Tropical Timber Market Report

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Headlines

Top Story

Certification in the US hardwood industry

Interest in forest management and chain-of-custody certification remains high in the US market. The US Green Building Council's LEED system has undoubtedly contributed to the increase in the number of companies and the range of wood products certified.

At the end of last year the Hardwood Review Weekly conducted a large-scale survey of the hardwood industry regarding chain-of-custody certification. The results indicate that the number of certified hardwood companies increased in 2009 despite the difficult business conditions.

However, three quarters of the respondents thought that certification costs still exceed benefits. This mirrors the results of the hardwood industry survey that indicated that logs do not receive price premiums while kiln-dried and further processed items may.

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Report from Central/West Africa

Firming log prices

Towards the end of January some reports of firming log prices for selected species have emerged. This may have been triggered by the continuing unclear situation as regards the proposed ban on log exports announced last year by Gabon.

SNBG told - halt log exports

So far as is known, all loading of log vessels, except those for SNBG, was halted as of 1st of January. Reports indicate that the state owned organization SNBG, which at one time held a monopoly on log exports, initially continued to export logs but that has now also been stopped.

Reports indicate that the port authority has sent home the log port workers pending further guidance from government.

The lack of clarity on this issue leaves producers and their overseas buyers with difficult decisions to make on their future market positions.

In the meantime producers in Gabon were directed to advise the Ministry of Forests of the volume and make up of their log stocks and the details of existing log export contracts and proposed destinations.

Okoume prices not moving

Despite the strong demand for okoume logs only a modest increase of Euro 5 – 10 per cu.m has been reported. Both padouk and okan prices also made some gains recently while almost all other log prices are stable and unchanged.

This stability may well be assisted by the relaxation in log export controls by Cameroon where the so –called non-premium species can now be exported without limit.

Congo Brazzaville also has okoume as well as the usual premium species, so buyers have remained calm and looked to these and other countries in the region for supplies.

Whatever the outcome, it is certain that Gabon sawmillers will be increasing output and making decisions on when to re-open closed mills and complete those that were in the course of construction during 2008/9.

Positive signs in sawnwood demand

Sawn lumber prices have been stable but okan lumber has been priced upwards (by about Euro 45-50 per cu.m) and is still moving up according to traders. Italian buyers have been in the market since late 2009 and although these buyers are very price conscious, this has been a stabilising influence on the market overall as some business was ticking over.

Buyers for the French market have recently become more active and producers report that there are signs that European buyers may now have to consider moving more strongly to secure supplies for their March/April requirements. Overall, current market sentiment reflects a slightly more optimistic outlook.

West Africa Log Prices

West Africa logs, FOB		€ per m^3	
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	205	205	153
Ayous/Obéché/Wawa	190	190	145
Azobe & Ekki	190↑	190↑	125↑
Belli	230	230	-
Bibolo/Dibétou	140	130	
Bubinga	550↑	490↑	390
Iroko	257	250	200
Okoume (60% CI, 40% CE, 20% CS) (China only)	200↑	-	-
Moabi	270	270	206
Movingui	165	135	125
Niove	130	130	-
Okan	220↑	220↑	122
Padouk	315↑	295	235
Sapele	200	195	150
Sipo/Utile	260	240	190
Tali	230	225	114
Okoume	C1 160	CE150	CS115

West Africa Sawnwood Prices

West Africa sawnwood, FOB		€ per m^3
Ayous	FAS GMS	300
Okoumé	FAS GMS	320↑
	FAS. fixed sizes	320
	Std/Btr GMS	260
Sipo	FAS GMS	475
	FAS fixed sizes	320
	FAS scantlings	490
Padouk	FAS GMS	540
	FAS scantlings	430
	Strips	300↓
Sapele	FAS Spanish sizes	360↓
	FAS scantlings	460
Iroko	FAS GMS	430
	Scantlings	440
	Strips	350
Khaya	FAS GMS	380
	FAS fixed	420
Moabi	FAS GMS	415↓
	Scantlings	440↓
Movingui	FAS GMS	270

Report from Ghana

Plantation programme launched

A National Forest Plantation Programme has been launched by the President of Ghana with a call for all Ghanaians to join in efforts to halt the degradation of the country's forests.

"We can no longer sit by and encourage the degradation of our forest resources and forest reserves," warned the president, adding "the practice of people entering forest reserves for cropping is unacceptable and will not be allowed to continue without the appropriate sanctions being applied."

Concern has been expressed at the fast paced reduction of the nation's forest cover, which has reportedly gone from 8.2 million hectares in the 1900s to just 1.6 million hectares today.

This is due to illegal logging and chainsaw activities, farming, burning and construction. The President of Ghana is reported to have said, this had not only led to a huge loss of revenue to the state, but had also negatively affected the ecology and eco-system, to the disadvantage of the nation's development.

The programme dubbed "Greening the Environment for a Better Ghana" aims at arresting the depletion of the country's forest and creating over 51,000 jobs for the youth in the next five years.

An afforestation programme is designed to develop a sustainable forest resource base within the next three years to satisfy the future demand for industrial timber and enhance environmental quality.

The President directed the Lands and Natural Resource Ministry and the Forestry Commission to collaborate with the Tourism Ministry, to develop strategies to safeguard the nation's tourist sites and rivers.

National security agencies have been instructed to deal with those ruining the reserves. The President said the security apparatus needs to strengthen its networks to ensure swift arrest and prosecution of illegal loggers and chainsaw mill operators.

Apparently plans are in place to enforce the ban on the use of chainsaw cutting to help ensure sustainable management of the forests.

The President called on sector agencies, land owners, local communities and stakeholders to embrace and support the new programme for the benefit of both the present and the future generations.

Funding of the programme would come from the Highly Indebted Poor Countries (HIPC) Funds, District Assemblies' Common Fund, Plantation Fund Board and the Mineral Development Fund.

Alhaji Collins Dada, Minster of Lands and Natural Resources, said trees to be planted under the programme would include both indigenous and exotic species and that the programme would be implemented in 100 districts across the country.

Nana Wiafe Akenten, Omanhene of the Offinso Traditional area, commended the government for the programme saying this would make the people appreciate the need to ensure sustainable management of the forests.

National Service to aid Greening Project

In another development the Executive Director of the National Service Secretariat, Mr. Vincent Kuagebenu, has hinted that the Secretariat will, from October this year, deploy five thousand service persons on the national forestry development programme, which was launched by the President.

The National Service Scheme (NSS) is working in collaboration with the College of Renewable Natural Resources in the Brong Ahafo region, to ensure that the graduates of the college do mandatory national service on the programme in order to sustain it.

The NSS would further collaborate with the Forestry Commission and the Ministry of Lands and Natural Resources to undertake national public education campaign on the need to support the national development programme.

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	100-110	115-125
Chenchen	85-100	105-120
Khaya/Mahogany (Veneer Qual.)	95-105	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)	400↓	430
Emeri	330	400
African mahogany (Ivorensis)	595	665
Makore	520	580
Niangon	490	620
Odum	650	710
Sapele	540	600
Wawa 1C & Select	250	290↑

Ghana sawnwood, domestic		US$ per m^3
Wawa	25x300x4.2m	247
Emeri	25x300x4.2m	325
Ceiba	25x300x4.2m	220↑
Dahoma	50x150x4.2m	285
Redwood	50x75x4.2m	295
Ofram	25x225x4.2m	310↓

Ghana Veneer Prices

Rotary Veneer, FOB	€ per m^3	
	CORE (1-1.9mm)	FACE (<2mm)
Bombax	315	350
Ofram, Ogea & Otie	315	350
Chenchen	315	360
Ceiba	325	335
Mahogany	415	450

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

Rotary Veneer, FOB Core Grade 2mm & up	€ per m^3
Ceiba	260
Chenchen	295↑
Ogea	295
Essa	288↑
Ofram	300

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afrormosia	1.19	1.00
Asanfina	1.50	0.80
Avodire	1.27↑	0.90
Chenchen	1.25↑	0.54
Mahogany	1.42	0.89
Makore	1.40	0.90↑
Odum	1.80	1.15

Ghana Plywood Prices

Plywood, FOB B/BB, Thickness	€ per m^3 Redwoods WBP	Redwoods MR	Light Woods WBP	Light Woods MR
4mm	560	475	500	370
6mm	340	325	335	300
9mm	365	305	295⬆	275
12mm	300	295	280	270
15mm	310	300	280	270
18mm	300	290	285	265

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 10x60mm	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

Hopes high for MIFF 2010

The organizing chairman of the Malaysian International Furniture Fair (MIFF) 2010, projected that this year's exhibition will draw over 20,000 visitors and generate sales over US$710 million.

The secretary-general of the Malaysian International Trade and Industry Ministry has reported that furniture exports rose over the first three quarters of 2009 in comparison with the same period in2008.

Exports to Japan rose by around 9% to RM569million, to UK by 6% (RM429.2million) and to the Netherlands by 8.5% (RM101.3million).

However, exports to traditional markets, e.g., Australia, India, the US and the Middle-East declined substantially, because of competition from manufacturers in China, Indonesia and Vietnam.

