Tropical Timber Market Report

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Top Story

Congo adopts Brazilian technology for monitoring forests

The Democratic Republic of Congo (DRC) has adopted the technology developed by the Brazilian National Institute for Space Research (INPE), for satellite-based forest monitoring system.

The goal of the government of the DRC is to use the results to design and implement national forest policies.

DRC has the second largest tropical forest resource in the world, after Brazil. The operation and utilisation of the Brazilian satellite monitoring system has been promoted in several countries but the DRC is the first country to adopt the technology.
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Headlines

Report from Central/West Africa

Price stability maintained except for Okan and Dabema

During the first weeks of August no price movements have been reported for logs of the major export species. The market stability observed over the past 2-3 months has been maintained and demand and price levels have not changed.

The exception has been the market for okan and dabema logs. Prices for okan have fluctuated in contrast to the levels for other species; there have been periods of good demand and also periods where prices have been on the downside. This downside price movement was especially noticeable with buyers in Europe who reported some difficulty in seasoning the wood.

The most recent interest in okan has come from buyers for the Chinese market where it is used for the manufacture of flooring.

Analysts say that current producer stock levels are high and that demand has waned and that these two factors are behind the current price weakness which has resulted in a fall in price of around Euro 8 – 15 per cubic metre.

Demand from major buyers in Netherlands for dabema lumber also appears to have fallen very sharply. At this stage it is not clear whether this is due to high stocks or to lower forward purchasing by buyers in the construction sector. Observers believe that exporters do have moderate stocks ready for shipment but currently there is little interest from buyers.

Apart from these occasional glitches there has been no slowing of the overall demand for logs and lumber for the most favoured premium species, especially from buyers for the Chinese market. Indian demand for logs and boules remains very firm.

Exporters brace for uncertain year end market prospects

Some producers, when looking at year end market prospects, are concerned about the economic and financial situation in US and in Europe fearing a domino effect where recent falls in stock market values might seriously slow demand in India and China.

The continuing weakening of the US dollar and uncertainty on exchange rates for the Euro is of concern to exporters. The prospects for the log and lumber market situation in the fourth quarter have now becoming more difficult to assess.

At the moment producers report strong order book positions and this is expected to moderate any short-term price fluctuations but year end positions are becoming increasingly uncertain.

Log Export Prices

West African logs, FOB	€ per m^3		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	205	205	165
Ayous/Obeche/Wawa	200	200	145
Azobe & Ekki	205	205	122
Belli	215	215	-
Bibolo/Dibétou	145	130	
Bubinga	790	625	480
Iroko	285	280	215
Okoume (60% CI, 40% CE, 20% CS) (China only)	250	-	-
Moabi	280	280	190
Movingui	185	150	140
Niove	155	155	-
Okan	320	320	-
Padouk	380	345	235
Sapele	245	235	175
Sipo/Utile	275	250	190
Tali	285	285	-

Sawnwood Export Prices

West African sawnwood, FOB		€ per m^3
Ayous	FAS GMS	300
Bilinga	FAS GMS	495
Okoumé	FAS GMS	440
	Merchantable	290
	Std/Btr GMS	330
Sipo	FAS GMS	500
	FAS fixed sizes	-
	FAS scantlings	415
Padouk	FAS GMS	815
	FAS scantlings	795
	Strips	340
Sapele	FAS Spanish sizes	370
	FAS scantlings	430
Iroko	FAS GMS	655
	Scantlings	655
	Strips	405
Khaya	FAS GMS	415
	FAS fixed	430
Moabi	FAS GMS	530
	Scantlings	535
Movingui	FAS GMS	420

Report from Ghana

Minister calls for shared effort to protect forest resources

The Minister of Lands and Natural Resources of Ghana has called for a concerted and shared effort from civil society and the private sector to help protect the remaining forest resources from further depletion.

The minister said the challenging state of the nation's forest resources needed a more pragmatic solution to address the situation, stressing that the timber industry's raw material requirement was currently in excess of 2.7 million tonnes annually out of which there was a supply gap of 430,000 tonnes from domestic sources.

See:
http://www.ghananewsagency.org/details/Social/Minister-calls-for-collective-responsibility-to-protect-nation-s-forest/?ci=4&ai=31916

Measures taken to halt illegal teak billet processing

As part of efforts to put an end to the theft of teak logs from forest reserves, the Forestry Commission (FC) has introduced strict measures to ensure that only legally harvested and processed teak billets are shipped out of the country.

The plantations department of the FC has intensified its monitoring to clamp down on illegal teak harvesting and processing and is confiscating suspect teak billets.

The Brong Ahafo Regional Manager, Mr. Joe Ackah, disclosed that his unit conducted an investigation into operations of some mobile sawmills in and around Berekum and Japekrom where the theft of teak was reported.

A member of the investigative team, Mr. Clement Brown, also the head of the Plantation Department of FC, hinted that the Commission, as part of its measures to ensure only legally harvested teak is shipped, had put teams on the roads to inspect containers carrying teak from inland areas.

Marginal decline in inflation

In financial news, inflation for the month of July 2011 recorded another marginal decline, dropping to 8.3 percent down from the June figure of 8.59 percent. This is the lowest inflation rate since June 1992. The slight decline is said to be the result of a drop in the price of food items.

African manufactured product exports double

African exports of manufactured goods have doubled over the last ten years with the rise in demand for goods by emerging trade partners, says a new report.

According to the African Economic Report the share of trade conducted by the continent with emerging partners has grown from approximately 23 per cent to 39 per cent in the last decade.

The report shows that in 2009 China replaced the US as the main Africa's trading partner. Africa's top five emerging trade partners include China (38 per cent), India (14 per cent), Korea (7.2 per cent), Brazil (7.1 per cent) and Turkey (6.5 per cent).

However, the European Union and the US remain the most important sources of Foreign Direct Investment for African countries, says the report.

Domestic Log Prices

Ghana logs	US$ per m³	
	Up to 80cm	80cm+
Wawa	140-150	157-170
Odum Grade A	165-170	175-185
Ceiba	118-130⬆	132-148⬆
Chenchen	90-100	105-120
Khaya/Mahogany (Veneer Qual.)	111-123⬆	125-145
Sapele Grade A	145-155	160-185
Makore (Veneer Qual.) Grade A	128-135	140-166
Ofram	105-114	118-127

Domestic Sawnwood Prices

		US$ per m³
Wawa	25x300x4.2m	296
Emeri	25x300x4.2m	310
Ceiba	25x300x4.2m	240⬆
Dahoma	50x150x4.2m	320⬆
Redwood	25x300x4.2m	430⬆
Ofram	25x225x4.2m	332

Export Sawnwood Prices

Ghana Sawnwood, FOB	€ per m³	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	855	-
Asanfina	500	560
Ceiba	215	269
Dahoma	330⬆	385
Edinam (mixed redwood)	400	450
Emeri	350	430
African mahogany (Ivorensis)	568	685
Makore	530	580⬇
Niangon	515	590
Odum	625	690
Sapele	545	615
Wawa 1C & Select	260	285

Export Veneer Prices

Rotary Veneer, FOB	€ per m³	
	CORE (1-1.9mm)	FACE (<2mm)
Bombax	315	350
Ofram,	310⬇	353⬇
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 2mm and up, FOB	€ per m³	
	CORE (2mm & up)	FACE (2mm & up)
Ceiba	280⬆	285⬆
Chenchen	305	345
Ogea	305	340
Essa	290	330
Ofram	310	350

Export Sliced Veneer Prices

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afrormosia	1.19	1.00
Asanfina	1.50	.90⬇
Avodire	1.12	0.69
Chenchen	1.10	.54⬇
Mahogany	2.00⬆	1.40⬆
Makore	1.25	0.90⬆
Odum	1.80	1.40

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	333

Plywood, FOB	€ per m^3		
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Grade AB/BB would attract a premium of 10%, B/BB 5%, C/CC 5% and CC/CC 10%.

Export 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)	€ 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	550⬆
Wawabimba Laminated grade 1	750

Ghana/Togo cross-border trade boosted by new Border Information Centres

In a press release the ECOWAS and UEMOA Commissions announced that, in collaboration with the Governments of Ghana and Togo, the World Bank's Abidjan-Lagos Corridor Organization (ALCO), the USAID West Africa Trade Hub and private sector partners a major step has been taken toward improving cross-border transport and trade with the launch of two Border Information Centres (BIC) on the Ghana-Togo border.

The BIC is an initiative of the USAID West Africa Trade Hub to support effective implementation of the ECOWAS Trade Liberalization Scheme (ETLS), a regional mechanism for improving intra-Community trade in locally produced goods towards boosting the regional economy, stimulating employment and thereby contributing to the overall development of the region.

Transport costs in West Africa are considered among the highest in the world, constituting a serious constraint to business across the region and a disincentive to local and foreign investment.

The objective of the BIC is to reduce transport costs, reduce, if not eliminate, delays in paperwork processing, prevent duplicative processes/procedures, and improve collaboration/coordination of enforcement agencies.
For more see:
http://news.ecowas.int/presseshow.php?nb=140&lang=en&annee=2011

Report from Malaysia

China the largest importer of Malaysian furniture

China is fast becoming a leading importer of Malaysian furniture with imports valued at RM50.2 million in 2010, an increase of 23% compared to the RM41 million in 2009. China has already replaced the US as the largest importer of Malaysian furniture.

Analysts expect China to import more furniture from Malaysia in the years to come as its population grows and as income levels rise. Estimates put income per household rising to around US$9,000 over a decade.

Council of Asian Furniture Associations Furniture plans promotion in China

The Council of Asian Furniture Associations (CAFA) is working closely with associations in its member countries including the China National Furniture Association, the Chamber of Commerce of LeCong Furniture Cities as well as the owners of the LeCong International Exhibition Centre to organise trade and market promotion activities for greater market penetration in China.

LeCong is reportedly offering showroom space on a permanent basis to members of CAFA to promote and market Asian furniture in China. Five CAFA member countries and Malaysia are committed to participate in this new venture. They are Indonesia, the Philippines, Singapore, Thailand and Vietnam.

