Tropical Timber Market Report since 1990

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Editorial

Prices for Central/West African timber products remained stable, helped by demand from China and India for lower log grades and heavy rains in producing areas. Prices are expected to remain firm through spring and beyond. In Ghana, exports of wood products fell almost 8% in value due to inadequate supply of raw materials.

Prices for Malaysian timber products rose moderately as Chinese New Year celebrations came to an end. Furniture makers strove to remain competitive against formidable rivals such as China and Vietnam amid rising rubberwood prices and a strengthening Malaysian ringgit. In contrast, prices in Indonesia remained sluggish as rebuilding efforts were delayed.

Brazilian exports of solid-wood products grew marginally in 2006, helped by rising exports of added-value products despite a contraction of exports of primary products. Exports have been hit by a strong Brazilian currency and import duties in major markets. Brazil overtook Malaysia and Bolivia as the country with the largest certified tropical forest area. Meanwhile, Guyana exports of wood products continued expanding in 2006. Stakeholders in the country are discussing whether to adopt a restricting policy or ban on log exports.

Japanese imports of tropical plywood surged in 2006, thanks to larger supply from Malaysia and China that offset declining imports from Indonesia. However, domestic plywood prices underwent a correction in Japan as inventories rose. Russia raised log export duties, causing concerns in Finland, Japan and China. Importers reckoned that log imports from Russia would become unprofitable. In the USA, housing starts reached the slowest pace in more than nine years as builders worked down inventories. The USA filed a complaint against Chinese plywood at the WTO.

Jairo Castaño

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Report from Central/West Africa

Prices stable as Asian traders buy lower log grades

The log market remained largely stable in late February, though there were some price adjustments for the Asian market, both upwards (e.g. belli logs) and downwards (e.g. sapele, padouk and sipo logs). Some of these changes may be due to the marginally less stringent grade standards required for exports to China and India. It is notable that prices for sapele, padouk and sipo did not decline for European destinations. The upward adjustment in some log prices is mainly due to the willingness of buyers from China and India to buy lower B and BC/C grades that are not normally purchased by European buyers. Prices for limba (frake) have been removed from the list as this species has largely fallen out of favour. Only sporadic small volumes are shipped to Germany. Prices for okoume logs, mixed quality (60% CI, 40% CR and 20% CS), have been included in the price list.

Heavy rains continue to hamper log supply

Log demand remains very firm in general while supply continues to be constrained by heavy rains in North Congo and Central African Republic. The rains are affecting the supply of both logs and lumber reaching the ports. In Republic of Congo, at least one major producer is reported to be concentrating more heavily on the production of FSC certified timber products for the European market. The supply of these products is expected to increase in coming months, with current offers not yet at a premium price. Meanwhile, unconfirmed reports from Gabon indicate that the new log quota system is not yet fully implemented.

Sawnwood prices to remain firm through spring

Sawn lumber prices have held very firm through February. Demand remains strong as mills are busy with current contracts and steady business from European and Far East regular buyers. Ayous FAS GMS improved by around €30 per m^3, while douka/makore FAS GMS moved up strongly from €458 in January to €525 per m^3 fob while fixed sizes and scants increased from €519 to €540 per m^3. Okume standard and better grade for Italian buyers, in turn, surged to €300 per m^3 fob. Prices for other species held firm and unchanged, a market situation that appears likely to be maintained at least through the end of the first quarter and onwards into the usual European spring buying period in the second quarter.

Log Prices

West Africa logs, FOB	€ per m^3		
Asian market	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)	-	200	-
Moabi	297	297	236
Movingui	206	191	152
Niove	145	145	-
Okan	259	259	191⬆
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⬆
	St. & Bet. GMS Italy	310
	St. & Bet. fixed sizes	270
Sipo	FAS GMS	520
	FAS fixed sizes	519
	FAS scantlings	550
Padouk	FAS GMS	540
	FAS scantlings	560
	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	560
	Scantlings	580
Movingui	FAS GMS	442

Report from Ghana

Ghana timber exports retreat in 2006 amid tight supply

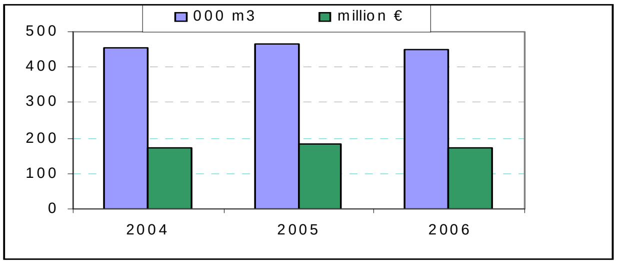
According to the Timber Industry Development Division (TIDD) of the Forestry Commission, export of wood products fell to €170.1 million (451,610 m^3) in 2006 (see table). This corresponds to 7.6% and 3.1% reductions in value and volume, respectively, compared with 2005.

Ghana's timber exports in 2006 (% change)

Category	'000 m^3	€ (mil)	% vol.	% val.
Lumber (KD)	96.04	30.52	-25.1	-28.2
Lumber (AD)	113.52	44.12	-9.3	-9.0
Veneers				
Sliced	35.68	27.94	-7.0	-11.0
Rotary	35.28	8.16	-40.4	-40.9
Curls	0.25	2.30	-7.0	-9.3
Plywood	103.90	30.28	80.1	92.8
Furniture Parts	0.82	1.80	-53.8	-49.0
Mouldings	30.38	12.17	-10.7	-11.4
Boules AD,KD	7.36	3.60	-42.9	-40.0
Flooring	3.81	3.56	-41.0	-32.0
Others	24.57	5.65	1,125.0	390.8
Total	451.61	170.10	-3.1	-7.6

The results are short of TIDD's projections for 2006 and buck the upward export trend of previous years (see chart). The main reason for the export decline was inadequate wood raw materials to meet export contracts.

Ghana wood products exports, 2004-2006



Ceiba accounted for 19.6% of the exports, followed by wawa (19.3%), plantation teak (15.4%), African mahogany (6.3%) and asafina (3.6%). Other 82 traditional species accounted for the remaining 35.8%.

SPWP increases share despite export reduction

Secondary processed wood products (SPWP, furniture parts, mouldings, flooring, etc.) accounted for 15% of the total export volume and 16% of the value, up from 12% and 16% in 2005. Plywood was the only product that recorded export increases. The main plywood species were ceiba (55% of the total plywood exports), followed by chenchen (18%), mahogany (7%), ofram (6%) and asanfina (4%). Main plywood markets were Nigeria (58.9%), Belgium (8.7%), Niger (7.5%), Burkina Faso (5.8%) and Togo (4.4%), among other twenty-four countries. Despite the decline, lumber remains the main export product, particularly kiln dried lumber. Wawa (56%) and mahogany (14%) were the main kiln-dried lumber species. The US, Germany and UK were the main markets for the product.

Ghana and EU kick off formal VPA talks

Ghana and the EU are expected to start formal negotiations towards signing a voluntary partnership agreement (VPA) in Brussels in February 2007. The place of the various 'actors' in the negotiation will be established while the scope and key elements of the agreement will be developed and agreed. The subsequent dates for events on the roadmap will also be reviewed and made firm. Ghana and the EU expect negotiations to be concluded before the end of the year.

The VPA is part of EU's Forest Law Enforcement, Governance and Trade (FLEGT) initiative aimed at establishing a trading system and a licensing mechanism to curb the sale of illegal timber products to the EU. The agreement will also provide for cooperation, including capacity building, market and technical studies and knowledge-sharing. The move followed a series of informal consultations between Ghana and the EU over the past year as well as intensive consultations amongst stakeholders in Ghana. The EU initiated similar formal VPA talks with Malaysia in September 2006 (see TTM 11:17) and Indonesia in January 2007 (see TTM 12:1).

