Tropical Timber Market Report

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Wood promotion in public buildings

Further details of the content of the Bill from Japan's Ministry of Agriculture, Forestry and Fisheries promoting wood use in public buildings have been reported in the Japan Lumber Reports (JLR).

The Bill is said to be aimed at raising the use of wood in low rise public buildings from the present level of 7.5% to 20-30%. This, according to the Forestry Agency, could increase wood consumption by between 700-800 thousand cubic metres annually.

The package of support for manufacturers contains legal, financial and technical elements which are still under discussion. The JLR reports that this initiative in the public sector will have a knock-on effect on the private sector leading to a greater use of wood in buildings.

Headlines

Report from Central/West Africa

FOB prices largely unchanged

Although details of the log export ban in Gabon have not yet been totally finalised, the log markets have remained remarkably calm. The prospect of the loss of such a major player from the log market has not resulted, as yet, in noticeable price movements for logs.

Price changes that have been recorded over the past four to six weeks have more to do with improved demand from Europe. However these increases are built on a very low level of demand and are still very moderate. Better demand in China and India has also supported the modest movement in prices.

Return of S. African buyers

Analysts report that South African importers allowed timber stocks to run low and have now returned to the market and are actively buying sawn Okoume. This has encouraged sawmillers in Congo Brazzaville and Gabon to raise prices and there are indications that sawn Okoume prices will continue upwards into the second quarter.

Clarification also is awaited on details of the log export situation in Cameroon. There has been relaxation on exports of lesser know species and, more recently, some indication that special dispensations may be made in respect of prime timbers.

Currently, production across W. Africa is relatively low because of the rain season, so finalising a firm decision in log exports in Cameroon is not so urgent.

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	275	270	206
Movingui	165	135	125
Niove	130	130	-
Okan	220	220	122
Padouk	315	295	235
Sapele	220	200	150
Sipo/Utile	265	245	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	325 ↑
	FAS. fixed sizes	325 ↑
	Std/Btr GMS	265 ↑
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

Positive trade expectations

Traders are reportedly expecting that Okoume, Okan, Sapele and Sipo log export prices will continue to firm. Higher log prices should encourage sawmills in the Central African Republic to resume production of top quality Sapele for export through the port of Douala.

Because of the high cost of road transport for the almost 1,000km journey, sawnwood exports via Douala is viable only when prices are some Euro 30 – 50 above the very low level of recent months.

Report from Ghana

Q4 timber contracts

Data available from the Timber Industry Development Division of the Forestry Commission (TIDD) indicates that contracts for a volume of 94,369 cubic metres (down 17% Qtr on Qtr) and 2,475 pieces of furniture parts were processed and approved for export during the fourth quarter of 2009.

There was a sharp increase in furniture parts export as a result of two major parts shipments for the Togolese market undertaken by Portal Limited, a Takoradi based timber firm. The TIDD report indicates that Mim Scanstyle Ltd, once the major furniture parts exporter, submitted almost no contracts for export approval during the same period.

In the fourth quarter 2009 there were declines in almost all the major export wood products with the exception of Finger Jointed/Laminated products, for which exports (3,696 cubic metres) increased by 39% compared to the previous quarter.

There were also declines in export volumes of sawnwood, plywood, plantation poles/billets/logs, sliced veneer, rotary veneer and mouldings compared to the previous quarter.

Sawnwod continued to be the leading export wood product from Ghana, contributing 47% of the total volume of exports in the quarter.

Price and market performance

Overall there were no changes in prices during the quarter under review. Prices were stable for most of the wood products.

Though the global economic crisis, which led to a meltdown of prices for wood products for most of 2009, has eased, Ghana's exporters of wood products still find it difficult to achieve prices above the TIDD Guiding Selling Prices (GSP).

Prices of Mahogany (Khaya ivorensis), which is the main sawnwood species for the US market, started to show signs of improvement during the fourth quarter of 2009. Most contract prices approved were at around US$750 per cubic metres, with a few achieving as high as US$800 per cubic metre. Prices in the previous quarter were in the range of US$720 per cubic metre, well below the average GSP level of US$860 per cubic metre.

China a major buyer

China is becoming one of the most important markets for Ghana's wood products, especially for high density sawnwood species. The majority of contracts for Denya submitted for approval by the TIDD during the fourth quarter 2009 were for the Chinese market. Prices were in the region of US$400 per cubic metre. Previously, the best average price was around US$350 per cubic metre.

Nigeria imports plywood

Nigeria continued to be the major consumer of Ghana's plywood during the quarter under review. Due to the depreciation of the US Dollar against the Euro, many Nigerian buyers complained that the TIDD GSP for plywood was on the high side, though TIDD prices quoted in Euros had not changed.

New forest plan

According to a Ghana News Agency report, the Forestry Commission is to update management plans for all forest reserves in the country.

Apparently, plans over twenty forest reserves in the country have been earmarked as pilot areas. Four pilot areas namely, Nsuensa-Bediako, Esukawkaw, Pra-Anuonand and Worebong South are in the Eastern Region.

At a 2-day planning workshop held to introduce a draft management plan for the Nsuensa-Bediako Forest Reserve, the Eastern Regional Forestry Manager, Mr. J E Manu, said he wanted to bring all stakeholders in the sector together for discussion on the plan to ensure the effective and sustainable management of forest reserves. Mr Manu said the Nsuensa-Bediako Forest Reserve management plan was written in 1959 to cover a period of five years but there had been no review undertaken since.

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	205	255
Dahoma	300	390
Edinam (mixed redwood)	400	430
Emeri	330	400
African mahogany (Ivorensis)	595	665
Makore	520	585
Niangon	490	595
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	€ per m^3			
B/BB, Thickness	Redwoods		Light Woods	
	WBP	MR	WBP	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%.

Mouldings (FOB export)	€ per m^3
Dahoma grade 1	485
Denya grade 1	516
Hotrohotro grade 1	580
Wawa grade 1	490
Wawa grade 2	420
Ekki grade 1	475
Wawabimba Laminated grade 1	750

Report from Malaysia

Furniture exports set to recover

Exports of Malaysian furniture are expected to reach RM10 billion for the current year according to the Malaysian Deputy Plantation Industries and Commodities Minister.

In 2009 furniture exports declined 12% to RM7.62 billion, while the decline of timber and rattan furniture, which constituted 84% of all furniture exports, fell just 7%.

Alternative materials for Malaysian furniture

The Forest Research Institute of Malaysia (FRIM) will promote several alternative materials as suitable raw materials for the furniture industry. FRIM will display these materials during the Malaysian International Furniture Fair (MIFF) 2010.

The objective in displaying the new raw materials is to help address raw material shortages facing the furniture manufacturing sector.

FRIM, the leading forestry research organization in Malaysia, is also a strategic business partner to the Malaysian timber industry. It has been in the forefront of research into fast growing tree species for the timber industry. FRIM is also an important centre for furniture testing.

Rubberwood from Thailand

The shortage of raw materials, particularly sawn rubberwood, in Malaysia has forced a number of manufacturers to purchase timber from neighbouring Thailand. However, competition for sawn rubberwood in Thailand is especially stiff as buyers for the Chinese market are active and placing huge orders.

Thailand consumes vast amounts of natural rubber for its production of vehicle tyres and automotive parts. Because of this strong demand and good prices for latex, rubber plantations are generating good returns and owners can keep the plantations standing, even when latex yields begin to decline. This is leading to a shortage of rubberwood logs.

Encouraging signs from EU buyers

Sawnwood producers and traders report encouraging news of orders originating from Europe. While the size of the orders do not indicate a major revival of the construction sector in the EU, these are being interpreted as indicating better demand for raw material for the manufacture of window and door frames.

Remodelling postponed

The financial crisis in Europe over the past two years resulted in many homeowners postponing planned remodelling or renovation work. As fears of another financial blow in the EU arising from the Greek economic situation fades, European homeowners are said to be showing signs of growing confidence and are looking to undertake repairs caused by storms over the past winter.

With news that prices of non-wood building material are set to rise, European consumers are reportedly reconsidering timber for reconstruction work.

Analysts forecast a modest increase in purchases of plywood and a steady recovery in timber prices over the next few months.

