

Tropical Timber Market Report

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Top Story

Decline in furniture manufacturing bad news for tropical hardwoods

While timber remains a very fashionable material in France and Belgium there have been major structural changes in the furniture and joinery industries in these countries.

A Belgian importer suggested that because of this there is little likelihood of hardwood consumption in either market ever returning to the sort of volumes typical before the economic crises.

This is partly due to a major decline in furniture manufacturing across the region. The trend in Belgium and France is towards purchases of only small volumes of very high quality hardwoods.

Report from Central/West Africa

Weakening demand in Europe may undermine price levels

Markets for West African hardwoods are stable, say producers, and the recent sawnwood price increases for selected species are being maintained. However, reports suggest that buyers for the Chinese market are becoming more cautious and that contract negotiations are taking longer to conclude than in past months.

Although exports of sawnwood from South American have declined in recent months, West and Central African exporters say they have not noticed any compensatory increase in demand from European or US buyers for alternative sawnwood species from their region.

US demand for W. African Khaya (mahogany) appeared to be improving mid-year but the anticipated continued increase in demand did not materialised.

Buyers in the main consuming countries such as China and India are watching how events in Europe are unfolding as this will affect demand. If demand in Europe weakens then there could be a downward pressure on prices and buyers in China and India could take advantage of this.

Producers assessing opportunities in non-EU markets

So far, economic uncertainty in Europe has not triggered any serious downturn in business but Central and W. African exporters are carefully assessing opportunities in non euro zone markets in case of a sudden downturn in business or wide fluctuations in the euro exchange rate.

There is some nervousness in the trade, say analysts, as producers look at the prospects for the early months of 2012. This attitude is likely to prevail until the euro crisis is resolved.

Mixed market fortunes for W. African sawnwood

Okan and dabema are still out of favour with buyers for China and the temporary overstocking of padouk boules in India has still not been resolved. For buyers of padouk sawnwood outside of India demand is said to be firm. Okoume sawnwood continues to be in good demand and prices have held on to the recent gains.

There is some concern in the trade that mills are stocking too much sapelli sawnwood. Exporters believe more mills are producing sapelli sawnwood to take advantage of the current favourable prices but that production is running ahead of demand and that there is a risk of overstocking.

Gabon bans export of boules but details are not yet available

News is emerging that the government of Gabon has decreed that the export of boules will no longer be allowed. Details of this change are not yet available and the trade is not sure if a grace period will be allowed so that contracts can be completed.

Another change for exporters in Gabon is that containers may not be loaded at producer mills; instead they must be

loaded under the supervision of customs and forestry department officials at site managed by the State port operator SEPBG.

This, it is said, is to ensure that shipments are correctly documented. Exporters point out that this is adding to their shipping costs, something they could do without in the current uncertain market conditions.

Log Export Prices

West African logs, FOB	€ per m ³		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	205	205	165
Ayous/Obeche/Wawa	200	200	145
Azobe & Ekki	205	205	122
Belli	215	215	-
Bibolo/Dibétou	145	130	-
Bubinga	790	625	480
Iroko	290	280	220
Okoume (60% CI, 40% CE, 20% CS) (China only)	250	-	-
Moabi	280	280	190
Movingui	185	150	140
Niove	155	155	-
Okan	310	310	-
Padouk	380	345	235
Sapele	250	245	180
Sipo/Utile	275	250	190
Tali	285	285	-

Sawnwood Export Prices

West African sawnwood, FOB	€ per m ³
Ayous FAS GMS	300
Bilinga FAS GMS	505
Okoumé FAS GMS	450
Merchantable	300
Std/Btr GMS	334
Sipo FAS GMS	500
FAS fixed sizes	-
FAS scantlings	460
Padouk FAS GMS	850
FAS scantlings	860
Strips	350
Sapele FAS Spanish sizes	395
FAS scantlings	430
Iroko FAS GMS	655
Scantlings	655
Strips	405
Khaya FAS GMS	425
FAS fixed	440
Moabi FAS GMS	530
Scantlings	540
Movingui FAS GMS	420

Report from Ghana

Ghana's timber export performance

According to Ghana Timber Industry Development Division (TIDD) report, a total of Euro 8,439 million was realised from a volume of 24,116 cu.m of wood products exported in September this year. The corresponding figures for September 2010 were Euro 12,618 million, and 36,000 cu.m indicating that 2011 exports fell by around 33% in value and in volume.

For the first nine months of 2011, wood product exports fell by 18 percent in value and 16 percent in volume (Euro 85,923 million and 259,151 cu.m) when compared to the same period in 2010.

The decline, says the TIDD, was mainly the result of an inadequate supply of logs, coupled with operational challenges faced by most sawmillers.

During the first three quarters exporters shipped about sixteen different wood products as shown in the table below.

	Jan. - Sept. 2011	
CATEGORY	Vol.(cu.m)	Value (Euro)
PRIMARY		
Poles	2,398	255,335
Billet	18,904	3,462,307
SECONDARY		
Lumber(KD)	46,202	17,389,783
Lumber(AD)	34,306	10,975,142
Boules(AD)	2,159	983,709
Lumber (Overland)	28,163	2,336,444
Veneers	23,251	1,619,562
Block boards	61	16,065
Plywood	2,138	740,637
Kindling	234	16,933
Plywood (Overland)	87,638	26,372,576
TERTIARY		
Mouldings	12,601	6,564,168
Dowels	398	235,048
P/Floorings	537	589,165
Profile Boards	106	60,846
Powdered barks	56	2,579
TOTAL	259,151	85,922,983

Markets within Africa accounted for around 50 percent of all wood product exports by Ghana in the first three quarters of the year with Europe and four other markets accounting for the balance. The main product exported to regional markets was plywood and this went mainly to Nigeria, Burkina Faso, Togo and Niger.

The table below shows the pattern of market distribution from Ghana's wood products.

Market / Region	Percent of export Volume
Europe	21.57
Asia/Far East	19.14
Africa	49.15
Middle East	5.51
America	4.21
Oceania	0.42

Domestic Log Prices

Ghana logs	US\$ per m ³	
	Up to 80cm	80cm+
Wawa	140-150	157-170
Odum Grade A	165-170	175-185
Ceiba	118-130	132-148
Chenchen	90-100	105-120
Khaya/Mahogany (Veneer Qual.)	111-123	125-145
Sapele Grade A	145-155	160-185
Makore (Veneer Qual.) Grade A	128-135	140-166
Ofram	105-114	118-127

Domestic Sawnwood Prices

	US\$ per m ³
Wawa 25x300x4.2m	296
Emeri 25x300x4.2m	310
Ceiba 25x300x4.2m	240
Dahoma 50x150x4.2m	320
Redwood 25x300x4.2m	430
Ofram 25x225x4.2m	332

Export Sawnwood Prices

Ghana Sawnwood, FOB	€ per m ³	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afromosia	855	-
Asanфина	495	560
Ceiba	210	269
Dahoma	330	385
Edinam (mixed redwood)	400	450
Emeri	350	430
African mahogany (Ivorenensis)	568	685
Makore	530	585
Niangon	515	590
Odum	625	690
Sapele	555	615
Wawa 1C & Select	260	285

Export Veneer Prices

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

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

Export Rotary Veneer Prices

Rotary Veneer 2mm and up, FOB	€ per m ³	
	CORE (2mm & up)	FACE (2mm & up)
Ceiba	280	285
Chenchen	305	345
Ogea	305	340
Essa	290	330
Ofram	310	350

Export Sliced Veneer Prices

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afromosia	1.19	1.00
Asanфина	2.00	.90
Avodire	1.12	0.69
Chenchen	1.10	.59
Mahogany	2.00	1.40
Makore	2.00	0.90
Odum	1.80	1.40

Export Plywood Prices

Plywood, FOB	€ per m ³		
BB/CC	Ceiba	Ofram	Asanfina
4mm	380	565	597
6mm	367	540	575
9mm	310	384	445
12mm	290	390	397
15mm	285	327	343
18mm	275	320	333

Grade AB/BB would attract a premium of 10%, B/BB 5%, C/CC 5% and CC/CC 10%.

Export Added Value Product Prices

Parquet flooring 1st	FOB € per sq.m		
	10x60mm	10x65-75mm	14x70mm
Apa	12.00	14.47	17.00
Odum	7.80	10.18	11.00
Hyedua	13.67	13.93	17.82
Afromosia	13.72	18.22	17.82

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

Export Moulding Prices

Mouldings (FOB)	€ per m ³
Dahoma grade 1	492
Denya grade 1	516
Hotohoto grade 1	580
Wawa grade 1	500
Wawa grade 2	428
Ekki grade 1	570
Wawabimba Laminated grade 1	750

Report from Malaysia

2011 export target can be meet says Minister

The Malaysian Plantation and Commodities Ministry said that the Malaysian timber industry is projected to meet its export target of RM20 billion to RM21 billion, which is close to the RM20.5 billion exports in 2010.

The Malaysian timber industry is still battling the effects of the 2009 global financial crisis and weakness in the US economy as well as the effects of the Euro debt crisis, which have given rise to weak demand for Malaysian timber products in affected markets.

In addition, unrest in some Middle East countries has added to the toll on the Malaysian timber industry.

The Ministry added that local timber consumption stands at about RM7 billion per year, with demand coming mainly from the local building and construction sector.

Encouraging furniture export earnings as markets are diversified

Exports of Malaysian made furniture products are likely to be between RM7 billion to RM7.5 billion this year compared with RM7.95 billion last year says the Malaysian Furniture Entrepreneurs Association (MFEA). The association had projected a 15% drop in exports to RM6.8 billion earlier this year.

From January to August this year, the value of furniture exports from Malaysia stood at RM4.9 billion, a decline of 7.9% compared with RM5.3 billion for the same period last year. However, demand in the second quarter improved with exports to Japan, India, Russia and Saudi Arabia picking up.

Exports to Japan increased to RM554 million during the January-August period compared with RM433 million in the same period last year. This performance elevated Japan to the second largest market for MFEA members; contributing about 8.9% or RM709 million out of a total of RM7.9 5 billion export revenue in 2010.

Furniture exports to India also improved to RM171 million during the same eight months compared with RM137 million previously. Exports to the US also improved considerably.

Exports to Saudi Arabia grew to RM101 million in the first eight months compared with RM88 million a year earlier, while exports to Russia improved to RM51 million up from RM43 million previously.

