Tropical Timber Market Report since 1990

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Snapshot

Despite the end of the European holidays, outlook for the tropical timber trade in the third and fourth quarters remained pessimistic. In some cases, trade was slightly picking up where log supply was low, particularly in Japan. Overall, trade was slow and there was little demand for tropical timber in the three tropical producer regions.

A number of countries released new data on export volume and contracts for early 2009. Ghana's data showed the volume of its contracts jumped about 21% during the first half of 2009, although its second quarter data showed a drop in exports of 35% by value. Brazil's June and July plywood exports fell 41% from their value during the same period in 2008. Peru's exports also dipped by value nearly 45%. Furniture orders were down by 21% in North America during May 2009. European flooring production also fell for the first time in 10 years.

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Report from Central/West Africa

West Africa trade not likely to pick up in third quarter

West African markets remained subdued over the month of August and little change was expected through the rest of the third quarter. The trading pattern established over most of 2009 continued, with an emphasis on logs to Far East destinations, very depressed business into Europe and no signs of recovery in the global markets for sawn lumber. West African producers and log exporters report good business for a limited range of log species and prices. Where prices have hardened in recent months, these have now firmed again with further price increases for the more popular logs. While trade has not been brisk over the past months, regular log shipments for China, India and Vietnam have kept prices very steady and recent modest gains for the most favored species have been maintained. Some exporters report possible further small increases because of low supply.

In Gabon, there were rumors of operators already either running short of their log export quota allowance or even on the brink of running out of quota altogether during August. By mid-September, some producers in Gabon did exhaust their allowable log export quota. As previously mentioned, there had been protracted negotiation with the government to increase the quotas and reports are that several producers have now received further allocations. At the current demand levels for export volumes it may be likely that even these may not be sufficient to carry through to the end of the year. Congo Brazzaville seems also to have postponed limitations on log exports and there is no doubt governments have relaxed intended constraints in order to keep the timber industry solvent and maintain employment through the difficult trading conditions.

Although most sawn lumber prices have also remained steady overall, with very few falls in the past three months, it is unlikely that exporters would restart sawmills and other processing facilities or even increase production on those still running unless and until there is a surge in buying for Europe. Up to present there are no signs that European business will revive even though the Continental vacation period is now ended and importers are reviewing trade prospects for the autumn and winter. Building and construction activity have not improved, the downturn has been fairly evenly spread across Europe, Spain and UK possibly the worst hit.

Sawn lumber is in the doldrums and business with Europe has been very dull as the usual autumn surge in purchases by UK and Continental European buyers has not occurred this year. Although the UK construction industry is said to be more active, this has not so far translated into new timber imports and at this time the only reasonably bright spot is Italy where there has been over the past months, and is, a steady level of imports of favorite species in logs and lumber. Sawn lumber prices have changed a little for the very few species that are being actively traded, while the majority have kept steady over several months through the absence of demand or extremely low offtake matching the very low level of production and low stocks at producer mills.

Cameroon reports heavy rains hampering production and Gabon producers are expecting early onset of the rainy season.

West Africa Log Prices

West Africa logs, FOB	€ per m³		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	205	205	153
Ayous/Obéché/Wawa	190	190	145
Azobe & Ekki	195⬇	195⬇	122
Belli	230⬆	230⬆	-
Bibolo/Dibétou	150	135	
Bubinga	533	457	381
Iroko	257	250	200
Okoume (60% CI, 40% CE, 20% CS) (China only)	185⬆	-	-
Moabi	270	270	206
Movingui	170	140	137
Niove	130	130	-
Okan	190⬆	190⬆	122
Padouk	300	290	235
Sapele	225	220	150
Sipo/Utile	260	240	215
Tali	230⬆	225⬆	114

West Africa Sawnwood Prices

West Africa sawnwood, FOB		€ per m³
Ayous	FAS GMS	300
	Fixed sizes	396⬆
Okoumé	FAS GMS	290
	Sel. & Bet. GMS Italy	215
	Sel. & Bet. fixed sizes	-
Sipo	FAS GMS	475⬇
	FAS fixed sizes	-
	FAS scantlings	490⬇
Padouk	FAS GMS	540
	FAS scantlings	555
	Strips	355⬇
Sapele	FAS Spanish sizes	390
	FAS scantlings	460
Iroko	FAS GMS	445⬇
	Scantlings	455
	Strips	350
Khaya	FAS GMS	380
	FAS fixed	420
Moabi	FAS GMS	455⬇
	Scantlings	475⬇
Movingui	FAS GMS	270⬇

Report from Ghana

TIDD contact volume jumps nearly 21%

According to the Timber Industry Development (TIDD) Division of the Forestry Commission (FC), a total contract volume of 129,580 m³ of wood products and 5,388 pieces of furniture were processed and approved during the second quarter of the 2009. These compared to the first quarter of the same year show increases of 20.9% in the total contract volume for wood products. The timber trade, which was severely hit by the global economic slowdown during late 2008, has shown signs of recovery from the crises as shown in figures since October 2008.

All the major products experienced significant increases in volume. Teak poles/billets/logs/lumber, plywood, sliced veneer, and mouldings/processed lumber increased by 44%, 56.5%, 31.3%, and 124.5% respectively as compared to the previous quarter figures to reflect volumes of 52,377 m³, 41,216 m³, 8,371 m³, and 4,163 m³. There was a marginal increase of 2.1% for rotary veneer by volume

(3,795 m³) when compared to figures for the previous quarter, although the market was generally down.

Price levels improve during second quarter

During the quarter under review, timber and wood product exporters found it difficult to achieve the Guiding Selling Prices (GSP) of the TIDD. However, the general price levels achieved were much better when compared to those achieved during the first quarter.

Prices of mahogany (*Khaya Ivorensis)* sawnwood improved significantly during the quarter under review. There were improvements of between USD60 and USD80/m³ from the previous quarter. Prices reached USD700/m³ and USD720/m³ for 25mm thickness, though still falling below the GSP of USD788/m³. Wawa also improved during the quarter under review although the improvement was dependent on the exporter and the volume involved. Many of the large scale and well-established companies such as Logs and Lumber Ltd., the Naja David Group of Companies, John Bitar Company Limited and other medium scale companies were able to achieve the GSP, and even above in most cases, small scale companies found it difficult to achieve the GSP. While the former were achieving between EUR5 and EUR15 more on the GSP of EUR282/m³ for 25mm thickness, the latter were achieving between EUR5 and EUR18 below the GSP.

For the main species to the Middle East market, only the dahoma showed signs of improvement, while prices of edinam, danta, candollei, and mahogany (Anthotheca/Grandifolia) did not improve during the quarter under review. Prices of dahoma were up by between USD10 and USD20/m³ in most cases from the previous quarter.

The market for odum which had been generally down since the middle of 2008, showed signs of recovery. A significant number of contracts were submitted during the quarter under review though prices were still EUR20 and EUR45 below the GSP of EUR665/m³ and EUR670/m³ for 25mm and 50mm respectively. The US markets saw some improvement, with the main buyers (Baystates Inc., MBS Trading and Munro Brice) signing contracts with encouraging prices during the quarter under review.

Second quarter exports slump

Ghana's timber exports trade declined as exporters traded in few volumes of timber and wood products. For the first half of the year ended June 2009, the value of exports slumped by 35% as the result of a 30% fall in the export volume of timber and wood products, when compared to the same period last year. Total value of timber exports for the first half of June 2009 was EUR62.72 million as compared to EUR96.50 million, as shown in the table below:

	<<-Jan-Jun.2008->>		<<-Jan-Jun.2009->>			
PRODUCT	**Vol m³**	**Val Euro**	**Vol m³**	**Val Euro**	<---% Change---->	
Sawn Timber	**('000)**	**(million)**	**('000)**	**(million)**	Vol m³	Value Euro
Lumber (AD)[1]	33.70	9.62	36.02	7.11	6.9	(26.1)
Lumber (KD)	61.43	24.01	30.34	11.00	(50.6)	(54.2)
Veneers:	-	-	-	-	-	-
Sliced Veneer[2]	21.25	16.97	14.76	10.19	(30.5)	(40.0)
Rotary Veneer	16.70	4.04	4.19	1.12	(74.9)	(72.3)
Curls Veneer	0.07	0.67	0.04	0.16	(42.9)	(76.1)
Plywood[3]	73.71	21.42	70.68	21.01	(4.1)	(1.9)
Furniture Parts	0.04	0.07	-	-	-	-
Mouldings	13.17	5.88	6.83	3.44	(48.1)	(41.5)
Boules (AD+KD)	2.38	1.19	1.34	0.64	(43.7)	(46.2)
Parquet/Flooring	1.19	1.12	0.41	0.40	(65.5)	(64.3)
Other Wood Products	63.60	11.51	35.98	7.65	(43.4)	(33.5)
TOTAL	**287.24**	**96.50**	**200.59**	**62.72**	**(30.2)**	**(35.0)**
NB:	**1 - Lumber(AD) includes lumber overland ;**					
	2 - Sliced Veneer includes Layons					
	3 - Plywood includes Overland					

Table 1: Ghana's exports of selected wood products, January to June 2008 and 2009

During the period under review, most products recorded losses both in export volume and value. Ghana's trade with African markets for the period under consideration, however, increased in both volume and value. Total revenue increased to EUR27.49 million (43.8%) in 2009, from EUR22.05million (22.8%) in 2008. Ghana's trade with major markets in America and Europe also declined during the period, attributed largely to limited cash flow of most buyers in these countries. Logging activities from the forest was also difficult due to the rainy season.

