Tropical Timber Market Report

Volume 15 Number 8, 16th – 30th April 2010

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Dumping allegations

It is reported that the Sarawak Timber Association (STA) and the Sarawak Timber Industry Development Corporation (STIDC) will jointly prepare a position paper to refute allegations on behalf of some of the plywood exporters from the State allegedly dumping their plywood in South Korea.

The South Korean Trade Commission (KTC) had opened an investigation after receiving a petition from the Korean Wood Panel Association that some plywood manufacturers in Malaysia are selling their products below the production cost.

Another dumping case is proceeding in Australia. In December 2009, the Australian Customs and Border Protection Service signalled its intension to investigate the alleged dumping of plywood exported to Australia from Brazil, Chile, China and Malaysia.

Recently, the Australian authorities requested an extension of the deadline for the publication of the statement of essential facts (SEF) from initial date of 23 March 2010 to 21 June 2010. The delay was issued to ensure the participation of various parties to supply information. (see details on page 4)

Headlines

Report from Central/West Africa

Gabon's decision pending – Producers unable to plan

The government of Gabon has yet to release details of its long term policy on log exports. The shipment of logs harvested before January, when the government decided to ban log exports, should be completed by the end of May, say analysts. But up to now, there is no indication on whether the proposal on quotas and harvest volumes discussed at recent meetings between the government and the timber trade will be adopted.

Concession holders and mill owners are unable to plan ahead for the coming years until government clarifies the situation. In the meantime, buyers are concentrating on export logs available from Cameroon. Prices are rising due to the very strong competition for the volumes available. Demand pressure is also been felt in Congo and in both countries log availability is unlikely to be sufficient to satisfy the demand from China and India. The trend of rising prices is expected to continue through the current quarter.

Alternative species in demand

Some of the lesser traded log species are also in demand as alternatives to the premier timbers which are in short supply. There has been active buying of these alternative species from Cameroon. The premium species are not included (as yet) in the list of timbers that can be exported in log form from Cameroon but there are rumours in the trade that this may change as Cameroon moves to increase tax revenues.

EU log buyers showing more interest

Although European demand for W. African hardwoods is still very weak, there has been some recent interest from buyers in France. Importers in Italy have continued to buy the prime log species on a regular basis, throughout the worst period of the economic recession.

UK trade waits for direction

The UK market is quiet and many in the trade will be waiting for the results of the general election due on May 6th before deciding on their trade prospect for the next few years.

UK housing starts remain low and none of the major political parties have made mention of the need for more home construction or on the need for stimulating activity in the building and construction sector.

Sawnwood markets dull

European (and N. American) tropical sawnwood markets are reported as quiet, with generally low demand. Some traders report a sprinkling of price increases for the premier timbers over the past couple of months but the current mood in the trade is not optimistic and sawnwood prices did not change during April.

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	200↑	200↑	122↓
Belli	230	230	-
Bibolo/Dibétou	140↓	130	
Bubinga	580↓	510↓	390
Iroko	257↑	250↑	200
Okoume (60% CI, 40% CE, 20% CS) (China only)	200↓	-	-
Moabi	270↓	270↓	206↑
Movingui	180	145↓	140↑
Niove	130	130	-
Okan	290↑	290↑	135↑
Padouk	350↑	325↑	235
Sapele	220↓	220↑	155↓
Sipo/Utile	260↓	240↓	190↓
Tali	250↑	250↑	114
	C1	CE	CS
Okoume	160↓	150↓	115↓

West Africa Sawnwood Prices

West Africa sawnwood, FOB		€ per m^3
Ayous	FAS GMS	300
Okoumé	FAS GMS	370
	FAS. fixed sizes	340
	Std/Btr GMS	275
Sipo	FAS GMS	475
	FAS fixed sizes	320
	FAS scantlings	490
Padouk	FAS GMS	540
	FAS scantlings	490
	Strips	300
Sapele	FAS Spanish sizes	380
	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	295

Report from Ghana

Stakeholders discovering Sustainable Forest Management

The 3rd Regional Forest Forum aimed at encouraging community partnerships in forestry took place in Takoradi. The deputy Western Regional Minister, Ms. Betty Bosumtwi-Sam disclosed that she was happy there had been a growing and increasing shift from the notion that forest management was the sole preserve of the Forestry Commission to the understanding that all stakeholders needed to be actively involved in decision making regarding sustainable forest management.

The Minister noted that an inter-agency sub-committee set up by the Ministries of Lands and Natural Resource and National Security, introduced joint military and police patrols to deal with illegal logging.

The forum bearing the theme "Strengthening Partnership for Equitable and Sustainable Forest Management" was organized by the Forestry Commission in collaboration with CARE International (NGO) and USAID.

Tracing technology for timber trade

Ghana is to benefit from software that will help address illegal logging. The Carbon Trust Investments in partnership with Oxford Capital Partners, Albion Ventures and Success Europe, has reportedly invested in the UK-based timber tracing technology company, Helveta, for the development of technology to aid efforts to tackle illegal logging.

The software apparently uses a combination of satellite technology, radio frequency identification (RFID) tags, barcodes and asset tracking. The software allows real-time tracking of harvested timber as it progresses through different points in the supply chain ensuring that no illegally harvested timber is introduced into the supply chain and timber is not being removed.

Other countries where the software has been utilised include Liberia, South Africa, and Bolivia. Helveta is looking to expand into Central African countries where the EU is a key market.

Government asked to review its trade policy

Accroding to Ghana Web Business News, the Association of Ghana Industries (AGI) is requesting government to review the country's trade policy to facilitate industrial growth and economic development from the furniture industry.

The AGI pointed that signing the World Trade Organization agreement, trade liberalization in Ghana has resulted in the dumping of inferior goods in the country.

Organizations responsible for preventing inferior goods from entering the country had failed to work effectively. The results of AGI survey indicates that 75 % the country's furniture was imported because of subdued domestic timber industry.

The Ghanaian government with the AGI are jointly initiating measures to reduce the cost of existing business in the country to increase their competitiveness and domestic market shares. Currently the domestic wood processing industry is struggling with high cost of electricity, spare parts and fuel.

Prime rate drops to 15%

After reviewing the economic situation in the country the Monetary Policy Committee (MPC) decided to reduce its Policy Rate to 15% from the February 2010 figure of 16%.

The Governor of the Bank of Ghana said the MPC wants to see these rate cuts to be passed through to the lending rates to reduce the cost of credit and restore economic growth.

It is hoped that with the new prime interest rate businesses can now borrow at competitive rates to boost economic activities in the country. The inflation in the country has been high but having a downward trend from the beginning of the year. The inflation level in March 2010 was 13%.

Ghana Log Prices

Ghana logs, domestic	US\$ per m^3	
	Up to 80cm	80cm+
Wawa	120-135	145-155
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	160-175
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	315	390
Edinam (mixed redwood)	400	430
Emeri	350	400
African mahogany (Ivorensis)	556	665
Makore	520	585
Niangon	475	620
Odum	630	690
Sapele	530	590
Wawa 1C & Select	250	290

Ghana sawnwood, domestic		US\$ per m^3
Wawa	25x300x4.2m	247
Emeri	25x300x4.2m	310
Ceiba	25x300x4.2m	205
Dahoma	50x150x4.2m	270
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	350
Ceiba	310	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	255
Chenchen	290
Ogea	295
Essa	285
Ofram	300

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afrormosia	1.19	1.00
Asanfina	1.40	0.80
Avodire	1.12	0.60
Chenchen	1.25	0.54
Mahogany	1.25	0.70
Makore	1.20	0.63
Odum	1.80	0.95

Ghana Plywood Prices

Plywood, FOB	€ per m^3			
B/BB, Thickness	Redwoods		Light Woods	
	WBP	MR	WBP	MR
4mm	560	465	500	380
6mm	340	335	335	315
9mm	365	320	295	280
12mm	300	305	280	275
15mm	310	290	280	270
18mm	300	285	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	10.18	11.00
Hyedua	13.67	13.93	17.82
Afrormosia	13.72	18.22	17.82

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

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

Dumping suspicions refuted

It is reported that the Sarawak Timber Association (STA) and the Sarawak Timber Industry Development Corporation (STIDC) will jointly prepare a position paper to refute allegations on behalf of some of the alleged plywood exporters from the State of dumping their plywood in South Korea.

STA and the STIDC are working on a joint position paper which will be submitted to the South Korean Trade Commission (KTC).