The LeCong IEC is located within an hour's drive of Guangzhou International Airport. The LeCong Furniture Cities occupy 3 million square metres of space and are home to many modern furniture malls.

STIA calls on government to review Sabah log export policy

The Sabah Timber Industries Association (STIA) has called on the State government to implement export policies that will aid the timber industries in the state to overcome the persistent shortage of raw materials.

The STIA is of the opinion that the volume of logs exported from Sabah should be reduced and that log imports should be facilitated.

STIA said that this policy review is necessary to encourage the development of downstream processing in the State.

Some RM4.8 billion in revenue and RM1.0 billion in foreign investment by the local timber industry were recorded in 2009.

Log Export Prices (Sarawak)

Sarawak log, FOB	US$ per m^3
Meranti SQ up	263-290↑
Small	254-283↑
Super small	253-277↑
Keruing SQ up	243-255
Small	234-266
Super small	225-249↑
Kapur SQ up	235-261
Selangan Batu SQ up	239-271↑

Domestic log Prices

Pen. Malaysia logs, domestic (SQ ex-log yard)	US$ per m^3
DR Meranti	278-296↑
Balau	325-355
Merbau	370-401↑
Rubberwood	105-139
Keruing	246-272↑

Peninsular Malaysian meranti logs are top grade and are used for scantlings for the EU. Their prices are higher than Sarawak's.

Export Sawnwood Prices

Malaysia Sawnwood, FOB	US$ per m^3
DR Meranti	413-449
White Meranti A & up	309-339
Seraya Scantlings (75x125 KD)	453-465↑
Sepetir Boards	275-304
Sesendok 25,50mm	363-381
Kembang Semangkok	339-366↑

Domestic Sawnwood Prices

Malaysian Sawnwood, domestic	US$ per m^3
Balau (25&50mm,100mm+)	345-365
Merbau	483-535↑
Kempas 50mmx(75,100 & 125mm)	288-328
Rubberwood	
25x75x660mm up	240-290
50-75mm Sq.	278-310
>75mm Sq.	300-330

Export Plywood Prices

Malaysia ply MR BB/CC, FOB	US$ per m^3
2.7mm	446-507↑
3mm	427-457↑
9mm & up	378-448↑

Domestic Plywood Prices

Meranti ply BB/CC, domestic	US$ per m^3
3mm	370-460↑
12-18mm	353-382↑

Other Panel Export and Domestic Prices

Malaysia, Other Panels, FOB	US$ per m^3
Particleboard	
Export 12mm & up	261-284↑
Domestic 12mm & up	252-266↑
MDF	
Export 15-19mm	313-345↑
Domestic 12-18mm	304-323↑

Export Added Value Product Prices

Malaysia, Mouldings, FOB	US$ per m^3
Selagan Batu Decking	573-583
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	587-600
Grade B	542-552

Export Furniture and Parts Prices

Malaysia, Rubberwood, FOB	US$ per piece
Semi-finished dining table solid laminated top 2.5'x4', extension leaf	78-94
As above, Oak Veneer	85-99
Windsor Chair	77-79
Colonial Chair	75-80
Queen Anne Chair (soft seat)	
without arm	77-86
with arm	75-84
Chair Seat 27x430x500mm	63-68
Rubberwood Tabletop	US$ per m^3
22x760x1220mm sanded & edge profiled	
Top Grade	630-660
Standard	613-629

Report from Indonesia

Indonesian forestry continues to attract investment

To-date, the Indonesian Ministry of Forestry has issued 12 licenses for commercial forest plantations (HTI) according to reports. The revenue from these licenses which amounted to Rp.23.95 trillion will be utilized to develop around 373,300 ha. of forest plantations.

Data shows that there is still an inflow of investment into Indonesian forestry industry despite the signing of the 2 year moratorium on land clearing with Norway.

The Indonesian government is reportedly rehabilitating developing 35 million ha. of degraded land. Of the total, some 9 million ha. will become commercial forest plantations (HTI), 13 million ha. will remain primary forests, 7.5 million ha. will be allocated for ecosystem restoration projects, and 5.5 million ha. will be for public plantation forests (HTR).

Indonesia a safe haven for investment

The Indonesian Minister of Economics stated that Indonesia stands to gain from the current negative global outlook. He added that foreign funds are likely to flow to Indonesia as the country is a low risk country with minimal exposure to the crises besetting the US and Europe.

However, he said that Indonesia needed to improve its infrastructure if it wanted to see an even greater influx of foreign funds and investments. Traffic congestion and poor port facilities are a serious handicap to Indonesian businesses.

Improved infrastructure could improve the export competitiveness of Indonesian timber and timber products and other building materials..

Domestic Log Prices

Indonesia logs, domestic prices	US$ per m³
Plywood logs	
Face Logs	221-264⬆
Core logs	209-238⬆
Sawlogs (Meranti)	217-277⬆
Falcata logs	185-216
Rubberwood	93-97
Pine	194-237
Mahoni (plantation mahogany)	502-533⬆

Domestic Ex-mill Sawnwood Prices

Indonesia, construction material, domestic	US$ per m³
Kampar (Ex-mill)	
AD 3x12-15x400cm	207-226
KD	221-256
AD 3x20x400cm	241-264
KD	242-271
Keruing (Ex-mill)	
AD 3x12-15x400cm	256-270
AD 2x20x400cm	246-264
AD 3x30x400cm	229-248

Export Plywood Prices

Indonesia ply MR BB/CC, export FOB	US$ per m³
2.7mm	432-482⬆
3mm	390-431⬆
6mm	369-411⬆

Domestic Plywood Prices

MR Plywood (Jakarta), domestic	US$ per m³
9mm	290-301⬆
12mm	281-292⬆
15mm	271-286⬆

Export and Domestic Other Panel Prices

Indonesia, Other Panels, FOB		US$ per m³
Particleboard	Export 9-18mm	244-253⬆
	Domestic 9mm	224-231⬆
	12-15mm	218-230⬆
	18mm	214-225⬆
MDF	Export 12-18mm	275-290⬆
	Domestic 12-18mm	259-271⬆

Export Added Value Product Prices

Indonesia, Mouldings, FOB	US$ per m³
Laminated Boards	
Falcata wood	325-338
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	519-550
Grade B	476-499

Report from Myanmar

Analysts see market weakness ahead

The market for Pyinkado logs is unchanged but the demand for Gurjan (Kanyin) is very strong despite recent price increases. Demand for Teak is stable but not showing any real signs of improvement

Analysts say that while the local teakwood industry reports slightly rising demand for teak flooring blanks and other sawnwood, the current pessimistic economic outlook does not seem conducive to improved exports of value added products.

Plantation forests as a future resource base

The Myanmar media is reporting that the country has over 500,000 hectares of forest plantations and that some of these were established during theearly days of the national plan which began in 2001 and will end in 2030.

Estimates by FREDA, a local NGO, suggest that by the end of the plan period 25% of the nation's timber needs could be harvested from the plantations.

FREDA, a very active NGO undertaking development of the forest resources is very successful in promoting environmental awareness all over the country.

Myanmar Teak Log Auction Prices (natural forest logs)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
Veneer Quality	June	July
2nd Quality	nil	nil
3rd Quality	nil	nil
4th Quality	4,412 (10 tons)	4,546 (11 tons)
Sawing Quality Grade 1 (SG-1)	3,128 (37 tons)	3,143 (35 tons)
Grade 2 (SG-2)	2,943 (23 tons)	2,994 (41 tons)
Grade 4 (SG-4)	2,188 (231 tons)	2,092 (213 tons)
Grade 5 (SG-5) Assorted	1,376 (159 tons)	1,473 (153 tons)
Grade 6 (SG-6) Domestic	1,299 (47 tons)	1,284 (116 tons)
Grade 7 (ER-1)	970 (115 tons)	968 (35 tons)

Hoppus ton=1.8m³; 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.

Hardwood log prices

Hardwood log prices FOB per hoppus ton	Euro per m³
Pyinkado export quality	555
Gurjan export quality	439

Prices are in Euro per hoppus ton FOB (Hoppus ton equivalent to 1.83 cu.m)

Asian Clearing Union mechanism reduces burden of international trade transactions

The Myanmar Central Bank has said that traders can reduce the burden of complicated international transactions to some countries by using the Asian Clearing Union (ACU) mechanism.

This emerged during a meeting to explain the ACU arranged by the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) and the Central Bank..

The Asian Clearing Union (ACU) mechanism is promoted as a convenient way to settle payments for intra-regional transactions among the participating central banks.

The main objectives of a clearing union are to facilitate payments among member countries for eligible transactions, thereby economizing on the use of foreign exchange reserves and transfer costs, as well as promoting trade among the participating countries.

A spokesperson from the Myanmar Foreign Trade Bank (MFTB), said that using the ACU allowed traders to settle accounts in either dollars or euros.

The ACU was established in 1974 and includes Bangladesh, Bhutan, India, Iran, Myanmar, Nepal, Pakistan, Sri Lanka and the Maldives. Myanmar's only significant trading partners in the union are Bangladesh and India.

For more see http://www.asianclearingunion.org/

Report from India

Brisk log sales at Central India auctions

Recent auction sales of Teak and other hardwoods at depots in Central India were well attended. As these were the last auctions before the depots close until the monsoon season ends sale prices were up.

Good quality log lots fetched almost 100 Rupees per cubic foot more than in previous auctions. Sawing grade A quality Teak prices at the auctions averaged Rs.1500, while the average price for B grade was around Rs.1200. Prices for C grade logs varied from Rs.800~1000 per cubic foot.

Prices for Haldu (Adina cordifolia) ranged between Rs.500~550 per cubic foot and those for long length Laurel (Terminalia tomentosa) were Rs.550~600 per cubic foot dropping to Rs.350 per cubic foot for average sawing quality.

Growing market for wood-plastic composite products

Domestically manufactured wood-plastic composite products are appearing on the market in India.