Ghana Log Prices

Ghana logs, domestic	US$ per m³	
	Up to 80cm	80cm+
Wawa	115-130↑	135-155↑
Odum Grade A	160-170	175-185
Ceiba	90-100	105-125↑
Chenchen	70-95	100-120
Khaya/Mahogany (Veneer Qual.)	80-100	110-135
Sapele Grade A	135-150	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	500	545⬇
Ceiba	195	255⬇
Dahoma	300	390
Edinam (mixed redwood)	405⬇	430
Emeri	330	400
African mahogany (Ivorensis)	595	665
Makore	520	610
Niangon	495	630⬇
Odum	645	710⬇
Sapele	540	600⬆
Wawa 1C & Select	260	285

Ghana sawnwood, domestic		US$ per m^3
Wawa	25x300x4.2m	242
Emeri	25x300x4.2m	325
Ceiba	25x300x4.2m	215
Dahoma	50x150x4.2m	280
Redwood	50x75x4.2m	290
Ofram	25x225x4.2m	330

Ghana Veneer Prices

Rotary Veneer, FOB	€ per m^3	
	CORE (1-1.9mm)	FACE (<2mm)
Bombax	320	350
Ofram, Ogea & Otie	315	350
Chenchen	315	360⬆
Ceiba	325	345
Mahogany	400	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	280⬇
Essa	285
Ofram	312

Sliced Veneer, FOB	€ per m^2	
	Face	Backing
Afrormosia	1.19	1.00
Asanfina	1.40⬇	0.88
Avodire	1.20	0.80
Chenchen	1.00	0.55
Mahogany	1.40	0.85
Makore	1.45	0.85
Odum	1.80	1.40

Ghana Plywood Prices

Plywood, FOB	€ per m^3			
B/BB, Thickness	Redwoods		Light Woods	
	WBP	MR	WBP	MR
4mm	560	475	500	370
6mm	340	325	335	285
9mm	365	305	290	270
12mm	300	295	270	270⬆
15mm	310	300	280	265⬇
18mm	300	290	285	250⬇

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

Malaysia expects to reach furniture target

According to *Bernama*, the Malaysian government says it is confident the country will be able to achieve a RM10 billion export target for its furniture exports by the end of 2009. The country has already registered RM3.57 billion in furniture exports for the first half of 2009 compared to RM4.11 for the same period last year.

To further promote its furniture products, Malaysian traders will participate in the upcoming Malaysian Furniture and Furnishings Fair. Its organizing chairman Gan Tai Hwa expects total sales turnover is projected to increase to RM50 million this year compared with RM40 million registered in last year's fair.

Rubberwood gets a boost from latex demand

The continual usage of rubberwood as the main raw material by the furniture industry has captured the attention of investors, who are now interested in the cultivation of rubber trees on a very large scale. One of the latest joint ventures in the rubber plantation business by the private sector involves Guangdong Guangken Rubber Group, from China, and Bornion Timber Sdn Bhd, from Malaysia, a 12,000 hectare rubber tree forest plantation estate in Sabah with an initial investment of RM230 million.

Rubber experts claimed in *The Star* that those who have invested in rubber tree plantations could expect an internal rate of return (IRR) of up to 12.8% from rubberwood alone. Over a 15-year period and with latex production factored in, the IRR could reach up to 13.7% in comparison with other plantation forest species, which yield an IRR ranging from 5.1% to 15%. The IRR of rubber tree plantations is comparable to the IRR of oil palm plantations, which stands at 15.6%.

Companies undertaking new forest plantation projects in Malaysia are provided a 10 year tax holiday beginning the first year the company begins to make a profit. Those involved in reinvestments will receive five years tax free beginning the first year it makes a profit.

Malaysia Log Prices

Sarawak log, FOB	US$ per m^3
Meranti SQ up	226-250
Small	210-241
Super small	200-224
Keruing SQ up	216-228
Small	190-220
Super small	166-196
Kapur SQ up	206-231
Selangan Batu SQ up	178-215
Pen. Malaysia logs, domestic (SQ) US$ per m^3	
DR Meranti	231-250
Balau	297-326
Merbau	322-354⬆
Rubberwood	48-82⬆
Keruing	214-230

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	280-311
Seraya Scantlings (75x125 KD)	437-450
Sepetir Boards	249-271
Sesendok 25,50mm	346-364
Kembang Semangkok	294-317

Malaysian Sawnwood, domestic		US$ per m^3
Balau (25&50mm,100mm+)		325-345
Merbau		457-509↓
Kempas 50mmx(75,100 & 125mm)		260-300
Rubberwood	25x75x660mm up	198-248↑
	50-75mm Sq.	239-271↑
	>75mm Sq.	261-290↑

Malaysia Plywood Prices

Malaysia ply MR BB/CC, FOB	US$ per m^3
2.7mm	408-470
3mm	386-416
9mm & up	332-404

Meranti ply BB/CC, domestic	US$ per m^3
3mm	381-422
12-18mm	315-344

Other Malaysia Panel Prices

Malaysia, Other Panels, FOB		US$ per m^3
Particleboard	Export 12mm & up	226-249
	Domestic 12mm & up	211-228
MDF	Export 15-19mm	281-313
	Domestic 12-18mm	270-288

Malaysia Added Value Product Prices

Malaysia, Mouldings, FOB	US$ per m^3
Selagan Batu Decking	531-541
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	546-559
Grade B	499-508

Malaysia Furniture and Parts Prices

Malaysia, Rubberwood, FOB		US$ per piece
Semi-finished dining table		
solid laminated top 2.5'x4', extension leaf		58-74
As above, Oak Veneer		65-79
Windsor Chair		57-59
Colonial Chair		55-60
Queen Anne Chair (soft seat)	without arm	55-63
	with arm	55-64
Chair Seat 27x430x500mm		43-48

Rubberwood Tabletop	US$ per m^3
22x760x1220mm sanded & edge profiled	
Top Grade	551-583
Standard	536-554

Report from Indonesia

Indonesia works to approve S4S exports

The Indonesian government is working on a plan to legalize the exportation of S4S (surface-machined to a smooth finish on all four sides) categories of wood and logs from natural forests, which are currently banned, in an effort to boost revenue from the forest products industry. Indonesian officials are of the opinion that despite of the current global economic crisis, there is demand for S4S and log products in particular markets, especially in the Middle-East. Officials added that countries like Malaysia and China had benefited from Indonesia's absence in the global market.

The Jakarta Post reports that the Ministry of Forestry has set quotas allowing harvesting of up to 9 million m^3 of logs per year. However, official statistics state that only 3 million m^3 of logs actually entered into production. Officials are questioning whether the remaining 6 million m^3 was harvested and processed illegally, including to process products into S4S. Conservationists and a number of NGOs noted that the Indonesian government must improve on a mechanism that allows for transparency and good governance in forestry management before embarking on a plan to legalize exportation of S4S.

Indonesia Log Prices (domestic)

Indonesia logs, domestic prices	US$ per m^3
Plywood logs	
Face Logs	187-230
Core logs	169-202
Sawlogs (Meranti)	174-235
Falcata logs	142-176
Rubberwood	41-67↑
Pine	157-196
Mahoni (plantation mahogany)	468-494

Indonesia Sawnwood Prices

Indonesia, construction material, domestic		US$ per m^3
Kampar (Ex-mill)	AD 3x12-15x400cm	171-190
	KD	194-228
	AD 3x20x400cm	217-240
	KD	221-248
Keruing (Ex-mill)	AD 3x12-15x400cm	233-247
	AD 2x20x400cm	219-237
	AD 3x30x400cm	200-219

Indonesia Plywood Prices

Indonesia ply MR BB/CC, FOB	US$ per m^3
2.7mm	397-454
3mm	354-395↑
6mm	312-376↓

MR Plywood (Jakarta), domestic	US$ per m^3
9mm	251-262↓
12mm	243-253↓
15mm	232-246↓

Other Indonesia Panel Prices

Indonesia, Other Panels, FOB		US$ per m^3
Particleboard	Export 9-18mm	216-225
	Domestic 9mm	191-203↓
	12-15mm	183-194
	18mm	173-185
MDF	Export 12-18mm	249-262
	Domestic 12-18mm	231-242↓

Indonesia Added Value Product Prices

Indonesia, Mouldings, FOB	US$ per m^3
Laminated Boards Falcata wood	297-309↓
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	487-521
Grade B	442-463

Report from Myanmar

Community forestry plantation boosts agarwood availability

A community forestry plantation situated about eight miles from Myitkyina, Kachin State, in Northern Myanmar was established under a directive from the Ministry of Forestry's aims to replenish agarwood (*Aquilaria agallocha- Thymelaeaceae family*) saplings. As reported in *The New Light of Myanmar*, agarwood is considered to be on the verge of extinction. The community forestry plantation had started sowing agarwood seeds in April 2008 and by June 2009 planted 12 acres. About 500 acres are expected to be planted under the initiative.

The seeds for the plantation were initially collected from trees in the nearby villages. About 100,000 seedlings were planted last year and sold to those interested in establishing plantations at the rate of Kyats 500 (about 50 US cents) per sapling. The Ngwe Pyaw Agarwood Plantation expects to plant another 100,000 seedlings this year. About 500 trees with a spacing of 10 feet by 10 feet can be planted per acre.

Agarwood trees are injected with microbes at three years, and can be utilized at five years. Old agarwood trees in nearby villages have straight boles and can grow up to about fifty feet in height. Agarwood is known to have medicinal properties and is highly popular in the Middle East. Prices are reported to vary up to USD20,000 per kilogram.

