Tropical Timber Market Report since 1990

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Snapshot

Global business in the timber sector continued to struggle in the face of global economic uncertainties. Most West African trade was strong with Asian markets, while European demand was still dull. However, there were some signs of resilience in Europe, with the Italian furniture sector showing strength and hope for growth during the recent Salone furniture show in Milan.

In South America, Brazil continued to diversify its exports and export destinations and requested further government support to stave off the effects of the economic crisis. Peru has also redirected its trade to domestic markets and non-traditional export destinations. Guyana exports showed continued resilience, with strong results from the last fortnight arising from firm trade in the Caribbean and UK markets.

Editor's note: The next issue of the Tropical Timber Market Report will be published on 18 May.

Headlines

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Report from Central/West Africa

Marginal price changes in West Africa amid dull market

In the West African region, there were some minor upward price adjustments for logs, while most prices remained unchanged. European log purchases were very small in volume as the majority of the log trade was to Asian destinations. China, the largest buyer along with India, was still quite active in the market. The European sawn lumber market was also quiet although some European traders reported that stocks of some species were becoming very low leaving merchants with fragmented specifications and limited ability to fulfill even quite run-of-the-mill user orders. Even sapele was mentioned in this context, although prices for exporters were very low and had not yet shown any strengthening; there were also very few enquiries for new contracts.

In continental Europe, some government financial measures had started to make an impression on the level of business in the building and construction industries. This was expected to trickle down to help the timber trade, though there were still reports of business closures in light of the economic downturn. The situation in the UK had not improved, as government announced initiatives had not yet impacted on the construction industries even though the housing market had reported more activity and a larger number of housing sales than in the third and fourth quarters of 2008.

West Africa Log Prices

West Africa logs, FOB		€ per m³	
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	205	198↑	153
Ayous/Obéché/Wawa	195	192	150
Azobe & Ekki	189	189	
Belli	175	170	-
Bibolo/Dibétou	152	140	
Bubinga	533	470↑	390↑
Iroko	257	250↓	200
Okoume (60% CI, 40% CE, 20% CS) (China only)	151	-	-
Moabi	270	270	206
Movingui	170	145	137
Niove	140↑	140↑	-
Okan	180	180	122
Padouk	275	255	215
Sapele	225	220	150
Sipo/Utile	270	270	215
Tali	200↑	200↑	114

West Africa Sawnwood Prices

West Africa sawnwood, FOB		€ per m³
Ayous	FAS GMS	300
	Fixed sizes	360
Okoumé	FAS GMS	290↓
	Sel. & Bet. GMS Italy	215↓
	Sel. & Bet. fixed sizes	-
Sipo	FAS GMS	530↓
	FAS fixed sizes	-
	FAS scantlings	570↓
Padouk	FAS GMS	545↓
	FAS scantlings	585↓
	Strips	450↑
Sapele	FAS Spanish sizes	390↓
	FAS scantlings	460↓
Iroko	FAS GMS	451↑
	Scantlings	455↓
	Strips	345↓
Khaya	FAS GMS	380
	FAS fixed	420
Moabi	FAS GMS	525↓
	Scantlings	540↓
Movingui	FAS GMS	300-320

Report from Ghana

Export applications drop 21% in fourth quarter 2008

One thousand, seven hundred and thirty three (1,733) export permits were vetted, processed, approved and issued to exporters during the fourth quarter of 2008 covering shipments of various timber and wood products through the ports of Takoradi and Tema as well as through overland exports to neighboring ECOWAS countries, according to the permit section of Timber Industry Development Division (TIDD).

These export permits were issued by offices in Sunyani (55 permits), Kumasi (117 permits), Tema (197 permits) and Takoradi (1,364 permits) as well as the head office of TIDD, representing 3.17%, 6.75%, 11.37% and 78.71% of the total export permits, respectively. The corresponding total export permits issued for the third quarter of 2008 was 2,196. This was a substantial decrease of 21% in the number of permits issued for the exports of timber and wood products compared to the fourth quarter of 2008. The decline was largely attributed to the global economic slowdown.

Lumber, both kiln-dried (KD) and air-dried (AD), continued to register the highest number (792) of export permit applications, representing nearly 46% of the total number of export permits issued during the period under review. This was followed by plywood, mouldings and sliced veneer. There were substantial reductions in the number of permits issued in the fourth quarter for the export of lumber, block boards, floorings, teak billets/poles/logs, plywood, curl veneer, sliced veneer and rotary veneer. However, demand for the exports of lumber (both KD and AD) was still higher than tertiary wood products such as furniture parts, mouldings, floorings, dowels, broomsticks and profile boards.

For free and special permits, four (4) free export permits were issued solely in Takoradi to Mondial Veneer (Ghana) Ltd. and Peewood Craft & Art Cottage for the shipment of wooden carvings, lazy chairs, wood craft boxes, wooden drums, bar stools, bar chairs, cane chairs and cane centre table. These products were shipped to clients in the EU.

Five special export permits were issued solely in Takoradi to Machined Wood Company Ltd. for the shipment of okoume laminated strips/mouldings to Italy. These were 200.633 m³ by volume and EUR113,780 by value. These laminated mouldings were made from okoume sawn timber, which were imported from Gabon. In contrast, only one special export permit was issued to Machined Wood Company Ltd. in the previous quarter for the shipment of sapele laminated strips to the UK.

With respect to overland exports, 295 export permits were granted to a number of timber companies to export lumber and plywood by road to Burkina Faso, Nigeria, Niger, Benin and Togo. The total volume and value of permits issued for overland exports during the fourth quarter of last year were 31,801m³ and EUR10.16 million, respectively. The total number of permits issued for overland exports during the previous quarter was 338 and these export permits were 32,937 m³ by volume and EUR10.30 million by value. These figures represent reductions of 12.72%, 3.45% and 1.27%, respectively in the number, volume and value of permits issued for overland exports in the fourth quarter of 2008 compared to the previous quarter.

The drop in the number, volume and value of overland exports, in comparison with global trends, indicates that the global economic slowdown has not severely affected trade amongst the ECOWAS member countries. This is further indication of the importance of the ECOWAS sub-regional market and reinforces the need for Ghana to diversify its export markets.

Ghana Log Prices

Ghana logs, domestic	US$ per m³	
	Up to 80cm	80cm+
Wawa	100-115	120-145
Odum Grade A	160-170	175-185
Ceiba	90-100	105-120
Chenchen	60-90	95-112
Khaya/Mahogany (Veneer Qual.)	80-100	110-135
Sapele Grade A	135-150	155-175
Makore (Veneer Qual.) Grade A	125-135	140-166

Ghana Sawnwood Prices

Ghana Sawnwood, FOB	€ per m³	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	855	-
Asanfina	500↑	560
Ceiba	190	260
Dahoma	330	410
Edinam (mixed redwood)	425↑	430
Emeri	360↓	430↓
African mahogany (Ivorensis)	595	665
Makore	520	610
Niangon	555	640↑
Odum	645↓	700
Sapele	540	600
Wawa 1C & Select	260	285

Ghana sawnwood, domestic		US$ per m³
Wawa	25x300x4.2m	250
Emeri	25x300x4.2m	335
Ceiba	25x300x4.2m	210
Dahoma	50x150x4.2m	290
Redwood	50x75x4.2m	285↑
Ofram	25x225x4.2m	330

Ghana Veneer Prices

Rotary Veneer, FOB	€ per m³	
	CORE (1-1.9mm)	FACE (<2mm)
Bombax	320↓	350
Kyere, Ofram, Ogea & Otie	315↓	350↓
Chenchen	315	350↓
Ceiba	315↓	345↓
Mahogany	400	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 m³
Ceiba	245↓
Chenchen, Ogea & Essa	295
Ofram	312

Sliced Veneer, FOB	€ per m²	
	Face	Backing
Afrormosia	1.19↓	1.00
Asanfina	1.50↓	0.80↓
Avodire	1.12	0.80
Chenchen	0.80↓	0.45↓
Mahogany	1.40	0.79
Makore	1.40↓	0.90
Odum	1.75↓	0.95↓

Ghana Plywood Prices

Plywood, FOB	€ per m³			
B/BB, Thickness	Redwoods		Light Woods	
	WBP	MR	WBP	MR
4mm	560	475	500	375
6mm	340	325	335	285
9mm	365	305	290	270
12mm	300	295	270	255
15mm	310	300	280	270
18mm	300	290	285	250

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 m²		
	10x60x300mm	10x65-75mm	14x70mm
Apa	12.00	14.47	17.00
Odum	8.42	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%.