The South Korean Trade Commission (KTC) had opened an investigation after receiving a petition from the Korean Wood Panel Association claiming that some plywood manufacturers in Malaysia are selling their products below the production cost.

South Korea imported slightly more than 530,000 cubic metres of panel products from Malaysia in 2009. The KTC is expected to follow procedures outlined by the World Trade organization (WTO) in dealing with anti-dumping disputes.

Also in Australia

In related news in December 2009, the Australian Customs and Border Protection Service signalled its initiation to investigate the alleged dumping of plywood exported to Australia from Brazil, Chile, China and Malaysia.

A full description of the goods in question is available in Australian Customs Dumping Notice (ACDN) No.2009/45. This ACDN is available on the internet at www.customs.gov.au

The statement of essential facts (SEF) sets out the facts on Customs and Border Protection activities to base its recommendations to the relevant minister. Due to sampling delays, as well as extensions of time allowed for various interested parties to supply information, the Australian authorities requested an extension of the deadline for the publication of the SEF from initial date of 23 March 2010 to 21 June 2010.

Malaysian International Furniture Fair 2010

The recently concluded Malaysian International Furniture Fair 2010 drew international visitors from 140 countries and regions. Visitors from ASEAN countries made up the largest group at 20%, Europe at 16%, the Middle-East at 13%, the Far-East at 11%. Other Asian countries accounted for 11%,while participation from Africa was11% and the Americas at 8%.

Log Prices

Sarawak log, FOB	US$ per m^3
Meranti SQ up	232-256⬆
Small	215-246⬆
Super small	207-231⬆
Keruing SQ up	220-232⬆
Small	199-229⬆
Super small	177-207⬆
Kapur SQ up	211-236⬆
Selangan Batu SQ up	189-226⬆

Pen. Malaysia logs, domestic (SQ ex-log yard)	US$ per m^3
DR Meranti	238-257⬆
Balau	303-332⬆
Merbau	331-363⬆
Rubberwood	67-101⬆
Keruing	222-238⬆

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	396-432⬆
White Meranti A & up	284-314⬆
Seraya Scantlings (75x125 KD)	436-449⬆
Sepetir Boards	253-275
Sesendok 25,50mm	347-365⬆
Kembang Semangkok	303-326⬆

Malaysian Sawnwood, domestic	US$ per m^3
Balau (25&50mm,100mm+)	327-347⬆
Merbau	460-512⬆
Kempas 50mmx(75,100 & 125mm)	261-301⬇
Rubberwood	
25x75x660mm up	213-263⬆
50-75mm Sq.	252-284⬆
>75mm Sq.	274-303⬆

Plywood Prices

Malaysia ply MR BB/CC, FOB	US$ per m^3
2.7mm	411-473⬆
3mm	391-421⬆
9mm & up	338-410⬆

Meranti ply BB/CC, domestic	US$ per m^3
3mm	334-425⬆
12-18mm	318-347⬆

Other Panel Prices

Malaysia, Other Panels, FOB	US$ per m^3
Particleboard	
Export 12mm & up	230-253⬆
Domestic 12mm & up	215-232⬆
MDF	
Export 15-19mm	283-314⬆
Domestic 12-18mm	273-291⬆

Added Value Product Prices

Malaysia, Mouldings, FOB	US$ per m^3
Selagan Batu Decking	539-549⬆
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	554-567⬆
Grade B	507-517⬆

Furniture and Parts Prices

Malaysia, Rubberwood, FOB	US$ per piece
Semi-finished dining table	
solid laminated top 2.5'x4', extension leaf	64-80⬆
As above, Oak Veneer	71-85⬆
Windsor Chair	63-65⬆
Colonial Chair	61-66⬆
Queen Anne Chair (soft seat)	
without arm	61-69⬆
with arm	61-70⬆
Chair Seat 27x430x500mm	49-54⬆

Rubberwood Tabletop	US$ per m^3
22x760x1220mm sanded & edge profiled	
Top Grade	580-613⬆
Standard	564-584⬆

Report from Indonesia

Competitiveness growing

The coming months could bring some relief for the Indonesian timber industry. Rising production costs and demands for higher wages in countries such as Vietnam and China are making Indonesian wood products more price competitive.

Further opportunities for furniture producers, such as Indonesia, are coming from the buoyant real estate market in China. Although the Chinese government is implementing measures to cool the property market so as to avoid an asset bubble, the impact has not yet been felt and investments in property continue.

Upturn in plywood orders from China

Indonesian plywood mills are reporting a upturn in orders and enquiries from China. Some forest plantation companies are also receiving enquiries for Indonesian logs.

Plywood manufacturers commented that, while they had difficulties in filling one container a day about a year ago, the current business climate has improved.

Demand from China has allowed some manufacturers to ship between 3 to 5 containers per day. However, some plywood manufacturers said that the old and redundant equipment in the manufacturing mills is a handicap when it comes to quickly ramping-up production.

US importers active again

Indonesian furniture manufacturers are also reportedly seeing more orders from US buyers especially those in California and Texas. However, US furniture buyers have indicated that prices for Indonesian furniture have moved up recently eroding the price advantage they had over furniture manufacturers in China.

The appreciation of both the Indonesian and Malaysian currencies against the US dollars is making matters worse for the US importers

US buyers expressed concern that furniture price increases may weaken the market which is very price sensitive at present. Nevertheless, buyers indicated that if they could weather the changes in price for the next 3 to 6 months, it would signal that the worst is over for the US furniture market.

Log Prices (domestic)

Indonesia logs, domestic prices	US$ per m^3
Plywood logs	
Face Logs	192-235⬆
Core logs	172-205⬆
Sawlogs (Meranti)	182-243⬆
Falcata logs	149-183⬆
Rubberwood	58-82⬆
Pine	165-204⬆
Mahoni (plantation mahogany)	474-502⬆

Sawnwood Prices

Indonesia, construction material, domestic	US$ per m^3
Kampar (Ex-mill)	
AD 3x12-15x400cm	181-200⬆
KD	203-237⬆
AD 3x20x400cm	224-247⬆
KD	226-255⬆
Keruing (Ex-mill)	
AD 3x12-15x400cm	239-253⬆
AD 2x20x400cm	226-244⬆
AD 3x30x400cm	208-227⬆

Plywood Prices

Indonesia ply MR BB/CC, FOB	US$ per m^3
2.7mm	396-453⬆
3mm	353-394⬆
6mm	332-374⬆

MR Plywood (Jakarta), domestic	US$ per m^3
9mm	255-266⬆
12mm	247-257⬆
15mm	236-250⬆

Other Panel Prices

Indonesia, Other Panels, FOB		US$ per m^3
Particleboard	Export 9-18mm	219-228⬆
	Domestic 9mm	199-211⬆
	12-15mm	191-202⬆
	18mm	181-193⬆
MDF	Export 12-18mm	253-266⬆
	Domestic 12-18mm	235-246⬆

Added Value Product Prices

Indonesia, Mouldings, FOB	US$ per m^3
Laminated Boards	
Falcata wood	301-314⬆
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	489-523⬆
Grade B	445-466⬆

Report from Myanmar

Teak prices slip

The Myanmar Timber Enterprise (MTE) April timber sales of natural forest teak increased slightly in volume from March despite of the long New Year holidays. The recorded Teak log trade volumes in March were 650 tons and in April 681 tons, but the total value conversely declined from € 1.153 million to € 1.067 million.

The main export countries were Singapore (1 buyer, 211 tons), Hong Kong (1 buyer, 190 tons), India (2 buyers, 111 tons) and Thailand (2 buyers, 72 tons). In the domestic markets there were two buyers and the timber sales totalled the amount of 95 tons.

Promoting non-Teak hardwoods

A Hardwood furniture fair will be held in Yangon from 1st to 3rd May 2010, with a view to promote the use of non-Teak hardwoods in furniture production. Altogether 41 companies will exhibit household, office and school furniture made from Gurjan and other lesser known timbers.

