Tropical Timber Market Report

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Top Story

Guangdong furniture exports reach record high

Furniture and parts exports from Guangdong Province rose 34% to a record high at US$1.05 billion in April 2010. Exports of furniture and parts from Guangdong represent 50% of the total national furniture and parts exports from China.

Guangdong's furniture and parts were mainly exported to the USA, Europe and ASEAN countries. Exports to the USA and Europe rose both 20%, while exports to the ASEAN market increased 77%. This significant increase stems form the China-ASEAN free-trade agreement which has been in effect from the beginning of this year.

The statistics illustrate that China's furniture exports to the USA continued on a strong note during the April despite the recently amended US Lacey Act.

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Report from Central/West Africa

Aftermath of log export ban

Following the log export ban in Gabon coming into effect on 15th May, log exports have been completely halted. As a result, around 60,000 cu.m of logs remain in the port. Although contracts have been signed these logs cannot be exported. Most of these logs are for buyers in China.

According to reports, the Gabon Department of Forests has been very active inspecting timber companies and ensuring that the new log export ban regulations are being followed.

So far, there are no further indications of unrest amongst the timber industry labour unions. The lower output of logs has led to unemployment but there will be more employment opportunities when sawmill capacity is expanded and investment in processing industries secured.

Timber trade

Log trading is still centred in Cameroon and there is also firm demand for okume from Congo Brazzaville.

Log prices have continued a slow and steady rise over the past month, while the sawn lumber prices have been almost stable.

The current economic situation in EU and North America is such that it is difficult for producers to increase sawnwood exports or secure higher sawnwood prices. This is causing problems for sawnwood producers who have not been able to pass on the higher sawnwood production costs arising from increased log prices.

According to analysts, demand for sawn lumber may start to improve as consumption in Northern Europe picks up and if China reverts to importing more sawn and processed timber.

Trends in European market

There are some indications that North European importers are prepared to offer higher prices because of their low stocks and limited availability of sawn lumber. Traditionally, importers have relied on stocks held by African exporters with fast and regular shipping schedules.

According to reports, the delivery times to Europe are now extended up to several months for the premium species. Sawmills in West Africa have been forced to adjust production and reduce stock levels and they are producing only when orders are received.

Business prospects in South Europe remain very bleak following recent economic and financial difficulties faced by Greece, Spain and Portugal. These countries traditionally import a range of lower grade logs and sawn lumber while the north European markets demand higher grades.

West Africa Log Prices

West Africa logs, FOB		€ per m^3	
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	205	205	153
Ayous/Obéché/Wawa	190	190	145
Azobe & Ekki	205⬆	205⬆	122
Belli	230	230	-
Bibolo/Dibétou	140	130	
Bubinga	600⬆	530⬆	390
Iroko	245⬇	235⬇	190⬇
Okoume (60% CI, 40% CE, 20% CS) (China only)	230⬆	-	-
Moabi	270	270	206
Movingui	180	150⬆	140
Niove	130	130	-
Okan	300⬆	300⬆	140⬆
Padouk	360⬆	335⬆	235
Sapele	230⬆	220	165⬆
Sipo/Utile	270⬆	250⬆	200⬆
Tali	260⬆	260⬆	114
	C1	CE	CS
Okoume	170⬆	160⬆	120⬆

West Africa Sawnwood Prices

West Africa sawnwood, FOB		€ per m^3
Ayous	FAS GMS	300
Okoumé	FAS GMS	370
	FAS. fixed sizes	340
	Std/Btr GMS	275
Sipo	FAS GMS	475
	FAS fixed sizes	320
	FAS scantlings	490
Padouk	FAS GMS	540
	FAS scantlings	490
	Strips	300
Sapele	FAS Spanish sizes	380
	FAS scantlings	460
Iroko	FAS GMS	430
	Scantlings	440
	Strips	350
Khaya	FAS GMS	380
	FAS fixed	420
Moabi	FAS GMS	415
	Scantlings	440
Movingui	FAS GMS	295

Report from Ghana

Ghana chalks up gains in first quarter trade

Ghana's first quarter wood products exports in 2010 amounted to 97,490 cu.m, worth EUR31 million. Compared with the same period last year, exports showed a 4.3% increase in volume. Exports to other African countries accounted for 40% of the total export value for wood products.

Primary products (poles and billets) accounted for EUR2 million, secondary products EUR27 million and tertiary products EUR2.4 million of the total export value.

Plywood, kiln-dried and air-dried lumbers were the major export products during the first quarter of 2010 contributing 37%, 19% and 17% respectively to the total export volume. The share of veneer in the total export volume was 9%. No furniture parts were exported in the first quarter of 2010 as was the case in the same period 2009.

Plywood exports to other African countries in the period amounted to 34,800 cu.m, up 7.8% compared to 32,300 cu.m in 2009. The main importing country was Nigeria with 80% share of the total exports wood products from Ghana. Other importing countries were Burkina Faso and Togo. Ceiba, Mahogany, Chenchen and Mixed Red Wood were the principal species for plywood production.

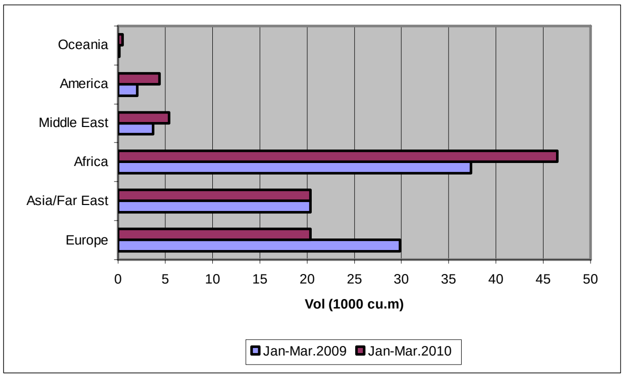
Both air- and kiln dried lumber exports expanded. Air dried lumber exports rose from 13,150 cu.m recorded in the first quarter last year to 16,550 cu.m this year. Kiln dried exports increased from 14,510 cu.m in the first quarter 2009 to 18,960 cu.m in the same period this year. Wawa, Mahogany, Sapele, Koto/Kyere, Teak, and Ofram were the major sawnwood species exported. Germany, the USA, the UK and France were the principal importing countries.

Wood product exports in the first quarter period 2009/2010

PRODUCT	First quarter 2009 Volume (1000 cu.m)	First quarter 2009 Value (million Euro)	First quarter 2010 Volume (1000 cu.m)	First quarter 2010 Value (million Euro)	Change in volume (%)
Sawn Timber					
Lumber (AD)	13.15	2.59	16.55	4.04	25.9
Lumber (KD)	14.51	5.42	18.96	6.93	30.7
Veneers					
Sliced Veneer[1]	6.52	4.65	7.23	4.99	10.9
Rotary Veneer	2.23	0.62	1.27	0.33	-43
Curls Veneer	0.03	0.14			
Plywood	34.65	10.54	36.31	10.33	4.8
Mouldings	3.2	1.58	3.97	1.94	24.1
Boules (AD+KD)	0.86	0.42	1.18	0.55	37.2
Parquet/Flooring	0.26	0.26	0.24	0.24	-7.7
Other Wood Products	18.02	3.86	11.78	2.26	-34.6
TOTAL	93.43	30.08	97.49	31.61	4.3

[1] Sliced Veneer includes Layons

Major markets for Ghana's wood product exports



Transportation costs undermine competitiveness of West Africa

Reducing transportation cost is considered critical to facilitate economic growth in West Africa. If export transportation costs could be reduced, exporting companies would be more competitive to expand their operations, thus creating jobs and generating revenue for the government, says a spokesman of West Africa Trade Hub.

Currently, 5 days road transportation of a 20 foot container in the US costs around US$650. In the West Africa the same distance can take 13 to 22 days to transport and can cost up to US$4,800.

The West Africa Trade Hub is a private initiative bringing buyers and producers together to work on improving efficiency in transportation and logistics.

Ghana Log Prices

Ghana logs, domestic	US$ per m^3 Up to 80cm	80cm+
Wawa	120-140	145-160
Odum Grade A	160-170	175-185
Ceiba	100-110	115-130
Chenchen	85-100	105-120
Khaya/Mahogany (Veneer Qual.)	95-105	110-145↑
Sapele Grade A	135-150	160-175
Makore (Veneer Qual.) Grade A	125-135	140-166

Ghana Export Sawnwood Prices

Ghana Sawnwood, FOB FAS 25-100mm x 150mm up x 2.4m up	€ per m^3 Air-dried	Kiln-dried
Afrormosia	855	-
Asanfina	500	545
Ceiba	205	260
Dahoma	315	390
Edinam (mixed redwood)	400	430
Emeri	350	400
African mahogany (Ivorensis)	556	665
Makore	520	585
Niangon	475	620
Odum	630	690
Sapele	530	590
Wawa 1C & Select	250	290

Ghana sawnwood, domestic		US$ per m^3
Wawa	25x300x4.2m	247
Emeri	25x300x4.2m	310
Ceiba	25x300x4.2m	205
Dahoma	50x150x4.2m	270
Redwood	50x75x4.2m	303↑
Ofram	25x225x4.2m	310

Ghana Veneer Prices

Rotary Veneer, FOB	€ per m^3 CORE (1-1.9mm)	FACE (<2mm)
Bombax	315	350
Ofram, Ogea & Otie	315	350
Chenchen	315	350
Ceiba	310	335
Mahogany	415	450

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

Rotary Veneer, FOB Core Grade 2mm & up	€ per m^3
Ceiba	262
Chenchen	295
Ogea	295
Essa	285
Ofram	300

Sliced Veneer, FOB	€ per sq. m Face	Backing
Afrormosia	1.19	1.00
Asanfina	1.40	0.80
Avodire	1.12	0.70↑
Chenchen	1.25	0.54
Mahogany	1.25	0.70
Makore	1.20	0.63
Odum	1.80	0.95

Ghana Export Plywood Prices

Plywood, FOB	€ per m^3			
B/BB	Redwood		Light Wood	
	WBP	MR	WBP	MR
4mm	560	465	500	380
6mm	340	345⬆	335	320⬆
9mm	365	320	295	280
12mm	300	305	280	275
15mm	310	290	280	280⬆
18mm	300	285	285	270⬆

Grade AB/BB would attract a premium of 5%. BB/BB would be 5% less, C/CC 10% less and CC/CC 15% less.

