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Record US hardwood exports

According to the latest statistics from the US Bureau of Census, US export volumes of hardwood lumber during 2000 were the largest ever recorded, at 2,950,198 m³, 5.7% higher than the previous year. Exports fell just short of the 3 million m³ mark widely predicted in early 2000 due to slowing sales in the second half of the year. The slowdown reflected the strength of the US dollar against the euro, and growing economic uncertainty in Asia. Overall US hardwood lumber exports by value reached \$1,428 million during 2000. This figure represents a 5.3% increase on the previous year and is just \$4 million short of the record achieved in 1997.

Overall exports of US hardwood lumber to the EU during 2000 increased by 4.2% to 840,274m³, despite problems associated with the weak euro/dollar exchange rate. The long term trend towards rising exports to Southern Europe continued into 2000: exports to Italy rose 9% to 201,428m³; and those to Spain were up 15% at 182,173m³. Exports to the UK also continued a slight upward trend, rising 2% to 126,286m³. There was also strong market growth in two of the smaller markets: Portuguese imports increased 6% to 32,985m³, while Irish imports rose 55% to 24,428m³. Exports to France, the Netherlands, Greece and Finland remained flat between 1999 and 2000.

German decline

Exports of hardwood lumber to both Germany and Belgium declined during 2000, consistent with a long term downward trend. There has been significant relocation of furniture manufacturing from Germany and Belgium to Eastern Europe which has reduced underlying demand in both countries. During 2000, exports to these countries also suffered due to currency problems. In the case of Germany, there was

a partial switch to European alternatives. The weak euro dollar exchange rate also encouraged a partial shift away from lumber imports in favour of log imports, since processing in the EU could be carried out more competitively than in the US. EU cherry log imports increased 34% to 84,968m³, maple increased 180% to 48,692m³, and tulipwood increased 65% to 49,179m³. White oak remains the major species exported as hardwood lumber to the EU, accounting for 349,313m³, 3% up on the previous year. Tulipwood exports to the EU increased by 30% to 109,387m³, 76% of which was destined for Italy. Maple exports to the EU increased by 14% to 66,434m³, while Cherry was down by 3% to 57,544m³. Red alder exports were down 20%, almost entirely due to a fall in German demand.

Exports to China up 73%

Significant shifts are also underway in the direction of US hardwood trade with Asia. Exports to North East Asian markets – Japan, Korea, and Taiwan – continued to decline last year. This trend reflects weakness in the Japanese and Korean economies, and a shift in manufacturing activity from North East to South East Asia including China. Direct US hardwood exports to China rose strongly last year by 73%, while exports to Hong Kong rose at a slower rate of 14%. Despite economic problems, import volumes of US hardwoods into Thailand increased 13% on the previous year. Malaysia was also a significant growth market, with volumes increasing 45% during 2000. The Asian market for US hardwoods is dominated by 4 species: red oak, tulipwood, ash, and hard maple. In 1999, red oak, which is used widely for flooring applications in Asia, accounted for by far the largest export volume (around 80,000 m³), much of the

Continued page 7

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Editorial

The best of times, the worst of times

Data is emerging to demonstrate that in terms of volume of trade, the year 2000 was a particularly good one for the international hardwood industry. US hardwood exports were running at record levels (page 1). European exports of beech, notably to China and Hong Kong were very high during the first nine months of 2000 (page 10). European imports during the first nine months of the year were buoyant, particularly of tropical hardwoods (pages 12/13). Hardwood imports into China reached record levels, and there was very strong growth in US imports.

High levels of trade last year reflect the underlying strength of the world economy, which enjoyed spectacular growth of almost 5% during 2000, its fastest for 16 years. But the growth in international trade is also another manifestation of globalisation. International trade is increasingly overtaking in scale and importance more localised domestic trading networks. As trade barriers - including tariffs and other restrictions such as lack of information - have been eroded, the level of market penetration by imported products has tended to rise in many areas of the world.

At the same time, individual countries have been able to exploit comparative advantages, including the ready availability of forest resources or low labour costs, to raise market share in export markets. China and Eastern Europe are increasingly emerging as vast wood processing "factories", exploiting relatively low labour and land costs to produce finished goods for the rest of the world.

Globalisation partly explains why, for many, the year 2000 may not have felt like such a good year. It has meant that competition between suppliers is now more intense. The premium placed on efficiency and marketing expertise is rising. In the long run, this may lead to a leaner, less wasteful industry which is better placed to take market share away from the growing range of non-wood substitutes. But for now, many companies are suffering. Margins are being squeezed and numerous operators are being forced out of business. Smaller companies, unable to exploit economies of scale, are finding the going particularly tough.

If these trends were apparent during a buoyant year like 2000, it seems inevitable that they will deepen further when times are tough. And those times may already be upon us. The US economy is teetering on the brink of recession. Japan's economy, which has been stagnant for the best part of a decade, seems now to be getting even worse. It is possible that during 2001, the world's two largest economies, which together account for 46% of world output, will be in recession. If so, it will be the first time since 1974 that this has happened simultaneously.

International hardwood markets are already feeling the effects of economic cooling. As demand in the United States has waned, American inventories have risen and prices have fallen. There is talk of widespread closures amongst smaller mills. In Europe, after high levels of import last year, merchant stocks have built up and are proving difficult to shift. This, coupled with continuing weakness in Far Eastern markets, has created serious problems for Malaysian producers. Meanwhile European producers have found that a previously lucrative market for beech in China has gone quiet this year as overseas demand for Chinese furniture has waned. In the hardwood plywood sector, prices remain extremely weak, and major restructuring in this industry is anticipated.

So while international trade has been buoyant, it seems that the hardwood sector may be heading for a bloody revolution. And as Dickens described that bloody revolution of 1789; "*it was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair; we had everything before us, we had nothing before us, we were all going direct to Heaven, we were all going direct the other way.....*"

Rupert Oliver
Editor

Market report Slowdown in Northern Europe as stocks build

Production in the main African redwood supplying countries north of the equator is currently in full swing as the dry season nears its end. The market situation varies by species:

■ **Sapele** - Reasonable volumes of sapele, the principal African redwood, have been arriving at European destinations since November last year. Onward prices to manufacturers for stocks of sapele on the ground in Europe have tended to weaken. There are reports that interest in the forward market in Northern Europe, notably the UK and Ireland, has waned over recent weeks. However, demand for sapele remains buoyant in the important Spanish market. Forward prices for sapele remain reasonably firm for the time-being.

