Tropical Timber Market Report since 1990

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Snapshot

The European market was impacted by slow trading conditions, with the UK market moving to close early for the Christmas holiday due to the lack of business. The West African market was reported as sluggish due to poor trading conditions in Europe, with key species such as sapele continuing to be in a slump. Russian President Vladimir Putin announced the postponement in the hike of duties on Russian roundwood logs to ease the pressure of rising costs on importers. In Asia, the Indonesian pulp and paper industry had also been affected by the rising costs and limited supply of raw materials, forcing one company to lay off nearly half of its total workforce.

There had been a great deal of uncertainty about prices, particularly for species traded between Europe and West Africa. Prices in Indonesia and Malaysia fell across the board, though substantial price concessions have not been made by traders. There had also been some uncertainty in the furniture sector's ability to project sales trends in 2009, with different trade associations in the Brazil providing divergent scenarios for the sector.

Despite the global economic downturn, some countries were training workers or developing new wood product technologies. Ghana had developed a smoke dryer facility that uses sawdust to power dry wood products. A project in Guyana is also improving recovery rates at sawmills and raising the quality of finished products.

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Report from Central/West Africa

Trade sluggish in West Africa as European market quietens

The overall market situation has changed very little, with trade sluggish and European buyers mostly out of the market for the time being. There were very few small price increases and a weakness for less favored timbers.

Sapele prices have not recovered and European buyers have said it has been very difficult to determine current prices for imports or for whatever landed stocks are still available. As reported mid-month, production in West Africa was low and there were no signs of major producers re-starting any shut down logging or processing activities.

Producers and exporters in the Asian region have been holding their prices steady and have not made any real price concessions. This has helped West African exporters reaffirm the position that cutting prices will not stimulate increased buying from importers who are concentrating on downsizing their activities to match the much reduced consumer demand.

West Africa Log Prices

West Africa logs, FOB	€ per m³		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	221	191	153⬆
Ayous/Obéché/Wawa	206	206	168
Azobe & Ekki	168	168	122
Belli	161⬇	161⬇	-
Bibolo/Dibétou	168	168	114
Bubinga	533	457	381
Iroko	289	274	259
Okoume (60% CI, 40% CE, 20% CS) (China only)	132	-	-
Moabi	259	259	206
Movingui	191	191	137
Niove	129	129	-
Okan	152⬇	152⬇	122⬇
Padouk	259	259	229
Sapele	236⬇	236⬇	180⬇
Sipo/Utile	300⬇	300⬇	228
Tali	152	152	114

West Africa Sawnwood Prices

West Africa sawnwood, FOB		€ per m³
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

Plantation Fund Management Committee inaugurated

The Forestry Commission (FC) and the Ghana Timber Millers Organization (GTMO) have launched a seven-member Plantation Fund Management Committee to generate funds for the development and finance of forest plantations. The Committee will be responsible for establishing its own rules of procedure, on-going forest plantation development initiatives and ensuring plantation forests are sustainability managed.

The Committee will be chaired by Mr. Samuel Afari-Darty, with Msrs. Matthew Ababio, Alhassan Attah, Robert Nyarko, Ernest Apraku, Kwaku Sampeney and Kwaku Awauh Agyeman as members. The Committee was inaugurated during a ceremony opened by the Minister for Lands, Forestry and Mines, Mrs. Esther Obeng-Dapaah, who said the Committee had become necessary as a result of the recent high demand for plantation timber and the increasing need for raw materials to sustain the timber industry.

At the ceremony, it was recalled that in September 2001, President J. A. Kufuor launched the National Forestry Plantation Development Programme, which aimed to establish 20,000 hectares of industrial forest plantations annually.

WITC develops sawdust powered smoke dryer

The Wood Industries Training Center (WITC) of the Timber Industry Development Division (TIDD) in Kumasi has developed a smoke dryer facility that uses sawdust instead of electricity to dry wood products. The facility is suitable for small and medium scale enterprises (SMEs) and marketed as affordable and easy to use. It was recently showcased at the Ghana International Furniture and Woodworking Industry Exhibition (GIFEX) 2008 in Accra and is intended to reduce the costs of SMEs in a non-polluting and user friendly manner.

The WITC is known for its technical training activities in the wood industry, with a primary focus on capacity building, human resource development and institutional strengthening. Specifically focused on supporting services involved in downstream wood processing, the WITC has earned a reputation over the last 12 years of being a center of excellence for training and consultancy in the timber industry as well as other timber-related sectors. The Public Relations Officer of the WITC, Mr. George Zowonu, hinted that the Center would soon change its name to the Timber Technology Center.

In other developments, the Forest Research Institute of Ghana (FORIG) has made significant breakthroughs in processing coconut and palm tree waste into usable wood for the manufacturing of various products such as tables, chairs, cupboards and beds, a research scientist at the Institute noted during the GIFEX 2008.

Ghana Log Prices

Ghana logs, domestic	US$ per m^3	
	Up to 80cm	80cm+
Wawa	100-115	120-145
Odum Grade A	160-170	175-185
Ceiba	90-100	105-120
Chenchen	60-90	95-112
Khaya/Mahogany (Veneer Qual.)	70-90	95-120
Sapele Grade A	130-150	155-175
Makore (Veneer Qual.) Grade A	125-135	140-166

Ghana Sawnwood Prices

Ghana Sawnwood, FOB	€ per m^3	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	855	-
Asanfina	490	560
Ceiba	200	255
Dahoma	330	390
Edinam (mixed redwood)	400	470
Emeri	425	485
African mahogany (Ivorensis)	585	670
Makore	510	600
Niangon	550	-
Odum	660	750
Sapele	540	600
Wawa 1C & Select	260	285

Ghana sawnwood, domestic		US$ per m^3
Wawa	25x300x4.2m	255
Emeri	25x300x4.2m	350
Ceiba	25x300x4.2m	204
Dahoma	50x150x4.2m	318
Redwood	50x75x4.2m	274
Ofram	25x225x4.2m	330

Ghana Veneer Prices

Rotary Veneer, FOB	€ per m^3	
	CORE (1-1.9mm)	FACE (<2mm)
Bombax	315	350
Kyere, Ofram, Ogea & Otie	325	360
Chenchen	315	360
Ceiba	360	305
Mahogany	415	450

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

Rotary Veneer, FOB Core Grade 2mm & up	€ per m^3
Ceiba	245
Chenchen, Ogea & Essa	295
Ofram	305

Sliced Veneer, FOB	€ per m^2	
	Face	Backing
Afrormosia	1.80	1.00
Asanfina	2.00	1.00
Avodire	1.12	0.80
Chenchen	0.97	0.55
Mahogany	1.40	0.79
Makore	1.70	0.90
Odum	1.66	1.00

Ghana Plywood Prices

Plywood, FOB	€ per m^3			
B/BB, Thickness	Redwoods		Light Woods	
	WBP	MR	WBP	MR
4mm	560	475	500	380
6mm	340	325	335	285
9mm	380	300	290	270
12mm	300	300	280	250
15mm	310	280	300	270
18mm	300	280	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	7.80	10.18	11.00
Hyedua	13.67	13.93	17.82
Afrormosia	13.72	18.22	17.82

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

Report from Malaysia

SFC focuses on plantation timber projects

The Star reported that The Sarawak Forestry Corporation (SFC) is increasing production of genetically improved seeds to meet the heightened demand for plantation timber products in Sarawak. Mr. Len Talif Salleh, SFC Managing Director, indicated that the state government set a target to establish one million hectares of planted forests by the year 2020. Plantation forests have been seen as an alternative and sustainable source of timber that will relieve pressure on natural forests.

