Tropical Timber Market Report since 1990

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Editorial

Prices for Central/West African timber products were stable in late April, except okoume and okan logs for the Chinese market. These species lost ground as stocks built up in some Chinese ports. The log stock build-up was deemed as momentary.

Prices for Southeast Asian products continued to surge unabated. Plywood prices are expected to peak in the third quarter ahead of the slowdown in the Japanese construction sector in winter. Indonesia was pondering imports of timber from neighbouring countries to meet local industry demand. PNG has signed an agreement with Malaysia's ICSB to improve forest management and promote plantations and training.

The wood industries of Paraná and Mato Grosso showed signs of improvement with higher sales and exports. Peru's Inrena is making the replacement of mahogany a condition for the approval of a yearly plan of operations in the Amazon. A new park in French Guiana adds up to the world's largest tropical forest under conservation.

World exports of furniture of all types are expected to reach $100 billion in 2007, fuelled mainly by the opening of markets. Imports and prices of tropical plywood rebounded in Japan. Sarawak's WTK group has acquired LSH, expanding its market share of floor-base plywood in Japan. Renowned furniture firms from Italy, USA and Germany opened stores across China. Stora Enso cautioned about worsening shortages of wood supplies due to Russian export duties, biofuel and environmental pressures. In the UK, timber was described as the most sustainable construction material. The US Court dismissed a lawsuit against mahogany trade. US housing starts recovered slightly but the 2007 forecast was trimmed again amid weaker confidence.

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Report from Central/West Africa

Brief inventory build-up brings some prices down

Log prices for the Chinese market lost ground as stocks built up in some Chinese ports, according to some reports. Ships in some of the ports were experiencing delays before being allowed to unload. This, however, has affected only a very limited number of log species, mainly okoume and okan. Prices offered by Chinese buyers for these species have dropped €50 per m^3 for the usual mixed grade okoume, €30 per m^3 for okan LM and B grades and about €40 per m^3 for okan BC/C. Buyers from China seem to be avoiding new purchases for the time being and are holding off from shipping logs which are ready at the loading ports in producer countries. Although according to some analysts the stock congestion is rather momentary, there is some nervousness that price weakness spread to other species. Some speculators could try to offer lower prices or some producers, with relatively high stock levels, might try to move logs by reducing prices.

Nevertheless, log consumption remains firm in China, India and Europe. Europe, in particular, is currently able to take up the slack, especially for okoume which has been very difficult to source in recent months for shipment to Europe and North Africa. As a result of this, demand prices for okoume and okan for Europe have remained unchanged.

Sawnwood prices hold onto recent gains

Demand for sawn lumber from Europe and other markets including South Africa are still brisk amid stable prices. Prices for moabi, movingui and padouk sawnwood held onto the gains achieved during March while mills were reported as busy with existing and forward contracts. Some producers believe that price weaknesses may develop for a few species in the next 4-6 weeks. However, this depends on how well the European demand holds up in the forthcoming summer vacation period which in some countries begins already at the end of June. Another factor is how soon the market in China is able to use up stocks and digest the current log overstock situation.

Log Prices

West Africa logs, FOB	€ per m^3		
<u>Asian market</u>	LM	B	BC/C
Acajou/ Khaya/N'Gollon	221	190	175
Ayous/Obéché/Wawa	221	205	168
Azobe & Ekki	183	167	152
Belli	244	244	-
Bibolo/Dibétou	168	168	114
Bubinga	533	457	381
Iroko	289	274	259
Okoume (60% CI, 40% CE, 20% CS)	-	150⬇	-
Moabi	320	305	282
Movingui	221	205	152
Niove	145	145	-
Okan	228⬇	228⬇	152⬇
Padouk	305	305	267
Sapele	251	236	205
Sipo/Utile	274	259	228
Tali	190	190	152

Gabon Okoumé logs, FAS*		€ per m^3	
		Asia	Europe
Grade	QS	213	219
	CI	171	171
	CE	146	150
	CS	108	111

*Based on SNBG official prices

Sawnwood Prices

West Africa sawnwood, FOB		€ per m^3
Ayous	FAS GMS	396
	Fixed sizes	427
Okoumé	FAS GMS	300
	Sel. & Bet. GMS Italy	310
	Sel. & Bet. fixed sizes	270
Sipo	FAS GMS	520
	FAS fixed sizes	519
	FAS scantlings	550
Padouk	FAS GMS	590⬆
	FAS scantlings	600⬆
	Strips	335
Sapele	FAS Spanish sizes	520
	FAS scantlings	550
Iroko	FAS GMS	458
	Scantlings	519
	Strips	304
Khaya	FAS GMS	396
	FAS fixed	427
Maobi	FAS GMS	615⬆
	Scantlings	625⬆
Movingui	FAS GMS	460⬆

Report from Ghana

Ghana VPA process based on five deliverables

Ghana's preparations towards the Voluntary Partnership Agreement (VPA) process are based on a five-point country deliverables that are expected to go through a process of consensus building among stakeholders, towards formal negotiations with the European Commission (EC) by year-end. The five points include the legal standard/definition; a system of verification of legality; a Chain of Custody (log tracking) system; an independent monitoring system in a wider institutional setting; and impacts assessment and mitigating measures.

A multi-stakeholder oversight committee, the VPA Steering Committee, has been established to oversee and collate views on the consultative process. Stakeholders are being consulted on each of the negotiating elements/deliverables. Separate sessions are expected to be held for each deliverable. The development of the verification system has already enjoyed a number of stakeholder consultations since 2005, while the chain of custody (log tracking) system, which will be largely confined to the strategic level, is already at an advanced stage. Other country deliverables are at national policy level and will therefore require ministerial (or higher) adoption.

The second round of formal negotiations with the EC is expected in June 2007. The VPA negotiation will focus on the Chain of Custody system, the legal definition and the Verification System. The country position will be communicated to the EC by early May to enable the EC prepare to meet the Ghana team for the negotiations. The third formal negotiation session was agreed for September. The negotiation at that meeting will focus on the potential impacts of the VPA and the measures necessary to mitigate those impacts. Inter-sessional meetings will be arranged as and when necessary. Ghana completed its first session of negotiations with the European Commission (EC) on 2 March 2007. Ghana committed itself to meeting certain milestones and confirmed a roadmap for concluding a VPA with the EU by the end of 2007.

Log Prices

Ghana logs, domestic	US$ per m^3	
	Up to 80cm	80cm+
Wawa	65-85	90-115
Odum Grade A	150-160	165-185
Ceiba	53-75	80-106
Chenchen	55-80	85-105
Khaya/Mahogany (Veneer Qual.)	65-80	85-105
Sapele Grade A	120-150	155-175
Makore (Veneer Qual.) Grade A	125-135	140-166

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	560
Ceiba	205	-
Dahoma	290	410
Edinam (mixed redwood)	370	450
Emeri	350	420
Khaya/African mahogany	590	660
Makore	510	630
Niangon	550	-
Odum	690	750
Sapele	500	610
Wawa 1C & Select	250	280

Ghana sawnwood, domestic		US$ per m^3
Wawa	25x300x4.2m	134
Emeri	25x300x4.2m	242↑
Ceiba	25x300x4.2m	130
Dahoma	50x150x4.2m	274
Redwood	50x75x4.2m	208
Ofram	25x225x4.2m	194

Veneer Prices

Rotary Veneer, FOB	€ per m^3	
	CORE (1-1.9mm)	FACE (<2mm)
Bombax	325	350
Kyere, Ofram, Ogea & Otie	325	360
Chenchen	260	360
Ceiba	315	315
Mahogany	425	460

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	305

Sliced Veneer, FOB	€ per m^2	
	Face	Backing
Afrormosia	1.19	1.00
Asanfina	1.80	0.87
Avodire	1.05	0.75
Chenchen	0.72	0.61
Mahogany	1.45	0.95
Makore	1.70	0.80
Odum	1.54	0.95

Plywood Prices

Plywood, FOB	€ per m^3			
B/BB, Thickness	Redwoods		Light Woods	
	WBP	MR	WBP	MR
4mm	560	487	500	380
6mm	380	315	335	300
9mm	388	305	290	280
12mm	340	290	270	270
15mm	360	290	280	265
18mm	300	290↑	265	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.

Added Value Product Prices

Parquet flooring 1st	FOB € per m^2		
	10x60x300mm	10x65-75mm	14x70mm
Apa	12.00	14.47	17.00
Odum	10.50	10.18	11.00
Hyedua	13.67	18.22	17.82
Afrormosia	13.25	14.22	17.82

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

Report from Malaysia

Plywood prices expected to peak before winter

Prices of plywood are expected to peak between July and September 2007, as the Japanese construction industry slows down for the winter season. However, things may change if manufacturers are able to break into the Middle-Eastern market, currently one of the fastest growing real estate development markets in the world, driven by high crude oil prices. Prices of other panel products and timber mouldings are expected to remain strong for the rest of the year as the furniture industry and the remodelling sector emerge as major consumers of the products.

STA calls for simpler MTCC regulations

The Malaysian Timber Certification Council (MTCC) must avoid factoring in too many new social and environmental variables in achieving a timber certification scheme that is compatible to that of the Forest Stewardship Council (FSC), according to the Chairman of the Sarawak Timber Association (STA), Datuk Leo Chai. He said that this would help to prevent NGOs and local environmentalists from exploiting them, in order to prevent the authorities and concession holders from getting concessions certified. He added that the MTCC was working on the new scheme as some importing countries and NGOs had found the existing scheme inadequate.

Malaysia raises prices for steel

Prices for steel building materials were raised 20% from April 2007 onwards, after local steel millers complained about the high cost of steel. Steel building material is a controlled item in the country while its imports are restricted. The controls restrict the trade of steel building material as viable alternatives are not as readily available to builders and contractors. Currently, steel millers are asking for an additional premium of at least 5% on top of the ex-mill price for steel. The rise of steel as a building material of choice over timber is due to the many infrastructural projects in the country over the last two decades. The scarcity of timber as a raw material has also accelerated the use of other material, such as concrete, glass, aluminium and ceramic as alternative construction materials. The price increase is likely to spill over to the timber market in the near future.

