Tropical Timber Market Report

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Top Story

Dutch TPAC reverses decision on MTCS

On 22 October 2010, the Dutch Timber Procurement Assessment Committee (TPAC) reversed an earlier decision that the Malaysian Timber Certification System (MTCS) meets the Dutch Procurement Criteria for timber. Based on the TPAC's advice, the Dutch State Secretary for Infrastructure and the Environment must now decide whether MTCS-certified timber will continue to be accepted under the Dutch government's sustainable procurement policy.

TPAC initially concluded in March this year that MTCS met the Dutch Procurement Criteria. However this decision was reversed following consideration of a "notice of objection" filed in April 2010 by five Dutch civil society organizations.

The main reason for the reversed decision was on the interpretation of the rights of the indigenous communities living in the MTCS-certified forests. The TPAC also claimed that another weakness of the MTCS is the conversion of certified natural forests to other forms of land use, such as rubber plantation and infrastructure development.

(see details on page 14)

Headlines

Report from Central/West Africa

Log markets remain steady

Central and West African log markets remain steady and the recent price increases have been well absorbed in the markets without any disturbance to the flow of business. Prices remain unchanged during the first weeks of November and demand from the major markets is firm.

The European demand for tropical hardwood logs is still declining and current stock levels are reportedly adequate to fulfil projected demand for the winter period.

Sawnwood in good demand

West and Central African sawnwood prices are firm after the gains made in October. Saw mills in the region expect good demand through the rest of the year into 2011.

Generally prices have not changed from October. However, demand for padouk is strong, pushing its price up by Euro10 per cu.m for FAS GMS to Euro570 per cu.m, while scantlings were up by Euro20 per cu.m to Euro585 per cu.m.

Iroko sawnood is in good demand for the European and Asian markets. However, according to analysts, under the current high production volume there is a risk of overstocking and eventual decline in prices.

Uncertainty clouds demand prospects in Europe

Projections of European demand for tropical timber in 2011 remain uncertain. Housing starts in Europe are at low levels, but refurbishment activity has picked up. Improved refurbishment and renovation activity is good news for hardwoods as this sector uses more hardwoods and decorative timbers in joinery, carpentry and finishing than structural timbers.

China has introduced policies which are expected to increase imports of sawnwood rather than logs to China. If these policies are implemented within the short to medium term, the West and Central African mills have the capacity and resources to meet the greater sawnwood demand from China.

Projections for the rest of the year 2010 to the end of the first quarter of 2011 suggest that demand and supply will remain in balance and prices will continue to be stable.

Promising market prospects in Asia for Central/West African timber

The economies in Asia and Middle East are strong. Both China and India in particular are poised to meet forecast growth in demand for in-country wood processing industry for both the domestic and export markets.

So far, these countries are procuring much less logs and sawnwood from West and Central Africa than from the Asia-Pacific region. However, producing countries in the Asia-Pacific region are pushing their industries to produce more processed products, leaving less logs for export. This could create more opportunities for African exporters to tap these markets, as producers in Asia and Middle East are still demanding logs and sawnwood, because of their low labour and processing costs, say an analyst.

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/Obeche/Wawa	200	200	145
Azobe & Ekki	205	205	122
Belli	210	210	-
Bibolo/Dibétou	145	130	
Bubinga	670	570	430
Iroko	260	245	190
Okoume (60% CI, 40% CE, 20% CS) (China only)	230	-	-
Moabi	280	275	190
Movingui	180	150	140
Niove	145	145	-
Okan	320	320	-
Padouk	375	340	235
Sapele	245	245	170
Sipo/Utile	270	250	200
Tali	275	275	-

West Africa Sawnwood Prices

West Africa sawnwood, FOB		€ per m^3
Abura	KD	560
Ayous	FAS GMS	300
Okoumé	FAS GMS	360
	FAS. fixed sizes	340
	Std/Btr GMS	295
Sipo	FAS GMS	470
	FAS fixed sizes	-
	FAS scantlings	490
Padouk	FAS GMS	570⬆
	FAS scantlings	585⬆
	Strips	300
Sapele	FAS Spanish sizes	390
	FAS scantlings	460
Iroko	FAS GMS	550
	Scantlings	560
	Strips	360
Khaya	FAS GMS	400
	FAS fixed	390
Moabi	FAS GMS	495
	Scantlings	440
Movingui	FAS GMS	350

Report from Ghana

Forestry Commission to promote legal timber for domestic market

The Forestry Commission of Ghana is working together with Tropenbos International to develop policy recommendations for enhancing production and trade in legally harvested timber for the domestic market.

The initiative is in line with the Forest Sector Development and Strategic Plan of the Forestry Commission. The Strategic Plan places emphasis on an efficient forest industry and value-added production among others.

The overall objective is to create an enabling environment for an efficient forest industry, by ensuring sufficient supply of legally harvested timber in the domestic market and discouraging illegal timber trade. Once the recommendations are completed, these will be submitted to the Ministry of Lands and Forestry for consideration.

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	107-114	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
Abura/Subaha	410	480
Afrormosia	855	-
Asanfina	500	552
Ceiba	215	262↓
Dahoma	309↓	385↓
Edinam (mixed redwood)	400↑	450↑
Emeri	350	420↑
African mahogany (Ivorensis)	568	680↓
Makore	520	585
Niangon	490↓	590
Odum	625	695↑
Sapele	545	595↑
Wawa 1C & Select	260	295

Ghana sawnwood, domestic		US$ per m^3
Wawa	25x300x4.2m	260
Emeri	25x300x4.2m	310
Ceiba	25x300x4.2m	225
Dahoma	50x150x4.2m	284
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	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	274
Chenchen	305
Ogea	300
Essa	290
Ofram	310

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

Ghana Export Plywood Prices

Plywood, FOB	€ per m^3		
BB/CC	Ceiba	Ofram	Asanfina
4mm	370	546	597
6mm	367	540	575
9mm	307	384	436
12mm	305	381	397
15mm	281	327	334
18mm	261	320	330

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

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

Monsoon and dam impoundment lead to drastic fall in log supply

Buyers of logs from Sarawak are facing a drastic shortfall in log supply, which has also resulted in higher log prices. One of the main reasons for the tight supply situation is the early monsoon season which affected log harvests.

The other reason for the log shortage could be the impoundment of the Bakun hydroelectric dam that might have lowered the level of the Rejang River and its tributaries which have been used to transport logs from the major logging areas in Sarawak. As a result, the transport of logs for processing mills and exports has been disrupted.

The other option for logging companies is to transport logs overland by lorries. However, this option will cost an extra US$10 to US$15 per cu.m vis-à-vis river transportation.

The tight log supply has an impact especially on the Indian market, which is the biggest for logs from Sarawak. For the first seven months of 2010, exports to India accounted for 1.3 million cu.m of the total of 2.4 million cu.m of log exports from Sarawak.

Increasing production of environmentally friendly plywood

The largest plywood manufacturer in Malaysia, Shing Yang plywood group, has a monthly production capacity of 100,000 cu.m comprising four plants. Current production volume is only around 70,000 cu.m per month, out of which 50-55% is shipped to Japan. Other destinations are Republic of Korea, the US, Taiwan P.o.C, the Middle East and neighbouring South East Asian countries. The reasons for the current production include a shortage of raw material and volatile consumer markets, reports the Japanese Lumber Reports (JLR).

According to JLR, the company is increasing production of the so-called e-panels which are environmentally friendly plywood products made of plantation wood. The main products are flooring base board, concrete formboard, structural and standard panels, and LVL (Laminated Veneer Lumber).

The company owns 650,000 hectares of land, out of which 350,000 hectares are forest plantations. Shing Yang group has developed the first plantation area in 2000 and it is planting 40 million trees every year to keep production sustainable. The plantations include about 40 different species which are tested by the company to identify appropriate end-uses.