The weakening of the Malaysian currency against the US dollar by 3 - 5% in the third quarter of this year contributed to the increase in exports.

Log Export Prices (Sarawak)

Sarawak log, FOB	US\$ per m ³
Meranti SQ up	265-292
Small	253-286
Super small	255-279
Keruing SQ up	247-259
Small	238-271
Super small	227-251
Kapur SQ up	239-265
Selangan Batu SQ up	244-278

Domestic log Prices

Pen. Malaysia logs, domestic (SQ ex-log yard)	US\$ per m ³
DR Meranti	283-302
Balau	325-355
Merbau	378-409
Rubberwood	106-140
Keruing	247-263

Peninsular Malaysian meranti logs are top grade and are used to produce scantlings for the EU. These log prices are higher than for the same species in Sarawak's.

Export Sawnwood Prices

Malaysia Sawnwood, FOB	US\$ per m ³
DR Meranti	413-449↓
White Meranti A & up	309-339
Seraya Scantlings (75x125 KD)	449-461↓
Sepetir Boards	277-306
Sesendok 25,50mm	363-381
Kembang Semangkok	344-373

Domestic Sawnwood Prices

Malaysian Sawnwood, domestic	US\$ per m ³
Balau (25&50mm,100mm+)	346-366
Merbau	486-538
Kempas 50mmx(75,100 & 125mm)	290-330
Rubberwood	
25x75x660mm up	237-288
50-75mm Sq.	276-308
>75mm Sq.	298-328

Export Plywood Prices

Malaysia ply MR BB/CC, FOB	US\$ per m ³
2.7mm	445-506↓
3mm	427-457↓
9mm & up	378-448↓

Domestic Plywood Prices

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

Other Panel Export and Domestic Prices

Malaysia, Other Panels, FOB	US\$ per m ³
<i>Particleboard</i>	
Export 12mm & up	262-285↓
Domestic 12mm & up	253-267↓
<i>MDF</i>	
Export 15-19mm	313-345↓
Domestic 12-18mm	305-324↓

Export Added Value Product Prices

Malaysia, Mouldings, FOB	US\$ per m ³
Selagan Batu Decking	576-586
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	590-603
Grade B	545-555

Export Furniture and Parts Prices

Malaysia, Rubberwood, FOB	US\$ per piece
Semi-finished dining table	
solid laminated top 2.5'x4', extension leaf	79-95
As above, Oak Veneer	86-100
Windsor Chair	78-80
Colonial Chair	76-81
Queen Anne Chair (soft seat)	
without arm	75-87
with arm	78-88
Chair Seat 27x430x500mm	64-69
Rubberwood Tabletop	
22x760x1220mm sanded & edge profiled	US\$ per m ³
Top Grade	634-664
Standard	617-633

Report from Indonesia

Indonesia expected to phase out raw rattan exports

The Indonesian Industry Ministry is widely expected to phase out the export of raw rattan over a three years period commencing early 2012 in a bid to revive the local rattan industry. A decision on this is expected in December 2011.

The Ministry had earlier submitted recommendations to the Trade Ministry for a new rattan export regulation, including a three-year export ban and a transition period.

The debate on a rattan export moratorium gained momentum over the past few months as the 2009 Trade Ministry regulations on rattan export quota expired in August this year.

The previous regulations allowed for the export of a total of 35,000 tons of washed and sulphurised rattan of 4 to 16mm in diameter. It also stipulated that exports of semi-finished rattan such as sega and irit were permissible as long as rattan producers produced a written commitment that they have supplied rattan to the local industry.

Nevertheless, the rattan furniture industries and associations regarded the regulations as ineffective in assuring an adequate supply of raw rattan to meet the demands of the local industry.

Rattan exporters counter-claimed that the local industry could not absorb the large volume of raw rattan produced by Indonesian rattan producers.

The Industry Ministry estimated that local industry could absorb up to 63,000 tons of semi-finished rattan.

Indonesia is the world's largest rattan producer accounting for some 80% of worldwide production. Indonesia also exported 33,033 tons of semi-finished rattan, valued at US\$32.32 million, while exporting 4,275 tons of rattan furniture worth US\$16.09 million in 2010, according to data provided by the Industry Ministry.

Poor company results in Indonesia partly due to raw material shortages

Indonesian publicly listed timber companies are citing poor market conditions for Indonesian timber products as the main reason for poor corporate performance in the third quarter of this year.

In a consolidated financial report submitted to the Indonesia Stock Exchange (IDX), PT Sumalindo Lestari Jaya Tbk reported a nett loss of Rp.209.05 billion (US\$23.39 million) in the first nine months of 2011, after reporting year-on-year profits of Rp.15.92 billion in 2010.

A sharp decline in export sales contributed to the losses. Sumalindo recorded sales of Rp278.08 billion up to the end of the third quarter, a decline of about 43% from Rp489.08 billion for the same period in 2010.

PT Sumalindo Lestari Jaya Tbk's activities comprise mainly timber processing, logging activities and operation of industrial timber plantations in addition to export, import and local trading. It has a combined total concession area of 448,986 ha. in East Kalimantan.

The group has six direct and indirect subsidiaries engaged in the logging business and operation of industrial timber plantations.

It also has two subsidiaries that are engaged in the power generation and glue manufacturing industry. The company and its subsidiaries have a combined total concession area of up to 804,786 ha. in East Kalimantan.

Integrated timber product manufacturer PT Tirta Mahakam Resources Tbk reported a better performance, albeit with a nett loss of Rp1.03 billion up to the end of the third quarter this year, after registering losses of Rp19.77 billion for the same period last year.

PT Tirta Mahakam Resources Tbk is involved in the manufacturing and marketing of plywood and panel-products. It owns and operates an integrated wood processing factory located in East Kalimantan. Its products range from floor boards, general plywood, laminated plywood, concrete panels, block boards, to wood mouldings.

Its products are distributed and marketed locally in Indonesia and are also exported to Japan, Taiwan, Korea, Hong Kong, the US, Europe and India.

An analyst attributed the decline in profits of these listed companies to a shortage of raw material supply within Indonesia which is said to be becoming acute.

Domestic Log Prices

Indonesia logs, domestic prices	US\$ per m ³
Plywood logs	
Face Logs	221-264-
Core logs	209-238-
Sawlogs (Meranti)	218-278-
Falcata logs	186-217
Rubberwood	94-98-
Pine	195-238-
Mahoni (plantation mahogany)	504-535-

Domestic Ex-mill Sawwood Prices

Indonesia, construction material, domestic	US\$ per m ³
Kampar (Ex-mill)	
AD 3x12-15x400cm	208-227↓
KD	222-257↓
AD 3x20x400cm	242-265↓
KD	243-272↓
Keruing (Ex-mill)	
AD 3x12-15x400cm	257-271↓
AD 2x20x400cm	247-265↓
AD 3x30x400cm	230-249↓

Export Plywood Prices

Indonesia ply MR BB/CC, export FOB	US\$ per m ³
2.7mm	432-488↓
3mm	390-431↓
6mm	369-411↓

Domestic Plywood Prices

MR Plywood (Jakarta), domestic	US\$ per m ³
9mm	292-303
12mm	283-294
15mm	273-288

Export and Domestic Other Panel Prices

Indonesia, Other Panels, FOB	US\$ per m ³
<i>Particleboard</i> Export 9-18mm	244-253↓
Domestic 9mm	226-238
12-15mm	221-233
18mm	217-228
<i>MDF</i> Export 12-18mm	278-293
Domestic 12-18mm	261-273

Export Added Value Product Prices

Indonesia, Mouldings, FOB	US\$ per m ³
Laminated Boards	
Falcata wood	326-339↓
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	520-551↓
Grade B	478-500↓

Myanmar and Malaysia cooperate on timber production

The Myanmar Timber Merchants Association (MTMA) and the Malaysian Timber Industry Board (MTIB) are working on areas of collaboration and are drafting a memorandum of understanding between the two bodies.

The MTIB commented that Malaysia, with its experience of the complex supply chain in the timber industry, will be able to offer advice and training to the Myanmar timber industry to enhance efficiency and productivity in the sector.

Malaysia export RM3.2 million worth of timber and timber products to Myanmar in 2010, an increase from RM1.7 million in 2009.

Exports of Malaysian furniture to Myanmar in 2010 stood at RM2.4 million, with particleboard at RM648, 000 and fibreboard at RM80, 000 in the same year.

Likewise in 2010, Malaysia imported RM75.9 million worth of timber and timber products from Myanmar, a 41% increase over 2009, of which RM48.5 million was for sawnwood and RM211, 000 was for furniture.

Myanmar Teak Log Auction Prices (natural forest logs)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
<i>Veneer Quality</i>	<u>Sep</u>	<u>Oct</u>
2nd Quality	nil	nil
3rd Quality	nil	nil
4th Quality	4,503 (10 tons)	4,630 (11 tons)
<i>Sawing Quality</i>	3,186 (33 tons)	3,200 (15 tons)
Grade 1 (SG-1)	2,879 (44 tons)	2,880 (209 tons)
Grade 2 (SG-2)	2,092 (216 tons)	2,092 (67 tons)
Grade 4 (SG-4)	1,554 (133 tons)	1,494 (219 tons)
Grade 5 (SG-5) Assorted	1,382 (110 tons)	1,343 (59 tons)
Grade 6 (SG-6) Domestic	975 (40 tons)	1,100 (30 tons)
Grade 7 (ER-1)		

Hoppus ton=1.8m³; All grades, except SG-3/5/6, are length 8' x girth 5' & up. SG-3/4/6 are girth 4' & up. SG-3 grade is higher than SG-4 but with lower girth and price. Prices differ due to quality or girth at the time of the transaction.

Weakening rupee continues to undermine imports

Fluctuations in the Rupee/US Dollar exchange rate have affected timber imports and the current 10% rise in import costs due to the weakening of the Rupee is difficult for the industry to absorb.

Analysts say that while exporting countries have satisfactory log inventories, currency movements are creating a mood of uncertainty in the Indian industry and it is expected that orders for teak could ease.

Alternative timbers such as Meranti, Kapur, Merbau, and Balau are in demand as price structures for these species are more favorable at present.

Importers now seeking wider range of species

Indian importers have now widened the range of species they are importing to include hardwoods from Latin America like ipe, camaru, greenheart and purpleheart for use in the manufacture of flooring and furniture.