Hardwood log species traded in April 2010

Hardwood Logs, FOB	€ Avg per Hoppus Ton (traded volume)
Padauk- (pterocarpus macrocarpus) (Assorted Quality)	1,932 (30 tons)
Kanyin-Gurjan (Dipterocarpus spp) (Export Quality)	150 (506 tons)
In-Gurjan (Dipterocarpus spp) (Export Quality)	159 (159 tons)
Tamalan (Dalbergia oliveri) (Export RejectionQuality)	846 (35 tons)

Myanmar Log Prices (natural forest logs)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
Veneer Quality	Mar	Apr
2nd Quality	nil	6,501 (3 tons)
3rd Quality	6,001 (5 tons)	5,639 (4 tons)
4th Quality	4,899 (10 tons)	5,038 (12 tons)
Sawing Quality		
Grade 1 (SG-1)	3,105 (39 tons)	3,054 (41 tons)
Grade 2 (SG-2)	2,600 (37 tons)	2,656 (41 tons)
Grade 3 (SG-3)	nil	nil
Grade 4 (SG-4)	2,005 (217 tons)	1,749 (217 tons)
Grade 5 (SG-5) Assorted	1,408 (181 tons)	1,259 (68 tons)
Grade 6 (SG-6) Domestic	1,244 (58 tons)	1,084 (103 tons)
Grade 7 (ER-1)	905 (103 tons)	807 (189 tons)
Grade 8 (ER-2)	nil (-)	605 (3 tons)
Short Logs 6 ft. / 7 ft.	nil	nil

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.

Report from India

Weak performance of wood product exports

The North American and European markets are still experiencing the effects of the recession and demand for wood products is weak. Complicating matters is the demand for Lacey Act documentation. Not many Indian exporters are familiar with the Lacey act or its requirements.

The Middle East is slowly stepping out from the construction crisis. The overall shortfall due to these downturns has been about 20% decrease in sector's exports. The continually strengthening of the Indian Rupee against major currencies has contributed to the fall in exports.

Plywood factories are burdened with dual problem of raw material scarcity and rising costs of logs. Competition amongst the factories in North and South India is a big handicap in rationalising prices.

Revival of housing sector

For the fifth consecutive month the Industrial Production Index surged a hefty 15% during February. The Government's economic stimulus packages, reduced interest rates and correction in the real estate prices from 10% to 15%, have brought revival in building sector.

Schemes for middle income groups and slums redevelopment programmes are also contributing to active house building keeping wood and wood products industries operation on full capacity.

Interests by industry in utilizing wider range of fast growing tropical plantation species is also a healthy sign. Some of the favoured species are Dalbergia sissoo, Bombax spp., Leucaena leucocephala, Robinia pseudoacacia, Acacia mangium, Azhadirachta indica etc. replacing poplar and eucalyptus.

Targeting self sufficiency in engineered panels

Bajaj Hindustan is the newcomer in engineered panels industry having set up three plants to produce 50,000 cubic metres of particleboard and 160,000 cubic metres of MDF.

The raw material used will be bagasse which they obtain from their sugar mill which processes around 148,000 tonnes of sugarcane per day. The bagasse, which was previous used to fuel the boilers in the sugar mill, will now be used to produce panel products which are in high demand in India.

The company reportedly faced several technical hurdles in the beginning but now the processing of the bagasse is fully understood and the panels have a uniform density and a good surface finish.

CNF Plantation Teak

	US$ per m^3
Sudan sawn	750-800
Ivory Coast logs	550-600
PNG logs	450-500
El-salvador logs	375-400
Guatemala logs	395-415
Ghana logs	425-450
Benin logs	425-450
Brazil squares	450-475
Togo logs	325-350
Ecuador logs	275-300
Costa Rica logs	400-425
Panama logs	300-325

India Sawnwood Prices (domestic)

Sawnwood (Ex-mill)	Rs. per ft^3
Myanmar Teak (AD)	
Export Grade F.E.Q.	4500-5500
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
4mm	Rs.8.00	Rs.14.5
6mm	Rs.12.00	Rs.21.0
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	Rs.19.0

Report from Brazil

Upswing in exports

In March 2010, exports of timber products (except pulp and paper) showed impressive increase of almost 30% from the US$ 197 million level in March 2009 to US$ 255 mil. The value is also 38% higher than in February 2010.

Pine sawnwood exports increased only slightly (around 1% in value) in March 2010 compared to the same month of 2009 staying around US$ 13 million. However, in terms of volume, exports decreased 7% over the period.

Exports of tropical sawnwood increased in terms of both volume and value, from 43,800 cubic metres in March 2009 to 50,800 cubic metres in March 2010, and from US$ 21.3 million to US$ 25.0 million, respectively over the same period. Such an evolvement corresponds to a 16% increase in volume and 17% in value.

Pine plywood exports gained 32% in value in March 2010 compared to the same period of 2009, from US$ 25 million to US$ 33 million. However, the export volume dropped by 2% during the period, from 100,300 cubic metres to 98,200 cubic metres.

Exports of tropical plywood increased from 8,300 cubic metres in March 2009 to 9,500 cubic metres in March 2010 up 14.5%. In value terms, the rise was 38%.

As for wooden furniture, the export value rose from US$ 45 million in March 2009 to US$ 55 million in March 2010, a 22% increase in exports.

Economic growth stable

In March 2010, the average exchange rate was BRL 1.79 / USD, while it reached BRL 2.32 / USD in the same month of 2009. The appreciation of the Brazilian currency against the US dollar is hitting exporters who already face weak demand in N. American markets.

According to the Brazilian Institute of Geography and Statistics (IBGE), the Consumer Price Index (IPCA) of March 2010 increased 0.52%, remaining behind the rate of 0.78% in February. The accumulated inflation in the first quarter of 2010 ended at 2.06%, gaining from 1.23% observed in the same period of 2009.

In its late March, the Monetary Policy Committee (Copom) of the Central Bank maintained the prime interest rate (Selic) at 8.75% per year, unchanged from July 2009. The annual Selic touched 12.75% in early 2009.

Delta Operation successes

The 'Delta Operation' is a joint effort by the Brazilian Institute of the Environment and Natural Renewable Resources (IBAMA), the Federal Police, the Chico Mendes Institute for Biodiversity Conservation (ICMBio), the Amazon Protection System (Sipam) and the National Force to combat deforestation and illegal timber trade in the Brazilian Amazon.

Since the beginning of Delta Operation, Federal agents have inspected 23 containers in Belem port and have seized 16 for violating Forest Control Document (FG), a document used for all forest product transportation in Brazil.

To-date, the Delta Operation has imposed fines totaling around BRL 12 million and has seized about 2,500 cubic metres of illegal logs and sawnwood destined for export.

Forest concession bidding in Pará

The federal government will open a bidding process for forest concessions in a large area of the Amazon along Highway BR-163, in the state of Pará. The concessions will involve sustainable management within the Amana National Forest. Some 60% (364,000 hectares) of the total area (560,000 hectares) of the National Forest will be brought under concession management for a 40 year-term.

Forest concessions are governed by the Public Forest Management Law, an initiative to combat illegal deforestation and logging in the Brazilian Amazon. The law allows companies or cooperatives to exploit timber resources in sustainable manner in public forests and requires a forest management plan.

According to the Brazilian Forest Service the areas to be auctioned in Pará could yield up to 9 million cubic metres of timber as well as other forest products, such as nuts and oils.

The expectation is to attract reliable companies and cooperatives to carry out sustainable forest management that will heat up the region's economy, create jobs and curb illegal logging.

Furniture sector expands sales to UAE

The United Arab Emirates (UAE) is now being targeted as one of the major markets by Brazilian furniture exporters. The UAE has been identified as a potentially important market for the furniture sector by the Brazilian Furniture Manufacturers Association (ABIMOVEL) and the Brazilian Agency for Export and Investment Promotion (APEX) through their 'Brazilian Furniture project'.

According to ABIMOVEL, annual exports of Brazilian furniture was around US$ 900 million in 2009, less than 1% of worldwide sales covering about US$ 100 billion.

To increase exports to the Arab country, the project aims at two objectives. The first is to attend the largest annual furniture sector fair (INDEX interior design fair), where the Brazilian forest sector traditionally records high sales and is successful in business transactions.

The second initiative is the participation of Arab importers in business rounds in so-called 'buyer project', which brings foreign importers for furniture events in Brazil. Altogether 12 projects of this kind are expected to be conducted throughout the year 2010 in Brazil.

Alternative timber species investigated

Fapeam is reporting research conducted by the National Institute of Amazonian Research (INPA) and several other institutions to develop technology to find alternatives to exploit lesser-known timber species from the Amazon forest. INPA recommends six potentially commercial timber species from the Amazon for utilization.

