Tropical Timber Market Report since 1990

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Headlines

The 13th World Forestry Congress will be held in Buenos Aires, Argentina, October 18 to October 23, 2009. This event is organized by FAO and the government of the Argentine Republic.

The purpose of the event is to diagnose the general situation of the forests and forestry sector, so as to recognize trends, adapt policies and raise awareness among the groups involved and interested in the forestry sector.

ITTO is an active participant at the Congress and will be hosting two events, one with the theme of "Ensuring International Trade in CITES-listed Timber Species is Consistent with Their Sustainable Management and Conservation". This will be held on the 19th of October.

The second event, "Promoting Sustainable Forest Management in the Tropics" will provide an opportunity for participants to assess three selected ITTO funded projects and is scheduled for the 21st October.

Emmanuel Ze Meka, ITTO's Executive Director (pictured below), will be urging more effective and focused international action on tropical forests at the Congress.

In his words:

"*The world needs more effective and focused international action on tropical forests. That will help reduce poverty, protect biodiversity and also mitigate the effects of climate change*."

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Headlines

Report from Central/West Africa

Fourth quarter situation

The start of the fourth quarter brings no change in the market situation. Trade to Asian destinations still dominates the West African export business with some steady orders for sawn lumber shipped into the Middle East and North Africa, though at very competitive prices.

Italian buyers also remain the most active in the EU according to shippers. As was the situation at the time of the last report, price negotiations are very tough and buyers are demanding competitive pricing.

Azobe logs are being sold into China as the demand from European buyers is now very slack and usually calls for certified timber that is more difficult to source and of less interest to exporters, at least for the time being.

Demand for Andoung has fallen away and prices are trending downwards and weaker.

Weak sawnwood demand

Sawnwood demand in European markets is weak and this situation has persisted over the past few months. There are some 'hints' of possible increases in business with South Africa but this has not yet turned into firm orders.

There is said to be more interest in sawn Okoumé for China but this business is developing very slowly. West African exporters seem to have given up on the hoped for autumn/winter surge in orders from the UK or wider EU, in-fact, even enquiries are few.

There is a trickle of business for sawnwood but exporters continue to concentrate on the steady demand for logs into China and India, while actively looking at alternative markets for the available limited volumes of sawn and processed products.

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

Volta lake timber resources

Ghana is set to benefit from underwater logging in the Volta Lake, this is expected to begin in September 2010. It is estimated that timber resources worth nearly US$3 billion are submerged in the lake.

A partnership has apparently been signed between Clarke Sustainable Resources Developments (CRSD) and Triton Logging to implement the commercial phase of the Volta Lake Timber Project. Now the deal has been sealed, Triton will deliver its underwater logging technology to the project, thus paving the way for commercial operations to begin.

The Volta Lake was created with the construction of the Akosombo Dam in 1964, resulting in the submergence of vast areas of forest. In February 2006, the Volta River Authority and Government of Ghana signed an agreement for phase 1 on harvesting, processing and marketing of timber from the Volta Lake with CSRD.

The agreement was ratified by Parliament in 2006 allowing CSRD to plan the timber salvage and processing operations on the Volta Lake. An underwater stock survey and inventory of commercial tree species in the lake and an environmental and social impact assessment study will be conducted before commercial operations commence.

The project plans to deliver certified timber products from Ghana to the global market so to establish Ghana as a world leader in underwater timber harvesting. The project will also develop technologically advanced processing and value-added capacity in the country.

An additional benefit from this project will be safer lake transportation as the submerged trees are removed. There have been fatal boat accidents caused by submerged trees.

Ghana Log Prices

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

Ghana Export 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	200⬆	255
Dahoma	300	390
Edinam (mixed redwood)	405	430
Emeri	330	400
African mahogany (Ivorensis)	595	665
Makore	520	600
Niangon	495	630
Odum	650	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	295
Ofram	25x225x4.2m	320⬇

Ghana Veneer Prices

Rotary Veneer, FOB	€ per m^3	
	CORE (1-1.9mm)	FACE (<2mm)
Bombax	320	350
Ofram, Ogea & Otie	315	350
Chenchen	320⬆	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	250
Chenchen	280
Ogea	295
Essa	285
Ofram	320⬆

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afrormosia	1.19	1.00
Asanfina	1.40	0.95
Avodire	1.20	0.80
Chenchen	1.20	0.60
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	270
18mm	300	290	285	260⬆

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

Ghana Added Value Product Prices

Parquet flooring 1st	FOB € per sq.m		
	10x60x300mm	10x65-75mm	14x70mm
Apa	12.00	14.47	17.00
Odum	7.80	10.20	11.00
Hyedua	13.67	13.86	17.82
Afrormosia	13.72	18.22	17.82

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

Report from Malaysia

No new logging

The government of the most industrialised State in Peninsular Malaysia, Selangor, has stopped issuing licenses for logging on all state land. The State government met in July this year and issued a ban on logging on all State land with immediate effect. However, the ban on logging in mangrove forests will only take effect at the end of the year.

The Malaysian Federal Constitution mandates that land and natural resources are matters under the jurisdiction of the State governments. Logging licenses currently held by concessionaires will not be renewed. The ban will not affect clearing on private land such as those owned by forest plantation owners.

A quota of 1,970 ha. of forests for logging under the current year was set aside for the State of Selangor by the National Forestry Council. The quota is the maximum annual area that a State could allocate for timber harvesting. According to the Selangor state forestry department, less than a quarter of the quota has been utilised to date by concessionaires.

Sarawak plantations

Sarawak is planning to plant one million ha. of forest by the year 2020 to reduce dependency on logging in its natural tropical forests.

Sarawak forest department notes that the State had planted 350,000ha. of forest with fast growing species such as Acacia and Rubber in areas that had been logged and were denuded. To-date, the State has only harvested 100,000ha. of its plantation forest.

Acacia was identified a faster growing specie as it could be harvested within 7 years for the paper and pulp industry with a yield of 180 cu.m per ha., and within 10 years for sawnwood and plywood with a yield of 300 cu.m per ha.

Rubberwood fellings delayed

The demand for medical rubber gloves manufactured from latex from rubber trees continue to push the prices of rubberwood upwards as older rubber plantations that were due for felling are being kept for latex production even as yields decline.

With plantation owners opting to tap the trees for rubber latex instead of harvesting the wood, traders in rubberwood believe that this upward trend in rubberwood prices will continue until early 2010. Stocks of rubberwood that have been languishing in timber warehouses around the country are now being absorbed by the furniture industry.

Furniture business recovery

Malaysian furniture manufacturers are now turning their focus to 2010 for any hope of business recovery. With the market for electronics beginning to pick up there are indications that the Japanese and US economies may be on the mend, albeit slowly.

The Indian market for Malaysian timbers remains soft as construction work seems to be slowing down in major cities across India. The hope is that now the monsoon is over work will resume.

Going into the autumn months in the northern hemisphere and with the winter months just around the corner, prices of plywood, sawnwood and other panel-products for construction purposes are expected to stay depressed or stagnant.

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	167-197
Kapur SQ up	206-231
Selangan Batu SQ up	179-216

Pen. Malaysia logs, domestic (SQ ex-log yard)	US$ per m^3
DR Meranti	231-250
Balau	297-326
Merbau	323-355
Rubberwood	50-84 ⬆
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.