Log Prices

Sarawak log, FOB	US\$ per m^3
Meranti SQ up	245-270⬆
Small	230-260⬆
Super small	230-251⬆
Keruing SQ up	230-242⬆
Small	216-244⬆
Super small	201-227⬆
Kapur SQ up	221-246⬆
Selangan Batu SQ up	212-246⬆

Pen. Malaysia logs, domestic (SQ ex-log yard)	US\$ per m^3
DR Meranti	253-272⬆
Balau	310-339⬆
Merbau	341-373⬆
Rubberwood	83-117⬆
Keruing	230-246⬆

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	401-437
White Meranti A & up	292-322
Seraya Scantlings (75x125 KD)	440-453
Sepetir Boards	261-283
Sesendok 25,50mm	352-370
Kembang Semangkok	314-337

Malaysian Sawnwood, domestic	US\$ per m^3
Balau (25&50mm,100mm+)	332-352
Merbau	464-516
Kempas 50mmx(75,100 & 125mm)	268-308
Rubberwood	
25x75x660mm up	223-273
50-75mm Sq.	262-294
>75mm Sq.	284-313

Plywood Prices

Malaysia ply MR BB/CC, FOB	US\$ per m^3
2.7mm	420-482⬆
3mm	400-430⬆
9mm & up	347-419⬆

Meranti ply BB/CC, domestic	US\$ per m^3
3mm	344-435⬆
12-18mm	327-356⬆

Other Panel Prices

Malaysia, Other Panels, FOB	US\$ per m^3
Particleboard	
Export 12mm & up	239-262⬆
Domestic 12mm & up	226-243⬆
MDF	
Export 15-19mm	293-324⬆
Domestic 12-18mm	283-301⬆

Added Value Product Prices

Malaysia, Mouldings, FOB	US\$ per m^3
Selagan Batu Decking	553-564⬆
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	568-581⬆
Grade B	522-532⬆

Furniture and Parts Prices

Malaysia, Rubberwood, FOB	US\$ per piece
Semi-finished dining table	
solid laminated top 2.5'x4', extension leaf	69-85⬆
As above, Oak Veneer	76-90⬆
Windsor Chair	68-70⬆
Colonial Chair	66-71⬆
Queen Anne Chair (soft seat)	
without arm	67-74⬆
with arm	66-75⬆
Chair Seat 27x430x500mm	54-59⬆

Rubberwood Tabletop	US\$ per m^3
22x760x1220mm sanded & edge profiled	
Top Grade	601-631⬆
Standard	581-601⬆

Report from Indonesia

President Obama addresses climate change and deforestation during visit

On 10 November 2010, the US president Barack Obama visited Indonesia. During his visit, he addressed the issues of climate change and deforestation in discussions with the Indonesian government. This effort is seen as another development to advance diplomatic relationships and trade between these two countries.

He was expected to announce how some of the US\$700 million grant allocated to Indonesia by the Millennium Challenge Corporation (MCC), a US foreign aid agency set up under the former Bush administration, could be used to finance climate change and forest conservation programmes in Indonesia to create tradable forest carbon offsets that would help the US industries to meet future emission reduction targets.

In addition, he would unveil details of the implementation of four-year programme on addressing deforestation, reducing loss of biodiversity and improving the land use management. This programme involving US$35 – US$40 million was announced earlier this year.

The US has also pledged US$20 million for marine conservation and promotion of clean-energy development in Indonesia.

Indonesian furniture sector falls short of export target

The Association of Indonesian Furniture and Handicraft Industry (Asmindo) stated that its recent marketing efforts to boost sales had fallen short of its target. During the period from January to October 2010, only half of the targeted growth of 30% over the previous year was achieved. Sales amounted only to US$25 million during the period.

Asmindo calls for a more effective marketing programme for Indonesian furniture, which would also help to generate more jobs in the country.

Rubberwood and construction material prices soar

The heavy monsoon and flooding in Thailand extracted a heavy toll on the main rubber tree plantation areas in Thailand, thereby lifting rubberwood prices across the South East Asia. Thailand is the world's largest rubberwood and natural rubber producer.

In addition, the devastation and evacuations arising from the violent volcanic eruptions of Mt. Merapi near Yogyakarta, has resulted in soaring construction material prices in Indonesia. The tragic volcanic eruptions, which have destroyed homes, farms and killed livestock, have also displaced more than 100,000 Indonesians to date.

Log Prices (domestic)

Indonesia logs, domestic prices	US$ per m^3
Plywood logs	
Face Logs	203-246⬆
Core logs	184-217⬆
Sawlogs (Meranti)	196-257⬆
Falcata logs	161-195⬆
Rubberwood	76-80⬆
Pine	176-217⬆
Mahoni (plantation mahogany)	486-515⬆

Sawnwood Prices

Indonesia, construction material, domestic	US$ per m^3
Kampar (Ex-mill)	
AD 3x12-15x400cm	191-210⬆
KD	210-244⬆
AD 3x20x400cm	231-254⬆
KD	233-262⬆
Keruing (Ex-mill)	
AD 3x12-15x400cm	245-259⬆
AD 2x20x400cm	233-251⬆
AD 3x30x400cm	215-234⬆

Plywood Prices

Indonesia ply MR BB/CC, FOB	US$ per m^3
2.7mm	407-464⬆
3mm	364-405⬆
6mm	343-385⬆

MR Plywood (Jakarta), domestic	US$ per m^3
9mm	265-276⬆
12mm	257-267⬆
15mm	246-260⬆

Other Panel Prices

Indonesia, Other Panels, FOB		US$ per m^3
Particleboard	Export 9-18mm	228-237⬆
	Domestic 9mm	207-219⬆
	12-15mm	200-211⬆
	18mm	191-203⬆
MDF	Export 12-18mm	261-274⬆
	Domestic 12-18mm	243-254⬆

Added Value Product Prices

Indonesia, Mouldings, FOB	US$ per m^3
Laminated Boards	
Falcata wood	310-323⬆
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	499-533⬆
Grade B	455-477⬆

Report from Myanmar

Teak market remains brisk in India

The market situation remains unchanged over the previous month. Apart from India, other markets are quiet. It has been reported that the teak market is good in India especially for grade 7 logs and good quality pyinkadoe logs, while demand for Gurjan logs is sluggish.

Monthly shipments of teak and other hardwoods for the past three months indicate the current market situation. Teak shipments were reportedly around 22,000 Hoppus tons in August, 15,000 Hoppus tons in September, and 22,000 Hoppus tons in October. The average export volume for other hardwoods was 70,000 Hoppus tons per month.

Myanmar log prices (natural forest logs)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
Veneer Quality	Sept	Oct
2nd Quality	7,007 (6 tons)	nil
3rd Quality	6,292 (5 tons)	6,219 (4 tons)
4th Quality	4,433 (10 tons)	4,671 (10 tons)
Sawing Quality		
Grade 1 (SG-1)	2,794 (38 tons)	2,670 (33 tons)
Grade 2 (SG-2)	2,030 (41 tons)	2,622 (38 tons)
Grade 3 (SG-3)	nil	nil
Grade 4 (SG-4)	1,625 (220 tons)	1,641 (218 tons)
Grade 5 (SG-5) Assorted	1,354 (121 tons)	1,338 (37 tons)
Grade 6 (SG-6) Domestic	1,252 (125 tons)	1,169 (100 tons)
Grade 7 (ER-1)	928 (60 tons)	821 (169 tons)

Hoppus ton=1.8m^3; All grades, except SG-3/5/6, are length 8' x girth 5' &up. SG-3/4/6 are girth 4' &up. SG-3 grade is higher than SG-4 but with lower girth and price. Prices differ due to quality or girth at the time of the transaction.

Report from India

Sharp jump in exports helps trim down trade deficit

According to the Department of Commerce India, exports in September were US$18 billion, up 23% compared to September 2009. The result was the highest in 24 months. September imports in India grew 26% to US$27 billion compared to last year. As a result, the trade deficit in September decreased to US$9.1 billion from $13 billion recorded in August.

The Indian economy is forecast to grow by 8.5% - 9.7% in the fiscal 2010-2011. The main driver for the economic growth is domestic demand, according to the Ministry of Finance India. In addition, IMF revised the forecast for Indian economic growth to 9.7% in 2010 and this is expected to encourage more foreign investments in the Indian equity markets.

India's forest cover expands by 3 million hectares

India's forest cover expanded 3 million hectares over the last 10 year, according to the Environment and Forest Ministry India. India is planning to launch satellites in 2013 to monitor the country's forest cover.

International Panelexpo and Conference 2010 postponed

The organisers of Panelexpo 2010 have announced that due to the distracting news circulated during the Commonwealth Games and the festival season in India, many of the participants had called for the postponement of the fair. The fair was planned for 1-4 December 2010 at NSIC Exhibition Ground Okhla, New Delhi and the new dates will be announced in due course.

