404 tons)	1,250
Grade 7 (ER-1)	638 (384 tons)	622 (329 tons)	857
Grade 8 (ER-2)	538 (22 tons)	569 (126 tons)	777

Hoppus ton=1.8m^3; 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 (export)	391 (15 tons)
Gurjan (keruing-exp)	216 (237 tons)
Tamalan	--
Taungthayet	--

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

Report from Brazil

Amazon deforestation rate recedes in May 2008

Reports from *Folha de São Paulo* indicated the deforestation rate in the Amazon decreased in May 2008 by 26% from the same month in 2007. The information was based on information from the satellite forest monitoring system (SAD) in Brazil, which also showed deforestation was 7% for the period of August 2007 to April 2008. This was equivalent to 4,142 km² of deforested areas and 2.5 times the area of São Paulo city.

In 2008, 61% of deforestation was concentrated in 36 municipalities of Brazil that were the main targets of government control actions. This was equivalent to 294 km² of deforested area. The state of Mato Grosso accounted for 48% of all deforested areas detected by SAD during 2007-2008, despite the overall deforestation rate falling 16% compared to the period during 2006-2007.

Major actions have been taken to stop deforestation in the state of Mato Grosso since February 2008, with most initiatives launched by the Federal Government. Nevertheless, a fierce debate over the statistics on state deforestation has been going on between state government representatives and the Ministry of Environment.

Consumption from Latin American countries sustains Brazilian furniture exports

Jornal do Comércio and Remade reported that furniture exports of the Southern state of Rio Grande do Sol showed positive net sales during the first five months of the year. Latin American commercial partners helped post gains of 4.1% from January to May 2008, compared to the same period in 2007. Latin American countries represent one-third of the demand for Brazilian furniture. Revenues were USD112.6 million, up from USD108.2 million in the same period of 2007.

Furniture imports of Venezuela were high during the period, according to the Association of Furniture Producers of Rio Grande do Sul state (MOVERGS). The country purchased 318% more in the period January to May 2008, with the total amount of exports to Venezuela reaching USD1.3 million from January to May 2007, but increased to USD5.2 million during the same period in 2008. Venezuela was responsible for 4.6% of Rio Grande dol Sul furniture exports from January to May 2008.

Medium Density Fiberboard (MDF) and Medium Density Particleboard (MDP) represented 80% of outputs from the Rio Grande do Sul state. The proximity of Latin American markets enhanced the competitiveness of furniture exports from Rio Grande do Sol vis-à-vis the Asian competitors, which suffered logistical constraints such as higher freight costs. The unfavorable exchange rate of the Brazilian Real to the US Dollar was also a factor for the weakening overall furniture exports.

Paraná focuses on Middle East and N. Africa to boost exports of solidwood products

Arab countries have come under increasing focus by the state of Paraná, one of the largest Brazilian producers and exporters in the solidwood industry, said the Federation of State Industries of Paraná (FIEP). Total Brazilian exports of plywood, sawnwood, doors, frames, particleboard and MDF to the Middle East and North Africa increased 59.5% between 2006 and 2007. Exports from Paraná alone jumped 68.6%. In 2006, Paraná traded the equivalent of USD22.6 million (60% of the total Brazilian exports by the forest-related industry). In 2007, Paraná exports were USD38.1 million, 63.2% of Brazil's total exports.

According to the Brazilian Association for Mechanically Processed Timber (ABIMCI), the quality of Brazilian products and Brazil's sound business relationships with Arabic countries had facilitated exports. In 2006, the Middle East and North African markets accounted for USD37.8 million of export revenues which further rose to USD 60.3 million in 2007. The markets in Arab countries had been expanding due to the countries' growing economies. Chinese, Indian and Indonesian producers have an advantage over Brazilian producers due to logistical reasons. In addition to their closer location, exchange rates have made Brazilian products less competitive in the Middle East and North African markets resulting in reduced revenue from solidwood products.

Although the Middle East is quite far from Brazil, North African countries are not as distant. In 2007, Morocco was the largest consumer of Brazilian plywood, sawnwood, doors, frames, particleboard and MDF accounting for USD21 million of exports by value. Exports to Saudi Arabia were USD11.2 million, and those to the United Arab Emirates were USD10.1 million.

Paraná is a strong exporting state within Brazil. The state exported USD1.49 billion in 2007, USD1.03 billion of which consisted of wood-related products. The state of Paraná is the second largest exporting state after São Paulo and followed by Santa Catarina. The forest-based industry involves not only wood and furniture but also pulp and paper. Pine plywood was the top export product from Paraná, with exports rising 70% from January to March 2008 worth USD115.5 million. Pine sawnwood was the second most exported product, with USD131.8 million exported in 2006 and USD111.8 million in 2007.