Sawnwood Prices

Malaysia Sawnwood, FOB	US$ per m^3
White Meranti A & up	280-311
Seraya Scantlings (75x125 KD)	435-448
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	455-507
Kempas 50mmx(75,100 & 125mm)	260-300
Rubberwood	
25x75x660mm up	199-249
50-75mm Sq.	240-272
>75mm Sq.	262-291

Plywood Prices

Malaysia ply MR BB/CC, FOB	US$ per m^3
2.7mm	406-468
3mm	386-416
9mm & up	332-404

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

Other 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

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

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	57-66 ⬆
Chair Seat 27x430x500mm	45-50

Rubberwood Tabletop 22x760x1220mm sanded & edge profiled	US$ per m^3
Top Grade	557-590 ⬆
Standard	541-560 ⬆

Report from Indonesia

Furniture forecasts

Exports of furniture from Indonesia are expected to decline by as much as 18% in 2009, which is down to US$1.6 billion against US$1.95 billion in 2008. This is because the European and US economies remain soft says the Indonesian Furniture Industry and Handicrafts Association (Asmindo).

Exports for Q1 2009 were down 24% compared to Q1 2008. However, Asmindo is optimistic that the US and European economies would have bottomed out in 2009.

Considerable efforts have been made by Indonesian manufacturers to penetrate the Middle-Eastern and Eastern European markets. However, sales to these new markets will not be able to make up for the differences as the US and Western European markets take up to 70% of Indonesia's total furniture exports.

Rubberwood prices

While rubberwood prices in Malaysia have been rising, the same cannot be said of trends in Indonesia.

A series of earthquakes which devastated the city of Padang in western Sumatra recently also cripple its entire natural rubber processing and rubberwood product manufacturing operations.

Sawmills and rubber latex plants belonging to smallholders disappeared within minutes.

Padang was a major rubber producing city where much of the country's rubber latex was produced and exported. With much of its infrastructure damaged, the prices of rubberwood have been severely affected. Recovery and reconstruction is expected to be slow so demand for rubberwood will be slow to revive and prices will stay low.

Sustainable forest fund

The secretary general of the Indonesian forestry ministry, who is also the president of the United Nations Forum on Forestry (UNFF), is working to establishing a new sustainable forest fund under the auspice of the UNFF. It is anticipated that this will be agreed at the eighth UNFF meeting during the United Nations Economic and Social Council (Ecosoc)`s session in New York.

Among the number of objectives of the new forest fund is aid to small island states as well as promoting international cooperation in financing and adoption of climate change mitigation activities.

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	143-177
Rubberwood	43-67
Pine	157-196
Mahoni (plantation mahogany)	467-493

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

Plywood Prices

Indonesia ply MR BB/CC, FOB	US$ per m^3
2.7mm	396-453
3mm	353-394
6mm	311-375

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

Other 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

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	486-520 ⬇
Grade B	441-462 ⬇

Report from Myanmar

New grades for Pyinkado

It was learnt that Myanma Timber Enterprise (MTE) has issued a new price list for Pyinkado (Xylia dolabiformis) logs. One interesting aspect here is that, up to now, the grades for Pyinkado were Export Quality and Export Rejection Quality only.

In the new price list, Pyinkado logs will be classified as: 1st Quality; 2nd Quality; 3rd Quality; 4th Quality, Assorted Quality and Export Rejection Quality.

These prices became effective for new contracts issued from 18 September 2009.

Reports indicate that, currently, there are huge outstanding contracts at the old prices and that it will take sometime to fulfill these. Once these contracts are satisfied the new prices will apply. However, as the monsoon season is over and fresh logs have started to come out, buyers who have no valid contracts will have to buy them at new prices. But analysts expect resistance to the new price structures. For the time being old prices will be still in effect for most buyers.

Prices are as follows:

Grade	US$/ H.ton
1st Quality (Girths 7' & up)	US$ 678
2nd Quality (Girths 6' & up)	US$ 650
3rd Quality (Girths 5' & up)	US$ 622
4th Quality (Girths 5' & up)	US$ 565
Assorted (Girths 4' & up)	US$ 509
Export Rejection (Girths 4' & up)	US$ 480
N.B. 'Quality' here is synonymous with grade.	

Market conditions

Market conditions remain unchanged from the past months. While most markets are still struggling, it is only the Indian market that remains active.

India is one of the largest importers of Pyinkado logs form Myanmar and log buyers operating in Myanmar are concerned about the reaction of end-users in India to the new prices.

As these new prices will take effect only after the old contracts are exhausted, it may take some months to really see what the repercussions are.

Myanmar certification

A workshop on timber certification held mid October. It was reported that the Forestry Minister attended the opening ceremony and spoke on Criteria and Indicators

(C&I), Chain of Custody (COC) and Sustainable Forest Management (SFM).

He also talked about establishing a timeframe and developing a stepwise implementation of the ASEAN Guidelines on Phased Approach on Timber Certification by 2015. He stressed the need to have Myanmar timber certified in order to have maintain access to international markets.

U Shwe Kyaw, Retired Director General of the Forest Department (FD), spoke on the progress made on timber certification in Myanmar. U Zaw Win and U Barber Cho of the Myanmar Timber Merchants Association (MTA) spoke on the Demand for Certification in Timber Trade.

Myanmar Log Prices (natural forests)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
Veneer Quality	Aug	Sep
2nd Quality	-	-
3rd Quality	4,550 (4 tons)	3,513 (5 tons)
4th Quality	3,509 (10 tons)	3,463 (11 tons)
Sawing Quality	Aug	Sep
Grade 1 (SG-1)	2,281 (40 tons)	2,482 (36 tons)
Grade 2 (SG-2)	1,895 (56 tons)	1,984 (41 tons)
Grade 3 (SG-3)	-	-
Grade 4 (SG-4)	1,652 (196 tons)	1,813 (208 tons)
Grade 5 (SG-5) Assorted	1,578 (146 tons)	1,583 (178 tons)
Grade 6 (SG-6) Domestic	1,310 (80 tons)	1,253 (58 tons)
Grade 7 (ER-1)	982 (76 tons)	999 (86 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.

Hardwood log Prices (FOB)

	€ per hoppus ton
Pyinkado	420
Gurjan (keruing-exp)	221
Tamalan (export)	338
In-gujan	221
Yamane (export)	150

All prices are per hoppus ton FOB, equivalent to 1.8 cu.m

Report from India

Economy good

The progress of the Indian economy continues to be good and the data for July 2009 reports a GDP figure of 6.4 %. The Indian Planning Commission's latest assessment for annual GDP is 6.3% with the inflation rate being maintained at around 5%.

In the property sector the long running buyers market has shifted perceptibly towards a seller's market and this is reflected in housing starts and timber imports.

Business in the timber sector, especially for sawnwood and wood based panel products, has been brisk. There are reports of considerable increases in demand for PF bonded film faced plywood and doors and frames.

Analysts say the market for machine made doors and frames is steaming ahead with a growth rate of about 15% per annum and this is driving the re-tooling of old factories.

The tail-end of the departing south west monsoon has caused floods at some places but overall it has proved a boon in most of the areas, helping the crops which in turn will lift consumer spending and support demand for wood for building and allied uses in rural India.

Rising prices for plantation wood

The industry has voiced concern over the rising prices for plantation grown eucalyptus, acacia mangium and poplar. The price increases are tempting more industries to think in terms of importing competitive raw materials for peeling for core veneer for plywood.

