

Tropical Timber Market Report

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Top Story

Premium prices being paid for Myanmar teak logs as export ban approaches

Stockists in Myanmar are accumulating teak logs as the count-down for the log export ban in Myanmar has started.

Analysts report that premium prices are being paid to secure logs as dealers anticipate a surge in demand as the date for the teak log export ban approaches.

Already overseas log dealers have begun securing log quotas from local logging contractors to be sure to have adequate stocks.

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Firming demand to eventually translate to higher log prices

Log export prices remained stable and unchanged up to mid April. Although demand for logs is reportedly good and log availability is gradually tightening there are no indications, as yet, of any significant upward trend in prices.

Buyers for the Chinese market are active but the volumes demanded are not yet back to levels normally seen during the spring months. Indian importers are also active in the log market but only for a very limited range of species.

Overall, demand for padouk and okoume has firmed and analysts suggest that prices are likely to move higher as available supplies are barely sufficient to satisfy the market.

Demand in Middle Eastern countries is firm and producers anticipate this will be sustained. The Middle East markets, along with those of China and India, are now the focus for most West and Central African producers.

EUTR paperwork burying exporters

Iroko sawnwood is in high demand and export prices have moved higher over the past weeks. Prices of some individual species have been moving higher, for example doussie sawnwood export prices increased significantly and doussie GMS prices are up around euro 50 – 70 per cubic metre reflecting firm demand and limited supply.

Demand from importers in Europe is still very subdued and producers continue with their policy of balancing output with anticipated demand.

Producers are supplying timber shipments to Europe accompanied by a raft of paperwork on the legality of their concession agreements, operations and on the supply chain from the forest coupe where the logs were harvested through to the loading onto the vessel.

The consensus is that European importers may have to live with much higher prices for W. African hardwoods because of their stringent quality requirements and because producers will be seeking to recover the costs incurred in complying with the EUTR

Progress in African VPAs reported by the EU

The EU FLEGT Facility distributes a newsletter providing bimonthly updates on implementation of the EU Action Plan for Forest Law Enforcement Governance and Trade.

The Newsletter is produced by the European Forest Institute's EU FLEGT Facility in cooperation with the EU FAO FLEGT Programme and the European Union. The Newsletter can be obtained by subscribing at <http://news.efi.int/newsletter/subscribe>.

The following has been extracted from the EU FLEGT Facility Newsletter on progress towards VPAs in

participating W. African countries. Further details can be found at:

http://www.euflegt.efi.int/portal/home/vpa_countries/in_africa/

VPA between Republic of the Congo and EU comes into force

The VPA between the Republic of the Congo and the EU entered into force on 1 March 2013 following the completion of ratification on 19 February 2013.

Since the bilateral agreement was signed in May 2010, the Republic of the Congo has implemented procedures to enable full implementation of the VPA. The Republic of the Congo is one of five countries in Central Africa negotiating or implementing a VPA.

Côte d'Ivoire and EU to begin VPA negotiations

The EU and Côte d'Ivoire will enter formal negotiations of a VPA. Côte d'Ivoire is one of the main tropical timber-exporting countries supplying timber to the EU market.

Priorities set for VPA implementation in Cameroon

The implementation of the VPA in Cameroon is underway, with Cameroon and EU stakeholders considering the top priorities for 2013. As Cameroon develops its timber legality assurance system the focus will be on delivering the 'certificate of legality' and advancing the traceability and verification processes.

An evaluation of whether private sector certificates in Cameroon meet the requirements of the VPA is ongoing. The first 2013 meeting of the Joint Implementation Committee, to be held in late April, will evaluate the progress of VPA implementation and agree on priorities for the year.

VPA negotiations in DRC focus on legality definition

Negotiations continue for a VPA between the Democratic Republic of the Congo (DRC) and the EU. Monthly video-conference meetings are arranged to discuss the wording of the various annexes.

Improving civil society engagement in the VPA dialogue remains a key focus of environmental and social NGOs in the DRC and the EU. In February, local and European NGOs met to discuss the process and to coordinate activities. NGO coordination work at local, national and international levels continues.

Lessons learned from Liberia's timber-tracking system

The achievements and lessons learned from the development of LiberFor, Liberia's chain of custody system, have been compiled in a report by PROFOR (the Program on Forests). The report includes videos and slide shows and covers key issues in forest governance in Liberia.

Log Export Prices

West African logs, FOB	€ per m ³		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	215	215	155
Ayous/Obeche/Wawa	215	210	150
Azobe & Ekki	205	205	130
Belli	220	220	-
Bibolo/Dibétou	145	130	
Iroko	270	220	215
Okoume (60% CI, 40% CE, 20% CS) (China only)	245	225	200
Moabi	280	280	190
Movingui	185	155	150
Niove	165	165	-
Okan	300	300	-
Padouk	340	320	235
Sapele	270	255	175
Sipo/Utile	320	290	175
Tali	275	275	-

Sawnwood Export Prices

West African sawnwood, FOB	€ per m ³	
Ayous FAS GMS		330
Bilinga FAS GMS		515
Okoumé FAS GMS		470
Merchantable		290
Std/Btr GMS		350↑
Sipo FAS GMS		545
FAS fixed sizes		-
FAS scantlings		490
Padouk FAS GMS		850
FAS scantlings		840
Strips		340
Sapele FAS Spanish sizes		480
FAS scantlings		505
Iroko FAS GMS		580↑
Scantlings		600↑
Strips		440↑
Khaya FAS GMS		430
FAS fixed		465
Moabi FAS GMS		550
Scantlings		550
Movingui FAS GMS		400

Report from Ghana

2012 exports disappoint

According to data from the Timber Inspection Development Division (TIDD) of the Forestry Commission (FC), the total volume of wood products export for the period January to December 2012 was 251,346 cubic metres.

The proceeds from these exports amounted to euro 99.84 million. The tables below show the export performance for 2012 and 2011.

Compared to 2011 export volumes in 2012 fell by 21.45% and export values fell by 7.1%.

Export volumes of air dried lumber fell by 23.0% while earnings fell by 32%. Kiln dried lumber export volumes fell 21.7% with a corresponding 3.8% decline in export earnings. Plywood export volumes fell 36.2%. These three products accounted for a little over 80% of export volumes in 2012.

The main export species were ceiba, plantation teak, wawa, mahogany, ofram, asanfina and rosewood.

2011 and 2012 Export data

PRODUCT	2011	2012	% change in volume
	cu.m	cu.m	
Sawn Timber	('000)	('000)	
Lumber (AD)	71.34	57.77	-19
Lumber (KD)	58.18	54.61	-6.1
Veneers:	-	-	
Sliced Veneer	23.54	18.05	-23.3
Rotary Veneer	6.14	4.91	-20
Plywood	112.43	90.91	-19.1
Mouldings	16.15	11.68	-27.7
Boules (AD+KD)	2.71	1.25	-53.9
Parquet/Flooring	0.65	0.24	-63.1
Other Wood Products	28.7	11.83	-58.8
TOTAL	319.84	251.25	-21.4

Source: TIDD Ghana

PRODUCT	2011	2012	% change in value
	Euro	Euro	
Sawn Timber	mil.	mil.	
Lumber (AD)	16.02	21.21	32.4
Lumber (KD)	22.03	22.87	3.8
Veneers:	-	-	
Sliced Veneer	18.32	14.83	-19.1
Rotary Veneer	1.81	1.56	-13.8
Plywood	33.72	28.57	-15.3
Mouldings	8.3	6.53	-21.3
Boules (AD+KD)	1.24	0.58	-53.2
Parquet/Flooring	0.7	0.26	-62.9
Other Wood Products	5.29	3.43	-35.2
TOTAL	107.43	99.84	-7.1

Source: TIDD Ghana

The data indicate that the contribution of primary products, secondary products and tertiary products to 2012 export volumes was 4.32%, 90.70% and 4.98% respectively.

For the first time it was observed that African countries were the major destinations for Ghana's wood products exports.

Total exports to various African countries earned Ghana euro 38.37 million from a volume of 140,190 cubic metres.

The ECOWAS market, comprising Nigeria, Niger, Burkina Faso, Togo, Benin and Mali accounted for 71% of the exports to African countries. The main products exported to these countries were plywood and sawnwood.

Ghana's export of wood products to Europe accounted for 20% of all exports. Markets in the Middle East and Far East accounted for 19% and the N. American market accounted for just 4.4% of all exports.

New central bank governor appointed

Mr. Henry Kofi Wampah has been appointed as governor of the central bank, elevating him from the deputy position he held for four years. Mr. Wampah, replaces Kwesi Amissah-Arthur who is now Ghana's Vice-President.

The new central bank chief said, he stands ready to vigorously defend price stability and will work to bring inflation back to single digits by mid-year. Ghana's annual consumer inflation rose to 10.40% in March from 10.00% in February.

Agro Forestry Tree Planting

A workshop to promote the development of agro-forestry and tree planting was held recently in Walewale in the Northern Region of Ghana. The forum was attended by community leaders, assemblymen, farmer's groups as well as women leaders. The forum discussed the environmental challenges being posed by desertification and climate change.

The Assistant Training Coordinator of a US based NGO "Trees for the Future", Mr. George Ansaah, explained to participants how agro-forestry technologies and the planting of fast growing multi-purpose trees could help transform their lives and solve some of the many challenges they face.

Mr Lovans Owusu-Takyi, Country Director for Trees for the Future and a Lecturer at the Kumasi Institute of Tropical Agriculture (KITA), in an interview with the Ghana News Agency, said the NGO is committed to improving the lives of the people through the development of agro-forestry technologies. He said tree planting and sustainable management practices help reduce deforestation.

Boule Export prices

	Euro per m ³
Black Ofram	232
Black Ofram Kiln dry	313
Niangon	510
Niangon Kiln dry	565

Domestic Log Prices

Ghana logs	US\$ per m ³	
	Up to 80cm	80cm+
Wawa	158-163▲	166-180
Odum Grade A	169-174	178-188
Ceiba	128-134▲	136-152
Chenchen	94-105	109-123
Khaya/Mahogany (Veneer Qual.)	112-123	126-145
Sapele Grade A	146-155	161-185
Makore (Veneer Qual.) Grade A	132-138	140-166
Ofram	109-117	126-135▲

Export Sawwood Prices

Ghana Sawwood, FOB	€ per m ³	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	855	945
Asanfina	492	544▲
Ceiba	210	255
Dahoma	293	395
Edinam (mixed redwood)	380	450
Emeri	358	424
African mahogany (Ivorensis)	582	638
Makore	580	620
Niangon	518	600
Odum	585	715
Sapele	530	648
Wawa 1C & Select	270▼	319▼

Export Rotary Veneer Prices

Rotary Veneer 2mm and up, FOB	€ per m ³	
	CORE (2mm & up)	FACE (2mm & up)
Ceiba	290	300
Chenchen	310	340
Ogea	310	345
Essa	290	345
Ofram	310	350

Export Sliced Veneer Prices

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afrormosia	1.21	1.04
Asanfina	1.45	1.00
Avodire	1.05	0.68
Chenchen	0.77	0.47
Mahogany	1.30	0.80
Makore	1.22	0.70
Odum	1.88	1.00

Export Plywood Prices

Plywood, FOB	€ per m ³		
BB/CC	Ceiba	Ofram	Asanfina
4mm	450	620	643
6mm	420	615	622
9mm	360	438	475
12mm	366	430	439
15mm	310	378	368
18mm	305	360	360

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	12.60	15.10	18.00
Odum	8.54	11.88▲	12.00
Hyedua	14.08	14.00	18.45
Afrormosia	14.30	18.50	18.02

Grade 2 less 5%, Grade 3 less 10%.

Report from Malaysia

MIFF such a success exhibitors signing up for next years' fair

Tan Chin Huat, chairman of the Malaysian International Furniture Fair (MIFF) said that exhibitors at last month's fair reported record orders of RM2.63 billion (approximately US\$854 million).

MIFF attracted 18,397 trade visitors of which 6,054 were international buyers from 140 countries. The sales and

visitors figures were considered very encouraging in view of current global economic uncertainties.

The MIFF was such a success that 70% of the exhibitors who participated in the recent fair have confirmed their participation in the next MIFF planned for March 2014. Tan said these are mostly Malaysian companies eager to increase exports.

MIFF, an annual fair held in Kuala Lumpur for export furniture, is the second largest furniture fair outside China and widely respected as a leading show in Southeast Asia. The five day event this year had 504 exhibitors, of which 343 were Malaysian and the rest from 11 countries.

The MIFF 2013 attracted a good turnout of buyers from new markets as well as from the traditional markets of Australia, Japan and the United States.

The fair covered 80,000 sq.m of exhibition space. MIFF is owned by UBM Asia which also runs Furniture China in Shanghai, Index Fairs in India and UK Interiors.