Log Prices

Sarawak log, FOB	US$ per m^3
Meranti SQ up	228-252⬆
Small	212-243⬆
Super small	204-228⬆
Keruing SQ up	217-229⬆
Small	196-226
Super small	174-204
Kapur SQ up	207-232⬆
Selangan Batu SQ up	185-222

Pen. Malaysia logs, domestic (SQ ex-log yard)	US$ per m^3
DR Meranti	234-253⬆
Balau	299-328⬆
Merbau	326-358⬆
Rubberwood	62-96⬆
Keruing	217-233⬆

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
DR Meranti	393-429
White Meranti A & up	282-312⬆
Seraya Scantlings (75x125 KD)	433-446
Sepetir Boards	251-273⬆
Sesendok 25,50mm	345-363
Kembang Semangkok	297-320⬆

Malaysian Sawnwood, domestic	US$ per m^3
Balau (25&50mm,100mm+)	325-345
Merbau	454-506⬆
Kempas 50mmx(75,100 & 125mm)	261-301
Rubberwood	
25x75x660mm up	209-259⬆
50-75mm Sq.	248-280⬆
>75mm Sq.	270-299⬆

Plywood Prices

Malaysia ply MR BB/CC, FOB	US$ per m^3
2.7mm	404-466
3mm	384-414
9mm & up	331-403⬆

Meranti ply BB/CC, domestic	US$ per m^3
3mm	330-421⬆
12-18mm	314-343⬆

Other Panel Prices

Malaysia, Other Panels, FOB	US$ per m^3
Particleboard	
Export 12mm & up	227-250⬆
Domestic 12mm & up	212-229
MDF	
Export 15-19mm	280-311⬆
Domestic 12-18mm	270-288

Added Value Product Prices

Malaysia, Mouldings, FOB	US$ per m^3
Selagan Batu Decking	533-543⬆
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	548-561⬆
Grade B	501-511⬆

Furniture and Parts Prices

Malaysia, Rubberwood, FOB	US$ per piece
Semi-finished dining table	
solid laminated top 2.5'x4', extension leaf	62-78
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 m^3
22x760x1220mm sanded & edge profiled	
Top Grade	573-606⬆
Standard	557-576⬆

Report from Indonesia

Reforestation in Jambi

Indonesia, together with Australia, has launched an A$30 million reforestation project in Sumatra in a bid to address greenhouse gas emissions and introduce a carbon-trading scheme under the REDD programme.

The project will be in Jambi Province in Sumatra and will be the second such project undertaken by the two countries. Funds will be used to restore forests in a province that is larger than the Netherlands and has lost more than 60% of its forests through illegal logging, slash and burn agriculture and clearing for oil palm plantations.

USAID helps interpret Lacy Act in Indonesia

USAID is working with the Forestry Ministry of Indonesia and various timber product and trade associations to help Indonesian timber companies better understand the US Lacey Act. Many Indonesian timber companies are still unfamiliar with the Lacey Act and welcome the assistance on how to prepare the various export documents required.

Timber tracking

USAID is also providing support for the development of a timber tracking system in Indonesia. This is to help operationalise a new Indonesian verification law that requires full documentation of the supply-chain for timber products from the point of harvesting to the processing of the product.

Positive signs in domestic housing sector

Some Indonesian real estate developers have voiced optimism that the national economy is showing signs of recovery and that will mean the housing market is set to improve.

Interest rates held steady

The Indonesian Central Bank has maintained the benchmark lending rate at 6.5% for the seventh straight month in order to promote more bank lending. In another move to aid the ailing construction sector, the National Electricity Board is offering developers substantial discounts for switching their account to industrial status.

With the current buoyant prices for agricultural commodities, especially palm oil, housing developers believe that the Indonesian economy is set to grow on a longer term basis.

Order books in better state

Timber traders and producers have reported that new orders are steadily arriving and plywood manufacturers share the same optimism as the housing developers. Further fuelling optimism is the view that orders for Indonesian plywood from Japan and South Korea are set to rise.

Log Prices (domestic)

Indonesia logs, domestic prices	US$ per m^3
Plywood logs	
Face Logs	188-231⬆
Core logs	170-203⬆
Sawlogs (Meranti)	179-240
Falcata logs	147-181
Rubberwood	54-78⬆
Pine	161-200⬆
Mahoni (plantation mahogany)	468-495

Sawnwood Prices

Indonesia, construction material, domestic	US$ per m^3
Kampar (Ex-mill)	
AD 3x12-15x400cm	179-198⬆
KD	201-235⬆
AD 3x20x400cm	221-244⬆
KD	224-252⬆
Keruing (Ex-mill)	
AD 3x12-15x400cm	236-250⬆
AD 2x20x400cm	223-241⬆
AD 3x30x400cm	206-225⬆

Plywood Prices

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

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		215-224
	Domestic 9mm		196-208⬆
		12-15mm	188-199⬆
		18mm	178-190⬆
MDF	Export 12-18mm		250-263⬆
	Domestic 12-18mm		232-243⬆

Added Value Product Prices

Indonesia, Mouldings, FOB	US$ per m^3
Laminated Boards	
Falcata wood	298-310⬆
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	485-519⬆
Grade B	441-462⬆

Report from Myanmar

Sawnwood market slow

Traders are saying that the market for sawn teak is very slow, enquiries are being received but firm orders are not being realised.

Price drives Indian purchases

Teak logs, on the other hand, are in demand especially in India but the catch in this market is 'reasonable price'. If teak log prices are right for the Indian market then buying is active. This was reflected in last month's log auctions. Grade VII logs are the most popular.

Pyinkado log stocks are currently being shipped out to make room for the newly harvested logs in the log yards. Buyers of the Pyinkado logs say shipment will be made when the sales contracts are released by the authorities.

River transport of Gurjan

Gurjan logs from the four preferred areas Momeik, Mawlaik, Monywa, and Mabein (known as the 4 M area) have to be floated down the Chindwin and the Ayeyarwadi rivers. These rivers will become more navigable in a couple of months when the snow melts in the mountains and river levels rise.

At the moment there is still a lot of log rafts and barges waiting to be moved. Most will be sent to the auction depots after the Myanmar New Year in April. The market for Gurjan may become more active in April when more buyers are expected to bid for the fresh logs. Analysts say that Gurjan prices usually go down after April.

Gurjan logs are also shipped out in comparatively large quantities from southern Tanintharyi (mainly Myeik formerly known as Mergui) just before the onset of the South-West Monsoon during which the sea becomes too rough.

Design competition

The local journal 'Weekly Eleven' has reported that the Myanmar Timber Merchants Association has extended the deadline for the submission of furniture designs for its competition. Designs may be sent to the Association personally or by internet or mail. Winners will be announced a Furniture Fair to be held on the 30th April 2010, at Nay Pyi Taw, the administrative capital of Myanmar. Designers, both local and foreign, can participate in the competition, the journal stated. Designs can be submitted to the Timber Merchants Association at mfptma@mptmail.net.mm or mfptma@gmail.com

Myanmar Log Prices (natural forest logs)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
Veneer Quality	Jan	Feb
2nd Quality	-	-
3rd Quality	-	5,050 (2 tons)
4th Quality	3,646 (10 tons)	4,259 (9 tons)
Sawing Quality		
Grade 1 (SG-1)	2,483 (36 tons)	2,865 (34 tons)
Grade 2 (SG-2)	2,181 (41 tons)	2,291 (41 tons)
Grade 3 (SG-3)	-	-
Grade 4 (SG-4)	1,681 (226 tons)	1,780 (222 tons)
Grade 5 (SG-5) Assorted	1,316 (145 tons)	1,379 (180 tons)
Grade 6 (SG-6) Domestic	1,159 (65 tons)	664 (175 tons)
Grade 7 (ER-1)	732 (183 tons)	611 (306 tons)
Grade 8 (ER-2)	-	533 (14 tons)
Short Logs 6 ft. / 7 ft.	-	-

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	486 (70 tons)
Gurjan (keruing-export quality)	218 (682 tons)
Tamalan (export reject)	567 (31 tons)
In-gujan	-
Yamane (export)	-

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

Report from India

Exports up three months in a row.
India's merchandise exports rose to US$14.34 billion in January, up 11.5 % from US$12.86 billion in the same month last year. Exporters are increasingly looking for new products and new markets as growth in traditional markets such as the USA and Europe is stagnant.

Imports surge
Imports also surged in January, increasing by 35% to US $24.70 billion against US$18.22 billion a year ago. This is a signal of strong domestic demand and investment. India's Industrial Output Index has also risen thanks to expanding output and new orders.

Housing market lifting prices
With the improving economic situation in India, it is not surprising that house building activity has increased. House prices in India are almost back to levels prior to the economic slowdown in 2008/9. This is translating into firming prices for wood and wood products in India and in countries where India is buying logs.