The wood-plastic base material is being used to produce mouldings, boards, door and window frames, blocks for pallets and flooring blocks. Analysts expect this will prove to be a fast growing market in India as the wood polymer composite utilises residues from wood working factories and from agricultural product processors.

Rupee likely to weaken in the short-term

Reports suggest that the rupee is likely to weaken in the short-term but that in the medium term the rupee could gain against the US dollar as money begins to flow back into emerging markets in Asia.

Just after the downgrade of US bonds the rupee fell to a low of 45.75 to the dollar.

If the rupee strengthens significantly then exporters would be negatively affected but, as analysts point out, at a time of rising inflation a stronger rupee is the lesser of these two evils.

India's exports would be affected in the event of a slowdown in major economies around the world.

In a survey by the Federation of Indian Chambers of Commerce and Industry immediately after the US economic downgrade Indian industrialists were of the opinion that it is unlikely that the current rate of export growth will continue.

Statistical blip

India statisticians have been thrown a challenge to answer questions on India's export statistics as it seems there are large discrepancies between the value of exports reported by India and the value of imports reported by some major trading partners.

This apparently came to light in the data released by the IMF which shows, in some cases, India's export values in FOB terms exceed that of the importing country which reports the CIF value of trade.

For more on this see:
http://economictimes.indiatimes.com/news/economy/foreign-trade/foreign-investors-doubt-indias-export-numbers/articleshow/9522434.cms

Imported Plantation Teak Prices (CnF)

	US$ per m^3
Tanzania Teak sawn	450-800
Côte d'Ivoire logs	450-850⬇
PNG logs	500-700
El-Salvador logs	400-550⬇
Guatemala logs	400-500
Nigeria squares	300-475⬇
Ghana logs	350-650
Guyana logs	300-450⬇
Benin logs	425-650⬇
Benin sawn	475-600
Brazil squares	400-600⬇
Burkina Faso logs	350-450
Columbia logs	400-600
Togo logs	350-500
Ecuador squares	350-700⬇
Costa Rica logs	350-600
Panama logs	350-450
Sudan logs	350-800⬇

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.

Domestic Ex-mill Sawnwood Prices for Myanmar Teak

Sawnwood (Ex-mill)	Rs. per ft^3
Myanmar Teak (AD)	
Export Grade F.E.Q.	4000-9500
Plantation Teak A grade	3000-3800
Plantation Teak B grade	2500-2800
Plantation Teak C grade	1800-2000

Domestic Ex-mill Sawnwood Prices for imported timbers

Sawnwood, (Ex-mill) (AD)	Rs. per ft^3
Merbau	1450
Balau	1550
Kapur	1000
Red Meranti	925
Bilinga	750
Radiata Pine (AD)	425-475

Sawnwood, (Ex-warehouse) (KD)	Rs. Per ft^3
Beech	1200
Sycamore	1200
White Oak	1500
American Walnut	2150
Hemlock clear grade	1000
Hemlock AB grade	850
Western Red Cedar	1350
Douglas fir	1000

Domestic Ex-warehouse Prices for Imported Plywood

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

Domestic Ex-warehouse Prices for Locally Manufactured Plywood

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.24.50	Rs.36.40
12mm	Rs.29.50⬆	Rs.39.00
19mm	RS.40.00⬆	Rs.52.50
5mm Flexible ply	Rs.24.00	

Domestic demand for plywood remains firm.

Report from Brazil

Booming furniture sector in northeastern Brazil

In the state of Paraíba in northeastern Brazil, furniture manufacturers are taking advantage of the current domestic construction boom to expand production to meet the growing demand for furniture.

Analysts say that the local furniture industry is booming and that manufacturers of all types of household furniture are benefiting from increased sales. By way of example, a company in the municipality of Bayeux has achieved market growth of 30% to 40% every year for the past three years.

The local housing market has grown almost 200% over the last three years which has boosted the furniture sector. The state has around 500 furniture manufacturers, employing some 7,000 workers.

Support to Bayeux furniture SMEs

Companies in the municipality of Bayeux have assistance from the Brazilian Service for the Support to Micro and Small Enterprises (SEBRAE).

This organization provides training, consulting and marketing advice. In order to rationalise raw material availability SEBRAE created a central business district where raw materials are marketed to the furniture sector.

SEBRAE also helps the SMEs to visit furniture fairs in other states such as Ceara, Sao Paulo and Rio Grande do Sul so as to create new business opportunities.

Furniture park to improve sector competitiveness

In other news, the government of Paraiba has plans to create an industrial park for furniture manufacturers which they anticipate will improve revenues in the sector. The state's goal is to make companies in the sector more competitive so that they can reach out to new markets and achieve brand recognition.

Demand for sustainable wood products leads to advances in forest management

The Brazilian domestic market consumes about 80% of the wood produced in the Amazon and consumers of the wood products manufactured from timber from the Amazon are now concerned that the wood in these products is from legal sources.

This awareness by Brazilian consumers, along with the demands for proof of legality in the international markets, is driving demand for legally harvested timber and is influencing the management regimes adopted by companies with concessions in the Amazon.

The impact of the market as well as the influence of the forest concession policy developed by the federal government is changing the way forests are managed in Brazil.

It has been estimated that currently there are concession bids pending for more than 1 million hectares of forest. Reports indicated that the state of Pará will shortly conclude concession procedures for an area of 150,000 hectares and two other states, Acre and Amapá, are in the process of concluding concession over a large area.

Mato Grosso main producer of Amazon timber

The municipalities of Alta Floresta, Sinop and Sorriso in the northern part of the state of Mato Grosso are the main producers of timber from the Amazon.

Exports from Alta Floresta in June 2011 totaled US$ 2.7 million, a 52% increase over the level in June in 2010. According to the Ministry of Development, Industry and Foreign Trade, in the first quarter of 2011, export sales were just over US$ 17 million, 122% up over the first quarter in 2010.

Tropical timber is the main export product and first quarter exports amounted to US$ 8.1 million. Meat products are ranked second with coniferous wood products coming in third place.

The United States was the main buyer of wood products from Alta Floresta (US$ 6.3 mil.) followed by Hong Kong (US$ 3.7 mil.) Egypt (US$ 2 mil.) and Iraq (US$ 1.2 mil.). The remaining exports went to 17 other countries.

Congo adopts Brazilian technology for monitoring forests

The Democratic Republic of Congo (DRC) has adopted the technology developed by the Brazilian National Institute for Space Research (INPE), for a satellite-based forest monitoring system. The goal of the government of the DRC is to use the results monitoring to design and implement national forest policies.

DRC has the second largest tropical forest resource in the world, after Brazil. The operation and utilization of the Brazilian satellite monitoring system has been promoted in several countries but the DRC is the first country to adopt the Brazilian technology.

INPE is training technicians from various parts of the world and training courses are planned for representatives from the Congo Basin countries, Latin America and Asia.

The system for monitoring the forests in the DRC should be launched at the United Nations Climate Change Conference in South Africa at the end of this year.

Domestic Log Prices

Brazilian logs, mill yard, domestic	US\$ per m^3
Ipê	172
Jatoba	124
Guariuba	82
Mescla (white virola)	89

Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB		US\$ per m^3
Jatoba Green (dressed)		900
Cambara KD		524
Asian Market (green)	Guariuba	284
	Angelim pedra	687
	Mandioqueira	252
Pine (AD)		213

Domestic Sawnwood Prices

Brazil sawnwood, domestic (Green)		US\$ per m^3
Northern Mills (ex-mill)	Ipé	862
	Jatoba	647
Southern Mills (ex-mill)	Eucalyptus (AD)	222
	Pine (KD) 1st grade	274

Export Veneer Prices

Veneer, Export (Belem/Paranagua Ports) FOB	US\$ per m^3
White Virola Face 2.5mm	303
Pine Veneer (C/D)	210

Domestic Veneer Prices

Rotary cut Veneer, domestic	US\$ per m^3	
(ex-mill Northern Mill)	Face	Core
White Virola	300	248

Export Plywood Prices

Plywood, FOB	US\$ per m^3
White Virola (US Market)	
5.2mm OV2 (MR)	454
15mm BB/CC (MR)	388
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)	293
15mm C/CC (WBP)	273
18mm C/CC (WBP)	260

Domestic Plywood Prices

Plywood, domestic (ex-mill Southern mill)		US\$ per m^3
Grade MR (B/BB)	White Virola 4mm	1027
	White Virola 15mm	750

Domestic prices include taxes and may be subject to discounts.

Export Prices For Other Panel Products

Belem/Paranagua Ports, FOB	US\$ per m^3
Blockboard Pine 18mm 5 ply (B/C)	316
Domestic Prices, Ex-mill Southern Region	
Blockboard White Virola faced 15mm	653
Particleboard 15mm	431

Export Prices For Added Value Products

FOB Belem/Paranagua Ports		US\$ per m^3
Edge Glued Pine Panel		
Korean market (1st Grade)		638
US Market		502
Decking Boards	Cambara	639
	Ipê	1,737

Report from Peru

Wooden furniture import business is booming

During the first five months of 2011 imports of wooden furniture into Peru rose 55% to US\$ 23 million thanks to the rapid expansion of the real estate sector and the greater willingness of households to purchase household furniture.

Growth was recorded in imports and domestic sales of wooden furniture used in the kitchen (+130% growth), used in offices (67%) and used in the bedroom (46 %).

The main importer in Peru was Saga Falabella (approx. 25% of the total value of imports), followed by Sodimac (18.5%) and Ripley (7%). Analysts expect that in 2011 and subsequent years the wood furniture import business will deliver double-digit growth.

This, it is said, will be underpinned by demand for household and office furniture for new apartments and offices, a sector of the economy which still has much room for growth.

In 2010 imports of wood furniture were US\$ 52.3 million, 71% up on levels in 2009. The main origin of imports was Brazil (37%), followed by China (18%) and Colombia (10.0%).

First payment given for community forest conservation

For the first time in the history of Peru the government has provided direct financial support to indigenous communities to conserve their forests.

The funds were provided to five native communities in the valley of the Apurimac and Ene rivers as part of the Program for National Forest Conservation.