Domestic market remains quiet as general election approaches

Plywood mills are reporting low log stocks. It is perhaps fortunate as the domestic plywood market is very quiet.

Most manufacturers say the domestic market is not expected to bounce back any time soon and they expect the current market conditions to last another 3 – 6 months.

Some are hoping for increased sales after the Malaysian general elections though most say it is difficult to predict how the market will react after what could be a very tight run race in the election.

Domestic plywood prices:

Concrete formboard:

12mm 4' x 8', WBP glue, 5-ply (tropical timber) RM 43.50/sheet ex mill
12 mm 7-ply (tropical timber) RM 48.00/sheet ex mill
12 mm 5-ply (palm core) RM 33.50/sheet to RM 35/pc ex mill

Sarawak mills indicate that export FOB prices for plywood (MR BB/CC) are 2.7 mm US\$550 per cubic metre and US\$445-450 for 9 mm & up.

Sarawak export log prices are reportedly holding steady in light trading.

TTF views on marine ply a thorny issue for Malaysian exporters

Plywood exporters to markets in EU are currently deeply concerned about marine plywood certification.

Problems surfaced in 2012 over the quality of marine plywood which prompted the UK Timber Trade

Federation (TTF) head of technical and trade policy, to say it was not sufficient for buyers to rely on the marking marine ply.

He further said “merchants and those further down the supply chain needed to ask questions and check products properly, specifying and asking for evidence of marine plywood adhering to BS 1088:2003 (Marine Plywood)”.

For more see: <http://www.ttjonline.com/news/marine-ply-concerns-prompt-new-ttf-guidance-note>

The National Panel Products Division of the UK TTF advised members not to buy marine plywood which does not have third party verification of the British Standard 1088:2003.

This issue has been discussed for a long time and trade analysts say that UK importers are buying Malaysian marine plywood but selling it to end-users other boat/ship builders.

It appears that the marine ply is being sold mainly for use in buildings and exporters point out that, for these end-users, the plywood need only be CE Marked.

Plywood exporters mull diverting exports to less demanding markets

Many Malaysian producers report that EU and other overseas buyers are not willing to pay a higher price for third party verified marine plywood.

Analysts have gained the impression that when UK importers of plywood begin to call for compulsory third party certification in June this year Malaysian plywood exporters could divert sales to markets in the Middle East, India, Japan and South Korea as these countries do not require additional certification for marine plywood.

Sabah exports

The authorities in Sabah recently released cumulative export statistics for January and February 2013:

Sawntimber	38,411 cu.m,	RM 54,844,160
Plywood	93,890 cu.m,	RM 140,575,521
Veneer	5,992 cu.m,	RM 8,094,640
Mouldings	3,070 cu.m	RM 9,770,856
Lamin boards	6,230 cu.m	RM 10,183,412

Timber industry expects business as usual during elections

The Malaysian Prime Minister has dissolved the Federal Parliament in preparation for the country’s thirteenth general election, scheduled for 5 May 2013. Everyone anticipates this could be one of the most hotly contested elections in the country’s history.

Apart from federal elections, all States, except Sarawak, will also be electing state governments. While the public are focused on the elections the timber industry expects to carry on business as usual.

5th FLEGT expert meeting held in Malaysia

The EU FLEGT Facility Newsletter for February / March 2013 reports that the Government of Malaysia and the EU met for the fifth Joint Experts Meeting in early March to discuss technical details of a Voluntary Partnership Agreement.

The main focus of the meeting was Sabah’s revised timber legality assurance scheme (TLAS). The authorities in Sabah had revised the TLAS and further revisions were discussed.

The revised TLAS for Peninsular Malaysia and that for Sabah as well as the public disclosure documents for Sabah were presented at the 11th National Stakeholder Consultation in Kuala Lumpur on 28 March, says the EU newsletter.

It was at this time that the Secretary General of the Ministry of Plantation Industries and Commodities, Nurmala Abdul Rahim, announced the formation of a MYTLAS Advisory Group.

The MYTLAS Advisory Group includes representatives from civil society, the timber trade and industry, forestry experts and key implementing agencies.

All stakeholder consultation reports and MYTLAS documents are available online at the Ministry of Plantation Industries and Commodities’ dedicated FLEGT-VPA website for Peninsular Malaysia.

Stakeholder consultation documents for Sabah will be made available on Sabah’s FLEGT website when launched, says the EU newsletter.

Report from Indonesia

17,000 SVLK certified export shipments

The latest statistics from the Indonesian Timber Legality Information System (SILK) quoted by Dwi Sudharto of the Ministry of Forestry (MoF) indicate that 17,121 export documents submitted in compliance with the timber legality assurance system (TLAS) have been approved to-date by the Indonesia National Single Windows (INSW).

The documents cover trade to 134 countries worldwide of which 25 are EU member states (see table below).

- Export documents approved 17,123
 - Destination of exports 134 countries
 - Destinations in the EU 25
 - Variety of products (By HS code) 33
 - Ports of shipment 51
 - Ports of discharge 633
- Source: MoF data

Fourteen verification bodies nationally accredited

During the IFFINA exhibition in Jakarta Dwi Sudharto of the MoF reported that the number of verification bodies accredited by the Indonesian National Accreditation Body (KAN) providing SFM audits totals 14.

The number of verification bodies providing SVLK audits for manufacturers totals 11. (see below)

Accredited SFM verification bodies

Company
PT. Ayamaru Certification
PT. Sarbi International Certification
PT. SUCOFINDO SBU (SICS)
PT. Almasentra Certification
PT. Rensa Global Trust
PT. Forescitra Sejahtera
PT. Mutuagung Lestari
PT. Nusa Bakti Mandiri
PT. Equality Indonesia
PT. Multima Krida Cipta
PT. TUV International Indonesia
PT. Global Resource Sertifikasi
PT. Transtra Permada
PT. Trustindo Prima Karya

Source: MoF data

Accredited SVLK verification bodies

PT. BRIK
PT. Sucofindo
PT. Mutu Agung Lestari
PT. Mutu Hijau Indonesia
PT. TUV International Indonesia
PT. Equality Indonesia
PT. Sarbi Moerhani Lestari
PT. SGS Indonesia
PT. Transtra Permada
PT. Trustindo Prima Karya
PT. Ayamaru Certification

Source: MoF data

According to data provided by MoF, as of 4 March 2013 a total of 91 companies with operations in natural forests and plantations had secured SFM certification.

In addition a total of 35 companies and 14 community forests had secured legality verification certificates.

The number of manufacturers with SVLK certificates was reported as 383. (see table below).

	Passed	Failed	In Process
SFM (natural Forest)	56	10	4
SFM (Plantation)	35	7	4
Legality verification			
Natural Forest	12	3	3
Plantation	23	nil	21
Community Forest	14	nil	nil
Enterprise			
Legality verification	383	13	158

Source: MoF data

NGOs call for reassessment of proposed new forestry law

A proposed new law which will give the Indonesian MoF greater authority to address illegal felling is attracting strong criticism from NGOs who fear the bill could be result in indigenous communities being denied access to the forest resources required for their daily life.

Environmental groups have called for a reassessment of the wording in the proposed new law to safe guard the rights of indigenous communities. The Indonesian Forum for the Environment (Walhi) has estimated that currently there are around 33,000 villages close to or within forests and the inhabitants of these villages depend on the forest.

Domestic Log Prices

Indonesia logs, domestic prices	US\$ per m ³
Plywood logs	
core logs	190-230
Sawlogs (Meranti)	160-260
Falcata logs	120-210
Rubberwood	80-110
Pine	110-150
Mahoni (plantation mahogany)	150-230

Domestic Ex-mill Sawwood Prices

Indonesia, construction material, domestic	US\$ per m ³
Kampar (Ex-mill)	
AD 3x12-15x400cm	480-620
KD	-
AD 3x20x400cm	520-700
KD	-
Keruing (Ex-mill)	
AD 3x12-15x400cm	400-520
AD 2x20x400cm	490-630
AD 3x30x400cm	440-510

Export Plywood Prices

Indonesia ply MR BB/CC, export FOB	US\$ per m ³
2.7mm	540-650
3mm	490-630
6mm	390-530

Domestic Plywood Prices

MR Plywood (Jakarta), domestic	US\$ per m ³
9mm	380-430
12mm	370-420
15mm	300-320

Export and Domestic Other Panel Prices

Indonesia, Other Panels, FOB		US\$ per m ³
Particleboard	Export 9-18mm	340-560
	Domestic 9mm	320-640
	12-15mm	350-640
MDF	18mm	290-440
	Export 12-18mm	420-680
	Domestic 12-18mm	400-640

Export Added Value Product Prices

Indonesia, Mouldings, FOB		US\$ per m ³
Laminated Boards		
Falcata wood		370-450
Red Meranti Mouldings 11x68/92mm x 7ft up		
Grade A		520-551
Grade B		478-500

Report from Myanmar

Premium prices being paid for teak logs as export ban approaches

April marks the beginning of a new fiscal year in Myanmar and Myanmar's official New Years' Day also falls during this month.

The New Year holidays disrupt timber production and harvesting and milling operations cease for around 15 days.

Analysts say large domestic stockists have already started accumulating teak logs as the count-down for the log export ban has started.

These stockists are paying premium prices to secure logs anticipating a surge in demand as teak logs disappear from the international market. It is an advantage that teak is one of the most durable species and can be stored for years.

Analysts say that fiscal 2013-14, which started on 1st April 2013, will be very interesting as the timber sector adjusts to the log export ban.

Already overseas log dealers have begun securing log quotas from local logging contractors so as to be sure to have adequate stocks.

It appears that teak prices will reach new highs in advance of the log export ban. The Myanma Timber Enterprise is expected to easily achieve its export earnings target for this year.

Illegal logging surges in conflict areas

A prominent domestic journal, the Weekly Eleven reported in its 3rd April issue that illegal loggers are taking advantage of the volatile situation between the Kachin and the Myanmar Army to harvest, transport and sell large quantities of timber in a neighbouring country.

The local press reports local people as saying the extent of illegal felling and logging has increased since the conflict started in 2011.

The quantity of illegally removed timber is estimated by the analysts to be hundreds of thousands of tons.

One analyst said that the availability of cheap illegal timber has a negative impact on legally imported timber in China and prices for timber imported legally have been seriously undermined.

Timber export figures for fiscal 2012-13

	2012/13 exports cubic metres
Teak logs	556,000
Hardwood logs	1,568,000
Sawn Teak	17,600
Sawn hardwoods	7,800
Other products	15,500

The following average teak prices were recorded during the March 22 and 25 sale.

Grade	Quantity (Tons)	€/per hoppus ton
4th Quality	10	5115
SG-1	21	3301
SG-2	36	3266
SG-4	234	2640
SG-5	135	1938
SG-6	103	1891
SG-7	64	1471

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 vary due to quality and/or girth at the time of the transaction.

Report from India

Timber imports help Jammu and Kashmir conserve forests

In a bid to conserve state forest resources the Jammu and Kashmir government has adopted policies liberalising the procedures for timber imports and out of state purchases by manufacturers. At the same time the authorities are enforcing measures to combat illegal felling.

These measures, claim state authorities, has drastically reduced the illegal logging in the state.

Private companies sourcing timber from outside the state or from abroad have to only secure registration at Lakhanpur, the entry point to Jammu and Kashmir. From 2009 to 2013, manufacturers in the state utilised around 14.7 million c.ft of timber from sources outside the state (imported timber and timber from other states) and 1.2 million c.ft. of timber harvested within the state.

The forestry minister for the state of Jammu and Kashmir explained that the state has suffered serious forest degradation due to illegal felling and increased forest clearing for cattle farming.

The extent of forest loss became so severe that the government implemented afforestation and conservation projects on a massive scale.

The state has adopted a policy of "planting 100 trees for every 50 trees felled" said the minister. The main focus of the state government is on protection of forest land, the import of timber to satisfy domestic demand and increased tree cover to counter soil erosion.

Mangroves stabilize coastlines.

In an effort to keep forest land free from encroachment the forest department, with the consent of the local fishing community, has started work on regenerating mangrove forest on bare patches and along creeks in four areas across Mumbai Harbour. Mangrove forests extend over an area of 1,182 ha. around Mumbai.

Sales of Teak and other hardwoods from Indian forests.

Auction sales of approximately 3000 cubic metres of teak and other hardwoods were concluded at government forest depots in Rajpipla and at depots in Western India. For fresh log lots prices were higher but prices for logs which had been felled some time ago prices were cheaper than even at previous sales. Average prices for the latest sales are shown below.

Average prices during the recent auction are shown below. Prices are per cubic foot ex depot.