Custom duties in India's budget
In the budget presented on 26th February, 2% has been added to Central Excise. This means that all wood panel products will attract a 10% counterveiling duty, making them approximately 2.5% more expensive (inclusive of surcharges). In the case of logs and sawn timber the duties remain the same, a disappointment for importers who were looking for a reduction.

Expanding forest cover.
As announced in the State of The Forests 2009 report, the net forest cover in India has expanded.

The states reporting increased forest cover are: Himachal Pradesh, Arunachal Pradesh, Jammu and Kashmir, Sikkim Mizoram, Manipur Nagaland, Tripura Jharkhand, Orissa and Uttara khand. On the other hand, Assam, Andhra Pradesh and Chhattisgarh have reported declines in their forest area.

The losses of cover can be due to mining sector operations. The good thing is that there is a growing awareness of the importance of increasing the 'green' cover.

Investment in downstream production.
There is great potential for expanded panel product manufacturing in India but the main problem is the scarcity of wood raw materials.

Under these circumstances, making composite panels using agricultural waste combined with wood chips is gaining momentum.

Several production lines have been set up for manufacturing agro-composite MDF and particleboard. One such unit has been established in Gujarat by Rushil Décor Limited using cotton stalks and wood.

Another factory has been built in Ankleshwar also in Gujarat, producing particleboard from a bagasse and wood mix. One more unit by Paralam Global Pvt Ltd is nearing completion at Nagpur Maharashtra using a similar mix of raw materials. Shivdhan Boards Pvt.Ltd. of Maharashtra is producing particleboard using a mix of bagasse, sawmill waste and small sized logs.

A few more plants are reportedly being planning and/ or executed to meet the growing demand for these panels as the base material for further lamination with paper / veneers/ PVC foils etc, for which there is a large market in India.

C&F Plantation Teak

	US$ per m^3
Sudan sawn	650-800
Ivory Coast logs	500-550
PNG logs	425-450
El-salvador logs	375-400
Guatemala logs	395-415
Ghana logs	400-425
Benin logs	425-500
Brazil squares	450-475
Togo logs	325-350
Ecuador logs	250-275
Costa Rica logs	345-375
Panama logs	275-300

India Sawnwood Prices (domestic)

Sawnwood (Ex-mill)	Rs. per ft^3
Myanmar Teak (AD)	
Export Grade F.E.Q.	5000-6000
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.24.0
12mm	Rs.18.50	Rs.25.5
18mm	RS.23.00	Rs.34.0
5mm		Flexible ply Rs.15.0

Report from Brazil

'Ghost' timber companies in Pará

The regional office of the Brazilian Institute of Environment and Natural Resources (IBAMA) in Pará has identified over 150 'ghost' companies trading timber and other forest products. This number is quoted in the interim report of the so-called "ghostbusters" operation, which tracks the forest product flow in the state.

The 'ghost' companies identified by IBAMA are reported to have provided false management plans and forest control documents to support the purchase of and trade in illegal timber. The receipts presented to inspectors were from non-existent companies. In some cases, the plate numbers of vehicles reportedly used for the transport of forest products were those of regular passenger cars and motorcycles, not timber trucks.

Through the 'ghost' companies, illegal timber could be disguised as that coming from approved logging areas with approved management plans. IBAMA is prosecuting the offenders.

The Promadeira Fair

The seventh Promadeira Fair will take place in August this year in Sinop, 500 km from Cuiaba. The region is considered the largest timber manufacturing cluster in the State.

This cluster of wood product industries apparently provides some 40.000 direct and 120,000 indirect jobs. The raw materials for the various industries come from around 2.6 million hectares of sustainably managed forest. There are plans to increase this to 6 million hectares.

In addition to the traditional international business promotion activities of technical visits and product exhibition, the up coming Fair will feature innovations such as a display of a mini-forest with a demonstration of sustainable forest management techniques.

Native tree seedlings will be distributed and there will be a video presentation on "Standing Forest: the management is possible," produced by the Timber Industry Association of Northern Mato Grosso (Sindusmad) in partnership with the Center for Wood Producers and Exporters of Mato Grosso (CIPEM). This focuses on sustainable forest management practices.

Falling exports from Northern Mato Grosso

Exports from the Alta Floresta tropical timber cluster fell 39% in January 2010 compared with the same period last year according to the Ministry of Development, Industry and Foreign Trade (MIDIC). Exports fell from US$ 645,000 in January 2009 to US$595,700 in January this year.

The major product traded was tropical timber (US$568,400) but sales were down 38% compared to January 2009.

The main importers were Spain, (accounting for US$ 223,700, or 37.5% of the total export), followed by Canada (US$155,100), the United States (US$ 142,200), Belgium (US$ 47,300) and India which imported just US$27,300 worth of wood products from the region.

Pará's exports recover

The economy of Pará started to recover in January this year after eleven months. Now the economy of Pará is ranked second amongst the Brazilian States generating a trade surplus of US$ 550 million.

Exports from Pará's increased 13% in January 2010 compared to January 2009 from US$578 million to US$657 million. In contrast to the situation in 2009 when export declined sharply, there was a turnaround earlier this year.

Wood product exports increased 19%, which analysts say is significant given the deep recession in the sector last year.

While wood product exports from Pará were just US$ 24 million in January 2009, in January this year they were almost US$ 29 million.

Brazil Log Prices (domestic)

Brazilian logs, mill yard, domestic	US$ per m^3
Ipê	145
Jatoba	104
Guariuba	68
Mescla (white virola)	75

Brazil Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB		US$ per m^3
Jatoba Green (dressed)		827
Cambara KD		477
Asian Market (green)	Guariuba	266
	Angelim pedra	619
	Mandioqueira	231
Pine (AD)		192

Brazil sawnwood, domestic (Green)		US$ per m^3
Northern Mills (ex-mill)	Ipé	694
	Jatoba	532
Southern Mills (ex-mill)	Eucalyptus (AD)	186
	Pine (KD) 1st grade	238

Brazil Veneer Prices

Veneer, Export (Belem/Paranagua Ports) FOB	US$ per m^3
White Virola Face 2.5mm	293
Pine Veneer (C/D)	206

Rotary cut Veneer, domestic	US$ per m^3	
(ex-mill Northern Mill)	Face	Core
White Virola	255	212

Brazil Plywood Prices

Plywood, FOB	US$ per m³
White Virola (US Market)	
5.2mm OV2 (MR)	475
15mm BB/CC (MR)	410
White Virola (Caribbean market)	
4mm BB/CC (MR)	519
12mm BB/CC (MR)	416

Pine Plywood EU market, FOB	US$ per m³
9mm C/CC (WBP)	276
15mm C/CC (WBP)	252
18mm C/CC (WBP)	247

Plywood, domestic (ex-mill Southern mill)		US$ per m³
Grade MR (B/BB)	White Virola 4mm	870
	White Virola 15mm	636

Domestic prices include taxes and may be subject to discounts.

Other Brazil Panel Prices

Belem/Paranagua Ports, FOB	US$ per m³
Blockboard Pine 18mm 5 ply (B/C)	311
Domestic Prices, Ex-mill Southern Region	
Blockboard White Virola faced 15mm	554
Particleboard 15mm	352

Brazil Added Value Products

FOB Belem/Paranagua Ports		US$ per m³
Edge Glued Pine Panel		
Korean market (1st Grade)		634
US Market		486
Decking Boards	Cambara	603
	Ipê	1,583

Report from Peru

FTA with EU

Peru's Minister of Foreign Trade and Tourism, Martin Perez has reportedly said that while the Peru/EU FTA is due to be signed in May this year, the agreement would only become effective in two years time.

This is because there are 27 countries forming the European Union and the trade agreement must be approved by legislation in each of these countries.

Peru Sawnwood Prices

Peru Sawnwood, FOB Callao Port		US$ per m³
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	519-563 ↑

Peru Sawnwood, FOB Callao Port (cont.)	US$ per m³
Virola 1-2" thick, length 6'-8' KD	
Grade 1, Mexican market	300-358
Grade 2, Mexican market	250-269
Cumaru 4" thick, 6'-11' length KD	
Central American market	831-855↑
Asian market	825-878↑
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 m³
Spanish Cedar AD Select Mexican market	887-909
Virola 1-2" thick, length 6'-13' KD	
Grade 1, Mexican market	288-314↑
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 m³
Mahogany	887-923
Virola	48-65↑
Spanish Cedar	268-321
Marupa (simarouba)	57-69

Peru Veneer Prices

Veneer FOB	US$ per m³
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 m³
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 m³
(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 m³
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 m³
Cabreuva/estoraque KD12% S4S, Asian market		1348-1444
Cumaru KD, S4S	Swedish market	774-887↑
	Asian market	1024-1232↑
Cumaru decking, AD, S4S E4S, US market		909-1089↑
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

Log prices stable, sawnwood prices up

Over the period 16th – 28th Feb, prices for logs were relatively stable. However Greenheart standard sawmill quality logs and Purpleheart fair sawmill quality logs recorded price increases. There were also price movements for Mora logs.