American hardwoods are being aggressively promoted in India and the promotion is working. Poplar is gaining market share.

Imports of core veneer logs will ease the production cost especially for those factories close to the ports more so than for factories inland, for example in Uttaranchal and Haryana, which face high haulage costs.

Some people are saying the Indian Plant Quarantine department needs to re-examine the current regulations and remove restrictions on imported species. This they say is required as imports augment domestic raw material supplies and benefit employment, the environment and the economy in general. The Association of Industries has been called upon to take the initiative for this.

Expand the resources base

To expand the resource base the timber industry is lobbying for a change of use for the so-called 'Cultivable Non forest Areas' and degraded forest lands. These, it says, should be allocated for plantations of fast growing species.

There is great scope in this field as it would open more land to industrial companies, help carbon absorption to earn carbon credits, generate a sustainable raw material base and aid rural employment.

The industry says the time has come for Government to help existing industries to establish plantations which will provide a sustainable raw material base and encourage new investors into the sector. The minister in charge of forests and the environment, Mr.Jairam Ramesh, has been asked to support this idea for expanding the plantations.

Teak trade

On the trade front, the flow of teak and other hardwood logs was satisfactory in the period under review. The exports performance for wood products was also good.

With less Teak coming in from Myanmar and Thailand demand is strong and rising.

The volumes of teak imported from sources other than Myanmar are below the levels a few months ago and this is causing the market to firm.

Teak prices

Sudan Teak logs Green	USD 585
Sudan Teak logs Dry	USD 535
Ivory Coast Teak logs	USD 500 to 525
Thai Teak logs	USD 400 to 450
Papua & New Guinea Teak	USD 400 to 425
Guatemala Teak logs	USD 395
Ghana Teak logs	USD 375 to 400
Benin Teak logs	USD 375 to 400
Togo Teak logs	USD 325 to 350
Ecuador Teak logs	USD 300 to 325
Costa Rica Teak logs	USD 300 to 325
Panama Teak logs	USD 275 to 300

All rates are per cubic meter C&F Indian ports.

The variations in price depend upon the thickness of sap, bark, percentage of heartwood and clarity of logs. It also varies with measurement allowances given for bark and sap.

India Sawnwood Prices (domestic)

Indian sawnwood (Ex-mill)	Rs. per ft^3
Teak (AD)	
Plantation Teak A grade	1850-3500
Plantation Teak B grade	1700-2850
Plantation Teak C grade	1100-1450

India Sawnwood Prices (imports)

Sawnwood, (Ex-mill) (AD)	Rs. per ft^3
Merbau	1400
Balau	1150 ↓
Kapur	850
Red Meranti	650 ↓
Bilinga	650
Radiata Pine (AD)	300-400 ↓

Sawnwood, (Ex-warehouse) (KD)	Rs per ft^3
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 ft^2
4 mm	21
6 mm	30.5
12 mm	44
15 mm	53
18 mm	64

Report from Brazil

Brazilian currency appreciation pain

The wood-processing industries have faced difficulties over the past few years due to the fall in exports and the appreciation of the Brazilian Real against the US dollar. Brazilian exports from January to August of last year totaled US$1.998 billion down 46% on the same period of 2009.

In the state of Paraná, exports fell from US$632 million to US$343 million in the first eight months of 2009, compared to the same period of last year

In an effort to address the problem of falling exports, entrepreneurs in the timber sector recently suggested to the Federation of Industries of Paraná (FIEP), the creation of a financing programme for wooden housing, more integration of the sector, higher investment in technology and innovation and reduction of the tax burden on industries in the sector.

According to the Brazilian Association of Mechanically-Processed Timber Industry (ABIMCI), the first signs of recovery in sales were registered in August.

The sector expects that sales will stop falling at the end of the vacation period in Europe, citing the experience that the second half of the year is usually better than the first. But other exporting countries are beginning to think this is a vain hope.

Fall in exports

Alta Floresta, in the West-Central state of Mato Grosso, exported 20% less wood products between January to August 2009, compared to the same period of last year.

Wood is the main export from the state. In August 2009, exports of non-coniferous (tropical) products were around US$6.7 million. Exports of other products including blocks, laminated items and mouldings were around US$305,200. Sawnwood exports totaled some US$254,600.

The largest export market was the United States accounting for US$3.9 million, followed by Canada at US$1.3 million, Spain US$592,000, India US$305,000 and Israel with US$282,300.

Mandatory wood identification

A new House of Representatives bill (No. 5362/09) makes mandatory the identification of species logged. The measure will be obligatory to facilitate chain of custody from harvesting, transportation to commercialization.

The draft bill establishes that the identification will be carried out using a scientifically-reliable technique. As such, a certificate issued by the supplier of the raw material or for the traded product will not be sufficient to prove the product origin.

Although in Brazil wood is sold with 'green seals' and 'certificate of origin', many high-value endangered tree species are still being harvested and sold without appropriate documents issued by the Brazilian Institute of Environment and Natural Resources (IBAMA) or state control agencies.

DNA reader

The new draft bill does not specify the technique to be used in the timber identification. However, the technology to identify DNA has been developed in Canada and has been already used in some countries for food safety etc.

DNA bar coding is said to be a fast and inexpensive tool to identify species of flora and fauna. The expectation is that inspectors in Brazil will have wireless DNA reader to identify species on the spot.

Brazilian agenda in Copenhagen

'Reducing Emissions from Deforestation and Forest Degradation' (REDD) has gained importance on the COP-15 agenda to be discussed later this year in Copenhagen, when the mechanisms for combating climate change after 2012 are expected to be defined.

In the second week of September, the Brazilian President met with the Brazilian Task Force on REDD and Climate Change, formed by governors of the nine Brazilian Amazonian states. It was agreed that forests will be part of the Brazilian agenda in Copenhagen.

There are some basic concerns on the finance mechanisms for REDD. The major concern of Brazil is whether this funding should be public or private, or a mixture of both.

Brazil has projects that illustrate the feasibility of two types of arrangements, without being mutually exclusive. These are the Amazon Fund, administered by the National Bank for Economic and Social Development (BNDES). This operates from donations (so far it received a contribution of BRL 215 million from the Norwegian Government). The other project is conducted under the Sustainable Amazon Foundation. The later administers public and private resources in a project with indigenous people in protected areas of the state of Amazonas.

The scope of the projects, either nationally or sub-nationally, is directly related to companies' interest to contribute funds for REDD programmes.

The Conservation and Sustainable Development of Amazonia (IDESAM) institute estimates that combating deforestation would require about US$15 billion per year.

The driver of deforestation is the market demand for products deforestation generates. IDESAM suggests there is a need to strengthen the dynamics of an economy based on forest products from biome preservation.

Within this framework companies will have an interest in participating when clearly identify values are identified taking into account environmental, social and economic benefits.

REDD, it is claimed, is a window of opportunity for Brazil and other countries in the region. However, there is a consensus that there are risks also.