Plans designed to restore tidal forests

According to the *Flowers News Journal*, plans are being drawn up to rehabilitate tidal forests in the Tanintharyi Division. Records show that in 1980 the tidal forests extended to 647,571 acres. However, the area only spanned 587,776 acres in the year 2000 and 489,025 acres in 2008. Deforestation levels between 1980 and 2008 are attributed to human intervention such as the establishment of embankments and subsistence farming in the lowlands; expansion of fish farms; and fuel wood and charcoal production. Plans are now underway to rehabilitate mangroves that have been cut for various purposes and to provide effective protection the remaining tidal forests, thereby preserving the flora and marine life.

Tidal forests are to be found in Ayeyarwaddy, Yangon, and Taninthatyi Divisions and in Rakhine and Mon States. The largest areas of mangroves are to be found in the Rakhine State, Ayeyarwaddy Division and the Taninthatryi Division.

Market situation in Myanmar continues to be slow

The market situation remains as it was in July except some buyers reported a glut of pyinkado logs in Vietnam. Shipments to Vietnam are weakening. Teak was being shipped to India and the Indian teak market was reported to be quite firm.

Myanmar Log Prices (natural forests)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
Veneer Quality	Jul	Aug
2nd Quality	-	-
3rd Quality	4,407 (5 tons)	4,550 (4 tons)
4th Quality	3,413 (10 tons)	3,509 (10 tons)
Sawing Quality	Jul	Aug
Grade 1 (SG-1)	2,231 (38 tons)	2,281 (40 tons)
Grade 2 (SG-2)	2,083 (38 tons)	1,895 (56 tons)
Grade 3 (SG-3)	-	-
Grade 4 (SG-4)	1,798 (218 tons)	1,652 (196 tons)
Grade 5 (SG-5) Assorted	1,498 (152 tons)	1,578 (146 tons)
Grade 6 (SG-6) Domestic	1,260 (94 tons)	1,310 (80 tons)
Grade 7 (ER-1)	1,072 (57 tons)	982 (76 tons)
Grade 8 (ER-2)	-	-

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.

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

Logs, FOB	€ Avg per Hoppus Ton (traded volume)
Pyinkado (export)	377 (381 tons)
Gurjan (keruing-exp)	204 (389 tons)
Tamalan	338 (20 tons)
Taungthayet	--

Report from India

Expansion of Special Economic Zones to increase wood exports

Annual tree planting programmes have been quite active in many Indian states during 2009. Forest departments of all states, non-government organizations (NGOs) and members of the public have planted a large number of saplings of teak, eucalyptus, casuarinas, poplar, *leucanea leucocephala*, *Dalbergia sissoo* Bamboo and other species by local wood-based industries. In certain areas, emphasis has been on planting fruit and shade giving trees.

Sandalwood is also an important but rare species. Recent reports indicate that the number of sandalwood trees has increased in the Marayur sandalwood division from 57,767 to 58,514. There has been sufficient regeneration of this species in the wild and vigilance and protective measures by local forest departments have shown to reduce smuggling cases as well.

India's Foreign Trade Policy for the period 2009-2014 has been just announced. In the new policy, the government looks forward to achieve an annual export growth of 15% over 2010-2011 with a target of USD 200 billion by March 2011.

Special Economic Zones are expected to produce goods for export. The first wood-based products areas will be established in the State of Gujarat close to two of west coast ports Kandla and Mundra. Timber processing zone with about 400 licensed saw mills and about 35 plywood units exists in the same district, providing direct employment to 40-50,000 people. The planned size of the SEZ is 100 hectares and is expected to attract Rs.10 billion in investment for wood-based industries.

Indian exporters and industry will benefit from the recently signed Association of South East Asian Nations (ASEAN) Free Trade Agreement as it will eliminate import duties on over 4000 items in intra-regional trade in ASEAN markets. The measures are expected to enlarge volumes traded and boost economic return for all the participants. Under the new Agreement, India can export more units of plywood, MDF, particleboard, but is limited by availability of raw material. This FTA has generated lot of optimism and opportunities.

The global recession has affected India's imports and export levels. In fact imports have declined more than exports so trade balances are being well managed. Exports of wood products are performing better than the second quarter of 2008. A comparison of figures is presented below:

Description	Apr-Jun 2007	Apr- Jun 2008	Apr-Jun 2009
Cork and cork products	19.93	21.00	18.00
Decorative plywood	35.32	11.21	27.90
Hard board and wood fibre boards	99.21	167.58	235.95
Other articles of wood	518.65	879.57	1040.49
Other plywood	222.23	275.16	328.09
Parquet panels	1.26	3.58	2.00
Sandalwood chips	38.73	104.92	87.17
Sawn timber	92.35	167.11	241.85
Tea Chest panels	1.12	5.40	9.67
Veneers	208.28	377.42	496.50
Wooden furniture	3160.41	3333.38	3506.35
Grand Total	4397.49	5346.32	5993.97

Table 1: Estimated exports of wood and wood products from India (Value in Rs. million)

Teak prices show firm price trends

Teak prices have been strong over the last fortnight. Below are countries which export teak to India (from sources other than Myanmar) at current C&F prices for Indian ports:

Source of Logs	Price (C&F per m³)
SUDAN (GREEN/DRY)	585 to 535
COTE D'IVOIRE	500 to 525
THAILAND	400 to 450
PAPUA/ NEW GUINEA	400 to 425
GHANA	375 to 400
BENIN	375 to 400
TOGO	325 to 350
ECUADOR	300 to 325
COSTA RICA	300 to 325
PANAMA	275 to 300

Table 2: Prices of imported teak (USD/m³ , C&F Indian ports)

India Sawnwood Prices (domestic)

Indian sawnwood (Ex-mill)	Rs. per ft³
Teak (AD)	
Plantation Teak A grade	1850-3500⬆
Plantation Teak B grade	1700-2850⬆
Plantation Teak C grade	1100-1450⬆

India Sawnwood Prices

Sawnwood, (Ex-mill) (AD)	Rs. per ft³
Merbau	1500
Balau	1250
Kapur	850
Red Meranti	700
Bilinga	650
Radiata Pine (AD)	350-450

Sawnwood, (Ex-warehouse) (KD)	Rs per ft³
Beechwood	1200
Sycamore	1250
Oakwood	1300
American Walnut	2250
Hemlock clear grade	950
Hemlock AB grade	800
Western Red Cedar	1250

India Plywood Prices

Plywood, (Ex-warehouse) (MR Quality)	Rs per ft²
4 mm	21⬆
6 mm	30⬆
12 mm	44⬆
15 mm	53⬆
18 mm	64⬆

Report from Brazil

Para authorities discuss alternatives for timber production

The government of state of Pará and forest sector entrepreneurs have come up with alternatives for the timber production chain. In August 2009, the State Secretary of Development, Science and Technology (SEDECT) discussed the main shortcomings of the sector. Representatives indicated that the Forest Management Support Program (PAMFLOR) could help promote forest industry. According to *Agência Pará*, the program aims to improve sustainable forest management in Pará with more transparency, stronger management, and greater environmental control over forest resources. The government, entrepreneurs and research institutes are expected to be part of an independent and integrated network system to increase the capability and swiftness of the State Secretary of the Environment (SEMA) in the process of analyzing and monitoring forest management projects. PAMFLOR will provide a system of remote monitoring and independent verification of forestry practices in the field; technical assistance; capacity building and training; technological improvements in forest industry; and, production of studies that provide strategic information on the forest sector.

New research aims to map wood production

A study carried out by the Economics Department of the State University of Mato Grosso (UNEMAT) aims to map the wood production processes in the Amazon region. The purpose is to check the volume of wood residues produced by the forest activities (furniture and timber industry) and its potential as an alternative source of income. There are many types of wood residues subject to utilization because they may harm the environment and cause problems such as forest fires. The alternative is to diversify the work and income sustaining small companies and cooperatives.

The data collection for the completion of research is expected to end by mid-July of 2010, reported *Só Notícias*. According to the proposal, the data collection will take place in an area equivalent to 400 to 500 km². The Timber Industry Association of Northern Mato Grosso (Sindusmad), the Brazilian Support Service for Micro and Small Enterprises (Sebrae) and Fapemat (funding agency) are partners on this initiative. For the coordinators, the Northern region has potential to transform wood residues (sawdust, wood chip and others) into manufactured products for commercialization.

The map being prepared in the region shows that only in Santa Carmen (since the beginning of timber exploitation) over 100,000 tons of wood waste has been produced. In Marcelândia, such a figure tops 10 million tons.

Brazil's exports show no sign of improvement

Brazil's wood products exports for July 2009 (except pulp and paper) plunged 41% by value, nearly the same amount as in June 2009, compared to the same period in 2008. The charts below show the volume and value of Brazil's exports for July 2009 compared to the same month a year earlier:

Brazil's exports by value, July 2008 and 2009 (USD million)

	July 2008	July 2009	% change
Solid wood*	307.2	182.3	(40.7)
Tropical plywood	12.5	4.9	(60.8)
Pine sawnwood	14.1	13.7	(2.8)
Tropical sawnwood	34.4	18.9	(45.1)
Pine plywood	43.8	21.5	(50.9)
Wood furniture	73.5	49.3	(32.9)

*Figures for solid wood exclude pulp and paper exports

Brazil's exports by volume, July 2008 and 2009 (000 m³)

	July 2008	July 2009	% change
Tropical plywood	21.0	9.5	(54.8)
Pine sawnwood	44.0	47.8	8.6
Tropical sawnwood	66.5	44.6	(32.9)
Pine plywood	143.0	95.3	(33.4)

Timber exports decrease in Roraima

Few timber companies in the Amazon meet the environmental and labor law requirements of Brazil. In Roraima, out of 54 timber companies, only one exports certified wood mainly to the European market. The business sector argues the global financial crisis is the main factor that leads them to abandon plans for certification, indicated *Portal Amazônia.*

To avoid uncontrolled deforestation, mainly in the Amazon, some measures have been established to stimulate investors' interest in self-sustaining actions. Forest certification is one of them and serves as a passport for companies that export processed timber.

