Tropical Timber Market Report

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Top Story

EU tropical hardwood log imports fall to lowest level ever

The latest EU trade data indicates that imports of tropical hardwood logs into the region have continued to fall during the course of 2010. Overall imports during the first nine months of 2010 amounted to only 253,300 cu.m, 22% down compared to the same period in the previous year. The big decline in imports from Gabon following the country's log export ban imposed from May 2010 has been only partially offset by increasing imports from other countries in the Congo basin.

The quarterly data indicates that the ceasation of Gabon as a supplier of tropical hardwood logs to the international market in the first half of 2010 did not lead to any significant increase in European imports of this commodity from other countries during the third quarter of the year. EU-25 imports of tropical hardwood logs during July to September 2010 amounted to 65,000 cu.m, almost certainly the lowest quarterly volume ever recorded and only a quarter of the level recorded 2 years before.

(see details on page 13)

Headlines

Report from Central/West Africa

Log market sustained by strong demand from China and India

The market situation remains unchanged for West and Central African logs as winter arrives earlier in Europe, hampering construction activity.

Adverse weather conditions are expected to impact on the economic situation in UK. Portugal and Spain continue to face severe financial difficulties and prospects for the timber based industries in these countries remain dull.

Nevertheless, China and India continue active buying of West and Central African logs.

Overall, log traders and exporters have had a relatively good year; with steady market situation and level of prices due to the Gabon log export ban and the log export relaxation by Cameroon and Congo Brazzaville.

Better markets for some processed products

Sawnwood prices, especially for premier species, have made gains through the year, and remained stable in the past month.

Currently, sawnwood producers are worried that any over-production could affect prices. According to analysts, producers in the region have to accelerate efforts in achieving full certification for their products, in order to keep market shares in Europe and benefit from the recent greater interest in premier red species of sawnwood from the US market.

Markets for veneer have reportedly improved, but the trade in other value-added products has yet to show any sign of full recovery to pre-recession volumes and diversification. West and Central African manufacturers are slowly re-activating processing facilities, but as the current market is still dull, any increase in production is expected to have an adverse impact on price levels. In addition, as the winter season is slowing down business in Europe, there is little incentive for West and Central African producers to increase production.

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

Second JMRM meeting on VPA convened

The second formal meeting on the Joint Monitoring and Review Mechanism (JMRM) of the Voluntary Partnership Agreement (VPA) was held from 15 to 18 November 2010 in Accra. The JMRM was established to facilitate the implementation of the VPA, provide recommendations for capacity building, and assess the social, economic and environmental impacts of the Agreement.

The parties discussed the progress in the implementation of the Agreement. Ghana provided an update of progress in respect of the various envisaged components for the Legality Assurance System (LAS). LAS establishes institutional and procedural arrangements to verify the legal origin of timber through a verification and licensing scheme for all commercial timber products destined for the international and domestic markets. The update indicated Ghana's progress in developing institutional arrangements to manage the LAS effectively. In this regard, the establishment of the Timber Validation Division at the Forestry Commission and the Multi-Stakeholder Implementation Committee were proposed.

The Minister of Lands and Natural Resources noted that the VPA will have an impact on livelihoods, particularly among local communities. Both the EU and Ghana have initiated studies to address these impacts and challenges. In addition, Ghana will take concrete actions to link together the Plantation Development Programme, sustainable supply of legal timber, and the Forest Law Enforcement Governance and Trade (FLEGT).

According to Ambassador Maerten representing the EU, the recent adoption of the EU legislation on illegal timber provided a significant push for Ghana and other countries negotiating the VPAs towards their full commitment. The legislation provides justification and reward to countries with VPAs and constitutes an incentive to initiate negotiations on the VPA.

Ghana became the first timber producing country to sign a VPA with the EU in November 2009. Since then, the Republic of the Congo and Cameroon have also signed VPAs, while seven other countries are currently in the negotiation process.

The next series of meetings of the JMRM will be held in Accra in June 2011.

Ghana Log Prices

Ghana logs, domestic	US$ per m³	
	Up to 80cm	80cm+
Wawa	133-145	152-165
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 m³	
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	670
Makore	520	585
Niangon	500	590
Odum	625	695
Sapele	545	595
Wawa 1C & Select	260	295

Ghana sawnwood, domestic		US$ per m³
Wawa	25x300x4.2m	260
Emeri	25x300x4.2m	300
Ceiba	25x300x4.2m	225
Dahoma	50x150x4.2m	284
Redwood	50x75x4.2m	315
Ofram	25x225x4.2m	310

Ghana Veneer Prices

Rotary Veneer, FOB	€ per m³	
	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 m³
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	1.27	0.70
Mahogany	1.25	0.70
Makore	1.20	0.75
Odum	1.80	1.12

Ghana Export Plywood Prices

Plywood, FOB	€ per m³		
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 m³
Dahoma grade 1	492
Denya grade 1	516
Hotrohotro grade 1	580
Wawa grade 1	500⬆
Wawa grade 2	428
Ekki grade 1	475
Wawabimba Laminated grade 1	750

Report from Malaysia

Sarawak plywood manufacturers seek certification to expand market share

Sarawak plywood mills are increasingly pursuing international certification in order to expand their share in the international plywood markets.

The Sarawak Timber Industry Development Corporation (STIDC) reported that out of 42 plywood mills operating in the state, 24 have already been certified under the Japanese Agricultural Standard (JAS), 15 under the California Air Resources Board of the California Environmental Protection Agency, and 12 under European Union standards.

In the first half of 2010, Sarawak exported 1.46 million cu.m of plywood worth RM2 billion, compared to 1.7 million cu.m valued at RM1.45 billion in the same period of 2009.

In the first half of 2010, plywood exports from Sarawak to Japan amounted to 663,710 cu.m, valued at RM939 million. The Republic of Korea was the second largest export destination for Sarawak plywood with 283,493 cu.m worth RM316 million, followed by the Middle East countries with exports totalling 174,887 cu.m worth RM224.4 million.

Other major export destinations for Sarawak plywood include Taiwan P.o.C, the US, China, Hong Kong, the Philippines, Vietnam and the EU.

In 2009, the plywood industry in Sarawak employed 9,000 workers, both foreign and local, representing 20% of the total of 45,100 workers employed by the Sarawak timber industry. The plywood sector is thus the main employer within the timber industry in Sarawak.

Log Prices

Sarawak log, FOB	US$ per m³
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 m³
DR Meranti	253-272
Balau	310-339
Merbau	341-373
Rubberwood	86-120↑
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 m³
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 m³
Balau (25&50mm,100mm+)	332-352
Merbau	464-516
Kempas 50mmx(75,100 & 125mm)	268-308
Rubberwood	
25x75x660mm up	224-274↑
50-75mm Sq.	263-295↑
>75mm Sq.	285-314↑

Plywood Prices

Malaysia ply MR BB/CC, FOB	US$ per m³
2.7mm	422-484
3mm	402-432
9mm & up	349-421

Meranti ply BB/CC, domestic	US$ per m³
3mm	346-437
12-18mm	329-358

Other Panel Prices

Malaysia, Other Panels, FOB	US$ per m³
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 m³
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	70-86↑
As above, Oak Veneer	77-91↑
Windsor Chair	69-71↑
Colonial Chair	67-72↑
Queen Anne Chair (soft seat)	
without arm	68-75↑
with arm	67-76↑
Chair Seat 27x430x500mm	55-60↑

Rubberwood Tabletop	US$ per m³
22x760x1220mm sanded & edge profiled	
Top Grade	604-634↑
Standard	585-604↑

Report from Indonesia

Improved demand for Indonesian furniture in Europe and US

The approaching holiday season in Europe and the US has resulted in increased demand and orders for furniture from the city of Surakarta in Central Java, Indonesia.

According to the Surakarta branch of the Indonesian Furniture Association (Asmindo), improvement in orders began in October this year for deliveries to be made before December 2010. It is estimated that orders for the period from October to November 2010 increased by 20% over the period from January to September 2010.

In the past, some 50 furniture manufacturers in Surakarta shipped an average of 400 containers of furniture to the EU and US annually.

Sri Mulyani, the major furniture manufacturer in Surakarta noted that orders for desks and tables are also coming from Australia and Italy. Orders have been increasing since September this year.