Both Indonesia and Vietnam are major exporters of natural rubber and the old rubber plantations when cleared provide ample rubberwood logs for their furniture industries.

Design and branding challenge

The challenge facing the Malaysian furniture industry, apart from global branding, is product design. However, the industry is handicapped by the lack of trade schools and training facilities that are common in Europe and N. America.

Countries such as Italy, Germany and Sweden, major furniture producers, have extensive training capacity for the furniture industries.

These schools not only produced highly-skilled graduates for the local furniture industry but also outstanding product designs.

Expanding exports

Homeritz Corporation based in the southern state of Johor West Malaysia, is an integrated designer, manufacturer and exporter of a wide range of home furniture including dining chairs and bed frames. The company is working towards expanding its exports to both North America and South America.

Homeritz is set to be the first upholstered home furniture company to be listed in the Malaysian stock exchange if plans for the February 2010 listing go through.

Between 2005 and 2009 the company posted an accumulated growth of almost 30%. In tandem with this the company's workforce also increased significantly, a welcome development in these difficult times in the labour market.

Tax system impacts fibre costs

A number of oil palm plantation companies in Sarawak, are also wood product manufacturers and depend to some extent on oil palm fibres as a source of raw material for their manufacturing mills e.g., MDF.

Oil palm planters, especially those operating in Sarawak, are urging that the industry be subjected to a more realistic system of taxation, particularly for those with fresh crops and are not yet in production. Presently, the latter are subjected to high taxation, cess fees and levies imposed by both the federal and state government.

Any increase in plantation costs for companies will eventually increase the cost of raw material supply for their wood products manufacturing entities.

Log Prices

Sarawak log, FOB	US$ per m^3
Meranti SQ up	227-251
Small	211-242
Super small	203-227⬆
Keruing SQ up	216-228
Small	196-226⬆
Super small	174-204⬆
Kapur SQ up	206-231
Selangan Batu SQ up	185-222⬆

Pen. Malaysia logs, domestic (SQ ex-log yard)	US$ per m^3
DR Meranti	233-252
Balau	298-327
Merbau	323-355
Rubberwood	58-92⬆
Keruing	216-232

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	281-311
Seraya Scantlings (75x125 KD)	432-445
Sepetir Boards	250-272
Sesendok 25,50mm	345-363
Kembang Semangkok	294-317

Malaysian Sawnwood, domestic	US$ per m³
Balau (25&50mm,100mm+)	325-345
Merbau	451-503
Kempas 50mmx(75,100 & 125mm)	261-301
Rubberwood	
25x75x660mm up	205-255 ↑
50-75mm Sq.	245-277 ↑
>75mm Sq.	267-296 ↑

Plywood Prices

Malaysia ply MR BB/CC, FOB	US$ per m³
2.7mm	404-466
3mm	384-414
9mm & up	330-402

Meranti ply BB/CC, domestic	US$ per m³
3mm	329-420
12-18mm	313-342

Other Panel Prices

Malaysia, Other Panels, FOB	US$ per m³
Particleboard	
Export 12mm & up	226-249
Domestic 12mm & up	212-229
MDF	
Export 15-19mm	279-310
Domestic 12-18mm	270-288

Added Value Product Prices

Malaysia, Mouldings, FOB	US$ per m³
Selagan Batu Decking	529-539
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	544-557
Grade B	497-506

Furniture and Parts Prices

Malaysia, Rubberwood, FOB	US$ per piece
Semi-finished dining table	
solid laminated top 2.5'x4', extension leaf	62-87 ↑
As above, Oak Veneer	69-83 ↑
Windsor Chair	61-63 ↑
Colonial Chair	59-64 ↑
Queen Anne Chair (soft seat)	
without arm	59-67 ↑
with arm	59-68 ↑
Chair Seat 27x430x500mm	47-52 ↑

Rubberwood Tabletop	US$ per m³
22x760x1220mm sanded & edge profiled	
Top Grade	568-601 ↑
Standard	552-571 ↑

Report from Indonesia

Fear of cheap imports

The Indonesian Furniture Producers Association has welcomed the government's reaction to its request for consideration to be given to delaying the full implementation of the FTA with China amid fears that hundreds of thousands of Indonesian workers in the wood processing sector could lose their jobs.

According to the Association, cheap furniture imports from China could overwhelm local manufacturers. They quote an example where a computer table made locally from particleboard sells for about US$65 while an imported Chinese made table of similar material could sell for about US$45. The Association added that the FTA between ASEAN and China could result in huge job losses at major Indonesian furniture manufacturers.

Debt for nature

The US embassy in Jakarta announced the official start of negotiations between the US and Indonesia for the second debt-for-nature agreement under the US Tropical Forest Conservation Act (TFCA) which finances tropical forest conservation.

According to a US Embassy press release, the TFCA authorises the reduction, as well as, the re-scheduling of certain foreign debts to support tropical forest conservation in eligible development countries, such as Indonesia.

The US Treasury Department has allocated a provision of over US$19 million for the realignment of eligible foreign debts. The first TFCA agreement between the US and Indonesia was, signed on June 30, 2009. It reduced Indonesia's debt payments to the US by nearly US$30 million over an eight year period.

The agreement was the largest debt-for-nature swap under the TFCA, made possible both through the contributions of US$20 million by the US federal government and a US$2 million by Conservation International and the Indonesian Biodiversity Foundation (KEHATI).

Up to 13 countries have reportedly entered into a debt-for-nature agreement under the TFCA with the US to date. See: (http://www.antara.co.id/en/news/1263635441/ri-us-begin-discussions-on-second-debt-for-nature-deal-to-save-forests

Log Prices (domestic)

Indonesia logs, domestic prices	US$ per m³
Plywood logs	
Face Logs	187-230
Core logs	169-202
Sawlogs (Meranti)	178-239
Falcata logs	147-181
Rubberwood	51-75 ↑
Pine	160-199
Mahoni (plantation mahogany)	468-495

Sawnwood Prices

Indonesia, construction material, domestic	US$ per m³
Kampar (Ex-mill)	
AD 3x12-15x400cm	176-195 ↑
KD	198-232 ↑
AD 3x20x400cm	219-242 ↑
KD	223-250 ↑
Keruing (Ex-mill)	
AD 3x12-15x400cm	234-248 ↑
AD 2x20x400cm	221-239 ↑
AD 3x30x400cm	204-223 ↑

Plywood Prices

Indonesia ply MR BB/CC, FOB	US$ per m³
2.7mm	392-449
3mm	349-390
6mm	328-370

MR Plywood (Jakarta), domestic	US$ per m^3
9mm	250-261
12mm	242-252
15mm	231-245

Other Panel Prices

Indonesia, Other Panels, FOB		US$ per m^3
Particleboard	Export 9-18mm	215-224
	Domestic 9mm	191-203
	12-15mm	185-196⬆
	18mm	175-187⬆
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	484-518
Grade B	440-461

Report from Myanmar

Demand firming

Market conditions remain almost the same as reported last month. Demand for Teak is also comparatively good, some buyers say the market is firming but still fluctuating.

Sales are reported good in the Indian market and interest from China appears to have picked up a little. Pyinkado logs are selling very well in India. Other traditional markets are not currently active.

Myanmar Log Prices (natural forests)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
Veneer Quality	Dec	Dec
2nd Quality	-	-
3rd Quality	-	-
4th Quality	3,489 (10 tons)	3,646 (10 tons)
Sawing Quality		
Grade 1 (SG-1)	2,478 (34 tons)	2,483 (36 tons)
Grade 2 (SG-2)	2,002 (42 tons)	2,181 (41 tons)
Grade 3 (SG-3)	-	-
Grade 4 (SG-4)	1,500 (215 tons)	1,681 (226 tons)
Grade 5 (SG-5) Assorted	1,414 (150 tons)	1,316 (145 tons)
Grade 6 (SG-6) Domestic	1,186 (77 tons)	1,159 (65 tons)
Grade 7 (ER-1)	879 (89 tons)	732 (183 tons)
Grade 8 (ER-2)	-	-
Short Logs 6 ft. / 7 ft.	1,329 (13 tons)	- -

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.

Main Buyers at January auction

Hong Kong SAR,	1 buyer	40 tons
Singapore,	5 buyers	327 tons
Thailand,	2 buyers	206 tons
Malaysia,	1 buyer	97 tons
Yangon,	2 buyers	36 tons

Hardwood log Prices (FOB)

	€ per hoppus ton
Pyinkado	-
Gurjan (keruing-export quality)	182 (707 tons)
Tamalan (export reject)	726 (31 tons)
In-gujan	-
Yamane (export)	-

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

Report from India

Hardwood log market trends

During the first week of January 2010, approximately 1500 cu.m of Teak logs were put up for auction in Gujarat, Western India. The upward movement in prices seen in two earlier auctions, continued in the last round of auctions.

Good quality, long length Teak logs over 4ft girth have fetched as much as Rs. 2200 - 2300 per cubic foot. Medium quality logs have sold at Rs.1500 - 1600 and smaller girth logs fetched around Rs.1200 per cubic foot.