Log Prices

Sarawak log, FOB	US$ per m^3
Meranti SQ up	299-326↑
Small	271-297↑
Super small	245-259↑
Keruing SQ up	270-286↑
Small	227-258↑
Super small	208-225↑
Kapur SQ up	239-258↑
Selangan Batu SQ up	275-298↑

Pen. Malaysia logs, domestic (SQ) US$ per m^3	
DR Meranti	348-394↑
Balau	276-302↑
Merbau	418-438↑
Rubberwood	222-244↑
Keruing	270-287↑

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

Sawnwood Prices

Malaysia Sawnwood, FOB	US$ per m^3
White Meranti A & up	433-459⬆
Seraya Scantlings (75x125 KD)	736-770⬆
Sepetir Boards	311-328⬆
Sesendok 25,50mm	448-479⬆
Kembang Semangkok	430-448⬆

Malaysian Sawnwood, domestic		US$ per m^3
Balau (25&50mm,100mm+)		341-358⬆
Merbau		572-592⬆
Kempas 50mmx(75,100 & 125mm)		270-289⬆
Rubberwood	25x75x660mm up	267-295⬆
	50-75mm Sq.	287-317⬆
	>75mm Sq.	313-343⬆

Plywood Prices

Malaysia ply MR BB/CC, FOB	US$ per m^3
2.7mm	491-513⬆
3mm	464-489⬆
9mm & up	408-431⬆

Meranti ply BB/CC, domestic	US$ per m^3
3mm	458-470⬆
12-18mm	388-405⬆

Other Panel Prices

Malaysia, Other Panels, FOB		US$ per m^3
Particleboard	Export 12mm & up	207-227⬆
	Domestic 12mm & up	184-220⬆
MDF	Export 15-19mm	282-304⬆
	Domestic 12-18mm	254-276⬆

Added Value Product Prices

Malaysia, Mouldings, FOB	US$ per m^3
Selagan Batu Decking	704-717⬆
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	739-757⬆
Grade B	637-655⬆

Furniture and Parts Prices

Malaysia, Rubberwood, FOB		US$ per piece
Semi-finished dining table		
solid laminated top 2.5'x4', extension leaf		51-70⬆
As above, Oak Veneer		61-77⬆
Windsor Chair		48-53⬆
Colonial Chair		43-50⬆
Queen Anne Chair (soft seat)	without arm	43-58⬆
	with arm	52-59⬆
Chair Seat 27x430x500mm		26-31⬆

Rubberwood Tabletop	US$ per m^3
22x760x1220mm sanded & edge profiled	
Top Grade	625-635⬆
Standard	584-611⬆

Report from Indonesia

Indonesia mulls imports of timber from neighbours

The Indonesian federal government is planning to import timber to assist the local timber industry in various parts of the country that has collapsed due to a shortage of raw materials, according to Made Subadya, an official from the Ministry of Forestry. He said that a number of countries with surplus stocks of timber have been narrowed down as potential suppliers, including China and Malaysia. Conservation and law enforcement against the traffic of illegal felled logs are said to have contributed to a shortage of timber raw materials in the country.

Building industry shows healthy signs of growth

The real estate development industry in Indonesia is beginning to show healthy signs of growth, especially in the private property sector, according to analysts. Several leading local financial institutions are reporting a growth in portfolio in that sector. Some local banks are setting a 50% increase in home loans business for the rest of the year. Growth in the real estate sector will help to further boost economic activities in the timber industry.

Indonesia embarks on massive reforestation program

Indonesia has embarked on an enormous reforestation program in a bid to rehabilitate 59.2 million ha of damaged forest throughout Indonesia, Forestry Minister, Malam Sambat Kaban, informed recently. This year the government plans to plant 2 billion seedlings on 2 million ha of land along 318 river banks in all provinces in the country, Mr. Kaban said. The Minister said the government had earmarked funds amounting to 4.1 trillion rupiah ($445 million) to finance the program. Mr. Kaban added that his ministry would soon tender the seedling procurement, urging owners of seedling businesses, including farmers, to prepare themselves.

Besides government institutions, the planting program would also involve timber estate (HTI) businessmen and forest concession (HPH) holders. Both HTI and HPH would be entrusted to reforest 350,000 and 85,000 ha of unproductive land respectively, while the state-owned forestry company Perum Perhutani would reforest 200,000 ha of land in Java. The Minister said that there was no other way to revitalize Indonesian damaged forests, except through programs such as this.

Aceh port to compete for Malacca trans-shipments

An important new container terminal in Southeast Asia looks likely to be built after Ireland's Dublin Port Company agreed with the provincial government of Aceh in Indonesia to develop Sabang port off the northern tip of Sumatra in a deal that could cost up to $900 million. Once fully functional, Sabang could be an alternative option as a deep-water trans-shipment centre to the increasingly congested Malacca Straits, through which some 30% of the world's shipping passes. The plan is to build a quay 2,500m long and a harbour 22m deep. The contract will last for 50 years. The project will involve expanding both the main international port and the domestic port 7km away at Balohan, also on Sabang island. The project will run in three phases, with the first due to be completed by 2009. More than 90% of the business is expected to be trans-shipment from large ships to smaller vessels and vice-versa. Sabang was a busy port until the 1970s when a separatist insurgency erupted in Aceh. It was declared a free port in 2000, but its development was hampered by the conflict, which ended in 2005. There are already at least three big ports in the region: Singapore and Malaysia's Tanjung Pelepas and Port Klang.

Log Prices (domestic)

Indonesia logs, domestic prices	US$ per m^3
Plywood logs	
Face Logs	228-267⬆
Core logs	155-186⬆
Sawlogs (Meranti)	227-267⬆
Falcata logs	157-180⬆
Rubberwood	197-218⬆
Pine	187-221⬆
Mahoni (plantation mahogany)	625-668⬆

Sawnwood Prices

Indonesia, construction material, domestic		US$ per m^3
Kampar (Ex-mill)	AD 3x12-15x400cm	237-248↑
	KD	329-340↑
	AD 3x20x400cm	347-366↑
	KD	373-384↑
Keruing (Ex-mill)	AD 3x12-15x400cm	272-285↑
	AD 2x20x400cm	265-275↑
	AD 3x30x400cm	268-283↑

Plywood Prices

Indonesia ply MR BB/CC, FOB	US$ per m^3
2.7mm	486-507↑
3mm	414-481↑
6mm	388-413↑

MR Plywood (Jakarta), domestic	US$ per m^3
9mm	325-337↑
12mm	298-322↑
15mm	291-321↑

Other Panel Prices

Indonesia, Other Panels, FOB		US$ per m^3
Particleboard	Export 9-18mm	222-233↑
	Domestic 9mm	190-207↑
	12-15mm	179-193↑
	18mm	171-177↑
MDF	Export 12-18mm	303-313↑
	Domestic 12-18mm	249-269↑

Added Value Product Prices

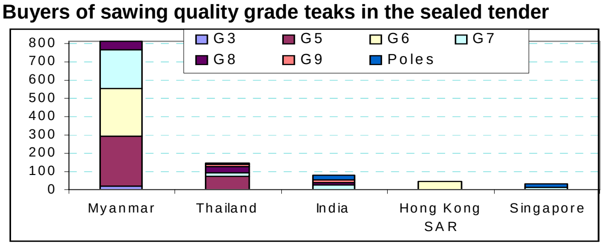
Indonesia, Mouldings, FOB	US$ per m^3
Laminated Boards Falcata wood	382-397↑
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	696-727↑
Grade B	608-657↑

Report from Myanmar

Teak log prices continue to rise unabated

The Yangon teak tender schedule was affected due to the long Myanmar New-Year holiday. The sealed tender was held on the 23 April while the main tender was held on 27 April. MTE will be close again for another four days from 28 April to 1 May, due to the Buddha's birthday and Labour Day. Most average teak prices continued to rise in April, due to cargo shortages. Not much cargo available was reported in Yangon, pushing teak demand and prices up. This will probably be compounded by rains that are expected soon. Out of the 1,121 tons traded in the sealed tender, 810 tons were purchased by buyers from Myanmar. The local industry is facing critical supply of industrial raw logs for local processing.

Buyers of sawing quality grade teaks in the sealed tender



New gurjan prices have not yet hit demand

Prices for pyinkadoe fell again during the direct sales in April. The pyinkadoe market has not recovered since the July 2006 increase in list prices by the MTE. In contrast, prices for gurjan (keruing) surged as demand remained firm. The recent increase of list prices for gurjan is expected to take a few months to have a real effect on the sales. So far, buyers seem to accept the March list prices as long as log quality is good and measurements are large. Time will show if the recent price hike in gurjan prices will be absorbed by buyers or if the species will follow the footsteps of pyinkadoe logs.

Log Prices (natural forests)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
Veneer Quality	Mar	Apr
2nd Quality	4,507↑ (11 tons)	4,593↑ (11 tons)
3rd Quality	4,333↑ (18 tons)	4,295↓ (17 tons)
4th Quality	3,808↑ (91 tons)	3,979↑ (68 tons)
Sawing Quality		
Grade 1 (SG-1)	2,724↑ (344 tons)	2,461↓ (353 tons)
Grade 2 (SG-2)	1,957↑ (448 tons)	2,016↑ (433 tons)
Grade 3 (SG-3)	1,407 (16)	1,559↑ (18)
Grade 4 (SG-4)	1,725↑ (440 tons)	1,687↓ (367 tons)
Grade 5 (SG-5) Assorted	1,265↑ (395 tons)	1,325↑ (353 tons)
Grade 6 (SG-6) Domestic	986↑ (154 tons)	979↓ (302 tons)

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)	
	Tender €	List price $
Pyinkado	254↓ (220 tons)	470-500
Gurjan (keruing)	332↑ (332 tons)	325-352

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

Report from Papua New Guinea

PNG log exports soar in early 2007

Log exports from PNG rose sharply to 286,032 m^3 in January 2007, up 37% from December and 53% from January 2006. Total log exports reached 2.74 million m^3 in the year to January 2007. Saw/veneer grades accounted for 88% of the total log exports in this period. Main log export species were taun, malas, bintangor and terminalia. China took 82.8% of all log exports, followed by Japan (8.2%), Korea (2.9%) and Vietnam (2.5%). Of the saw/veneer log grades, China imported 88.3%, Japan 6.2%, Korea 2.1% and India 1.6%. For plantation species, kamarere remained the main export species primarily to the markets of Japan, Vietnam, China and India.

