Tropical Timber Market Report

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Korea imposes anti-dumping duties on Malaysian plywood

The Korean Trade Commission (KTC) has imposed anti-dumping duties ranging from 5% to 38% on plywood imports from Malaysia for a period up to 3 years. However, the duties have been reduced upon appeals made by Malaysian plywood manufacturers and exporters. The imposition of the duties was postponed in August after the appeal made by the Sarawak Timber Industry Development Corp (STIDC) and Sarawak Timber Association (STA). The anti-dumping duties will be imposed within 50 days after the decision made on 15 December 2010.

The variation in the imposition of the anti-dumping duties is due to the different selling prices and types of wood used. This is the first time anti-dumping duties have been imposed on Malaysian plywood in the international markets.

(see details on page 3)

Headlines

Report from Central/West Africa

Sustained log demand from India and China

Timber trade in Europe has remained very subdued over the four week Christmas and New Year period. Due to the holiday season and very cold weather, the timber consuming sector has shown low activity and the forecast is only for a very slow recovery in the coming months.

For the West and Central African producers, sustained log demand from India and China is expected to maintain the stability in price through the first quarter.

No price changes for logs and sawnwood are reported during the period under review, although, some producers are of the opinion that log prices for the prime species may firm up in the next few weeks.

Prospects for sawnwood dependent on recovery in Europe

Sawnwood producers in the region have reported good business in the past months, buoyed by some improvement in prices through the second half of 2010. Producers forecast that price and volume stability will continue but any improvement in demand is dependent on how well the economies of European countries perform in the first quarter.

Sawnwood prices will continue to be responsive to sudden fluctuations in demand as well as to how quickly producers are able to match supply with demand. For example, it is reported that the price of sapele sawnwood is once again weakening following expansion in its production despite falling demand. Generally, sawnwood prices have remained unchanged during the past four weeks.

Cameroon to re-impose log export quota

It is reported that Cameroon is to re-impose log export quota on prime species while allowing for the continued exports of lesser-used species. Cameroon sawmills are now reported to have the capacity to process the volume of prime species supplied in the country, while export demand for sawnwood has been favourable.

Meanwhile, there are continued rumours that Gabon may relax the total log export ban imposed since April 2010. Some observers were expecting an announcement of the relaxation last month but to date there is no indication of an imminent change.

There is speculation that Congo Brazzaville may follow Cameroon in re-imposing the log export quota which has been relaxed to assist producers through the global recession in 2008/09. Buyers are observing the situation keenly as any changes may affect log supply and prices which have remained stable in the second half of 2010.

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

Higher costs pushing up timber prices

The timber market has remained quiet during the Christmas Holiday season. In addition, the announcement of 25 – 30% fuel price increase in the first week of January 2011 has slowed down the timber trade.

Under the prevailing situation, timber operators are facing difficulties in stabilising their business and meeting market demand. Faced with a shortage of raw material, a hike in fuel prices and higher operational costs due to higher electricity and water tariffs imposed by the Public Utility Regulatory Commission (PURC) last year, producers are likely to pass on these costs to the consumers, thereby pushing prices of timber products up.

Inflation eased in December

The inflation rate fell to 8.58% year-on-year in December 2010, down from 9.08% in November 2010. The rate is the lowest since June 1992, when it stood at 8.4%. According to the Ghana Statistical Service, the impact of the recent fuel price hikes on future inflation will depend on how different sectors respond to the petroleum price increases. Timber producers are trying to pass on the increasing fuel prices to consumers but are facing resistance from both the international and domestic markets.

In terms of economic growth, the World Bank has projected that Ghana will be the fastest growing economy in Sub-Saharan Africa, with a growth rate of 13.4% in 2011 and 10% in 2012. According to the World Bank, Ghana is in position to register strong economic growth particularly in the construction sector as large infrastructure projects are being implemented.

Ghana Log Prices

Ghana logs, domestic	US$ per m^3	
	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 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	670
Makore	520	585
Niangon	500	590
Odum	625	695
Sapele	545	595
Wawa 1C & Select	260	295

Ghana sawnwood, domestic		US$ per m^3
Wawa	25x300x4.2m	268⬆
Emeri	25x300x4.2m	300
Ceiba	25x300x4.2m	225
Dahoma	50x150x4.2m	292⬆
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	1.27	0.70
Mahogany	1.25	0.70
Makore	1.20	0.75
Odum	1.80	1.12

Ghana Export Plywood Prices

Plywood, FOB	€ per 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	500
Wawa grade 2	428
Ekki grade 1	475
Wawabimba Laminated grade 1	750

Report from Malaysia

Korea imposes anti-dumping duties on Malaysian plywood

The Korean Trade Commission (KTC) has imposed anti-dumping duties ranging from 5% to 38% on plywood imports from Malaysia for a period up to 3 years. However, the duties have been reduced upon appeals made by Malaysian plywood manufacturers and exporters. The imposition of the duties was postponed in August after the appeal made by the Sarawak Timber Industry Development Corp (STIDC) and Sarawak Timber Association (STA). The anti-dumping duties will be imposed within 50 days after the decision made on 15 December 2010.

Anti-dumping duties have been imposed on eight Sarawak plywood suppliers including Subur Tiasa Plywood Sdn Bhd with the anti-dumping duty of 5.12%, while the duty of 6.43% was imposed on Jaya Tiasa Timber Products Sdn Bhd, Hwa Sen Veneer and Plywood Industry Sdn Bhd.

An anti-dumping duty of 9.75% has been imposed on 5 companies of the Shin Yang group: Shin Yang Plywood Sdn Bhd, Forescom Plywood Bhd, Menawan Wood Sdn Bhd, Shin Yang Plywood Bintulu Sdn Bhd and Zedtee Plywood Sdn Bhd.

The highest anti-dumping duty of 38.1% has been imposed on Sabah-based Sinora Sdn Bhd while the duty on all other Malaysian plywood manufacturers and exporters has been set at 8.76%.

The variation in the imposition of the anti-dumping duties is due to the different selling prices and types of wood used. This is the first time anti-dumping duties have been imposed on Malaysian plywood in the international markets.

Republic of Korea imported 530,000 cu.m of panel products from Sarawak in 2010, worth RM570 million.

High price levels retained

The monsoon season continues to hamper log supply in Sarawak driving prices up. Prices are expected to remain high until the Chinese New Year in early February, following which log production is expected to resume to normal.

The other factor pushing prices higher is the continuing strong demand from China and India. China's demand for logs has increased worldwide since Russia, China's largest log supplier, imposed an export tariff on log exports. India's demand may be attributed to a steady rise in corporate capital expenditure for most part of 2010. This rise in corporate capital expenditure is expected to continue into 2011.

Prices of plywood from Sarawak surged 8% to 14% in 2010 on the back of sustained demand from Japan which increased 12.1% in the first 10 months of 2010 compared to the same period in 2009. Plywood manufacturers are also optimistic that 2011 will be a profitable year if the current price levels are maintained or improved.

Plywood manufacturers are optimistic that the housing starts in 2011 in Japan will be strong enough to support current price levels. The Japan housing starts in 2010 rose 20.4% in August, 17.7% in September and 6.4% in October, vis-à-vis the same months in 2009. Building permits for October 2010 increased by 3.4% compared to the same month in the previous year. However, the housing starts and building permits in 2010 in Japan remained far behind the levels recorded in 2008.

In support of the local timber industry, the Sarawak Forestry Department is likely to extend the 50% log export quota which is expiring in mid-2011.

Malaysian exporters seek market opportunities in India

India is the third largest export market for Malaysian timber products estimated at RM1.3 billion in 2009. According to exporters, timber product exports to India have doubled during the last three years.

Malaysian timber producers are planning new ventures and investments in India to increase their market share in the Indian market.

