Tropical Timber Market Report since 1990

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Editorial

Prices for Central/West African timber products remained firm or rising, helped by strong demand from Far East and France. Prices are expected to remain stable through the second quarter, helped by active buying from Chinese and Indian importers. Ghana and the EU held their first voluntary partnership agreement meeting in Accra.

Timber product prices rose moderately in Malaysia and Indonesia. Malaysian plywood prices remained stable due probably to sluggish demand in Japan. Indonesia and Malaysia are embarking on massive plantation programmes to alleviate the timber shortage faced by the wood products export industry. The Myanma Timber Enterprise (MTE) raised hardwood prices for direct sales, which contributed to higher prices in the teak tender.

Brazil reached a fresh record in new forest plantation area in 2006. Brazilian timber companies are in joint ventures with Chinese companies to reduce production costs. In Peru, Inrena reduced the logging quota for mahogany from 23,239 m^3 in 2006 to 16,000 m^3 in 2007.

Japanese traders agreed that prices for tropical logs remained bullish. Domestic plywood prices, in turn, which had been declining in the last weeks, seemed to have bottomed out. China's exports of wooden doors are growing at an average of 41% a year. US housing-starts rebounded in February but homebuilders expect further declines throughout spring.

Jairo Castaño

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Report from Central/West Africa

Far Eastern and French demand supports price rises

Log prices held very firm through the end of March. Recent favourites, moabi and movingui, have had further price increases due to strong demand from both Far East and France. Supply is reportedly relatively difficult, a factor that adds to the competition for the moderate volumes available. In contrast, demand for okan logs has moderated with less interest from buyers from China, though prices have remained unchanged in spite of higher stock in ports.

Chinese demand for okoume logs continues strong though prices are unchanged, while some of the less popular log species, that have had a good run in the past year or so, are now seeing somewhat lower interest overall from buyers. Niove, afo and bomanga are said to be in less demand through March, though prices have not been affected. Price stability is expected to hold through the second quarter as both China and India remain active buyers with European importers having to compete for limited supplies of their particular favourite species. Meanwhile, there is still no firm news about the date for the full implementation of Gabon's log quota scheme.

Sawnwood prices mirror log market situation

Most sawn lumber prices remained also relatively unchanged through the end of March, though, as with logs, prices for moabi and movingui sawnwood have put on quite noticeable gains due to higher demand from Europe coupled with the lower supply situation. Prices for moabi FAS GMS rose €55 to €615 per m^3 while those for scantlings went up €45 to €625 per m^3. Prices for movingui FAS GMS rose €18 to €460 per m^3. Prices for padouk FAS GMS also rose €50 to €590 per m^3 while fixed sizes and scantlings edged up €40 to €600 per m^3 fob. Demand from South Africa for okoume sawn lumber is firm and traded volumes increasing, with importers indicating substantially higher requirements for the near future. Sawn lumber supply of sapelli, sipo and makore is reported as below market demand, with mills in Congo the main suppliers.

Congo's new reforms to boost conservation efforts

The new government of the Democratic Republic of Congo (DRC) has committed to a package of reforms to boost the country's emerging conservation efforts. The announcement was made by the Environment Minister, Didace Pembe Bokiagga, at the "International Conference on Sustainable Management of Forests" held recently in Brussels. Armand de Decker, Belgian Minister of Development Cooperation and conference host, pointed out that saving the Congolese forest contributed to poverty reduction and protecting humanity's ecological heritage. There were consensus on DRC's critical governance reforms, including maintaining the moratorium on new logging, launching a legal review of existing concessions and providing legal recognition for the rights of indigenous peoples. There were calls for new financing mechanisms to boost conservation, including payment for carbon sequestration and biodiversity protection.

The World Bank released a joint publication entitled "Forests in Post-Conflict Democratic Republic of Congo: Analysis of a Priority Agenda" at the conference. According to the publication, hard-won peace and unplanned roads can lead to chaotic development, further exacerbating pressure on forests. In the past five years, however, Congo basin countries have created over 6 million ha of new protected areas. According to the World Bank, sustainable forest management is advancing faster in the Congo basin than in any other tropical region.

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	320↑	305↑	282↑
Movingui	221↑	205↑	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	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 appoints new head of Forestry Commission

Dr. Nii Ashie Kotey, a professor of Law, has been appointed as the new CEO of the Forestry Commission (FC) of Ghana by President John Agyekum Kufuor, on the advice of the FC and in consultation with the Public Services Commission. Dr. Kotey is a specialist in forestry, natural resources and environmental law and for 20 years have been consultant in the area of forest policy, law and management. Until recently, Dr. Alhassan N Attah was the acting CEO of the FC following the retirement of Mr. John Otoo. Timber producers, particularly from the

Western Region, have hailed the appointment and suggested that his administration prioritized the re-afforestation programme to sustain the timber industry.

Ghana and EU hold first VPA meeting

The Lands, Forestry and Mines Ministry, Professor Dominic Fobih, said Ghana was determined to protect the nation's forest and its resources, at the first Ghana-EU meeting on voluntary partnership agreement (VPA) in Accra. He said the forestry sector played a significant role in the country and needed to be preserved from illegal chain saw operators. He said the sector has been engaged in a steady move towards improving good governance. The meeting, among other things, was to agree on terms and conditions at which lumbers were being exported from Ghana to the EU markets. EU delegates indicated that some lumbers exported to the European market were not properly harvested and had cracks. Once concluded, the agreement will bind both parties to ensure that only legally or properly harvested timber will be exported to the EU market.

Luis Riera, Director of the European Commission and leader of the delegation, said the EU was the largest importer of Ghana's timber products and was determined to assist the country in managing its forest and to ensure that all the timber exports originated from a legal and sustainable source. He recognised the efforts made by Ghana in reforming its forestry sector and implementing sustainable forest management.

Log Prices

Ghana logs, domestic	US$ per m^3	
	Up to 80cm	80cm+
Wawa	57-74	78-109
Odum Grade A	150-160	165-185
Ceiba	53-75	80-106
Chenchen	49-75	80-105
Khaya/Mahogany (Veneer Qual.)	65-80	85-105
Sapele Grade A	125-146	149-168
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	295↓	420
Edinam (mixed redwood)	370	520↑
Emeri	350	400↓
Khaya/African mahogany	590↑	800↑
Makore	510↑	590↑
Niangon	550↑	-
Odum	655	720
Sapele	500	570↓
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	245
Chenchen, Ogea & Essa	295
Ofram	305

Sliced Veneer, FOB	€ per m^2	
	Face	Backing
Afrormosia	1.19	1.00
Asanfina	1.50	0.80
Avodire	1.05	0.75
Chenchen	0.72	0.61
Mahogany	1.45	0.80
Makore	1.35	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	305↓	290	280
12mm	340	290	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

Government takes steps to alleviate supply shortages

The Malaysian Plantation Industries and Commodities Minister, Datuk Peter Chin Fah Kui, said that the Malaysian government was taking serious actions to increase the supply of timber in order to meet the demand of the export sector. It has identified 16,000 ha in the states of Sarawak, Pahang, Selangor and Kelantan for a sustainable forest plantation programme. Six local companies have been given soft loans to participate in this programme. Manufacturers of timber products in Malaysia, especially those in Peninsular Malaysia, are facing a chronic long-term raw material supply problem.