Brazil Log Prices (domestic)

Brazilian logs, mill yard, domestic	US$ per m^3
Ipê	152⬆
Jatoba	108⬆
Guariuba	73⬆
Mescla (white virola)	80⬆

Brazil Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB		US$ per m^3
Jatoba Green (dressed)		845⬆
Cambara KD		465
Asian Market (green)	Guariuba	265
	Angelim pedra	594⬆
	Mandioqueira	234
Pine (AD)		200

Brazil sawnwood, domestic (Green)		US$ per m^3
Northern Mills (ex-mill)	Ipé	713⬆
	Jatoba	548⬆
Southern Mills (ex-mill)	Eucalyptus (AD)	210⬆
	Pine (KD) 1st grade	276⬆

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	274⬆	229⬆

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	938⬆
	White Virola 15mm	685⬆

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	610⬆
Particleboard 15mm	385⬆

Brazil Added Value Products

FOB Belem/Paranagua Ports		US$ per m^3
Edge Glued Pine Panel		
Korean market (1st Grade)		640⬇
US Market		513⬆
Decking Boards	Cambara	609
	Ipê	1680⬇

Report from Peru

Changes to Peru forest law encourage forest planting and reforestation

According to the Decree N°1090, which makes changes to Peru's forest law, the Agriculture Ministry is designated as the national authority in charge of the design, execution, supervision and evaluation of forest policy. Under the previous legislative actions, the Agriculture Ministry was the primary body that promoted the sustained use and the conservation of forest resources and wild fauna, while the National Institute of Natural Resources (IRENA) was in charge of forest management in Peru.

The new Decree also requires national, regional and local development programs to incorporate planting and replanting forests as important activities to stimulate industrial optimization of species such as palmetto, the rubber tree, bamboo, chestnut, and camu camu, among others. The law provides for the Agriculture Ministry to also reward activities that generate more aggregated value and promote the conservation of biological diversity.

CITES and ITTO assist Peru in strengthening forest law

Representatives from the Secretariat of the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES) and ITTO visited Peru to assist with preparations for tighter control on wood trade. The purpose of the visit was to design legal measures for the country to help improve management techniques of wood products listed in CITES Appendices. During the visit, CITES and ITTO representatives meet with staff of INRENA and La Molina National Agrarian University as well as representatives from the wood industry, non-governmental organizations (NGOs) and Indian communities. CITES and ITTO representatives will continue to work with Peruvian authorities to adjust CITES-related enforcement measures to ensure adequate prevention measures against the illegal trafficking of CITES-listed timber.

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		934-972
Mexican market		943-974
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	330-378
Grade 2, Mexican market	298-322
Cumaru 4" thick, 6'-11' length KD	
Central American market	798-828⬆
Asian market	729-772
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	550-585
Dominican Republic	565-575
Marupa (simarouba) 1", 6-11 length Asian market	395-420

Peru Sawnwood, FOB Iquitos	US$ per m^3
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	181-194
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	250-263

Peru sawnwood, domestic	US$ per m^3
Mahogany	1295-1331
Virola	85-99
Spanish Cedar	443-454
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		1448-1500
Cumaru KD, S4S	Swedish market	672-718⬆
	Asian market	935-964⬆
Cumaru decking, AD, S4S E4S, US market		962-1102
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's MIPYMES play significant role in wood manufacturing

According to a study on micro, small and medium-sized companies (MIPYMES) conducted by the Bolivian Institute of Foreign Commerce (IBCE), Bolivian MIPYMES exported more than USD30 million worth of wood products during 2006. Of the total MIPYMES, medium-sized companies made up 82%, small-sized companies represented 12% and micro-sized companies 1%.

The total value of exports of the 800 companies analyzed in the study were USD71.75 million in 2006, with exports of wood manufacturing sector MIPYMES representing 42.10% of this value. MIPYMES' exports exceeded that of the textiles and clothing industry and leather manufacturers. Santa Cruz, La Paz, Cochabamba and the city of El Alto were the main exporting centers in the country, accounting for 88.3% of total MIPYMES.

The Chamber of Bolivian Forestry (CFB) noted that the study showed the vital social and economic roles played by MIPYMES forest-related industries in the country. It also showed how the application of SFM in Bolivia had helped boost exports and promoted SFM at the global level.

Bolivia Sawnwood Prices

Sawnwood 1-3"x3x5"x7-19', FOB Arica Port		$ Avg un. val. per m^3
Mahogany	(US market)	1717-1806⬆
Spanish Cedar	(US market)	746-957⬇
Oak	(US and EU market)	637-644⬇

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	120-345⬇
	Ochoó	-

Parquet Flooring 3-5"x4-6"x5-13', FOB Arica Port		$ Avg un. val. per m^3
Mani	(FSC) (US market)	675-700
Caviuna	(FSC) (US market)	700-900⬆
Cumaru	(FSC) (US, EU and Asia mkt)	450-850⬇
3/4"x3-5"x1-7'		
Jatoba	(US, EU and Mexico market)	1194-1300⬇
Ipe	(EU and Asia market)	500-1800⬇
Jequitaba	(EU market)	-

Report from Mexico

More than 9 million trees planted in Mexico

The National Forestry Agency CONAFOR reported that 9.34 million trees were planted on 5 July 2008 by over 507,000 people during a tree planting event. The Secretary of Environment and Natural Resources, Juan Elvira Quesada, said the event lasted 14 hours with 31 Mexican states participating. Of the total number of trees planted, 71% were in rural areas, while 29% were in urban areas. The states of Chiapas and Puebla recorded the highest numbers of trees planted. Pine, cedro and mesquite were the most popular tree species planted.