Log Prices (domestic)

Indonesia logs, domestic prices	US$ per m³
Plywood logs	
Face Logs	203-246
Core logs	184-217
Sawlogs (Meranti)	196-257
Falcata logs	161-195
Rubberwood	78-82↑
Pine	176-217
Mahoni (plantation mahogany)	486-515

Sawnwood Prices

Indonesia, construction material, domestic	US$ per m³
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 m³
2.7mm	408-465
3mm	365-406
6mm	344-386

MR Plywood (Jakarta), domestic	US$ per m^3
9mm	266-277
12mm	258-268
15mm	247-261

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

Pyinkado prices trending downward

The general market situation in 2010 so far has remained unchanged from the previous year. The teak market is steady with stable prices, while pyinkado and gurjan are experiencing fluctuating demand and prices.

Pyinkado log prices reached as high as US$1000 per Hoppus ton for large girths, but towards the end of the year prices retreated to US$850 per Hoppus ton. Buyers complain that sizes of pyinkado logs are getting smaller and supply is short.

Teak from plantations on the rise

Expensive timbers such as padauk, tamalan and thinwin are no longer available in substantial quantities.

Myanmar teak is of superior quality as it is sourced from natural forests. This is an advantage that keeps it in demand. However, teak grades and girths have declined over the years. Experts are worried that the situation for teak will be the same as those for padauk and tamalan.

The Timber Merchants Association has suggested that timber extraction might be reduced in the coming year. However, the Myanmar Timber Enterprise (MTE) has yet to confirm this and the harvest quota for the next year is still pending.

Some experts suggest that the harvest quota will remain more or less unchanged. Teak plantations are expected to expand but plantation teak is of no comparison to naturally grown teak in terms of hardness, beauty, durability and stability.

Myanmar urged to reduce log production and export more value-added products

According to a report on the assessment of Myanmar timber utilisation, sawn teak was the main export from 1856 to 1940. It was estimated that 37 million cubic tons of teak logs and 39 million cubic tons of other hardwood logs were extracted from 1856 to 2006.

From 1936 to 1941, exports of teak logs accounted for only 1% of the total teak exports. The average annual of teak log exports was 2,397 cubic tons during the period. Between 1955 and 1956, Europe and Japan began producing veneer resulting in the share of teak log exports increasing to 22% of the total, with the balance of exports accounted by sawn teak. Most of the exported teak logs were grade 4 and higher and mainly for veneer production.

India as the largest importer ceased imports of teak from Myanmar from 1963 to 1983, but resumed purchasing after 1983. India that used to buy teak squares, has shifted to procuring more low grade teak logs.

Evolvement of teak exports from Myanmar (% of the total teak exports)

Year	Teak logs %	Teak sawnwood %
1936 to 1941	1	99
1954 to 1964	22	78
1993 to 2003	89	11
2004 to 2008	94	6

Myanmar's forest policy is to reduce log exports and increase production of value-added wood products. According to experts, Myanmar should reduce log production to mitigate climate change and degradation and promote exports of more value-added products.

Myanmar log prices (natural forest logs)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
Veneer Quality	Oct	Nov
2nd Quality	nil	nil
3rd Quality	6,219 (4 tons)	nil
4th Quality	4,671 (10 tons)	4,609 (10 tons)
Sawing Quality		
Grade 1 (SG-1)	2,670 (33 tons)	3,004 (35 tons)
Grade 2 (SG-2)	2,622 (38 tons)	2,462 (41 tons)
Grade 4 (SG-4)	1,641 (218 tons)	1,753 (217 tons)
Grade 5 (SG-5) Assorted	1,338 (37 tons)	1,135 (84 tons)
Grade 6 (SG-6) Domestic	1,169 (100 tons)	1,054 (138 tons)
Grade 7 (ER-1)	821 (169 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

Robust economic growth sustained in second quarter

In the second quarter of the fiscal year 2010-2011, the manufacturing and construction sectors grew 8.9% and 8.8% respectively, enabling economic growth to exceed the forecast of 8.2% growth for the period. The agricultural sector grew 4.4% over the same period last year due to the favourable monsoon season, according to the Central Statistical Organization.

In the second quarter of the fiscal year 2010-2011, exports grew sharply by 21.6% compared to the same period last year.

India targets forest cover of 33% of land area by 2020

India targets 10 million hectares of land more under forest cover by 2020. The announcement was made by the Director General of Forest Department in New Delhi, during the Indira Priyadarshini Vriksha Mitra (IPVM) awards given for afforestation and wasteland development efforts.

The forest cover in India is currently 23% of the total land area and the plan is to expand it to 33% within the next ten years. Better soil and water conservation and afforestation efforts will result in expanding agriculture, less migration to cities and improved livelihoods.

The efforts of the government of India are supplemented by plantations of poplar, eucalyptus, casuarinas, semul, gmelina among others species, in order to improve raw material supply for the paper, plywood and panel industries. NGOs are establishing plantations for fruit and medicinal plants including mango, tamarind and ebony. Established plantations of eugenia, mimusops, subabul, sissoo, neem and acacia provide timber for the construction and furniture industries.

Teak log import statistics

The following table presents teak log imports from different countries through Kandla port in the period April 2010 – October 2010.

Teak imports through Kandla port in the period April 2010 – October 2010

April 2010 – October 2010	m^3
Benin	14,726
Brazil	2,351
Costa Rica	14,881
Ivory Coast	48,402
Ecuador	22,996
El-Salvador	4,295
Ghana	40,439
Myanmar	32,738
Nigeria	4,579
Panama	15,776
Sudan	5,338
Tanzania	10,064
Togo	3,604
Other countries (13)	2,764
TOTAL	222,953

Source: Kandla Timber Association

CNF Plantation Teak

	US$ per m^3
Tanzania Teak sawn	450-750
Côte d'Ivoire logs	475-650
PNG logs	500-550
El-Salvador logs	315-450
Guatemala logs	300-450
Nigeria squares	310-500
Ghana logs	350-700
Guyana logs	350-450
Benin logs	350-800
Benin sawn	450-650
Brazil squares	325-550
Brazil sawn	450-650
Burkina Faso logs	350-450
Columbia logs	365-600
Togo logs	350-500
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.	5200-6500
Plantation Teak A grade	2500-3800
Plantation Teak B grade	2000-2800
Plantation Teak C grade	1500-1800

India Sawnwood Prices (imports)

Sawnwood, (Ex-mill) (AD)	Rs. per ft^3
Merbau	1300
Balau	1250
Kapur	900
Red Meranti	650
Bilinga	650
Radiata Pine (AD)	340-350
Sawnwood, (Ex-warehouse) (KD)	**Rs. Per ft^3**
Beech	1100
Sycamore	1250
Oak wood	1400
American Walnut	1850
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	30.8
6 mm	43.4
12 mm	58.6
15 mm	70.0
18 mm	84.4

Locally Manufactured Plywood "Commercial Grade"	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.10.50	Rs.18.00⬇
6mm	Rs.15.20	Rs.26.30⬇
8mm	Rs.19.20	Rs.29.40
12mm	Rs.23.40	Rs.31.60
19mm	RS.29.40	Rs.42.50
5mm Flexible ply	Rs.19.50	Rs.23.50

Report from Brazil

IBAMA meets 2010 deforestation reduction targets

The Brazilian Institute for Environment and Renewable Natural Resources (IBAMA) achieved the targets set for 2010 in the fields of environmental control and enforcement actions. The evaluation was made in preparation of the Annual National Plan for Environmental Protection (PNAP) for 2011.

The main indicator for IBAMA's work on combating forest fires and illegal forest activities is the deforestation rate. It is estimated that the annual deforestation will be reduced to 6,450 square kilometers in 2010, a 14% decrease over the previous year and the lowest in the last 20 years.

Brazilian forest production expanded in 2009

Juara municipality in the state of Mato Grosso is the largest roundwood producer in the country, accounting for 4.5% of the total national roundwood production. According to the Institute of Geography and Statistics (IBGE), 688,920 cu.m of roundwood was produced in Juara in 2009.

In 2009, the Brazilian roundwood production totalled 122.15 million cu.m. Out of the total 87.5% came from forest plantations and 12.5% from natural forests. Among the states, the largest timber producer is the state of Pará with annual production of 5.97 million cu.m of roundwood accounting for 39.2% of the national total, followed by Mato Grosso with 3.92 million cu.m (25.7%), and Rondônia with 1.35 million cu.m (8.9%).

In 2009, the total production value of plantation forests and natural forests was BRL13.6 billion. A share of 66.4% came from plantation forests and 33.6% from natural forests, while in 2008 the shares were 69.3% and 30.7% respectively. Timber production from natural forests amounted to 15.2 million cu.m in 2009, up 7.9% from 2008. The production value of natural forests totalled BRL4.6 billion in 2009; BRL3.9 billion came from timber production and BRL685 million from non-timber production.