Malaysia-EU kick off second round of negotiations

Malaysia and the EU will hold the second round of negotiations in Brussels in April, under the Forest Law Enforcement, Governance and Trade (FLEGT) voluntary partnership agreement, to resolve outstanding issues. The agreement will verify the legality of Malaysia timber exports to the EU countries by setting up the legal framework and related protocols to combat and to eradicate illegal logging from the supply chain. It will also intend to enhance long-term trade and improve transparency and governance in the forestry sector.

Sabah exports biotech teak plantlets to the world

The state of Sabah in East Malaysia is pursuing biotechnology to cultivate teak to meet global demand for this species. The state-owned Plant Biotechnology Laboratory (PBL), which operates under the registered company YSG Biotech Sdn. Bhd., has a new 2,000 m^2 facility, with a production capacity of up to 1 million plantlets per year. To date, PBL has received 1 million orders for its teak planting material. The company exports planting materials mainly to Australia, Brazil, Guatemala, Panama, Costa Rica, Indonesia and Tanzania, among others.

APP Timber reports increased imports in Southeast Asia

APP Timber, a Dutch company based in Malaysia and specialized in the import of sawnwood and veneer for the Asian timber industry, reported a 25% growth in business in 2006, with a total trading volume of $22.4 million. According to APP Timber, it is the largest Southeast Asian based provider of imported sawn timber and veneer into Asia. The company expects the trading volume to grow at least another 25% this year due to increased marketing operations in Asia. It promotes various plantation species as substitutes for rubberwood, such as radiata pine and Scandinavian pine/spruce, as well as many temperate species from Europe, the USA and Africa. Besides Malaysia, APP Timber has operations in Thailand, Indonesia, Vietnam and China. A significant volume of the timber products are FSC certified.

Log Prices

Sarawak log, FOB	US$ per m^3
Meranti SQ up	297-327⬆
Small	266-293⬆
Super small	237-253⬆
Keruing SQ up	267-281⬆
Small	226-252⬆
Super small	203-217⬆
Kapur SQ up	236-252⬆
Selangan Batu SQ up	271-292⬆

Pen. Malaysia logs, domestic (SQ)	US$ per m^3
DR Meranti	343-387⬆
Balau	272-296⬆
Merbau	412-432⬆
Rubberwood	217-237⬆
Keruing	267-282⬆

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	428-453⬆
Seraya Scantlings (75x125 KD)	734-764⬆
Sepetir Boards	304-323⬆
Sesendok 25,50mm	442-474⬆
Kembang Semangkok	427-441⬆

Malaysian Sawnwood, domestic		US$ per m^3
Balau (25&50mm,100mm+)		338-353⬆
Merbau		568-588⬆
Kempas 50mmx(75,100 & 125mm)		267-283⬆
Rubberwood	25x75x660mm up	261-287⬆
	50-75mm Sq.	285-310⬆
	>75mm Sq.	308-337⬆

Plywood Prices

Malaysia ply MR BB/CC, FOB	US$ per m^3
2.7mm	487-508
3mm	459-484
9mm & up	403-425

Meranti ply BB/CC, domestic	US$ per m^3
3mm	452-466
12-18mm	382-398

Other Panel Prices

Malaysia, Other Panels, FOB		US$ per m^3
Particleboard	Export 12mm & up	202-221⬆
	Domestic 12mm & up	179-215⬆
MDF	Export 15-19mm	279-291⬆
	Domestic 12-18mm	249-269

Added Value Product Prices

Malaysia, Mouldings, FOB	US$ per m^3
Selagan Batu Decking	692-711⬆
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	737-753⬆
Grade B	633-650⬆

Furniture and Parts Prices

Malaysia, Rubberwood, FOB		US$ per piece
Semi-finished dining table		
solid laminated top 2.5'x4', extension leaf		49-66⬆
As above, Oak Veneer		59-74⬆
Windsor Chair		42-47⬆
Colonial Chair		38-45⬆
Queen Anne Chair (soft seat)	without arm	39-53⬆
	with arm	49-57⬆
Chair Seat 27x430x500mm		22-27⬆

Rubberwood Tabletop	US$ per m^3
22x760x1220mm sanded & edge profiled	
Top Grade	618-628⬆
Standard	573-603⬆

Report from Indonesia

Dutch builders pledge to use certified Kalimantan timber

Dutch builders announced that they will only purchase Indonesian timber products certified to be legally harvested and from forests managed sustainably. The announcement came about after a four-day conference between Dutch buyers and Indonesian suppliers of wooden products certified by FSC in Jakarta. The Dutch Housing and Construction Association plans to build 100,000 houses in the Netherlands over the next five years using certified timber from Kalimantan. Jesse Kuijper, chairman of FSC Netherlands, said that each house, while under construction, needed about 1 m^3 of sawn timber and 4 m^3 of other timber products. The amounts are expected to increase over the years. The conference also discussed issues and challenges in the application of the FSC certification mechanism.

PP seeks funds for 200,000 ha reforestation project

The state forestry company, Perum Perhutani, has prepared around 400 million young plants to reforestate at least 200,000 ha in Indonesia this year, according to its president, Trastoto Handadari. The company is seeking sponsors to support the funding of the project. The project would require up to one million forestry workers. Perum Perhutani has also developed other projects, such as forestry education and eco-tourism programmes in the framework of the reforestation drive until year 2010.

Furniture industry may head streamlining path

The Indonesian furniture industry is bracing itself in the wake of the US housing downturn. The USA is the largest export market for the Indonesian furniture. Faced with rising raw material costs due to competition from the paper and pulp industry for forest concessions, the Indonesian furniture may be heading down the same path of consolidation taken by the Indonesian plywood industry, where smaller and less efficient companies closed down in favour of proficient and resource rich companies.

Indonesia unveils bill to lure investment in forestry sector
Members of the House of Representatives have agreed with the government to bring a bill on capital investment to the full House. The Trade Minister, Mari Elka Pangestu, unveiled the bill as part of a package of legislation expected to attract more foreign investors to Indonesia. The bill stipulates that foreign investors can obtain 95-year land cultivation rights, 80-year building rights and 70-year land usage rights, factors that are important to foreign investors in the forestry and plantation sectors.

Meanwhile, the Asian Development Bank (ADB) indicated that federal government expenditures and investments would boost Indonesia's economic growth to 6% in 2007 and 6.3% in 2008. Edgar A Cua, ADB representative in Indonesia, added that a lowering of bank interest rates would help to fuel investment and consumption growth.

