Tropical Timber Market Report

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Top Story

Damaged Japanese plywood mills soon to restart

The Japan Federation of Plywood Manufacturers has reported that six plywood mills which sustained considerable damage as a result of the recent earthquake and tsunami will restart partial production, probably in July.

In Ishinomaki the power supply was restored in late May but in other areas, such as Miyako and Ofunato, it will be some time before power is available once more and this will delay the resumption of production of mills in these areas.

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Headlines

Report from Central/West Africa

Log prices show no sign of further gains
Log prices have been virtually unchanged for some eight to ten weeks and show no sign of substantial change in the near future, even though sawnwood prices are moving up.

Sawnwood market focused on most popular species
West and Central African producers and exporters have concentrated on maintaining the recently much improved prices for premium species sawnwood.

Prices for non-premium species and for species that are traded in low volumes have remained unchanged for several weeks, or even months in some cases and are not showing any signs of moving up in line with the general trend for competing Asian sawnwood.

The market activity over the past two months has been focused on sawnwood of the top ten most popular species. The current improved price levels for sawnwood came about after some earlier firmer prices for logs.

Sawnwood demand in all markets, except Europe, is still very brisk and mills have orders for at least two and three months' production at the current levels. It is possible that sawnwood prices have reached a threshold at the top of the current market and may well hold at these levels through into the third quarter of the year.

However, some producers report that price rises for selected species may continue and feel confident of a strong market right through to year end and only then see prices flattening out.

For the moment, at mid-month, there are very few price changes to report, bilinga FAS GMS prices have moved up another Euro10 per cu.m to Euro 485. Prices for Padouk saw a further small increase and now stand at Euro790 per cu.m for FAS GMS while prices for scantlings fell to Euro 760 per cu.m.

Sawnwood from community mills may not satisfy FLEGT
Reports are indicating that the forestry authorities in Cameroon and the Central African Republic are making attempts to restrict the volume of logs harvested under the traditional 'family cutting rights'.

These rights have allowed communities in forest areas to fell a limited number of trees each year supposedly for community use but, usually, these logs are sold to sawmills. Many in the sector believe that it is not always possible to control the volume removed or to ensure that all the appropriate duties and taxes are paid on log harvested under these rights.

Some years ago several communities bought portable sawmills to process the logs felled under the family cutting rights system and to supply rough sawn boards to sawmills for further processing.

Analysts point out that sawnwood from these forest mills is usually very badly sawn and needs resawing or otherwise processing.

This type of milling tends to be inefficient and wasteful and even if it is now less prevalent, this trade could make it difficult for established, permanent, sawmills to be able to comply with chain of custody requirements under FLEGT.

Veneer and plywood prices rise after period of difficult trading
Veneer and plywood producers in the region have been able to raise prices after a very long period of difficult trading. Some producers are now more confident of a more steady demand and firmer price levels through into the third quarter.

West Africa Log Prices

West Africa logs, FOB	€ per m^3		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	205	205	165
Ayous/Obeche/Wawa	195	190	145
Azobe & Ekki	205	205	122
Belli	210	210	-
Bibolo/Dibétou	145	130	
Bubinga	770	615	470
Iroko	285	280	215
Okoume (60% CI, 40% CE, 20% CS) (China only)	250	-	-
Moabi	280	280	190
Movingui	185	150	140
Niove	150	150	-
Okan	320	320	-
Padouk	380	345	235
Sapele	245	235	170
Sipo/Utile	275	250	190
Tali	275	275	-

West Africa Sawnwood Prices

West Africa sawnwood, FOB		€ per m^3
Ayous	FAS GMS	300
Bilinga	FAS GMS	485⬆
Okoumé	FAS GMS	440
	Merchantable	290
	Std/Btr GMS	330
Sipo	FAS GMS	500
	FAS fixed sizes	-
	FAS scantlings	415
Padouk	FAS GMS	790⬆
	FAS scantlings	760⬇
	Strips	340
Sapele	FAS Spanish sizes	370
	FAS scantlings	430
Iroko	FAS GMS	640
	Scantlings	650
	Strips	410
Khaya	FAS GMS	415
	FAS fixed	430
Moabi	FAS GMS	530
	Scantlings	525
Movingui	FAS GMS	410

Report from Ghana

GCNet sensitisation for timber exporters

The Timber Industry Development Division (TIDD) of the Ghana Forestry Commission has organised a series of seminars for timber exporters and major stakeholders in the industry in order to explain the use of the so-called eMDA in the processing and approval of timber export permits. (eMDA is the acronym for the new online information network between Ministries, Departments and Agencies)

The exporters were shown the means for electronic processing of Timber Export Permits, using the Ghana Community Network Services Ltd (GCNet) platform. This initiative is expected to address the perceived communication gap between the TIDD and the industry on the issuance of permits.

In an address at a workshop in Tema, the Executive Director of TIDD, Mr. Alhassan Attah said the seminar formed part of the division's' repositioning strategy of bringing the processing of timber exports to the doorsteps of exporters.

He added tha, the use of GCNet in timber operations would also help reduce the cost of doing business, enhance competitiveness and provide the domestic timber industry the comparative advantage in the trading of wood products.

New system an element of VPA

The Executive Director said, GCNet would be benefit the Forestry Commission in effectively monitoring the country's export trade, enhancing data retrieval and serve as a reliable database for planning, reporting and decision making. The system would also enable the Commission to maximise the export revenue collected by the state and reduce irregularities in the timber trade.

According to Mr. Attah, the use of the GCNet would also allow for a closer exchange of information among report related agencies such as the Customs and Exercise and Preventive Service (CEPS) and other revenue-collecting agencies for the state.

He said the electronic issuance of export permits was in line with the terms and conditions of the Voluntary Partnership Agreement signed between Ghana and the EU in Sep.2009, where one of the elements was the issuance of Forest Law Enforcement Governance and Trade (FLEGT) licence electronically.

The eMDA portal is designed for the electronic processing of documents and the system enables online submission, approval and distribution of permits and licenses.

Log Domestic Prices

Ghana logs, domestic	US$ per m^3	
	Up to 80cm	80cm+
Wawa	140-150⬆	157-170⬆
Odum Grade A	160-170	175-185
Ceiba	115-124⬆	128-143⬆
Chenchen	90-100	105-120
Khaya/Mahogany (Veneer Qual.)	107-120	125-145
Sapele Grade A	145-155⬆	160-185⬆
Makore (Veneer Qual.) Grade A	128-135	140-166

Export Sawnwood Prices

Ghana Sawnwood, FOB	€ per m^3	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	855	-
Asanfina	500	560
Ceiba	215	269
Dahoma	320⬆	385
Edinam (mixed redwood)	400	450
Emeri	350	430
African mahogany (Ivorensis)	568	650
Makore	530⬆	585
Niangon	515	590
Odum	625	690
Sapele	545	615⬆
Wawa 1C & Select	260	285

Domestic Sawnwood Prices

		US$ per m^3
Wawa	25x300x4.2m	296⬆
Emeri	25x300x4.2m	310
Ceiba	25x300x4.2m	233
Dahoma	50x150x4.2m	303⬆
Redwood	50x75x4.2m	332
Ofram	25x225x4.2m	332⬆

Export Veneer Prices

Rotary Veneer, FOB	€ per m^3	
	CORE (1-1.9mm)	FACE (<2mm)
Bombax	315	350
Ofram,	320	355
Ogea & Otie	315	350
Chenchen	315	350
Ceiba	330	353
Mahogany	415	450

The above prices are for full sized panels, smaller sizes minus 15%. Thickness below 1mm would attract a 5% premium.

Export Rotary Veneer Prices

Rotary Veneer, FOB Core Grade 2mm & up	€ per m^3
Ceiba	270
Chenchen	305
Ogea	305
Essa	290
Ofram	310

Export Sliced Veneer Prices

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afrormosia	1.19	1.00
Asanfina	1.50	1.00
Avodire	1.12	0.69
Chenchen	1.10⬇	0.68
Mahogany	1.25	0.99
Makore	1.25	0.63
Odum	1.80	1.40

Ghana Export Plywood Prices

Plywood, FOB		€ per m³	
BB/CC	Ceiba	Ofram	Asanfina
4mm	380⬆	556⬆	597
6mm	367	540	575
9mm	310	384	436
12mm	290	390⬆	397
15mm	285	327	334
18mm	275⬆	320	3303⬆

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%.

Export Moulding Prices

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

Strengthening ringgit hist furniture exports

With the Malaysian ringgit strengthening against most major currencies, including the US dollar, the Euro and Sterling, a decline in furniture exports in the current year is being forecast.

Exports of Malaysian furniture are expected to decline by up to 15%, from RM7.95 billion in 2010 to RM6.8 billion for 2011. This decline would be the worst in the past 3 years.

The Malaysia Furniture Entrepreneur Association (MFEA) reported that exports by its members had declined from RM1.97 billion in the first quarter 2010 to RM1.66 billion in the first quarter of 2011. Exports for the second quarter are expected to come in below RM1.98 billion.

For the Japanese furniture market, exports registered a 12% decline to RM166 million for the first quarter 2011 compared to RM186 million for the first quarter 2010. Japan was the second largest market for MFEA members in 2010, with exports valued at RM709 million out of a total of RM7.95 billion for the year.