■ **Iroko** prices from the Ivory Coast have weakened over the last month. The Irish forward market for fixed sized iroko is now very slow. A large quantity of iroko was shipped to Ireland in late December and early January which has led to temporary overstocking. There are also some reports of a short term improvement in availability of iroko from the Ivory Coast.

■ **Sipo/utile** demand is good but supplies are very limited. Limited supplies of Brazilian mahogany have led to increased interest in sipo/utile. Prices are firm.

African Sawn Indicative Prices			
	Jan	Feb	Mar
Exchange rates			
Fr./F/£	10.37	10.34	10.55
Cameroon, CAR, Congo (Braz.)			
Fr. Francs/m3, FOB			
Grade and size: FAS, air dried, width 6"+, length 6'+			
Sapele	3550	3500	3500
Sipo	4400	4400	4400
Bibolo	2700	2700	2600
N'Gollon	3500	3500	3500
Afromosia	5600	5600	5600
Iroko	3700	3700	3650
Cote d'Ivoire			
Fr. Francs/m3; FOB Abidjan			
Grade: FAS, air dried			
Size: width 6"+ avg 9"-10"; length 6'+ avg 10'-11', thickness 1"-2"			
Iroko	3650	3650	3450
Mahogany	2750	2750	2750
Framire	2150	2150	2150
Samba No.1 C&S	1525	1525	1540
Dimension stock			
Azobe	2500/ 3000	2500/ 3000	2600/ 3000
Dabema	1950/ 2550	1950/ 2550	1950/ 2550
Gabon			
Fr. Francs/m3, FOB			
Grade and size: FAS, width 6"+, length 6'+			
Okoume AD	2250	2250	2250
Okoume KD	2500	2500	2500

■ **Wawa** - overseas demand for wawa, now the leading volume export from Ghana, remains steady. Prices for kiln dried sawn lumber delivered to the yard in the UK currently stand in the region £220-230/m3, little changed from January.

■ **Framire (idigbo)** - European demand for framire, a substitute for iroko sourced principally from the Ivory Coast, is also steady and prices have improved from the weak levels apparent at the end of last year.

Outlook

Future price trends for African hardwoods are extremely difficult to predict being heavily dependent on three factors - all of which are uncertain.

■ **The strength of demand in Europe.** Until recently prospects seemed reasonably good. But some signs of economic weakness, particularly in northern Europe, have emerged over recent weeks. For example, industrial output in the euro area fell by an alarming 1.9% in January. This, coupled with worries over the impact of a slowdown in the US, may have encouraged a more cautious approach to buying. Nevertheless, the outlook in the important Spanish and French markets still seems reasonably good.

■ **Fluctuations in exchange rates.** Exchange rates may have an important impact on demand in Europe. This factor is perhaps less important in southern Europe, where both importers and exporters trade in euro-linked currencies and where there has traditionally been less competition from non-African tropical hardwoods. In the UK, the Netherlands, and Germany, African redwoods compete to varying degrees with Asian redwoods invoiced in dollars. High stocking has meant that prices for Asian redwoods in northern European markets are already very weak. Asian prices will become even more competitive if the euro strengthens against the dollar this year.

■ **The African supply situation.** Stocks of African hardwoods have built up in Europe over the course of the current logging season. However the rainy season is imminent and, once underway, will severely curtail logging until at least the end of August. This factor may prevent a significant decrease in price.

It is also clear that the African hardwood supply picture is undergoing a major transformation. Limits on forest resources and increasing government restrictions on harvesting have meant that overall log production in the three leading countries supplying African sawn lumber to

African logs indicative prices			
	Jan	Feb	Mar
Exchange rates			
Fr./F/£	10.37	10.34	10.55
CAR & Congo (Brazzaville)			
Fr. Francs/m3; FOB Douala			
Grade: B+ & better (good UK sawing quality)			
All diameters in cm			
N'gollon			
70+ (20% 60-69)	1500	1500	1500
Bosse 60+	1650	1650	1650
Ayous 70+	1200	1200	1200
Sapele			
80+ (20% 70-79)	1950	1950	1950
Sipo			
80+ (20% 70-79)	2500	2500	2500
Gabon			
Fr. Francs/m3; FOB Douala			
Grade: B+ & better (good UK sawing quality)			
All diameters in cm			
Acajou			
70+ (20% 60-69)	1300	1200	1200
Sipo			
70-79 (10% 60-69)	2100	2100	2100
80-99cm	2450	2450	2450
Liberia			
US\$/m3, FOB Liberia			
Grade: B+ & better (good UK sawing quality)			
All diameters 60 cm+			
A. mahogany	200	200	200
Walnut	200	200	200
Iroko	280	280	280
Kusia (Opepe)			130

international markets - Cameroon, Ivory Coast, and Ghana - has been much less this season than in previous years. At the same time, African exporting countries are now processing a much larger proportion of logs domestically and exporting as sawn lumber and other value added products. Other countries, notably Congo-Brazzaville, the Central African Republic, and Liberia, have emerged as important suppliers of African hardwoods. Meanwhile, markets have become increasingly internationalised - with sapele and other African redwoods being sold to wider range of clients in many regions of the world. It is very unclear at this stage how all these changes have affected the underlying availability of sapele and other redwoods to European markets.

Liberia

Threat of trade sanctions lifted

Following pressure from the Chinese and French governments, in March the UN dropped its threat of trade sanctions on Liberian timber products. Sanctions had been proposed with the backing of the US and UK governments in response to Liberia's role in diamond and arms trafficking in league with rebels in neighbouring Sierra Leone. However the UN have introduced sanctions on Liberia's trade in diamonds and also indicated that the movements of Liberian officials would be monitored for a period of two months.