Log Prices

Ghana logs, domestic	US$ per m^3	
	Up to 80cm	80cm+
Wawa	57-70	75-109
Odum Grade A	150-160	165-185
Ceiba	53-75	80-106
Chenchen	49-70	75-105
Khaya/Mahogany (Veneer Qual.)	65-80	85-105
Sapele Grade A	125-140	145-168
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-dry	Kiln-dry
Afrormosia	855	-
Asanfina	500	550
Ceiba	205	-
Dahoma	315	420
Edinam (mixed redwood)	355⬆	430
Emeri	350	430
Khaya/African mahogany	560	645
Makore	480⬇	560
Niangon	515	-
Odum	640	720
Sapele	500	580
Wawa 1C & Select	250	280

Ghana sawnwood, domestic		US$ per m^3
Wawa	25x300x4.2m	134
Emeri	25x300x4.2m	233
Ceiba	25x300x4.2m	125
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	240
Chenchen, Ogea & Essa	295
Ofram	305

Sliced Veneer, FOB	€ per m^2	
	Face	Backing
Afrormosia	1.19	1.00
Asanfina	1.60	0.80
Avodire	1.05	0.75
Chenchen	0.72	0.61
Mahogany	1.45	0.80
Makore	1.23	0.70
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	334	290	280
12mm	340	285	270	270
15mm	360	290	280	265
18mm	300	280	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

Malaysian sawn industry upbeat on outlook

As the two-week long Chinese New Year celebrations come to an end, the Malaysian timber industry is gearing up for a very promising year, particularly the sawntimber industry. On one hand, strong domestic demand for sawntimber, mouldings and decking is seen as repair and reconstruction efforts of both private properties and public infrastructures take place in the flood-affected states of Johor and Pahang. On the other hand, temperate countries are beginning construction works earlier than anticipated, helped by a warmer winter.

Furniture makers absorb costs to remain competitive

Malaysian furniture manufacturers are facing rising costs. With the wintering period for rubber trees well underway, prices of rubberwood remain high while supplies are persistently short. Meanwhile, a strengthening Malaysian ringgit against the US dollar is forcing furniture manufacturers to absorb more costs without raising prices in order to maintain a profitable customer base. Malaysia strives to remain competitive with its furniture as China increases its share in the key US market while Vietnam continues to make inroads in this and other markets.

Plywood exporters look at opportunities in the Middle-East

Exports of Malaysian plywood and other panel products to Japan, China and India remain strong. Further market gain is anticipated in the Middle-East, particularly in Bahrain, where both private property and public infrastructure development is picking up pace. The latest project is the reclamation and complete upgrading of the North Manama Dhow Harbour by the Bahrain Financial Harbour Holding Company, where marine-grade plywood will be required.

Log Prices

Sarawak log, FOB	US$ per m^3
Meranti SQ up	294-316↑
Small	265-287↑
Super small	235-247↑
Keruing SQ up	264-274↑
Small	223-248↑
Super small	1985-208↑
Kapur SQ up	233-245↑
Selangan Batu SQ up	266-286↑

Pen. Malaysia logs, domestic (SQ ex-log yard)	US$ per m^3
DR Meranti	336-378↑
Balau	264-294↑
Merbau	404-427↑
Rubberwood	209-230↑
Keruing	263-274↑

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	425-448↑
Seraya Scantlings (75x125 KD)	729-759↑
Sepetir Boards	298-317↑
Sesendok 25,50mm	438-470↑
Kembang Semangkok	425-437↑

Malaysian Sawnwood, domestic		US$ per m^3
Balau (25&50mm,100mm+)		334-348↑
Merbau		563-584↑
Kempas 50mmx(75,100 & 125mm)		266-279↑
Rubberwood	25x75x660mm up	258-281↑
	50-75mm Sq.	280-305↑
	>75mm Sq.	301-330↑

Plywood Prices

Malaysia ply MR BB/CC, FOB	US$ per m^3
2.7mm	484-506↑
3mm	459-480↑
9mm & up	400-421↑

Meranti ply BB/CC, domestic	US$ per m^3
3mm	450-464↑
12-18mm	380-396↑

Other Panel Prices

Malaysia, Other Panels, FOB		US$ per m^3
Particleboard	Export 12mm & up	197-217↑
	Domestic 12mm & up	175-198↑
MDF	Export 15-19mm	277-287↑
	Domestic 12-18mm	248-268↑

Added Value Product Prices

Malaysia, Mouldings, FOB	US$ per m^3
Selagan Batu Decking	687-707↑
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	735-749↑
Grade B	628-646↑

Furniture and Parts Prices

Malaysia, Rubberwood, FOB		US$ per piece
Semi-finished dining table		
solid laminated top 2.5'x4', extension leaf		48-62↑
As above, Oak Veneer		58-71↑
Windsor Chair		37-44↑
Colonial Chair		35-41↑
Queen Anne Chair (soft seat)	without arm	37-50↑
	with arm	47-54↑
Chair Seat 27x430x500mm		16-23↑

Rubberwood Tabletop	US$ per m^3
22x760x1220mm sanded & edge profiled	
Top Grade	612-624↑
Standard	568-596↑

Report from Indonesia

Prices sluggish as Jakarta prepares for rebuilding

Prices of Indonesian timber products remain largely sluggish as Jakarta struggles to find its footing. Initial assessments of flood damage are at $1.57 billion. Assessments are still underway as more than 400,000 people, who were forced out from their homes, begin to return. Prices of staples such as rice have soared at least 25%.

Stockists of building materials are reporting massive losses as both financial records and inventories went missing when floodwaters covered up to 60% of Jakarta at the height of the floods. Contractors of several construction projects in and around Jakarta may file for bankruptcy as they are unable to complete the projects due to non payment by developers, who were equally badly hit by the floods. While there is an urgent need for rebuilding and repairment, funds are not readily available for such works.

Timber industry pins hopes on Beijing's housing plans

Timber traders in Sumatra, Borneo and the rest of Java pin hopes on the sustained growth of the Chinese economy. The low-cost Indonesian timber industry stands to gain from the expanding housing sector in China. The Chinese Vice-Premier Zeng Peiyan has requested the Beijing Municipal Council to supply low-income families with better housing. Beijing will build 10 million m^2 of affordable, low-cost housing over the next three years. Beijing will also begin to build 300,000 m^2 of low-rent housing in 2007. Housing prices in some large Chinese cities are rising quickly while small to medium residential houses are still in short supply.

Log Prices (domestic)

Indonesia logs, domestic prices	US$ per m^3
Plywood logs	
Face Logs	219-256↑
Core logs	149-176↑
Sawlogs (Meranti)	223-259↑
Falcata logs	147-173↑
Rubberwood	183-204↑
Pine	177-209↑
Mahoni (plantation mahogany)	614-655

Sawnwood Prices

Indonesia, construction material, domestic		US$ per m^3
Kampar (Ex-mill)	AD 3x12-15x400cm	232-243
	KD	322-332
	AD 3x20x400cm	343-357
	KD	367-376
Keruing (Ex-mill)	AD 3x12-15x400cm	266-277
	AD 2x20x400cm	256-267
	AD 3x30x400cm	261-271

Plywood Prices

Indonesia ply MR BB/CC, FOB	US$ per m^3
2.7mm	475-495↑
3mm	405-470↑
6mm	376-401↑

MR Plywood (Jakarta), domestic	US$ per m^3
9mm	317-327
12mm	292-312
15mm	282-311

Other Panel Prices

Indonesia, Other Panels, FOB		US$ per m^3
Particleboard	Export 9-18mm	215-224↑
	Domestic 9mm	185-197
	12-15mm	171-186
	18mm	165-172
MDF	Export 12-18mm	295-301↑
	Domestic 12-18mm	242-257

Added Value Product Prices

Indonesia, Mouldings, FOB	US$ per m^3
Laminated Boards Falcata wood	375-386↑
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	686-719
Grade B	594-644

Report from Myanmar

Teak log prices remain firm in early 2007

In late February, 1,325 hoppus tons of teak logs were sold in the tender while 1,296 hoppus tons were sold in the sealed tender.