Teak logs	Per cubic foot
A quality for ship building	Rs.2300
B quality for ship building	Rs.2200
A for sawing	Rs. 2100-2150
B or sawing	Rs. 1900-2000
A Long length logs	Rs. 1800~1900
B Long length logs	Rs 1700-1800
Long length, Medium Quality	Rs 1500-1600
Short Length, Medium Quality	Rs 1300-1400
Short Length, Average Quality	Rs 1000-1100

Prices for Haldu (Adina cordifolia) and Laurel (Terminalia tomentosa) logs

3m to 4m Length	Per cubic foot
46 to 60 cm. girth	Rs 150-250
61 to 75 cm. Girth	Rs 300-350
76 to 90 cm. Girth	Rs 400-450
above 91cm. girth	Rs 500-600

Imported plantation teak prices (C&F)

	US\$ per m ³
Tanzania teak, sawn	450-800
Côte d'Ivoire logs	450-850
PNG logs	450-550
El-Salvador logs	400-550
Guatemala logs	400-500
Nigeria squares	300-500
Ghana logs	350-650
Guyana logs	300-450
Benin logs	500-1000
Benin sawn	700-800
Brazil squares	400-650
Colombia logs	400-600
Togo logs	350-500
Ecuador squares	350-550
Costa Rica logs	400-650
Panama logs	350-550
Sudan logs	350-850

Variations are based on quality, lengths of logs and the average girth of the logs.

Ex-sawmill prices for imported hardwoods

Prices for air dried sawnwood per cubic foot, ex-sawmill are shown below

Sawnwood, (Ex-mill) (AD)	Rs. per ft ³
Merbau	1600-1650
Balau	1700-1900
Kapur	1100-1250
Red Meranti	850-900
Radiata Pine (AD)	550-575
Whitewood	550-575

Prices for Myanmar Teak processed in India

Sawnwood (Ex-mill)	Rs. per ft ³
Myanmar Teak (AD)	
Export Grade F.E.Q.	4500-10500
Plantation Teak A grade	3750-4000
Plantation Teak B grade	2800-3100
Plantation Teak FAS grade	2000-2600

The price range is the result of variations in length and cross section.

Substitution of teak with other durable tropical hardwoods continues because of the high price of Myanmar teak.

Imported (KD 12%) sawn wood prices per cft ex-warehouse

Prices remain unchanged.

Sawnwood, (Ex-warehouse) (KD)	Rs per ft ³
Beech	1200-1250
Sycamore	1200-1300
Red oak	1400-1500
White Oak	1400-1650
American Walnut	2200-2400
Hemlock clear grade	1100-1300
Hemlock AB grade	950-1000
Western Red Cedar	1450-1600
Douglas Fir	1150-1200

Construction of new homes in satellite towns is supporting production by plywood mills

Housing sales in the urban areas have slowed compared to last year. Builders complain that there are too many procedures and license formalities that must be satisfied before new projects can begin. Also, stamp duty, VAT and other taxes deter prospective house buyers.

Encouraging developments have been reported in satellite city housing development. Prices of homes in satellite towns are lower than in the main urban areas, home owners get larger house plots, there are wide open recreational areas and fewer traffic problems.

The recently introduced tax exemption on new home loans up to Rs.2.5 mil. has provided an opportunity for individuals to invest in real estate in the new towns and demand from this sector of the housing market is supporting plywood manufacturers and other segments of the timber industry.

Plywood prices remain unchanged after the recent increases and are as shown below.

WBP Marine grade from domestic mills

Plywood, Ex-warehouse, (MR Quality)	Rs. per sq.ft
4 mm	30.00
6 mm	44.00
12 mm	67.00
15 mm	79.00
18 mm	95.00

Domestic Ex-warehouse Prices for Locally Manufactured MR Plywood

Locally Manufactured Plywood "Commercial Grade"	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.14.50	Rs.23.00
6mm	Rs.21.75	Rs.31.50
8mm	Rs.27.25	Rs.35.50
12mm	Rs.32.75	Rs.41.50
19mm	RS.46.00	Rs.56.50
5mm Flexible ply	Rs.31.50	

Brazilian forest tracking system introduced to enterprises

A discussion on tracking and monitoring the origin and movement of forest products and the relationship between entrepreneurs and the various Brazilian inspection agencies was recently arranged by the Pará State Federation of Industries (FIEPA).

The meeting brought together representatives of the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA), the State Secretariat of the Environment (SEMA), forestry companies who are associated with the Timber Exporter Industries Association of Pará State (AIMEX) and the Union of Veneer and Plywood Industry (SINDIMAD).

During the meeting, IBAMA outlined the Brazilian Forest Tracking System which provides a means to verify the origin of logs. Through the system it is possible to monitor forest concession output and production. The system also provides a means to assess social, environmental and economic impacts and to ensure the protection and integrity of public forests.

FIEPA pointed out that the commitment to develop enforcement mechanisms should be matched by efforts to improve the profitability and long term feasibility of timber production.

In response IBAMA explained that it is working with SEMA to ensure that companies that have been audited will not be hampered in conducting their businesses.

IBAMA said that in the first phase of audits the agency will only notify companies of where changes are required and guide them in making adjustments.

Rio Grande do Sul loses top spot as furniture exporter

The state of Rio Grande do Sul had been leading Brazilian furniture exports since August 2012. However, in February 2013 the value of furniture exports manufactured in Rio Grande do Sul slipped to second place behind the state of Santa Catarina.

In January 2013, Rio Grande do Sul was at the top of the list of exporters shipping US\$11,858,942 equivalent to a 26.6% share of all furniture exports. However, in February exports from Rio Grande do Sul were US\$ 25,937,834, equivalent to 27.3% of all exports while exports from companies in Santa Catarina were US\$ 26,982,822.

In February, the main markets for furniture from Rio Grande do Sul were Uruguay, (US\$ 3,062,527) followed by the United Kingdom, Peru, Chile and Colombia.

Exports to Colombia increased by around 50% in February to US\$ 1,809,057 according to the Foreign Trade Secretariat (Secex) of the Ministry of Development, Industry and Foreign Trade (MDIC).

At the national level the value of furniture exports in February increased to US\$97,407,580 compared to US\$44,562,856 reported in January. But in comparison with February 2012, there was a 4% decline in export sales. The only state that registered a growth in exports compared to last year was Paraná state where exports grew 9.3% to US\$ 16,906,758.

Argentina remains the main market for Brazilian furniture followed by the United States and the United Kingdom.

Dynamic and flexible forestry sector overcomes global crisis

An analysis in March 2013 by the Center for Forest Intelligence notes the remarkable dynamism of the Brazilian timber sector as demonstrated by its response to the global economic crisis of 2008 and subsequent successes.

The analysis also looks at the trade balance in wood products and notes that in February 2013 exports of wood and wood products were US\$ 151.8 million, a 7.9% increase over the previous month. On the other hand, imports of wood products in February 2013 were US\$ 10.85 million, a 24.5% decline compared to January.

In the first two months of 2013 wood product exports totalled US\$ 292 million, a 1.4% increase compared to the same period in 2012. Wood product imports in the same period totalled US\$ 25 million, 13% below the same period in 2012. The accumulated trade balance for 2013 is reported as US\$ 267 million, 3% higher than the same period of 2012.

Today, Brazil's exports of wood products account for around 2.5% of the world trade in forest products.

Initial assessment suggest big jump in Amazon deforestation

According to the National Institute for Space Research (INPE), 78 percent of deforestation in the Brazilian Amazon occurs in the state of Mato Grosso. Data suggest that out of 615.4 sq. km of deforestation in the Amazon some 319.83 sq. Km occurred in Mato Grosso. Preliminary figures suggest that deforestation in the Amazon increased 26.5% in 2012 compared with 2011.

However, the Institute of Environment and Renewable Natural Resources (IBAMA), says the extent of deforestation in the Amazon cannot be confirmed because the system used to assess deforestation, the Real Time Deforestation Detection System, includes "forest degradation".

IBAMA has advised that only when the results of the PRODES (Program to Calculate Deforestation in the Amazon) become available in July will it be possible to have an accurate assessment of deforestation.

The last PRODES survey conducted from August 2011 to July 2012 reported that 4656 km² were deforested in the Amazon.

Domestic Log Prices

Brazilian logs, mill yard, domestic	US\$ per m ³
Ipê	163
Jatoba	114
Guariuba	89
Mescla (white virola)	93

Export Sawwood Prices

Sawnwood, Belem/Paranagua Ports, FOB	US\$ per m ³
Jatoba Green (dressed)	1330
Cambara KD	725
Asian Market (green)	Guariuba 354
	Angelim pedra 825
	Mandioqueira 302
Pine (AD)	220

Domestic Sawwood Prices

Brazil sawnwood, domestic (Green)	US\$ per m ³
Northern Mills (ex-mill)	Ipê 906
	Jatoba 630
Southern Mills (ex-mill)	Eucalyptus (AD) 247
	Pine (KD) 1st grade 231

Export Veneer Prices

Veneer, Export (Belem/Paranagua Ports) FOB	US\$ per m ³
White Virola Face 2.5mm	341
Pine Veneer (C/D)	240

Domestic Veneer Prices

Rotary cut Veneer, domestic	US\$ per m ³
(ex-mill Northern Mill)	Face Core
White Virola	272 224

Export Plywood Prices

Plywood, FOB	US\$ per m ³
White Virola (US Market)	
5.2mm OV2 (MR)	498
15mm BB/CC (MR)	448
White Virola (Caribbean market)	
4mm BB/CC (MR)	621
12mm BB/CC (MR)	456

Pine Plywood EU market, FOB	US\$ per m ³
9mm C/CC (WBP)	358
15mm C/CC (WBP)	332
18mm C/CC (WBP)	330

Domestic Plywood Prices

Plywood, domestic (ex-mill Southern mill)	US\$ per m ³
Grade MR (B/BB)	White Virola 4mm 806
	White Virola 15mm 593

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)	415
Domestic Prices, Ex-mill Southern Region	
Blockboard White Virola faced 15mm	563
Particleboard 15mm	363

Export Prices For Added Value Products

FOB Belem/Paranagua Ports	US\$ per m ³
Decking Boards	Cambara 960
	Ipê 2,584

Disney buys carbon credits in Peru

The Disney Company has reportedly purchased US\$3.5 billion in carbon credits generated by the Alto Mayo Protected Forest (San Martin), home to 23 species of flora and fauna in danger of extinction.

Pedro Gamboa, head of Peru's National Service for Protected Natural Areas (Sernanp), told a local newspaper that this is the first experience of sale of carbon credits the Peruvian state. Indications are that the price of a carbon credit in the open market is currently around US\$1, but Disney paid considerably more.

Export Sawwood Prices

Peru Sawnwood, FOB Callao Port	US\$ per m ³
Mahogany S&B KD 16%, 1-2" random lengths (US market)	1570-1655
Spanish Cedar KD select	
North American market	958-977
Mexican market	946-965
Pumaquiro 25-50mm AD	Mexican market 545-598▲

Peru Sawnwood, FOB Callao Port (cont.)	US\$ per m ³
Virola 1-2" thick, length 6'-12' KD	
Grade 1, Mexican market	428-487▲
Grade 2, Mexican market	358-404▲
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	368-394

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	409-444
Grade 2, Mexican market	321-354
Grade 3, Mexican market	161-176
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	294-330▲

Domestic Sawwood Prices

Peru sawnwood, domestic	US\$ per m ³
Mahogany	867-911
Virola	80-111
Spanish Cedar	264-305
Marupa (simarouba)	73-87

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	412-420
Cedar fissilis, 2 faces sanded 4x8x5.5mm	759-770
Lupuna, treated, 2 faces sanded, 5.2x4x8mm	363-385
Lupuna plywood	B/C 15x4x8mm 366-382
	B/C 9x4x8mm 345-350
	B/C 12x4x8mm 350-360
	B/C 8x4x15mm 410-429
	C/C 4x8x4mm 389-425
Lupuna plywood B/C 8x4x4mm Central Am.	370-393

Domestic Plywood Prices

Lupuna Plywood BB/CC, domestic (Liquitos mills)	US\$ per m ³
122 x 244 x 4mm	444
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	463
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	866-981
Asian market	1209-1298▲
Cumaru decking, AD, S4S E4S, US market	1210-1298
Pumaquiro KD # 1, C&B, Mexican market	423-511
Quinilla KD, S4S 2x10x62cm, Asian market	493-519▲
2x13x75cm, Asian market	727-796▲

Report from Guyana

No greenheart log exports for 4 weeks

There were no exports of greenheart logs in the period reviewed and this is a full 4 weeks without export of greenheart. However, purpleheart logs were exported at good prices for all qualities.

Standard sawmill purpleheart logs were trading at a high of US\$385 per cubic metre FOB, while prices for fair sawmill quality purpleheart logs were US\$300 per cubic metre FOB. Small sawmill quality purpleheart logs were also exported and the recorded prices were in the region of US\$250 per cubic metre FOB.

There was moderate export demand for mora logs and attractive prices were secured.