Report from Malaysia

Dompok appointed new Minister of Plantation Industries and Commodities

The Star reported Mr. Bernard Dompok had been appointed the new Minister of Plantation Industries and Commodities as of 10 April 2009. Mr. Dompok was born and brought up in the timber resource rich state of Sabah, and is familiar with many of the issues and challenges affecting the local timber industry

Furniture manufacturers face threat of closure

Some furniture manufacturers could be forced to close within six months as a result of the 50% increase of the levy for foreign workers, indicated *The Star*. Mr. Desmond Tan, president of the Malaysia Furniture Entrepreneurs Association (MFEA), commented that the federal government needed to address the problem quickly as it would have an adverse effect on the operational costs of furniture manufacturers. With declining orders, he added that it could lead to further layoffs at the management and executive levels. Furniture exports posted a 14.2% drop in January 2009, to RM621.3 million, from RM724.2 million compared to the same month in year 2008. Malaysia's furniture exports registered 2% growth in year 2008 from year 2007, and were worth RM8.7 billion. This translates to only 2.6% of the world's market for furniture.

MTC to represent timber sector at MICCOS event in August 2009

The Malaysian agricultural commodity industry will be holding a major exhibition for international buyers at the Malaysia International Commodity Conference & Showcase (MICCOS), which will be convened at the Malaysia Agro Exposition Park Serdang (MAEPS) from 13 to 16 August 2009. The Malaysian timber sector will be represented by the Malaysian Timber Council and the Malaysian Timber Industry Board. For more information, see: http://www.miccos.com.my/?page=welcome

Properties facing foreclosure on the rise in Malaysia

The number of properties facing foreclosure or receivership had increased from between 10% to 20% as more property owners fell victim to the recession in Malaysia. Personal and business bankruptcy in Malaysia is expected to increase significantly as well, reported *The Star*.

Withdrawal of investment could impact timber sector

Many banks are reportedly to have started withdrawing trade credit facilities from a wide range of exporters, including those with low credit risk exposure in the timber sector. Most Malaysian banks traditionally favor the construction sector over the manufacturing and trading sectors. This has contributed to the large number of abandoned construction projects in Malaysia during a recession, which in turn drives down prices of building materials and timber products.

Malaysia Log Prices

Sarawak log, FOB	US$ per m^3
Meranti SQ up	230-254
Small	212-243
Super small	201-225
Keruing SQ up	217-229
Small	187-218
Super small	162-193
Kapur SQ up	207-232
Selangan Batu SQ up	178-215
Pen. Malaysia logs, domestic (SQ) US$ per m^3	
DR Meranti	233-252⬆
Balau	300-327
Merbau	324-359
Rubberwood	40-75
Keruing	216-232

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

Malaysia Sawnwood Prices

Malaysia Sawnwood, FOB	US$ per m^3
White Meranti A & up	281-312⬇
Seraya Scantlings (75x125 KD)	453-468⬇
Sepetir Boards	250-272⬇
Sesendok 25,50mm	353-371⬇
Kembang Semangkok	295-318⬇

Malaysian Sawnwood, domestic		US$ per m^3
Balau (25&50mm,100mm+)		333-353⬇
Merbau		477-529⬇
Kempas 50mmx(75,100 & 125mm)		261-301⬇
Rubberwood	25x75x660mm up	194-244
	50-75mm Sq.	235-267⬇
	>75mm Sq.	257-286⬇

Malaysia Plywood Prices

Malaysia ply MR BB/CC, FOB	US$ per m^3
2.7mm	415-477⬇
3mm	392-422⬇
9mm & up	337-409⬇

Meranti ply BB/CC, domestic	US$ per m^3
3mm	388-429⬇
12-18mm	322-351⬇

Other Malaysia Panel Prices

Malaysia, Other Panels, FOB		US$ per m^3
Particleboard	Export 12mm & up	229-252 ⬇
	Domestic 12mm & up	214-231⬇
MDF	Export 15-19mm	284-316⬇
	Domestic 12-18mm	273-291⬇

Malaysia Added Value Product Prices

Malaysia, Mouldings, FOB	US$ per m^3
Selagan Batu Decking	547-557⬇
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	563-576⬇
Grade B	514-523⬇

Malaysia Furniture and Parts Prices

Malaysia, Rubberwood, FOB		US$ per piece
Semi-finished dining table		
solid laminated top 2.5'x4', extension leaf		58-74
As above, Oak Veneer		65-79
Windsor Chair		57-59
Colonial Chair		55-60
Queen Anne Chair (soft seat)	without arm	55-63
	with arm	55-64
Chair Seat 27x430x500mm		43-48
Rubberwood Tabletop		US$ per m^3
22x760x1220mm sanded & edge profiled		
Top Grade		556-588
Standard		541-559

Report from Indonesia

Pulp and paper market turns focus to Asia

The decline in the demand of paper and pulp in Indonesia's traditional markets has shifted attention to major consuming countries in Asia such as China, India and South Korea, according to Mr. Muhammad Mansur, chairman of the Indonesian Pulp and Paper Association (APKI). This new focus is a result of new forest concessions of 7 million ha and the issuance of new permits to allow the collection of timber waste to be used as raw material, reported *The Jakarta Globe*. APKI's forecast stated that China's demand for pulp will reach 25 million per year eventually, from 2007 to 2010, and India's demand will reach 14 million tons for the period.

Indonesia faces critical shortage of rattan

Indonesia, the world's largest exporter of rattan and rattan products, is facing a critical shortage of the material. Prices for rattan climbed from Rp. 4,000 per kg. in the 1990's to Rp. 28,000 per kg. at present. This is due largely to producers' preference to export unprocessed rattan in bulk than to sell to local craftsmen. Bulk export prices for rattan range from a low of Rp 9,344 to a high of Rp 16,150 per kg. In addition, local buyers have to pay a 10% levy on all local inter-island shipments. Kalimantan is the main source for most of Indonesia's rattan.