Ghana Added Value Product Prices

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

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

Mouldings (FOB export)	€ per m^3
Dahoma grade 1	485
Denya grade 1	516
Hotrohotro grade 1	580
Wawa grade 1	490
Wawa grade 2	420
Ekki grade 1	475
Wawabimba Laminated grade 1	750

Report from Malaysia

Ensuring continued access to the EU timber market

The Timber Exporters' Association of Malaysia (TEAM) has urged the federal government to sign the Voluntary Partnership Agreement (VPA) under the Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan with the European Union (EU) in order that Malaysia can gain wider access to the EU timber market.

To date, Ghana, the Republic of Congo and Cameroon have signed VPAs with the EU.

Access to the EU timber market is becoming a critical issue for Malaysian timber producers. Due to the debt crisis in Europe, the Euro has weakened against the Malaysian Ringgit. This has the effect of making Malaysian exports more expensive.

Sabah furniture manufacturers seek relief from high costs

Furniture exporters from Sabah in East Malaysia complain that their market position is at risk due to high production costs, increasing ocean freight charges, unreliable power supply and tight raw material supplies.

The reason for the complaint is that the fee for a furniture export license is RM5,000 in Sabah, compared to only RM200 in West Malaysia. The EU market, which accounted for some 90% of Sabah's furniture exports has weaken and as a result, Sabah's position as the nation's leading outdoor furniture exporter is at risk.

Furniture manufacturers from Sabah are also seeking aid from the federal government to compensate for production losses caused by power blackouts.

Log Prices

Sarawak log, FOB	US$ per m^3
Meranti SQ up	232-256
Small	215-246
Super small	207-231
Keruing SQ up	221-233⬆
Small	201-231⬆
Super small	179-209⬆
Kapur SQ up	211-236
Selangan Batu SQ up	191-228⬆

Pen. Malaysia logs, domestic	US$ per m^3
(SQ ex-log yard)	
DR Meranti	238-257
Balau	303-332
Merbau	333-365
Rubberwood	68-102
Keruing	222-238

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

Sawnwood Prices

Malaysia Sawnwood, FOB	US$ per m^3
DR Meranti	396-432
White Meranti A & up	284-314
Seraya Scantlings (75x125 KD)	436-449
Sepetir Boards	253-275
Sesendok 25,50mm	347-365
Kembang Semangkok	304-327

Malaysian Sawnwood, domestic	US$ per m^3
Balau (25&50mm,100mm+)	327-347
Merbau	461-513⬆
Kempas 50mmx(75,100 & 125mm)	261-301
Rubberwood	
25x75x660mm up	215-265⬆
50-75mm Sq.	254-286⬆
>75mm Sq.	276-305⬆

Plywood Prices

Malaysia ply MR BB/CC, FOB	US$ per m^3
2.7mm	411-473
3mm	391-421
9mm & up	338-410

Meranti ply BB/CC, domestic	US$ per m^3
3mm	334-425
12-18mm	318-347

Other Panel Prices

Malaysia, Other Panels, FOB	US$ per m^3
Particleboard	
Export 12mm & up	230-253
Domestic 12mm & up	215-232
MDF	
Export 15-19mm	283-314
Domestic 12-18mm	273-291

Added Value Product Prices

Malaysia, Mouldings, FOB	US$ per m^3
Selagan Batu Decking	539-549
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	554-567
Grade B	507-517

Furniture and Parts Prices

Malaysia, Rubberwood, FOB	US$ per piece
Semi-finished dining table	
solid laminated top 2.5'x4', extension leaf	64-80
As above, Oak Veneer	71-85
Windsor Chair	63-65
Colonial Chair	61-66
Queen Anne Chair (soft seat)	
without arm	61-69
with arm	61-70
Chair Seat 27x430x500mm	49-54

Rubberwood Tabletop	US$ per m^3
22x760x1220mm sanded & edge profiled	
Top Grade	580-613
Standard	564-584

Report from Indonesia

Furniture industry targets brisk growth in exports

Furniture exports from Indonesia totalled US$674 million in the first quarter of 2010, 15% up from US$587 million in the same period last year.

Indonesia has set a target of US$2.59 billion for its furniture exports this year, an increase of 15% over US$2.25 billion in 2009.

Indonesian furniture companies showcased their traditional and rattan furniture at the Shanghai International Furniture Expo on 2-4 June 2010. The expo is aimed at middle and upper-middle class customers in China.

The Indonesia Furniture Industry & Handicraft Association (Asmindo) forecasts that its exports to China will hit US$20 million in 2010. This level is significant compared to US$9 million in 2009, which was 20% down from 2008. Indonesian furniture exports to China peaked in 2004 at US$14 million.

Certification improvements

Sustainable forestry management and afforestation efforts in Selopuro, Wonogiri in central Java, have improved the standard of living among villagers.

The Indonesian Ecolabelling Institute (LEI) has introduced forest certification in 10 sustainable community forest management units in Java covering 21,000 hectares of forests. These measures have generated revenues for the community to build schools.

Selopuro was the first village to have its community forest certified in 2004 and since then the community has experienced many improvements. For example, in the past the area had scarce water resources but today there are 22 water sources catering the needs of villagers.

In addition to the revenue from timber, the villagers earn additional income of US$60 by breeding livestock in community forests. The villagers also practise agro-forestry.

Log Prices (domestic)

Indonesia logs, domestic prices	US$ per m^3
Plywood logs	
Face Logs	192-235
Core logs	173-206
Sawlogs (Meranti)	183-244
Falcata logs	150-184
Rubberwood	61-85⬆
Pine	165-204
Mahoni (plantation mahogany)	474-502

Sawnwood Prices

Indonesia, construction material, domestic	US$ per m^3
Kampar (Ex-mill)	
AD 3x12-15x400cm	183-202⬆
KD	204-238⬆
AD 3x20x400cm	225-248⬆
KD	227-256⬆
Keruing (Ex-mill)	
AD 3x12-15x400cm	239-253
AD 2x20x400cm	227-245⬆
AD 3x30x400cm	209-228⬆

Plywood Prices

Indonesia ply MR BB/CC, FOB	US$ per m^3
2.7mm	396-453
3mm	353-394
6mm	332-374

MR Plywood (Jakarta), domestic	US$ per m^3
9mm	255-266
12mm	247-257
15mm	236-250

Other Panel Prices

Indonesia, Other Panels, FOB		US$ per m^3
Particleboard	Export 9-18mm	219-228
	Domestic 9mm	199-211
	12-15mm	191-202
	18mm	182-194
MDF	Export 12-18mm	253-266
	Domestic 12-18mm	235-246

Added Value Product Prices

Indonesia, Mouldings, FOB	US$ per m^3
Laminated Boards	
Falcata wood	301-314
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	489-523
Grade B	445-466

Report from Myanmar

Teak market

Teak log prices fluctuated with news of possible price cuts in March 2010. Instead, the Myanmar Timber Enterprise (MTE) proposed higher teak and pyinkadoe prices in May.

According to some analysts, the MTE should harvest smaller volumes of teak and other hardwoods to adjust supply and prevent excessive price fluctuations. Log traders have been requesting the MTE to provide timely information on prices and volumes in order to improve market transparency.

Non-teak hardwoods

Normally at this time of the year, fresh Gurjan logs are already available, pushing aside the old logs from the market. Instead, due to hot and dry weather conditions this year, the rivers are difficult to access, hampering log transportations by rafts and barges. As a result, fresh Gurjan logs are waiting upcountry to be transported and older Gurjan logs are still sold in the Yangon depot.

The demand for pyinkadoe logs remains strong. Some buyers report that resale prices for pyinkado are around US$900 per cu.m for the smaller girths and over US$1000 per cu.m for the larger girths.

Lessons from ASEM Conference

The recent ASEM Conference on Forest, Forest Governance and Timber Products Trade held in Cambodia generated new ideas among members of the trade on how to attract buyers particularly from the West.

The local timber industry has high stocks of teak lumber as a result of poor demand caused by the recession and economic sanctions. Some in the wood industry believe that the adoption of the EU FLEGT scheme could ease this situation.

Vietnam's annual forest product exports totalling US$3 billion could be an inspiration for Myanmar to become and important timber processor in the region. However, analysts point out that Myanmar needs to be more determined in reaching the long-term objective of exporting less logs and creating more processing capacity.