Log Prices (domestic)

Indonesia logs, domestic prices	US$ per m^3
Plywood logs	
Face Logs	226-263⬆
Core logs	151-181⬆
Sawlogs (Meranti)	225-262⬆
Falcata logs	153-175⬆
Rubberwood	192-212⬆
Pine	182-216⬆
Mahoni (plantation mahogany)	621-663⬆

Sawnwood Prices

Indonesia, construction material, domestic		US$ per m^3
Kampar (Ex-mill)	AD 3x12-15x400cm	234-245⬆
	KD	326-336⬆
	AD 3x20x400cm	344-362⬆
	KD	368-379
Keruing (Ex-mill)	AD 3x12-15x400cm	269-282⬆
	AD 2x20x400cm	260-270⬆
	AD 3x30x400cm	264-277⬆

Plywood Prices

Indonesia ply MR BB/CC, FOB	US$ per m^3
2.7mm	480-500⬆
3mm	408-476⬆
6mm	382-406⬆

MR Plywood (Jakarta), domestic	US$ per m^3
9mm	322-332⬆
12mm	296-318⬆
15mm	286-316⬆

Other Panel Prices

Indonesia, Other Panels, FOB		US$ per m^3
Particleboard	Export 9-18mm	218-229⬆
	Domestic 9mm	187-203⬆
	12-15mm	174-189⬆
	18mm	167-174
MDF	Export 12-18mm	298-308⬆
	Domestic 12-18mm	244-262⬆

Added Value Product Prices

Indonesia, Mouldings, FOB	US$ per m^3
Laminated Boards Falcata wood	377-390⬆
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	691-722⬆
Grade B	602-651⬆

Report from Myanmar

MTE raises direct saled teak prices
The Myanma Timber Enterprise released new direct sales prices for teak and other hardwood logs on 19 March 2007, superseding those of 10 February 2006. In average, prices were 6% higher for sawing quality 4 (SG4), 12% up for SG5 and 14% up for SG6 teak logs. Prices for gurjan (keruing) logs surged 10% while those for pyinkado and padauk remained unchanged.

Teak log direct sale prices (FOB Yangon, $ per hoppus ton)

Grade	Production area	New price $	Increase %
SG4	*Special*	1,800	6
	1st Class	1,750	6
	2nd Class	1,650	7
	3rd Class	1,350	6
SG5 (assorted)	*1st Class*	1,300	12
	2nd Class	1,220	12
	3rd Class	1,120	12
SG6 (domestic)	*1st Class*	1,020	15
	2nd Class	980	14
	3rd Class	930	14
SG7 (ER1)	*All*	750	13
SG8 (ER2)	*All*	650	9
SG9 (ER3)	*All*	500	2
Girth 2'-2'11"	*All*	485	62
Girth 1'-1'11"	*All*	300	67

Special Area: Gangaw, Pakokku and Kalay (Chin); 1st Class Area: Taungdwingyi, Pyinmana, Thayet, Minbu, Toung-Oo, Shwebo, Monywa, Aunglan and Pyay; 2nd Class Area: Zigon, Thayawaddi, Kawlin, Momeik, Lashio, Taunggyi, Pyin-Oo-Lwin, North Bago and Katha; and 3rd Class Area: Pa-an, Hinthada, Mawlike, East Katha, South Bago, Myitkyeena and Bhamo. ER: export rejection.

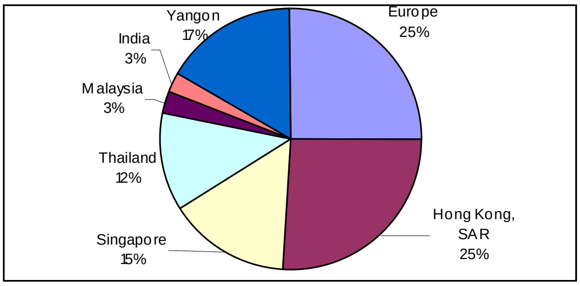
Other hardwood direct sale prices (FOB Yangon, $ per hoppus ton)

Species	Botanic name	New price	Increase %
Padauk	*Pterocarpus macrocarpus*	1000-1400	0
Kanyin	*Dipterocarpus spp*	325-352	10
Sagawa	*Michelia champaca*	414	15
Htaukkyant	*Terminalia tomentosa*	345	15
Hnaw	*Adina cordifolia*	420	5
Taungthayet	*Swintonia floribunda*	184	5
In	*Dipterocarpus spp*	236	5

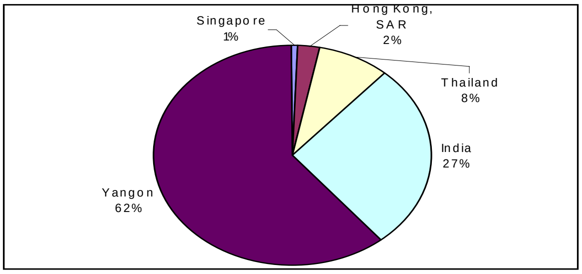
Teak tender prices rise across the board
Tender sales were 1,351 hoppus tons while sealed tender sales were 1,025 tons in March 2007. Buyers seeking better grade teak logs can only buy them at the tender sales as there are no direct sales for 2nd, 3rd, 4th, SG1 and SG2 teak grades. Teak grades in the sealed tender sales can also be purchased in direct sales, which amount to about 200,000 h. tons annually, as compared with 35,000 h. tons in tender and sealed tender sales.

Average prices for all teak grades rose across the board in March. The quality of the logs was particularly good in the March tenders while there were limited teak cargoes available in Yangon. Another factor driving prices up was the recent raise of MTE prices for direct sales contracts of teak and other hardwoods on 19 March (see above). Moreover, the European market is reportedly strong, with a good demand for veneer logs. Teak stocks in Europe are declining while sawn teak prices are surging. Average prices for SG4 grade climbed nearly €270 per hoppus ton while prices for SG7 were higher than in February but lower than in January. Some SG4 lots contained downgraded SG2 logs which caused these lots to fetch higher tender prices than average SG2 lots.

Buyers in the March tender sales (% of 1,351 hoppus tons)



Buyers in the March sealed tender sales (% of 1,000 h. tons)



The charts above show amounts purchased by buyers from designated areas in the last tender and sealed tender sales, which are not necessarily actual importing countries. Lots are purchased in tenders and re-sold to buyers in other countries such as Japan, Pakistan, India and China.

Market closes 10 days for New Year celebrations

In contrast to March, the market is expected to be much less active in April. The Myanmar government will officially close offices for 10 days during the Myanmar New Year. Excluding weekends, not much business activity is expected to be carried out in the remaining 12 work days of the month.