To participate in the programme communities were required to delimit the extent of the forest preserve and present an investment plan. The goal for this years' programme is to reach 300,000 hectares of preserved primary forest.

January to May export performance mixed

The Export Association of Peru (ADEX) has reported the latest wood product trade data showing that from January to May 2011 exports were valued at US$59.3 mil. FOB an 8% decline on the same period in 2010.

The three main wood exports markets were China, Mexico and United States accounting for 83% of the wood sector exports.

There were reduced shipments recorded to China (down 37%) and the Dominican Republic (down 18%) while for Mexico and the United States shipments rose 21% and 12% respectively over the same period in 2010.

Exports of semi-manufactured products from January to May 2011 accounted for 40% of the total value of exports for the month and the accumulated value of exports of these products was US$23.8 mil.

The main market for semi-manufactured products was the Chinese market which accounted for 64% of the trade.

The value exports of sawnwood from January to May 2011 were US$ FOB 18.5 million while for the same period in 2010 the trade was worth US$23.1 mil. FOB. The main market for sawnwood from Peru is Mexico which accounted for 38% of the total sawnwood trade.

Exports of veneer and Plywood in the period January to May 2011 totaled US$7.9 mil. FOB while for the same period in 2010 they were US$6.5 mil. FOB, an increase of 21%.

Mexico is the main market for veneer and plywood from Peru absorbing 80% of exports of these products. In recent months the United States market has shown more interest in veneer and plywood from Peru.

The export of furniture and parts is small and export earnings were only US$3.1 mil. FOB in the first 5 months of the year but the level of trade has increased by 28% compared to the same period in 2010.

Export 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		933-941⬆
Mexican market		922-941⬆
Pumaquiro 25-50mm AD	Mexican market	532-586

Peru Sawnwood, FOB Callao Port (cont.)	US$ per m^3
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	834-849
Asian market	798-871
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	509-549
Dominican Republic	564-573
Marupa (simarouba) 1", 6-11 length Asian market	362-387⬆

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	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	254-278⬆

Domestic Sawnwood Prices

Peru sawnwood, domestic	US$ per m^3
Mahogany	867-911
Virola	63-80
Spanish Cedar	264-305
Marupa (simarouba)	62-76

Export Veneer Prices

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

Export Plywood Prices

Peru plywood, FOB Callao (Mexican Market)		US$ per m^3
Copaiba, 2 faces sanded, B/C, 15x4x8mm		318-347
Virola, 2 faces sanded, B/C, 5.2x4x8mm		399-406
Cedar fissilis, 2 faces sanded 4x8x5.5mm		750-761⬆
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

Domestic Plywood Prices

Lupuna Plywood BB/CC, domestic	US$ per m^3
(Iquitos mills)	
122 x 244 x 4mm	438
122 x 244 x 6mm	397
122 x 244 x 8mm	415
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

Domestic Prices for Other Panel Products

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

Export Prices for Added Value Products

Peru, FOB strips for parquet		US$ per m^3
Cabreuva/estoraque KD12% S4S, Asian market		1287-1388
Cumaru KD, S4S	Swedish market	797-920
	Asian market	930-979
Cumaru decking, AD, S4S E4S, US market		938-1006
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

Log export prices holding steady

During the period under review Greenheart logs were exported and prices for Fair and Small sawmill qualities were good. There were no exports of Standard sawmill quality Greenheart logs.

Purpleheart log prices remain largely unchanged from the earlier period while Mora log prices rose for all sawmill quality logs.

Undressed sawnwood prices weaken as demand stalls

Prices for sawnwood were mixed depending on the species sold. For Undressed Greenheart (select, sound and merchantable sawmill grade) prices dropped.

Prices for Undressed Greenheart (Select) fell at the top end of the range from US$1,018 to US$818 per cubic metre but, despite this decline, price levels are still considered as favourable.

Undressed Greenheart (Sound) prices fell at the top of the range from US$954 to US$550 per cubic metre. A similar drop was recorded for Undressed Greenheart (Merchantable) where the maximum price level fell from US$806 to US$742 per cubic metre.

On the other hand, prices for Undressed Purpleheart improved, increasing for two sawnwood categories. Undressed Purpleheart (select) sawnwood was sold in the range of US$650 to US$925 per cubic metre. Similarly Undressed Purpleheart (sound) sawnwood also recorded a price increase from US$600 to US$742 per cubic metre.

For the period under review there was no export of Mora sawnwood.

Dressed Greenheart sawnwood prices increase

Dressed Greenheart prices were very favourable, increasing from US$890 to US$1,018 per cubic metre. On the other hand Dressed Purpleheart sawnwood, while still at the top of its price range, did experience some price weakness dropping from US$1,060 to US$933 per cubic metre.

Plywood, piles and post prices firm

For this fortnight period prices for BB/CC quality plywood improved on the export market fetching a price of US$ 600 per cubic metre.

Guyana's Roundwood exports (Greenheart Piles and Wallaba Post) were in demand in export markets and prices in the markets such as the Caribbean, Europe and North America were good.

Guyana's Ipe (Washiba) continues to be in high demand in overseas market and is attracting prices of US$ 2,500 per cubic metre.

Local company unveils prefab homes in Guyana

A local timber and roof shingle-maker has announced plans to introduce pre-fabricated homes to the Guyanese market with a complete structure erected in as little as 18 days.

Bulkan Timber Works Inc, which runs its main operations from its factory at Yarrowkabra, Soesdyke/Linden Highway, has achieved significant production at its site catering almost exclusively to the Caribbean market.

From decking, mouldings, wooden windows to doors, and shingles, the company is ready to now unveil prefabricated homes as its latest product.

While management has indicated that the cost may be a little high for a low income family the advantage is the speed at which the home can be constructed.

In the short term the company is targeting the middle income families but will look into the possibilities of producing even cheaper prefabricated homes.

A 700-square foot home which is displayed at the company's local office would cost as little as $7M Guyana dollars.

Export Log Prices

Logs, FOB Georgetown	SQ - $ Avg unit value per m^3		
	Std	Fair	Small
Greenheart*	-	250	250
Purpleheart	200-290	170-280	150-270
Mora	120-165	115-155⬆	110-145⬆

*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.

Export Plywood Prices

Plywood, FOB Georgetown Port			$ Avg unit val. per m^3
Baromalli	BB/CC	5.5mm	No export
		12mm	510-600⬆
	Utility	5.5mm	"
		12mm	"

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

Export Sawnwood Prices

Sawnwood, FOB Georgetown		$ Avg unit val. per m^3	
EU and US markets		Undressed	Dressed
Greenheart	Prime	-	-
	Standard	-	615-1,018⬆
	Select	615-818⬇	
	Sound	500-550⬇	
	Merchantable	615-742	
Purpleheart	Prime	-	-
	Standard	-	700-933⬇
	Select	875-925⬆	
	Sound	575-752⬆	
	Merchantable	-	
Mora	Prime	-	
	Select	-	
	Sound	-	
	Merchantable	-	

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

Report from Japan

Plywood market situation in the first week of August

In the 3 prefectures (Iwate, Miyagi, and Fukushima) most affected by the earthquake and tsunami plywood demand is being driven by emergency repair work and the plywood business is booming. In addition to plywood, there is increased demand for flooring and external wall materials.

In the Tokyo metropolitan area and throughout the Kanto area sales of wood products goods are slow. Retailers are busy selling off products which they hurriedly bought after the earthquake and they are hesitant about making new purchases. In the area to the west of Nagoya, says the Japan Lumber Journal (JLJ), plywood sales are more sluggish than in eastern Japan.

Some of manufacturers affected by the disaster resumed their production and sales of softwood plywood but say that it will take a long time for them to return to pre-earthquake production levels, however factories are recovering steadily.

Manufacturers that were not damaged by the earthquake continue to maintain their higher levels of production. The JLJ says that the supply of domestic plywood may temporarily exceed demand in the short-term.

Currently, stocks of 12 mm and 3x6 products are high and prices remain weak. As a result of the significant slowing in the number of contracts concluded, the arrival of imported plywood is expected to decline after August.

Two-story wooden public building for Ibaraki

Construction of a two-story wooden public building will start soon in Ibaraki Prefecture and this will be the first wooden public building in the Kanto region since the coming into force of the "Law for Promotion of the Use of Wood in Public Buildings". The total floor space of this two-story building is 689 square metres.

The JLJ reports that Japanese laminated larch lumber will be used in the construction and the building will employ quake-resistant wall structures such as bolt-and-driftpin joints etc.

To express the "flexibility" and the "warmth" of wood, a lot of timber will be used inside the building. In the office and the meeting room high ceilings and open spaces are secured with the exposed beams and a ceiling of Japanese linden plywood.

In designing the building, architects thought it important to maintain the functions and performance of public buildings, which are usually built with reinforced concrete, and keep costs at almost the same as those buildings in order to promote wooden buildings.

Investigation of tsunami damage to wooden buildings

The Japan Housing and Wood Technology Center held explanatory meetings on the results of damage to wooden buildings caused by the Great East Japan Earthquake and Tsunami.

The tsunami caused most of the damage as buildings were swept away leaving only the foundations and this was the case even with buildings built after 2000 when building regulations were tightened. Some low-rise reinforced concrete buildings withstood the tsunami but the exterior walls were severely damaged.

Low-rise wooden buildings built with large lumber sections stood up best but most of the exterior walls were washed away.

To assess the power of the tsunami the research team chose a sawmill office and another office building to estimate the relationship of "the building bearing force" and "the wave power of tsunami".

The two-storied sawmill office building, (9.6m, x 11m x 20m) was inundation to a height of 4m. The wave power of the tsunami against the entire wall was estimated at 108 kilonewtons. However, the power against the structural frames only, on the assumption that the frames were left after the exterior and interior walls were washed away, was estimated to be one-sixth of the original force.

The bearing force of this building was estimated at 207 kilonewtons, which is higher than the estimated force of the tsunami wave power.

The research team concluded that if the exterior and interior walls are first destroyed the wave power tends to fall so even a building of relatively low bearing force may be able to escape collapse.