Brazil Log Prices (domestic)

Brazilian logs, mill yard, domestic	US$ per m^3
Ipê	140
Jatoba	99
Guariuba	67
Mescla (white virola)	73

Brazil Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB		US$ per m^3
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 m^3
Northern Mills (ex-mill)	Ipé	658
	Jatoba	505
Southern Mills (ex-mill)	Eucalyptus (AD)	181
	Pine (KD) 1st grade	235

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	245	205

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	839
	White Virola 15mm	614

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	537
Particleboard 15mm	340

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	1,540

Report from Peru

Exports to grow in 2010

The forestry and timber sector is probably the main economic activity in the Peruvian rainforest and this sector has not been immune to the effects of the international financial crisis. However, the manager of Husqvarna in Peru has aid that the effects of the global recession are already being overcome and that he is optimistic for 2010 wood product exports which could grow by about 30% from 2009 levels.

By way of example it is reported that economies such as in Loreto, which depends on wood products, has seen a 70% fall in exports from January to July 2009 compared to the same period a year ago.

In Ucayali, the drop was around 50% and in San Martin the decline is estimated at around 30%. Nationally between January and July 2009 exports of wood products were down about 55%.

In 2009 domestic demand held up better and the domestic demand forecasts for 2010 are positive as there are good prospects in the construction sector which will revive as the global situation eases.

Peru to reduce clearing for agriculture

Over the next 10 years it has been proposed that the clearing of Amazonian forests (currently at around 150,000 hectares annually) will be reduced to zero. This proposal has been attributed to the Minister of the Environment, Antonio Brack.

Harmonising environmental management

According to the Director of Policies of the Department of the Environment, environmental impact assessment is to be introduced for public and private sector developments in a wide range of sectors.

The regulations on EIA are to be applied to agricultural and forestry activities as well as to other industrial and commercial sectors.

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	503-535 ↑

*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	787-811 ↑
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	191-212 ↑
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	723-802↑
	Asian market	996-1175↑
Cumaru decking, AD, S4S E4S, US market		898-1047↑
Pumaquiro KD # 1, C&B, Mexican market		398-471↑
Quinilla KD, S4S 2x10x62cm, Asian market		496-538
	2x13x75cm, Asian market	683-789↑

Correction

In Volume 14 Number 18, 16-30 September 2009 we referred to a grant provided to Peru by JICA this was incorrect. The support provided by Japan is actually through a loan not a grant for Yen 4 billion for environmental projects including forest conservation.

Report from Bolivia

Bolivia Sawnwood Prices

Sawnwood 1-3"x3x5"x7-19', FOB Arica Port		$ Avg un. val. per m^3
Ipe	(Argentina and Uruguay)	402-593
Jequitiba	(Italian markets)	613
Oak	(Portuguese mkt)	678
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)		80-178
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)	1620-1785

Report from Mexico

ProTree programme

The National Forestry Agency (Conafor) began a revision and improvement process which includes refinement of the ProTree programme, said its director, Jose Manuel Torres.

The ProTree programme review will be done focusing resources on strategic areas, encouraging the preservation activities, restoration and productivity as well as a concentration on institutional issues.

The new CEO of the National Forestry Agency said that special emphasis will be on monitoring the application of human, material and economic resources.

He also emphasized that there is a strong government commitment to support the development of forest areas especially those with huge marginal areas.

ProTree applies resources generating opportunities for owners and holders of forest land, promoting community development and strengthening supply chains without neglecting conservation and restoration.

Mexico to host climate change conference

Mexico will host the XVI Conference of the Parties on the Framework Convention of the United Nations against Climate Change next year.

At the closing of the eighth XXI Century Mexico Forestry Expo, the President said the effort that Mexicans do for the environment is recognized worldwide today. The establishment of forest plantations has been promoted for the production of pulp and paper and the furniture manufacturing.

Report from Guyana

Market Trends

Greenheart and Mora logs prices remained fairly stable in the period under review while prices for Purpleheart logs (standard sawmill and fair sawmill qualities) experienced a decline for the period.

Compared to the previous period reported, prices for rough sawn Greenheart lumber have fallen for both prime and select categories. Mora sawnwood prices have remained relatively stable.

Dressed Greenheart, standard quality has enjoyed favourable prices (USD 1165/959 per cu.m) for the period. On the other hand, Baromalli plywood has recorded a small drop in price for both the BB/CC and utility category.

Prices for roundwood (which includes piles, post and charcoal) have been in positive territory.

Growth in exports of value added products and non timber products was significant with doors and wooden utensils being major contributors, followed by other categories which includes mouldings, spindles, indoor and outdoor furniture.

Guyana Expo

Under the theme "Promoting Business in a Low Carbon Environment" the national trade show in Guyana held on October 1st - 6th 2009, dubbed 'GUYEXPO' saw strong support from investors and manufacturers locally, regionally and internationally. This event was held at the National Exhibition Centre in Sophia, Guyana.

According to the Guyana Office for Investment, the organization acting as the primary contact for investors and exporters, Guyana is unique and there are a number of investment opportunities available. These include Guyana's strategic geographical location on the northeast coast of South America outside the hurricane zone, with preferential access to American and European Union markets.

Agrifest Guyana

The Ministry of Agriculture, through the Guyana Marketing Corporation, will be hosting another significant event, Agifest, as part of the 'Agricultural Month' activities. This is the inaugural Agrifest, Guyana's leading Agriculture Trade and Investment Festival. Agrifest 2009, a one-day trade and investment festival to be held on 31st October at the National Stadium in Guyana, will culminate the Agriculture Month activities.

Guyana Log Prices

Logs, FOB Georgetown	SQ - $ Avg unit value per m^3		
	Std	Fair	Small
Greenheart	150 ⬇	140 ⬇	130 ⬇
Purpleheart	180-235⬇	160-215⬇	150⬇
Mora	120	110	100

*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 Undressed	Dressed
EU and US markets			-
Greenheart	Prime	675 ⬆	-
	Select/Standard	575 – 700 ⬇	551-1165 ⬆
Purpleheart	Prime	-	-
	Select/Standard	-	594-790 ⬇
Mora	Select	400-500	-

Guyana Plywood Prices

Plywood, FOB Georgetown Port			$ Avg unit val. per m³
Baromalli	BB/CC	5.5mm	-
		12mm	415⬇
	Utility	5.5mm	-
		12mm	404⬇

Report from Japan

Strong Yen hits log prices

The recent strengthening of the Japanese Yen affected prices of imported logs. At one point last month it looked as if the Yen had stopped its strengthening trend and Japanese buyers started to show signs of buying tropical logs. But, with the stronger Yen and FOB prices in US$ falling, buyers have pulled out of the market again.

However, the Japan Lumber Reports (JLR) is saying that any drastic drop in log prices is unlikely as plywood mills have started to increase production and are actively buying.

Over the past 2-3 months log consumption by plymills has increased to over 50,000 cubic metres monthly and the forecasts are for this to be maintained.

The JLR reports that Sarawak Kapur log prices are firming due to active buying by India. At prices of US$240-250 per cu.m Japanese buyers pull out of purchasing. Overall tropical log prices are reported as steady.

Ranking house builders

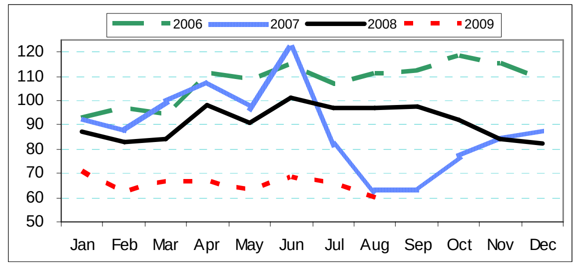
It has been reported that the Japan Forest Products Journal has concluded a survey of house builders. For 2008, the top builder was Tama House which claims to have built over 10,000 units. Second ranked was Sumitomo Forestry with over 9,000 units. The survey notes that many house building companies have gone bankrupt and that this is causing realignment in the house building sector in Japan.

