Tropical Timber Market Report since 1990

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Snapshot

Results from the first and second quarters were announced over the last fortnight. In Ghana, there were no major signs of price changes during the second quarter of 2009. The value of Malaysia's exports of logs and timber products fell 27% during the first four months of 2009. The Indonesian Central Statistics Agency reported a 28% decline in timber exports during the first quarter of 2009. Bolivia's forest products exports also declined over 10% by value during the same period.

For importers, Japan's updated statistics for 2008 showed a 9.6% drop in demand for raw materials. EU statistics revealed a massive 48% plunge in its log imports during the first quarter of 2009.

Shortages in raw tropical forest materials also prompted government action or a response from the trade. Indonesia will impose greater export regulations on raw rattan to limit its export. The government of Myanmar was working to address firewood shortages in the country. Brazil began to use açai seed to produce energy in a more efficient and environmentally friendly manner. Trends in the Indian market revealed an ongoing search for imported substitutes for timber from India's natural and plantation forests.

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Report from Central/West Africa

West African markets maintain stability

Market stability has been maintained in West Africa throughout June in price and volume. Asian buyers have continued to make regular purchases and request shipments of a range of favored species that are rather more limited than in 2008 and earlier. There are some small signs of more interest from European buyers where there have been reports of very low stocks. Ordinarily, this would be an indicator of an imminent resurgence in new purchases but given the present more difficult financial conditions, there is some reluctance to commit beyond small volumes against orders already in hand. Buyers do seem to be well aware that any return to even moderate volume trading levels could trigger very long lead times for new contracts.

Producers, on the other hand, have tailored production to maintain stability and cater for the current demand. They are not speculating if or when European buyers will return to the market. Some producers reported as still having some quite large overlying stocks of certain species. One positive trend in the market is the increasing demand for certified timber. The Netherlands and the UK have taken the lead in demanding certified timber and the UK government in particular is becoming more active in regulating the use of certified timber in central and local government projects. Some African producers have engaged in the certification process and are able to supply fully certified timbers. Such producers are in the minority, however, as most mills have not seen enough demand for certified timber to push them to undertake certification initiatives.

Looking at the first half of the year, many West African producers may well feel they made the right move early enough to survive an extremely difficult six months, with the prospects for the second half perhaps rather better than expected. The effects of the global economic downturn on African timber industries may have not yet impacted fully on the economies of those countries that depend heavily on revenues from timber and timber products exports. Nevertheless, mill closures and production cut backs have been occurring over the last six months, resulting in large-scale unemployment for a number of workers in the timber sector.

West Africa Log Prices

West Africa logs, FOB	€ per m³		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	205	205	153
Ayous/Obéché/Wawa	190	190	145
Azobe & Ekki	195	195	
Belli	190	190	-
Bibolo/Dibétou	150	135	
Bubinga	533	457	381
Iroko	257	250	200
Okoume (60% CI, 40% CE, 20% CS) (China only)	158	-	-
Moabi	270	270	206
Movingui	170	140	137
Niove	137	137	-
Okan	180	180	122
Padouk	295	270	235
Sapele	225	220	150
Sipo/Utile	260	240	215
Tali	220	220	114

West Africa Sawnwood Prices

West Africa sawnwood, FOB		€ per m³
Ayous	FAS GMS	300
	Fixed sizes	360
Okoumé	FAS GMS	275
	Sel. & Bet. GMS Italy	230
	Sel. & Bet. fixed sizes	-
Sipo	FAS GMS	500
	FAS fixed sizes	-
	FAS scantlings	550
Padouk	FAS GMS	545
	FAS scantlings	565
	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

Ghana announces removal of taxes on imported timber

At an ITTO-sponsored conference in Ghana, Ghana's Vice President John Mahama announced the removal of taxes on logs and sawn timber in an effort to boost the timber industry. He explained that a slump in demand for the country's timber products, particularly mahogany and odum, had forced some of the country's lumber and veneer prices down. These facts were supported by a study on intra-African trade launched by ITTO at the conference. He encouraged African countries to work together to offset the downturn in timber markets and encourage the free flow of trade.

Ghana sees no significant change in market conditions

There have been no significant changes in price levels during the second quarter of 2009, as markets have yet to recover from the effects of the global financial crisis. Exporters, especially small to medium scale enterprises, are finding it very difficult to secure export contracts and buyers are taking advantage of the situation to close contracts at much lower prices. Lumber prices have dropped between EUR10/m³ and EUR50/m³ below the

TIDD Minimum Guiding Selling Prices (GSP) depending on the species.

Notwithstanding the above, prices for tertiary timber products are encouraging. Prices of dowels, parquet flooring, lippings and mouldings in general were either at or a little above the GSP during the quarter under review but the volume of timber in contracts was very low. These products altogether contributed 2.19% of the total volume of wood products exported during the quarter.

Plywood, which is mainly exported to countries within the West African sub-region, is the only product that has maintained price levels since December 2008. During the quarter under review prices were between USD5/m^3 and USD20/m^3 above the TIDD Minimum GSP depending on the thickness of the plywood.

Non-traditional exports surge despite global crisis

In spite of the global financial crisis, non-traditional exports (NTEs) performed better in the first quarter of the year compared to the same period in 2008. Data available from the Ghana Export Promotion Council (GEPC) indicated that exports during the period amounted to USD316.6 million, a growth of 35.5% over revenue of USD238.9 million for the same period in 2008.

Processed and semi-processed products contributed about 86% to the revenue. Cocoa paste, plastic products, cocoa butter and canned tuna were among the 10 leading products exported during the period. The EU and ECOWAS were the major destinations for NTEs, accounting for 44.6% and 35.7% of the market respectively.

In a two-day workshop to examine the negative effects of the global economic downturn on the export business community, the Executive Secretary of GEPC, Mr. Collins Boateng, said NTEs are not entirely safe from the impact of the global economic crisis. Hence, the Council was focused on improving market access for Ghana's NTEs in the West Africa region and also to boost intra-African trade particularly to South Africa, to offset reductions in exports to the EU market.

Ghana's inflation eases marginally

Ghana's inflation slowed to 20.06% in May 2009, the first time in three months, down from the April 2009 rate of 20.56%. The rate at which general prices of goods and services increased in the economy thus also reduced during that period, according to the government's Deputy Statistician, Prof. N N Nsowah-Nuamah. The reduction was largely due to the downward pressure exerted on goods and services by the non-food components of the Consumer Price Index (CPI). A reduction was expected at this time of the year, since food production picks up during this time and the National Petroleum Authority has also reduced fuel prices by 10%. Mr. Nsowah-Nuamah said although the decreasing trend of inflation could continue for sometime, the recent 30% increment in fuel prices leaves consumer behavior less predictable.

Ghana Log Prices

Ghana logs, domestic	US\$ per m^3	
	Up to 80cm	80cm+
Wawa	100-115	120-145
Odum Grade A	160-170	175-185
Ceiba	90-100	105-120
Chenchen	70-95	100-120
Khaya/Mahogany (Veneer Qual.)	90-100	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 m^3	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	855	-
Asanfina	500	555
Ceiba	195↑	260
Dahoma	330	410
Edinam (mixed redwood)	425	430
Emeri	360	415↓
African mahogany (Ivorensis)	595	665
Makore	520	610
Niangon	510↓	625↓
Odum	645	720
Sapele	540	600
Wawa 1C & Select	260	285

Ghana sawnwood, domestic		US\$ per m^3
Wawa	25x300x4.2m	250
Emeri	25x300x4.2m	335
Ceiba	25x300x4.2m	215↑
Dahoma	50x150x4.2m	290
Redwood	50x75x4.2m	290↑
Ofram	25x225x4.2m	330

Ghana Veneer Prices

Rotary Veneer, FOB	€ per m^3	
	CORE (1-1.9mm)	FACE (<2mm)
Bombax	320	350
Ofram, Ogea & Otie	315	350
Chenchen	315	350
Ceiba	325	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 m^3
Ceiba	245
Chenchen, Ogea & Essa	295
Ofram	312

Sliced Veneer, FOB	€ per m^2	
	Face	Backing
Afrormosia	1.19	1.00
Asanfina	1.50	0.90↑
Avodire	1.20↑	0.80
Chenchen	1.00↑	0.45
Mahogany	1.40	0.79
Makore	1.40	1.00↑
Odum	1.75	0.95

Ghana Plywood Prices

Plywood, FOB	€ per m^3			
B/BB, Thickness	Redwoods		Light Woods	
	WBP	MR	WBP	MR
4mm	560	475	500	370
6mm	340	325	335	285
9mm	365	305	290	270
12mm	300	295	270	280↑
15mm	310	300	280	280↓
18mm	300	290	285	260

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 m^2		
	10x60x300mm	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%.