Sawnwood export prices remain attractive

Despite the rather quiet demand in export markets for logs sawnwood exports made a notable contribution to overall export earnings as attractive prices were obtained.

Sawn Undressed greenheart (select) prices improved compared to levels recorded recently moving from US\$855 to US\$975 per cubic FOB. Undressed greenheart (merchantable) quality export prices in the period reviewed were US\$594 per cubic metre FOB.

Undressed Purpleheart (select) sawnwood average prices fell rather sharply in the period reviewed from US\$1,993 to US\$ 1,080 per cubic metre FOB. However, analysts say this price is considered favourable for sawn purpleheart.

Undressed purpleheart sawnwood of (sound) and (merchantable) qualities attracted encouraging export prices of US\$575 and US\$650 per cubic metre FOB respectively.

Undressed Mora (select) sawnwood prices were encouraging, rising as high as US\$672 per cubic metre FOB.

Dressed Greenheart sawnwood top end prices climbed a little higher during the period reviewed moving from US\$1,124 to US\$1,150 per cubic metre FOB.

In contrast FOB prices for Dressed purpleheart remained unchanged at an average of US\$1,102 per cubic metre.

Guyana's Ipe (Washiba), a highly durable timber continues to be in high demand and a major export revenue earner for Guyana. Recent prices were as high as US\$2,275 per cubic metre FOB in the North American market.

Steady demand for processed products in Caribbean and US markets

Some of Guyana's lesser known species were exported to destinations including Asia, the Caribbean, Europe and North America. Exports of logs and sawnwood attracted fairly good prices.

Plywood export prices remain steady at an average of US\$584 per cubic metre FOB.

In the period reviewed greenheart piling was exported at good prices in the region of US\$356 per cubic. Guyana splitwood (shingles) are a regular feature of the export trade with Caribbean countries.

Value Added products also contributed to the export earnings. In particular exports of doors and windows utilising some of Guyana's top commercial species such as purpleheart and crabwood (Andiroba) were encouraging.

Guyana team visits India

The purpose of a visit to India by a team from Guyana was to meet with Indian manufacturers of plywood, blockboard, doors and furniture and to promote Guyana's hardwoods. The team also examined Indian made specialized and cost effective wood processing machinery; examined wood processing and other industrial machinery during the Indian Engineering Sourcing Show in Mumbai; encouraged Indian industrialist to invest in the wood processing sector in Guyana and assessed the export market in India for Guyana's hardwoods.

Export Log Prices

Logs, FOB Georgetown	SQ - \$ Avg unit value per m ³		
	Std	Fair	Small
Greenheart*	-	-	-
Purpleheart	365-385	300	250
Mora	-	115	110

*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 Sawnwood Prices

Sawnwood, FOB Georgetown		\$ Avg unit val. per m ³	
EU and US markets		-Undressed	Dressed
Greenheart	Prime	-	-
	Standard	-	763-1150
	Select	594-975	-
	Sound	-	-
	Merchantable	594	-
Purpleheart	Prime	-	-
	Standard	-	827-1102
	Select	725-1080	-
	Sound	575	-
	Merchantable	650	-
Mora	Prime	-	-
	Select	509-672	-
	Sound	-	-
	Merchantable	-	-

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	-
		12mm	450-584
	Utility	5.5mm	No export
		12mm	"

Report from Japan

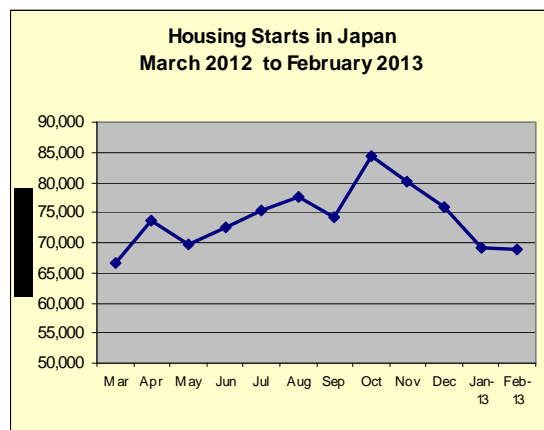
February housing starts better than forecast

Housing starts in Japan increased at a slower pace in February, marking the fourth month of reduced growth. Housing starts rose 3.0 percent in February 2013 compared to levels in the same month in 2012.

Despite the decline in the pace of growth February figures were better than the expected 2% decline but worse than the 5.0% year on year rise in housing starts reported in January this year.

The better than expected numbers were the result of improved consumer sentiment, low interest rates and firm demand as home owners try to beat the planned sales tax increase due some time next year.

Major house builders reported that orders in February rose over 16% compared to February 2012.



For the complete housing data see the Construction Research and Statistics Office Policy Bureau, Ministry of Land, Infrastructure, Transport and Tourism website at:

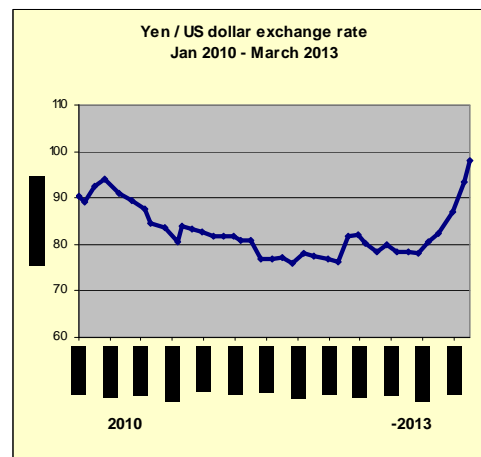
<http://www.mlit.go.jp/toukeijouhou/chojou/stat-e.htm>

Yen continues its slide against major currencies

On 8 April the yen fell to 99 to the US dollar, its lowest in almost four years. The steep drop in the value of the yen surprised markets and was driven by an immediate buying spree by the Bank of Japan (BoJ), sweeping up debt issued by the government.

The BoJ began its debt buying on 8 April, purchasing almost US\$16 billion in its first phase of its stimulus plan. This move by the BoJ will ensure that borrowing costs remain low.

The yen fell to new lows against major currencies in the first week of April almost testing the 100 yen to the US dollar mark.



However, every fall in the value of the yen pushes up the cost of imported fuel and this poses a risk to domestic demand as almost all fuel is imported. Almost all nuclear power plants in Japan have been shut down for safety checks after the recent disaster.

When the yen 100 level is crossed analysts expect profit taking which could slow the depreciation of the yen but probably not for long.

For a sustained weakening of the yen there would need to be decisive moves by Japanese institutional investors to start buying higher-yielding assets. A suggestion that this has begun is the yield on some European bonds which have fallen.

Business sentiment improves but less than expected

The Bank of Japan (BoJ) released its first quarter 2013 Tankan survey on 1 April.

The Tankan is an economic survey of Japanese businesses used by the BoJ to decide monetary policy. The survey results are issued four times a year in April, July, October and mid-December.

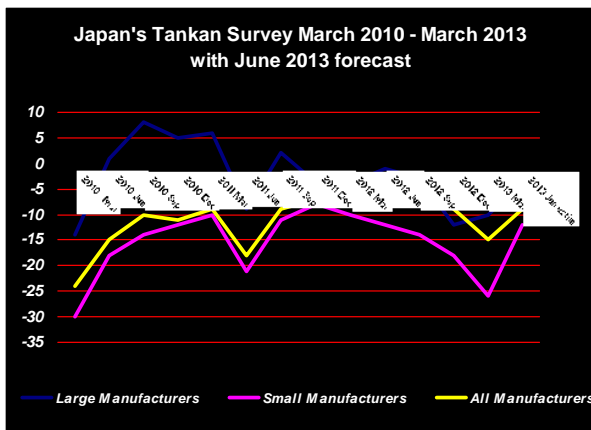
The survey reports views on prospects derived from around 10,000 companies with a specified minimum amount of capital, although firms deemed sufficiently influential may also be included.

The companies are asked about current business trends and conditions as well as their views on future investment and sales.

Overall, business sentiment improved in the January to March quarter but the improvement was less than expected, highlighting the challenge facing the Japanese government as they try to revive economic growth.

The index for big manufacturers remains negative but improved from minus 12 in December to minus 8 in the latest survey. A negative figure indicates that private sector pessimists outnumber optimists.

Analysts had forecast a substantial improvement in business sentiment amongst the large manufacturers anticipating an index improvement to -1 for the Jan-Mar quarter but the latest data suggest that even in the second quarter the pessimists will outnumber the optimists.



Weaker yen boost to exporters

The new government and the central bank have taken various steps to try and revive domestic demand and weaken the yen. Analysts say these moves helped improve company profit outlook for large sized businesses and boost sentiment

This is the first survey since the government and BoJ adopted aggressive policies to lift the economy out of recession. While these moves have helped business sentiment and the weaker yen is providing a boost to exporters business remain cautious

The survey reports that large firms plan to reduce capital investment in the current financial year and this is interpreted by analysts as suggesting business leaders are yet to be convinced that domestic demand will improve or that the risk of external shocks has diminished.

Small companies yet to feel benefit of stimulus measures

For small manufacturers sentiment remains very negative. The small companies included in the survey anticipate an even larger reduction in capital investment than the larger companies.

The slow pace of improvement in business conditions in the private sector reflects fears that the economic stimulus measures being proposed by the government and BoJ will be slow to arrive. Adding to the concerns of businesses is the unsettled global economic outlook and the continuing stain in Sino-Japanese relations.

The disappointing results of the Jan-Mar 2013 Tankan influenced the bold and unprecedented moves by the BoJ which, at its last meeting, announced further wide ranging monetary easing measures.

If pessimism dominates the next Tankan it will be very difficult for the BoJ to achieve the 2 percent inflation target it has set as succeeding with this would require companies to increase investment and wage levels.

Many analysts, including the previous BoJ governor say that stimulus measures alone will not end 15 years of deflation and that structural reform and deregulation must be addressed also.

Trade news from the Japan Lumber Reports (JLR)

The Japan Lumber Reports (JLR), a subscription trade journal published every two weeks in English, is generously allowing the ITTO Tropical Timber Market Report to extract and reproduce news on the Japanese market.

The JLR requires that ITTO reproduces newsworthy text exactly as it appears in their publication.

For the JLR report please see:

<http://www.n-mokuzai.com/modules/general/index.php?id=7>

Plywood supply in February

Total supply of plywood in February was 494,200 cubic metres, 3.1% more than the same month a year ago and 7.3% less than January. This is the first time that the supply dropped below 500,000 cubic metres in five months. This is due to decline of imported plywood by about 40,000 cubic metres.

Imported plywood in February was 284,200 cubic metres, 2.0% more than February last year and 12.5% less than January. In particular, the volume from China dropped by 25,500 cubic metres from January, 32.1 % less than January because of delayed shipments by Chinese New Year holidays.

Average monthly import volume for last twelve months is 293,300 cubic metres. Decline of import from Malaysia and Indonesia is result of log shortage in rainy season.

Plywood suppliers in both countries reduce offer volume and meantime Japanese buyers reduce purchase volume due to high offer prices.

Domestic production in February was 215,000 cubic metres, 4.6% more than February last year and 0.6% more than January, out of which softwood plywood was 197,200 cubic metres, 5.0% more and 1.0% more.

Monthly production volume exceeded 190,000 cubic metres for six consecutive months. The shipment of softwood plywood was 204,900 cubic metres, 30% more and 6.9% less.

The monthly shipment volume exceeded 200,000 cubic metres for five straight months. The inventories are 127,600 cubic metres, 7,600 cubic metres less than the inventories at the end of January. This is the lowest since October 2011.

Domestic made softwood plywood has been moving well despite demand slow winter months so dealers had been making speculative purchase since late December but it finally simmered down in late March. Until the inventories dealers carry are digested, there won't be much active purchase but total inventory level remains low.

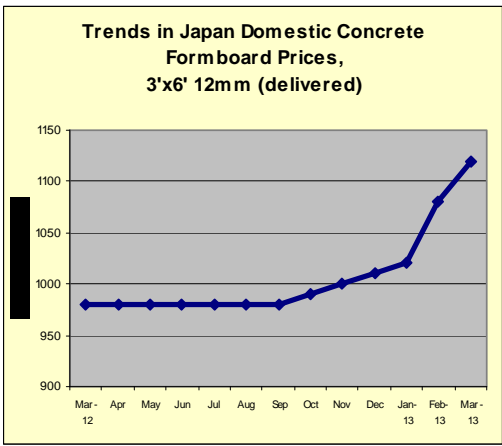
At the end of February, the softwood plywood inventories were 127,600 cubic metres, lower than monthly consumption of about 200,000 cubic metres and this is the lowest since October 2011 so the supply and demand balance will be held for some time.