Logs harvested prior to monsoon attracting good prices

Approximately 2,500 cu.m of teak logs were sold in South Gujarat depots this month. Even though these were logs felled before the monsoon, prices remained firm and sales were brisk.

The best quality logs were at prices around 20% higher than the average for sales of this type of log. Analysts report that good quality fresh logs have been steadily arriving in the depots. The prices for domestic teak logs at the recent auction are shown below.

Teak log prices

A quality for shipbuilding	Rs.1800 per cu.ft
B quality for shipbuilding	Rs.1700 per cu.ft
A quality for sawing	Rs.1500~1600/ cu.ft
B quality for sawing	Rs.1400~1500/ cu.ft
A quality long lengths for sawing	Rs.1200~1300/ cu.ft
B quality long lengths for sawing	Rs.1100~1200/ cu.ft
Medium quality sawlogs	Rs.950 ~ 1100/ cu.ft

Depreciation of the Rupee and galloping inflation of concern to industry

Indian exports registered slower growth in September but still surpassed levels in September last year (US\$ 24.8 billion up from US\$ 18.2 billion). Imports increased 17 percent in September reaching US\$34.6 billion as against US\$29.5 billion in September last year.

European markets absorb about 20 % of India's exports and uncertainties in that market are likely to affect India's export performance in the months to come.

On the domestic front, the depreciation of Indian Rupee against other major currencies and galloping inflation are major worries for everyone running a business and the government is revising downwards GDP growth estimates. High interest rates and the economic uncertainties are weighing heavily on the housing market.

The Indian economy withstood most of the negative effects of the global recession of 2008/9 for over two years by working successfully with Far East, Middle East and Latin American markets. However these markets have now started to feel the effects of the latest round of financial weakness and the result of this is seen in performances of Indian industries for the second quarter of 2011-12.

Indian exporters hope that the slight improvements seen in the North America economy and in some of the European countries will continue so that exports begin to expand at rates seen earlier this year.

India granted MFN status by Pakistan

Pakistan has announced it will grant most favoured nation (MFN) status to India. India had granted MFN status to Pakistan in 1996. Over the past few years the relationship between the two countries has improved and a draft bilateral visa agreement soon to be ratified will make it easier for businessmen to move between the two countries.

One of the first advantages of the MFN will be better recording of trade data, the current indirect trade would now be recorded as direct trade between the two countries.

India International Furniture Fair just concluded

The India International Furniture Fair, arranged by MP International and the International Furniture Fair, Singapore, has just ended at the Bombay Convention and Exhibition Centre.

The fair attracted around 100 companies and leading furniture makers from around the world such as Singapore, Malaysia, China, Spain, India and Indonesia. Manufacturers from just these six countries occupied about 70 percent of the show space.

The show also hosted Indian manufactures and importers such as Artasia, Burosys Furniture, Decora Innovations, Maspar, Mehar Industries, Laxmi International Export, SunCity and Sharda India.

The Indian furniture show website puts the value of the formal Indian furniture market at around US\$8 billion but notes that this accounts for only 15% of the whole market.

Domestic Ex-mill Sawwood Prices for Myanmar Teak

Sawwood (Ex-mill)	Rs. per ft ³
Myanmar Teak (AD)	
Export Grade F.E.Q.	4200-10400 ↑
Plantation Teak A grade	3100-4200 ↑
Plantation Teak B grade	2600-3100 ↑
Plantation Teak FAS grade	2000-2600

Imported Plantation Teak Prices (C&F)

	US\$ per m ³
Tanzania Teak sawn	450-800
Côte d'Ivoire logs	450-850
PNG logs	500-700
El-Salvador logs	400-550
Guatemala logs	400-500
Nigeria squares	300-500
Ghana logs	350-650
Guyana logs	300-450
Benin logs	425-650
Benin sawn	475-600
Brazil squares	400-600
Burkina Faso logs	350-450
Columbia logs	400-600
Togo logs	350-500
Ecuador squares	350-1000
Costa Rica logs	350-650
Panama logs	350-475
Sudan logs	350-800

Variations exist based on lengths and average girths of logs in a parcel. Prices also vary with measurement allowances given for bark and sap in different countries of origin.

Domestic Ex-mill Sawwood Prices for imported timbers

Sawnwood, (Ex-mill) (AD)	Rs. per ft ³
Merbau	1300-1500
Balau	1350-1750
Kapur	900-1050
Red Meranti	750-950
Radiata Pine (AD)	475-500

Sawnwood, (Ex-warehouse) (KD)	Rs. Per ft ³
Beech	900-1200
Sycamore	900-1200
Red oak	950-1300
White Oak	1250-1650
American Walnut	1800-2150
Hemlock clear grade	900-1100
Hemlock AB grade	750-850
Western Red Cedar	1200-1350
Douglas fir	950-1000

Domestic Ex-warehouse Prices for Imported Plywood

Plywood, (Ex-warehouse) (MR Quality)	Rs. per sq.ft
4 mm	36.25
6 mm	51.00
12 mm	66.50
15 mm	79.00
18 mm	95.00

Domestic Ex-warehouse Prices for Locally Manufactured Plywood

Locally Manufactured Plywood "Commercial Grade"	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.13.70	Rs.23.50
6mm	Rs.20.00	Rs.34.20
8mm	Rs.25.70	Rs.38.20
12mm	Rs.31.00	Rs.41.00
19mm	RS.42.00	Rs.55.00
5mm Flexible ply	Rs.26.00	

Northeast investing in Arapiraca furniture park

The Arapiraca municipality is the second largest city in the State of Alagoas in terms of population and economic importance, especially in the production and distribution of furniture.

In order to strengthen the furniture sector the Alagoas State government is building a large industrial park in Arapiraca specifically for wood products and furniture. The furniture park is being built in Sítio Capim, some 6 km from the city centre.

The goal is to restructure and strengthen the furniture sector and related-companies as well as to attract new small, medium and large-sized companies to the region. This, it is anticipated, will generate more jobs and boost growth. The park project includes the building of a warehouse and a showroom to exhibit furniture.

The construction of this industrial park is expected to boost the productivity of the furniture sector. The park will provide for interaction among companies and allow for further development of the furniture sector thus improving the competitiveness of companies in the domestic furniture market.

Furniture sector may lose tax exemption

The President of Brazil signed a set of regulations in August 2011 to stimulate industrial growth. The new industrial policy, called the "Plano Brasil Maior" (Brazil Major Plan), aims to help the private sector in the current difficult trading conditions through reduced taxes.

There are several factors of concern to manufacturers including the difficulty in trading when the Real is so strong, the rapid rise in imports and the risk of a new global economic crisis.

The governments' plan includes measures to improve access to financing through the Brazilian Development Bank (BNDES), incentives for innovations, tax reductions, export promotion and trade protection.

The government plan proposes to remove the furniture sector from the list of industries subject to the tax reduction. However the proposed alternative tax of 1.5% applied to the gross sales of the industry, which replaces the 20% tax on employer social security, is considered a setback by many entrepreneurs in the furniture industry.

This was taken up with the authorities by manufacturers but they failed to secure agreement for a reduction of the tax rate from 1.5% to 0.75% as requested by the furniture sector.

This prompted the furniture industry to request withdrawal of sector from the list of industries subject to tax reductions so as to avoid a further burden on the sector.

Nevertheless, companies will keep the current export benefits. The dialogue between the government and the furniture sector continues.

Assistance by Brazil in forest monitoring intensifies

Technology for monitoring forest cover developed by the National Institute for Space Research (INPE) and used to detect deforestation is being transferred to other countries.

The pressure on countries to increase control and monitoring over their tropical forest areas grows as climate negotiations advance. INPE developed a monitoring system for tracking deforestation and the technique has proven effective domestically and found to be applicable in other countries.

The Brazilian Government, in partnership with the United Nations Food and Agriculture Organization, the Amazon Cooperation Treaty Organization and the Japan International Cooperation Agency, has established training programmes in countries such as Mexico, Gabon, Guyana, Congo, Papua New Guinea and Vietnam, many of which intend to utilise this monitoring system.

Six international groups from Venezuela, Bolivia, Colombia, Peru and Ecuador are currently receiving training in Belém, Pará state, in the Amazon region in Brazil. African countries also are also interested in the system. The Congo, which has the world's second largest rainforest, Mozambique and Angola have sent personnel to be trained in Brazil.

The satellite monitoring of the Amazon rainforest has gained momentum with the creation of software called "Terra Amazon". The system collects images from the U.S. Landsat satellite and transforms them into maps defining various ecosystems and allows an evaluation of forest degradation at different stages.

Furniture industry calls for an end to Argentine customs delays

The ongoing customs clearance delays in Argentina on imported Brazilian products, including furniture from the industries in Rio Grande do Sul, has led the Association of Furniture Industries to ask the Federal Government to take action.

The State of Rio Grande do Sul has suffered a drastic decline in their exports of furniture to Argentina since the delays in clearance began in 2009.

Brazilian exporters complain that customs authorities in Argentina do not respect the internationally adopted norm of a period of 60 days for issuing import licenses.

It has been estimated that over R\$ 7 million in furniture produced in the State of Rio Grande are being delayed because licenses take an average of 136 days to be issued.

Domestic Log Prices

Brazilian logs, mill yard, domestic	US\$ per m ³
Ipê	178
Jatoba	131
Guariuba	87
Mescla (white virola)	95

Export Sawwood Prices

Sawnwood, Belem/Paranagua Ports, FOB	US\$ per m ³
Jatoba Green (dressed)	945
Cambara KD	554
Asian Market (green)	Guariuba 298
	Angelim pedra 692
	Mandioqueira 260
Pine (AD)	216

Domestic Sawwood Prices

Brazil sawnwood, domestic (Green)	US\$ per m ³
Northern Mills (ex-mill)	Ipê 903
	Jatoba 682
Southern Mills (ex-mill)	Eucalyptus (AD) 230
	Pine (KD) 1st grade 276

Export Veneer Prices

Veneer, Export (Belem/Paranagua Ports) FOB	US\$ per m ³
White Virola Face 2.5mm	305
Pine Veneer (C/D)	216

Domestic Veneer Prices

Rotary cut Veneer, domestic	US\$ per m ³
(ex-mill Northern Mill)	Face Core
White Virola	305 252

Export Plywood Prices

Plywood, FOB	US\$ per m ³
White Virola (US Market)	
5.2mm OV2 (MR)	455
15mm BB/CC (MR)	401
White Virola (Caribbean market)	
4mm BB/CC (MR)	554
12mm BB/CC (MR)	426

Pine Plywood EU market, FOB	US\$ per m ³
9mm C/CC (WBP)	307
15mm C/CC (WBP)	288
18mm C/CC (WBP)	323

Domestic Plywood Prices

Plywood, domestic (ex-mill Southern mill)	US\$ per m ³
Grade MR (B/BB)	White Virola 4mm 1052
	White Virola 15mm 767

Domestic prices include taxes and may be subject to discounts.