Log Prices (natural forests)

Teak Logs, FOB	€ Avg per Hoppus Ton (traded volume)	
Veneer Quality	Feb	Mar
2nd Quality	4,332↑ (10 tons)	4,507↑ (11 tons)
3rd Quality	4,150↓ (12 tons)	4,333↑ (18 tons)
4th Quality	3,778↑ (86 tons)	3,808↑ (91 tons)
Sawing Quality		
Grade 1 (SG-1)	2,594↓ (293 tons)	2,724↑ (344 tons)
Grade 2 (SG-2)	1,880↑ (482 tons)	1,957↑ (448 tons)
Grade 3 (SG-3)	- (-)	1,407 (16)
Grade 4 (SG-4)	1,457↑ (442 tons)	1,725↑ (440 tons)
Grade 5 (SG-5) Assorted	1,193↑ (148 tons)	1,265↑ (395 tons)
Grade 6 (SG-6) Domestic	922↓ (303 tons)	986↑ (154 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	309↓ (65 tons)	470-500
Gurjan (keruing)	203↑ (85 tons)	325-352↑

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

Report from Papua New Guinea

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	77
50-59cm (Vietnam, Japan markets)	71	-
40-49cm (Vietnam, Japan markets)	58↓	58↓
30-39cm (Vietnam, Japan markets)	54↓	54↓
20-29cm (Vietnam, Japan markets)	43↓	43↓

Report from Brazil

Domestic prices rise as Brazilian real further strengthens

Export prices for Brazilian wood products remained stable in March. In contrast, domestic prices rose 1.9% in average due to a further appreciation of the Brazilian real against the US dollar during the period.

Brazil partially reverses forest loss with plantations

A recent FAO report showed that Brazil accounted for 73% (31,000 km² per year) of the deforestation of natural forests in South America (42,000 km² per year) in 2000-2005 (see TTM 12:5). However, FAO emphasised that Brazil could swiftly change the situation thanks to the success of commercial forest plantations in the country. With about 5.6 million ha of forest plantations, Brazil is amongst the world's most advanced countries in technology for the establishment of planted forests. Timber from forest plantations have been extensively been used by sectors such as pulp & paper, solid-wood products (including lumber and plywood) and reconstituted wood-panels.

Brazil hits a new record in annual forest plantations

A survey by the Brazilian Forest Service and the Secretariat of Biodiversity and Forests of the Ministry of Environment showed that Brazilian forest producers and companies planted 627,000 ha of industrial forest plantations in 2006, up 13% from 2005 and a new record.

In the North region, Pará was the state that planted the most with 13,000 ha. According to Ibama, the planting area in the state is over three million trees, mostly with Parica (*Schizolobium amazonicum*), a relatively fast-growing native species used by tropical plywood and veneer companies. The forest plantation area in Pará is estimated at 50,000 ha and expanding increasingly, but still insufficient to meet the timber demand from the forest industry. The Environment State Secretary and Ibama have stimulated wood-consuming sectors such as the pig-iron industry to expand their industrial forest plantation area in order to comply with the environment legislation that mandate to prove sustainable timber production.

Family agriculture has also contributed to the growth of forest plantations nationwide in 2006. The participation of small and medium-size forest producers in the activity has grown. Between 2002 and 2006, the total planted forest area by these landowners grew at the outstanding rate of 616%.

Paraná firms partner with Chinese to gain competitiveness

Chinese competition has forced forest-based companies in Paraná to transform rivals into partners. Increasingly more firms seek partnerships with Chinese producers to take advantage of low costs and high productive capacity. With a minimum wage of around $60 (half of the Brazilian wage), high productivity and massive manpower migrating from rural to urban areas, China has become a business opportunity. This is the view of the Federation System of Paraná State Industries (FIEP), an institution that drive at least five annual Brazilian enterprise missions to China.

A recent study by the National Industry Confederation (CNI) shows that 12% of large Brazilian companies have already transferred part of its production to China, either by installing own plants or contracting part of the production. Even some small and medium-sized companies have also taken steps in shifting production to China. An example is a Paraná manufacturer of fine lumber who found in China a way to reduce production costs. The company exports dry lumber boards to China, where Chinese workers make the finishing for wood flooring or laminated flooring. The company's office in the USA purchases back the wood flooring and sells it with its brand name. The partnership has been in force for three years now and enabled the Paraná manufacturer to add a new product to its portfolio abroad.

Supply of elliotis pine ply hampered by shipment delays

Prices for Brazilian elliotis pine plywood have surged in recent weeks due to delays in shipments, Euwid reported. According to some traders, the overall availability of elliotis pine plywood has rather deteriorated in the last few weeks on the back of seasonal limitations to log supply, continued production cutbacks and delays in shipments. This development has affected the availability of elliotis pine plywood panels of less than 15mm and of more than 24mm, in particular.

Recent delays in shipments are due to a increasingly shortage in containers and shipping space, resulting from seasonal fruit shipments to Europe. Moreover, isolated short strikes have taken place in the softwood plywood exporting ports of Parangua, Itajai and San Francico do Sul, slowing further down exports. Meanwhile, purchases against the EU softwood plywood duty free quota have been comparatively consistent in the last few weeks. The quota is expected to be exhausted in May as in the previous two years.

Log Prices (domestic)

Brazilian logs, mill yard, domestic	US$ per m^3
Ipê	113⬆
Jatoba	80⬆
Guariuba	54⬆
Mescla (white virola)	60⬆

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)	Ipé	525⬆
	Jatoba	398⬆
Southern Mills (ex-mill)	Eucalyptus (AD)	159⬆
	Pine (KD) 1st grade	216⬆

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	213⬆	179⬆

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	728⬆
	White Virola 15mm	534⬆

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	480⬆
Particleboard 15mm	299⬆

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

Inrena transfers key duties to regional governments

In accordance with the Plan of Decentralization of Sector Competences to Regional Governments, the Ministry of Agriculture has issued the Supreme Decree No.011-2007-AG, approving the transference of two main duties of the National institute of Natural Resources (Inrena) to regional governments, namely:

- To develop surveillance and control actions to ensure the sustainable use of natural resources under its jurisdiction;
- To grant permissions, authorizations and forest concessions in areas within the region, as well as to develop promotion and inspection tasks in strict compliance with the national forest policy.

According to Ivan Vasquez, president of the Loreto regional government, Loreto is in capacity to increase fourfold its exports in four years time, rising from $24.5

million to no less than $250 million and benefiting the Loreto region economy. On the other hand, the decree points out that the distribution of harvesting rights in forest concessions for the production of wood based products will be as follows:

- 60% to the regional government, of which a part will cover the promotion of forest management committees;
- 30% to Inrena;
- 10% to the Forest Concessions Supervision Office (OSINFOR).

Inrena reduces logging quota for mahogany

Inrena agreed to reduce the mahogany's logging quota for 2007 in order to protect the species from extinction, according to its Director, Roberto Angeles Lazo. The quota has been reduced from 23,239.6 m^3 in 2006 (see TTM 11:2) to 16,000 m^3 in 2007. According to Mr. Angeles, mahogany is the most valuable forest species and Peru has one of the highest production volumes.