Ghana

Rush in boule exports to beat government deadline

Ghana's ministerial directive banning the export of boules - issued in November 2001 and taking effect from 1st September 2001 - led to a rush in boule exports during the opening weeks of this year. Boule exports in January 2001 reached 12,939 m³, compared to 1,780 m³ in January 2000. *ITTO's Market News Service* suggests the volume of processed boules on the ground in Ghana is still high and exports of further volumes have only been delayed due to lack of shipping space. The main species involved are wawa, teak, niangon, emire and ofram. Exports during January were to India, Italy, Germany, United Kingdom and France. The ministerial directive will ban exports of all species in boule form whether air or kiln dried with the exception of Niangon and Black Ofram.

Restructuring on-going

Restructuring of the Ghanaian forest sector is on-going as the government strives to reduce production to sustainable levels. Forest concession rights will be up for review at the end of this logging season. The Ghanaian forest sector is also struggling under the impact of a significant increase in petrol prices since the start of the year. Despite the uncertainty, in their 2001 budget statement, the Ghanaian government projected that receipts from the export of timber products would rise by 4.6% to US\$183.3 million this year.

Gabon

New forestry code

According to a report from the *Panafrican News Agency*, Gabon's National Assembly's committee on economic affairs and development is currently examining the draft forestry code originally submitted by government to parliament early last year. The code would replace Gabon's 1982 Forest Act, which is considered ill-adapted to the demands of current international conventions, including those developed by ITTO and the African Timber Organisation.

Infra-structure development

The European Commission and Gabonese government were due to sign an aid agreement in March worth 14 million Euros (1 Euro = 0.9 dollar) for road repair and bridge construction in Gabon and to further integrate land links between Gabon, Cameroon and Equatorial Guinea.

"Painful" restructuring of Cameroon forest sector forecast

The following is taken from a letter to hardwoodmarkets.com by Alain Karsenty, Forest Economist, CIRAD-Forêt, France, alain.karsenty@cirad.fr

I read with a high interest your lead article "Over-capacity in Cameroon's wood sector" in the last issue of *hardwoodmarkets.com*. In co-operation with the bureau "Institutions et Développement", I have been leading the 1999-2000 "Audit économique et financier du secteur forestier" in Cameroon, the conclusions of which were reported in the June 2000 issue of *hardwoodmarkets.com*. In the audit report, we found that over-capacity in the wood processing sector existed even before 1999. The figure for existing processing capacity of 3 million m³ suggested by the SFID Director General and reported in last month's issue was the one we foresaw as most likely in 2001.

Unreliable production data

However, the real difficulty is to assess actual production levels, as the figures provided by MINEF are far from reliable. This fact is recognised by Cameroon officials in charge of statistics and data collection. The apparent dramatic fall in Cameroon log production over the last three years from 3.35 to 2.5 millions m³ reflect both the degradation of the forest resource and growing difficulties affecting the timber sector. It also highlights one, of several, drawbacks of the partial log export ban. Expected earnings derived from sapele and other well-known hardwoods are now lower as these species can no longer be exported in log form. Consequently, the geographical boundaries of profitability have moved. Some "secondary" species, which were previously harvested and transported because fixed costs were covered by the high incomes available from redwood log exports, are no longer harvested. This has contributed to decreasing levels of log production.

Importance of informal sector

But this is only part of the story. As already raised in *hardwoodmarkets.com* by Alastair Fraser in relation to Indonesia, official statistics generally fail to take into account "informal" and small-scale sawmills (or mobile saws). These are widespread throughout Cameroon and represent the major source of wood supply for domestic consumption. The difficulty lies in the fact

that there is no data or quantitative assessment of such activities, despite their high degree of visibility (for example the myriad of sawnwood shops in the suburbs of cities such as Douala and Yaoundé).

350,000 m³ sold through local market

During the audit, we tried to assess quantitatively the importance of the informal wood chain through surveys of sawnwood warehouses in the main cities. We estimated that between 300,000 and 350,000 m³ of sawnwood is sold annually through the local informal market, corresponding to 800,000 to 900,000 m³ roundwood equivalent. These figures indicate that, already by 1999, wood demand from the formal and informal processing sectors, and from log exporters, was well in excess of 4 million m³ - perhaps closer to 5 million m³. Demand therefore exceeded the estimated sustainable harvest of 3.5 millions m³ calculated by MINEF experts for Cameroon natural production forest. As in Indonesia, this situation has fueled illegal logging and may be considered the result of unwise policies and of incorrect economic signals being sent to operators. For example the taxation structure has favoured quantitative growth of nominal capacities irrespective of waste and recovery rates, and has failed to promote efficiency and value-added processing.

Challenge to create downstream processing

The real challenge facing Cameroon is no longer to increase wood processing capacity, but to promote a shift towards value-added products and downstream processing, thereby creating more value with less wood. Another challenge is to encourage greater use of lesser-known species, since the traditional species - including ayous - are becoming scarce more rapidly than expected. These changes imply a rigorous restructuring of the existing processing sector, with painful consequences for local employment. Let's hope Gabon, the Central African Republic and Congo (Brazzaville) learn from Cameroon's experience and pursue a different path.

Malaysian sawn lumber Anticipated price increase fails to materialise

The forward market for dark red meranti in all the leading European markets - the Netherlands, Belgium, the UK and Germany - remains extremely slow. Expectations last month that prices may be about to rise in response to tightening supplies, have so far failed to materialise.

Continuing poor weather conditions and weak markets have meant that sawn lumber production throughout the Far East is still very limited.

The current weakness in the European forward market for meranti reflects overstocking following excessive imports last year. High imports during 2000 reflected the ready availability of cheap supplies transhipped from the Indonesian island of Sumatra. The scale of these imports is clear from data for the first 9 months of 2000 published in *hardwoodmarkets.com* this month. Between January and September 2000, EU countries imported sawn lumber from Malaysia to the value of 300 million euro, compared to only 269 million euro during the whole of 1999. Imports into the

two leading markets - the Netherlands and Belgium - were particularly high.

Poor demand in the Far East is contributing to current price weakness. The Japanese market is very subdued due to underlying economic problems and the weakness of the yen.

In the UK, there are reports of intense competition between the leading importers of meranti. Prices for onward sales to manufacturers are being cut to below replacement cost in an effort to maintain market share.

Demand for keruing sawn lumber remains weak both in the US and the UK and prices are soft. The European market for keruing and kapur strips for upholstered furniture is also very weak with much of the volume now supplied by Eastern European birch.