Log Prices

Sarawak log, FOB	US$ per m^3
Meranti SQ up	248-273⬆
Small	234-264⬆
Super small	234-255⬆
Keruing SQ up	233-245⬆
Small	221-249⬆
Super small	206-232⬆
Kapur SQ up	224-250⬆
Selangan Batu SQ up	217-251⬆

Pen. Malaysia logs, domestic (SQ ex-log yard)	US$ per m^3
DR Meranti	257-276⬆
Balau	312-341⬆
Merbau	341-373
Rubberwood	90-124⬆
Keruing	233-249⬆

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	402-438⬆
White Meranti A & up	294-324⬆
Seraya Scantlings (75x125 KD)	441-454⬆
Sepetir Boards	263-285⬆
Sesendok 25,50mm	353-371⬆
Kembang Semangkok	315-338⬆

Malaysian Sawnwood, domestic	US$ per m^3
Balau (25&50mm,100mm+)	333-353⬆
Merbau	465-517⬆
Kempas 50mmx(75,100 & 125mm)	270-310⬆
Rubberwood	
25x75x660mm up	226-276⬆
50-75mm Sq.	265-297⬆
>75mm Sq.	287-316⬆

Plywood Prices

Malaysia ply MR BB/CC, FOB	US$ per m^3
2.7mm	423-485⬆
3mm	403-433⬆
9mm & up	350-422⬆

Meranti ply BB/CC, domestic	US$ per m^3
3mm	347-438⬆
12-18mm	330-359⬆

Other Panel Prices

Malaysia, Other Panels, FOB	US$ per m^3
Particleboard	
Export 12mm & up	241-264⬆
Domestic 12mm & up	228-245⬆
MDF	
Export 15-19mm	295-326⬆
Domestic 12-18mm	285-303⬆

Added Value Product Prices

Malaysia, Mouldings, FOB	US$ per m^3
Selagan Batu Decking	554-565⬆
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	569-582⬆
Grade B	523-533⬆

Furniture and Parts Prices

Malaysia, Rubberwood, FOB	US$ per piece
Semi-finished dining table	
solid laminated top 2.5'x4', extension leaf	71-87⬆
As above, Oak Veneer	78-92⬆
Windsor Chair	70-72⬆
Colonial Chair	68-73⬆
Queen Anne Chair (soft seat)	
without arm	69-76⬆
with arm	68-77⬆
Chair Seat 27x430x500mm	56-61⬆

Rubberwood Tabletop	US$ per m^3
22x760x1220mm sanded & edge profiled	
Top Grade	607-637⬆
Standard	588-607⬆

Report from Indonesia

Implementation of 2-year moratorium postponed

The 2-year moratorium planned to be implemented on 1 January 2011 in Indonesia has been postponed. Various ministries in the country are still trying to reach consensus and consolidate details of the requirements of the 2-year moratorium on new permits to convert natural forests and peatlands. The views differ on how much and which types of forests should be covered in the moratorium. In addition, there is no consensus on whether current forest concessionaires will be permitted to clear any forest or whether they will get any compensation in lieu of.

Two contrasting drafts for the moratorium have been submitted to the Indonesian president for approval. While the Ministry of Forestry seeks to enforce only a ban on new permits to clear primary forests and peatlands, the Indonesian Presidential Delivery Unit calls for the inclusion of secondary forests, the review of existing permits and the extension of the moratorium beyond 2 years. The Presidential Delivery Unit also proposed incentives and land swaps to be included as a form of compensation to existing permit holders.

The Ministry of Forestry has identified 35 million hectares of land for business development. To date, 9 forest plantation companies have submitted proposals to develop 320,000 hectares of plantation forests. Any permit to develop these land areas depend on the formalisation of the moratorium. The proposed moratorium will protect up to 43.8 million hectares of natural forests and up to half of the 20 million hectares of peatlands in the country. Indonesia aims at reducing greenhouse gas emissions by 26% before 2020.

Forestry project budget for 2011

The Ministry of Forestry has earmarked Rp.2.5 trillion of the total of Rp.6.0 trillion project budget in 2011 for priority programmes such as forest rehabilitation, enhancement of river watershed areas, forest fires control and conservation of biodiversity.

The project budget proposed for 2011 comprises 402 programmes and activities to be executed by 46 central working units, 185 technical working units and 171 working units in the provincial and regency levels.

Higher timber prices on the back of robust growth in property demand

Prices of Indonesian timber products and other building materials are expected to increase in 2011 as property development in Indonesia is projected to grow between 20% to 30%.

Housing demand in Indonesia has reached 8 million new units per year as the Indonesian economy continues to recover and purchasing power improves. The interest rates for housing loans, known as housing credits (KPR), have dropped to 10% – 11% and this has boosted housing activity in the country.

Log Prices (domestic)

Indonesia logs, domestic prices	US$ per m^3
Plywood logs	
Face Logs	207-250⬆
Core logs	189-222⬆
Sawlogs (Meranti)	201-262⬆
Falcata logs	165-199⬆
Rubberwood	81-85⬆
Pine	180-221⬆
Mahoni (plantation mahogany)	489-518⬆

Sawnwood Prices

Indonesia, construction material, domestic	US$ per m^3
Kampar (Ex-mill)	
AD 3x12-15x400cm	194-213⬆
KD	212-246⬆
AD 3x20x400cm	233-256⬆
KD	235-264⬆
Keruing (Ex-mill)	
AD 3x12-15x400cm	247-261⬆
AD 2x20x400cm	235-253⬆
AD 3x30x400cm	217-236⬆

Plywood Prices

Indonesia ply MR BB/CC, FOB	US$ per m^3
2.7mm	411-468⬆
3mm	368-409⬆
6mm	347-389⬆

MR Plywood (Jakarta), domestic	US$ per m^3
9mm	268-279⬆
12mm	260-270⬆
15mm	249-263⬆

Other Panel Prices

Indonesia, Other Panels, FOB		US$ per m^3
Particleboard	Export 9-18mm	230-239⬆
	Domestic 9mm	209-221⬆
	12-15mm	203-214⬆
	18mm	195-207⬆
MDF	Export 12-18mm	263-276⬆
	Domestic 12-18mm	245-257⬆

Added Value Product Prices

Indonesia, Mouldings, FOB	US$ per m^3
Laminated Boards	
Falcata wood	312-325⬆
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	503-537⬆
Grade B	459-481⬆

Report from Myanmar

Markets remain slow

The holiday season has slowed down trade in timber. With the arrival of fresh logs, the market situation for teak and pyinkado has improved to some extent. However, the sluggish demand for gurjan has persisted.

Purchases of Myanmar teak by country in December

Purchases of Myanmar teak logs by country during December 2010 were as follows: Thailand (2 buyers, 212 Hoppus tons), Singapore (2 buyers, 132 Hoppus tons), India (1 buyer, 65 Hoppus tons), and Hong Kong (1 buyer, 47 Hoppus tons). In the domestic markets there were three buyers, with timber sales totalling 151 Hoppus tons in volume.

Myanmar log prices (natural forest logs)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
Veneer Quality	Nov	Dec
2nd Quality	nil	nil
3rd Quality	nil	nil
4th Quality	4,609 (10 tons)	4,519 (10 tons)
Sawing Quality		
Grade 1 (SG-1)	3,004 (35 tons)	3,129 (34 tons)
Grade 2 (SG-2)	2,462 (41 tons)	2,531 (43 tons)
Grade 4 (SG-4)	1,753 (217 tons)	1,806 (216 tons)
Grade 5 (SG-5) Assorted	1,135 (84 tons)	1,179 (85 tons)
Grade 6 (SG-6) Domestic	1,054 (138 tons)	1,031 (137 tons)
Grade 7 (ER-1)	821 (169 tons)	783 (82 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

Industrial growth eases

The growth of India's industrial output eased slightly from 58.4 points in November to 56.7 points in December 2010 due to slowing demand from developed countries. However, exports from the beginning of the fiscal year to date were up 26.5% while imports increased by 11.2% compared to the same period last year.

GDP growth from the beginning of the fiscal year to date was 8.9%.

Exports of plywood and panels

While overall Indian exports are registering growth exports of wood-products have declined. The following table presents exports of plywood and panels in the fiscal 2009-10 and 2008-09.

Exports of plywood and panels in the fiscal 2009-10 and 2008-09 (Rs. million)

Export Performance	2009-10	2008-09
Plywood and products	17886.6	20117.7
Cork & cork products	54	81.5
Hard board of wood fibre	583.5	603.7
Other articles of wood	3545.3	3958.7
Sandalwood chips	50.6	123.3
Tea chest panel	1.3	3.1
Veneer	925.1	1219.5
Wooden furniture	11212.6	12380.4
Other plywood and products	1514.3	1747.4

Imports of hardwoods

In the period April – October 2010, a total of 1,780,427 cu.m of logs (excluding teak) were imported through Kandla port. The following table presents hardwood log imports through Kandla port for the period.