Brazil Log Prices (domestic)

Brazilian logs, mill yard, domestic	US$ per m^3
Ipê	144
Jatoba	103
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)	Ipê	692
	Jatoba	530
Southern Mills (ex-mill)	Eucalyptus (AD)	185
	Pine (KD) 1st grade	237

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	253	211

Brazil Plywood Prices

Plywood, FOB	US$ per m^3
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 m^3
9mm C/CC (WBP)	276
15mm C/CC (WBP)	252
18mm C/CC (WBP)	247

Plywood, domestic (ex-mill Southern mill)		US$ per m^3
Grade MR (B/BB)	White Virola 4mm	867
	White Virola 15mm	633

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)	311
Domestic Prices, Ex-mill Southern Region	
Blockboard White Virola faced 15mm	552
Particleboard 15mm	351

Brazil Added Value Products

FOB Belem/Paranagua Ports		US$ per m^3
Edge Glued Pine Panel		
Korean market (1st Grade)		634
US Market		486
Decking Boards	Cambara	603
	Ipê	1,583

Report from Peru

Brisk export trade in February

The Export Association of Peru (ADEX) has reported that February 2010 exports of wood products were US$ 12.7 million up around 30% compared to levels in February 2009. Three main buyers were China, United States and Mexico representing 79% by volume of the total exports.

Exports of parquet to Canada were significant in February. Also, success was recorded with exports of furniture and parts to Italy. Exports of furniture and parts to the United States have not recovered from levels reached during the worst of the financial crisis in 2009.

Exports in categories

The main exported products were semi-manufactured products and sawnwood representing 45% and 33% shares of the total volume.

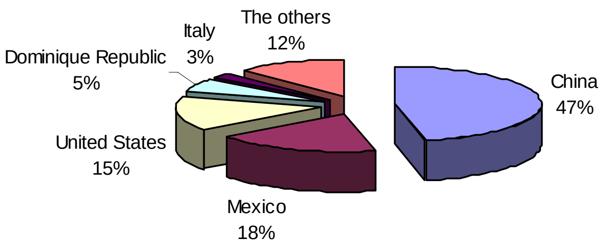
The accumulated exports from the beginning of the year totalled at US$ 9 million for semi-manufactured products representing a 19% increase over the same period in February 2009.

Sawnwood exports in February were stagnant compared to last year's level at US$ 7.3 million.

Veneer and plywood are exported mainly to Mexico accounting for over 90% of total exports.

The exports of furniture and its parts were valued at US$ 0.98 million representing a 6.6% decline compared to the same period last year.

Principal export markets in February 2010



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	526-571

Peru Sawnwood, FOB Callao Port (cont.)	US$ per m^3
Virola 1-2" thick, length 6'-8' KD	
Grade 1, Mexican market	296-346
Grade 2, Mexican market	244-259
Cumaru 4" thick, 6'-11' length KD	
Central American market	831-855
Asian market	829-888
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	283-302
Grade 2, Mexican market	239-253
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	52-69⬆
Spanish Cedar	268-321
Marupa (simarouba)	59-72⬆

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	788-897⬆
	Asian market	1077-1255⬆
Cumaru decking, AD, S4S E4S, US market		929-1103⬆
Pumaquiro KD # 1, C&B, Mexican market		423-511
Quinilla KD, S4S 2x10x62cm, Asian market		502-527
	2x13x75cm, Asian market	712-779⬇

Report from Guyana

Good prices reflect strong regional demand

Compared to the previously reported period, export prices for Greenheart logs have remained unchanged. Prices were also fairly stable for all categories of Mora export logs.

However, prices for Purpleheart logs (both standard and fair sawmill quality) have moved up and recently reached a level as high as US$ 290 per cubic metre.

Over the past two weeks several other species were exported in log form to Asian buyers. The timbers included, Iteballi; Itikiboraballi; Muniridan and Tonka Bea. These species are relatively new to international markets.

During the fortnight under review, sawn wood (dressed and rough sawn) prices have been maintained at the attractive levels seen recently.

Splitwood prices have been buoyant and producers have been encouraged by the average prices which reached as high as US$ 111 per cubic metre recently.

With regard to plywood, Baromalli BB/CC category panels have attracted average prices of US$ 500 per cubic metre, while average prices for Utility category panels reached US$ 460 per cubic metre.

Building capacity to commercialise LUS

Technical officers of the Guyana Forestry Commission and Forest Product Development and Marketing Council have been working along with an expert wood technologist from the United States Forest Service. They are determining local capacity for conducting standard test methods for evaluating properties of Lesser Used Species (LUS) in Guyana.

The objective is to maximize the capacity of existing technology and determine what additional equipment would be required to carry out these standard tests.

The effort is geared toward increasing Guyana's local database on its over one thousand tropical wood species. It is also to determine and categorize how Guyana's tropical wood species can be utilized sustainably for commercial use.

Guyana has carried out overseas testing of fifteen LUS and an additional eleven more species are in the pipeline. Promotional activities in relation to the fifteen LUS that feature comparable properties to existing commercial species have already been commenced.

By developing the testing capacity and training for wood properties evaluation means that in the near future Guyana will be independently conducting its own evaluation on wood properties.

Guyana Log Prices

Logs, FOB Georgetown	SQ - $ Avg unit value per m^3		
	Std	Fair	Small
Greenheart	140-170	130-160	125-145
Purpleheart	200-290⬆	170-290⬆	150-200
Mora	120	115-120	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	721	-
	Standard	-	649-996⬇
	Select	535-742⬇	
	Sound	649⬇	
	Merchantable	530-577	
Purpleheart	Prime	-	-
	Standard	-	700-840⬇
	Select	657-750⬇	
	Sound	636	
Mora	Prime	-	
	Select	500	
	Sound	-	
	Merchantable	400	

Guyana Plywood Prices

Plywood, FOB Georgetown Port			$ Avg unit val. per m^3
Baromalli	BB/CC	5.5mm	No export
		12mm	385-500⬆
	Utility	5.5mm	No export
		12mm	370-460⬆

Report from Japan

Imported plywood supply remains tight

The availability of imported plywood has not improved and supplies are said to be tight. Malaysian suppliers are looking for higher prices which are aiding the strengthening of the Japanese market price. This is especially as domestic manufacturers are determined to move prices higher.

Japanese plywood manufacturers are very serious about pushing plywood prices to profitable levels. Over the past two years prices have dropped so low that most companies could not even breakeven.

For the first time, Japanese plywood manufacturers are working together, says Japan Lumber Reports (JLR). At the moment, no manufacturer is offering discounts in order to secure sales. The pricing crisis has meant that all manufacturers have a common purpose.

House builders are aware of this determined stance by the manufacturers and are slowing accepting the new prices. 12mm 3x6 structural panels are priced at ¥ 690-700 per sheet delivered. Tongue and grooved thick panels, 24mm 3x6 will be priced at ¥ 1,360-1,400 from May.

If demand in May holds, JRL is projecting that prices for 12mm panels could rise to ¥ 750 per sheet.

Shift in Canada Japan trade

Canadian softwood lumber has become more expensive for Japanese importers because of rising freight charges and aggressive sourcing by Chinese companies. Now this situation is likely to get worse for Japanese importers as a result of changes in the rate of export duty charges on softwood exports to the US by the British Columbia provincial government in Canada.

While the duty rate was high, Canadian millers had diversified their markets but with good prices available in the US market and with the reduced export duty many are shifting back to the US market at the expense of the Japanese market.

Cash for 'heat island' study

Japan's summer temperatures hover around 30 degrees for 2-3 months and in the cities the high temperatures create hot spots as buildings capture and radiate heat. This results in the so-called 'urban heat islands'.

The Forestry Agency in Japan is about to undertake a ¥ 110 mil. study of the cooling effect of wood cladding on buildings. The first part of the study will be in Osaka according to the JLR.

The idea of taking advantage of the thermal insulation properties of wood to cool urban hot spots will, says the JLR, contribute to expanding the use of wood.

Housing starts and remodelling business

The tough economic conditions in Japan have hit housing starts which have driven down demand for wood products. The poor economy has also had an impact on the house remodelling sector. According to Yano Research Institute Ltd., the house remodelling market was valued at around ¥ 5,260 billion in 2009, down 9% from the previous year.

The peak in the remodelling business was seen in 2005 when the market was reported to be worth about ¥ 6,500 billion. Since then the size of the market has been declining.

However, at a time when housing starts are down almost 30% and other industry sectors are reporting market declines from 20%-30% year-on-year, the fall in demand for remodelling of less than 10% has helped timber suppliers to this market.

On the other hand, when looking at the details of expenditure on remodelling it becomes clear that currently consumers are opting to spend on repairs to household equipment and furniture rather than on building remodelling works. This segment of the overall remodelling market has seen a decline of around 20% since the economic crisis started.