Report from Malaysia

Malaysian government reins in timber smuggling

According to the *Btimes*, Deputy Minister of Plantation Industries and Commodities, Mr. Hamzah Zainuddin, reiterated the federal government's commitment to addressing the problem of timber smuggling into and within the country. He added that six arrests for timber smuggling have been made to date, with timber confiscated worth RM19 million.

Over the last two months, law enforcement officers from the Malaysian Timber Industry Board (MTIB) intercepted timber smuggled into the country from India via Port Klang and the Port of Penang. A total of 11 tons of timber were confiscated with a total face value of RM10 million.

Meanwhile, Malaysia's timber exports slipped 20% in the first quarter of 2009 compared to the first quarter of 2008, with exports amounting to RM4.1 billion. Total exports for 2008 stood at RM22.79 billion.

STIDC reports slump of 27% in exports

The Sarawak Timber Industry Development Corporation (STIDC) reported that Sarawak's exports of logs and timber products declined 27.3%, for the first four months of 2009 compared to the same period in 2008, dropping in value from RM2.56 billion to RM1.87 billion. As noted in *Bernama* news, Sarawak exported RM940 million of plywood; RM470 million of logs; RM230 million of sawn timber; and RM230 million of dowels, mouldings, particle board, medium density fibreboard (MDF), laminated veneer lumber, veneer, woodchips and blockboard for the period January 2009 to April 2009.

Plywood exports slid 32.19% from 1,108,305 m^3 to 751,538 m^3, while sawnwood exports by volume tumbled 35.45% from 385,287 m^3, to 248,692 m^3. Japan remains Sarawak's main buyer of plywood at RM480 million, with South Korea following at RM140 million. The volume of plywood imported by the Gulf Cooperation Countries (GCC), Taiwan and the Philippines stood at 74,859 m^3, 62,494 m^3 and 17,509 m^3, with a value of RM100 million, RM70 million and RM20 million respectively.

As for the exports of logs from Sarawak, India remains the largest buyer, absorbing a total export market share of 63%, with a volume of 599,254 m^3, marginally down from a volume of 602,795 m^3 in 2008. Sarawak's log exports by volume to Taiwan fell by 40.9%, China by 59.6% and Vietnam by 13.3%. For sawnwood, declines by volume were registered for Thailand (40.9%); the GCC (29.1%) and Taiwan (52.4%). The exception to this trend was exports to the Philippines, which increased 16.4%.

The STIDC maintained that the market's future outlook at the end of April 2009 was positive with the average unit price of logs, sawn timber and plywood holding stable, and the average unit price of dowels, MDF and woodchips positive.

More than half of Malaysia's total land area covered in forests

Deputy Natural Resources and Environment Minister Mr. Joseph Kurup said that presently Malaysia has nearly 20 million hectares of forest, covering 59.5% of its total land area. As reported in *Bernama*, 5.85 million hectares of the total amount is in peninsular Malaysia; 4.40 million hectares is in Sabah; and 9.24 million hectares is in Sarawak. A total of 14.31 million hectares, or 73.4% are forest reserves, and 5.18 million hectares, or 26.6%, are government-owned and private-owned land.

Malaysia Log Prices

Sarawak log, FOB	US$ per m^3
Meranti SQ up	227-251⬇
Small	211-242
Super small	200-224
Keruing SQ up	216-228
Small	187-218
Super small	162-193
Kapur SQ up	206-231
Selangan Batu SQ up	178-215
Pen. Malaysia logs, domestic (SQ) US$ per m^3	
DR Meranti	231-250⬇
Balau	297-326
Merbau	319-352⬇
Rubberwood	42-77
Keruing	214-230⬇

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	280-311
Seraya Scantlings (75x125 KD)	442-455⬇
Sepetir Boards	249-271
Sesendok 25,50mm	347-365⬇
Kembang Semangkok	294-317

Malaysian Sawnwood, domestic		US$ per m^3
Balau (25&50mm,100mm+)		326-346⬇
Merbau		463-514⬇
Kempas 50mmx(75,100 & 125mm)		260-300
Rubberwood	25x75x660mm up	196-246
	50-75mm Sq.	237-269
	>75mm Sq.	259-288

Malaysia Plywood Prices

Malaysia ply MR BB/CC, FOB	US$ per m^3
2.7mm	411-473⬇
3mm	388-418⬇
9mm & up	333-405⬇

Meranti ply BB/CC, domestic	US$ per m^3
3mm	384-425⬇
12-18mm	318-347⬇

Other Malaysia Panel Prices

Malaysia, Other Panels, FOB		US$ per m^3
Particleboard	Export 12mm & up	227-250
	Domestic 12mm & up	212-229
MDF	Export 15-19mm	282-314
	Domestic 12-18mm	271-289

Malaysia Added Value Product Prices

Malaysia, Mouldings, FOB	US$ per m^3
Selagan Batu Decking	535-545⬇
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	550-563⬇
Grade B	503-512⬇

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		554-586
Standard		539-557

Report from Indonesia

Economic downturn continues to stifle furniture exports

The global economic downturn continues to negatively affect Indonesia, with the Indonesian Central Statistics Agency reporting a decline of 28% in timber exports for first quarter 2009 in comparison with the same quarter of 2008. The Agency reports timber products were exports worth USD559.7 million for the first quarter of 2009.

A sharp decline of 23.2% was registered in the export volume of wooden furniture, doors and window frames, reported *The Jakarta Globe*. Similarly, the value of exports declined by 15.8% when compared to the value of first quarter 2008 exports (USD375.8 million).

The decline in paper and pulp exports by volume was smaller at 3.1%, representing a volume of 32,747 MT, but steeper by value at 17%, or USD183.9 million. Indonesia's exports of furniture and handicrafts in 2008 were valued at about USD2 billion. The share to the US market was 30%, while the EU market received 40% of total exports. The Indonesian furniture industry employs up to 11 million workers, with 7.5 million of them located in Java.

New forestry investments climb

New investments in the Indonesian forestry industry over the first five months of 2009 rose to Rp. 1.2 trillion (USD116 million), due in part to new reforms in government regulations for the forestry industry sector, according to a forestry ministry official. As reported in *The Jakarta Post*, this rise is compared to the year 2008, when total investment for the same sector was only Rp. 861 billion and committed by a total of 11 companies.

Mr. Hadi Daryanto, a director-general of the forestry ministry, noted that within the first five months of 2009, a total of 14 companies successfully applied to develop new forestry areas worth Rp 851.6 billion. An additional four companies had secured investments worth Rp 366 billion and would focus on developing and expanding industrial production capacity. He added that these companies were set to produce sawnwood, plywood, veneer, and wood chips in Sumatra, Java, Kalimantan, Sulawesi, and Papua. About 65,000 jobs in the forestry product sector are expected to be created by these new investments. The following are among the 18 new companies: PT Moranaga in North Sumatra; PT Papua Indonesia Lestari in Papua; PT Selemoi Timber Indonesia in West Papua; PT Elbana Abdi Jaya in South Kalimantan; PT Elbana Abdi Jaya in South Kalimantan; PT Wahana Lestari Makmur Indonesia in South Sumatra; PT Cipta Wijaya Mandiri in Central Java; and PT Sejahtera Usaha Bersama in East Java.

Companies are no longer required to apply for new licenses if they move into new product development such as wood pellet production, to facilitate licensing processes. In addition, in line with South Korea's objective of pursing a green economic policy, a number of South Korean companies had expressed interest in developing more than 700,000 hectares of industrial forests in Indonesia, of which 200,000 hectares would be used to meet raw material requirements for energy production in South Korea. This would replace 5% of the 8 million MT of coal used in South Korea with biomass.

Indonesia sets new limits to raw exports of rattan

In a response to complaints by furniture and handicraft manufacturers concerning the shortage of raw material supply of rattan, the Indonesian government will issue a new export regulation to limit the export of rattan by producers. Only two major rattan producing regions will be exempted from this regulation, said Mr. Ardiansyah Parman, the Secretary General of the Ministry of Trade.