In the UK furniture sector, a niche market has developed for rubberwood dimension stock. Demand is focused on sizes not easily supplied in European beech.

China Logs and sawn lumber imports continue to rise

Chinese Customs statistics for the year 2000 show that the country imported 13.6 million m3 of logs, a 34% increase on the previous year. Hardwoods accounted for 53% of total log imports by volume and 77% by value. Hardwoods dominated log imports due to high demand from plywood manufacturers and for hardwood lumber for house interiors and furniture. The increased import of hardwoods into China also reflects recent reductions in domestic log production which have particularly affected large diameter and high quality hardwoods. Leading supplies of hardwood logs were Malaysia and Gabon. Russia was the leading supplier of softwood logs, again primarily of large diameter and high quality.

The volume of China's sawn lumber imports in 2000 increased 65% compared to the previous year. By value, sawn lumber imports were 91% higher than the previous year at US\$982 million. Most sawn lumber comprised tropical timbers from Indonesia and Malaysia.

China's imports of plywood in 2000 reached 1 million cubic metres, down 4% on the previous year 1999. Domestic plywood manufacturers have been relatively competitive in China due to low labour costs. Reduction in import duties on logs has improved their competitive position. Chinese manufacturers have also been able to exploit reasonably large areas of fast-

China wood products imports		
Volume (000s m3)		
Source: ITTO/Chinese Customs		
	1999	2000
Logs		
Russia	n.a.	5931
Malaysia	n.a.	1684
Gabon	n.a.	1144
PNG	n.a.	755
Indonesia	n.a.	563
Myanmar	n.a.	543
Germany	n.a.	469
France	n.a.	229
Other	n.a.	2294
Total	10136	13612
Total Hardwood	n.a.	7211
Total Softwood	n.a.	6401
Sawn lumber		
Indonesia	n.a.	977
Malaysia	n.a.	536
US	n.a.	295
Canada	n.a.	183
Russia	n.a.	165
New Zealand	n.a.	146
Other	n.a.	1312
Total	2178	3614
Plywood		
Indonesia	n.a.	599
Malaysia	n.a.	260
Other	n.a.	141
Total	1042	1000

growing poplar plantations for plywood production.

Customs statistics indicate that China's exports of solid wood furniture (excluding seating) reached US\$ 1.325 billion during 2000. Around US\$646 million was destined for the United States, US\$ 273 million to Hong Kong and US\$ 163 million to Japan. China also exported US\$ 407 million of seating last year.

Indonesia Forest sector reform

Several significant amendments to Indonesia's forestry legislation have been introduced over recent months. The measures are linked to broader national policy initiatives to increase regional autonomy and to reduce corruption.

The Ministry of Forestry has relinquished some of its authority regarding the authorisation of new forest concessions to provincial administrators. The new regulations provide the provincial administration with power to issue forest concession permits covering areas of up to 100,000 ha. In the event that the 100,000 ha of forest concession straddles provinces, then the central government will control the issuance of such concessions. The

Continued page 6

Asian Sawn Lumber Indicative Prices			
	Jan	Feb	Mar
Exchange rates:			
M\$/£	5.54	5.60	5.40
US\$/£	1.46	1.47	1.42
M\$/US\$	3.80	3.80	3.80
Malaysia			
All prices US\$/ton, C&F UK port			
West Malaysian Dark Red Meranti			
Grade: Select & better GMS; Kiln dried			
Size: Width 6"+ avg 7"/8"; Length: 8'+ avg 12'/14'			
1"	710	715	715
2"	725	735	735
2.5"	740	750	750
3"	760	770	770
Keruing			
Grade: Standard & Better GMS			
Size: Random or fixed 16'+			
1"-3"	520	520	520
Kapur			
Grade: Standard & Better GMS			
Size: Width 6"+, avg 7"-8"; Length 16'+			
1"-3" plnd	535	535	535
Myanmar Teak			
US\$/50 cu ft, FOB Rangoon/Bangkok/Singapore			
Grade: Air dried boards			
Size: Width 6"+ avg 8", Length 6'+ avg 8'			
1"	2650/ 3500	2650/ 3500	2650/ 3500
<i>Note private-sector prices for Myanmar teak boards vary considerably from one mill to the next. Prices from the cheapest private mills in Myanmar currently start at the lower end of the range. The most expensive mills, many based in Singapore and Bangkok, are selling boards from best quality teak logs at the top end of the range.</i>			

Asia

Indonesia - cont. from page 5

regulations do not provide the provincial authorities with power to collect royalties or other financial fees from forest concessions. These payments are still regulated by the Ministry.

Restrictions have also been imposed on the area of forest that may be legally controlled by a single individual or company in Indonesia. The new regulations state that a forest company may own no more than 50,000 hectares of industrial timber estate in Indonesia, while individuals and co-operatives may own industrial timber estates up to 1000 hectares and 5000 hectares respectively. The regulations also state that a forest company may not manage more than 100,000 hectares of forest concession in a single province and 400,000 hectares throughout the country. An exception is made for Irian Jaya where forests infrastructure is limited and forests are largely unexploited. Forest ownership and concession limits in the province are twice those for other regions of the country.

Japan

Southsea log imports decline...

Year 2000 data for Japan's imports of wood products, recently published by the Japanese Ministry of Finance, indicate southsea log imports reached 3,034,000 cubic meters, a 10.9% decline compared with the previous year. This continues a long term downward trend. Use of southsea logs in the Japanese plywood sector is falling as manu-

facturers have switched increasingly to softwood logs, notably from Russia, and as underlying demand for Japanese plywood has fallen. Imports of southsea logs for sawn lumber production in Japan is also falling as overseas producers can saw lumber more competitively.

... but lumber imports rise

Southsea sawn lumber imports increased 5.6% between 1999 and 2000 to 973,000 m3. Southsea lumber producers have been developing new markets in Japan. Seraya lumber, once the mainstay of the trade, is no longer significant, and Japan's imports of rough sawn lumber have been decreasing. Demand for Perupok lumber, a popular product in the past, has also died away. However Japan's imports of planed southsea lumber increased strongly, by 13.5%, last year.