Report from Guyana

Guyana continues to gain from positive market trends

Log prices for purpleheart increased 30% over the previous fortnight and had shown consistently steady prices over the past five months. Prices of greenheart logs meanwhile, remained steady with USD120 per m^3 seen as the lower price range over the past few fortnights. Purpleheart log prices increased to USD235 per m^3 as the upper range and presents encouraging news for one of Guyana's most prime species of hardwood.

Guyana's export volume of undressed lumber had also reached the highest level of any fortnight in the year. Also, dressed lumber continued to maintain its market share. Dressed lumber prices reached a high of USD1,350 for greenheart, reflecting an 87% increase over the previous fortnight's upper price. Purpleheart showed consistent performance in the export market from USD1,100 as the upper range in the previous fortnight and moving to USD1,150 over the last fortnight. Demand remains steady in most markets for this product.

Meanwhile, average price paid for roundwood showed some improvement over the previous fortnight by a 56%; this was mainly due to the higher price being paid for fencing post by Martinique.

Guyana workshop helps participants apply ITTO C&I

In keeping with Guyana's commitment to utilizing its forests sustainably, Guyana hosted a national workshop on revised ITTO Criteria and Indicators (C&I), which was held from 23-26 June 2008 in Georgetown, Guyana (see TTM 13:12). Representatives from various stakeholder groups made presentations on implementing forest management policies in Guyana, applying ITTO C & Is at the community level, conducting RIL training, emerging challenges posed by forest certification and enhancing legality in forest activities in Guyana. The four-day session also included several working group activities and a field visit to a forest concession.

Presentations made by community groups, the private sector and representatives of the host organization, the Guyana Forestry Commission, emphasized some of the major milestones and challenges in Guyana's forestry sector. Some of these discussions took place during a field trip taken to a Demerara Timbers Ltd. concession. The field trip provided the practical experience needed to apply ITTO C & Is on the ground. The workshop provided an opportunity for the participants to review the revised ITTO C & Is and test their applicability, and to receive training within the Guyana context. Based on the wide spectrum of discussion areas and activities, the workshop also succeeded in identifying the strengths and weaknesses in Guyana's application and reporting of ITTO C&Is.

Guyana Log Prices

Logs, FOB Georgetown	SQ - $ Avg unit value per m^3		
	Std	Fair	Small
Greenheart	150⬇	140⬆	130⬆
Purpleheart	195-235⬆	185-220⬆	175⬆
Mora	140-155⬆	130-145⬆	110-135⬆

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

Guyana Sawnwood Prices

Sawnwood, FOB Georgetown		$ Avg unit val. per m^3	
EU and US markets		Undressed	Dressed
Greenheart	Prime	-	-
	Select/Standard	475-700↑	466-1,350↑
Purpleheart	Prime	-	-
	Select/Standard	650	450-1,150↓
Mora	Select	-	-

Guyana Plywood Prices

Plywood, FOB Georgetown Port			$ Avg unit val. per m^3
Baromalli	BB/CC	5.5mm	720
		12mm	-
	Utility	5.5mm	-
		12mm	-

Report from Japan

Tokyo traders see downturn in markets

The Japan Lumber Journal reported that traders have seen a slowing market and no improvements in cargo transactions. Since the start of the rainy season in Japan, the outlook has been that markets are performing worse than before, even though they were expected to recover in the summer months.

Japan Lumber Reports said production of Southsea logs rose after May and seems to have returned to normal. Log suppliers in Malaysia have been bullish, since there is local market demand. However, Japanese demand is still sluggish. It is also expected that Sarawak will revise its quota system, to give more flexibility for exports.

Shipments of Yunshan cedar items in China have been suspended due to the recent earthquake in the region.

Plywood supply rises while housing starts fall

Japan Lumber Reports indicated that plywood imports increased during May 2008, largely due to the sudden appreciation of the Japanese yen. The volume of plywood imports in May 2008 (Figure 1) rose 9.4.8% since April 2008, but showed a year-on-year decrease of 12%. Nevertheless, demand was expected to stay low and supply would stay tight, with prices rising.

For housing starts (Figure 2), figures for May 2008 showed a 6.5% fall from May 2007 levels.