Export Prices For Other Panel Products

Belem/Paranagua Ports, FOB	US\$ per m ³
Blockboard Pine 18mm 5 ply (B/C)	316
Domestic Prices, Ex-mill Southern Region	
Blockboard White Virola faced 15mm	659
Particleboard 15mm	442

Export Prices For Added Value Products

FOB Belem/Paranagua Ports	US\$ per m ³
Edge Glued Pine Panel	
Korean market (1st Grade)	674
US Market	522
Decking Boards	Cambara 675
	Ipê 1,822

State urged to invest more to prevent illegal logging

A representative of the Environment, Public Services and Indigenous Peoples Ombudsman office has urged the State to invest more to strengthen the management of the natural forests to ensure the sustainable use of resources, to combat illegal logging and prevent the loss of the country's natural heritage.

Journalists update understanding on forest resource management

The Ministry of Agriculture (MINAG), and the College of Journalists of Peru (CPP), issued guidelines and arranged a workshop for journalists and social communicators in order to broaden their understanding of management of forest resources and wildlife.

It was reported that the workshop was given by specialists from the Directorate General of Forestry and Wildlife (DGFFS) and the Technical Administration of Forestry and Wildlife (ATFF) and the Peruvian Society of environmental (SPDA).

The workshop objective was to provide new and useful environmental information, enabling professionals to inform the media of the facts relating to the care of the environment and sustainable management of natural resources.

Latin American Forestry Congress concluded in Lima

The Latin American Forestry Congress (V CONFLAT) with the theme "The Future of the World Depends on Forests" has just concluded. The aim of the congress was to promote the development of forestry on the continent. Some 700 participants from various countries in Latin America attended the congress. ITTO was represented by Peruvian engineer, John Leigh.

This international event was sponsored by the Ministry of Agriculture (MINAG) along with public and private sector entities.

Minister calls for protection of 50 million hectares of natural areas

The Environment Minister, Ricardo Giesecke, said recently that at least 50 million hectares of Peru's natural areas need to be protected in collaboration with communities. This was stated during a training workshop for 73 heads of natural areas protected by the state, organized by the National Natural Protected Areas by the State, SERNAMP, a public body under the Ministry of Environment.

'Green' credits awarded to Peru to preserve the environment

The Inter-American Development Bank, will reportedly award two 'green' credits to Peru worth a total of US\$50 million to promote environmental sustainability in Peru. Activities to be financed include intervention in water management, sustainable agriculture, energy, climate change, natural disaster preparedness and solid waste management.

Export Sawwood Prices

	US\$ per m ³
Peru Sawwood, FOB Callao Port	
Mahogany S&B KD 16%, 1-2" random lengths (US market)	1655-1702
Spanish Cedar KD select	
North American market	958-977
Mexican market	946-965
Pumaquiro 25-50mm AD Mexican market	532-586

	US\$ per m ³
Peru Sawwood, FOB Callao Port (cont.)	
Virola 1-2" thick, length 6'-12' KD	
Grade 1, Mexican market	390-421
Grade 2, Mexican market	333-365
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	365-389

	US\$ per m ³
Peru Sawwood, FOB Iquitos	
Spanish Cedar AD Select Mexican market	887-909
Virola 1-2" thick, length 6'-13' KD	
Grade 1, Mexican market	388-415
Grade 2, Mexican market	311-347
Grade 3, Mexican market	161-176
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	258-283

Domestic Sawwood Prices

	US\$ per m ³
Peru sawwood, domestic	
Mahogany	867-911
Virola	66-88↑
Spanish Cedar	264-305
Marupa (simarouba)	69-79

Export Veneer Prices

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

Export Plywood Prices

	US\$ per m ³
Peru plywood, FOB Callao (Mexican Market)	
Copaiba, 2 faces sanded, B/C, 15x4x8mm	318-347
Virola, 2 faces sanded, B/C, 5.2x4x8mm	399-406
Cedar fissilis, 2 faces sanded 4x8x5.5mm	750-761
Lupuna, treated, 2 faces sanded, 5.2x4x8mm	363-385
Lupuna plywood B/C 15x4x8mm	366-382
B/C 9x4x8mm	345-350
B/C 12x4x8mm	350-360
B/C 8x4x15mm	396-408
C/C 4x8x4mm	384-396
Lupuna plywood B/C 8x4x4mm Central Am.	370-393

Domestic Plywood Prices

	US\$ per m ³
Lupuna Plywood BB/CC, domestic (Iquitos mills)	
122 x 244 x 4mm	438
122 x 244 x 6mm	397
122 x 244 x 8mm	415
122 x 244 x 12mm	399
(Pucallpa mills)	
122 x 244 x 4mm	458
122 x 244 x 6mm	439
122 x 244 x 8mm	430
122 x 244 x 12mm	429

Domestic Prices for Other Panel Products

	US\$ per m ³
Peru, Domestic Particleboard	
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	852-961
Swedish market	
Asian market	970-1020
Cumaru decking, AD, S4S E4S, US market	934-996
Pumaquiro KD # 1, C&B, Mexican market	423-511
Quinilla KD, S4S 2x10x62cm, Asian market	477-503
2x13x75cm, Asian market	708-768

Report from Guyana

Guyana log prices remain firm

While there were no exports of Greenheart logs in the period under review, Purpleheart logs were traded and prices remain firm for all categories. On the other hand, Mora log prices showed considerable variation depending on the specifications and prices for only two categories increased compared to levels seen in the previous period.

Mora sawnwood prices firm on export market

Greenheart (select) sawnwood recorded a decline in the top end prices from US\$975 to US\$806 per cubic metre for this period. Undressed Greenheart (sound) prices remained stable for this fortnight period.

In contrast, undressed Purpleheart (select) sawnwood secured better prices rising from US\$912 to US\$997 per cubic metre for this period.

Undressed Mora sawnwood prices continue firm on the export market for this fortnight. Undressed sawnwood was shipped to various destinations including the Caribbean, Europe, Middle East and North America.

Dressed Greenheart sawnwood was in demand and prices firmed from US\$848 to US\$1,350 per cubic metre, while dressed Purpleheart sawnwood prices remain unchanged.

Plywood, poles and shingles in demand in export markets

Baromalli plywood prices fell from US\$708 to US\$500 per cubic metre for this fortnight period in comparison to a price of around US\$700 about a month ago.

Exports of roundwood, mainly posts and piles, made a notable contribution towards to total export earnings. Piles attracted favourable prices as much as US\$703 per cubic metre with a significant portion of exports going to North America.

Splitwood (Shingles) also attracted good prices on the export market reaching as high as US\$1,200 per cubic metre. This product has always captured the attention of the endusers in the Caribbean due to its durability and ability to withstand weathering.

Barama celebrates 20 years in Guyana

Barama's Chief Executive Mr. Clement Ooi has revealed that after being granted 1.6 million hectares of forests, the Malaysian-based Company has invested some GYD\$25 bil. in Guyana over the past 20 years.

Barama is the largest foreign investor in Guyana's timber sector and is involved in sawmilling and processing operations. The Barama complex includes two sawmills, a veneer plant and a large shipping facility. Barama stimulated a transformation in the forestry sector especially with the introduction of new and modern processing technologies.

The Guyana Forestry Commission has said that this company has expanded to be the largest interior road developer and a pioneer of a sustainable management model under the guidance of the Edinburgh Centre for Tropical Forest. The Government of Guyana has over the years, created the necessary investment climate to attract foreign investors.

Export Log Prices

Logs, FOB Georgetown	SQ - \$ Avg unit value per m ³		
	Std	Fair	Small
Greenheart*	-	-	-
Purpleheart	250-290	220-280	190-270
Mora	160	120-155	110-145

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

Export Plywood Prices

Plywood, FOB Georgetown Port			\$ Avg unit val. per m ³
Baromalli	BB/CC	5.5mm	Not available
		12mm	485-500
	Utility	5.5mm	No export
		12mm	"

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

Export Sawnwood Prices

Sawnwood, FOB Georgetown		\$ Avg unit val. per m ³	
EU and US markets		Undressed	Dressed
Greenheart	Prime	-	-
	Standard	-	-
	Select	575-806	-
	Sound	500	-
	Merchantable	-	-
Purpleheart	Prime	-	-
	Standard	-	700-966
	Select	650-997	-
	Sound	-	-
	Merchantable	-	-
Mora	Prime	-	-
	Select	500	-
	Sound	-	-
	Merchantable	400	-

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

Report from Japan

Plywood imports slow bringing some stability to the market

Plywood imports in September dropped sharply and were down to about 202,300 cu.m, 36% less than in August and 25% less than the same month a year ago. The high level of plywood imports following the March earthquake has now come to an end. Estimates of plywood arrivals for October are also low so the market, says the Japan Lumber Reports (JLR), should firm as inventories decline.

In September plywood arrivals by source were; Malaysia 63,000 cu.m, 52% down from August and 49% down from September last year.

Imports from Indonesia were 72,000 cu.m, 32% down compared to August and around 20% down year on year.

Imports from China totalled 56,000 cu.m, almost 18% down on levels in August but still 19% up on September 2010 levels.

The supply of plywood from Malaysia dropped by almost a third from the peak levels in May and supplies from China are now down by half. In September this year supplies from Canada were only 1,000 cu.m, 95% less than in the peak month of June.

In late August, the plywood market virtually collapsed under the strain of huge imports and prices plunged, says the JLR. Today, plywood prices in the Japanese market are bottoming out and there has been a hint of a rebound for 12 mm concrete formboards.

Importers estimate October arrivals at around 220-230,000 cu.m and say inventories are continuing to fall.

SE Asian log supplies tight

The JLR is reporting that log supplies in Malaysia remain tight and vary by region. In the regions of Malaysia where India is aggressively purchasing the supply is tight and the log prices are higher than in other areas. In Sarawak suppliers said to be asking more than US\$330 per cu.m FOB for meranti regular logs.