In other news, Sumitomo Forestry is reported as having acquired a major share in an Australian house builder. This is part of the companies plan to diversify its business outside of Japan to compensate for falling starts in the Japanese market.

August housing starts

Total housing starts are reported by the JLR. August starts were down over 38% on the same month in 2008 and the August data represent nine consecutive months of falling starts.

Japan Housing Starts 2006-2009 (000 units)



N. American sawnwood

For the first seven months of the year imports of N. American sawnwood is almost 30% lower than for the same period last year. July arrivals are down 34% year on year. The weak housing market is primarily the cause of the falling imports.

Wood flooring for Japan

China is now a major producer of high quality wooden flooring and is attracting Japanese buyers. Wood flooring is manufactured in Dalien, Shanghai, Guanzhou and Kunming. Hardwood timbers such as oak and ash from Russia are processed in Dalien while in Shanghai and Guanzhou there is more emphasis on tropical hardwood flooring.

Japanese buyers first dealt with producers in Dalien for the oak and ash flooring but eventually shifted purchases to the Shanghai and Guanzhou area where the quality was reportedly better. However, because of rising prices of flooring from Shanghai and Guanzhou manufacturers who are facing rising production costs, Japanese buyers have reverted to buying from producers in the Dalien area.

The trend is now to purchase composite flooring with hardwood overlays as the demand in Japan is for inexpensive flooring.

Low carbon housing

The JLR is reporting on the momentum towards reduction of carbon emissions and other energy saving systems in housing.

To effect a reduction in carbon dioxide emissions in the life cycle of a building Japan is developing what is called locally the Life Cycle Carbon Minus (LCCM) house design.

Designs for model house are scheduled to be completed by the end of this year and units will be built and assessed for carbon reductions in 2011.

Log and Sawnwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku
Meranti (Hill, Sarawak)	(Koku=0.278 m³)
Medium Mixed	6,800⬇
Standard Mixed	7,000⬇
Small Log (SM60%, SSM40%)	6,800⬇
Taun, Calophyllum, others (PNG)	7,500
Mixed light hardwood, G3/4 grade (PNG)	
Keruing MQ & up (Sarawak)	10,800
Kapur MQ & up (Sarawak)	9,200

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

Lumber, FOB	Yen per m^3
White Seraya (Sabah) 24x150mm, 4m, Grade 1	135,000 ↓
Mixed Seraya, Sangi 24x48mm, 1.8-4m, S2S	53,000

Wholesale Prices (Tokyo)

Indonesian & Malaysian Plywood	Size (mm)	Sep (¥ per sheet)	Oct
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	320	320
3.7mm (med. Thickness, F 4star, type1)	910 X 1820	460	450 ↓
5.2mm (med. Thickness, F 4star, type 1)	910 X 1820	570	550 ↓
11.5mm for sheathing (F 4star, type 2)	910 X 1820	880	880
12mm for foundation (F 4star, special)	910 X 1820	890	890
12mm concrete-form ply (JAS)	900 X 1800	810	820 ↑
12m coated concrete-form ply (JAS)	900 X 1800	934	930 ↓
11.5mm flooring board	945 X 1840	1050	1070 ↑
3.6mm baseboard for overlays (OVL)	1230 X 2440	740	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

Report from China

Coping with climate change

At a speech made at the UN submit on climates change held in Septembe,r Mr. Jia Zhibang, Administrator of the State Forest Administration of China, said that the Chinese Government attaches importance to the role of forests in mitigating climate change and has invested over US$70 billion in this field.

Five measures have been taken by the central government to deal with the problems of deforestation and forest degradation. These are :

- tree planting and returning farmland to forest,
- protecting natural forest,
- preventing forest fires,
- strengthening forest management
- controlling logging.

To date, China has established 53 million hectares of plantations, accounting for about one third of the global total.

To address climate change the Chinese Government has a Forestry Action Plan to actively promote forestry cooperation at both regional and global levels.

The Chinese Government intends to continue to enhance tree planting and forest protection so as to realise the 2020 goal of a forest area increase to 40 million hectares.

Increasing plantation

Plans are being prepared to expand fast growing and high yielding forest plantations for large-diameter timber so as to meet the increasing timber demands.

Since the country's plantation programme was launched in 2002, the scale of tree planting continues to expand. Currently, 6.55 million hectares of plantations have been established to service a number of industrial zones.

These industrial zones include the southern timber forest industrial zones in Guangdong, Guangxi, Hainan and Fujian; the central and eastern timber forest industrial zones in the middle and lower reaches of Yangtze River and Yellow River and the central and eastern timber forest industrial zones in the northeast and Inner Mongolia.

Farmland converted to forest

It is reported that from 1999 to 2008, 403 million mu (27 million hectares) of farmland have been converted to forest, an area equal to the total area of the state owned forest areas of Northeastern and Inner Mongolian. Of the total area planted, 139 million mu were on returned land, 237 million mu were on barren hills and 27 million mu were cultivated on hillsides.

Energy forests

Mr. Zhang Jianlong, Vice Administrator of State Forest Administration, reportedly said recently that 200 million mu of fuel/energy forest will be established by 2020. This area will possibly yield 6 million tons of bio fuel for a 1 500 kilo watt power output.

Electronic timber trade

The Manzhouli Timber Transaction Center, jointly run by China's Electronic Timber Transaction Market (TEX) and the Manzhouli Economic District, began operation in August 2009. It has been reported that the volume of Mongolia Scotch Pine lumber traded reached 30,000 cu.m worth some RMB 43.6 million.

Located on the borders of China, Russia and Mongolia, Manzhouli is the largest port for timber trade between China and Russia. Of the traded products timber and oil account for more than 50 percent.

According to a report issued jointly by China's Electronic Timber Transaction Market and China's Timber Distribution Association, around 30 million cu.m of logs are imported annually and about 50-60 percent is from Russia. Of this 30% come through Manzhouli Port.

The economy in Manzhouli has suffered seriously because of the global financial and because of the increase in export tariff applied by Russia. According to the data issued by statistics bureau of the city, GDP in first quarter of this year was only RMB1.54 billion, down 15% from the same period of last year.
The volume of timber processed locally was only 540 000 cu.m, down 39% from the same period of last year. According to professionals, it was both the increase in export taxes and the sharp decline in domestic demand that caused the slump. Among 71 larger industrial enterprises in the city, 43 enterprises are engaged in wood processing but 15 have stopped production.

Certification centre established

To promote development of the forest industry, sustainable management of forest and to increase competitiveness of forest products in international markets, the State Forest Administration has set up the Zhong Lin Tian He (Beijing) Forest Certification Center.

Largest charcoal line

It is reported that a new production plant for charcoal with an annual output of 50,000 tons of wood charcoal has been commissioned by the company Hong Sen Wood in Fengning County, Hebei Province.

This charcoal will be used by the power plant which the company is constructing. This power plant is the largest one in China that uses forest biomass.