Sawnwood prices have risen sharply especially for rough (Undressed) Greenheart select grade. The indications are that prices have reached an average of US$1,510 per cubic metre. Prices for rough sawn (Undressed) Mora have also jumped to as much as US$1,341 per cubic metre, a record high for the year thus far. Prices for other species such as rough sawn Red Cedar and Wamara also experienced favourable price trends over the period reported.

For dressed lumber, both Greenheart and Purpleheart experienced a decrease in average prices for this fortnight period.

On the other hand, Baromalli Plywood recorded an increase in prices for both BB/CC and Utility categories. The main market for plywood from Guyana is the Caribbean countries and Suriname which at this point in time are experiencing a housing boom.

Exports of value added products such as doors, mouldings and non timber forest products all contributed to export earnings. The Caribbean remains steadfast as the main destination for these products from Guyana.

US Forest Service assistance

In January 2010, aid and technical assistance in the forestry sector was discussed with a team of experts from the United States Forest Service (USFS).

The USFS team met with representatives of the Guyana Forestry Commission (GFC) and the Forest Products Development and Marketing Council (FPDMC) representatives.

The USFS/ USAID team reportedly proposed a series of actions in key areas of forestry. In the interest of targeting sustainable development objectives in the forestry sector, the proposed actions were derived from broad areas in the annual work plans of both the GFC and FPDMC.

The topics discussed included Fire Management; Geographical Information System (GIS); Remote Sensing; Reduced Emissions from Deforestation and Degradation Plus (REDD+); and the National Forest Inventory.

Other areas examined for additional technical assistance comprised testing of lesser used species, capacity building in the areas of forest product development and marketing and promotion.

The parties agreed that priority areas for capacity building should be fire prevention and management, provision of remote sensing and liaison with other organizations. The testing of lesser used species for the purpose of making indoor furniture as well as training in wood technology and wood anatomy will also be addressed.

Guyana Log Prices

Logs, FOB Georgetown	SQ - $ Avg unit value per m^3		
	Std	Fair	Small
Greenheart	140-170	130-160	120-150
Purpleheart	200-230	170-210	150
Mora	120-140	115-130	105-120

*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	700	-
	Standard	-	649-793⬇
	Select	575-1510⬆	
	Sound	636	
	Merchantable	551⬇	
Purpleheart	Prime	-	-
	Standard	-	700-806⬇
	Select	780	
	Sound	-	
Mora	Prime	-	
	Select	500-1341	
	Sound	450	
	Merchantable	400	

Guyana Plywood Prices

Plywood, FOB Georgetown Port			$ Avg unit val. per m^3
Baromalli	BB/CC	5.5mm	No export
		12mm	381-500
	Utility	5.5mm	No export
		12mm	355-445⬆

Report from Japan

Chile quake hits industry

The devastating earthquake that struck Chile at the end of February has seriously affected the timber industry. The city of Concepcion, which was close to the earthquake epicentre, is the hub of the log and lumber industry in Chile and has suffered major damage.

The Japan Lumber Report (JLR) reports that, while the main port suffered little damage, power supplies have been cut and road access to the port is almost impossible. The indications are that all shipments scheduled for March have been cancelled and this will affect importers in Japan and Korea, amongst others.

Reports on the damage suffered by sawmills are still being received and from first indications it would seem that some mills close to the ocean have been destroyed. Other mills are reported to have suffered some damage but have been able to continue production at a reduced rate. As access to the ports is affected, stocks are piling up at most mills, says the JLR.

Wood promotion in public buildings

Details of the content of the Bill on promoting wood use in public buildings are reported in the JLR. The Ministry of Agriculture, Forestry and Fisheries, Japan has drafted the Bill, aimed at raising the use of wood in low rise public buildings from the present level of 7.5% to 20-30%. This, according to the Forestry Agency, could increase wood consumption by between 700-800 thousand cubic metres annually.

The package of support for manufacturers comprises legal, financial and technical elements which are still under discussion. The JLR reports that this initiative in the public sector will have a knock-on effect on the private sector leading to a greater use of wood in buildings.

European softwood lumber imports

Total imports of European softwood lumber by Japan in 2009 were 2,036,188 cubic metres, some 1.3% more than in 2008 according to the JLR. Finland and Austria lost market share while Sweden became the top supplier due to favourable exchange rates relative to the Euro.

	2009	% Change
	cubic metres	2009 on 2008
Sw eden	759,923	24.1
Finland	621,291	-14.1
Austria	195,286	-28.3
Romania	188,162	17.0
Latvia	100,006	23.0
Germany	71,633	-13.3
Czech Rep.	56,971	26.9
Others	42,916	
Total	2,036,188	

N. American lumber imports

In 2009, Japan imported 2,271,590 cubic metres of N. American lumber, the lowest since 1975 and 22% down on imports in 2008 says the JLR.

	2009	% change
	cubic metres	2009 on 2008
SPF	1,276,910	-22.1
Hemlock	364,159	-32.6
Douglas fir	387,505	-12.8
Sitka spruce	23,797	-22.1
Cypress	80,734	-29.1
Pine	10,038	-3.2
Others	87,299	-15.6
hardw ood	41,148	-24.2
Total	2,271,590	-22.0

N. American log imports

Total 2009 imports of N. American logs by Japan are been reported at 2,468,217 cubic metres by the Japan Lumber Importers Association; this represents a decline of 6.5% on 2008 imports. The most popular timber was Douglas fir which accounted for some 80% of 2009 imports, says the JLR.

	2009	% change
	cubic metres	2009 on 2008
Douglas fir	2,109,657	-7.5
Hemlock	205,437	12.7
Spruce	80,334	-7.3
Cypress	31,717	-7.8
Red cedar	4,847	-64.1
White fir	1,217	-71.3
Others	3,272	42.5
Hardw ood	31,736	-5.8
Total	2,468,217	-6.5

Firming log prices

The JLR is reporting that log stocks, built up when log prices were lower than at present, have almost been sold. Currently, higher priced logs are coming into the domestic market and wholesale log prices are moving up. In addition, higher FOB prices and the slightly weaker Yen should add momentum to this upward trend in prices.

In early March Sarawak Meranti prices were up around Yen 300 per Koku to Yen 6,200 while Meranti small logs were at Yen 5,200 per koku. Sabah Kapur log prices remain unchanged at Yen 8,900 per Koku.

Tropical log peeler mills in Japan are maintaining their reduced production levels. With signs of firming prices for imported plywood, these mills will soon have an opportunity to raise prices and this will lead them to increase log purchases.

According to the JLR, FOB prices have been increasing slowly but steadily in the face of a somewhat limited supply because of the rain season in Sarawak. The rain season will soon end but it will take time for log stocks to build again.

Current export prices are at US$190 per cubic metre for Meranti regular and US$155 per cubic metre for Meranti small. Kapur prices are reported at almost US$260 per cubic metre in Sarawak and Sabah.

January housing starts

Housing starts in Japan have final stopped declining says the JLR. Since November 2009, housing permits have been increasing, indicating that construction activity should start to pick up. In January 2010 starts were 8% down on January 2009 which maked 14 months of unbroken decline.