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	550-585⬆
Dominican Republic	565-575
Marupa (simarouba) 1", 6-11 length Asian market	400-430

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	140-150⬇
Spanish Cedar	520-535⬇
Marupa (simarouba)	150-155⬇

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	350-360
	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)	1290-1765⬇
Spanish Cedar	(US market)	505-900⬇
Oak	(US and EU market)	600-845⬆

Added Value Product Prices

Doors 13/4"x36"x96", FOB Arica Port		Avg $ per piece
US market	Mara macho/Tornillo (FSC)	100-390
	Yesquero	115-190⬇
	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	240⬇
Sawnwood 8-20.5cm x 9-20.5cm x 2.2m	450⬇

Report from Guyana

Log Prices

Logs, FOB Georgetown	SQ - Std	Fair	Small
	$ Avg unit value per m^3		
Greenheart	120⬇	110-125	105-115⬇
Purpleheart	(130)	100-150⬆	140
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⬇	426-615⬆
	Select/Standard	424-594⬆	424-488⬇
Purpleheart	Prime	640-740⬆	424-889⬆
	Select/Standard	487-552⬆	424-658⬆
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

Australia sets up fund to curb deforestation in SE Asia

Australia announced a fund to curb deforestation in Southeast Asia, a move that the Australian Prime Minister, John Howard, said would be more effective than the Kyoto Protocol. Mr. Howard said the new fund would seek to halve the rate of deforestation in Southeast Asia, particularly in neighbouring Indonesia. Australia has refused to ratify the Kyoto Protocol. Mr. Howard said that destruction of forests accounted for 20% of greenhouse gases worldwide and that it ranked second to electricity production as a cause of carbon dioxide pollution.

Australia has pledged Au$200 million ($160 million) to the fund, which will focus on fighting illegal logging, planting new trees and providing alternatives to the timber industry. The UK, Germany and USA have been invited to contribute to the fund, which will be managed by the World Bank. Money from the fund will be distributed to forestry projects overseen by the Australian national aid agency (Ausaid).

PAW reports strong market for plantation teak

PanAmerican Woods (PAW) is probably the largest exporter of plantation teak in Latin America, with 30,000 m^3 of annual sales. It manages teak plantations and factories in Ecuador, Panama and Costa Rica. PAW also purchases teak logs from local producers. PAW mostly exported to India, Vietnam, China, Taiwan PoC and Indonesia in 2006. PAW also produces teak flooring and ships one container of finished flooring a day. The prices reportedly paid by PAW for teak logs in Costa Rica to local producers are shown below.

Recent prices paid by PAW for plantation teak logs

Diameter (cm)	Average diameter	Average volume	Price ($/ m^3)
13-14.9	14	0.03	50
15-16.9	16	0.04	60
17-19.9	18.5	0.06	70
20-21.9	21	0.08	100
22-23.9	23	0.09	135
24-25.9	25	0.11	170
26-27.9	27	0.13	205
28-29.9	29	0.15	240
>29.9	33	0.19	275

PAW indicates that teak prices in Ecuador are at similar or slightly higher levels, compared with those in Costa Rica. According to PAW, teak prices have been rising in 2007 due to a strong market.

Report from Japan

Traders regard tropical log market as still bullish

Japanese traders met recently at the Southeast Asia Lumber Conference in Tokyo. Attendees agreed that the price situation for tropical logs remained bullish. There were reports that the rainy season still continued in timber producing areas such as Sabah and Sarawak. Following the end of the Chinese New Year celebrations, workers have returned to the logging sites, but the productivity was reportedly about half of the usual pace.

Demand for softwood plywood expands

The plywood market conditions of softwood and Southeast Asian plywood seems contrasting in Japan. Major housing companies and regional builders are rushing to secure thick softwood plywood, particularly 24-28mm which are used for base sheets of houses. The usage of thick plywood for floor foundations is spreading among builders and demand is expected to increase further. Japanese manufacturers of softwood plywood have frequently raised prices, following price hikes for Russian logs. Prices of 12mm plywood, for instance, are now close to the levels of those for tropical plywood.

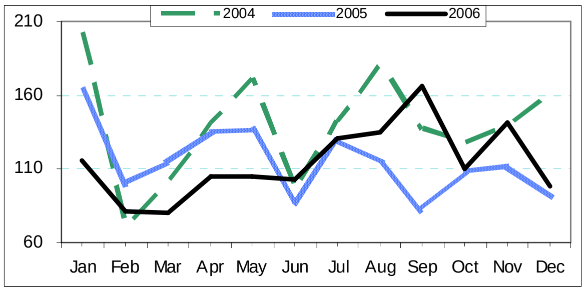
Domestic prices for plywood are bottoming

In contrast, the market for imported plywood had been deemed as "bearish" due to adequate stocks. However, discounted products are gradually disappearing from the Japanese market due to stock adjustments. The decline of domestic prices for tropical plywood seemed to be bottoming out in late March. In Southeast Asia, exporters continued to hold plywood prices firm on the back of increasingly expensive logs.

2006 Japanese log imports slow down to 2005 levels

Imports of tropical logs by Japan fell 30% to 98,329 m^3 in December. Japanese imports of tropical logs have been mostly declining since September due to Ramadan and New Year festivities, after growing for most of the year since March 2006, helped by stronger prices (see chart). Overall, total Japanese imports of tropical logs amounted to 1.37 million m^3 in 2006, a mere 0.1% up from 2005. Log imports in 2006 came from Malaysia (78.3%, over two-thirds of which from Sarawak), PNG (13.8%), Solomon Isl. (7.7%) and Africa (0.5%). Tropical log exports to Japan were anticipated to decrease in early 2007 due to reduced supply during the Chinese Lunar New Year festivities.

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



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

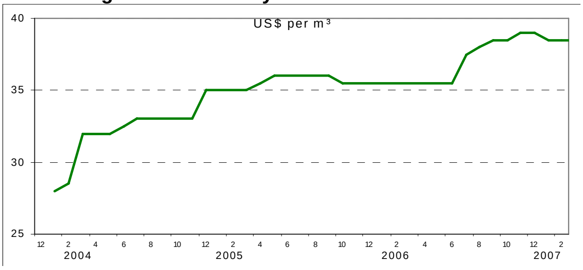
Logs for Sawmilling, CIF	Yen per Koku
Melapi (Sarawak) High Select	10,000
Agathis (Sarawak) High Select	9,800

Lumber, FOB	Yen per m^3
White Seraya (Sabah) 24x150mm, 4m, Grade 1	130,000⬆
Mixed Seraya, Sangi 24x48mm, 1.8-4m, S2S	54,000⬆

Wholesale Prices (Tokyo)