Figure 1: Japan Plywood Imports 2005-2008 (000 m³)

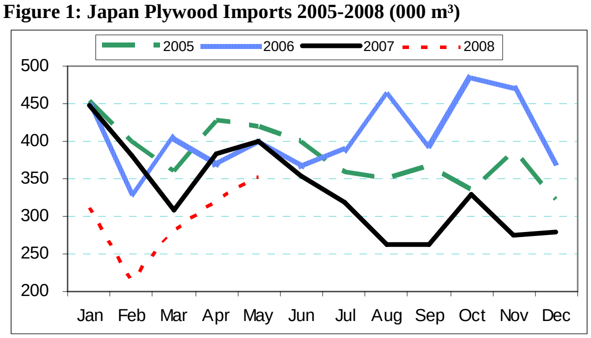
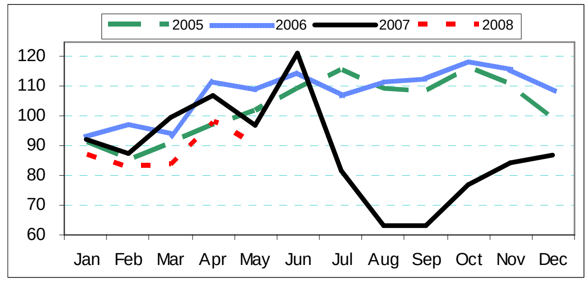


Figure 2: Japanese housing starts, 2005-2008



Log and Sawnwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku
Meranti (Hill, Sarawak)	(Koku=0.278 m^3)
Medium Mixed	8,100↑
Standard Mixed	8,200↑
Small Log (SM60%, SSM40%)	7,100↑
Taun, Calophyllum, others (PNG)	7,300↑
Mixed light hardwood, G3/4 grade (PNG)	-
Keruing MQ & up (Sarawak)	10,500↑
Kapur MQ & up (Sarawak)	10,000↑

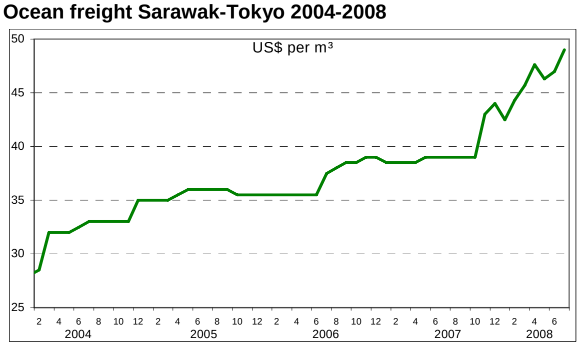
Logs for Sawmilling, CIF	Yen per Koku
Melapi (Sarawak) High Select	11,000
Agathis (Sarawak) High Select	-

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)	June	July
		(¥ per sheet)	
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	370	400 ↑
3.7mm (med. Thickness, F 4star, type1)	910 X 1820	560	570 ↑
5.2mm (med. Thickness, F 4star, type 1)	910 X 1820	670	680 ↑
11.5mm for sheathing (F 4star, type 2)	910 X 1820	943	1020 ↑
12mm for foundation (F 4star, special)	910 X 1820	1010	1020 ↑
12mm concrete-form ply (JAS)	900 X 1800	930	1000 ↑
12m coated concrete-form ply (JAS)	900 X 1800	1090	1120 ↑
11.5mm flooring board	945 X 1840	1270	1380 ↑
3.6mm baseboard for overlays (OVL)	1230 X 2440	850	870 ↑
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

Forestry outputs leap 17.6% in value in 2007

According to the latest news issued by the State Forestry Administration (SFA), China's outputs of forestry and major forest products rose significantly in 2007. The total forestry output value of the nation reached RMB1.25 trillion yuan, up RMB188.12 billion yuan or 17.66% over the last year.

Timber outputs

Since the implementation of the Natural Forest Protection Program (NFPP) in 1998, China's output of timber had decreased each year until 2002, when it began to increase gradually. The output of timber reached a peak of 69.76 million m³ in 2007. Of the total timber output, output of logs was 64.92 million m³, up 6.22% over the previous year; output of fuelwood was about 4.85 million m³, down 3.1% from the previous year. In addition, about 8.58 million m³ of roundwood and 22.08 million m³ of fuelwood were removed respectively by farmers for their own use.

Sawnwood outputs

The output of sawnwood was 28.29 million m³ in 2007, up 13.78% over the previous year, of which 1.45 million m³ or 5.12% was tropical sawnwood.

Wood-based panel outputs

A total of 88.38 million m³ of wood-based panels was produced in 2007, up 18.98% over the previous year. Of the total output, 2.42 million m³ or 2.74% was made with tropical timber; plywood outputs reached 35.61 million m³, accounting for 40.3%; fiberboard outputs were about 27.30 million m³ (of which, approximately 24.99 million m³ was MDF), amounting to 30.89%; particleboard outputs were 8.29 million m³, making up 9.38%; outputs of other wood-based panels were 17.1809 million m³ (of which 77.07% was block board), accounting for 19.44% of the total (Figure 1). In addition, the output of veneer was 12.65 million m³.