Consumer spending unlikely to improve soon

March consumer confidence levels showed a slight recovery. This comes after five months of falling numbers and a level in February which was close to a five year low. Nevertheless, from the disastrous level of just 36.1 in February, the index has only climber to 36.7.

Japan's Consumer Confidence Index is built up of five items, each of which is considered positive when above 50, and pessimistic when below the 50 mark. The March 2010 figures are shown below with an indication of the change from the month of February.

	March Index	% change on Feb 2010
Consumer confidence	36.7	plus 0.6
Livelihood index	34.4	plus 0.7
Income growth	38.7	-0.2
Employment	37.6	plus 0.6
Durable goods purchase	36.2	plus 1.4

Cabinet Office Japan.

The Cabinet Office reported that 85% of those surveyed believed prices would rise in 2010 and this confirms earlier data that consumers do not see any chance of the current price rises easing any time soon.

This data, when viewed against low wage growth expectations, does not portray a very optimistic outlook for consumer spending for the balance of the year.

Log and Sawnwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku
Meranti (Hill, Sarawak)	(Koku=0.278 m^3)
Medium Mixed	6,200
Standard Mixed	6,400
Small Log (SM60%, SSM40%)	6,200
Taun, Calophyllum, others (PNG)	8,000
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)	Mar (¥ per sheet)	Apr
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	920
12mm concrete-form ply (JAS)	900 X 1800	850	870
12m coated concrete-form ply (JAS)	900 X 1800	950	1010
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

Russia – China trade active

Timber imports (919 893 tonnes) via the Suifenhe inland point of entry for the first quarter of 2010 amounted to almost 60% of all cargo through the port.

At the end of 2009, Russia did not increase the tariff on log exports as announced earlier in the year so prices did not increase. This came as good news to Chinese importers. The brighter prospects in the Chinese economy contributed to the increase in domestic market demand and increased imports.

Of the wood products imported via Suifenhe, the proportion of sawnwood has been increasing. This increase is the result of Chinese and Russian investment in processing capacity, stimulated by the threat of rising log export duties.

The forestry industry is regarded one of the key industries to support local economic development in the Far-East Region of Russia and China is the largest importer of wood products from the region. The complementary relationship between Chinese and Russian timber market is having a huge impact on the economic development in the Far-East Region of Russia.

Mixed signals from tropical log import trends

Timber imports through the Zhangjiagang sea port during the first quarter 2010 jumped over 25% to a total of 836,800 cubic metres worth US$ 174.4 mil. Of the total imports, logs accounted for some 832,000 cubic metres with just a small quantity of sawnwood making up the balance.

Bulk logs shipped via Zhangjiagang dominated the timber imports originating mainly from Oceania, Africa and Southeast Asia.

Log imports from Africa were about 249,800 cubic metres, of this, 184,800 were from Gabon. Log imports from Oceania were around 405,600 cubic metres, of this, 261,000 were from PNG and a further 70.900 were from the Solomon Islands. Log imports from Southeast Asia were around 150,400 cubic metres and of this, 121,800 were from Malaysia, significantly up on imports of the first quarter 2009.

Furniture flows to ASEAN

After the China-ASEAN Free Trade Area came into effect in January 2010, well-made furniture from Shenzhen has been high selling products in the ASEAN market.

Data from the Shenzhen Inspection and Quarantine Bureau shows that furniture exports from Shenzhen amounted to US$ 450 million in the first two months of 2010, up 153% compared with the same period in 2009.

The ASEAN market represents vital market area for Shenzhen accounting for 50% of the total furniture exports. The furniture exports to Singapore alone were valued at US$ 120 million, almost 50% of the total exports to ASEAN countries. The exports to Thailand grew fastest by tenfold from 2009 to US$ 46 million.

Influenced by the strong demand for furniture in the ASEAN market, the traditional USA and EU market took a smaller share of Shenzhen furniture exports, falling from 20% to 15%.

Furniture exports by the large enterprises jumped dramatically when the FTA came into effect, however, furniture exports by the medium and small sized enterprises increased only marginal.

Guangzhou City Imported Timber Market

	Yuan per m^3
Logs	
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	5800-6300

Shanghai Furen Wholesale Market

	Yuan per m^3
Sawnwood	
Beech KD Grade A	4800-4900
US Cherry, 25mm	4500-4600
US Red Oak, 50mm	6500-7000
Sapele 50mm FAS (Congo) KD (2", FAS)	6000-6100
KD (2",grade A)	5700-5800

Shandong De Zhou Timber market

		Yuan per m^3
Logs		
Larch	6m, 24-28cm diam.	1200⬆
White Pine	6m, 24-28cm diam.	1280⬆
Korean Pine	4m, 30cm diam.	1400
	6m, 30cm diam.	1500
Mongolian Scots Pine	6m, 30cm diam.	1320⬆

Hebei Shijiangzhuang Wholesale Market

		Yuan per m^3
Logs		
Korean Pine 4m, 38cm+ diam		1700
Mongolian Scots Pine	4m, 30cm diam.	1300⬆
	6m, 30cm+ diam.	1350
Sawnwood		
Mongolian Scots Pine	4m, 5-6cm thick	1400
	4m,10cm thick	1450

Zhejiang Jiashan Kaihua International Timber Market

	Yuan per m^3
Logs	
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

European hardwood decking market picks up

After a slow start to the spring season due to poor weather and market uncertainty, the European market for decking hardwoods has now picked up. Early signs are that consumption in this sector may be a little better than last year.

Cautious buying by European importers during 2009 in the face of market uncertainty and limited credit means that stocks of tropical hardwood decking material are very low for the time of year. This factor combined with reports of tight supplies from all the major producing regions has led to mounting concerns of potential supply problems later in the season.

Lead times for tropical hardwood decking are now extending well into the third quarter of the year so that much new material is only scheduled to arrive after the summer, too late to take advantage of the market for decking.

Forward prices for tropical hardwood decking products quoted in US dollars are generally forecast to continue to rise throughout the year. Progressive strengthening of the US dollar against European currencies this year is exaggerating this price increase for European importers.

Some importers suggest that they are having problems passing on these price increases to their European customers. The continuing gap between rising forward prices and many European consumers willingness to pay is likely to depress the European market for tropical hardwoods during 2010.

Challenging redwood market

The European market for primary tropical redwood species remains very difficult. Significant gaps are now opening up in existing European landed stocks of key African species such as sapele, iroko and sipo. But African mills are low on logs and are in no position to supply wood at short notice. African mills are generally not holding stock and are only sawing to order with the result that lead times are now stretching well into the third quarter of the year.

CIF prices quoted in euros to European buyers for African sapele, iroko and sipo are generally firming. However, as in other sections of the European tropical wood market, importers report that end-user consumption is still very patchy and there is little market acceptance of the need to pay higher prices.

A similar situation prevails in the market for Malaysian sawnwood. For example, the German trade journal EUWID reports that current CIF North Sea port prices for 3x6” meranti kiln dried sawn lumber are currently in the region of $950-1050/m3. Meanwhile, German importers corresponding onward sales prices are only in the region of €800/m3 ($1060/m3) free buyers’ yard, implying very tight margins within the European distribution chain.

The pace of freight rate increases, which impacted heavily on the European market for tropical hardwood in the first quarter of 2010, seems to have slowed in recent weeks. However, shipping lines are reported to be considering further freight rate increases in May.

Shift to break-bulk plywood shipment

One impact of recent container freight rate increases has been to encourage a significant shift towards break-bulk imports of tropical hardwood plywood into the EU.

For example, the UK trade journal TTJ recently reported that Altripan UK has just received its largest ever shipment comprising 16,900 cubic metres of Chinese plywood carried on the maiden voyage of break bulk vessel MV Panamana. Altripan said restarting large-scale break-bulk shipment was down to a combination of rising container freight rates, improved product condition of break-bulk transport and reducing the need for feeder shipments from parent company Altripan NV in Belgium.

European tropical log market remains very slow

Economic uncertainty and continuing turmoil in Europe’s hardwood veneer and plywood sectors have resulted in continuing low levels of tropical hardwood log imports. African log prices quoted in euros on offer to European importers are reasonably stable but leaning towards a firming tendency.

A decision by the Gabonese Government on a long-term log export policy will ease the strategic planning of importers and European plywood manufacturers.