Hardwood log imports (excluding teak) through Kandla port in the period April 2010 – October 2010

April 2010 – October 2010	m3
Acacia spp.	1,073
Arau	43,293
Beech	14,031
Douglas fir	3,880
Gurjan	74,112
Keruing	71,141
Kapur	135,427
Maple	1,105
Meranti	541,288
Mersawa	5,106
Oaks	1,236
Resak	147,398
Selangan Batu	98,999
Sapele	789
Walnut	627
Pines	640,922
TOTAL	1,780,427

Source: Kandla Timber Association

Plywood imports from China pose stiff competition to local manufacturers

Shortages of power, labour and peeling grade logs continue to hamper plywood production in India. Imports of veneers have continued and kept plywood mills running as demand is good. However, imports of plywood and other panel products from China are providing stiff competition to local plywood manufacturers.

Active auction sales in government depots

Timber auction sales in Central and Western Indian Government depots have been active with sales totalling 10,000 cu.m of hardwood logs.

Since prices of imported teak are increasing, the impact on depot sales is also apparent. Prices were up by 15% to 20% compared to previous auctions. Long length teak logs fetched Rs.2000-2200 per cu.m, medium quality Rs.1500-1700 per cu.m and lower grades were priced at Rs.900-1000 per cu.m.

The hardwoods like Adina, Laurel and Pterocarpus marsupium (kinowood) fetched Rs.800-850 for select qualities and Rs.325-400 for lower grades. Demand is good for these species, but supplies are very limited due to conservation and effective control by the Forest department.

Kerala afforestation programmes receive UN recognition

The afforestation programmes implemented by the State Forest Department in the state of Kerala including Ente Maram Padhathi (My Tree Scheme), Haritha Keralam (Greening Kerala), Haritha Theeram (Greening the Coast Programme), Vazhiyorathanal Thanal (Road-Side Planting of Shade Trees) have received recognition from the UN for effective management of these innovative initiatives.

As part of the programmes, a total of 18.7 million saplings have been distributed and planted across the state, contributing to the 'Plant for the Planet: Billion Tree Campaign' of the UNEP.

CNF Plantation Teak

	US$ per m³
Tanzania Teak sawn	450-775⬆
Côte d'Ivoire logs	475-650
PNG logs	500-550
El-Salvador logs	315-550⬆
Guatemala logs	350-500⬆
Nigeria squares	310-450⬇
Ghana logs	350-600⬇
Guyana logs	350-450
Benin logs	450-700⬇
Benin sawn	500-600⬇
Brazil squares	425-600⬆
Burkina Faso logs	350-450
Columbia logs	365-600
Togo logs	350-500
Ecuador logs	350-400⬆
Costa Rica logs	350-500
Panama logs	315-400
Sudan logs	500-600⬆
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 ft³
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 ft³
Merbau	1300
Balau	1250
Kapur	900
Red Meranti	650
Bilinga	650
Radiata Pine (AD)	340-350
Sawnwood, (Ex-warehouse) (KD)	Rs. Per ft³
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

Brazilian furniture exports on the mend

According to the Association of Furniture Industry of Rio Grande do Sul (Movergs), furniture exports from Rio Grande do Sul in 2008 were valued at US$289 million, accounting for 30% of the total Brazilian furniture exports. Due to the economic downturn and exchange rate fluctuations, Rio Grande do Sul furniture exports went down to US$200 million in 2009, representing 28% of the total furniture exports of the country.

According to the Ministry of Development, Industry and Foreign Trade (MDIC), Brazilian furniture exports declined between 2006 and 2008. However, exports increased in 2010 in line with Brazil's robust economic growth.

In the first half of 2010, Brazilian furniture exports amounted to US$367 million, up 16.9% from the same period in 2009, according to the Secretary of Foreign Trade (Secex). However, Rio Grande do Sul registered the lowest rate of growth in exports of only 5.5% compared to the first half in 2009. Santa Catarina is the leading state in furniture exports followed by Rio Grande do Sul.

Timber production declining in the Amazon

From 2004 to 2009, timber production in the Amazon natural forests declined by almost 50%, from 24.4 million cu.m to 14 million cu.m. Following greater consumer awareness regarding the environmental values of natural forests, large manufacturers in the furniture and construction sectors have shifted to less risky options in wood supply such as eucalyptus.

The depreciation of the US dollar has had a negative impact on exports and commodity prices. In addition, stricter governmental control, monitoring and efforts in combating illegal forest activities are the factors contributing to the decline in timber production. In 2010, revenue from logging in the Amazon was US$2.5 billion. The number of sawmills decreased by one third and jobs in the forest sector dropped from 344,000 to 203,000.

Logging in the Amazon is mainly conducted using tractors and cables causing damages to the remaining forests. One fifth of sawnwood in the Amazon is produced at low quality by small-size sawmills which lack proper tools and training. As a result, timber yield is only at 28% to 45% of the logs processed and the rest is waste. Most of the logs (72%) are processed into rough sawnwood, from which only 22% is exported mainly to the US. In the domestic market, the state of Sao Paulo is the main consumer, accounting for 17% of the demand.

Deforestation monitoring system for the Amazon

The Amazon Institute of People and the Environment (Imazon) has developed a new system of assessing the risks confronting forests. A mathematical model combining factors, such as soil type, composition of forests, socio-economic aspects, and satellite monitoring data has been set up.

The model shows that till July 2011, some 3,700 square kilometers of forested area will be threatened by deforestation, 67% of which will be located in Pará, which has the highest rate of deforestation in the country. Some 13% of the threatened area is located in the state of Mato Grosso.

According to the study, roads are the major factor causing deforestation. Regions close to BR-163 highway, linking Cuiabá (MT) to Santarem (PA) in the Amazon, are the areas most threatened by deforestation. The study also assessed the existence of roads constructed illegally by loggers and land speculators. According to Imazon, thousands of miles of these roads have been constructed in the forests.

Most of the threatened forests (59%) are on private land or under some kind of land use. This is followed by the agrarian reform settlements which account for 25% of the threatened forests. On the other hand, the risk is lower on indigenous lands, which represent 4% of the total threatened areas.

EU funding for reducing deforestation in Pará

The state of Pará in the Brazilian Amazon which has the highest rate of deforestation in the country, will receive funding from the European Union (EU) to combat deforestation and greenhouse gas emissions. The Ministry of Environment of Brazil (MMA) signed an agreement with the EU, for a Euro 4.9 million project to be implemented in São Felix do Xingu in Pará state.

The three year project will be implemented by the MMA, with technical support from FAO in partnership with the Environment Secretariat of Pará State and the Municipal Environment and Tourism Secretariat of São Felix do Xingu.

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

Determining the national export quota for mahogany

The Ministry of Agriculture (Minag) has formulated actions to strengthen coordination mechanisms between the Management Authority and the Scientific Authority of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) in Peru for the determination and implementation of the national export quota for mahogany (Swietenia macrophylla) that has been included in Appendix II of CITES.

The general forest management plans (PGMF), annual operating plans (POA), timber harvesting permits and annual performance reports shall be submitted by the concession holders or native communities to the Regional Forestry and Wildlife Authority for approval. After the approval, the information will be forwarded to the CITES Management Authority of Peru.

The national export quota for mahogany is revised by the CITES Management Authority of Peru every year after 31 May, the expiry date of each annual quota.

OSINFOR steps up supervision on concessions, permits and authorisations

The Agency for Supervision of Forest Resources and Wildlife (OSINFOR) carried out 602 supervisions in 2010, a significant increase compared to previous years. The focus of supervisions was on concessions, permits and authorizations.

The progress is attributed to the strategic alliances with indigenous communities, forest concessionaires and government agencies. In addition, 11 OSINFOR offices have been established in various regions of the country: Loreto (3 offices), Madre de Dios (2 offices), Ucayali (2 offices), San Martín, Lambayeque, Huanuco and Junin.