Myanmar Log Prices (natural forest logs)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
Veneer Quality	Mar	Apr
2nd Quality	nil	6,501 (3 tons)
3rd Quality	6,001 (5 tons)	5,639 (4 tons)
4th Quality	4,899 (10 tons)	5,038 (12 tons)
Sawing Quality		
Grade 1 (SG-1)	3,105 (39 tons)	3,054 (41 tons)
Grade 2 (SG-2)	2,600 (37 tons)	2,656 (41 tons)
Grade 3 (SG-3)	nil	nil
Grade 4 (SG-4)	2,005 (217 tons)	1,749 (217 tons)
Grade 5 (SG-5) Assorted	1,408 (181 tons)	1,259 (68 tons)
Grade 6 (SG-6) Domestic	1,244 (58 tons)	1,084 (103 tons)
Grade 7 (ER-1)	905 (103 tons)	807 (189 tons)
Grade 8 (ER-2)	nil (-)	605 (3 tons)
Short Logs 6 ft. / 7 ft.	nil	nil

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

Report from India

Robust economic growth

In March, India's manufacturing sector maintained its growth increasing by 13.5% compared to March 2009. The sixth consecutive month of growth is creating optimism among policy makers and analysts about the future. As a result of increasing demands, production has expanded and raw material imports have surged 43%. Exports in April rose 36% compared to the level in April last year.

Shortage of inputs in board production

A rise of 25% in plantation log prices, low log supply and irregular power supply are causing problems for particleboard and plywood manufacturers in India.

Regional associations have recently announced prices for particleboard and plywood products. The plywood mills have seen it necessary to increase plywood prices, because there has been a sharp increase in the prices for poplar and eucalyptus logs as well as a 15% increase in resins prices. Board manufacturers in Punjab, Haryana and Uttaranchal have increased prices by 5% to 10%, whereas South Indian manufacturers have set 15% higher prices.

Low log supplies coupled with simultaneous increase in demand for processed products has led to panic in raw material sourcing. Increasing imports of high quality, large girth peeling grade logs seem to be the only immediate solution.

The industry needs additional large scale plantations of various high yielding species. China has been successful in establishing large scale plantations and India could use this as an example of how to increase the plantation production.

Manufacturers also complain of a lack of labour. One of the reasons for the shortage of labour is the National Rural Employment Guarantee Scheme which has been successful in employing workers in their own states and reducing workforce migration.

India still suffers from a lack of power plants. Many of existing units are experiencing production disruptions due to irregular fuel supplies. Plants which are planned to run in three shifts have been forced to run only one shift. As a result, the power plants have low productivity and energy supply is inadequate to satisfy demand.

Waghai and Dungarda log auction prices

The volume of auction sales in the Waghai and Dungarda depots of western India amounted to 8,000 cu.m. After more than 20 days of auctioning, the main traded species was teak and the total value of trade was RS.250 million.

Long Teak logs suitable for keels were traded between US$3100-3490 per cu.m. Shorter categories fetched US$1784-1940 per cu.m.

Premium quality, medium quality and lower quality sawmill logs were priced around US$1164-1320, US$1086 and US$466-620 per cu.m respectively.

Laurel and Haldu were the main non-teak species traded and prices were around US$698 per cu.m for first quality logs, US$388 per cu.m for medium quality logs and US$116-194 per cu.m for lower quality logs.

CNF Plantation Teak

	US$ per m^3
Sudan sawn	750-800
Ivory Coast logs	550-600
PNG logs	450-500
El-salvador logs	375-400
Guatemala logs	395-415
Ghana logs	425-450
Benin logs	425-450
Brazil squares	450-475
Togo logs	325-350
Ecuador logs	275-300
Costa Rica logs	400-425
Panama logs	300-325

India Sawnwood Prices (domestic)

Sawnwood (Ex-mill)	Rs. per ft^3
Myanmar Teak (AD)	
Export Grade F.E.Q.	5000-5500⬆
Plantation Teak A grade	2000-3600
Plantation Teak B grade	1800-3000
Plantation Teak C grade	1350-1500⬆

India Sawnwood Prices (imports)

Sawnwood, (Ex-mill) (AD)	Rs. per ft^3
Merbau	1400
Balau	1150
Kapur	1000
Red Meranti	650
Bilinga	650
Radiata Pine (AD)	375-400

Sawnwood, (Ex-warehouse) (KD)	Rs per ft^3
Beech	1200
Sycamore	1250
Oak wood	1300
American Walnut	2250
Hemlock clear grade	950
Hemlock AB grade	800
Western Red Cedar	1250

India Plywood Prices

Plywood, (Ex-warehouse) (MR Quality)	Rs per sq.ft
4 mm	22.5
6 mm	32.5
12 mm	47.0
15 mm	56.0
18 mm	68.0

Locally Manufactured Plywood "Commercial Grade"	Rs per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.9.50⬆	Rs.15.50
6mm	Rs.14.00⬆	Rs.22.50
8mm	Rs.17.50⬆	Rs.25.50
12mm	Rs.21.50⬆	Rs.27.50
18mm	RS.27.00⬆	Rs.36.00
5mm Flexible ply	Rs.17.50⬆	Rs.20.00

Report from Brazil

Brazil sustains exports growth

In April 2010, exports of timber products (except pulp and paper) increased by 13% from US$180 million in April 2009 to US$202 million.

Pine sawnwood exports in April remained unchanged at US$14 million. However, in terms of volume, exports declined 10% from 69,300 cu.m in April 2009 to 62,400 cu.m in April this year.

Exports of tropical sawnwood rose in terms of both volume and value, from 40,700 cu.m in April 2009 to 46,500 cu.m in April 2010, and from US$20 million to US$23 million. This constitutes a 14% increase in terms of both volume and value.

The value of pine plywood exports jumped 34% in April 2010 compared to the level in April 2009, from US$22 million to US$30 million. Nevertheless, export volumes dropped by 10% during the period, from 93,000 cu.m to 84,000 cu.m.

Exports of tropical plywood increased marginally from 9,500 cu.m in April 2009 to 9,600 cu.m in April 2010. In value terms, the rise was 1.9% to US$5.4 million.

For wooden furniture, the value of exports rose by 2.2% compared to the level in April 2009 to US$42 million in April 2010.

Economic trends

According to the Brazilian Institute of Geography and Statistics (IBGE), the Consumer Price Index (IPCA) for April 2010 increased 0.57%, slightly above the rate 0.52% recorded in March.

To-date, the cumulative inflation rate for the year is 2.65%. This is 5.26% above the same period in 2009.

In April 2010, the average exchange rate was BRL 1.76/US$, while the rate was BRL 2.31/US$ in the same month of 2009, reflecting the appreciation of the Brazilian currency against the US$ over the period.

In its late April meeting, the Monetary Policy Committee (Copom) of the Central Bank raised the prime interest rate to 9.5% per year. Since July 2009, the interest rate was at 8.75% per year and this is the first rise since September 2008, when it was increased from 13% to 13.75% per year.

FEMADE attracts foreign exhibitors

The International Timber Industry, Furniture and Forest Sector Fair (2010 FEMADE) was held on 24-28 May 2010, in Curitiba Southern Brazil. The event focused on business development throughout the wood processing chain and on promoting new business opportunities.

Traditionally over 40% of FEMADE 2010 exhibitors are from abroad, mostly from Germany, Argentina, Chile, China, Finland, the Netherlands, Italy, Pakistan and Taiwan. In addition, the fair attracts associations such as ACOPI (Colombian Association of Micro, Small and Medium Enterprises), FAIMA (Argentina Federation of Timber Products Industry), ProChile (Export Promotion of Chile) and WMMA (Wood Machinery Manufacturers of America).

Integrating furniture sector in the West-Central Region

The furniture sector in West-Central Brazil has undergone several changes in recent years. In the past, the region was known as a major log exporter. However, processed products such as furniture are now exported. In the state of Mato Grosso do Sul, however, logs are still the main export product according to the Intermunicipal Union of Furniture Industry of Mato Grosso do Sul (SINDMAD/MS).

In order to strengthen cooperation within the production chain, entrepreneurs and workers of the furniture industry in the state participated in a recent meeting. The meeting was also attended by representatives from the Brazilian Support Service for Micro and Small Enterprises (Sebrae/MS), SINDMAD and Mato Grosso do Sul State Industries Federation (FIEMS).

The West-Central is a major furniture producer region with distinctive design, quality and regional identity. One of the bottlenecks in production is shortage of skilled manpower. Efforts will be taken by the unions and associations to systemically educate workers, especially in production technologies.

The Central Brazil Business (PBCN) strives towards achieving this objective and it involves the West-Central states including Goias, Mato Grosso and the Federal District (Brasília). The other regional states in Brazil have already integrated their furniture sector and now its time for Mato Grosso do Sul to develop and gain more market share in furniture markets.

Brazil Log Prices (domestic)

Brazilian logs, mill yard, domestic	US$ per m^3
Ipê	146↑
Jatoba	104↑
Guariuba	69↑
Mescla (white virola)	75

Brazil Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB		US$ per m^3
Jatoba Green (dressed)		825↓
Cambara KD		477
Asian Market (green)	Guariuba	266
	Angelim pedra	619
	Mandioqueira	232↑
Pine (AD)		193↑

Brazil sawnwood, domestic (Green)		US$ per m^3
Northern Mills (ex-mill)	Ipé	698↑
	Jatoba	535↑
Southern Mills (ex-mill)	Eucalyptus (AD)	187↑
	Pine (KD) 1st grade	240↑

Brazil Veneer Prices

Veneer, Export (Belem/Paranagua Ports) FOB	US$ per m^3
White Virola Face 2.5mm	296↑
Pine Veneer (C/D)	208↑

Rotary cut Veneer, domestic	US$ per m^3	
(ex-mill Northern Mill)	Face	Core
White Virola	255↑	212↑

Brazil Plywood Prices

Plywood, FOB	US$ per m^3
White Virola (US Market)	
5.2mm OV2 (MR)	485↑
15mm BB/CC (MR)	416↑
White Virola (Caribbean market)	
4mm BB/CC (MR)	523↑
12mm BB/CC (MR)	421↑

Pine Plywood EU market, FOB	US$ per m^3
9mm C/CC (WBP)	278↑
15mm C/CC (WBP)	256↑
18mm C/CC (WBP)	250↑

Plywood, domestic (ex-mill Southern mill)		US$ per m^3
Grade MR (B/BB)	White Virola 4mm	883↑
	White Virola 15mm	645↑

Domestic prices include taxes and may be subject to discounts.