The production of wood-based panels were concentrated mainly in six provinces located in coastal areas in the east comprising Jiangsu, Shandong, Hebei, Guangxi, Fujian and Zhejiang. The combined output in these provinces reached 57.31 million m³ in 2007, accounting for 64.85% of nation's total (Figure 2).

Figure 1: Types of wood-based panels produced in 2007

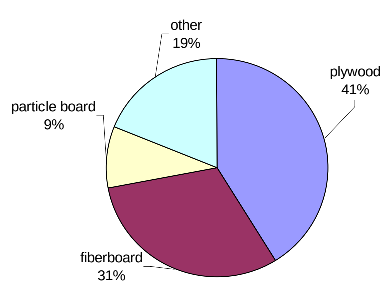
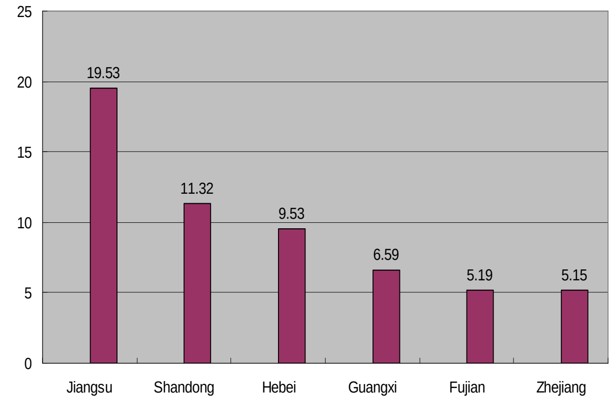


Figure 2: Top six wood-based panel producing provinces (million m³)



Wood flooring outputs

A total of 343.43 million m² of wooden flooring was produced in China in 2007, up 46.77% over the last year. Of the total amount, solidwood flooring comprised 77.84 million m² (22.67%); solid composite flooring was 113.48 million m² (33.04%), laminated flooring was 94.86 million m² (27.62%); and bamboo/wood composite flooring was 20.48 million m² (5.96%). Zhejiang Province was the most important wooden flooring producing province, with outputs reaching 63.32 million m² in 2007 and representing 18.4% of the country's total.

Prices of main forest products

In 2007, the prices of some forest products rose while others dropped. Average price of logs was RMB638 yuan per m³, up 5.28% over the previous year. The average price of bamboo was RMB 11/piece, up RMB2 yuan over the previous year and wood chips were RMB700 yuan per solid m³, up 15.45%. Other products, such as sawnwood, dropped 1% to RMB1,004 yuan per m³. The average price of wooden flooring also fell to RMB128 yuan per m², down 6%, plywood fell to RMB1,909 yuan per m³, down 2% and MDF fell 5%. Hardboard and particleboard rose by 13% and 22% respectively.

Russian log imports through Manzhouli Port continue to fall

According to statistics from Manzhouli Customs in Inner Mongolia, 901,000 m³ of timber was imported through the Port in April 2008. The timber was valued at USD120 million and the average price was USD134.8 per m³, rising 35.4% from 2007.

The amount of imported logs from Russia in April 2008 was 793,000 m³, down 29.5% from same period of 2007, and the amount of Russian lumber was 108,000 m³, up 20.5%. Due to the sharp rise of export tariffs on Russian timber, imports of timber from Russia fell 31.8% to about 3.8 million m³ during the period from January to May 2008. Of the imported logs from Russia through Manzhouli Port, Korean pine (Pinus koraiensis) and Mongolian scotch pine (Pinu sylvestris var. mongolica) accounted for 80%, while larch accounted for 20%.

Russian tariffs on exported logs jumped from 6.5% to 20% and to not less than EUR10 per m³ in July 2007. On 1

April 2008, Russia increased the tariff again to 25% and to not less than EUR15 per m³. The tariff will increase to 80% in January 2009 and to not less than EUR50 per m³. Being the largest timber export country to China, Russia's rising tariffs have and will continue to have strong impact on China's wood processing industry.

China to set up more forestry enterprises in Russia

According to a memorandum jointly signed by Xi Bei Forestry Corporation Ltd. in Shandong Province of China and the governor of Tomsk State of Russia, an integrated forestry enterprise will be established in Tomsk State. Situated in the Siberian Plain of central Russia, the Tomsk State covers an area of 314,400 km², of which, 60% is covered by forest, with a growing stock as high as 2.6 billion m³.

According to the memorandum, several mills will be set up in two regions of Tomsk State to produce sawnwood, construction materials, furniture and pulp and paper. The planned harvesting and processing capacity of the proposed enterprise is 4.5 million m³ of timber per year. The Xi Bei Forestry Corporation Ltd. will invest over USD1.6 billion in the enterprise.