Mangroves to expand under Ninth Malaysia Plan

Bernama reported on developments geared to expand the range of mangrove forests in Sarawak. Mangrove forests are reported to play an important role in Sarawak's economy and occupy 60% of 740 km coastline along the shores and estuaries of Kuching, Sri Aman and Limbang. The Sarawak Timber Industry Development Corporation (STIDC) has also indicated that more than 2,000 hectares have been identified under the Ninth Malaysia Plan as areas where mangrove and other suitable tree species will be planted. Tree planting awareness programmes are also expected to be conducted under the Plan. Since 2006, over 300,000 mangrove trees of various species have been planted in Malaysia.

EU extends EUR8 million in project finance to Malaysia

According to *Business Times*, the EU is providing Malaysia nearly EUR8 million in project finance for agriculture, environment and human capital development in 2009. In addition, the EU is working with the European Investment Bank to allocate another EUR1 billion for projects in Asia. Mr. Vincent Piket, the EU Ambassador to Malaysia, recently commented that the finance could be linked to Malaysia's five economic corridors or could focus on other priority sectors.

Additionally, he said the negotiation of the Forest Law Enforcement Governance and Trade (FLEGT) Voluntary Partnership Agreement between Malaysia and the EU was expected to be concluded by March 2009. It is expected that, after the signing of the VPA, Malaysia would be given 'preferential access' to the EU market.

Malaysia Log Prices

Sarawak log, FOB	US$ per m^3
Meranti SQ up	276-296⬇
Small	265-278⬇
Super small	268-272
Keruing SQ up	256-264⬇
Small	235-263⬇
Super small	229-233⬇
Kapur SQ up	234-252⬇
Selangan Batu SQ up	255-281⬇
Pen. Malaysia logs, domestic (SQ) US$ per m^3	
DR Meranti	349-389⬇
Balau	294-332⬇
Merbau	396-423⬇
Rubberwood	259-278⬇
Keruing	285-299⬇

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	425-448⬇
Seraya Scantlings (75x125 KD)	675-722⬇
Sepetir Boards	333-344⬇
Sesendok 25,50mm	436-465⬇
Kembang Semangkok	419-439⬇

Malaysian Sawnwood, domestic		US$ per m^3
Balau (25&50mm,100mm+)		347-367⬇
Merbau		540-564⬇
Kempas 50mmx(75,100 & 125mm)		297-312⬇
Rubberwood	25x75x660mm up	287-321⬇
	50-75mm Sq.	315-339⬇
	>75mm Sq.	328-358⬇

Malaysia Plywood Prices

Malaysia ply MR BB/CC, FOB	US$ per m^3
2.7mm	473-500⬇
3mm	453-478⬇
9mm & up	416-439⬇

Meranti ply BB/CC, domestic	US$ per m^3
3mm	451-461⬇
12-18mm	398-409⬇

Other Malaysia Panel Prices

Malaysia, Other Panels, FOB		US$ per m^3
Particleboard	Export 12mm & up	246-263⬇
	Domestic 12mm & up	238-252⬇
MDF	Export 15-19mm	306-329⬇
	Domestic 12-18mm	288-308⬇

Malaysia Added Value Product Prices

Malaysia, Mouldings, FOB	US$ per m^3
Selagan Batu Decking	654-672⬇
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	694-715⬇
Grade B	614-636⬇

Malaysia Furniture and Parts Prices

Malaysia, Rubberwood, FOB		US$ per piece
Semi-finished dining table		
solid laminated top 2.5'x4', extension leaf		60-76⬇
As above, Oak Veneer		67-81⬇
Windsor Chair		59-61⬇
Colonial Chair		57-62⬇
Queen Anne Chair (soft seat)	without arm	57-65⬇
	with arm	57-65⬇
Chair Seat 27x430x500mm		45-50⬇
Rubberwood Tabletop		US$ per m^3
22x760x1220mm sanded & edge profiled		
Top Grade		623-633⬇
Standard		592-609⬇

Report from Indonesia

Significant layoffs affect Indonesia's timber sector

The Jakarta Post indicated that Riau Andalan Pulp and Paper (Riaupulp) would be dismissing around half of its total workforce, around 2,000 workers, in an effort to avert financial disaster in the midst of the sector's raw material shortage. Riaupulp Director Rudi Fajar said that the shortage of raw materials for the pulp and paper industry had been an issue for the past two years and were inadequate to meet production needs. He noted that this had been exacerbated by the current economic crisis. He indicated that other cost saving measures had been taken, including the reduction of fuel and electricity use, but none had been effective in staving off the crisis. Rudi said that only about half of normal production levels (3,000 tons v. 6,000 tons) had been sustained on a daily basis. He expressed hoped that the government would reduce some of the bureaucratic red tape on licensing procedures and clarify the definition of illegal logging to help resolve the raw material crisis.

West Sumatra regencies to benefit from sales of carbon credits

In cooperation with the Australian-based Carbon Strategic Global (CSG), ten regencies of West Sumatra will be compensated from the sale of their carbon credits. The credits were generated by regencies that owned oxygen-producing, protected forests. The plan will cover 865,560 hectares and one city in the Western Sumatran province. The proposal was generated after CSG offered compensation worth around USD750 million from sales of the carbon offsets generated by the forest-owning regions to emissions producing countries.

Indonesia Log Prices (domestic)

Indonesia logs, domestic prices	US$ per m^3
Plywood logs	
Face Logs	233-273⬇
Core logs	195-221⬇
Sawlogs (Meranti)	230-268⬇
Falcata logs	195-211⬇
Rubberwood	216-240⬇
Pine	198-231⬇
Mahoni (plantation mahogany)	572-616⬇

Indonesia Sawnwood Prices

Indonesia, construction material, domestic		US$ per m^3
Kampar (Ex-mill)	AD 3x12-15x400cm	241-248⬇
	KD	318-332⬇
	AD 3x20x400cm	333-346⬇
	KD	358-368⬇
Keruing (Ex-mill)	AD 3x12-15x400cm	281-290⬇
	AD 2x20x400cm	269-278⬇
	AD 3x30x400cm	274-283⬇

Indonesia Plywood Prices

Indonesia ply MR BB/CC, FOB	US$ per m^3
2.7mm	463-491⬇
3mm	406-463⬇
6mm	385-409⬇

MR Plywood (Jakarta), domestic	US$ per m^3
9mm	320-334⬇
12mm	298-317⬇
15mm	293-321⬇

Other Indonesia Panel Prices

Indonesia, Other Panels, FOB		US$ per m³
Particleboard	Export 9-18mm	241-251⬇
	Domestic 9mm	205-222⬇
	12-15mm	200-212⬇
	18mm	198-202⬇
MDF	Export 12-18mm	307-320⬇
	Domestic 12-18mm	255-275⬇

Indonesia Added Value Product Prices

Indonesia, Mouldings, FOB	US$ per m³
Laminated Boards Falcata wood	375-395⬇
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	660-685⬇
Grade B	592-634⬇

Report from Myanmar

MTE slashes quantity of teak logs for sale

The Myanmar Timber Enterprise (MTE) has reduced the quantity of logs in its November tender sales. The total quantity of teak logs was 1,274 tons, compared to the 2,506 tons sold in August 2008, 2,525 tons in September 2008 and 2,041 tons in October 2008. This means the MTE offered only about 50% of the amount sold in each of the months of August and September. Nevertheless, selling a smaller quantity of logs was helpful to maintain the previous months' price levels. Additionally, the teak logs sold this month were from prime source areas and some major buyers supported reducing the amount of logs sold to stabilize prices, particularly for sawing grades.