Global WoodMart - one-stop centre for buyers and suppliers

The Malaysian Timber Council (MTC) expects that its Global WoodMart (MGW) 2012 exhibition will showcase timber and timber products from both tropical and temperate countries. MTC added that MGW 2012 will act as a one-stop centre for both buyers and suppliers of timber and timber products.

Official partner organizations of MGW 2012 are the American Hardwood Export Council (AHEC) and FrenchTimber. AHEC has been active in the Asian markets for many years but FrenchTimber is a relative newcomer.

FrenchTimber was formed in 2001 at the initiative of the “Fédération Nationale du Bois” and a group of French sawmills and it pursues two main goals :

- To promote, on a national as well as international basis, the use of the different sawn timber species and processed wood products, coming from sustainably managed French forests.
- To ease supplies of sawn timber to foreign companies by increasing the visibility of the French sawmills’ offer and expertise.

Low river water makes rafting difficult

Prices of Malaysian timber and timber products began to stabilise in Peninsular Malaysia as dry weather conditions returned, allowing uninterrupted harvesting and transportation. However, for Sarawak, the problem of low water levels in rivers continues to hamper rafting of logs.

No slowing in demand from China and India

The spill-over effects of the EU debt problems and the weak economy in the US weigh heavily on the timber export market. This, coupled with the strong Malaysian ringgit, means that market prospects are gloomy and analysts report that buyers are maintaining a wait and see outlook.

However, China and India remain two of the most important markets for Malaysian timber exporters and there has been no slowing in the demand in these countries for raw materials and semi-finished timber products.

Log Prices

Sarawak log, FOB	US$ per m³
Meranti SQ up	256-283
Small	245-275
Super small	246-267
Keruing SQ up	241-253
Small	232-264
Super small	221-245
Kapur SQ up	232-258
Selangan Batu SQ up	230-263

Pen. Malaysia logs, domestic (SQ ex-log yard)	US$ per m³
DR Meranti	268-285
Balau	322-352
Merbau	360-391
Rubberwood	101-135
Keruing	241-257

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	409-445
White Meranti A & up	304-334
Seraya Scantlings (75x125 KD)	449-461
Sepetir Boards	274-303
Sesendok 25,50mm	361-379
Kembang Semangkok	332-359⬆

Malaysian Sawnwood, domestic	US$ per m^3
Balau (25&50mm,100mm+)	341-361
Merbau	472-524
Kempas 50mmx(75,100 & 125mm)	282-322
Rubberwood	
25x75x660mm up	237-287⬆
50-75mm Sq.	275-307
>75mm Sq.	297-327

Plywood Prices

Malaysia ply MR BB/CC, FOB	US$ per m^3
2.7mm	440-500
3mm	420-450
9mm & up	372-442

Meranti ply BB/CC, domestic	US$ per m^3
3mm	363-453
12-18mm	346-375

Other Panel Prices

Malaysia, Other Panels, FOB	US$ per m^3
Particleboard	
Export 12mm & up	254-277
Domestic 12mm & up	246-260⬆
MDF	
Export 15-19mm	307-338
Domestic 12-18mm	298-317

Added Value Product Prices

Malaysia, Mouldings, FOB	US$ per m^3
Selagan Batu Decking	565-575
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	580-593
Grade B	534-544

Furniture and Parts Prices

Malaysia, Rubberwood, FOB	US$ per piece
Semi-finished dining table	
solid laminated top 2.5'x4', extension leaf	76-92
As above, Oak Veneer	83-97
Windsor Chair	75-77
Colonial Chair	73-78
Queen Anne Chair (soft seat)	
without arm	73-82
with arm	73-82
Chair Seat 27x430x500mm	61-66

Rubberwood Tabletop	US$ per m^3
22x760x1220mm sanded & edge profiled	
Top Grade	622-652
Standard	606-622

Report from Indonesia

ASEAN cooperation aim at increasing rattan exports

Indonesia will be the main production centre for rattan furniture and rattan products among ASEAN countries.

This decision was made by the ASEAN Furniture Industries Council (AFIC) after taking into consideration that ASEAN countries were major producers of rattan, with Indonesia being the largest producer.

According to the director of forest industry and plantations at the Indonesian Industry Ministry, the furniture industries within each ASEAN country will undertake creation of their own designs and implement marketing programmes, however, production will take place in Indonesia as it is only here that raw material is available. To achieve this manufacturers in the Philippines were the first to say they would welcome the opportunity to invest in new factories in Indonesia.

The Indonesian Furniture Industries and Handicraft Association added that additional market promotion in countries outside ASEAN member countries will be organized jointly.

Indonesia claims to possess a sustainable rattan production of up to 140,000 tons per year out of a potential yield of 620,000 tons. This constitutes 75% to 80% of the total global production.

Indonesia's exports of rattan products stood at US$133 million in 2010 and the latest cooperation between ASEAN companies is expected to increase exports by 15% and this would mount a challenge to manufacturers in China.

Indonesia attracts major construction sector consulting group

UK-based ARUP, one of the world's largest consulting firms for the construction industry, will move into Indonesia to take advantage of one of the world's fastest growing construction markets. The move will make it the second major UK construction related consulting firm to do so.

According to ARUP, global construction spending is estimated to increase by US4 trillion from 2010 to 2020, of which up to 4% is expected to derive from Indonesia alone. This constitutes an increase of almost U$200bn, according to a report by Global Construction Perspectives and Oxford Economics.

The other countries expected to contribute significantly to global construction spending within the next decade will be China, India and the USA.

Indonesia is set to be one of the seven countries that will contribute to two-thirds of growth in global construction projects.
See:
http://www.building.co.uk/news/arup-to-move-into-indonesia-as-market-grows/5018287.article

Log Prices (domestic)

Indonesia logs, domestic prices	US$ per m^3
Plywood logs	
Face Logs	217-260
Core logs	202-231
Sawlogs (Meranti)	211-271
Falcata logs	179-214
Rubberwood	91-95⬆
Pine	189-230
Mahoni (plantation mahogany)	494-524

Sawnwood Prices

Indonesia, construction material, domestic	US$ per m^3
Kampar (Ex-mill)	
AD 3x12-15x400cm	202-221
KD	217-252
AD 3x20x400cm	238-261
KD	240-269
Keruing (Ex-mill)	
AD 3x12-15x400cm	253-267
AD 2x20x400cm	241-259
AD 3x30x400cm	224-243

Plywood Prices

Indonesia ply MR BB/CC, export FOB	US$ per m^3
2.7mm	426-482
3mm	384-425
6mm	363-405

MR Plywood (Jakarta), domestic	US$ per m^3
9mm	282-293 ⬆
12mm	274-243 ⬆
15mm	264-278 ⬆

Other Panel Prices

Indonesia, Other Panels, FOB		US$ per m^3
Particleboard	Export 9-18mm	240-249
	Domestic 9mm	220-232
	12-15mm	214-226
	18mm	210-221
MDF	Export 12-18mm	270-285
	Domestic 12-18mm	254-266

Added Value Product Prices

Indonesia, Mouldings, FOB	US$ per m^3
Laminated Boards	
Falcata wood	322-335
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	515-546
Grade B	470-493

Report from Myanmar

Demand shifts from Pyinkado to Gurjan.

Analysts report that the market for Pyinkado is quiet while it remains active for Gurjan. Over the past months there has been a significant shift in demand from Pyinkado to Gurjan.

Concern over availability of high grade teak logs

The impression of traders is that the availability of high grade logs is falling. High grades such as Sawing Grades I, II, and IV, are now not readily available and the same can be said for Veneer Grades like 2nd, 3rd, and 4th quality logs.

Analysts say that teak logs from areas known to produce high quality teak can be sold quickly, but these areas are now not producing as much as in the past. Other, not-so-popular, areas produce a larger volume of logs, but the log grades are lower (mainly because of the high incidence of defects in the logs)and these logs are slow movers.

Trade anticipates shift to conservation

Some local observers are saying there is a need to put more emphasis on conservation and trade analysts seem to think that this is the direction the Ministry of Forestry is heading. June is the month for tree planting and the most newspapers report this important national activity in detail.

Most analysts feel a change to reduced log harvests is likely some time soon.

Timber used to be the second most important foreign exchange earner for the country but this has changed as natural gas, gems, fisheries and agricultural products are becoming more important.

Under these circumstances, many analysts agree that Myanmar has the opportunity to seriously consider a reduction in log harvests and a switch to more local processing and export of finished or semi-finished products. They say that this would be more beneficial for the country in the long run. Revenue from the forestry sector at this point in time is made up of around eighty per cent from log exports.

Myanmar log prices (natural forest logs)

Teak Logs, FOB	€ Avg per Hoppus Tonne (traded volume)	
Veneer Quality	Apr	May
2nd Quality	nil	nil
3rd Quality	nil	nil
4th Quality	4,658 (11 tons)	4,250 (11 tons)
Sawing Quality		
Grade 1 (SG-1)	3,198 (44 tons)	3,180 (34 tons)
Grade 2 (SG-2)	2,846 (41 tons)	2,773 (44 tons)
Grade 4 (SG-4)	2,019 (200 tons)	2,143 (219 tons)
Grade 5 (SG-5) Assorted	1,313 (139 tons)	1,362 (180 tons)
Grade 6 (SG-6) Domestic	1,196 (78 tons)	1,357 (72 tons)
Grade 7 (ER-1)	936 (92 tons)	991 (61 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

Teak log prices firm at local auctions

Auction sales at Government Forest Depots in Gujarat and Central India are continuing and price trends for teak have been reported as firm, this also applies to other hardwood logs. In the recent sales the ratio of teak to other hardwoods has been 80: 20.