The second building was a two-storied building built with large sectional laminated wood frame structure having diagonal braces. It was partly a reinforced concrete structure with a height of 11m, a width of 13m and a depth of about 40m. This building was hit by a tsunami wave of a height of 8metres.

The wave power of the tsunami on the entire walls is presumed to be 635 kilonewtons. The bearing force of the building was estimated at 324 kilonewtons.

Though the impact on the building was almost twice as strong as its bearing force of the building, its frames remained. This was attributed to the fact that the wave power of the tsunami was reduced to one fourth after the exterior and interior walls of the building were destroyed.

2010 timber supply and demand summary

The JLJ has reported the recently released statistics on the timber supply-and-demand in 2010. According to the report, total demand (log equivalent) in the year was 70,253,000 cubic metres (up 11% from the previous year), the first increase in four years.

The demand breaks down into 25,379,000 cubic metres log equivalent for sawnwood (up 7.9%); 9,556,000 cubic metres log equivalent for plywood (up 17.1%) and 32,350,000 cubic metres log equivalent for pulp and chips (up 11.5%).

On the supply side the volume of domestic production increased to 18,236,000 cubic metres (up 3.7%). This was after a decline in 2009 and declines every year over the previous seven years,

The volume of imported sawnwood in 2010 according to the released data was 52,018,000 cubic metres (up 14.0%). Due to the increased imports Japan's lumber self-sufficiency ratio dropped 1.8 points from the previous year to 26%.

Recycling wood debris from the disaster area

The JLJ is reporting that the Japan Wood-Recycle Association (mainly wood chip companies) and the Japan Fiberboard and Particleboard Manufacturers Association have submitted a proposal to the Japanese government on the utilisation of wood debris, caused by the Great East Japan Earthquake.

It is estimated that around 65% of the debris in the tsunami hit areas is wood and the association is proposing to use this to replace around one third of the raw material currently used in production of woodbased panels.

One of the major challenges is transportation as there are only two companies close to the disaster area. The question is how to cost effectively transport wood debris to factories in other areas such as Hokkaido, Akita, Yamagata, and areas located to the west of Fukushima.

Another challenge is how to cope with wood debris that has been soaked in sea water.

The association is reviewing the possibility of using wood debris as materials for particleboard that is produced in a dry process. When Hokkaido suffered damage from a typhoon 3 years ago wood waste and logs soaked in seawater were used as materials for the production of particleboard.

Export Promotion Council promoting post and beam construction for Chinese market

The Japan Wood-Products Export Promotion Council recently held its general meeting and announced that the council has been consulting on the standards revision committee of the "Wood Structure Design Standards" in China in order to satisfy customers in China that Japanese-produced cedar, cypress, and larch lumber meets the Chinese standards.

The council is also proposing the possibility of establishing the use of the Japanese wooden post and beam construction method in China, and the JLJ is reporting that a positive response has been received from China.

The council also announced details of lumber exports for 2010. Total export value in 2010 amounted to Yen 10.2 billion. Exports to Korea fell close to 65% which resulted in a slight decrease of 2.3% in the value of exports compared to the previous year.

However, the largest importer of timber from Japan was China with imports growing by 5.5% to Yen 2.562 billion. Exports to Taiwan P.o.C also increased significantly, rising 73%.

Of the exports to China, log exports rose by 183.0% to the previous year and lumber exports rose almost 40%. Of the exports to Taiwan P.o.C, log exports increased by over 470%.

June statistics show continuing increase in plywood imports

Plywood imports in June grew to 384,000 cubic metres (up 38% from the same month last year), though the increase is smaller than 63% increase recorded in May.

The JLJ says imports will remain high in expectation of strong domestic demand when reconstruction in the disaster hit areas moves into full swing.

However, plywood production by Japanese mills is getting back to normal so the rate of procurement of imported plywood has eased. The JLJ is saying that it seems that plywood imports have passed their peak.

Japan's domestic production of regular plywood was 199,000 cubic metres in June (excluding prefectures of Iwate and Miyagi due to the disaster). According to the Japan Plywood Manufacturers Association, total production including in Iwate and Miyagi is estimated to be 220,000 cubic metres (down 8.3%). Domestic inventories at the end of the June were estimated at 153,000 cubic metres, a slight increase over the previous month.

Imported Log and Sawnwood Prices

Logs for Ply Manufacture, CIF	Yen per Koku (Koku=0.278 m^3)
Meranti (Hill, Sarawak)	
Medium Mixed	9,300
Standard Mixed	9,500
Small Log (SM60%, SSM40%)	9,400
Taun, Calophyllum, others (PNG)	8,000
Mixed light hardwood, G3/4 grade (PNG)	-
Keruing MQ & up (Sarawak)	12,500
Kapur MQ & up (Sarawak)	12,000

Logs for Sawmilling, CIF	Yen per m^3
Melapi (Sarawak) High Select	210,000
Agathis (Sarawak) High Select	-

Lumber, FOB	Yen per m^3
White Seraya (Sabah) 24x150mm, 4m, Grade 1	150,000
Mixed Seraya, Sangi 24x48mm, 1.8-4m, S2S	60,000

Wholesale Plywood Prices (Tokyo)

Indonesian & Malaysian Plywood	Size (mm)	July (¥ per sheet)	Aug (¥ per sheet)
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	380-410	380-400
3.7mm (med. Thickness, F 4star, type2)	910 X 1820	540-600	540-570
5.2mm (med. Thickness, F 4star, type 2)	910 X 1820	640-720	640-680
12mm for foundation (F 4star, special)	910 X 1820	1250	1180
12mm concrete-form ply (JAS)	900 X 1800	1150	1100
12mm coated concrete-form ply (JAS)	900 X 1800	1250	1200
11.5mm flooring board	945 X 1840	1500	1530
3.6mm baseboard for overlays (OVL)	1220 x 2440	980	1000

Report from China

China's international trade in wood products records strong growth in the first half of 2011

Due to the continuing rapid growth of the domestic economy and a slight recovery in the world economy during the early part of the year, China's international trade in wood products recorded strong growth in the first half of 2011. This was especially noticeable for imports of logs, sawnwood and chips as well as for exports of wooden furniture and plywood.

Log imports

During the first half of 2011 China imported 20.75 million cubic metres of logs worth US$3918.7 million, up 25 percent in volume and 35 percent in value over the same period last year.

Of the total, imports of softwood logs were 15.09 million cubic metres, (US$2,319.9 million), up 33 percent in volume and 84 percent in value. Imports of hardwood logs were 5.66 million cubic metres, valued at US$1,598.8 million, up 8 percent in volume and 11 percent in value.

Of the total, tropical log imports amounted to 4.13 million cubic metres, accounting for 20 percent, a decline of 2 percent from the same period last year.

Log imports from Russia continued to decline, while imports from North America and New Zealand increased significantly. The top ten suppliers of logs to China in the first half of 2011 are shown below.

Major suppliers of logs to China in first half 2011

	Import volume 000's cu.m	Proportion of total (percent)	Change on 1st half 2010 percent
Russia	7 184.3	35	-4
NZ	4 063.6	20	47
USA	2 086.8	10	160
PNG	1 541.2	7	33
Canada	1 139.9	5	233
Solomon Is.	834.9	4	20
Australia	709.1	3	50
Myanmar	476	2	83
Malaysia	286.9	1	-51
France	277.7	1	--
Total	20 750.6	100	25

Sawnwood

Almost 10 million cubic metres of sawnwood (excluding sleepers) were imported in the first half of 2011 at a value of US$2, 618.8 million. Sawnwood imports rose 54 percent in volume and 58 percent in value from the same period last year.

Of the total, coniferous sawnwood imports were 6.87 million cubic metres, valued at US$1,422.6 million. Imports of hardwood sawnwood totaled 3.11 million cubic metres, valued at US$1196.2 million. Imports of sawnwood were mainly from Russia and North America.

Major suppliers of sawnwood (excluding sleepers) to China in the first half of 2011

	Import volume 000's cu.m	Proportion of total (percent)	Change on 1st half 2010 (percent)
Canada	3 140.4	31	97
Russia	2 831.7	28	37
USA	1 292.7	13	118
Thailand	725.8	7	8
Indonesia	332.6	3	102
Total	9 985.4	100	54

Note: 3.1 million cu. m of sleepers were imported in the first half of 2011, valued at US$5.6 million.

Wooden furniture imports

A total of 2.45 million pieces of wooden furniture (including seats, office, kitchen, bedroom and other furniture) were imported between January and June this year. Furniture imports were valued at US$250 million, up 38 percent in number of pieces and 56 percent in value from the same period last year.

Plywood, fibreboard and particleboard imports

Plywood imports amounted to 91,600 cubic metres in the first half of 2011, valued at US$54 million, up 1 percent in volume and 10 percent in value from the same period last year.

Imports of plywood came mainly from Malaysia and Indonesia. China imported 38,100 cubic metres of plywood from Malaysia and 30,100 cubic metres from Indonesia.

Imports of fibreboard totaled of 45,800 tonnes during the period under review and these were valued at US$32.1 million. Fibreboard imports dropped sharply in the first half of the year.

Particleboard imports rose 24 percent during the first half of the year to 193 900 tonnes and were worth US$ 65.7 million, up 32 percent from the first half of 2010.

Wooden furniture exports

China's exports of wooden furniture (including wooden framed seats, office, bedroom, kitchen and other wooden furniture) in the first half of 2011 were valued at US$8,040 million, a 9 percent increase compared to the same period last year.

Of the total value exports of seats and other furniture amounted to USUS$2,646 million and US$3248 million, accounting for 33 percent and 40 percent respectively, followed by bedroom furniture, up 20 percent to US$1,635.7 million.

Plywood exports

China exported 4.59 million cubic metres of plywood in the first half of 2011, valued at US$2040 million, up 30 percent in volume and 29 percent in value over the same period last year. The US is the biggest importer; other major importers are Japan, UK, Korea and UAE.