Myanmar Log Prices (natural forests)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
Veneer Quality	Oct	Nov
2nd Quality	5,468 (6 tons)	4,288 (5 tons)
3rd Quality	4,442 (12 tons)	3,661 (12 tons)
4th Quality	3,494 (41 tons)	3,222 (37 tons)
Sawing Quality	Oct	Nov
Grade 1 (SG-1)	2,456 (152 tons)	2,379 (95 tons)
Grade 2 (SG-2)	1,800 (478 tons)	1,981 (160 tons)
Grade 3 (SG-3)	-	-
Grade 4 (SG-4)	1,621 (330 tons)	1,860 (391 tons)
Grade 5 (SG-5) Assorted	1,644 (469 tons)	1,644 (245 tons)
Grade 6 (SG-6) Domestic	1,233 (331 tons)	1,267 (160 tons)
Grade 7 (ER-1)	1,069 (220 tons)	1,101 (98 tons)
Grade 8 (ER-2)	-	-

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 (export)	431 (210 tons)
Gurjan (keruing-exp)	238 (70 tons)
Tamalan	--
Taungthayet	--

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

Report from Brazil

Uncertainty clouds 2009 outlook for furniture industry

According to *Revista Amanhã*, The Brazilian Association of Furniture Companies (ABIMOVEL) has forecast a difficult scenario for the first semester of 2009 as prices are expected to fall. However, in the second half of the year, a recovery is foreseen.

Despite ABIMOVEL's optimistic outlook, other associations predict a more pessimistic scenario for the furniture industry, with increasing input costs reducing the profit margins of exporters. Unlike the prediction of ABIMOVEL, the overall picture that Bento Gonçalves Association of Furniture Companies (Sindmoveis) foresees for 2009 is not promising. According to Sindmoveis, growth for the furniture industry may be zero in 2009. For the next year, the Association suggests that companies should remain cautious about their budgets and planning.

Controlling expenditures has been the major challenge for the furniture industry. However, it is important that companies invest in business management and personnel training to sustain their businesses. In order to minimize the effects of the global crisis, the Brazilian government has already promised to help the sector by increasing available credit lines. Sindmoveis believes that the dire situation faced by the industry can be reversed with the increase in public spending.

Timber companies face delays in securing transport permits

According to *Só Notícias*, timber companies in the state of Mato Grosso will initiate a lawsuit against the state government if no action is taken in the short-term to end the delay in issuing timber transportation permits. Companies that are forced to delay the delivery of products to customers in various states, and consequently payment for services, have been seriously impacted.

Timber sales, including exports, have been harmed because of problems in the Forest Products Trade and Transportation System (Sisflora), an online service linked to CCSEMA (the Registry of Forest Products Consumers) that assists and monitors timber trade and transportation. The delay in the issuance of such transport documents slows down the sales and timber deliveries to customers. The damage to date has not yet been estimated, but it is significant.

The transport issuance process involves two institutes, SEMA (the State Secretary of Environment) and INDEA (the Mato Grosso Agriculture and Livestock Defense Institute). If SEMA and INDEA fail to comply with established procedures, timber transportation stops. The delay in the issuance process has been generally due to the insufficient number of public servants and the small institutional structures. If the problems are not solved after the expected intervention, the timber sector may initiate lawsuits to obtain compensation for the damage caused by the delays.

Brazil's October 2008 exports slip further

Brazil's wood products exports (except pulp and paper) dropped further from September 2008 levels. Exports fell 21% from USD370.2 million in October 2007 to USD292 million in October 2008. The charts below show the volume and value of Brazil's exports for October 2008 compared to the same month a year earlier:

Brazil's exports by value, October 2007 and 2008 (USD million)

	Oct 2007	Oct 2008	% change
Solid wood*	370.2	292.0	(21.1)
Tropical plywood	18.8	11.6	(38.3)
Pine sawnwood	24.2	18.7	(22.7)
Tropical sawnwood	67.5	40.0	(40.7)
Pine plywood	42.0	37.2	(11.4)
Wood furniture	71.7	71.1	(0.8)

*Figures for solid wood exclude pulp and paper exports

Brazil's exports by volume, October 2007 and 2008 (000 m³)

	Oct 2007	Oct 2008	% change
Tropical plywood	33.3	17.6	(47.1)
Pine sawnwood	120.3	88.9	(26.1)
Tropical sawnwood	146.4	75.2	(56)
Pine plywood	123.6	110.0	(11.0)

Furniture producers eye Middle East markets

A group of 36 major furniture manufacturers in Brazil will exhibit their products at the Index Dubai 2008 trade show in late November 2008, reported *Empreenadedor UOL*. This is the largest furniture fair in the Middle East and one of the major furniture exhibitions in the world. The goal of the event will enable businesses and traders to look for new opportunities and open new markets for Brazilian furniture. The Brazilian participation was spurred by a project developed by the Brazilian Association of Furniture Companies (ABIMÓVEL) in partnership with the Brazilian Trade and Investment Promotion Agency (APEX-Brazil).

The event will host the largest amount of the Brazilian furniture industry participants to date. According to ABIMÓVEL, the market for Brazilian furniture is growing every year. It will be an opportunity to diversify target markets for Brazilian exports and reduce its dependence on the US market, which may continue to reduce its imports of Brazilian furniture in the future.

Even with the housing crisis in the US, it is still the largest single importer of Brazilian furniture. With the depreciation of the Brazilian currency since September 2008, the furniture industry has revised its export growth projections from 5% to 2.5% in 2008 compared to 2007, when exports reached USD 1.1 billion.

Solidwood exports face worsening prospects

Gazeta Marcantil/Celulose Online reported that the solidwood industry in Brazil is being crippled by the impact of the United States housing crisis since early this year. Official statistics indicate that exports of solidwood products may show their worst result since 2004. The outlook for 2009 is not optimistic because some mills have been already closed or industrial production of some companies has decreased dramatically.

The shrinkage of US imports has occurred since 2006. The US share in Brazilian solidwood products exports, which reached 42% in 2006, decreased to 30% in 2007, and in 2008 is expected to fall to 24%. In 2009, a further market adjustment will likely occur. Many companies may phase out their production, but capitalized mills investing in new technology are expected to grow.

According to the Brazilian Silviculture Society (SBS), log production from planted forests in Brazil was 156 million m³ in 2007, and 50 million m³ from natural forests. The total revenue of the forest sector, including charcoal and pulp, was USD37 billion, out of which USD8 billion was from exports. Log production was expected to be repeated in 2008 and there was no clear forecast for 2009.

The difficulties in exporting faced by the forest sector have been observed at least for three years due to the sharp depreciation of the US currency. To some extent, the domestic sales to the civil construction industry have helped counterbalance shrinking exports.