	Jan-10	Jan 2010 as % of Jan 2009
Total	**64,951**	**91.9**
Ow ner's units	21,144	105.5
Rental units	27,040	85.5
Built for sale	16,276	88.3
Condo units	7,959	74.1
Wood frame units	34,629	104.3
Prefabricated units	10,834	88.6
2x4 units	7,146	99.7

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	6,000
Standard Mixed	6,200
Small Log (SM60%, SSM40%)	6,000
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

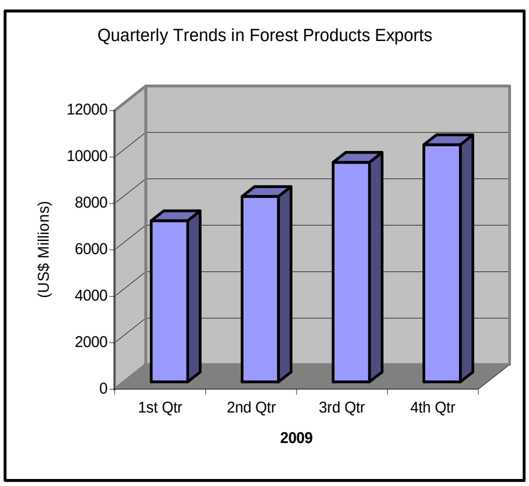
Wholesale Prices (Tokyo)

Indonesian & Malaysian Plywood	Size (mm)	Feb (¥ per sheet)	Mar	
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	880	890	↑
12mm for foundation (F 4star, special)	910 X 1820	900	910	↑
12mm concrete-form ply (JAS)	900 X 1800	850	870	↑
12m coated concrete-form ply (JAS)	900 X 1800	950	970	↑
11.5mm flooring board	945 X 1840	1100	1150	↑
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

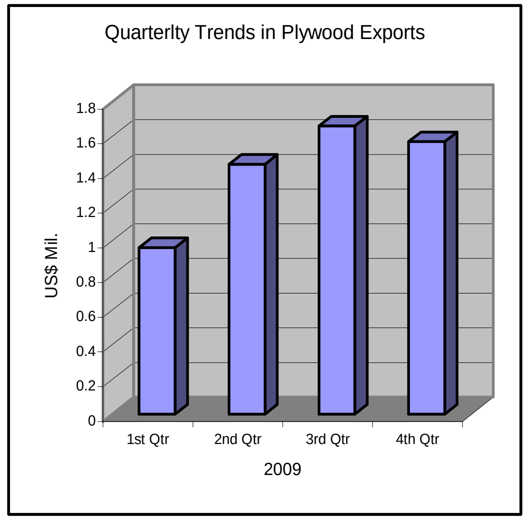
Timber output improves

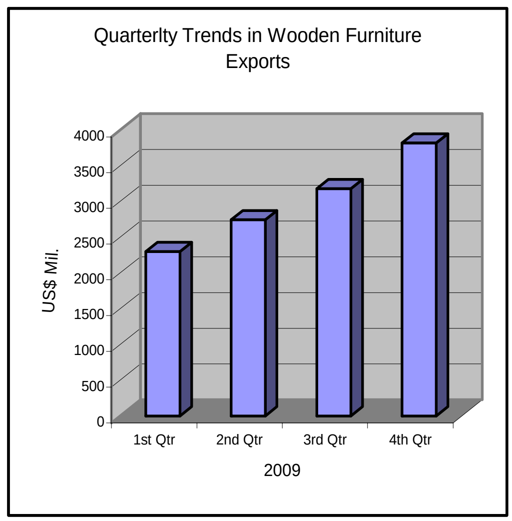
Output of the Chinese timber sector was seriously affected by the global economic turmoil. However, business conditions have improved since the second quarter of 2009 mainly due to measures taken by the Chinese government to stimulate domestic demand. Though the value of trade in 2009 did not recover to the same level as in 2008, it never-the-less rose on a quarterly basis.



Exports of forest products increase

Statistics from China's Customs show that 2009 exports of forest products, including paper and paper products, plywood, fiberboard and other wood products did not recover to the level of the previous year. The exception was wooden furniture for which export values rose 9.2 percent. Analysis of the data for each quarter shows that export levels are gradually improving.





Log imports from NZ jump

Log imports in 2009 totaled 28 million cubic metres, valued at US$4,087 million, down 5 percent in volume and 21 percent in value from 2008. Of the total, imports of softwood logs were 20.3 million cubic metres, up 9 percent, imports of hardwood logs were 7.76 million cubic metres, down 30 percent; imports of tropical logs were only 6.1 million cubic metres, down 15 percent from 2008.

In 2009 the proportion of Russian logs fell 10 percent to 53 percent, whereas, log imports from New Zealand rose 131 percent.

Eleventh 5yr Plan success

In the Eleventh Five Year Plan for the Forest Industry compiled by the State Forest Administration (SFA), the total value of output in the forestry industry by the end of the plan period was to reach RMB 1.2 trillion. The latest data shows that this goal was realised, ahead of time in 2008.

The value of output has grown at double-digit rates for nine years in succession. According to conservative estimates the value of output in the sector for 2009, when the final data becomes available, could amount to RMB1.58 trillion, up 9.8 percent over 2008.

According to a new development objective put forward at the National Forestry Conference held recently, the output value of the forestry sector in 2010 could reach RMB1.7 trillion.

Forest Industries in western provinces

It is reported that the 2009 output values of the forestry sector in the Western provinces of Sichuan, Yunnan, Guizhou and Guangxi could be RMB 85 bil., 25 bil., 40 bil. and 82 bil. respectively. This represents around 6 percent of the GDP in each province. The contribution to GDP even reached as high as 11 percent in Guangxi.

The Forestry sector has become a key industry in the provinces of Yunnan, Guizhou, Sichuan and Guangxi.

In some economically better developed provinces, such as Guangdong, Jiangsu, Shandong, and Zhejiang, the output value of forestry industry amounted to RMB 141.9 bi., RMB113.6 bil., RMB99 bi. and RMB146.3 bil. representing 3.6 percent, 3.3 percent, 2.9 percent and 6.4 percent of GDP of each province, respectively.

Daxing'anling growing stock

According to the latest statistics, the growing stock in the Daxing'anling forest area is currently estimated at 887.3 million cubic metres. Over the past fifty years, the forests of Daxing'anling in Inner Mongolia have provided a total of 180 million cubic metres of timber to the nation.

Following implementation of Natural Forest Protection Programme in 1988, the annual forest harvest in this area was reduced from the 3.8 million cubic metres in 1997 to 2.3 million cubic metres in 2009.

Industry Projects in Guangxi

The China-ASEAN Forest Industry Logistic Park and the Gaofengwuzhou M/H Density Fiberboard plant in Nanning, Guangxi Autonomous Region were both opened recently.

The Park is a joint investment by Guangxi Forestry Group, Gaofeng Forest Farm and Huayu Investment Co., Ltd. The investment was reported at RMB 3 billion and is expected to generate RMB 560 million annually and provide about 5,000 jobs.

With RMB250 million invested by Kezhou Wood-based Panel Co., Ltd, and the new fibreboard plant is expected to generate RMB315 million in sales annually at full production. This plant will reportedly use 230,000 tonnes of logging residues and small sized timber and will create 200 jobs.

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	11000-13000
Wenge	5200-5300
Sawnwood	
Teak sawn grade A (Africa)	9300
US Maple 2" KD	7500-10000
US Cherry 2"	10000-13000
US Walnut 2"	14000-15500
Lauan	3500-3800
Okoume	4500-5000
Sapele	5400-6000

Shanghai Furen Wholesale Market

Sawnwood		Yuan per m^3
Beech KD Grade A		4800-4900
US Cherry, 25mm		4500-4600
US Red Oak, 50mm		9800-10050
Sapele 50mm FAS (Congo)		
	KD (2", FAS)	6000-6100
	KD (2",grade A)	5700-5800

Shandong De Zhou Timber market

Logs		Yuan per m^3
Larch	6m, 24-28cm diam.	1160
White Pine	6m, 24-28cm diam.	1250
Korean Pine	4m, 30cm diam.	1400
	6m, 30cm diam.	1500
Mongolian Scots Pine	6m, 30cm diam.	1220

Hebei Shijiangzhuang Wholesale Market

Logs		Yuan per m^3
Korean Pine 4m, 38cm+ diam		1650
Mongolian Scots Pine	4m, 30cm diam.	1200
	6m, 30cm+ diam.	1300
Sawnwood		
Mongolian Scots Pine	4m, 5-6cm thick	1400
	4m,10cm thick	1450

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

Wooden furniture in Kunshan

According to statistics from the Customs in Kunshan, Jiangsu Province, furniture worth some US$50 million was exported in January from Kunshan City. This represents an increase of more than 100 percent over the same period in 2008.

With more than 80 wooden furniture enterprises, Kunshan ranks top for exports in the Province. Of the exported wooden furniture, exports of seats (sofas) ranked fourth in the country. Wood products from Kunshan were exported to more than 60 countries.

Report from Europe

EU economies under stress

Economic news coverage in Europe in recent weeks has highlighted the challenges faced by Greece as it struggles to finance its huge debts. The problems in Greece are particularly worrying because of the threat posed to the credibility of the euro-zone's financial system of which Greece forms a part.