Pre-monsoon stock building drives up prices of imported teak

Supplies of plantation teak from Ghana and Ivory Coast have been erratic recently but Central and South American supplies have been steady and have continued to support the demand in Mumbai, Kandla and Mangalore.

Forward contract levels are also reportedly good and supplies will be maintained in the weeks to come. Pre-monsoon stock building by sawmillers is keeping prices firm.

Shipbuilding quality Teak logs	Rs.2200~2300⬆
First quality Teak Saw-logs	Rs.1800~2000⬆
Long length high girth Teak logs	Rs.1500~1800
Average sawmill quality logs	
15'& up	Rs.1100~1200
12'& up	Rs.900~1000
8'~10'	Rs.800~ 900
Hardwood logs, Haldu and Laurel	Rs.350 ~ 500

Current plantation teak prices C & F Indian ports remain unchanged.

CnF Plantation Teak

	US$ per m^3
Tanzania Teak sawn	450-800
Côte d'Ivoire logs	550-750
PNG logs	500-600
El-Salvador logs	475-550
Guatemala logs	400-500
Nigeria squares	375-475
Ghana logs	350-600
Guyana logs	350-450
Benin logs	500-650
Benin sawn	475-600
Brazil squares	500-600
Burkina Faso logs	350-450
Columbia logs	400-600
Togo logs	350-500
Ecuador logs	450-500
Costa Rica logs	350-500
Panama logs	350-450
Sudan logs	500-700
Venezuela logs	460-500

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.

Demand from Europe, USA and Middle East for teak and other hardwoods remains steady.

India Sawnwood Prices (domestic) Myanmar Teak (imports)

Sawnwood (Ex-mill)	Rs. per ft^3
Myanmar Teak (AD)	
Export Grade F.E.Q.	6500-9000
Plantation Teak A grade	3000-3800
Plantation Teak B grade	2500-2800
Plantation Teak C grade	1800-2000

India Sawnwood Prices (imports)

Sawnwood, (Ex-mill) (AD)	Rs. per ft^3
Merbau	1450
Balau	1550
Kapur	1000
Red Meranti	850
Bilinga	750
Radiata Pine (AD)	425-475⬆

Sawnwood, (Ex-warehouse) (KD)	Rs. Per ft^3
Beech	1200⬆
Sycamore	1200
Red Oak	1300
American Walnut	2150
Hemlock clear grade	1000
Hemlock AB grade	850
Western Red Cedar	1350
Douglas fir	1000

Domestic demand for plywood is firm as construction activity is in full swing. Raw material prices are not relenting which has forced local manufacturers to increase prices once again.

India Plywood Prices

Plywood, (Ex-warehouse) (MR Quality)	Rs. per sq.ft
4 mm	36.25
6 mm	51.00
12 mm	66.50
15 mm	79.60
18 mm	95.00

Locally Manufactured Plywood "Commercial Grade"	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.13.00⬆	Rs.22.50⬆
6mm	Rs.19.00⬆	Rs.32.60⬆
8mm	Rs.23.50⬆	Rs.36.40⬆
12mm	Rs.26.50⬆	Rs.39.00⬆
19mm	RS.37.00⬆	Rs.52.50⬆
5mm Flexible ply	Rs.21.50⬆	Rs.28.00⬆

Report from Brazil

Furniture Federation pleads for tax relief

The Ceará Federation (FIEC) has pleaded for tax relief for the furniture and sawmill companies operating in the state of Ceará.

FIEC has presented a proposal on this on behalf of two state unions. The proposal emphasises the importance of the industrial sector where, in the early part of the year, sector growth was around 6% above the same period in 2010. However, in recent months this has fallen to around 4.5%.

FIEC claims that the declining growth rate is due to the slowdown in the implementation of some government programmes. For example planned infrastructure works have not started as scheduled and house building under the Rural Light Programme is yet to get underway.

However, a growth of 4.5% creates an enormous incentive for companies to continue their operations. Entrepreneurs in the furniture sector are benefiting from the stable economy and look forward to opportunities stemming from the World Cup (2014) and the Olympic Games (2016). These events will likely create opportunities for many development projects.

FEMADE 2011

The International Fair for the Wood, Furniture and Forestry Industries is scheduled for late this year and this will be the 7th fair held.

This is an international event focusing on the development of the entire production chain – from forestry to furniture manufacturing. FEMADE 2011 will offer an opportunity for networking and technology transfer across many sectors of the forestry and timber industries.

FEMADE 2010 saw a growth of 45% in the number of exhibitors compared to the previous fair in 2008. Asian, European and North American companies have invested in the Brazilian wood and furniture industry and they use FEMADE to develop business opportunities.

The participation of Deutsche Messe in the commercialisation of FEMADE 2010 was a decisive factor for the effective internationalization of the show say analysts. See http://www.feirafemade.com.br/

Timber exports double in Alta Floresta, Mato Grosso

In the first four months of 2011, the municipality of Alta Floresta has exported a total of just over US$ 10 million, 123% above the same period of 2010 according to the Ministry of Development, Industry and Foreign Trade (MDIC).

The main product exported since January, was tropical timber, (US$ 5.1 million) followed by meat products (US$ 3.8 million). Exports of Ipe sawnwood and veneer sheets amounted to US$ 536,300.

The United States tops the list of destinations for exports (US$ 3.9 million), followed by China/ Hong Kong, (US$ 2.6 million), and Iraq (US$ 1.2 million).

Commission approves export processing zones in Para

The Amazon, National Integration and Regional Development Commission has approved the Law 7859/10 which authorizes the government to establish an Export Processing Zone (EPZ) in the municipality of Parauapebas, in the Northern Brazilian state of Pará.

Companies set up in the EPZs will have tax and foreign exchange benefits as well as simplified administrative procedures for customs.

The state of Para has a large number and concentration of tropical timber sawmills and these mills export a high proportion of their production. It is expected some of these mills will relocate to the EPZ to secure the benefits offered.

Few industries utilising plantation teak for wood products

The state of Mato Grosso is the largest producer of teak in Brazil, accounting for 90% of the supply in the country.

Many see an opportunity to raise the awareness of consumers in Brazil and to expand the market for wood products manufactured from plantation teak.

Currently, young plantation teak in Brazil is used mainly as fuelwood by energy-producing companies, grain- and meat-processing mills, and the ceramic industry, among others.

The teak plantations in Mato Grosso cover an area of around 60,000 ha, with a potential sustainable production of 900,000 cu.m per year but there are only a few industries currently utilising this teak for the production of wood products.

Brazil Log Prices (domestic)

Brazilian logs, mill yard, domestic	US$ per m^3
Ipê	168
Jatoba	121
Guariuba	80
Mescla (white virola)	86

Brazil Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB		US$ per m^3
Jatoba Green (dressed)		915
Cambara KD		525
Asian Market (green)	Guariuba	284
	Angelim pedra	687
	Mandioqueira	251
Pine (AD)		204

Brazil Domestic Sawnwood Prices

Brazil sawnwood, domestic (Green)		US$ per m^3
Northern Mills (ex-mill)	Ipé	827
	Jatoba	629
Southern Mills (ex-mill)	Eucalyptus (AD)	212
	Pine (KD) 1st grade	267

Brazil Veneer Prices

Veneer, Export (Belem/Paranagua Ports) FOB	US$ per m^3
White Virola Face 2.5mm	305
Pine Veneer (C/D)	212

Rotary cut Veneer, domestic	US$ per m^3	
(ex-mill Northern Mill)	Face	Core
White Virola	289	240

Brazil Plywood Prices

Plywood, FOB	US$ per m^3
White Virola (US Market)	
5.2mm OV2 (MR)	458
15mm BB/CC (MR)	400
White Virola (Caribbean market)	
4mm BB/CC (MR)	533
12mm BB/CC (MR)	426

Pine Plywood EU market, FOB	US$ per m^3
9mm C/CC (WBP)	289
15mm C/CC (WBP)	269
18mm C/CC (WBP)	256

Plywood, domestic (ex-mill Southern mill)		US$ per m^3
Grade MR (B/BB)	White Virola 4mm	993
	White Virola 15mm	724

Domestic prices include taxes and may be subject to discounts.

Other Panel Prices

Belem/Paranagua Ports, FOB	US$ per m^3
Blockboard Pine 18mm 5 ply (B/C)	318
Domestic Prices, Ex-mill Southern Region	
Blockboard White Virola faced 15mm	637
Particleboard 15mm	417

Brazil Added Value Products

FOB Belem/Paranagua Ports		US$ per m³
Edge Glued Pine Panel		
Korean market (1st Grade)		637
US Market		502
Decking Boards	Cambara	638
	Ipê	1,705

Report from Peru

Deadline fast approaching for enacting forestry law

In the coming weeks, the alternative Forest and Wildlife Law will be discussed at the plenary session of Congress. The new draft law contains 147 items that must be approved before the legislature ends on June 15.

The chairman of the Agricultural Commission has indicated that his organisation has asked that Congress make the debate on the new law a priority since the enactment of this law is essential in order to meet one element referred to in the various FTAs signed between Peru and other nations.

The lawmaker added that the new draft is much improved and has been strengthened through the input of more than 2,300 community leaders who attended the last national meeting of native and indigenous communities during the second half of May.