Brazil Log Prices (domestic)

Brazilian logs, mill yard, domestic	US$ per m³
Ipê	116⬇
Jatoba	82⬇
Guariuba	55⬇
Mescla (white virola)	60⬇

Brazil Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB		US$ per m³
Jatoba Green (dressed)		826
Cambara KD		472
Asian Market (green)	Guariuba	266
	Angelim pedra	594
	Mandioqueira	235
Pine (AD)		200

Brazil sawnwood, domestic (Green)		US$ per m³
Northern Mills (ex-mill)	Ipé	542⬇
	Jatoba	417⬇
Southern Mills (ex-mill)	Eucalyptus (AD)	158⬇
	Pine (KD) 1st grade	207⬇

Brazil Veneer Prices

Veneer, FOB (Belem/Paranagua Ports)	US$ per m³
White Virola Face 2.5mm	297
Pine Veneer (C/D)	210

Rotary cut Veneer, domestic	US$ per m³	
(ex-mill Northern Mill)	Face	Core
White Virola	206⬇	172⬇

Brazil Plywood Prices

Plywood, FOB	US$ per m³
White Virola (US Market)	
5.2mm OV2 (MR)	469
15mm BB/CC (MR)	405
White Virola (Caribbean market)	
4mm BB/CC (MR)	512
12mm BB/CC (MR)	411

Pine Plywood EU market, FOB	US$ per m³
9mm C/CC (WBP)	300
15mm C/CC (WBP)	267
18mm C/CC (WBP)	265

Plywood, domestic (ex-mill Southern mill)		US$ per m^3
Grade MR (B/BB)	White Virola 4mm	705⬇
	White Virola 15mm	515⬇

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	458⬇
Particleboard 15mm	290⬇

Brazil Added Value Products

FOB Belem/Paranagua Ports		US$ per m^3
Edge Glued Pine Panel		
Korean market (1st Grade)		640
US Market		495
Decking Boards	Cambara	609
	Ipê	1680

Report from Peru

Regional authorities urge Congress to reject forest law

The authorities of Loreto, Ucayali and Amazona rejected the current version of Decree 1090, new legislation which addresses forests, and asked Congress to delay passing the law in order to amend it. They argued that the law does not protect forested areas or assist with decentralization efforts. The Regional President of Loreto noted that the law should be revised to take into consideration human rights or it will fail. Speaking to participants at the National University of the Peruvian Amazon in Iquitos, he said that the law must be delayed to propose a new alternative law to reflect the 'real position of society'.

Forest management to be decentralized to the regions

Media reports indicate that the Ministry of Agriculture will decentralize Peru's forest management beginning December 2008. Minister Carlos Leyton said the first regional government to participate in the transfer of authority would be San Martin, since it already has in place the instruments to guarantee sound forest management at the regional level. He noted that San Martin was ready to assume authority for forest management since the regional government already had a forest plan and an ecological and economic zoning plan in place, which allow the government to determine the exact amount of forest concessions to be given. Other regions being considered for the new decentralization scheme include Loreto, Ucayali, Amazonas and Madre de Dios, depending on existing conditions and legal instruments existing in the region to provide management oversight. The responsibility for forest management currently is under the authority of the National Institute of Natural Resources (INRENA).

APEC highlights importance of small and medium industries

More than 2,000 participants from the Latin American region and 21 Heads of State successfully concluded the meeting of the Asia Pacific Economic Cooperation (APEC). Issues such as the global financial crisis and the role of women and youth in economics were addressed in this year's conference. Additionally, one of the key items on the agenda addressed small and medium industry issues (PYMES) under the APEC Business Council, and a CEO Summit was also convened.

Peru Sawnwood Prices

Peru Sawnwood, FOB Callao Port	US$ per m^3
Mahogany S&B KD 16%, 1-2" random lengths (US market)	1823-1866
Spanish Cedar KD select	
North American market	939-967⬆
Mexican market	943-970
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	321-368⬇
Grade 2, Mexican market	283-309⬇
Cumaru 4" thick, 6'-11' length KD	
Central American market	809-836
Asian market	770-789
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	934-951
Virola 1-2" thick, length 6'-13' KD	
Grade 1, Mexican market	317-342⬇
Grade 2, Mexican market	280-296⬇
Grade 3, Mexican market	159-173⬇
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	238-249⬇

Peru sawnwood, domestic	US$ per m^3
Mahogany	1239-1266
Virola	71-88
Spanish Cedar	423-439
Marupa (simarouba)	122-130

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		357-380
Virola, 2 faces sanded, B/C, 5.2x4x8mm		412-421⬇
Cedar fissilis, 2 faces sanded 4x8x5.5mm		745-755⬇
Lupuna, treated, 2 faces sanded, 5.2x4x8mm		360-375⬇
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		1451-1508
Cumaru KD, S4S	Swedish market	674-722
	Asian market	1046-1080
Cumaru decking, AD, S4S E4S, US market		988-1109
Pumaquiro KD # 1, C&B, Mexican market		492-534
Quinilla KD, S4S 2x10x62cm, Asian market		592-628
	2x13x75cm, Asian market	712-736

Report from Bolivia

Bolivia Sawnwood Prices

Sawnwood 1-3"x3x5"x7-19', FOB Arica Port		\$ Avg un. val. per m^3
Mahogany	(US market)	1200-1800
Spanish Cedar	(US market)	764-998
Oak	(US and EU market)	594-709

Bolivia Added Value Product Prices

Doors 13/4"x36"x96", FOB Arica Port		Avg \$ per piece
US market	Mara macho/Tornillo (FSC)	100-299
	Yesquero	70-340
	Ochoó	100-300

Parquet Flooring 3-5"x4-6"x5-13', FOB Arica Port		\$ Avg un. val. per m^3
Mani	(FSC) (US market)	675-675
Caviuna	(FSC) (US market)	700-1000
Cumaru	(FSC) (US, EU and Asia mkt)	600-1000
3/4"x3-5"x1-7'		
Jatoba	(US, EU and Mexico market)	1050-1900
Ipe	(EU and Asia market)	900-1800
Jequitaba	(EU market)	-

Report from Mexico

Mexico takes lead in community forest development

World Bank representative Robert Davis recently helped launch the third stage of the Community Forestry Project (PROCYMAF II). The project, he said, would reach out to nearly 500 communities in Mexico covering around 3 million hectares of forests, with nearly 1 million of certified forests included in this area. Mario Aguilar Hernandez, the Manager of Community Forestry for the National Forest Agency, said his institution through PROCYMAF and ProTree, would further address community forest work to reach nearly 80% of all forest communities in the country. Since over 80% of the forest area in Mexico is the property of communities and forest common rural communities, the situation presents a challenge for the sustainable development and conservation of Mexico's natural resources.

Report from Guyana

Guyana's timber products exports show rising trend for logs

As the year-end approaches, there has been an increase in both domestic and export prices for most products until November 2008. Specifically, log prices have increased for prime commercial species as well as lesser used species.

Log prices jumped 11.5% over the average for 2007, while sawnwood prices rose 8%, with the higher increase seen in dressed sawnwood (11%) in 2008. The higher prices for dressed sawn lumber drove up supply, and exporters in Guyana have responded positively to this favorable market condition.

Roundwood (piles, posts and poles) prices have shown the greatest rise of all products exported over the ten month period, with a 13% increase over average prices in 2007. This was closely followed by plywood, which showed a 12.4% increase for the period.

With the impending log export policy that will take effect on 1 January 2009, a spike in log exports has been seen in this fortnight. It is expected that exports will continue for the rest of 2008. Additionally, as the sawnwood market remains resilient for Guyana's dressed and undressed products, there is an indication that this will result in even higher sawnwood exports both by value and volume in 2009.

The figure below illustrates the trend in export volumes of the top revenue earning products (logs and lumber) for the past four and a half months:

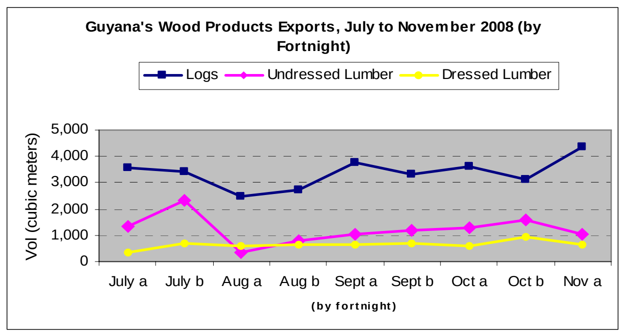


Chart 1: Guyana's select wood products exports

Guyana works with Canada on saw doctoring project

Guyana has collaborated with the Canadian Cooperation Fund (CCF) in the implementation of a project aimed to address the level of efficiency and quality of forest products in Guyana. With the increasing call for higher quality products in the international market, there has been added emphasis on raising the level of efficiency of processing in Guyana. Conversion efficiency for the sub-sector, a key area that requires improvement, is being specifically addressed under this project.