Balsa wood production in Mato Grosso

A Swiss company visited Mato Grosso in order to procure Brazilian wood for wind turbine propeller manufacturing. The Swiss company is globally one of the largest distributors of balsa wood (Ochroma pyramidale), and in addition to propellers, balsa wood is used for insulation, crafts, rafts, paper and furniture among others.

In the state of Mato Grosso, the planted balsa wood area totals 3,700 hectares which is managed by 105 producers. First harvests of balsa wood plantations are made at age of 3-4 years when trees reach the height of 20 meters and 35 cm in diameter. Currently, 20% of the total balsa wood plantation area is ready for harvests while the balance is less than 2 years old plantation trees. There is no processing industry for balsa wood in the state and thus it is sold as roundwood.

The Corporation for Agricultural Research, Technical Assistance, and Rural Extension of Mato Grosso (EMPAER) has been carrying out research on balsa wood during the past five years analysing growth data and production costs for marketing purposes. EMPAER together with Embrapa (Brazilian Agricultural Research Corporation) are conducting research on characteristics of balsa wood to meet higher standards and commercial value.

Timber production levels off in November

The state of São Paulo is the major market for timber from natural forests. The market in São Paulo remained steady in November 2010, while only few changes were registered. In the region of Bauru municipality, an average price of jatoba panel increased 0.95%. Prices of peroba rosa panel fell 0.38% in Bauru and 2.08% in Marília. For the regions of Itapeva, Campinas and Sorocaba average prices of timber products remained unchanged.

In Pará state, November prices of timber products were also stable. Only maçaranduba panel average price declined 0.56%.

In November 2010, the total Brazilian timber, pulp and paper export value amounted to US$729 million, down 1.9% from October 2010 with US$743 million. For Brazilian timber exports, the export value totalled US$156.9 million, decreasing 5% from US$165.3 million exported in October 2010.

Brazil Log Prices (domestic)

Brazilian logs, mill yard, domestic	US$ per m^3
Ipê	156
Jatoba	112
Guariuba	73
Mescla (white virola)	81

Brazil Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB		US$ per m^3
Jatoba Green (dressed)		850
Cambara KD		504
Asian Market (green)	Guariuba	273
	Angelim pedra	655
	Mandioqueira	241
Pine (AD)		199

Brazil sawnwood, domestic (Green)		US$ per m^3
Northern Mills (ex-mill)	Ipé	753
	Jatoba	577
Southern Mills (ex-mill)	Eucalyptus (AD)	201
	Pine (KD) 1st grade	256

Brazil Veneer Prices

Veneer, Export (Belem/Paranagua Ports) FOB	US$ per m^3
White Virola Face 2.5mm	297
Pine Veneer (C/D)	209

Rotary cut Veneer, domestic	US$ per m^3	
(ex-mill Northern Mill)	Face	Core
White Virola	273	226

Brazil Plywood Prices

Plywood, FOB	US$ per m^3
White Virola (US Market)	
5.2mm OV2 (MR)	450
15mm BB/CC (MR)	391
White Virola (Caribbean market)	
4mm BB/CC (MR)	520
12mm BB/CC (MR)	419

Pine Plywood EU market, FOB	US$ per m^3
9mm C/CC (WBP)	277
15mm C/CC (WBP)	259
18mm C/CC (WBP)	246

Plywood, domestic (ex-mill Southern mill)		US$ per m^3
Grade MR (B/BB)	White Virola 4mm	962
	White Virola 15mm	700

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)	312
Domestic Prices, Ex-mill Southern Region	
Blockboard White Virola faced 15mm	591
Particleboard 15mm	383

Brazil Added Value Products

FOB Belem/Paranagua Ports		US$ per m^3
Edge Glued Pine Panel		
Korean market (1st Grade)		625
US Market		493
Decking Boards	Cambara	621
	Ipê	1,638

Report from Peru

October wood product exports dropped significantly

The Export Association of Peru (ADEX) has reported that October 2010 exports of wood products were US$ 12.3 million, down 19% from the levels in October 2009. Year-to-date exports totalled US$141 million, representing a 20% growth from the same period last year.

Three biggest buyers were China, the US and Mexico, together accounting for 78% of the total export volume. In October, Sweden increased imports of sawnwood, plywood and decking materials compared to last year. Columbia increased imports while Venezuela and the US reduced their wood product imports significantly from last year, by 50% and 45% respectively.

Main items of wood product exports

In the period from January to October 2010, the main exported items were semi-manufactured products with a 45% share of the total wood product export volume. The exports totalled US$64 million, representing a 31% increase over the same period of 2009.

Semi-manufactured products were exported mainly to China which accounted for 78% of the total exports in the period. Swedish and Israeli importers substantially increased their purchases of semi-manufactured products in October.

Sawnwood exports made up 35% of the total exports. In the period from January to October 2010, sawnwood exports totalled US$49 million, up 12% over the same period last year. The main destination was China with a 34% share of the total sawnwood exports.

Veneer and plywood exports in January – October valued at US$13.2 million, an increase of 9% over the same period last year. Veneer and plywood are exported mainly to Mexico which accounted for 93% of total exports.

In the period from January to October 2010, exports of furniture and its parts were valued at US$5.5 million, representing a 8% decline compared to the same period last year. The US is the main market for furniture accounting for 52% of the total exports. During the period, exports to the US and Chile collapsed compared to last year, down 58% and 32% respectively.

Heavy fines imposed on illegal logging

The Ministry of Agriculture of Peru announced a total of US$750 million to levy fines collected on transportation and trade of illegally harvested timber without the documentations required in the Forest law.

According to the General Directorate of Forestry and Wildlife Fauna (DGFFS), any timber products without required documentation will be seized, as well as tools and machinery used in illegal activities. If a concession holder is suspected of any violation of law, all activities, licences and permits will be suspended from the time of investigation till the final decision.

Peru's natural forest cover is second largest in South America

With a total natural forest area of 68.7 million hectares, Peru has the second largest natural forest area in South America after Brazil and ninth largest in the world, according to the Agricultural Ministry (Minag). Most of the forest area in Peru is in the Amazon, accounting for 94%, followed by coastal forests (4.6%), and highland forests (1.3%).

The total reforested area stands at 0.9 million hectares in the country. The estimated total forest plantation area is 40,000 hectares, mainly located in La Libertad, Cajamarca, Cusco, Apurimac and Ancash. The potential area for reforestation in Peru is more than 10.5 million hectares which is a good opportunity to expand the forest plantation area, say an analyst.

Strategic Agenda for Amazonian Cooperation

Eight member countries of the Cooperation Treaty Organization (OTCA), namely Venezuela, Bolivia, Brazil, Colombia, Ecuador, Guyana, Suriname and Peru met in Lima in the last week of November. Countries signed the Declaration of Lima targeted at achieving a balance between the extraction of Amazonian natural resources and the conservation.

During the meeting, the Strategic Agenda for Amazonian Cooperation was designed, an effort to agree on guidelines for the short, medium and long term sustainable development and cooperation in the Amazon.

Peru Sawnwood Prices

Peru Sawnwood, FOB Callao Port		US$ per m^3
Mahogany S&B KD 16%, 1-2" random lengths (US market)		1655-1702
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	798-866⬇
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	933-998⬇
Cumaru decking, AD, S4S E4S, US market		949-1139
Pumaquiro KD # 1, C&B, Mexican market		423-511
Quinilla KD, S4S 2x10x62cm, Asian market		477-503⬇
	2x13x75cm, Asian market	708-768

Report from Guyana

Demand from Asia drives timber prices up

During the period under review, there were no exports of greenheart logs. On the other hand, purpleheart logs achieved favourable prices for all qualities (standard, fair and small) with the major destination being the Asian market. Mora log prices remained relatively stable in this fortnight period, however, prices for small sawmill quality gained slightly.

For sawnwood, undressed greenheart prices gained for the select quality. Undressed mora prices continued to hold, as well as prices for dressed greenheart. Prices for dressed purpleheart gained slightly in the period under review.

In the period under review, Guyana's Washiba (Ipe) attracted a higher price average at $US1,800 per cu.m with the main export destination being the US market.

Roundwood, including both piles and posts, showed favourable prices in this fortnight period with the main destinations being Europe and the Caribbean. Average prices for splitwood inched up to US$1,000 per cu.m.

For the period under review, value-added products made notable contributions to total export earnings. The major exported products were handicrafts, mouldings, wooden utensils and ornaments with the main destination being the Caribbean. Crabwood (Andiroba) was one of the main species used for the production of these value-added products.