On the same subject, the chairman of the Timber and Wood Industry Exporters Association (ADEX) has said that everything was ready for enactment of the new law and that it essential that the current session of Congress enact the law adding that, in his opinion, it would be irresponsible to defer a decision.

The ADEX representative emphasised that an enacted Forestry and Wildlife law is one of Peru's outstanding obligations under the FTA with the United States and if it is not enacted Peru could face sanctions on its timber sector.

FSC certification for 75,000 ha. in Madre de Dios

A spokesperson for one of the largest companies in Peru's forestry sector, Wood Bozovich SAC, has obtained a FSC forest management certification for 75,000 hectares covering its forest concession "Otorongo" in the Madre de Dios region.

The company has indicated that the certification process was very expensive even for a major Peruvian company and that other companies as well as some indigenous communities who had secured certification could not pay the cost of sustaining the certification.

The company added that unfortunately the market pays little or no premium price for certified timber.

Peru Export Sawnwood Prices

Peru Sawnwood, FOB Callao Port	US$ per m³
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 m³
Virola 1-2" thick, length 6'-12' KD	
Grade 1, Mexican market	355-394 ⬆
Grade 2, Mexican market	286-312 ⬆
Cumaru 4" thick, 6'-11' length KD	
Central American market	825-844
Asian market	798-871
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 m³
Spanish Cedar AD Select Mexican market	887-909
Virola 1-2" thick, length 6'-13' KD	
Grade 1, Mexican market	352-381 ⬆
Grade 2, Mexican market	282-299 ⬆
Grade 3, Mexican market	161-176 ⬆
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	244-254

Peru Domestic Sawnwood Prices

Peru sawnwood, domestic	US$ per m³
Mahogany	867-911 ⬆
Virola	59-79
Spanish Cedar	264-305
Marupa (simarouba)	62-76 ⬆

Peru Export Veneer Prices

Veneer FOB Callao port	US$ per m³
Lupuna 3/Btr 2.5mm	198-223
Lupuna 2/Btr 4.2mm	212-222
Lupuna 3/Btr 1.5mm	211-221

Peru Export Plywood Prices

Peru plywood, FOB Callao (Mexican Market)		US$ per m³
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	358-375
	B/C 9x4x8mm	345-350
	B/C 12x4x8mm	350-360
	B/C 8x4x15mm	396-408
	C/C 4x8x4mm	384-396
Lupuna plywood B/C 8x4x4mm Central Am.		368-388

Peru Domestic Plywood Prices

Lupuna Plywood BB/CC, domestic	US$ per m³
(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 Domestic 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 Export 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	930-979
Cumaru decking, AD, S4S E4S, US market		933-992
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

Active demand for Greenheart, Purpleheart and Mora logs

During the period under review the market for Greenheart logs was active for both the small and fair sawmill qualities and good prices were secured.

Purpleheart log prices were also very favourable for all qualities, a noticeable improvement from the price levels last month.

Mora log prices rose for all categories as compared to the previous fortnight period.

Guyana's structural timbers attractive in overseas markets

Some of Guyana's structural timbers continue to be of interest to buyers in Asia, the Caribbean, Europe and North America. Many of Guyana's lesser used species are penetrating the international markets and appear to be used for structural, outdoor as well as indoor applications.

Locust and Red Cedar in demand

Sawnwood prices for this reported period have been favourable for both dressed and undressed categories.

Some species, such as dressed Locust, secured notable price increases up to US$ 1,018 per cubic metre. Dressed Red Cedar prices rose to US$1,166 per cubic metre. The high demand for Guyana's Washiba (Ipe) continues to drive up prices which are currently at US$ 2,350 per cubic metre.

Demand improves for Sawn Greenheart and Purpleheart

For the period reviewed undressed Greenheart sawnwood was well received in the market and secured prices of US$ 765 to US$ 848 per cubic metre for select grades.

Exporters of un-dressed Purpleheart (select) also enjoyed a positive rise in the top-end price from US$700 to US$750 per cubic metre.

Dressed Greenheart prices saw an increase in price from US$806 to US$890 per cubic metre while dressed Purpleheart prices also firmed from US$890 to US$975 per cubic metre.

Roundwood and fuelwood exports made a positive impact to the overall export earnings. Piles, Poles and Posts all recorded favorable price increases on the export market in the Caribbean and North America.

Splitwood exports were consumed entirely by the Caribbean market and received top-end prices as much as US$1,135 per cubic metre.

Higher export earnings despite lower log prices

Guyana's earnings from the forestry sector were mixed during the first quarter of 2011 compared with the same period last year, according to the Ministry of Agriculture's Commodity Market Update for January to March, 2011.

Against the backdrop of a general decline in prices, export earnings from the sector during the first quarter of this year reached US$9,485,303 compared with US$11,249,552 during the first quarter of 2010.

During the first quarter of 2011, timber and plywood sales accounted for the highest share of export earnings by the forestry sector, bringing in US$9,189,073 compared to the US$11,034,741 between January and March 2010.

Earnings from sawnwood exports during the January to March 2011 period totalled US$4,566,805 compared to US$5,059,321 last year, while export earnings from logs rose to US$4,191,312.50 during the first quarter of 2010.

Overall, export prices for forestry sector trended down during the first quarter of 2011 compared with the corresponding period last year. Export prices for logs fell by 16% during the January – March period this year compared with earnings during the same period last year.

Export prices for sandalwood and splitwood also fell during the first quarter of this year.

Reduction in export prices but higher export volumes

Despite the reduction in export prices, increased export volumes meant that the total export earnings from log exports from January to March 2011 increased by 9% compared with the corresponding period last year. However earnings from the other categories of wood product exports fell significantly during the first quarter of this year compared with the same period last year.

Earnings from poles slipped by 70% over the period while the export value of splitwood dipped by 43% between January and March this year compared with the same period last year. Earning from sawnwood also declined during the first quarter of this year compared to the corresponding period last year.

Guyana Log Export Prices

Logs, FOB Georgetown	SQ - $ Avg unit value per m^3		
	Std	Fair	Small
Greenheart*	-	275	250
Purpleheart	245-290↑	280↓	250↓
Mora	120-160↑	115-150↑	110-120

*Small SQ is used for piling in the USA and EU. Price depends on length.
In the case of no price indication, there is no reported export during the period under review.

Guyana Sawnwood Export Prices

Sawnwood, FOB Georgetown		$ Avg unit val. per m³	
EU and US markets		Undressed	Dressed
Greenheart	Prime	721	-
	Standard	-	649-890⬆
	Select	575-848⬆	
	Sound	-	
	Merchantable	-	
Purpleheart	Prime	-	-
	Standard	-	827-975⬆
	Select	650-750⬆	
	Sound	575	
	Merchantable	550	
Mora	Prime	-	
	Select	500-600⬇	
	Sound	450	
	Merchantable	400-551⬆	

In the case of no price indication, there is no reported export during the period under review.

Guyana Plywood Export Prices

Plywood, FOB Georgetown Port			$ Avg unit val. per m³
Baromalli	BB/CC	5.5mm	No export
		12mm	"
	Utility	5.5mm	"
		12mm	"

In the case of no price indication, there is no reported export during the period under review.

Report from Japan

Damaged plywood mills to restart soon

The Japan Federation of Plywood Manufacturers Association is quoted as saying that six plywood mills which sustained considerable damage as a result of the recent earthquake and tsunami will restart partial production, probably in July.

In Ishinomaki the power supply was restored late May but in other areas, such as Miyako and Ofunato, it will be some time before power supplies are resumed and this will delay the resumption of production of mills in these areas.

The Association reported that April plywood production was almost the same as in April last year. Mills that were not damaged increased production to meet the emergency demand for temporary housing in the quake and tsunami stricken areas.

Many mills in Japan had been running below capacity due to weak demand so it was relatively easy for them to increase output.

Demand for plywood for emergency housing will soon begin to slow say the Japan Lumber Reports (JLR). The concern in the trade is now focused on prices rather than on the supply.

Despite rising production costs domestic plywood mills are trying not to increase panel prices any further in order to stabilise the market.

Modest 2010 recovery in housing starts lifts log consumption

Statistics from the Ministry of Agriculture, Forestry and Fisheries show that log consumption in 2010 was 23,724,000 cu.m, 4% up from 2009. Of this, domestic log consumption was 17,193,000 cu.m, 3.5% up and consumption of imported logs was 6,531,000 cu.m, 5.6% higher than a year earlier.

The increase in log consumption is said by the JLR to be due to the modest recovery in housing starts in 2010. Notably, the consumption of domestic logs for plywood was 2,490,000 cu.m, the highest on record.

The use of imported logs for plywood production increased in 2010 by 17% while the utilization of domestic logs for plywood manufacture grew by almost 26%.

Japanese grown cedar for off-shore plywood production

According to the JLR, Noda Corporation is considering manufacturing plywood in Malaysia after its subsidiary Ishinomaki Plywood suffered heavy damage during the recent earthquake and tsunami.

The idea is to send cedar logs from Japanese forests to Malaysia for processing and to then ship the plywood back to Japan.

Noda has a subsidiary plywood plant in Sarawak, Sanyan Wood Industries (SWI), with a monthly production capacity of around 15,000 cu.m of concrete formboards from tropical logs. Noda has been shipping all the production from this mill to Japan.

Combination of factors pushing up tropical log prices

Hardwood log prices in Malaysia were firming for the past 12 months and began to rise sharply in the third quarter of last year after log supply declined due to poor weather which hampered logging operations in Sarawak and due to strong demand from Indian importers.