Push for tougher stance on illegal imports

A group of 4 leading European retailers launched the Timber Retail Coalition (TRC) on 6 April 2010 "to support measures to curb illegally harvested timber". Kingfisher, Marks & Spencer, IKEA and Carrefour Group are the founding members. According to a TRC statement, it is "committed to tackling global deforestation linked to climate change. By providing a single platform for engaging with politicians and policymakers at national and EU levels, the TRC will significantly enhance this effort".

The TRC supports the European Commission’s on-going efforts to create an EU-wide regulation requiring importers and domestic wood suppliers to implement due diligence systems designed to minimise the risk of their trading in illegal wood. The TRC sees these efforts as "a crucial step towards the widespread adoption of responsible timber sourcing practices". The TRC believes the regulation will "help to create a level playing field, which currently does not exist as the illegally logged timber products industry still has easy access to the EU marketplace".

According to a TRC spokesman interviewed by the TTJ, the coalition wants the EU regulation to go further than currently proposed by the European Commission and European Council. TRC support a specific prohibition on illegal imports with punishment for timber companies that knowingly place illegal timber on the market. But TRC also says that the burden of proof should lie with the entity that lays charges and that the principles of due diligence should not be superseded.

Next month, the European Parliament's Environment Committee is due to vote on a second more far-reaching draft of the proposed legislation tabled by Green MEP Caroline Lucas. A full plenary session of the European Parliament will then vote in June. After that further negotiations may have to be held to formulate a consensus text acceptable both to the European Parliament and to the European Council.

European bounce weaker than other major economies

In its latest forecasts released on 21st April, the IMF predicts that global output on a purchasing power basis will see healthy growth of 4.2% this year, a full percentage point more than it was foreseen only six months ago. Other forecasts are even more optimistic, predicting global growth of 4.5% in 2010 – close to the average pace of the boom years prior to the recession.

Unfortunately for Europe, the healthy pace of global growth belies significant and growing differences between regions. The largest emerging economies China, India and Brazil are accelerating fastest with growth forecast by the IMF to be close to, or to exceed, double-digit rates. The IMF reckons that the US will grow by as much as 3% this year. In contrast Europe, where the downturn was particularly pronounced during 2010, is now experiencing one of the weakest recoveries. The IMF expects output growth of only 1% in the euro-zone and 1.3% in the UK this year.

The European economy received a boost this year as companies generally stopped the fierce destocking that exacerbated the recession during 2009. This is apparent in the upturn in wood imports beginning in the last quarter of 2009.

But if this recovery in Europe is to take root, it must be able to cope with a gradual withdrawal of emergency support. It will need to develop a more sustained impetus from the private sector than a short-term turnaround in the inventory cycle.

That will require new sources of demand. With overall domestic consumption in major end-using sectors like construction and furniture stagnant, for the wood sector this means serious efforts to increase and regain market share from alternative materials. It will require increased private investment and other measures to improve productivity and reduce costs in a drive to boost export demand for Europe's finished wood products.

The Netherlands Sawnwood Prices

FOB (Rotterdam)	US$ per m^3
Sapele KD	900⬇
Iroko KD	1059⬆
Sipo KD	1066⬇
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	310-330
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	680-700⬆
Sapele	FAS 25mm	585-595
Iroko	FAS 25mm	690-710⬆
Wawa	FAS25mm	300-325⬇
CIF plus Commission		
Tulipwood FAS 25mm		325-350
Meranti Tembaga Sel/Btr (KD 2"boards)		530-550⬆
Balau/Bangkirai Decking		970-1020⬆
White Oak		550-600

UK Plywood and MDF Prices

Plywood Panels 8x4", CIF	US$ per m^3
Brazilian WBP BB/CC 6mm	540-560
Malaysian WBP BB/CC 6mm	540-560
China (hardwood face, eucalyptus core) 18mm	380-390
China (tropical hardwood face, poplar core) 18mm	350-370

Report from North America

US and Canada construction markets firming

The US housing market finally appears to improve. Declining prices and low interest rates have made housing ever more affordable. Housing permits in the US increased by 7.5% (seasonally adjusted rate) from February to March 2010, according to data released by the US Census Bureau and the Department of Housing and Urban Development. This is 34.1% above the number of permits in March 2009.

The improvement in the recent housing starts is still small. The seasonally adjusted rate was 626,000 in March 2010, which represents a 1.6% increase from February. Compared to the previous year, however, housing starts have gone up considerably. Builders' confidence in the market for newly built, single-family homes increased in April. The latest National Association of Home Builders/Wells Fargo Housing Market Index went up by four points from March to April 2010.

Sales of new homes increased greatly in March, up by 27% from February. It was the strongest month since July 2009 according to the Department of Commerce. The biggest increase in sales was in the South (44%) and Northeast (36%).

The significant increase in sales is at least partly linked to the homebuyer tax credit program that expires at the end of April. Nearly 1.8 million households in the US have used the credit, according to the Internal Revenue Service.

The non-residential construction sector appears to get closer to a recovery, but hardwood companies supplying this market probably will not see much growth in the near-term. The March score of the Architecture Billings Index, a leading indicator for non-residential construction and multi-family construction activity (forecast for 9-12 months), was the highest since just before the financial market meltdown in August 2008. The outlook is the most positive for multi-family construction sector and for the Midwest region in the US.

In Canada, the federal government announced new measures for government-backed mortgage insurance in February. The measures are designed to prepare homebuyers for higher interest rates and prevent a housing market bubble. While this is expected to moderate housing starts activity, Canada Mortgage and Housing Corporation forecasts growth in housing starts in nearly all provinces. The prospect of rising mortgage rates and rising home prices is driving current sales of new homes.

Lucrative prospects for remodeling activity

Homeowner improvement spending in the US is expected to grow by almost 5% in 2010. The Leading Indicator of Remodeling Activity by the Joint Center for Housing Studies at Harvard University shows that spending on remodeling will recover this year. Spending on renovation projects is expected to be US$ 106.5 billion in the second quarter of 2010 and rise to US$ 121.5 billion by autumn. Home improvement spending will benefit from the increase in home sales and in the longer-term, by the gradual recovery of the US economy.

US imports of tropical lumber, hardwood moulding and flooring

Year-to-date tropical lumber imports improved to some extent in February 2010. Especially imports of Ipe and Jatoba lumber from Brazil increased compared with the same time period in 2009. Imports of Acajou d'Afrique were down by a third compared with year-to-date February 2009. Cote d'Ivoire exported significantly less, but Acajou imports from Ghana increased by 80%.

US imports of hardwood moulding were almost unchanged from year-to-date February 2009 showing a decrease of 5% and valued at US$ 27.5 million. Jatoba moulding imports from Brazil were down by 14% to US$ 3.5 million, while the small volume of Jatoba mouldings coming from China increased to US$ 284,000 in value. Cumaru moulding imports from Brazil also fell by 14%, but overall Cumaru imports went up because of a significant increase in imports from Peru.

Hardwood flooring imports continued to be below 2009 levels. However, imports from Brazil increased by 37% year-to-date February from the same period in 2009. Hardwood flooring imports from Malaysia decreased by 10%, but China saw the biggest drop (-76%) in the period.