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.	4000-5000↓
Keruing 60cm+ diam.	1900-2350
Beech 6m,30cm veneer Qual.	3300-3600
Sawnwood	
Teak sawn grade A	8500-9500↑
US Maple 2" KD	8800-12500
US Cherry 2"	14700-15000↓
US Walnut 2"	12500-14500
SE Asian Sawn 4m+, KD	3600-4000
*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)	9200-9500
	KD (2",grade A)	7500-9000

Shandong De Zhou Timber market

Logs		Yuan per m^3
Larch	6m, 24-28cm diam.	1370↑
White Pine	6m, 24-28cm diam.	1350↑
Korean Pine	4m, 30cm diam.	1600↑
	6m, 30cm diam.	1650↑

Hebei Shijiangzhuang Wholesale Market

Logs		Yuan per m^3
Korean Pine 4m, 38cm+ diam		1700↑
Mongolian Scots Pine	4m, 30cm diam.	1320↑
	6m, 30cm+ diam.	1400↑
Sawnwood		
Mongolian Scots Pine	4m, 5-6cm thick	1500↑
	4m,10cm thick	1500↑

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

European biofuels use may divert wood supply from traditional industries

A fierce debate is emerging in Europe over the legitimacy of policies to increase use of biofuels as a means of countering carbon emissions and climate change. The debate has very significant and yet rather uncertain implications for the European and international forest sectors.

Many environmental and wood sector interests have responded with dismay to EC and European national government commitments to increase reliance on bio-fuels. A concern for industry is that increased use of wood for biofuel production is already diverting large volumes of raw material away from traditional wood-using industries and this problem is likely to worsen in the future. At the same time, environmental groups are concerned that increased demand for biofuels without linkage to tough environmental safeguards will simply divert the focus away from policies designed to reduce energy consumption while at the same time increase pressure to convert slow-growing natural and semi-natural forests to intensive short-rotation plantations and fuel crops.

Recent concern has focused on a proposal issued by the European Commission in January 2008 for an EU Renewable Energy Directive which includes a target of increasing the amount sustainable fuel used in the transport sector to 10% by 2020. This has generated a barrage of criticism from EU Member States, research organizations and environmental NGOs.

Even before the proposal was announced, research released by organizations including the Royal Society - the Joint Research Centre, the European Commission's in-house science and research group, the UK Parliament Environmental Audit Committee (EAC) and a number of NGOs suggested that in the absence of Commission plans to significantly reduce overall transport volumes, the target could only be met by a massive boost in use of bio-fuels. In February 2008, the UK government weighed in with an announcement that they intend to undertake their own review of the environmental impacts of bio-fuels stating that: 'we are not prepared to go beyond current UK target levels for bio-fuels until we are satisfied it can be done sustainably'. Around the same time, the Dutch environmental assessment agency also issued a study which found that the 10% target 'should be reconsidered'.

The criticism came to a head on 10 April 2008 when the European Environment Agency's Scientific Committee recommended that the 10% agrofuel target be suspended. The Committee stated that '[t]he overambitious 10 per cent biofuel target is an experiment, whose unintended effects are difficult to predict and difficult to control'. The European Parliament is now preparing its amendments to the proposed Directive in light of these recommendations.

Meanwhile, research undertaken by the UN Economic Commission for Europe (UNECE) together with FAO indicates that existing far-reaching policy commitments by European governments to increased use of bio-fuels have very significant potential to greatly reduce available wood supply in the EU. The UNECE/FAO study on 'Wood resources availability and demands – implications of renewable energy policies' reveals that a huge amount of biomass will be required to fulfill the existing policy commitments of European governments. It forecasts a significant "gap" opening up between sustainable wood supply and the amount of wood required to both fulfill energy objectives and support a growing wood based industry in Europe. This gap is estimated at between 321 million m^3 and 448 million m^3 by 2020.

The results of the UNECE/FAO study are even more extreme than those of a similar study commissioned by the Confederation of European Paper Industries (CEPI) which has suggested that the gap between supply and demand for wood in European countries may exceed 200 million m^3 by 2020.

Forest sector interests in Europe are now lobbying hard to encourage policymakers to ensure that commitments to renewable energy sources are realistic and based on an integrated view of competing land uses and products, and calling for sustainable production and use of biofuels. There is also growing concern to find mechanisms to increase mobilization of wood resources within the EU – particularly from small private forest holdings - in order to satisfy the anticipated increase in demand.

Danzer Group to offer expansive range of FSC products

The Danzer Group is expanding its range of FSC products on offer. Currently, the Group offers a wide selection of Forest Stewardship Council (FSC) Pure and FSC Controlled Wood-certified veneer and lumber. According to a press release issued by Danzer, the Group will soon offer African logs, lumber and veneer with the FSC-Full label. Noting that the demand for certified wood is growing, Mr. Olof von Gagern, Danzer Group CEO for Veneer Europe and Lumber Europe/Africa, said that the FSC certificates would offer customer assurance that Danzer wood products are from legally and sustainably managed forests.