The project is being implemented in three phases with the initial assessment having been completed on 21 November 2008. The recommendations from the assessment report will inform the execution of the other phases of the project, which involve providing training to the sector on saw doctoring at the individual and regional levels. The project is set to be completed by May 2009 with enhanced saw doctoring skills developed by the sawmilling industry, higher recovery rates at sawmills, and a higher quality finished products being exported for export.

Guyana Log Prices

Logs, FOB Georgetown	SQ - $ Avg unit value per m³		
	Std	Fair	Small
Greenheart	140-160↓	140-155↓	135-145↓
Purpleheart	215-235↓	200-225↓	185-190↓
Mora	150↑	140↑	-

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

Guyana Sawnwood Prices

Sawnwood, FOB Georgetown		$ Avg unit val. per m³	
EU and US markets		Undressed	Dressed
Greenheart	Prime	680-850↑	-
	Select/Standard	475-670↓	550-912↓
Purpleheart	Prime	899↑	1,008
	Select/Standard	530-1,008↑	572-742↑
Mora	Select	424-450	-

Guyana Plywood Prices

Plywood, FOB Georgetown Port			$ Avg unit val. per m³
Baromalli	BB/CC	5.5mm	-
		12mm	-
	Utility	5.5mm	-
		12mm	421-460↓

Report from Japan

Japan's Forestry Plan aimed at reducing carbon emissions

The Japan Forestry Agency recently announced its 15 year national plan on forestry and forest industry, reported the *Japan Lumber Journal* and *Japan Lumber Reports*. The new plan, which will be implemented on 1 April 2009 and subject to revision every five years, is expected to help Japan capture 13 million tons of carbon dioxide emissions from forest activities. To reach this target, which was set under the provisions of the Kyoto Protocol, Japan has make revisions to forest thinning allowances and improvement plans for the maintenance of forests. Under the new plan, says the *Japan Lumber Journal*, man-made afforested areas will increase from 678,000 hectares to 700,000 hectares and natural forest area will expand from 870,000 hectares to 871,000 hectares.

Southsea timber market slow but expected to turnaround

Due to the recent closure of a Japanese factory using Southsea logs for plywood lumber manufacturing, Southsea log imports had virtually stopped during the month of September 2008, indicated *Japan Lumber Reports*. However, with the expectation that plywood production would be restarted by another company in Japan, Southsea log imports for plywood were expected to pick up when the company started operating. While supply was not scarce for logs in October 2008, even though it was the rainy season in the Southsea region, there were signs that Sarawak and Sabah were experiencing problems sending and extracting logs for export due to the weather. In October, the yen had strengthened and global suppliers were increasing offers to Japan.

Real estate and construction bankruptcies on the rise

A number of new bankruptcies for the construction and real estate sector in Japan were reported in October 2008. According to the *Japan Lumber Reports*, bankruptcies amounted to JPY355.98 billion, a total larger than that seen in August 2008. As an effect of the drop in stock prices and bad debts, Araigumi, Inoue Kogyo, Yamasaki Kensetsu, Noel and Dynacity have filed for bankruptcy. In addition, real estate investment trusts (REIT) took a hit, with New City Residence Investment Corporation plunging into bankruptcy and assuming nearly JPY112.3 billion in debt. While this is the first case of a REIT bankruptcy in Japan, it does not bode well for a trend that was thought to be a promising investment opportunity. Experts are nervous that such failures could spread to other REIT businesses.

Plywood imports and housing starts sluggish despite year-on-year rise

Japan Lumber Journal reported on September's housing starts and plywood imports. Housing starts for September were up 54% from a year earlier (Figure 1), but have only showed a 2.8% rise in year-to-date figures when compared to the same period in 2007, noted the *Japan Lumber Journal*. While plywood imports for September 2008 showed a 20.1% rise (Figure 2) from September 2007 levels, *Japan Lumber Reports* indicated that imported plywood was weak and prices were continuing to drop due to bearish trends for supply / demand and the appreciation of the yen. This means that a major price slide for imported Southsea plywood is unlikely.

Figure 1: Japan Housing Starts 2005-2008 (000 units)

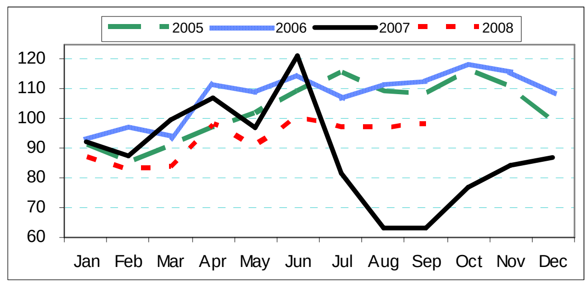
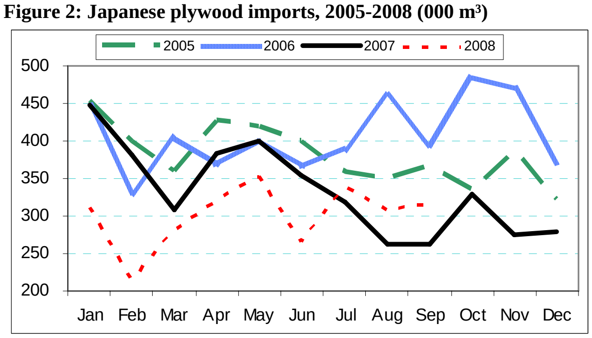


Figure 2: Japanese plywood imports, 2005-2008 (000 m³)



Log and Sawnwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku
Meranti (Hill, Sarawak)	(Koku=0.278 m³)
Medium Mixed	8,400
Standard Mixed	8,500
Small Log (SM60%, SSM40%)	7,400
Taun, Calophyllum, others (PNG)	7,600
Mixed light hardwood, G3/4 grade (PNG)	-
Keruing MQ & up (Sarawak)	12,000
Kapur MQ & up (Sarawak)	10,700

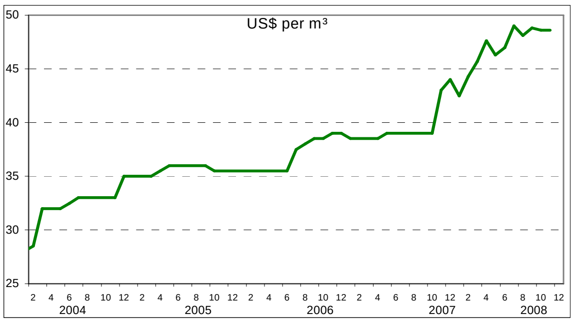
Logs for Sawmilling, CIF	Yen per Koku
Melapi (Sarawak) High Select	11,500
Agathis (Sarawak) High Select	-

Lumber, FOB	Yen per m³
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)	Oct (¥ per sheet)	Nov
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	400	400
3.7mm (med. Thickness, F 4star, type1)	910 X 1820	570	570
5.2mm (med. Thickness, F 4star, type 1)	910 X 1820	680	680
11.5mm for sheathing (F 4star, type 2)	910 X 1820	1040	1040
12mm for foundation (F 4star, special)	910 X 1820	1060	1060
12mm concrete-form ply (JAS)	900 X 1800	1050	1030 ↓
12m coated concrete-form ply (JAS)	900 X 1800	1130	1150 ↑
11.5mm flooring board	945 X 1840	1600 ↑	1650 ↑
3.6mm baseboard for overlays (OVL)	1230 X 2440	870	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

Chinese officials convicted of environmental crimes

The China Daily has reported that nearly 368 officials have been convicted of environmental mismanagement. Of the 2,074 cases opened on natural resources, 314 cases were closed in the first nine months of the year. The Supreme People's Procuratorate (SPP), Song Hansong, said that there was a higher incidence of breach of duty among supervising land use, mineral resources and forest management officials. He noted that the cases involved 1,467 deaths, 154 injured and a 1.6 billion yuan loss.