Log Prices (natural forest)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
Veneer Quality	Jan	Feb
2nd Quality	4,303↑ (12 tons)	4,332↑ (10 tons)
3rd Quality	4,173↑ (13 tons)	4,150↓ (12 tons)
4th Quality	3,704↑ (86 tons)	3,778↑ (86 tons)
Sawing Quality		
Grade 1 (SG-1)	2,614↑ (305 tons)	2,594↓ (293 tons)
Grade 2 (SG-2)	1,722↑ (471 tons)	1,880↑ (482 tons)
Grade 3 (SG-3)	- (-)	- (-)
Grade 4 (SG-4)	1,411↑ (411 tons)	1,457↑ (442 tons)
Grade 5 (SG-5) Assorted	1,039↓ (326 tons)	1,193↑ (148 tons)
Grade 6 (SG-6) Domestic	926↑ (179 tons)	922↓ (303 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.

Some teak grades, including second and fourth veneer quality as well as SG-2, SG-4 and SG-5 sawing grades, benefited from higher prices, particularly SG-2 and SG-5. Prices for some other grades such as third veneer quality, SG-1 and SG-6 fell slightly. The teak market remains robust in early 2007.

Logs, FOB	Avg per Hoppus Ton (traded volume) Tender €	List price $
Pyinkado	390↓ (402 tons)	470-500
Gurjan (keruing)	203↑ (85 tons)	310-320↑

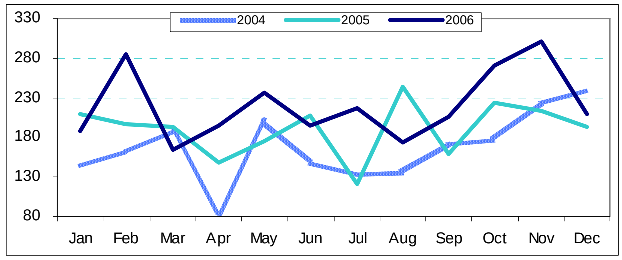
Prices differ due to quality or girth at the time of the transaction.

Report from Papua New Guinea

PNG log exports soar in 2006

Log exports from PNG rose to 270,161 m^3 in December 2006, down 30% from November but up 8.6% from December 2005 (see chart). Total log exports reached 2.64 million m^3 in 2006, up 16% from 2005.

PNG log exports (000 m^3)



Saw/veneer grades accounted for 88% of the total log exports in 2006. Main log export species were taun, malas, bintangor and terminalia. China took 84.5% of all log exports, followed by Japan (7.3%), Korea (2.7%) and Vietnam (2.4%). Of the saw/veneer log grades, China imported 89.7%, Japan 5.1%, 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.

Log Prices (average unit values)

Saw/veneer log grade	$ Avg unit value FOB per m^3 Nov	Dec
Malas	64↓	65↑
Calophyllum (bintangor)	82↓	81↓
Taun	84↑	81↓
Terminalia	63	64↑
Pencil Cedar	83↑	83
PNG Mersawa	90↑	85↓
Red Canarium	65↑	64↓
Erima	60↓	62↑
Dillenia	64↑	61↓
Burckella	65↑	66↑
Kwila/Merbau	107↓	107

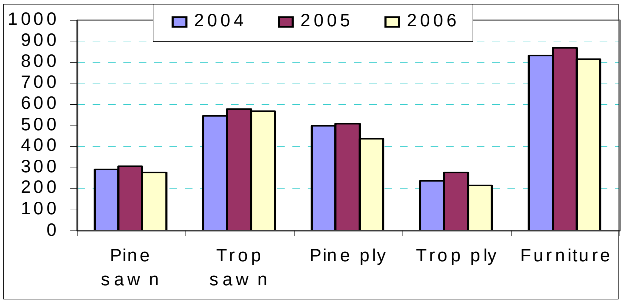
Plantation kamarere logs Diameter	$ Avg unt val. FOB per m^3 Nov	Dec
60+cm (Vietnam market)	77	-
50-59cm (Vietnam, Japan markets)	71↑	-
40-49cm (Vietnam, Japan markets)	65↑	-
30-39cm (Vietnam, Japan markets)	60↑	-
20-29cm (Vietnam, Japan markets)	48↑	-

Report from Brazil

Exports of solid-wood products rise slightly in 2006

Exports of solid-wood products rose 1.8% to $3.97 billion in 2006 helped by growing exports of added-value products. In contrast, exports of primary wood products fell across the board. Exports of pine sawnwood exports dropped 9.4% to $275.3 million (down 14.5% to 1.33 million m³) while those of tropical sawnwood slid 1.4% to $570.4 million (down 12.3% to 1.54 million m³). Exports of pine plywood also dropped 15% to $438 million (down 38% to 1.65 million m³) while those of tropical plywood fell more sharply (23%) to $212.5 million (down 38% to 453,800 m³). Wooden furniture exports retreated in 2006, sinking 6.7% to $813.6 million.

Brazilian exports of solid-wood products (million $)



These products accounted for 58% of the export value of solid-wood products in 2006, down from 65% in 2005. The decrease in the share of these products was largely due to the strong appreciation of the Brazilian currency against the US dollar during 2006 that reduced the competitiveness of the Brazilian products in international markets. Moreover, other solid-wood products (some value-added products such as moulding and wood flooring) as well as reconstituted-wood panels increased their export value in 2006, offsetting the reduction in exports of sawnwood, plywood and wooden furniture.

Brazilian solid-wood products exports in perspective

Over the past several years, Brazilian exports of solid-wood products grew fuelled by the huge consumption in the US civil construction industry. From 2001 to 2004, Brazilian exports of these products grew at an average of 20% a year. However, in the last two years, the export volume of solid-wood products to the USA has declined significantly amid the continued strengthening of the Brazilian real, increasing cost of wood raw materials (large-diameter logs) and growing taxes on Brazilian plywood. In 2005, import orders from the USA fell drastically which has led to adjustments in production capacity in Brazil.

Currently, some tariff barriers contribute to limit the participation of some Brazilian solid-wood products in international markets. In addition to the 8% US duty on Brazil pine plywood, Mexico also imposed a import duty of 23.5% on the product. The duty has out priced the Brazilian plywood from the Mexican market. Technical barriers, such as CE marking and other construction standards, have hindered exports to European markets. According to some Brazilian analysts, although many Brazilian companies have abided by such requirements, some European countries have not properly applied the norms and continued importing from companies that do not meet the standards, mainly from China and Russia.

Brazil takes the lead in certification of tropical forests

Brazil has become the country with the largest area of FSC certified tropical forest in the world. With 5.1 million ha of certified forests (2.8 million ha of natural forests and 2.3 million ha of forest plantations), the country ranks sixth worldwide, behind Canada (18.9 million ha), Sweden (10.4 million ha), Russia (12.8 million ha), USA (9.3 million ha) and Poland (6.6 million ha). In Latin America, Brazil is followed by Bolivia (2 million ha) and Mexico (0.8 million ha). In global terms, Malaysia follows Brazil with 4.73 million ha of MTCC certified tropical forests.

Manufacturers use certified wood for furniture

In Southeastern Brazil, some furniture producers have started to work exclusively with certified wood from the Amazon. The firms are using some lesser-used species, including: louro-faia, purple wood (roxinho), louro-cinnamon, tatajuba, tanimbuca and acapu.

Brazil to adopt ISPM 15 for wood packaging

The Secretariat of Farming Defence of the Brazilian Ministry of Agriculture has unveiled a normative instruction (NI) that aims at adopting the guidelines and procedures to regulate phytosanitary certification of wood packaging material and structures used in international trade. The NI adopts the ISPM 15's guidelines and technical recommendations under the International Plant Protection Convention for regulating and certificating wood packaging material and structures utilised in product trade internationally. The purpose of the measure is to prevent the dissemination and introduction of plant and product diseases, as well as promoting appropriate control measures. The measure would cover all type of wood package and structures in raw, including boxes, pallets and wood stowage. The approval of the NI is expected in the first half of 2007.