Biomass Crop Assistance Program update

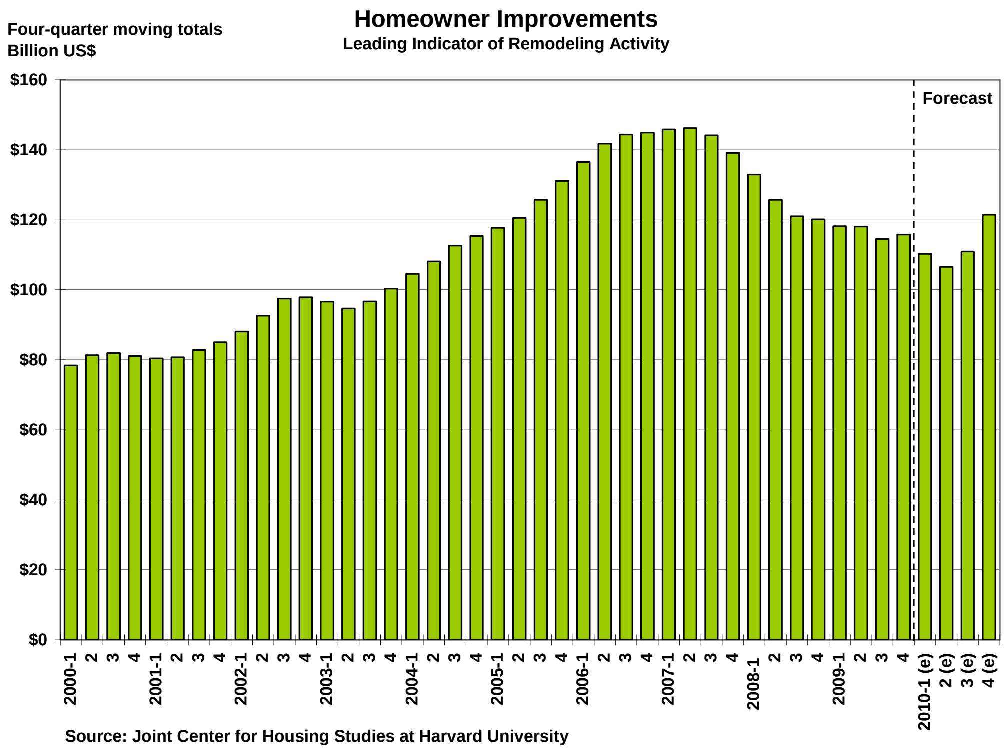
The Biomass Crop Assistance Program (BCAP) is intended to promote the development of bioenergy technologies and production in the US by subsidizing the fuel supply needed to support such an industry. In BCAP's first phase, the US Department of Agriculture has paid US$ 165.3 million to eligible biomass owners for 4.18 million tons of biomass. Payments are up to US$ 45 per dry ton for eligible biomass deliveries.

While the program rules have been changed to remove woody biomass with existing markets (such as particleboard manufacturing), wood product manufacturers have been able to benefit from BCAP. Armstrong, the largest flooring manufacturer in the US, received matching payments under BCAP for shipping excess sawdust to eligible bioenergy conversion plants, according to the US Department of Agriculture.

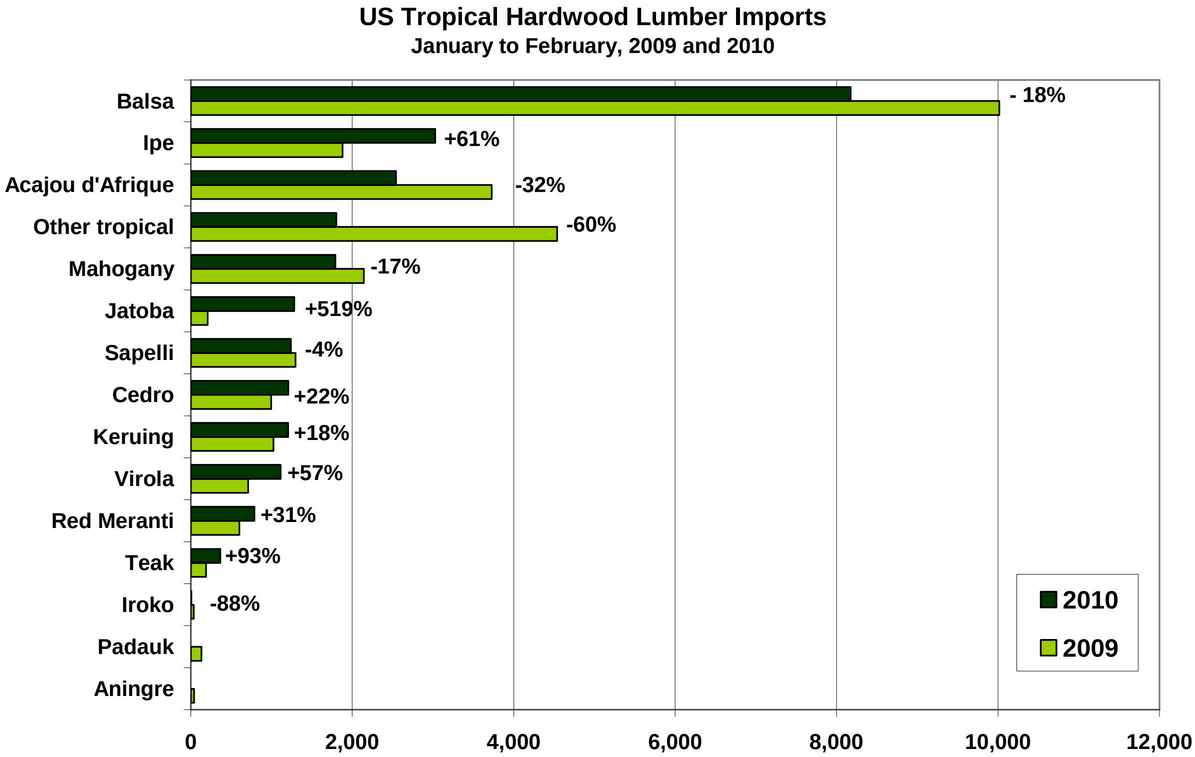
US Timber prices

	Feb-10 US$ per Cu.m	Mar-10 US$ per Cu.m
Ipe (Brazil) Decking Premium Grade AD, 1x6, FOB Belem	2100	2175
Ipe (Brazil) Decking Premium Grade AD, 5/4x6, FOB Belem	2200	2200
Jatoba (Brazil) No.1 Common & Better AD, FOB Belem	850	830
Jatoba (Brazil) No.1 Common & Better KD, FOB Belem	n/a	875
Khaya (Cote d'Ivoire) FAS KD, FOB Abidjan	730	730
Khaya (Ghana) FAS KD, FOB Takoradi	850	875
Sapele (Cameroon) FAS AD, FOB Douala	720	730
Sapele (Cameroon) 4/4 to 8/4 FAS KD, FOB Douala	860	840

Average April prices will be provided in the mid May report.



Source: Joint Center for Housing Studies at Harvard University



Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

Volume in m³

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.

Along with providing low cost and environment-friendly houses, construction of houses made of bamboos might even lead to poverty reduction and employment generation in Nepal. Agro Enterprise Centre (AEC), affiliated to Federation of Nepalese Chambers of Commerce and Industries (FNCCI), has entered into an agreement with International Centre for Bamboo and Rattan (ICBAR) for the promotion of bamboo house construction in Nepal. These projects will be undertaken with the financial aid of Common Fund for Commodities (CFC).
http://www.thehimalayantimes.com/fullNews.php?headline=Bamboo+houses+could+help++alleviate+poverty&NewsID=239749

The Brazilian Timber Group, an umbrella organization consisting of Brazil's best timber manufacturers, is looking towards consolidating its presence in the Middle East region with the rollout of its current line of high-grade quality timber products from Brazil. The launch is aimed at promoting the Brazilian Timber Group as an essential and reliable supplier of high-grade timber products for the MENA region. The group's participation in the region's premier wood-focused exhibition complements the positive outlook shared by Brazilian exporters towards the increased demand for quality timber products like doors, veneers, panels, mouldings, plywood and lumber.
http://www.istockanalyst.com/article/viewiStockNews/articleid/4030691

Forest minister of India, Patangrao Kadam has been urged to conduct a public hearing to seek comments of stakeholders and people using bamboo before finalising the state's policy, as announced in the budget recently. Vidarbha Nature Conservation Society (VNCS), Nagpur, and Kalpavriksh, Pune, both NGOs working for forest conservation, have written to Kadam and CS Joshi, head of the forest force (HoFF), to consider views of village Panchayats, joint forest management committees (JFMCs), women self-help groups (SHGs), NGOs and scientists before finalising the state bamboo policy.
http://timesofindia.indiatimes.com/city/nagpur/Seek-peoples-views-before-finalising-bamboo-policy/articleshow/5768840.cms

Furniture companies are raising prices despite fears that higher costs could kill off a rebound just as recession-shocked shoppers willing to spend. Furniture makers are blaming higher labour and material costs of production in Asia as well as trans-Pacific shipping fees. Industry insiders expect more news of price hikes after buyers and producers gathered recently in High Point, N.C., for the world's biggest furniture trade fair.
http://www.mercurynews.com/home-garden/ci_14939725?nclick_check=1

Green Resources SL, a leading company in the international wood import industry, has expressed optimism that the demand for exotic timber in the Middle East region is likely to increase over the next few years. The company, which is making its debut at the 'Dubai WoodShow 2010', has pointed out that despite the current global economic down turn, the Middle East region's construction and development sector remains the least unaffected - thereby creating a constant demand for key construction materials like wood and timber.
http://www.istockanalyst.com/article/viewiStockNews/articleid/4034499