Other Brazil Panel Prices

Belem/Paranagua Ports, FOB	US$ per m^3
Blockboard Pine 18mm 5 ply (B/C)	311
Domestic Prices, Ex-mill Southern Region	
Blockboard White Virola faced 15mm	556⬆
Particleboard 15mm	354⬆

Brazil Added Value Products

FOB Belem/Paranagua Ports		US$ per m^3
Edge Glued Pine Panel		
Korean market (1st Grade)		634
US Market		486
Decking Boards	Cambara	604
	Ipê	1,583

Report from Peru

Exports growth continues in March

The Export Association of Peru (ADEX) reported that exports of wood products in March 2010 were US$13.3 million, up 9% compared to March 2009. Three main buyers were China, the USA and Mexico accounting for 82% of the total volume of exports.

Exports of parquet to Canada continued upward in March. Sweden also increased its imports of parquet. However, wood product exports to New Zealand and Hong Kong tumbled by 87% and 56% respectively.

First quarter exports in categories

The main exported products were semi-manufactured products and sawnwood representing 47% and 32% of the total volume of exports.

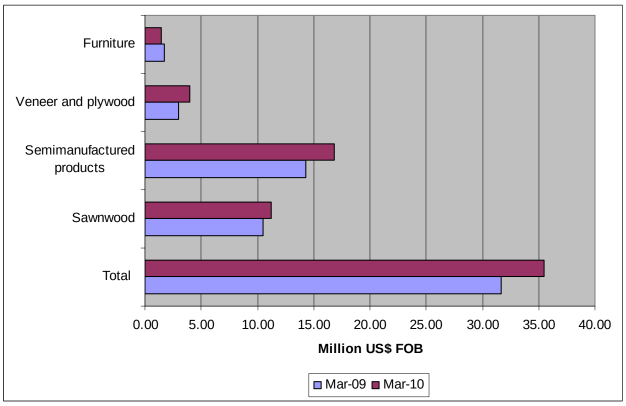
In the first quarter of 2010, exports reached US$16.8 million for semi-manufactured products, an 18% increase over the same period in 2009. Semi-manufactured products were exported mainly to China which accounted for 80% of the total exports.

The sawnwood exports totalled US$11.2 million, up 6.4% over the first quarter period in 2009.

Veneer and plywood were exported mainly to Mexico which accounted for over 98% of total exports.

In the first quarter of 2010, exports of furniture and parts reached US$1.4 million, a 19.5% decline compared to the same period last year. These products were exported mainly to the US which accounted for 57% of the total exports. Italy reduced its imports by 37% in this category compared to the first quarter period in 2009.

Wood product exports in the first quarter period 2009/2010



Peru Sawnwood Prices

Peru Sawnwood, FOB Callao Port		US$ per m^3
Mahogany S&B KD 16%, 1-2" random lengths (US market)		1722-1798
Spanish Cedar KD select		
North American market		918-922
Mexican market		897-921
Pumaquiro 25-50mm AD	Mexican market	532-586⬆

Peru Sawnwood, FOB Callao Port (cont.)	US$ per m^3
Virola 1-2" thick, length 6'-8' KD	
Grade 1, Mexican market	309-357⬆
Grade 2, Mexican market	248-265
Cumaru 4" thick, 6'-11' length KD	
Central American market	831-855
Asian market	829-888
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	509-549
Dominican Republic	558-569
Marupa (simarouba) 1", 6-11 length Asian market	352-377

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	293-317⬆
Grade 2, Mexican market	246-260⬆
Grade 3, Mexican market	132-151
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	214-227

Peru sawnwood, domestic	US$ per m^3
Mahogany	887-923
Virola	52-69
Spanish Cedar	268-321
Marupa (simarouba)	59-72

Peru Veneer Prices

Veneer FOB	US$ per m^3
Lupuna 3/Btr 2.5mm	191-212
Lupuna 2/Btr 4.2mm	203-217
Lupuna 3/Btr 1.5mm	211-221

Peru Plywood Prices

Peru plywood, FOB (Mexican Market)		US$ per m^3
Copaiba, 2 faces sanded, B/C, 15x4x8mm		318-347
Virola, 2 faces sanded, B/C, 5.2x4x8mm		398-403
Cedar fissilis, 2 faces sanded 4x8x5.5mm		746-758
Lupuna, treated, 2 faces sanded, 5.2x4x8mm		359-376
Lupuna plywood	B/C 15x4x8mm	353-365
	B/C 9x4x8mm	345-350
	B/C 12x4x8mm	350-360
	B/C 8x4x15mm	410-419
	C/C 4x8x4mm	380-388
Lupuna plywood B/C 8x4x4mm Central Am.		368-388

Lupuna Plywood BB/CC, domestic	US$ per m^3
(Iquitos mills)	
122 x 244 x 4mm	441
122 x 244 x 6mm	397
122 x 244 x 8mm	409
122 x 244 x 12mm	399
(Pucallpa mills)	
122 x 244 x 4mm	458
122 x 244 x 6mm	439
122 x 244 x 8mm	430
122 x 244 x 12mm	429

Other Peru Panel Prices

Peru, Domestic Particleboard	US$ per m^3
1.83m x 2.44m x 4mm	282
1.83m x 2.44m x 6mm	230
1.83m x 2.44m x 12mm	204

Peru Added Value Product Prices

Peru, strips for parquet		US$ per m^3
Cabreuva/estoraque KD12% S4S, Asian market		1348-1444
Cumaru KD, S4S	Swedish market	788-897
	Asian market	1077-1234
Cumaru decking, AD, S4S E4S, US market		929-1103
Pumaquiro KD # 1, C&B, Mexican market		423-511
Quinilla KD, S4S 2x10x62cm, Asian market		502-527
	2x13x75cm, Asian market	712-779

Report from Bolivia

Forest product exports recovering

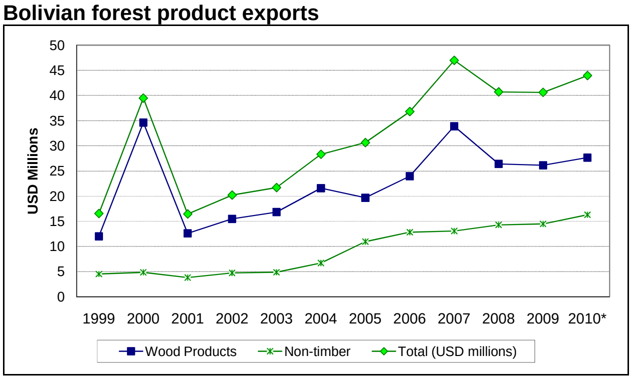
Forest product exports from Bolivia totalled US$44 million in the first quarter of 2010, up 8.2% from US$41 million in the same period last year.

Forest product exports from Santa Cruz rose 7% over the first quarter period in 2009, from US$15.2 million to US$16.3 million.

Furniture, doors, boards, decking, peeled chestnut and canned palm hearts account for 78% of the total forest product exports, while the remaining 22% consists of primary processed wood products, such as sawnwood and poles.

The US market remained the major importer for Bolivian forest products taking some US$9.6 million, which was US$3 million lower than in the first quarter in 2009. Other major export destinations were the UK (US$6 million), China (US$2.8 million), the Netherlands (US$2.7 million) and Venezuela (US$2.5 million).

Bolivian forest product exports



Bolivia Sawnwood Prices

Sawnwood 1-3"x3x5"x7-19', FOB Arica Port		US$ per m^3
Tajibo / Ipe	(China Market)	678
Paquió / Jatobá (KD)	(China Market)	800
Cedro / Spanish Cedar	(US Market)	901

Bolivia Added Value Product Prices

Doors 13/4"x36"x96", FOB Arica Port		Avg $ per piece
Yesquero / Jequitiba	(US Market)	130-180
Bibosi	(US Market)	90
Oak, Possumwood, Assacu	(US Market)	135-155

Chairs FOB Arica Port		$ Avg Per piece
Ipe	(US market)	47-178
Roble/Oak	(UK market)	49-83
Parquet Flooring 3/4"x3-5"x1-7', FOB Arica Port		$ Avg un. val. Per m^3
Jatoba	(US market)	1185-1300
Ipe	(US market)	1355-1650
Cumaru	(FSC) (China mkt)	1187

Report from Guyana

Market Trends

The traded volumes of logs declined during the fortnight period under review. However, the average prices for Purpleheart and More logs remained stable. Log stocks are ample and focus was on trade of sawn lumber which was in demand due to the local housing boom in Guyana. The Government of Guyana is supporting housing for small and middle income families by developing several new housing areas.

For the period under review, the Lesser Utilised Species exported included Burada (Parinari spp.) Darina (Hymenolobium spp.) and Itikiboraballi (Swartzia spp.). The main markets for these species were in Asia.

Sawnwood prices in select grade advanced for both Greenheart and Purpleheart (Undressed), US$750/620 and US$850/750 per cu.m respectively during this fortnight period. A price increase was also recorded for Mora in select grade.

Baromalli plywood in both BB/CC and utility category recorded higher prices compared to the levels two weeks ago.

Value added products also contributed positively to the total export earnings for this fortnight period. Some of the main products were indoor furniture, spindles and non-timber forest products.

