Tropical Timber Market Report

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Sarawak posts higher exports of logs and plywood in first half of 2010

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Sarawak's exports of plywood were 1.46 million cu.m during the first half of 2010 compared to 1.18 million cu.m in the same period last year. Japan remains the major buyer of Sarawak plywood with imports worth RM939 million in the first half of 2010.

Headlines

Report from Central/West Africa

Log trade calm after recent surge

The log trade in West and Central Africa is reported as calm as importers feel that existing stocks and logs already shipped are adequate to fulfil current demand. However, log prices remain unchanged.

After a jump in log demand in June, especially from China, a quiet period was expected, says an analyst. Exporters in Cameroon and Congo Brazzaville are still confident that prices and export volumes of logs will remain stable.

Sawmills in the region continue to report on strong order books. Sawnwood export prices are firm and unchanged over the period under review.

Call for technology and market innovations

Despite the recent hopes for the relaxation of the log export ban in Gabon, the situation remains unchanged. There are still no signs that producers are about to make any substantial increases in production of sawnwood or other processed wood products. According to analysts, the previous initiatives in the region to promote downstream processing need to be reassessed to ensure the long-term profitability of production.

In addition, say analysts, the timber processing sector in the region can develop only by adopting new technologies and market innovations. It seems that the current trend is towards less production of traditional sizes which have to be processed to components in the importing country. Instead, analysts see that there is growing demand for timber components that are already processed to the final specifications. Softwood timber component exports from Scandinavian countries provide a good example of this current trend.

Market quiet in Europe during summer vacation

As usual during the summer vacation season, sawnwood exports to Europe are down. Any improvement in demand is not expected until early September when importers assess trade prospects for the winter, say analysts.

Most of the European countries have been introducing significant cuts in government spending following national budget reviews. For example, the UK announced severe cuts in new school building. However, demand in hardwood market may see some improvement as government finance flows into school renovation in the UK.

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	205	205	122
Belli	210	210	-
Bibolo/Dibétou	145	130	
Bubinga	600	530	390
Iroko	245	235	190
Okoume (60% CI, 40% CE, 20% CS) (China only)	230	-	-
Moabi	275	275	190
Movingui	180	150	140
Niove	130	130	-
Okan	315	315	-
Padouk	365	340	235
Sapele	240	220	170
Sipo/Utile	270	250	200
Tali	260	260	114
	C1	CE	CS
Okoume	170	160	120

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	-
	FAS scantlings	490
Padouk	FAS GMS	540
	FAS scantlings	500
	Strips	300
Sapele	FAS Spanish sizes	390
	FAS scantlings	460
Iroko	FAS GMS	480
	Scantlings	500
	Strips	350
Khaya	FAS GMS	380
	FAS fixed	380
Moabi	FAS GMS	475
	Scantlings	440
Movingui	FAS GMS	325

Report from Ghana

Wood producers urged to embrace forest certification

Forest certification was promoted at a "Media Sensitization Workshop on Forest Certification and Sustainable Forest Management" in Accra. Ghanaian wood producers were urged to acquire forest certification to meet the requirements of European and North American markets.

At the workshop, it was pointed out that wood and timber products from Ghana may be at risk of losing international market shares in the next few years if they do not comply with forest certification and tightened regulations. This would have serious consequences for the domestic timber industry which is said to contribute 5 to 6 % of the country's Gross Domestic Product (GDP) with over 50% of the products exported to Europe and USA.

Ghanaian timber companies can acquire forest certification through the Ghana Forest Management Certification (GFMC) scheme.

Ghana Log Prices

Ghana logs, domestic	US$ per m^3	
	Up to 80cm	80cm+
Wawa	130-140	145-165
Odum Grade A	160-170	175-185
Ceiba	104-110⬆	120-140
Chenchen	90-100⬆	105-120
Khaya/Mahogany (Veneer Qual.)	100-115	120-145
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	552
Ceiba	215⬆	266
Dahoma	315	390
Edinam (mixed redwood)	400	445⬆
Emeri	350	414⬆
African mahogany (Ivorensis)	563	690
Makore	520	585
Niangon	490	600⬇
Odum	630	690
Sapele	530	590
Wawa 1C & Select	250	295

Ghana sawnwood, domestic		US$ per m^3
Wawa	25x300x4.2m	255
Emeri	25x300x4.2m	310
Ceiba	25x300x4.2m	218
Dahoma	50x150x4.2m	282
Redwood	50x75x4.2m	315
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	318	355
Chenchen	315	350
Ceiba	320	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	274
Chenchen	305
Ogea	300
Essa	290
Ofram	300

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afrormosia	1.19	1.00
Asanfina	1.40	0.90⬆
Avodire	1.12	0.70
Chenchen	1.25	0.70⬆
Mahogany	1.25	0.70
Makore	1.20	0.72⬆
Odum	1.80	1.10

Ghana Export Plywood Prices

Plywood, FOB	€ per m^3			
B/BB	Redwood		Light Wood	
	WBP	MR	WBP	MR
4mm	560	465	500	380
6mm	340	345	335	320
9mm	365	325	295	285
12mm	300	305	290⬆	285⬆
15mm	310	290	280	285
18mm	300	285	285	280

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	492
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

Decision on antidumping duties postponed

In July, South Korea announced that a decision had been taken to impose antidumping duties on Malaysian plywood imports. However, on 2 August 2010, the Ministry of Finance and Strategy of the Republic of Korea announced a postponement of this decision until the South Korean Trade Commission in Malaysia has finalised its investigation. The final decision and a formal ruling will be made within the next 5 months.

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Malaysia - New Zealand Free Trade Agreement

The Malaysia - New Zealand Free Trade Agreement came into effect on 1 August 2010 following its signing in October 2009. In the first phase, some tariff reductions will begin until total free trade is achieved by 2016 for industrial and agricultural products.

In the first phase, Malaysia will gradually eliminate import duties on 10,293 tariff lines and remove 20% and below import duties on 9,070 tariff lines by 2012. Some 1,200 tariff lines with import duties higher than 20% will be duty free by 2016.

New Zealand will reduce import duties on 7,288 tariff lines, out of which 7,237 tariff lines will be duty free by

2015. The remaining 51 tariff lines, including wooden furniture from Malaysia, will also be fully duty free by 2016.

New Zealand is well-known for its food and agricultural exports to Malaysia. In addition, other major exports to Malaysia include pulp and paper.

Log Prices

Sarawak log, FOB	US$ per m^3
Meranti SQ up	238-263↑
Small	222-252↑
Super small	217-240↑
Keruing SQ up	225-237↑
Small	209-238↑
Super small	191-219↑
Kapur SQ up	215-240↑
Selangan Batu SQ up	203-238↑

Pen. Malaysia logs, domestic (SQ ex-log yard)	US$ per m^3
DR Meranti	245-264↑
Balau	306-335↑
Merbau	338-370↑
Rubberwood	75-109↑
Keruing	225-241↑

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	399-435↑
White Meranti A & up	288-318↑
Seraya Scantlings (75x125 KD)	439-452↑
Sepetir Boards	256-278↑
Sesendok 25,50mm	350-368↑
Kembang Semangkok	310-333↑

Malaysian Sawnwood, domestic	US$ per m^3
Balau (25&50mm,100mm+)	330-350↑
Merbau	463-515↑
Kempas 50mmx(75,100 & 125mm)	264-304↑
Rubberwood	
25x75x660mm up	219-269↑
50-75mm Sq.	258-290↑
>75mm Sq.	280-309↑

Plywood Prices

Malaysia ply MR BB/CC, FOB	US$ per m^3
2.7mm	414-476↑
3mm	394-424↑
9mm & up	341-413↑

Meranti ply BB/CC, domestic	US$ per m^3
3mm	338-429↑
12-18mm	321-350↑

Other Panel Prices

Malaysia, Other Panels, FOB	US$ per m^3
Particleboard	
Export 12mm & up	233-256↑
Domestic 12mm & up	220-237↑
MDF	
Export 15-19mm	287-318↑
Domestic 12-18mm	277-295↑

Added Value Product Prices

Malaysia, Mouldings, FOB	US$ per m^3
Selagan Batu Decking	546-557↑
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	561-574↑
Grade B	515-525↑

Furniture and Parts Prices

Malaysia, Rubberwood, FOB	US$ per piece
Semi-finished dining table solid laminated top 2.5'x4', extension leaf	66-82↑
As above, Oak Veneer	73-87↑
Windsor Chair	64-66↑
Colonial Chair	63-68↑
Queen Anne Chair (soft seat)	
without arm	64-71↑
with arm	63-72↑
Chair Seat 27x430x500mm	51-56↑

Rubberwood Tabletop 22x760x1220mm sanded & edge profiled	US$ per m^3
Top Grade	588-621↑
Standard	571-591↑

Report from Indonesia

Indonesia attracts foreign funded REDD pilot projects

Indonesia's renewed commitment to address deforestation and corruption is beginning to bear fruit, says an analyst, as the United Nations pledged to provide the country with US$5.6 million for a Reducing Emissions from Deforestation and Degradation (REDD) pilot project in Central Sulawesi.