Furniture fair showcases alternatives to plywood

The Index International Furniture Fair 2010 held between 8 – 11 October in Mumbai showcased a number of alternatives to plywood for interior decoration. For example, advanced digital printing techniques have brought paper laminates to the markets. The fair also signalled that composite flooring panels as well as printed and coated Medium / High Density Fibreboards are gaining ground in markets with expanding production capacities against plywood.

India delegation participates in US furniture fair

The International Woodworking Machinery & Furniture Supply Fair was held from 25 to 28 August in Atlanta USA. The India delegation was led by CAPEXIL (Chemical and Allied Export Promotion Council of India) and included wood and timber product importers and exporters. The visit has resulted in new business and trade contacts for the delegation, reports CAPEXIL.

Strong demand for plantation teak

According to an analyst, there is a substantial flow of plantation teak to India and demand from the housing sector is expected to pick up as the monsoon season is over. Recently, some lower grades have arrived at cheaper prices than standard grades. These are included in the price table below.

Plywood manufacturers face shortage of peeling grade logs

Shortage of peeling grade logs is plaguing the plywood manufacturers. Eucalyptus and poplar logs are used to keep the mills running. The manufacturers are also still suffering from shortages of labour and power.

CNF Plantation Teak

	US$ per m^3
Tanzania Teak sawn	450-750⬇
Côte d'Ivoire logs	470-650⬇
PNG logs	500-550
El-Salvador logs	400-450⬇
Guatemala logs	300-450⬇
Ghana logs	350-700⬇
Benin logs	350-800
Benin sawn	450-650
Brazil squares	325-450⬇
Brazil sawn	450-650
Burkina Faso logs	350-450
Columbia logs	360-600
Togo logs	400-500⬆
Ecuador logs	315-400⬇
Costa Rica logs	350-500⬇
Panama logs	315-400⬇
Sudan logs	450-600
Venezuela logs	360-500

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.	5200-5500
Plantation Teak A grade	2100-3600
Plantation Teak B grade	2000-3000
Plantation Teak C grade	1500-1800

India Sawnwood Prices (imports)

Sawnwood, (Ex-mill) (AD)	Rs. per ft^3
Merbau	1300
Balau	1150
Kapur	900
Red Meranti	600
Bilinga	650
Radiata Pine (AD)	340-350
Sawnwood, (Ex-warehouse) (KD)	Rs. Per ft^3
Beech	1100
Sycamore	1250
Oak wood	1350
American Walnut	1600
Hemlock clear grade	1000
Hemlock AB grade	850
Western Red Cedar	1350

India Plywood Prices

Plywood, (Ex-warehouse) (MR Quality)	Rs. per sq.ft
4 mm	31.8
6 mm	44.7
12 mm	60.4
15 mm	72.0
18 mm	87.0

Locally Manufactured Plywood “Commercial Grade”	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.10.50	Rs.18.40
6mm	Rs.15.20	Rs.26.80
8mm	Rs.19.20	Rs.30.00
12mm	Rs.23.40	Rs.32.25
19mm	RS.29.40	Rs.43.40
5mm Flexible ply	Rs.19.50	Rs.23.50

Report from Brazil

Forest sector is key to economy in Pará

According to the report “Price of standing timber, Economic Value and Timber Market in Transition Contracts in State of Pará”, published by the Para Forestry Institute (IDEFLOR), the forest sector plays a kea role in the economy of Pará state, generating jobs, income and foreign exchange.

In 2008, the forest sector’s revenues reached US$4.46 billion accounting for 9.6% of the state’s GDP and generating 30,481 jobs, representing 3.6% of the total employment in Pará. According to the report, although timber trade in Pará state involves low value-added products, Pará remains a net exporter of timber products, with a total surplus of R$1.93 billion (R$2.37 billion of exports and R$0.44 billion of imports).

The report notes that as the forest sector generates significant income and employment in the state, it is therefore a strategic sector in the context of rural development in the Amazon.

Available area for concessions in Brazilian Amazon exceeds 1 million hectares

The area available for forest concessions in the Brazilian Amazon has exceeded 1 million hectares, according to the Brazilian Forest Service (SFB). The total area consists of seven concessions in the states of Rondonia and Pará. The estimated timber production in the total concession area is 850,000 cu.m per year.

According to the SFB, forest concessions have been promoting the implementation of sustainable forest management, generating jobs, improving living conditions of forest dependent people and conserving natural forests. For the private business, concessions offer an opportunity to have legal access to forest resources in the long-term.

The forest concession contract value for the Jamari National Forests and the Saracá-Taquera National Forests totalled R$6 million. The amount collected from other concessions will be known after the bidding process is completed, as companies may pay premium over the minimum price set by the SFB. The minimum total value of the concessions under the bidding process is over R$20 million a year.

The SFB estimates that forest concessions practising sustainable forest management have the potential of increasing timber output in the future.

Timber product exports on course for growth in 2010

Analysts say that if the current economic trend continues without any downturn, timber exports from Brazil will record a growth in 2010.

From January to September 2010, export value has gained 11% compared to the same period in 2009. The segments that contributed the most to this growth are veneer and mouldings, increasing 35% and 16% compared to the same period last year respectively.

For tropical hardwood sawnwood, a 4% growth in export volume was recorded from January to September 2010 compared to the same period in 2009, up from 380,731 cu.m to 396,145 cu.m. In value terms, the growth was 6.3%, from US$179 million from January-September of 2009 to US$191 million in 2010. The exports of sawnwood in September 2010 topped US$24 million, equivalent to 51,267 cu.m of hardwood sawnwood.

Furniture exports from Rio Grande do Sul show signs of recovery

Wooden furniture exports from Brazil have been declining since the economic crisis started in 2008. However, at the end of 2009, exports started to show some signs of recovery. According to the Association of Furniture Industry of Rio Grande do Sul (Movergs), furniture exports from Rio Grande do Sul in 2008 amounted to US$289 million, accounting for 30% of total furniture exports in the country.

In 2009, furniture exports from Brazil totalled US$707 million. In Rio Grande do Sul, the leading furniture cluster in the country, exports reached US$200 million, accounting for 28% of the national total.

Furniture exports in the country from January to September 2010 amounted to US$573 million, up 13% compared to the same period in 2009.

Brazil Log Prices (domestic)

Brazilian logs, mill yard, domestic	US$ per m^3
Ipê	153
Jatoba	109
Guariuba	72
Mescla (white virola)	79

Brazil Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB		US$ per m^3
Jatoba Green (dressed)		842
Cambara KD		500
Asian Market (green)	Guariuba	271
	Angelim pedra	648
	Mandioqueira	239
Pine (AD)		199

Brazil sawnwood, domestic (Green)		US$ per m^3
Northern Mills (ex-mill)	Ipé	734
	Jatoba	561
Southern Mills (ex-mill)	Eucalyptus (AD)	196
	Pine (KD) 1st grade	251

Brazil Veneer Prices

Veneer, Export (Belem/Paranagua Ports) FOB	US$ per m^3
White Virola Face 2.5mm	299
Pine Veneer (C/D)	211

Rotary cut Veneer, domestic	US$ per m^3	
(ex-mill Northern Mill)	Face	Core
White Virola	266	221

Brazil Plywood Prices

Plywood, FOB	US$ per m^3
White Virola (US Market)	
5.2mm OV2 (MR)	472
15mm BB/CC (MR)	409
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)	280
15mm C/CC (WBP)	263
18mm C/CC (WBP)	250

Plywood, domestic (ex-mill Southern mill)		US$ per m^3
Grade MR (B/BB)	White Virola 4mm	936
	White Virola 15mm	682

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	581
Particleboard 15mm	373

Brazil Added Value Products

FOB Belem/Paranagua Ports		US$ per m^3
Edge Glued Pine Panel		
Korean market (1st Grade)		656
US Market		498
Decking Boards	Cambara	617
	Ipê	1,624

Report from Peru

Peru timber exports poised for strong growth

Wood and timber product exports are forecast to grow by 20% - 30% in 2010 over the previous year to US$200 million, according to the National Exporters Association (ADEX).