Guyanese company wins IWPA Innovative Excellence award

The World of Wood Convention organised by the International Wood Products Association (IWPA), was recently held in Miami Beach, Florida. The conference drew nearly 300 industry leaders from 30 countries and over the years it has been very helpful in promoting Guyanese wood products worldwide and attracting buyers in the US market.

Guyana's sustainable wood sector was showcased during a special presentation. Durable Wood Products, a Guyanese company, won the IWPA Innovative Excellence award for their Turada Wallaba shingles. Cedar and other wood shingles need to be treated with chemicals to make them more resistant to fire, insects, and decay. However, the Turada Wallaba Shingles manufactured in Guyana need no chemical treatment, making them a more environmentally friendly product.

The Guyana delegation at the conference included members of the Forest Products Association of Guyana (FPA), the Guyana Manufacturers & Services Association, and representatives from the USAID/Guyana Trade and Investment Support (GTIS) project, and several timber companies, such as Toolsie Persaud Ltd., Guyana Timber Products, Guyana Shield Forest Resources Ltd., Durable Wood Products, and Ganesh Singh & Brothers Logging/Sawmilling.

Guyana Log Prices

Logs, FOB Georgetown	SQ - $ Avg unit value per m³		
	Std	Fair	Small
Greenheart	-	-	-
Purpleheart	200-250	200	-
Mora	120⬇	115⬇	110

*Small SQ is used for piling in the USA and EU. Price depends on length.

Guyana Sawnwood Prices

Sawnwood, FOB Georgetown		$ Avg unit val. per m³	
EU and US markets		Undressed	Dressed
Greenheart	Prime	645⬇	-
	Standard	-	615-933⬇
	Select	620-750⬇	
	Sound	680	
	Merchantable	530-649	
Purpleheart	Prime	-	-
	Standard	-	700-806⬆
	Select	750-850⬆	
	Sound	580-594	
Mora	Prime	-	
	Select	500-575⬆	
	Sound	-	
	Merchantable	400	

Guyana Plywood Prices

Plywood, FOB Georgetown Port			$ Avg unit val. per m³
Baromalli	BB/CC	5.5mm	No export
		12mm	390-500⬆
	Utility	5.5mm	No export
		12mm	370-460

Report from Japan

Log enduses in Japan

The Japan Lumber Reports (JLR) has indicated that Japan's log consumption in 2009 amounted to 22,803,000 cu.m, 12.4% lower than in 2008. Of this, total domestic supplies were 16,619,000 cu.m (down 6% cf. 2008) and imports were 6,184,000 cu.m (down 26%).

In terms of enduses, some 15,279,000 cu.m was used for sawnwood production, (down 13% cf. 2008) and another 3,107,000 was used for the manufacture of plywood (down 22% cf. 2008). The balance was used mainly for wood chips.

Imported logs for sawnwood production declined 22% while the use of domestic logs for sawnwood fell only around 8%. Logs imported for plywood production dropped by 39% in 2009 compared to levels in 2008.

In 2009, the number of sawmills in Japan dropped to 6,865 (down 7% on 2008) while the number of plymills fell to just 208 with 25 mills ceasing operation.

Log enduses 2009 ('000's cu.m, Brackets % 2009 compared to 2008)

	Total	Sawnwood	Plywood
Domestic total	16,619 (93.8)	10,243 (92.2)	1,979 (92.6)
Softwood	13,976 (93.3)	10,077 (92.2)	1,972 (93.8)
Hardwood	2,643 (96.7)	166 (92.2)	7 (20.6)
Import total	6,184 (74.3)	5,036 (78.0)	1,128 (61.0)
South Sea	493 (73.4)	92 (67.2)	399 (74.6)
N. America	3,732 (84.6)	3,532 (82.8)	194 (143.7)
Russia	1,117 (51.6)	671 (64.8)	443 (39.4)
NZ	634 (73.2)	569 (68.3)	64 (193.9)
Others	208 (97.7)	172 (92.5)	28 (121.7)
Total	22,803 (87.6)	15,279 (87.0)	3,107 (77.9)

Source JLR

Plywood prices

Plywood manufacturers in Japan are desperately trying to find ways of improving company profitability after a long period of poor demand and low prices coupled with increasing log and adhesive costs.

The JLR says that there are some signs of demand recovery but plywood dealers are resisting the higher prices as these are not demand driven but are being demanded by plywood manufacturers. At the moment, the manufacturers are able to push up prices so that the dealers have no choice but to accept the new price levels and to try and pass these on to endusers.

According the JLR, both Malaysian and Indonesian plywood mills are facing difficulties in securing adequate supplies of logs. This, and the fact that one of the largest plywood manufacturers in Malaysia has decided to delay a decision on its new price structures until June, is adding pressure to the calls to raise plywood prices.

The latest offer price from suppliers for 3x6 concrete formboard at US$480 per cu.m C&F was made in April, up US$25 per cu.m on earlier levels.

The wholesale price in Japan for concrete formboard for coating is mixed and supply is tight says the JLR. Prices are said to be firming at a level of Yen 780- 800 per sheet for 2x6 and this is Yen 20-30 per sheet higher than a month ago.

Importers are proposing a price of Yen 900 per sheet delivered for 3x6 concrete formboard while the market level is still hovering around Yen 880-890 per sheet.

March plywood supply improves

The total supply of plywood in March was 457,100 cu.m, almost 8% up on levels in March last year and an improvement on levels in February this year. Plywood imports fell while domestic production increased.

Imports from Malaysia and Indonesia dropped while imports from China increased considerably. First quarter imports of plywood from China were up by more than 50% compared to the level in the first quarter 2009.

In March, plywood sales grew and inventory levels declined by around 5% according to the JLR. Inventories in March stood at 162,600, the lowest level since May 2007.

March and first quarter plywood supply (cu.m)

	Mar-10	% change 2010 on 2009	Jan-Mar 2010	% change 2010 on 2009
Malaysia	132,112	95.1	356,927	94.2
Indonesia	60,020	72	204,232	96.9
China	34,873	154.1	126,400	151.8
New Zealand	1,833	71.2	6,826	79.3
Canada	510	59.9	1,027	81.4
Others	5,231	130.2	14,676	130.9
Import total	234,579	92.9	710,088	102.3
Domestic	222,527	129.1	619,154	120.6
(Softwood)	189,188	131.4	528,598	125.2
Total supply	457,106	107.6	1,329,242	110.1

Source JLR

Adhesive prices moving up

The prices of phenol and methanol have increased recently and this is impacting on the cost of producing resins for the timber industry. Due to the weak demand for plywood and board products, adhesive manufacturers have not been able to raise prices to compensate for their increased production costs. However, now that plywood prices are being forced up, they see an opportunity to increase adhesive prices.

The adhesive manufacturers say that the price levels attained in 2008, when the market was buoyant, have been wiped out. According to the JLR, several of the large adhesive suppliers will increase prices in June.

Marketing drive for structural MDF

Structural MDF is marketed as an alternative to plywood for some enduses and the Japanese company, Hokushin, intends to increase production and promotion of structural MDF. The JLR reports that the company will increase production by 1,500 cu.m per month and that its promotional campaign will target builders and construction companies who are focussing on the so-called ‘long-life’ residential homes.

Log and Sawnwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku
Meranti (Hill, Sarawak)	(Koku=0.278 m^3)
Medium Mixed	6,300
Standard Mixed	6,500
Small Log (SM60%, SSM40%)	6,300
Taun, Calophyllum, others (PNG)	8,000
Mixed light hardwood, G3/4 grade (PNG)	-
Keruing MQ & up (Sarawak)	10,500
Kapur MQ & up (Sarawak)	8,900

Logs for Sawmilling, CIF	Yen per Koku
Melapi (Sarawak) High Select	11,500
Agathis (Sarawak) High Select	-

Lumber, FOB	Yen per m^3
White Seraya (Sabah) 24x150mm, 4m, Grade 1	135,000
Mixed Seraya, Sangi 24x48mm, 1.8-4m, S2S	53,000

Wholesale Prices (Tokyo)

Indonesian & Malaysian Plywood	Size (mm)	Apr (¥ per sheet)	May
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	320	320
3.7mm (med. Thickness, F 4star, type2)	910 X 1820	450	450
5.2mm (med. Thickness, F 4star, type 2)	910 X 1820	560	560
11.5mm for sheathing (F 4star, type 2)	910 X 1820	890	890
12mm for foundation (F 4star, special)	910 X 1820	920	940
12mm concrete-form ply (JAS)	900 X 1800	870	890
12m coated concrete-form ply (JAS)	900 X 1800	1010	1050
11.5mm flooring board	945 X 1840	1150	1150
3.6mm baseboard for overlays (OVL)	1230 X 2440	740	740
OSB (North American)			
12mm foundation of roof (JAS)	910 X 1820	-	-
9mm foundation for 2 by 4 (JAS)	910 X 2440	-	-
9mm conventional foundation (JAS)	910 X 2730	-	-
9mm conventional foundation (JAS)	910 X 3030	-	-

Report from China

Guangdong furniture exports soar to record high

Furniture and parts exports from Guangdong Province surged 34% to a record high at US$1.05 billion in April 2010. Guangdong exports represent 50% of the total national furniture and parts exports.

The latest statistics from Guangzhou Customs show that during January to April, furniture and parts exports totalled US$3.73 billion, climbing 27% over the same period in 2009.

Guangdong’s furniture and parts were mainly exported to the USA, Europe and ASEAN countries. Exports to the USA and Europe rose both 20%, while exports to the ASEAN market increased 77%. This significant increase stems form the China-ASEAN free-trade agreement which has been in effect from the beginning of this year.