Hong Sen Wood is a private company. The main business of this company is to produce wood products. The company has established plantations and produces wood-based panels and building materials. The company makes full use of wood processing and logging residues and as well as straw to produce charcoal.

Guangzhou City Imported Timber Market

Logs	Yuan per m^3
Lauan (50-60cm)	1900-2100⬇
Kapur (up to 79cm)	1900-2100⬇
Merbau 6m, (up to 79cm)	3500-4000⬇
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.	1120
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.	1300⬆
	6m, 30cm+ diam.	1400⬆
Sawnwood		
Mongolian Scots Pine	4m, 5-6cm thick	1450⬆
	4m,10cm thick	1450⬆

Zhejiang Jiashan Kaihua International Timber Market

Logs	Yuan per m^3
Okoume 80cm+	2800-3400
Sapele 80cm+	6000-6500
Wenge 80cm+	13000-14000
Sawnwood	
Doussie	3600-4000
European beech boules	3100-3300
Radiata	2000-3300
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

European buying remains slow

Trade contacts report continuing low levels of tropical hardwood forward buying in the EU at the end of the third quarter of 2009.

Earlier predictions of significant price rises in the face of widespread shortages after a long period of slow buying have yet to be realised. CIF Europe price trends for tropical hardwood logs and sawn lumber seem now to be trending upwards, but at present this seems more due to increases in freight rate and exchange rate fluctuations than to any sharp shift in the balance of supply and demand.

There is some evidence of gaps opening up in stocks of certain special assortments, but generally there still seems to be enough material in stock in Europe to satisfy current low levels of consumption.

There continues to be a lot of cross-trading between European companies to fill gaps in stocks as they arise, with little interest in speculative forward purchases. This applies both to products destined for the joinery sector and for the garden decking sector.

The 2009 season for decking products in Europe is now over and considerable uncertainty over prospects for the 2010 season has led to reluctance on the part of importers to import so as to rebuild stocks.

Against this background, tropical hardwood shippers continue to maintain very low levels of production so that lead times on forward orders remain extended for many products. Lead times of over 4 months can be expected for orders of African sawn lumber.

Imports of tropical hardwood from Brazil are, these days, also subject to very significant delays. As is typical, Asian hardwoods are generally more readily available for prompt shipment – although production in this region is also reported to be very low.

Construction outlook in the US and EU

One piece of good news relating to the US wood market emerged early on in the UNECE Timber Committee Market Discussions held in Geneva in mid October. Dr Eric Hansen of Oregon State University, quoting data provided by APA (the American panel products association) suggested that US housing starts, which fell from over 900,000 in 2008 to a forecast 560,000 in 2009, are expected to rebound strongly to again reach close to 1 million by 2011.

However Hansen's comments did not reflect so well on the EU where, he said, "the housing bubble has been far greater [than in the U.S.]".

This gloomy conclusion with respect to European construction activity accords with the conclusions of the Euroconstruct conference held over the summer in the EU.

This conference suggested that construction output across the 19 countries in the Euroconstruct network is projected to fall by 7.5% this year following a 3.1% decline in 2008.

EU construction sector output is projected to fall by a further 1% in 2010. After three years of decline, a very slight recovery is only expected in 2011. The worst performers over the next two years (2009-2010) are expected to be Ireland, where the industry is projected to shrink in size by 51%, Spain (-25%), Finland (-21%) and Portugal (-18%).

Only Switzerland (+2.3%), Germany (+1.1%) and Sweden (+0.5%) are expected to record growth over this period.

Euroconstruct forecasts for the market as a whole were revised downwards in the summer compared with the forecasts made last December due to the worsening global economic environment and continuing uncertainty regarding the approaches being taken by banks and governments to deal with improperly functioning credit markets.

Regulations to remove illegal wood from trade

Insights into the impact of regulations and laws in the EU and US designed to remove illegal wood from trade emerged during two recent meetings in Geneva.

The International Timber Trade Federation (ITTF) meeting, hosted by The Forest Trust on 8-9 October and attended by representatives of trade associations from around the world, was convened with the aim of discussing the trade response to these measures. These issues also generated a lot of interest during the opening session of the Annual UNECE Timber Committee Market Discussions on 13 October.

A commentary on the trade impact of the May 2008 amendment to the US Lacey Act was provided at the ITTF meeting by Jameson French on behalf of the US Hardwood Federation and American Hardwood Export Council.

Jameson French noted that "there has been a strong and immediate reaction amongst U.S. retailers" that fear the severe legal sanctions associated with the Lacey Act amendment.

Even if purchased in good faith and efforts have been made to ensure legality, a buyer in the U.S. would have to forfeit any goods that are subsequently found to be from an illegal source.

This sanction alone is a huge incentive to U.S. buyers to accurately verify their supply lines. It is not unusual for US wood and furniture importers to take delivery of individual shipments worth several million dollars and their loss could quickly lead to severe financial losses.

Many U.S. wood and furniture importing companies are now very actively promoting the measures they have in place to ensure their compliance with the Lacey Act. They are also now putting considerable pressure on their overseas suppliers to ensure that there is a low risk of any wood raw material being illegally sourced.

However Mr.French also commented that the Lacey Act amendment has caused considerable confusion amongst overseas suppliers to the US. For example, many wood product manufacturers in China and South East Asia have the impression that the law amounts to a mandatory requirement to source only FSC certified wood. This is not the case.

The law makes no assumptions and provides no guidance on the measures that importers must take to show due care that wood is from a legal source. The new declaration requirement does not require the importer to have all of the information necessary to be certain of the legal origin of the wood.

EU proposals

The ITTF and UNECE Timber Committee meetings in Geneva also provided details of the current status of EU proposals to impose "due diligence" requirements on operators that "first place" timber on the European market.

This legislation was proposed by the European Commission in October 2008 and is now being considered for adoption by the European Council of Ministers and European Parliament.

There is much discussion over the exact details of this law, particularly with respect to the companies within the EU that should be subject to the due diligence requirements and the scope and content of the corporate risk management procedures required.

Some EU Member States, supported by members of the EU Parliament and some wood trade associations, also advocate that the requirements for due diligence systems should be combined with a Lacey-style prohibition on trade in illegal wood within the EU.

Expectations are high that the European Council will reach a final position on the due diligence legislation by mid December with a view to introduction sometime during 2010. Linkage of the regulation to other measures targeting deforestation within the climate change regime has provided powerful impetus to these negotiations within the EU.

The Netherlands Sawnwood Prices

FOB (Rotterdam)	US$ per m^3
Sapele KD	941⬆
Iroko KD	1061⬆
Sipo KD	1172⬆
DRM Bukit KD	833⬆
DRM Seraya KD	833⬆
DRM Meranti KD Seraya MTCC cert.	862⬆
Merbau KD	1109⬆
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	320-350⬆
Ayous (wawa)	80cm+ LM-C	230-240⬆
Sapele	80cm+ LM-C	280-320⬆
Iroko	80cm+ LM-C	300-330⬆
African Walnut	80cm+ LM-C	310-340⬆

UK Sawnwood Prices

FOB plus Commission	Pounds per m^3
Framire FAS 25mm	390-420 ⬆
Sipo FAS 25mm	670-700⬆
Sapele FAS 25mm	530-550⬆
Iroko FAS 25mm	590-620⬆
Wawa No.1 C&S 25mm	320-330⬆
CIF plus Commission	
Tulipwood FAS 25mm	230-250
Meranti Tembaga Sel/Btr (KD 2"boards)	490-510⬆
Balau/Bangkirai Decking	810-840⬆
White Oak	400-430

UK Plywood and MDF Prices

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

Report from North America

Next enforcement phase

The US Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) has introduced Phase 3 of the Lacey Act declaration requirement. As of October 1, 2009, the declaration of wood charcoal, veneered panels, wooden frames, tableware, kitchenware and marquetry, caskets and statuettes is required and enforced.