In 2009, wood and timber product exports from Peru were valued at US$157 million, while in 2008 exports totalled US$219 million.

From January to August 2010, wood and timber product exports rose by 30% in value compared to the same period in 2009. Semi-manufactured products such as sawnwood and wooden flooring contributed to export growth during the period. These products were mainly exported to the US and China.

The forest sector in Peru generates more than 500,000 jobs and this is expected to increase by 80,000 by the end of the year.

Granting of new concession areas delegated to regional governments

There are seven million hectares of forest concessions in Peru which are monitored and regulated by the State to ensure the sustainable development of forestry and domestic investments into the forest sector.

Forest concessions used to be granted by the Ministry of Agriculture's department of Forestry and Wildlife. Currently, the regional governments, such as Loreto, Ucayali, San Martín, have the power to grant concessions after evaluation made by the department of Forestry and Wildlife. However, since the transfer of power to the regional governments made in mid 2008, no new forest concession areas have been approved, according to the Agency for Supervision of Forest Resources and Wildlife (OSINFOR).

OSINFOR is the designated organisation monitoring and regulating forest concessions in Peru. It has granted altogether 682 permits and authorizations to operate in forest concessions during the last and this year. Currently, there are 1,500 operators holding permits for forest activities in concession areas and all of them are required to have annual management plans.

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'-13' KD	
Grade 1, Mexican market	321-339
Grade 2, Mexican market	259-269
Cumaru 4" thick, 6'-11' length KD	
Central American market	831-855
Asian market	809-878
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	509-549
Dominican Republic	558-569
Marupa (simarouba) 1", 6-11 length Asian market	359-382

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	312-339
Grade 2, Mexican market	259-269
Grade 3, Mexican market	139-156
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	216-235

Peru sawnwood, domestic	US$ per m^3
Mahogany	879-911
Virola	51-69
Spanish Cedar	259-311
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		396-402⬇
Cedar fissilis, 2 faces sanded 4x8x5.5mm		733-744⬇
Lupuna, treated, 2 faces sanded, 5.2x4x8mm		363-385
Lupuna plywood	B/C 15x4x8mm	353-365
	B/C 9x4x8mm	345-350
	B/C 12x4x8mm	350-360
	B/C 8x4x15mm	396-408⬇
	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, FOB strips for parquet		US$ per m^3
Cabreuva/estoraque KD12% S4S, Asian market		1277-1376
Cumaru KD, S4S	Swedish market	797-920
	Asian market	998-1187
Cumaru decking, AD, S4S E4S, US market		949-1139
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

Timber exports and prices remain favourable

During the period under review, there were no exports of greenheart logs. However, purpleheart logs were in demand attracting higher average prices in both fair and small sawmill qualities. Similarly, mora log prices increased for all qualities.

For sawnwood, prices gained in the period under review. Undressed greenheart prices remained stable while undressed purpleheart (select) prices jumped from US$750 per cu.m to US$1,350 per cu.m. However, the exported volumes were small. Dressed greenheart and purpleheart prices gained while undressed purpleheart prices remained unchanged.

Several Lesser Used Species (LUS) including burada, cow-wood, darina, fukadi, iteballi, itikiboroballi, muniridan and Tonka bean were exported as sawnwood during the period under review. The major markets for LUS were Asia, Caribbean, Europe and North America. In addition, roundwood, fuelwood and splitwood contributed to the total export earnings. Piles fetched a good price average of US$831 per cu.m, with the major destination being the US.

For the period under review, exports of value-added products rose. The major exported products were doors, indoor and outdoor furniture and windows. Species used in furniture manufacturing included Crabwood (Andiroba), Kabukalli (Cupiuba), Locust (Courbaril) and Purpleheart (Amarante). These products were exported to the Caribbean and UK markets.

Capacity building to meet EU FLEGT requirements

On 10 November 2010, the Food and Agriculture Organization of the United Nations (FAO) and the Forest Products Association of Guyana (FPA) signed a Letter of agreement in support of a project entitled “Building Capacity within the Guyanese forestry sector to meet European Union’s Forest Law Enforcement Governance and Trade (FLEGT) Due Diligence requirements.” This US$102,400 project will be funded by the European Union (EU) and implemented by FAO.

Guyana Log Prices

Logs, FOB Georgetown	SQ - $ Avg unit value per m^3		
	Std	Fair	Small
Greenheart*	-	-	-
Purpleheart	200-260⬇	170-245⬆	150-230⬆
Mora	150⬆	115-140⬆	110-130⬆

*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	615-645⬇	-
	Standard	-	649-890⬆
	Select	577-785⬇	
	Sound	509-535⬇	
	Merchantable	500	
Purpleheart	Prime	-	-
	Standard	-	784-848⬆
	Select	650-1350⬆	
	Sound	-	
	Merchantable	550	
Mora	Prime	-	
	Select	500	
	Sound	450	
	Merchantable	400	

Guyana Plywood Prices

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

Report from Japan

Log prices forecast to climb

According to the Japan Lumber Reports (JLR), the Japanese market for hardwood logs is firming. The strong Yen has lowered CIF log prices in Japan in recent months. However, prices are forecast to climb in December. FOB prices are expected to further increase due to log shortage and robust demand from China and India.

In Sarawak, meranti regular log export prices continue to climb from US$230 per cu.m FOB last month to US$236-238 per cu.m FOB. Small meranti prices gained US$6-8 per cu.m from a month ago to US$206-208 per cu.m FOB.

Plywood mills in Japan utilising imported tropical hardwood logs are maintaining reduced production levels at around 70% of full capacity. However, plywood manufacturers in Japan demand more hardwood logs as their log inventories are low and the rain season in Sarawak is expected to curtail log supply, reports JLR.

In Japan, CIF prices remained relatively stable from last month at Yen 7,100-7,200 per koku for Sarawak meranti regular logs, Yen 6,000-6,100 per koku for small meranti logs, and Yen 5,800-5,900 per koku for super small meranti logs. Sabah kapur log prices remained unchanged from last month at Yen 9,500 per koku.

September housing starts third lowest ever recorded

Total housing starts in Japan during September were 71,998, up 18% from September last year. Housing starts has increased for the fourth consecutive month this year, reports JLR.

Condominium units are making the major contribution to the growth of housing starts. Starts of condominium units doubled in September compared to last year.

However, the seasonally adjusted housing starts grew only slightly by 1% compared to levels in August. Wood frame units were up by 13% and these constituted about 57% of the total housing starts in September.

Despite the positive growth from last year, housing starts are still far lower than the pre-crisis levels. In fact, September housing starts were third lowest ever recorded.

September housing starts

	Sep-10	% Change to Sep-09
Total	71,998	17.7
Owner's units	27,670	12.9
Rental units	23,696	2.2
Built for sale	20,067	58.9
Wood frame units	41,141	13.0
Prefabricated units	10,367	3.2
2x4 units	8,749	14.5

Source: JLR

Plywood industry groups meet in Seoul

A regular meeting between plywood industry groups of Japan, Republic of Korea and Taiwan P.o.C was held at Seoul, Republic of Korea, reports JLR. A total of 35 industry representatives participated the meeting to discuss the market situation and share information.

Participants were concerned over the growing demand for softwood logs in China, India and the Middle East. These countries are importing more and more logs and producing highly competitive plywood and panel products for export. Participants agreed on maintaining import duties and common efforts in promoting plywood.

New production line for composite concrete formboard

Taisei Electronic Industries, Inc. announced the commissioning of a plant to produce composite concrete formboard (2x6 and 3x6 / 9 mm and 12 mm). The composite board is made of saw dust and waste plastic and it is said to be an alternative to concrete formboard in floor manufacturing. The new plant is planned to start production in September 2011 with a production capacity of 100,000 sheets of 9mm 2x6 formboard per month.

Log and Sawnwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku
Meranti (Hill, Sarawak)	(Koku=0.278 m^3)
Medium Mixed	7,000
Standard Mixed	7,200
Small Log (SM60%, SSM40%)	7,000
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)	Sep (¥ per sheet)	Oct
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	940	930
12mm concrete-form ply (JAS)	900 X 1800	910	890
12m coated concrete-form ply (JAS)	900 X 1800	1080	1050
11.5mm flooring board	945 X 1840	1280	1280
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's log imports surged in first three quarters of 2010

Log imports totalled 25.7 million cu.m, valued at US$4,491 million from January to September 2010, up 23% in volume and 53% in value over the same period in 2009.