In addition, in March this year, demand for logs in Japan jumped as mills rushed to increase production to meet the needs for construction of emergency housing for victims of the earthquake and tsunami and thereby pushing up log prices.

The weather in Sarawak has now improved and it has been possible to resume normal logging although rafting is still a problem. Demand from India has slowed as importers there could no-longer bear the spiralling log prices.

The JLR reports that because of these changes FOB export log prices are levelling off. However, plywood mills in Sarawak need to replenish log stocks and secure logs to meet current orders for plywood.

FOB log prices for Sarawak meranti regular in late May were around US$360 per cu.m, unchanged from late April prices. Small meranti prices are currently about US$330 and super small prices are US$310 per cu.m.

The JLR is reporting that in order to secure a full log cargo some Japanese buyers have paid up to US$380 for meranti regular. There are reports that some suppliers in Sarawk are proposing higher prices having been encouraged by the firm demand from Taiwan P.o.C.

Because of the high FOB prices, wholesale log prices in Japan will exceed Yen 10,000 per koku CIF, which is the highest level since the summer of 1993, says the JLR.

The JLR suggests that log FOB prices are unlikely to drop in the near future which means that the mills in Japan will eventually need to pass on the high log cost to consumers.

Level of plywood imports keeps rising

Export prices for Malaysian plywood are leveling off despite the fact that suppliers still need to push the prices up due to high log cost.

Malaysian 3x6 concrete formboard prices are currently Yen 55,000 per cu.m C&F. Coated concrete formboard panels are priced at Yen 62,000 per cu.m C&F. Structural 12mm panels are selling at Yen 56,000 per cu.m C&F, both unchanged from levels in May.

Over the past weeks the wholesale price range in Japan has been narrowing and the range between the high and low price is now less than 100 yen per sheet. Concrete formboard JAS 3x6 panel prices are Yen 1,200 per sheet delivered, Yen 50 lower than in May.

Coated concrete formboard 3x6 panel prices are about Yen 1,300 delivered while structural 12mm 3x6 panel prices are unchanged at around Yen 1,300 per sheet delivered.

Arrivals of imported plywood in April were 337,100 cu.m, 21% more than March and the level of imports seems to keep increasing.

Seasonally adjusted housing starts at a record low

Total housing starts in April were 66,757 units, 0.3% more than April last year. Private owner units and units built for sale both increased by 0.2% and 12.4% respectively but units built for rent declined by 9.3%.

Despite the overall increase, seasonally adjusted annual starts in April were just 798,000 units, the first time these dropped below 800,000 units in nine months. The JLR notes that there has been an immediate impact on starts because of the earthquake in eastern Japan.

Housing starts in the three disaster hit prefectures of Iwate, Miyagi and Fukushima, which suffered severe damage caused by the earthquake and tsunami, were down by 33% in April after a 19% decline in March.

In the three major populated regions of Tokyo, Nagoya and Osaka, Tokyo starts fell by 3.0%, Osaka starts dropped by 7.9% and starts in Nagoya were down by 4.9%.

Log and Sawnwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku (Koku=0.278 m^3)
Meranti (Hill, Sarawak)	
Medium Mixed	9,100⬆
Standard Mixed	9,300⬆
Small Log (SM60%, SSM40%)	9,200⬆
Taun, Calophyllum, others (PNG)	8,000
Mixed light hardwood, G3/4 grade (PNG)	-
Keruing MQ & up (Sarawak)	11,800⬆
Kapur MQ & up (Sarawak)	10,400⬆

Logs for Sawmilling, CIF	Yen per Koku
Melapi (Sarawak) High Select	12,500⬆
Agathis (Sarawak) High Select	-

Lumber, FOB	Yen per m^3
White Seraya (Sabah) 24x150mm, 4m, Grade 1	145,000
Mixed Seraya, Sangi 24x48mm, 1.8-4m, S2S	56,000

Wholesale prices (Tokyo)

Indonesian & Malaysian Plywood	Size (mm)	May (¥ per sheet)	Mid Jun
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	380-410	380-410
3.7mm (med. Thickness, F 4star, type2)	910 X 1820	540-600	540-600
5.2mm (med. Thickness, F 4star, type 2)	910 X 1820	640-720	640-720
12mm for foundation (F 4star, special)	910 X 1820	1300	1300
12mm concrete-form ply (JAS)	900 X 1800	1220	1200
12mm coated concrete-form ply (JAS)	900 X 1800	1300	1300
11.5mm flooring board	945 X 1840	1350-1400	1400
3.6mm baseboard for overlays (OVL)	1220 x 2440	880	900

Report from China

Second phase of Natural Forest Protect Programme

The State Forest Administration has released details of the second phase of the Natural Forest Protection Programme (NFPP). It is said the areas included in this phase are the same as the first phase (13 provinces, regions and municipalities).

The term of the new plan is ten years (2011-2020) at a cost of RMB 244 billion, of which, RMB 219.5 billion will be provided by the central government and RMB 24.5 billion from local governments.

It is estimated that implementation of the second phase of the NFPP will create 200,000 new professional job opportunities and another approximately 650,000 jobs for people in the areas covered by the plan.

The stated objectives of this second phase of the NFPP are by 2020; to increase the forest area by 5.2 million ha, increase the growing stock by 1,100 million cu.m and capture 416 million metric tons of carbon.

2010 wooden door exports set new record

China's export of wooden doors has shown a steady growth in recent years. However, due to the global financial crisis, exports declined in 2008 and 2009 but are now recovering.

Exports of China's wooden door in 2004 – 2010

Year	2004	2005	2006	2007	2008	2009	2010
(US$million)	225	349	494	557	554	457	562

source CAF

Wooden doors manufactured in China are exported to many parts of the world. In addition to the main markets such as the USA, Japan and some other developed countries in Europe, wooden doors from China are also exported to central Asia and Africa.

Main export destinations in 2010

Country/Region	(US$ 1000)
US	129 022.1
Hong Kong Prov. China	45 537.9
Japan	114 781.0
Romania	29 677.0
Canada	27 966.4
UK	23 378.5
Korea	12 527.5
Kazakhstan	12 913.8
France	19 322.0
Nigeria	8 448.8

source CAF

The main areas for the manufacture of wooden doors are concentrated in provinces in coastal regions such as Zhejiang and Guangdong. Other provinces such as Liaoning, Xinjiang and Yunnan also have significant door manufacturing and export capacity.

Main door exporting provinces in 2010

Province	Value (US$ 1000)
Zhejiang	127 211.4
Guangdong	100 779.8
Liaoning	108 043.8
Fujian	46 341.5
Shandong	53 837.2
Jiangsu	32 144.1
Shanghai	24 105.1
Xinjiang	12 699.6
Yunnan	11 962.7
Jilin	9 313.7

source CAF

Features of China's wooden door trade

Compared with other wood products, the export of wooden doors from China is very small both in volume and value. In 2010 the value of exports of wooden doors amounted to US$ 562 million, or only about 5 percent of the total output value (RMB 75 billion).

Countries that import wooden doors from China have not changed in the past few years. The top ten importers remained unchanged in 2009 and 2010.

Wooden door producing and exporting enterprises are mainly concentrated in coastal areas. The top six provinces for export of wooden doors in 2009 and 2010 were Zhejiang, Guangdong, Liaoning, Shandong, Fujian and Jiangsu.

Due to the global financial crisis China's export of wooden doors in 2008 fell 0.5 percent from the previous year and exports in 2009 were down 17.5 percent from 2008.

With the recovery of world economy exports values grew by 22 percent in 2010, topping all previous records. The average unit price for doors for export remains remarkably stable, report analysts.

China a key importer of rattan and exporter of rattan products

The international trade in raw rattan poles has been falling and since 2003 global imports of rattan poles have fallen 50 percent. China's imports of rattan poles account for 60 percent of the world total and are sourced mainly from Indonesia and Myanmar.

In 2008, China consumed a total of 64,000 metric tons of raw rattan of which, 39,000 tons were imported and 25,000 tons were home produced.

China is the largest exporter of rattan products other than furniture and is second only to Indonesia in the export of rattan furniture.

Manufactured rattan products from China are exported mainly to EU and North America. In North America Chinese manufactured rattan furniture has a 40 percent market share while in the EU the figure is closer to 50 percent.

Canada to expand timber exports to China

It has been learnt that during the period of Twelfth Five-Year Plan some 36 million state housing units will be built and this has attracted the attention of timber exporters in Canada.

Media reports say that the chief of the British Columbia Forest Service believes this provides a good opportunity to promote timber trade between China and Canada.

It is one of the objectives of the most recent five year plan to reduce carbon emission and the Forest Service chief commented that Canada's wood-frame houses with prefabricated components would have attractions to users requiring reduced greenhouse gases emissions.

Canada's BC Province exported some 4.6 million cu.m of softwood to China in 2010, up 76 percent from the previous year and exports to China look set to increase.