Logs suitable for the Japanese market are also in tight supply but Japanese plywood mills are not chasing these high priced logs because of uncertainty in the Japanese plywood market and because they have adequate inventories of about three months supply.

Sarawak meranti regular log prices are US\$285-300 per cu.m FOB, which is up by US\$10-15 per cu.m. Meranti small log prices are ranging from US\$250 to US\$270 per cu.m FOB reports the JLR.

In recent months there has been an increase in ocean freight costs adding around US\$1 per cu.m to the landed cost mainly because the number of loading ports for any one shipment has had to be increased, says the JLR

Third supplementary budget plan by the Forestry Agency

The third supplementary budget includes money for restoration in Eastern Japan and for restoration work after the typhoon during the summer. Funds are also allocated for disaster prevention.

Around Yen140 billion has been allocated for extension of the forest industry revitalization fund and for domestic forest maintenance. Part of this fund is to be used to subsidise transportation of thinnings from domestic forests reports the JLR.

Another Yen11.24 billion is for restoration of quake damaged wood processing facilities. This, it is estimated by the JLR, will be enough to restore about 50 plants in Iwate, Miyagi and Fukushima.

Plans are also in place to utilise wood waste resulting from the damage caused by the earthquake and tsunami for power generation. Around Yen 9.5 billion has been allocated for this in the latest budget.

Housing starts rise after slowing in aftermath of the March disaster

Housing starts in July and August were over 900,000 units in terms of annual starts. The supply of homes has started to catch up after the slow down because of the March earthquake and negative effect of the termination of the house eco point system. The eco point system has now been re-introduced giving a boost to starts.

September starts were 64,206 units, around 11% less than the same month a year ago and this was the first decline in six months. Seasonally adjusted starts were 745,000 units, 20% less than August, the lowest in two years.

The largest decline by category was rental units, 18% down, the lowest on record for the month of September. Owners' units also dropped recording the first decline in three months and the second lowest in record. Condominium starts, which were the driving factor for housing starts recently also declined

Japanese company to market FSC certified plywood

Jutec Corporation (Tokyo) will start marketing domestically made FSC certified softwood plywood from January next year. Jutec has been handling certified products since 2008. So far, the certified products have been imported but now the company will handle commodity softwood plywood.

Jutec acquired ISO 14001 in December 2005 and started marketing environmentally friendly products. It obtained CoC certification by both FSC and PEFC in 2009. Initially, imported certified materials were the main products such as FSC certified Indonesian and Malaysian plywood, Chilean radiata pine plywood, European OSB and Chinese radiata pine products.

The company also traded the first FSC certified domestically produced tropical hardwood plywood produced by Ofunato Plywood, however this plywood mill was destroyed by the tsunami in March this year.

Since November this year Jutec started marketing FSC certified softwood structural plywood produced by Akita Plywood. Jutec trades a variety of hardwood and softwood panel products as well as imported and domestic products.

Nankai Plywood builds sawmill in Indonesia

The JLR is reporting that Nankai Plywood Co., Ltd. is building a sawmill in South East Java in Indonesia. The mill will be completed by March next year and will utilise plantation falcata.

The mill will produce boards for lamination which will be sent to their Surabaya finishing plant. Nankai Plywood began its plantation development in 2006.

Imported Log and Sawwood Prices

Logs for Ply Manufacture, CIF	Yen per Koku (Koku=0.278 m ³)
Meranti (Hill, Sarawak)	8,700↓
Medium Mixed	8,800↓
Standard Mixed	8,600↓
Small Log (SM60%, SSM40%)	7,600↓
Taun, Calophyllum, others (PNG)	-
Mixed light hardwood, G3/4 grade (PNG)	12,500
Keruing MQ & up (Sarawak)	12,700
Kapur MQ & up (Sarawak)	-

Logs for Sawmilling, CIF	Yen per m ³
Melapi (Sarawak) High Select	13,000
Agathis (Sarawak) High Select	-

Lumber, FOB	Yen per m ³
White Seraya (Sabah) 24x150mm, 4m, Grade 1	155,000↑
Mixed Seraya, Sangi 24x48mm, 1.8-4m, S2S	58,000

Wholesale Plywood Prices (Tokyo)

Indonesian & Malaysian Plywood	Size (mm)	Sept		Oct	
		(\$ per sheet)		(\$ per sheet)	
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	390	370		
3.7mm (med. Thickness, F 4star, type2)	910 X 1820	550	540		
5.2mm (med. Thickness, F 4star, type 2)	910 X 1820	650	630		
12mm for foundation (F 4star, special)	910 X 1820	1130	1120		
12mm concrete-form ply (JAS)	900 X 1800	1050	970		
12mm coated concrete-form ply (JAS)	900 X 1800	1170	1100		
11.5mm flooring board	945 X 1840	1530	1480		
3.6mm baseboard for overlays (OVL)	1220 x 2440	1000	990		

Report from China

First three quarters trade in wood products

China's total forest products trade amounted to US\$61.92 billion in first three quarters of this year, up 25 percent over the same period last year. Of the total, imports were valued at US\$30.36 billion, (plus 36%); exports were US\$31.56 billion, (plus 17%). The balance of trade was US\$1,195 million, down 74% from the same period last year.

Log imports

China imported 32 million cu. m of logs during the period January to September 2011 at a value of US\$6, 268 million, up 25 percent in volume and 39 percent in value over the same period last year.

Of the total, imports of softwood logs were 23.70 million cu m, around 74 percent of the total and were valued at US\$3, 687 million.

This performance equates to an increase of 32 percent in volume and 57 percent in value. Hardwood log imports were 8.32 million cu m worth US\$2 582 million up 8 percent in volume and 21 percent in value year on year.

Tropical log imports amounted to 6.42 million cu m, up 3 percent over last year and accounted for 20 percent of total log imports and 77 percent of hardwood log imports.

Log imports were mainly from Russia, New Zealand, US and PNG. The top ten suppliers of logs to China are shown below.

Country	Import volume (1000 cu.m)	Percent of total	Percent change
Total imports	32 018.8	100	24
Russia	10 853.6	34	-1.5
New Zealand	6 183.6	19	42
USA	3 611.6	11	107
PNG	2 121.6	7	22
Canada	1 756.0	6	136
Solomon Is	1 303.0	4	15
Australia	1 149.6	3	50
Myanmar	579.9	1.8	--
Ukraine	556.8	1.7	--
Congo	443	1.4	36

Sawnwood imports

Some 16 million cu. m of sawnwood (including a small amount of sleepers) were imported in the first three quarters of 2011, valued at US\$4,229 million, a rise of 53 percent in volume and 54 percent in value from the same period last year.

Of the total (excluding sleepers), imports of softwood sawnwood were 11.11 million cu. m, accounting for 70 percent of the total, valued at US\$2,319 million, accounting for 55 percent of the total. Imports of hardwood sawnwood were 4.85 million cu. m, accounting for 30 percent of the total and were worth US\$1, 885 million.

Compared to same period last year, imports of softwood sawnwood were up 74 percent in volume compared to imports of hardwood sawnwood which rose 22 percent in volume. Imports of tropical sawnwood were 3.09 million cu m, accounting for 19 percent of total sawnwood imports and 64 percent of the total hardwood sawnwood imports.

The top five suppliers of sawnwood to China are shown below.

Country	Import volume (1000 cu.m)	Percent of total	Percent change
Total	15 955.2	100	53
Canada	5 054.7	32	97
Russia	4 551.1	28	41
USA	2 021.7	13	104
Thailand	1 163.7	7	12
Indonesia	548.5	3	94

Imports of woodbased panels

Around 139,000 cu. m of plywood were imported in first three quarters of 2011 valued at US\$86.42 million down 8 percent in volume and up 6 percent in value from the same period last year.

China imported 158,200 tonnes of fibreboard in first three quarters of 2011 valued at US\$81.88 million, down 25 percent in volume and 14 percent in value from last year.

A total of 273,500 tonnes of particleboard were imported during the same period valued at US\$ 94.25 million, up 7 percent in volume and up 14 percent in value from same period last year.

Wooden furniture imports

A total of 3.86 million pieces of wooden furniture were imported from January to September this year, valued at US\$399.46 million representing a rise of 21 percent in number of pieces and 53 percent in value from the same period last year.

Veneer imports

China imported some 95,900 tones of veneer valued at US\$85.70 million during the first three quarters a 55 percent rise in volume and a 30 percent rise in value from the same period last year.

Wooden furniture exports

China exported 212.96 million pieces of wooden furniture (including wood framed seats, office, bedroom, kitchen and other wooden furniture) in first three quarters this year, valued at US\$12,438 million, down 3 percent in number of pieces and down 7 percent in value from the same period last year.

China's wooden furniture was exported mainly to the USA, the EU and Japan. Of the total, 32 percent went to the US market.

The top five importers of China's wooden furniture from January to September 2011 are shown below.

Country	Value (US\$ million)	Percent change	Percent of total
Total export	12 438	7	100
USA	3 997	-3	32
Japan	739	13	6
UK	664	-6	5
Singapore	558	14	4.5
Australia	520	23	4.2

Woodbased panel exports

China exported 7.25 million cu.m of plywood in first three quarters of 2011 valued at US\$3,243 million and this represented a rise of 28 percent in volume and 28 percent in value over the same period last year.

The main importers of China's plywood from January to September 2011 are shown below.

Country	Export value (1000 cu.m)	Proportion (percent)
Total export	7 251.9	100
USA	1 033.7	14
Japan	657.4	9
UK	486.9	7
Korea	441.1	6
UAE	389.4	5

Around 1.8 million tonnes of fibreboard were exported in the first three quarters of the year and these were valued at US\$1,030.29 million, up 21 percent in volume and 21 percent in value from the same period last year.

China exported some 94, 800 tonnes of particleboard from January to September 2011, valued at US\$ 40.26 million, up 25 percent in volume and 38 percent in value from the same period last year.

Exports of solid wood flooring

China exported some 297,300 tonnes of solid wood flooring in first three quarters of 2011 valued at US\$ 465.24 million, down 9 percent in volume and 7 percent in value from the same period last year.

Sawnwood exports

A total of 42, 900 cu.m of sawnwood was exported from in the first three quarters of 2011 and this was valued at US\$ 280.35 million, up 3 percent in volume and 9 percent in value from the same period last year.