Indonesia Log Prices (domestic)

Indonesia logs, domestic prices	US$ per m^3
Plywood logs	
Face Logs	186-229
Core logs	167-200
Sawlogs (Meranti)	174-235
Falcata logs	142-176
Rubberwood	34-60
Pine	157-196
Mahoni (plantation mahogany)	475-501⬇

Indonesia Sawnwood Prices

Indonesia, construction material, domestic		US$ per m^3
Kampar (Ex-mill)	AD 3x12-15x400cm	170-189
	KD	193-227
	AD 3x20x400cm	218-241
	KD	222-247
Keruing (Ex-mill)	AD 3x12-15x400cm	234-248
	AD 2x20x400cm	220-238
	AD 3x30x400cm	200-219

Indonesia Plywood Prices

Indonesia ply MR BB/CC, FOB	US$ per m^3
2.7mm	404-461⬇
3mm	360-401⬇
6mm	317-381⬇

MR Plywood (Jakarta), domestic	US$ per m^3
9mm	254-265⬇
12mm	246-256⬇
15mm	235-249⬇

Other Indonesia Panel Prices

Indonesia, Other Panels, FOB		US$ per m^3
Particleboard	Export 9-18mm	217-228⬇
	Domestic 9mm	191-203
	12-15mm	182-193
	18mm	172-184
MDF	Export 12-18mm	254-267⬇
	Domestic 12-18mm	234-245⬇

Indonesia Added Value Product Prices

Indonesia, Mouldings, FOB	US$ per m^3
Laminated Boards Falcata wood	305-317⬇
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	497-531⬇
Grade B	452-473⬇

Report from Myanmar

Low trade seen during holiday period

Local experts in Myanmar observed low trading activity during the Myanmar New Year holiday, which occurred during 11-21 April. The next tender results will be published during in the *TTMR* 14:9.

Myanmar Log Prices (natural forests)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
Veneer Quality	Feb	Mar
2nd Quality	-	-
3rd Quality	4,189 (6 tons)	4,389 (5 tons)
4th Quality	3,702 (11 tons)	3,639 (11 tons)
Sawing Quality	Feb	Mar
Grade 1 (SG-1)	2,634 (95 tons)	2,543 (61 tons)
Grade 2 (SG-2)	2,366 (53 tons)	2,419 (19 tons)
Grade 3 (SG-3)	-	-
Grade 4 (SG-4)	2,034 (339 tons)	2,071 (412 tons)
Grade 5 (SG-5) Assorted	1,587 (172 tons)	1,579 (145 tons)
Grade 6 (SG-6) Domestic	1,291 (103 tons)	1,305 (85 tons)
Grade 7 (ER-1)	1,035 (29 tons)	1,017 (81 tons)
Grade 8 (ER-2)		-

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.

Logs, FOB	€ Avg per Hoppus Ton (traded volume)
Pyinkado (export)	431 (210 tons)
Gurjan (keruing-exp)	238 (70 tons)
Tamalan	--
Taungthayet	--

Prices differ due to quality or girth at the time of the transaction.

Report from Brazil

State inspection results in sawmill closures and seized illegal timber

According to Ascom MMA/Ascom IBAMA, the National Military Force, the Brazilian Patrol Police, the Environmental Military Police, the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) and the National Indian Foundation (FUNAI) have recently started a mega-inspection operation to control illegal forest activities in the Amazon region. Of particular interest is the municipality of Nova Esperança do Piriá, in the Northern state of Pará, which has a population of 32,000 and is reported as being a hot spot for environmental crimes. To date, a total of thirteen sawmills in the municipality have cleared 80,000 of 250,000 hectares of an indigenous reserve and held employees captive as slave labor.

The recent inspection was led by the Minister of Environment. Sawmill and/or forest land owners were not detained, but computers and documents were seized during the field inspection. The seized materials could result in the indictment of at least ten people found responsible for illegal operations and for acting as buyers of illegal timber.

Seven sawmills were embargoed, which produce about 2,000 m³ of roundwood and 200 m³ of sawn wood, and their materials were seized. In the coming weeks, other sawmills will be closed. According to the Minister of Environment, none of them had forest management plans, a pre-requisite for obtaining environmental permits for legal forest harvesting.

Part of the seized timber, including high value species such as maçaranduba, will be sold in auctions, and the remaining part will be donated to the municipality for public use, such as construction of bridges, low-income housing and schools. The money from the auction will be used for environmental preservation projects of the federal and state governments.

Pará faces further closure of solidwood companies

The export-oriented timber industry is the basis of the economy of the Novo Progresso region, one of the highest revenue generating municipalities in the state of Pará. However, such revenue has declined mostly due to the difficulty for companies to obtain new permits for Forest Products Transportation (ATPFs), since the federal government's Curupira inspection operation started in 2008.

As a result, production of manufactured wood products has fallen 50% and layoffs, collective holidays and even closure of mills has already started throughout the state, reported the *Jornal Folha do Progresso/Madiera Total*. Over 10,000 people have lost their jobs in rural areas and in timber-processing mills in West and Southwest regions of Pará.

Brazil's March 2009 exports continue downward trend

Brazil's wood products exports (except pulp and paper) dropped 38% by value compared to the same period in 2008. The charts below show the volume and value of Brazil's exports for March 2009 compared to the same month a year earlier:

Brazil's exports by value, March 2008 and 2009 (USD million)

	Mar 2008	Mar 2009	% change
Solid wood*	318.7	196.17	(38.3)
Tropical plywood	15.1	4.2	(72.2)
Pine sawnwood	18.6	13.3	(28.5)
Tropical sawnwood	46.2	21.3	(53.9)
Pine plywood	46.7	24.9	(46.7)
Wood furniture	57.4	45.2	(21.3)

*Figures for solid wood exclude pulp and paper exports

Brazil's exports by volume, March 2008 and 2009 (000 m³)

	Mar 2008	Mar 2009	% change
Tropical plywood	24.7	8.3	(66.4)
Pine sawnwood	90.7	66.9	(26.2)
Tropical sawnwood	95.5	43.8	(54.1)
Pine plywood	129.6	100.3	(22.6)

Brazil searching for ways to boost forest sector

According to *Centro de Inteligencias em Florestas,* Brazil is seeking ways to overcome the effects of the financial crisis. At the beginning of the financial crisis, the Brazilian forest sector did not expect to be as affected as other sectors. However, in the first two months of 2009, exports declined and many investments and contracts were reduced or cancelled.

As for the solidwood industry, the segments affected were sawnwood, doors, plywood and high value-added products that are export-oriented, mainly to the North American market. For instance, from July 2008 to January 2009, sawnwood and plywood exports plunged 20% and 48% respectively.

To mitigate the effects of the crisis, Brazil has attempted to diversify exports to foreign markets, expanding participation in the domestic market and diversifying products, as well as increasing manufacturing of value-added products. In addition, ABIMCI (National Association of Mechanically-Processed Timber Products) has requested the government to adopt economic measures to benefit the sector, such as cost and tax reductions.

The charcoal market has also been affected by the crisis, mainly due to the significant decrease in market demand for pig-iron, which has affected the iron and steel industry in Brazil. According to the Brazilian Institute of the Iron and Steel Industry (IBS), in the first half of both January and February 2009, the decrease in production exceeded 40% compared to the same period of 2008. Other charcoal-related segments have reduced their consumption and charcoal prices have continued to fall, negatively impacting the sector.