Good logs from Indian forests are very much in demand as the quality is considered better than currently available imported logs.

Adina and Laurel logs have fetched from Rs.325 - 400 per cubic foot and mixed hardwood lots Rs.200 - 125, depending upon size and quality

Prices in auction sales in government timber depots of Central India have also seen a rise of 15 to 20% over last year's level, notably for Teak, Laurel, Adina and Pterocarpus logs.

Further auctions are expected next month with good quantities and quality of logs. The big gap between the demand and supply continues and prices are expected to remain firm.

Teak imports

Shipments of imported Teak logs into India have changed from the previous bulk shipments to containerised cargo.

Traders report that the quality of Teak supplies continues to be good from Costa Rica and Benin. From other sources the quality tends to be low and variable as it seems most logs are of thinnings. Imported Teak prices remain unchanged.

Industrial growth at two 2 year high

For 2009 the Index of Industrial Production (IIP) stood at a two year high of 11.7% primarily due to improved growth in consumption of durables and capital goods.

Analysts are of the opinion that the Indian economy is on a growth path as investments as well as private consumption are recovering.

Sandalwood theft

Mr.Binoy Viswam, the Forest Minister of Kerala has claimed that they have succeeded in containing sandalwood thefts from the natural forests by implementing stringent protection measures.

The number of cases of individual tree thefts fell from 2660 in 2004 to 41 trees as of December 2009. To further strengthen protection measures a trained dog squad will be deployed.

In Marayoor, Kerala, there is a sandalwood seed orchard where good seed bearers are located. The entire area is fenced with wire mesh. Dogs operate in support of security guards to prevent theft. To further secure the species local people living in and around these forests are encouraged by government to plant at least five sandalwood trees per family to boost the population of this endangered specie.

The local population is apparently enthusiastic about planting these trees as good returns can be obtained. Currently prices for Sandalwood can be as high as Rs.9000 per kilo.

Another three states of southern India; Karnataka, Tamilnadu and Andhra Pradesh are also very active in this field as they also have excellent quality native Sandalwood in their forests.

India Sawnwood Prices (domestic)

Sawnwood (Ex-mill)	Rs. per ft^3
Myanmar Teak (AD)	
Plantation Teak A grade	2000-3600
Plantation Teak B grade	1800-3000
Plantation Teak C grade	1250-1500

India Sawnwood Prices (imports)

Sawnwood, (Ex-mill) (AD)	Rs. per ft^3
Merbau	1400
Balau	1150
Kapur	1000
Red Meranti	650
Bilinga	650
Radiata Pine (AD)	375-400

Sawnwood, (Ex-warehouse) (KD)	Rs per ft^3
Beech	1200
Sycamore	1250
Oak wood	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 sq.ft
4 mm	21.0
6 mm	30.5
12 mm	44.0
15 mm	53.0
18 mm	64.0

Locally Manufactured Plywood “Commercial Grade”	Rs per sq.ft	
	Rubberwood	Hardwood
6mm	Rs.12.00	-
8mm	Rs.15.00	Rs.23.00
12mm	Rs.18.50	Rs.24.00
18mm	RS.23.00	Rs.32.50
5mm		Flexible ply Rs.14.00

Report from Brazil

Domestic prices

Domestic wood product prices, in Brazilian Real (BRL), have remained stable since the last report, however prices in US$ fell by about 1% due to a slight appreciation of the U.S. dollar against the BRL over the period. This dollar rise comes after over a year of depreciation compared to BRL.

Economic indicators

The Consumer Price Index (IPCA) increased by 0.37% in December 2009, moving to 0.04 percent below the November rate, according to the Brazilian Institute of Geography and Statistics (IBGE). In December 2008, the index was 0.28%. Hence, IPCA in 2009 was 4.31%, 1.59 percent below the 2008 rate (5.90%).

In November 2009, the average exchange rate was BRL 1.73 per US$, compared to BRL 2.27 in the same month of 2008. In December 2009, the average exchange rate was BRL 1.75 per US$, while it stood at BRL 2.40 in the same month of 2008. These data show the strong appreciation of the Brazilian currency against the dollar over the period.

The Monetary Policy Committee (Copom) of the Central Bank, in a meeting in early December, kept the prime interest rate (Selic) at 8.75%, the same since July 2009. The Selic was 12.75% at the beginning of 2009. The next Copom meeting is scheduled for late January 2010.

Timber shortage in Mato Grosso

Continued torrential rains in state of Mato Grosso since the end of last year will affect the volume of raw material available to the timber sector, according to an assessment by the Wood Industries Union of Northern Mato Grosso (SINDUSMAD). Between February and March, logging, skidding and transportation of any timber species is now prohibited.

This ban on logging and transportation derives from a new federal rule due to come into effect this year and be effective from February 1st through April 1st.

This prohibits the movement of equipment and trucks that are used in logging and extraction/transportation in forest management areas in the natural forests across the country. The aim of the rule is to bring to an end the soil degradation and damage done during logging in the time of heavy rains.

Locally, this period is also known as the ‘Piracema da Madeira’ (‘Wood Spawning’) period in a reference to this period of the year when fishing certain species is prohibited in some regions to allow the fish to breed.

According to SINDUSMAD, there will be shortage of some timber species such as Cambará and Cedar in the market. These species are widely used in civil construction, as structural timber for construction, roof finishing, ceilings and doors. Cedar and Cambará are also used in the furniture industry for standard furniture manufacturing and for internal furniture parts.

The timber sector is currently one of the main economic sectors in Mato Grosso. According to the State Environmental Secretary (SEMA), sales of the sector from February 3, 2006 to December 6, 2009 exceeded R$ 6.1 billion; of which, R$ 3.7 billion was from trade in the domestic market and R$ 1.4 billion in the international market.

Effects of tax reduction

The furniture and wood sectors have received a substantial benefit from the introduction of the IPI (Tax on Industrialized Products) tax reduction, a measure promoted by the federal government to stimulate industrial sectors badly affected by the economic crisis last year. With the new tax structure wooden furniture and other materials have zero IPI.

As a result, the final consumer will benefit from an average discount of 10% on products. Analysts say this measure will certainly impact the entire production chain, such as timber, wood products, flooring, furniture factory, furniture parts and accessories, and the trade as a whole.

The reduction affects mainly middle class consumers and the results have already been positive. To take advantage of the current stimulus, many stores and businesses have developed incentives for consumers. The manufacturing sector is already preparing to meet the increasing demand.

With the benefit from the IPI reduction and with the growing interest of companies to invest in technology and innovations, 2010 seems to be promising for the whole wood and furniture production and trade chain.

November/December exports

In November 2009, exports of timber products (except pulp and paper) fell 6.0% compared to values from November 2008, (US$ 201.3 million to US$ 189.3 million).

Pine sawnwood exports fell 18% in value in November 2009 compared to the same month of 2008, from US$ 9.5 million to US$ 7.8 million. In volume terms, exports fell 8.3% from 30,300 cu.m to 27,800 cu.m over the period.

Exports of tropical sawnwood also fell significantly both in volume and in value, from 55,300 cu.m in November 2008 to 48,400 cu.m in November 2009, and from US$ 29.2 million to US$ 25.7 million, respectively over the same period. This corresponds to a 12.5% fall in volume and 12% in value.

Pine plywood exports increased 24% in value in November 2009 compared to the same period of 2008, from US$ 21.3 million to US$ 26.4 million. The exported volume increased 21% during the same period, from 79,700 cu.m to 96,700 cu.m.

Exports of tropical plywood were down from 12,300 cu.m in November 2008 to 9,900 cu.m in October 2009, representing a 19.5% fall. In value, a 29% reduction was recorded over the period, from US$ 7.9 million to US$ 5.6 million.

In the case of wooden furniture, the exported value remained stable; it was US$ 46.7 million in November 2008 and remained at US$ 46.7 million in November 2009.

In December 2009, exports of timber products (except pulp and paper) fell 9.0% compared to values from December 2008, from US$ 240.5 million to US$ 218.9 million.

Pine sawnwood exports fell 18.2% in value in December 2009 compared to the same month of 2008, from US$ 15.9 million to US$ 13.0 million. In volume, exports decreased 17.8% from 54,400 cu.m to 44,700 cu.m over the period.

Exports of tropical sawnwood also fell significantly both in volume and in value, from 56,200 cu.m in December 2008 to 49,100 cu.m in December 2009 and from US$ 27.5 million to US$ 25.5 million, respectively over the same period. This corresponds to a 12.6% fall in volume and 7.3% in value.

Pine plywood exports were down 11.7% in value in December 2009 compared to the same period of 2008, from US$ 30.7 million to US$ 27.1 million. The exported volume dropped 22% during the same period, from 121,800 cu.m to 94,800 cu.m.

Exports of tropical plywood declined from 15,100 cu.m in December 2008 to 8,100 cu.m in December 2009, representing a 46.4% fall. In value, a 46.7% reduction was recorded over the period, from US$ 9.2 million to US$ 4.9 million.