Another notable trend is the continuing increase in Japan's imports of European sawn lumber, primarily softwood from Nordic countries. This trend reflects a number of factors including: increased demand for structural laminates in Japan since passage of the Housing Quality Assurance Law in 1999 which requires housebuilders to guarantee the quality of their structures for 10-20 years; the inconsistent supplies of competing southsea lumber; the weakness of the euro against the yen last year; increasing consumer demand for "white" timber; and intense marketing by the Nordic Timber Council.

Furniture

New report highlights increasing role of China, Mexico and Poland

According to a report published by the Italian furniture research organisation, CSIL, the major industrial countries belonging to the G7 group (listed in decreasing order in terms of value of furniture production: the US, Germany, Italy, the UK, France, Japan and Canada) manufacture about 60% of world furniture. Another 20% is manufactured in the rest of the developed countries combined. Only the remaining 20% of world production in value takes place in developing countries. But there are three developing countries - China, Mexico and Poland - that have a fast growing furniture industry, strongly dedicated to exports.

Europe still dominant

The geographic distribution of world furniture production is 40% in Western Europe; 4% in Eastern Europe and Russia; 24% in Asia and the Pacific; 26% in North America; and 4% in South America. The main furniture importing countries are the US, Germany, France, the UK, Canada and Japan. The main exporters are Italy, Germany, Canada, China, the US, France, Poland and Mexico. While Italy remains by far the first exporting country, several competitors (Canada, China, Poland, Mexico) have been successful in increasing their exports in the last five years.

CSIL note that the worldwide "imports/consumption ratio" is growing rapidly. In other words the international trade in furniture is increasing at the expense of insular domestic trade. This trend is particularly apparent in the United States, which now has a furniture trade deficit in excess of US\$ 10 billion per year.

Cautious optimism

CSIL's forecast for the furniture industry in 2001 is cautiously optimistic. While the pace of growth of the world economy will slow, several factors should enhance international furniture trade including; a continuing increase in import penetration in both the US and Europe; reasonable levels of growth in parts of Asia; and increased electronic procurement which should improve the efficiency of business to business transactions for raw materials, parts and components.

Volume of Japan wood products imports 1991 to 2000 (000s m3)						
	1991-93	1994-96	1997-99	1999	2000	99-00
	Avg	Avg	Avg	Year	Year	% change
Southsea	10,426	7,450	4,933	4,325	4,007	-7.4
logs	9,174	6,169	3,943	3,404	3,034	-10.9
lumber	1,253	1,280	990	922	973	5.5
North America	15,113	14,482	9,903	9,193	8,997	-2.1
logs	8,759	7,121	4,964	4,659	4,673	0.3
lumber	6,354	7,361	4,940	4,535	4,324	-4.7
Russia	4,768	5,627	6,080	6,545	6,053	-7.5
logs	4,519	5,253	5,664	6,096	5,512	-9.6
lumber	249	374	416	448	541	20.8
NewZealand	1,881	2,101	1,937	1,733	1,990	14.8
logs	1,652	1,852	1,705	1,511	1,747	15.6
lumber	228	249	232	223	242	8.5
Chile	405	442	505	452	480	6.2
logs	48	21	22	10.2	13.3	30.4
lumber	357	421	482	441	466	5.7
African logs	236	603	340	202	231	14.4
Europe	116	1,197	1,654	1,881	2,240	19.1
logs	34	331	77	11.3	44.3	292.0
lumber	81	866	1,577	1,870	2,195	17.4
Total	36,311	36,486	30,019	29,134	28,924	-0.7
logs	24,421	21,351	16,715	15,893	15,254	-4.0
lumber	8,522	10,551	8,637	8,439	8,744	3.6
plywood	3,367	4,584	4,667	4,802	4,927	2.6

Source: Japan Lumber Journal

North America

US exports - cont. from page 1

volume destined for Taiwan and Hong Kong. However during 2000, overall exports of red oak to Asian destinations fell to around 66,000 m3. Exports of ash to Asian destinations declined 5% to just over 30,000 m3. A significant fall in ash exports to Japan was partly compensated by an increase in exports to China and Korea. By contrast, between 1999 and 2000 overall US exports of tulipwood to Asian destinations, notably Hong Kong, increased from around 48,000 m3 to 65,000 m3. Hard maple exports also increased 6% to around 32,000 m3 between 1999 and 2000. China overtook both Korea and Taiwan to become the largest Asian market for hard maple lumber last year.

Domestic markets

Confidence falters

Economic prospects in the United States have declined appreciably over recent months. There is less optimism that the nation is headed for a soft landing – some analysts now believe a harder landing, even a recession, may be in prospect. The US stockmarket has taken a beating over recent weeks, raising concerns that this may undermine consumer confidence. Residential construction activity - a key sector for the forest and lumber trade - slowed in the fourth quarter of 2000 and is now forecast to decline throughout most of this year. The wood furniture sector is currently very slow, partly due to a fall in underlying US demand, but also a reflection of the problems US manufacturers are having competing with Asian manufacturers. Over 35% of wood furniture sold in the United States is now imported. The combined impact of these factors has been to undermine domestic demand for American hardwood lumber.

Nevertheless it is not all doom and gloom. While hardwood demand has certainly fallen from the heights of recent years, many key market sectors are still active. The market is now much more competitive, but stock can be shifted with extra effort. Various policy initiatives are also expected to feed through into increased hardwood demand. The Federal Reserve has moved to significantly reduce interest rates, following up the 1% reduction in January with a further 0.5% reduction in March. President Bush continues to push plans to introduce tax cuts. Both initiatives should improve consumer sentiment – although it remains to be seen how quickly this will feed through into improved lumber demand.