The manufacturers eased stiff sales policy after speculative purchase was over. Current prices of JAS 12 mm 3x6 are 890-900 yen per sheet delivered, 40 yen up from March. 1,790 yen on 24 mm 3x6, 90 yen up and 1,300-1,330 yen on 9 mm 3x10, 50-80 yen up.

On imported plywood, speculative purchases were over and the market prices stay in high level. The prices shot up sharply since late January by rapid depreciation of the yen then the suppliers' export prices also climbed because of log shortage and high log cost.

This induced speculative purchases by the dealers then delayed arrivals in late March eased tightness of supply.

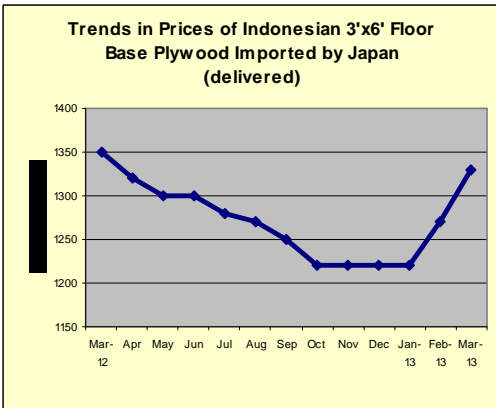
The market prices in Tokyo region are 1,080-1,100 yen on 3x6 JAS concrete forming, 30-100 yen up from March. 1,180-1,200 yen on JAS coated concrete forming, unchanged from March. 1,100 yen on structural 12 mm 3x6, same as March.



Source: JLR data



Source: JLR data



Source: JLR data

House builders flush with orders

Major house builders have ample orders in February. Low mortgage interest rate, recovery of stock market and gradual rise of property prices seem to stimulate housing demand. More people are visiting house exhibition sites and people think this is time to buy house.

This is nothing to do with consumption tax increase in April next year so as long as economic recovery continues, housing demand seems to stay active even after the tax is raised.

Sekisui House had 8% more orders than the same month a year ago on detached unit and 40% more on rental unit then 23% more on units built for sale. 2% more on

condominiums. Renovation orders increased by 38%. So overall a total of 20% increase for house business.

Daiwa House's units built for sale increased by 33% although orders on detached units decreased by 6%, the first decline after five months. 6% increase on multi family apartment type buildings then 5% increase of condominiums. Renovation orders are 20% up.

Sumitomo Forestry had 3% more orders on detached custom made house and the value was 5% more.

Misawa Home's detached unit orders are up by 12%. Also units built for sale increased sizably by 50%. Rental units are up by 7%.

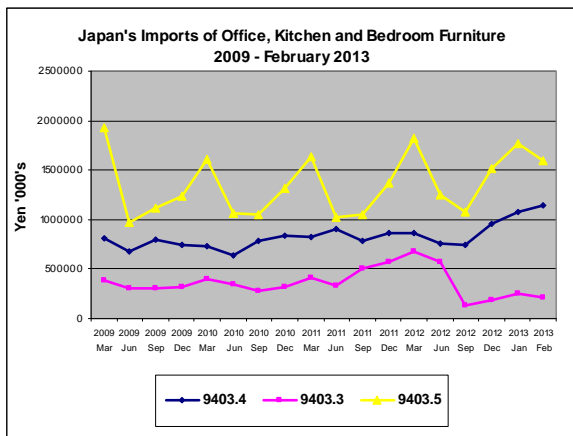
Mitsui Home's orders on custom made house in February were 14% more in value. The increase continues for three month since last December.

PanaHome's orders on detached unit were 6% more in value, out of which custom made orders increased by 9% while units built for sale declined by 5%.

Japan's furniture imports

January 2013 furniture imports

The source and value of Japan's office, kitchen and bedroom furniture imports for February 2013 are shown below. Also illustrated is the trend in imports of office furniture (HS 9403.30), kitchen furniture (HS 9403.40) and bedroom furniture (HS 9403.50) between 2009 and February 2013.



Source: Ministry of Finance Japan

Office furniture imports (HS 9403.30)

February 2013 imports of office furniture totaled Yen 2.1 bil. down 19.8% from a month earlier. Imports from China in February were around half the level in January and the decline in imports from China and Indonesia accounts for almost all of the difference between January and February import levels.

In February Chinese suppliers of office furniture to Japan accounted for 41% of total imports followed by Poland (18% up fro 10 % in January) and Indonesia and Malaysia (jointly accounting for 15% of imports by Japan).

The top seven suppliers accounted for 80% of all office furniture imports. The main suppliers to Japan were in descending order China, Poland, Taiwan P.o.C, Malaysia, Portugal, Indonesia and Italy.

Office furniture imports (HS 9403.30)

	Imports Feb-13 Yen 1,000	Imports Jan-13 Yen 1,000
S. Korea	8900	3193
China	68133	141665
Taiwan P.o.C	20672	14228
Thailand	1912	1642
Malaysia	13715	9617
Indonesia	10950	14787
Sweden	-	3983
Denmark	2310	2148
UK	8903	0
Belgium	-	210
France	1977	385
Germany	7872	7641
Switzerland	-	935
Portugal	11265	9790
Italy	10272	9547
Poland	30263	26181
Austria	1357	0
Lithuanian	1751	2871
Czech Rep.	474	293
Slovakia	3131	8197
USA	2700	292
total	206557	257605

Source: Ministry of Finance Japan

Kitchen furniture imports (HS 9403.40)

Kitchen furniture imports are the second largest segment of all wooden furniture imports into Japan after bedroom furniture.

In February 2013 kitchen furniture imports totaled Yen 111.4 bil. an increase of around 6% on levels in January 2013.

The top five suppliers in terms of the value of imports in February 2013 accounted for 89% of all imports of kitchen furniture.

The top suppliers were Vietnam (34%), Indonesia (20%), China (16%) Philippines (15%), and Malaysia from which imports doubled in February.

Japan's imports of kitchen furniture from China and Malaysia increased in February but imports from Vietnam fell around 7% from Yen 4.2 bil. in January to Yen 3.9 bil. in February.

Kitchen furniture imports (HS 9403.40)

	Imports Feb-13 Yen 1,000	Imports Jan-13 Yen 1,000
China	179997	135223
Taiwan P.o.C	829	1896
Vietnam	391415	423976
Thailand	22583	12606
Malaysia	52651	27110
Philippines	168673	161053
Indonesia	225985	217742
Sweden	305	0
UK	1193	0
Belgium	0	220
Germany	43214	36004
Spain	593	0
Italy	19574	5566
Lithuania	261	2116
Canada	8352	4035
USA	24893	47596
Argentina	367	0
total	1140885	1075143

Source: Ministry of Finance Japan

Bedroom furniture (HS 9403.50)

The value of Japan's bedroom furniture imports in February 2013 fell 9% from a month earlier, from Yen 17.6 bil. to Yen 16.0 bil.

As in January this year the top five suppliers accounted for just over 93% of all imports of bedroom furniture with the largest supplier being China (57%) followed by Vietnam (26%), Malaysia (10%), Thailand (4%) and Indonesia (3%).

Bedroom furniture (HS 9403.50)

	Imports Feb-13 Yen 1,000	Imports Jan-13 Yen 1,000
S Korea	1600	0
China	841417	1043248
Taiwan P.o.C	27177	19078
Vietnam	382555	381574
Thailand	59131	44550
Singapore	0	905
Malaysia	149431	150178
Philippines	4049	2473
Indonesia	47139	24293
India	425	0
Sweden	6018	16006
Denmark	326	1846
UK	0	270
France	827	3798
Germany	237	1474
Spain	1661	0
Italy	11573	16081
Finland	6900	0

Poland	15071	24346
Austria	0	652
Romania	932	1795
Turkey	0	911
Bosnia	347	429
Slovakia	11673	17802
USA	28062	11996
Total	1596551	1763705

Source: Ministry of Finance Japan

Report from China

Bank lending exceeds forecasts and expanded credit supports recovery

The latest data on new yuan loans from the People's Bank of China (Central Bank) indicates that the growth in loans has accelerated suggesting the Central Bank is carefully balancing credit availability to support economic recovery.

During March new domestic yuan loans were over yuan 1.1 trillion (approx. US\$180 billion) this was well above analysts expectations .

In related news the Asian Development Bank (ADB), in a recent press release, said that growth in the Chinese economy will rebound in 2013 but could level off in 2014. See: www.adb.org/news/peoples-republic-china-growth-rebound-2013-level-2013

The press release says strong consumption and fiscal spending in China will fuel a rebound in growth in 2013, but government efforts to address the environment and to narrow income gaps could limit growth in 2014.

The assessment by the ADB is that "the country's new leaders are focused on delivering sustainable, quality growth, a welcome change from the growth-at-all-costs approach of the past,"

ADB's publication, Asian Development Outlook 2013, says "the PRC, the world's second largest economy, is set to post GDP growth of 8.2% in 2013, and 8.0% in 2014 after expanding 7.8% in 2012, the lowest rate in 13 years.

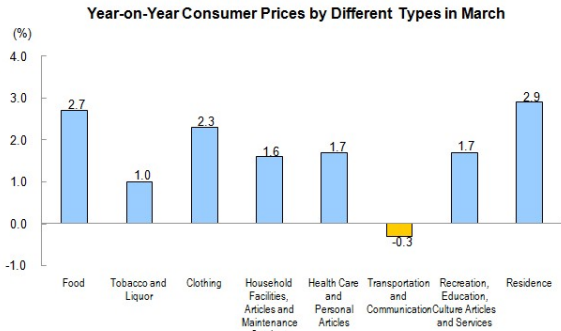
This forecast assumes that the US economy will continue its slow recovery, conditions in the eurozone will not worsen, and the Chinese government will continue to boost public spending.

House rents edge higher as inflation bites

An easing of monetary policy to facilitate an expansion of loans is driving up inflation. In March this year the consumer price index (CPI) in China increased by 2.1 percent year-on-year.

Overall prices grew by 2.0 percent in cities and 2.2 percent in rural areas. Food prices went up by 2.7 percent, while the non-food prices increased by 1.8 percent. Prices of consumer goods went up by 1.7 percent and the prices of services grew by 3.1 percent.

Prices for residences went up by 2.9 percent year-on-year. This breaks down to prices for house rent, up by 3.7 percent; water, electricity and fuel, up by 2.2 percent; building and building decoration materials up by 0.9 percent. For the full analysis see: http://www.stats.gov.cn/english/pressrelease/t20130410_402887458.htm



National Bureau of Statistics of China

The evolving China - Africa timber trade, fewer logs more sawnwood

According to a presentation by Ms. Sun Xiufang at the international conference ‘China-African Forest Governance Learning Platform and FGLG International Learning Event’, the Chinese government has close trade relations with African countries and the trade in wood products is an important part of overall trade.

The main agencies involved in the timber trade with African countries include the National Development and Reform Commission (NDRC), the Ministry of Commerce (MOC), the State Administration of Foreign Exchange (SAFE), the General Administration of Customs (GAC), the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) and the State forestry Administration (SFA). Also involved are NGOs and the private sector.

Investment, trade policies and initiatives for Africa

Some of the investment related policies and initiatives by China include the “Go Global strategy”, 2011 guidelines on investment overseas, Guidelines for overseas forest operations, Forum on China - Africa Cooperation (FOCAC) and China’s African Policy, Green loan/credit measures and the Equator Principles in China.

No specific trade policies or initiatives have been adopted for the China-Africa timber trade as existing policies and initiatives governing imports and exports of commodities apply to China-Africa timber trade and all other countries and regions.

The main policies for foreign trade are the Foreign Trade Law, the Customs Law and relevant Green procurement/eco-labeling policies.

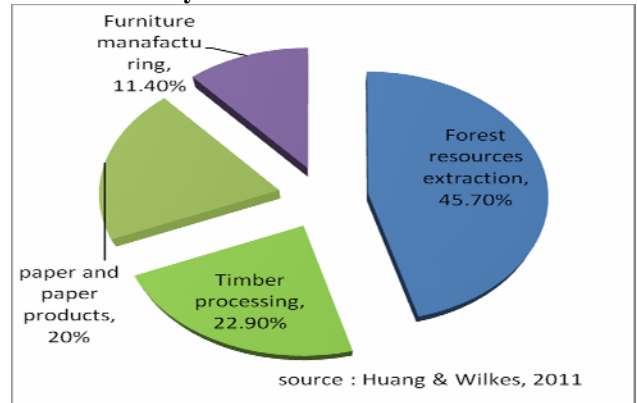
The technical requirements for eco-labeling and certification for wood products include:

- (1) wood material should meet the requirements of CITES

- (2) imported wood material should come from sustainably managed forests

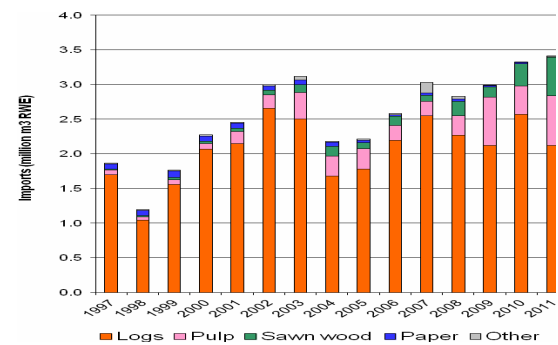
Other trade related policies and initiatives include private sector purchasing policies, industry associations’ – codes of conduct, certification and legality verification and chain of custody.