Brazil Log Prices (domestic)

Brazilian logs, mill yard, domestic	US$ per m^3
Ipê	112↑
Jatoba	80↑
Guariuba	53↑
Mescla (white virola)	58↑

Brazil Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB		US$ per m^3
Jatoba Green (dressed)		783↓
Cambara KD		457↓
Asian Market (green)	Guariuba	259↓
	Angelim pedra	593↓
	Mandioqueira	228↓
Pine (AD)		189↓

Brazil sawnwood, domestic (Green)		US$ per m^3
Northern Mills (ex-mill)	Ipé	528↑
	Jatoba	405↑
Southern Mills (ex-mill)	Eucalyptus (AD)	147↑
	Pine (KD) 1st grade	192↑

Brazil Veneer Prices

Veneer, FOB (Belem/Paranagua Ports)	US$ per m^3
White Virola Face 2.5mm	290↓
Pine Veneer (C/D)	205↓

Rotary cut Veneer, domestic (ex-mill Northern Mill)	US$ per m^3 Face	Core
White Virola	199↑	166↑

Brazil Plywood Prices

Plywood, FOB	US$ per m^3
White Virola (US Market)	
5.2mm OV2 (MR)	458↓
15mm BB/CC (MR)	395↓
White Virola (Caribbean market)	
4mm BB/CC (MR)	500↓
12mm BB/CC (MR)	401↓

Pine Plywood EU market, FOB	US$ per m^3
9mm C/CC (WBP)	266↓
15mm C/CC (WBP)	242↓
18mm C/CC (WBP)	237↓

Plywood, domestic (ex-mill Southern mill)		US$ per m^3
Grade MR (B/BB)	White Virola 4mm	683↑
	White Virola 15mm	499↑

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)	310↓
Domestic Prices, Ex-mill Southern Region	
Blockboard White Virola faced 15mm	436↑
Particleboard 15mm	277↑

Brazil Added Value Products

FOB Belem/Paranagua Ports		US$ per m^3
Edge Glued Pine Panel		
Korean market (1st Grade)		632↓
US Market		483↓
Decking Boards	Cambara	592↓
	Ipê	1537↓

Report from Peru

Exporters redirect trade to local markets

Wood exporters have been rerouting exports to the national market as well as to non-traditional market destinations overseas, as the international economic downturn has negatively affected demand from traditional market destinations for Peruvian exports. Currently the countries importing most of Peru's wood products are Mexico, China and the US, according to the Peruvian Exporters Association (ADEX). ADEX Forestal Committee President Santiago Echecopar explained that of the USD222 million of 2008 Peruvian exports, three countries accounted for 84% of Peru's total exports worth USD185.9 million.

Mexican elections delay Peru's signature to NAFTA

Peru's signature of the North American Free Trade Agreement (NAFTA) has been delayed due to political uncertainties in Mexico. With upcoming elections in Mexico on 5 July 2009, Peru cannot sign the Agreement until there is a clearer political view in the country, according to the Ministry of International Commerce and Tourism. This delay could stall exports from several productive sectors, as NAFTA is designed to facilitate exports such as value-added wood products to signatories to NAFTA. Mexico is currently the main buyer of Peru's wood products.

Environment Ministry recommends revised export quotas for mahogany

On 16 April 2009, the Environment Ministry issued a recommendation to set limits on exports of mahogany, with the Ministry allowing only 562 to 851 trees to be harvested for export. The recommendation was drafted by the Environment Ministry (as the authority on CITES), with the support of the National Agricultural University of La Molina. The new recommendation would also allow the Agricultural Ministry to be a CITES administrative authority in Peru. As part of the recommendation, the Ministry can also approve tariffs on mahogany exports in 2009. Mahogany has high commercial value and is a highly demanded commercial species in the international market.

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	485-515

*Cheaper and small-dimension sawnwood for this market.

Peru Sawnwood, FOB Callao Port (cont.)	US$ per m^3
Virola 1-2" thick, length 6'-8' KD	
Grade 1, Mexican market	315-362
Grade 2, Mexican market	269-296
Cumaru 4" thick, 6'-11' length KD	
Central American market	788-814↓
Asian market	768-789↓
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	509-549
Dominican Republic	558-569
Marupa (simarouba) 1", 6-11 length Asian market	366-388

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	299-323
Grade 2, Mexican market	266-280
Grade 3, Mexican market	145-165
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	226-237

Peru sawnwood, domestic	US$ per m^3
Mahogany	940-961↓
Virola	50-67
Spanish Cedar	298-344↓
Marupa (simarouba)	62-78↓

Peru Veneer Prices

Veneer FOB	US$ per m^3
Lupuna 3/Btr 2.5mm	189-202
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		406-416
Cedar fissilis, 2 faces sanded 4x8x5.5mm		745-755
Lupuna, treated, 2 faces sanded, 5.2x4x8mm		348-359
Lupuna plywood	B/C 15x4x8mm	350-358
	B/C 9x4x8mm	345-350
	B/C 12x4x8mm	350-360
	B/C 8x4x15mm	420-430
	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	415
122 x 244 x 6mm	397
122 x 244 x 8mm	403
122 x 244 x 12mm	383
(Pucallpa mills)	
122 x 244 x 4mm	439
122 x 244 x 6mm	439
122 x 244 x 8mm	416
122 x 244 x 12mm	419

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		1323-1411
Cumaru KD, S4S	Swedish market	655-708
	Asian market	924-967
Cumaru decking, AD, S4S E4S, US market		778-867
Pumaquiro KD # 1, C&B, Mexican market		388-444
Quinilla KD, S4S 2x10x62cm, Asian market		477-523
	2x13x75cm, Asian market	617-680

Report from Bolivia

Preliminary estimates show 10% decline in forest exports in 2008

Preliminary statistical reports indicate that forest products exports from Bolivia during January to November 2008 dropped 10% compared with the same period in 2007. The value of forest products exports fell from USD197.7 million to USD177.6 million, breaking the positive trend in Bolivia's forest exports since 2002.

Exports of manufactured products accounted for 80.2% in January to November 2008. Doors, plates, fiberboard, boards, parquet, decking, furniture, shelled chestnut, and palmito accounted for this total. The remaining 19.7% consisted of semi-finished products, which include: sawn timber; poles; tables; and cocoa beans. The cause of the decline in export value was the international economic downturn and other political events affecting the forest sector.

Exports of wood products over the same period in 2008 represented 48.7% of the total or USD85.1 million. Non-wood products were up 51.3% or equivalent to USD91.1 million, with shelled chestnuts representing the entire value.

Bolivia Sawnwood Prices

Sawnwood 1-3"x3x5"x7-19', FOB Arica Port		\$ Avg un. val. per m^3
Ipe	(Spain and Chile markets)	1260-2000
Caviuna	(Asian markets)	1615↑
Mara/Mahogany	(US market)	1725-1740
Cedro	(US, Argentina, Chile mkt)	890-903

Bolivia Added Value Product Prices

Doors 13/4"x36"x96", FOB Arica Port		Avg \$ per piece
US market	Mara macho/Tornillo (FSC)	195↑
	Cambara	135
	Oak (US market)	190-240

Chairs FOB Arica Port		\$ Avg Per piece
Ipe (US market)		47-129↓
Roble/Oak (UK market)		71-94↓
Parquet Flooring 3/4"x3-5"x1-7', FOB Arica Port		\$ Avg un. val. per m^3
Jatoba	(US market)	1035-1215↓
Ipe	(EU and Asia market)	1550-1800↓
Cumaru	(FSC) (China mkt)	1755-1930

Report from Mexico

US and Mexico sign historic agreement on climate change

Xinhua news service reported on the historic agreement signed by Mexican President Felipe Calderon and US President Barack Obama on 16 April 2009, which will provide a framework for bilateral work on energy and climate change and allow for information exchange and other technical cooperation. During a joint press conference in Mexico City, President Obama explained the agreement would focus on renewable energy, energy efficiency, sustainable use of forests and carbon reduction technology.