Certification is a guarantee that timber companies comply with forest management requirements. For instance, rare or young trees are kept intact and are replanted every 25 years to allow forest regeneration. In the first half of 2008, companies in the state of Roraima exported about USD 5,536 million. This year, in the same period, exports fell to USD4,674 million. According to the Timber Industries Union, this fall was due to the international financial crisis.

Biomóvel seeks to boost Northern Santa Catarina's competitiveness

According to Agência Sebrae de Notícias, most furniture companies of the Northern Santa Catarina region used to export 100% of its production from 2003 until 2008. However, the global economic slowdown that began last year reduced exports by 50%.

The region produces high quality furniture, made of solid wood and following strict European quality standards, but adverse exchange rates resulted in a loss of competitiveness. One of the solutions to reverse this situation was to shift production to the domestic market, a measure promoted by the Local Productive Furniture Arrangement (LPA) of the Northern Santa Catarina.

To further promote products from the region, 27 companies in the region created a label called 'Biomóvel', launched in May 2009 to promote the concept of sustainability in their products. To apply for the right to use the label Biomóvel, a company must be a member of the LPA Northern Santa Catarina and are subject to the evaluation of a certification committee, the Conformity Assessment Body.

The creation of this concept has come as a result of extensive research on certification processes already used by furniture manufacturers in other countries and by other sectors. The strategy of Biomóvel integrates all levels of product development, by linking competitive advantages such as utilizing materials from planted forests and reducing waste and producing environmentally friendly products.

Brazil Log Prices (domestic)

Brazilian logs, mill yard, domestic	US$ per m³
Ipê	135
Jatoba	96
Guariuba	64
Mescla (white virola)	70

Brazil Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB		US$ per m³
Jatoba Green (dressed)		785
Cambara KD		457
Asian Market (green)	Guariuba	259
	Angelim pedra	592
	Mandioqueira	228
Pine (AD)		189

Brazil sawnwood, domestic (Green)		US$ per m³
Northern Mills (ex-mill)	Ipé	613
	Jatoba	485
Southern Mills (ex-mill)	Eucalyptus (AD)	174
	Pine (KD) 1st grade	226

Brazil Veneer Prices

Veneer, FOB (Belem/Paranagua Ports)	US$ per m^3	
White Virola Face 2.5mm	290	
Pine Veneer (C/D)	205	
Rotary cut Veneer, domestic	US$ per m^3	
(ex-mill Northern Mill)	Face	Core
White Virola	236	197

Brazil Plywood Prices

Plywood, FOB	US$ per m^3
White Virola (US Market)	
5.2mm OV2 (MR)	455
15mm BB/CC (MR)	394
White Virola (Caribbean market)	
4mm BB/CC (MR)	499
12mm BB/CC (MR)	400
Pine Plywood EU market, FOB	US$ per m^3
9mm C/CC (WBP)	265
15mm C/CC (WBP)	242
18mm C/CC (WBP)	237
Plywood, domestic (ex-mill Southern mill)	US$ per m^3
Grade MR (B/BB) White Virola 4mm	807
White Virola 15mm	590

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)	309
Domestic Prices, Ex-mill Southern Region	
Blockboard White Virola faced 15mm	516
Particleboard 15mm	327

Brazil Added Value Products

FOB Belem/Paranagua Ports		US$ per m^3
Edge Glued Pine Panel		
Korean market (1st Grade)		631
US Market		482
Decking Boards	Cambara	593
	Ipê	1540

Report from Peru

Peru's wood exports plummet 45%

According to the Export Association of Peru (ADEX), wood exports from January to June 2009 were valued at USD66.01 million while for the same period in 2008 were USD119.76 million, a drop of 45%. The three main export destination markets were China, Mexico and the US, which together represented nearly 78% of wood sector exports. The Bolivian market increased its imports and New Zealand's market continued to grow. On the other hand, Mexico curtailed its imports by 71% following a substantial reduction in imports of mouldings. China, Mexico and the US all reduced their imports in the month of June 2009 when compared to the same month of 2008. In contrast, Venezuela increased its imports of 56% in the month June 2009 compared with the same month 2008.

Semi-manufactured products during the period comprised 40.2% of wood exports worth USD26.54 million. The main destination market for products from this sub-sector was China. Hong Kong SAR also increased it imports of semi-manufactured products by 80.7% in the same period. Sawnwood amounted to 36% of wood exports in the sector, although overall exports fell 58% by value from 2008 levels. Exports of veneer wood and plywood for the January – June 2009 period were USD6.96 million, about 55% less than the same period in 2008.

Exports of furniture and parts also dropped to USD3.66 million by value in 2008. A large drop in demand from the US contributed to the overall 47.7% decrease in wood exports by value.

Peru Sawnwood Prices

Peru Sawnwood, FOB Callao Port		US$ per m^3
Mahogany S&B KD 16%, 1-2" random lengths (US market)		1722-1798
Spanish Cedar KD select		
North American market		918-922
Mexican market		897-921
Pumaquiro 25-50mm AD	Mexican market	497-527

*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	296-351⬇
Grade 2, Mexican market	250-269⬇
Cumaru 4" thick, 6'-11' length KD	
Central American market	794-822
Asian market	772-794
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	509-549
Dominican Republic	558-569
Marupa (simarouba) 1", 6-11 length Asian market	352-377⬇
Peru Sawnwood, FOB Iquitos	US$ per m^3
Spanish Cedar AD Select Mexican market	887-909
Virola 1-2" thick, length 6'-13' KD	
Grade 1, Mexican market	281-309⬇
Grade 2, Mexican market	244-259⬇
Grade 3, Mexican market	132-151⬇
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	211-222
Peru sawnwood, domestic	US$ per m^3
Mahogany	887-923⬇
Virola	46-61
Spanish Cedar	268-321⬇
Marupa (simarouba)	57-69

Peru Veneer Prices

Veneer FOB	US$ per m^3
Lupuna 3/Btr 2.5mm	189-202
Lupuna 2/Btr 4.2mm	203-217
Lupuna 3/Btr 1.5mm	211-221

Peru Plywood Prices

Peru plywood, FOB (Mexican Market)		US$ per m^3
Copaiba, 2 faces sanded, B/C, 15x4x8mm		318-347
Virola, 2 faces sanded, B/C, 5.2x4x8mm		398-405
Cedar fissilis, 2 faces sanded 4x8x5.5mm		745-755
Lupuna, treated, 2 faces sanded, 5.2x4x8mm		348-359
Lupuna plywood	B/C 15x4x8mm	341-350
	B/C 9x4x8mm	345-350
	B/C 12x4x8mm	350-360
	B/C 8x4x15mm	410-419
	C/C 4x8x4mm	380-388
Lupuna plywood B/C 8x4x4mm Central Am.		368-388
Lupuna Plywood BB/CC, domestic		US$ per m^3
(Iquitos mills)		
122 x 244 x 4mm		441
122 x 244 x 6mm		397
122 x 244 x 8mm		409
122 x 244 x 12mm		399
(Pucallpa mills)		
122 x 244 x 4mm		458
122 x 244 x 6mm		439
122 x 244 x 8mm		430
122 x 244 x 12mm		429

Other Peru Panel Prices

Peru, Domestic Particleboard	US$ per m^3
1.83m x 2.44m x 4mm	282
1.83m x 2.44m x 6mm	230
1.83m x 2.44m x 12mm	204

Peru Added Value Product Prices

Peru, strips for parquet		US$ per m^3
Cabreuva/estoraque KD12% S4S, Asian market		1344-1433
Cumaru KD, S4S	Swedish market	655-708
	Asian market	969-996
Cumaru decking, AD, S4S E4S, US market		778-867
Pumaquiro KD # 1, C&B, Mexican market		388-444
Quinilla KD, S4S 2x10x62cm, Asian market		496-538
	2x13x75cm, Asian market	626-688

Report from Bolivia

FSC covers over 2 million hectares of Bolivia's forests

Bolivia is the world leader in voluntary forest certification with more than 2 million hectares certified in tropical forests. According to the FSC, Bolivia's FSC certified wood products exports are worth about USD16 million annually, about 25% of total wood products. Only those organizations or companies with chain of custody certification can use FSC stamps in their products.

The FSC has an international office located in Bonn, Germany, four regional offices (Europe, America, Africa and Oceania - South East Asia) and a network of National Initiatives. In Bolivia the FSC National Initiative is the Bolivian Council for Voluntary forest certification - CFV.

Bolivia Sawnwood Prices

Sawnwood 1-3"x3x5"x7-19', FOB Arica Port		$ Avg un. val. per m^3
Ipe	(Argentina and Uruguay)	402-593
Caviuna	(Italian markets)	1800
Oak	(Argentina mkt)	470
Cedro	(US, Argentina, Chile mkt)	593-720

Bolivia Added Value Product Prices

Doors 13/4"x36"x96", FOB Arica Port		Avg $ per piece
US market	Mara macho/Tornillo (FSC)	170
	Cambara	177
	Oak (US market)	159

Chairs FOB Arica Port		$ Avg Per piece
Ipe (US market)		74-184
Roble/Oak (UK market)		71-94
Parquet Flooring 3/4"x3-5"x1-7', FOB Arica Port		$ Avg un. val. per m^3
Jatoba	(US market)	1185-1525
Ipe	(US market)	805-1800
Cumaru	(FSC) (China mkt)	1620-1735

Report from Mexico

National Forest Agency sees change of leadership

On 1 September 2009, Emilio Flores Dominguez was appointed as the new Attached General Director of the National Forest Agency (CONAFOR), replacing Carlos Rodriguez Combelles, who is retiring from public service. Flores was Federal Deputy in the National Action Party in the LX Legislature, where he was part of the committees of Environment and Natural Resources and Public Finance. During his tenure as Federal Deputy, he introduced various initiatives for the protection of wildlife, aquifers and forests. He previously served as commissioner of Banobras in the state of Chihuahua for nearly four years. The National Forest Agency was created as part of a decree that states gives the Attached General Director clearance to conduct CONAFOR's affairs in the absence of the General Director.