The objective of the project is to enable Indonesia to develop a mechanism to calculate greenhouse gas emissions in Sulawesi province.

Presently, a number of foreign-funded REDD pilot projects are at various stages of implementation across Indonesia.

Australia is planning to invest US$64 million in carbon sequestration projects in Central Kalimantan and Jambi. Germany is planning to provide US$26 million for REDD pilot projects in Kapuas Hulu in West Kalimantan and Berau in East Kalimantan. South Korea has also pledged US$5 million to develop a REDD project for forests in West Nusa Tenggara.

Indonesian officials from the Presidential Work Unit for Development Monitoring and Control, the Indonesian Environment minister and the President's climate change expert will meet with multi-billionaire George Soros in Jakarta to discuss REDD projects in Indonesia. He is a member of the climate change advisory panel reporting to UN Secretary-General Ban Ki-moon.

Industry welcomes REDD investments

These investments in REDD pilot projects in Indonesia have been warmly greeted by both industrialists and analysts of the timber sector.

For a long time, Indonesian timber products have often been associated with illegal logging, slash and burn agricultural practices and timber smuggling. As a result, buyers, especially those in developed countries, were highly critical and had a negative perception of Indonesian timber products.

It is hoped that the flow of REDD investments will begin to rectify the negative perceptions of Indonesian timber products across the industry. Some marketing executives added that there is renewed sense of pride and optimism in the marketing of Indonesian timber products. In turn, it is hoped that this will generate greater market share and demand for Indonesian timber products.

Analysts likewise, are of the opinion that this would also attract more foreign direct investments in downstream timber industry and thus provide more jobs and much needed replacement of aging machineries. An improvement in the efficiency of downstream processing will eventually reduce wastages and improve raw material supply.

Log Prices (domestic)

Indonesia logs, domestic prices	US$ per m^3
Plywood logs	
Face Logs	198-241↑
Core logs	179-212↑
Sawlogs (Meranti)	189-250↑
Falcata logs	156-190↑
Rubberwood	69-93↑
Pine	172-212↑
Mahoni (plantation mahogany)	480-508↑

Sawnwood Prices

Indonesia, construction material, domestic	US$ per m^3
Kampar (Ex-mill)	
AD 3x12-15x400cm	187-206↑
KD	207-241↑
AD 3x20x400cm	228-251↑
KD	230-259↑
Keruing (Ex-mill)	
AD 3x12-15x400cm	242-256↑
AD 2x20x400cm	230-248↑
AD 3x30x400cm	212-231↑

Plywood Prices

Indonesia ply MR BB/CC, FOB	US$ per m^3
2.7mm	400-457↑
3mm	357-398↑
6mm	336-378↑

MR Plywood (Jakarta), domestic	US$ per m^3
9mm	258-269↑
12mm	250-260↑
15mm	239-253↑

Other Panel Prices

Indonesia, Other Panels, FOB		US$ per m^3
Particleboard	Export 9-18mm	224-233↑
	Domestic 9mm	203-215↑
	12-15mm	195-206↑
	18mm	186-198↑
MDF	Export 12-18mm	257-270↑
	Domestic 12-18mm	239-250↑

Added Value Product Prices

Indonesia, Mouldings, FOB	US$ per m^3
Laminated Boards	
Falcata wood	305-318↑
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	494-528↑
Grade B	450-471↑

Report from Myanmar

Market situation remains unchanged

The market situation for teak and other hardwoods remains unchanged from the previous month. It is reported that in spite of substantial flow of plantation teak to India, the demand for teak from natural forests remains strong.

Although some teak dealers in India are selling the previous year's SG-7 (ER1) teak logs at very competitive prices, the market demand for fresh quality teak logs, even at higher prices, is good. However, smaller size fresh teak logs from unpopular areas are not selling well.

Indian buyers believe that the market is going to pick up in a month or two, when the Monsoon season ends. According to some analysts, demand for teak in India will remain strong as the country continues to rely on imports to meet domestic requirements.

The market for pyinkado and Gurjan logs remains weak. These species are facing strong competition from similar species from Indonesia and Malaysia.

Downward trend in shipments

Harwood shipments in the first four months of fiscal year 2010-11 are on a downward trend. Shipments from Myanmar are not a good reflection of the market demand due to the longer lead times between sales and shipments.

Harwood shipments for the first four months of fiscal year 2010-11 (Hoppus ton)

Month	Teak logs	Other hardwood logs
April '10	13300	28300
May '10	24250	63500
June '10	21670	80200
July '10	18100	55100

*There were only 13 working days in April as there was the long Myanmar New Year holiday period.

Myanmar log prices (natural forest logs)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
Veneer Quality	Jun	Jul
2nd Quality	6,600 (3 tons)	6,669 (3 tons)
3rd Quality	6,388 (5 tons)	6,437 (4 tons)
4th Quality	5,009 (10 tons)	4,370 (11 tons)
Sawing Quality		
Grade 1 (SG-1)	3,095 (38 tons)	3,249 (36 tons)
Grade 2 (SG-2)	2,633 (45 tons)	2,566 (29 tons)
Grade 3 (SG-3)	nil	nil
Grade 4 (SG-4)	2,042 (210 tons)	1,590 (223 tons)
Grade 5 (SG-5) Assorted	1,206 (124 tons)	1,443 (121 tons)
Grade 6 (SG-6) Domestic	1,040 (112 tons)	1,127 (102 tons)
Grade 7 (ER-1)	839 (77 tons)	919 (107 tons)
Grade 8 (ER-2)	591 (8 tons)	nil
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

Factory output index reaches four month high

According to the Ministry of Commerce and Industry, the factory output index for India jumped to a four month high of 62.3 in July from 60.5 in the previous month.

Exports, another indicator of India's growth, surged 30% in June to US$17.75 billion compared to US$13.6 billion in June 2009. The cumulative export value in April-June 2010 totalled US$50.77 billion, a robust 32% growth from US$38.39 billion recorded in the same period last year.

Imports also rose to US$28.3 billion in June 2010 from US$23 billion in June last year, representing a 23% growth. The cumulative import value in April-June 2010 surged 34% from US$62 billion to US$83 billion year-on-year.

Market situation

The plywood market seems settled for the time being as prices have recently been revised. Raw material and labour shortages continue to hamper Indian plywood production.

The monsoon season has been favourable so far for the agriculture sector which depends on the rains and this is good for the overall economy. Housing demand is expected to rise after the monsoon and this is expected to push up timber sales.

Teak log import statistics

India imports approximately 6 million cu.m of logs per year. Out of these, around 500,000 cu.m are teak logs consisting some 100,000 cu.m of natural forest grown teak from Myanmar and about 400,000 cu.m from plantations.

In the period April 2009 – March 2010, Kandla port imported a total of 3,300,000 cu.m of logs, accounting for 52% of India's total log imports. Out of the total, around 327,000 cu.m were teak logs. The following table presents teak log imports from different countries through Kandla port in the period April 2009 – March 2010.