Of the total, softwood log imports were 18 million cu.m, valued at US$2,351 million, up 17% in volume and 42% in value. Hardwood log imports were 7.7 million cu.m, valued at US$ 2,141 million, up 38% in volume and 68% in value.

Of the total log imports, 24% were tropical logs totalling 6.2 million cu.m, a significant jump of 43% from the same period in 2009.

Major suppliers of logs to China in the first three quarters of 2010

Country	Import volume (1000 cu.m)	Proportion %	Import value (US$ 1000)	Proportion %
Russia	11,015	43	1,407,639	31
New Zealand	4,339	17	575,389	13
USA	1,744	7	383,519	9
PNG	1,735	7	335,800	8
Solomon Is.	1,128	4	220,405	5
Gabon	727	3	313,396	7
Malaysia	746	3	143,555	3
Australia	768	3	89,217	3
Canada	743	3	110,107	3
Congo Brazzaville	325	1	137,947	3
China total	25,702	100	4,491,953	100

Big jump in sawnwood imports

Sawnwood imports totalled 10.4 million cu.m, valued at US$2,726 million in the first three quarters of 2010, up 48% in volume and 69% in value over the same period last year.

Of the total sawnwood imports, 62% were softwood and 38% hardwood, totalling 6.4 million cu.m and 4 million cu.m respectively.

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

Country	Import volume (1000 cu.m)	Proportion %	Import value (US$ 1000)	Proportion %
Russia	3,220	31	658,290	24
Canada	2,559	25	473,990	17
Thailand	1,039	10	370,027	14
USA	990	10	392,513	14
Philippines	393	4	38,555	1
New Zealand	300	3	84,425	3
Indonesia	283	3	87,718	3
Malaysia	190	2	69,007	3
Chile	184	2	40,026	2
Germany	169	2	53,136	2
China total	10,369	100	2,726,028	100

Imports of wood-based panels rose significantly

From January to September 2010, imports of plywood amounted to 150,400 cu.m, worth US$81 million, an increase of 20% in volume and 28% in value compared to the same period in 2009.

Particleboard imports rose to 254,700 tons, valued at US$82.6 million, 12% higher in volume and 24% in value from the same period last year.

Fibreboard imports amounted to 210,000 tons, valued at US$95 million, down 8% in volume but up 3% in value from the same period last year.

China exports more furniture than it imports

China imported furniture worth US$261 million in the first three quarters of 2010, a significant jump of 19% in value compared to the same period last year. Even so, China exported much more furniture valued at US$11,615 million in the first three quarters of 2010, 41% higher than in the same period last year.

Gains in other wood product exports

In the first three quarters of 2010, exports of other wood products such as wooden doors, mouldings, wooden handicrafts and package materials etc. were worth US$3,830 million, up 25% from the same period last year.

Plywood: A total of 5.66 million cu.m of plywood were exported in the first three quarters of 2010, valued at US$2,540 million, up 39% in volume and 40% in value from the same period last year.

Fibreboard: Fibreboard exports totalled 1.48 million tons in the first three quarters of 2010, valued at US$850 million, 48% higher in volume and 42% in value from the same period last year.

Veneer: In the first three quarters of 2010, China exported some 83,000 metric tons of veneer, valued at US$156 million, up 32% in volume and 22% in value over the same period last year.

Solid wood flooring: In the first three quarters of 2010, China exported some 328,100 metric tons of solid wood flooring, valued at US$499 million, up 18% in volume and 15% in value over the same period in 2009.

Sawnwood: A total of 407,600 cu.m of sawnwood were exported in the first three quarters of 2010, valued at US$256 million, down 7% in volume and 5% in value from the same period last year.

US International Trade Commission to investigate wood flooring imports from China

The US International Trade Commission announced that it will start investigating the alleged dumping of multi-layer (engineered) wood flooring from China. The Coalition for American Hardwood Parity (CAHP), an association of US manufacturers of multi-layered wood flooring, asked the US government to impose antidumping duties, alleging that a variety of Chinese subsidies allows imports to be sold at unfairly low prices in the US market.

Allegations include the under valued RMB against the US dollar, preferential policies for foreign enterprises, value-added tax and tariff reductions on imported equipments, and preferential policies for electricity. According to the CAHP, the antidumping duty should be set as high as 242%.

The investigation will make a comparison with Indonesian products which are selling at higher prices in the US market. Indonesia was chosen based on the following arguments: (a) the development level of the economy is higher in China than in Indonesia, (b) there are many manufacturers producing similar products in both countries; (c) Indonesia exported significant amount of similar wood flooring to the US in 2009 and 2010.

Some European and American countries have undertaken several investigations on wood flooring and plywood from China in recent years, affecting China's exports of wood flooring. The International Trade Commission has sent questionnaires to all interested parties on the most recent investigation and will be holding a hearing within a month.

For more information:
http://www.usitc.gov/trade_remedy/731_ad_701_cvd/investigations/2010/multilayered_wood_flooring/prelimphase.htm

Guangzhou City Imported Timber Market

Logs	Yuan per m^3
Lauan (50-60cm)	1900-2100
Kapur (up to 79cm)	2000-2100
Merbau 6m, (up to 79cm)	3500-4000
Teak	11000-13000
Wenge	5000-5200
Sawnwood	
Teak sawn grade A (Africa)	9300
US Maple 2" KD	7500-10000
US Cherry 2"	10000-13000
US Walnut 2"	14000-16000
Lauan	4000-4200
Okoume	4000-4500
Sapele	6100-6400

Shanghai Furen Wholesale Market

Logs	Yuan per m^3
Teak (Myanmar, all lengths)	7500-8500
Sawnwood	
Beech KD Grade A	4800-5000
US Cherry, 1 inch	9500-10000
US Red Oak, 50mm	6500-7000
Sapele 50mm FAS (Congo)	
KD (2", FAS)	6500-6800
KD (2",grade A)	5700-5800

Shandong De Zhou Timber market

Logs		Yuan per m^3
Larch	6m, 24-28cm diam.	1200
White Pine	6m, 24-28cm diam.	1350
Korean Pine	4m, 30cm diam.	1350
	6m, 30cm diam.	1450
Mongolian Scots Pine	6m, 30cm diam.	1460

Hebei Shijiangzhuang Wholesale Market

Logs		Yuan per m^3
Korean Pine 4m, 38cm+ diam		1650
Mongolian Scots Pine	4m, 30cm diam.	1500⬆
	6m, 30cm+ diam.	1550⬆
Sawnwood		
Mongolian Scots Pine	4m, 5-6cm thick	1500
	4m,10cm thick	1550

Zhejiang Jiashan Kaihua International Timber Market

Logs	Yuan per m^3
Okoume 80cm+	2900-3400
Sapele 80cm+	6000-6600
Wenge 80cm+	13000-14500
Sawnwood	
Doussie	3600-4000
European beech boules	3200-3400
Radiata	800-1200
Plywood	
US Black Walnut 4x8x3 mm	6000-8000
Beech 4x8x3 mm	6000-8000
Teak 4x8x3 mm	6000-8000
Poplar (4x8x3-5 mm)	3000-4000

For more information on China's forestry see: www.forestry.ac.cn

Report from Europe

UK tropical sawnwood demand more upbeat than continental Europe

Although some importers report that business in tropical hardwood sawnwood has been reasonable during the autumn months, the signs are that demand remains subdued overall throughout Europe. Generally, buyers in the UK seem to be more upbeat about market demand than continental European buyers. Stock levels are low overall, a reflection both of the conservative buying practices of European importers and of relatively low forward availability. Delivery times for new orders for some African hardwood species now extend to five months or more.

The market situation varies to some extent by species. Stocks and forward availability of iroko sawnwood are now extremely tight with the result that prices are tending to rise. In contrast, stocks of sapele are generally regarded as relatively high compared to demand, with the result that prices (both FOB and for onward sales in the EU) have been weakening. CIF North Europe prices for Malaysian meranti sawnwood have remained steady and are now at very similar levels to those for sapele, a species with which it competes in many market sectors. Prices for other key tropical hardwood species such as ayous, wawa, and sipo have also remained stable in recent weeks.