According to *The Jakarta Globe*, under the new rattan export regulation, rattan producers from Kalimantan and Sulawesi will be required to direct 70% of their production to the domestic market, while the remaining 30% may be utilized for export purposes. However, rattan producers outside these two regions are banned from exporting any rattan they produce.

Moreover, rattan of a higher quality but smaller in diameter (between 4 mm to 16 mm in width) will be barred from being exported. This regulation will not, however, be applied to the domestic market.

Indonesia is the world's largest rattan exporter, accounting for up to 80% of the world's total and export products worth a value of USD200 million.

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	36-62
Pine	157-196
Mahoni (plantation mahogany)	468-494🡇

Indonesia Sawnwood Prices

Indonesia, construction material, domestic		US$ per m^3
Kampar (Ex-mill)	AD 3x12-15x400cm	170-189
	KD	193-227
	AD 3x20x400cm	217-240
	KD	221-248
Keruing (Ex-mill)	AD 3x12-15x400cm	233-247🡇
	AD 2x20x400cm	219-237
	AD 3x30x400cm	199-218

Indonesia Plywood Prices

Indonesia ply MR BB/CC, FOB	US$ per m^3
2.7mm	400-457🡇
3mm	356-397🡇
6mm	313-377🡇

MR Plywood (Jakarta), domestic	US$ per m^3
9mm	252-263
12mm	244-254
15mm	233-247

Other Indonesia Panel Prices

Indonesia, Other Panels, FOB		US$ per m^3
Particleboard	Export 9-18mm	215-226
	Domestic 9mm	191-203
	12-15mm	182-193
	18mm	172-184
MDF	Export 12-18mm	251-264
	Domestic 12-18mm	233-244

Indonesia Added Value Product Prices

Indonesia, Mouldings, FOB	US$ per m^3
Laminated Boards Falcata wood	299-311🡇
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	490-524🡇
Grade B	445-466🡇

Report from Myanmar

Market moves slow in Myanmar

The export market is moving slowly. Some buyers for India say the market for pyinkado logs is improving, but as for teak, some experts believe the inflexible pricing policy of the Myanmar Timber Enterprise (MTE) could be a major constraint, unless the grading system is revised.

MTE announced that secondary processed wood products from state-owned MTE sawmills and wood industries would be shipped on FOB basis. This is a relaxation of the recent decision that all shipments except purchases from the tender sales would be shipped 'Ex-Works'. Buyers hope further relaxation of direct sale contracts will follow, to energize the currently sluggish market.

Firewood shortages addressed by Ministry of Forestry

The *Seven Days News Journal* recently reported the details of an interview with a Ministry of Forestry official discussing the countries 'Dry Zone Greening Department'. The dry zone is situated in central Myanmar and comprises 54 townships in the three divisions: Mandalay, Sagaing and Magway in central Myanmar. The total land area of these divisions is about 8.17 million hectares (about 20.18 million acres). Annual precipitation is estimated to be only about 50 days per year. The firewood requirement per year for these divisions is 5,088 thousand cubic tons. It is reported 200,000 acres of woodlots had been planted in FY 2008-09 in the area and it is expected about 1.05 million acres of woodlots will be established within a 30-year period. The department is also responsible for reforesting the dry green zone. Additionally, the department will supply energy efficient wood stoves in the area to reduce the consumption of firewood. Briquette manufacturing is also done in the saw mills to help relieve firewood shortages. Population boom, socio-economic development and changes in land-use patterns are said to be major challenges facing this area.

Tree planting initiatives continue after Cyclone Nargis

The *Weekly Eleven* reported that the Yangon City Development Committee will be growing 100,403 trees starting 1 June until end August 2009 to replenish trees destroyed by Cyclone Nargis in 2008. The trees are from 1 to 3 years old, have been grown in various nurseries in Yangon and will take about 3 to 5 years to provide sufficient shade for city dwellers. The Committee has asked for public participation to maintain the health and vitality of the trees.

The number of trees planted in Yangon is as follows:

Year	No. of trees
2001	102,373
2002	172,716
2003	136,296
2004	68,896
2005	41,976
2006	19,235
2007	31,834
2008	41,715

Myanmar Log Prices (natural forests)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
Veneer Quality	Apr	May
2nd Quality	-	-
3rd Quality	3,585 (4 tons)	-
4th Quality	3,215 (12 tons)	3,385 (21 tons)
Sawing Quality	Apr	May
Grade 1 (SG-1)	2,342 (42 tons)	2,307 (55 tons)
Grade 2 (SG-2)	2,393 (39 tons)	1,842 (59 tons)
Grade 3 (SG-3)	-	-
Grade 4 (SG-4)	1,992 (302 tons)	1,915 (178 tons)
Grade 5 (SG-5) Assorted	1,714 (111 tons)	1,697 (112 tons)
Grade 6 (SG-6) Domestic	1,443 (112 tons)	1,249 (113 tons)
Grade 7 (ER-1)	1,011 (311 tons)	1,061 (79 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.

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

Logs, FOB	€ Avg per Hoppus Ton (traded volume)
Pyinkado (export)	496 (233 tons)
Gurjan (keruing-exp)	--
Tamalan	--
Taungthayet	--

Report from India

Recent trends show Indian forest products business booming

Indian corporate results for the year ending 31 March 2009 showed excellent progress compared with the previous year's results. The strong Indian economy and favorable trading factors has strengthened optimism all around. The real estate market has recently revived, which has given a boost to all-round demand for timber and panel products. In the present economic recession, India has held up remarkably well, as has its wood and wood products business.

The new government has better capacity to carry out its policies to increase and protect flora and fauna in the country. It is hoped that its pending plans to divide the Ministry of Forests and Environment will materialize to better manage both divisions and help achieve a national target of 33% of land under forest cover. The present Prime Minister Dr. Manmohan Singh had reduced the import duty on timber to zero percent when he was the Finance Minister. With him at the helm of affairs and the determination of India's Planning Commission, many stakeholders are more optimistic he will take measures to increase forest cover and lessen drought conditions in the times to come.

Until 1982, India was a net exporting country of wood and wood products, but since India's independence, the forest cover has dropped at an alarming rate - from 23% to 8% - prompting the government to drastically ban felling in Indian forests, allow imports of wood and wood products in a phased manner and ban exports of round as well as sawn timber. By 1985, all imports of wood and wood-based products were permitted freely, felling in forests was curtailed and/or banned and since then the forest cover has improved from 8% to 24%. This policy still continues and to date India is a net importer of timber and panel products and the forest cover is expanding.

India regularly receives logs, sawn timber and panel products exports from: New Zealand; Malaysia (mainly Sabah and Sarawak); Indonesia; Myanmar; Côte d'Ivoire; Ghana; Nigeria; Cameroon; Benin; Togo; the Congo; Brazil; Ecuador; Panama; Costa Rica; Guatemala; Venezuela; the US; and Canada. Many of these countries are exporting plantation materials. One of the major exports from teak plantations is thinning poles. The teak poles are quite a popular product with many Indians, who find them useful for many domestic purposes. They are primarily converted into sawn timber.

India has four climatic zones: alpine; temperate; sub-tropical; and tropical. The forests of India are sub-divided into 16 forest types producing over 600 species out of which about 200 provide commercial timber. Coniferous forests of pine, cedar, fir and spruce and non-coniferous oak forests are located along the Himalayan range.

The international timber business has a wide variety of species available to them in different regions of India. Now that the extractions from natural forests have been very much restricted, people are using many imported species. Indian importers go abroad seeking substitutes for Indian species and often introduce new species successfully.

Among the most accepted substitutes have been New Zealand pine (*Pinus radiate*) as a substitute the for Himalayan conifer balau. Timbers from the shorea group from Malaysia and Indonesia are often used in place of sal. Azobe (West Africa) is used in place of irul and laurel and similar south Indian hardwoods. Padouk and bubinga (West Africa) may also be used to replace local padouk and rosewood. Merbau from Indonesia has been a great success in replacing bijasal and karimarudu (laurel). Aini (*Artocarpus hirsuta)*, keruing and gurjan have helped replace local hollong and kalpen.