Veneer exports

China exported some 136,000 tonnes of veneer in this period valued at US\$ 207.8 million, up 65 percent in volume and 33 percent in value from the same period in 2010.

Guangzhou City Imported Timber Wholesale Market

Logs		Yuan per m3
Lauan (50-60cm)		2000-2100
Kapur (up to 79cm)		3300-3500
Merbau 6m, (up to 79cm)		3500-4000
Teak		11000-13000
Wenge		6200-7200
Sawnwood		
Teak sawn grade A (Africa)		9600
US Maple 2" KD		7500-9500
US Cherry 2"		10000-13000
US Walnut 2"		14000-16000
Okoume		4500-5000
Sapele		5900-6100

Shanghai Furen Imported Timber Wholesale Market

Logs		Yuan per m3
Teak (Myanmar, all lengths)		7500-8500
Sawnwood		
Beech KD Grade A		4800-5000
US Cherry, 25mm		9000-10000
US Red Oak, 50mm		9500-9800
Sapele 50mm FAS (Congo)		
KD (FAS)		6500-6800
KD (grade A)		5700-5800

Hangzhou Imported Timber Wholesale Market

Logs		Yuan per m3
Ash 4m, 30cm diam.		2900-3800
Linden 4m, 26cm diam.		1800-2100
Sawnwood		
Beech Europe		3000-5500
Black walnut North America		7000-13000
Teak Myanmar		9000-18000
Red oak North America		6500-8500
Alder Myanmar		4500-5000
Sapele Africa		3800-4500
Plywood		
Red beech 4x8x3 mm		50-65
Black walnut 4x8x3 mm		50-95
Teak 4x8x3 mm		65-130

Shandong De Zhou Imported Timber Wholesale Market

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

Hebei Shijiazhuang Imported Timber Wholesale Market

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

Wenzhou Imported Timber Wholesale Market

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

Report from Europe

Eurozone crises severely damages European economic sentiment

The eurozone debt crisis is having an increasingly negative influence on economic growth and sentiment across Europe. The eurozone itself is almost certainly back in recession, dashing hopes that it can grow its way out of trouble.

In a forecast issued in the second week of November, the European Commission warns that "sharply deteriorating confidence and intensified financial turmoil are affecting investment and consumption, while urgent fiscal consolidation is weighing on domestic demand and weakening global economic conditions are holding back exports. The best Europe can look forward to is "a gradual and feeble return to growth" in the second half of next year, according to the Commission.

The shockwaves of the euro crisis are too powerful to avoid even for those European countries outside the eurozone. This week, the Bank of England is expected to revise down its UK growth forecasts for the eighth successive quarter. Having once predicted 4% growth in the UK for 2011, it will end the year with an expected 1% growth.

Against this background, it is hardly surprising that the autumn months have seen little or no improvement in European demand for tropical hardwood lumber. This sluggish trend is now expected to continue well into next year – perhaps much longer if the worst fears of the euro crises are realised.

Exchange rate volatility is another factor deterring new purchases of tropical hardwoods. Over recent weeks the euro has fallen dramatically against the dollar. This has tended to increase the price competitiveness of African hardwoods against Asian and North American species. However with no-one certain how far the euro value will fall, few importers are placing large new orders for products that might be devalued by future changes in exchange rates.

As a result, only small contracts are being negotiated for new imports of tropical wood, with little or no speculative purchasing. Importers and wholesalers are looking for very specific items that can be received and turned around as quickly as possible.

The general view is that existing landed stocks of standard commercial items like sapele, sipo, iroko and meranti are sufficient to meet current sluggish market demand. Where gaps do open up in inventories, enough wood can be obtained by cross-trading with other importers. Despite reports of delayed shipments with the onset of seasonal rains in African supply regions, European importers seem much more concerned about demand-side than supply-side issues.

One notable exception to this, according to the German trade journal EUWID, is in the market for close-grained hardwoods such as bubinga, padouk and doussie. These species, formerly sourced in log form from Gabon, have been in very short supply since introduction of Gabon's log export ban last year. EUWID reports continuing intense competition to buy and rising prices for lumber of these species in Europe.

Okoume plywood in the doldrums

The German trade journal EUWID reports that demand for okoume plywood in Europe, having weakened during the summer, has shown little sign of improvement since then. Slow demand reflects sluggish activity in the construction sector in France and neighbouring countries.

There has also been no improvement in demand from yacht builders. Some French and Italian suppliers are now dumping stock at low prices in an effort to boost cash flow. As a result, producers have had to put on hold their plans to raise prices to accommodate rising log and veneer costs. Demand and prices for FSC certified, special dimensions and better quality products are more stable than for standard specifications.

Spanish hardwood demand very poor

Demand for hardwoods in Spain remains very poor. Maintaining cash flow is a constant problem for importers because turnover so low and banks are reluctant to lend to the wood sector. Activity in the new build sector is stagnant, with the private sector suffering from a large overhang of unsold property and the public sector curtailing spending.

The furniture sector is suffering both from poor domestic sales and pressure from cheaper imports. The little demand that exists for hardwood lumber is for joinery and flooring in renovation projects.

The veneer sector is only slightly more robust due mainly to export demand for decorative panels. Those Spanish hardwood importers that built up stocks earlier in the year in hope of stronger market conditions are now under considerable pressure to offload and are actively selling to importers in other parts of the continent.

AHEC Convention highlights hardwood market opportunities

Despite the gloomy economic picture, delegates at the American Hardwood Export Council (AHEC) European Convention in Warsaw on 27 October did not seem too despondent about future market prospects.

There was general optimism that new opportunities for sustainably managed hardwoods are opening up in Europe on the back of new innovations and policy developments. On the other hand, it was hard to paper over some obvious signs of market distress in some parts of Europe. There were also strong indications of tropical wood's declining competitiveness in certain sectors.

Held bi-annually, the AHEC Convention is a staple of the international timber industry's calendar, providing networking for the timber trade and updates on market conditions, forecasts and trends which will impact on their business in the future.

Speakers at the Convention suggested that Germany has probably been the strongest European market for hardwoods this year, although there are emerging obstacles to sale of tropical hardwoods. Underlying economic conditions in the country remain relatively good despite growing unease over the future of the euro.

New residential construction has been strong in Germany this year, while public support for energy-saving measures has boosted demand in the window sector. Lack of alternative investment opportunities is encouraging more consumers to increase spending on refurbishing their own homes. The German door industry has been particularly strong.

Fashion in Germany does not favour tropical woods

However fashions in Germany do not favour tropical woods. Although there is a strong preference for dark colours at present, the demand is for wood with lots of character and grain. Much of this demand is now satisfied by application of stain or heat treatment to oak and ash. Clear grained species, both tropical and temperate (such as hard maple), remain out of fashion.

A representative of a large European trading company selling into Poland suggested that similar trends exist in that country. This company formally concentrated on selling tropical woods in Poland – particularly meranti for window frames - because these are not easily replicated by domestic timbers. However the fashion for tropical wood has been declining in Poland while imported oak is making ground.

Importers desire for rapid turnaround times must be addressed by tropical hardwood suppliers

Several speakers from different corners of Europe noted that the increasing need for rapid turnaround times in the wholesale sector, combined with declining availability of species like ramin, ayous and wawa, is a driving a shift away from tropical species in favour of American tulipwood for manufacture of mouldings and skirtings.

A hardwood importer based in Italy described the market as "stop-go" this year. In the early months of 2011, the Italian economy seemed to be strengthening and there was rising confidence that the hardwood market was ready to resume growth. However the market changed dramatically over the summer months as economic uncertainty mounted and costs of borrowing rose significantly.

Meanwhile, the Italian hardwood sector continues to undergo significant structural change. Demand in the furniture sector has been declining due to the shift by larger manufacturers to lower cost locations, while the joinery sector has become relatively more important.

Decline in furniture manufacturing in Belgium and France bad news for tropical hardwoods

A Belgium-based importer noted similar trends in Belgium and France. These markets are still “open for wood” as it remains a very fashionable material. However there is little likelihood of hardwood consumption in either market ever returning to the sort of volumes typical before the economic crises.

This is partly due to a major decline in furniture manufacturing across the region. The trend in Belgium and France is towards purchase of only small volumes of very high quality hardwoods.

While the structure of European hardwood demand has changed, AHEC was determined to highlight that new and exciting opportunities exist to grow the market. Mike Snow, Executive Director of AHEC, observed “Europe continues to be a vital market with international influence which punches above its weight, pushing innovation and advancements in timber technologies and treatments.” With such advancements, timber is finding markets and applications not previously considered, such as in structural uses.

Twelve metre high ‘Timber Wave’ built in central London to promote US hardwoods

This was vividly illustrated by a film and panel discussion examining the process to design and construct a 12 metre high self-standing ‘Timber Wave’ in American red oak outside the V&A Museum in central London. The work was commissioned by AHEC for the London Design Festival and created by AL_A and Arup.

The Wave employs construction techniques and materials normally used in furniture making to create a majestic three - storey - high structure.

Netherlands Imported Sawnwood Prices

	US\$ per m ³
FOB (Rotterdam)	
Sapele KD	904-
Iroko KD	1190↑
Sipo KD	1109
DRM Bukit KD	932
DRM Seraya KD	939
DRM Meranti KD Seraya MTCC cert.	960↓
Merbau KD	1222
Sapupira (non FSC) KD	989
Sapupira (FSC) KD	1624
Anti-slip decking AD C&F Rotterdam	
Selangan batu	1716

UK Imported Log Prices

	€ per m ³
FOB plus commission	
N’Gollon (khaya) 70cm+ LM-C	370-380↑
Ayous (wawa) 80cm+ LM-C	250-270
Sapele 80cm+ LM-C	330-380↓
Iroko 80cm+ LM-C	400-480
African Walnut 80cm+ LM-C	360-390↑

UK Imported Sawnwood Prices

	GB Pounds per m ³
FOB plus Commission	
Framire FAS 25mm	460-480↓
Sipo FAS 25mm	645-685↓
Sapele FAS 25mm	535-545↓
Iroko FAS 25mm	680-710↓
Wawa FAS25mm	270-280↓
CIF plus Commission	
Tulipwood FAS 25mm	235-255↓
Meranti Tembaga Sel/Btr (KD 2”boards)	560-580↓
Balau/Bangkirai Decking	1050-1080↓
White Oak	445-465↓

UK Imported Plywood and MDF Prices

	US\$ per m ³
Plywood Panels 8x4”, CIF	
Brazilian WBP BB/CC 6mm	price not available
Malaysian WBP BB/CC 6mm	605-630↓
MALAYSIA MTCS/PEFC trop hard face, pine core* 18mm	540-560↓
China (hardwood face, eucalyptus core) 18mm	380-395
China (tropical hardwood face, poplar core) 18mm	365-375

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

Report from North America

Canada’s economy still strong but risks are growing

Although there is considerable economic uncertainty, especially with regards to the sovereign debt crisis in Europe and the US economic weakness, Canada has continued to show relatively good employment figures and a high level of immigration, which support investment in residential construction.