In response to comments that identifying the genus and species in composite and recycled or reused wood materials would be very difficult, APHIS decided to delay enforcement of the declaration of products such as MDF, particleboard or scrap wood. These products would enter the declaration enforcement phase no earlier than September 1, 2010.

World's first ban

In May 2008, the US Congress passed a law that amends a long-standing wildlife trafficking statute, the Lacey Act, to include wood products and other plants. Thus the amended Lacey Act became the world's first ban on the import, export or trade in illegally sourced wood and plant products.

The Environmental Investigation Agency lists three key components of the Lacey Act that address illegal logging and trade in wood products:

- Prohibits all trade in plant and plant products (e.g. logs, lumber, veneer, furniture) illegally sourced from any US state or any foreign country.
- Requires importers to declare the country of harvest origin and species name of all plants contained in their products.
- Established penalties for violation of the Act, including forfeiture of goods and vessels, fines and jail.

The Lacey Act defines timber as "illegally sourced" if it is taken, transported or sold in violation of an underlying law in any foreign country or the US. A Lacey Act violation is triggered if the illegally sources timber is traded in US inter-state or foreign commerce.

The declaration form, known as PPQ 505, is a critical part of the Lacey Act. Importers must declare the scientific name of any species included, the country of harvest origin, the quantity, and the value. If a wood species or country of origin cannot be determined, the declaration must include a list of possible wood species found in the product or a list of possible countries from which the wood may have originated.

Phased introduction

The Lacey Act declaration requirement is being phased in over a period of approximately two years. In Phase 1, the declaration form was made available and declarations were accepted (December 2008). Phase 2 started May 1, 2009 and saw the enforcement of the declaration for a range of wood products

APHIS continues to revise the declaration form and recommends checking their website to verify the current version of the form. Importers are encouraged to file the declaration data electronically through the Automated Commercial System (ACS). For the latest information about the Lacey Act, visit the APHIS website:
http://www.aphis.usda.gov/plant_health/lacey_act/index.shtml

Response from Indonesia

In response to the requirements under the Lacey Act, the Indonesian government recently introduced a new system of certifying its forest practices and wood products. In September, China and Indonesia agreed to sign a Memorandum of Understanding to cooperate in ensuring that timber trade between the countries is legal and complies with the Lacey Act. The agreement includes exchanging data on wood product trade and training of government officials.

Schedule of enforcement of the declaration requirement for goods of, or containing, plants or plant products

II April 1, 2009	III October 1, 2009	IV April 1, 2010
HTS Chapters:	HTS Chapters:	HTS Chapters:
Ch. 44 Headings (wood & articles of wood)	Ch. 44 Headings (wood & articles of wood)	Ch. 44 Headings (wood & articles of wood)
4401—(Fuel wood)	4402—Wood charcoal	4421—Other articles of wood.
4403—(Wood in the rough)	4412—Plywood, veneered panels, except 44129906 and 44129957.	Ch. 66 Headings (umbrellas, walking sticks, riding crops).
4404—Hoopwood; poles, piles, stakes)	4414—Wooden frames	6602—Walking sticks, whips, crops.
4406—Railway or tramway sleepers)	4419—Tableware & kitchenware of wood	Ch. 82 Headings (tools, implements).
4407—(Wood sawn or chipped lengthwise)	4420—Wood marquetry, caskets, statuettes.	8201—Hand tools.
4408—(Sheets for veneering)		Ch. 92 Headings (musical instruments).
4409—(Wood continuously shaped)		9201—Pianos.
4417—(Tools, tool handles, broom handles).		9202—Other stringed instruments.
4418—(Builders' joinery and carpentry of wood).		Ch. 93 Headings (arms and ammunition).
		9302—Revolvers and pistols.
		93051020—Parts and accessories for revolvers and pistols.
		Ch. 94 Headings (furniture, etc.).
		940169—Seats with wood frames.
		Ch. 95 Headings (toys, games, & sporting equipment).
		950420—Articles and accessories for billiards.
		Ch. 97 Headings (works of art).
		9703—Sculptures.
	PLUS PHASE II	PLUS PHASES II & III.

Source: Federal Register / Vol. 74, No. 169 / Wednesday, September 2, 2009 / Notices, p.45416

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.

Bank economists, who had been projecting a contraction in the Brazilian economy for this year, are now saying that Brazil will end 2009 with growth. Brazil's economy will grow about 0.01% this year and up to 4.5% in 2010, the new forecast by private bank economists consulted weekly by the Central Bank says.
http://www.laht.com/article.asp?CategoryId=14090&ArticleId=345033

The earthquake that struck Sumatra recently is likely to be followed by an even larger tremor that could cause a tsunami as devastating as the one that hit Indonesia in 2004, according to a leading seismologist. Professor Kerry Sieh, director of the Earth Observatory at Singapore's Nanyang University, says earthquakes measured at 8.4 and 7.8 which hit southern Sumatra in September 2007 marked the beginning of a cycle of tremors that starts roughly every 200 years.
http://www.ft.com/cms/s/0/8d980480-af66-11de-ba1c-00144feabdc0.html

How towns and cities cause the extinction of local plants has been revealed for the first time. An international team of botanists has compared extinction rates of plants within 22 cities around the world. Both Singapore and New York City in the US now contain less than one-tenth of their original vegetation, reveals the analysis published in the Ecology Letters.
http://news.bbc.co.uk/earth/hi/earth_news/newsid_8295000/8295738.stm

Pines and a mix of native African trees will soon cover what is now grassland within Uganda's Rwoho Central Forest Reserve, an upper watershed of Lake Victoria. The growing trees will absorb the greenhouse gas carbon dioxide, CO2, from the atmosphere, and with these plantings, Uganda becomes the first country in Africa to undertake a reforestation project that will count towards emissions reductions under the Kyoto Protocol.
http://www.ens-newswire.com/ens/oct2009/2009-10-06-01.asp

A recent Australian study suggests that land clearing over the past 200 years may have been as significant a factor in this country's droughts and changing climate as increasing carbon dioxide in the atmosphere. University of Queensland researchers have produced evidence for the possible link between land clearing and climate change in south-eastern Australia.
http://www.sciencealert.com.au/features/20090710-19945.html

South African manufacturing contracted at a faster pace in August, dropping an annual 15% in a sign the economy may be slow to recover from its first recession in 17 years. The decline accelerated from a revised 13.5% in July, Pretoria-based Statistics South Africa said on its Web site.