During February, European leaders signed an agreement supporting Greece which they had hoped would draw a line under the issue. But no sooner had the ink dried on the agreement, more bad news arrived in the form of figures indicating that GDP in the 16-country currency zone rose by just 0.1% in the three months to the end of December compared with the previous quarter.

The only reason for any improvement in GDP at the end of last year was largely down to France, where an increase in consumer spending lifted the economy by 0.6%. France's large and reasonably self-contained economy has been relatively less exposed to the global financial and property-market crises.

France also bucked the downward trend partly because its government plays a dominant role in the economy. French public spending rose by 0.7% in the fourth quarter, after similar increases in the previous two quarters. Nevertheless, the budget deficit in France was still a hefty 8% of GDP in 2010, placing strict limits on the public sector's ability to support the economy in the absence of stronger private consumption.

Elsewhere in Europe, GDP during the last quarter of 2009 was either flat—as in Germany—or falling, as in the UK, Italy and Spain. A key problem throughout Europe is that consumers are not spending enough. In the euro-zone, this problem is compounded by the strong currency which makes it difficult for manufacturers to boost sales in other parts of the world.

Weak export growth is a particular problem in Germany where manufacturers tend to be more heavily dependent on export markets but at least Germany has stronger domestic consumption than most other European countries. German consumers were thriftier during the boom years and are now less indebted. Nevertheless, cold winter weather could have pushed Germany back into recession during the first quarter of 2010.

Prospects for improved consumption are very weak in other European countries. Spain was once a rich source of internal euro-area demand but its consumers are now weighed down by debts accumulated during a long housing boom.

Recent data from the UK indicates that January's cold weather had an adverse impact on consumption, particularly in the timber and wood products markets. Both supply and demand in the housing market came almost to a standstill, while retail sales of furniture and DIY materials took a hit as snowed-in consumers put off shopping for non-essentials.

In the UK there are at least some signs of rising confidence in future market prospects. Some 29% of British furniture makers polled by the Confederation of British Industry in January expected the volume of new orders to increase over the coming three months, although 6% expect output to fall. 12% of furniture makers are more confident about the business outlook than they were three months ago; in October 2009 the figure was -7%.

Confidence among wood and wood product producers, apart from furniture manufacturers, was sharply higher than in the autumn, when 32% of firms said they were less optimistic than in the previous quarter; the corresponding figure on optimism now stands at +14%.

Speculative purchasing of hardwoods

The generally poor economic forecast has been reflected in commentary from European hardwood lumber importers in recent days. While most reckon the worst of the downturn could be over, they are still forecasting tough trading conditions until at least the end of this year.

Analysts report that short supplies, lengthening lead times and rising prices in all the major hardwood producing regions have encouraged some speculative purchasing of hardwood lumber by a few of the larger importers.

The bigger importers, with access to finance, have been building stock levels and now find themselves in a reasonably strong position, particularly as they can offer mixed loads for quick delivery to the smaller distributors.

On the other hand, some of the larger traders and importers are also suffering severely from their relatively high overheads and are looking for ways to cut these, for example by reducing staff in their sales networks.

Rising CIF prices for tropical hardwoods

European CIF prices for many tropical hardwoods have been rising due both to tightening availability and to rising freight rates. These trends are set to continue. Most mills are reported as still producing at well below capacity and lacking raw materials and other resources to quickly increase supply.

The shipping lines also seem determined to keep pushing freight rates higher. As a result of this some Asian shippers are now incorporating freight clauses into their contracts to avoid the need for new price negotiations. Some are even considering only quoting on an FOB basis.

Euro CIF prices for sapele, sipo and iroko lumber are now around 10% higher than at the end of 2009. US$ CIF Europe prices for the various meranti lumber types and for bangkirai decking profiles have also experienced around a 10% rise over the same period.

On the other hand, prices for replacing sold out stocks of African whitewood species like ayous/wawa remain stable.

Low stock levels in EU

Despite some increased forward buying, hardwood stocks across Europe remain generally very low. The long lead times between ordering and despatch has meant that gaps in stocks have been generally widening.

Lead times for African hardwoods are now up to 6 months, with no guarantee that products will arrive or that prices will be adhered to. As a result, the intense competition between importers that dampened prices in 2009 for onward sales of existing landed stock of some species, notably sapele, is now less aggressive.

Only the low level of manufacturing and consumption in Europe is preventing lack of supply becoming a more critical problem.

The fear is that when manufacturing does at last begin to pick up, the inability of tropical producers to respond quickly and to deliver more wood to market may encourage manufacturers to switch to alternative more readily available products.

Gabon log ban impacts EU plywood market

According to EUWID, the European market for okoume plywood has been slow during the last two months. Merchants are reported to be carrying heavy stocks and enquiry levels are low.

The okoume plywood market, which is focused heavily on France, with lesser volumes destined for the Netherlands and southern Europe, has been badly affected by weak construction activity over the winter months. Nevertheless, there are expectations that improved spring weather will improve demand in April and May.

A critical factor affecting both supply and demand of okoume plywood in recent months has been uncertainty surrounding Gabon's log export regulations. According to EUWID, a surge in buying by European merchants occurred at the end of 2009 due to expectations that the log export ban - scheduled originally for 1 January this year - would lead to supply disruption.

French manufacturers received an upsurge in orders at that time. Meanwhile, mills in Gabon also reported an increase in their European customer base. Howeve,r EUWID reports that the upsurge in demand from European merchants has tailed away this year.

The announcement that log exports would continue temporarily was sufficient to reassure merchants that supplies would not suffer immediate disruption. It remains to be seen how the European market will react to these changing circumstances.

Okoume plywood, imported both from Gabon and manufactured in France from imported logs, has been a standard reference product on the French market for many years. It remains popular at the high end of the French and Dutch markets, valued for its consistent quality and its adaptability to a wide range of end-uses.

However, it has also been losing market share mainly because of the introduction of much cheaper alternative plywood (notably from China) and other panel products.

Because of declining consumption and a big reduction in European okoume manufacturing capacity in recent years, the significance of Gabon's log export ban to the European market is considerably less now than it would have been only a few years ago. The volume of okoume plywood manufactured in Europe is estimated to have declined from around 300,000 m3 a decade ago to only 95,000 m3 in 2008.

Meanwhile, mills in Gabon have not yet made much headway to penetrate the European plywood market, volumes rising from only around 20,000m3 in 2003 to 45,000m3 in 2008 (with much of this volume destined for Italy rather than France).

To date much more progress has been made by Gabon to develop European export markets for sawn lumber. European imports of sawn lumber from Gabon increased from 20,000m3 in 2003 to 94,000 m3 in 2008.

With the large mainly French-owned plywood manufacturers in Gabon pushing product onto the European market, there is every prospect of Gabon becoming a more significant plywood supplier to the European market in the future. But there will be significant hurdles to overcome of which the development of sufficient processing capacity in Gabon will only be the first.

Other hurdles include the need to ensure that product manufactured in Gabon meets tough quality and environmental standards, that products of consistent quality and price are available promptly, and that marketing efforts are stepped up to counter the mounting threat from alternative materials.

Wageningen report on certification

The Wageningen University and Research Centre (Wageningen UR) in the Netherlands has just published a paper assessing the progress made by FSC to certify natural tropical forest and the impact on forestry practices.

The report says that there are now 10.9 million hectares of FSC certified forest in tropical regions of which 74% are managed natural forests. There are 119 FSC certified FMU, most located in the Americas. About 28% of the certified area is in Bolivia, 16% in Brazil, and another 22% is distributed over 16 different countries. FSC certification has expanded more rapidly in privately owned FMUs than in community or state-owned FMUs.

The report notes that stronger incentives are needed to increase the total area of certified tropical forest, particularly for local communities or indigenous groups. The results indicate strongly that forest management certification improves the working standards of FMU in the tropics, with about 98% of problems raised in Corrective Action Requests by certification bodies solved within the first five years of certification.