PNG signs agreement to develop timber industry

The PNG government signed a memorandum of understanding (MoU) with Innoprise Corporation Sdn Bhd (ICSB) to develop the country's timber industry. ICSB is a subsidiary of Malaysia's Yayasan Sabah Group, based in Sabah. The PNG Minister of Forest, Patrick Pruaitch, said Yayasan Sabah had proven to be a successful body in Southeast Asia not only in forestry management and plantation, but also in producing quality human resources. He added that the foundation had proven that the national forest, if properly planned and managed, could sustainably be integrated with the land use to provide and maximize the socio-economic and infrastructure development for the benefit of the nation and its people. He claimed that PNG could be exporting three times its current export levels and, as such, the industry had huge potential for growth.

PNG expresses doubts about Australian forest fund

PNG has expressed skepticism over Australia's Aus$200 million ($160 million) plan to tackle climate change by protecting the world's forests. PNG Prime Minister, Sir Michael Somare, welcomed Australia's multi-million dollar initiative to curb deforestation in Southeast Asia, particularly Indonesia, by fighting illegal logging, planting new trees and providing alternatives to the timber industry. However, he said industrialized nations were in a better position than developing countries to reduce the greenhouse emissions which also contributed to climate change. PNG called for an increased commitment by industrialized nations, particularly the USA and Australia, to support the existing United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol.

Log Prices (average unit values)

Saw/veneer log grade	$ Avg unit value FOB per m³ Dec	Jan
Malas	65↑	66↑
Calophyllum (bintangor)	81↓	83↑
Taun	81↓	81
Terminalia	64↑	64
Pencil Cedar	83	85↑
PNG Mersawa	85↓	92↑
Red Canarium	64↓	67↑
Erima	62↑	60↓
Dillenia	61↓	66↑
Burckella	66↑	65↓
Kwila/Merbau	107	112↑

Plantation kamarere logs Diameter	$ Avg unt val. FOB per m³ Dec	Jan
60+cm (Vietnam market)	77	-
50-59cm (Vietnam, Japan markets)	-	-
40-49cm (Vietnam, Japan markets)	-	65↑
30-39cm (Vietnam, Japan markets)	-	61↑
20-29cm (Vietnam, Japan markets)	-	49↑

Report from Brazil

Prices for Brazilian timber products rise

Prices for solid-wood products in Brazilian real rose slightly by 0.28% in April. Prices for these products in US dollars rose 2.7% on average as a result of the continuous weakening of the currency against the real.

FENAM signals recovery of the solid-wood market

The 25th International Trade Fair of Wood and Forest Machinery (FENAM 2007), held in Paraná, has confirmed that the solid-wood market is recovering, rising expectations among entrepreneurs of the sector. Companies of the wood and machinery sectors made businesses in the event and initiated negotiations for sales in the coming months. Several machinery companies reported sales worth millions of US dollars, as a number of companies moved from manual to fully mechanised tree harvesting. Companies have now observed a market improvement after years of stagnation.

Mato Grosso increases exports of solid-wood products

Mato Grosso's export of solid-wood products reached $30.1 million (35,300 ton) in the first two months of 2007, up 40% (up 29% in volume) from 2006. The wood industry is the third major industrial sector in Mato Grosso with exports of $195.3 million (243,200 ton) in 2006, accounting for 4.5% of the state exports, according to the International Business Centre (CIN) of the Industrial Federation of Mato Grosso (FIEMT). Sawnwood accounts for two-thirds of the exports while plywood accounts for the balance. The USA and Europe are the main destinations for wood product exports from Mato Grosso. Combining domestic and external sales, wood products reached 1.4 billion real in the state in the year to March 2007. Sawnwood accounted for 44.3% of these sales while added-value products such as mouldings accounted for 20.7%. Plywood and veneer followed in third place with 9.6% of the total. The State Secretary of Environment urged entrepreneurs to invest more in the industrial solid-wood park in order to increase the share of added-value products in exports.

Log Prices (domestic)

Brazilian logs, mill yard, domestic	US$ per m³
Ipê	116↑
Jatoba	82↑
Guariuba	56↑
Mescla (white virola)	62↑

Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB		US$ per m³
Jatoba Green (dressed)		568↑
Cambara KD		464↑
Asian Market (green)	Guariuba	265↑
	Angelim pedra	331↑
	Mandioqueira	233↑
Pine (AD)		99↓

Brazil sawnwood, domestic (Green)		US$ per m³
Northern Mills (ex-mill)	Ipé	540↑
	Jatoba	409↑
Southern Mills (ex-mill)	Eucalyptus (AD)	164↑
	Pine (KD) 1st grade	222↑

Veneer Prices

Veneer, FOB (Belem/Paranagua Ports)	US$ per m³
White Virola Face 2.5mm	244↑
Pine Veneer (C/D)	141↓

Rotary cut Veneer, domestic (ex-mill Northern Mill)	US$ per m³ Face	Core
White Virola	219↑	183↑

Plywood Prices

Plywood, FOB	US$ per m³
White Virola (US Market)	
5.2mm OV2 (MR)	428↑
15mm BB/CC (MR)	361↓
White Virola (Caribbean market)	
4mm BB/CC (MR)	438↑
12mm BB/CC (MR)	343↑

Pine Plywood EU market, FOB	US$ per m³
9mm C/CC (WBP)	273↑
15mm C/CC (WBP)	258↑
18mm C/CC (WBP)	252↑

Plywood, domestic (ex-mill Southern mill)		US$ per m³
Grade MR (B/BB)	White Virola 4mm	750↑
	White Virola 15mm	550↑

Domestic prices include taxes and may be subject to discounts.

Other Panel Prices

Belem/Paranagua Ports, FOB	US$ per m³
Blockboard Pine 18mm 5 ply (B/C)	315
Domestic Prices, Ex-mill Southern Region	
Blockboard White Virola faced 15mm	493↑
Particleboard 15mm	308↑

Added Value Products

FOB Belem/Paranagua Ports		US$ per m³
Edge Glued Pine Panel		
Korean market (1st Grade)		652↑
US Market		434↓
Decking Boards	Cambara	602
	Ipê	1298

Report from Peru

Inrena makes mahogany rights subject to replacement

Inrena is coordinating with forest concessionaires, forest companies and permit holders the production and establishment of one million of mahogany plantlets over 5 years and quotas of replacement ten times the logged amount. This is one of the most ambitious projects of the institution, aiming at a sustainable management of the Peruvian Amazon forests. The initiative will cover the departments of Madre de Dios, Ucayali, San Martín, Loreto and Selva Central, in forest areas granted to forest concessionaires, indigenous communities, reforestation and eco-tourism concessions. Concessionaires and permit holders will provide the financing while Inrena will provide technical attendance, promotion and monitoring, in line with CITES.

The replacement of the species 10 times more than the logged amount will be a condition for the approval of a yearly plan of operations. In addition, permit holders will have to demonstrate the maintenance of the mahogany plantations for the renewal of the logging rights.

CITES praises Peru for mahogany policy

Juan Carlos Vasquez, CITES representative, praised Peru for the way it was dealing with its international commitments regarding mahogany. Mr. Vasquez was in Lima as a member of a mission to verify Peru's achievements in mahogany management and compliance to international commitments. He said that Inrena was making progress in the right direction and that needed entire support from the international community, particularly in chain of custody. He added that a decline in illegal logging was evident. His comments were backed by USAID and the Spanish International Cooperation Agency (AECI). Inrena reduced recently the mahogany's logging quota from 23,239.6 m^3 in 2006 to 13,476.7 m^3 in 2007 (see TTM 12:6, where 16,000 m^3 was initially indicated as the 2007 quota).

Government supports sale of forest lands

The Peruvian government, through the Ministry of Economy and Finance (MEF) and the Ministry of Agriculture (MINAG), supported the Executive Project of Law that favours the sale of state forest lands to private investors for reforestation and agro-forestry activities. According to MEF, these types of activities appeal investors if they own the land. MEF proposed to channel the sales of forest lands through the Agency for Private Investment Promotion (ProInversion) due to its capacity and experience. It also suggested the participation of Inrena and Fondebosque in the process. In turn, MINAG endorsed the Project of Law as it was already approved by the Board of Ministers. The Project extends from 10,000 ha to 40,000 ha the area of land to be awarded to potential investors.