Output slid a seasonally adjusted 2.8% in the month. The rand's 40% surge against the dollar in the seven months through September may be undermining a recovery in manufacturing by making exports more expensive.
http://www.bloomberg.com/apps/news?pid=20601116&sid=ay5z7HK.Ub20

Three U.S. governors and eight regional leaders from Brazil and Indonesia have drafted a memorandum they intend to make official today that calls on the presidents of their nations to write generous forestry provisions into an international climate change pact in Copenhagen in December. According to a copy of the memo secured by the New York Times, the 11 states have agreed to press their national governments for a series of "robust" deforestation provisions during talks on a treaty that could succeed the Kyoto Protocol. The states have been working together on the matter since November 2008.
http://www.nytimes.com/cwire/2009/10/02/02climatewire-leaders-from-indonesia-brazil-join-3-us-stat-93701.html

The UAE now is now one of India's major trading partner with a two-way (non- oil) goods and trade being valued at US$ 44.5 billion in 2008-2009, revealed by India's Minister of State for External Affairs Shashi Tharoor. This accounts for about half of India's total trade with the whole region. India's total trade with all the six-member Gulf Cooperation Council (GCC) reached US$86.9 billion, putting it ahead of European Union (US$80.6 billion) and ASEAN countries (US$ 44.6 billion).
http://www.uaeinteract.com/docs/UAE_now_top_Indias_trading_partner_with_US$44.5b_in_total_in_2008-2009_Indian_Minister/37902.htm

Around 60%of the timber exported from the RoC during 2008 was through Cameroon, most being derived from the northern forest regions. Most of this timber was destined for the EU. Many of the concessions supplying this timber are FSC-certified. During May 2009, the country signed a Voluntary Partnership Agreement with the European Union to ensure that only legal timber would be exported.

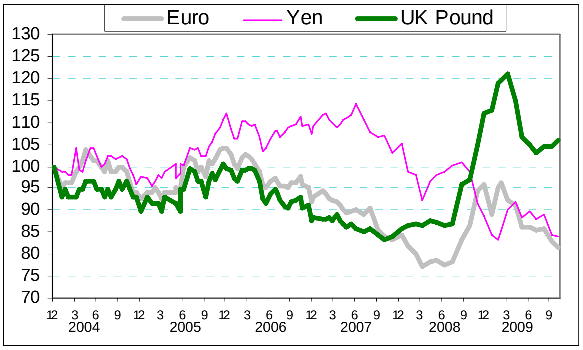
Information on the efforts of the RoC and the assistance being provided by the EU is at http://www.observation-congo.info/

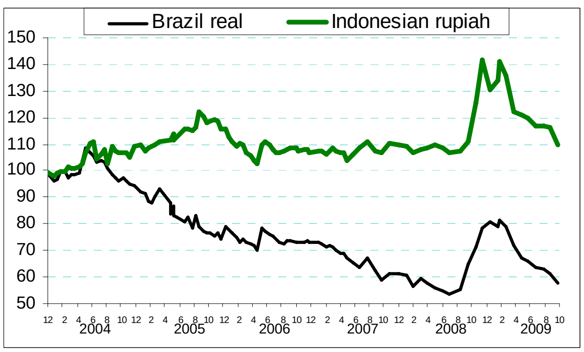
Main US Dollar Exchange Rates

As of 15October 2009

Brazil	Real	1.7021	⬆
CFA countries	CFA Franc	387.575	⬇
China	Yuan	6.8264	⬆
EU	Euro	0.6695	⬇
Indonesia	Rupiah	9337	⬆
Japan	Yen	90.60	⬇
Malaysia	Ringgit	3.580	⬇
Peru	New Sol	2.8555	⬆
UK	Pound	0.6147	⬆

Exchange rates index (Dec 2003=100)

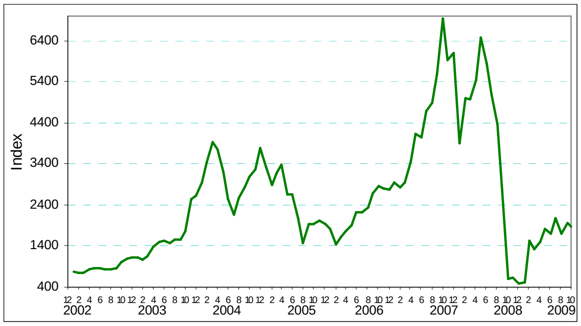




Abbreviations and Equivalences

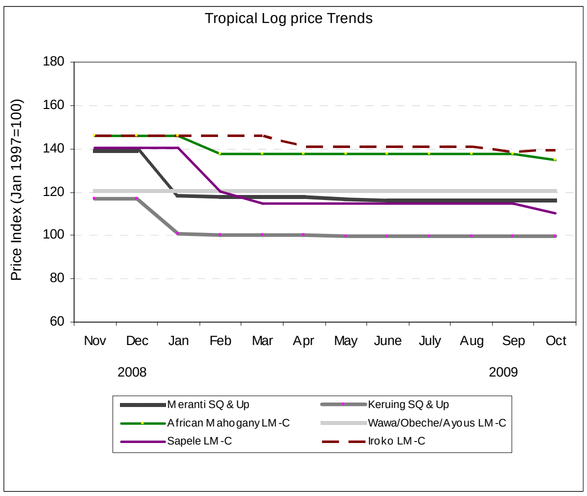
LM	Loyale Merchant, a grade of log parcel
QS	Qualite Superieure
CI, CE, CS	Choix Industriel, Economique or Supplimentaire
FOB	Free-on-Board
CIF; CNF	Cost, insurance and freight; Cost and freight
KD; AD	Kiln Dry; Air Dry
Boule	A log sawn through and through, the boards from one log are bundled together.
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



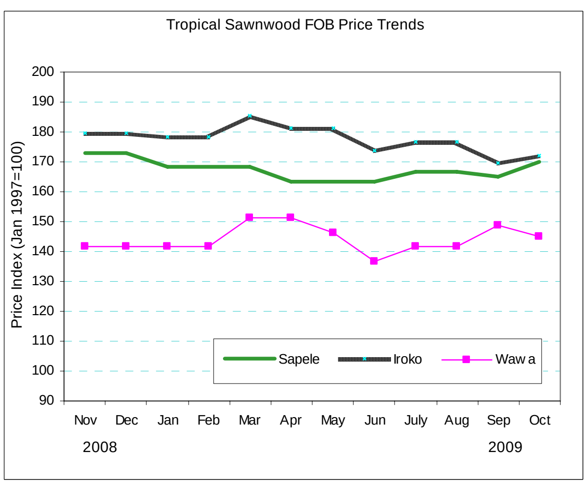
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

Tropical Log Price Trends

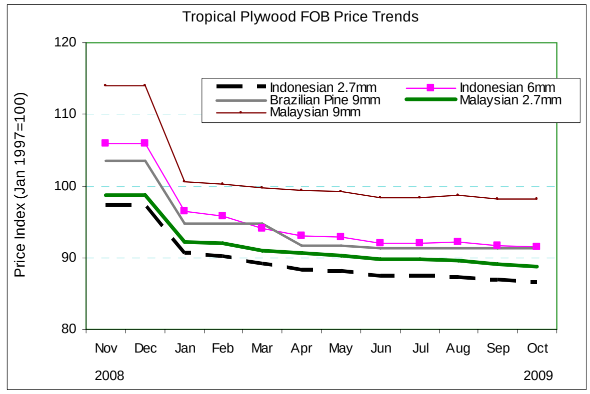


More price trends in Appendix 4, ITTO's Annual Review http://www.itto.or.jp/live/PageDisplayHandler?pageId=199

Tropical Sawnwood Price Trends



Tropical Plywood Price Trends



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