Both countries will work to reduce greenhouse gas emissions, promote climate change adaptation measures and fortify the sharing of energy resources between the two nations. Other bilateral work will include the establishment of organizations and information exchange to maintain and establish greenhouse gas inventories and design strategies for greenhouse gas reduction. It will also promote development of renewable energy by undertaking technical and economic viability studies and development of projects in the border region between the two countries.

Report from Guyana

Prices surge over previous fortnight

Compared to the first half of March 2009, log and sawnwood prices in April 2009 showed gains by value. Plywood prices remained fairly stable compared to the same period in 2008. Splitwood prices were more favorable in 2008 compared to 2009 prices.

Value-added products such as indoor furniture have shown significant export value earnings compared to the first half of April 2008. The Caribbean market remains the main destination for this product. High export value earnings were also recorded for outdoor garden furniture over the same period, with the UK being the main export destination.

Guyana's local forest-based communities benefit from training in forest management

Forest-based communities in Guyana have traditionally received forest management training through initiatives of the Guyana Forestry Commission (GFC) and the World Wildlife Fund. However, the emergence of the Forestry Training Centre Incorporated (FTCI), established with support from ITTO, has served as the catalyst to provide forest management training to a large number of communities. FTCI's forest management training has been designed to be applicable to community forest management and community forestry needs.

Communities benefit from forest management training in three main ways. Firstly, forest management training enables communities to manage their forest resources with basic knowledge of forestry and other basic management tools (e.g. maps). Secondly, it allows communities to develop a shared understanding of their situation, which in turn enables communities to better source and utilize technical assistance in forestry provided by donors; further, communities become more active during consultations because they have more information on which to take decisions. Thirdly, trained members of the communities are able to take up job opportunities with logging enterprises and at the GFC's forest stations near their communities, leading to cash inflows for the development of schools, medical centers and community businesses.

Since FTCI started its forest management training in 2007 through ITTO Project PD 333/05 Rev.2 (I), many younger community members have been seeking support to participate in the one-year forestry certificate course at the Guyana School of Agriculture. The GFC itself offers full scholarships for up to five persons per year.

Guyana Log Prices

Logs, FOB Georgetown	SQ - $ Avg unit value per m³		
	Std	Fair	Small
Greenheart	-	130	110-120
Purpleheart	210⬇	215⬆	205⬆
Mora	-	-	-

*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	670-700⬆	-
	Select/Standard	615-785⬆	550-742⬇
Purpleheart	Prime	-	-
	Select/Standard	-	602-1135⬆
Mora	Select	450-523⬆	-

Guyana Plywood Prices

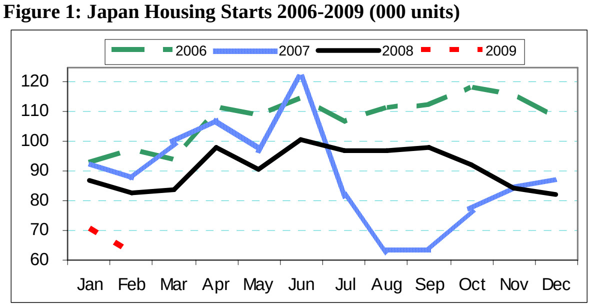
Plywood, FOB Georgetown Port			$ Avg unit val. per m³
Baromalli	BB/CC	5.5mm	-
		12mm	350-407⬇
	Utility	5.5mm	-
		12mm	-

Report from Japan

Japan's housing and plywood markets show continued decline in early 2009

February 2009's plywood imports and housing starts dipped below February 2008 levels, reported the *Japan Lumber Journal (JLJ)*. A year-on-year comparison of housing starts revealed a drop of 25% (Figure 1).

Figure 1: Japan Housing Starts 2006-2009 (000 units)



Due to declining housing starts, there was a continued slump in imports of lauan plywood in Japan. Factories were cutting production and there was little initiative to purchase new logs. Meranti logs from Sarawak to Japan fell in price, arising from the lower number of offers.

Log and Sawnwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku (Koku=0.278 m³)
Meranti (Hill, Sarawak)	
Medium Mixed	7,700⬇
Standard Mixed	7,800⬇
Small Log (SM60%, SSM40%)	6,700⬇
Taun, Calophyllum, others (PNG)	7,600
Mixed light hardwood, G3/4 grade (PNG)	-
Keruing MQ & up (Sarawak)	12,000
Kapur MQ & up (Sarawak)	9,300⬇

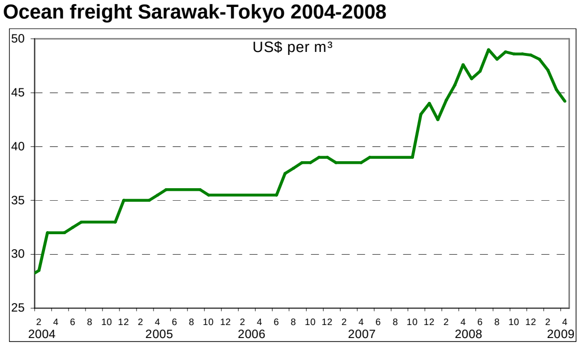
Logs for Sawmilling, CIF	Yen per Koku
Melapi (Sarawak) High Select	11,500
Agathis (Sarawak) High Select	-

Lumber, FOB	Yen per m³
White Seraya (Sabah) 24x150mm, 4m, Grade 1	145,000
Mixed Seraya, Sangi 24x48mm, 1.8-4m, S2S	53,000

Wholesale Prices (Tokyo)

Indonesian & Malaysian Plywood	Size (mm)	Mar (¥ per sheet)	Apr
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	360 ⬆	360
3.7mm (med. Thickness, F 4star, type1)	910 X 1820	480 ⬇	470 ⬇
5.2mm (med. Thickness, F 4star, type 1)	910 X 1820	590 ⬇	580 ⬇
11.5mm for sheathing (F 4star, type 2)	910 X 1820	900 ⬆	900
12mm for foundation (F 4star, special)	910 X 1820	950 ⬆	960 ⬆
12mm concrete-form ply (JAS)	900 X 1800	820 ⬆	820
12m coated concrete-form ply (JAS)	900 X 1800	960	960
11.5mm flooring board	945 X 1840	1250 ⬇	1150 ⬇
3.6mm baseboard for overlays (OVL)	1230 X 2440	700	700
OSB (North American)			
12mm foundation of roof (JAS)	910 X 1820	1000	1000
9mm foundation for 2 by 4 (JAS)	910 X 2440	1050	1050
9mm conventional foundation (JAS)	910 X 2730	1250	1250
9mm conventional foundation (JAS)	910 X 3030	1350	1350

Ocean freight Sarawak-Tokyo 2004-2008



More information on Japan in www.n-mokuzai.com

Report from China

China raises export rebate for 36 wood products

According to the *China Green Times*, the export rebate rate for 36 wood products has increased as of 1 April 2009. The rates for paper products have jumped to 13%. The export rebate rate for some wood products such as photo frames has risen to 11% from 9%. The adjustment of the export policy is expected to play an active role in encouraging exports of wooden and paper products to allow China's forest industry to be resilient as the international economic downturn continues.

China's wooden door industry chalks robust development over 10 year period

According to 2009 estimates, there are more than 10,000 door manufacturing enterprises in China. Of the total, 3,000 enterprises are of a large scale and capable of mechanical production. Preliminary estimates indicate that 40% of wooden door enterprises have an annual output of RMB10 million to RMB30 million yuan, while 30% have an output of RMB30 million to RMB50 million yuan. Thirty wooden door enterprises have generated outputs of approximately RMB100 million yuan by value. Six major door production bases have been established in the Pear Delta, the Yangtze River Delta and three major provinces in the northeast, southwest and northwest regions.