Teak imports through Kandla port in the period April 2009 – March 2010

April 2009 – March 2010	m^3
Benin	17930
Brazil	1031
Costa Rica	13334
Ivory Coast	84759
Ecuador	43943
El-Salvador	4253
Ghana	65040
Guatemala	4344
Guinea	1418
Myanmar	30528
Nigeria	8919
Panama	13353
Solomon Islands	6600
Sudan	7989
Tanzania	10761
Togo	6511
Uruguay	2254
Misc.countries (less than 500 cu.m each)	4005
TOTAL	326,972

Source Kandla Timber Association

CNF Plantation Teak

	US$ per m^3
Tanzania Teak sawn	710-760
Ivory Coast logs	450-500
PNG logs	450-500
El-Salvador logs	325-350
Guatemala logs	375-400
Ghana logs	450-475⬆
Benin logs	400-425⬇
Brazil squares	375-395
Togo logs	325-350
Ecuador logs	275-300
Costa Rica logs	350-375
Panama logs	300-325

Variations exist based on lengths and average girths of logs in a parcel. Prices also vary with measurement allowances given for bark and sap in different countries of origin.

India Sawnwood Prices (domestic)

Sawnwood (Ex-mill)	Rs. per ft^3
Myanmar Teak (AD)	
Export Grade F.E.Q.	4500-5000
Plantation Teak A grade	2000-3600
Plantation Teak B grade	1800-3000
Plantation Teak C grade	1350-1500

India Sawnwood Prices (imports)

Sawnwood, (Ex-mill) (AD)	Rs. per ft^3
Merbau	1200
Balau	975⬆
Kapur	825
Red Meranti	550
Bilinga	650
Radiata Pine (AD)	340-350

Sawnwood, (Ex-warehouse) (KD)	Rs. per ft^3
Beech	950
Sycamore	1000
Oak wood	1100
American Walnut	1600⬇
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	26.5
6 mm	35.0
12 mm	51.0
15 mm	61.0
18 mm	74.0

Locally Manufactured Plywood "Commercial Grade"	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.9.50	Rs.16.50
6mm	Rs.14.00	Rs.24.00
8mm	Rs.17.50	Rs.27.00
12mm	Rs.21.50	Rs.29.00
18mm	RS.27.00	Rs.39.00
5mm Flexible ply	Rs.17.50	Rs.21.00

Report from Brazil

Logging generates employment opportunities in Amazon

Commercial logging is still the main source of employment in most of the municipalities of Amazon region in Northern Mato Grosso, says the Timber Industry Association of Northern Mato Grosso (Sindusmad).

For example, in Cotriguaçu, a municipality 970 km Northwest of Cuiaba city of 14,000 people, more than 1,000 people are directly employed by the timber industry. Cotriguaçu forests are a source of many commercial timber species including Jatobá, Ipê, Cumaru, Caxeta, Tauari and Pinho Cuiabano.

The region is monitored by the Brazilian Institute for Environment and Renewable Natural Resources (IBAMA) with support from the National Security Force in the enforcement of the federal and state environmental legislations.

The largest timber company in the region produces rotary cut veneer and sliced veneer (around 1,000 cu.m and 100,000 square metres per month respectively). As for sawnwood and processed solid wood, about 800 cu.m is produced per month. However, the company is not working at full capacity as it is waiting for the approval of sustainable forest management plans by federal authorities to increase the raw material supply. While demand for timber products is picking up, there is pressure for the Federal agencies to speed up the approval of the plans.

Rio Grande do Sul passes law on legal wood

The state government of Rio Grande do Sul approved a bill to establish a public procurement procedure verifying the legality of timber and non-timber products from natural forests.

The rules and procedures apply statewide to public administration including public enterprises, joint stock companies and other companies or foundations under the state administration. The measure aims at improving control and monitoring of legal logging and trade in forest products.

The National Institute of Environment and Natural Resources (IBAMA), the State Secretariat of Environment and the General Attorney of the State (PGE) will be in charge of enforcing the law.

The law, named Madeira Legal (Legal Wood), involves procedures ranging from authorised timber transport to verification of the origin, as well as permits and approvals given by environmental agencies which are members of the National Environment System (Sisnama).

Joint monitoring operation launched in Rondonia

In August 2010, the "Dinizia Operation" was launched jointly by a number of government agencies aimed at curbing illegal exploitation of forest products and by-products. The special target is on fictitious forest management plans and clear cutting often found in indigenous lands and conservation areas.

The joint operation involves government agencies including the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA), the Chico Mendes Institute for Biodiversity (ICMBio), Federal Police, the National Security Force (FN), the Federal Road Police (PRF) and System Amazon Protection (SIPAM). The agencies together form the Inter-ministerial Commission to Combat Crime and Environmental Violations (CICCIA).

The operation will start in Porto Velho, capital of the Northern Amazonian state of Rondonia, focusing on the city districts of Jaci-Paraná, Vista Alegre do Abunã, Extreme and New California.

Brazil Log Prices (domestic)

Brazilian logs, mill yard, domestic	US$ per m^3
Ipê	146
Jatoba	104
Guariuba	68
Mescla (white virola)	75

Brazil Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB		US$ per m^3
Jatoba Green (dressed)		832
Cambara KD		479
Asian Market (green)	Guariuba	267
	Angelim pedra	622↑
	Mandioqueira	232
Pine (AD)		195

Brazil sawnwood, domestic (Green)		US$ per m^3
Northern Mills (ex-mill)	Ipé	698
	Jatoba	533
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	297
Pine Veneer (C/D)	210

Rotary cut Veneer, domestic	US$ per m^3	
(ex-mill Northern Mill)	Face	Core
White Virola	253↓	210↓

Brazil Plywood Prices

Plywood, FOB	US$ per m^3
White Virola (US Market)	
5.2mm OV2 (MR)	490
15mm BB/CC (MR)	421
White Virola (Caribbean market)	
4mm BB/CC (MR)	525
12mm BB/CC (MR)	422

Pine Plywood EU market, FOB	US$ per m^3
9mm C/CC (WBP)	291
15mm C/CC (WBP)	274
18mm C/CC (WBP)	263

Plywood, domestic (ex-mill Southern mill)		US$ per m^3
Grade MR (B/BB)	White Virola 4mm	885
	White Virola 15mm	645

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)	315↑
Domestic Prices, Ex-mill Southern Region	
Blockboard White Virola faced 15mm	552↓
Particleboard 15mm	354

Brazil Added Value Products

FOB Belem/Paranagua Ports		US$ per m^3
Edge Glued Pine Panel		
Korean market (1st Grade)		664
US Market		493
Decking Boards	Cambara	611
	Ipê	1,609

Report from Peru

Export growth continues in May

The Export Association of Peru (ADEX) has reported that May 2010 exports of wood products were US$ 13.3 million, up 9% from the levels in April 2009. The growth eased from the previous month's 36% increase year-on-year. Three biggest buyers were China, United States and Mexico which together accounted for 89% of the total export volume.

In May, Columbia increased its imports of Oriented Strand Board and Taiwan PoC imported more lumber and plywood compared to last year. Hong Kong and France reduced their wood product imports significantly from last year, by 84% and 71% respectively.

Range of wood product exports

The main exported items in May were semi-manufactured products with a 46% share of the total export volume. The accumulated exports from the beginning of the year totalled US$ 30 million representing a 31% increase over the same period in 2009.

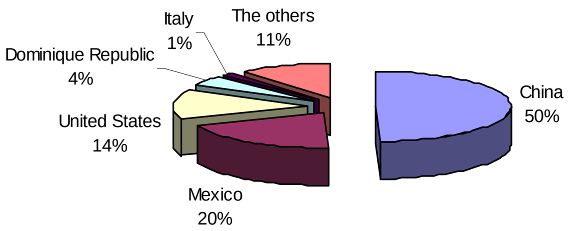
Semi-manufactured products were exported mainly to China which accounted for 81% of the total accumulated exports from the beginning of the year. Canada and Israel substantially increased their imports for semi-manufactured products in May.

Sawnwood exports made up 34% of the total exports. The accumulated sawnwood exports from the beginning of the year totalled US$22 million, up 18% over the same period last year. The main destination was China with a 35% share of the total sawnwood exports.

Accumulated veneer and plywood exports from the beginning of the year were valued at US$6.6 million in May, an increase of 19% over the same period last year. Veneer and plywood are exported mainly to Mexico which accounted for 97% of total exports.