Congress debate on draft law deferred

The draft Forestry and Wildlife law was not debated in the Congress in December and it will be discussed in the next term from March to June. The new Forestry and Wildlife law is needed to fulfil the conditions of the Free Trade Agreement (FTA) with the United States. If the law is not passed, the FTA will be at risk of being cancelled.

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	433⬇
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

Timber trade remains quiet following holidays

During the period under review, there were no exports of greenheart logs. Prices for Purpleheart and Mora logs retreated. The major destination for these logs is the Asian market.

For sawnwood, undressed greenheart fetched favourable prices for all qualities except sound quality. Undressed purpleheart prices hit US$890 per cu.m in select quality while undressed mora prices continued to hold. However, prices for dressed greenheart and purpleheart were slightly down in the period under review.

Guyana's Washiba (Ipe) attracted an average price of $US1,150 per cu.m. Dressed bulletwood (Macaranduba) reached US$954 per cu.m, dressed kabukalli (Cupiuba) US$975 per cu.m and undressed locust (Courbaril) US$1,166 per cu.m with the Asian, Caribbean and North American markets being the main destinations.

Roundwood and fuelwood made notable contributions to the total export earnings with favourable prices in this fortnight period. Splitwood prices also held on a high level of US$956 per cu.m.

For the period under review, exports of value-added products were limited. Some products such as doors and mouldings made from crabwood (Andiroba), locust (Courbaril), kabukalli (Cupiuba), purpleheart (amarante) and tauroniro (Cumaru) contributed to total export earnings.

Guyana Log Prices

Logs, FOB Georgetown	SQ - $ Avg unit value per m^3		
	Std	Fair	Small
Greenheart*	-	-	-
Purpleheart	200-230↓	170↓	150↓
Mora	120	115↓	110↓

*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	600	-
	Standard	-	650-1113↓
	Select	575-742↓	
	Sound	-	
	Merchantable	509↓	
Purpleheart	Prime	-	-
	Standard	-	700-784↓
	Select	650-890↑	
	Sound	-	
	Merchantable	-	
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

Tropical log prices continue to climb

Log export prices at the Tanjon Manis port continue to climb due to the tight supply situation. At the other ports such as Bintulu and Sungai Balam, the rate of the price surge is milder. At the Tanjon Manis port, meranti regular log export prices are approaching US$250 per cu.m FOB, while prices in the other ports are US$5-10 per cu.m less.

Indian companies have shifted to buying meranti as the supply of their preferred species like keruin and selangan batu has become unstable. As a result, demand and prices of meranti logs have soared. According to Japan Lumber Reports (JLR), some log suppliers sell small meranti without any sorting as mixed qualities to the Indian market. Unless higher offers are made by Japanese importers, Malaysian log suppliers prefer to sell to India.

Current prices to the Indian market are at US$240 per cu.m FOB for meranti regular logs and US$225 per cu.m FOB for small logs. Japanese buyers are offering prices of US$250 per cu.m FOB for meranti regular logs and US$230 per cu.m FOB for small logs.

Log shortage hampering plywood production

Manufacturers are retaining a bullish stance on pricing as log supplies are tight in Malaysia. Prices for imported 3x6 concrete formboard are now Yen 930 per sheet delivered. Prices for 3x6 coated concrete formboard remained at Yen 1,040 per sheet delivered, despite declining inventories.

The JLR reports that prices for thin and medium panels are also moving up. Indonesian 2.4mm plywood (F 4star, type 2) export prices gained from US$720-730 per cu.m C&F to US$750 per cu.m C&F while prices for 3.7mm plywood firmed to US$600 per cu.m C&F. Indonesian floor baseboards are now priced at US$750 per cu.m C&F.

Manufacturers have orders till February but are cautious in taking any new orders due to the log shortage. Japanese buyers are resisting price increases but the current position of the Yen is making their position even more difficult.

International symposium on certified wood

All Japan Federation of Lumber Association and Japan Lumber Inspection & Research Association held an "International Symposium on legally certified wood" in Tokyo in December.

Some 200 participants from Indonesia, Malaysia, China, Europe and North America deliberated on promoting the use of certified wood and common perception on measures to combat illegal logging. Measures to reduce illegal harvest of timber were presented at the meeting.

Japan presented its system of certifying legality of wood products. Indonesia and Japan are also working together on developing a technology on timber origin traceability.

Log and Sawnwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku
Meranti (Hill, Sarawak)	(Koku=0.278 m^3)
Medium Mixed	6,900
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
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 Zhangjiagang port down in volume but up in value

Timber imports through the Zhangjiagang sea port in the period from January to November 2010 totalled 2.96 million cu.m, worth US$776.4 million. Timber imports declined by 0.6% in volume but increased 13% in value over the same period in 2009. Of the total imports, logs amounted to 2.94 million cu.m and sawnwood 22,100 cu.m. Imports eased towards the end of the year, following a 21% growth in volume during the first half of 2010.

Of the total, 2,83 million cu.m were imported in bulk carriers and 133,800 cu.m in containers. The share of container shipments of the total imports is steadily increasing.

Other ports close to Zhangjiagang experienced growth in timber imports. For example 2.37 million cu.m of timber were imported through the Taicang port, up 40% over the same period in 2009. Some 2 million cu.m were imported through the Jingjiang port and 1 million cu.m through the Yangzhou port.

Timber imports through Zhangjiagang in the period from January to November 2010

	Batches	Change (%)	Volume (1000 cu.m)	Change (%)	Value (million US$)	Change (%)
Bulk carrier	1 998	-18	2 830.7	-3	719.8	10
Container	809	71	133.8	100	56.6	92
Logs	2 463	-5	2 492.4	-0.1	756.2	17
Sawnwood	248	-36	22.1	47	11.2	35
Total	2 757	-5	2 964.5	-0.6	776.4	13

Tropical hardwoods constitute bulk of imports through Zhangjiagang port

From January to November 2010, bulk carrier imports amounted to 1.06 million cu.m from PNG (accounting for 37% of the total), 0.54 million cu.m from Gabon (19%), 0.38 million cu.m from Solomon Islands (13%), 0.35 million cu.m from Malaysia (12%), 0.32 million cu.m from Cameroon (10%), 0.11 million cu.m from the Republic of the Congo (4%), 0.54 million cu.m from Equatorial Guinea (2%). During the same period, 0.11 million cu.m of logs and 22,100 cu.m of wood panel were imported in containers from the Central African Republic, Cameroon, Mozambique, the Republic of the Congo and Uruguay among others.

From January to November 2010, imports of Malaysian timber grew significantly to 347,000 cu.m, up 41% over the same period last year. In contrast, imports from Gabon fell sharply by 40% from last year as a result of the log export ban imposed since May 2010.

Timber imports by containers doubled to 133,800 cu.m. Of the total, 45,617 cu.m were sapelli accounting for 35% and 16,346 cu.m were wenge accounting for 12%.

Some changes in the shares of imported timber species were seen during the period. Okoume is still the major species imported through the Zhangjiagang port, however, only 311,700 cu.m were imported from January to November this year, down 29% over the same period last year. Of the total, 236,500 cu.m originated from Gabon, 36% down from last year. Imports of okan from Africa and taun from Oceania amounted to 213,800 cu.m and 179,100 respectively. Okan with large diameters from Gabon has been popular material for flooring in China. Some valuable tree species such as padauk, rosewood and kevazingo have suffered from low demand in the Chinese market.

US continues to impose antidumping duties on wooden bedroom furniture from China

The US International Trade Commission has decided to extend antidumping duties on wooden bedroom furniture from China for another five years. The custom duties range from 43.23% to 216.01%.

The antidumping duties on Chinese wood bedroom furniture imports imposed since 2004, cover US product custom codes 94035090.40, 94035090.80 and 70099250.00. Lower duties are imposed on those companies that have responded to the US enquiries.

China is main destination of forest product exports from Chile

According to the Ministry of Agriculture of Chile, forest product exports totalled US$3,568 million in the period from January to October 2010, up 19% over the same period in 2009. The major export products included wood pulp (US$1,979 million), logs (US$774 million), sawnwood (US$440 million), and wood chips (US$269 million). The main export destinations were China (16%), the US (12%), Japan (9%), Republic of Korea (7%), Italy (7%), the Netherlands (7%), Mexico (6%), Taiwan PoC (3%), Peru (3%) and France (3%).