India Sawnwood Prices (domestic)

Indian sawnwood (Ex-mill)	Rs. per ft^3
Teak (AD)	
Plantation Teak A grade	1800-3250
Plantation Teak B grade	1650-2800
Plantation Teak C grade	900-1350

India Sawnwood Prices

Sawnwood, (Ex-mill) (AD)	Rs. per ft^3
Merbau	1500
Balau	1250
Kapur	850
Red Meranti	700
Bilinga	650
Radiata Pine (AD)	350-450

Sawnwood, (Ex-warehouse) (KD)	Rs per ft^3
Beechwood	1200
Sycamore	1250
Oakwood	1300
American Walnut	2250
Hemlock clear grade	950
Hemlock AB grade	750
Western Red Cedar	1250

India Plywood Prices

Plywood, (Ex-warehouse)	Rs per ft^2
4 mm	8-10
6 mm	13-16
12 mm	21-25
15 mm	28-32
18 mm	31-35

Report from Brazil

Açaí palm residue seen as new energy source

A new source of energy is being sought to replace traditional energy sources: the seed of the açaí palm tree. According to *Agência Sebrae de Notícias/Ecodebate*, the seed of the plant is discarded in the food production process and has become an environmental liability because the decomposing seeds pollute the soil and water.

According to local entrepreneurs, the use of the açaí seed as a source of energy generates jobs and income in local communities. Moreover, this method of energy generation is less problematic during environmental inspections and helps protect the environment.

A growing concern for the environment has encouraged the search for more sustainable energy production. In the state of Amazonas, operators of the clay oven have focused on environmentally friendly new energy sources. The ceramic making and clay oven clusters of the municipalities of Iranduba and Manacapuru have developed a project encouraging the use of materials such as wood waste and residues of the açaí palm tree as fuel.

Currently, the 15 companies that compose the cluster in both municipalities utilize 50% of the wood residues. They come primarily from residues from sawmills and furniture industries, tree pruning leftovers, and even the demolition of wooden houses.

Timber theft still rampant in Amazon region

Timber theft is common in one of the most devastated regions in the Amazon, the northeastern part of Pará state, reports *G1/Jornal Nacional*. In the region, an illegal scheme involves illegal timber transport, drivers without licenses and timber without proper documentation.

In the municipality of Tailândia, old trucks are adapted for timber transportation. The logs are transported without a 'forest form', a mandatory document that must accompany any timber load. In Concordia of Pará, sawmills' employees where illegal logs are delivered have confirmed irregularities.

The government of Pará estimates that illegal timber activities generate BRL4 billion a year and notes that there are no conditions for the state government, the federal agency, or municipal institutions to adequately control the illegal timber trade. There are many State Road Police checkpoints along the highway, but the police have said there have not been much illegal timber seizures along this route because the timber trucks loaded with illegal timber do not use it.

No respite for Brazil's wood products exports

Brazil's wood products exports (except pulp and paper) plunged 41% by value compared to the same period in 2008. The charts below show the volume and value of Brazil's exports for May 2009 compared to the same month a year earlier:

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

	May 2008	May 2009	% change
Solid wood*	304.6	177.4	(41.8)
Tropical plywood	14.2	5.0	(64.8)
Pine sawnwood	21.8	13.6	(37.6)
Tropical sawnwood	42.2	22.5	(46.7)
Pine plywood	32.7	20.7	(36.7)
Wood furniture	65.0	43.7	(32.8)

*Figures for solid wood exclude pulp and paper exports

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

	May 2008	May 2009	% change
Tropical plywood	23.3	9.8	(57.9)
Pine sawnwood	69.0	48.3	(30.0)
Tropical sawnwood	80.8	46.7	(42.2)
Pine plywood	101.8	94.2	(7.5)

Argentina restricts imports of Brazilian furniture

Argentina's furniture sector has imposed a 35% cutback in imports of Brazilian furniture to Argentina, reported *O Estado de São Paulo*. This percentage was based on 2008 figures and decided after hours of discussions in Buenos Aires, during which Argentine furniture entrepreneurs tried to restrict more than 40% of exports when compared to last year's total.

The Argentine manufacturers state that Argentina is facing an 'invasion' of Brazilian products. In the midst of the international crisis, local businesses are calling for protection from so called 'asymmetries' in relation to Brazilian manufacturers. Argentine trade barriers, which include a non-automatic licensing process, quotas, value criterion, anti-dumping measures, among others, affect 14% of Brazilian exports to the country.

In 2008, Brazil exported USD155 million worth of all furniture types to Argentina. For wooden furniture, sales reached USD41 million. However, between January and March 2009, Brazil exported only USD16.5 million in furniture. The agreement on furniture trade between Brazil and Argentina is valid for one year and ends on 31 December 2009. At the next negotiation in December, Brazilian entrepreneurs hope Argentina will remove barriers to trade between the two nations in 2010.

Pará state braces for reduced timber exports in June

The Association of Timber Exporters of State of Pará (AIMEX) says the sharp drop of timber exports experienced over the past few months by the timber sector has leveled off. According to *O Liberal*, exports continue to be very low and there was no expectation of improvement. However, the domestic market has signaled a positive reaction to boost timber use by announcing a federal government housing program called 'My House, My Life'. The sector's timber exports fell 60% before stabilizing in recent months, a possible sign that markets could be improving.

The timber export sector in Pará was one of the most affected by the international crisis. As the economic downturn hit many countries, mainly the US real estate sector, timber producers in Pará were also affected in their business deals with main buyers. AIMEX noted internal problems of the state that have halted timber production, such as the lack of institutional structure to issue environmental licenses. If this issue is resolved, it would be easier to resume production. Entrepreneurs have the creativity to overcome this problem by diversifying production and searching for new customers, although bureaucratic barriers often interfere with the development of the sector.

Brazil Log Prices (domestic)

Brazilian logs, mill yard, domestic	US$ per m³
Ipê	124↑
Jatoba	89↑
Guariuba	59↑
Mescla (white virola)	65↑

Brazil Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB		US$ per m³
Jatoba Green (dressed)		781↓
Cambara KD		456↓
Asian Market (green)	Guariuba	259
	Angelim pedra	590↓
	Mandioqueira	227↓
Pine (AD)		189

Brazil sawnwood, domestic (Green)		US$ per m³
Northern Mills (ex-mill)	Ipé	583↑
	Jatoba	448↑
Southern Mills (ex-mill)	Eucalyptus (AD)	161↑
	Pine (KD) 1st grade	210↑

Brazil Veneer Prices

Veneer, FOB (Belem/Paranagua Ports)	US$ per m³
White Virola Face 2.5mm	290
Pine Veneer (C/D)	205

Rotary cut Veneer, domestic	US$ per m³	
(ex-mill Northern Mill)	Face	Core
White Virola	218↑	182↑

Brazil Plywood Prices

Plywood, FOB	US$ per m³
White Virola (US Market)	
5.2mm OV2 (MR)	455↓
15mm BB/CC (MR)	393↓
White Virola (Caribbean market)	
4mm BB/CC (MR)	498↓
12mm BB/CC (MR)	399↓

Pine Plywood EU market, FOB	US$ per m³
9mm C/CC (WBP)	265↓
15mm C/CC (WBP)	242
18mm C/CC (WBP)	237

Plywood, domestic (ex-mill Southern mill)		US$ per m³
Grade MR (B/BB)	White Virola 4mm	748↑
	White Virola 15mm	547↑

Domestic prices include taxes and may be subject to discounts.

Other Brazil Panel Prices

Belem/Paranagua Ports, FOB	US$ per m³
Blockboard Pine 18mm 5 ply (B/C)	309↓
Domestic Prices, Ex-mill Southern Region	
Blockboard White Virola faced 15mm	479↑
Particleboard 15mm	306↑

Brazil Added Value Products

FOB Belem/Paranagua Ports		US$ per m³
Edge Glued Pine Panel		
Korean market (1st Grade)		631↓
US Market		482↓
Decking Boards	Cambara	591↓
	Ipê	1533↓

Report from Peru

Japan loans Peru USD120 million for forest conservation

Peru has just received a 40-year loan worth USD120 million from Japan to conserve 55 million hectares of forests in the Amazon. Environment Minister Antonio Brack Egg said that protected areas, land belonging to Indian communities and those lands for permanent production would likely benefit from the loan. Brack noted that the protection of this area would likely offset 20 billion tons of carbon dioxide.

OSINFOR welcomes new President

The Supervisory Agency for Forest Concessions (OSIFOR), has a new president, Mr. Richard Bustamante Morote. The incoming president said illegal harvesting in Peru to exploit natural resources should be stopped. He noted the importance of the government's role in protecting and managing forests and wildlife.