The full report is available at: http://www.illegal-logging.info/uploads/March10Assessingtheprogressforestmgtintropics.pdf

The Netherlands Sawnwood Prices

FOB (Rotterdam)	US$ per m^3
Sapele KD	925⬆
Iroko KD	1073⬆
Sipo KD	1088V
DRM Bukit KD	946⬆
DRM Seraya KD	953⬆
DRM Meranti KD Seraya MTCC cert.	968⬆
Merbau KD	1218⬆
Sapupira (non FSC) KD	946⬆
Sapupira (FSC) KD	1483
Anti-slip decking AD C&F Rotterdam	
Selangan batu	1483⬆

UK Log Prices

FOB plus commission		€ per m^3
N'Gollon (khaya)	70cm+ LM-C	330-360⬆
Ayous (wawa)	80cm+ LM-C	230-240
Sapele	80cm+ LM-C	300-320
Iroko	80cm+ LM-C	310-350⬆
African Walnut	80cm+ LM-C	320-350⬆

UK Sawnwood Prices

FOB plus Commission	GB Pounds per m^3
Framire FAS 25mm	480-490⬆
Sipo FAS 25mm	670-690⬆
Sapele FAS 25mm	585-595⬆
Iroko FAS 25mm	680-700⬆
Wawa No.1 C&S 25mm	345-355
CIF plus Commission	
Tulipwood FAS 25mm	280-290⬆
Meranti Tembaga Sel/Btr (KD 2"boards)	510-530⬆
Balau/Bangkirai Decking	930-980⬆
White Oak	555-525⬆

UK Plywood and MDF Prices

Plywood Panels 8x4", CIF	US$ per m^3
Brazilian WBP BB/CC 6mm	520-530⬆
Malaysian WBP BB/CC 6mm	500-520⬆
China (hardwood face, eucalyptus core) 18mm	370-380⬆
China (tropical hardwood face, poplar core) 18mm	330-350⬆

Draft versions of EU "Due Diligence" Legislation now available

As noted in a previous report (ITTO MIS Volume 15 Number 3), the EU Council reached final agreement on its amendments to the draft 'due diligence' regulation on 29 January. The Council and the European Parliament, which passed its own amendments to the original proposal last year, will now attempt to reach agreement on the final version of the regulation.

The text of the Council resolution is now available at: http://www.illegal-logging.info/uploads/st05885re04.en10.pdf

Parliament's proposed amendments can be accessed at: http://www.illegal-logging.info/uploads/EPDDamendmentsA601152009EN1.pdf

Also, a website monitoring progress of the legislation can be viewed at: http://www.europarl.europa.eu/oeil/file.jsp?id=5704232&noticeType=null&language=en

Overview of EU Voluntary Partnership Agreements with tropical countries

The European environmental group FERN has published a Forest Watch Special Report offering a brief overview of VPAs and an update on the status of negotiations with Ghana, Republic of Congo, Cameroon, Malaysia, Central African Republic, Liberia, Indonesia, Gabon and Vietnam. This may be accessed at: http://www.illegal-logging.info/uploads/VPAupdate.pdf

Report from North America

Tropical hardwood lumber prices

The combination of higher demand from buyers in Asia and low lumber production in some areas, especially South America, has increased US market prices for most species. Generally, US demand for tropical hardwood lumber remains weak despite low inventories.

Wood Flooring Association's responsible procurement

The US National Wood Flooring Association is introducing a new recognition and labeling programme for companies that purchase wood from legal and sustainable sources.

The Forest Stewardship Council (FSC) US, Rainforest Alliance, The Forest Trust and the FSC Family Forests Alliance are partners in the programme. Third-party verification is provided by Scientific Certification Systems (SGS). The National Wood Flooring Association represents all segments of the hardwood flooring industry, from manufacturers to installers.

The Responsible Procurement Programme provides progressive tiers allowing participating companies to move up gradually. The programme introduces two new labels, "U.S. Renewing Forests" and "Legal". The labels are not for use on individual products but can be used in promotional and marketing materials.

The programme also has specific requirements for imported timber from countries where the risk of illegal logging is considered significant.

The "U.S. Renewing Forests" label means that raw materials originate from US forests where hardwood growth exceeds removal at the statewide level, and that are considered at low risk of illegal logging, conversion to non-forest uses, etc.

The "Legal" label means that raw materials originate either from US forests that do not qualify for the U.S. Renewing Forests label or they originate from other countries that are either low-risk for illegal logging, or the products are verified by an approved organization as of legal origin.

Country risk assessments
Both labels make claims based on state or country-level data and do not provide information about the management of the individual forest stands where the wood comes from.

For wood imported from countries considered a significant risk for illegal logging, the company will need to provide independent legality verification audits to ensure that the imported wood meets the programme's definitions for "Verified Legal Origin".

Companies will also have to demonstrate due care in complying with the amended Lacey Act, which prohibits trade in illegal timber in the US and requires importers to declare the origin of harvest and species.

The National Wood Flooring Association is still working on developing requirements for legality verifiers who would perform verification of illegal origin audits for imported timber.

To determine the risk of illegal logging, the programme will rely on the Global Risk Assessment tool that is still under development by NEPcon, FSC and The Rainforest Alliance.

To view the current risk assessment of countries, go to: globalforestrisk.nepcon.net/ and select the "Legality" risk category.

Programme structure
Tier 1 requires participation in the programme's chain-of-custody certification.

Tier 2 requires the company to obtain FSC chain-of-custody certification and meet the "Verified Legal Origin" requirement for all imports from countries considered at significant risk for illegal logging; alternatively, the company can cease trading in such imported wood products.

The company will also have to meet FSC Controlled Wood standards for all of their non FSC-certified wood supply. Participants must progress from Tier 1 to Tier 2 within three years.

In the top tier, Tier 3, the participant's trade in FSC-certified products exceeds 50% of overall sales.

The voluntary Responsible Procurement Program is introduced for secondary manufacturers of hardwood flooring as well as the primary manufacturers (operations such as sawmills and veneer mills that use hardwood logs as inputs to their production) that supply them with raw materials. However, the programme was designed in such a way that it may be extended to other sectors of the hardwood industry such as hardwood plywood, cabinetry, and furniture if there is future interest in the programme in those sectors.

The Responsible Procurement Programme's documents are available here: http://www.rpprogramme.org/

US Timber prices

	Jan	Feb
	US$ per cu.m	US$ per cu.m
Ipe (Brazil) Decking Premium Grade AD 1x6, FOB Belem	2075	2100
Ipe (Brazil) Decking Premium Grade AD 5/4x6, FOB Belem	2100	2200
Jatoba (Brazil) No.1Common & Better AD, FOB Belem	850	850
Jatoba (Brazil) No.1Common & Better KD, FOB Belem	n/a	n/a
Khaya (Cote d'Ivoire) FAS KD, FOB Abidjan	745	730
Khaya (Ghana) FAS KD, FOB Takoradi	835	850
Sapele (Cameroon) FAS AD, FOB Douala	670	720
Sapele (Cameroon) 4/4 to 8/4 FAS KD, FOB Douala	800	860

Internal News

Below are web links to news items published by the press. These items do not necessarily reflect the views and policies of ITTO.

To download the latest Special ENews on Due Diligence for 5 March 2010 which gives an update of progress over the past year including an up to date list of those industry members successfully audited during 2009. http://www.ttf.co.uk/Document/Default.aspx?DocumentUid=8E035AD3-DF2A-40A0-BA17-9E2A3D23100E

The European Union is looking to seal commercial pacts across Southeast Asia, a top official said after announcing the launch of free-trade talks with Singapore. EU Trade Commissioner Karel De Gucht and Singapore Trade Minister Lim Hng Kiang agreed to launch the talks for a free-trade agreement (FTA), and Lim's ministry said the first round would be held from March 8 to 12, 2010.
http://www.google.com/hostednews/afp/article/ALeqM5gy-dDdhskYePbpSggZs_4pgOUCfg

Furniture exporters in the Philippines welcomed the financial assistance granted by the Export Development Council (EDC) for the Cebu International Furniture and Furnishings Exhibition (CEBUNEXT) 2010.
http://www.bworldonline.com/main/content.php?id=7053

The Humbo Assisted Natural Regeneration Project is Africa's first large-scale forestry project to be registered under the Clean Development Mechanism of the Kyoto Protocol. It will bring both economic and social benefits to poor communities in Ethiopia as well as environmental benefits as the project will cut an estimated 880,000 metric tonnes of carbon dioxide from the atmosphere over the next 30 years.
http://www.afrol.com/articles/35532

An increasingly positive global economic outlook and strong growth in housing demand will drive renewed growth for medium density fibreboard (MDF) over the four years from 2010 to 2013, according to economic forecaster and industry analyst, BIS Shrapnel.
http://www.manmonthly.com.au/Article/Housing-demand-foretells-solid-growth-for-MDF/512679.aspx