Drought and arid conditions affect reforestation processes

The prolonged drought and lack of rainfall in large parts of Mexico have affected the process of reforestation. Given this situation, the CONAFOR has postponed the establishment of nurseries where the drought continues. As part of the ProTree program, about 25% of the seedlings dedicated to reforestation in 2009. CONAFOR expects that rainfall conditions be regularized in order to meet the goals of reforestation programs at national and state level. Otherwise, the plant would be sheltered in the country's forest nurseries.

Reforestation in the rural colony of Los Lirios, in the city of Chihuahua, has been particularly high during the second half of July this year. It was feared that a scenario of low rainfall could present a similar drought occurred in the summer of 1997 or 1982.

Report from Guyana

Greenheart continues positive gains

A comparison of the present period (16 – 31 August 2009) and previous fortnight reveals a significant increase in the prices for Greenheart logs. Greenheart small sawmill quality and Purpleheart standard sawmill quality maintains price stability. India was the main export destination attracting logs. Both dressed and undressed sawnwood prices have been very positive. Dressed greenheart has shown a positive increase (1150/742 USD) for the period 16 – 31 August 2009 when compared to the previous fortnight in August. However, dressed purpleheart remains firm. Roundwood prices were favorable the second half of August against the previous period. Splitwood prices showed positive increases for the period 16 – 31 August 2009 when compared to the previous period (1st -15th August 2009). Plywood prices for the BB/CC and utility category have increased significantly for this period in comparison to the first half of August.

Indoor and outdoor furniture and doors have revealed higher prices for the second half of August while mouldings, spindles, windows and wooden utensils and ornaments also contributed to value-added products that gained significant export value earnings for these products.

FPDMC strengthens ties with forest industry

A recent consultation held between the Forest Producers Association (FPA) and the FPDMC resulted in discussions on areas relevant to Guyana's forest industry. Collaborative efforts are being made between the Guyana Forestry Commission (GFC), the FPDMC and the FPA to improve on export of wood and wood products in Guyana.

Eight Lesser Used Species (LUS) recently tested have shown comparable properties with the more popular species and have been accepted in accordance to ITTO standards. Currently three of them are among the top ten exports from Guyana to international markets. This has resulted in part from a pro-active initiative undertaken by the FPDMC to support the GFC in the initiative to increase an awareness of the Lesser Used Species (LUS) of accepted standards. Additional efforts by the FPDMC are in progress in the areas of promotion and marketing of LUS.

During the consultation it was noted the next phase in the LUS promotion program would encourage local lumber yards and traders to stack and sell LUS. It is anticipated that eight additional LUS and their abundance will be identified and quantified in the near future.

Another initiative that is supported by the FPDMC places emphasis on industry efficiency and product development within the sector. In order to achieve this, efforts to train persons working in the sawmilling industry has commenced and will be ongoing. In-house training will be embarked upon in the near future in areas such as mill design, saw doctoring and quality control.

Guyana Log Prices

Logs, FOB Georgetown	SQ - $ Avg unit value per m³		
	Std	Fair	Small
Greenheart	155-180↑	145-165↑	135
Purpleheart	215-240↓	170-225↓	150-215↓
Mora	-	-	-

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

Guyana Sawnwood Prices

Sawnwood, FOB Georgetown		$ Avg unit val. per m³	
EU and US markets		Undressed	Dressed
Greenheart	Prime	600	-
	Select/Standard	500-700↓	551-1150↓
Purpleheart	Prime	-	-
	Select/Standard	700-827↓	594-806↓
Mora	Select	400-500↓	-

Guyana Plywood Prices

Plywood, FOB Georgetown Port			$ Avg unit val. per m³
Baromalli	BB/CC	5.5mm	-
		12mm	415-505↑
	Utility	5.5mm	-
		12mm	490↑

Report from Japan

New leadership announces changes to forest management policy

Newly elected officials of the Democratic Party of Japan recently assumed their duties in office and announced changes to Japan's forest management policies. Although most of the policies regarding logging road maintenance systems, harvesting machinery, national forest management reform and promotion of biomass businesses largely remain the same, there have been some changes to the policy. According to the *Japan Lumber Reports (JLR)*, these include: the creation of a new policy to pay directly for systems of forest management and environmental conservation; a more direct focus on private operators in forest management efforts; an increase in Japan's reliance on domestic supply for the wood industry to 50% (instead of the current 24%); and the introduction of a traceability system to prevent illegally imported wood.

July plywood imports and housing starts slow

In July 2009, Japan's plywood imports fell 26.6% by volume from the same month in 2008 (Figure 1), reported *JLR*. Housing starts in July were 32% less than the same month of 2008 (Figure 2), the same as in June 2009, with wood-based units making up 57% of total units.

Figure 1: Japanese plywood imports, 2006-2009 (000 m³)

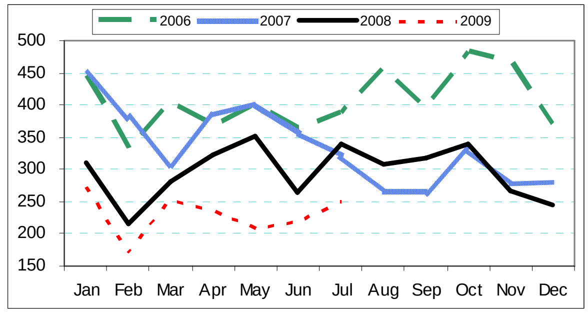
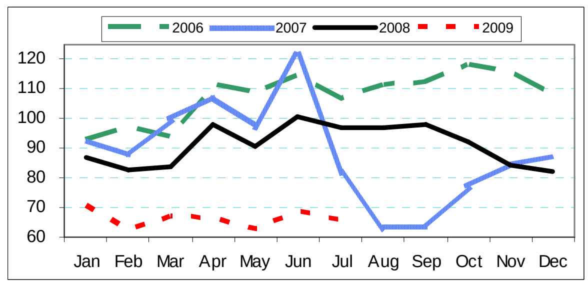


Figure 2: Japan Housing Starts 2006-2009 (000 units)



South Sea plywood mills reduce production

Due to recent low demand for South Sea logs in Japan, Japanese South Sea plywood mills have reduced production by 20-30%. However, *JLR* reports that logs may be in short supply in some areas as a result of the cuts. Price negotiations are becoming more active as the log inventories decline, an indication that the market is showing signs of improvement.

JLR also reports that imports of South Sea logs were down by 50% during the first half of the year, reaching a volume of 354,318 m³. The main reason for this decline was the depressed plywood market in Japan. Sarawak and PNG's imports each fell over 58% during the first half of 2009 and Solomon Islands' imports fell about 24% from the same period in 2008.

Log and Sawnwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku
Meranti (Hill, Sarawak)	(Koku=0.278 m³)
Medium Mixed	7,000↓
Standard Mixed	7,200↓
Small Log (SM60%, SSM40%)	7,000↓
Taun, Calophyllum, others (PNG)	7,500↓
Mixed light hardwood, G3/4 grade (PNG)	-
Keruing MQ & up (Sarawak)	10,800
Kapur MQ & up (Sarawak)	9,000

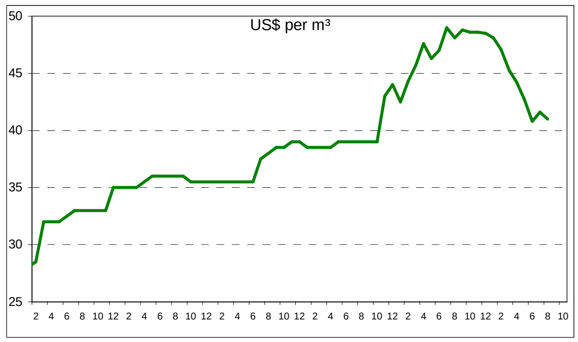
Logs for Sawmilling, CIF	Yen per Koku
Melapi (Sarawak) High Select	11,500
Agathis (Sarawak) High Select	-

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)	Aug (¥ per sheet)	Sep
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	320 ↑	320
3.7mm (med. Thickness, F 4star, type1)	910 X 1820	450 ↑	460 ↑
5.2mm (med. Thickness, F 4star, type 1)	910 X 1820	560 ↑	570 ↑
11.5mm for sheathing (F 4star, type 2)	910 X 1820	850	880 ↑
12mm for foundation (F 4star, special)	910 X 1820	880	890 ↑
12mm concrete-form ply (JAS)	900 X 1800	790 ↑	810 ↑
12m coated concrete-form ply (JAS)	900 X 1800	930 ↑	940 ↑
11.5mm flooring board	945 X 1840	1050	1050
3.6mm baseboard for overlays (OVL)	1230 X 2440	700	740 ↑
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 forest industry shows gains in first half

According to the State Forestry Administration, the performance of China's forest industry showed gains during the first half of 2009. Statistical data showed total output value of forestry industry amounted to RMB726.6 billion yuan in the first six months, which is roughly the same as last year. The output of timber and wood-based panels reached 29.5 million m³ and 59.57 million m³ respectively. The paper making industry also showed signs of recovery. The output of machine-made paper amounted to 43.10 million tons in the first six months and reached a peak of 8.52 million tons in June alone. According to professionals, these achievements resulted mainly from the following measures taken by governments:

Firstly, the guidance and support for industry development strengthened. For instance, for products produced with timber residues, the policy of refunding upon payment of VAT has been established; export tax rebate rates for 63 forest products have been increased. Secondly, local authorities sped up incentives to encourage development of industrial structures. Some new industries, such as biomass energy, biological medicine production, forest food, forest tourism and biomass material, continued to increase. Thirdly, the import and export of major forest products showed signs of a gradual increase.