However, growth rates of both annual output value and export value were slow in 2008 due to reduced domestic demand and the international economic downturn. In 2008, wooden door exports to China fell 10% and the value of wooden door exports declined about 3% from 2007 levels. According to statistics from the Wood Door Committee of the China Timber Circulation Association, domestic demand for wooden doors was expected to exceed RMB60 million yuan in 2008.

The development of the wooden door industry is largely driven by market demand. Competent enterprises have expanded the scale of their production over the last few years. New wooden door enterprises have also stimulated production. More furniture and flooring enterprises are also expected to modify their production patterns to produce more wooden doors in 2009 and 2010.

China's wooden products exports and imports continue to slide

According to recent statistics from China Customs, both imports and exports of China's wood products continued to decline in February 2009 due to the international financial crisis and Chinese spring festival period. The drop in exports and imports has lasted five months, since October 2008. Exports fell dramatically due to sharp decreases in furniture exports. Exports of wood-based panels, wooden flooring and small wooden products also continued to decline. Statistics show the total value of wood products imports and exports fell about 20% to USD3.14 billion, accounting for 2.5% of foreign trade, down 0.38% from January 2009. Of the total, the value of wood products exports declined 26% to USD1.5 billion and the value of wood products imports fell 13% to USD1.6 billion.

Timber imports through Taicang Port surge 46% in the first quarter of 2009

Timber imports through Taicang Port in Jiangsu Province were 330,000 m³ by volume and valued at UDS36.8 million, up 46% by volume and 3% by value from the same period last year. Experts from Taicang Entry-Exit Inspections and the Quarantine Bureau noted the two reasons for the increase.

Firstly, timber traders had been more active in trade after Taicang Port established a national timber fumigation inspection zone. Secondly, Taicang Port had also been working to optimize efficiency to attract wider supply sources. Taicang dock companies reduced storage fees as of 1 January 2009 and service companies at the port were operating on a 24 hour basis.

Guangzhou City Imported Timber Market

Logs	Yuan per m^3
Lauan (50-60cm)	1900-2400
Kapur	1900-2450
Merbau 6m, 79-100cm diam.	4300-5300
Teak	11000-16000
Wenge	6500-7000
Sawnwood	
Teak sawn grade A	8500-9500
US Maple 2" KD	8800-11000
US Cherry 2"	14000-14200
US Walnut 2"	16000-16800
Lauan	3500-4000

Shanghai Furen Wholesale Market

Sawnwood		Yuan per m^3
Beech KD Grade AB		2500-3000
US Cherry, 25mm		9500-10000
US Red Oak, 50mm		9800-10500
Sapele 50mm FAS (Congo)		
	KD (2", FAS)	5500-5600
	KD (2",grade A)	4200-4500

Shandong De Zhou Timber market

Logs		Yuan per m^3
Larch	6m, 24-28cm diam.	1170
White Pine	6m, 24-28cm diam.	1230
Korean Pine	4m, 30cm diam.	1450
	6m, 30cm diam.	1550

Hebei Shijiangzhuang Wholesale Market

Logs		Yuan per m^3
Korean Pine 4m, 38cm+ diam		1850
Mongolian Scots Pine	4m, 30cm diam.	1280
	6m, 30cm+ diam.	1350
Sawnwood		
Mongolian Scots Pine	4m, 5-6cm thick	1450
	4m,10cm thick	1450

Zhejiang Jiashan Kaihua International Timber Market

Logs	Yuan per m^3
Okoume 80cm+	2800-3400
Sapele 80cm+	6000-6500
Wenge 80cm+	13000-14000
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, the UK and Russia

Export demand for Italian furniture proves resilient

The Italian furniture sector held up reasonably well to the end of 2008 considering the scale of the economic downturn. Preliminary 2008 end-year figures suggest that Italian sales of wood furniture fell by 5.6% in 2008 compared to the previous year. Much of the decline in sales was due to a fall in the overall level of Italian domestic furniture consumption. The value of Italian wood furniture exports fell by only 2%. The likelihood is that the Italian furniture sector extended its share of the global wood furniture sector in 2008. The latest available international data indicates that the share of Italian furniture on the global market in 2007 reached 9.1%, rising from 8.9% in 2006.

	2006	var. % 06/05	2007	var. % 07/06	2008	var. % 08/07
Sales at Production (a)	38,070 €	3.0%	39,768 €	4.5%	37,533 €	-5.6%
Exports (b)	12,653 €	5.8%	13,714 €	8.4%	13,438 €	-2.0%
Imports (c)	6,820 €	13.3%	7,475 €	9.6%	6,833 €	-8.6%
Balance (b - c)	5,834 €	-1.8%	6,239 €	6.9%	6,605 €	5.9%
Apparent Internal Consumption (a-b+c)	32,236 €	3.9%	33,530 €	4.0%	30,928 €	-7.8%
Export/Sales (% b/a)	33.2%		34.5%		35.8%	3.8%
No. Of Employees	409,826	0.0%	410,876	0.3%	408,464	-0.6%
No. Of Companies	79,344	-2.1%	77,471	-2.4%	75,299	-2.8%

Table 1: Italian Wood Furniture Industry Trends, 2006-2008 (values in EUR millions at current prices) (Source: Centro Studi COSMIT/FEDERLEGNOARREDO)

After the sharp upturn in overseas sales during 2006 and 2007, a 2% drop in exports is by no means a positive result. However, it is an indication that Italian furniture products remain highly competitive in international markets. During 2008, there was a severe downturn in Italian furniture exports to two markets worst hit by the credit crunch, the UK (-13%) and the US (-22%), together with Germany (-5%) and Spain (-14%). However, these losses were offset by strong gains in exports to Russia (+17%), the United Arab Emirates (+37%), and Greece (+4%). Exports to France and Austria remained stable.

Two factors had a bearing on the drop in Italy's domestic furniture consumption in 2008. On the one hand, there was a severe loss of consumer confidence during 2008 and, on the other, there was a significant slump in the real estate and rental markets even before the construction industry was hit by a sharp fall in demand.

But overall, Rosario Messina, President of the Italian wood furniture association Federlegno Arredo, believes the figures are a reason for optimism. 'This is a crisis that is being imported, quite unlike those in the past which were all linked largely to a gap in our country's competitiveness and in part to our business system. We are stronger now: we have had time to absorb the competitive shock generated by embracing the Euro and spot exchange rates that were far from favorable to Italian exports. We have taken stock of an increasingly global market and of the difficulties inherent in true internationalization. Much still remains to be done, but businesses have responded well....the fact that Italian companies suffered to a lesser extent than others on the international markets is largely attributable to the quality of our products'.

Italian furniture companies have certainly been hit by the crises and small artisan businesses in particular have registered an overall decline of 2.6% in numbers. However, employment figures have been holding up. According to Rosario Messina there are very definite reasons for this: 'at times like these family-run businesses [which dominate the Italian furniture industry] are in a position to tighten their belts and focus on medium-term objectives. There are many cases in which families have fallen back on their own reserves during a credit crunch or a lack of liquidity and, equally, family-run businesses offer greater flexibility in terms of choice when times are hard. When entrepreneurs identify with their own businesses, they are less likely to make staff cuts, tending to view these as a last resort. This in turn avoids setting a vicious circle of consumer uncertainty and cutbacks in motion, which then rebounds on the businesses themselves'.