China’s forestry-related investment in Africa



Log imports dominate China’s trade with African countries and have accounted for up to 90% of all wood products trade in some years. In 2011 there was a sharp drop in log imports and an increase in sawnwood imports from African countries. The figure below illustrates the trend in wood product imports by category of product from 1997.

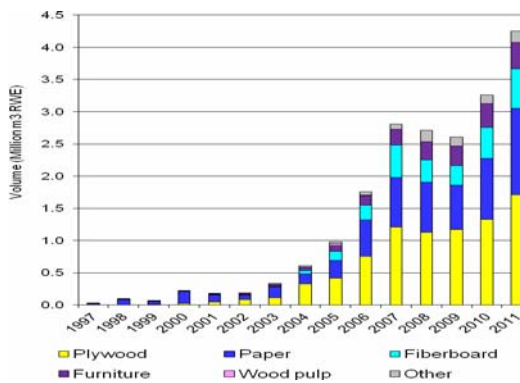
China’s imported wood products from African countries



China’s major forest product exports to Africa include plywood, paper, furniture, and fibreboard. Analysts in China suggest that part of the explanation for increased exports to African countries in recent years is the weak demand in EU and US markets.

It is note worthy that those African countries exporting wood products to China import very little wood products from China.

China's major forest product exports to Africa



The presentation by Ms. Sun concluded that China's trade with, and investment in African countries has both positive and negative aspects. Trade and investment from China into Africa has helped drive economic development and provided employment opportunities in African countries.

On the other hand, there has been criticism over the lack of attention to environmental issues but active NGOs are playing important roles in supporting China's responsible trade and investment in African countries.

Heated dialogue between EIA and China's Wood Product Association

In November 2012, the Environmental Investigation Agency (EIA) published a report "Appetite for Destruction---China's Trade in Illegal Timber".

Based on evidence obtained from investigations, the report accuses China of importing large volumes of illegal timber and attributes the long-term failure in solving the problem of illegal logging in some countries to China's increased demand for imported timber in the past decade.

In January 2013, China Timber and Wood Products Association (CTWPDA) responded to the report saying that EIA's reporting was biased and one-sided and overstated the severity of the problems in China's timber trade and ignored the contribution of China's trade to economic development in timber producing countries.

The response of the EIA to the CTWPDA rebuttal of the report can be seen at:

<http://www.eia-international.org/eia-response-to-criticisms-of-appetite-for-destruction>

Guangzhou Yuzhu International Timber Market

yuan per cu.m		
Logs		
Lauan	Diameter 60 cm ⁺	2000-2200
Kapur	Diameter 80 cm ⁺	3100-3200
Merbau	Diameter 100 cm ⁺	5500-5600
Teak	Diameter 30-60 cm	10000-13000
Wenge		4500-5500
Sawn wood		
Maple	Grade A	7500-9500
Walnut USA	FAS 2 inches	14000-16000
Cherry USA	FAS 2 inches	10000-12800
Sapelli	Grade A	6600-7000
Okoume	Grade A	4200-4500
Plantation Teak	Grade A	9600

Shanghai Furen Forest Products Wholesale Market

yuan per tonne		
Logs		
Red sandalwood (India)	All grades	1 - 2 mil.
Burma (Myanmar and Nepal)	All grades	7000-8800
Granadillo (Mexico)	All grades	7500-8000
Sawn wood		
yuan per cu.m		
Okoume (Africa)	grade A	3700-4000
Sapelli (Africa)	grade A	6300-6500
Beech (Europe)	grade A	4400-4800
Red Oak (North America)	FAS	7300-7500
Cherry (North America)	2 inches	9800-10000
Maple (North America)	2 inches	8000-8300
Sapelli (Africa)	2 ins FAS HD	6300-6500
Merbau (Indonesia)	All grades	8500-13500

Hangzhou Timber Trading Market

yuan per cu.m		
Logs		
Ash	4 m x 30 cm	3200-4500
Larch	4 m x 8 cm x 10	1800-2900
Linden	4 m x 26 cm	2200-3100
Sawn wood		
Beech (Europe)	All grades	3200-4900
Black walnut (America)	All grades	7000-13000
Teak (Myanmar)	All grades	9000-18000
Red oak (North America)	All grades	4200-7200
Alder (Myanmar)	All grades	4500-5300
Merbau	All grades	7200-14500
Plywood		
Yuan/sheet		
Red beech	3mm	50-72
Black walnut	3mm	50-95
Teak	3mm	70-138

Shandong De Zhou Timber Market

Logs		Dia	yuan per cu.m
Larch	4m Lgth	18-22 cm	1200
		24-28 cm	1250
		30 cm	1450
White Pine	6m Lgth	18-22 cm	1230
		24-28 cm	1250
		30 cm	1500
White Pine	4m Lgth	24-28 cm	1350
		30 cm	1450
		6m Lgth	24-28 cm
Korean Pine	4m Lgth		1700
		6m Lgth	1750
		6m Lgth	30 cm
Mongolian Scots Pine	4m Lgth	30 cm	1360
		36 cm	1500
		6m Lgth	30 cm
		36 cm	1600

Wenzhou Timber Trading Market

Logs		yuan per cu.m
Ash	2 m x 20-30 (cm)	1300
Chinese fir		
	4 m x 16-18 (cm)	1500
Wenge (Africa)	all grades	4500-5100
Teak (Africa)	all grades	2100-2500
Merbau	all grades	3500-5000
Spelli (Africa)	all grades	3200-3700
Plywood		yuan/sheet
Red beech	4'x 8'x 3 mm	40-80
Black w walnut	4'x 8'x 3 mm	40-85
Teak	4'x 8'x 3 mm	45-110

Report from Europe

EU imports of sawn tropical hardwood fall below 1 million cubic metres

EU imports of sawn tropical hardwood were 996,000 cu.m during 2012, down 13% compared to 2011. This is the first time since EU records began that imports of sawn tropical hardwood have fallen below 1 million cu.m.

Imports of sawn tropical hardwood last year were only around half the volume prior to the economic crises.

EU-25 imports of sawn tropical hardwood 2009-2012 ('000s cu.m)

Leading supply countries

	2009	2010	2011	2012	% change 2011-12
TOTAL	1129	1186	1150	996	-13
CAMEROON	325	363	376	361	-4
MALAYSIA	239	238	241	176	-27
BRAZIL	192	180	163	128	-22
IVORY COAST	98	104	83	81	-2
GABON	61	89	81	84	4
GHANA	40	43	42	34	-17

Source: Forest Industries Intelligence analysis of Eurostat

Leading importing countries

	2009	2010	2011	2012	% change 2011-12
BELGIUM	144	183	259	273	5
NETHERLANDS	348	335	298	252	-15
FRANCE	218	253	220	161	-27
ITALY	153	179	149	132	-11
UK	118	131	120	122	1
GERMANY	120	107	108	98	-10
SPAIN	101	86	85	51	-39
PORTUGAL	53	61	47	31	-34

Source: Forest Industries Intelligence analysis of Eurostat

The biggest fall EU sawn lumber imports last year were from Malaysia and Brazil, down 27% and 22% respectively compared to the previous year.

Meanwhile imports from Cameroon declined only 4% to 361,000 cu.m, so that the country consolidated its position as the leading supplier of tropical sawn lumber to the EU accounting for around 36% of total supply.

On the consumption side, imports of sawn tropical hardwood into Belgium increased by 5% last year to reach 273,000 cu.m. As a result, Belgium became the largest EU importer of this commodity, overtaking the Netherlands where imports fell 15% to 252,000 cu.m.

Imports also fell significantly into France, Italy, Germany, Spain and Portugal during 2012. However, imports into the UK maintained the relatively low level of the previous year.

EU consumption of sawnwood unlikely to pick up in 2013

European consumption of tropical sawn timber this year is well down and not expected to improve significantly compared to 2012. EU importers are sufficiently well stocked to meet the current level of demand.

Except for small purchases to fill occasional gaps in stocks, most are content to delay major purchases for the time being.

Demand in Europe is also constrained because some importers built stocks in advance of implementation of the EU Timber Regulation (EUTR) from 3 March 2013.

It's conceivable that, after two years of historically low purchases, any significant upturn in demand could quickly transform into shortages on the ground in Europe. However, such an upturn seems unlikely at present.

Mounting economic and political uncertainty has meant particularly weak demand in Italy this year. Markets in north-western Europe are a little better, although importers reckon that consumption is no better than, perhaps even slightly less, than last year.

There is stronger demand in parts of Eastern Europe, but these markets are not traditionally big buyers of tropical wood and can't compensate for weak buying in Western Europe.

Some larger European importers are reporting reasonable levels of sales during 2013, although this is at least partly due to a decline in the numbers of European distributors involved in direct imports from Africa.

Due to the legal risks associated with EUTR and costs of compliance, more European companies are choosing to buy from stocks landed by larger trading companies.

Despite low production and relatively long delivery times for some species, the supply situation is not problematic for European importers due to slow consumption. Times for delivery of sapele sawn lumber to Europe, currently up to 5 months, are longer than those for sipo, iroko and wawa.

Sapele is now strongly favoured as the leading tropical hardwood species for joinery applications in many European countries. FOB prices for sapele on offer to European importers have been rising in recent weeks, although importers are not in a position to pass on price increases to their customers in the current market environment.

European demand for Malaysian sawn meranti has picked up a little in recent weeks as construction activity has increased in the spring weather.

However the EU market for this commodity is now much reduced compared to previous years, partly owing to the preference now shown for sapele and partly to substitution by engineered wood and other alternatives.

Nevertheless prices for sawn meranti on offer to European buyers have remained firm and stable due to reduced production and good demand in other markets such as the Middle East.

With the onset of spring in Europe, there has been an increase in demand for decking sizes of Asian bangkirai, South American cumaru, ipe and garapa, and African azobe, okan and bilinga.

However, volumes are expected to be lower than in previous years. Partly this is due to an unexpectedly large carry-over of stocks after a very slow garden season in 2012.

Prices for Asian bangkirai on offer to European buyers have weakened in recent months. However, producers have reacted by reducing manufacturing for the European market.

Therefore the price trend could quickly reverse if there were any significant increase in demand once the European summer gets underway.

EU imports of mouldings and glulam

Over the last decade, the decline in Brazilian, Malaysian and Indonesian share of the EU market for rough sawn tropical hardwood has been partly offset by these countries' role in supply of mouldings and glulam.

This is aligned with a general trend towards value added production which has progressed further in these countries than in most other tropical hardwood supplying countries.

It is also linked to efforts by manufacturers to reduce waste and improve consistency of supplied wood through progressive tightening of material specifications.

In 2012, EU imports of hardwood mouldings (both temperate and tropical) declined 20% to 290,000 cu.m. Imports of this commodity declined substantially from both Brazil and Indonesia, the two largest external suppliers to the EU, but recovered slightly from China.

EU-25 imports of hardwood mouldings 2009-2012 (1000 cu.m)

Leading supply countries

	2009	2010	2011	2012	% change 2011-12
TOTAL	322	356	362	290	-20
BRAZIL	105	120	125	91	-27
INDONESIA	102	109	110	78	-29
CHINA	37	36	35	38	10
MALAYSIA	27	31	24	16	-32
GHANA	2	4	4	3	-22

Source: Forest Industries Intelligence analysis of Eurostat

Leading importing countries (includes intra-EU trade)

	2009	2010	2011	2012	% change 2011-12
GERMANY	89	105	113	101	-11
FRANCE	64	79	107	90	-16
NETHERLANDS	104	100	88	60	-33
BELGIUM	46	50	57	43	-24
UK	39	36	33	37	10
ITALY	18	23	24	21	-15

Source: Forest Industries Intelligence analysis of Eurostat

During the recessionary period in Europe, EU imports of glulam have remained more stable than imports of both rough sawn timber and mouldings. Imports in 2012 were 138,000 cu.m, only 7% down on the previous year.

Most of the decline in 2012 was in imports from China, while imports from Malaysia and Indonesia were stable compared to the previous year.