Mortgage rates remain at historically low levels with the central bank’s key interest rate at 1%.

The weakness in the world’s two largest economies (the euro zone and the US) and the prospect of a slowdown in economic growth in China will have implications for Canada.

Large forest product companies are completing their planned capital expenditure projects, but they are holding back on larger investments, according to a Vancouver Sun article. Canada’s central bank has reduced its GDP growth forecast for 2012 to 1.9% from 2.6%. In 2010, Canada’s economy grew 3.2%.

Employment declined in October, pushing up the unemployment rate to 7.3%. Compared to the same time last year, however, total employment has risen by 1.4% and the unemployment rate is more than two percentage points lower than at the height of the recession in 2009.

Canada’s real GDP grew by 0.3% in August, following increases of 0.4% in July and 0.2% in June, according to Statistics Canada. Excluding Canada’s significant energy sector, however, GDP remained unchanged. Oil and gas extraction rose and with it the industries that support drilling and rigging.

Canadian housing market remains steady

Canada’s seasonally adjusted annual rate of housing starts was 207,600 in October, down from 208,800 in October. The latest Canada Mortgage and Housing Corporation (CMHC) figures show that single-family starts have declined while construction of apartment buildings and townhouses is still strong.

2011 housing starts are forecast to be 191,000, up from 189,930 in 2010. CMHC expects residential construction to moderate next year with starts possibly below 2010 levels.

Investment in non-residential building construction decreased by 1.3% in the third quarter of 2011, but the commercial building construction segment was slightly up (+0.4%), according to Statistics Canada.

Commercial construction includes office and retail buildings where wood use is higher than in other non-residential buildings. The value of permits for non-residential building construction fell by 11 % in September, the third consecutive monthly decline.

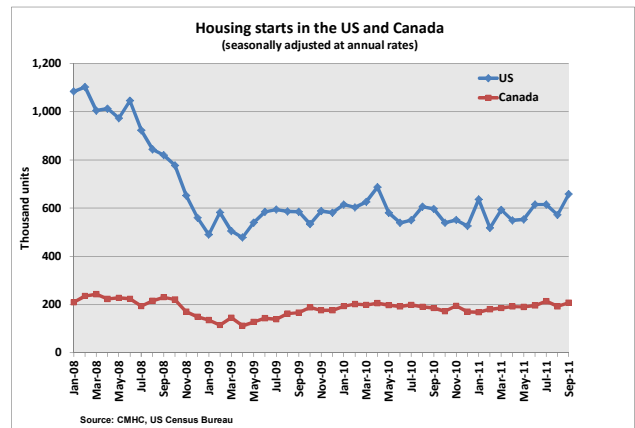
Positive signals in the US housing market

The latest US housing market data is finally looking more positive for wood product manufacturers and home builders. Housing starts in September were 658,000 (seasonally adjusted annual rate), up by 15% from August and 10.2% above the September 2010 rate, according to the US Department of Commerce.

Sales of new single-family homes also did well in September; sales increased by 5.7% from the previous month. First-time home buyers are driving the market according to the National Association of Home Builders, and potential changes to federal programs supporting homeownership could threaten this recovery.

Building permits for new homes fell to a seasonally adjusted annual rate of 594,000 units in September, but the rate remains above September 2010 levels. The number of permits issued can be an indicator of future building activity.

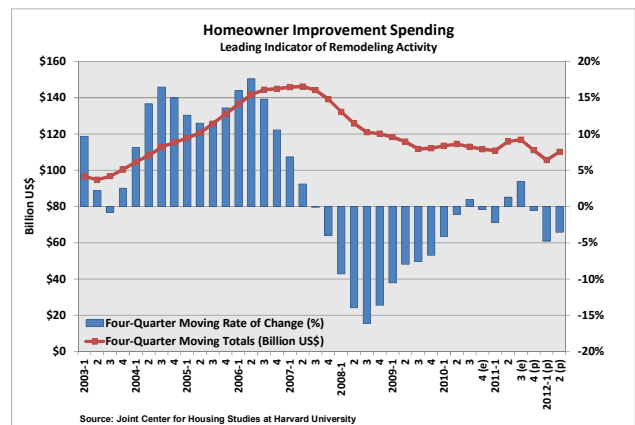
The National Association of Home Builders reports that builder confidence in the market for new single-family homes increased in October, the largest gain since the home buyer tax credit program boosted demand in April 2010. Price pressure from foreclosed home sales and tight lending conditions continue to limit the market for new housing in most regions.



Home improvement spending expected to decline

Spending on home repair and remodelling in the US is expected to decline further over the last quarter of 2011 and the first quarter of 2012, according to forecasts by the Harvard Joint Center for Housing Studies. This comes after weakening expenditures in the first half of 2011.

Homeowners undertake smaller renovation projects, but they are postponing larger investments due to the economic uncertainty. A significant upturn in repair and remodelling activities is unlikely until sales of existing homes pick up.

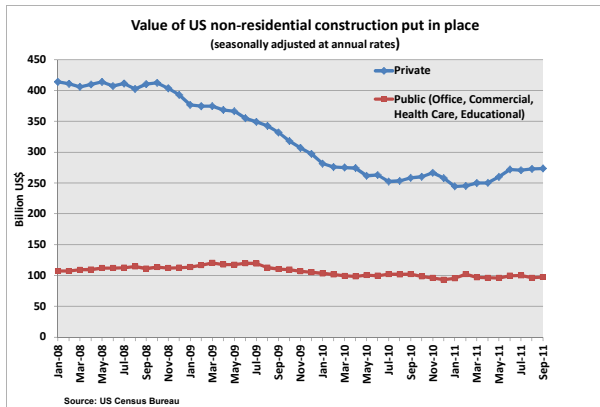


No significant change in US non-residential building construction

The latest construction spending data from the US Department of Commerce shows that non-residential construction improved by 0.5% from August to September. The value of private construction increased slightly (+0.3%), while public building construction went up by 1.2% because of increased spending in the education sector.

Commercial and industrial architecture firms reported significant improvements in business conditions in September following a brief downturn in August. All other sectors (institutional, mixed and residential) report a decline in the firms’ billings.

New project inquiries were low in September. Regional differences are large; firms in the Northeast and Midwest report improving conditions, while the South and West saw declines.



American hardwoods promotion campaign goes online

The promotional campaign for American hardwoods has a web portal, www.HardwoodInfo.com. The American Hardwood Information Center provides consumers with design, trend and other information related to American hardwood products.

The site was originally set up the Hardwood Manufacturers Association, but serves now for the campaign as well, providing member companies with marketing and sales tools to promote American hardwood products.

Online building cost calculator for architects and engineers

A new online calculator allows architects, engineers and other users to compare the cost of construction of buildings or shells using different materials. The calculator was released by WoodWorks, a US-Canadian co-operation of wood associations and government agencies that promotes wood use in non-residential and multi-family buildings.

The calculator allows users to compare the cost of constructing a specific building type in different materials, such as wood or steel. Wood construction is often less costly than other materials because of lower material cost or shorter construction time.

WoodWorks is also planning to provide a carbon calculator that shows the amount of carbon stored in wood buildings and the greenhouse gas emissions avoided if using wood instead of concrete or steel. The calculators are available at woodworks.org

US Imported Timber prices

	Sept-11 US\$ per cu.m	Oct-11 US\$ per cu.m
Ipe (Brazil) Decking Premium Grade AD, 1x6, FOB Belem	2750	2725↓
Ipe (Brazil) Decking Premium Grade AD, 5/4x6, FOB Belem	2925	2650↓
Jatoba (Brazil) No.1 Common & Better AD, FOB Belem	-	-
Jatoba (Brazil) No.1 Common & Better KD, FOB Belem	-	-
Khaya (Côte d'Ivoire) FAS KD, FOB Abidjan	-	-
Khaya (Ghana) FAS KD, FOB Takoradi	875	950↑
Sapele (Cameroon) FAS AD, FOB Douala	740	765↑
Sapele (Cameroon) 4/4 to 8/4 FAS KD, FOB Douala	910	910

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

Internet News

Below are web links to news items published by the press. These items do not necessarily reflect the views and policies of ITTO.

Cameroon will plant about 10 million trees on over 25,000 hectares within the next five years as part of a sustainable forestry initiative in the Central African timber exporter nation, according to a forestry official recently. Cameroon shares part of the Congo Basin forests -- the second largest tropical rainforest in the world after the Amazon Basin - but suffers illegal logging that experts warn is putting the future of its timber industry at risk.

<http://af.reuters.com/article/cameroonNews/idAFL5E7LR4FJ20111027>

Customs Commissioner Rozzano Rufino Biazon has ordered a crackdown on smuggling of plywood to protect local producers and the safety of consumers. The Philippine Wood Producers Association wrote a letter asking the Office of the Commissioner to act on the illegal entry of plywood from China.

<http://www.manilastandardtoday.com/insideMetro.htm?f=2011/october/31/metro3.isx&d=2011/october/31>

The National Directorate of Land and Forests, part of the Mozambican Ministry of Agriculture, has cancelled the licences of 16 Mozambican and foreign timber companies who were caught attempting to export illegally logs, ivory and other natural resources, the export of which is forbidden or restricted.

http://www.thezimbabwean.co.uk/news/africa/54235/mozambique-timber-companies-lose-their.html?utm_source=thezim&utm_medium=homepage&utm_campaign=latestarticles

Papyrus Australia (ASX: PPY) plans to raise \$1.052 million to support the establishment of Papyrus Egypt along with other major projects. The company develops technology that converts the waste trunk of the banana palm into an alternative to forest wood products that can be used in industries such as paper, packaging, furniture, building and construction. The placement, comprising 21 million ordinary fully paid shares at \$0.05 per share, will be carried out in two tranches.