The value of December wooden furniture exports fell from US$ 59.2 million December 2008 to US$ 53.2 million in December 2009, representing a 10% decline.

Furniture Exports in 2009

The furniture sector saw a big drop in exports for the second consecutive year. Brazilian furniture exports ended 2009 with a fall of 28.5% compared to the previous year. The sector's foreign sales totaled US$ 706.9 million.

US imports of Brazilian furniture declined 41% in 2009, dropping to a value of only US$ 95 million in 2009.

Nevertheless, the US continues to be the main importer of Brazilian furniture, accounting for 13% of the total exports of the sector.

Argentina follows in second place with an 11% share of the total Brazilian furniture sector exports, but sales were down 37% in 2009 to US$ 75.7 million. In third place was the UK which accounted for a 10% share of furniture exports from Brazil. This business was worth around US$ 72 million in 2009, representing 1.2% drop compared to 2008.

Cuba was the country with the highest growth in purchasing Brazilian furniture, despite having only a minor share of Brazil's exports at only 2% of total export sales. Exports to Cuba increased some 60% in the period, and the Southern state of Rio Grande do Sul was the main exporter.

Increased exports via inland routes

The inland customs offices, or the so-called 'dry ports' in the state of Mato Grosso, as well as in other parts of Brazil have many advantages to facilitate foreign trade say analysts. The main advantages claimed are the efficient processing of documentation and the shortened deliver times to the final destination.

In addition, all customs clearance and documentation both for imports and exports are made in the state itself, making the procedure easier for companies that want to trade.

The latest reports on the imports through the Dry Port in Cuiabá (capital of state of Mato Grosso) have shown that companies operating in the state seemed capable of weathering the effects of the international crisis in 2009.

According to customs data, the annual imports in 2009 increased 23% compared to 2008, and (US$ 159.99 million to US$ 197.34 million). The first products to be exported this year will be teak wood from plantation forests. It is expected that exports of this product will reach 35 to 40 containers per month, approximately 1,000 cu.m (about US$ 1.5 million).

Brazil Log Prices (domestic)

Brazilian logs, mill yard, domestic	US$ per m^3
Ipê	147↓
Jatoba	105↓
Guariuba	70↓
Mescla (white virola)	77↓

Brazil Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB		US$ per m^3
Jatoba Green (dressed)		787
Cambara KD		459
Asian Market (green)	Guariuba	261
	Angelim pedra	595
	Mandioqueira	229
Pine (AD)		189

Brazil sawnwood, domestic (Green)		US$ per m^3
Northern Mills (ex-mill)	Ipé	695↓
	Jatoba	534↓
Southern Mills (ex-mill)	Eucalyptus (AD)	191↓
	Pine (KD) 1st grade	247↓

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	262	219

Brazil Plywood Prices

Plywood, FOB	US$ per m^3
White Virola (US Market)	
5.2mm OV2 (MR)	464
15mm BB/CC (MR)	401
White Virola (Caribbean market)	
4mm BB/CC (MR)	505
12mm BB/CC (MR)	405

Pine Plywood EU market, FOB	US$ per m^3
9mm C/CC (WBP)	271
15mm C/CC (WBP)	247
18mm C/CC (WBP)	242

Plywood, domestic (ex-mill Southern mill)		US$ per m^3
Grade MR (B/BB)	White Virola 4mm	889↓
	White Virola 15mm	650↓

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)	310
Domestic Prices, Ex-mill Southern Region	
Blockboard White Virola faced 15mm	567↓
Particleboard 15mm	358↓

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	594
	Ipê	1,544

Report from Peru

Only processed Mahogany exports

The Ministry of Environment in coordination with the Ministry of Agriculture is working on drafting legislation which, if enacted would restrict the export of mahogany to only added value products.

It is anticipated by the sector that by 2011 or 2012 Mahogany exports from will only be of added value products such as furniture. Supporters of the legislation claim that the export of mahogany sawnwood worth, for example, US$4,000 can be converted in the US to products worth US$150,000 with the added bonus of creating many jobs in the importing country

New FTAs

The Ministry of Foreign Trade and Tourism (Mincetur) has reportedly said that Free Trade Agreements with the Republic of Korea and the European Union will be signed shortly

The media reports that in mid January meetings were held in Washington between the negotiating teams of Peru and Korea in order to finalise the text of the Agreement.

Behind the deal is the interest in Korea to expand market access in Peru for vehicles. From Peru's side it is the agriculture, forestry and fisheries sectors that are said to benefit from the FTA. Announcements suggest the FTA between Peru and the EU could be concluded by May this year.

Wood exports may recover

After a difficult year, the result of the economic crisis, the Association of Exporters (ADEX) estimated that for 2010 wood product export sales will recover. Between January and November 2009, wood product exports totaled US$ 135 million, 34% less than the same period in 2008.

According to ADEX, this decline in trade was particularly steep because the main trade partners, the US and Mexico, were hardest hit by the crisis. Currently, the main market for Peru's wood products is China, which accounts for 43% of the total, followed by Mexico, US and Dominican Republic.

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	501-539

*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	801-838
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		398-403
Cedar fissilis, 2 faces sanded 4x8x5.5mm		746-758⬆
Lupuna, treated, 2 faces sanded, 5.2x4x8mm		359-376
Lupuna plywood	B/C 15x4x8mm	353-365
	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		1348-1444
Cumaru KD, S4S	Swedish market	760-856
	Asian market	1011-1201
Cumaru decking, AD, S4S E4S, US market		898-1065
Pumaquiro KD # 1, C&B, Mexican market		423-511
Quinilla KD, S4S 2x10x62cm, Asian market		502-527
	2x13x75cm, Asian market	721-798

Report from Guyana

Slow start in markets

The beginning of the year got off to a slow start for exporters as harvest volumes were lower than over the past months, in particular the log market remained relatively quiet for the period under review compared to the previous period. Most of the logs exported are for the Asian market, particularly India and China.

For Sawnwood there was virtually no production of undressed (rough sawn) Greenheart and Purpleheart, this again was because of the low log volumes harvested in the latter part of December 2009.

Prices for rough sawn Mora remain unwavering. However prices for dressed Greenheart and Purpleheart recorded a decline for the period compared to the previous period. However Guyana's dressed Washiba sawnwood known internationally as Ipe continues to maintain high prices.

Trade sources report that there was no production of Baromalli Plywood for the period under review.

Output of value added products declined in the early part of the month year and only outdoor furniture and Spindles were exported however average prices were fairly good in January.

Product development and promotion

Forest Product Development and Marketing Council Guyana Inc (FPDMC) supported product development and market promotion for stakeholders within the forestry sector in 2009

In 2009, the Forest Products Marketing and Development Council (FPDMC) embarked on a number of activities with an emphasis on development of the forest sector. Much importance was placed on value added production and effective use of "Lesser Used Species".

In addition, extensive outreach visits to observe the operation of stakeholders and understand their concerns, was undertaken.

The FPDMC undertook an intensive outreach programme in keeping with its mandate to improve product quality and marketing within the forest sector. Ongoing visits are being conducted by FPDMC officials to encourage and promote standards and efficiency at sawmills and operations of local processors.

The Council is also on a drive to encourage: marketing and promotion of comparable properties of Lesser Used Species (LUS) to other commercialized species here in Guyana; Exposing Stakeholders to information on the significant benefits to be derived from utilising kiln drying facilities and manufacturing more value added products and advocating the conversion of waste into marketable products.

With the acquisition of new machines (which the Council is encouraging the industry to procure) and with appropriate training, it is expected that the industry will have the capacity to increase downstream processing.

Guyana Log Prices

Logs, FOB Georgetown	SQ - $ Avg unit value per m^3		
	Std	Fair	Small
Greenheart	140↓	130	-120180
Purpleheart	200-250	170-200↓	150-180
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 m^3	
EU and US markets		Undressed	Dressed
Greenheart	Prime	No export	No export
	Standard	No export	649-742↓
Purpleheart	Prime	No export	No export
	Select	No export	No export
	Sound	No export	No export
	Standard	No export	700-803↓
Mora	Prime	No export	
	Select	No export	
	Sound	No export	
	Merchantable	500↑	
		No export	
		400	

Guyana Plywood Prices

Plywood, FOB Georgetown Port			$ Avg unit val. per m^3
Baromalli	BB/CC	5.5mm	No export
		12mm	No export
	Utility	5.5mm	No export
		12mm	No export

Report from Japan

Wood in public buildings

The trade press in Japan has reported that the Minister of Agriculture, Forestry and Fisheries intends to submit a Bill intended to promote the use of wood in public buildings. The purpose is to generate demand for wood products, one of the priorities of the Ministry.

The Ministry has been active in encouraging the private building sector to use more wood but it is expected that the new legislation will result in a shift away from concrete and steel and greater use of wood in public buildings

Demand projections

The Japan Lumber Reports is saying the Forestry Agency in Japan has consulted with industry to prepare demand projections for the first half of 2010. As the housing market is expected to remain severely depressed, demand for logs and lumber in the first half of the year are likely to be lower than in the same period 2009.