Indonesian & Malaysian Plywood	Size (mm)	Feb (¥ per sheet)	Mar
2.4mm (thin plywood, F 4star, type 2)	920 X 1830	380 ↓	380
3.7mm (med. thickness, F 4star, type1)	910 X 1820	560 ↓	580 ↑
5.2mm (med. thickness, F 4star, type 1)	910 X 1820	660 ↓	680 ↑
11.5mm for sheathing (F 4star, type 2)	910 X 1820	1200 ↓	1200
12mm for foundation (F 4star, special)	910 X 1820	1350 ↓	1350
12mm concrete-form ply (JAS)	900 X 1800	1300 ↓	1280 ↓
12m coated concrete-form ply (JAS)	900 X 1800	1400 ↓	1400
11.5mm flooring board	945 X 1840	2000 ↑	1900 ↓
3.6mm baseboard for overlays (OVL)	1230 X 2440	1010	990 ↓
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



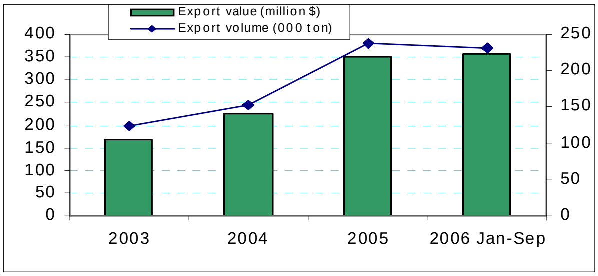
More information on Japan in www.n-mokuzai.com

Report from China

China's wooden door industry thrives

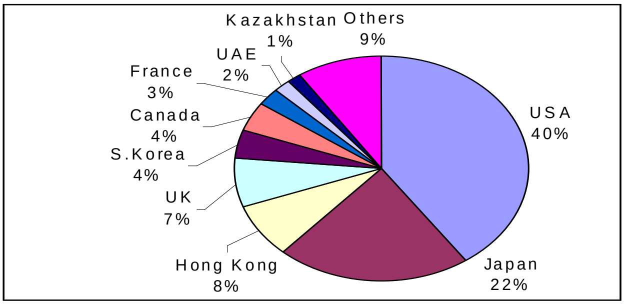
There are 3,000 wooden door manufacturers in China. The industry's output is booming, expanding from 12 billion yuan in 2003 to 24 billion yuan in 2005 and to 30 billion yuan just in Jan-Sep 2006, equivalent to a 41% annual growth. The chart shows that Chinese wooden door exports have been similarly thriving, doubling to $349 million (237,100 tonnes) in 2005 and matching 2005 levels just in the first three quarters of 2006. Exports of wooden doors are estimated to reach $500 million in 2006.

China's wooden door exports



The chart below shows that China's wooden doors go mainly to the USA, Japan, Hong Kong and South Korea.

China's wooden door export markets, 2006 (% of $358 mill.)



China's main door exporting provinces are scattered throughout the country, including Liaoning (21% of the national export value), Guangdong (16%), Zhejiang (11%), Fujian and Shandong (9% each) and Jiangsu (8%).

China is the world leader in bamboo flooring

China's bamboo industry is a world leader in terms of size and technology. China has 5.2 million ha of bamboo forests and 35 million farmers involved in its plantation and management and in the manufacturing of bamboo products. China produced 30 million m^2 of bamboo flooring in 2005, 60% of which was exported to Europe and North America.

Poplar is the dominant plantation species in China

According to statistics from the China's poplar industry, the country has 7 million ha of poplar plantations, the largest in the world. Around 3.1 million ha of this total is for timber production, accounting for 40% of the national poplar plantation area. This fast growing and high yielding species is planted in plains of middle latitude. Poplar is the dominant fast growing plantation species in China. Around 74 poplar species are distributed in 24 provinces throughout the country. The China's timber processing industry depends on plantation timber since the implementation of the National Protection Programme. The country invested 1.5 bilion yuan in the plantation of 3.7 million ha of fast growing and high yielding species during the tenth Five-Year Plan period (2001-2005) alone. Half of this area was of poplar plantation.

Guangzhou City Imported Timber Market

Logs	Yuan per m^3
Radiata 6m, 30cm diam.	1300
Luan	1800-2500
Kapur	2060-2150
Merbau 6m, 60cm diam.	4900-5600
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.	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		1600
Mongolian Scots Pine	4m, 30cm diam.	1350
	6m, 30cm+ diam.	1460
Sawnwood		
Mongolian Scots Pine	4m, 5-6cm thick	1550
	4m,10cm tick	1580

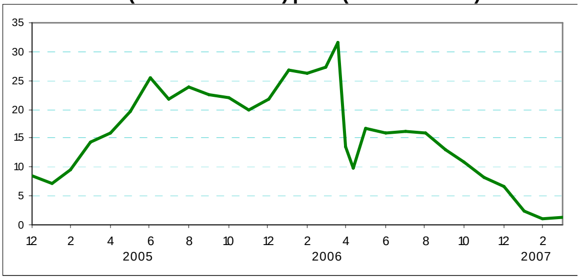
Tian Jin City Huan Bo Hai timber Market

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

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



Price at the end of the month.

Report from the UK

New UK budget sparks mixed reactions

The Chancellor of the Exchequer presented his last budget on 21 March as expected, announcing a cut in the Standard Income Tax rate from 22 pence to 20 pence a pound. However, the starting rate of 10 pence a pound was removed, which could affect some low paid people. Overall the budget was generally neutral in its outcome, according to some analysts. Corporation Tax was reduced by 2% to 28%, benefiting large companies. In contrast, small to medium manufacturing companies are discontented because their investment allowances were cut. These changes will not take effect until April 2008, when Gordon Brown will no longer be Chancellor of the Exchequer.

Report sees reduced UK sawn hardwood market

Two reports have been published recently on the hardwood trade in the UK. The first covers the home grown timber sector in 2006. The home grown share of the sawn hardwood market is only 2%, according to the UK Forest Products Association, amounting to about 54,000 m^3. There were only 20 hardwood sawmills still operating in 2006 and some of those imported wood from continental Europe to keep operating. The second report, published in the TTJ, indicated that 2007 was expected to be equally difficult in relation to supplies as 2006 as the UK market was no longer of great importance to shippers, who could find many easier markets at no less or even better return.

Building companies merge amid robust housing market

Mortgage lending hit a record high in February, according to the Council of Mortgage Lenders (CML). CML said that record borrowing reflected the continued strength of the housing market and people's desire to get on the housing ladder. The furniture sector was reportedly worried about the possible slowing down of the housing market, not so much in price but in the number of properties coming to market and the volume of new built.

Meanwhile, the building companies Wimpey and Taylor Woodrow have agreed to merge in a deal that will create the UK's biggest housebuilder "Taylor Wimpey", worth about £5 billion. However, following the announcement, Persimmon indicated that it might make a bid for Taylor Woodrow. In other news, construction contractors Costain have reported a loss for 2006 and are now possibly open for take over as consolidation continues in the UK construction sector.

UK inflation measured by the Consumer Price Index (CPI) rose to 2.8% in February while the Retail Price Index (RPI) surged sharply from 4.2% to 4.6%. The RPI is used by wage negotiators and firms are worried that settlements, already at a six-year high, will rise further.