<http://www.proactiveinvestors.com.au/companies/news/21659/papyrus-australia-to-raise-plus-1-million-for-alternative-wood-products-21659.html>

Saudi Arabia and the UAE have been rated as top investors in the GCC wood products industry, according to latest data. Gulf states' investments in the industry reached \$478 million last year, said a report released by the Gulf Organization for Industrial Consulting (GOIC). It said the Kingdom also holds the top position in the Gulf region in terms of average investment in each factory. Saudi Arabia and the UAE invested \$294 million and \$121 million in the industry respectively last year, according to the report. Kuwait, Oman, Qatar and Bahrain followed with \$34 million, \$12 million, \$9 million and \$8 million investments respectively.

<http://arabnews.com/economy/article526763.ece>

The Small Industries Development Board (SIDB) in Pakistan, is going to establish an Institute of Wood Technology for imparting training to the workers for development and bringing furniture sector at par with the requirements of the modern era. This was stated by Managing Director, SIDB, Dr. Syed Akhtar Hussein Shah while briefing Secretary Industries, Khalid Pervez regarding the working of SIDB here recently.

<http://pakobserver.net/detailnews.asp?id=121218>

The UAE capital's inaugural edition of the 'Abu Dhabi International Wood and Wood Machinery Show' successfully culminated its three-day run at the Abu Dhabi National Exhibition Centre (ADNEC) with total onsite sales amounting to over \$2.2m and expected sales of over \$15m. According to organizers of the event, 'Abu Dhabi WoodShow 2011' helped in stirring in more growth for the UAE's thriving wood industry, providing a strategic platform that has led to the creation of new partnerships and also as a launching pad for the roll-out of new products.

<http://www.ameinfo.com/280513.html>

UPM, the giant Finnish forestry products company, has launched a wood-plastic composite (WPC) material in granule form to target potential users of WPCs in the injection moulding sector. The composite combines polypropylene with virgin wood fibres, with the proportion of fibre varying between 20-60% depending on the moulded product's requirements. UPM already makes WPC-based extruded products for decking and cladding under the brand name Profi. But the new composite marks a departure for UPM into supplying granules to injection moulders.

<http://www.europeanplasticsnews.com/subscriber/headlines2.html?cat=1&id=1320830384>

Wooden pallets churned out in their billions over the five decades during which they've dominated world trade face a challenge from a cardboard rival that's the brainchild of furniture retailer Ikea Group.

Ikea, which uses 10 million pallets to supply its stores with bookcases, pillows and candles, will ditch wood by January in favour of a lighter, thinner, paper-based alternative the Swedish company says will shave 10 percent from transport costs.

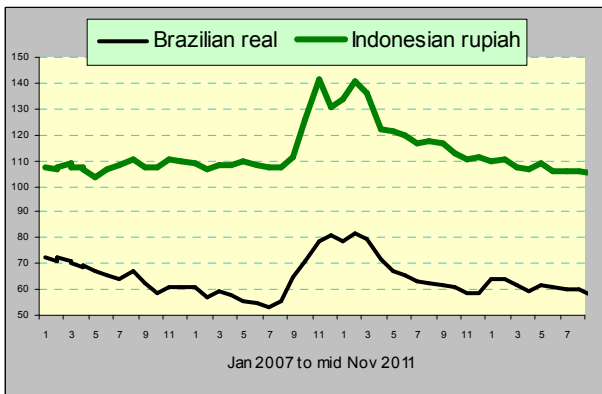
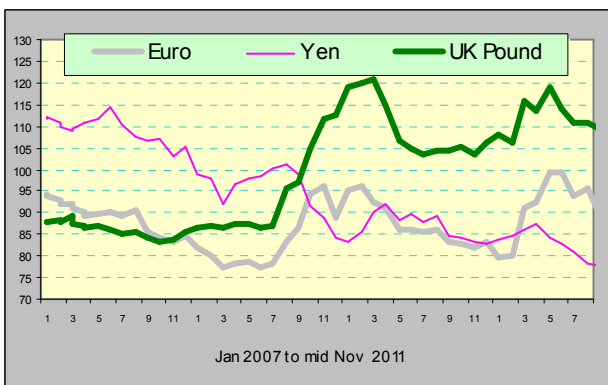
<http://www.businessweek.com/news/2011-11-04/ikea-s-paper-pallet-challenges-wood-s-50-year-dominance-freight.html>

Main US Dollar Exchange Rates

As of 15th November 2011

Brazil	Real	1.7634
CFA countries	CFA Franc	480.32
China	Yuan	6.3556
EU	Euro	0.7385
India	Rupee	49.3755
Indonesia	Rupiah	8969
Japan	Yen	77.03
Malaysia	Ringgit	3.1508
Peru	New Sol	2.7040
UK	Pound	0.632
South Korea	Won	1128.15

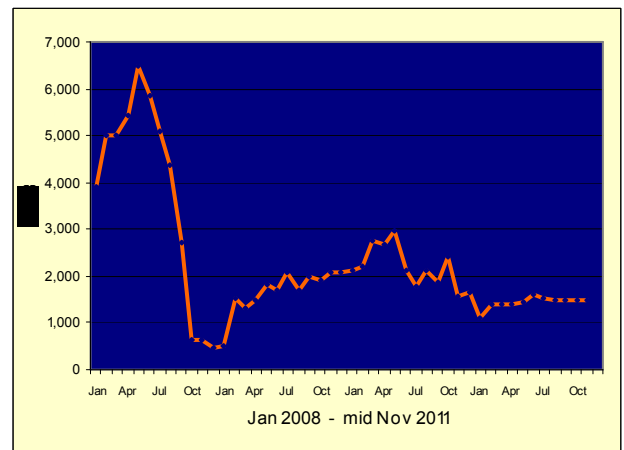
Exchange rates index (Dec 2003=100)



Abbreviations and Equivalences

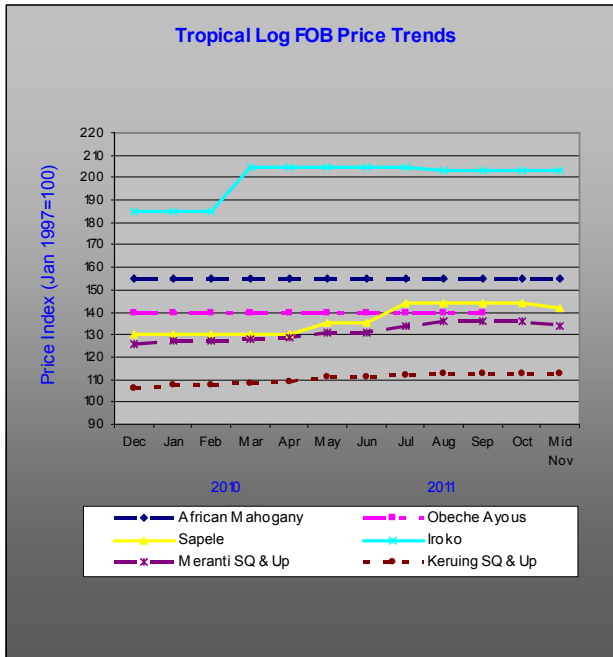
Arrows	Price has moved up or down
BB/CC etc	quality of face and back veneer
BF, MBF	Board foot, 1000 board foot
Boule	bundled boards from a single log
CI, CE, CS	Supplimentaire
CIF, CNF	Cost insurance and freight
Clean Sawn	square edged boule
FAS	First and second grade of sawnwood
FOB	Free-on board Sawnwood for structural use in house building
Genban	
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

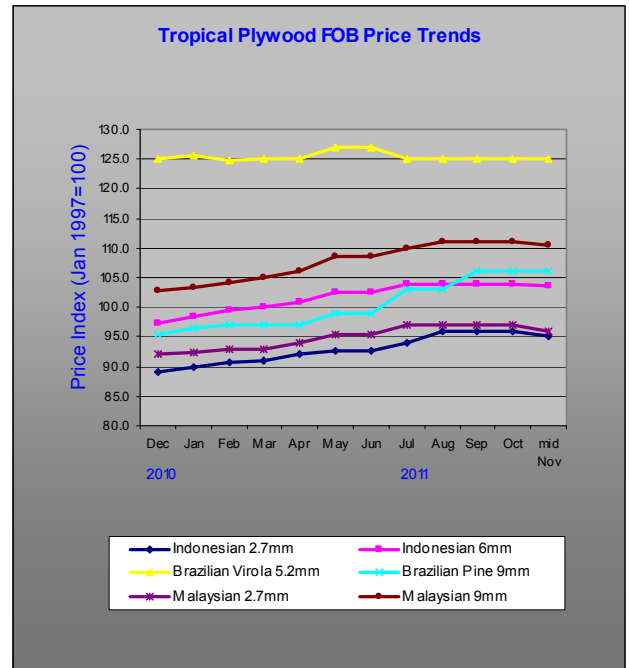


The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

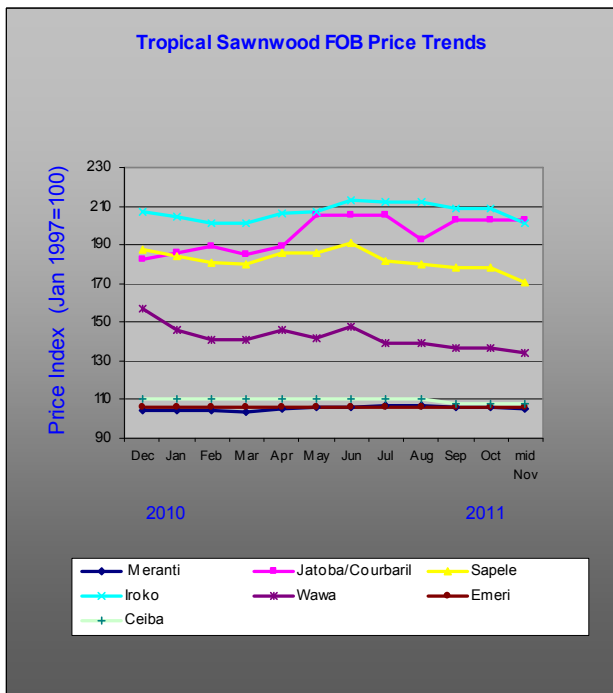
Tropical Log Price Trends



Tropical Plywood Price Trends



Tropical Sawnwood Price Trends



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

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