The statistics illustrate that China's furniture exports to the US continued on a strong note during the April despite the recently amended US Lacey Act.

Furniture exports to Russia fell sharply

According to the statistics from Manzhouli Customs, furniture exports during the first four months of 2010 plunged 67% to US$552,000 in value. Furniture exports from Manzhouli are all destined for Russia.

Foreign enterprises were the main traders to cut exports. In the first four months of 2010, the value of furniture exports by foreign enterprises through Manzhouli Port declined 68% to US$290,000. On the other hand, the value of furniture exports by domestic enterprises dropped by only 20% to US$262,000.

One reason for the fall in exports is bankruptcies of some foreign furniture sales companies.

First quarter wood products trade in Guangxi

It is reported that Guangxi Province wood product trade was booming in the first quarter of 2010. The total output of wood based panels was 2 million cu.m, up 26% over the same period of 2009.

According to the first quarter 2010 statistics from Nanning Customs, the total value of wood product exports from Guangxi Province were US$263 million, up 28%. The value of wood product imports amounted to US$93 million representing a 51% increase.

So far this year, investment in particleboard production has been increasing. The share of particleboard in wooden panel production is growing and as a result of recent investment, the production capacity will increase by 400,000 cu.m.

Prices for some wood products have shown an upward trend. Eucalyptus logs (8cm&up) were RMB600 per cu.m, up 13% over the same period in 2009.

Guangzhou City Imported Timber Market

Logs	Yuan per m^3
Lauan (50-60cm)	1900-2100
Kapur (up to 79cm)	2000-2100
Merbau 6m, (up to 79cm)	3500-4000
Teak	11000-13000
Wenge	5200-5300
Sawnwood	
Teak sawn grade A (Africa)	9300
US Maple 2" KD	7500-10000
US Cherry 2"	10000-13000
US Walnut 2"	14000-15500
Lauan	5500
Okoume	4500-5000
Sapele	6300-6500

Shanghai Furen Wholesale Market

Sawnwood		Yuan per m^3
Beech KD Grade A		4900-5000
US Cherry, 1 inch		9500-10000
US Red Oak, 50mm		6500-7000
Sapele 50mm FAS (Congo)		
	KD (2", FAS)	6500-6600
	KD (2",grade A)	5500-5800

Shandong De Zhou Timber market

Logs		Yuan per m^3
Larch	6m, 24-28cm diam.	1200
White Pine	6m, 24-28cm diam.	1280
Korean Pine	4m, 30cm diam.	1350
	6m, 30cm diam.	1450
Mongolian Scots Pine	6m, 30cm diam.	1320

Hebei Shijiangzhuang Wholesale Market

Logs		Yuan per m^3
Korean Pine 4m, 38cm+ diam		1700
Mongolian Scots Pine	4m, 30cm diam.	1250
	6m, 30cm+ diam.	1350
Sawnwood		
Mongolian Scots Pine	4m, 5-6cm thick	1450
	4m,10cm thick	1500

Zhejiang Jiashan Kaihua International Timber Market

Logs	Yuan per m^3
Okoume 80cm+	2900-3400
Sapele 80cm+	6000-6600
Wenge 80cm+	13000-14500
Sawnwood	
Doussie	3600-4000
European beech boules	3200-3400
Radiata	800-1200
Plywood	
US Black Walnut 4x8x3 mm	6000-8000
Beech 4x8x3 mm	6000-8000
Teak 4x8x3 mm	6000-8000
Poplar (4x8x3-5 mm)	3000-4000

For more information on China's forestry see: www.forestry.ac.cn

Report from Europe

Extended European delivery times for African hardwood

EUWID reports that German wood importers are having difficulty placing new orders in Africa. Although African sawmill's supply capability varies depending on the producer, species and specification, the problem in procurement appears to be increasing rather than declining.

EUWID notes that supplies of all major commercial redwood species such as sapele, sipo and iroko are very tight with delivery periods for new orders now extending to the end of the year in some cases. Deliveries of whitewood species such as wawa and ayous – which had hitherto been more readily available – are also now subject to longer delays.

No upswing in European demand for African lumber

EUWID reports that there has been no significant upswing in European demand for African lumber in recent weeks. In the case of sapele and sipo, the low level of consumption can still largely be supplied from existing landed stocks.

While some efforts are being made by European importers to push through price increases for onward sales of these stocks to manufacturers and distributors, in many cases prices still fall short of replacement levels.

However, stocks of iroko in Europe are more limited and, in the absence of potential substitutes, importers have been better placed to force through price increases for this species.

European parquet flooring production slipped 20% in 2009

Statistics issued by the European Parquet Flooring Federation FEP on the occasion of their 54th General Assembly in Rome in May confirm FEP's preliminary estimates of a 20% reduction in European parquet flooring production last year to a volume of 67.5 million square metres. Particularly steep declines in production were recorded in Italy, the Nordic countries, Poland and Spain during 2009. However, all countries covered by the FEP membership were affected to some extent.

The leading producers in the FEP region in 2009 were Poland (17.5% of total production), Germany (14.8%), Sweden (13.8%), Austria (10.7%), Spain (9.8%), and France (9.4%).

In 2009, multi-layer parquet increased its share of production in FEP countries by 1% and now accounts for 78% of total parquet production. After several years of stabilisation, the share of solid wood parquet in European production slipped 16% last year. The remainder of production comprises mosaic and lamparquet, each with a 3% share.

Meanwhile, consumption of parquet flooring in the FEP area fell by 15.31% in 2009 to 86 million square metres. Consumption of parquet flooring dropped across the FEP region, although particularly large reductions were recorded in Hungary, Italy, Scandinavia, Spain and Poland.

Production of tropical hardwood parquet in FEP countries (1000 square metres)

	2008	2009	%change 2009 on 2008
Poland	4431	3143	-29
Spain	2468	1648	-33
Italy	3480	1140	-67
Germany	883	500	-43
France	536	254	-53
Czech Republic	211	206	-2
Austria	532	144	-73
Hungary	176	98	-44
Netherlands	277	89	-68
Belgium	49	54	9
Switzerland	83	43	-47
Sweden	0	0	na
Other	na	na	na
FEP countries	13126	7319	-44

Source: European Federation of the Parquet Industry (FEP) Statistics 2009

Tropical wood losing ground to oak in the European flooring sector

The FEP statistics are particularly interesting for the hardwood industry as those are the only numbers regularly compiled for an European end-use sector, providing an insight into usage rates of different wood species. The 2009 figures tend to reinforce earlier reports that oak has been consolidating its dominant market position in European finishing sectors during the time of recession. Oak's share of total parquet flooring production in the FEP region grew from around 56% in 2008 to nearly 63% in 2009.

The major loser in this continuing shift to oak has been tropical hardwoods, which saw their share of usage rates dropping from around 15% in 2008 to only around 10% in 2009. While production of tropical parquet flooring fell in all the FEP countries during 2009, the decline was particularly sharp in Italy, France and Austria (see table). This is partly explained by mounting supply problems for tropical hardwoods at a time when manufacturers were increasingly looking to order wood on a just-in-time basis. Another factor was increased concern for environmental issues which led some manufacturers, notably in Austria, to boycott the use of tropical wood last year.

AEIM's commitment to legal and certified tropical hardwood

AEIM, the Spanish timber trade federation, has signed an agreement with the environmental non-governmental organisation WWF requiring that all wood imported by members from West and Central Africa must at minimum be legally verified and preferably FSC certified. In support of the agreement, WWF intends to publish a list of Spanish companies that offer FSC certified tropical timber products.

The agreement came after a tour of Spanish timber importers to Cameroon in March 2010 supported by the Spanish development agency AECID. The Spanish companies visited FSC-certified timber suppliers during the tour. The agreement also follows on from a recent non-binding recommendation of the Spanish Council of Ministers that public authorities should purchase only FSC or PEFC certified wood products.

Cameroon signs Voluntary Partnership Agreement with the EU

On 6 May 2010, Mr. Raul Mateus Paula, the Ambassador representing the European Union in Cameroon and Mr. Elvis Ngolle Ngolle, Minister for Forests and Wildlife representing Cameroon concluded negotiations of a Voluntary Partnership Agreement (VPA) on Forest Law Enforcement Governance and Trade (FLEGT) in forest products to the EU. The VPA expresses a strong mutual commitment to respond to the problem of illegal logging, by linking good forest governance in Cameroon with a trade agreement and leverage offered by the EU's internal market.

This brings to a close a negotiation process that has spanned several years. The two parties have agreed on the key elements of a FLEGT licensing scheme. These include: (a) a clear description of legal requirements (legality definition); (b) systematic verification of legal compliance; (c) timber tracking through the supply chain; (d) licensing procedures; and (e) independent auditing.

The Agreement also lends support to elaborate policy and legal reforms that will foster good governance, transparency and accountability in the forest sector of Cameroon. Cameroon intends to build a national system to assure legality which will apply to all exports no matter the final market destination and to timber produced for the domestic market as well. The EU for its part will guarantee free and unrestricted access to its entire market of all FLEGT licensed timber products coming from Cameroon and will seek to increase visibility of FLEGT licensed products in the EU. The EU and its Member States are also contributing to the needed sector reforms and providing support to development and upgrading of regulatory systems framed in the VPA. It is expected that the first FLEGT licenses from Cameroon will be issued by the end of 2011.

The conclusion of these negotiations follows closely on the heels of VPA agreements with Ghana and the Republic of Congo (Brazzaville). Negotiations are on-going with Liberia and Central African Republic as well as Indonesia and Malaysia with many other countries showing interest to enter into dialogue too.