Imported log and lumber volumes are projected to be low in the first quarter but could be higher than the same period 2009 simply because 2009 second quarter imports were so low according to the Forestry Agency.

Demand for plywood and structural laminates in the first quarter are forecast to be the same year on year but demand could rise in the second quarter. Despite the depressed demand imports of Russian logs and lumber are expected to be higher than in the same period last year.

Russian log imports for the year are expected to be around 670,000 cu.m while imports of lumber could top 681,000 cu.m. If these projections are correct 2010 would be the first year ever in which lumber imports from Russia exceed log imports.

For N. American logs and lumber, demand will remain as it is with little prospect of increases.

Tropical log prices firming

Due to pressure from suppliers tropical log prices in Japan are firming say the JLR despite a weaker Yen. Traders are reporting that prices have bottomed out and are moving up. Prices for Sarawak Regular Meranti are at from Yen 6,3000 – 6,000 per koku CIF and Small Meranti is moving at Yen 5,200 – 5,300 per koku CIF which is unchanged from last month but the downward momentum of prices has gone.

Plymills in Japan using tropical logs say they are maintaining the production cuts but overall, the tropical log consumption has crept up to above 45,000 cu.m and mills are actively seeking log supplies. Log stocks at the ports are said to be less than three months consumption. The JLR says it seems that some mills have shifted away from softwood logs and back to hardwoods for plywood production as the softwood plywood market virtually collapsed at the end of 2009.

According to the JLR, there are 'chronic' log shortages at the ports in Malaysia due to poor weather which is hampering transportation. This, in turn is driving up asking prices.

Stagnant plywood consumption

The plywood market in Japan remains depressed but the tight supply of imported plywood, particularly formboard, may give domestic manufacturers the opportunity to increase prices if and when end-users start to replace inventories.

The JLR is reporting that JAS 3x6 concrete formboard is selling at about Yen 600 per sheet up Yen 10 per sheet from December. Some traders expected the market for domestic plywood to improve in January but this did not materialise. Currently wholesalers are buying to meet immediate needs as they are concerned about the extent of the so-called 'dumping sales' when prices fall further as companies try to generate cash to close their books in March.

Russian export duty saga continues

The JLR has reported that the Russian government has once again postponed the implementation of the 80% duty on log exports. Apparently the new target date for the duty hike is now January 2011.

The duty is intended to stimulate domestic processing in Russia but the JLR suggests that investment has been slow hence postponement of the export duty increase.

Export duties on Russian logs have been increasing gradually since 2007 and the current duty works out at around 25%. After the 80% duty rate was announced Japan's plywood and lumber mills shifted to using N. American and domestic logs and as a consequence imports of Russian logs fell to be overtaken by lumber imports from the same source.

Investment in Nanning

Reports have emerged that JK Holdings is to build a plywood plant in China based on eucalyptus raw material. JKHD principal activity is the wholesale marketing of construction material as well as the production and retailing of plywood and building materials.

The plant will apparently be located in Nanning the capital of Guangxi Province. Nanning borders Vietnam, is neighbour to Guangzhou, close to Hong Kong and Macau, and South Asia. This advantageous location makes the city a commercial and communication centre. Products are expected to be marketed domestically in China and eventually in Europe, the middle-east and in Japan.

For the full JLR report see: www.n-mokuzai.com/english.htm

Log and Sawnwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku
Meranti (Hill, Sarawak)	(Koku=0.278 m^3)
Medium Mixed	6,300⬇
Standard Mixed	6,500⬇
Small Log (SM60%, SSM40%)	6,300⬇
Taun, Calophyllum, others (PNG)	7,500
Mixed light hardwood, G3/4 grade (PNG)	-
Keruing MQ & up (Sarawak)	10,500⬇
Kapur MQ & up (Sarawak)	8,900

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)	Dec 09 (¥ per sheet)	Jan
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	320	320
3.7mm (med. Thickness, F 4star, type2)	910 X 1820	450	450
5.2mm (med. Thickness, F 4star, type 2)	910 X 1820	560	560
11.5mm for sheathing (F 4star, type 2)	910 X 1820	830	850
12mm for foundation (F 4star, special)	910 X 1820	780	800
12mm concrete-form ply (JAS)	900 X 1800	780	800
12m coated concrete-form ply (JAS)	900 X 1800	880	900
11.5mm flooring board	945 X 1840	1100	1100
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

2009 Forest industry output

According to preliminary statistics in the report *"2009 National Forestry Economy Performance"* from the State Forestry Administration (SFA), the value of China's forest industry output in 2009 (at current prices) amounted to RMB1.58 trillion, up around 10% from 2008, but the pace of growth was slower than in 2008.

The volumetric output of timber nationally in 2009 has been estimated at 69 million cu.m, down 14 percent to about the level in 2007. Output of bamboo in 2009 was largely unchanged, but that for wood-based panels rose 21% to around 113 million cu.m.

According to monthly statistics on industrial enterprises with over RMB5 million of sales, by the end of November 2009, output of major wood products enterprises increased on that for 2008.

The national accumulative output of wooden furniture was 182.6 million pieces, up 3 percent from 2008. The output of solid wooden flooring came to 95.15 million square metres, down 3 percent from the same period in 2008.

The output of wood composite flooring amounted to 271.83 million square metres, up 0.7 percent from the same period in 2008. The growth in timber processing is estimated to have risen 17% on 2008; the furniture industry is estimated to have grown 8% in 2009.

Category	Output in 2009	Output in 2008	% change
Logs (million cu.m)	69	81	-14
Bamboo (billion pieces)	1.206	1.262	-4
Wood-based panel (million cu.m)	113	94	21
Wooden furniture *(million pieces)	182	178	2.6
Solid wood flooring* (million sq.m)	95	99	3.5
Wood composite flooring* (million sq.m)	272	270	0.75

Forest exchange established

It has been reported that a Forest Tenure Exchange was established recently with support from the State Forestry Administration and the Beijing government. This will provide a national exchange platform for forest resources, markets and for forest carbon credits.

The new exchange is controlled by state holding companies. The scope of the exchange includes a forestry indicator trading centre, a forest tenure trading trusteeship registration centre, a forest resources assets evaluation centre and a bulk forest commodities trading centre.

The following services will reportedly be provided; a nationwide forest land trading trusteeship and information service, a forest tenure certificate mortgaging and financing service, a forest resource assets evaluation service, a bulk forest commodities trading service. Information on forest tenure transfer trading, forest tenure mortgaging and financing and trading market will be published openly via an electric screen.

Guangdong furniture exports to ASEAN

Guangdong is one of the major furniture production and exporting provinces in China. Exports to ASEAN countries remain strong even as the traditional export markets have been battered due to the international financial crisis.

According to the statistics from Guangzhou Customs, furniture exports fell slightly overall but exports to AESAN countries rose in 2009. Overall, furniture and parts exports from Guangdong Province in 2009 totaled US$9.96 billion, down 3 percent from 2008 but furniture exports to ASEAN countries rose to US$1.15 billion. Exports and exports to Middle East countries grew 14 percent.

Analysts from Guangdong Customs said that Guangdong furniture exports in 2009 have been increasing steadily. The main reason for the increase is said to be the export tax rebate for furniture exporters which was increased in June 2009.

Although Guangdong furniture exports to the US and EU fell (15 percent and 8 percent respectively), those to ASEAN countries rose considerably. Further growth is expected as the ASEAN/China FTA comes into effect.

Local experts suggest that EU and US have trade policies which pose an obstacle to Guangdong furniture exporting. As a result furniture exporting enterprises are being encouraged to explore emerging markets, establish oversea selling channels of their own, reduce the dependence on EU and the US markets and strengthen the innovation of design and technology of their furniture products.

Change in structure of imports in Erlian Port

According to statistics from Erlian Customs, a change has been seen in the structure of imported timber through Erlian Port. This features a decline in log imports and an increase in sawnwood imports.

Log imports in 2009 totaled 1.43 million cu.m, valued at US$165 million, down 18 percent in volume and 30 percent in value from 2008. Sawnwood imports in 2009 amounted to 0.61 million cu.m valued at US$111 million, up 26 percent in volume and 21 percent in value from 2008.

The main reason for this change is that Russian export tariff rate on logs is higher but on sawnwood is zero thus traders get more profits from importing sawnwood.