Log Prices (domestic)

Brazilian logs, mill yard, domestic	US$ per m^3
Ipê	111↑
Jatoba	78
Guariuba	53
Mescla (white virola)	59

Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB		US$ per m^3
Jatoba Green (dressed)		562↑
Cambara KD		463
Asian Market (green)	Guariuba	264
	Angelim pedra	328↑
	Mandioqueira	232
Pine (AD)		102↓

Brazil sawnwood, domestic (Green)		US$ per m^3
Northern Mills (ex-mill)	Ipê	515↑
	Jatoba	391↑
Southern Mills (ex-mill)	Eucalyptus (AD)	156
	Pine (KD) 1st grade	212↑

Veneer Prices

Veneer, FOB (Belem/Paranagua Ports)	US$ per m^3
White Virola Face 2.5mm	243
Pine Veneer (C/D)	142

Rotary cut Veneer, domestic	US$ per m^3	
(ex-mill Northern Mill)	Face	Core
White Virola	209	175

Plywood Prices

Plywood, FOB	US$ per m^3
White Virola (US Market)	
5.2mm OV2 (MR)	423↑
15mm BB/CC (MR)	364↓
White Virola (Caribbean market)	
4mm BB/CC (MR)	434↑
12mm BB/CC (MR)	340↑

Pine Plywood EU market, FOB	US$ per m^3
9mm C/CC (WBP)	270↑
15mm C/CC (WBP)	255↑
18mm C/CC (WBP)	250↑

Plywood, domestic (ex-mill Southern mill)		US$ per m^3
Grade MR (B/BB)	White Virola 4mm	715↑
	White Virola 15mm	524↑

Domestic prices include taxes and may be subject to discounts.

Other Panel Prices

Belem/Paranagua Ports, FOB	US$ per m^3
Blockboard Pine 18mm 5 ply (B/C)	315
Domestic Prices, Ex-mill Southern Region	
Blockboard White Virola faced 15mm	471↑
Particleboard 15mm	293↑

Added Value Products

FOB Belem/Paranagua Ports		US$ per m^3
Edge Glued Pine Panel		
Korean market (1st Grade)		648↑
US Market		436↓
Decking Boards	Cambara	602
	Ipê	1298↓

Report from Peru

Sawnwood Prices

Peru Sawnwood, FOB		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 (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	550-580
Dominican Republic	565-575↓
Marupa (simarouba) 1", 6-11 length Asian market	400-430

Peru sawnwood, domestic	US$ per m^3
Mahogany	1395-1420
Virola	150-160↓
Spanish Cedar	530-540↓
Marupa (simarouba)	155-160

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		365-380
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	350-360
	B/C 9x4x8mm	345-350
	B/C 12x4x8mm	350-360
	B/C 8x4x15mm	420-430
	C/C 4x8x4mm	380-388
Lupuna plywood B/C 8x4x4mm Central Am.		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)	1310-1780↓
Spanish Cedar	(US market)	605-985↓
Oak	(US and EU market)	550-750↑

Added Value Product Prices

Doors 13/4"x36"x96", FOB Arica Port		Avg $ per piece
US market	Mara macho/Tornillo (FSC)	100-390↑
	Yesquero	140-180
	Ochoó	100-180

Report from Guatemala

Log and Sawnwood Prices

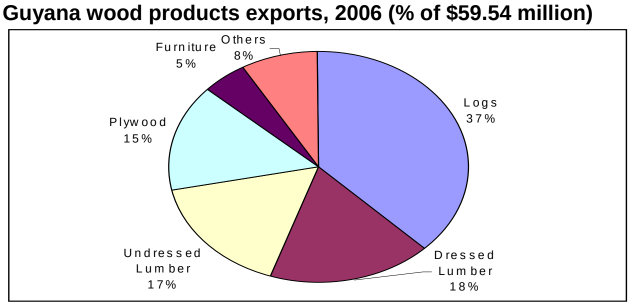
Teak, FOB S.Tomas de Castilla Port	$ Avg unit val. per m^3
Plantation teak (Indian market)	
Logs 16+cm	245↓
Sawnwood 8-20.5cm x 9-20.5cm x 2.2m	453↓

Report from Guyana

Guyana's exports of wood products surge in 2006

Guyana's exports of wood products rose to $59.54 million in 2006. The chart shows that logs (37% of the total export value), lumber (35%) and plywood (15%) were the main export products.

Guyana wood products exports, 2006 (% of $59.54 million)



Guyana's stakeholders discuss log export policy

Guyana is in the process of defining its policy with respect to the export of logs. A public consultation session on the issue took place on 17 February 2007 with officials and other stakeholders in the forestry industry. At the session, the Forest Commissioner, James Singh, presented a background paper for discussion. He pointed out that other countries have either severely restricted or entirely banned the export of logs. He added that from a consultative process established through a ministerial committee, two possible options had been put forward for discussion. Option one proposed a ban of 15 log species from 1 March 2007, while option two proposed a ban on exports from January 2008. He explained that, overall, a ban/restriction on log exports would have a positive impact on export revenue, the GDP of the forestry sector, value-added forest production and job creation.

Prime Minister Samuel Hinds urged collaboration, alliances and partnerships among stakeholders. He noted that external alliances have to be sought to push exports of forestry products because Guyana had a small market. Mr. Hinds cautioned that quarrels among stakeholders caused them to lose sight of the changes taking place in the marketplace. He said that one challenge that stakeholders faced was cutting down production costs to be able to compete with other countries. A dilemma faced in light of a ban/restriction of logs was whether the local downstream processing capacity could grow fast enough to accommodate this situation. If this growth failed to happen, it could trigger problems in the sector. Mr. Hinds urged local producers to move in the direction of specialization and proposed the Forest Products Marketing Council (FPMC) as mediator in problems involving the stakeholders in the forestry sector.

Agriculture Minister, Mr. Robert Persaud, voiced concerns about overseas investors being granted concessions for value-added production but failing to meet their commitments. This had caused meetings with the senior management of these companies to define corrective measures.

The Chairman of the Guyana Forest Commission (GFC) Board, Tarachand Balgobin, stressed that the aim of the forestry industry was not only to increase its contribution to the GDP but also to increase employment opportunities, production and productivity and enhance the welfare of people. He said that to heighten the efficiency of the forestry sector, new forestry legislation and revenue structure were imminent.

Chinese establish large-scale processing plants

Bai Shan Lin International Forest Development Inc, a new company with funding from China, unveiled plans to invest approximately $100 million dollars over the next three years for added-value processing as well as timber harvesting. The company aims at establishing two large-scale timber processing factories in Linden and Georgetown with a combined annual production capacity of 300,000-500,000 m^3. The company is 49% owned by BUCC, a construction company of China which has businesses in various countries of the world. The company's Administrative Manager, Karen Canterbury, said that more than $10 million worth of logging equipment had been brought in from China and other countries. The company has purchased a sawmill in Linden, previously owned by Jaling Company, and is planning its expansion.

The company's main market will be China but once additional markets are garnered, forest certification would have to be sought, added Ms. Canterbury. She said that in order to maximise the use of the forest resources, the company will embark on a project to utilise the bark, branches, defective wood and factory waste to make high density boards. She estimated that the company would be able to produce 200,000 m^3 of high density boards within the next three years.