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

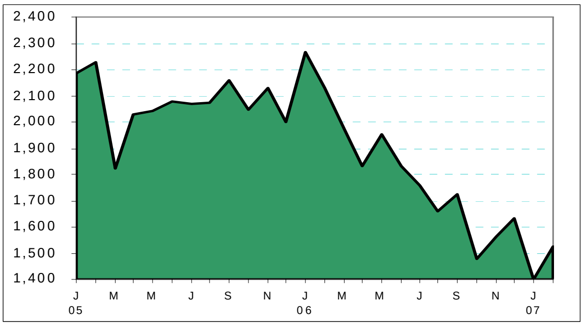
Plywood Panels 8x4", CIF	US$ per m^3
Brazilian WBP BB/CC 6mm	640
Indonesian WBP BB/B 6mm	600-630
MDF	Pounds per $10m^2$
Eire, BS1142 12mm	50

Report from North America

US housing starts rebound but may yet hit bottom

Privately-owned housing starts recovered 9% in February to a seasonally adjusted annual rate of 1.53 million units, according to the US Commerce Department. However, housing starts were 28.5% below the pace of a year ago and 32.7% under the peak in January 2006 (see chart). The recovery was mainly due to a 10% increase in the single-family sector, which accounts for about 80% of the houses built. Unusually good weather in the South and West enabled builders to begin construction of many single-family homes while abnormal bad weather held down building activity in the Northeast and Midwest regions. Meanwhile, building permits (down 2.5% from January) and housing completions (down 9.4%) fell in February, indicating that the housing sector may have yet hit the bottom. The National Association of Home Builders (NAHB) forecasts show a gradual increase in housing starts beginning in the second quarter of this year, but an overall 17% decline from 2006.

US housing starts (seasonally adjusted, 000 units)



Lennar warns on poor home sales in spring

Lennar, the third-largest US homebuilder, provided more evidence of the sagging confidence in the housing sector as it warned that the traditional spring selling season had failed to ignite. The Miami-based group also abandoned its earnings guidance for the year and took additional charges against falling land values as recent economic data suggested the recovery of the national market would take longer than many experts had predicted.

The company's caution follows a Commerce Department report showing a slowdown in national new-home sales in January and February and worrying signs that the large inventory of unsold houses has started to climb. The poor start to the spring selling season is concerning industry executives. The period from Super Bowl Sunday in February through to mid-April traditionally accounts for two-thirds of US new and existing home sales.

US Imported Sawnwood Prices

FOB unit value prices		Avg $ per m^3	
		Dec	Jan
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)	850↑	926↑
	(Indonesia)	830↑	879↑
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)	Nov	Dec
By species (all countries)		
Meranti	9.7↓	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	5.2
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)	Nov	Dec
All tropical plywood		
Indonesia	322↓	470↑
Malaysia	459↑	379↓
China	378↑	325↓
Brazil	416↑	418↑
All	382↑	384↑
Mahogany		
Canada	783↑	791↑
Brazil	430	430
China	923	915↓
Meranti, white luan, sipo, limba		
China	287↑	292↑
Taiwan PoC	1339↑	1344↑
Brazil	446↑	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!

The Amazon faces more deadly droughts. Two years ago the world was shocked by pictures of hundreds of rotting fish floating in the world's second largest river.
http://news.bbc.co.uk/2/hi/americas/6484073.stm

China and Russia see great potential in trade and investment, with the former developing its north-eastern regions and the latter setting up special economic zones (SEZs), according to a senior Chinese trade official.
http://english.peopledaily.com.cn/200703/26/eng20070326_360976.html

A delegation from Bahrain, headed by Industry and Commerce Minister Dr Hassan Fakhro, will attend a Middle East Free Trade Area Trade and Investment Conference in London. The purpose of the conference is to strengthen commercial links between the USA and Arab Free Trade Agreement (FTA) partners, identify trade and investment opportunities in each of the participating countries and highlight the benefits of free trade agreements.
http://www.gulf-daily-news.com/Story.asp?Article=174277&Sn=BNEW&IssueID=30006

Malaysia and the EU will hold the second round of negotiations for the Forest Law Enforcement, Governance and Trade (FLEGT) voluntary partnership agreement in April to resolve their differences.
http://www.bernama.com.my/bernama/state_news/news.php?id=252497&cat=sre

Malaysia's timber sector earnings outlook solid and is expected to chalk up higher export earnings, buoyed by the rising demand for tropical wood from construction and property development activities in Japan, China, India and the Middle East.
http://www.btimes.com.my/Monday/Nation/BT614723.txt

A milestone in the history of forest conservation has been marked in the dense tropical rainforests of Panama's eastern Darien region. As part of a sustainable forest management and trade project coordinated by WWF, the region's first sustainable harvesting plan has been launched, ensuring that forest areas are cut in 25-year cycles.
http://www.panda.org/news_facts/newsroom/index.cfm?uNewsID=97460

Minister of Industry and Primary Resources of Brunei, Pehin Dato Seri Setia Dr Awang Haji Ahmad bin Haji Jumat, launched Brunei's World Forestry Day aimed at protecting and conserving the natural forest resources from threat and destruction.
http://www.brunei-online.com/bb/thu/mar22h4.htm

New rules that allow sustainable logging of national forests in the threatened Amazon drew guarded praise from both environmentalists and loggers.
http://edition.cnn.com/2007/WORLD/americas/03/23/brazil.forestry.ap/

Several senior and middle level managers at the National Forest Authority (NFA) of Uganda have resigned or refused to renew their contracts amid the current standoff between the government and the environmentalists over the giveaway of part of the country's biggest forest to a sugar company.
http://english.peopledaily.com.cn/200703/25/eng20070325_360875.html

South Korean President Roh Moo-hyun announced that he would personally make necessary efforts to establish a free trade zone between South Korea and Gulf Cooperation Council countries (GCC).
http://www.arabnews.com/?page=1&section=0&article=94213&d=26&m=3&y=2007

The USA has told Malaysia that it will not be able to conclude a free-trade agreement this summer as hoped.
http://news.bbc.co.uk/2/hi/business/6490407.stm

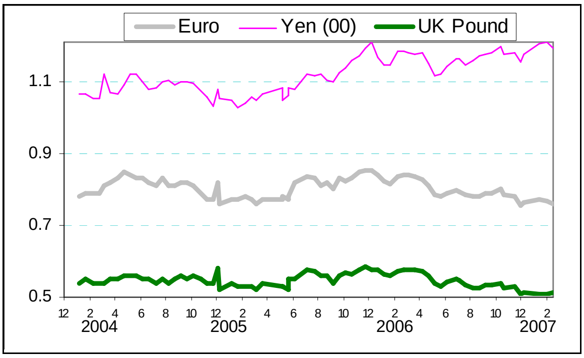
The NZ Forest Owners Association says the forestry sector is united in its opposition to the Government's land use climate change proposals.
http://www.nzfoa.org.nz/media_releases/2007/forest_industry_remains_united