New guidelines suggests how to manage international forest resources

The *Guideline of sustainable management and use of overseas forest for Chinese enterprises* was jointly issued recently by the State Forestry Administration and the Ministry of Commerce. According to the Guidelines, Chinese enterprises must strictly conduct their business within the approved site, area, quantity, variety and scope of business and shall not exceed the scope of business. Such activities as project contraction, labor services cooperation and purchase of forest products are expected to be in accordance with the related bilateral laws and regulations. Wood processing projects and timber transportation should be in line with industry policies of both China and the host country. The system of public notification and consultation before logging should be established.

The Guidelines emphasizes that Chinese enterprises must fully consider the interests of local people when forest management activities are carried out, and do not threaten and weaken the local people's rights of ownership and use of forest resources. The Chinese enterprises are also requested to participate in local activities of public welfare and provide local people with the opportunities of employment and training.

Log imports through Suifenhe Port show mixed results in first half

The imports of logs were down and sawnwood imports were up through Suifenhe Port of Heilongjiang Province in the first half of 2009. According to Suifenhe Entry-Exit Inspection and Quarantine Bureau, 2.33 million m³ of logs valued at USD282.15 million were imported from January to June of 2009, down 38% and 46% respectively from last year; 235,000 m³ of wood panels valued at USD50.04 million were imported, rose 67%, 71% and 67% respectively over the last year.

Taicang Ports claims indemnity of USD6.5 million from exporters

Among 800,000 m³ of imported timber inspected by Taicang Port Entry-Exit Inspection and Quarantine Bureau in the first half of 2009, it was found that there was an underestimated volume of 12,112 m³. The Bureau issued fines of USD6.49 million on foreign exporters, up 34% over the last year. The timber of concern involved wood panels from Canada, *Pinus radiata* logs from Australia and *Pinus pinaster* logs from France.

Furniture exports through Guangdong Province rise

According to statistics from Guangzhou Customs, the value of exports of furniture and parts (including non-wood furniture) was USD4.4 billion in Guangdong Province in the first half of 2009, down 12% from last year. Of the total, the exports to US and EU were USD 1.52 billion and USD1.06 billion, respectively, down 26% and 11% respectively. To cope with this difficult situation, the Guangdong furniture industry has actively explored ASEAN markets and the export value to these areas continued to rise. In the first half of 2009 the value of its furniture exports to ASEAN was USD440 million. Guangdong furniture is exported to all ASEAN countries except Laos. The value of furniture exports to Malaysia was over USD200 million, to Singapore was USD150 million, more than two times their worth in the first half of 2008. According to experts, ASEAN countries have become one of the largest markets for Guangdong furniture.

Sino-Russia Cooperation discussed in Harbin

Affected by the global financial crisis as well as increased Russian export tariffs, China's logs imports from Russia in 2008 declined by 26%. Under this circumstance, the two countries discussed potential cooperation in wood downstream processing during the 20th Sino-Russia Economic Cooperation and Trade Fair organized on 15 June 2009 in Harbin. The representatives from governments and enterprises of the two countries also discussed joint exploitation of forest resources in other areas.

Guangzhou City Imported Timber Market

Logs	Yuan per m^3
Lauan (50-60cm)	1900-2400
Kapur	1900-2450
Merbau 6m, 79-100cm diam.	3500-5200↓
Teak	11000-16000
Wenge	5200-5300↓
Sawnwood	
Teak sawn grade A	9300↑
US Maple 2" KD	7500-11500↓
US Cherry 2"	12000-12800↓
US Walnut 2"	14000-15500↓
Lauan	3500-4000

Shanghai Furen Wholesale Market

Sawnwood		Yuan per m^3
Beech KD Grade AB		2500-3000
US Cherry, 25mm		9500-10000
US Red Oak, 50mm		9800-10500
Sapele 50mm FAS (Congo)		
	KD (2", FAS)	5800-6000↑
	KD (2",grade A)	5200-5300

Shandong De Zhou Timber market

Logs		Yuan per m^3
Larch	6m, 24-28cm diam.	1150↑
White Pine	6m, 24-28cm diam.	1200
Korean Pine	4m, 30cm diam.	1400
	6m, 30cm diam.	1500

Hebei Shijiangzhuang Wholesale Market

Logs		Yuan per m^3
Korean Pine 4m, 38cm+ diam		1700↓
Mongolian Scots Pine	4m, 30cm diam.	1200↑
	6m, 30cm+ diam.	1300↑
Sawnwood		
Mongolian Scots Pine	4m, 5-6cm thick	1400
	4m,10cm thick	1400

Zhejiang Jiashan Kaihua International Timber Market

Logs	Yuan per m^3
Okoume 80cm+	2800-3400
Sapele 80cm+	6000-6500
Wenge 80cm+	13000-14000
Plywood	
US Black Walnut 4x8x3 mm	6000-8000
Beech 4x8x3 mm	6000-8000
Teak 4x8x3 mm	6000-8000
Poplar (4x8x3-5 mm)	3000-4000

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

Report from Europe, the UK and Russia

Hardwood importers remain very cautious

While the European summer holiday season has now come to end, hardwood importers across the EU remain extremely cautious of forward buying. So far expectations that reduced landed stocks in Europe after a very long period of limited buying would stimulate greater forward orders in the third quarter of the year have yet to be realized.

In North Western Europe, hardwood sawn lumber trading remains heavily focused on just-in-time top-up orders from the large continental importers in the Benelux region. While some of these importers have been trying to push up prices for landed stocks so that they better reflect replacement prices, there continue to be reports of cheap offers around, particularly for sapele. This suggests that there are still a few importers still carrying reasonable landed stocks of this species. UK prices for immediate delivery of kiln dried FAS sawn sapele lumber sold from landed stocks on the European continent now stand at only 630 euro/m3, while FOB prices for the same product sourced from Africa stand at 580 euro/m³. Therefore there is little incentive for importers to buy forward.

Forward orders for popular South East Asian species, mainly various varieties of dark red and light red meranti sawn lumber and bangkarai/balau decking, have also remained low. Importers have generally been ordering only small volumes and have been insisting on fast-turnaround times by Far Eastern shippers if they want to secure sales. This is particularly true of bangkarai/balau decking which importers generally want to receive by mid-October so that they avoid carrying stocks over the winter months. However, due to much reduced production in the Far East, this has been a struggle for many shippers. Demand for meranti tembaga sawn lumber in the UK has now fallen to very low levels, the market having switched almost completely to sapele. One agent noted 'for every ten truckloads of sapele ordered nowadays, there'll be only be one truckload of meranti'. USD CIF prices for Far Eastern hardwoods on offer to the European market have remained stable over recent months, limited consumption now balanced by tight supplies. Competition on European wholesale markets for these products remains intense.

First decline in European flooring production in nearly 10 years

The European flooring sector has been one of the most important areas of market growth for hardwoods over the last decade. According to statistics produced by the European Parquet Flooring Federation (FEP), in the ten year period between 1997 and 2007, parquet production in the FEP region increased 86% from only 53.8 million m² to 100.3 million m². However, last year this market suffered its first major reversal for at least a decade. During 2008, parquet flooring production in the FEP region declined by 16% to 84.72 million m².

Falling production was recorded last year in all the major producing countries including Poland (down 8% to 15.3 million m²), Sweden (down 29% to 12.0 million m²), Germany (down 15% to 11.0 million m²), Spain (down 19% to 8.2 million m²) and France (down 25% to 7.7 million m²).

The decline affected all types of parquet including multi-layer (down 15% at 65.2 million m²), solid wood (down 17% at 15.2 million m²), mosaic (down 19% at 2.2 million m²) and lamparkett (down 4% at 2.1 million m²).

The overall make-up of species used to manufacture parquet changed only slightly from the previous year. Oak remained hugely dominant, accounting for 57.6% of all flooring production and up marginally from 56.7% in 2007. Tropical woods accounted for 14.7%, a slight decline on their 15.4% share the previous year. However tropical woods remained important in flooring production in several markets including 60% in Italy, 30% in Spain, and 29% in Poland.

FEP statistics also indicate a significant fall in parquet flooring sales during 2008 compared to the previous year. Overall sales throughout the FEP region declined 10% from 112 million m² in 2007 to only 102 million m² in 2008. Although there was a slight increase in consumption in a few smaller markets including Romania, the Czech Republic and Hungary, these gains were insufficient to offset big losses in the largest markets. Sales in the largest markets of Germany, Spain, Italy, and France respectively fell by 14% (to 18 million m²), 22% (to 14 million m²), 5% (to 12.8 million m²) and 15% (to 10.6 million m²).

The FEP region includes: Poland, Sweden, Germany, Spain, France, Austria, Norway, Denmark, Finland, Italy, Romania, Hungary, Netherlands, Czech Republic, Switzerland, and Belgium.