Log Prices

Logs, FOB Georgetown	SQ - Std	$ Avg unit value per m^3 Fair	Small
Greenheart	135⬆	110-125	115⬆
Purpleheart	130	110-115⬆	(140)
Mora	120	95-115⬇	100-110⬇

*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	466-1000⬆	360-675⬇
	Select/Standard	326-600⬇	424-509⬇
Purpleheart	Prime	509⬇	424-820⬆
	Select/Standard	424-500⬇	424-636⬆
Greenheart scantlings		(382-503)	-

Plywood Prices

Plywood, FOB Georgetown Port			$ Avg unit val. per m^3
Baromalli	BB/CC	5.5mm	(520)
		12mm	(480)
	Utility	5.5mm	n.a.
		12mm	350

Other Tropical News

UNEP warns of challenges of biofuel production

Attendees at an UN Environment Programme (UNEP) Governing Council meeting held in Nairobi stated that the trade in biofuels should be governed by environmental standards. They warned that planting crops solely for biofuels may cause catastrophic damage to the planet. Danish Environment Minister, Connie Hedegaard, said that not everything that was biofuel was good for the environment. Focus should be placed on second-hand generation of biofuels, not first generation, she added. Second-hand generation biofuels are produced from the by-products of food crops, such as sugarcane, rather than crops grown purely for biofuel production. Ms. Hedegaard feared that large-scale production of biofuels in Asia, such as palm oil plantations in PNG, could cause serious environmental challenges for the entire planet, starting with the clearance of forested land for plantations.

Attendees discussed that an increased focus on biofuel production across Asia and Latin America had spurred a "tropical agricultural revolution", with intense competition for land to grow food and fuel crops. The resultant forest clearance had led to a loss of biodiversity, as well as health problems in Southeast Asia due to smoke from forest fires. It also contributed to global warming, as forest clearance releases carbon dioxide into the atmosphere. Forests are considered better carbon sinks than agricultural fields.

According to UNEP, 10 million ha of the Cerrado, one of the biggest biodiversity hotspots in Brazil, has been converted to soy plantations in the past 15 years. UNEP said several companies had consulted it on how best to develop environmentally-sound standards for using biofuels. UNEP has been holding meetings with biotech companies to look into standards for biofuels.

Report from Japan

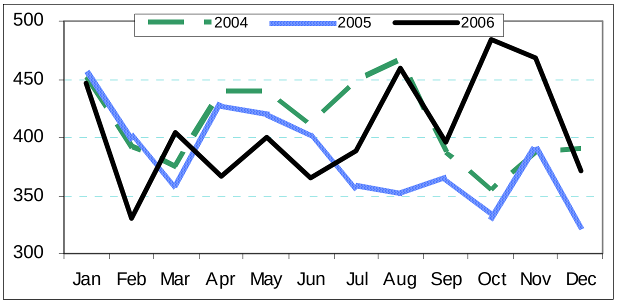
Japanese prices for tropical plywood continues correction

Sales and FOB prices of Southeast Asian plywood have been undergoing a correction over the last weeks in Japan. Although demand is steady thanks to a mild winter, inventories are building up as arrivals of import plywood are exceeding domestic shipments. However, imports from Malaysia and Indonesia fell in December (see below), slowing the pace seen since last August. It is expected that imports volumes will further decline due to dropping prices and lesser contracts. In contrast, the supply of softwood plywood remains tight and the prices firm, which is narrowing the price gap with hardwood plywood.

Japanese imports of plywood surge in 2006

Plywood imports fell to 370,456 m^3 in December, down 21% from November 2006 but up 15% from December 2005 (see chart).

Japanese plywood imports, 2004-2006 (000 m^3)



Total plywood imports rose to 4.88 million m^3 in 2006 (see table), up 6.8% from 2005. By import source, 2.58 million m^3 (53% of total plywood imports) came from Malaysia (up 19% and the fifth consecutive annual increase), 1.54 million m^3 from Indonesia (down 16.5%) and 622,247 m^3 from China (up 54%). Meanwhile, supply of domestic plywood surged slightly to 3.26 million m^3 in 2006. Almost 74% of this domestic supply was softwood plywood.

Total supply of plywood in 2006 (m^3)

Country	Amount	% chg from '05
Malaysia	2,579,193	18.5
Indonesia	1,543,632	-16.5
China	622,247	54.3
New Zealand	34,417	-26.3
Canada	21,708	-32.4
Others	79,306	25.6
Total import	**4,880,503**	**6.8**
Domestic production	3,261,806	0.5
Of which: softwood	2,411,165	5.0
Total supply	**8,142,309**	**4.1**

Prospects for the supply of imported plywood in 2007

Hideyoshi Kawamura, a specialist in Japanese plywood imports, was interviewed recently by the Japan Lumber Journal on the plywood supply prospects for Japan. He said that plywood imports from Indonesia would continue to fall while those from Malaysia and China would rise in 2007. He said that the Indonesian government was strictly regulating the amount of logging and, thus, the decreasing trend in production of plywood and lumber products would continue in 2007. Assuming a log harvesting quota of 8.5 million m^3 for 2007, Indonesian plywood production would be 2-2.5 million m^3 this year. Analysts predict Indonesia's total plywood exports at 1.5 million m^3 in the future, which would affect the volume of plywood shipped to Japan. There are about 40 plywood factories currently operating in Indonesia, of which 20 factories manufacture products for Japan.

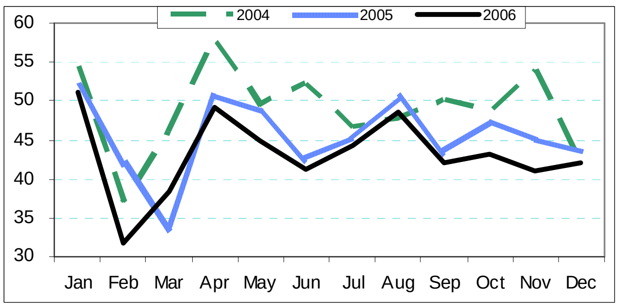
Demand for Malaysian logs from India, China, and other countries will continue to be strong, according to Mr. Kawamura. Malaysia exports high quality logs and remaining log grades are sold to local plywood mills. Due to the declining availability of high quality, big dimension logs, Malaysia is poised to gradually shift to plantation logs, particularly from 2012-2014.

Regarding future plywood supply from China, this country is reported to have around 10,000 plywood mills. China, the world's top plywood exporter, exported an estimated 8.3 million m^3 of plywood in 2006. Using simple machinery and high conversion rates, about 40 million m^3 of poplar and acacia boards are said to be manufactured. The boards are priced at only $140-150 per m^3. In the second half of 2006, Chinese plywood exports to Japan decelerated due to quality problems, due particularly to the use of low-grade adhesives. Chinese boards are dried in sunlight and, after bonding, "punctures" are common to occur. Chinese plywood manufacturers find the Japanese JAS standards very strict and difficult to comply with. Transfer of technology from advanced plywood producer countries is underway. Malaysia and Taiwan firms are making investment in plywood factories in mainland China. If technology and quality improves, Japan would be able to import one million m^3 of plywood from China.

Japanese imports of tropical lumber decline

Japan's imports of tropical lumber amounted to 42,104 m^3 in December (see chart), up 3% from November but down 3% from December last year. Total lumber imports fell 5% to 517,822 m^3 in 2006. Imports came mainly from Malaysia, China and Indonesia (formerly Japan's second largest supplier).