First large scale OSB production line begins operation in China

In Jingmen, Hubei Province, Bao Yuan wood company Ltd. has established a production line for Oriented Strand Board (OSB) with an annual capacity of 220,000 cu.m. The installation worth US$27 million was built by Dieffenbacher involving a total investment was RMB460 million.

Second phase of "Natural Forest Protection Programme" to be implemented

At the executive meeting of the State Council held on 29 December 2010, it was decided that China will embark on the implementation of the second phase of the Natural Forest Protection Programme 2011 – 2020. During the first phase of implementation, the area under forests expanded by 10 million hectares representing a 3.7% increase while the growing stock gained 725 million cu.m. In addition, ecological conditions, biodiversity and local people's livelihoods have improved.

Altogether 11 counties in Danjiangkou Reservoir area are included in the second phase of the Natural Forest Protection Programme. According to the plan, forest area will increase 5.2 million hectares, growing stock will gain 1,100 million cu.m, and forest carbon stock growth will be around 416 million tonnes.

Some of the major measures to be taken under the programme included:

1) Strengthen protection of forest resources. Continue restraining commercial cutting of timber on upper reaches of Yangtze River, middle and upper reaches of Yellow River. Further reduce timber harvests in major state owned forest areas of Northeast China and Inner Mongolia.

2) Intensify reforestation and tree planting in order to expand the size of the forest area.

3) Improve living standards of local people, employment, income and social security system.

At the meeting, principal subsidy policies were defined such as continuing the forest management and protection subsidy, improving social insurance subsidy and increasing forest cultivation subsidy, among others. The central government's budget for the implementation of the second phase of the programme is RMB 219.5 billion.

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

Tropical hardwood demand falls again at the end of 2010

Overall the year 2010 was probably a better year for the European trade in tropical hardwood than 2009, but purchasing continues at levels well below those prevailing before the recession. There is still considerable uncertainty about future prospects, with widespread concern over stubbornly high levels of unemployment, public sector spending cuts and rising taxes as European governments try to bring down national debt.

European demand for tropical sawnwood fell away again at the end of 2010, the slow buying trend experienced in the autumn months reinforced by the usual slowdown in the run up to the Christmas vacation. Where buying did occur, emphasis remained firmly on small consignments. While purchasing by the general building sector has remained slow, demand from the joinery manufacturers in parts of Europe has been somewhat better, for example for flooring and windows in northern regions. However, even this part of the business continues to be seriously affected by price pressure and tight margins.

After such a long period of limited buying, overall stocks of tropical hardwood sawnwood are believed to be low across the continent and generally balanced with current low levels of consumption. This fact, coupled with very long lead times for new deliveries which extend to over 6 months for certain popular species of African redwood such as iroko and sipo, has helped prevent any significant weakening in prices for landed stock. However, there are still occasional reports of importers selling sapele sawnwood on to merchants and manufacturers at below replacement price.

Meanwhile, European importers report that FOB prices have remained stable in recent weeks for the key tropical hardwood species sold into Europe. Although delivery times for new orders are very lengthy for some species due to restrictions on roundwood supplies during 2010 and reduced mill production in major supply regions, there are no reports of significant problems with on-going shipments.

Trading conditions for tropical hardwood sawnwood have varied widely by European country. In the UK, many traders are reluctant to hold stock and are now very heavily reliant 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. The joinery sector in the UK has been quite busy, more due to renovation activity than any significant improvement in the new build sector which remains weak.

UK consumption of African sapele sawnwood was reasonable in the last quarter of 2010, but with a quite a lot of old landed stock around, prices for onward sale in the UK remain below replacement value. UK demand for meranti sawnwood was very low during this period, partly due to sapele availability and partly to the strengthening dollar rate against European currencies which undermined competitiveness. On the other hand, UK demand for some other tropical species such as iroko and framire remained quite firm.

The weak construction sector and fall out from the credit crises in Ireland has led to extremely low buying with reports that some importers are even cancelling existing orders. This is particularly dampening demand for iroko, a popular species in the country.

The German economy was more buoyant than most other European countries during 2010, and the overall market for wood has been improving. Construction activity appears to be strengthening, mainly in the refurbishment and renovation sectors. However, trading conditions for tropical hardwood have remained challenging, with most importers taking only small consignments and under a lot of pressure to reduce prices.

Overall wood demand in Italy’s domestic market remains weak, but there are signs of improving export demand for Italian furniture and joinery products which is helping to boost demand for hardwood sawnwood. However, this coincides with a trend towards increased use of temperate hardwoods at the expense of tropical hardwoods in line with fashion trends in export markets.

The Spanish market for tropical hardwood remains very weak and hardwood importers are very concerned about prospects for 2011. Although hardwood stocks in Spain are extremely low after a long period of very low purchasing, importers are so worried about future demand that they are reluctant to rebuild inventory. Spain’s door manufacturers are still in a critical state with low and declining levels of domestic construction activity. Output in Spain’s furniture sector was down 9% from January to end September 2010.

EU hardwood plywood imports up 36% in first nine months of 2010

Imports of hardwood plywood into the EU-25 group of countries reached 1.65 million cu.m in the first nine months of 2010, up 36% on the same period the previous year. Nevertheless, import volumes remained well below levels prevailing before the recession. The quarterly data shows that after a significant rise in imports during the second quarter of 2010, the pace of growth in imports slowed in the third quarter of the year.

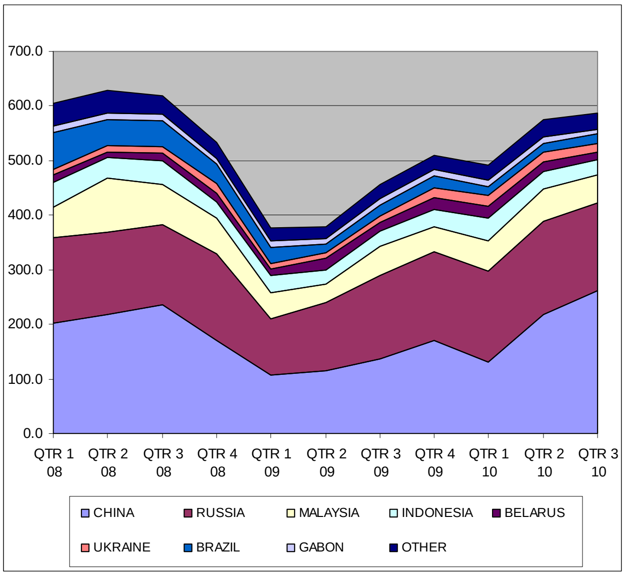
With regard to supply sources, the most notable recent trend has been strong growth in China’s share of the European hardwood plywood market during the course of 2010. EU-25 imports of hardwood plywood from China were up over 70% in the first nine months of the year. China’s share of overall hardwood plywood imports into the EU jumped from an average of around 30% in the 2008-09 period to nearly 45% in the third quarter of 2010. The major losers in recent times in terms of share of the EU hardwood plywood market have been Brazil and Gabon.

EU-25 imports of hardwood plywood by main supplier

Despatch country	Volume 1000 cu.m					
	Year			Jan-Sept		
	2007	2008	2009	2009	2010	% change
CHINA	1090.9	827.2	530.1	359.1	612.1	70.5
RUSSIA	784.2	613.9	541.9	379.6	497.9	31.2
MALAYSIA	256.2	293.0	181.9	136.7	164.2	20.1
INDONESIA	138.7	155.5	116.2	83.6	102.8	22.9
BELARUS	81.6	53.9	70.9	49.2	54.4	10.6
UKRAINE	72.6	50.8	49.6	32.2	51.5	59.9
BRAZIL	235.2	198.9	88.6	66.3	49.4	-25.5
GABON	39.9	45.9	44.7	34.2	32.4	-5.2
URUGUAY	3.9	19.3	17.4	11.9	23.1	94.4
ROMANIA	21.7	20.3	18.5	14.1	15.0	5.9
MOROCCO	35.3	23.4	1.3	0.1	14.0	10021.7
IVORY COAST	19.2	17.0	13.5	10.6	8.5	-19.2
INDIA	2.0	1.9	1.5	0.6	3.3	417.2
CAMEROON	4.7	5.1	3.6	3.1	3.7	19.8
OTHER	57.5	59.1	43.0	31.2	20.0	-35.9
TOTAL	2843.5	2385.2	1722.6	1212.4	1652.3	36.3

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



Recent market reports suggest that European demand for tropical and Chinese hardwood plywood slowed during the last quarter of 2010. According to the TTJ, following significant imports of plywood in the second and third quarters of 2010, the large UK market carried heavy stocks into the New Year relative to limited demand. There is therefore no expectation of any significant increase in UK buying during the first quarter of 2011.