EU-25 imports of glulam 2009-2012 (1000 cu.m)

Leading supply countries

	2009	2010	2011	2012	% change 2011-12
TOTAL	121	144	149	138	-7
MALAYSIA	20	23	27	27	0
INDONESIA	30	29	24	23	-3
RUSSIA	16	22	19	20	11
CHINA	18	23	22	15	-30
ROMANIA	8	10	11	13	15

Source: Forest Industries Intelligence analysis of Eurostat

EU tropical hardwood log imports down 30% in 2012

EU imports of tropical hardwood logs in 2012 were only 205,000cu.m, 30% down on the previous year and less than a quarter of the volume prevailing prior to the economic crises.

The decline in European imports forms part of a wider transformation in the international tropical log market over recent years.

Europe has always looked to Africa for supply of tropical hardwood logs. However the key traditional exporters in central Africa have increasingly tightened controls on log exports of the most valuable commercial species.

Meanwhile demand for African logs has continued to escalate in China. China's imports of African hardwood logs increased from 2.1 million cu.m in 2011 to 2.7 million cu.m in 2012, the supply being diversified both in terms of species and countries.

These now include – in order of importance in 2012 – Congo (Brazzaville), Cameroon, Equatorial Guinea, Mozambique, Benin, Liberia and Gambia.

India has also overtaken Europe as the second largest international market for African hardwood logs, importing around 530,000 cu.m in 2012 – although this mostly comprises plantation teak from Ghana, Ivory Coast and Nigeria.

EU-25 imports of tropical hardwood logs 2007-2012 (1000 cu.m)

Leading supply countries

	2009	2010	2011	2012	% change 2011-12
TOTAL	378	310	294	205	-30
CONGO DR	57	79	77	56	-27
CONGO REP.	31	68	65	51	-22
CAMEROON	48	65	67	39	-41
LIBERIA	5	6	23	20	-14
CENT. AFR. REP.	21	19	25	18	-31
GABON	200	49	9	7	-18
EQ. GUINEA	4	9	14	4	-71

Source: Forest Industries Intelligence analysis of Eurostat

Leading importing countries

	2009	2010	2011	2012	% change 2011-12
FRANCE	217	154	128	102	-20
ITALY	34	25	40	24	-39
BELGIUM	31	34	39	23	-42
PORTUGAL	31	34	27	19	-30
SPAIN	34	27	29	18	-37
GERMANY	36	38	26	17	-35

Source: Forest Industries Intelligence analysis of Eurostat

The recent growth in Chinese and Indian demand for African logs has meant that prices are now relatively high compared to sawn timber. This is making log imports increasingly unattractive to European buyers.

At the same time, the numbers of plywood and custom cutting mills engaged in processing tropical logs in Europe has declined very rapidly in recent years.

European based plywood mills have consistently struggled to compete in a market increasingly impacted by Chinese plywood and a broadening range of substitute products.

As a result, following the Gabon log export ban imposed in May 2010, which led to a huge fall in French okoume log imports, there has been no move in Europe to seek to replace this volume by importing from other sources.

Europe's imports of tropical logs in 2012 fell substantially from all the leading supply countries and into all the main consuming European countries.

European imports of tropical hardwood veneer down 15%

EU imports of tropical hardwood veneer were 259,000 cu.m in 2012, 15% down on the previous year. A large proportion of European tropical veneer imports consist of rotary veneer from Gabon destined for French plywood mills.

This trade declined last year as European okoume plywood production capacity and consumption continued to fall.

Europe’s market for decorative sliced tropical hardwood veneers also slowed last year. There was a range of contributing factors including: weak European furniture consumption, particularly in the face of competition from Chinese manufacturers; very low levels of activity in the southern European door sector - formerly a significant market; an ever increasing focus on oak in the furniture and finishing sectors; and intense competition from artificial surfaces.

EU-25 imports of tropical hardwood veneer 2007-2012 (1000 cu.m)

Leading supply countries

	2009	2010	2011	2012	% change 2011-12
TOTAL	243	306	303	259	-15
GABON	130	156	169	130	-23
IVORY COAST	52	69	60	62	3
CAMEROON	19	29	32	26	-17
EQ. GUINEA CONGO REP.	10	20	15	16	7
GHANA	8	8	6	8	26

Source: Forest Industries Intelligence analysis of Eurostat

Leading importing countries

	2009	2010	2011	2012	% change 2011-12
FRANCE	107	131	136	117	-14
ITALY	69	83	70	52	-26
SPAIN	31	48	52	40	-25
GERMANY	21	27	21	23	7

Source: Forest Industries Intelligence analysis of Eurostat

A recent analysis by the European veneer marketing campaign, the Initiative Furnier + Natur (IFN), shows that the latest fall in tropical hardwood veneer imports to Europe forms part of a long term decline in European veneer consumption.

IFN show that in the 15 years prior to 2011, there was a dramatic fall in veneer consumption in nearly every major European market. Consumption in Germany fell from over euro 300 mil. in 1995, to euro 200 mil. by the end of the 1990s, before slipping below euro 100 mil. in 2002.

Since then, German consumption has remained at around euro 50-60 mil. per year. Veneer consumption in Italy fell from euro 450 mil. in 2004 to euro 187 mil. in 2011. Spanish consumption fell from euro 260 mil. to euro 124 mil. over the same period.

Of all the large European markets, only France has maintained veneer consumption at reasonably consistent levels – at around euro 100 mil. over the last decade.

These trends are due to the combined effects of a movement of veneer and wood product manufacturing facilities to lower cost locations, and continuing substitution of “real wood” veneer for artificial surfaces.

Report from North America

Little improvement in US employment

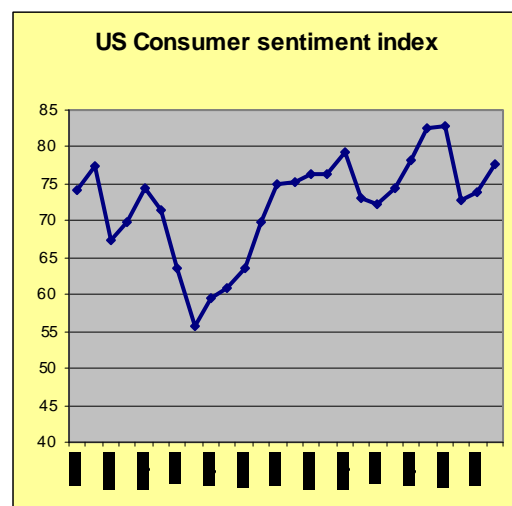
The US Department of Commerce revised its estimate of GDP growth in the last quarter of 2012 from previously - 0.1% to 0.4% (at annual rate).

The growth in the fourth quarter was slightly more positive than previously thought, but there was no change in the drivers of growth, namely non-residential and residential construction. Overall 2012 GDP growth is estimated at 2.2%.

The unemployment rate declined to 7.7% in February, but changes in employment have been small since September 2012.

Consumer confidence improves despite income tax hike

Consumer confidence improved again in February, according to the Thomson Reuters/University of Michigan consumer sentiment index, which rose from 73.8 in January to 77.6 in February.



Data source: Thomson Reuters/University of Michigan Surveys of Consumers

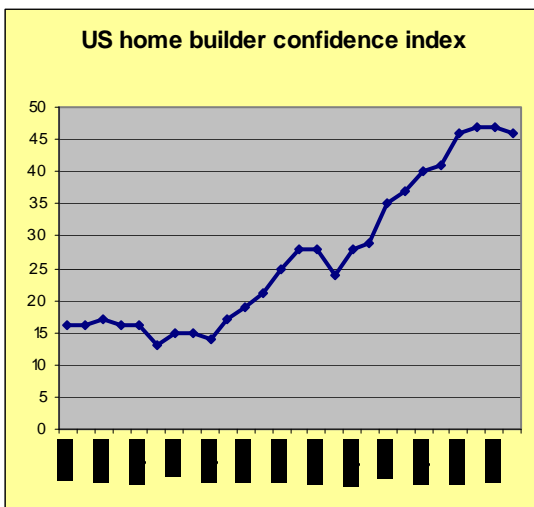
Consumers expect unemployment to drop further, but they still worry about the federal deficit and government policies. Half of all consumers questioned expect a drop in

their personal income this year, when adjusted for inflation.

The federal funds rate remains unchanged near zero. The Federal Reserve is still buying \$85 billion of Treasury and mortgage-backed securities every month.

Moderate expectations by home builders

The confidence in the market for new single-family homes has remained unchanged since last November. In February, the Housing Market Index by the National Association of Home Builders/Wells Fargo declined by one point to 46. When the index climbs over 50, the majority of home builders regard market conditions as good.



Data source: National Association of Home Builders/Wells Fargo Housing Market Index

Access to mortgage credit is still tight for consumers, which contributes to the moderate expectations by home builders. Other factors are rising building material costs and a shortage of construction workers in some cities, according to the National Association of Home Builders,

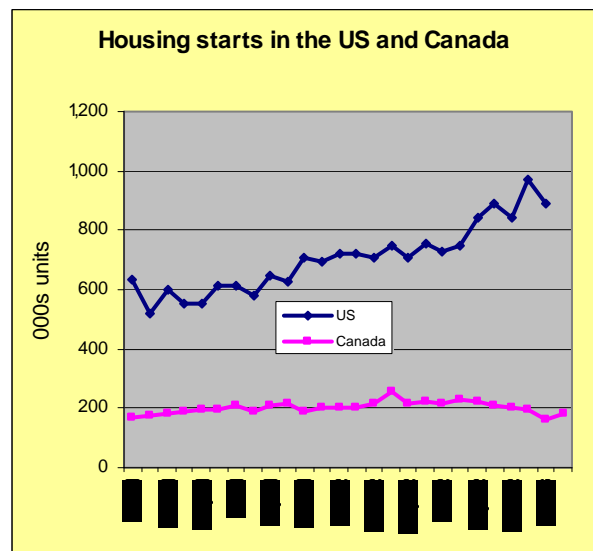
Existing home sales, building permits on the rise

The latest home sales figures indicate that the recovery of the US housing market is accelerating. Sales of newly built homes increased 15.6% in January.

Sales of existing homes went up by 0.4% in January and are 9.1% higher than in January 2012, according to the National Association of Realtors.

The growth in sales of both new and existing homes was strongest in the western US. The national median home price continued to increase and was 12.3% higher than in January 2012.

US housing starts declined by almost 9% in January. The dramatic drop was entirely in the more volatile multi-family home construction, while single-family starts grew slightly to 613,000 at a seasonally adjusted annual rate. The share of single-family homes in total starts increased to 69%.



Source US Census Bureau and CMHC

The number of building permits issued for new single-family homes was 584,000 in January (seasonally adjusted annual rate), up 1.9% from December. The number of permits issued is usually an indicator of future building activity.

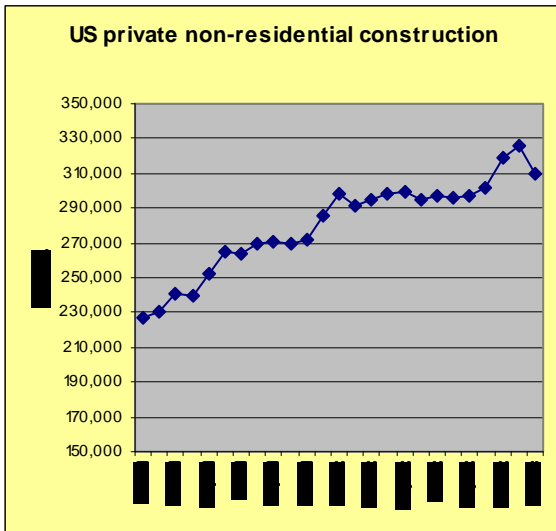
Canada's housing starts fell by 19% to 159,000 in January, at a seasonally adjusted rate. The Canada Mortgage and Housing Corporation expects moderate demand and activity in early 2013, before economic growth and immigration will increase demand for housing in 2013 and 2014.

More office construction

Spending on non-residential building construction declined in January after a brief upswing last November and December.

Both private and public investment in non-residential construction decreased. Compared to the same time last year, private office building construction is the strongest sector with spending at 26% above January 2012 levels.

Architects report improving business conditions in all regions, with the strongest growth in for commercial and industrial projects, primarily in the West and Midwest, according to the Architecture Billings Index.



Source data, US Census Bureau

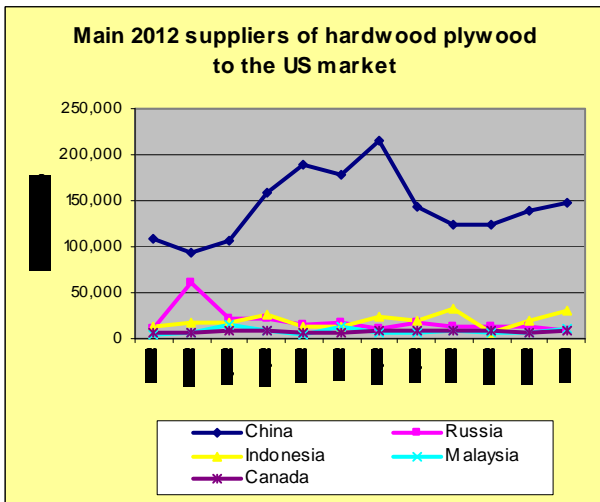
US imports of processed wood products increase

Imports of nearly all wood products were up in January 2013 compared to the previous month and last year, reflecting the more positive economic outlook and the recovery in the housing market.