According to the European Commission's press release issued on the occasion of the signing of the agreement: "with increasing expectation in the European market for independently verified proof of legality of timber products, the VPA should help Cameroon to consolidate and improve its European market access".

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Délégation de l'Union Européenne au Cameroun
(http://www.delcmr.ec.europa.eu/)
Mr. Carl Frosio: Carl.frosio@ec.europa.eu

The Netherlands Sawnwood Prices

FOB (Rotterdam)	US$ per m^3
Sapele KD	847
Iroko KD	1003
Sipo KD	1010
DRM Bukit KD	946
DRM Seraya KD	953
DRM Meranti KD Seraya MTCC cert.	968
Merbau KD	1218
Sapupira (non FSC) KD	946
Sapupira (FSC) KD	1483
Anti-slip decking AD C&F Rotterdam	
Selangan batu	1483

UK Log Prices

FOB plus commission		€ per m^3
N'Gollon (khaya)	70cm+ LM-C	330-360
Ayous (wawa)	80cm+ LM-C	230-240
Sapele	80cm+ LM-C	310-330
Iroko	80cm+ LM-C	310-350
African Walnut	80cm+ LM-C	320-350

UK Sawnwood Prices

FOB plus Commission		GB Pounds per m^3
Framire	FAS 25mm	470-480
Sipo	FAS 25mm	670-690
Sapele	FAS 25mm	575-585
Iroko	FAS 25mm	680-700
Wawa	FAS25mm	290-310
CIF plus Commission		
Tulipwood FAS 25mm		355-380
Meranti Tembaga Sel/Btr (KD 2"boards)		560-580
Balau/Bangkirai Decking		1000-1050
White Oak		580-630

UK Plywood and MDF Prices

Plywood Panels 8x4", CIF	US$ per m^3
Brazilian WBP BB/CC 6mm	540-560
Malaysian WBP BB/CC 6mm	550-570
China (hardwood face, eucalyptus core) 18mm	380-390
China (tropical hardwood face, poplar core) 18mm	350-370

Report from North America

Recovery forecast for housing construction

Growth in employment, low interest rates and stabilising home prices support the recovery of the US housing market, according to the construction forecast conference by the National Association of Home Builders (NAHB). Even though the home buyer tax credit programme ended in April, NAHB forecasts 552,000 single-family housing starts in 2010, up 25% from last year. Total housing starts forecasts range between 700,000 and 750,000 in 2010, and 1 million to 1.2 million in 2011.

Two major factors continue to hold back new construction – the housing surplus from the high number of foreclosures and the shortage of credit for developing and construction. On the other hand, the Federal Reserve will likely continue to keep interest rates near record bottom levels at least through 2010.

The housing market in some regions will recover sooner than in others. According to the conference panellists, the top 20% of the states will be back to normal by the end of 2011. Those states include Texas, Oklahoma, Montana, Wyoming, Tennessee, Louisiana, Mississippi, Alabama and Arkansas and Kansas. The slowest regions to recover include California, Arizona, Nevada, Florida and the Great Lake states.

Lacey Act requires declaration for musical instruments, chairs and hand tools

Importers of wooden chairs, musical instruments, hand tools, sculptures, revolvers and pistols, and other wood products have to declare the scientific name and country of harvest for any wood or other plant material in their products. This latest enforcement phase under the Lacey

Act came into effect on 1st April 2010 by the US government.

Other wood product importers have been declaring this information for almost a year, including lumber and flooring importers. The Lacey Act bans the import, export or trade in illegally sourced wood and plant products since 2008. For the complete list of products requiring declaration, visit the US Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) website:
http://www.aphis.usda.gov/plant_health/lacey_act/index.shtml

Canadian forest industry and environmental groups sign world's largest conservation agreement
The Forest Products Association of Canada reports that 21 of their member companies signed an agreement with nine environmental groups. The so-called 'Canadian Boreal Forest Agreement' covers 72 million hectares of public forests that are licensed to the companies.

The environmental organizations' goal is to save the woodland caribou, permanently protect vast areas of Canada's boreal forest and put in place sustainable forestry practices. The "Do Not Buy" campaigns by three of the environmental groups will be suspended.
The participating forestry companies expect a competitive advantage by improving their products' sustainability. The agreement includes a full life cycle approach to forest carbon management and the recognition of conservation achievements in the global marketplace.

The agreement is established without government's involvement, but the companies and environmental groups are looking for leadership and participation from all governments, e.g. First Nations, provincial and municipal, to reach the goals of the agreement. AbitibiBowater, Kruger, Weyerhaeuser, ForestEthics, Greenpeace and the Ivey Foundation are among the organizations participating in the agreement.

The US tropical timber imports in first quarter

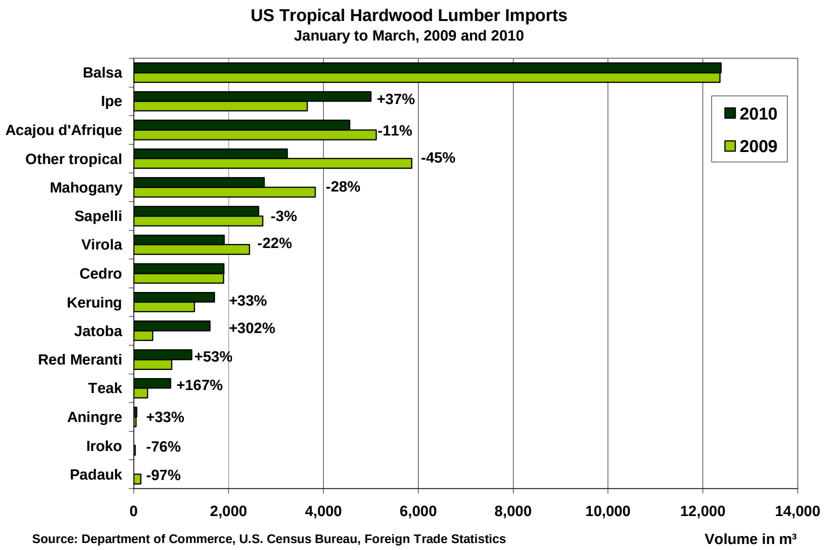
Balsa lumber imports from Equador were at the same level as in the first quarter last year. Imported volumes of Ipe, Jatoba, Keruing, Red Meranti and Teak were significantly higher compared with the same period in 2009. Acajou d'Afrique lumber from Cote d'Ivoire declined by over 50%, but imports from Ghana and Cameroon were up.

At US$41.7 million imports of hardwood moulding were only slightly above the level of the first quarter last year. Both Jatoba and Ipe moulding imports from Brazil remained below 2009 values at US$5.5 million (-8%) and US$1.2 million (-36%), respectively. Cumaru moulding imports from Peru continued increasing, totaling US$773,000 for the first quarter of 2010. Cumaru imports from Brazil were up from February at US$1.2 million (+13%).

Hardwood flooring imports from Brazil were 48% below the figures in the first quarter 2009, while imports from Malaysia were similar to the same period last year. Flooring exports from Indonesia reached US$195,000 during the first quarter 2010 (+73%). Overall hardwood flooring imports continued to be far below 2009 levels.

US Timber prices

	Mar-10 US$ per Cu.m	Apr-10 US$ per Cu.m
Ipe (Brazil) Decking Premium Grade AD, 1x6, FOB Belem	2175	2195
Ipe (Brazil) Decking Premium Grade AD, 5/4x6, FOB Belem	2200	2325
Jatoba (Brazil) No.1 Common & Better AD, FOB Belem	830	830
Jatoba (Brazil) No.1 Common & Better KD, FOB Belem	875	875
Khaya (Cote d'Ivoire) FAS KD, FOB Abidjan	730	745
Khaya (Ghana) FAS KD, FOB Takoradi	875	880
Sapele (Cameroon) FAS AD, FOB Douala	730	750
Sapele (Cameroon) 4/4 to 8/4 FAS KD, FOB Douala	840	890



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.

Gulf real-estate markets will probably see decrease in the coming months as a ‘vast’ supply of properties becomes available and lending remains scarce. Moody’s Investors Service gave the industry a negative outlook for the next 12 months to 18 months and has downgraded the ratings of all Gulf Cooperation Council-based companies affected by real estate.
http://www.qatar-tribune.com/data/20100525/content.asp?section=world1_8

Home sales in the UK in the first four months of the year have been 26% up on the same period last year, but are still nearly half the level recorded in the pre-banking crisis years of 2005, 2006 and 2007.
http://news.bbc.co.uk/2/hi/business/10136031.stm

India plans to double its afforestation eco-restoration efforts in the next 10 years, with the primary objective of reducing emissions. The draft of Green India Mission was published recently by the Ministry of Environment and Forests for the public consultation.
http://www.livemint.com/2010/05/25001403/India-plans-to-double-forest-c.html?h=B

Jordan is showing increasing demand for interior wood products as its construction sector continues to witness rapid development as a result of growing economic stability.
http://www.tradearabia.com/news/newsdetails.asp?Sn=INT&artid=179924

Leading industry bodies from the paper and board sectors have published voluntary guidelines for their members to help ensure compliance with general EU legislation on food contact materials.
http://www.foodqualitynews.com/Legislation/Paper-industry-issues-voluntary-guidelines-on-food-contact-materials

The legal framework to ensure that wooden flooring products in the UK are sourced from ethical and lawful sources is to be strengthened with a new law.
http://www.ukflooringdirect.co.uk/news/new-law-to-ensure-wood-flooring-legal~19775771.htm