EUWID reports that the continental European market for raw hardwood plywood grades was slow in the last quarter of 2010. However, more specialist film-faced products were performing rather better, continuing to benefit from higher prices and low availability of birch plywood due to the forest fires in Russia during 2010 and the Russian export tax on birch logs.

EUWID also indicates that CIF Europe prices for hardwood plywood were relatively stable in the closing months of 2010. While exporters in China and South East Asia pushed up FOB prices in the last quarter of 2010, this trend was offset by a decrease in container rates. The peak season surcharge on freight from China levied in the run up to the European Christmas vacation period in previous years was not imposed this year. At present there are no reports of significant supply or shipping problems and product is generally available for prompt shipment.

European construction sector fell 3.3% in 2010

According to the 70th Euroconstruct conference, held by Buildecon in Budapest on 2-3 December 2010, European construction output is likely to have fallen by 3.3% during 2010. This follows an 8.8% fall recorded last year. The difficulties of high public deficit in Ireland, Spain and Portugal forced further significant austerity measures including cuts in housing construction and public investment. Many other European countries were also affected by lack of domestic demand, reduced public investment and reassessment of ongoing public projects. However, a number of countries, including Finland, Germany, Poland, the United Kingdom, Sweden, and Switzerland, began to see the benefits of growing domestic confidence and demand.

According to the new country-by-country analysis by the 19 Euroconstruct members, construction activity across Europe is expected to remain stable in 2011 compared to 2010 and then to grow by 2% in 2012 and 2.5% in 2013. Recovery will vary across Europe, with activity forecast to be significantly stronger in Central and Eastern Europe than in Western Europe.

Among the three construction sub-sectors, civil engineering has proved most resilient in recent years. A recent emphasis on transport infrastructure construction in Europe is now expected to shift towards energy and water construction. However public expenditure cuts are expected to badly influence all infrastructure spending in the Czech Republic, Ireland, Spain and the UK.

The new residential construction sector which was most badly affected by the recession is expected to return to growth in 2011. The renovation sector, which has remained more stable than the new build sector during the recession but which nevertheless suffered a downturn in 2009 and 2010, is also forecast to return to growth in 2011.

Meanwhile, non-residential construction is expected to see the slowest recovery with output in 2013 hardly reaching the level of the early 2000's. Publicly financed health and school construction and renovation activity is expected to suffer from shrinking resources.

Euroconstruct reports that the ten-year-period between 2004 and 2013 shows important structural changes within the European construction sector. For example, there has been a major shift away from new construction towards renovation, maintenance and improvement (RM&I). Nearly half of all construction activity by 2013 is expected to comprise RM&I. At the same time, a growing proportion of total construction output is concentrated in smaller countries, including Central-East European and Scandinavian countries.

Another important structural change is the convergence of construction output as a percentage of the GDP to 10%. In Spain, Portugal and Ireland, construction contributed around 20% of GDP in 2004, but this figure has since contracted to 7-10%.

Euroconstruct also highlights various trends in construction which are contributing to the development of a "higher value and higher quality" sector. These include an emphasis on: efficient energy consumption; upgrading the built environment; housing replacement; new health utilities for the ageing population; and the lowering of CO2 emissions from buildings.

The Netherlands Sawnwood Prices

FOB (Rotterdam)	US$ per m^3
Sapele KD	883⬇
Iroko KD	1089⬇
Sipo KD	1070⬇
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	680-715⬇
Sapele	FAS 25mm	570-590⬇
Iroko	FAS 25mm	695-715⬇
Wawa	FAS25mm	290-310⬇
CIF plus Commission		
Tulipwood FAS 25mm		375-400
Meranti Tembaga Sel/Btr (KD 2"boards)		565-585
Balau/Bangkirai Decking		935-970⬇
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	555-575⬇
China (hardwood face, eucalyptus core) 18mm	370-380⬇
China (tropical hardwood face, poplar core) 18mm	350-365⬇

Total construction output (change in real terms)

Country	2007	2008	2009	Estimate 2010	Forecast 2011	Forecast 2012	Outlook 2013
Austria	1,6	1,6	-6,0	-3,0	0,7	0,8	1,0
Belgium	4,1	1,5	-3,0	-0,6	0,7	2,4	-0,6
Denmark	1,5	-5,0	-12,4	-7,2	3,1	5,3	5,6
Finland	6,4	0,1	-11,9	4,4	2,9	2,4	3,5
France	3,4	-2,4	-7,4	-4,2	1,5	1,4	2,7
Germany	0,4	2,5	-0,9	3,4	1,3	1,6	1,7
Ireland	1,4	-5,4	-35,0	-28,3	-10,7	0,2	3,9
Italy	-0,4	-4,2	-8,7	-4,8	0,9	3,1	3,3
Norway	8,5	-2,6	-2,2	-3,1	3,3	3,8	4,5
Portugal	-0,4	-4,8	-9,9	-7,5	-4,1	-1,4	1,0
Spain	2,9	-19,1	-24,6	-16,1	-13,6	-2,3	1,3
Sweden	5,0	-0,2	-5,3	2,4	3,9	4,4	3,7
Switzerland	-2,3	0,1	3,7	2,4	1,1	1,1	1,1
The Netherlands	6,0	5,5	-4,9	-9,4	1,0	2,4	2,9
United Kingdom	1,9	-0,3	-10,4	3,1	0,2	1,5	2,0
Western Europe (EC-15)	**2,1**	**-3,8**	**-9,2**	**-3,4**	**-0,5**	**1,6**	**2,3**
Czech Republic	7,3	2,7	-1,3	-10,0	-3,2	0,2	3,1
Hungary	-4,5	-3,4	-9,0	-3,8	5,2	7,5	10,1
Poland	12,7	11,4	4,3	4,0	12,7	12,4	5,9
Slovak Republic	6,0	11,0	-12,7	-6,3	6,2	2,5	3,1
Eastern Europe (EC-4)	**7,4**	**6,4**	**-0,7**	**-1,8**	**7,2**	**8,2**	**5,7**
Euroconstruct Countries (EC-19)	**2,3**	**-3,4**	**-8,8**	**-3,3**	**-0,1**	**2,0**	**2,5**

Source: Euroconstruct, 70th Conference, Budapest

Construction output in the Euroconstruct region by sector (change in real terms)

Sector	2007	2008	2009	Estimate 2010	Forecast 2011	Forecast 2012	Outlook 2013
New residential	-2,1	-16,6	-24,2	-7,1	3,0	5,3	5,5
Residential renovation	3,5	0,5	-3,3	0,0	1,3	1,7	2,1
New non-residential	7,0	1,6	-13,7	-7,2	-2,4	0,9	2,3
Non-residential renovation	2,7	0,9	-3,7	-2,6	0,2	1,1	1,7
Civil engineering	2,1	0,4	0,9	-1,5	-2,1	1,4	1,5
Total construction output	**2,3**	**-3,4**	**-8,8**	**-3,3**	**-0,1**	**2,0**	**2,5**

Source: Euroconstruct, 70th Conference, Budapest

Report from North America

Increase in US home sales and starts

Sales of new homes bounced back in November 2010. Sales increased by 5.5% from October to November, according to US Department of Commerce figures. The US South and West accounted for much of increase, while sales in the Northeast and Midwest declined. The inventory of new homes on the market has fallen to below 200,000 units for the first time in 42 years. The National Association of Home Builders is concerned that the lack of financing for construction will result in a very tight market when demand for new homes improves this spring.