In contrast, exports of furniture and its parts declined at a steeper rate compared to the previous month. From the beginning of the year there has been a 25% drop in furniture exports, compared to the same period last year. The total value of furniture and furniture parts exports for the period was US$2.4 million. The US is the main market for furniture and its parts accounting for 53% of the total exports. The US and Italy have reduced imports by 75% and 55% respectively from the beginning of the year.

Principal export markets in May 2010



Peru Sawnwood Prices

Peru Sawnwood, FOB Callao Port		US$ per m^3
Mahogany S&B KD 16%, 1-2" random lengths (US market)		1698-1745
Spanish Cedar KD select		
North American market		918-922
Mexican market		897-921
Pumaquiro 25-50mm AD	Mexican market	532-586

Peru Sawnwood, FOB Callao Port (cont.)	US$ per m^3
Virola 1-2" thick, length 6'-8' KD	
Grade 1, Mexican market	312-364
Grade 2, Mexican market	248-265
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	299-330
Grade 2, Mexican market	249-264
Grade 3, Mexican market	139-152
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	214-232

Peru sawnwood, domestic	US$ per m^3
Mahogany	879-911 ⬇
Virola	54-72
Spanish Cedar	259-311 ⬇
Marupa (simarouba)	61-75

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	1083-1265
Cumaru decking, AD, S4S E4S, US market		934-1133
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

Market Trends

The period under review is the second consecutive fortnight without any greenheart log exports. Purpleheart logs showed some price decrease while mora log prices rose in the fair and small sawmill grades.

During the period under review, sawnwood prices remained relatively stable with some price increases for both prime and select undressed greenheart sawnwood and mora select sawnwood. Price for dressed greenheart jumped from US$996 per cu.m to US$1313 per cu.m in this fortnight period. Also prices for dressed purpleheart rose.

Prices of some other dressed sawnwood species including ipe (Washiba) and cupiuba (Kabukalli) eased to US$1,440 and US$1,049 respectively.

Baromalli plywood showed good market activity with rising prices. Both BB/CC and utility categories contributed significantly to the total export earnings for this fortnight period. Splitwood, roundwood and fuelwood exports to the US and Caribbean also contributed to export earnings.

Greenheart is increasingly being used in wood components and exported mainly to the Caribbean market. Other exported value-added products were doors, door components, indoor furniture and spindles made from locust, purpleheart and greenheart.

International Building Expo 2010

The Ministry of Housing hosted the International Building Expo 2010 on 6-9 August. This year's theme was "Building Businesses and Communities" showcasing various wooden building components and construction materials.

The current housing programme in Guyana has triggered a construction boom in the country. The housing expo served as an opportunity for sawmillers and furniture manufacturers to showcase their products and seek partnerships from local and international markets.

Guyana Log Prices

Logs, FOB Georgetown	SQ - $ Avg unit value per m^3 Std	Fair	Small
Greenheart*	-	-	-
Purpleheart	200-230↓	-	150-180↓
Mora	120	-	110-120↑

*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	645-690↑	-
	Standard	-	649-1313↑
	Select	575-869↑	
	Sound	577↓	
	Merchantable	575↓	
Purpleheart	Prime	-	-
	Standard	-	700-848↑
	Select	657-848	
	Sound	-	
Mora	Prime	-	
	Select	500-1049	
	Sound	-	
	Merchantable	400	

Guyana Plywood Prices

Plywood, FOB Georgetown Port			$ Avg unit val. per m^3
Baromalli	BB/CC	5.5mm	-
		12mm	405-653↑
	Utility	5.5mm	-
		12mm	385-742

Report from Japan

Consumer confidence slides in July

July consumer confidence level declined from the level recorded in June 2010. Before this, consumer confidence had risen since the beginning of 2010.

During the last couple of months, the Japanese Yen has appreciated sharply against the US dollar. This has had the effect of making Japanese exports more expensive in dollar terms and Japanese imports cheaper. In addition, the developed economies' slow recovery from the global financial crisis is affecting Japan's exports and undermines job creation and consumer sentiment.

Consumer Confidence Index in July 2010 and % change on June 2010

	July Index	% change on May
Consumer confidence	43.3	-0.5%
Livelihood index	43.2	-0.9%
Income growth	41.5	-0.2%
Employment	41.8	1.0%
Durable goods purchase	46.7	-1.1%

Cabinet Office Japan

Sarawak's efforts to meet JFA guidelines

According to some sources, the Sarawak Chain-of-Custody (CoC) has been approved by the Japanese Forestry Agency (JFA) to meet their Guideline for Verification on Legality and Sustainability of Wood and Wood Products. However, this is not the case as JFA does not make any country CoC evaluation.

In July, at the meeting between the Sarawak Timber Association (STA) and the Japan Lumber Importers' Association (JLIA) in Sarawak, JLIA recognised that the Sarawak CoC could be used as evidence of legal timber. The recognition was based on the JFA Guidelines requesting the timber suppliers to have responsibility on timber sources with some evidence of using a verification method including Forest Certification System and Chain of Custody System.

However, since Japan is requesting a recognised forest certification for wood and wood product imports, it is important for Sarawak to also obtain forest certification for her timber products.

High demand for sawn softwood in Japan

EUWID reports that demand and prices for sawn softwood imports in Japan rose significantly during the first seven months of 2010. Especially high quality assortments have been in strong demand.

However, the supply of sawn softwood to Japan has been limited as the demand in Europe has also improved and ocean freight costs have been rising due to shortage of containers in the first half of 2010.

The low supply of sawn softwood products is causing hard time for Japanese gluelam manufacturers as there is no readily available alternative source of raw materials, says EUWID.

Log and Sawnwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku (Koku=0.278 m^3)
Meranti (Hill, Sarawak)	
Medium Mixed	6,500
Standard Mixed	6,700
Small Log (SM60%, SSM40%)	6,500
Taun, Calophyllum, others (PNG)	8,000
Mixed light hardwood, G3/4 grade (PNG)	-
Keruing MQ & up (Sarawak)	10,500
Kapur MQ & up (Sarawak)	9,600

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)	Jul	Aug
		(¥ per sheet)	
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	910	910
12mm for foundation (F 4star, special)	910 X 1820	970	950
12mm concrete-form ply (JAS)	900 X 1800	920	920
12m coated concrete-form ply (JAS)	900 X 1800	1090	1090
11.5mm flooring board	945 X 1840	1250	1250
3.6mm baseboard for overlays (OVL)	1230 X 2440	740	740
OSB (North American)			
12mm foundation of roof (JAS)	910 X 1820	-	-
9mm foundation for 2 by 4 (JAS)	910 X 2440	-	-
9mm conventional foundation (JAS)	910 X 2730	-	-
9mm conventional foundation (JAS)	910 X 3030	-	-

Report from China

China posts robust gains in exports and imports of major wood products

China's log imports in the first half of 2010

Log imports totalled 16.6 million cu.m, valued at US$2,905 million in the first half of 2010, up 25% in volume and 60% in value from the same period in 2009. Of the total, softwood log imports were 11.4 million cu.m, valued at US$1,458 million, up 68% in volume and 50% in value. Hardwood log imports were 5.3 million cu.m, valued at US$ 1,446 million, up 32% in volume and 50% in value.

Of the total log imports, 26% were tropical log imports totalling 4.2 million cu.m, a significant jump of 56% from the same period in 2009.

Major suppliers of logs to China in the first half of 2010

Country	Import volume (1000 cu.m)	Proportion %	Import value (US$ 1000)	Proportion %
Russia	7,483	45	943,358	32
New Zealand	2,756	16	371,899	13
PNG	1,162	7	224,309	8
USA	804	5	201,284	7
Solomon Is.	695	4	140,109	5
Gabon	672	4	286,178	10
Malaysia	584	3	105,768	4
Australia	474	3	54,592	2
Canada	342	2	50,392	2
Myanmar	261	2	68,398	2
Subtotal	15,232	91	2,377,889	85
China total	16,624	100	2,904,628	100

Major log importing regions

During the first half of 2010, there were five provinces that imported more than one million cu.m of logs each: Jiangsu Province, Inner Mongolia Autonomous Region, Heilongjiang Province, Shandong Province and Shanghai Municipality.