Guangzhou City Imported Timber Market

Logs	Yuan per m3
Lauan (50-60cm)	2000-2100⬇
Kapur (up to 79cm)	2600-2700⬆
Merbau 6m, (up to 79cm)	3500-4000
Teak	11000-13000
Wenge	5800-6500
Sawnwood	
Teak sawn grade A (Africa)	9600
US Maple 2" KD	7500-10000
US Cherry 2"	10000-13000
US Walnut 2"	14000-16000
Lauan	-
Okoume	4200-5000⬆
Sapele	6000-6400

Shanghai Furen Wholesale Market

Logs	Yuan per m3
Teak (Myanmar, all lengths)	7500-8500
Sawnwood	
Beech KD Grade A	4800-5000
US Cherry, 1 inch	9500-10000
US Red Oak, 50mm	6500-7000
Sapele 50mm FAS (Congo)	
KD (2", FAS)	6500-6800⬆
KD (2",grade A)	5700-5800⬆

Hangzhou Timber Market

Logs	Yuan per m3
Ash 4m, 30cm diam.	2900-3800⬆
Linden 4m, 26cm diam.	2000-2900⬆
Sawnwood	
Beech Europe	3000-7500
Black walnut North America	12000-17500
Teak Myanmar	9000-18000
Red oak North America	8500-15000
Alder Myanmar	4500-7600
Sapele Africa	5000-6200
Plywood	
Red beech 4x8x3 mm	50-65
Black walnut 4x8x3 mm	50-95
Teak 4x8x3 mm	65-130

Shandong De Zhou Timber Market

Logs	Yuan per m3
Larch 6m, 24-28cm diam.	1800
White Pine 6m, 24-28cm diam.	1700
Korean Pine 4m, 30cm diam.	-
6m, 30cm diam.	-
Mongolian Scots Pine 6m, 30cm diam.	1580⬆

Hebei Shijiangzhuang Wholesale Market

Logs	Yuan per m3
Korean Pine 4m, 38cm+ diam	1800
Mongolian Scots Pine 4m, 30cm diam.	1700
6m, 30cm+ diam.	1750
Sawnwood	
Mongolian Scots Pine 4m, 5-6cm thick	1700
4m,10cm thick	1750

Wenzhou Timber Trading Market

Logs	Yuan per m3
Wenge (Africa)	4500-5100
Plantation Teak (Africa)	2100-2500
Merbau	3500-5000
Sapele	3200-3700
Plywood	Yuan per piece
Red beech 4x8x3 mm	40-80
Black walnut 4x8x3 mm	40-85
Teak 4x8x3 mm	45-110

Report from Europe

Diminished French influence on tropical timber trade

Traditionally France has played a central role in the international tropical hardwood trade. Over recent year's this influence has diminished as a greater proportion of tropical hardwood is diverted away from Europe and into markets in emerging countries, as tropical hardwood has lost competitiveness in Europe, and as tropical producing countries have restricted log exports and increased domestic production.

Nevertheless France remains the leading European importer of tropical wood, accounting for around 900,000 cu.m (roundwood equivalent volume) of the 4.5 million cu.m of tropical wood products imported into the EU during 2010. French companies retain large investments in the tropical wood industry, notably in Central and West Africa.

The French market is particularly relevant at the present time because it is one the few European countries that performed reasonably well during the recent economic downturn. There are also on-going policy processes with real potential to benefit wood consumption.

French Tropical Log Imports

Source	2007	2008	2009	2010	Jan-Apr '10	Jan-Apr '11
Tropical hardwood logs (000's cu.m)						
GABON	269.8	203.3	146.3	29.3	19.4	2.8
CONGO DR	86.3	72.9	31.6	42.4	12.8	11.5
CONGO REP.	36.0	33.3	20.2	47.6	10.4	15.4
CAMEROON	27.0	13.1	12.2	24.0	7.2	11.2
EQUAT. GUINEA	21.5	12.2	2.5	5.7	2.9	2.7
CENT. AFR. REP.	12.4	16.9	12.0	11.7	4.0	4.3
LIBERIA	0.0	1.5	2.5	4.6	0.0	6.9
OTHER	18.4	23.5	17.2	15.3	4.0	5.0
TOTAL	**471.3**	**376.6**	**244.4**	**180.6**	**60.7**	**59.9**

Following a downturn in GDP in 2009 (-2.6%), the French economy recorded robust growth in 2010 (+1.6%) driven by strong expansion in exports (+9.5%) and government stimulus measures which boosted private consumption (+1.5%).

The economy is expected to grow by a further 1.6% this year despite progressive phasing out of government stimulus measures. The French construction sector continued to shrink by 4.2% in 2010 but at a slower pace than in 2009 (-7%).

Removal of stimulus measures has little impact on construction activity

Confidence in the construction sector is now improving, particularly in the new residential and civil engineering components. Stimulus measures boosted new home sales to pre-crisis levels by mid2010 and encouraged housing starts during the second half of 2010.

The removal of stimulus measures was widely expected to cool the new residential sector this year, but so far activity has remained reasonable and is being partly offset by an upturn in renovation and infrastructure projects. A chronic shortage of housing in France combined with French attachment to home ownership indicates good longer-term prospects in the residential construction sector.

In order to reduce carbon emissions and boost the use of French native forests, wood is now favoured in French government policy. Government guidelines propose that a minimum of $2dcm^3$ of wood should be used for every sq.m of construction.

In May 2009, President Sarkozy not only reaffirmed this commitment but indicated that the target should be raised ten-fold to $20dcm^3/m^2$. There is a strong environmental element in government measures designed to stimulate residential construction.

Okoumé plywood consumption falls

While there is strong potential to increase overall wood consumption, tropical hardwoods have not fared well in France in recent years. Consumption of okoumé plywood, a standard reference product on the French market for decades, has been declining.

Imports of logs for manufacture of okoumé plywood in France have fallen dramatically since 2007. The reduction in availability in log supply from Gabon following that country's log export ban in May 2010, has been only partly offset by rising log imports from other countries in the Congo basin.

French Hardwood Plywood Imports

Source	2007	2008	2009	2010	Jan-Apr '10	Jan-Apr '11
Hardwood plywood (tropical and temperate) (000's cu.m)						
BELGIUM	70.9	83.4	66.5	77.0	29.3	35.3
CHINA	63.7	57.9	59.7	66.9	32.7	34.1
ITALY	20.0	32.4	23.8	37.0	17.6	19.2
GERMANY	34.6	33.7	27.5	30.4	14.3	15.6
FINLAND	37.4	28.7	22.2	26.0	12.6	10.6
LATVIA	12.3	9.6	12.2	22.0	11.8	9.5
GABON	12.1	11.8	14.8	12.4	4.2	6.8
BRAZIL	17.2	13.5	11.3	11.4	6.1	5.7
RUSSIA	8.6	5.7	11.6	10.9	7.0	5.5
SPAIN	11.0	11.5	10.1	8.8	4.1	5.2
OTHER	55.5	50.8	32.7	38.3	19.5	22.3
TOTAL	**343.2**	**338.9**	**292.4**	**341.2**	**159.2**	**169.9**

French imports of tropical hardwood veneer did increase in 2010, but are still well below levels prevailing in 2007.

Declining production of tropical hardwood plywood in France has not been offset by any significant increase in imports of hardwood plywood from other countries. This may be partly explained by the EU's imposition of anti-dumping duties on okoumé plywood from China since November 2004, a measure most recently extended in an EU decision on 31 January 2011. The European Commission's review of the okoumé plywood market as background to this decision concluded that the European industry remained "fragile and vulnerable".

Okoumé plywood prices benefited little from recent highs for SE Asian plywood

The okoumé plywood sector in Europe so far seems to have benefited little from recent tight plywood supplies in the Far East and strong plywood demand for reconstruction activity in Japan. This is despite manufacturers having product to hand and being able to offer buyers short lead times of only 2 to 4 weeks.

The reality is that okoumé plywood in France has come under increasing competitive pressure from cheaper substitutes. In the past, okoumé plywood was strongly valued in France for its huge versatility. French joiners would always have a stock of okoumé plywood at hand and would use it for a huge range of applications, even those for which such a high-performance product was not necessary.

However, as the construction sector has become more price competitive and as pre-fabrication has increased, the demand for okoumé plywood as a utility joinery product has diminished. It has been replaced in less demanding applications by cheaper materials like softwood and combi-plywood, veneered MDF and various composites.

Okoumé plywood has increasingly been confined to those applications where it is specifically required, for example external applications where durability is essential or internal applications where the final visual aspect comes first.

France remains a large and diverse market for tropical hardwood lumber. The economic downturn led French imports of this commodity to fall dramatically between 2007 and 2009, from 396,000 cu.m to 218,000 cu.m

French Tropical Sawn Hardwood Imports

Source	2007	2008	2009	2010	Jan-Apr '10	Jan-Apr '11
Tropical hardwood lumber (000's cu.m						
BRAZIL	180.5	107.3	61.1	62.6	24.0	34.6
CAMEROON	69.6	59.8	49.0	52.7	14.5	13.7
BELGIUM	39.0	31.0	29.0	35.6	n/a	n/a
GERMANY	1.3	4.4	19.0	33.3	n/a	n/a
MALAYSIA	28.6	21.3	17.1	20.1	8.3	7.2
IVORY COAST	18.8	13.6	8.6	9.0	3.2	2.5
GABON	15.0	19.9	8.5	5.8	2.5	2.1
INDONESIA	9.1	7.7	6.5	7.4	2.7	2.5
GHANA	20.0	15.8	7.6	10.7	4.0	4.2
OTHER	14.1	18.1	11.6	16.8	n/a	n/a
TOTAL	**396.0**	**299.0**	**218.0**	**254.0**	n/a	n/a

Imports rebounded to 254,000 cu.m in 2010 and have continued to rise in 2011. Much of the increase this year has been due to reviving imports from Brazil – which consist mainly of utility hardwoods used by large French joinery manufacturers. However supply problems are hampering more significant recovery in imports from other tropical countries.