Major importers of China's plywood in the first half of 2011

	Volume (1000 m^3)	Proportion (percent)	Change (percent)
Total exports	4 591.8	100	30
USA	683.5	15	0.37
Japan	458	10	51
UK	322.7	7	21
Korea	296.2	6	102
UAE	240.1	5	59

Fibreboard exports

In first half of 2011 1.09 million tonnes of fibreboard were exported at a value of US$695 million, up 12 percent from the same period last year.

Exports of HTS 4409 - special shaped wood

Exports of specially shaped wood (HTS No 4409, mainly solid wood flooring and mouldings) totaled 192,600 tonnes in the first half of 2011; these were worth US$ 299.6 million, down 9 percent on 2010 first half exports.

Sawnwood and veneer exports

A total of 273,900 cubic metres of sawnwood were exported during the first half of this year and these were valued at US$182 million, up 4 percent in volume and 10 percent in value from last year.

Sawnwood exports were mainly to Japan (168,100 cubic metres, accounting for 61 percent of total exports), Korea (35,800 cubic metres, 13 percent) and USA (14,200 cubic metres, 5 percent).

China also exported some 89, 400 tonnes of veneer in this period, valued at US$133.28 million. Of this total softwood veneer exports reached 8,400 tonnes and accounted for 9 percent while tropical veneer exports were 3,700 tonnes.

Guangzhou City Imported Timber Wholesale Market

Logs		Yuan per m3
	Lauan (50-60cm)	2200-2400
	Kapur (up to 79cm)	3100-3500
	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
	Okoume	4500-5000
	Sapele	6000-6400

Shanghai Furen Imported Timber Wholesale Market

Logs		Yuan per m3
Teak (Myanmar, all lengths)		7500-8500
Sawnwood		
	Beech KD Grade A	5600-5700
	US Cherry, 25mm	9500-10000
	US Red Oak, 50mm	6500-7000
	Sapele 50mm FAS (Congo)	
	KD (FAS)	6500-6800
	KD (grade A)	5700-5800

Hangzhou ImportedTimber Wholesale Market

Logs		Yuan per m3
Ash	4m, 30cm diam.	2900-4100
Linden	4m, 26cm diam.	2000-3100
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 Imported Timber Wholesale Market

Logs		Yuan per m3
Larch	6m, 24-28cm diam.	1800
White Pine	6m, 24-28cm diam.	1750
Korean Pine	4m, 30cm diam.	-
	6m, 30cm diam.	-
Mongolian Scots Pine	6m, 30cm diam.	1580

Hebei Shijiangzhuang Imported Timber 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 Imported Timber Wholesale 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

Changes to the CE marking regime
Significant changes are underway in the CE Marking regime with potential to impact the European trade in tropical timbers. The European Commission recently decided to end early the so-called "co-existence period" for strength graded structural timber and require mandatory CE-marking of these products from 1 January 2012. The EC had previously indicated that this requirement would only be imposed from 1 September 2012.

CPD soon to be replaced by Construction Products Regulations (CPR).
In a separate development, from July 2013 CE Marking will become mandatory for the supply of all relevant constructional products in the four EU countries - the UK, Republic of Ireland, Finland, and Sweden - which, since 1989, have opted out of mandatory imposition of CE Marking under the Construction Products Directive (CPD).

The change will take place when the CPD is replaced by the new Construction Products Regulations (CPR).

On coming into force in July 2013, the new CPR will also impose additional environmental standards on construction products. The CPR states that construction products should not "exert an exceedingly high impact over their entire life cycle to the environmental quality nor to the climate" and there should "be sustainable use of natural resources".

In the future, manufacturers and assessment bodies will be obliged to consider whether construction works and materials make sustainable use of natural resources.

CE Marking applies to construction products sold in the EU to ensure they meet safety, environmental protection, health and consumer protection standards required by the CPD. CE-Marking is applicable to construction products covered by a European Norm (EN).

New EN standard for construction products
On publication of a new EN standard, the European Commission will also publish the date at which EU manufacturers may begin to apply CE marking to the product concerned - usually nine months after the date of availability of the standard.

After this date the "coexistence period" begins (usually 12 months), during which manufacturers are free to use the new EN and apply CE marking, or continue to use the old national standards without CE marking.

After the period of coexistence, conflicting national standards must be withdrawn (except, until 2013, in those EU Member States that have opted out) and all products must comply with the harmonised EN standard.

Wood-based construction products currently covered by harmonised EN standards include: strength-graded structural timber; wood-based panels; solid wood panelling and cladding wood flooring products; glulam; prefabricated structural members and wall, floor and roof elements; structural LVL; and impregnated and finger-jointed structural timber.

The exact procedures (the so-called Attestation of Conformance or "AoC" level) to demonstrate conformance to different EN standards varies. In most instances it will require the services of a "European Notified Body" which is a third-party recognised as competent to carry out the conformity assessment tasks laid down in the standard.

Further information on CPD European Notified Bodies may be obtained from: http://www.gnb-cpd.eu/index.jsp. The list of notified bodies can be searched at: http://ec.europa.eu/enterprise/newapproach/nando/index.cfm?fuseaction=search.main.

Further details of recent and anticipated changes to the CE Marking regime are available in a new briefing prepared by TRADA: http://www.trada.co.uk/downloads/constructionBriefings/European%20CPR.pdf

EU Timber Regulation
A series of consultations have been held in recent months on “implementing regulations” for the EU Timber Regulation (EUTR) which from March 2013 will impose a prohibition on trade in wood from any illegal source and a requirement for importers to implement due diligence systems.

The regulations will establish more detailed requirements for the risk assessment and mitigation procedures that must be implemented by importers from March 2013.

They will also establish rules for so-called “Monitoring Organisations”, a concept introduced into the EUTR as a mechanism to reduce costs of compliance for smaller European importers and producers.

The final report and recommendations from this series of consultations prepared by the European Forestry Institute (EFI) is published at
http://ec.europa.eu/environment/forests/pdf/EUTR-Final_Report.pdf.

Complexity of the supply chains makes forest origin identification near impossible
A central concern during consultations was the extent to which it should be necessary to trace timber to forest of origin in order to demonstrate a negligible risk of illegality.

In their publicity material, the European Commission has tended to emphasise the role of the legislation in increasing traceability of wood products to source.

However, discussions at consultation meetings highlighted the complexity of the supply chains that EU operators must deal with and showed that identification of the forest of origin would be an impossible task in anything other than the shortest and simplest of supply chains.

Furthermore, a close reading of the legislative text reveals that operators are actually under no obligation to identify the precise forest of origin of timber for each parcel of timber.

Rather they are required, through their due diligence systems, to ensure that timber origin can be identified to the extent necessary to make a reliable assessment of negligible risk. In some cases this might require identification of source only as far as a low risk country of origin.

Progress made towards third party verification
The EFI report notes the considerable progress being made to develop and expand third party verification and forest certification systems, which when available will provide an effective risk mitigation tool.

However the report also cautions against over-reliance on these mechanisms noting that “only around 10% of the world’s forests are certified to date, and mostly outside of the tropics.

Therefore the current global needs for wood cannot be fulfilled purely from certified forests. Moreover, due to the lengthy certification process, the associated costs, and the limited amount of licensed certifiers, this mitigation option has its restrictions as a quick and extensive mitigation response at a global scale.”

EU SMEs largely unaware of EUTR issues
A key issue identified in the EFI report is the lack of awareness amongst smaller companies of regulations of the European Parliament and of the Council laying down the obligations of operators who place timber and timber products on the market (the so called EUTR). This, the report says is likely to be a major obstacle to implementation.

The report notes that “very few” SMEs in Europe have ever even heard of the EUTR and that “even membership in a well represented association or federation does not mean that information [on EUTR] will reach them”.

In light of these concerns, the EFI report steers clear of proposing any far-reaching additional traceability, documentation or certification requirements on timber traders.

The report says that: “It is evident that any possible outcome of the implementation regulation must acknowledge the variety of affected actors across the different industry sectors. For example, SMEs have fewer resources to spend for verifying legality than the big corporations have.

Therefore, the operators should define their respective Due Diligence Systems (DDSs) and include the most suitable tool set for their implementation. Due to the high degree of different conditions, it is not feasible to develop a fixed and uniform DDS description which would be applicable for all operators”.

Proposals for specific documentation to be demanded of overseas suppliers by European importers are limited to "a signed commitment from the supplier side to deliver legal wood or wood based products to the operator" and a “signed legal document” which would be a “written contract signed between the parties of the transaction” to include information such as “type and description of the product, species (either a common name or scientific name), volume, country of harvest and contact details of the parties.”

It is acknowledged that these documents "will not serve as a proof for legality” but will only provide an assurance of the suppliers’ policy to avoid illegal wood.

EFI also propose that “depending on the country of origin and the related risk level, the buyer may ask for more detailed information on the origin of the timber on a regional, sub-regional or stand level” and propose that this information be gathered through a standard “information collection form”.

Outsourcing of risk assessment a possible way forward
However the EFI report acknowledges that many individual operators, particularly SMEs, will not have time, resources or expertise to undertake reliable assessment of information collected in these standard forms.
There will be a need to develop frameworks for outsourcing of risk assessment to independent experts better qualified to assess risk and drawing on more detailed and relevant indicators.

This may involve the establishment of centralised independent databases categorising levels of risk for regions or suppliers.

The EFI report also includes recommendations for Monitoring Organisations (MO). These form a key part of the European Commission's strategy to overcome the challenges presented by industry fragmentation.

Rather than having to develop their own due diligence systems, the EUTR gives European operators the option of participating in a group due diligence system managed by an MO.

The original assumption was that European trade associations and NGOs that are already operating green procurement codes and systems for member companies would apply to act as MOs. The role of MOs would be similar to that of organisations like forestry associations or consultancies that organise and act on behalf of groups of smaller forest owners to facilitate their participation in FSC or PEFC group certification.

The regulatory authorities would benefit because the private sector would be engaged as active partners in the regulatory process. Members would benefit from lower unit costs of compliance. The MOs would benefit through expanded membership.