Some of the larger European decking importers have been visiting suppliers in South East Asia in recent weeks and are reported to be buying in larger volumes than last year. This seems to be more due to improved availability and better terms of trade than to rising confidence that European consumption is strengthening. While still difficult, the log supply situation is manageable in South East Asia and decking products may be ordered for fairly prompt shipment. European agents are reporting that demand for tropical hardwood decking products remains relatively slow, with many importers determined to maintain stocks at low levels at least until after the New Year. But there is some expectation that forward orders will pick up within the next few weeks, particularly as the Euro has continued to strengthen against the US dollar.

Favourable exchange rates fail to boost tropical hardwood plywood

The European market for tropical hardwood plywood has remained weak during the autumn months. Strengthening of the Euro against the US dollar in recent months has led to lower replacement costs for European importers but this has yet to generate any significant increase in forward orders. Consumption is down in Europe and as a result existing grounded stocks have risen and prices for onward sales in Europe are weakening. Margins are being squeezed for those importers that bought several months ago when exchange rates were less favourable. The only positive developments are reported in the market for film-faced tropical hardwood plywood which continues to benefit from limited availability and higher prices for birch plywood resulting from the Russian forest fires during the summer months.

Meanwhile, EU demand for Chinese hardwood and combi plywood remains stable at a relatively low level. CIF Northern Europe prices for these goods also remain broadly stable. A slight increase in FOB prices in response to rising raw material costs has been offset by a decline in freight rates into Europe.

Plysorol restarts production

The French tropical hardwood plywood market has been very challenging in recent times due to the recession, the introduction of the Gabon log export ban from May 2010, and the severe financial difficulties of some of the key firms involved. Plysorol has been particularly prominent amongst the latter. Prior to the going into receivership in November 2008, Plysorol boasted sales turnover of Euro120 million and production capacity of 170,000 cu.m and accounted for 34% of the total European market for okoume plywood.

According to a report in the German trade journal EUWID, the company is now owned by Ghana-based John Bitar Co. Ltd and has undergone a major downsizing and restructuring. Okoume plywood production is due to resume this month at Plysorol’s mills in France and the company has also indicated that it still has small stocks of finished goods which are now being sold off. Newly produced goods are likely to be available for delivery before the end of November. John Bitar Co. Ltd is reported to be planning investments totalling 10 million Euro in the company between 2011 and 2014. Plysorol has also indicated that the Gabonese authorities have confirmed that the company continues to own 600,000 hectares of forest concession in Gabon. At the time of the takeover by John Bitar Co.Ltd this question of ownership was still unresolved.

Dutch TPAC reverses decision on MTCS

On 22 October 2010, the Dutch Timber Procurement Assessment Committee (TPAC) reversed an earlier decision that the Malaysian Timber Certification System (MTCS) meets the Dutch Procurement Criteria for timber. Based on the TPAC’s advice, the Dutch State Secretary for Infrastructure and the Environment, Mr Joop Atsma, must now decide whether MTCS-certified timber will continue to be accepted under the Dutch government’s sustainable procurement policy.

TPAC initially concluded in March this year that MTCS met the Dutch Procurement Criteria. However this decision was reversed following consideration of a “notice of objection” filed in April 2010 by Greenpeace, Milieudefensie (Friends of the Earth Netherlands), Wereld Natuur Fonds (WWF Netherlands), ICCO (the Dutch Interchurch Organisation for Development Cooperation) and Nederlands Centrum voor Inheemse Volkeren (Netherlands Centre for Indigenous Peoples, NCIV).

In announcing their revised position, TPAC states that it "carefully considered the notice of objection and has heard both the civil society organizations and MTCC (the Malaysian Timber Certification Council that manages the MTCS) at length about the points raised in the notice of objection. TPAC also held a public hearing in The Hague on 14 September 2010 to hear the parties' arguments and to obtain answers to some final questions."

In issuing its judgement, TPAC notes that the MTCC "has made vast improvements over the past years, both within its own organization and in the forty thousand square kilometres of MTCS-certified forests. Accordingly, the MTCS conforms to most of the Dutch Procurement Criteria. The main reason for withholding a positive judgement is the overly restrictive interpretation of the rights of the indigenous communities living in the MTCS-certified forests". TPAC also claimed "another weakness of the MTCS is the conversion of certified natural forests to other forms of land use, such as rubber plantation and infrastructure development…..the MTCS in its current form offers insufficient protection against this conversion".

The MTCC issued a statement on 26 October suggesting that "TPAC has erred in its judgement" and that the decision "is not helpful to the efforts to achieve sustainable forest management and timber certification, which is most challenging, especially for tropical developing countries".

The MTCC statement goes on to explain that "the basis of this decision not only lies outside the mandate of the MTCS, but also is outside the remit of TPAC in offering political advice on issues that affect the sovereign rights of Malaysia and the competence of its state governments. We fail to see why TPAC expects that a timber certification scheme, such as the MTCS, can avoid compliance with the Malaysian laws, particularly on matters regarding land ownership and use, which are state matters. The standards used in the MTCS, which are agreed among the different stakeholder groups through consultations, not only comply with internationally accepted criteria for sustainable forest management, but also have to respect the laws in Malaysia."

According to the MTCS, the Netherlands is the largest market for Malaysian timber and related products in the EU and accounts for about 49% of the cumulative exports of MTCS-certified timber products. In contrast to the decision by TPAC that MTCS does not conform to the Dutch procurement criteria, the Danish, British, German and French governments and the German municipality of Hamburg have recognised the MTCS as providing assurance of sustainable timber. In addition the Keurhout system in The Netherlands has accepted the MTCS under the Protocol for Legal Origin, and specific certificates under the Protocol for Sustainable Forest Management.

DRC becomes the 10th country to start VPA negotiations

On 22 October, the governments of the European Union and of the Democratic Republic of Congo (DRC) signed a declaration to launch negotiations for a Voluntary Partnership Agreement (VPA) on the export of legal timber to the EU under the terms of the EU's Forest Law Enforcement, Government and Trade (FLEGT) action plan. This is the first step in a negotiation process which is expected to be finalised by mid-2013. The objective of the FLEGT VPA agreement is to ensure that wood products from the DRC will carry a license showing that they contain timber and wood products from a legal source. The DRC is the 10th country to enter in VPA negotiations. VPAs have been signed with Ghana, Cameroon and Republic of the Congo and negotiations are currently on-going with Malaysia, Indonesia, Liberia, Central African Republic, Gabon, Vietnam and DRC.

The Netherlands Sawnwood Prices

FOB (Rotterdam)	US$ per m^3
Sapele KD	925⬇
Iroko KD	1131⬇
Sipo KD	1131⬇
DRM Bukit KD	925
DRM Seraya KD	932
DRM Meranti KD Seraya MTCC cert.	946
Merbau KD	1208
Sapupira (non FSC) KD	946
Sapupira (FSC) KD	1483
Anti-slip decking AD C&F Rotterdam	
Selangan batu	1497

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	410-450
African Walnut	80cm+ LM-C	340-370

UK Sawnwood Prices

FOB plus Commission		GB Pounds per m^3
Framire	FAS 25mm	500-510
Sipo	FAS 25mm	695-720
Sapele	FAS 25mm	575-600⬇
Iroko	FAS 25mm	710-730
Wawa	FAS25mm	315-340
CIF plus Commission		
Tulipwood FAS 25mm		345-370
Meranti Tembaga Sel/Btr (KD 2"boards)		545-565
Balau/Bangkirai Decking		925-960⬇
White Oak		580-630

UK Plywood and MDF Prices

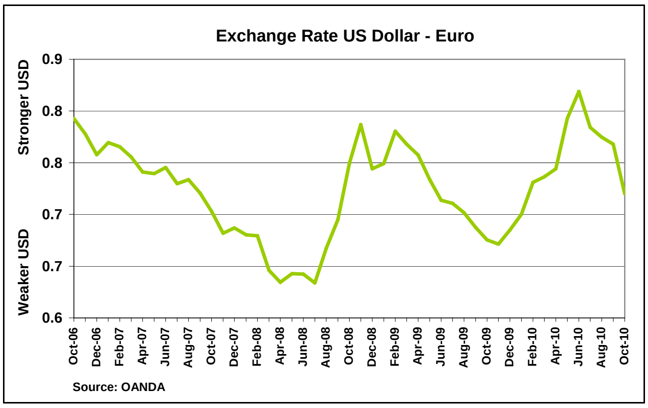
Plywood Panels 8x4", CIF	US$ per m^3
Brazilian WBP BB/CC 6mm	540-560
Malaysian WBP BB/CC 6mm	560-580
China (hardwood face, eucalyptus core) 18mm	380-390⬆
China (tropical hardwood face, poplar core) 18mm	360-380⬆