Major regions importing logs in the first half of 2010

Country	Import volume (1000 cu.m)	Proportion %	Import value (US$ 1000)	Proportion %
Jiangsu	4,833	29	1,106,353	38
Inner Mongolia	3,971	24	495,171	17
Heilongjiang	2,175	13	284,748	10
Shandong	1,826	11	256,454	9
Shanghai	1,231	7	230,589	7
Guangdong	746	4	204,343	7
Fujian	626	4	87,258	3
Zhejiang	329	2	80,787	3
Yunnan	249	1	55,359	2
Tianjin	248	1	34,474	1
subtotal	16,235	96	2,835,536	97
China total	16,624	100	2,904,628	100

Sawnwood imports

Sawnwood imports totalled 6.5 million cu.m, valued at US$1,669 million in the first half of 2010, up 60% in volume and 77% in value over the same period last year.

Imported sawnwood came mainly from Russia and Canada which accounted for 56% of the national total.

Major suppliers of sawnwood (excluding sleeper) to China in the first half of 2010

Country	Import volume (1000 cu.m)	Proportion %	Import value (US$ 1000)	Proportion %
Russia	2,065	32	419,459	25
Canada	1,598	25	284,572	17
Thailand	673	10	220,389	13
USA	593	9	229,695	14
Philippines	242	4	23,931	1
New Zealand	186	3	49,454	3
Indonesia	165	2	53,021	3
Malaysia	128	2	43,874	3
Chile	122	2	25,170	1
Brazil	80	1	40,575	2
subtotal	5,851	90	1,390,138	82
China total	6,499	100	1,657,239	100

Wood-based panels

In the first half of 2010, imports of various wood-based panels were 92,700 cu.m, valued at US$49 million, an increase of 21% in volume and in value compared to the same period in 2009. Malaysia and Indonesia continued to be the main plywood suppliers. China imported 50,300 cu.m of plywood from Malaysia, valued at US$22 million, accounting for 54% in volume and 45% in value of the national total. Imports from Indonesia were 19,300 cu.m, valued at US$9.2 million, accounting for 21% in volume and 19% in value of the national total.

Fibreboard imports amounted to 135,100 tons, valued at US$60.2 million, down 1% in volume but up 10% in value from the first half of 2009. Particleboard imports rose to 155,500 tons, valued at US$49.8 million, 9% higher in volume and 16% in value from the same period last year.

Trade in wooden furniture

China imported furniture worth US$160 million in the first half of 2010, up 9% in value from the same period last year. Even so, China exported much more furniture valued at US$7,384 million in the first half of 2010, 46% higher than in the same period last year.

Guangdong and Shanghai are the major provinces in China with the largest exports of wooden furniture. Guangdong Province exported worth US$3,936 million of wooden furniture in the first half of 2010, accounting for 53% of the national total; Shanghai City exported US$1,655 million, a 22% share of the national total.

Other wood product exports

In the first half of 2010, exports of other wood products such as wooden doors, mouldings, wooden handicrafts and package materials etc. were worth US$178 million, up 28% from the same period last year.

Wood-based panel exports

Plywood: A total of 3.52 million cu.m of plywood were exported in the first half of 2010, valued at US$1,583 million, up 47% in volume and 44% in value from the same period last year.

Fibreboard: Fibreboard exports totalled 976,700 tons in the first half of 2010, valued at US$563 million, 76% higher in volume and 65% in value from the same period last year.

Solid wood flooring: In the first half of 2010, China exported some 134 400 metric tones of solid wood flooring, valued at US$197 million, up 38% in volume and 35% in value over the same period in 2009.

Sawnwood: A total of 261,800 cu.m of sawnwood were exported in the first half of 2010, valued at US$164 million, down 8% in volume and value from the same period last year.

Major importers of China's plywood in the first half of 2010

Country	Export volume (1000 cu.m)	Proportion %
USA	681	19
Japan	304	9
UK	267	8
UAE	151	4
Korea	147	4
Saudi Arabia	125	4
Hong Kong	107	3
Singapore	101	3
Belgium	97	3
Total China exports	3,524	100

Guangzhou City Imported Timber Market

	Yuan per m^3
Logs	
Lauan (50-60cm)	1900-2100
Kapur (up to 79cm)	2000-2100
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	5500
Okoume	4500-5000
Sapele	6300-6500

Shanghai Furen Wholesale Market

	Yuan per m^3
Logs	
Teak (Myanmar, all lengths)	7500-8500
Sawnwood	
Beech KD Grade A	4900-5000
US Cherry, 1 inch	9500-10000
US Red Oak, 50mm	6500-7000
Sapele 50mm FAS (Congo)	
KD (2", FAS)	6500-6600
KD (2",grade A)	5500-5800

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.	1350
	6m, 30cm diam.	1450
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.	1250
	6m, 30cm+ diam.	1350
Sawnwood		
Mongolian Scots Pine	4m, 5-6cm thick	1450
	4m,10cm thick	1500

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

UNECE region recorded largest ever fall in wood consumption

In 2009, the UNECE region (which includes Europe, North America and the CIS) experienced an 11.6% fall in consumption of wood and paper products, the largest year-on-year drop since the oil crisis of the 1970s. This is a key conclusion of the Forest Products Annual Market Review 2009-2010 jointly published by the UNECE and FAO earlier this month

(see http://timber.unece.org/index.php?id=303).

The main cause of the decline in consumption, after the 8.5% drop registered in 2008, was the continuing negative impact on the sector of the 2008-2009 global economic and financial crises which has resulted in a severe downturn in Europe and a collapse in US housing starts. Housing starts in the Russian Federation also fell in 2009, the first such fall following a period of steady growth.

Apart from the economic and financial crises and globalization, the report points out some other factors for the structural change in the global forest product market:

mergers, acquisitions and plant closures at a higher rate than the normal business cycles; policies to fight climate change intensify the use of wood for energy, lifting the wood product prices.

As a result, industrial roundwood harvests across the UNECE region fell in 2009 to only 880 million cu.m, their lowest level since UNECE/FAO began collecting market statistics in 1964 and the first time in more than 20 years that they have fallen significantly below 1 billion cu.m.

European sawn hardwood consumption fell 9% in 2009

In relation to the European hardwood market, the UNECE/FAO Review shows that consumption of sawn hardwood across Europe fell by over 9% in 2009. European hardwood consumption has been particularly affected by slow demand in the furniture and parquet industries and by large downturns in Italy, France and Germany.

European hardwood producers also suffered from severe weakness in major export markets last year. During 2009, the combination of the global economic downturn and the strength of the euro-dollar exchange contributed to a 26% fall in export sales of European hardwood sawn lumber. Particularly sharp falls in export sales were recorded by Germany and Belgium during 2009. Meanwhile, those countries like France, Croatia and the Ukraine that already suffered a major drop in exports in the previous year, experienced further erosion of exports during 2009. Of all major producers, only Romania managed to maintain exports in 2009 at levels close to those of previous years. Significant depreciation of the Romanian currency in the wake of the financial crisis helped boost Romanian exports last year.

European hardwood producers responded to low consumption by further reducing production last year. Total European production of sawn hardwood fell by 5.7% to 12.9 million cu.m in 2009, with the significant rise in Romanian production being insufficient to offset large declines in France and Germany.

Export-led recovery expected in 2010

The UNECE/FAO Market Review suggests that although there have been patchy signs of recovery in European sawn hardwood demand during 2010, it is still too early to judge whether this is due to short-term restocking or reflects a sustained increase in consumption. The Review suggests that sawn hardwood production in Europe bottomed out before the end of 2009 and forecasts a rise of around 7% during 2010.

With domestic consumption weak, European hardwood sawmillers are increasingly looking to exploit recovering demand in East Asia and the Middle East, particularly against a background of continuing supply shortages elsewhere in the world. Sawn hardwood producers in the euro-zone are also seeing the benefits in export markets of a weaker euro-dollar exchange rate which has increased the competitiveness of their products. For example, according to EUWID, German exports of oak and beech sawnwood increased by 18% and 12% in the first quarter of 2010 compared to the same quarter in 2009. Much of the increase in export demand came from China and other South East Asian markets

The Review notes that the economic downturn has impacted not just on the volume of the European hardwood trade, but also on the structure and direction of trade. For example, the recession has been accompanied by a very significant increase in just-in-time purchasing with very little speculative buying of product to hold in stock. The desire to reduce risks associated with stock-holding now overwhelms the increase in transport costs associated with smaller but more regular shipments. This factor combined with rising freight rates has placed a premium on locally produced hardwoods that are readily available in commercial volumes. Oak, in particular, has been consolidating its dominant market position in European finishing sectors during the recession while tropical hardwoods have been losing share due to limited availability and development of innovative new products for external applications.