LCB Charter adapted to meet EU due diligence requirements

The French timber trade association Le Commerce du Bois (LCB) is currently engaged in a process to adapt its existing Charter for members to ensure it is fully conformant to the EU Timber Regulation (EUTR).

From March 2013 all wood importers in the EU will be required to implement due diligence systems which minimise the risk of any timber from illegal sources being placed on the internal market. LCB is expected to act as a so-called "Monitoring Organisation" (MO) under the terms of the EUTR. MOs will be mandated to develop and monitor a due diligence system on behalf of their members.

LCB's Charter, which has been mandatory for members since 2008, already commits French timber importers to responsible purchasing of timber. A priority of the system is to increase the supply of certified products year after year.

Members must also provide their clients with proof of legality for all non-certified products. Members are required to clearly identify to their clients the commercial name, country of origin and form of certification, if any, for all products. Members are subject to a bi-annual auditto assess conformance to the Charter.

While the Charter already covers many of the requirements of the EUTR, a process is underway to review and update the current documentation, to develop monitoring capacity, and to cooperate with the French authorities to develop compliance procedures and sanctions. To further assist LCB members to conform to the EUTR after March 2013, LCB is working with the WWF to develop a database assessing the risk of illegal wood being sourced from individual suppliers.

Cooperative wood marketing initiative in France

The various French trade organisations representing both manufacturers of timber products and professional users of timber have joined together to create a new trade organization. The newly established FBIE will help raise the image and visibility of wood as a material and create a more powerful political lobby in support of wood.

The founding members of the FBIE include the UIB (wood industry), l'UIPP (panel manufacturers), the FFPPC (French federation of paper pulp producers), UNIFA (furniture manufacturers), together with federations representing joinery contractors. Other members who have recently joined FBIE includeFNB (Fédérationnationale du bois), LCB (Le commerce du bois), l'IRB (Interprofessionsrégionales bois).

The Netherlands Sawnwood Prices

FOB (Rotterdam)	US$ per m^3
Sapele KD	941
Iroko KD	1158
Sipo KD	1141
DRM Bukit KD	968
DRM Seraya KD	975
DRM Meranti KD Seraya MTCC cert.	996
Merbau KD	1257
Sapupira (non FSC) KD	989
Sapupira (FSC) KD	1624
Anti-slip decking AD C&F Rotterdam	
Selangan batu	1660

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	340-360
Iroko	80cm+ LM-C	410-480
African Walnut	80cm+ LM-C	340-370

UK Sawnwood Prices

FOB plus Commission	GB Pounds per m^3
Framire FAS 25mm	510-520↑
Sipo FAS 25mm	705-735↑
Sapele FAS 25mm	580-590↑
Iroko FAS 25mm	715-725↑
Wawa FAS25mm	285-305↑
CIF plus Commission	
Tulipwood FAS 25mm	250-275↓
Meranti Tembaga Sel/Btr (KD 2"boards)	590-600
Balau/Bangkirai Decking	1010-1060↑
White Oak	475-500↓

UK Plywood and MDF Prices

Plywood Panels 8x4", CIF	US$ per m^3
Brazilian WBP BB/CC 6mm	590-610↑
Malaysian WBP BB/CC 6mm	635-665↑
MALAYSIA MTCS/PEFC trop hard face, pine core* 18mm	540-560↑
China (hardwood face, eucalyptus core) 18mm	385-395
China (tropical hardwood face, poplar core) 18mm	365-375

* MTCS/PEFC certified plywood is now becoming more widely available than equivalent FSC certified product from Malaysia

Report from North America

More on antidumping duties on Chinese flooring

The US Department of Commerce announced on May 20 its decision to place preliminary anti-dumping duties on multilayer (engineered) wood flooring from China.

The anti-dumping duties are in addition to preliminary countervailing duties of 27.01% for most Chinese manufacturers. The anti-dumping rates were set at 10.88% for 74 manufacturers, 0% for two manufacturers and 82.65% for over 100 manufacturers.

The Department's decisions to put countervailing and anti-dumping duties on multilayer wood flooring from China were based on preliminary findings that found most Chinese manufacturers received financial government assistance in 2010 and that exports to the US are prices below their cost of production.

The combined preliminary duties range from about 13% to almost 110%. The final rates will be released later this year after Department officials verify data provided by Chinese producers.

USDA to promote wood as green building material

The US Department of Agriculture (USDA) has directed its agencies to select wood over other building materials in new building construction and commit to green building certification.

The Department is also expanding to all its agencies the policy of the US Forest Service of using locally produced wood products as the preferred building material.

Of perhaps greater impact is the Department's direction to the US Forest Service to expand research and development projects with green building materials, including non-residential construction projects that use wood as a building material.

High unemployment a drag on the economy

Labour market data released by the US government in early June disappointed the timber industry. While the labour market improved at the start of the year, the US economy added only 54,000 jobs in May. This was the lowest number in eight months and the unemployment rate went up from 9.0% in April to 9.1% in May.

The economy needs to add at least 100,000 jobs per month just to keep up with population growth and at least double that to reduce unemployment. While employment in the private sector rose, budget cuts at the state and local government level contribute to the stubbornly high unemployment figures.

Local governments have cut almost 500,000 jobs since 2008. Government job losses are not only due to rationalisation efforts but also because federal aid to states has not been extended.

High unemployment is a drag on the economy as is the hung federal budget debate. In early June the ratings agency Moody's threatened to downgrade the US' debt rating if the country's statutory limit on borrowing is not raised by July.

A number of external factors had a negative impact on the US economy this year (snowstorms, the natural disasters in Japan, floods and tornadoes), but they are probably not the main cause of the weak economy.

The rise in gasoline prices in recent months was an important factor in reduced consumer spending. Consumer spending accounts for about 70% of the US economy.

US consumer confidence fell in May

Consumer confidence fell in May to a level below that of November 2010 according to the monthly survey by the Conference Board. Americans are still worried about the economy, the housing market and now about high gasoline prices.

Inflation has gone up but Americans do not expect their income to rise accordingly so they curb spending. The consumer confidence index is still below the level at the start of the recession in December 2007.

For retailers, consumer confidence is less of an issue than consumer demand and interest rates according to the 2011 BDO Risk Factor Report for Retail Businesses.

Furniture orders up but retail turnover remains slow

The first quarter of 2011 was positive for many furniture manufacturers and distributors in the US with orders and shipments outpacing that in the first quarter of 2011. According to government figures, however, retail sales of furniture and home furnishing declined in April although sales are still slightly higher than last April.

Of all retail categories tracked, furniture and home furnishing came in last. The Furniture Buying Index dropped in May back to March levels because consumers remain concerned about the economy and gasoline prices, according to America's Research Group who compiles the index each month from interviews with 5,000-8,000 consumers across the country

Orders for residential furniture increased by 14% from February to March 2011 according to the Smith Leonard survey of manufacturers and distributors.

New orders were also higher this year compared to March 2010 (+11%). Furniture shipments were also up compared to March 2010 (+7%). Furniture inventories remain high at 16% above March 2010 levels.

US Timber prices

	Apr-11 US$ per cu.m	May-11 US$ per cu.m
Ipe (Brazil) Decking Premium Grade AD, 1x6, FOB Belem	2800	2800
Ipe (Brazil) Decking Premium Grade AD, 5/4x6, FOB Belem	2900	2970⬆
Jatoba (Brazil) No.1 Common & Better AD, FOB Belem	-	-
Jatoba (Brazil) No.1 Common & Better KD, FOB Belem	-	-
Khaya (Côte d'Ivoire) FAS KD, FOB Abidjan	775	-
Khaya (Ghana) FAS KD, FOB Takoradi	875	875
Sapele (Cameroon) FAS AD, FOB Douala	740	740
Sapele (Cameroon) 4/4 to 8/4 FAS KD, FOB Douala	910	910

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

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.