These comments might provide some crumbs of comfort to timber importers in Italy, but it is also clear that the benefits of the furniture sector's apparent resilience have yet to filter through to the wood trade. Trade data suggests that the Italian wood sector suffered more severely than the furniture sector during the latter months of 2008. This was due in part to widespread destocking by furniture and joinery manufacturers in response to the uncertain economic conditions and also to a sharp downturn in construction sector activity. According to Federlegno Arredo, Italian wood industry sales fell by 7.5% (an overall total of approximately 15 billion Euros) in 2008 compared to the previous year, mainly due to a decline in Italy's internal wood consumption which plummeted by 9.1%.

Salone del Mobile furniture show reflects market resilience

The Salone del Mobile in Milan is perhaps the most significant furniture show in the world where a huge number of exhibitors jostle for attention, many employing the services of some of the world's top designers. In terms of sheer volume of production, Italy was recently overtaken by China as the world's largest furniture manufacturing country. However the Italian furniture sector generally, and the Salone show in particular, continues to have a huge impact on furniture fashion trends in all areas of the world.

A key part of the Italian furniture sector resilience during the global downturn has been a heavy emphasis on design and marketing. Underlining the determination of the Italian furniture sector to stay on top, or perhaps a reflection of greater desperation to generate demand during the economic downturn, this year's Salone show boasted a huge increase in the numbers of exhibitors compared to last year. The show, which ended on 27 April, hosted 2,723 exhibitors (of whom 911 were non-Italians) and covered an exhibition area of 202,350 square meters. In 2008, there were 1,068 Italian and 230 foreign exhibitors and the overall exhibition area stood at 152,207 square meters.

The key question doing the rounds of insiders in the run-up to the Salone show was this: ‘How will manufacturers and designers respond to the crisis that has the world economy in its grip?’ The show’s publicists, based on their own survey of products on display, felt that the economic downturn had contributed to two contrasting trends in Italian furniture design. They note that ‘some designers and firms have striven for greater pragmatism, a more balanced relationship between object and cost and a greater focus on consumer demand. Others have sought refuge in escapism. An important element of this trend has been to link furniture design to the world of nature’.

The first approach is believed to have led to an ‘unexpected return to minimal’, scaling down the decorative explosion of the last few years. There is greater emphasis on timeless objects that are built to last rather than paying lip service to passing fashions. There is an emphasis on ‘gracious’, non-aggressive designs that can ‘stray’ from one room of the house to the next.

Many of the wood furniture items on show adhered to the minimalist ideal. The Dutch furniture company Arco was displaying a table manufactured 100% in wood with no metal or other elements. The simplicity of the design combined with use of real wood veneers and avoidance of other potentially expensive materials meant the product was extremely cost efficient. Another example is the Eno chair in black oak designed by Mikko Lakkonen for Covo. Other exemplars of the minimalist look in wood were the Italian FEG company, the Swiss Mobimex, and the Italian Mathias company.

There was a strong preference in these modern minimalist designs either for very dark brown, often black woods, or for whitened woods. Walnut was used most extensively to achieve the darker colors. Wenge was occasionally seen, although much more typically oak was stained to achieve the black look. Ash was often painted for the white look.

Another common theme was to combine a minimalist design with a more exotic finish. A simple chair or table may be manufactured in a heavily grained even stripey wood, or in plywood cross-cut to produce an interesting look. A particularly good example was the Gem 743 table designed by Gianni Astolfi and Sergio Mian for the Mathias company in ziricote (Cordia dodecandra), a tropical hardwood from Central America.

The second trend towards ‘escapism’ and ‘naturalism’ had even clearer implications for the use of wood, particularly tropical. According to the show publicists, this trend has contributed to the strong emergence of outdoor furniture (often with a dual ‘outdoor/indoor’ function). They note that ‘outdoor collections are multiplying; costlier materials and finer designs are being employed’.

It was evident from the show that while tropical wood is benefiting to some extent from this trend, it now has to share the outdoor furniture sector with a huge range of other materials. Gone are the days when teak was dominant, a reflection both of a fashion for mixed materials and the increasing difficulties of obtaining high quality large dimension teak. Much of the outdoor furniture on display at the Salone show was manufactured from plastic, steel, aluminium and fabric.

Alternative woods were also being used for exterior furniture. The Belgian company Tribu was promoting a new line of garden furniture made of painted acacia wood. Schonhuber Franchi now combines teak with aluminium and is also promoting a line of aluminium/palissandro products. Fornasarig was displaying outdoor furniture by Japanese designers Shinibu and Setsu in treated oak chosen primarily for its ability to produce curvatious designs. Gloster, while maintaining their strong loyality to teak, were introducing a new design which combines the tropical wood with copious quantities of soft material for a more comfortable look.

The concepts of ‘escapism’ and ‘nature’ were also major influences in the indoor furniture sector. While designers were interpreting these themes in a huge variety of ways, certain threads tended to be repeated, such as the widespread use of natural fibers and reclaimed materials, and of non-geometric ‘rough’, ‘ethnic’ and ‘rural’ designs.

The Italian Riva company were particularly firm adherents to the ‘natural’ concept. Their stand was dominated by a huge timber board 12 meters in length and 2 meters wide carved from a New Zealand kauri tree (agathis australis). The theme of the stand was ‘eco-design’, Riva having brought together around 20 of the world’s top furniture designers to create unique furniture, all in real wood. The company claims to use only sustainably managed woods – although interestingly there was no reference to any specific sustainable forestry standard or labeling system such as FSC or PEFC (in fact no-one seemed to be visibly promoting either of these labels at the show). Instead, Riva emphasizes its heavy reliance on American hardwoods. All the products on display were manufactured in American black walnut.

Generally, tropical timbers were not strongly featured in the visual elements of indoor furniture displayed at the show. The only exception was Indian rosewood (Dalbergia latifolia) used widely in veneer form to produce a highly exotic and glossy striped finish on more classic furniture lines. There was a little teak favored for the darker brown grainy look which is currently in fashion. In line with the ‘natural’ and ‘rustic’ themes, there were also a few companies displaying furniture in reclaimed teak. Tropical redwoods appear to be very much out of fashion in the European furniture sector. But closer examination of some furniture items revealed a bit of tropical wood under the skin. For example, mahogany was occasionally being used for frames in high quality classic furniture lines where it is valued for its strength and stability.

The Netherlands Sawnwood Prices

FOB (Rotterdam)	USD per m^3
Sapele KD	867⬆
Iroko KD	985⬆
Sipo KD	1053⬆
DRM Bukit KD	847
DRM Seraya KD	847
DRM Meranti KD Seraya MTCC cert.	883
Merbau KD	1116
Sapupira (non FSC) KD	877
Sapupira (FSC) KD	1384
Anti-slip decking AD C&F Rotterdam	
Selangan batu	1328

UK Log Prices *note: sources for UK prices have changed

FOB plus commission		€ per m^3
N'Gollon (khaya)	70cm+ LM-C	310-340
Ayous (wawa)	80cm+ LM-C	220-230
Sapele	80cm+ LM-C	270-310
Iroko	80cm+ LM-C	290-320⬇

UK Sawnwood Prices

FOB plus Commission	Pounds per m^3
Framire FAS 25mm	425-450
Sipo FAS 25mm	655-670
Sapele FAS 25mm	500-530
Iroko FAS 25mm	610-640
Wawa No.1 C&S 25mm	290-310
CIF plus Commission	
Tulipwood FAS 25mm	310-330
Meranti Tembaga Sel/Btr (KD 2"boards)	540-570
Balau/Bangkirai Decking	850-900
White Oak	480-530

UK Plywood and MDF Prices

Plywood Panels 8x4", CIF	US$ per m^3
Brazilian WBP BB/CC 6mm	500-515
Malaysian WBP BB/B 6mm	490-510
China (hardwood face, eucalyptus core) 18mm	330-340
China (hard face, poplar core) 18mm	320-340

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.