However, rather than seeing MOs as facilitating bodies, EFI's recommendations assume that MOs should act more like conformity assessment bodies. As such, EFI proposes that they should conform to a complex set of ISO procedures and standards for such bodies.

Requiring MOs to implement such standards might be costly and make compliance difficult for many organisations that had been hoping to act as MOs – notably timber importing associations. It remains to be seen how this issue will be resolved.

FLEGT VPA process gathers pace

An underlying assumption of the EUTR is that the majority of tropical timber imported into the EU in the future will be covered by legality verification systems established as part of FLEGT Voluntary Partnership Agreements (VPAs).

The EUTR states that FLEGT VPA licensed timber will be considered to have been legally harvested and therefore need not be subject to any further risk mitigation action by EU operators. Suppliers in countries that are signatories to a FLEGT VPA with the EU therefore need not fear any discrimination as a result of the legislation and may have a competitive edge over suppliers in non-VPA countries.

Recent reports from the FLEGT Unit at the European Forestry Institute indicate that the VPA process has been widening its range and gathering pace in recent months.

No country has yet reached the "full implementation and licensing phase" when each timber product shipped from the partner country to the EU will have to be accompanied by a FLEGT license before being given access to the EU market.

However, there are now 6 countries in the "VPA system development phase": Cameroon, Central African Republic, Ghana, Indonesia, Liberia, and Republic of Congo. During this phase, VPA partners develop systems and any new capacity required to control, verify and license legal timber in line with VPA requirements.

The system development phase will only be concluded following an evaluation demonstrating that the "Legality Assurance System" (LAS) is fully operational.

An additional four countries are at the "VPA negotiation phase" and have yet to sign formal VPA agreements: Democratic Republic of Congo, Gabon, Malaysia, and Vietnam. Various other countries have not yet entered formal VPA negotiations but have requested and are being provided with more information.

These countries include: in Central and South America - Bolivia, Colombia, Ecuador, Guatemala, Guyana, Honduras, and Peru; in Asia Pacific - Cambodia, Laos, Myanmar, Papua New Guinea, the Solomon Islands and Thailand; and in Africa - Côte d'Ivoire and Sierra Leone.

Netherlands Imported Sawnwood Prices

FOB (Rotterdam)	US$ per m^3
Sapele KD	943
Iroko KD	1220
Sipo KD	1144
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	1681

UK Imported 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	350-380
Iroko	80cm+ LM-C	410-480
African Walnut	80cm+ LM-C	340-370

UK Imported Sawnwood Prices

FOB plus Commission	GB Pounds per m^3
Framire FAS 25mm	470-495
Sipo FAS 25mm	680-710
Sapele FAS 25mm	560-575
Iroko FAS 25mm	720-745
Wawa FAS25mm	275-295
CIF plus Commission	
Tulipwood FAS 25mm	250-270
Meranti Tembaga Sel/Btr (KD 2"boards)	590-600
Balau/Bangkirai Decking	1050-1100
White Oak	480-500

UK Imported Plywood and MDF Prices

Plywood Panels 8x4", CIF	US$ per m^3
Brazilian WBP BB/CC 6mm	600-620
Malaysian WBP BB/CC 6mm	660-685
MALAYSIA MTCS/PEFC trop hard face, pine core* 18mm	520-580
China (hardwood face, eucalyptus core) 18mm	395-410
China (tropical hardwood face, poplar core) 18mm	375-395

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

Report from North America

Study shows market conditions for wood products improved in 2010

Market conditions improved slightly in 2010 for the wood products industry but the housing market is expected to remain challenging into 2012, according to a study by Virginia Polytechnic Institute and State University, the USDA Forest Service and the Journal Wood & Wood Products (Wood & Wood Products, July 2011).

An over-supply of single-family homes and the high number of foreclosed properties are keeping new construction at very low levels. In the first quarter of 2011, construction of single-family homes was 75% lower than at the peak in 2005.

Wood product manufacturers shift attention to home renovation sector

In this difficult market wood product manufacturers have shifted their attention to the home renovation sector since spending on remodelling and other improvements has remained quite stable.

The study's survey of wood product manufacturers showed that sales improved in 2010 over 2009, but market conditions in the US remain difficult. While the home renovation market, non-residential construction and multi-family home construction contributed to sales in 2010, single-family home construction has historically been the major driver of wood product demand in the US.

Demand for new single-family homes is expected to remain subdued in the foreseeable future.

Competition from offshore manufacturers of wood products was not perceived as a major problem for US wood product manufacturers. Only 20% of respondents reported increased use of imported wood in their product lines.

Most of the imported wood is purchased as lumber or components (64% of respondents), 13% import finished products and the remainder of the respondents import both lumber and finished products.

The majority of firms report an increased interest by customers in green building products. Custom production continues to be important with almost 70% of respondents making the majority of products to order, which includes semi and mass customisation.

Furniture sales suffer from poor housing market

With furniture demand so closely tied to the housing market, US furniture sales continue to recover only very slowly. The Furniture Buying Index dropped in June back to February levels after a brief surge in April, according to America's Research Group who compiles the index each month from interviews with 5,000-8,000 consumers across the country.

According to US Census Bureau figures, overall retail sales increased slightly by 0.2% from May to June and were 8.5% above last year. However, sales of furniture and home furnishing declined again in June, down 0.8% from May and only 0.5% above June 2010.

The monthly survey of residential furniture manufacturers and distributors carried out by Smith Leonard indicates positive developments in April and May 2011.

New orders by US furniture manufacturers and distributors increased by 8% from the same two months a year ago according to the most recent survey. Year-to-date, new furniture orders were up 5% compared to 2010. Furniture shipments increased by 8% from April to May, and year-to-date, shipments were up 3% over 2010 levels.

There was a slight decline in furniture inventories, but levels are still high at 11% above May 2010, although last year, manufacturers and distributors had higher than expected orders and many were short on inventories. Inventories are expected to come down this summer as shipments increase.

Final antidumping duty set for 30 wooden bedroom furniture manufacturers in China

The US Department of Commerce assigned the final antidumping rate of 41.75% to thirty manufacturers of wooden bedroom furniture in China in its annual review, according to the trade journal Furniture Today. The duties apply retroactively to the companies' 2009 shipments to the US.

The thirty companies were deemed eligible for a separate rate status by the Department of Commerce and had previously received a preliminary rate of 16.24% for their 2009 shipments. However, the final analysis raised the rate to 41.75%. Twelve other companies did not qualify for separate rate status and were assigned final duties of 216.01%.

The antidumping duties are assigned to the manufacturers in China, but they are paid by the importers into the US.

US complaint about timber pricing by Canadian BC companies

The US filed a complaint in January 2011 that the volume of salvage logs in the province of British Columbia, Canada has risen beyond reasonable limits.

Forest companies are charged a royalty of only $0.25 per cubic metre for salvage logs from public forests in British Columbia. Canada refuted the claim of under-pricing and justified the increase in volumes of low-grade logs because of the mountain pine beetle epidemic that resulted in large volumes of poor quality logs.

In early August the US Trade Representative made its case at the London Court of International Arbitration that British Columbia is subsidising timber prices contrary to the Softwood Lumber Agreement between the two countries. The international tribunal is expected to take about one year to rule in the case.

National sawn softwood research and promotion programme comes into effect

The US Department of Agriculture (USDA) announced on August 3 that the "Softwood Lumber Research, Promotion, Consumer Education and Industry Information Order" is now effective. The so-called check-off programme seeks to increase domestic sawnwood consumption through generic marketing and research. A majority of US sawn softwood producers and importers voted in favour of the programme earlier this summer.

To finance this effort, starting in January 2012, companies will pay US$0.35 per thousand board feet produced or imported into the US, excluding volumes below 15 million board feet. Exports will also be excluded from the fee.

The goals of the promotion programme include increasing the use of wood in non-residential and multi-family construction and regaining market share in outdoor living products (decking, outdoor furniture, etc.).

US Imported Timber prices

	June-11 US$ per cu.m	July-11 US$ per cu.m
Ipe (Brazil) Decking Premium Grade AD, 1x6, FOB Belem	2800	2825
Ipe (Brazil) Decking Premium Grade AD, 5/4x6, FOB Belem	2970	2975
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	-	-
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

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.

Following the refurbishment of its cutting edge plywood facility, Carter Holt Harvey is again highlighting the importance of using materials that comply with Australian standards and chain of custody certification systems. This comes after recent serious allegations have been made on companies that imported plywood allegedly produced from illegally-harvested forests in Asia. General manger of the Engineered Wood Products Association of Australasia (EWPAA), Simon Dorries, said: “Of concern is the evidence that some Asian traders are under scrutiny for their pricing policies on the Australian market which target Australian jobs through product dumping at prices below the cost of production for local producers.”
http://www.infolink.com.au/c/Carter-Holt-Harvey/Imported-plywood-must-comply-with-Australian-standards-Carter-Holt-Harvey-n910122

The Forestry Agency of Japan is considering building biomass power plants that can use as fuel the large volume of timber debris caused by the massive earthquake and tsunami that hit north-eastern Japan on March 11. Proponents of the idea say it aims to kill three birds with one stone -- disposal of debris, promotion of a renewable energy source and invigoration of the forestry industry -- but critics are questioning if it will be a financially viable project. "Initially, wooden pieces of debris will be used for power generation and when it becomes financially viable, wood thinned from forests will be used," Takashi Shinohara, senior vice minister of agriculture, forestry and fisheries, said at a meeting of an advisory council of the Forestry Agency on July 13.
http://www.chem.info/News/2011/08/Alternative-Energy-Japan-Considers-Turning-Timber-into-Power/

In recent months Saudi Arabia has announced an abundance of social housing development plans aligned with the growing population needs. Saudi's famous 5 year plan sets the current target at one million housing units but even this will only meet 80% of projected demand. In a recent interview with the International Quality and Productivity Centre, Farrukh Iqbal, Director of the Middle East and North Africa Region for the World Bank commented that "social housing needs are growing in Saudi Arabia and the demand is being driven by demographic and economic developments."
http://www.bi-me.com/main.php?id=53923&t=1&c=9&cg=3&mset=1021