Second kiln drying facility commissioned in Guyana

On 29 November 2010, the second GYD20 million kiln drying complex was opened in Crabwood Creek, Berbice. The facility was commissioned under the ITTO funded project "Value adding and kiln drying of commercial timbers by small scale community saw millers in Guyana" being implemented by the Guyana Forestry Commission. The first kiln drying facility was commissioned in the beginning of November in Essequibo Coast.

Export markets for lumber can attract a market price of US$1,000 per cu.m, compared to about US$600 per cu.m currently received by exporters. Kiln drying prevent stains and degradation of wood. In addition, the weight of dried wood is lower. Kiln dried sawnwood is mostly utilised by the furniture manufacturing sector.

Guyana Log Prices

Logs, FOB Georgetown	SQ - $ Avg unit value per m³ Std	Fair	Small
Greenheart*	-	-	-
Purpleheart	230-260⬆	245⬆	230⬆
Mora	-	135⬆	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 m³	
EU and US markets		Undressed	Dressed
Greenheart	Prime	-	-
	Standard	-	649-1350⬇
	Select	575-1060	
	Sound	535⬇	
	Merchantable	575	
Purpleheart	Prime	-	-
	Standard	-	700-827⬇
	Select	657⬇	
	Sound	-	
	Merchantable	-	
Mora	Prime	-	
	Select	500	
	Sound	-	
	Merchantable	400⬇	

Guyana Plywood Prices

Plywood, FOB Georgetown Port			$ Avg unit val. per m³
Baromalli	BB/CC	5.5mm	-
		12mm	-
	Utility	5.5mm	-
		12mm	-

Report from Japan

Imported log prices trending upwards

Prices of logs have been climbing during the whole year due to active buying from Indian traders in Sarawak and Chinese traders in Sabah. Especially for kapur and keruing logs in Sabah, supply was short of demand, driving prices up. In addition, Vietnam and Pakistan are joining the market pushing up demand. The rainy season is expected to further curtail log supply, reports the Japanese Lumber Reports (JLR).

According to the JLR, log shortages at the ports in Malaysia are severe and many ships are waiting for cargos. This, in turn is driving up demurrage and total shipping costs. Shipping companies are now asking US$47-48 per cu.m, up US$1 per cu.m from November. According to importers, loading time is normally one week, but due to log shortages it is currently 10-14 days.

In Sabah, log export prices at Tawau port for mix serayah logs are at US$230-235 per cu.m FOB, up US$5-7 per cu.m from November. White serayah log prices fetched US$250 per cu.m FOB. Kapur prices gained US$5 per cu.m from a month ago to US$275-280 per cu.m FOB, while keruing log prices jumped US$20 per cu.m to US$260 per cu.m FOB. Keruing log prices for sawnwood (70-80 cm & up) fetched US$275-285 per cu.m FOB.

In Sarawak, meranti regular log export prices at Tanjonmani port are at US$245 per cu.m FOB, gaining US$10 per cu.m from a month ago and US$65 per cu.m (up 27%) from the beginning of the year. Small meranti prices are at US$210 per cu.m FOB, up US$70 per cu.m (up 34%) from the beginning of the year, however, current asking prices are closer to US$215 per cu.m. Kapur log prices are at US$300 per cu.m FOB.

According to JLR, the Japanese market for hardwood logs is firming after frenetic buying due to the strong Yen in recent months. In addition, some manufacturers have been rebuilding their stocks ahead of the rainy season in producer countries. Currently, the appreciation of Yen has eased but CIF prices have trended upwards since early November.

Plywood mills in Japan utilising imported tropical hardwood logs have maintained their reduced production levels at around 70% of full capacity for more than a year.

In Japan, CIF prices gained Yen 100 from November to Yen 7,200-7,300 per koku for Sarawak meranti regular logs and to Yen 6,100-6,200 per koku for small meranti logs. Super small meranti log prices stood at Yen 5,800-5,900 per koku, unchanged from November.

Sharp fall of plywood imports from Malaysia

According to JLR, plywood consumption in Japan during October was 452,600 cu.m, down 8.9% from October 2009, and 9.4% less than recorded in September 2010.

October plywood imports amounted to 223,800 cu.m, the lowest level this year and around 40,000 cu.m less than the monthly average during 2010. The major cause for the overall fall is that plywood imports from Malaysia plummeted 42% compared to October last year. According to JLR, the main factors for the curtailed plywood supply are the log shortage and the appreciation of Malaysian currency against the US dollar.

However, October plywood imports from Indonesia amounted to 72,000 cu.m, up 20.4% compared to October last year.

October and year-to-date plywood imports

	October 2010 (cu.m)	% change on October-09	Jan-October 2010 (cu.m)	% change Jan-October 2009 to 2010
Malaysia	94,000	-42	1,299,000	3.3
Indonesia	72,000	20.4	746,000	4.4
China	47,000	11.8	492,000	54.3
New Zealand	1,000	63.9	34,000	37.6
Canada	-	-	3,000	11.2
Others	6,000	79.5	60,000	100.6
Total imports	223,000	18.5	2,637,000	12.1

Source: JLR

October housing starts improving from last year
Total housing starts in Japan during October were 71,390, up 6.4% from October last year. The number of housing starts has increased for the fifth consecutive month this year, reports JLR. However, October 2010 starts are still the second lowest ever recorded for the month of October. Owner's units and units built for sale showed some increases compared to last year, but housing starts for rental units fell.

The seasonally adjusted housing starts fell from September 2010 by 2.9% to 813,000 in October 2010. Wood frame units were up by 5.3% over October last year and these constituted about 57% of the total housing starts in October 2010.

October housing starts

	Oct-10	% Change to Oct-09
Total	71,390	6.4
Owner's units	27,842	10.4
Rental units	25,140	-9.0
Built for sale	17,894	37.1
Wood frame units	40,991	5.3
Prefabricated units	11,560	2.5
2x4 units	8,690	-4.5

Source: JLR

Forest Revitalisation Plan finalised
JLR reports that the Ministry of Agriculture, Forestry and Fisheries has finalised the Forest Revitalisation Plan to be implemented from the beginning of 2011. The plan will be renewed every five years.

Under the plan, the committee of performance and management, as well as four research committees will be established covering the fields of logistics, reformation of forest associations in promotion of forestry, training and education, processing, and marketing and utilisation of domestic forest resources/timber.

According to the plan, 2,000-3,000 foresters, 2,000 forest business planners and 5,000 forest managers will be produced during the next ten years. In promoting the use of domestic forest resources, forest management plans and reforestation activities will be required from 2012 onwards. Low cost production and consolidation of the forest sector will be promoted according to the plan.

Log and Sawnwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku (Koku=0.278 m^3)
Meranti (Hill, Sarawak)	
Medium Mixed	6,900⬇
Standard Mixed	7,100⬇
Small Log (SM60%, SSM40%)	6,900⬇
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)	Nov (¥ per sheet)	Dec (¥ 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	930	930
12mm concrete-form ply (JAS)	900 X 1800	890	890
12m coated concrete-form ply (JAS)	900 X 1800	1030	1030
11.5mm flooring board	945 X 1840	1300	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

Timber imports through Shanghai grew sharply
According to the Shanghai Timber Association, timber imports through Shanghai totalled 4.31 million cu.m of timber in the first three quarters of 2010, up 47% from the same period last year. Imports were valued at US$ 1 billion, increasing 89% from last year, indicating a sharp rise in unit prices.

In terms of imported volumes, Canada was the major supplier overtaking New Zealand which was the largest supplier last year. Other imports originated from the US, the Philippines and Australia.

In the first three quarters of 2010, timber imports from Canada totalled 1.17 million cu.m, up 55% over the same period last year. Spruce sawnwood and Douglas fir logs were the main imported timber products. The average unit price was US$168 per cu.m, up 29% from last year. The unit price rise was more moderate for Canadian timber than for New Zealand timber, which was the main reason for the sharp increase of Canadian timber imports.

Timber imports from New Zealand amounted to 875,000 cu.m in the first thee quarters of 2010, down 4% from the same period last year. Radiate pine logs were the main imported products. The average unit price was US$137 per cu.m, up 55%.

In the first three quarters of 2010, timber imports from US surged 162% compared to the same period last year, amounting to 514 000 cu.m of timber. The average unit price was US$349 per cu.m, increasing 29% over last year.

Timber imports from Australia totalled 242,000 cu.m in the first three quarters of 2010, 14% more than in the same period last year. Nearly 90% of imported timber was radiate pine logs. The average unit price was US$162.3 per cu.m, up 30%.