Japanese imports of tropical lumber, 2004-2006 (000 m^3)



Log and Sawnwood Prices in Japan

Logs for Ply Manufacture, CIF	Yen per Koku (Koku=0.278 m^3)
Meranti (Hill, Sarawak)	
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

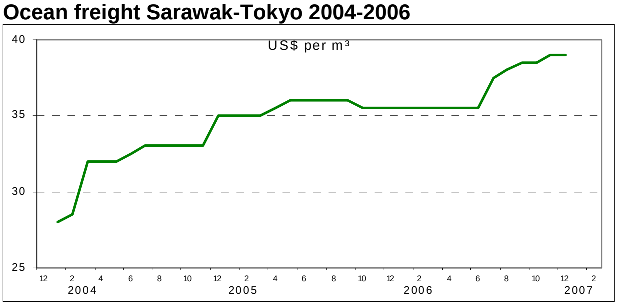
Logs for Sawmilling, CIF	Yen per Koku
Melapi (Sarawak) High Select	10,000
Agathis (Sarawak) High Select	9,800

Lumber, FOB	Yen per m^3
White Seraya (Sabah) 24x150mm, 4m, Grade 1	118,000
Mixed Seraya, Sangi 24x48mm, 1.8-4m, S2S	48,000

Wholesale Prices (Tokyo)

Indonesian & Malaysian Plywood	Size (mm)	Jan (¥ per sheet)	Feb
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	390	380 ↓
3.7mm (med. thickness, F 4star, type1)	910 X 1820	610 ↓	560 ↓
5.2mm (med. thickness, F 4star, type 1)	910 X 1820	720 ↓	660 ↓
11.5mm for sheathing (F 4star, type 2)	910 X 1820	1330 ↓	1200 ↓
12mm for foundation (F 4star, special)	910 X 1820	1380 ↓	1350 ↓
12mm concrete-form ply (JAS)	900 X 1800	1380 ↓	1300 ↓
12m coated concrete-form ply (JAS)	900 X 1800	1480 ↓	1400 ↓
11.5mm flooring board	945 X 1840	1950 ↑	2000 ↑
3.6mm baseboard for overlays (OVL)	1230 X 2440	1010 ↑	1010
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

Guangzhou City Imported Timber Market

Logs	Yuan per m^3
Radiata 6m, 30cm diam.	1300
Luan	1900-2300↑
Kapur	2100-2300
Merbau 6m, 60cm diam.	4200-5600↑
Keruing 60cm+ diam.	2000-2400↑
Beech 6m,30cm veneer Qual.	3300-3600
Sawnwood	
Teak Boards 4m+ for flooring	21000-22000
US Maple 2" KD	8800-12500↓
US Cherry 2"	12500-15400↑
US Walnut 2"	12000-14800
SE Asian Sawn 4m+, KD	4000-4300
Plywood	Yuan per sheet
4x8x3mm	19-35
4x8x18mm	149-188

Shanghai Furen Wholesale Market

Sawnwood		Yuan per m^3
Beech KD Grade AB		2400-3000
US Cherry, 25mm		12500-13000
US Red Oak, 50mm		10500-11000
Sapele 50mm FAS (Congo)	AD	6300-6600↑
	KD	7000-7350↑

Shandong De Zhou Timber market

Logs		Yuan per m^3
Larch	4-6m, 24-28cm diam.	1130↓
White Pine	4-6m, 24-28cm diam.	1100↓
Korean Pine	4m, 30cm diam.	2000
	6m, 30cm diam.	2000

Hebei Shijiangzhuang Wholesale Market

Logs		Yuan per m^3
Korean Pine 4m, 38cm+ diam		1650
Mongolian Scots Pine	4m, 30cm diam.	1350↓
	6m, 30cm+ diam.	1460↑
Sawnwood		
Mongolian Scots Pine	4m, 5-6cm thick	1550↑
	4m,10cm tick	1580↑

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

Threat of massive beetle infestation in Europe

Woods affected by the Per and Kyrill storms early this year in Europe (see TTM 12:3) are at risk from major beetle infestation, informed Euwid. Spruce bark beetles already felled a large volume of timber last year in a number of regions, with processing frequently lagging behind the speed at which timber was being felled. Forest owners' associations have called upon forest owners to process storm-felled timber as quickly as possible and to remove or debark the timber. The crowns should not be left standing but processed into wood chips when possible using mobile choppers.

The Swedish government announced that foreign transport companies would no longer be restricted from transporting storm-felled timber in order to ensure that storm-felled and beetle-felled timber was removed as quickly as possible. Separate permits would not be required until 30 September 2007.

Spain expects over 600,000 home completions

The association of estate agents of Madrid (Asprima) is expecting the construction of more than 600,000 homes to be completed this year and an average of 550,000 units over the next five years, according to Euwid. Asprima anticipates a gradual slowing in building activity over the next five years as the Spanish housing market seems to be approaching its saturation point. There is a rising demand for single-person households while demand for holiday homes from foreigners, especially along the Mediterranean coast, remains high.

Russian trade of solid-wood products expands

Russia's total exports of forest products (Chapter 44 HTS) are estimated at a record \$6.6 billion in 2006, up 9% from 2005. Imports of these products are also expected to set a record at \$465 million, up 26% from 2005. Both export and import values are forecast to increase 15% and 24% in 2007, respectively. The increase in exports is mostly due to continued firm demand from China and Finland, and to a lower extent, from Japan, as well as an increase in exports to other markets such as Egypt, Estonia, the USA and EU. The first three countries account for 50% of all forest products exports from Russia. Although the share of unprocessed wood exports, such as logs, to these markets declined from 82% in 2004 to 78% in 2006, the rate remains high. In terms of imports, the EU is the largest supplier of wood products to Russia, followed by Poland, China, Ukraine and Finland. Solid-wood products imports consisted mostly of processed products.

Domestic consumption of wood products is also expanding in Russia. The domestic wood processing sector is forecast to increase by more than 7% annually in 2007 and 2008, boosted by 32.5% growth in housing construction along with a steady 15% increase in the production of panel products (particleboard and MDF), and a 6% growth in veneer production. A recent government initiative is implementing the national priority project "Housing" aimed at providing affordable housing for young families, primarily in rural areas. This sector is also attracting foreign investment. Higher returns on investment in wood processing facilities, along with a new export tariff policy implemented by the government (see below), will likely maintain expansion at high levels compared to other categories of the forest sector.

Export duty on Russian logs to be raised to €50 per m^3

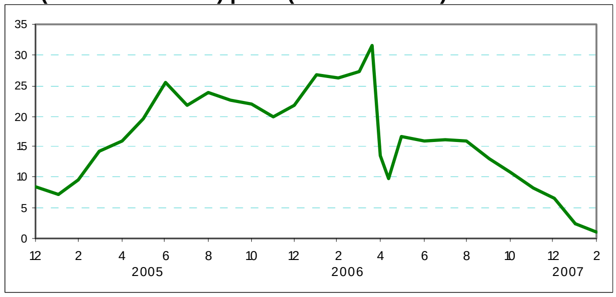
As part of Russia's goal to gradually increase the export tariffs on logs, on 5 February 2007, the government published Resolution No.75, raising duties on log exports over the next two years. The move is intended to boost the country's domestic wood processing industry. The export duty for softwood logs has been raised to 20% but not less than €10 per m^3 (from €4), effective 1 July 2007. The duty will be raised to 25% to not less than €15 per m^3 from 1 April 2008 and up to 80% to not less than €50 per m^3 from 1 January 2009. A higher duty has been set on hardwood logs such as ash, beech and oak. The rate will be raised to 20% but not less than €24 from 1 July 2007 and to 40% but not less than €50 from 1 January 2009. The Finnish and Japanese forest industries have called for immediate measures to adjust to the rising Russian duty. They reckoned that log imports from Russia would become unprofitable in the near future.

In addition, the Russian government is planning to lower import tariffs on high-tech equipment for wood processing. The goal is to modernize the forest industry and boost downstream wood processing.

UPM launches wood plastic composite

UPM, a Finish forest product company, is preparing to launch a new product, UPM ProFi wood plastic composite, at the Milano Salone Internazionale del Mobile exhibition in April. The product will be used in the structure and decking of furnishing systems company Artek's pavilion at the exhibition. The product is made of self-adhesive label materials of paper and plastic, which are recycled materials from UPM Raflatac's production. The wood plastic composite is reported to be strong and resistant to humidity. It can be worked as wood and its rigid surface of deck endures hard blows and mechanical erosion. The composite can be disposed of by incineration or recycling. The product development and production are located in Lahti, Finland.

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



Price at the end of the month.