Sawn hardwood production declines in Russia despite log export taxes

According to the UNECE/FAO Review, production of sawn hardwood in the Russian Federation declined from 2.04 million cu.m in 2008 to 1.91 million cu.m in 2009. Sawn hardwood exports from the Russian Federation remained stable at a low level of around 375,000 cu.m. The implication is that, once again, reduced global demand for sawn hardwood negatively affected the efforts of the Russian government to reduce dependence on log exports and expand the domestic wood processing industry. Several investment projects have been postponed as a result. The Russian government also decided to delay the planned rise in log export duties from €15/cu.m to €50/cu.m, originally scheduled to be implemented from 1 January 2010, by a further 12 months.

Demand for sawn hardwoods from overseas within Russia itself shows little consistency, with domestic resources, limited secondary processing capacity, and a lack of organisation in end-user sectors playing the key roles. As a result, imports of sawn hardwoods into Russia were very low once again last year, estimated by the UNECE/FAO Review at no more than 118,000 cu.m.

Progress in forest certification

The UNECE/FAO Review also includes a comprehensive analysis of markets for certified wood products. It notes that by May 2010, the global area of PEFC and FSC certified forest reached 355 million hectares, 8% up on May 2009, with most of the recent growth in North America and Russia.

Chain of custody (CoC) certification also accelerated over the past year indicating strong trade interest in certification as a tool to demonstrate high environmental performance and to differentiate products in a depressed marketplace. Between January 2009 and May 2010, the total number of PEFC and FSC CoC certificates issued worldwide increased by 88% to stand at 23,717. The USA, UK, Germany, France, Canada and Netherlands continue to the leading countries in terms of numbers of CoC certificates issued. All these countries have experienced rapid growth in CoC certification over the last 18 months, with the pace of uptake in the USA has been particularly dramatic. The report also notes signs that CoC certification is beginning to take off in the Hong Kong and China.

The report identifies the commitment of large publishers and other customers of the paper and packaging sectors as the most significant factor driving uptake of forest and CoC certification. However, for the solid wood sector, public sector procurement policies, green building initiatives and legislation in the US and EU to prevent illegal logging are all becoming more significant demand drivers for certified forest products.

Of particular relevance to tropical wood, the report notes that the EU Forest Law Enforcement Governance and Trade Voluntary Partnership Agreements (FLEGT VPAs) being negotiated with tropical forest countries include provisions for comprehensive legality verification and chain of custody systems that should provide a foundation for independent forest certification. By May 2010, the EU had finalised VPAs with Ghana, the Congo Republic and Cameroon.

Furthermore, the COP 15 of the UN Climate Change Convention in Copenhagen in December 2009 made progress on Reduced Emissions from Deforestation and Degradation (REDD) which implies an important role for independent certification mechanisms that not only monitor forest carbon sequestration but also ensure that other environmental and social values are safeguarded through sustainable forest management.

The certification systems are clearly alive to this possibility. For example, in April 2010 FSC initiated the preparatory phase of a five-year project, 50% funded by the Global Environment facility through UNEP, designed to test FSC forest management certification for ecosystem services including carbon sequestration, biodiversity conservation, watershed protection and recreational uses.

Despite the progress and clear potential for future growth, the report also highlights continuing obstacles and emerging challenges for forest certification. The report notes that expansion of forest certification in tropical developing countries, a process driven mainly by demand for certified products in the EU and US, is still proceeding only slowly.

Certified forest area in tropical countries with the sole exception of Malaysia, is dominated by FSC. In April 2010, only around 13% (16.81 million hectares) of FSC certified forest was in tropical or sub-tropical regions. The greatest increases in FSC certified forest area in tropical countries in recent times have been in Gabon and the Congo Republic, although Brazil still remains host to the largest area. Between January 2009 and May 2010, the area of certified tropical forest actually declined in Bolivia and Cameroon.

To date there has been little progress to increase the area of PEFC certified forest land in the tropics. National systems in Malaysia, Gabon and Brazil all provide scope for certification of tropical forests and have already been endorsed by PEFC. However in May 2010, only 210,000 hectares of natural tropical forest was identified as PEFC certified in the PEFC international database, all in Malaysia.

Overcoming the remaining obstacles to more widespread uptake of certification is likely to necessitate increased levels of government and industry support and on the emergence of more consistent demand for certified products, all of which might be threatened in this post-recession period of austerity. The UNECE Review suggests that "increased forest certification is hindered by the 2009 credit crunch and associated economic downturn as well as by current and future public sector support which could be constrained by governments' record budget deficits. In 2010 economic constraints are impacting the private sector where certificate holders are facing financial challenges which could cause existing certificates to be discontinued at the time of annual audits or at the five-year anniversary date".

On the other hand, other trends and policy measures suggest that market demand for certification will continue to rise. The recent agreement by the European Parliament and European Council to introduce legislation imposing mandatory "due diligence" requirements on all European wood importers has real potential to alter the whole dynamics of the European wood market. It is likely to create significant new European demand for independent certification of wood products from countries and regions where there is perceived to be a "high risk" of illegal logging.

European plywood consumption down a third in 2009

The European Federation of the Plywood Industry (FEIC) reports that plywood production in the 21 countries with FEIC members reached only 2.986 million cu.m in 2009, down 25% from 3.979 million cu.m in the previous year. FEIC expects production to increase by 10% this year to around 3.316 million cu.m. In 2009, plywood imports by FEIC member countries fell 27% to 2.763 million cu.m, while exports fell 20.9% to 2.547 million cu.m. Overall plywood consumption therefore fell 32.1% to only 3 million cu.m compared to 4.041 million cu.m in the previous year.

UK think-tank reports considerable progress in tackling illegal logging

Chatham House, the UK-based policy forum, has launched a new report which suggests that while illegal logging remains a major global problem, the impact of the political response has been considerable.

The report "Illegal Logging and Related Trade: Indicators of the Global Response" examines and analyses efforts in the past decade to control illegal logging in nations that consume, produce and process wood and wood products. The report assesses the response and progress in 12 countries – five producer countries (Brazil, Cameroon, Ghana, Indonesia and Malaysia), two processing countries (China and Vietnam) and five consumer countries (Japan, the USA, the UK, France and the Netherlands).

In addition to measuring the extent to which illegal logging and associated trade has changed over time, the study examines how attention to the problem has changed and how governments and the private sector have responded. Various indicators and means of verification have been designed, tested and used by Chatham House to measure the response in five timber-producing countries, five consuming countries, and two countries whose timber trade is largely based on processing imported raw material for export.

The study finds that Illegal logging is estimated to have fallen during the last decade by 50% in Cameroon, by between 50 and 75% in the Brazilian Amazon, and by 75% in Indonesia, while imports of illegally sourced wood to the seven consumer and processing countries studied are down 30% from their peak.

The report is available at: http://illegal-logging.info/uploads/CHillegalloggingpaperwebready1.pdf

The Netherlands Sawnwood Prices

FOB (Rotterdam)	US$ per m^3
Sapele KD	879⬆
Iroko KD	1040⬆
Sipo KD	1047⬆
DRM Bukit KD	953
DRM Seraya KD	960
DRM Meranti KD Seraya MTCC cert.	975
Merbau KD	1229
Sapupira (non FSC) KD	946
Sapupira (FSC) KD	1483
Anti-slip decking AD C&F Rotterdam	
Selangan batu	1540

UK Log Prices

FOB plus commission		€ per m^3
N'Gollon (khaya)	70cm+ LM-C	350-380
Ayous (wawa)	80cm+ LM-C	250-270
Sapele	80cm+ LM-C	320-340
Iroko	80cm+ LM-C	380-420
African Walnut	80cm+ LM-C	340-370

UK Sawnwood Prices

FOB plus Commission	GB Pounds per m^3
Framire FAS 25mm	465-475
Sipo FAS 25mm	665-685
Sapele FAS 25mm	570-580
Iroko FAS 25mm	670-690
Wawa FAS25mm	285-305
CIF plus Commission	
Tulipwood FAS 25mm	345-370
Meranti Tembaga Sel/Btr (KD 2"boards)	560-580
Balau/Bangkirai Decking	975-1025⬇
White Oak	580-630

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	560-580
China (hardwood face, eucalyptus core) 18mm	380-390
China (tropical hardwood face, poplar core) 18mm	350-370

Report from North America

Formaldehyde bill passed into law

President Barack Obama signed the Formaldehyde Standards for Composite Wood Products Act in July. This means that by January 1, 2013, hardwood plywood, particleboard and MDF sold in the US will have to meet a formaldehyde emission standard of about 0.09 parts per million. The regulation also applies to finished goods that are made from these composite wood products. Third-party testing and certification of compliance will be required.