Longshoremen at ports in Washington state and Vancouver are set to load more timber and lumber onto vessels destined for Japan as the world’s third-biggest economy rebuilds from a $220 billion natural disaster. The March 11 9.0-magnitude earthquake and resulting tsunami that left more than 20,000 people dead or presumed so will require the biggest importation of logs, timber and plywood since 2008, according to Wood Resources International LLC., a forest-industry consulting firm based in Bothell, Washington. Increased Asian demand may be the lone bright spot for dry- bulk shippers including Hyundai Merchant Marine Co. and Mitsui O.S.K. Lines Ltd. that are suffering from a glut of new ships that’s pushing down charter rates.
http://www.bloomberg.com/news/2011-08-02/japan-earthquake-rebuilding-bright-spot-for-western-ports-freight-markets.html

Many cities in emerging markets are attracting a similar number of international office occupiers as established business centers, according to a study by CB Richard Ellis (CBRE). According to Business Footprints, which compares the office presence of 280 major companies across 101 countries and 232 cities, 17 of the top 30 most popular company office locations are in emerging markets. CBRE’s research identified Shanghai and Moscow as the most popular business locations across all emerging markets. Shanghai is home to 172 of the companies profiled (61.4%), and is closely followed by Moscow, where 170 (60.7%) are present.
http://www.europe-re.com/system/main.php?pageid=2616&articleid=18613

New home sales plunged to a nearly two-month low in Shanghai because a ban on home purchases by buyers from outside the city was more strictly enforced. Sales of new residential properties, excluding affordable housing, tumbled nearly 48 percent from a week earlier to 121,000 square meters during the seven-day period ended Sunday, the lowest weekly volume registered since mid June. They were sold for an average 22,400 yuan (US$3,483) per square meter, a weekly increase of 4.2 percent, Shanghai Deovolente Realty Co said yesterday. "The latest tightening policy on home purchases by non-local buyers had cut new home transactions over the past week as it signaled a clear intent of the local government's unwavering determination to curb housing speculation," said Lu Qilin, a researcher with Deovolente Realty.
http://www.shanghaidaily.com/article/?id=479335&type=Business

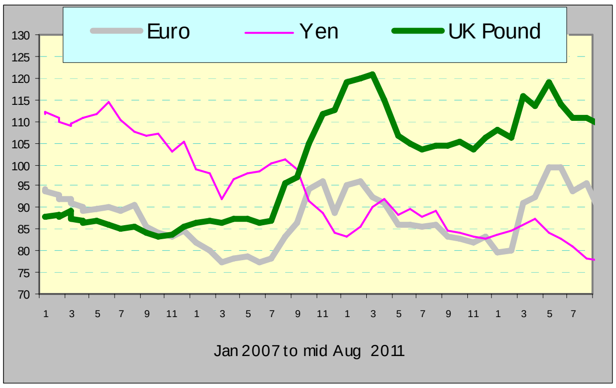
Stricter credit standards pushed the second-quarter U.S. homeownership rate to the lowest level since 1998. The ownership rate through June was 65.9 percent, the lowest since the same rate 13 years ago, the U.S. Census Bureau said in a report recently. The vacancy rate, the share of properties empty and for sale, was 2.5 percent, compared with 2.6 percent in the first quarter. The strictest mortgage standards in more than a decade are disqualifying potential buyers while owners are being evicted from homes after falling behind on loan payments, said Wayne Yamano, director of research at John Burns Real Estate Consulting in Irvine, Calif. Home purchases fell in June to a 4.77 million annual pace, the National Association of Realtors said July 20. If housing demand remains at that level, 2011 would have the fewest sales since 1997.
http://azstarnet.com/business/local/article_d90f8229-34ea-5ee8-986f-147b19f3f8a9.html

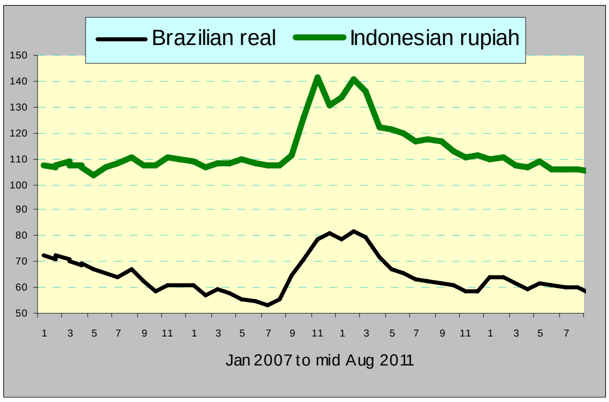
Main US Dollar Exchange Rates

As of 11th August 2011

Brazil	Real	1.56
CFA countries	CFA Franc	464
China	Yuan	6.4176
EU	Euro	0.7023
India	Rupee	45.2555
Indonesia	Rupiah	8527
Japan	Yen	76.84
Malaysia	Ringgit	2.9962
Peru	New Sol	2.7491
UK	Pound	0.6158
South Korea	Won	1077.55

Exchange rates index (Dec 2003=100)





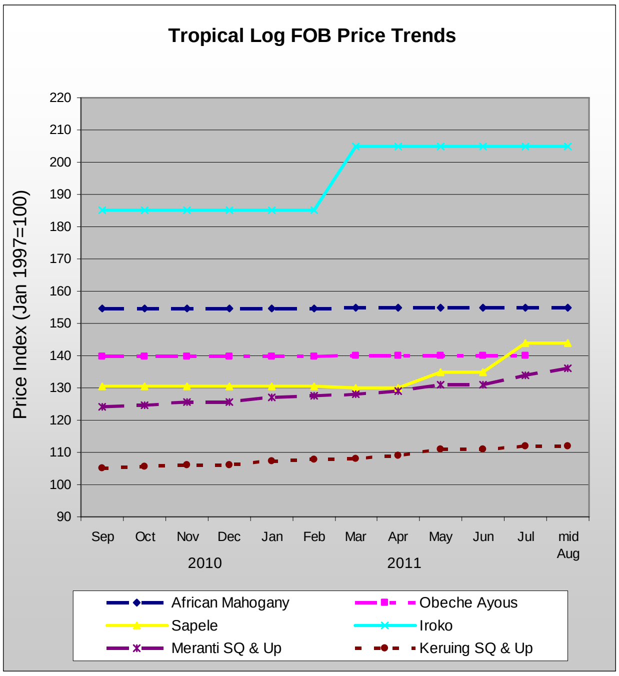
Abbreviations and Equivalences

LM	Loyale Merchant, a grade of log parcel
QS	Qualite Superieure
CI, CE, CS	Supplimentaire
FOB	Free-on-Board
CIF; CNF	freight
KD; AD	Kiln Dry; Air Dry
Boule	boards from one log are bundled
BB/CC, etc.	indicate face veneer, on the right backing
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	Saw mill Quality; Select Saw mill 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
Arrows	Price has moved up or down
Clean sawn	square edged boule

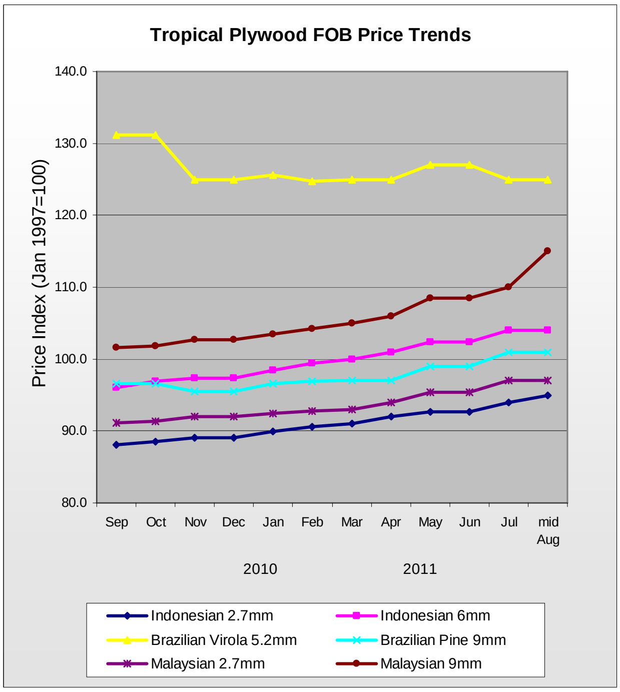
Ocean Freight Index

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.

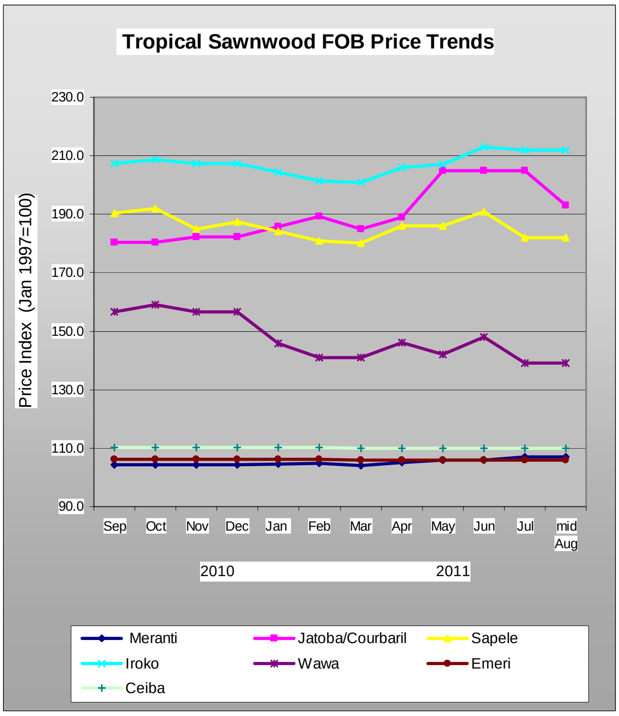
Tropical Log Price Trends



Tropical Plywood Price Trends



Tropical Sawnwood 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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