The largest number of officials investigated were from forestry departments, with 521 land management officials included in the investigations. Saying that many of the cases occurred at the local level, he noted a typical case in Leping city of eastern Jiangxi Province where about 20 ha of protected forest were illegally logged after two individuals submitted fake documents to government officials to conduct logging operations. It was reported that five officials from the township government, the local forest reserve station and the city's forestry bureau received jail sentences of six months to a year.

Three billion yuan fund to assist SMEs

According to *The China Daily*, the China Association of Small and Medium Enterprises (CASME) established a RM3 billion yuan fund to assist the country's small and medium enterprises (SMEs). When established, any industrial company with sales revenues of up to 300 million yuan could receive assistance from the funds. It was noted that SMEs were shrinking due to lack of available loans and rising costs. The country has sought to assist SMEs, as they represent 60% of the national GDP and remain an important sector to the country.

Guangzhou City Imported Timber Market

Logs	Yuan per m^3
Radiata 6m, 30cm diam.	1300
Lauan	1900-2600↑
Kapur	1900-2450↓
Merbau 6m, 60cm diam.	4400-5000↓
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"	17000-17300↓
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		9500-10000↓
US Red Oak, 50mm		9800-10500
Sapele 50mm FAS (Congo)		
	KD (2", FAS)	8200-8500
	KD (2",grade A)	7500-7600

Shandong De Zhou Timber market

Logs		Yuan per m^3
Larch	6m, 24-28cm diam.	1400
White Pine	6m, 24-28cm diam.	1420↓
Korean Pine	4m, 30cm diam.	1650
	6m, 30cm diam.	1750

Hebei Shijiangzhuang Wholesale Market

Logs		Yuan per m^3
Korean Pine 4m, 38cm+ diam		2000↑
Mongolian Scots Pine	4m, 30cm diam.	1400↑
	6m, 30cm+ diam.	1480
Sawnwood		
Mongolian Scots Pine	4m, 5-6cm thick	1550
	4m,10cm thick	1600

Tian Jin City Huan Bo Hai timber Market

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

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

Report from Europe and the UK

Putin postpones 80% log export duty by 9-12 months

According to the *Associated Press*, Russian President Vladimir Putin has agreed to postpone implementation of the Russian export duty of 80% on roundwood logs. The announcement, which was made during a meeting with Finnish Prime Minister Matti Vanhanen, indicated that the rise in duty would be postponed for a nine to 12 month period. The heightened duty was expected to jump from 25% to 80% at the start of January 2009, but will remain set at 25% until further information is released. *Japan Lumber Reports* has noted that even though the duty will be maintained at 25%, it is still high enough to induce a shift in the Japanese plywood and lumber industry to new sources of raw materials or shut down since costs are still too high and prices are not expected to drop in the near future.

Economic data show deteriorating market conditions

Overall economic conditions in the EU have continued to deteriorate. According to figures published on 14 November, which showed that the euro-area economy shrank in the third quarter following a similar decline in the three months to June, the region is now technically in recession. This is the first time that GDP growth across the area has fallen in successive quarters since the euro was launched in 1999. Overall GDP in the euro-area has grown by 0.7% this year, with all the growth concentrated in the third quarter. Germany and Spain have performed slightly better than the euro-area average; France has done a little worse. Italy stands out as the worst performer – its GDP is down 0.9% on a year ago. Meanwhile unemployment has jumped in Spain and Ireland, the two countries hardest hit by the property bust and scarcity of mortgage credit. On this measure Germany has performed reasonably well, unemployment in the country having actually fallen slightly this year.

In fact, of all the large European economies, Germany now seems best placed to weather the storm. Compared to companies in European countries, those in Germany are relatively cash rich, less dependent on the banks and under less pressure to prune budgets. And Germany's public finances are in reasonable shape, the national budget was close to balance last year, so the government has more scope to boost growth through increased public spending or tax reductions.

Meanwhile the UK economy is in a slump. A decline of 0.5% in the UK's GDP in the third quarter compared with the second was a lot sharper than expected. And business surveys are indicating that the final quarter of 2008 has got off to a poor start. Manufacturing conditions in October 2008 stayed close to the previous month's record low, and activity in construction and services plumbed new depths, according to this week's purchasing managers' reports. Together, these findings suggest that the decline in GDP in the fourth quarter will be at least as steep as in the third. In an effort to boost demand, on 6 November the UK's central bank slashed the base interest rate by one-and-a-half percentage points, bringing it down from 4.5% to 3%, the lowest since early 1955.

Little forward buying in the Benelux countries

The gloomy economic picture has had a profound impact on the hardwood market. Agents supplying the large importers in the Benelux countries report that there is very little forward buying. Some importers are still carrying excess landed stocks of key joinery species including sapele and meranti. Only a few forward orders mainly for higher quality items are trickling in from those buyers concerned about the very long lead times. In the face of slow demand, shippers have been winding down their stocks now for some time, so availability of many items for prompt shipment is now negligible. A representative of one trading company dealing in a wide range of tropical hardwoods noted that 'the supply pipeline is empty, we are not overstocked at all. If you place forward orders for African products today the lead time is 6 months'.

UK market closes early for Christmas

In the UK, the weakness of sterling combined with particularly gloomy economic data has meant that forward buying has been particularly weak. One UK based agent involved in the trade for 40 years comments 'I have seen four recessions during this period, in the early 70s, 80s, 90s and now this one. But I've never known a change as rapid as this. We were having a good year until the end of September, but everything stopped in the first week of October when the banking crises came to a head. The following week, sales briefly recovered to around 50% of their earlier levels, but we've seen a progressive decline since then. Now the UK hardwood trade, at least with respect to forward sales, has essentially shut down for Christmas, the earliest shutdown I have ever known'.

It will be little consolation to tropical suppliers that this agent, when asked if any 'hardwood' products were selling well in the UK at present, replied 'yes, Siberian larch!' While not technically a hardwood, Siberian Larch grows so slowly in northern Russia that it produces an extremely durable and hard timber. Siberian larch has become very popular in the UK public sector, initially for cladding where it competes directly with Western Red Cedar from North America. But as architects have become more familiar with the species, they have begun using it for a wider range of joinery applications, such as flooring, where it competes more directly with tropical hardwood. A key advantage of the species for UK public sector buyers is that it is readily available FSC certified. This anecdote highlights both the increasing importance in the UK of public sector buyers at a time when private sector construction activity has shrunk and the rising significance of forest certification to buyers in this sector.

In the UK, importers are still carrying heavy stocks in standard commercial items. One large importer is reported to be off-loading sapele and white oak – the two most popular hardwood species in the UK — at well below replacement cost in order to generate cash flow. Other importers have generally not joined in the fire sale, but under such circumstances, there is very little interest in forward buying.