Report from the UK

New annual budget may bring news for the industry

The industry awaits in mid-March the announcement of the budget for the next year by the Chancellor of the Exchequer. It could bring good news for the use of wood products in terms of construction projects or bad news in terms of taxes or increased transport and utility costs, thus reducing competitiveness. Meanwhile, the UK inflation rate eased slightly in January to 2.7% after jumping to an eleven-year high of 3% in December, according to the Office of national Statistics (ONS). However, retail sales fell at their fastest rate in four years in January as the effect of interest rate rises began to take effect. The ONS said retail sales fell 1.8%.

Most builders report encouraging results

B&Q owners Kingfisher said annual profits were likely to be ahead of market forecasts after it enjoyed improved trading. The company added that results from the new larger stores continued to be encouraging after its UK sales rose 13% in the last three months. House builders George Wimpey had also a strong UK performance which helped to offset the slowing US market. In contrast, another builder, Ben Bailey, confirmed a fall in profits and put its business up for bid offers.

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	285-300
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

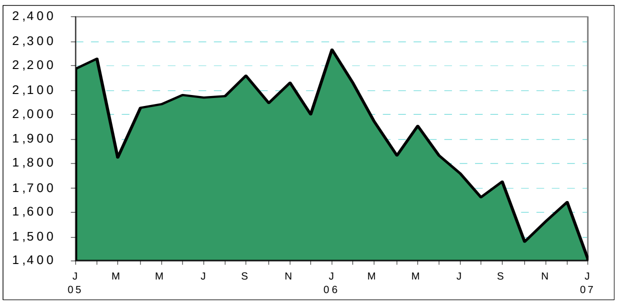
Plywood Panels 8x4", CIF	US$ per m^3
Brazilian WBP BB/CC 6mm	640
Indonesian WBP BB/B 6mm	600-630
MDF	Pounds per 10m^2
Eire, BS1142 12mm	50

Report from North America

US housing starts resume downward trend

Privately-owned housing starts fell 14% in January to a seasonally adjusted annual rate of 1.41 million units, according to the US Commerce Department. This was the slowest pace in more than nine years and seems to suggest that the housing market is not stabilizing as some had hoped. Housing starts was 38% below the pace of a year ago (see chart). The drop was mainly due to an 11% drop in the single-family sector, which accounts for about 80% of the houses built. Home builders are working down the inventories of unsold homes. Meanwhile, building permits (down 2.8% from December) and housing completions (down 1.2%) also fell in January. Some analysts think that home building will be weak through spring and perhaps until the third quarter.

US housing starts (seasonally adjusted, 000 units)



USA files trade complaint against Chinese plywood

The US Trade Representative, Susan C. Schwab, filed on 2 February a complaint against Chinese plywood at the WTO. The complaint challenges China's use of subsidies for hardwood plywood products. According to Ms. Schwab, China's market-distorting subsidies are WTO-inconsistent practices that harm US workers and businesses and create an uneven playing field. The filing follows pressure from hardwood plywood manufacturers in Oregon. Senator Ron Wyden (Oregon) had asked the US government to investigate practices by Chinese competitors that threatened US hardwood plywood manufacturers (see TTM 11:23). US producers argue that the Chinese plywood does not meet formaldehyde standards and it is being used in secondary manufacture of cabinets and furniture. Producers also are concerned that Chinese imports are sold at artificially low prices allegedly due to subsidies from the Chinese government, fraudulent labelling and illegally harvested logs.

Paraguay plywood exceeds GSP limit

The Office of the US Trade Representative (USTR) has advised that imports of hardwood plywood (4412.13.25) from Paraguay have exceeded the competitive need limit (CNL) in 2006 under the US General System of Preferences (GSP) program, IWPA reported. An earlier warning had been issued in November 2006 based on imports in the year through August (see TTM 11:21). The product is not at risk of losing future duty-free treatment unless a CNL waiver is granted by 1 July 2007. IWPA members may petition the USTR for a waiver in writing before 16 March 2007.

US Imported Sawnwood Prices

FOB unit value prices		Avg \$ per m³ Nov	Dec
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)	830↑	850↑
	(Indonesia)	817↑	830↑
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)	Oct	Nov
By species (all countries)		
Meranti	9.8	9.7↓
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	5.2
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)	Oct	Nov
All tropical plywood		
Indonesia	452↑	322↓
Malaysia	378↑	459↑
China	324↓	378↑
Brazil	404↑	416↑
All	380↓	382↑
Mahogany		
Canada	776↑	783↑
Brazil	430↑	430
China	923↑	923
Meranti, white luan, sipo, limba		
China	286↑	287↑
Taiwan PoC	1273↑	1339↑
Brazil	431↓	446↑

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!

Cross-border pollution strains ties in Asia. Here are some facts on the sources and victims of transnational pollution in Asia.
http://www.alertnet.org/thenews/newsdesk/SP8055.htm

Ensuring that organic design is not all we have left to remember Mother Earth by, some manufacturers at the recent International Home Furnishings Market in High Point, N.C., have committed to saving the planet one table at a time.
http://www.dailyherald.com/homegarden/story.asp?id=282580

Environmental groups have criticized the World Bank for a forest management plan in Indonesia that they say will destroy farming communities, threaten endangered forests, and fuel conflicts in rural areas.
http://www.voanews.com/english/2007-02-23-voa23.cfm

Export log prices on the rise again. As expected, prices being negotiated for logs in New Zealand's main markets lifted strongly for February by about $5 a metre.
http://www.stuff.co.nz/3970661a13.html

For decades, deciding what material to build a deck out of was a fairly simple process, as choices were mainly limited to pressure treated lumber or naturally decay-resistant species such as cedar or redwood.
http://www.newswise.com/articles/view/527404/

Global warming is no longer purely the concern of politicians and environmental campaigners - business is increasingly affected.
http://edition.cnn.com/2007/BUSINESS/02/20/execed.environment/

Juan Rafael Elvira Quesada, the new head of Mexico's Environment and Natural Resources Secretariat (Semarnat) at the outset of President Felipe Calderón's administration, is featuring a very important statement on the website. It is about forest conservation.
http://americas.irc-online.org/am/4017

Indonesia's Minister of Environment says illegal logging in Papua province is decreasing but more work needs to be done to reduce the illegal timber trade.
http://www.rnzi.com/pages/news.php?op=read&id=30262

On the initiative of Precious Woods and five other European companies, a new website on responsible forest management has been launched. It provides independent information about the FSC forest certification scheme.
http://www.csrwire.com/PressRelease.php?id=7591

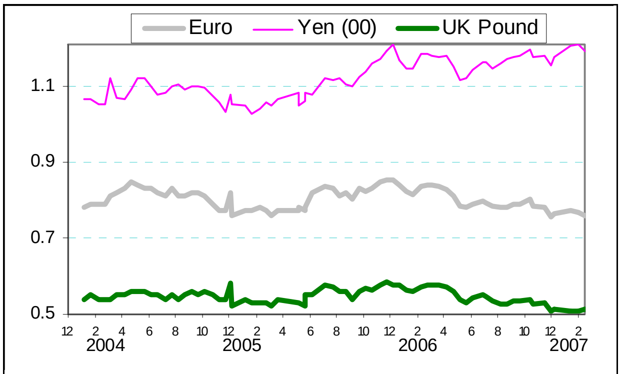
Private companies and groups are welcome to propose to the Ministry of Industry and Primary Resources, Brunei, and its Forestry Department projects to develop pharmaceutical and even cosmetic products derived from the country's rich rainforest resources.
http://www.brudirect.com/DailyInfo/News/Archive/Feb07/150207/nite27.htm