Sawnwood Prices

Peru Sawnwood, FOB Callao Port		US$ per m^3
Mahogany S&B KD 16%, 1-2" random lengths (US market)		1890-1945
Spanish Cedar KD select		
North American market		965-1035
Mexican market		990-1040
Pumaquiro 25-50mm AD	Mexican market	490-525

*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	270-300
Grade 2, Mexican market	220-235
Cumaru 4" thick, 6'-11' length KD	
Central American market	760-795
Asian market	720-760
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	550-583↓
Dominican Republic	565-575
Marupa (simarouba) 1", 6-11 length Asian market	400-425

Peru Sawnwood, FOB Iquitos	US$ per m^3
Spanish Cedar AD Select Mexican market	915-960
Virola 1-2" thick, length 6'-13' KD	
Grade 1, Mexican market	275-315
Grade 2, Mexican market	225-235
Grade 3, Mexican market	145-165
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	240-250

Peru sawnwood, domestic	US$ per m^3
Mahogany	1395-1420
Virola	138-146
Spanish Cedar	520-532
Marupa (simarouba)	150-153

Veneer Prices

Veneer FOB	US$ per m^3
Lupuna 3/Btr 2.5mm	218-225
Lupuna 2/Btr 4.2mm	220-245
Lupuna 3/Btr 1.5mm	245-255

Plywood Prices

Peru plywood, FOB (Mexican Market)		US$ per m^3
Copaiba, 2 faces sanded, B/C, 15x4x8mm		365-375
Virola, 2 faces sanded, B/C, 5.2x4x8mm		420-425
Cedar fissilis, 2 faces sanded 4x8x5.5mm		754-762
Lupuna, treated, 2 faces sanded, 5.2x4x8mm		365-380
Lupuna plywood	B/C 15x4x8mm	350-358
	B/C 9x4x8mm	345-350
	B/C 12x4x8mm	350-358↓
	B/C 8x4x15mm	420-430
	C/C 4x8x4mm	380-388
Lupuna plywood B/C 8x4x4mm Central Am.		385-395

Lupuna Plywood BB/CC, domestic	US$ per m^3
(Iquitos mills)	
122 x 244 x 4mm	428
122 x 244 x 6mm	398
122 x 244 x 8mm	403
122 x 244 x 12mm	398
(Pucallpa mills)	
122 x 244 x 4mm	450
122 x 244 x 6mm	439
122 x 244 x 8mm	427
122 x 244 x 12mm	419

Other Panel Prices

Peru, Domestic Particleboard	US$ per m^3
1.83m x 2.44m x 4mm	279
1.83m x 2.44m x 6mm	230
1.83m x 2.44m x 12mm	198

Added Value Product Prices

Peru, strips for parquet		US$ per m^3
Cabreuva/estoraque KD12% S4S, Asian market		1445-1500
Cumaru KD, S4S	Swedish market	650-700
	Asian market	890-930
Cumaru decking, AD, S4S E4S, US market		930-950
Pumaquiro KD # 1, C&B, Mexican market		490-525
Quinilla KD, S4S 2x10x62cm, Asian market		590-620
2x13x75cm, Asian market		700-730

Report from Bolivia

Sawnwood Prices

Sawnwood 1-3"x3x5"x7-19', FOB Arica Port		$ Avg un. val. per m^3
Mahogany	(US market)	1450-1730↑
Spanish Cedar	(US market)	500-900↓
Oak	(US and EU market)	525-725↓

Added Value Product Prices

Doors 13/4"x36"x96", FOB Arica Port		Avg $ per piece
US market	Mara macho/Tornillo (FSC)	100-395↑
	Yesquero	130-155↓
	Ochoó	100-180

Report from Guatemala

Log and Sawnwood Prices

Teak, FOB S.Tomas de Castilla Port	$ Avg unit val. per m^3
Plantation teak (Indian market)	
Logs 16+cm	238↓
Sawnwood 8-20.5cm x 9-20.5cm x 2.2m	450

Report from Mexico

Cameras installed to control forest fires

More than 1,500 fires were registered so far this year in Mexico. On average, 13 fires are reported every day, according to the National Forest Commission (Conafor). The most affected states are Mexico DF, Mexico State, Puebla, Michoacan, Morelos, Tlaxcala, Guerrero and Chiapas. In Puebla, the most affected areas are the Malinche and Ixta-Popo National Parks. The local government has established eight cameras in strategic places in Puebla at a cost of $250,000. These cameras have detected 80% of the fires that have occurred this year. The cameras can rotate 360 degrees and have a capacity to zoom in up to 20 km.

Report from Guyana

Government denies company's request to export logs

Agriculture Minister, Robert Persaud, who has responsibility for the forestry sector, has refused a request by Bai Shan Lin International Forest Development Inc, a Chinese company, to export round logs for a period of 12 months. Bai Shan Lin had unveiled plans to invest approximately $100 million dollars over the next three years for added-value processing and timber harvesting (see TTM 12:4). Based on the company's commitment to timber processing, the government was in discussions with Bai Shan Lin's representatives on the procedures to be followed to acquire suitable land for the establishment of added-value facilities and to access forest resources. However, Bai Shan Lin requested permission to export round logs, which was rejected by the Ministry as a breach of the company's commitment. The company appealed for a grace period of 12 months during which the export of round logs would be allowed. The Ministry declined to grant such a request and reminded the company of its commitment to become immediately engaged in added-value production.

ITTO project seeks promotion of LUS in Guyana

ITTO, in partnership with the Guyana Forestry Commission (GFC) and the Forest Product Marketing Council of Guyana Inc. (FPMC), has funded a project for the promotion of lesser used wood species (LUS), to reduce the demand for popular species. Local furniture manufacturers have expressed willingness to use some of the species, but are inhibited by the inaccessibility of supplies and lack of technical information. The project is intended to fill this gap by providing information that will allow stakeholders to utilize LUS and help to identify necessary criteria for processing and marketing activities. The 12-month project, which started last February, is part of the GFC's programme to ensure sustainable forestry operations and continued development of the sector.

Testing of the LUS at laboratories overseas, promotional activities and training of forestry stakeholders on wood properties are the main components of the initiative which is being funded at a cost of approximately $95,000. Guyana has about 1,000 varieties of wood but the over reliance on six types is putting pressure on the forest resources. Limonimonaballi, huruasa, sarebebeballi, suya, black kakaralli and kautaballi are among the country's LUS. At present, there are other activities being carried out by GFC to achieve its objective, including strengthening its inventory software in forest resources management.

Log Prices

Logs, FOB Georgetown	SQ - $ Avg unit value per m^3		
	Std	Fair	Small
Greenheart	(120)	110-125	115
Purpleheart	145-200⬆	140-180⬆	135-180⬆
Mora	(120)	(95-115)	105

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

Sawnwood Prices

Sawnwood, FOB Georgetown		$ Avg unit val. per m^3	
EU and US markets		Undressed	Dressed
Greenheart	Prime	(424-580)	55-945⬆
	Select/Standard	488-530⬆	424-615⬆
Purpleheart	Prime	(640-740)	551-636⬇
	Select/Standard	551⬆	424-508⬇
Greenheart scantlings		(382-503)	-

Plywood Prices

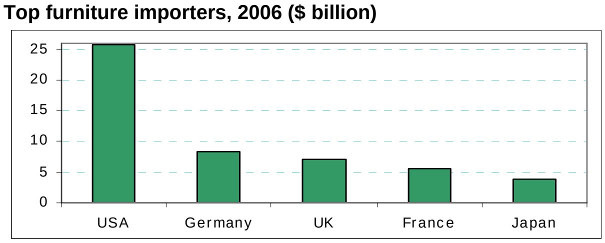
Plywood, FOB Georgetown Port			$ Avg unit val. per m^3
Baromalli	BB/CC	5.5mm	(520)
		12mm	(357-410)
	Utility	5.5mm	n.a.
		12mm	(350)

Other Tropical News

Global furniture exports to reach $100 billion in 2007

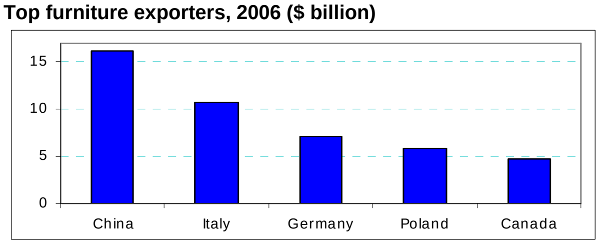
World exports of furniture of all types have been growing steadily for the last ten years, from $42 billion in 1997 to a forecast $100 billion (1% of global exports of manufactured products) in 2007, according to CSIL Milano. The growth is due to increased demand for furniture worldwide and the opening of the furniture markets to imports. The main importing countries are the USA, Germany, UK, France and Japan. US furniture imports originate mostly from China and Canada.

Top furniture importers, 2006 ($ billion)



Other important suppliers to the USA are Mexico, Vietnam (growing very fast), Malaysia, Italy (declining), Indonesia, Taiwan PoC, Thailand and Brazil. The main furniture exporters are China, Italy, Germany, Poland and Canada.

Top furniture exporters, 2006 ($ billion)



In 2007, the global GDP is growing by about 5% in real terms, which is boosting demand for furniture worldwide, particularly in large markets. Furniture demand in 2007 is expected to grow more than 3% in real terms in eight EU countries (Bulgaria, Estonia, Ireland, Latvia, Lithuania, Poland, Romania and Slovakia); three in eastern Europe (Turkey, Russia and Ukraine); seven in Asia (China, India, Indonesia, Malaysia, the Philippines, Singapore and Vietnam); five in the Middle East and Africa (Egypt, Israel, Kuwait, UAE and South Africa); and two in South America (Argentina and Chile). Moderate growth is expected in the remainder countries.

Deforestation effects on climate depend on location

A new study published in the Proceedings of the National Academy of Sciences shows that the effect of deforestation on climate depends on location. While it confirms the effectiveness of tropical forests at reducing warming by absorbing carbon, it suggests that in snowy latitudes, forests may actually increase local warming by absorbing solar energy that would otherwise be reflected back out into space. That does not mean forests in cold areas should be chopped down, stressed Ken Caldeira of the Carnegie Institution, department of global ecology. But, he added, efforts to increase the forested areas in northern regions may be ineffective in combating warming and can be a distraction from the real answer, which is the need to reform our system of energy production. The results suggest it is more important to preserve and restore tropical forests than had been previously recognized.

New park adds up to the largest tropical conservation area

A new national park of two million ha, the Guyana Amazonian Park, is being created in the French territory of Guiana. The park will link up with other protected areas in neighbouring Brazil, including the Tumucumaque National Park, Grao-Para Station and the recently declared Maicuru Reserve. Together, this cross-border protected areas network totals more than 12 million ha, making it the world's largest expanses of tropical forest under conservation. WWF-France has been supporting the creation of the park for the past 15 years. WWF, through its regional office in the Guianas (which covers Guyana, Suriname and French Guiana), is partnering with local NGOs, governmental agencies and communities to tackle illegal gold mining and implement responsible forest management in some areas where human activities and development will be allowed.