Timber imports from the Philippines amounted to 319,000 cu.m in the first three quarters of 2010, a 103% jump over the same period of last year. Batai sawnwood (Aibizia falcataria) were the main imported species. The average unit price was US$98.4 per cu.m, increasing only slightly by 5%. According to analysts, the plywood export recovery resulted in improved demand for peeling quality logs from Chinese plywood manufacturers.

Besides the five countries mentioned above, timber was imported through Shanghai from Indonesia (166,000 cu.m, up 111%), Russia (91,500 cu.m, down 13%), Germany (90,700 cu.m, up 107%), France (63,200 cu.m, up 172%), Malaysia (53,000 cu.m, up 16%), Brazil (37,000 cu.m, down 2%), Finland (18,000 cu.m, up 111%), Belgium (28,000 cu.m, up 180%) and Romania (18,000 cu.m).

Manzhouli is the largest land port city in China

Manzhouli, a small frontier town in the Northeast China, has become an important transportation hub and the largest land port city in China because of its favourable geographical location on the boarders of Mongolia and Russia. Timber imports through the Manzhouli port accounts for around 60% of total annual timber imports in China.

With the rapid development of China's economy as well as the implementation of the Natural Forest Protection Programme, imports of Russian logs and sawnwood though the Manzhouli port have been increasing in recent years. Imports of logs and sawnwood through the Manzhouli port amounted to 3.8 million cu.m in 2000, 5 million cu.m in 2001, 7.25 million cu.m in 2005 and topped 11 million cu.m in 2007. Since 2008, log imports have been declining due to the global economic situation and high taxes for Russian log exports. However, imports of sawnwood continued to grow.

Many timber companies from Japan, Russia, Hong Kong, Macau and Taiwan P.o.C have established timber processing mills in Manzhouli, because of good raw material supply. The Manzhouli processing base comprises now over one hundred manufacturers producing veneer, panels, laminated wood, wooden decoration, wooden doors, windows and furniture. The main export destinations are the US, Japan, Republic of Korea and European countries.

In 2009, annual timber processing capacity reached 7 million cu.m for sawnwood and 1.9 million cu.m for timber drying. From 2004 to 2009, the accumulated volume of processed wood amounted to 18.25 million cu.m with an annual average growth of 36%. During the period, the annual average growth of output value and profits were 62% and 29% respectively.

Nanxun of Zhejiang Province is major centre for wood flooring

The Chinese Forest Products Association and the government of Nanxun City, Zhejiang Province signed an agreement on building a wood flooring centre in Nanxun. According to the development programme for the wood flooring industry in Nanxun, the plan for the next phase is to build a 500 square metre wood flooring industrial park and six centres including product marketing centre, R&D centre, logistical centre, financial service centre, pricing centre and information centre.

The government of Nanxun City expects that sales of large scale enterprises (annual output value over RMB5 million) will reach RMB20 billion by 2012 and RMB40 billion by 2015, which would be 3.5 times over the 2009 level. Currently, there are more than 400 enterprises out of which 23 enterprises have annual sales over RMB100 million.

It is reported that wood flooring output and sales of solid wood flooring account for 30% and 60% of the national total respectively.

Sino-US forum on illegal logging and related trade

The third session of Sino-US forum on combating illegal logging and related trade was held on 18 November 2010 in Washington DC, USA. The forum was established in 2008 under the Memorandum of Understating between the governments of China and US.

The Chinese delegation including representatives from the State Forestry Administration (SFA), Global Access China (GAC) and various forestry associations and enterprises, was led by Mr. Zhang Yongli, the vice administrator of SFA. The US delegation comprised representatives from several governmental departments and was led by the assistant secretary of state and the assistant trade representative.

The session discussed the mechanism for custom data exchange between the two countries, the implementation of the Amended Lacey Act and future cooperation, among other issues. The research project entitled "Timber legality in Sino-US forest product trade" was launched formally.

US hardwood sales continue to grow in Chinese market

According to statistics, US hardwood exports to China totalled US$454 million in the period from January to August 2010, accounting for 27% of the total US hardwood exports. Consequently, China is the major market for US hardwood exports.

China has been increasing imports of US hardwood for six consecutive years and for the rest of the year the growth is forecast to continue.

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)	9500↑
US Maple 2" KD	7500-10000
US Cherry 2"	10000-13000
US Walnut 2"	14000-16000
Lauan	4000-4200
Okoume	4000-4500
Sapele	6000-6400↓

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)	6300-6500↓
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.	1480↑

Hebei Shijiangzhuang Wholesale Market

Logs		Yuan per m^3
Korean Pine 4m, 38cm+ diam		1700↑
Mongolian Scots Pine	4m, 30cm diam.	1700↑
	6m, 30cm+ diam.	1750↑
Sawnwood		
Mongolian Scots Pine	4m, 5-6cm thick	1700↑
	4m,10cm thick	1750↑

Zhejiang Jiashan Kaihua International Timber Market

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

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

Report from Europe

EU tropical hardwood log imports fall to the lowest level ever

The latest EU trade data indicates that imports of tropical hardwood logs into the region have continued to fall during the course of 2010. Overall imports during the first nine months of 2010 amounted to only 253,300 cu.m, 22% down compared to the same period the previous year. The big decline in imports from Gabon following the country's log export ban imposed from May 2010 has been only partially offset by increasing imports from other countries in the Congo basin.

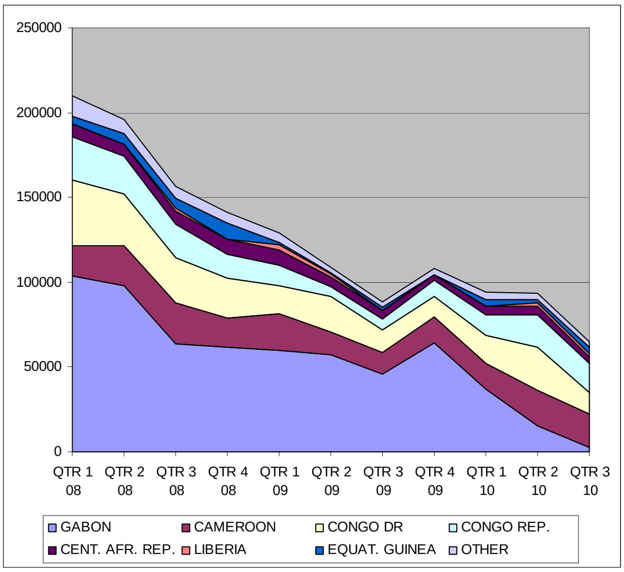
EU-25 imports of tropical hardwood logs by main supplier

	Volume 1000 m3					
		Year			Jan-Sept	
Despatch country		2008	2009	2009	2010	% chng
GABON	404.1	327.2	226.6	162.7	54.9	-66.2
CAMEROON	149.8	82.6	64.1	48.3	55.8	15.5
CONGO DR	160.7	120.4	62.6	50.6	54.9	8.5
CONGO REP.	89.4	80.0	33.1	23.6	48.5	105.9
CENT. AFR. REP.	48.1	32.0	22.7	19.8	13.4	-32.4
LIBERIA	0.0	1.5	5.9	5.9	4.3	-27.5
EQUAT. GUINEA	62.0	26.1	3.8	3.8	9.1	141.6
OTHER	53.2	33.4	14.9	11.2	12.4	11.2
TOTAL	**967.4**	**703.1**	**433.7**	**325.8**	**253.3**	**-22.2**

Note EU-25 includes all members of the EU except Romania and Bulgaria that only acceded in January 2008. Data is Forest Industries Intelligence Ltd analysis of Eurostat trade data supplied by BTS Ltd.

The quarterly data indicates that the ceasation of Gabon as a supplier of tropical hardwood logs to the international market in the first half of 2010 did not lead to any significant increase in European imports of this commodity from other countries during the third quarter of the year. EU-25 imports of tropical hardwood logs during July to September 2010 amounted to 65,000 cu.m, almost certainly the lowest quarterly volume ever recorded and only a quarter of the level recorded 2 years before.

EU-25 quarterly imports of tropical hardwood logs by main supply country to end September 2010 (cu.m)



Note EU-25 includes all members of the EU except Romania and Bulgaria that only acceded in January 2008. Data is Forest Industries Intelligence Ltd analysis of Eurostat trade data supplied by BTS Ltd.

EU hardwood sawnwood imports slip in third quarter of 2010

Although EU imports of hardwood sawnwood for the first 9 months of 2010 were 2.8% higher than the same period in 2009, the recovery in imports lost momentum in the third quarter of the year. This may be seasonal and be due to short-term stocking issues rather than to indicate a long-term reversal in underlying consumption trends. A similar decline in imports in the third quarter of 2009 was followed by recovery in the last quarter of the year. A clear indication of whether the recovery this year is sustainable or stalling will only come with the publication of the full year figures.