Volume of United States exports of hardwood sawn lumber 1995 to 2000 (000s m3)							
Country	1995	1996	1997	1998	1999	2000	% Chg 99-00
North America	952	1,012	1,077	1,015	1,185	1,282	8.2
Canada	798	831	906	816	952	1,029	8.1
Mexico	154	181	171	199	233	253	8.5
South Western Europe	281	301	389	385	389	429	10.2
Italy	165	162	208	180	186	201	8.1
Spain	94	113	149	160	159	182	14.5
Portugal	11	18	20	32	31	33	5.3
Greece	11	8	11	13	13	13	0.0
North Western Europe	448	418	515	439	411	403	-2.0
UK	102	103	125	128	125	126	1.0
Germany	143	126	173	105	89	78	-12.3
Bel-Lux	101	79	82	81	62	53	-15.1
France	40	39	44	45	45	45	-0.6
Netherlands	34	38	39	28	32	32	-1.4
Ireland	8	10	13	14	16	24	51.5
Denmark	8	11	19	20	21	23	7.1
Sweden	11	11	18	19	20	22	10.3
North Eastern Asia	513	487	495	283	333	263	-21.0
Japan	252	238	246	137	152	119	-21.9
Taiwan	172	154	152	115	110	96	-12.9
Korea	90	95	97	32	71	48	-31.9
South Eastern Asia	156	194	238	222	302	396	31.2
Hong Kong	72	98	126	119	146	166	13.8
China	15	20	34	33	75	130	73.2
Thailand	42	51	49	37	43	48	12.9
Malaysia	12	14	13	17	18	26	44.6
Indonesia	15	12	16	17	20	26	27.1
Others not listed	148	161	180	152	171	177	3.8
World Exports	2,498	2,573	2,893	2,497	2,791	2,950	5.7

Source: US Bureau of Customs, Hardwood Review Export

Recent reports from the US hardwood industry indicate there is cautious optimism that lumber sales should start to pick up in the second half of this year. The more optimistic suggest that the slowdown is partly seasonal, poor weather conditions having slowed activity in the construction sector. If so, the market may improve sooner with the onset of spring. Another factor that may improve demand was the recent launch across North America of a US\$45m three-year TV advertising campaign by a coalition of wood industry companies to promote wood as an affordable, safe and reliable building product.

ITTO's price index indicates that overall hardwood rough lumber prices in the US reached an intermediate peak in April of 2000. From there, prices have fallen continuously and now stand 1.4% below the April peak. However on a five-year historic basis hardwood lumber prices are still 17% higher.

Production

Inventory adjustment

Overall hardwood lumber production in North America has been declining since the start of the year. Various factors are contributing to this trend including poor weather in some areas and efforts by sawmillers to adjust inventories downwards in the face of cooling demand.

The milling sector is going through a very difficult period, with margins being squeezed between continuing high log costs and slowing sales. There are numerous reports of cash flow problems. Widespread closures of smaller mills are expected.

In the last two weeks of March, reports began emerge that inventories of sawn lumber were beginning to fall in many areas as millers curtailed production. However, for most species and grades supplies are still more than adequate to meet current levels of demand. Longer drying cycles during the winter months have led some suppliers to focus on sales of green lumber to generate cash flow. This has meant that there has generally been more pressure on prices in the green lumber market than in the kiln dried sector.

Efforts to reduce inventories are on-going throughout the wood supply chain. Sawmillers, wholesalers, resalers and secondary manufacturers all face tightening margins and are limiting purchases to immediate needs only as underlying demand has weakened.

Export markets

Intense competition

American hardwood inventory levels throughout much of Europe are being kept at relatively low levels. Importers are aware that supplies are readily available, and are generally unwilling to build stocks as prices weaken and against a background of uncertainty. On March 21st, news of slipping business confidence in Germany dragged the euro close to a three month low against the dollar, undermining the recovery in the euro since the start of the year. This is keeping imported costs high against some other hardwoods – notably European.

Nevertheless, low stocks and low prices for

Continued page 8

North America

Export markets - cont.

most American hardwoods has encouraged some pick-up in demand in several European countries since the start of the year. Spain is reported to be buying reasonable quantities of white oak. The UK market is buying steadily, but prices are very competitive and importers are keeping a close eye on inventory levels. Italy is also buying more tulipwood, but prices on offer are very low and, for some exporters, even less attractive than prices in the US. Reasonable volumes of dimension material are being shipped to France. There are some reports of improving demand in Scandinavia. However markets in Germany, Belgium, and the Netherlands remain slow.

EU import data indicates that competition from Eastern European hardwoods may be undermining demand for American hardwoods in Italy, and to a lesser extent in Germany. However import volumes of Eastern European hardwoods are still limited into Spain, the UK, and France. Nevertheless hardwood markets in France and Spain are still being influenced by high stocks of Western European hardwoods following the storms in December 1999. Recent furniture shows in both Germany and France highlighted the high popularity of European oak and beech in both countries. In Asia, China and Hong Kong remain the

most active markets. More enquiries and orders have emerged from both destinations since the end of the Chinese New Year. However competition for orders is intense. There may also be longer term problems emerging in this market. The Chinese furniture sector may already be heading for over-capacity, particularly if export opportunities are eroded by economic problems in Japan and the USA this year. Furthermore there are signs that importers may be switching away from sawn lumber imports in favour of logs as China's domestic processing capacity is expanded.

Markets elsewhere in Asia remain relatively slow. Gloomy economic conditions have led to relatively slow demand in both Japan and Korea. Price competition is fierce.

With US demand weakening, some manufacturers in Mexico have reduced purchases of US hardwoods. However the Mexican economy is still strong and the country continues to provide a steady market for red oak, white oak and tulipwood.

In Canada, prices for colour-selected hard maple have been weakening, particularly for the higher grades. However US exports to Canada remain brisk. The economy is forecast to remain more buoyant than the US economy this year, growing at over 3%.

Species breakdown

■ **Ash** – prices in the US have been falling due to weakening demand, particularly from the struggling US furniture sector. Sawmillers have been taking steps to curtail production, but supplies are still more than adequate to meet levels of demand. Overseas sales of higher grades have suffered over recent months from economic problems in Japan, previously a strong market for thinner sizes of high grade ash. Demand in the UK for thicker stock of high grade ash from Northern and Appalachian regions has been reasonable. There is reasonable demand for lower grades of southern ash in Mexico.

■ **Hard maple** – Supplies of color selected hard maple have improved significantly during the course of the winter and are now more than adequate in the upper grades. Availability of common grades has also increased, particularly as demand from the US furniture sector has weakened. Prices for all grades have tended to weaken. Exports of higher grades to Europe have been fair over recent weeks. Demand in the UK is reasonable. In Asia, demand for higher grades has been slow over recent weeks, but there has been reasonable demand for lower grades.