A pay strike by transport workers has severely disrupted South Africa’s rail and port network and weakened supply operations across the region. Angola and Tanzania have been the worst affected by the dispute, which has also hit Mozambique, Nigeria, Tanzania and Kenya, according to Terry Gale, of the business group Exporters Club.
http://www.supplymanagement.com/news/2010/strike-halts-african-supply-chain-route/

Throughout the Caribbean, local communities are addressing poverty by managing and conserving forests in partnership with government. They recognise forest ecosystems as an essential part of their well being.
http://guardian.co.tt/features/life/2010/05/24/developing-forest-based-livelihoods

US environmental consultancy EcoTrust has been approved to provide the first carbon offset project methodology in improved forest management (IFM) under the Voluntary Carbon Standard (VCS).
http://www.carbonpositive.net/viewarticle.aspx?articleID=2010

Vietnamese wooden furniture exporters claim that the Lacey Act is a new non-tariff barrier for Vietnamese export products. Meanwhile, the US is a big hardwood exporter. In 2009, Vietnam imported more than $100 million worth of timber materials from the US, twice as much as five years ago.
http://english.vietnamnet.vn/reports/201005/The-deck-is-stacked-against-Vietnam%E2%80%99s-food-exports-to-US-911523/

Offering an environmentally responsible alternative to traditional packaging materials, bamboo packaging for Dell’s netbook and laptop products has been certified “compostable.” The packaging is made from mechanically pulped bamboo from a Forest Stewardship Council (FSC)-certified bamboo forest in China.
http://www.greenerpackage.com/compost_biodegrade/bamboo_cushion_dell_hardware_certified_compostable

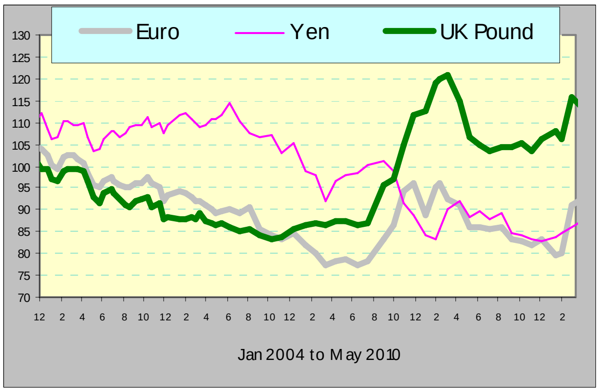
Africa is expected to face high impacts of climate change. At the same time, people in Africa are highly dependent on forest goods and services and therefore particularly vulnerable to climate change.
http://www.iufro.org/science/gfep/african-policy-brief/

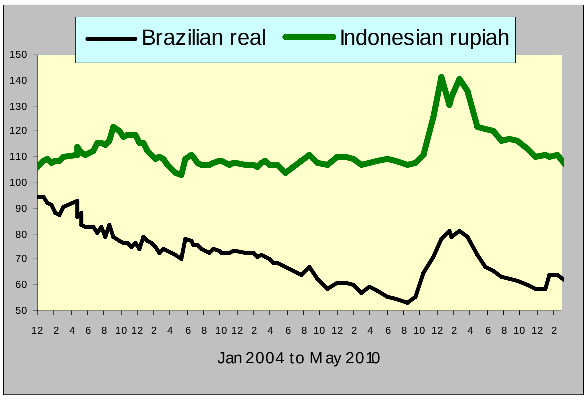
Main US Dollar Exchange Rates

As of 28th May 2010

Brazil	Real	1.8132
CFA countries	CFA Franc	530
China	Yuan	6.8307
EU	Euro	0.8150
India	Rupee	46.3177
Indonesia	Rupiah	9259
Japan	Yen	90.92
Malaysia	Ringgit	3.2971
Peru	New Sol	2.8458
UK	Pound	0.6915

Exchange rates index (Dec 2003=100)

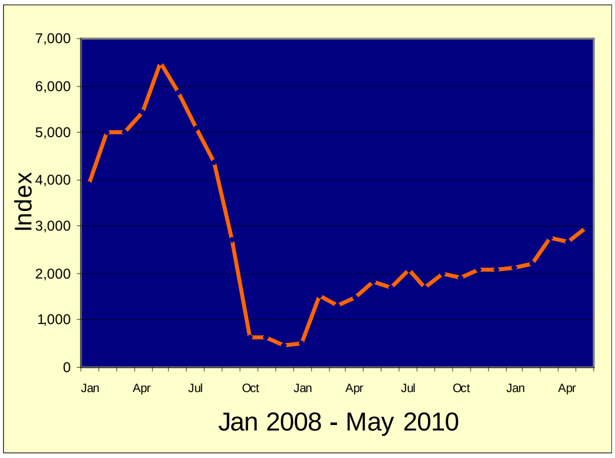




Abbreviations and Equivalences

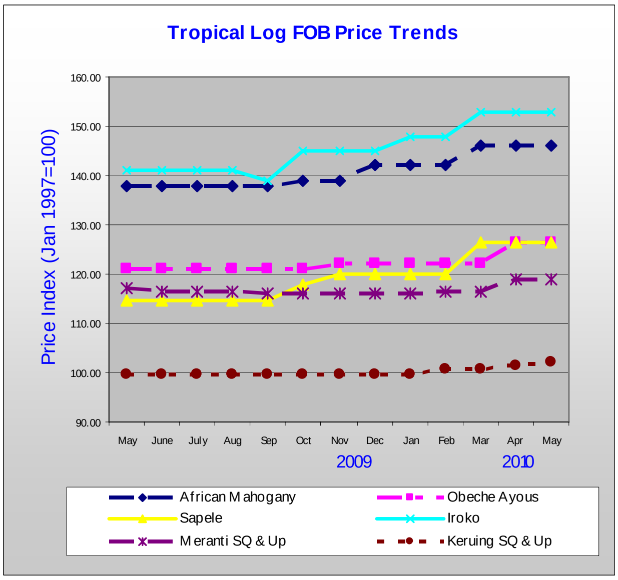
LM	Loyale Merchant, a grade of log parcel
QS	Qualite Superieure
CI, CE, CS	Choix Industriel, Economique or Supplimentaire
FOB	Free-on-Board
CIF; CNF	Cost, insurance and freight; Cost and freight
KD; AD	Kiln Dry; Air Dry
Boule	A log sawn through and through, the boards from one log are bundled together.
BB/CC, etc.	Log/plywood grades. Letter(s) on the left indicate face veneer(s), on the right backing veneer(s). Grade decreases in order B, BB, C, CC, etc.
BF; MBF	Board Foot; 1000 Board Feet
TEU	Twenty-foot equivalent unit
Hoppus ton	1.8 m^3
Koku	0.278 m^3 or 120 BF
SQ; SSQ	Sawmill Quality; Select Sawmill Quality
FAS	Sawnwood Grade First and Second
GMS	General Market Specifications
GSP	Guiding Selling Price
MR; WBP	Moisture Resistant; Water and Boil Proof
MDF	Medium Density Fibreboard
PHND	Pin hole no defect grade
$; ⬆⬇	US dollar; Price has moved up or down

Ocean Freight Index

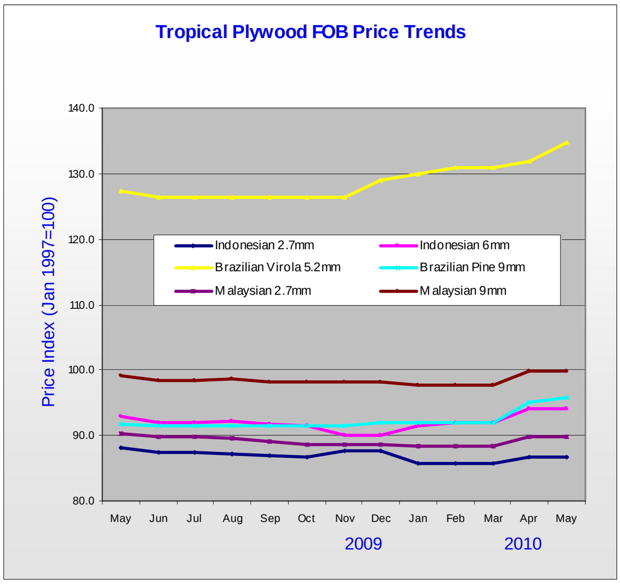


The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

Tropical Log Price Trends

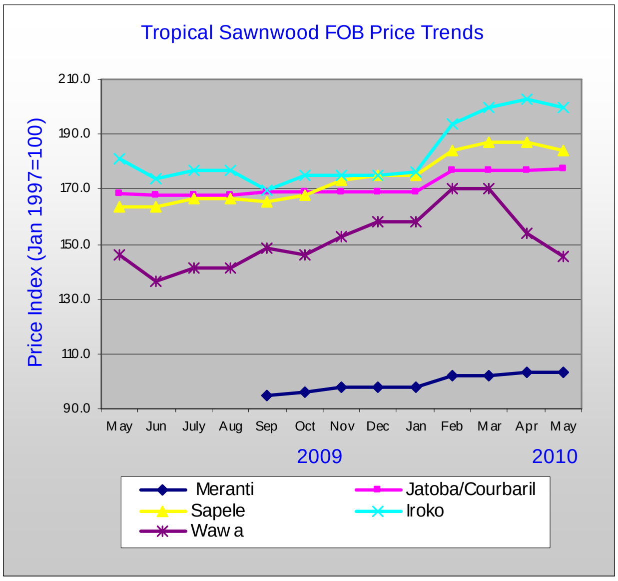


Tropical Plywood Price Trends



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

Tropical Sawnwood Price Trends



To have a free copy of this twice-monthly ITTO Market Information Service bulletin emailed to you on the day of production, please register at:
http://www.itto.int/en/mis_registration/