Report from Japan

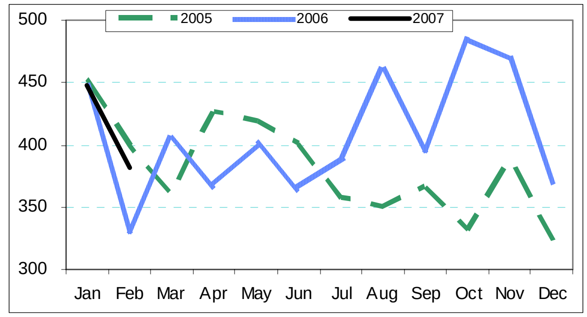
Plywood export prices recover amid surging demand

Export prices of Southeast hardwood plywood for the Japanese market, which had been depressed over the last weeks, have rebounded. Prices for thin and medium-thick panels recovered $10-30 while those for 12 mm panels were $10-20 higher. Japanese demand is expected to surge further in May, after Japan's Golden Week holiday period that goes from 30 April to 6 May. Japanese importers anticipate more price hikes in May as a result of greater market activity.

Japanese imports of plywood rebound in February

Plywood imports rose strongly to 381,000 m^3 (¥25.48 billion) in February, up 15.2% (up 64.3% in value) from a year earlier. This was the eighth consecutive monthly growth and one of the strongest in the last months. Imports had slowed down in January after large volumes were imported during the last half of 2006. By import source, 196,000 m^3 came from Malaysia (up 8.3% and 51% of the imports), 124,000 m^3 from Indonesia (up 11.3%) and 50,000 m^3 from China (up 72%). The share of imports on total plywood supply rose 3.1 points to 59.1% from the previous year.

Japanese plywood imports (000 m^3)



Japan raises preferential duty limit for 2007

The Japanese Ministry of Finance has disclosed the limit of preferential duty for fiscal year 2007. The limit has been increased 3% to ¥109.74 billion ($922.2 million) for customs code 44 of wood products, up ¥2.2 billion from the previous year. Rumania and Bulgaria do not longer benefit from the preferential duty after joining the EU. Although Japan has concluded free trade agreements (FTAs) with a number of timber supplying countries, such as Malaysia, Philippines, Singapore, Chile, Mexico and Thailand, duties on wood products remain or are phased-out over an agreed period. In the case of Chile, softwood lumber (notably radiata pine) will be duty free after FTA becomes effective in fall 2007, regardless of the 2007 preferential duty limit.

Sumitomo Forestry acquires PNG's Kowa Lumber

Sumitomo Forestry, Japan's largest timber importer and supplier, has recently bought Kowa Lumber Co., Ltd. Kowa has been involved in the establishment of timber plantations in PNG and imports of wood from that country. Sumitomo Forestry move is intended to secure wood supply. Kowa operates Open Bay Timber (OBT) in PNG's East New Britain Island and a timber plantation of 12,500 ha. Kowa has been exporting 100,000 m^3 of logs, mostly plantation kamerere. About half of the log exports are bounded for Japan for plywood production. Kowa is currently working to obtain an FSC certificate for its PNG forest plantation.

WTK acquisition increases market share in Japan

WTK group, a Sarawak's forest company, has bought Linshanhao Plywood Sdn Bhd (LSH) for 150 million ringgit ($43.6 million). The acquisition of LSH, which exports 90% of its output to Japan, would position WTK as the country's largest supplier of premium floor-base plywood to Japan, where currently LSH holds some 20% market share or 80,000 m^3 a month. With the take-over of LSH, which is expected to be completed in May, WTK's production of plywood would increase to 304,000 m^3 a year from the current 210,000 m^3 a year. Correspondingly, revenue is expected to increase by 30% and earnings by 15% in 2007. The new export volume would be comparable to that supplied by the largest Malaysian supplier to Japan, ShingYang group. Japanese plywood importers do not expect any major impact on supply volume or price negotiation by this merger.

Log and Sawnwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku
Meranti (Hill, Sarawak)	(Koku=0.278 m^3)
Medium Mixed	8,700
Standard Mixed	8,800
Small Log (SM60%, SSM40%)	8,000
Taun, Calophyllum, others (PNG)	8,000
Mixed light hardwood, G3/4 grade (PNG)	7,700
Okoumé (Gabon)	14,000
Keruing MQ & up (Sarawak)	9,900
Kapur MQ & up (Sarawak)	9,600

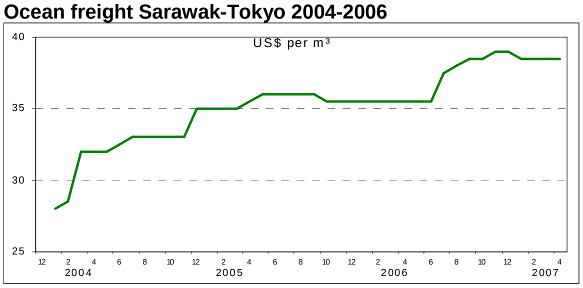
Logs for Sawmilling, CIF	Yen per Koku
Melapi (Sarawak) High Select	10,000
Agathis (Sarawak) High Select	9,800

Lumber, FOB	Yen per m^3
White Seraya (Sabah) 24x150mm, 4m, Grade 1	135,000↑
Mixed Seraya, Sangi 24x48mm, 1.8-4m, S2S	56,000↑

Wholesale Prices (Tokyo)

Indonesian & Malaysian Plywood	Size (mm)	Mar (¥ per sheet)	Apr
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	380	380
3.7mm (med. thickness, F 4star, type1)	910 X 1820	580 ↑	590 ↑
5.2mm (med. thickness, F 4star, type 1)	910 X 1820	680 ↑	710 ↑
11.5mm for sheathing (F 4star, type 2)	910 X 1820	1200	1230 ↑
12mm for foundation (F 4star, special)	910 X 1820	1350	1330 ↓
12mm concrete-form ply (JAS)	900 X 1800	1280 ↓	1270 ↓
12m coated concrete-form ply (JAS)	900 X 1800	1400	1450 ↑
11.5mm flooring board	945 X 1840	1900 ↓	1850 ↓
3.6mm baseboard for overlays (OVL)	1230 X 2440	990 ↓	960 ↓
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 2004-2006



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

Report from China

China's veneer industry expands rapidly

China's veneer industry has been developing rapidly in the last decade. Veneer is widely used in furniture face, wooden composite flooring, plywood face and door face. According to preliminary statistics, there are about 1,000 veneer production and marketing companies in China. The output of decorative veneer alone has reached 100 million m^2 a year. Veneer distribution centers are mainly located in Dongguan Xingye Timber Market, Jiaye Veneer Market, Shanghai Furen Wood Products Wholesale Market and Beijing Dongba Timber Market.

World class furniture brands make inroads in China

World class furniture brands from USA, Italy and Germany began to swarm into China's market after the country cut furniture import tariffs to zero. The USA, which is expected to import $10 billion a year of furniture from China, has established many franchised stores in China. Italy has set up brand concept stores in Shanghai, Beijing, Shenzhen and Wenzhou. Italian firms have direct marketing shops in Shanghai, featuring Milan brand furniture. German furniture companies have established their franchised stores in Shanghai, Beijing, Tianjin, Xi'an, Suzhou and Wenzhou. These world class furniture companies enter China by establishing franchised stores, general agencies or mergers.

Logs Imports through Zhangjiagang Port jump in 2007

Logs imports through Zhangjiagang Port in Jiangsu Province have increased considerably in 2007. According to port statistics, log imports in the first quarter of the year reached 1.01 million m^3 ($260 million), up 72% (up 94% in value) from 2006. Logs came from 30 countries, mainly from Gabon (583,000 m^3), PNG and Solomon Isl. (together 341,000 m^3). South American logs came mainly from Guyana and Suriname.

Taicang prepares for upcoming hike in Russian log tariffs

Taicang Port is the largest ocean shipping port in China for Russian timber, with annual timber imports of over 1 million m^3. Jiangsu Taicang Inspection and Quarantine Bureau urged local wood processing companies to prepare in advance to the upcoming tariff increase on Russian logs. The bureau gave the following suggestions to wood processing enterprises.

- Enterprises planning to invest in wood processing projects in Russia should conduct market research and project analysis before investment.
- Wood processing enterprises depending on Russian raw materials should carry out cost-benefit analysis based on the new tariffs and should seek new stable raw materials sources.
- Wood processors should establish joint ventures with Russian counterparts, ship primary processing wood products back to China for further processing or sell them directly in order to avoid Russian log tariffs.
- Chinese wood processors with significant technological capability should conduct downstream processing in Russia and export directly to Japan, South Korea and European countries.

Guangzhou City Imported Timber Market

Logs	Yuan per m^3
Radiata 6m, 30cm diam.	1300
Luan	1900-2300
Kapur	1900-2350
Merbau 6m, 60cm diam.	5000-5600
Keruing 60cm+ diam.	1900-2300
Beech 6m,30cm veneer Qual.	3300-3600
Sawnwood	
Teak Boards 4m+ for flooring	21000-22000
US Maple 2" KD	8500-13000
US Cherry 2"	12000-15000
US Walnut 2"	12500-14500
SE Asian Sawn 4m+, KD	4300-4350
Plywood	Yuan per sheet
4x8x3mm	20-34
4x8x18mm	149-188

Shanghai Furen Wholesale Market

Sawnwood		Yuan per m^3
Beech KD Grade AB		2400-3000
US Cherry, 25mm		11500-13000
US Red Oak, 50mm		10500-11000
Sapele 50mm FAS (Congo)	AD	6300-6600
	KD	7100-7300

Shandong De Zhou Timber market

Logs		Yuan per m^3
Larch	4-6m, 24-28cm diam.	1200
White Pine	4-6m, 24-28cm diam.	1150
Korean Pine	4m, 30cm diam.	2000
	6m, 30cm diam.	2000

Hebei Shijiangzhuang Wholesale Market

Logs		Yuan per m^3
Korean Pine 4m, 38cm+ diam		1600
Mongolian Scots Pine	4m, 30cm diam.	1390
	6m, 30cm+ diam.	1400
Sawnwood		
Mongolian Scots Pine	4m, 5-6cm thick	1500
	4m,10cm tick	1500

Hainan rubber furniture sees exports surge

Despite challenges such as increasing raw material costs, US dollar depreciation and higher transportation costs, Hainan Land Reclamation Rubberwood Co., Ltd reported annual sales in excess of 102.71 million yuan in 2006 ($13.2 million). Out of the total, $12.79 million corresponded to exports, up 32% from 2005. The company exports furniture mainly to the USA, Canada, Europe and Middle East.