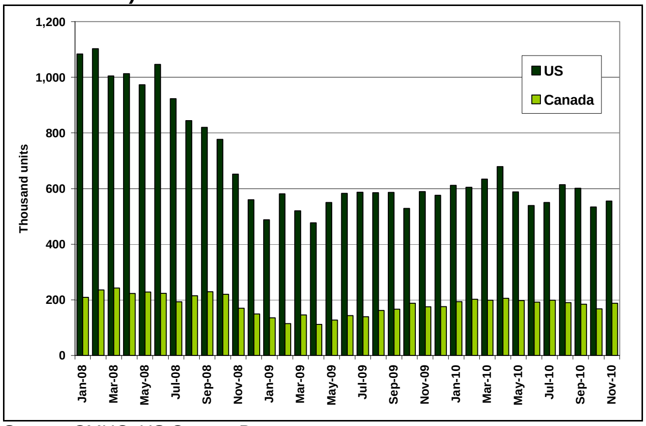
Housing starts increased slightly in November to 555,000 (seasonally adjusted rate), up 3.9% from October according to the latest data from the US Department of Commerce. Multi-family housing starts declined by 9.1% from October while single family starts increased by 6.9%. The number of building permits authorised in November fell by 4% from the previous month due to a large decline in permits for apartments. The number of permits issued can be an indicator of future building activity.

Unemployment dropped to 9.4% in December 2010, the lowest rate in 19 months. However, this drop includes people who have stopped looking for work. Given the strengthening economy, many analysts expected a stronger increase in employment. Ben Bernanke, Chairman of the Federal Reserve, reported to the US Congress on 7 January that it could take four to five years before the unemployment rate drops to the usual rate of around 6%.

Canadian housing starts have moderated

While housing starts in Canada have recovered well from the impact of the recession, the number of new starts declined towards the end of 2010. Canada's unemployment rate held steady in December at 7.6%. Compared to December 2009, employment increased by 2.2%. The Canada Mortgage and Housing Corporation forecasts slightly improving housing starts in 2011 compared to 2010. Little change is expected in the main drivers of home construction in 2011, namely the economy, mortgage rates and immigration.

Housing starts in the US and Canada (seasonally adjusted at annual rates)



Source: CMHC, US Census Bureau

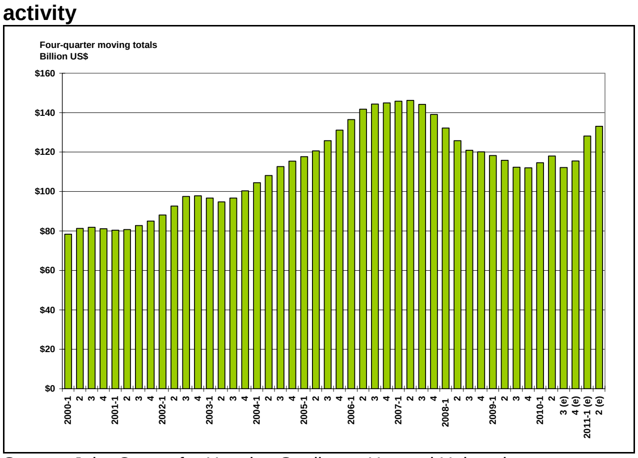
McGraw-Hill redicts 25% growth in single family housing starts in 2011

The 2011 Construction Outlook report by McGraw-Hill predicts a significant rebound in almost all construction markets in the US. Single family housing is expected to increase by 27% in value and 25% in the number of units built from 2010 levels. Multi-family housing is forecast to grow by 24% in value and 23% in the number of units built. Commercial building construction is predicted to grow by 16%, but the level of activity will still be below normal for hotels and offices. Institutional buildings are expected to decline by 1% from 2010 because there are few public funds to build schools.

Upswing in home renovation spending expected for 2011

2011 may see strong growth in homeowner improvement spending according to data collected for the Leading Indicator of Remodeling Activity by the Joint Center for Housing Studies at Harvard University. Based on the indicator, spending on home renovations could increase by more than 10% in the first half of 2011. As housing prices stabilise and consumer confidence improve, homeowners are more likely to invest in their homes and carry out deferred replacements and repairs.

Homeowner improvements, leading indicator of remodelling activity



Source: Joint Center for Housing Studies at Harvard University

CARB revises dates to sell non-compliant composite wood products

The California Air Resources Board (CARB) has released a guidance on 6 January that clarifies and revises some of the dates until when composite wood products must be sold that do not comply with current formaldehyde emission standards. California introduced formaldehyde emission standards for hardwood plywood, particleboard, and medium density fiberboard in 2007. The first emission standards became effective on 1 January 2009. Principally, all composite wood products and finished goods sold, offered for sale, supplied, used, or manufactured for sale in California after 1 January 2009, must comply with the applicable emission standards. However, the guidance extends the allowable sell through of some of the products manufactured prior to 2009. The full guidance for manufacturers, importers, distributors, fabricators and retailers of composite wood products and finished goods is available here:
http://www.arb.ca.gov/toxics/compwood/compwood.htm

BKB Hevea Flooring Products from Malaysia expands into US market

Malaysian BKB Hevea Flooring Products announced that their cost-effective engineered hardwood flooring products are now imported into the US. The flooring is made of a hevea (rubberwood) core, a hardwood top layer and a softwood veneer back. FSC-certified flooring will be available in the North American markets.

Canadian company to log submerged hardwoods in Ghana

Ghana’s parliament has ratified an agreement that will allow Canadian Triton Logging to log the submerged timber in the Volta Lake reservoir. The reservoir was created for a hydroelectric plant in 1965. Triton Logging’s subsidiary Clark Sustainable Resource Developments Limited will have exclusive rights to 350,000 hectares of the reservoir. The company intends to sell the timber on domestic and international markets.

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.

Australia faces a shortage of sawn timber because less public land is available for politically sensitive native forestry and ill-fated schemes which used timber growing for tax breaks have scuttled private investor confidence, a new state parliamentary briefing paper says. Even woodchip exports, which make up almost AUD1 billion of Australia's annual AUD2.3 billion in wood exports, have plunged as Japan has bought less.
http://www.smh.com.au/environment/conservation/timber-industry-dogged-by-problems-20101227-198lx.html

A multimillion-dollar shipment of New Zealand logs left the port of Bluff recently as the country benefits from a Russian export tax on logs being shipped to China. NAC Trading shipped 20,000 tonnes of logs to China. Southport cargo operations manager Geoff Finnerty said it was just part of a growing number of forestry exports leaving Bluff. The port's dealings with NAC Trading had grown to the extent that more than 10,000 square metres had been set aside as additional storage space for NAC's logs, he said.
http://www.stuff.co.nz/southland-times/business/4458135/Chinese-timber-market-big-business

Surging Canadian forest products sales to Asia have for the first time nearly equalled sales to the US, where the housing market continues to decline. The total sawnwood, pulp, paper, plywood and other manufactured wood product sales to China and Japan reached 40% of British Columbia's output. Sales to the US, where historically the vast majority of BC products have gone, were at 42.2%. US sales are expected to reach six billion board feet in 2010, about the same as the last two years and far below historic highs.
http://www.bclocalnews.com/bc_cariboo/100milefreepress/news/111892284.html

Thanks to its experience with community forestry projects, Mexico can provide tips on how to manage forests while fomenting the development of local economies in 2011, the International Year of Forests. Every year, some 13 million hectares of forests are lost worldwide, and deforestation is responsible for 20% of total emissions of carbon dioxide, one of the main greenhouse gases responsible for global warming, according to the Food and Agriculture Organisation (FAO).
http://www.ipsnews.net/news.asp?idnews=54041

The timber and forestry industry of South Africa (SA) has established a Wood Foundation to lobby the government to dramatically change the construction of its housing by using wood instead of bricks and mortar in a bid to lower SA's carbon emissions footprint. It argues that promoting wood as the main source for construction will support the local economy and job creation, while steering SA towards green building practices and the implementation of energy efficiency legislation.
http://www.businessday.co.za/articles/Content.aspx?id=129836

US exports of wood products to China may roughly triple from a year ago. The rise in exports to China is being felt across the Pacific Northwest, where timber companies are hiring and ports are handling increased volumes. In the first 10 months of 2010, 2.1 million metric tonnes of logs and finished wood products were exported to China from the US, nearly three times the 850,000 metric tonnes exported in the same period of 2009, according to the Piers trade data service of UBM Global Trade.
http://online.wsj.com/article/BT-CO-20101221-704579.html