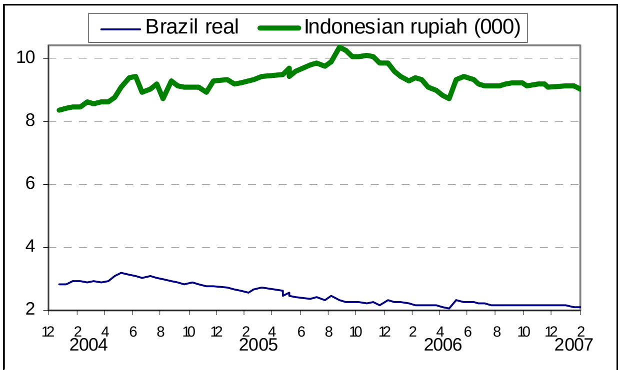
Residents and forestry stakeholders of hinterland communities will be given an opportunity to contribute to the development of a national policy paper on log exportation, which will be facilitated through community meetings with officials of the Guyana Forestry Commission (GFC).
http://www.gina.gov.gy/archive/daily/b070222.html

Main US Dollar Exchange Rates

As of 28th February 2007

Brazil	Real	2.120	⬇
CFA countries	CFA Franc	495.641	⬆
China	Yuan	7.738	⬆
EU	Euro	0.756	⬆
Indonesia	Rupiah	9,132.00	⬇
Japan	Yen	118.41	⬆
Malaysia	Ringgit	3.503	⬇
Peru	New Sol	3.191	⬇
UK	Pound	0.509	⬆

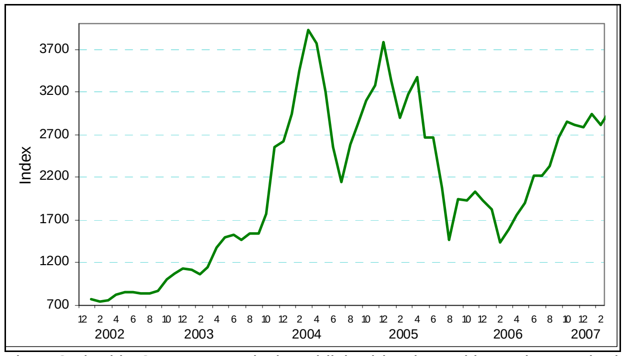




Abbreviations and Equivalences

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

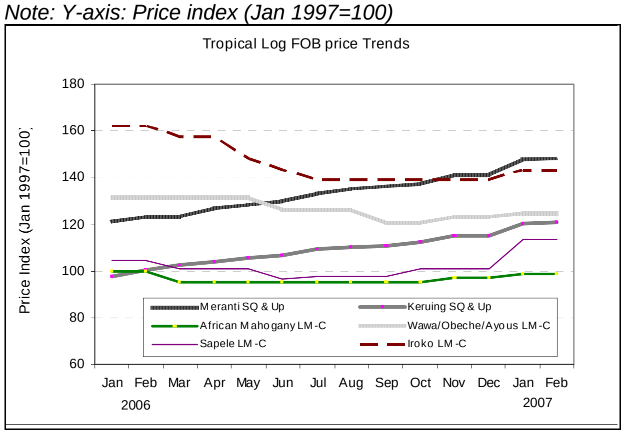


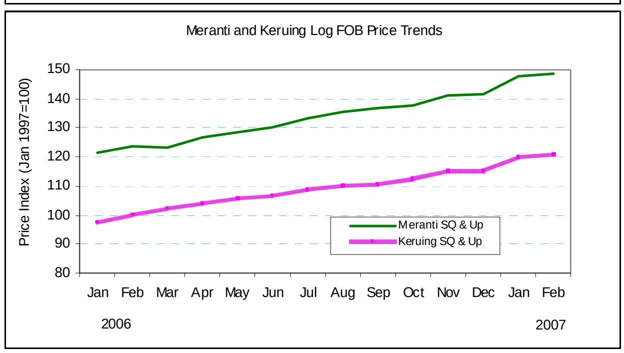
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

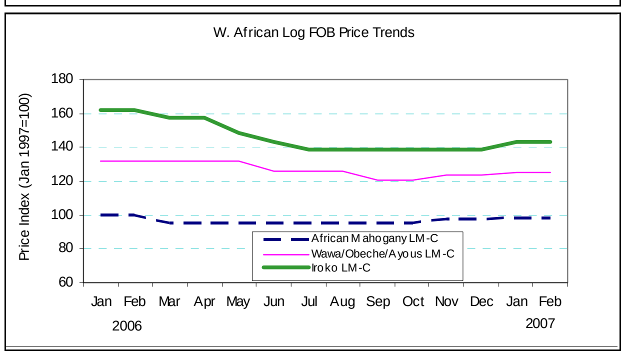
Appendix. Tropical Timber Price Trends

Tropical Log Price Trends

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

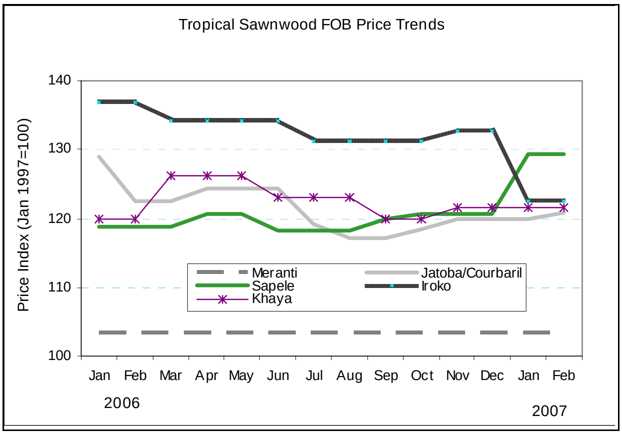


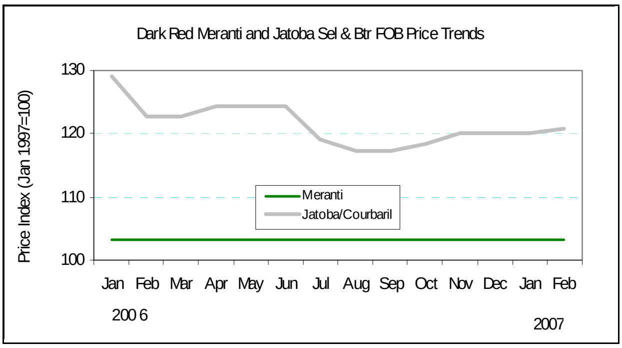


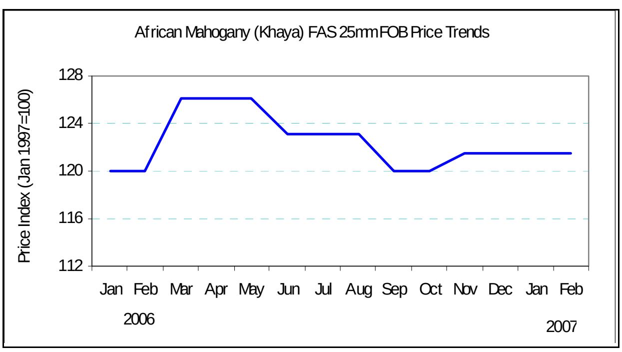


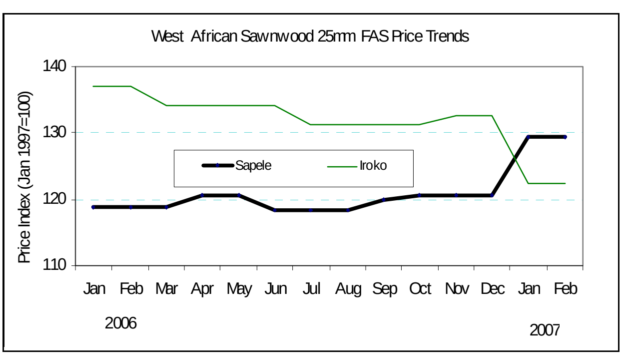
More price trends in Appendix 4, ITTO's Annual Review http://www.itto.or.jp/live/PageDisplayHandler?pageId=199

Tropical Sawnwood Price Trends









Tropical Plywood Price Trends