Australian faces a shortage of home-grown wood products for its residential and commercial building needs, particularly as the population grows strongly, according to the nation's forestry industry. Allan Hansard, chief executive of the newly formed Australian Forest Products Association, said that to prevent this scenario, the industry wanted a plan that delivered resource and investment security for the plantation and native forest sectors. The AFPA was formed through the merger of the National Association of Forest Industries and the Australian Plantation Products and Paper Industry Council.
http://www.smh.com.au/business/chips-down-for-australias-timber-stock-20110531-1fej7.html

The Belo Monte dam will be the world's third-largest hydroelectric dam (after China's Three Gorges dam, itself with numerous problems, and the Brazilian-Paraguayan Itaipu dam). It will flood 400,000 hectares of the world's largest rainforest, displacing 20,000 to 40,000 people – including the Kayapó. The ecological impact of the project is massive: the Xingu River basin has four times more biodiversity than all of Europe. Flooding of the rainforest will liberate massive amounts of methane, a greenhouse gas far more damaging than carbon dioxide. But the impact on Chief Raoni's people, on an entire society, is unimaginable.
http://www.guardian.co.uk/commentisfree/2011/jun/03/amazon-tribe-kayapo-people-bel-monte-dam

Chile's Arauco the forestry and pulp unit belonging to the Copec group, trebled profits in the first quarter boosted by higher international prices and sale volumes particularly pulp, according to the company's latest financial report. The company is one of the leading world companies in pulp production totalling profits of 172.5 million USD in the first three months of 2011 compared to 62.5 million USD during the same period in 2010 when some of its plants suffered the consequences of an earthquake and tsunami.
http://en.mercopress.com/2011/05/27/chile-s-pulp-giant-arauco-trebles-profits-in-first-quarter-of-2011

The Democratic Republic of Congo will make all contracts involving mineral, timber, oil and gas concessions public within 60 days of signing, the government said. Documents will be published in the official government gazette, as well as on ministry websites and in at least two Congolese daily newspapers, according to a decree signed by the Prime Minister and Ministers of Environment, Hydrocarbons, and Mines on May 20.
http://www.bloomberg.com/news/2011-05-31/congo-to-publish-all-oil-gas-timber-mining-contracts-online.html

Developing countries could abandon attempts to protect their forests if Western nations do not provide promised conservation funding, Guyana's president told a summit on tropical forests recently. "We say we're going to lock away large tracts of forest and preserve them, but these are forests that could be used for other purposes," President Bharrat Jagdeo told leaders and delegates from 35 countries straddling the Amazon and the Congo and Borneo-Mekong basins, the world's three largest stretches of forest.
http://af.reuters.com/article/drcNews/idAFLDE7521Q620110603?sp=true

Maersk Line, a shipping company says it will purchase approximately three million twenty feet equivalent units (TEU) containers over the next five years in line with a new policy to refrain from purchasing containers with floors made of uncertified tropical hardwood. These will more than double its current container fleet. To date, the company has purchased 64,000 containers that comply with the new policy. The new Maersk Line procurement policy for container floorboards announced earlier in Copenhagen, aims to reduce demand for illegally logged tropical hardwood.
http://www.freshplaza.com/news_detail.asp?id=81163

The Philippines is both a hotspot and a megadiversity area, making it a priority for conservation. The country's forests are habitat for more than 6,000 plant species and numerous bird and animal species, including the endangered Philippine Eagle and the Visayan warty pig. Forests also serve as home to some 12 million indigenous peoples. They support millions of Filipinos who depend on them for livelihood.
http://opinion.inquirer.net/5809/protect-philippine-forests

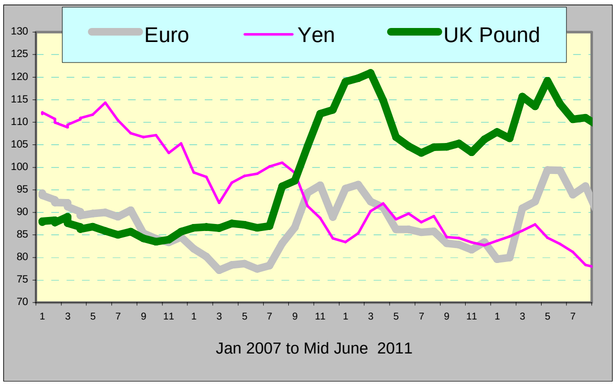
Federal Maritime Commission Chairman Richard A. Lidinsky, Jr. today announced the formation of an internal Container Freight Index and Derivatives Working Group. The working group will gather information, research, analyze, consult with other government agencies, and advise the Commission on issues arising from the use of container freight rate indices in service contracts and index-based derivative transactions.
"Index-based ocean freight rates and derivatives have potential to be useful tools for shippers, intermediaries, and ocean carriers to increase rate certainty and manage risk," said Chairman Lidinsky. "It's important that market participants have flexibility in structuring rates and hedging strategies. At the same time, I want to explore whether modest, common-sense standards are needed to ensure participants have adequate information and avoid manipulation."
http://www.fmc.gov/container_freight_index_and_derivatives_working_group_launched_/

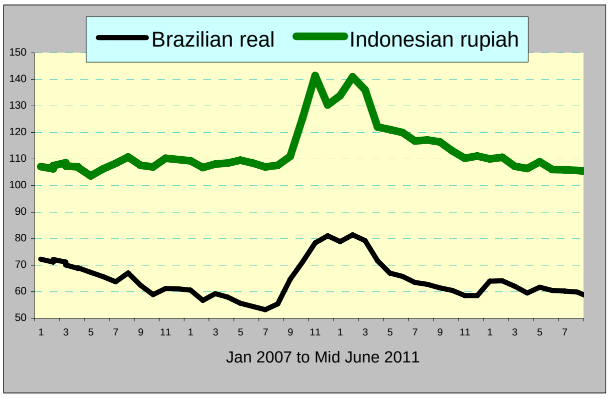
Main US Dollar Exchange Rates

As of 10th June 2011

Brazil	Real	1.5763
CFA countries	CFA Franc	443
China	Yuan	6.4457
EU	Euro	0.6891
India	Rupee	44.65
Indonesia	Rupiah	8516
Japan	Yen	80.37
Malaysia	Ringgit	3.0266
Peru	New Sol	2.7745
UK	Pound	0.6112
South Korea	Won	1085.25

Exchange rates index (Dec 2003=100)





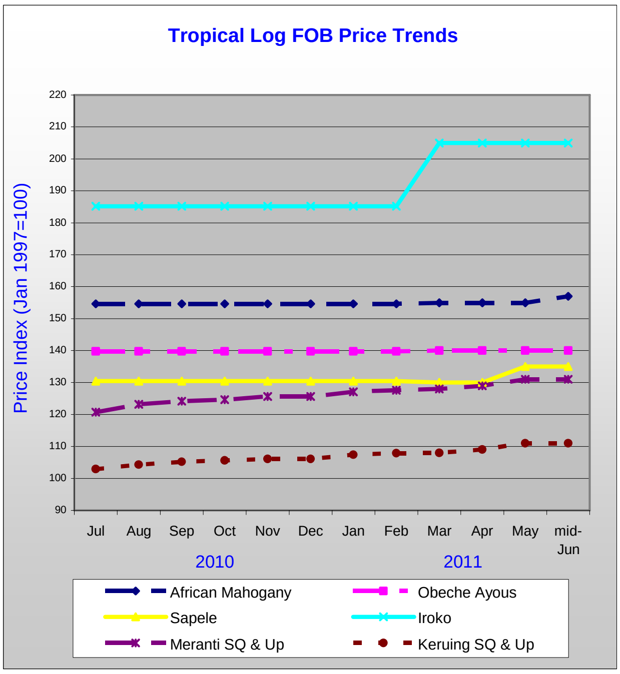
Abbreviations and Equivalences

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.	Plywood grades. Letter(s) on the left indicate face veneer, on the right backing veneer. 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
	Price has moved up or down

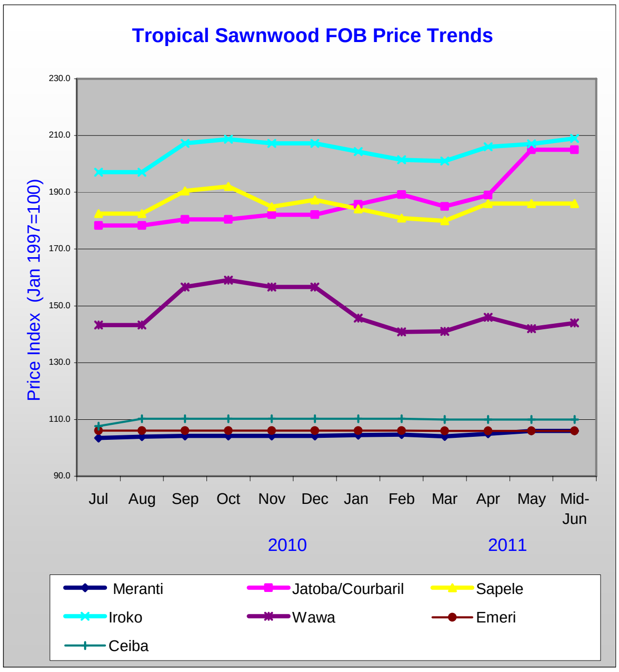
Ocean Freight Index

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

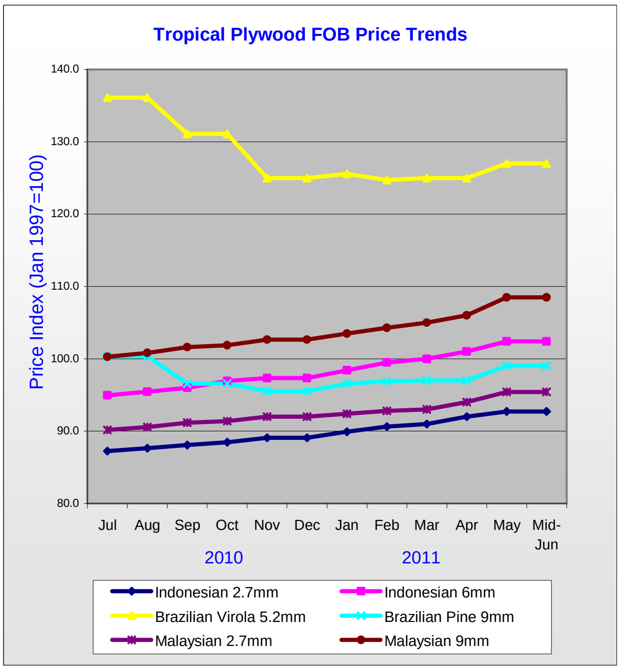
Tropical Log Price Trends



Tropical Sawnwood Price Trends



Tropical Plywood Price Trends



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

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