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 (Africa)	9300
US Maple 2" KD	7500-11500
US Cherry 2"	10000-13500
US Walnut 2"	14000-15500
Lauan	3500-4000
Okoume	3700-4200
Sapele	5400-5700

Shanghai Furen Wholesale Market

Sawnwood		Yuan per m^3
Beech KD Grade A		4800-4900
US Cherry, 25mm		7000-7500
US Red Oak, 50mm		9800-10050
Sapele 50mm FAS (Congo)		
	KD (2", FAS)	6000-6100
	KD (2",grade A)	5400-5500

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
Mongolian Scots Pine	6m, 30cm diam.	1200

Hebei Shijiangzhuang Wholesale Market

Logs		Yuan per m^3
Korean Pine 4m, 38cm+ diam		1700
Mongolian Scots Pine	4m, 30cm diam.	1250
	6m, 30cm+ diam.	1350
Sawnwood		
Mongolian Scots Pine	4m, 5-6cm thick	1450
	4m,10cm thick	1550

Zhejiang Jiashan Kaihua International Timber Market

Logs	Yuan per m^3
Okoume 80cm+	2900-3400
Sapele 80cm+	6000-6600
Wenge 80cm+	13000-14500
Sawnwood	
Doussie	3600-4000
European beech boules	3200-3400
Radiata	800-1200
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

EU plywood market still dull

Severe winter weather across much of north-western Europe made for a slow start to the plywood business this year, keeping both traders and builders away from work.

Although weather conditions improved in late January, few traders are expecting a significant upturn in business, at least during the first half of the year. Even with clear indications that CIF prices for tropical hardwood plywood are now rising, there are reports of UK distributors off-loading stock at below replacement cost in the face of very slow consumption. This suggests that prospects for any significant increase in forward orders are limited, at least in the short term.

Significant rises in European CIF prices for tropical hardwood plywood are expected on the back of dramatic freight rate increases together with limited stocks in South East Asia and Brazil all coming on top of the moves by producers to recoup higher raw material costs.

While CIF prices for raw BB/CC Malaysian plywood sold into the European market are currently being quoted over a wide range, the general consensus is that UK importers will have to contend with price increases of around 10-20% between January and March 2010.

Only relatively small volumes of Brazilian and Indonesian tropical hardwood plywood are now being sold into the European market. Production capacity has fallen significantly in both countries and products are generally not price competitively against Malaysian plywood in the European market. In Brazil, a larger proportion of product is also now been diverted to the domestic market.

Prices for Chinese plywood are also been quoted over a wider range than previously seen, although indications are that FOB prices are relatively stable while CIF Europe prices are rising due to the freight rate increase. Quality problems have led to a widespread switch away from imports of Chinese poplar core products in favour of products with a eucalypt core.

An indication of the dramatic decline in tropical hardwood plywood trade into the EU in recent times is provided by the latest Eurostat data to end September 2009.

Overall EU imports of hardwood faced plywood from developing countries were down nearly 45% compared to the same period the previous year. All the major EU importing countries, with the exception of France, suffered very substantial declines.

The fall in plywood imports into France was less dramatic only because of a significant shift in okoume plywood manufacturing capacity away from France into Gabon.

European imports from all four of the leading suppliers of tropical hardwood-faced plywood declined dramatically during the 9 month period – although imports from Indonesia and Malaysia faired marginally better than imports from China and Brazil.

EU veneer plants at 50% capacity

The German trade journal EUWID (www.euwid-wood-products.com) reports that the European veneer industry is currently facing major capacity utilisation problems. EUWID suggests that Central European veneer plants are running at no more than 50% to 70% of available capacity.

Although this is largely due to weak veneer consumption, lack of supply of quality veneer logs is another contributing factor. Veneer mills are struggling to obtain appropriate raw material as harvesting levels throughout the world’s major hardwood producing regions have been curtailed in the face poor demand from the lumber sector.

Levels of demand for the best quality veneer hardwood logs are currently in excess of the very low levels of supply.

The latest Eurostat trade data to end September 2009 highlights that tropical hardwood veneer imports into all the major European markets declined significantly last year. The 62% fall in Spanish imports is particularly dramatic and is indicative of the huge downturn in Spain’s door sector when the property bubble burst.

The data also indicates a noticeable shift in European sources of tropical hardwood veneer last year, with the Congo Republic and Gabon generally increasing share at the expense of Ivory Coast and Ghana.

Interestingly China, despite a massive increase in veneer manufacturing capacity in recent years, has yet to make any real headway in supply of raw veneers to the EU.

European window market

A new European market analysis by the Association of Window and Facade Manufacturers (VFF) and the Institute of Marketing KIM Künzelsauer suggests that overall European demand for windows is likely to have fallen significantly in 2009, although the decline was not felt to the same extent in all countries.

The VFF suggests that in France, Spain, the United Kingdom and Netherlands, market demand for windows declined sharply in 2009, following to downward trend in overall construction activity.

However sales of windows in Germany increased by at least 2% in 2009 due to state funding and public commitment for energy-efficiency measures. Several other smaller markets also performed reasonably well in 2009, including Austria and Poland.

In their advance publicity for the report, VFF made available Europe-wide figures for window consumption in 2007 and 2008 (2009 forecasts are only available to those who purchase the report).

Total market volume in the EU-27 (plus Norway, Switzerland, Turkey, Russia and Ukraine) reached around 158.9 million window units in 2007. This figure increased by 2.7 million units in 2008 to 161.6 million. PVC windows accounted for by far the largest share in 2008 at approximately 93.6 million window units. This compares to 35.7 million units in aluminium, 27.5 million units in wood, and 4.8 million units combining wood and aluminium.

The full report, which covers the EU-27 together with Norway, Switzerland, Russia, Ukraine and Turkey, can be purchased from VFF, vff@window.de, www.window.de

Construction in Europe

The latest Europe-wide construction forecasts for 2009 through to 2011 were issued in advance of the 68th Euroconstruct Conference organised by KOF Swiss Economic Institute on 26–27 November 2009 in Zurich.

These forecasts indicate that 2009 was the worst year for the construction market in the 19 countries of the Euroconstruct area for more than ten years. Construction output fell by 8.4%, a significantly larger contraction than seen elsewhere in the economy (overall GDP is expected to have fallen by around 4% throughout the Euroconstruct area).

The total construction output of the Euroconstruct member countries is expected to amount to €1,365 billion in 2009 and to account for 11% of the area's GDP.

For 2010, Euroconstruct expect another, albeit smaller, decline in construction activity of 2.2%. Recovery is not now expected until 2011 and growth is unlikely reach a level comparable to that before the recession until at least 2012.

With the exception of Switzerland (3.3%) and Poland (5.3%), all other countries experienced negative growth in construction output in 2009. The greatest declines were reported in Spain (21.5%) and Ireland (32.2%).

Construction output has also declined very strongly in Finland and the United Kingdom: by 14.2% and 12.6%, respectively. Portugal, Slovakia and Italy also performed poorly, with construction output declining more sharply than the Euroconstruct average.

The explanation for the downturn is to be found in the huge drop in new residential construction (22.5%), as well as in the sharp decline in new non-residential construction (12.7%), a segment which was still growing in 2008. Civil engineering is the only market segment which did not decline in 2009.

Overall construction output is not expected to decline much further after the downturn in 2009, but will remain stagnant across much of the continent until 2012. However new residential construction and new non-residential construction segments are expected to continue their downturn in 2010 and 2011.

To counteract the economic downturn, several countries launched fiscal stimulus packages of various sizes in 2009, some of which targeted the construction sector. But the phasing out of these stimulus packages together with required consolidation of public finances is expected to negatively impact public sector construction in the coming years.

The construction sectors in Poland, Slovakia and Sweden are expected to have the strongest growth rates in 2010 and 2011.

Encouraging signs at Cologne furniture fair

Germany is a key player in the international furniture sector, both as an exporter, a sales target and as a trend setter.

Only one country in the world imports more furniture than Germany – the USA. In 2008, the United States imported furniture with a total value of around 16.3 billion euros. Germany's import volume was around half that figure at 7.8 billion euros.

Germany is also the world's fourth largest furniture manufacturer (after China, US, and Italy) with annual production estimated at around US$24.5 billion in 2008 by the CSIL furniture research organisation in Milan.

For almost 60 years now, a key date in the German furniture industry calendar has been the international furniture fair imm cologne. Every January, manufacturers and dealers from all over the world gather for a few days in Cologne, Germany and this fair influences prospects in the EU furniture sector for the year.

To the relief of many in the industry, the 2010 imm cologne show was more dynamic than many expected given the economic situation. Despite being shortened by a day, the fair managed to equal the previous year's result with around 100,000 visitors.

The number of exhibitors also marginally exceeded last year's level, rising around 1% to 1,053 companies. There was strong growth (7%) in the number of domestic firms taking part. Although the numbers of foreign companies were down, these still accounted for 58% of all exhibitors.

The positive fair results are a boost to an industry that struggled badly in 2009. According to figures issued by VDM, the German furniture industry association, sales generated by the industry fell by 12.7% to €12.75 billion in the year to end October 2009. Office and shop furniture sales declined more dramatically (-17%) than home furniture (-12.1%) and kitchen furniture (-10.6%).

The figures in 2009 come after a positive year in 2008 when German furniture producers ended the year with growth of 1.6%. Although there was a slight decline in German domestic furniture sales in 2008, this was more than offset by export growth of 4.3 percent as compared to the previous year

It should also be noted that while German furniture manufacturers were in the doldrums last year, Germany's furniture retailers were in more buoyant mood. Despite the downturn, the country's three largest furniture retailers – Ikea, Hoffner, and XXXLutz – were all expanding their sales area in Germany during 2009.