EU-25 imports of hardwood sawnwood by main supplier

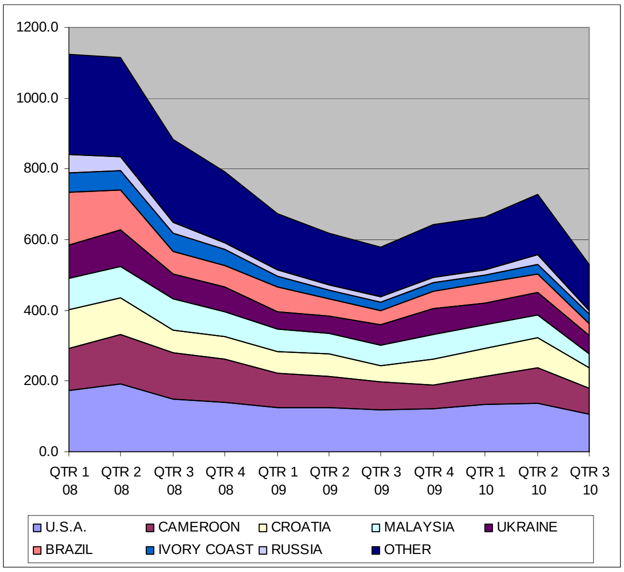
	Volume 1000 m3					
		Year			Jan-Sept	
Despatch country	2007	2008	2009	2009	2010	% chng
U.S.A.	771.8	651.3	488.4	367.5	376.0	2.3
CAMEROON	609.4	517.0	329.9	262.8	253.3	-3.6
CROATIA	420.4	339.2	251.0	177.3	224.6	26.7
MALAYSIA	350.6	334.7	243.3	174.2	167.8	-3.7
UKRAINE	398.5	334.1	231.1	157.5	178.8	13.5
BRAZIL	696.9	393.4	208.4	158.1	141.3	-10.6
IVORY COAST	241.6	204.0	101.2	78.6	77.9	-0.8
RUSSIA	165.8	141.5	66.6	49.1	52.5	7.1
GABON	104.8	93.8	62.0	45.5	51.8	13.8
BOSNIA & HERZ.	164.3	105.5	59.8	43.7	47.8	9.3
BELARUS	97.3	85.3	46.9	35.2	34.9	-0.8
CANADA	90.2	64.8	41.4	31.4	36.6	16.7
SERBIA	107.9	72.9	45.1	33.3	37.7	13.4
ROMANIA	107.7	79.5	43.0	31.6	35.2	11.1
GHANA	97.4	78.4	41.1	31.9	31.2	-2.1
INDONESIA	57.7	56.1	39.8	31.0	27.8	-10.6
CONGO REP.	66.9	56.7	27.5	21.5	26.6	23.8
CONGO DR	54.0	51.0	31.7	24.3	13.3	-45.4
OTHER	280.5	252.3	155.0	117.5	109.9	-6.5
TOTAL	**4883.7**	**3911.4**	**2513.3**	**1872.0**	**1924.9**	**2.8**

Note EU-25 includes all members of the EU except Romania and Bulgaria that only acceded in January 2008. Data is Forest Industries Intelligence Ltd analysis of Eurostat trade data supplied by BTS Ltd.

EU imports of sawn hardwood from the leading tropical supply countries, Malaysia and Cameroon, were marginally down during the first nine months of 2010 compared to the same period in 2009. Imports from Brazil have lost significant ground, largely due to supply constraints and unfavourable exchange rates. However, EU imports of tropical sawnwood from Gabon and the Congo Republic have recovered strongly this year.

One of the most noticeable trends in EU sawn hardwood imports this year has been the growth in market share of several Eastern European countries, including Croatia, Ukraine, and Bosnia. Meanwhile, imports from the US, which remains the largest external supplier of sawn hardwood to the EU, have recovered slightly on figures recorded the previous year.

EU-25 quarterly imports of sawn hardwood by main supply country to end September 2010 (1000 cu.m)



Note EU-25 includes all members of the EU except Romania and Bulgaria that only acceded in January 2008. Data is Forest Industries Intelligence Ltd analysis of Eurostat trade data supplied by BTS Ltd.

EU veneer imports rise following Gabon log export ban

During the first nine months of 2010, EU imports of hardwood veneer were up nearly 15% on the same period the previous year. This is partly the result of a switch to hardwood rotary veneer imports by European plywood manufacturers in place of logs from Gabon following the log export ban in May. However, rising levels of veneer imports from countries better known for supply of sliced veneer – such as Ivory Coast, USA, and Romania - suggests this component of the veneer market has also seen some recovery this year.

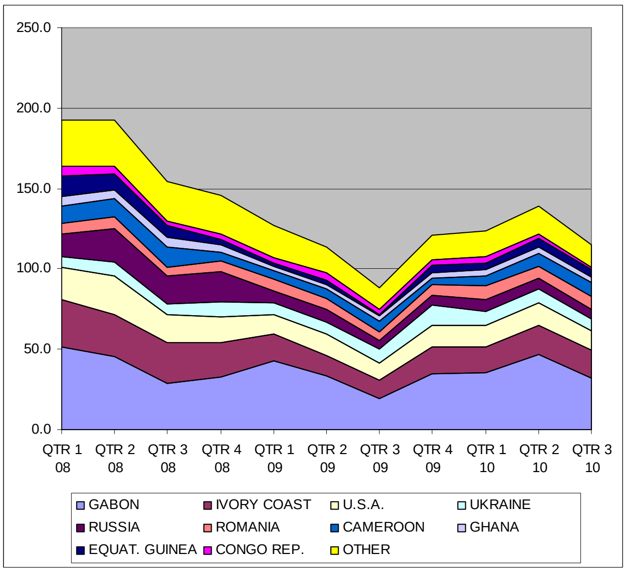
EU-25 imports of hardwood veneer by main supplier

	Volume 1000 m3					
		Year			Jan-Sept	
Despatch country	2007	2008	2009	2009	2010	% chng
GABON	198.5	158.2	130.4	95.4	114.1	19.7
IVORY COAST	108.7	102.7	57.7	41.0	51.7	26.0
U.S.A.	105.8	77.9	49.2	36.4	39.9	9.5
UKRAINE	31.8	31.7	35.6	22.9	24.7	8.1
RUSSIA	31.5	70.0	27.1	21.1	19.5	-7.7
ROMANIA	43.3	25.5	25.7	18.6	23.4	25.9
CAMEROON	44.4	41.1	22.1	18.3	23.8	30.2
CONGO REP.	5.3	16.1	14.7	11.0	8.1	-26.2
CROATIA	20.3	19.5	13.3	10.1	10.8	6.5
GHANA	26.8	21.6	12.3	8.8	10.5	19.6
EQUAT. GUINEA	34.3	33.4	9.9	5.4	14.4	164.4
CHINA	24.9	22.1	9.7	7.2	9.3	29.8
BOSNIA	11.2	10.7	7.3	5.4	5.7	5.1
TURKEY	8.1	8.7	6.0	4.7	5.1	8.7
SERBIA	11.4	13.8	5.9	4.7	2.2	-53.2
CANADA	5.4	5.0	3.6	2.7	1.1	-59.4
BULGARIA	2.3	2.6	3.1	2.3	2.0	-10.5
OTHER	29.5	25.0	15.9	12.4	10.9	-11.8
TOTAL	**743.4**	**685.5**	**449.6**	**328.4**	**377.4**	**14.9**

Note EU-25 includes all members of the EU except Romania and Bulgaria that only acceded in January 2008. Data is Forest Industries Intelligence Ltd analysis of Eurostat trade data supplied by BTS Ltd.

Analysis of the quarterly data suggests that overall EU imports of hardwood veneer turned downwards between the second and third quarters of 2010. This was mainly because of a big reduction in imports from Gabon during this period suggesting the trend is due to short term over-stocking of raw material in the European okoume plywood. Third quarter imports of veneer from countries better known for manufacture of sliced decorative veneer maintained the levels recorded in the previous quarter.

EU-25 quarterly imports of hardwood veneer by main supply country to end September 2010 (1000 cu.m)



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Some positive signals from UK hardwood market

The UK-based timber trade journal TTJ reports that the UK sawn hardwood market remains highly competitive and is slowing now in the run up to the Christmas vacation, but also that the majority of traders are still optimistic that the market is in recovery.

According to the TTJ, there is still a great reluctance on the part of many traders to hold stock and a heavy reliance on just-in-time orders from the few larger importers, both in the UK and on the continent, that have maintained their commitment to holding diversified stock holdings.