The Environmental Protection Agency (EPA) has until July 2013 to revise import regulations to ensure that imported wood products comply with the standards. EPA will work with Customs and Border Protection and other agencies to enforce the new standards for imported wood products.

The nation-wide formaldehyde standards are modelled after the 2007 standards by the California Air Resources Board. Forest industry associations have welcomed the new legislation, including the International Wood Products Association who represents importers and distributors of wood products imported into the US.

LCA to help market American hardwoods worldwide

The American Hardwood Export Council (AHEC) is planning to have life cycle assessments (LCA) conducted for a range of American hardwoods species. It will be the most comprehensive LCA ever undertaken in the hardwood sector, according to Import/Export Wood Purchasing News.

AHEC is planning to use the LCA results in its marketing and lobbying activities. It will target public procurement officials in Europe, the Middle East, Australia and Japan as well as green building initiatives, architects and designers worldwide. US hardwood companies will also have access to the life cycle inventory data to create their own product-specific environmental profiles and marketing initiatives.

AHEC Executive Director Michael Snow describes the main objectives of the LCA initiative as follows:

- To fully exploit American hardwoods' strong environmental profile;
- To counter the environmental claims of non-wood materials;
- To encourage a broadening in the scope of procurement policies;
- To ensure the environmental credentials of wood are given appropriate recognition in green building initiatives;
- To counter-act an emerging tendency towards "localism";
- To facilitate inclusion of wood products in UNFCCC national carbon accounts.

Furniture orders, shipments and retail

Residential furniture orders and shipments continued to improve. New orders for residential furniture increased 10% in May compared to the same month a year earlier, according to consulting firm Smith Leonard. Over 70% of the survey participants reported higher order rates year-to-date compared to the same period last year.

Furniture shipments also grew in May. Year-to-date furniture shipments were up 6% over May 2009. Backlogs increased from April as orders coming in to manufacturers were higher than shipments. Inventories increased in line with orders and shipments – up 4% over April levels.

However, the Furniture Buying Index declined in July after a steady increase over the past seven months. US consumers still worry about unemployment and spend less on big ticket items, according to America's Research Group. The Furniture Buying Index is compiled each month by America's Research Group from interviews with 5,000-8,000 consumers across the country.

Furniture industry looking to recapture market share

The US furniture industry is in a good position to increase their share in the domestic market, according to an analysis by Hardwood Review Weekly. While the recovery from the recession is slower than expected, there have been shortages on the supply side.

In recent years, North American manufacturers aimed for low inventories to reduce cost and better compete with imported furniture. Production capacities were cut, especially when the recession hit. At the same time, wood furniture imports from China have dropped from $US7 billion in 2007 to US$5 billion in 2009. US anti-dumping duties on wood bedroom furniture from China and higher labour costs in China have contributed to the decline in furniture imports. Shipping cost and lead times have also increased for US hardwoods shipped to Asia for processing.

Consumer demand for furniture is only slowly recovering, but the North American industry is in a better position than in a long time to increase production and capture market share from offshore suppliers. A number of manufacturers have reopened plants, opened new ones or announced new investments, according to Hardwood Review Weekly.

US farm and forest products groups call for end of tropical deforestation

The National Farmers Union, the American Forest & Paper Association, the United Steelworkers (representing forest products workers), and the Ohio Corn Growers Association called for the protection of tropical forests as part of comprehensive energy and climate legislation and other policies.

According to Import/Export Wood Purchasing News, the farm and forest products groups are asking the US government to help end tropical deforestation citing the recently released report "Farms Here, Forests There: Tropical Deforestation and U.S. Competitiveness in Agriculture and Timber". The report was commissioned by the National Farmers Union and Avoided Deforestation Partners. It reports that overseas agriculture and logging operations are expanding production by cutting down the world's rainforests, allowing them to flood the world market with commodities that undercut American products. The report estimates that ending tropical deforestation will boost revenue of between US$196-$267 billion for US producers by 2030.

US Timber prices

	May-10 US$ per Cu.m	Jun-10 US$ per Cu.m
Ipe (Brazil) Decking Premium Grade AD, 1x6, FOB Belem	2220	2240
Ipe (Brazil) Decking Premium Grade AD, 5/4x6, FOB Belem	2400	2400
Jatoba (Brazil) No.1 Common & Better AD, FOB Belem	-	-
Jatoba (Brazil) No.1 Common & Better KD, FOB Belem	-	-
Khaya (Cote d'Ivoire) FAS KD, FOB Abidjan	745	740
Khaya (Ghana) FAS KD, FOB Takoradi	880	880
Sapele (Cameroon) FAS AD, FOB Douala	730	710
Sapele (Cameroon) 4/4 to 8/4 FAS KD, FOB Douala	860	830

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.

An Australian carbon services company has signed a deal with nine Malaysian tribal leaders to certify carbon offsets from a project aimed at preserving more than 100,000 hectares of tropical forest. The deal allows the tribes in Sarawak state on the island of Borneo to earn a share of the proceeds from the sale of carbon offsets to help them manage and protect the forest over a period of 20 years, payments potentially worth millions of dollars.
http://af.reuters.com/article/energyOilNews/idAFSGE67500Q20100806

Australian home-loan approvals fell in June, after gaining in May for the first time in eight months, adding to signs the most aggressive round of interest-rate gains by a Group of 20 member is cooling demand for dwellings. The number of loans granted to build or buy houses and apartments dropped 3.9% to 46,420 from May, when they rose a revised 3%, the statistics bureau said in Sydney today. The median estimate of 19 economists surveyed by Bloomberg News was for a 2% drop in approvals.
http://www.bloomberg.com/news/2010-08-09/australian-home-loan-approvals-decline-3-9-as-rate-increases-cool-demand.html

Communities in and around forest zones in Ghana may witness progress as the world scrambles to adopt reliable methods to fight the growing threat of climate change. The country is about to receive up to US$75 million from international donors to lay the ground work for new forest friendly strategies designed to slow global warming.
http://www.ghananewsagency.org/s_science/r_18993/

Florida's Everglades and Madagascar's tropical forests were added Friday to a list of imperiled world heritage sites by UNESCO officials who also registered lesser threats to Peru's Machu Picchu ruins and the Galapagos Islands. The decision by the World Heritage Committee of the United Nations Educational, Scientific and Cultural Organization, meeting in Brazil's capital, brought to 35 the number of unique cultural or environmental sites considered to be in danger.
http://www.google.com/hostednews/afp/article/ALeqM5jkT0HaWUxJ-21M6DvfGKoMNiAl9A

The National Bamboo Mission of India is envisaged to promote the growth of the bamboo sector in the country through area based regionally differentiated strategies. It is a centrally sponsored scheme commenced in 2006-07. The area under bamboo will be increased by planting appropriate varieties of bamboo to enhance its production and productivity, to promote marketing of bamboo and bamboo based handicrafts, to generate employment opportunities for skilled and unskilled persons, especially unemployed youths.
http://www.mynews.in/News/Bamboo_Production_in_India_N74015.html

Thousands of hectares of fragile mountainous forest in north-eastern Tanzania have been preserved through a recently completed seven-year biodiversity project managed by the United Nations Development Programme (UNDP). The Eastern Arc Mountains project, financed by the Global Environment Facility (GEF), was concluded last month after an independent evaluation reported that at least 10,000 hectares of forest had been saved from destruction, and that the rate of forest loss had been reduced by 10 per cent.
http://www.un.org/apps/news/story.asp?NewsID=35449&Cr=Tanzanian&Cr1