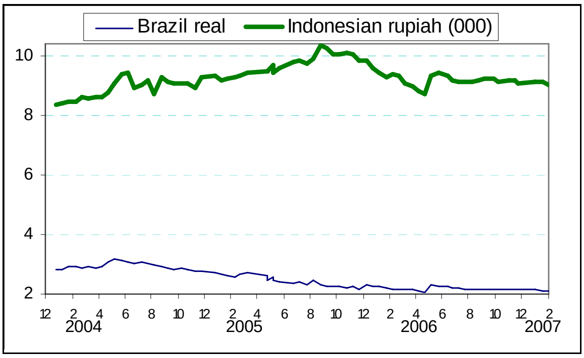
Northern Europe and northern America are likely to be the winners from climate change, according to an UN report.
http://money.cnn.com/2007/03/29/news/economy/global_warming/index.htm?section=money_latest

Main US Dollar Exchange Rates

As of 30th March 2007

Brazil	Real	2.060	↑
CFA countries	CFA Franc	491.049	↑
China	Yuan	7.731	↑
EU	Euro	0.749	↑
Indonesia	Rupiah	9,124.00	↑
Japan	Yen	117.84	↓
Malaysia	Ringgit	3.458	↑
Peru	New Sol	3.183	↑
UK	Pound	0.508	↑

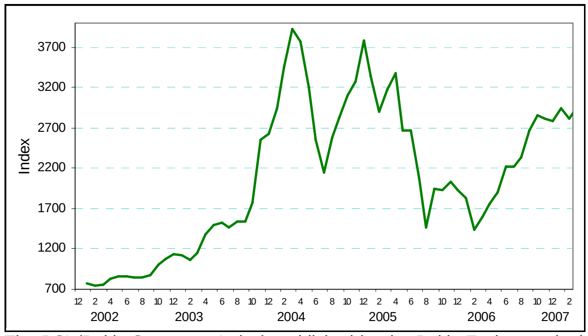




Abbreviations and Equivalences

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

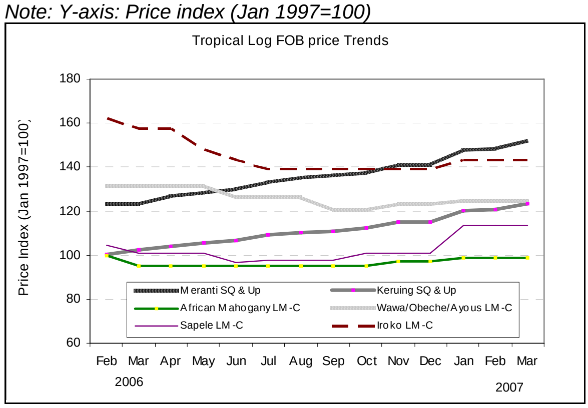


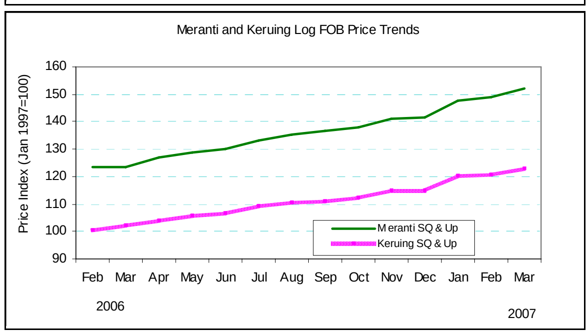
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

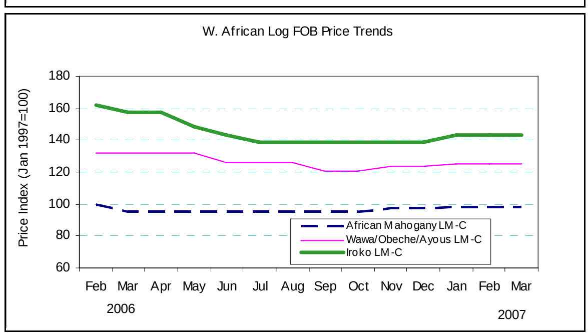
Appendix. Tropical Timber Price Trends

Tropical Log Price Trends

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

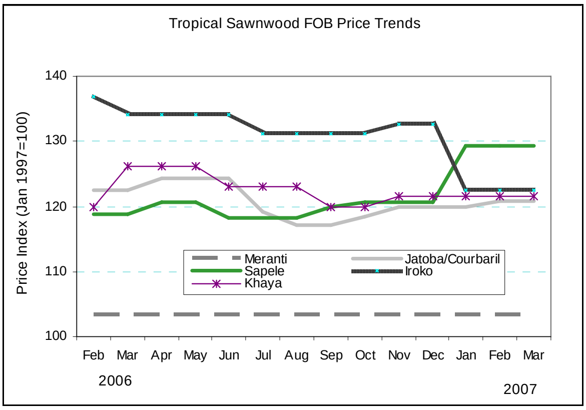


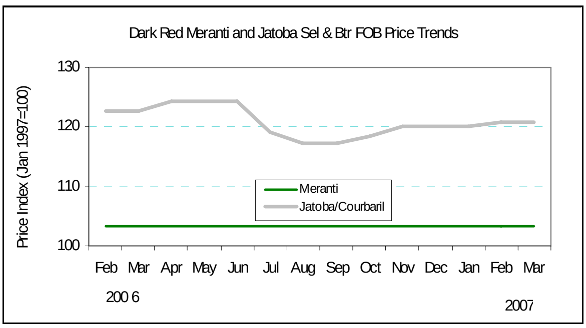


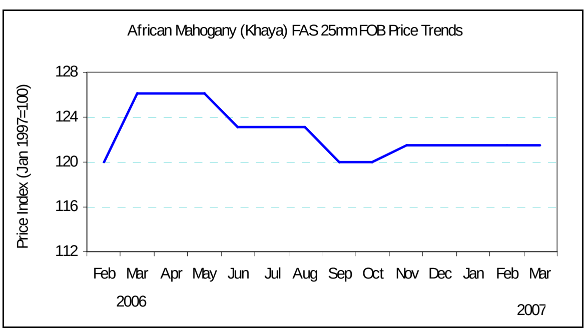


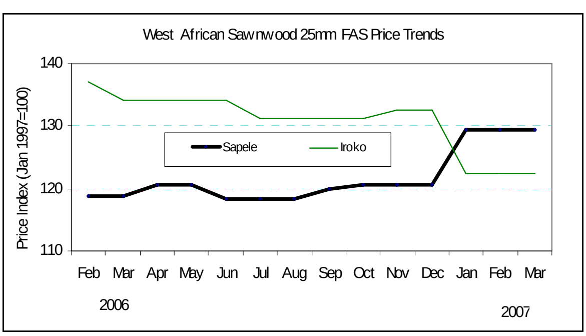
More price trends in Appendix 4, ITTO's Annual Review http://www.itto.or.jp/live/PageDisplayHandler?pageId=199

Tropical Sawnwood Price Trends









Tropical Plywood Price Trends