India's Minister for Environment and Forest Jairam Ramesh has announced that the Indian Space Research Organisation (ISRO) will launch a dedicated forestry satellite in all likelihood in the year 2013. The facility will help to continuously monitor forest cover, health and diversity. Similarly, efforts are on to launch an indigenous satellite for monitoring greenhouse gases and aerosol emissions next year, which will place India on a rung occupied by a select few in the world.
http://beta.thehindu.com/sci-tech/energy-and-environment/article202431.ece?homepage=true

The long awaited merger between the Malaysian Furniture Industry Council (MFIC) and the Malaysian Furniture Entrepreneurs Association (MFEA) is expected to be finalised by year-end. Talks of a merger between the two national furniture associations started in 2005.
http://biz.thestar.com.my/news/story.asp?file=/2010/3/1/business/5749315&sec=business

Moringa oleifera, also known as the drumstick tree, could be the almost cost free solution to provide millions of Africans with clean water. A simple technique can make its seeds into an effective water purification remedy.
http://www.afrol.com/articles/35546

Some 150 local and foreign enterprises are taking part in the Viet Nam International Furniture & Home Accessories Fair 2010 (VIFA 2010) which will take place from March 11 to 14, 2010 at the Saigon Conventional & Exhibition Centre in HCM City's District 7.
http://vietnamnews.vnagency.com.vn/Economy/Business/197203/Furniture-expo-to-open-March-11.html

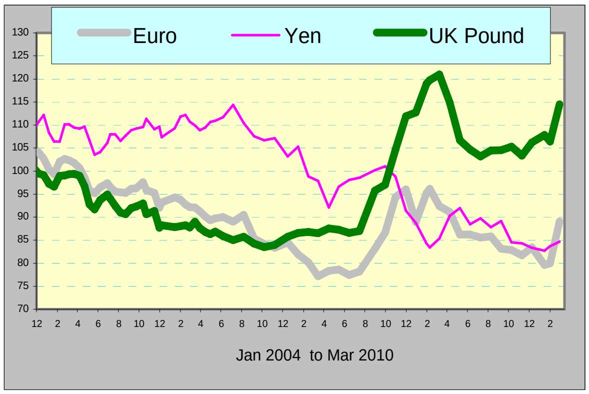
A typical, slightly disheartening tale surrounds Taiwan's central counties of Taichung and Changhua, where many of the furniture hardware makers saw prosperous times for a while after the island's export-dependent economy took off in the 1960s. But changing times as rising competition from emerging economies, higher labour cost in Taiwan cast shadow over the golden era in the 1990s, when most furniture and parts makers migrated to China and Southeast Asia to tap lower costs.
http://www.cens.com/cens/html/en/news/news_inner_31322.html

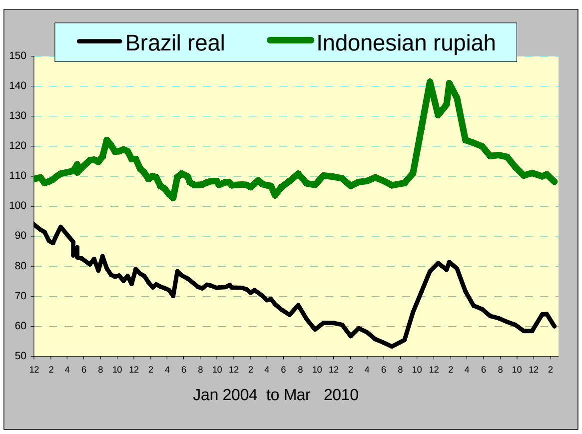
Main US Dollar Exchange Rates

As of 13th March 2010

Brazil	Real	1.8238
CFA countries	CFA Franc	486
China	Yuan	6.8267
EU	Euro	0.7376
Indonesia	Rupiah	9337
Japan	Yen	89.10
Malaysia	Ringgit	3.4025
Peru	New Sol	2.8490
UK	Pound	0.6548

Exchange rates index (Dec 2003=100)

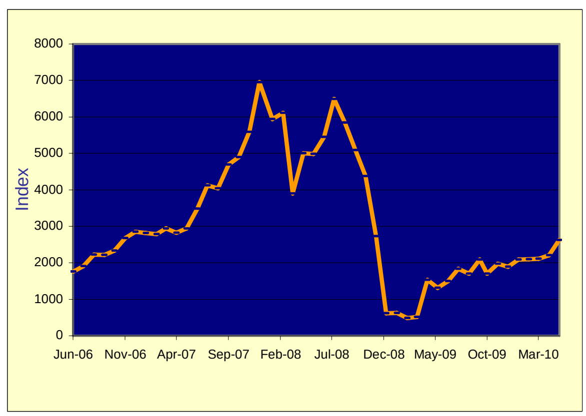




Abbreviations and Equivalences

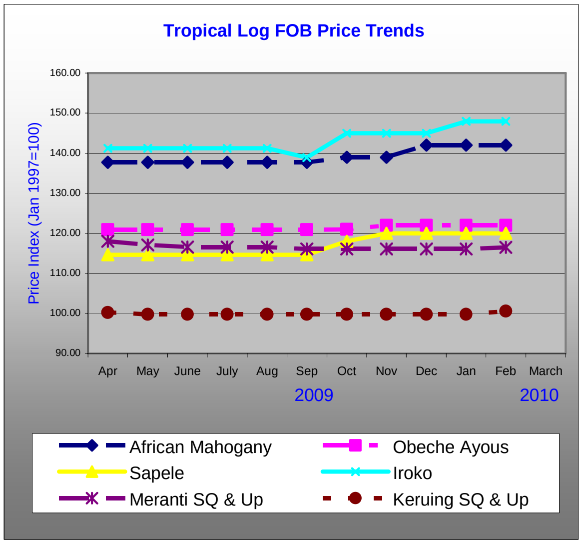
LM	Loyale Merchant, a grade of log parcel
QS	Qualite Superieure
CI, CE, CS	Choix Industriel, Economique or Supplimentaire
FOB	Free-on-Board
CIF; CNF	Cost, insurance and freight; Cost and freight
KD; AD	Kiln Dry; Air Dry
Boule	A log sawn through and through, the boards from one log are bundled together.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



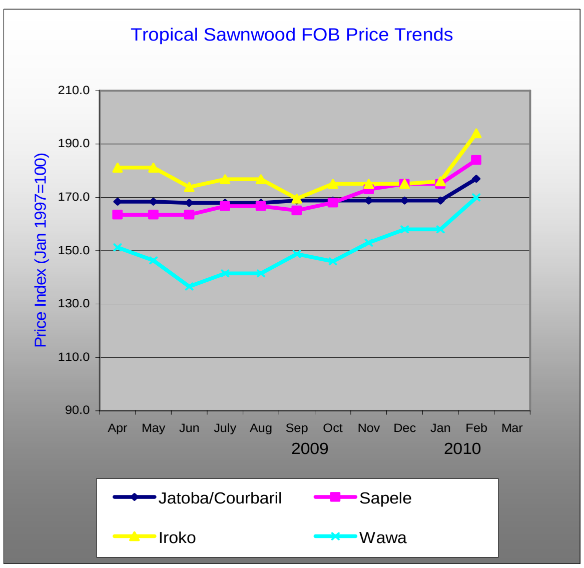
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

Tropical Log Price Trends

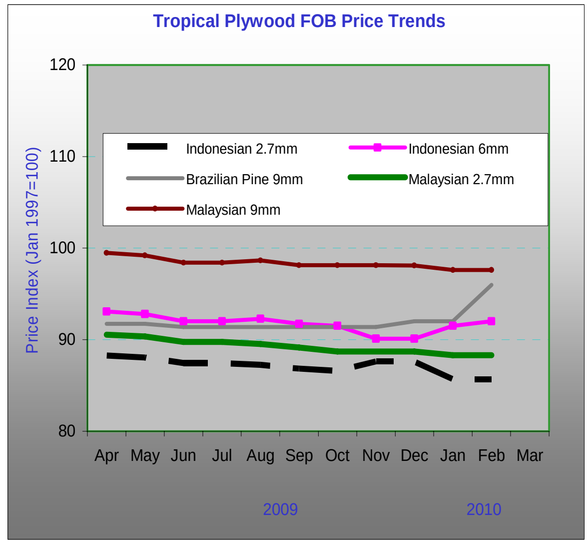


More price trends in Appendix 4, ITTO's Annual Review http://www.itto.or.jp/live/PageDisplayHandler?pageId=199

Tropical Sawnwood Price Trends



Tropical Plywood Price Trends



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