TTJ quotes one of the larger continental based importers as suggesting that this trading pattern may be storing up problems for the future, particularly in supply of specialities which "are not just a phone call away". This importer noted that "the UK in particular seems to be buying last minute and that could create difficulties [in supply of specialities] as demand recovers elsewhere in Europe, which it is now doing".

TTJ also reports that while UK consumption of African sapele sawnwood has been reasonably healthy, there's still a lot of old landed stock around with the result that prices for onward sale in the UK remain below replacement value. Meanwhile the combination of sapele availability and strengthening the US dollar rate against the Euro has meant that forward demand for meranti has remained slow. But demand for iroko remains firm, and there are signs of growing interest in other tropical species previously under-utilised in the UK including idigbo, framire, massaranduba, angelique and tigerwood.

TTJ forecasts that UK sawn hardwood demand in 2011 will be at a similar level to 2010. Expected decreases in consumption due to a rise in VAT from January next year and a significant decline in public spending should be offset by the gradual economic recovery and a boost for construction and refurbishment activities in advance of the 2012 London Olympics.

The Netherlands Sawnwood Prices

FOB (Rotterdam)	US$ per m^3
Sapele KD	907⬆
Iroko KD	1109⬆
Sipo KD	1109⬆
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	495-505
Sipo	FAS 25mm	700-725⬆
Sapele	FAS 25mm	580-600⬆
Iroko	FAS 25mm	705-725
Wawa	FAS25mm	310-335
CIF plus Commission		
Tulipwood FAS 25mm		375-400⬆
Meranti Tembaga Sel/Btr (KD 2"boards)		565-585
Balau/Bangkirai Decking		945-980
White Oak		640-680⬆

UK Plywood and MDF Prices

Plywood Panels 8x4", CIF	US$ per m^3
Brazilian WBP BB/CC 6mm	560-580
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

US Department of Commerce continues investigations on imports of multi-layered wood flooring from China

The US International Trade Commission determined on 3 December 2010, that there is a reasonable indication that the US industry is materially injured by imports of multi-layered wood flooring from China. The flooring from China is allegedly subsidized and sold in the US market at less than fair value according to the commission's determination. The US Department of Commerce will therefore continue to conduct its countervailing and antidumping duty investigations.

Copies of the report explaining the commission's views are expected to be available after 3 January 2011, by emailing pubrequest@usitc.gov (Multilayered Wood Flooring from China, Investigation Nos. 701-TA-476 and 731-TA-1179 (Preliminary), USITC Publication 4206, December 2).

Better outlook for US window and door market

Demand for windows and doors in the US is expected to rise 6.6% per year to US$31.2 billion in 2014, according to a Freedonia report released in November. While demand will remain below the level seen before the housing market crash, new construction is forecast to recover and drive demand for windows and doors. Wooden windows and doors accounted for just 34% of the total market in 2009.

Demand for wooded windows and doors was US$11.6 billion in 2004 and fell to US$7.7 billion in 2009 (-7.9% annually). Demand is forecast to grow by 7.2% per year to US$10.9 billion in 2014. High-end homes are the most important market for wooden windows and doors. Plastic windows and doors are expected to have the highest growth rates in the coming years. The largest growth will be in fiberglass exterior doors that take market share from wooden and steel doors.

Weakening furniture orders, shipments and retail confirmed

The US market for residential furniture weakened at the end of summer, and the latest survey results by consulting firm Smith Leonard confirm this trend. While this is not surprising given the negative economic news in the US, furniture manufacturers hope that the decline will not continue into next year. A positive sign is that in December the Furniture Buying Index remained steady from November when it was at its highest 2010 level. The Furniture Buying Index is compiled each month by America's Research Group from interviews with 5,000-8,000 consumers across the country.

New order for residential furniture declined in September according to the Smith Leonard survey of manufacturers and distributors. This was the first time this year that orders declined compared to 2009 (down 3% from September 2009). Year-to-date, new orders are still 6% above 2009. Furniture shipments on the other hand were up by 6% compared to September 2009 (up 8% year-to-date). The increase in shipments may be related to imported products rather than US-manufactured furniture, according to Smith Leonard. Furniture inventories continued increasing, likely because retail sales tapered off in late summer. Inventories were 18% higher than in September last year.

New forest certification benchmark fails in vote by US Green Building Council members

The proposed new certified wood credit system for the green building programme LEED (Leadership in Energy and Environmental Design) did not receive enough votes to replace the previous system, which sees only FSC-certified wood earning points towards LEED certification of a building. LEED is the best known and most significant green building rating and certification programme in North America.

For about two years, the LEED Certified Wood Credit has been undergoing a process of revision. At the centre of this process is the USGBC forest certification benchmark that would have been used to evaluate certification systems including criteria on governance, technical substance, accreditation and auditing, and chain of custody and labelling.

In the run-up to the US Green Building Council vote, forest certification organisations, industry and environmental groups have been outspoken with most opposing the new forest certification benchmark. Industry groups and the forest certification organisation SFI argued that FSC-certified wood would keep its preferred status in LEED and that by promoting FSC-certified wood, LEED is supporting imported wood products at the expense of the North American industry (where SFI and CSA forest certifications predominate). FSC criticised the weakening of governance rules in the new draft and that the mechanism is too weak and unclear.

Since the new wood credit system failed to pass, the current policy remains unchanged at least until late 2012 when the next version of LEED will be released. Certified wood use accounts for just one point in LEED, while at least 40 points are required for a building to achieve the lowest level of LEED certification. Given the strong growth in green building, however, the forest industry and forest certification groups have a strong interest in the LEED Certified Wood Credit.

From northern British Columbia to Panama

A small Canadian company that was founded to use salvaged timber from logging operations, beaches, rivers and old buildings in British Columbia, has now expanded into Panama. Coast EcoTimber remills the salvaged wood and sells it to designers and architects. The company has recently started harvesting hardwoods from the Chagres River in Panama that was dammed in 1913 as part of the Panama Canal. The first shipment of FSC-certified ipe, cumaru and other species from the canal arrived in June 2010 in Vancouver, British Columbia. The company is planning to build kilns, a sawmill and an architectural wood manufacturing plant in Panama.

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.

The studies on conservation of genetic resources, destruction of forests, extinction of species and the effects of global warming are lacking substantive content on fungi or any micro-organisms. In facet, there is an urgent need to broaden the biodiversity debate by focusing on its fungal dimension. The alarming rate of destruction of unexplored tropical and temperate mushroom habitats makes mushroom conservation a key issue for Indian mushroom research.
http://www.deccanherald.com/content/114880/myriad-colours-mushrooms.html

Australian Prime Minister Julia Gillard said her government would decide next year how to charge Australia's major polluters for the carbon gases that they emit in a bid to curb the nation's greenhouse gas emissions.
http://www.cnbc.com/id/40407736

Dubai Export Development Corporation (EDC), an agency of the Dubai Department of Economic Development, said it had supported 50 local companies from the building, construction and real estate sectors at the recent Saudi Build exhibition. The UAE companies met 25 Saudi buyers and discussed business prospects during a matchmaking event organised by EDC which resulted in overwhelming sales and 30 business leads. The Emirati firms expect Dh100 million (US$27.2 million) worth of exports to Saudi Arabia next year as a result of their successful participation at Saudi Build.
http://www.tradearabia.com/news/CONS_189621.html

New automated weather stations could boost Ethiopia's fledgling agricultural insurance schemes, expanding the use of payouts triggered by abnormally low rainfall and reducing costly visual verification of yield losses. Some 85 % of Ethiopians farms are the main livelihoods for families who have only few options to mitigate the increasing crop failures due to the climate change. http://allafrica.com/stories/201011260919.html

Situated at the crossroads of the Asia-Europe and Asia-Africa trade routes, the United Arab Emirates (UAE) is at a vantage position for conducting trade between countries in the Eastern and Western hemispheres. Geographic positioning has proved to be a major advantage for the logistics industry in the UAE. Good accessibility by air, sea, and land has enabled the UAE to gain prominence in terms of transport and global logistics, with burgeoning trade volumes in both regional and global trades. New analysis from Frost & Sullivan (www.automotive.frost.com), Strategic Analysis of Logistics Market in United Arab Emirates, finds that the market is set to record revenues of US$7.03 billion in 2010 and estimates this to reach US$9.40 billion in 2014.
http://www.bi-me.com/main.php?id=49748&t=1&c=132&cg=3&mset=1021