Chinese Foreign Minister Yang Jiechi unveiled a multi-billion-dollar package of aid and credit to enhance China-ASEAN cooperation. Yang met with envoys of the 10 ASEAN countries in Beijing.
http://english.peopledaily.com.cn/90001/90776/90883/6635079.html

The 'Dubai International Wood & Wood Machinery Show' is offering Jordanian players excellent opportunities to expand their networks and build strong relationships with established trade partners, thereby facilitating increased interaction with the international players, according to a press release.
http://www.jordantimes.com/?news=15844

The economic partnerships agreements (EPAs) will push African, Caribbean and Pacific (ACP) countries 'deeper' into poverty and negatively affect the livelihoods of people living in ACP countries. These trade deals 'will prevent' African countries from achieving the United Nations' millennium development goals (MDGs).
http://allafrica.com/stories/200904110005.html

For the economic elite gathering in Rio de Janeiro at a regional meeting of the World Economic Forum, the city's hillside slums may loom even closer than usual. Recent boom years eased inequalities between the rich and poor. But now Latin America has plunged into a recession. That has leaders facing two tasks: boosting economic growth and improving the plight of the region's poor.
http://online.wsj.com/article/SB123958558550112469.html#mod=fox_australian

The Gulf Cooperation Council chief and Saudi and Omani ministers on Sunday discussed how to revive talks on a free trade accord with the European Union that broke down in December, the official SPA news agency reported.
http://www.channelnewsasia.com/stories/afp_world_business/view/421920/1/.html

A hitherto unknown population of orangutans numbering perhaps 1-2,000 has been found on the island of Borneo, conservation researchers say. Members of the reclusive endangered species were found by scientists acting on tip-offs from local people.
http://news.bbc.co.uk/2/hi/asia-pacific/7995970.stm

The issue of climate change has in the past few years been in the front burner of global discourse. Central to the issue is the widely expressed concern about rapidly changing weather patterns across the globe with far-reaching implications bordering essentially on environmental disasters and food security challenges. For now the world is still trying to come to terms with the frightening reality of worsening green house emissions and ozone layer depletion as a result of increasing industrial and other human activities that promote these incidences.
http://allafrica.com/stories/200904090170.html

Mature trees worth more than Sh10 billion are likely to go to waste unless the government lifts the ban on logging in public forests. Kenya Forestry Service (KFS) chairman Eric Koech disclosed that Kenya has more than 56,000 hectares of mature trees following the logging ban imposed 10 years ago. As a result, the country has lost more than Sh3 billion on imported timber products to meet the shortage of the materials in the country.
http://www.nation.co.ke/News/-/1056/559866/-/u3teo3/-/

Qatar's civil construction projects were valued at USD82.5 billion at the end of March this year, on the back of steady year-long growth in expenditure throughout 2008, according to a new report. All 191 of Qatar's major construction projects are still in operation, despite the impact of the global economic crisis.
http://www.arabianbusiness.com/552332-qatars-construction-industry-continues-to-grow---report

Uganda has received a USD200,000 (sh430m) grant from the Food and Agricultural Organization (FAO) to implement forestry conservation activities between 2009 and 2012. The grant launched at Hotel Africana in Kampala will finance the second phase of the National

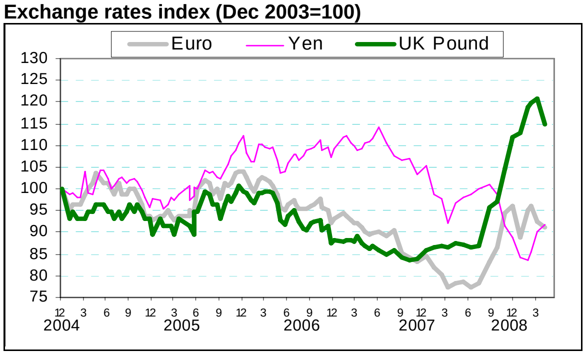
Forestry Facility Programme. Uganda is one of the 70 countries supported by the FAO-NFP.
http://allafrica.com/stories/200904100303.html

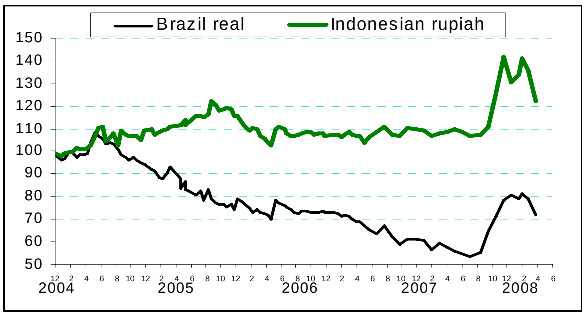
Main US Dollar Exchange Rates

As of 7 May 2009

Brazil	Real	2.1066	⬇
CFA countries	CFA Franc	490.131	⬇
China	Yuan	6.8215	⬇
EU	Euro	0.7472	⬇
Indonesia	Rupiah	10,373.00	⬇
Japan	Yen	99.04	⬆
Malaysia	Ringgit	3.5249	⬇
Peru	New Sol	2.9647	⬇
UK	Pound	0.6661	⬇

Exchange rates index (Dec 2003=100)

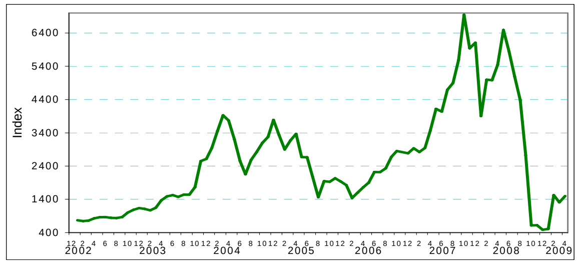




Abbreviations and Equivalences

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
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

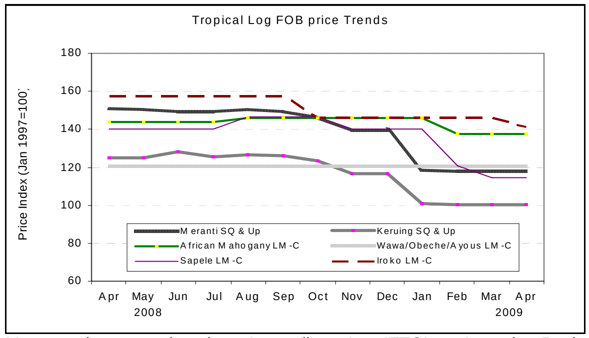
Ocean Freight Index



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.

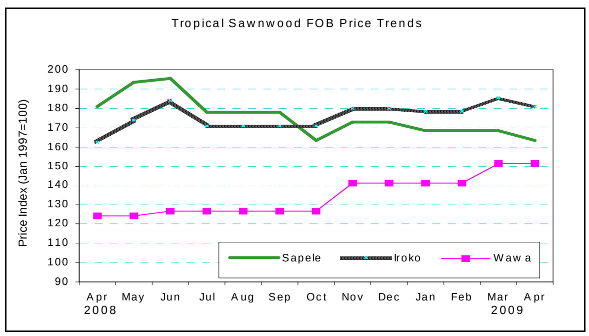
Appendix. Tropical Timber Price Trends

Tropical Log 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



Tropical Plywood Price Trends