Soaring furniture exports through Tianjin Port

According to Tianjin Customs statistics, furniture exports through Tianjin Port grew 36.8% to $150 million. Most of the furniture exports went to the US market.

Tian Jin City Huan Bo Hai timber Market

Logs	Yuan per m^3
Okoume 80cm+	3000
Sapele 80cm+	5350
Padauk 40cm+	6000
Sawnwood	
US Black Walnut 2.2-4m, 5cm thick	16000
Padauk 2.2-3.2m, 5cm thick	11000
Sapele 2.2-2.6m, 5cm thick	6800
Ash 4m, 5cm thick	4300

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

Report from Europe

Stora Enso warns of worsening wood supply shortage

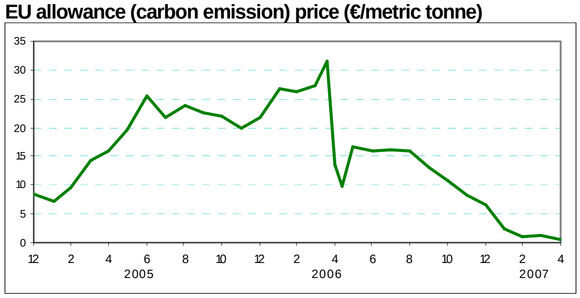
A reality for Stora Enso and the European forest products industry is the worsening shortage of wood supply resulting from announced higher Russian export duties, the increasing use of wood fibre as biofuel and the rising environmental pressures to limit the procurement of wood raw material, according to Stora Enso's new CEO, Jouko Karvinen. However, Mr Karvinen said that Stora Enso was fast-tracking efforts to find alternative sources of wood in order to prevent the curtailment of production. He added that the good news was that the overall global economic situation was relatively healthy.

European timber trade upbeat on outlook for 2007

The European Timber Trade Association (FEBO) informed that thanks to a general improvement in the economy, 2006 was a good year for the timber trade in Europe. Germany, Italy and Belgium enjoyed leading positions in the timber league with two-figure growth rates whilst Switzerland and Finland achieved increases of up to 10%. Austria and Luxembourg grew between 4 and 6%. With the exception of the UK, most of FEBO's member countries profited from a steep rise in building investments. Some countries such as France, Belgium and Luxembourg gained extra benefits from a reduced VAT rate for trade activities in renovation work.

FEBO expected a continuation of the positive development in turnover in 2007. In countries such as Italy and Switzerland, where stagnation in the building economy was feared, firms were also concentrating on restoration work. The increasing shortages in the procurement of timber, however, alongside long delivery periods for all wooden products and the resulting rising prices were a source of concern for all FEBO member associations.

EU allowance (carbon emission) price (€/metric tonne)



Price at the end of the month.

Report from the UK

Bank of England sees sharp inflation drop

The UK consumer price inflation rose to 3.1% in March from 2.8% in February. It was boosted by higher food, furniture and petrol prices. The Retail Price Index (RPI) headline rate was 4.8%. The Governor of the Bank of England was required to explain the reasons behind these rises to the Government in a formal letter. He indicated that there should be a "sharp" decline of inflation over the next 4 to 6 months. The Bank is determined to bring inflation back to the 2% target set by the Chancellor.

Retails sales slow down amid firm house market

Retail sales growth slowed in March, after a strong run in February, as retailers raised prices, according to the Office of National Statistics. Financial analysts warned that weaker demand in the shops was unlikely to stop the Bank of England from raising interest rates early next month. An influential forecast group is worried about the risks all sections of the economy are taking with borrowing. The Item Club, organised by Ernst and Young, said people were overly relaxed about risk and were spending too much. Consumers are all skating on thin ice, according to the Club. In contrast, the house market remains strong for the moment but some estate agents are becoming edgy about the future. The construction industry continues to prosper in spite of higher interest rates as the demand for new houses remains firm.

Meanwhile, Plimsoll Publishing Ltd, a company providing comprehensive financial assessment and analysis of over 300 industries, including the timber trade, has reported that more than 50 companies could be targets for takeovers, while some others are likely to be sold off as "ageing owners" come to the end of the working lives.

Timber depicted as the most sustainable material

Timber was described as the most sustainable construction material over steel, concrete, masonry and PVCu at 'The Great Materials Debate' at Ecobuild, the UK's sustainable design and construction event. The UK Timber Research and Development Association (Trada) made a background presentation on the topic at the event. Trada highlighted several environmental advantages: sustainable production (carbon fixing and from growingly certified sources), more efficient manufacturing processes (minimum waste), energy efficient uses, beautiful and strong applications and recyclable (reuse or as bio-fuel). Trada's presentation was backed by Eurban Construction, who shared the company's experience in using engineered timber products manufactured from small section timber. Eurban's panels are manufactured from certified timber, grown in sustainably managed forests and used to construct buildings that are not only energy efficient, but also sustainable from start to finish.

Log Prices

FOB plus commission		€ per m^3
N'Gollon (khaya)	70cm+ LM-C	227-238
Ayous (wawa)	80cm+ LM-C	227-238
Sapele	80cm+ LM-C	280-294
Iroko	80cm+ LM-C	300-320

Sawnwood Prices

FOB plus Commission	Pounds per m^3
Teak 1st Quality 1"x8"x8"	2035-2350
Tulipwood FAS 25mm	435-440
Cedro FAS 25mm	415-430
DR Meranti Sel/Btr 25mm	410-420
Keruing Std/Btr 25mm	290-310
Sapele FAS 25mm	400-415
Iroko FAS 25mm	415-430
Khaya FAS 25mm	390-400
Utile FAS 25mm	410-420
Wawa No.1 C&S 25mm	185-210

Plywood and MDF Prices

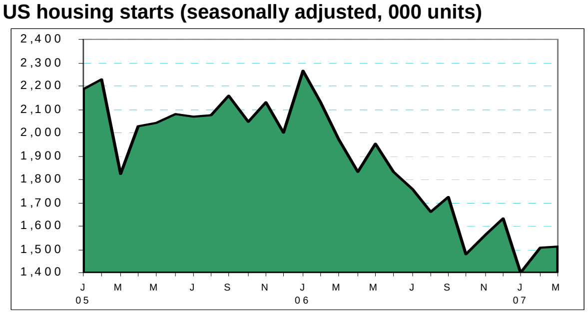
Plywood Panels 8x4", CIF	US$ per m^3
Brazilian WBP BB/CC 6mm	640
Indonesian WBP BB/B 6mm	600-630
MDF	Pounds per $10m^2$
Eire, BS1142 12mm	52⬆

Report from North America

US housing starts hold on amid lower forecast

Privately-owned housing starts recovered 0.8% in March to a seasonally adjusted annual rate of almost 1.52 million units, according to the US Commerce Department. However, housing starts were 29.4% below the pace of a year ago and 33.3% under the peak in January 2006 (see chart). The recovery was mainly due to a 2% increase in the single-family sector, which accounts for about 80% of the houses built. Unseasonably warm weather in the Midwest was believed to be the cause of the surge. Meanwhile, building permits surged (up 0.8% from February) while housing completions fell (down 0.7%) in March. The National Association of Home Builders (NAHB) reported that building confidence weakened in April. As a result, NAHB trimmed its starts forecast. It now forecasts a 20% decline in 2007 to 1.44 million units.

US housing starts (seasonally adjusted, 000 units)



DR Horton expects lower home sales

DR Horton, the largest US homebuilder by sales, warned that the US housing slump was still going strong as it revealed a sharp drop in profits (down 26%) and said it had been forced to slash more than a quarter of its workforce in the past year. The homebuilder cut 2,700 of its 10,000 staff amid the housing weakness. It cautioned it expected lower home sales to continue and that the cuts came as part of an effort to reduce costs.

Donald Horton, chairman, said that the market conditions in the homebuilding industry continued to be challenging in most US markets as inventory levels of both new and existing homes remained high, and further increases in the use of sales incentives continued to put pressure on profit margins. In addition, soaring defaults on "subprime" loans to people with poor credit histories has led to tightened lending practices, exacerbating the sector's woes.

US NGO loses mahogany lawsuit

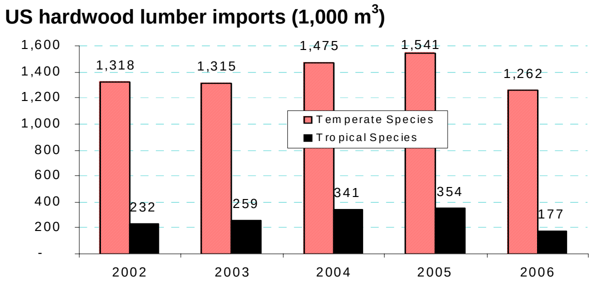
The US Court of International Trade rejected the National Resource Defense Council's (NRDC) efforts to interfere with internationally regulated trade in Peruvian mahogany. The Court dismissed on 16 April the NRDC lawsuit against the US government and two private importers of Peruvian mahogany, stating that imports of mahogany from Peru were accompanied by all CITES required environmental permits. The court also summarily denied NRDC's motion for a preliminary injunction that would, if granted, have stopped a $60 million international trade with Peru. Under the fee-shifting provisions of the Endangered Species Act, the court may require NRDC to pay the legal expenses incurred by the private defendants in responding to the suit. Bozovich Timber Products from Alabama and TBM Hardwoods from Pennsylvania, the private defendants in the case, were pleased with the court decision.

US imports of hardwood lumber retreat in 2006

This first article analyses the trends of US hardwood lumber imports since 2002. It covers tropical (HS Code 4407240005-4407290095) and temperate hardwood lumber (HS Code 4407910020-4407990096), but excludes logs, chips, veneer, plywood and other panel products. Between 2002 and 2006 total US hardwood lumber imports grew from 1.55 million m^3 to 1.89 million m^3 in 2005, falling steeply to 1.44 million m^3 in 2006, down 7.2% from 2002. The 2006 decline was a clear reflection of the slowing US economy and sagging housing market.