Wood enterprises to invest more than USD300 million

According to the General Manager of Exports, Transformation, Industry, Commercialization and Services of Ilo (Ceticos Ilo), Ilo will provide benefits to the timber industry until 31 December 2012. There are four wood companies that will develop a wood-based business to save costs on exports with aggregated value. To save costs, exports will move through the Port of Ilo where the wood will be dried. There will also be an export test to determine the time it takes to move a product from Madre de Dios to Ilo.

Peru Sawnwood Prices

Peru Sawnwood, FOB Callao Port		US$ per m³
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 m³
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	794-822↑
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	935-951
Virola	46-61
Spanish Cedar	275-328
Marupa (simarouba)	57-69

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		398-405
Cedar fissilis, 2 faces sanded 4x8x5.5mm		745-755
Lupuna, treated, 2 faces sanded, 5.2x4x8mm		348-359
Lupuna plywood	B/C 15x4x8mm	341-350
	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	427↑
122 x 244 x 6mm	397
122 x 244 x 8mm	403
122 x 244 x 12mm	399↑
(Pucallpa mills)	
122 x 244 x 4mm	446↑
122 x 244 x 6mm	439
122 x 244 x 8mm	426↑
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		1328-1417↑
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

Decline in forest products exports in first quarter

Forest products exports in the first quarter of 2009 showed a decline for the second consecutive year, from USD42.67 million in 2008 to USD38.26 million in 2009, a drop of 10.27%. Of these exports, the value of wood products fell USD28.78 million in 2008 to USD26.03 million in 2009, a corresponding decline of 9.55%. This decreasing trend has continued since 2007, the peak year for forestry exports, when exports reached USD45.48 million in the period of January to March.

Wood and wood products are among Bolivia's non-traditional exports. Soy and its derivatives represent 28% of total non-traditional exports, followed by wood and wood-based products at 11% and chestnuts at 5%.

Forest products have increased their share in domestic and international markets, 3.35% and 16% respectively. This is attributed to the sharp drop in natural gas exports, one of its main exports, for which the value has fallen by almost USD2 billion in the last year.

Bolivia Sawnwood Prices

Sawnwood 1-3"x3x5"x7-19', FOB Arica Port		\$ Avg un. val. per m^3
Ipe	(Argentina and Uruguay)	560-595
Caviuna	(Italian markets)	1800↓
Oak	(Argentina mkt)	678↑
Cedro	(US, Argentina, Chile mkt)	848-870

Bolivia Added Value Product Prices

Doors 13/4"x36"x96", FOB Arica Port		Avg \$ per piece
US market	Mara macho/Tornillo (FSC)	170↓
	Cambara	135
	Oak (US market)	159↓

Chairs FOB Arica Port		\$ Avg Per piece
Ipe	(US market)	81-176↓
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)	1185-1215↑
Ipe	(US market)	805-1800↑
Cumaru	(FSC) (China mkt)	1755-1935

Report from Guyana

Competitive bidding process for Guyana kiln drying project

The Guyana Forestry Commission (GFC) has received funding from the ITTO through the execution of the project PD 401/06 Rev.2 (I) 'Value Adding and Kiln Drying of Commercial Timbers by Small Scale Community Saw Millers in Guyana' to purchase and install three small kiln dryers for identified communities. The GFC now invites bids from suitable bidders for the supply and installation of three kiln dryers.

Bidding will be conducted through the International Competitive Bidding (ICB) procedures specified in the ITTO Guidelines for the Selection and Employment of Consultants and Procurement of Goods and Services, Second Edition, November 2008. The complete technical specification of the kilns can be found on the GFC Website www.forestry.gov.gy or requested via an email sent to project.coordinator@forestry.gov.gy. Further information can also be requested by mail sent to the email address above.

Bids must be delivered to the following address on or before 9am, 1 September 2009: The Commissioner of Forests; Guyana Forestry Commission; Lot 1 Water Street; Kingston, Georgetown, Guyana. Bids are to be submitted in sealed envelopes - electronic bidding will not be permitted. Late bids will be rejected.

Greenheart and Purpleheart maintain strong trends

Log prices for greenheart have been favorable overall, while purpleheart has seen strong increases up to USD250 per m³ for the period of 1-15 June 2009 compared to the period 16-31 May 2009. This has been one of the highest prices for this species in log form recorded over the 2009 period. Prices for undressed sawnwood (621/634) have been fairly stable, while prices for dressed sawnwood have decreased for the period 1-15 June 2009 compared to the period 16-31 May 2009. Roundwood prices have increased for the period of 2009 against the same period of 2008. Plywood prices have declined marginally from last fortnight by approximately 10% in the BB/CC category.

Value-added products such as outdoor/garden furniture continue to contribute to export value earnings, which were largely maintained over this period in 2009 against the same period in 2008. Non-timber forest products (NTFPs) also contributed to the export value earnings and were favorable against the same period of 2008. The Caribbean market remains the principal destination for these value-added product category and NTFPs.

Guyana sets pace for combatting illegal logging

Guyana is moving towards completion of a project on 'Improving the detection and prevention of illegal logging and illegality in shipment and trade of wood products in Guyana', PD 440/07 (M/I), which aims at enhancing legality through the application of an integrated approach to forest law enforcement.

Through the project, Guyana now has in place a baseline of remote sensing national coverage using satellite coverage at a medium resolution complemented by high resolution radar data. These remote sensing analyses have been conducted using a change detection system developed in line with the Guyana Forestry Commission's guidelines and standards for forest management and monitoring, and takes into consideration various natural resources utilization including mining and agriculture.

Regulation of forest management has been rapidly evolving in Guyana and the Guyana Forestry Commission (GFC) takes an active and vigilant role in monitoring and promoting sustainable forest management practices. Reliable information on illegal forest harvesting activities is often difficult to obtain. Left unchecked, illegal logging and subsequent trade of timber represent a substantial threat to sustainable forest management in many countries.

Working with International Remote Sensing Specialist, PŐYRY, the project seeks to improve sustainable management of forest resources, and to identify areas where illegal harvesting of tropical timber is taking place by collecting accurate geographical information on deforestation along an indicators system developed. Remotely sensed data (satellite images spanning from 2005 to 2009) has been used to detect deforestation activities and generate GIS layers documenting logging activities and road networks. Such information has assisted GFC in targeting areas of change and mobilizing the necessary resources to undertake enforcement measures. Some of the challenges encountered include: the limitations of using medium resolution images to detect change in a forest where change is usually relatively small in nature; the cost attached to such securing satellite images; and the issue of high cloud cover associated with satellite data. These were addressed by selecting an approach of ground truthing and aerial surveys, use of a combination of radar and satellite data and integrating hotspot monitoring, as well as selection of image providers which produce accurate and cost effective data.

The project has been successful in conducting satellite image analyses to detect logging, mining and road clearing activities. Additionally, the project developed legality indicators and applied these to a GIS environment to assess occurrences of illegality and their impact on deforestation. Further, an integrated geographic database has been established for the storage and maintenance of the acquired satellite imagery and GIS layers in order to detect and monitor forest disturbance. The GIS is designed to store and permit queries of temporal attributes of these layers. Overall, the GFC is now able to integrate GIS and remote sensing technology in resource allocation required for forest law enforcement and provides training on operating and maintaining the tools developed in handling such datasets.

Over the coming two months, the Guyana Forestry Commission will be completing all activities for this project and is currently continuing training to enhance capacity for continued successful implementation of this initiative. The results have already contributed greatly to the work that Guyana has undertaken through the World Bank's Forest Carbon Partnership Facility and other national climate change mitigation initiatives.

Overall, the project has lead to the enhancement of legality and sustainable forest management in an innovative way while ensuring future sustainability of various natural resources in Guyana.