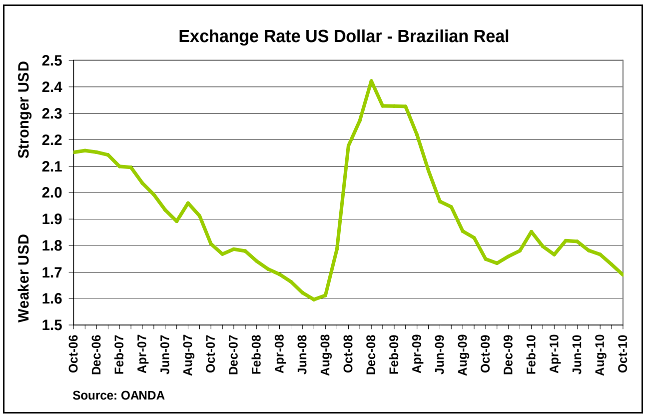
Report from North America

Federal Reserve to inject US$600 billion into economy

The US central bank, the Federal Reserve, announced that it would inject US$600 billion into government bonds by mid 2011. The recovery of the US economy remains very slow with high unemployment and low inflation. Consumer prices rose by just 1.1% over the last twelve months. The money injection is supposed to bring down long-term interest rates such as mortgages and other loans, increase lending and thereby economic growth.

Major exporting countries such as China and Germany criticized the move as it will make the US dollar cheaper and hurt exports to the US. Developing countries were also critical because a new flood of US dollars might increase the price of raw materials and commodities.

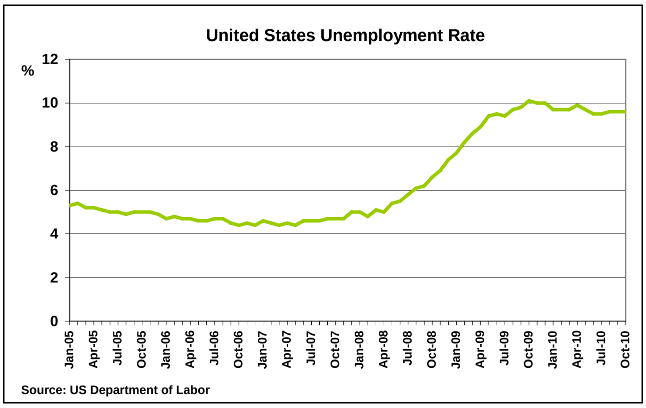




Unemployment remains high, more bank failures

The aftermath of the financial crisis and the housing market crash is still holding back the US economy. In October, the unemployment rate was at 9.6% for the third straight month. In the past, when manufacturing was a more important sector of the US economy, job creation used to bounce back faster after recessions. In today’s service economy and a higher degree of automation in manufacturing employers are slow to rehire.

US financial regulators have closed down 143 banks to date in 2010, compared with 140 in 2009. This year’s closures are on average smaller banks than in 2009. Among other reasons, it is the smaller banks that tend make risky commercial real estate loans. This year’s closures compares with 25 banks shut down in 2008, when the financial problems started, and just three banks in 2007. It is estimated that 160 to 200 banks will again close next year. The effect on lending has been small because larger banks have taken over the failed banks.



Furniture orders, shipments and retail improved slightly

Residential furniture orders and shipments improved only slightly according to the latest survey of manufacturers and distributors by consulting firm Smith Leonard. New orders for residential furniture increased 1% in August 2010 compared to the same month a year earlier. 58% of survey participants reported higher order rates compared with previous months.

Year-to-date furniture shipments were up 9% over August 2009. In 2009, shipments year-to-date were 20% below 2008. While in July shipments declined as usual in the summer, backlogs contributed to higher August shipments. Furniture inventories continued increasing, up by 14% over August last year.

After a brief increase in September, the Furniture Buying Index remained at the same level in October. After strong Labour Day weekend sales in early September, US consumers are still very cautious about spending money on big ticket items and are more likely than usual to wait for discounts. The Furniture Buying Index is compiled each month by America's Research Group from interviews with 5,000-8,000 consumers across the country.

Buy Canadian furniture campaign

The Quebec Furniture Manufacturers Association has launched a campaign to promote Canadian-made furniture to consumers. The campaign includes a website (qualitycanadianfurniture.ca) and product labelling. The initiative also promotes customised furniture and the ideas of buying local, green and quality products.

Contest promotes ipe decking

Advantage Trim & Lumber has launched the "Composite Deck Makeover" contest to raise awareness about quality problem with wood-plastic composite decking. The winner of the contest will receive free ipe decking to replace their current composite deck. Wood-plastic composites have taken significant market share from wooden decks in the US and Canada, replacing naturally resistant hardwoods and softwoods as well as treated softwoods.

US Timber prices

	Sep-10 US$ per cu.m	Oct-10 US$ per cu.m
Ipe (Brazil) Decking Premium Grade AD, 1x6, FOB Belem	2425	2425
Ipe (Brazil) Decking Premium Grade AD, 5/4x6, FOB Belem	2450	2435
Jatoba (Brazil) No.1 Common & Better AD, FOB Belem	-	-
Jatoba (Brazil) No.1 Common & Better KD, FOB Belem	-	-
Khaya (Côte d'Ivoire) FAS KD, FOB Abidjan	740	790
Khaya (Ghana) FAS KD, FOB Takoradi	870	850
Sapele (Cameroon) FAS AD, FOB Douala	720	770
Sapele (Cameroon) 4/4 to 8/4 FAS KD, FOB Douala	840	870

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.

According to the China Custom statistics, China's imports of timber were robust during the first half of 2010 versus last year. Volume picked up 25% and values increased by 60%, driven by a 28% increase in average pricing. And demand keeps rising, with June experiencing the highest monthly volume since 2008 representing a 33% increase year-on-year. However, imports from its biggest supplier, Russia, dropped slightly.
http://seekingalpha.com/article/233500-don-t-ignore-china-s-potential-long-term-shift-in-timber-suppliers

Indonesia could match Brazil's success in slowing deforestation but needs far more aid from rich nations such as the US, Japan and the European Union, according to Norway's environment minister. Norway has signed a $1 billion climate deal with Indonesia, under which Jakarta has agreed to impose a two-year ban on new permits to clear natural forests. Norway has already released $30 million of the funds, with the bulk to be paid out later after Indonesia proves greenhouse gas emissions have gone down and an independent audit is done.
http://www.reuters.com/article/idUSTRE69O1TB20101025

A new Guatemalan army contingent known as the "green battalion" has begun operations to protect a national park in the Maya Biosphere Reserve, a vast tropical forest area in the northern province of El Peten. The contingent will protect the Laguna del Tigre National Park and work jointly with the National Civil Police and the Attorney General's Office.
http://www.laht.com/article.asp?ArticleId=376164&CategoryId=23558

Next year, with the expected completion of five bridges in the west of the Amazon basin, Brazil will have its first road outlet, through Peru, to the Pacific Ocean. This will make it far easier for Brazilian exports to reach the Asian market. This is important given that China has become the largest importer of Brazilian goods, with a particularly voracious demand for soya, iron ore and timber. Anxious to take advantage of the new trade route, business groups will be keen to move into western Amazonia, an area which has as yet been relatively untouched by the destruction.
http://www.bbc.co.uk/news/world-latin-america-11674234

Prime Minister Syed Yusuf Raza Gilani of Pakistan has announced the launching of the 'Prosperous Artisan' programme aimed at imparting training and affording appropriate resources to them to stand on their own feet. The Prime Minister said as part of the efforts to improve quality of Pakistani furniture to international level, the institution of 'Furniture Pakistan' has been established to imparting artisans training on modern machines, ensuring their access to international markets. He said with a view to protecting the precious 'Sheesham' wood, a 'Wood Bank' has been established to provide international quality wood to the artisans on cheaper rates. Similarly, common facility training and manufacturing centres are initially being set up at Chiniot and Peshawar.
http://pakobserver.net/detailnews.asp?id=60728