The US International Trade Commission has posted a 201-page public report containing its views and review of antidumping duties on wooden bedroom furniture from China. After the sunset review process, the agency decided to leave the duties in place for another five years. The initial order placing antidumping duties on Chinese wood bedroom imports was issued in 2004 after the US government concluded that those products were unfairly priced too low.
http://www.furnituretoday.com/article/534592-Why_antidumping_duties_stand.php

The Vietnamese wood product industry earned US$3.3 billion from exports in 2010, $300 million more than the target set for the year, according to the Viet Nam Timber and Forestry Products' Associations. The association's vice chairman, Nguyen Ton Quyen, attributed the result to the rebound of traditional import markets, such the EU, US and Japan, as well as rising prices and a Government incentive policy which partly removed the 10% tariff on imported wood materials.
http://vietnamnews.vnagency.com.vn/Economy/207208/Timber-products-earn-33b-in-exports.html

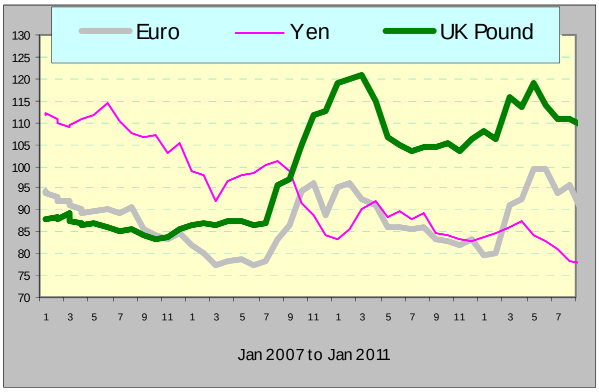
Disclaimer:	*Though efforts have been made to keep prices near to accurate, these are published as a guide only. ITTO does not take responsibility for the accuracy of this information.*

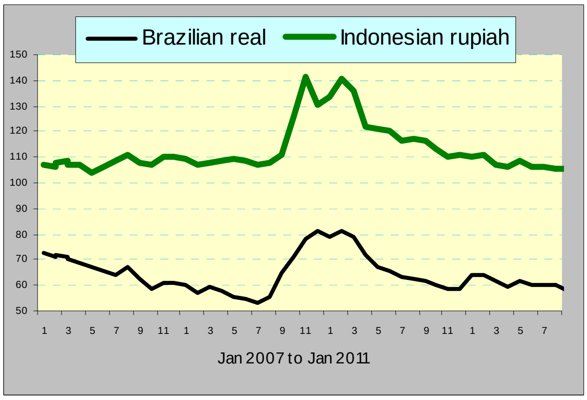
Main US Dollar Exchange Rates

As of 19th January 2011

Brazil	Real	1.6742
CFA countries	CFA Franc	490
China	Yuan	6.5831
EU	Euro	0.7471
India	Rupee	45.4752
Indonesia	Rupiah	9058
Japan	Yen	82.63
Malaysia	Ringgit	3.0572
Peru	New Sol	2.7840
UK	Pound	0.6270

Exchange rates index (Dec 2003=100)

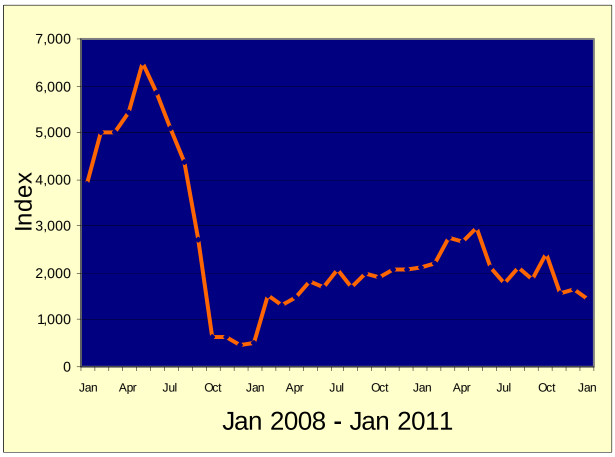




Abbreviations and Equivalences

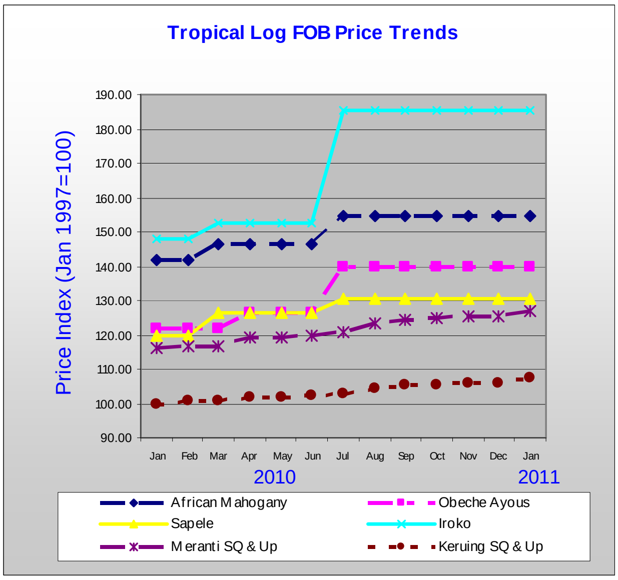
LM	Loyale Merchant, a grade of log parcel
QS	Qualite Superieure
CI, CE, CS	Choix Industriel, Economique or Supplimentaire
FOB	Free-on-Board
CIF; CNF	Cost, insurance and freight; Cost and freight
KD; AD	Kiln Dry; Air Dry
Boule	A log sawn through and through, the boards from one log are bundled together.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

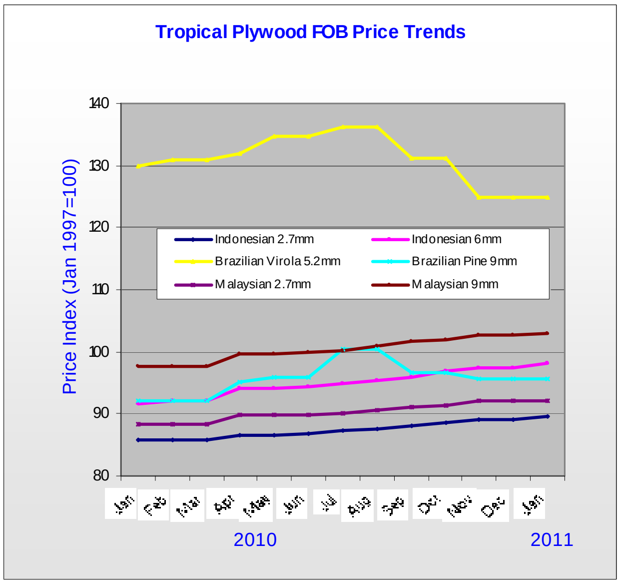


The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

Tropical Log Price Trends

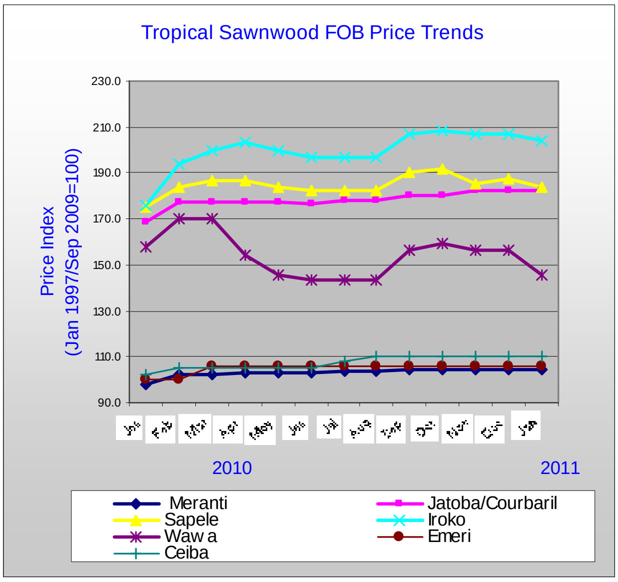


Tropical Plywood Price Trends



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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