The multi-billion dollar contracts to build the two integrated resorts in Singapore have dealt a winning hand for some local furniture firms. The lucrative deals have meant big pay days for the furniture companies as well as giving them a high-profile platform from which they can pursue more deals in Asia's expanding hospitality pie. Singapore-listed Sitra Holdings, which makes wood-based products, secured several contracts in the Marina Bay precinct, with one worth $3.24 million.
http://business.asiaone.com/Business/News/SME%2BCentral/Story/A1Story20100422-211826.html

A report has found that the Australian pulp and paper industry is in crisis with employment, investment and exports all falling. The $12 billion industry employs almost 19,000 people but has been hit with recent plant closures in Tasmania. Paperlinx closed its Wesley Vale in February and the Burnie mill will shut at the end of July. Among Launceston timber company Forest Enterprises Australia went into voluntary administration last week after struggling to finance its $216 million debt.
http://www.abc.net.au/news/stories/2010/04/20/2877662.htm?section=business

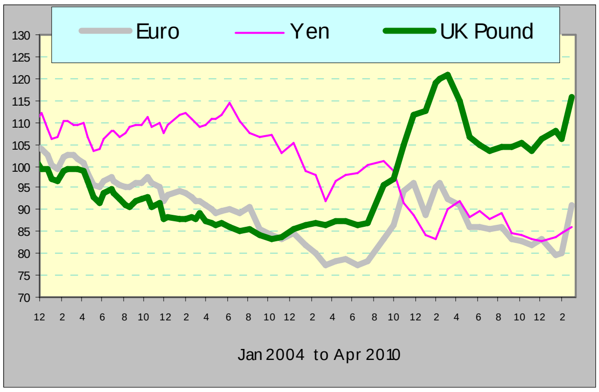
Timber product makers in South Korea are having a hard time acquiring timber because of the price hike for the material. Over the past year, the price of used timber jumped over 30 percent and the price of imported raw timber over 60 percent. Fast-rising demand at home and abroad is causing the price surge, but a supply shortage is also a factor. Discarded timber at construction sites are a major source of used timber, but the slumping property market is reducing used timber supplies, which have dropped more than 50 percent over the past five years.
http://joongangdaily.joins.com/article/view.asp?aid=2919302

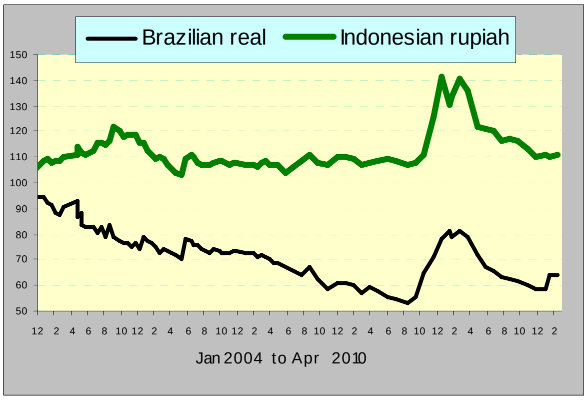
Main US Dollar Exchange Rates

As of 14th April 2010

Brazil	Real	1.7489
CFA countries	CFA Franc	495
China	Yuan	6.8250
EU	Euro	0.7575
Indonesia	Rupiah	9042
Japan	Yen	94.09
Malaysia	Ringgit	3.2165
Peru	New Sol	2.8474
UK	Pound	0.6583

Exchange rates index (Dec 2003=100)

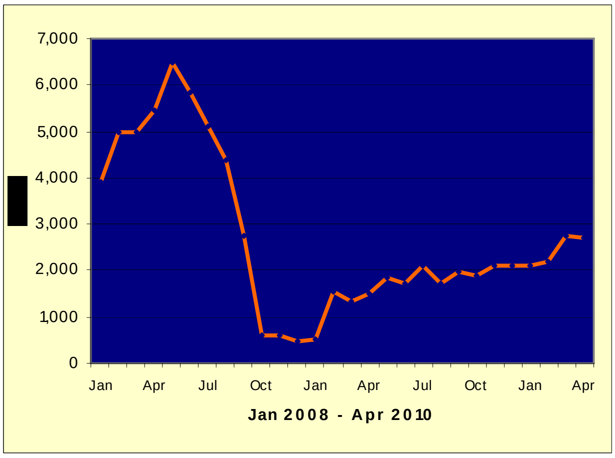




Abbreviations and Equivalences

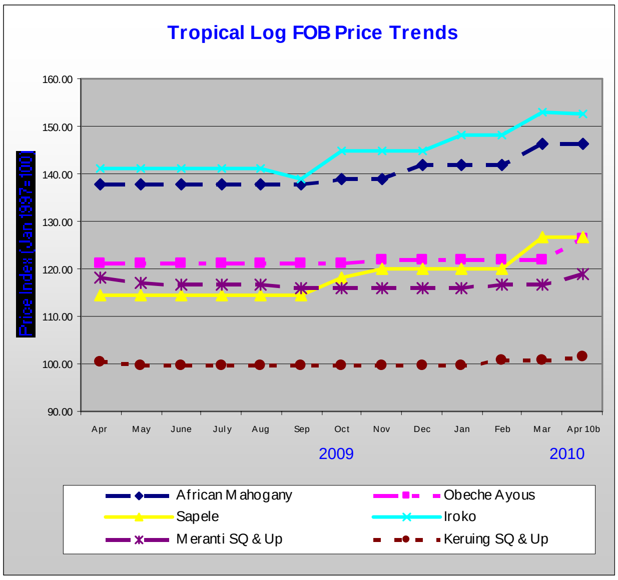
LM	Loyale Merchant, a grade of log parcel
QS	Qualite Superieure
CI, CE, CS	Choix Industriel, Economique or Supplimentaire
FOB	Free-on-Board
CIF; CNF	Cost, insurance and freight; Cost and freight
KD; AD	Kiln Dry; Air Dry
Boule	A log sawn through and through, the boards from one log are bundled together.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

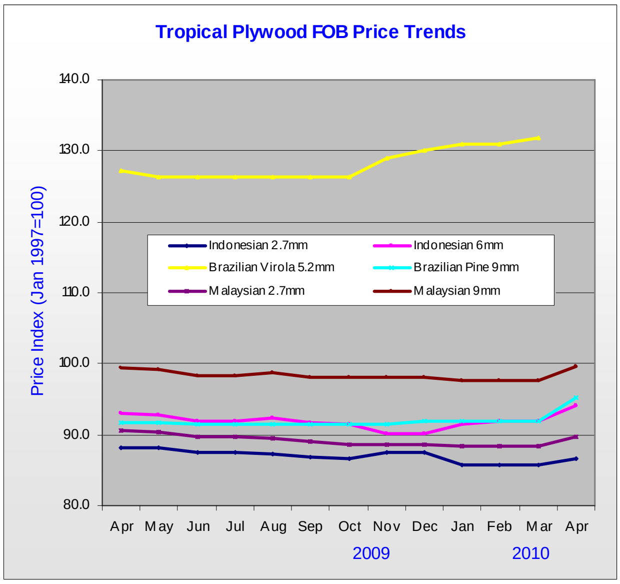


The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

Tropical Log Price Trends

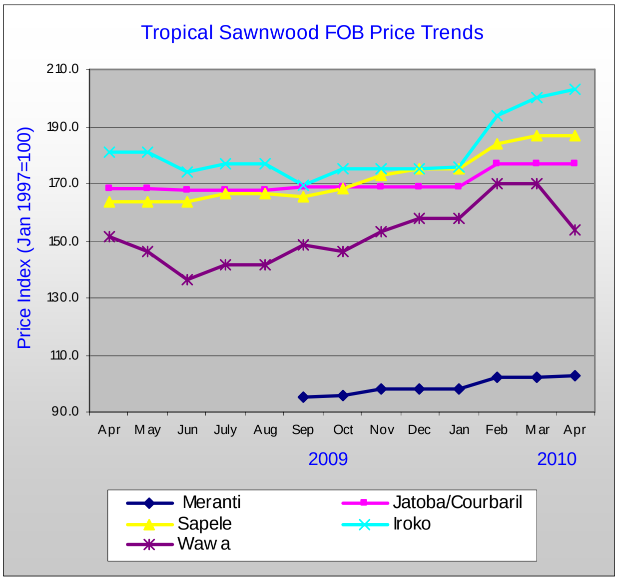


Tropical Plywood Price Trends



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

Tropical Sawnwood Price Trends



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