■ **White oak** – despite some improvements in European export markets for higher grades, notably in Spain, these have yet to have a significant impact on US inventory levels which are more than adequate to meet demand. Prices have been weakening. Demand for lower grades is still slow. US domestic markets are buying to cover short term needs only.

■ **Red oak** – most grades and thicknesses are readily available. The domestic market is highly competitive and has fallen from the heights of previous years. US shipments to Canada have also been slower as buyers are seeking to reduce inventory levels. Demand for higher grades from Europe has been relatively slow. Demand for lower grades from China has picked up since the Chinese New Year. Mexico also remains reasonably active.

■ **Cherry** – demand for FAS material has lost momentum this year, but mills have responded by reducing output which has meant prices have remained more stable than for other species. The UK market for high grade cherry is fair, but sales to France have slowed. Relatively weak demand from the US furniture sector meant inventories of common grades built up during the early months of this year – although production has now been curtailed and levels are not as high as previously.

■ **Tulipwood** – demand both in the US and overseas has been weak, encouraging sawmillers to cut production. However supply still exceeds demand and prices have been weakening. The US domestic market is highly competitive with buying for immediate needs only. Orders are available from Italy, but competition is intense and prices on offer are very low. Sales of lower grades to the Far East have been slow, although the numbers of enquiries have picked up since the Chinese New Year.

■ **Walnut** – perhaps the only US species for which demand currently exceeds supply. Steamed black walnut is becoming increasingly popular as a contrast wood in several European markets including the UK, Ireland and Italy. There is also strong demand for walnut in both log and sawn form (particularly thinner sizes and higher grades) in Asia. Prices remain firm.

■ **Other species** – there is good demand for Basswood for the manufacture of window blind slats in China. Hackberry exports are limited, although there is some demand in Asia. Overseas sales of American birch are still limited, but small volumes are being shipped regularly to several European markets, China and Mexico.

US sawn lumber indicative prices

North Appalachian US\$ MBF* CIF- W. Europe
Grade: KD square edged
Net measure after kilning
NOTE US prices are highly variable depending on quality and point of origin. These prices are shown only to highlight trends over time.
*One cubic meter is equivalent to 423.8 BF or 0.4238 MBF

	Jan	Feb	Mar
\$/£	1.46	1.47	1.42
\$/Euro	0.92	0.94	0.88
Red oak			
1"	1900	1875	1850
1.25"	2000	1975	1950
1.5"	2050	2025	2000
2"	2400	2375	2350
White oak			
1"	1525	1500	1475
1.25"	1675	1650	1625
1.5"	2150	2125	2100
2"	2725	2725	2700
Ash			
1"	1325	1300	1250
2"	1700	1675	1650
Tulipwood			
1"	1125	1050	1000
1.25"	1150	1100	1050
1.5"	1225	1200	1150
2"	1245	1225	1175
Cherry			
1"	3550	3660	3600
1.25"	3650	3760	3700
1.5"	3800	3900	3800
2"	4000	4065	4000
Hard Maple			
1"	2750	2700	2600
1.25"	2900	2850	2750
1.5"	3150	3100	3000
2"	3200	3150	3050

South America

Market report

Continuing quota problems

Heavy rains continue in the Amazonian region and are not expected to improve until late April at the earliest. However there are reports that limited supplies of mahogany logs are trickling through to the mills in Brazil. Prices for Brazilian mahogany remain stable at high levels.

There is some uncertainty over how the year 2001 season for mahogany will develop. The level of interest in pre-financing mahogany logging operations in Brazil, which will depend on the strength of United States demand, remains unclear at this stage. In recent times US importers have taken over the trade in FAS material, traditionally territory occupied by the UK import trade. At present US demand remains as firm as ever. Given the considerable size of the US market, even during an economic slowdown, and the major restrictions on mahogany harvesting throughout South America, this situation is expected to continue.

In the UK, there is also good demand for the limited volumes of Brazilian mahogany available, despite high prices. Several importers are still awaiting the arrival of mahogany under contract from smaller Brazilian shippers. These supplies continue to be delayed by problems over the allocation of export quotas. Yet another review of export documents has been prompted by the Brazilian authorities' recent impoundment of 25 truckloads of mahogany alleged to be travelling without the legally required documentation.

The continued strength of the dollar means that prices for American cedar are comparatively high compared with other

Brazilian sawn lumber Indicative prices			
	Jan	Feb	Mar
Exchange rates			
\$/£	1.46	1.47	1.42
US\$/m3 C&F UK Port			
Grade & size: FAS, width 6"+ avg 9-10", length 6'+ avg 10-11', air dried (AD) or kiln dried (KD)			
Mahogany (Swietenia)			
1"-2" AD	1400	1400	1400
2.5"-3" AD	1420	1420	1420
1"-2" KD	1470	1470	1470
2.5"-3" KD	1500	1500	1500
Virola			
1" KD No.1 C&B boards	380	380	380
strips	380	380	380
Cedro			
1"-1.5" KD	725	725	725
2" KD	750	750	750
2.5"-3" KD	775	775	775

Import value of Brazilian hardwood lumber by developed countries		
million US\$	1999 Year	2000 Jan-Sept
France	51.2	59.1
United States	63.9	46.4
Spain	25.8	37.0
Portugal	20.6	19.0
Netherlands	18.8	17.8
Belgium	7.7	10.5
UK	9.6	14.0
Italy	7.1	11.5
Germany	1.6	1.6
Denmark	1.4	1.8

Source: Eurostat, United States FAS

tropical redwoods. However the UK continues to buy the species in steady volumes from Brazil.

As with other hardwood supplying countries, Brazil is developing markets in China. *ITTO's Market News Service* reports that Brazilian exports of sawn lumber to China increased by over 200 % during 2000 compared to the previous year, with most of volume comprising flooring material. Brazil's total export of timber products to China during 2000 is estimated to have reached around US\$30 million.