Guyana Log Prices

Logs, FOB Georgetown	SQ - $ Avg unit value per m³		
	Std	Fair	Small
Greenheart	140⬆	130-145⬆	120-135⬆
Purpleheart	190-250⬆	160-235⬇	205-220⬆
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	670-750⬆	-
	Select/Standard	475-785⬆	551-754⬇
Purpleheart	Prime	-	-
	Select/Standard	721-812	594-784⬇
Mora	Select	445⬇	-

Guyana Plywood Prices

Plywood, FOB Georgetown Port			$ Avg unit val. per m³
Baromalli	BB/CC	5.5mm	-
		12mm	374⬇
	Utility	5.5mm	-
		12mm	410⬆

Report from Japan

Timber stats for 2008 show prevalence of domestic supply

The Japan Lumber Journal has reported on statistics released by the Ministry of Agriculture, Forestry and Fisheries, which indicated that demand for raw materials in the form of logs had dropped 9.6% in 2008 compared to the previous year. While the volume of domestic logs was nearly the same as in 2008, the volume of imported logs slid by 25%. The amount of domestic logs supplied jumped for the sixth year in a row, reaching 68% of the total log supply and up 6.7% on a year-on-year basis. Supply of domestic softwood was down slightly, and red pine and Japanese black pine were among the more popular species. The hardwood supply increased, but only on account of the jump in wood chip supply. The tables below show the domestic supply of logs in Japan (Table 1) and the demand for logs in Japan (Table 2):

	Total	Domestic Logs	Imported Logs	Share of domestic logs
2004	30,855	15,615	15,240	50.6%
2005	29,041	16,166	12,875	55.7%
2006	29,441	16,609	12,832	56.4%
2007	28,789	17,650	11,139	61.3%
2008	26,036	17,709	8,327	68.0%

Table 1: Japan's supply of logs, 2004 – 2008 (1,000 cubic meters) (Source: Ministry of Agriculture, Forestry and Fisheries)

	Total	Lumber	Plywood	Pulp and paper
2004	30,855	21,705	5,389	3,761
2005	29,041	20,540	4,636	3,865
2006	29,441	20,342	5,183	3,916
2007	28,789	19,448	5,227	4,114
2008	26,036	17,568	3,986	4,482

Table 2: Japan's demand for logs, 2004 – 2008 (1,000 cubic meters) (Source: Ministry of Agriculture, Forestry and Fisheries)

Log and Sawnwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku
Meranti (Hill, Sarawak)	(Koku=0.278 m^3)
Medium Mixed	7,400
Standard Mixed	7,500
Small Log (SM60%, SSM40%)	7,600
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

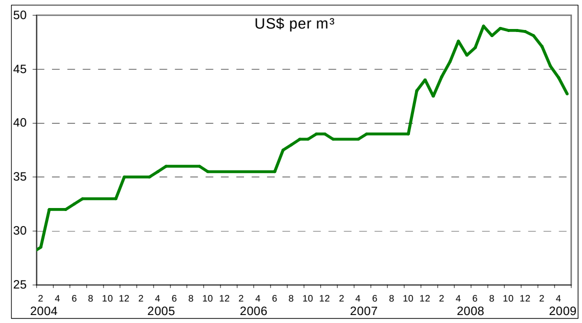
Logs for Sawmilling, CIF	Yen per Koku
Melapi (Sarawak) High Select	11,500
Agathis (Sarawak) High Select	-

Lumber, FOB	Yen per m^3
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)	May (¥ per sheet)	Jun
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	360	320 ↓
3.7mm (med. Thickness, F 4star, type1)	910 X 1820	460 ↓	440 ↓
5.2mm (med. Thickness, F 4star, type 1)	910 X 1820	570 ↓	550 ↓
11.5mm for sheathing (F 4star, type 2)	910 X 1820	900	860 ↓
12mm for foundation (F 4star, special)	910 X 1820	950 ↑	900 ↓
12mm concrete-form ply (JAS)	900 X 1800	820	800 ↓
12m coated concrete-form ply (JAS)	900 X 1800	960	900 ↓
11.5mm flooring board	945 X 1840	1100 ↓	1100
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 tariff rebate rate for seventh time

A notice on export tariff rebate rate increases as of 1 June 2009 has been jointly issued by the Ministry of Commerce and the State Administration of Taxation. The new rates aim to alleviate the pressure on export-oriented enterprises and to keep international market shares of exported products stable. According to statistics from the State Administration of Taxation, more than 2,600 ten digit tariff items are affected by the new rates, including labor intensive, high-tech and downstream products. It is anticipated that RMB25.2 billion yuan will be returned to exporters as a result of the new export tariff rebate rates. This is the seventh adjustment of the rates since the beginning of the global economic slowdown. The general export tariff rebate rate will now increase to 13.5% from 12.4%.

The export tariff rebate rate for wooden furniture will increase to 15% and includes office wooden furniture, kitchen wooden furniture, bedroom redwood furniture, bedroom lacquer wooden furniture and other lacquer wooden furniture, non bedroom redwood furniture and lacquer wood furniture. In addition, the export tariff rebate rate for bamboo flooring will increase to 13%.

Likou Township is focus of eastern region's furniture trade

The China Furniture Association has reported that Likou Town of Jiangsu Province is the capital of furniture trade in China's eastern region. To maximize efficiency of the trading hub, centers will be built in Likou to address production, trade, distribution and product inspection.

Likou is a key furniture market in Jiangsu Province and China's eastern region. It has more than 50 large size furniture markets consisting of a total area of 1.5 million square meters, the largest in the eastern region of China. There are more than 3,000 traders located in the area from the US, Italy, France, Japan, Spain and from more than 10 domestic regions such as Shanghai, Guangdong, Zhejiang, Sichuan and Shandong Province. The number of employees working in these companies is over 50,000 people. The value of annual sales from the area exceeds RMB10 billion yuan.

AHEC Convention comes to a close in Liaoning Province

The 14th American Hardwood Export Council (AHEC) Southeast Asia and Greater China Convention closed in Shenyang City of Liaoning Province. At the Convention, it was reported that China had been the largest importer of American hardwood products for six consecutive years. Due to lack of forest resources, China was facing huge gap in timber supply and demand, with 40% of timber demand dependent on imports. The latest data show the value of American hardwood products exports in 2008 at USD2.5 billion, with China making up 18% of its market share. Chen Xizhen, Director of the Southeast & Greater China Office of AHEC, indicated that after 20 years of rapid development, the Chinese furniture industry is facing a transition that is expected to impact domestic and export quality furniture standards.

Putian Port log imports jump in early 2009

According to the Putian Entry-Exit Inspection and Quarantine Bureau, log imports through Putian Port were 83,000 m³ valued at USD10.943 million during the first five months of 2009. The main reasons for the increase were attributed to special docks at the port, which have an annual capacity of 40,000 tons and have recently been utilized in the National Xiuyu Imported Timber Quarantine and Inspection and Pest and Disease Treatment Zone. In addition, the first automatic sawnwood production line has been introduced. Its annual capacity has now been increased to reach 600,000 m³. The finished wood products are sold in Shanghai, Shandong and Sichuan.

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)	5700-5900
	KD (2",grade A)	4200-4500

Shandong De Zhou Timber market

Logs		Yuan per m^3
Larch	6m, 24-28cm diam.	1100
White Pine	6m, 24-28cm diam.	1200
Korean Pine	4m, 30cm diam.	1400
	6m, 30cm diam.	1500

Hebei Shijiangzhuang Wholesale Market

Logs		Yuan per m^3
Korean Pine 4m, 38cm+ diam		1850
Mongolian Scots Pine	4m, 30cm diam.	1300
	6m, 30cm+ diam.	1380
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

Massive drop in EU-25 imports during first quarter

The latest trade data shows that the volume of hardwood primary wood products (logs, rough sawn lumber, veneer and plywood) imported into the EU-25 group of countries from developing nations was down 48% during the first quarter of 2009 compared to the same period the previous year. Imports during the first quarter of 2009 were also down 20% on the fourth quarter of 2008. The figures reinforce anecdotal reports of a collapse in forward buying of tropical hardwood products at the end of last year as importers responded to the credit crunch with radical steps to cut stocks.

The extremely low level of import during the first quarter of 2009, which follows on from a long period of declining imports which set in at the start of 2008, also suggests that EU stocks may now be at historically low levels. This factor, combined with clear signs that forward supplies are tightening, raises the prospect of supply shortfalls in the EU later this year. A recent *TTJ* hardwood market report notes that 'nearly all contacts reported that production cutbacks have resulted in tight supply, which is getting worse. It wouldn't take much of a pick-up in demand for prices to rise and shortages to kick in'. The report suggests that the shortfalls could be almost universal with respect to species, commenting that '75-80% of the supply areas are going to struggle to cope with any increases in demand'.

But for the time being there has yet to be any significant move by importers to replenish stocks. A widely expressed view in the trade is that existing European landed stocks of sapele, the dominant African joinery species, are probably sufficient to tide the trade over the quiet summer months. Significant forward orders are now unlikely to emerge at least until after the European summer. Although there is awareness of the potential for future supply shortages later in the year, there is insufficient confidence in the future development of European consumption to encourage importers to make speculative purchases. Added to this is considerable uncertainty over the future development of the euro, dollar and pound sterling exchange rates.