The outlook for UK commercial development activity over the next three months turned negative for the first time since July 2009, hit by a lack of funding and concern over public sector demand, a report said. Developers surveyed last month feel most pessimistic about new building activity for offices, followed by retail and leisure properties.
http://uk.reuters.com/article/idUKTRE67800I20100809?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+Reuters%2FUKBusinessNews+%28News+%2F+UK+%2F+Business+News%29

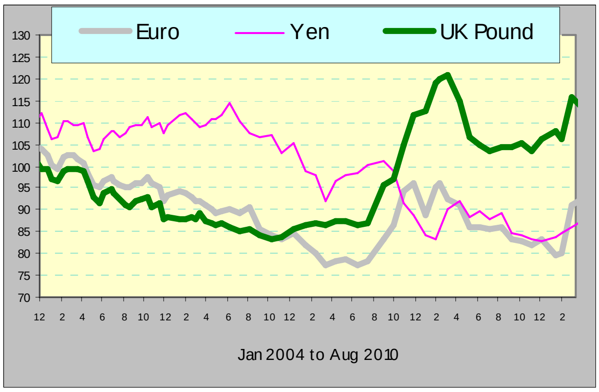
The World Bank Board of Directors approved a US$75 million loan, the final one in a series of three, aimed at consolidating and deepening the Peruvian government's policies for sustainable environmental growth and strengthening institutional environmental capacities in key sectors such as mining, fishing and urban transportation, as well as improving the public sector's capacities and participation.
http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:22669924~pagePK:34370~piPK:34424~theSitePK:4607,00.html

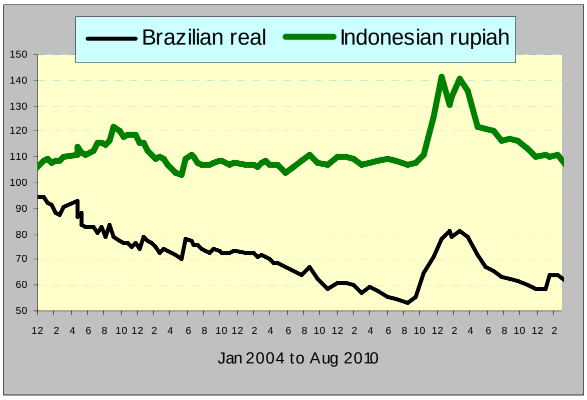
Main US Dollar Exchange Rates

As of 12th August 2010

Brazil	Real	1.7705
CFA countries	CFA Franc	513
China	Yuan	6.7848
EU	Euro	0.7796
India	Rupee	46.729
Indonesia	Rupiah	9009
Japan	Yen	85.91
Malaysia	Ringgit	3.1847
Peru	New Sol	2.8058
UK	Pound	0.6418

Exchange rates index (Dec 2003=100)

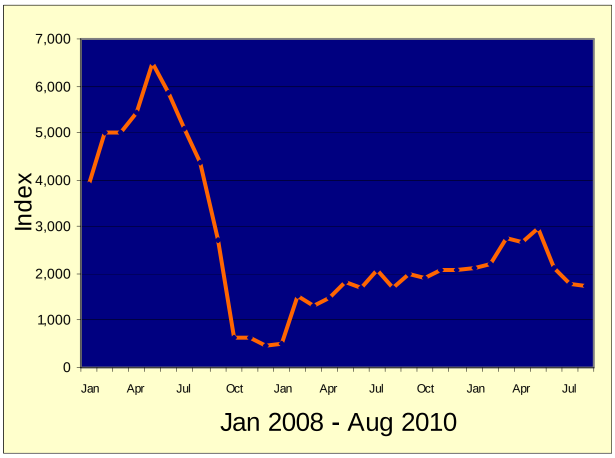




Abbreviations and Equivalences

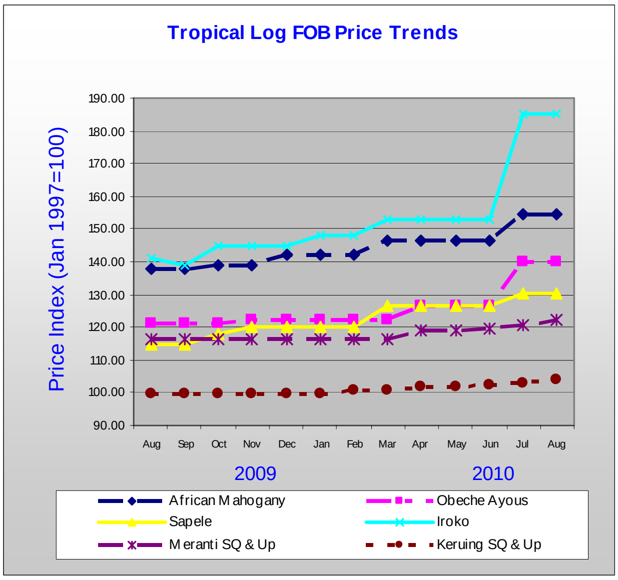
LM	Loyale Merchant, a grade of log parcel
QS	Qualite Superieure
CI, CE, CS	Choix Industriel, Economique or Supplimentaire
FOB	Free-on-Board
CIF; CNF	Cost, insurance and freight; Cost and freight
KD; AD	Kiln Dry; Air Dry
Boule	A log sawn through and through, the boards from one log are bundled together.
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
OSB	Oriented strand board
MDF	Medium Density Fibreboard
PHND	Pin hole no defect grade
$; ⬆⬇	US dollar; Price has moved up or down

Ocean Freight Index

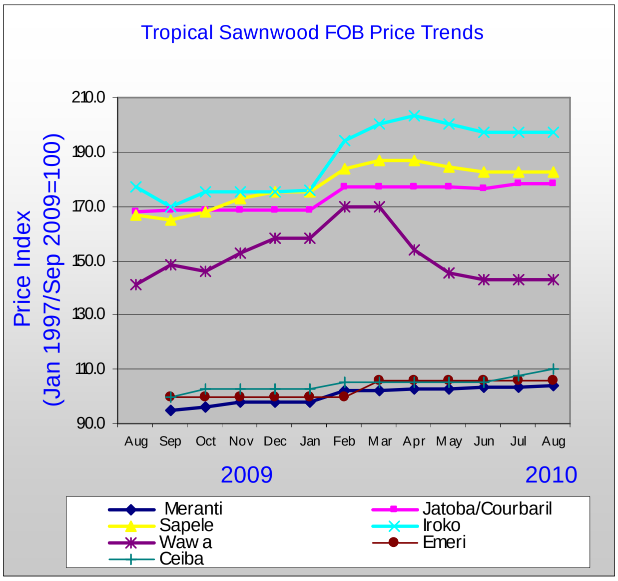


The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

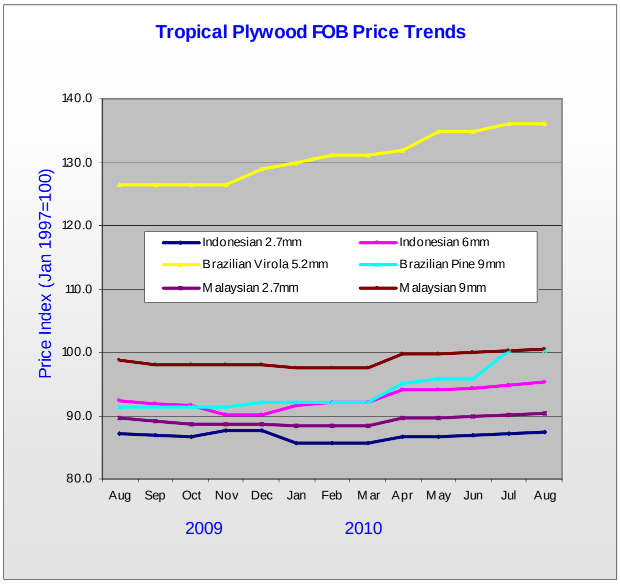
Tropical Log Price Trends



Tropical Sawnwood 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

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