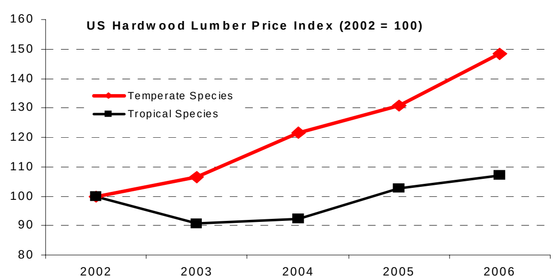
Imported hardwood lumber experienced substantial price increases during the period. Setting the price index at 100 in 2002, it advanced to 131 in 2006, due partially to the weakening of the US dollar. Due to the steep price increase, the import-value grew even though the volume declined. The value-growth rate between 2002 and 2006 was an estimated 21.3%. The total value of US hardwood lumber imports stood at $567 million in 2006.

US hardwood lumber imports (1,000 m^3)



Temperate hardwoods account for most of US hardwood lumber imports, with a share of 88% and 77% on quantity and value basis, respectively. After several years of decline, the temperate hardwood shares in 2006 were slightly higher than in 2002. The most imported temperate hardwood species are poplar, aspen and similar species. However, the import of these species has been declining, both in absolute and in relative terms during the period. Due to its lofty price, the highest import value belongs to maple. In spite of generally declining imports of overall temperate hardwood lumber, maple was able to hold its volume approximately at the same level and even improve it in value terms compared to 2002.

The 2006 volume of US tropical hardwood imports stood at 176,806 m^3, down from 231,615 m^3 in 2002. The share of tropical hardwood imports fluctuates with the economic cycle in the USA. On a volume basis, it has been advancing for several years but fell significantly to 12% in 2006, down from 19% in 2005 and 15% in 2002. Tropical hardwoods fetch a sizeable price premium in the USA in comparison to imported temperate hardwoods. Nevertheless, during the period under review, prices of imported tropical woods grew relatively by much less than prices of imported temperate woods. The price premium of tropical woods is rather volatile. In 2002, the average price for tropical woods was almost three times as high as the one for imported temperate woods. By 2006, tropical prices were only twice as high as temperate prices. Even though the average price of tropical hardwood lumber is much higher than the average price of imported temperate hardwood lumber, there are several temperate species that rival or even exceed the prices of tropical species. These include, above all, cherry and walnut, averaging about \$850 per m^3 in 2006.



In view of the relatively high average prices of tropical hardwoods, their share of total hardwood imports is much higher than their volume share. However, due to the often diverging price trends of tropical and temperate species, the value share of tropical hardwoods in relation to total hardwood imports is subject to significant variations. It reached around 34% in 2002-2005 but fell to 23% last year. The most common tropical species imported by the USA include mahogany (mainly from Peru), balsa (mainly from Ecuador) and red meranti (mainly from Malaysia).

California lowers formaldehyde levels in wood

California has recently adopted new standards to slash the amount of formaldehyde allowed in wood products. The move was said to save people from getting cancer. Over objections from some businesses, the California Air Resources Board (CARB) approved new rules intended to reduce the total amount of formaldehyde released into the air in the state to 150 tons annually, down from the current 650 tons. According to CARB, the new rules will be the most stringent in the USA and, when fully implemented, the most stringent in the world. Formaldehyde is used in resins to bind together composite wood products. The new rules will be phased in starting in 2009 and fully implemented by 2012. CARB indicated that the largest benefit would be realized by buyers of new homes due to reduced indoor formaldehyde exposure. At a public hearing on the issue, some manufacturers warned the new rules would lead to higher prices and argued unsuccessfully they needed more time to adjust to the regulation.

US Imported Sawnwood Prices

FOB unit value prices		Avg \$ per m^3	
		Jan	Feb
Balsa*	(Ecuador)	403	403
Mahogany**	(Peru)	1374	1374
	(Bolivia)	1699	1699
Mahogany*	(Peru)	1821	1821
Virola**	(Brazil)	382	382
Virola*	(Brazil)	380	380
Red Meranti	(Malaysia)	926↑	961↑
	(Indonesia)	879↑	831↓
Teak**	(Taiwan)	2125	2125
Keruing**	(Malaysia)	589	589
Keruing*	(Malaysia)	599	599

*Dimension lumber; **Rough lumber; Quality variations may greatly influence monthly average prices. Data is subject to frequent revisions.

US Imported Veneer Prices

FOB avg unit value (\$ per m^2)	Dec	Jan
By species (all countries)		
Meranti	10.0↑	10.0
Non-meranti	1.3	1.3
By country (all tropical species)		
China	0.6	0.6
Ghana	1.1	1.1
Côte d'Ivoire	1.2	1.2
India	5.2	5.1↓
Thailand	2.6	2.6
Gabon	1.2	1.2
Brazil	1.9	1.9
Italy	3.4	3.4

Quality variations may greatly influence monthly averages. Data subject to frequent revisions.

US Imported Plywood Prices

FOB avg unit value (\$ per m^3)	Dec	Jan
All tropical plywood		
Indonesia	470↑	470
Malaysia	379↓	379
China	325↓	325
Brazil	418↑	418
All	384↑	384
Mahogany		
Canada	791↑	791
Brazil	430	430
China	915↓	915
Meranti, white luan, sipo, limba		
China	292↑	292
Taiwan PoC	1344↑	1344
Brazil	448↑	448

Quality variations may greatly influence monthly averages. Data subject to frequent revisions.

Internet News

Below are web links to news items published by the press. ITTO does not necessarily endorse them!

Planting trees in snowy areas may worsen global warming as their canopies absorb sunlight which would otherwise be reflected by the snow. Only tropical forests effectively cool the earth by absorbing carbon dioxide and creating clouds, a study says
http://news.bbc.co.uk/2/hi/science/nature/6540119.stm

As reports warning of the scope of illegal logging in Mozambique grow more serious, local environmental groups are attempting to raise public consciousness of the issue and pressure the government to act, but this will be no easy task in a country where poverty reduction and HIV/AIDS usually take centre stage.
http://www.alertnet.org/thenews/newsdesk/IRIN/2dea58439b38d45a5c24a98d3a129041.htm

Bank of England Governor Mervyn King said that there could be a "sharp" decline in the UK's rate of inflation over the next four to six months. Giving testimony to parliament, Mr. King said the Bank was determined to bring inflation back within its 2% target.
http://news.bbc.co.uk/2/hi/business/6587253.stm

Crude oil fell from a three-week high because shipments from Nigeria have been unaffected by an upsurge of violence in the country.
http://www.bloomberg.com/apps/news?pid=20601087&sid=aNEi74zktHUc&refer=home

The discovery of a vast fossil forest hundreds of metres underground has provided an extraordinary picture of some of Earth's earliest plants.
http://news.bbc.co.uk/2/hi/uk_news/wales/6577009.stm

The earth is approaching a collision with climate change that cannot be avoided, but that does not mean we should not try to make the hit as soft as possible, says a leading global environmentalist.
http://cnews.canoe.ca/CNEWS/Science/2007/04/24/4127279-cp.html

Home sales in the USA posted their sharpest drop in 18 years in March, as problems in the subprime mortgage sector pushed sales well below what economists had forecast. Sales of existing homes fell 8.4% to an annual rate of 6.12 million in March from February's 6.68 million rate, the National Association of Realtors said. It was the biggest one-month drop since January 1989.
http://money.cnn.com/2007/04/24/news/economy/home_sales/index.htm?postversion=2007042412

The International Panel on Climate Change recently predicted an alarming array of impacts around the globe, including drought, floods, lower crop yields, threatened food security, wildfire and ocean acidification. It seems that no living thing will be unaffected by climate change.
http://www.azstarnet.com/allheadlines/179295

The Seventh Session of the UN Forum on Forests (UNFF7) convened at UN Headquarters in New York to discuss the non-legally binding instrument (NLBI) on all types of forests, and the Multi-Year Programme of Work (MYPOW) for the period 2007-2015.
http://www.iisd.ca/vol13/enb13156e.html

Timber door and window frames are making a surging comeback as more architects and designers specify wood for new-builds and refurbishment projects.
http://www.buildingtalk.com/news/mix/mix108.html

The UN Forum on Forests officially launched the beginning of preparations for the 2011 International Year of Forests, with speakers, representing some of the world's greatest and most diverse ecosystems, stressing the need to use the observance of the International Year as a catalyst for raising global awareness of the urgent need to protect the planet fragile forest resources.
http://presszoom.com/story_129595.html

The US International Trade Commission has begun investigating logging practices by China and other countries that could be affecting the US hardwood industry. Lawmakers from timber-producing states have complained that as much as 30% of US hardwood imports are from suspicious or illegal sources.
http://www.guardian.co.uk/worldlatest/story/0,,-6569105,00.html

Hurricane forecaster William Gray said that global ocean currents, not human-produced carbon dioxide, are responsible for global warming, and the Earth may begin to cool on its own in five to ten years.
http://www.foxnews.com/story/0,2933,269033,00.html

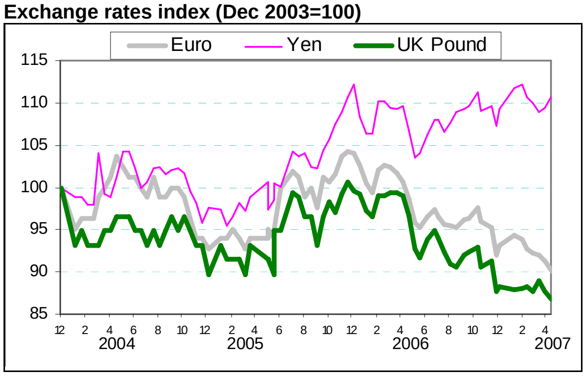
China is expected to surpass US emissions this year, far earlier than previously predicted, according to the IEA. Unchecked, China's emissions are expected to double that of all the members of the OECD
http://www.wbcsd.org/Plugins/DocSearch/details.asp?DocTypeId=32&ObjectId=MjQyMzY&URLBack=%2Ftemplates%2FTemplateWBCSD4%2Flayout%2Easp%3Ftype%3Dp%26MenuId%3DODQ%26doOpen%3D1%26ClickMenu%3DRightMenu