Chart 1 shows the quarterly volume of logs, rough sawn timber, veneer and plywood imported from developing countries by the EU-25 group of countries (i.e. all EU countries excepting new members Romania and Bulgaria) from the start of 2007 until the first quarter of 2009. It highlights that the dramatic decline in EU imports of hardwood logs and rough sawn lumber from developing countries which set in from the start of 2008 has continued at least until the end of the first quarter of 2009. It shows that EU imports of hardwood plywood from developing countries stayed reasonably stable until the end of the third quarter of 2008, but then fell dramatically in the subsequent two quarters. Imports of hardwood veneer fell slowly and consistently throughout the course of 2008, but the decline flattened out in the first quarter of 2009.

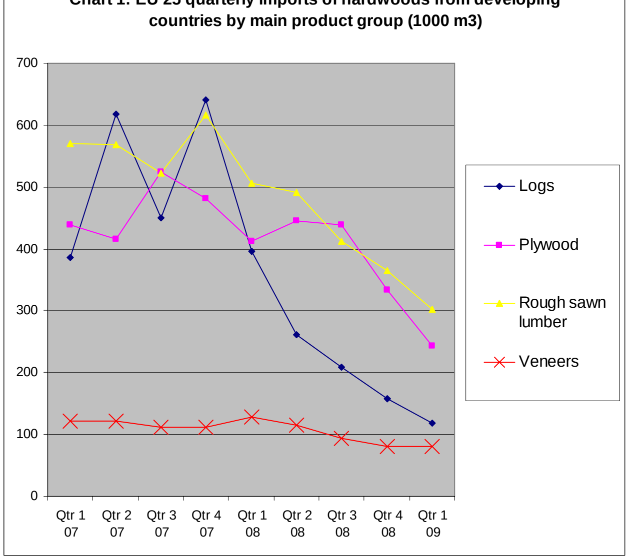


Chart 1: EU 25 quarterly imports of hardwoods from developing countries by main product group (1000 m3)

Chart 2 shows trends in total imports of primary and secondary hardwood products from developing countries by the eight EU Member States which are the largest importers of these commodities. It shows that the timing of the downward trend in imports has varied between EU Member States:

- imports have declined consistently and very steeply into France since the start of 2008.
- imports into the Netherlands and Germany have also declined consistently since the start of 2008 but less steeply than in France.
- a dramatic decline in imports into the UK set in during the second half of 2008 and continued very steeply into the first quarter of 2009.
- imports into Italy declined steeply and consistently during the whole of 2008, but seem to have bottomed out in the first quarter of 2009.
- the major decline in imports into Spain and Portugal occurred during the second two quarters of 2008 and volumes have stabilized at a low level since then.
- imports into Belgium fell very dramatically in the last quarter of 2008 and more slowly in the first quarter of 2009.

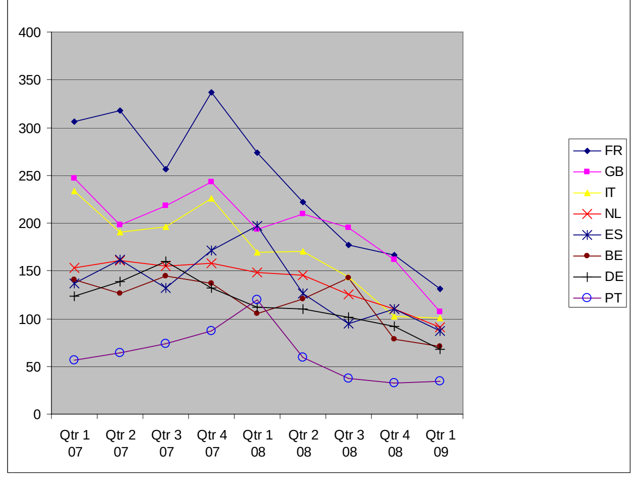
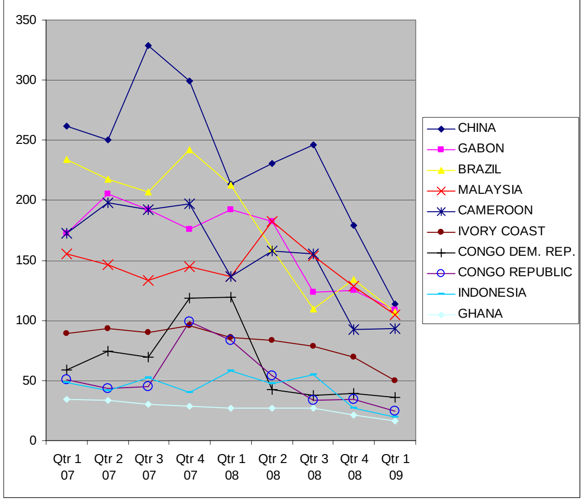


Chart 2: EU 25 quarterly imports of hardwoods from developing countries by main EU importing country (1000 m3)

Chart 3, which shows EU quarterly data by major supplying country, suggests that the European market downturn has been felt across the board by all suppliers, although some have suffered more than others. EU hardwood imports from China (mainly plywood) have fallen very dramatically, with a particularly sharp drop occurring in the last quarter of 2008 and the first quarter of 2009. A big decline in EU-25 hardwood imports from Brazil occurred during the first 9 months of 2008 but imports have subsequently stabilized at a lower level.

Chart 3: EU 25 quarterly imports of hardwoods from developing countries by main supplying country (1000 m3)



The fortunes of African countries supplying the EU have varied widely over the last 18 months. Imports from Gabon – much of which are destined for France – fell away rapidly in the first nine months of 2008 and have stabilized at a low level since then. EU imports from the Democratic Republic of Congo rose strongly at the end of 2008 and into the first quarter of 2008, but then fell dramatically in the second quarter of 2008 and have remained low ever since. Imports from Cameroon have followed a stepped pattern, declining dramatically in the first and last quarters of 2008, stabilizing during the intervening quarters. Imports from Côte d'Ivoire and Ghana have experienced a steady decline since the start of 2008.

Of all major tropical supply countries, only Malaysia has maintained a reasonably strong position in the European market over the last 18 months, significantly increasing market share during this period. At the end of 2007, Malaysia was only the fifth largest developing country supplier of hardwoods to the EU market, contributing much less than half the volume of China which then led the field by a very large margin. However by the first quarter of 2009, Malaysia was jostling for position with China and Brazil to become the largest developing world supplier of hardwoods to the EU.

The signs are that Malaysian suppliers have been the major beneficiaries of mounting supply problems and other competitive pressures in China and Brazil. Other factors which might be playing a role to enhance Malaysia's market share include: relatively rapid turnaround times between ordering and shipment; the willingness of Malaysian shippers to match specifications to the letter; the strength of the euro against the US dollar (which enhances competitiveness of US dollar-denominated Malaysian stock against competing euro-denominated African stock); consistent marketing by the Malaysian Timber Council; and the country's ability to supply the EU market with competitively priced FSC-certified combi-plywood lines and, following recent PEFC endorsement of the Malaysian Timber Certification System (MTCS), PEFC-certified sawn wood products.

A note on prices

Over recent months it has proved extremely difficult to gather reliable forward price information from European importers. Prices have tended to be quoted over a large range reflecting a market situation where there has, in reality, been extremely limited forward buying and heavy reliance on existing landed stocks which, for some species, are being sold at well below replacement price. To some extent therefore, the prices quoted here are more an indication of what the EU trade is willing to pay and what may be achieved when selling from existing landed stock rather than what would be an acceptable price to the shipper that truly reflected the cost of production.

The Netherlands Sawnwood Prices

FOB (Rotterdam)	USD per m^3
Sapele KD	915↑
Iroko KD	1042↑
Sipo KD	1111↑
DRM Bukit KD	830↓
DRM Seraya KD	830↓
DRM Meranti KD Seraya MTCC cert.	865↓
Merbau KD	1095↓
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	450-480↑
Sipo FAS 25mm	600-640↓
Sapele FAS 25mm	500-530
Iroko FAS 25mm	580-620↓
Wawa No.1 C&S 25mm	270-290↓
CIF plus Commission	
Tulipwood FAS 25mm	240-260↓
Meranti Tembaga Sel/Btr (KD 2"boards)	450-480↓
Balau/Bangkirai Decking	820-880
White Oak	400-425↓

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	320-340↓
China (hard face, poplar core) 18mm	310-340↓

Other ITTO Announcements

Assistance with TFLET project formulation

Are you an ITTO producer member country in need of assistance to formulate an ITTO project proposal relevant to the Tropical Forest Law Enforcement and Trade (TFLET) Thematic Programme? Would the project activities be designed to benefit local or indigenous communities? If so, you may be eligible for ITTO assistance with project formulation ahead of the next deadline for TFLET project proposals, 30 September 2009. We are currently seeking requests from ITTO member countries to be considered for this assistance.