The Netherlands Sawnwood Prices

FOB (Rotterdam)	USD per m^3
Sapele KD	1167
Iroko KD	1189
Sipo KD	1328
DRM Bukit KD	1186
DRM Seraya KD	1186
DRM Meranti KD Seraya MTCC cert.	1201
Merbau KD	1229
Sapupira (non FSC) KD	904
Sapupira (FSC) KD	1412
Anti-slip decking AD C&F Rotterdam	
Selangan batu	1254

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

FOB plus commission		€ per m^3
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 Sawnwood Prices

FOB plus Commission	Pounds per m^3
Framire FAS 25mm	460-470
Sipo FAS 25mm	630-640
Sapele FAS 25mm	605-625
Iroko FAS 25mm	625-645
Wawa No.1 C&S 25mm	255-265
CIF plus Commission	
Tulipwood FAS 25mm	230-240
Meranti Tembaga Sel/Btr (KD 2"boards)	490-500
Balau/Bangkirai Decking	610-630
White Oak	500-520

UK Plywood and MDF Prices

Plywood Panels 8x4", CIF	US$ per m^3
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.

Climate change will hit South Australia harder than other areas of the country, the government's chief climate change adviser says. Professor Ross Garnaut said agriculture in SA would be destroyed by climate change without urgent mitigating measures. Predicted higher temperatures and lower rainfall would result in the state losing water flows from the Murray-Darling Basin.
http://news.ninemsn.com.au/article.aspx?id=593554

Conserving the Congo forest, and indeed all of our forests in Africa, as well as accelerating forestation efforts, is vital to our survival on a continent where the Sahara Desert is expanding to the North and the Kalahari Desert is expanding to the Southwest. For this reason the Congo Basin Forest Fund (CBFF) was launched in London on 17 June 2008. The initial financing of the CBFF comes from a pair of USD200 million grants from the governments of the United Kingdom and Norway.
http://www.nationmedia.com/eastafrican/current/Opinion/op070720088.htm

Environmental experts say the Australia Government's renewable energy targets aren't aggressive enough to impact on global warming. The Population Health Congress in Brisbane has heard climate change will eventually expose Australians to greater heat extremes, weather events and changes in infectious disease patterns.
http://www.radioaustralia.net.au/news/stories/200807/s2297520.htm?tab=latest

Fast-growing Asian economies India and China must agree to reduce greenhouse gas emissions in order to achieve a global plan to combat climate change, said US President George Bush.
http://english.aljazeera.net/news/asia-pacific/2008/07/20087732840623363.html

The Mexican government says UNESCO has added a Monarch butterfly reserve in southern Mexico to its list of World Heritage sites. Mexico's Foreign Relations Department says the reserve located in the states of Mexico and Michoacan was declared a natural heritage site by the U.N.'s World Heritage Committee meeting in Quebec City.
http://news.aol.com/story/_a/un-declares-monarch-butterfly-reserve-in/n20080708001809990005

Nigeria is Africa's largest wood producer with an annual harvest estimated in 1998, of more than 100 million m³. Nigeria has set aside 96,000 km² of forest, about 10% of Nigeria's total land area as forest reserves.
http://www.tribune.com.ng/08072008/general1.html

The previously negative attitude of the Organization of the Petroleum Exporting Countries to climate change shifted in 2007, as the United Arab Emirates led several members of the organization to take a positive lead in developing alternative energies, and began investment in technologies like carbon capture and carbon storage.
http://www.gulfnews.com/nation/Environment/10227022.html

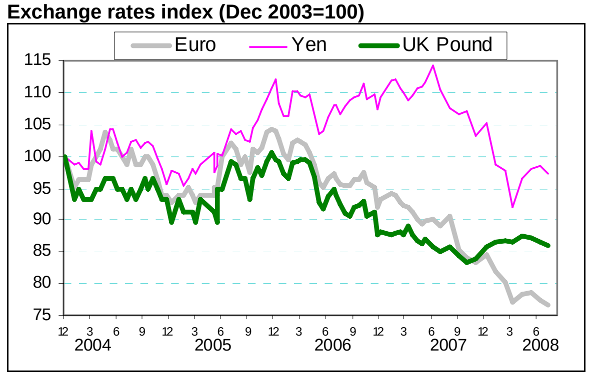
World Bank President Robert Zoellick has called for reform of biofuel policies in rich countries, urging them to grow more food to feed the hungry. He was speaking at the G8 summit in Japan, where soaring food and fuel prices are top of the agenda.
http://news.bbc.co.uk/2/hi/business/7493789.stm