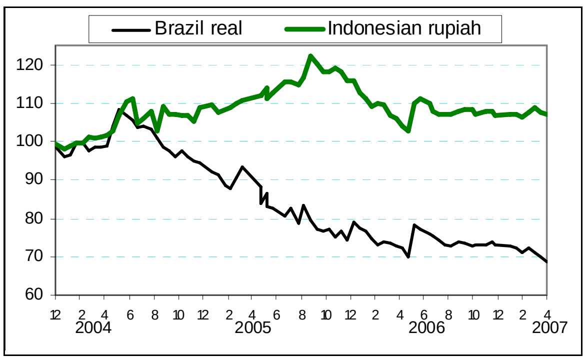
Main US Dollar Exchange Rates

As of 30th April 2007

Brazil	Real	2.031	⬇
CFA countries	CFA Franc	480.489	⬆
China	Yuan	7.722	
EU	Euro	0.733	⬆
Indonesia	Rupiah	9,074.00	⬆
Japan	Yen	119.49	⬇
Malaysia	Ringgit	3.420	⬆
Peru	New Sol	3.172	⬆
UK	Pound	0.500	⬆

Exchange rates index (Dec 2003=100)

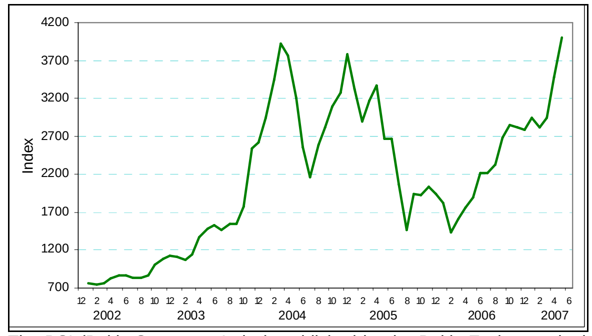




Abbreviations and Equivalences

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
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

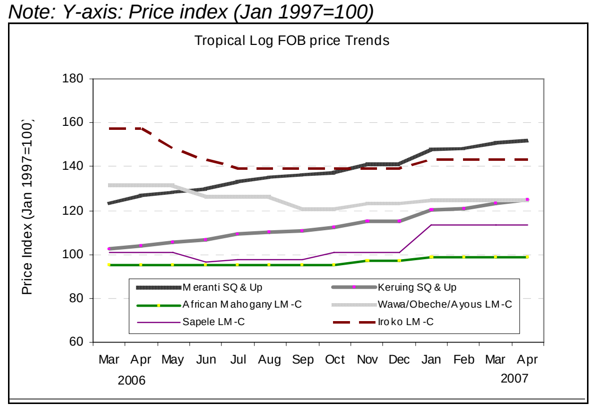


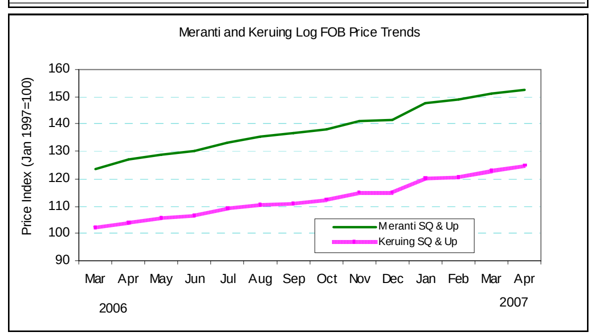
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

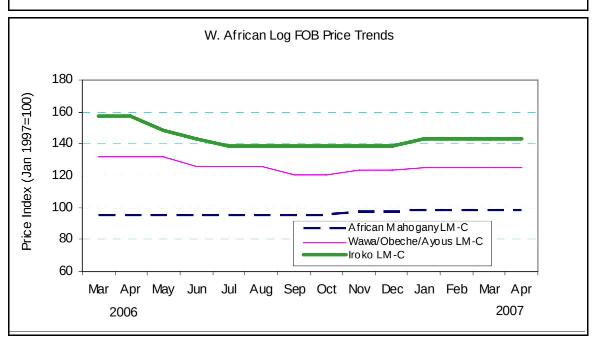
Appendix. Tropical Timber Price Trends

Tropical Log Price Trends

Note: Y-axis: Price index (Jan 1997=100)

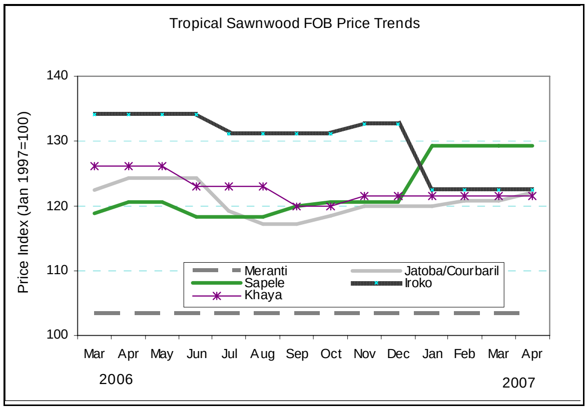


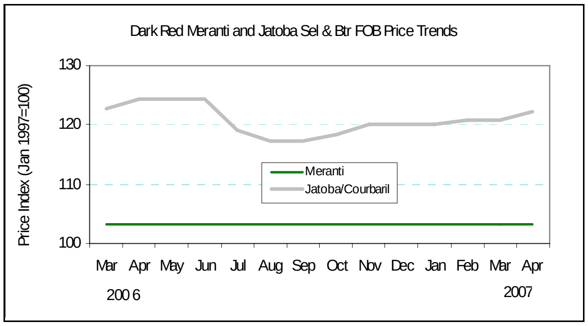


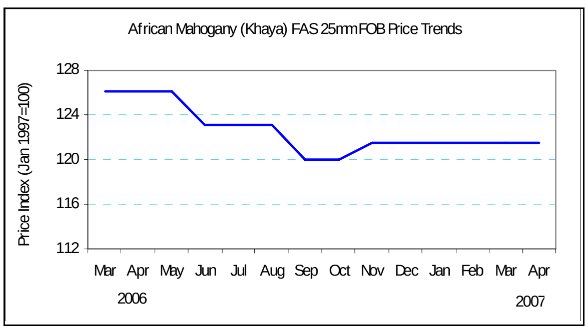


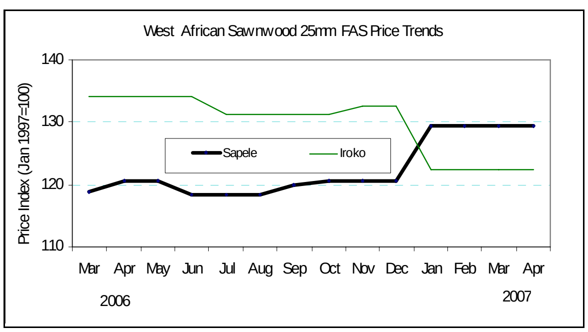
More price trends in Appendix 4, ITTO's Annual Review http://www.itto.or.jp/live/PageDisplayHandler?pageId=199

Tropical Sawnwood Price Trends

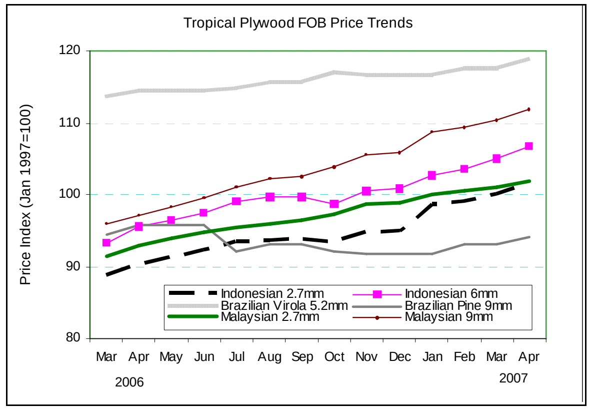


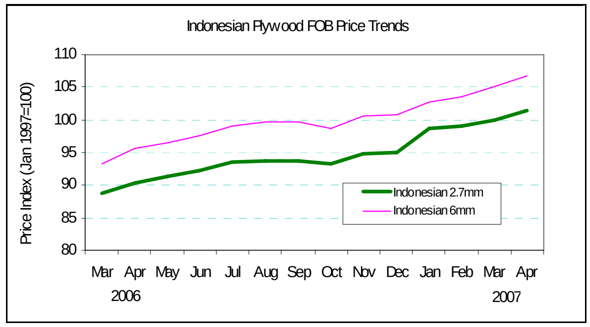


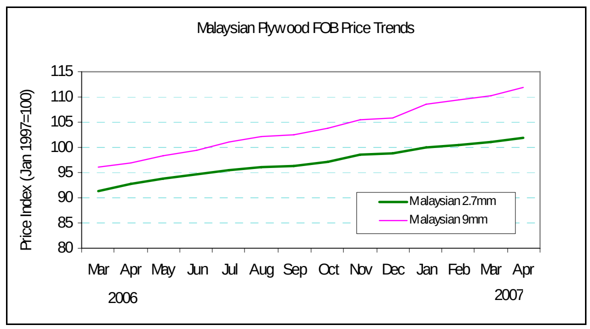


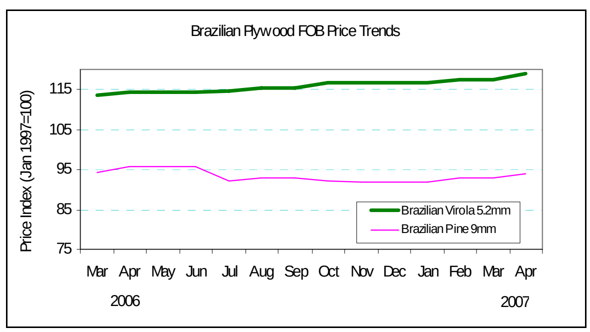


Tropical Plywood Price Trends









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