UK house prices fell for a fifth month in November as demand for property dropped the most in almost two years, Hometrack Ltd. said. The average cost of a home fell 0.8 % from October to 155,000 pounds (US$242,900), the London-based property researcher said. Demand for homes, measured by the change in new buyers registering with real-estate agents, fell 4.3 %, the biggest decline since January 2009. The report adds to evidence of a weakening property market after Rightmove Plc said on 15 November that home sellers cut asking prices by the most since 2007 this month and UK banks approved the smallest number of mortgage since 2009 in October. The government has announced the biggest budget squeeze since World War II and officials have warned the cuts may harm the recovery.
http://www.bloomberg.com/news/2010-11-29/u-k-home-prices-decline-as-property-demand-drops-most-in-almost-two-years.html

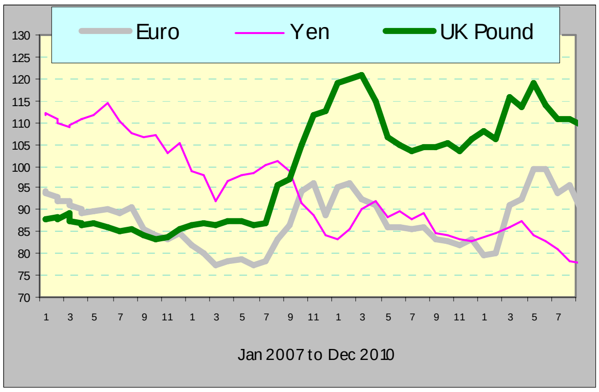
When United Nations climate negotiators meet in Mexico and debate protecting tropical rainforests, Golden Agri-Resources Ltd. and rival oil- palm growers in Southeast Asia will be paying attention. Any UN-led accord that restricts clearing rainforest for planting more palm trees would limit the supply of the edible oil crushed from their fruit and be a boon to prices for growers, said Dorab Mistry, a director at oil trader Godrej International Ltd. More than 80 % of the world’s palm oil comes from the rainforest nations of Malaysia and Indonesia. “It’s a no-brainer that such exercises are bullish for prices,” said Mistry, who has traded edible oils for more than 30 years. Global supply of edible oils will fail to keep pace with demand for a third year, he said in an interview.
http://www.bloomberg.com/news/2010-11-24/palm-oil-growers-may-be-winners-from-un-forest-protection-accord-in-mexico.html

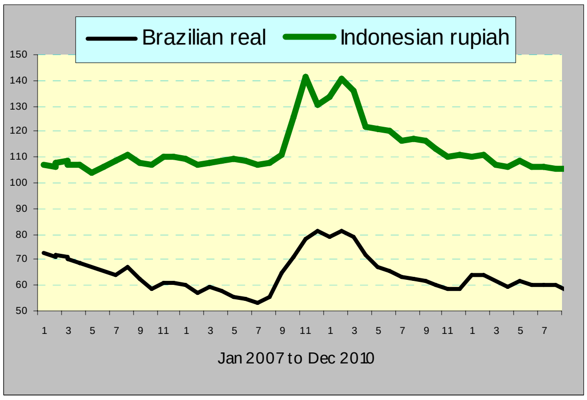
Main US Dollar Exchange Rates

As of 13th December 2010

Brazil	Real	1.6935
CFA countries	CFA Franc	494
China	Yuan	6.6664
EU	Euro	0.7467
India	Rupee	45.1875
Indonesia	Rupiah	9017
Japan	Yen	83.44
Malaysia	Ringgit	3.1397
Peru	New Sol	2.8233
UK	Pound	0.6306

Exchange rates index (Dec 2003=100)

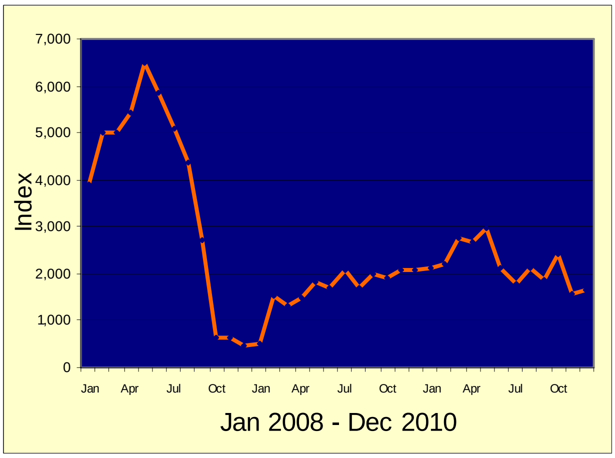




Abbreviations and Equivalences

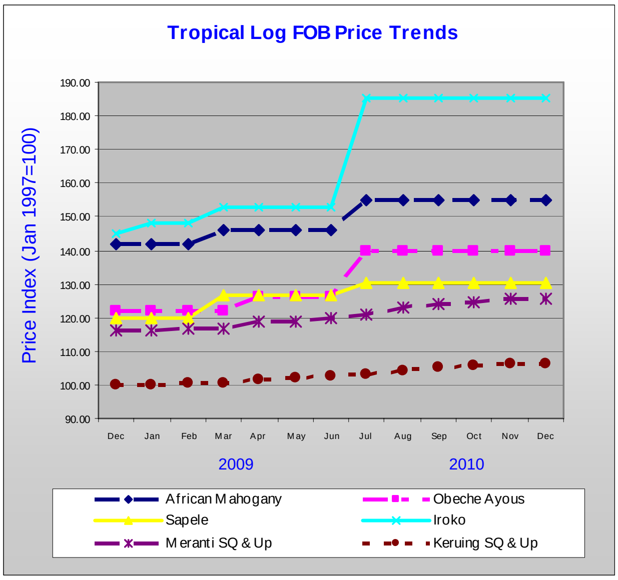
LM	Loyale Merchant, a grade of log parcel
QS	Qualite Superieure
CI, CE, CS	Choix Industriel, Economique or Supplimentaire
FOB	Free-on-Board
CIF; CNF	Cost, insurance and freight; Cost and freight
KD; AD	Kiln Dry; Air Dry
Boule	A log sawn through and through, the boards from one log are bundled together.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

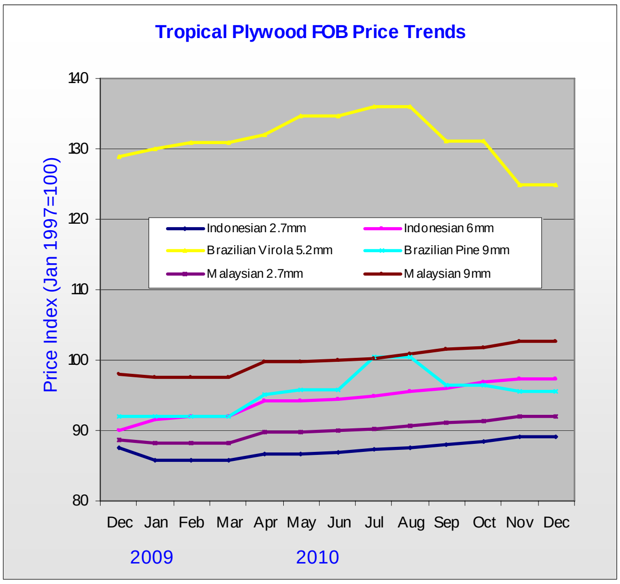


The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

Tropical Log Price Trends

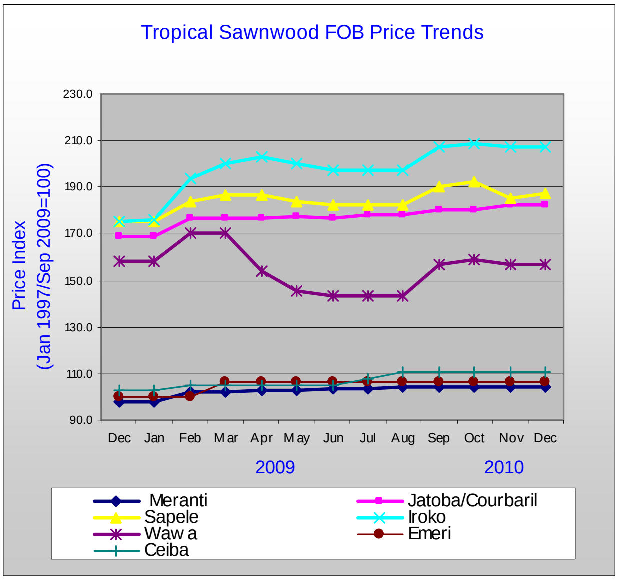


Tropical Plywood Price Trends



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

Tropical Sawnwood Price Trends



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