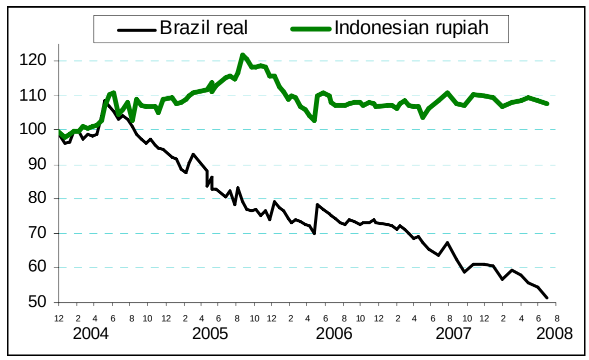
Main US Dollar Exchange Rates

As of 15 July 2008

Brazil	Real	1.5931	↓
CFA countries	CFA Franc	412.597	↓
China	Yuan	6.8211	↓
EU	Euro	0.6290	↓
Indonesia	Rupiah	9,141.00	↓
Japan	Yen	104.78	↓
Malaysia	Ringgit	3.2196	↓
Peru	New Sol	2.8369	↓
UK	Pound	0.4991	↓

Exchange rates index (Dec 2003=100)

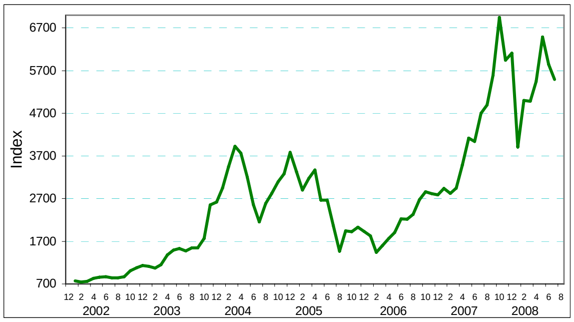




Abbreviations and Equivalences

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

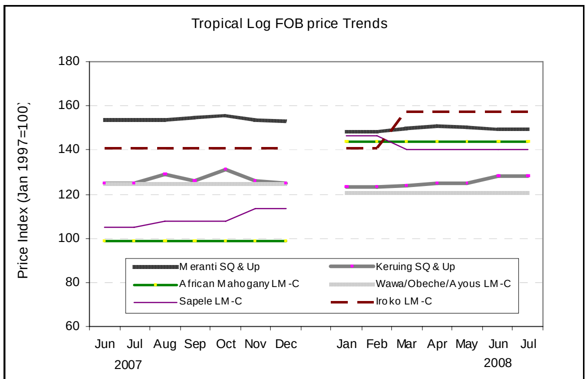
Ocean Freight Index

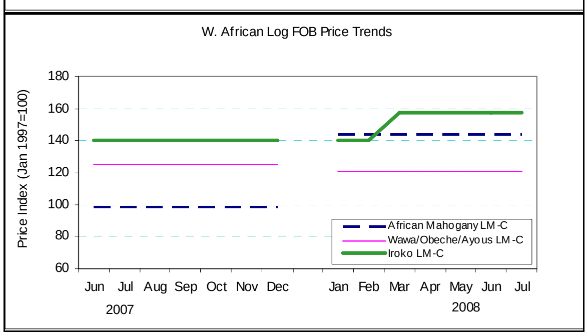


The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

Appendix. Tropical Timber Price Trends

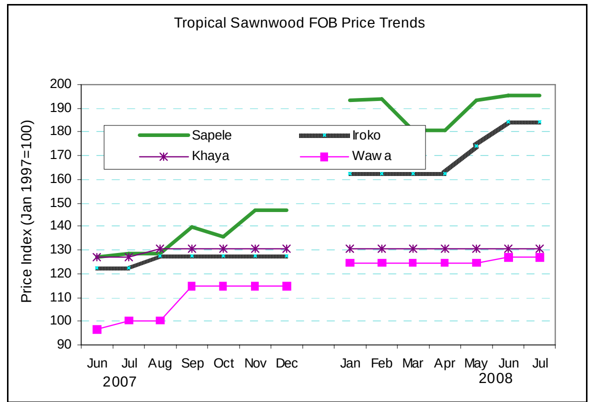
Tropical Log Price Trends

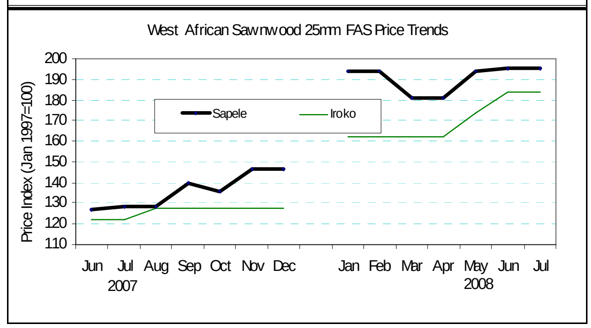




More price trends in Appendix 4, ITTO's Annual Review http://www.itto.or.jp/live/PageDisplayHandler?pageId=199

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