Modified softwood composite panels threaten tropical hardwood

Tropical wood's position in key sectors of the European market has long been based on its natural qualities of durability, toughness and resilience to wear. In the past, softwoods, temperate hardwoods and composite panels have generally been unable to match these qualities of tropical hardwoods. Preservative treatments have offered only a partial solution, being an emotive environmental subject because the best treatments, such as creosote and Copper Chromium Arsenic, are also toxic to humans. Creosote and CCA have been heavily legislated against in Europe limiting their use to specialist applications such as sleepers and bridge decks. In practice, low levels of demand have meant that these traditional forms of treatment are no longer financially viable in many countries. Some progress has been made with modern pressure/vacuum treatment processes, but even with these the chemical often only penetrates a few millimeters so all cuts and holes have to be made good before treatment.

The problems associated with traditional forms of preservation have stimulated a search for alternative treatments. Two processes have been identified by the softwood industry as having particular potential, namely heat treatment and acetylation. Both these have now developed to such an extent that they are beginning to offer a significant competitive challenge to tropical hardwoods.

The Scandinavian companies Finnforest and Stora Enso are now producing Thermowood, a heat treated product made by steam heating softwood to temperatures over 200C, driving out moisture and resin to enhance durability and stability. The modified product is being marketed for decking, garden furniture and external cladding. Kebony, a product from Norway is produced by a similar process except that 'tropical-wood-colour' is added to the candidate softwood by impregnating furfuryl (a by-product from sugar making) before being subjected to intense heating. Other heat treated brands include Plato Wood and Lignia.

Acetylation, involves the use of naturally occurring acetic acid to alter the molecular structure of wood. The treated timber is more durable and stable without any marked effect on visual appearance. Titan Wood's Accoya is probably the most well known brand of this material and is being marketed for exterior joinery applications, particularly windows, doors, conservatories and cladding. Accoya claims a service life of 50 years and a first maintenance (of paints and coatings) period of 12 years.

At present, the ability of these products to compete with tropical hardwoods is constrained by price. For example Kebony is currently priced at between USD4,000 and USD14,000 per m³ depending on quality, and is therefore targeted specifically at the high end teak market. However price levels are expected to come down as capacity increases. In June 2009, the German trade journal *EUWID* reported that European production capacity of thermally treated wood is now around 160,000 m³, with known capacity of 80,000 m³ in Scandinavia, 40,000 m³ in German-speaking countries of central Europe, 30,000 m³ in the Netherlands, and 8,000 m³ in the Baltics. In 2009, reported projects in Germany and Finland will extend production by a further 20,000 m³. These figures may not seem high, but are significant when set against the 600,000 m³ combined annual EU import volume of meranti and sapele, the EU's two leading tropical joinery species.

In August, the UK trade journal *TTJ* reported claims by Titan Wood that its two largest UK distributors had shown sales increases of more than 200% in the May to July 2009 period compared with the same period in 2008 – remarkable growth during a period of generally sluggish demand. *TTJ* notes that one of these distributors, International Timber, puts the growth down to durability and aesthetic reasons, plus people looking for a sustainable alternative to tropical hardwood. Titan Wood also reckons that Accoya has potential to take market share from steel, PVCu, aluminium and concrete.

In a notable development from the perspective of tropical hardwood plywood, in June 2009 Titan Wood and Medite Europe Limited signed a joint development agreement to commercialise new MDF and OSB panels made from acetylized 'Tricoya' wood elements. By protecting the OSB from wood rot and significantly improving durability and dimensional stability, the market development strategy for acetylized OSB targets external applications currently occupied by tropical hardwood plywood in Europe.

New European Timber Trade Federation established

A new European Timber Trade Federation (ETTF) was established on 1 July 2009 to represent trade interests at European level. The management team of the ETTF is headed by Andre de Boer of the Netherlands Timber Trade Association (VVNH). De Boer will combine his role as CEO of VVNH with his new role as ETTF General Secretary until the end of this year, after which time he will dedicate himself to his new tasks as ETTF. Other positions on the board of ETTF will be held by the Chairman of the Union pour le commerce des bois durs (UCBD), Union pour le commerce des panneaux en bois (UCIP), and Union pour le commerce des bois resineux (UCBR) which have now merged into the ETTF. The ETTF membership comprises 12 national importer associations: Belgium, Denmark, France, Germany, Greece, Italy, the Netherlands, Norway, Portugal, Spain, Sweden and the UK. The official headquarters of the ETTF will be in Brussels, Belgium, however de Boer will coordinate Federation work from Almere in the Netherlands. A key objective is to ensure more powerful representation of the interests European wood importers at EU level, for example in relation to on-going negotiations surrounding legislative proposals which aim to minimise the risk of illegal wood entering European supply chains.

The Netherlands Sawnwood Prices

FOB (Rotterdam)	USD per m^3
Sapele KD	920↓
Iroko KD	1037↓
Sipo KD	1116↓
DRM Bukit KD	819↓
DRM Seraya KD	819↓
DRM Meranti KD Seraya MTCC cert.	8747↓
Merbau KD	1095↓
Sapupira (non FSC) KD	877↓
Sapupira (FSC) KD	1384↓
Anti-slip decking AD C&F Rotterdam	
Selangan batu	1300↓

UK Log Prices

FOB plus commission		€ per m^3
N'Gollon (khaya)	70cm+ LM-C	310-340
Ayous (wawa)	80cm+ LM-C	220-230
Sapele	80cm+ LM-C	270-310
Iroko	80cm+ LM-C	290-310↓

UK Sawnwood Prices

FOB plus Commission	Pounds per m^3
Framire FAS 25mm	370-400↓
Sipo FAS 25mm	650-690↑
Sapele FAS 25mm	510-530↓
Iroko FAS 25mm	570-600↓
Wawa No.1 C&S 25mm	300-310↑
CIF plus Commission	
Tulipwood FAS 25mm	220-240↓
Meranti Tembaga Sel/Btr (KD 2"boards)	460-480↑
Balau/Bangkirai Decking	780-840↓
White Oak	390-410

UK Plywood and MDF Prices

Plywood Panels 8x4", CIF	US$ per m^3
Brazilian WBP BB/CC 6mm	490-510↓
Malaysian WBP BB/B 6mm	480-500↓
China (hardwood face, eucalyptus core) 18mm	320-340
China (hard face, poplar core) 18mm	310-330↓

Report from North America

Furniture orders down in North America

Year-to-date furniture orders were down by 21% in May 2009, according to the most recent survey of residential furniture manufacturers and distributors by the accounting and consulting firm Smith Leonard in High Point, North Carolina. This is a slight improvement from the -22% reported in April, but Smith Leonard notes that changing the date of the High Point Market, the large wholesale furniture trade show, from early to late April 2009 may have delayed the booking of new orders. Eighty-three percent of the survey participants reported lower order rates in May 2009, down from 90% in April.

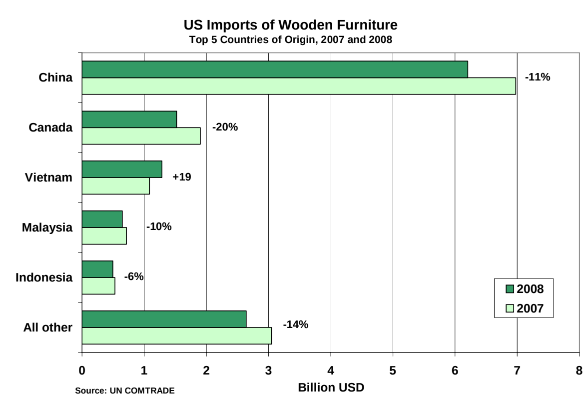
Year-to-date furniture shipments were also down by 21% in May compared with the same period in 2008. The number of factory and warehouse employees was 20% lower than the average staffing level in May 2008.

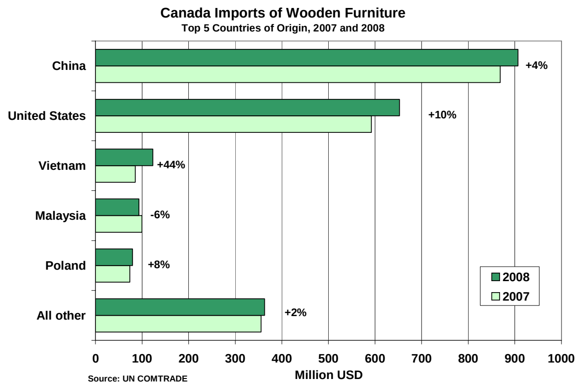
Decline in US furniture imports continues in 2009

In 2008, US imports of wooden furniture (HS codes 940161, 940169, 940330, 940340, 940350, 940360) declined by 10% from the previous year. The largest drop was in imports from Canada (-20%), but shipments from China, Malaysia, Indonesia and Europe also declined. Only imports from Vietnam increased significantly (+19%). The year 2008 was the first year since 2001 that furniture imports were down because of a combination of factors, including the fall of the US dollar on exchange markets, low housing prices and housing starts, and US consumers cutting back on spending on durable goods like furniture.

In the first quarter of 2009, total furniture imports fell by 20% compared to the same period in the previous year according to data from the US Department of Commerce and the US International Trade Commission. Most wood furniture imports declined even more, from -24% for non-upholstered household wood furniture to -29% for wood kitchen cabinets and countertops.

Canada's imports of wooden furniture increased by 7% between 2007 and 2008. Remarkably, the highest absolute increase was in imports from the US, helped by the weak US dollar.





Large furniture chain continues shift to custom production in the US

Ethan Allen Interiors announced that its domestic wood furniture production will become a custom business. The manufacturing and retail company is already producing custom upholstery in the US, and it plans to convert its entire case good business in the US to custom production within a year. According to the company's press release, approximately 65% of its products are manufactured in North America at six facilities, including one plant in Mexico.