UK market conditions for manufactured tropical hardwood products seem little better. One contact that formerly sold large volumes of tropical hardwood garden furniture from the Far East to large UK high street retailers reports that he has gone into receivership this month. 'Many retailers are still sitting on large stocks of garden furniture from last summer, sales having been hit hard by the appalling summer. So absolutely nobody is buying for next season. The market has collapsed. Problems have mounted for shippers who until only three months ago were trying to push through significant price rises in order to accommodate rapid increases in costs, including rising labor rates in China, high raw material and energy costs. I was in China in the summer and large numbers of garden furniture factories were on their knees back then. With few sales coming through in the last three months and no willingness on the part of buyers to accept price increases, problems must have intensified since then'.

The UK joinery manufacturing sector, traditionally a significant user of tropical hardwood products, seems to be fairing no better. Richard Lambert, the Chief Executive of the British Woodworking Federation (BWF) suggests in a recent *TTJ* article that there may be more joinery sector redundancies and company closures in coming months following the closure of the main site of the STP Group, one of the largest UK door manufacturers. Lambert went on to say: 'we've had a steady flow of requests for advice on redundancies, lay-offs and short time working over the past couple of months' and noted that times were particularly tough for those companies linked to the residential construction sector.

Cautionary note regarding indicative prices

Due to very low levels of trade over the last few weeks, it has become increasingly difficult to collect indicative prices for hardwood products traded in the EU. Shippers are generally reducing forward prices across the board for standard items, but since the vast majority of European customers are currently very unwilling to buy forward at any price, there is little or no price formation.

The Netherlands Sawnwood Prices

FOB (Rotterdam)	USD per m^3
Sapele KD	905↓
Iroko KD	962↓
Sipo KD	1054↓
DRM Bukit KD	1095↓
DRM Seraya KD	1095↓
DRM Meranti KD Seraya MTCC cert.	1123↓
Merbau KD	1179↓
Sapupira (non FSC) KD	883
Sapupira (FSC) KD	1398
Anti-slip decking AD C&F Rotterdam	
Selangan batu	1377↑

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

FOB plus commission		€ per m^3
N'Gollon (khaya)	70cm+ LM-C	330-360
Ayous (wawa)	80cm+ LM-C	220-230
Sapele	80cm+ LM-C	330-380↓
Iroko	80cm+ LM-C	300-330

UK Sawnwood Prices

FOB plus Commission		Pounds per m^3
Framire	FAS 25mm	430-450↑
Sipo	FAS 25mm	660-690↑
Sapele	FAS 25mm	530-560↑
Iroko	FAS 25mm	610-630↑
Wawa	No.1 C&S 25mm	285-295↑
CIF plus Commission		
Tulipwood	FAS 25mm	320-340↑
Meranti Tembaga	Sel/Btr (KD 2"boards)	580-590↑
Balau/Bangkirai	Decking	850-900↑
White Oak		610-630↑

UK Plywood and MDF Prices

Plywood Panels 8x4", CIF	US$ per m^3
Brazilian WBP BB/CC 6mm	560-575
Malaysian WBP BB/B 6mm	565-585
China (hardwood face, eucalyptus core) 18mm	420-430
China (hard face, poplar core) 18mm	390-410

Other ITTO Announcements

Call for proposals under the ITTO initiative on innovative timber tracking systems

Private sector forest companies operating in ITTO producer and developing consumer member countries are invited to participate in the ITTO initiative on innovative timber tracking systems aimed principally at promoting trade in tropical timber and timber products from sustainably managed and legally harvested sources. Under this initiative, selected companies will be provided with ITTO financial assistance to develop innovative timber tracking systems using commercially available hardware and software (conventional paper-based systems are excluded) and contribute to the dissemination of information on volumes of tropical timber and timber products tracked under these innovative systems through a website to be developed for this purpose.

This ITTO initiative is being implemented under Strategic Policy Activity 13: Promote trade in tropical timber and tropical timber products from sustainably managed and legally harvested sources [PP-A/43-194] approved and funded under the ITTO Biennial Work Programme 2007-2008 and the ITTO Programme Support on Tropical Forest Law Enforcement and Trade (TFLET) by the International Tropical Timber Council (ITTC) at its Forty-third Session held in Yokohama, Japan from 5 to 10 November 2007.

Interested and eligible companies are invited to submit proposals for their participation in this ITTO initiative to the ITTO Secretariat for its consideration. Each proposal will be assessed in terms of its relevance, feasibility and practicality for implementation. Each proposal should not exceed five pages in length and should include the following: purpose and goals; methodology; intended outputs and impacts; key activities to be carried out; duration; budget by activity and source, including counter-part funding if it exceeds USD44,247; and work plan. Proposals should be sent to Mr. Amha bin Buang at the ITTO (email: eimi@itto.or.jp; fax: +81 (45) 223-1110).

ITTO seeks proposals for civil society-private sector partnerships

Civil society organizations and small and medium private sector forest companies operating in ITTO producer and developing consumer member countries are hereby invited to submit proposals on ITTO civil society-private sector partnerships for sustainable forest management, certification and verification of legality with a view to enhancing the capacity of these small and medium size enterprises to produce and trade legally and sustainably produced tropical timber and promoting progress towards sustainable forest management, certification and verifiable legality.

These ITTO civil society-private sector partnerships are being implemented under Strategic Policy Activity 12: Consider further work on civil society/private sector partnerships for sustainable forest management and certification [PP-A/43-193] approved and funded under the ITTO Biennial Work Programme 2007-2008 and the

ITTO Programme Support on Tropical Forest Law Enforcement and Trade (TFLET) by the ITTC at its Forty-third Session held in Yokohama, Japan from 5 to 10 November 2007. ITTO funding is currently available to support two proposals and to contribute a maximum amount of USD88,495.00 for each partnership.

Interested and eligible civil society organizations and small and medium private sector forest companies are invited to submit partnership proposals to the ITTO Secretariat for its consideration. Each proposal will be prepared and submitted in accordance with the 'procedures and guidelines check list' that will also be used by the ITTO Secretariat in assessing and selecting the partnership proposal. The check list is available on ITTO's website, www.itto.or.jp. Proposals should be sent to Mr. Amha bin Buang at the ITTO (email: eimi@itto.or.jp; fax: +81 (45) 223-1110).

Request for nominations for communities seeking to engage in environmental services activities

The ITTO is currently inviting countries to nominate communities to be considered for the International Tropical Timber Organization's (ITTO) work programme activity on environmental services. This activity is an approved part of ITTO's Biennial Work Programme for 2008-2009 and seeks to improve community livelihoods through the development of environmental services schemes. After receiving preliminary feedback from participants at ITTO's series of regional investment forums held during 2006 and 2007, members of the International Tropical Timber Council decided that ITTO would work with communities in tropical countries to help them develop the necessary skills to create project proposals on environmental services for ITTO's consideration.

The theme of environmental services has been emerging only in recent years and includes such activities as watershed management, forest management and carbon offsetting. ITTO recognizes that many countries have not had the ability to delve further into the subject of environmental services due to human and financial resource constraints. In response to this perceived need, ITTO is currently undergoing a consultation process to seek countries' advice on potential communities that might be involved in ITTO's activity on environmental services.

ITTO producer countries have been asked to nominate five communities from each producer country to be considered for this important activity and have welcomed the nominations before 30 December 2008. The following information will need to be submitted for ITTO's consideration: the name, location and history of the local community; the reason why the community should be considered for ITTO capacity building activities and how it would benefit from environmental services schemes (including quantitative data, if possible); the current amount of tropical forests (in hectares) managed by or surrounding the local community; other environmental services schemes in or nearby the community; the community's current local legislation and land tenure arrangements; and the environmental services available in the nominated community (e.g. forests; watersheds; alternative energy generation; carbon credit potential, etc). If you would like to recommend a community for nomination or are from a community that could benefit from an ITTO environmental services project and would like to be considered by your government, please forward the above information to the ITTO member country point of contact in which the community is located as soon as possible.