The timber industry is warning that plantings in Victoria, Australia, plummeted in 2009 after the collapses of Great Southern and Timbercorp, which attracted investors to plantations through a series of managed investment schemes (MIS). Only 2,950 hectares of new plantations were established in 2009, down more than 70% from the 10,230 hectares planted in 2008. The situation has not improved in 2010, according to the Victorian Association of Forest Industries (VAFI).
http://www.smh.com.au/business/plantation-drop-spooks-industry-20101031-178u9.html

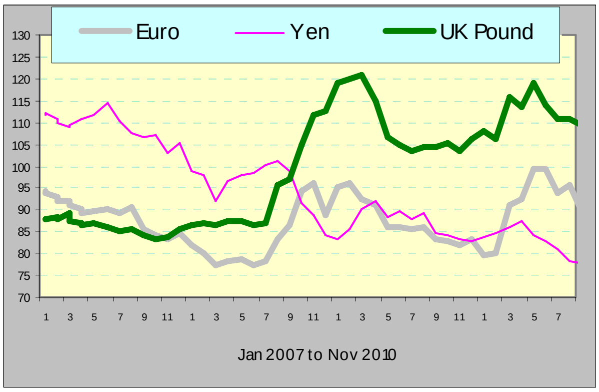
A three-year project to increase forest cover and help local communities in eastern Uganda to adapt to climate change has been launched. "The planting of one million trees has started to sustain an area of tropical forest in Africa the size of Wales," said John Griffiths, counsel-general of the Welsh Assembly, which is supporting the project. These trees will not only absorb carbon but provide shade for crops. The US$1 million Territorial Approach to Climate Change (TACC) project, launched in the eastern town of Mbale on 28 October, is also supported by the UN Development Programme (UNDP) and the UK government. It will be implemented in the districts of Bududa, Manafwa and Mbale.
http://www.irinnews.org/Report.aspx?ReportID=90956

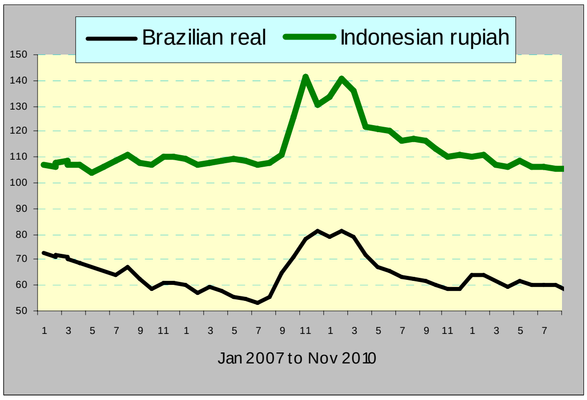
Main US Dollar Exchange Rates

As of 15th November 2010

Brazil	Real	1.7218
CFA countries	CFA Franc	481
China	Yuan	6.6438
EU	Euro	0.7370
India	Rupee	45.1875
Indonesia	Rupiah	8969
Japan	Yen	83.19
Malaysia	Ringgit	3.1114
Peru	New Sol	3.1397
UK	Pound	0.6232

Exchange rates index (Dec 2003=100)

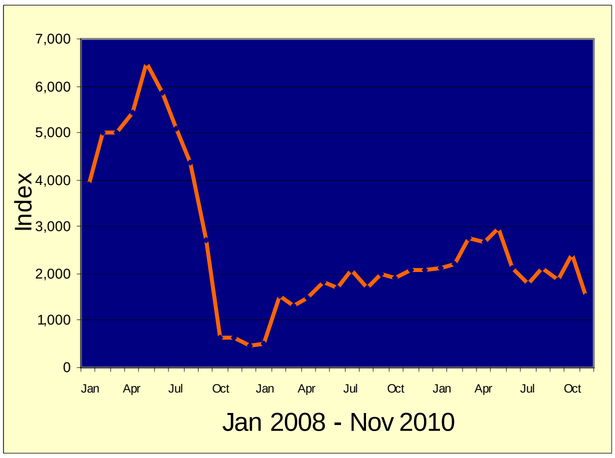




Abbreviations and Equivalences

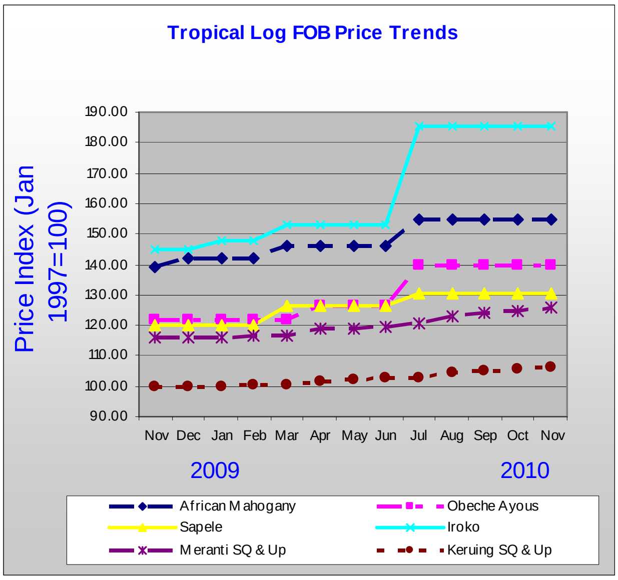
LM	Loyale Merchant, a grade of log parcel
QS	Qualite Superieure
CI, CE, CS	Choix Industriel, Economique or Supplimentaire
FOB	Free-on-Board
CIF; CNF	Cost, insurance and freight; Cost and freight
KD; AD	Kiln Dry; Air Dry
Boule	A log sawn through and through, the boards from one log are bundled together.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

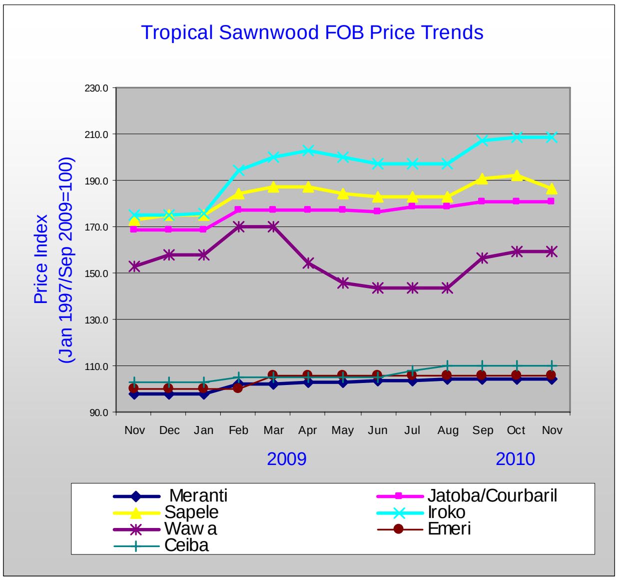


The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

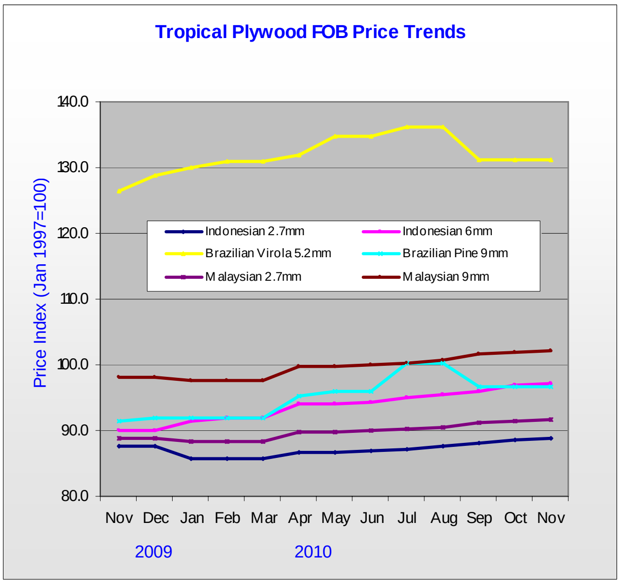
Tropical Log Price Trends



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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