New sustainability standard for commercial furniture

The trade association for the commercial furniture industry, Business & Institutional Furniture Manufacturers Association (BIFMA) International, has launched a product certification program this summer. The certification for sustainable furniture is called level™, and it is modeled after the green building standard of LEED (Leadership in Energy and Environmental Design). Level™ is a third-party certification system, and according to the program's website, four companies currently audit and verify products to the new standard (Intertek, NSF International, Scientific Certification Systems, and UL Environment). The standard was developed over the last three years in line with the American National Standards Institute (ANSI) process. The standard can be downloaded here: http://levelcertified.org/

The level™ certification program addresses the following aspects of commercial furniture: materials, energy and atmosphere, human and ecosystem health, and social responsibility. Similar to LEED, certification can be achieved at three levels: e3 Silver, e3 Gold, and e3 Platinum. The higher levels require achieving more points in the sustainability categories. According to Environmental Building News, the three levels are designed as stepping stones to sustainability. The first level, e3 Silver, is relatively easy to obtain so that a large number of manufacturers will start down the path of certification. The most challenging part in achieving the highest level e3 Platinum is the chemical content of fabrics. Only one product is currently e3 Platinum certified, while 21 and 111 products are e3 Gold and e3 Silver certified, respectively.

For wood furniture manufacturers and suppliers, the following possible credits under the system are of particular interest:

– The product contains at least 5% wood by weight, but not species listed in CITES Appendices I or II. Additionally, a minimum percentage of the wood must be either Forest Stewardship Council (FSC), Sustainable Forestry Initive (SFI) or Canadian Standards Association (CSA) -certified or conform to another qualified organization's sustainable forest practices.
– The product contains at least 1% rapidly renewable material by weight or volume. Rapidly renewable materials reach commercial maturity in ten years or less.
– The product contains specific amounts of recovered material, including particleboard or fibreboard made from recovered wood, wood composite or other cellulosic material.
– The company identifies, quantifies and labels recyclable and biodegradable materials in the product.
– The product does not exceed prescribed air contaminant emission factors.
– The product contains at least 30% climate neutral material by weight. Greenhouse gas impact is calculated through life cycle assessment and then neutralized using offsets from an approved list of offset systems.

Environmental Building News reports that the required percentage of certified wood is a point of contention. The minimum percentage is currently higher for certifications other than FSC, and SFI and other certification schemes are requesting the same treatment as FSC.

Sustainability initiative for residential furniture

The Sustainable Furnishings Council has promoted green practices in the furniture industry and other home furnishings since it was founded in 2006. The non-profit organization provides training, marketing material and labeling to its members who are required to follow the council's criteria and point system. The criteria focus is on wood use and includes forest certification, chain-of-custody certification, and protection of high value conservation value forests. While the Council does not have a multi-stakeholder approved standard like the commercial furniture industry's new third-party certification program (level™), its work covers similar issues, including climate change impact, volatile organic and formaldehyde emissions, and the use of recovered and biodegradable materials.

US Timber prices

FOB	US$ per m^3
Ipe (Brazil) Decking Premium Grade AD	1785
Jatoba (Brazil) No.1 Common and Better AD	775
Jatoba (Brazil) No.1 Common and Better KD	825
Khaya (Cote d'Ivoire) FAS KD, Abdijan	685
Khaya (Ghana) FAS AD, Takoradi	785
Sapele (Cameroon) FAS AD, Doala	650
Sapele (FAS KD), Doala	765

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.

Africa's climate negotiators led by Ethiopian Prime Minister, Meles Zenawi, threatened to walk out of talks if the December climate summit in Copenhagen failed to consider Africa's position.
http://allafrica.com/stories/200909030809.html

Australia's biggest steel maker, BlueScope, has attacked the proposed emissions trading scheme, signalling a start to the next round of argument before the Federal Government's legislation goes to the Senate again in November.
http://www.smh.com.au/environment/global-warming/industry-warns-of-carbon-trading-backlash-20090821-etss.html

Business and trade relations between Korea and other countries are more often than not very promising but add Brazil to the equation and the possible future can be astronomical.
http://www.koreaherald.co.kr/NEWKHSITE/data/html_dir/2009/09/07/200909070007.asp

Familiar faces and voices took to the stage at the World Climate Conference over the past week as weather presenters grappled with a core issue, how best to inform their audience about climate change.
http://www.google.com/hostednews/afp/article/ALeqM5jJQJjOLsADim73VeW_BUcWI13d4w

Fresh from a trip to Norway to view the thinning Arctic sea ice, UN secretary-general Ban Ki Moon addressed the World Climate Conference, which is taking place in Geneva. Ban said he wants to 'raise a sense of urgency' about climate change.
http://www.dw-world.de/dw/article/0,,4623124,00.html

Google's algorithm for ranking web pages can be adapted to determine which species are critical for sustaining ecosystems, say researchers.
http://news.bbc.co.uk/2/hi/science/nature/8238462.stm

The production of maize, South Africa's staple food, could drop by as much as 30% in another two decades as climate change brings more intense droughts, but little is known about how this will affect farmers.
http://allafrica.com/stories/200909040881.html

Trade volumes between China and Africa have weakened by 30.5% in the first half of the year as the global economic recession takes its toll on exports from the continent.
http://allafrica.com/stories/200909040953.html

The US and China are likely to sign an agreement to combat climate change during President Barack Obama's visit to Beijing in November, Washington senator Maria Cantwell said.
http://www.chinadaily.com.cn/bizchina/2009-09/05/content_8658512.htm

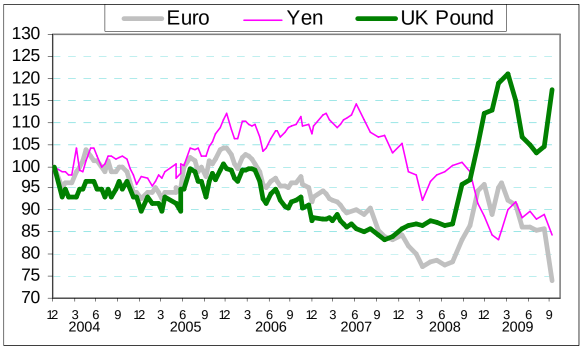
Wood prices are set to increase due to strengthening of euro and an improvement in freight prices, even as demand for products is expected to go up during the coming months.
http://www.business24-7.ae/Articles/2009/8/Pages/26082009/08272009_2d548803a7c8408abd2a9c2e8228e156.aspx

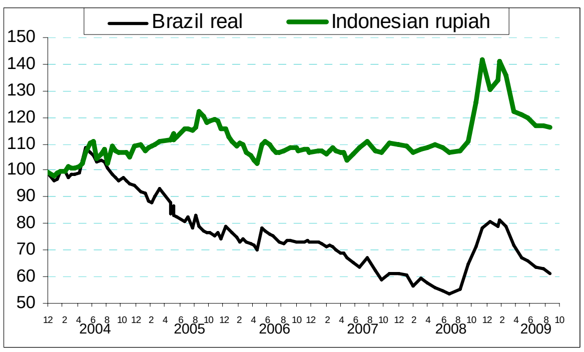
Main US Dollar Exchange Rates

As of 15 September 2009

Brazil	Real	1.8057	⬇
CFA countries	CFA Franc	387.575	⬇
China	Yuan	6.8289	⬇
EU	Euro	0.6061	⬇
Indonesia	Rupiah	9,891	⬇
Japan	Yen	91.06	⬇
Malaysia	Ringgit	3.5026	⬇
Peru	New Sol	2.9104	⬇
UK	Pound	0.6814	⬆

Exchange rates index (Dec 2003=100)

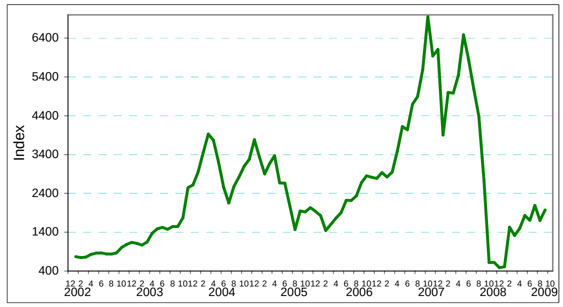




Abbreviations and Equivalences

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

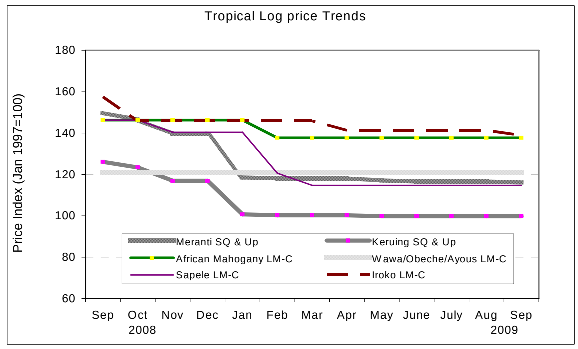
Ocean Freight Index



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.

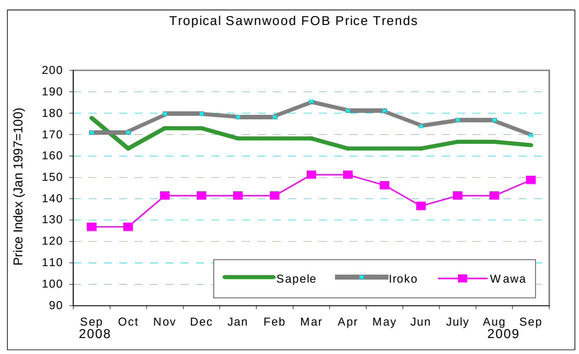
Appendix. Tropical Timber Price Trends

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



Tropical Plywood Price Trends