In a recent interview, Hans Strothoff, President of the Federal Association of the German Furniture, Kitchen and Furnishings Industry (Bundesverband der deutschen Möbelindustrie, BVDM) suggested that German furniture retailers have seen the recession as an opportunity to exploit consumer's need for greater comfort and security in their own homes:

"In times like these certainty is a rare thing, so it's hardly surprising that people's homes are becoming increasingly important to them. Retailers are sensing this – which is why they would be wise to ensure their range and services are consistent with this trend."

Some other key industry trends identified by the imm cologne organisers during the show include:

- increasing use of dark wood, preferably combined with glass and stainless steel.
- more "green" furniture with a strong environmental message.
- introduction of large-format dining tables and dining room armchairs that may be sat on comfortably for a long time.
- the "kitchen - dining room - living area" as a spatial unit, now joined by private spa oases in which the bedroom and bathroom merge into a single unit.

The next imm cologne will take place from 18th - 23rd January 2011

The Netherlands Sawnwood Prices

FOB (Rotterdam)	US$ per m^3
Sapele KD	917⬇
Iroko KD	1059⬇
Sipo KD	1078⬇
DRM Bukit KD	918⬆
DRM Seraya KD	925⬆
DRM Meranti KD Seraya MTCC cert.	946⬆
Merbau KD	1194⬆
Sapupira (non FSC) KD	918⬆
Sapupira (FSC) KD	1483⬆
Anti-slip decking AD C&F Rotterdam	
Selangan batu	1412⬆

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	300-320
Iroko	80cm+ LM-C	300-340
African Walnut	80cm+ LM-C	310-340

UK Sawnwood Prices

FOB plus Commission	GB Pounds per m^3
Framire FAS 25mm	440-450
Sipo FAS 25mm	610-630
Sapele FAS 25mm	545-555
Iroko FAS 25mm	630-650
Wawa No.1 C&S 25mm	320-330
CIF plus Commission	
Tulipwood FAS 25mm	250-260
Meranti Tembaga Sel/Btr (KD 2"boards)	480-500
Balau/Bangkirai Decking	830-860⬆
White Oak	465-480

UK Plywood and MDF Prices

Plywood Panels 8x4", CIF	US$ per m^3
Brazilian WBP BB/CC 6mm	500-520
Malaysian WBP BB/CC 6mm	480-500
China (hardwood face, eucalyptus core) 18mm	350-360
China (tropical hardwood face, poplar core) 18mm	310-330

Report from North America

Certification in the US hardwood industry

Interest in forest management and chain-of-custody certification remains high in the US market. The US Green Building Council's LEED system has undoubtedly contributed to the increase in the number of companies and the range of wood products certified under the Forest Stewardship Council's (FSC) certification system.

Last autumn, the Hardwood Review Weekly conducted a large-scale survey of the hardwood industry, including sawmills, veneer mills, wholesalers, concentration yards, distributors, component plants, flooring manufacturers, furniture manufacturers regarding chain-of-custody certification.

The results indicate that the number of certified hardwood companies increased in 2009 despite the difficult business conditions. The majority of businesses currently certified said they will definitely renew their certification. Demand for certified product increased during the past year, according to almost three quarters of the certified companies.

FSC accounted for 96% of all certifications, while only 10% of certified businesses held Sustainable Forestry Initiative (SFI) certification.

The survey found that sawmills and finished goods manufacturers were less likely to be certified than businesses in the middle of the value chain. More than half of the respondents were certified for the first time in 2008 or 2009. The volume of certified hardwood lumber is still small, representing on average less than 5% of total business for certified companies.

Generally respondents did not think they received premiums for certified wood, except lower down the value chain once the lumber is kiln-dried. Most of the companies who get higher prices for certified products said that premiums were less than 10%. Survey results also suggest that most companies chose to become certified to increase sales, not to improve profit margins.

A lack of demand in the market and by their customers is the main reason for companies not to seek certification, followed by the cost of certification.

An interesting point is the disagreement between certified and non-certified companies on what drives the demand for certified wood products. Certified companies point at architects and designers, followed by green building and government procurement. Non-certified companies believe environmental advocacy groups are primarily responsible, followed by architects and designers.

A detailed analysis of the certification survey will be published in the 2010 Hardwood Directory.

A separate survey by the FSC Family Forests Alliance found that among FSC Forest Management certificate holders in the US, the vast majority said that the lack of market demand was a major challenge.

Three quarters of the respondents thought that certification costs still exceed benefits. This mirrors the results of the hardwood industry survey that indicates that logs do not receive price premium while kiln-dried and further processed lumber do. Great interest exists among FSC group certificate holders in tools for carbon offset project development.

Biomass Crop Assistance Program

The Biomass Crop Assistance Program (BCAP) is a new federal programme in the US that was authorized in the 2008 farm bill. It is intended to promote the development of bioenergy technologies and production by subsidizing the fuel supply needed to support such an industry.

The programme provides financial assistance to producers that deliver eligible biomass material to designated biomass conversion facilities for use as heat, power, biobased products or biofuels.

The programme's impact is expected to reach beyond the bioenergy industry. BCAP is likely to encourage significant expansion of production in parts of the US forest sector, especially lumber and wood pellets. Through expanding lumber producers will make more money selling wood residue to energy facilities. Because of this they could afford to run their mills at higher capacity, even if lumber prices are low. Even though increased production in a weak market will put a downward pressure on lumber prices, mills would be able to still increase production to a certain point through the subsidies for wood residues. The programme is also likely to redirect wood flows throughout the pulp and paper and fibreboard sectors.

Matching payments of up to US$45 per ton of dry biomass will go to businesses that collect, harvest, store and transport biomass waste to an authorized energy facility. The subsidies are available to biomass producers for a period of two years.

The first payments to US producers of wood residues were issued in early September 2009. Depending on final programme regulations, total payments to the US forest industry are expected to reach US$3–10 billion over the three-year lifespan of the collection, harvest, storage and transportation component of the programme. US$517 million have been allocated to make payments in the first quarter of 2010.

However, the programme will only be effective if capital investments are made to significantly increase biomass supply. As future funding levels for the programme are unclear, it remains to be seen whether investments in harvesting and conversion equipment will be made.

It is possible that the volume of biomass on the market will not increase markedly, but that energy facilities will benefit from lower feedstock cost and suppliers will increase profits.

Organizations representing paper and wood product manufacturers, including the American Forest and Paper Association, the Composite Panel Association and the American Home Furnishing Alliance, have strongly criticized the Biomass Crop Assistance Programme for subsidizing the energy use of material that is currently used in manufacturing wood products, pulp and paper. They initiated a lobbying campaign to revise BCAP so that wood residue markets are not distorted.

The Canadian government has also raised concerns with the US Department of Agriculture over the programme's impact on the Canadian forest industry.

Sawmills and the developing bioenergy sector in Canada would be put at disadvantage by the US cash subsidies. More than 100,000 jobs have already been lost in the Canadian forestry sector since 2003 according to government data, caused by the poor US housing market, the high Canadian dollar and a decline in demand for newsprint paper.

US Timber prices

	Nov-09	Dec-09	Jan-10
Ipe (Brazil) Decking Premium Grade AD 1x6, FOB Belem	1830	1830	n/a
Ipe (Brazil) Decking Premium Grade AD 5/4x6, FOB Belem	1910	1910	2010
Jatoba (Brazil) No.1 Common & Better AD, FOB Belem	850	850	850
Jatoba (Brazil) No.1 Common & Better KD, FOB Belem	910	910	n/a
Khaya (Cote d'Ivoire) FAS KD, FOB Abidjan	785	785	745
Khaya (Ghana) FAS KD, FOB Takoradi	n/a	n/a	835
Sapele (Cameroon) FAS AD, FOB Douala	685	685	670
Sapele (Cameroon) 4/4 to 8/4 FAS KD, FOB Douala	795	795	800

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.