To request assistance associated with this activity, please send an email to the Secretariat with the following information:

1) a 300-500 word description of the TFLET-related problems of the community/ies;
2) the expected development and specific objectives of the project;
3) anticipated outputs of the project;
4) why the requesting country and target stakeholders need assistance with TFLET project proposal formulation;
3) the geographic area of and number of people within the target community/ies;
4) how a proposed project would be in line with TFLET general and specific objectives and activities;
5) the proposed Executing Agency and other institutional support from government stakeholders; and
6) the anticipated duration of the project.

A summary covering the above points should be sent to Lauren Flejzor at flejzor@itto.or.jp not later than 31 July 2009. Requests will be considered on a rolling basis and should have the support of the ITTO government focal point. For more information on the ITTO TFLET Thematic Programme, please see our website at www.itto.or.jp.

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.

Carbon markets were designed to reduce greenhouse gas emissions. The system could also be a financially feasible way to save tropical forests, according to a new study that estimated how much it would cost to prevent logging in Borneo's forests. What's more, an established market would help buoy orangutans, pygmy elephants and other threatened species.
http://dsc.discovery.com/news/2009/06/19/carbon-credits-orangutan.html

For the people who live in the Brazilian rain forest, the perfectly logical thing to do is cut it down. Large swaths of the rain forest are burned or chopped down each year (4,621 square miles in 2008) because that land is worth more to its human denizens deforested — for the value of the timber and the cleared farmland — than it is intact.
http://www.time.com/time/health/article/0,8599,1904174,00.html?iid=tsmodule

Forests lock up a lot of carbon. Cutting them down accounts for around 20% of the world's emissions of greenhouse gases. On paper, halting deforestation should be the simplest way to cut emissions. Achieving a similar reduction by building wind turbines or nuclear-power stations, or by mandating more fuel-efficient cars and buildings, would take years and cost billions.
http://www.economist.com/opinion/displaystory.cfm?story_id=13829421

Gaping gaps in weather and climate data across Africa may be filled by a partnership between humanitarian groups and mobile phone companies. The project aims to deploy 5,000 automatic weather stations across the continent mounted on phone masts. They will gather data on aspects of weather such as rainfall and wind, and send it to national weather agencies.
http://news.bbc.co.uk/2/hi/science/nature/8105814.stm

It has been called the world's second 'oil war', but the only similarity between Iraq and events in the jungles of northern Peru over the last few weeks has been the mismatch of force. On one side have been the police armed with automatic weapons, tear gas, helicopter gunships and armored cars. On the other are several thousand Awajun and Wambis natives, many of them in war paint and armed with bows and arrows and spears.
http://www.taipeitimes.com/News/editorials/archives/2009/06/15/2003446179

Investors are to call on companies to examine and disclose their role in tropical deforestation, via the Forest Footprint Disclosure Project (FFDP). The initiative – launched with the backing of 12 institutional investors managing $1.3 trillion of assets – is seeking to emulate the success of the Carbon Disclosure Project (CDP), to which 475 investors managing USD55 trillion have lent their name, in order to encourage companies to disclose investment-relevant information about climate change.
http://www.environmental-finance.com/onlinews/0618for.html

Kolkata-based Theme International, part of a Rs 600-crore conglomerate with interests in wood-based items, has decided to set up a Rs 1,100 crore furniture hub near Kandla port in Gujarat. It will be the first-of-its-kind to come up anywhere in the country.
http://economictimes.indiatimes.com/News/News-By-Industry/Indl-Goods--Svs/Paper--Wood--Glass-Plastic-Marbles/Theme-plans-Rs-1100-cr-furniture-hub-in-Gujarat/articleshow/4673822.cms

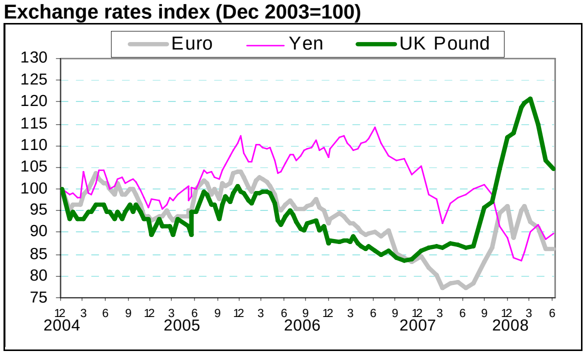
Within a vast deforested area on Borneo island, Australia and Indonesia hope to turn an ecological disaster into a global lesson on how to help local communities save tropical forests and fight climate change. Borneo, like the Amazon, is at the centre of efforts to fight deforestation that is a major contributor to global warming and many governments are trying to build on a UN-backed scheme that aims to reward developing nations for preserving their forests.
http://www.reuters.com/article/latestCrisis/idUSSP124023

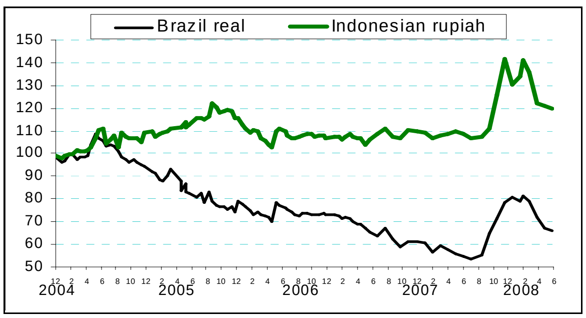
Main US Dollar Exchange Rates

As of 1 July 2009

Brazil	Real	1.9327	⬆
CFA countries	CFA Franc	468.827	⬇
China	Yuan	6.8341	⬇
EU	Euro	0.7071	⬇
Indonesia	Rupiah	10,174	⬆
Japan	Yen	96.64	⬇
Malaysia	Ringgit	3.5186	⬆
Peru	New Sol	3.0175	⬆
UK	Pound	0.6072	⬇

Exchange rates index (Dec 2003=100)

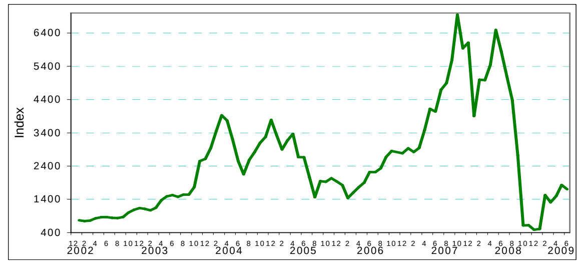




Abbreviations and Equivalences

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

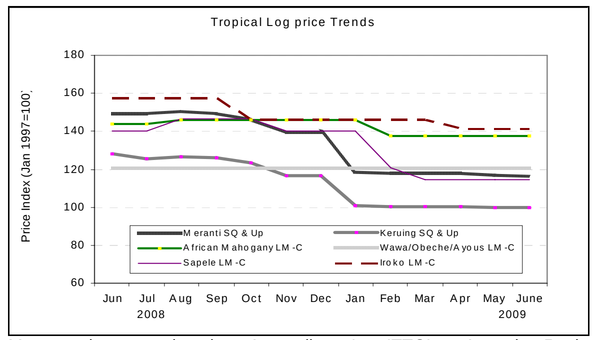
Ocean Freight Index



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.

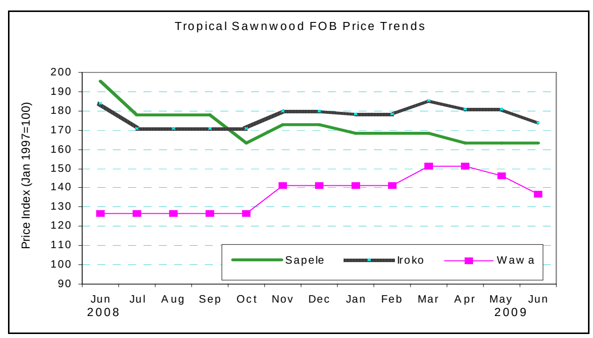
Appendix. Tropical Timber Price Trends

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