Hardwood plywood

US imports of hardwood plywood increased to 252,379 m³ in January, up 19% from December and 29% above January 2012. China shipped 148,678 m³, 6% more than in December. Imports from Indonesia and Malaysia also increased by 6% to 30,607 m³ and 11,518 m³, respectively.

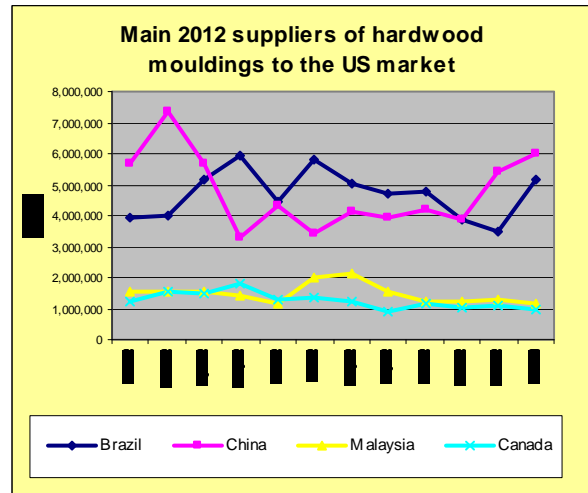
Ecuador's hardwood plywood exports to the US soared to 33,904 m³, making it again the second largest supplier after China.



Hardwood moulding

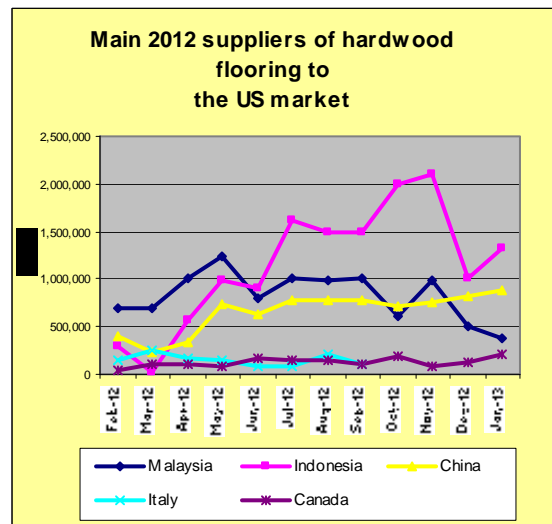
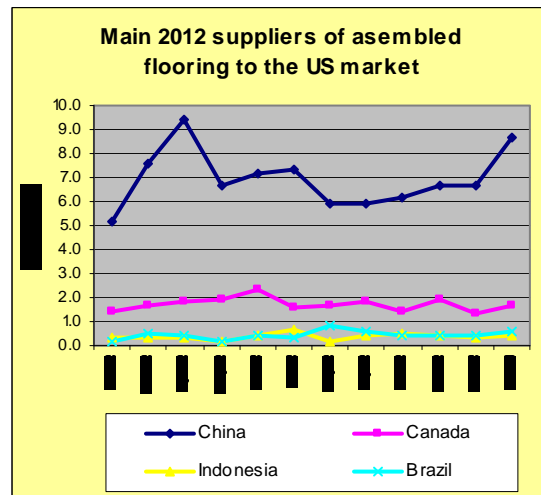
Hardwood moulding imports increased to \$18.2 million, up 8% from January 2012.

China remained the largest supplier at \$6.0 million. Hardwood moulding imports from Brazil increased by 49% from December and reached \$5.2 million.



Wood flooring

US imports of assembled flooring panels increased to \$12.0 million in January, up 31% from December. Imports from China were \$8.7 million, accounting for 73% of total imports compared to 69% for all of 2012. China's shipments were 31% higher than in December and 41% above January 2012. Brazil and Indonesia increased their shipments to the US at even higher rates.

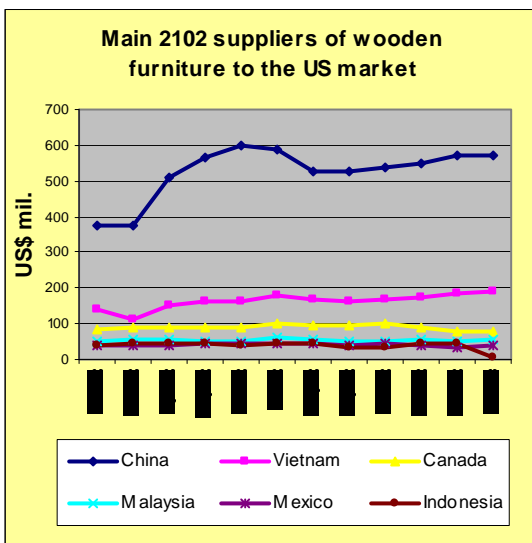


Hardwood flooring imports declined further to \$3.4 million, down 5% from December. At \$1.3 million Indonesia accounted for 38% of total imports. Indonesian shipments grew by 31% from December, while Malaysia's fell by 26%.

Wooden furniture

US imports of wooden furniture was almost unchanged from December. January imports were worth \$1.1 billion, 1% up from the previous month.

China's furniture exports to the US were steady at \$571.3 million in January. Vietnam's shipments grew by 2% from December to \$190.1 million. Malaysia increased exports to the US by 10% to \$58 million.



Slow recovery in furniture demand

US furniture shipments declined by an estimated 1% in December 2012 compared to the same month in 2011.

Year-to-date 2012, furniture shipments were 6% higher than in 2011, according to a monthly survey of US furniture manufacturers and distributors (Smith Leonhard Furniture Insights February 2013). Furniture orders were up by 4% year-to-date compared to 2011.

Furniture inventories at distributors and manufacturers fell by 1% from November, but they were 8% higher than in December 2011. The high inventory levels may be the result of a slow market in November and December.

Retail sales of furniture and home furnishings declined by 1.6% in February from the previous month, according to preliminary figures by the US Census Bureau. However, furniture retail sales in the first two months of 2013 were still 2.5% higher than in 2012.

Consumer awareness and government procurement driving demand for 'environmentally certified' furniture

While the latest data on furniture shipments and new orders is less positive than anticipated, growing consumer confidence and demand from the strengthening housing

will contribute to stronger demand for furniture in 2013. Shipments are still 20% lower than in 2006, and the relatively high unemployment rate hinders a faster recovery in demand.

The Wood & Wood Products journal (February 2013) reported the following opportunities for furniture and cabinet suppliers in 2013.

Cabinets

Demand for environmentally certified cabinets is expected to increase because of higher consumer awareness and government procurement policies.

The Kitchen Cabinet Manufacturers Association continues to strengthen its performance certification program and the American National Standards Institute (ANSI) standards.

The association has introduced additional guidelines for cabinets manufactured in North America in response to consumer demand for domestically made products.

Residential furniture:

The American Home Furnishings Alliance also noted a growing interest in US-made products, although the majority of wooden furniture sold in the US is imported.

California's new flammability standard for upholstered furniture may increase demand from consumers for new upholstery without toxic chemicals.

Business and institutional furniture:

The Business & Institutional Furniture Manufacturers Association expects sales to increase by 3.4% in 2013 from the previous year.

Demand for environmentally certified furniture is growing. The association offers a certification program in addition to the ANSI Furniture Sustainability Standard. US industry reaction to preliminary countervailing duty on plywood from China

While the Coalition for Fair Trade of Hardwood Plywood, a group of hardwood plywood producers, welcomed the preliminary countervailing duties on plywood from China, other industry groups disapproved of the decision by the US Department of Commerce.

The American Alliance for Hardwood Plywood believes that the duty will severely harm US companies that depend on hardwood plywood grades not produced in the US. The alliance also found fault with the Department's methodology that applied a duty of 22.63% to most producers and exporters.

The Kitchen Cabinet Manufacturers Association opposes duties on plywood from China because they would create serious material shortages and price increases.

The association also points out that the duties favour cabinet imports since cabinets are not included in the investigation.

The downturn in domestically-produced plywood sales in recent years may be more related to economic conditions rather than to imports from China, according to the association.

Plywood importer Shelter Forest International predicts that if the high duties on plywood imports are maintained, manufacturing of kitchen cabinets and other products will move from the US to other countries.

Canada-based Hardwoods Distribution expects that the preliminary import duty will lead to immediate price increases for both Chinese and North American plywood.

* The market information above has been generously provided by the Chinese Forest Products Index Mechanism (FPI)

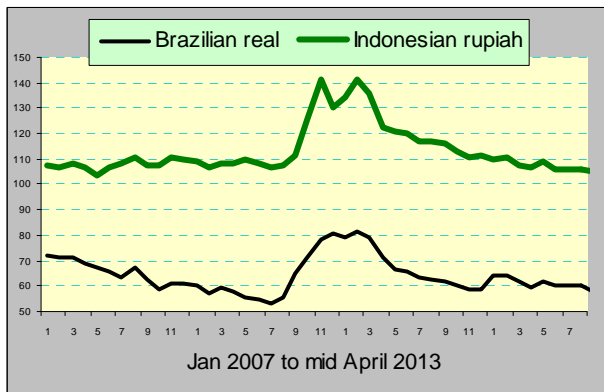
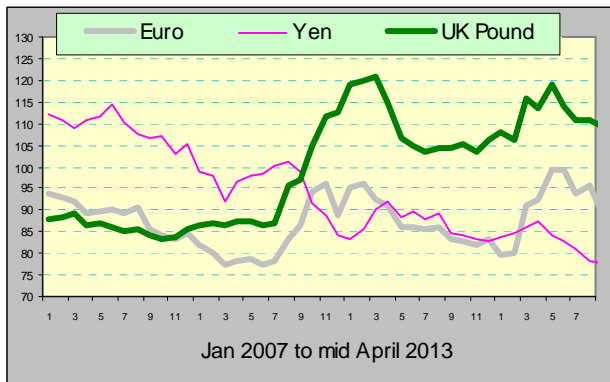
Disclaimer: Though efforts have been made to keep prices near to accurate, these are published as a guide only. ITTO does not take responsibility for the accuracy of this information.

Main US Dollar Exchange Rates

As of 12th April 2013

Brazil	Real	1.9697
CFA countries	CFA Franc	502.57
China	Yuan	6.1947
EU	Euro	0.7627
India	Rupee	54.5201
Indonesia	Rupiah	9712
Japan	Yen	98.41
Malaysia	Ringgit	3.0427
Peru	New Sol	2.5855
UK	Pound	0.6517
South Korea	Won	1129.25

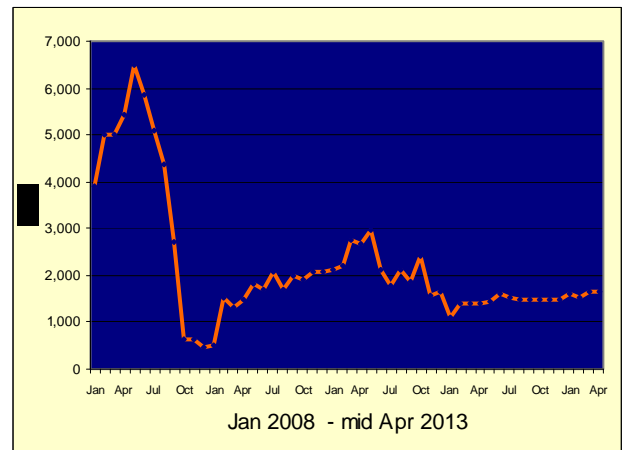
Exchange rates index (Dec 2003=100)



Abbreviations and Equivalences

Arrows	Price has moved up or down
BB/CC etc	quality of face and back veneer
BF, MBF	Board foot, 1000 board foot
Boule	bundled boards from a single log
CI, CE, CS	Supplimentaire
CIF, CNF	Cost insurance and freight
Clean Sawn	square edged boule
cu.m cbm	cubic metre
FAS	First and second grade of sawnwood
FOB	Free-on board
Genban	Sawnwood for structural use in house building
GMS	General Market Specification
GSP	Guiding Selling Price
Hoppus ton	1.8 cubic metre
KD, AD	Kiln dried, air dried
Koku	0.28 cubic metre or 120 BF
LM	Loyale Merchant, a grade of log parcel
MR, WBP	Moisture resistant, Water and boil proof
OSB	Oriented Stand Board
PHND	Pin hole no defect
QS	Qualite Superieure
SQ,SSQ	Sawmill Quality, Select Sawmill Quality
TEU	20 foot container equivalent

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.

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