Barclays Plc won Dubai's first foreclosure cases in court, clearing the way for lenders holding about $16 billion of Dubai home loans to take action when borrowers don't pay. Islamic lender Tamweel PJSC, the emirate's biggest mortgage bank, has several of its own foreclosure claims pending and estimates about 3 percent of its mortgages are in default.
http://www.bloomberg.com/apps/news?pid=20601109&sid=a4TwfiSIfjdM&pos=10

China's exports ended a 13-month-long decline in December, boosted by improving external demand for its goods and services, while imports also improved sharply due to strong industrial demand for commodities, narrowing the country's trade surplus. December exports jumped 17.7% from the year-earlier month, trouncing the 4% rise expected by economists in a Reuter's survey and marking a sharp rebound from the 1.2% fall in November.
http://www.marketwatch.com/story/china-exports-rebound-strongly-while-imports-surge-2010-01-10?siteid=rss&rss=1

The Chinese central government has vowed to demolish city slums and build more affordable or low-rent houses in a bid to solve the housing problem of 15.4 million low-income urban households by the end of 2012. Following a spate of moves late last year to cool the overheated property market, the State Council issued a notice ordering central government departments and local governments to take concrete moves to curb speculation and provide affordable housing to the public, which has become increasingly desperate in the face of skyrocketing realty prices.
http://english.peopledaily.com.cn/90001/90778/90862/6864486.html

Contrary to United Nation's statistics asserting that Brunei's forest cover fell 11.8 per cent from 1990 to 2005, the Deputy Director of the Forestry Department reaffirmed that Brunei's forest cover has decreased by only five per cent from 1984 to 2005, arguing that Brunei's definition of "forest cover" is different to that used by the UN.
http://brudirect.com/index.php/2010010813593/First-Stories/brunei-still-has-78-green-cover.html

The government of Sierra Leone has placed an immediate ban on the transport and export of logs, in an effort to crackdown on a largely uncontrolled, multi-million-dollar industry. A statement from the office of the president said "illegal logging is having adverse effect on the country's environment and depleting the ozone layer and must be stopped with immediate effect". It warned that violations of the logging export ban could result in court fines and confiscation of property.
http://allafrica.com/stories/201001090030.html

Liberia is about to restart logging of its valuable tropical hardwood timber, but environmental activists warn that even with strict regulations the new commercial activity may cause terrible ecological damage. The United Nations placed an embargo on timber from Liberia in 2003. The international sanctions effectively prohibited the commercial logging or exporting of any timber products. Previously the export of hardwoods was estimated to make up 60 percent of Liberia's GDP.
http://www.globalpost.com/dispatch/africa/091223/liberia-timber-logging-human-rights

There is confusion on climate change as to what happens now given the narrow Copenhagen Accord leaves most areas of the UN negotiations up in the air. But amid the failure in Copenhagen to get agreement on all manner of issues needed for a new global climate agreement, the area that arguably saw the most progress towards a final outcome was REDD.
http://www.carbonpositive.net/viewarticle.aspx?articleID=1786

The Venezuelan government plans to build some 120,000 homes during 2010 with the aid of Brazil, Iran and China, the public works and housing minister said. "The construction of 120,000 homes this year is part of an agreement signed by Venezuela with countries like Brazil, Iran and China," Diosdado Cabello said.
http://www.laht.com/article.asp?ArticleId=350099&CategoryId=10717

http://www.furnishingreport.com/fira_china_test_house_260110

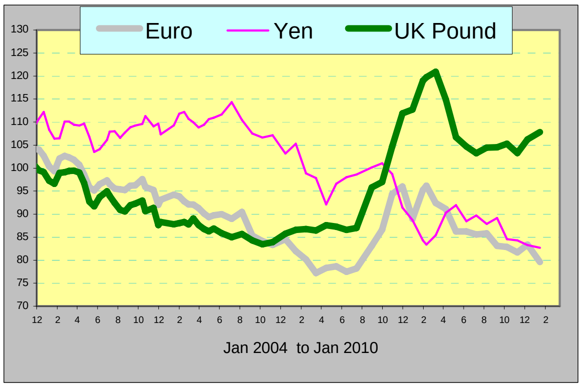
The UK Furniture Industry Research Association (FIRA) is to open a testing laboratory in Hong Kong after striking an agreement with a local test body and China's lead furniture industry trade association. FIRA's head of technical services Phil Reynolds says they hope the facility, due to open in March, will mean the industry group will be able to service the export market from China to the UK and Europe.

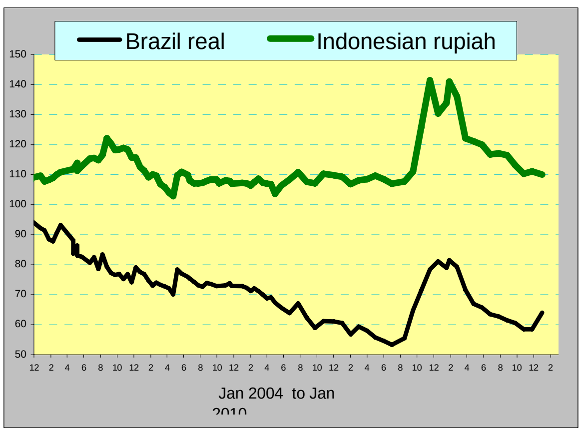
Main US Dollar Exchange Rates

As of 30th January 2010

Brazil	Real	1.8850
CFA countries	CFA Franc	470
China	Yuan	6.8269
EU	Euro	0.7213
Indonesia	Rupiah	9346
Japan	Yen	90.25
Malaysia	Ringgit	3.4153
Peru	New Sol	2.8604
UK	Pound	0.6257

Exchange rates index (Dec 2003=100)

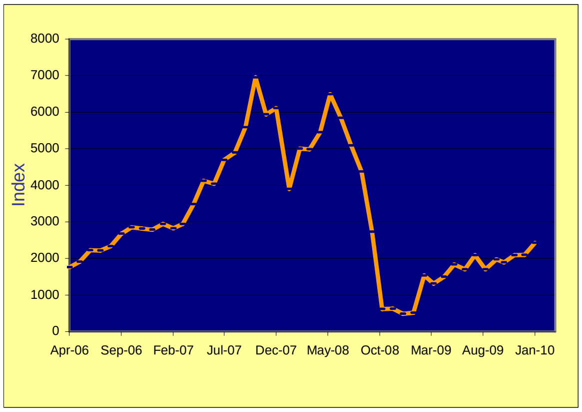




Abbreviations and Equivalences

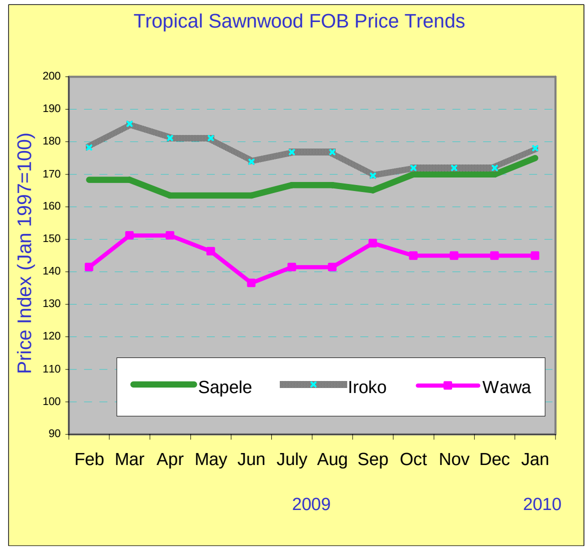
LM	Loyale Merchant, a grade of log parcel
QS	Qualite Superieure
CI, CE, CS	Choix Industriel, Economique or Supplimentaire
FOB	Free-on-Board
CIF; CNF	Cost, insurance and freight; Cost and freight
KD; AD	Kiln Dry; Air Dry
Boule	A log sawn through and through, the boards from one log are bundled together.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

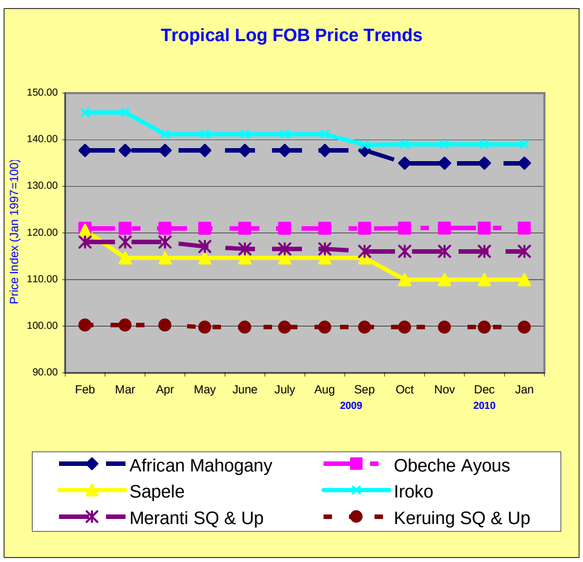


The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

Tropical Sawnwood Price Trends

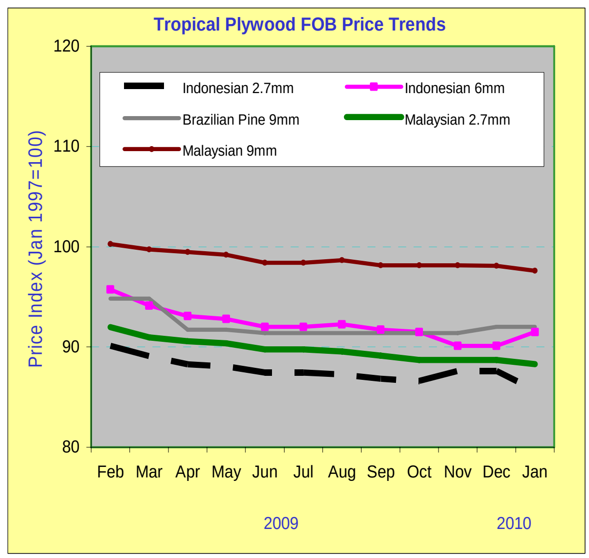


Tropical Log Price Trends



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

Tropical Plywood Price Trends



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