If a community is successful in being short-listed for consideration, ITTO will contact the relevant producer country to provide further particulars on the selection process and potential future training associated with this ITTO activity. For further information on this activity, please contact Dr. Lauren Flejzor in the Division of Economic Information and Market Intelligence (flejzor@itto.or.jp; fax: +81 45 223 1111).

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.

California pledged financial aid for efforts to curb logging in Indonesia and Brazil, aiming to slow deforestation that scientists say adds to global warming. State officials and governors of the two rainforest nations reached a preliminary agreement that become a part of California's 2006 climate-change law. Polluting companies in the state would get credit for meeting emissions-reductions rules by investing in forest-conservation efforts, Governor Arnold Schwarzenegger and officials from the two nations said at a climate-change conference in Beverly Hills, California.
http://www.bloomberg.com/apps/news?pid=20601086&sid=aTI9Hkf7YIH8&refer=latin_america

The construction equipment manufacturing industry expects continued business declines in the United States through year-end 2008 of 8.6%, followed by flat growth in 2009 of 0.04 %, according to the annual 'outlook' survey of the Association of Equipment Manufacturers (AEM). The AEM survey provides a snapshot of construction machinery manufacturers' predictions for overall year-end 2008 and 2009 business in the U.S., Canada and worldwide.
http://www.forconstructionpros.com/online/Construction-News/Construction-Machinery-Manufacturers-Forecast-Tough-Business-Outlook-through-2009--says-AEM-Survey/4FCP11610

The countries of Latin America and the Caribbean need billions of dollars to deal with the economic impact of climate change – funding that is not easily found on the international market. A World Bank study presented on the first day of a 21-23 November congress of legislators from the Americas meeting in Mexico City to discuss the challenges of the global financial and climate crises, says natural disasters related to climate change, like storms, drought and flooding, cost 0.6 % of the gross domestic product (GDP) of the affected countries, on average, in Latin America and the Caribbean.

http://www.ipsnews.net/news.asp?idnews=44818

Dubai's property sector suffered a series of blows after brokers confirmed a rise in distressed sales, a real estate guide downgraded its rating on residential property and an Islamic lender suspended new loans. The once-booming real estate sector of the emirate is showing signs of collapsing due to the global credit crisis, as prices fall sharply and buyers struggle to get mortgage loans.
http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=255865&version=1&template_id=48&parent_id=28

From electric cars to electronic trees on fascias that sprout leaves when you drive economically, nothing's off limits for automakers looking to show their green credentials. The 2008 Los Angeles auto show has been held against the gloomy backdrop of an industry in crisis but has nevertheless allowed some manufacturers to show off their latest eco-friendly models.
http://www.motoring.co.za/index.php?fArticleId=4726170&fSectionId=751&fSetId=381

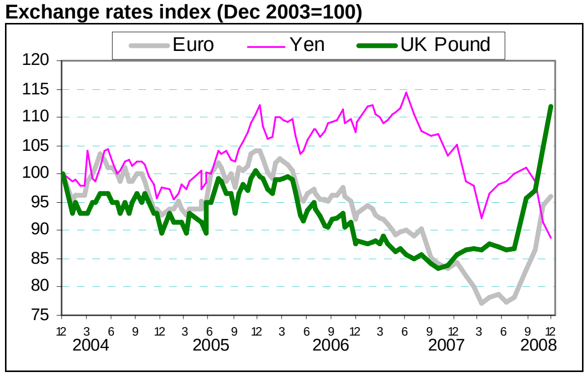
Kenya's stunning landscapes make it a hugely popular tourism destination, but until now, Kenya's forests have been under-utilized, under-appreciated and consequently under-valued. What was until recently known as the Forest Department suffered from low morale due to lack of direction and lack of funding which in turn has led to a lack of resources and poor infrastructure. This is set to change, however, due to two developments that have the potential to create considerable synergies: The creation of the new Kenya Forest Service (KFS) and the emerging carbon market.
http://www.ratio-magazine.com/20081121305/Kenya/Kenya-Growing-Money-on-Trees.html

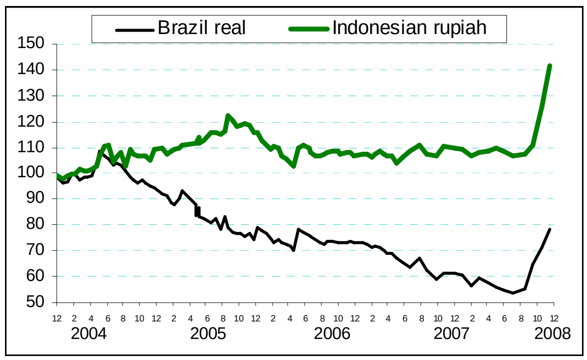
Main US Dollar Exchange Rates

As of 30 November 2008

Brazil	Real	2.3036	⬆
CFA countries	CFA Franc	516.435	⬇
China	Yuan	6.8259	⬆
EU	Euro	0.7873	⬇
Indonesia	Rupiah	12,019.00	⬆
Japan	Yen	95.56	⬇
Malaysia	Ringgit	3.6232	⬆
Peru	New Sol	3.0912	⬇
UK	Pound	0.6490	⬆

Exchange rates index (Dec 2003=100)

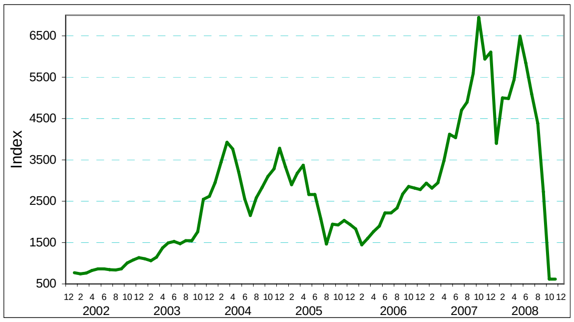




Abbreviations and Equivalences

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

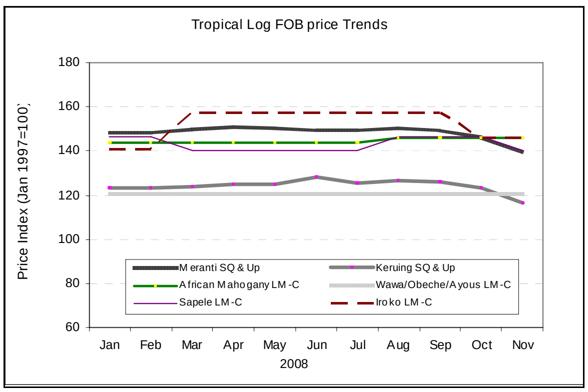
Ocean Freight Index



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.

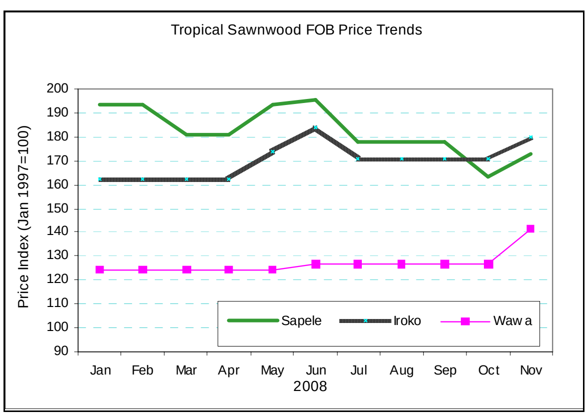
Appendix. Tropical Timber Price Trends

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