Peru introduces new regulations requiring further processing

The restrictions imposed on exports of mahogany from Peru last year have eased slightly, with occasional shipments of sawn lumber now being allowed. The Peruvian authorities have indicated that, in future, *Swietenia macrophylla* (American mahogany) and *Cedrela odorata* ("Central American" cedar) must be fully machined prior to export. The aim is to promote domestic processing and value added industries. Exports of *Cedrela fissilis* ("South American" cedar) are expected to be exempt from these requirements.

Trade contacts suggest that, contrary to comments in the March issue of *hardwoodmarkets.com*, although Peruvian mahogany is a little darker in colour than the Brazilian variety, the quality is comparable.

Brazilian currency slides

After two years of relative stability, Brazil's currency, the *real*, slid sharply on March 19th to 2.18 against the dollar, its lowest level since the aftermath of the country's chaotic devaluation of January 1999. The decline seems to reflect nerves about the possible impact of economic problems in neighbouring Argentina, and over rising levels of Brazilian imports. The Brazilian economy is, in fact, performing extremely well. Industry is working at full capacity

and production is on the rise. Investment in new housing is also expected to rise over the next two years.

The prospects for Brazil's timber industry therefore appear reasonably good. The weakening of the *real* will tend to make Brazilian products more competitive on international markets. Meanwhile Brazil's domestic market, a large consumer of tropical hardwood (accounting for around 34 million m3 per annum) is forecast to improve this year. In March, signs of a pick-up in demand were already evident after a slowdown over Brazilian holiday period in January and February. Hardwood prices in Brazil may rise over the next few months.

Europe

Beech

Demand still sluggish

The market for sawn beech continues to feel the effects of over-production during 2000 in the wake of the European storms. Although enquiries from China and Hong Kong increased after the end of the Chinese New Year in February, buyers remain cautious having been burnt by over-stocking and quality problems last year. Chinese buyers are now placing much greater emphasis on quality, but price expectations are not attractive to European exporters.

Overall sales of European beech to China and Hong Kong this year are expected to be much lower than during 2000. Supplies are also much lower than last year. Hardly any new season beech is available from France.

Continued page 10

European sawnwood indicative prices			
	Jan	Feb	Mar
Exchange rates			
DM/£	3.09	3.08	3.15
DM/US\$	2.12	2.09	2.21
Euro/£	1.58	1.58	1.61
Euro/US\$	1.08	1.07	1.13
German beech			
Northern Germany, DM/m3, C&F, UK Port			
Grade: kiln dried, steamed and square edged.			
1"	1675	1500	1500
2"	1750	1600	1600
German oak			
Northern Germany, DM/m3, C&F, UK Port			
Grade: kiln dried, waney edged prime grade*.			
1"	1505	1505	1505
2"	1945	1945	1945
*waney edged prices provided as there is very little square edged available from Germany or France - French prices are similar to German prices			
Croatian oak			
Northern Italy, Euro/m3, C&F, UK Port			
Grade: kiln dried and square edged.			
1"	920	920	920
2"	1400	1400	1400

Europe

Beech - cont.

French producers are offering only steamed beech produced from storm-felled logs stored in irrigated yards. In Germany, much production is also focused on cutting of stock from irrigated yards. This combined with limited kiln capacity has reduced availability of high quality sawn beech.

Belgian beech forests under threat

Another potentially significant development on the supply side is reported in the leading Belgian timber trade weekly journal, *L'écho*

des Bois. The journal reports the sudden development of a virulent disease threatening the countries important beech forests in the Wallonne area. So far this seems not to have spread into Germany and France. The cause is thought to be linked to climatic conditions, which allow the disease to develop, and is now being investigated by the Ministry of Agriculture of the Wallonne Region and by the Faculté Agronomique de Gembloux.

With opportunities for beech sales more limited in the Far East, French and German exporters are looking to expand sales in Spain, the leading European export market. However the Spanish market is very competitive and many importers are asking for lower prices. The important German market for sawn beech is also very slow.

Eastern European producers have also felt the effects of cooling international demand for beech. In Bosnia, slow demand in China has resulted in the build-up of high stocks

Western European Hardwoods - Direction of Trade By Value

All Figures millions Euros - Source Eurostat/hardwoodmarkets.com

	1999 Year	2000 Jan- Sept	1999 Year	2000 Jan- Sept	1999 Year	2000 Jan- Sept	1999 Year	2000 Jan- Sept	1999 Year	2000 Jan- Sept	1999 Year	2000 Jan- Sept	1999 Year	2000 Jan- Sept
Beech logs														
Exporters	Germany		France		Denmark		Belgium		Austria		Other EU		Total EU	
Importers														
China	68.7	96.9	15.0	44.2	15.3	19.0	6.3	9.8	0.3	0.3	2.5	2.3	108.1	172.5
Hong Kong	33.4	18.4	26.2	19.7	13.1	5.4	7.5	5.3	0.8	0.1	2.1	1.7	83.1	50.6
Italy	6.6	4.5	6.5	9.5			2.7	2.4	13.5	14.8	0.1	0.0	29.4	31.2
Germany			15.9	17.7	0.7	2.8	1.9	2.7	2.0	0.8	0.1	0.0	20.6	24.0
Belgium	1.0	0.1	12.7	14.0							1.1	0.9	14.8	15.0
Spain	0.2	0.2	11.5	9.6		0.1	1.9	1.0			0.1	0.1	13.7	11.0
Sweden	7.8	7.6		0.1	3.2	1.9					0.1	0.0	11.1	9.6
Other	23.2	20.1	12.2	14.3	3.3	5.7	7.4	3.9	1.2	1.2	0.4	1.1	47.7	46.3
Total	140.9	147.8	100.0	129.1	35.6	34.9	27.7	25.1	17.8	17.2	6.5	6.1	328.5	360.2
Beech sawn lumber														
Exporters:	Germany		Italy		France		Austria		Denmark		Other EU		Total EU	
Importers														
Hong Kong	44.0	28.3	48.8	34.0	14.4	8.5	10.6	3.8	1.0	0.5	6.0	2.5	124.8	77.6
China	40.9	47.0	8.7	15.2	8.4	13.5	3.0	4.3	0.3	0.2	4.5	3.9	65.8	84.1
Spain	20.4	18.0	0.2	0.4	13.9	14.4		0.1	0.4	0.1	1.9	2.1	36.8	35.1
Germany			6.5	8.2	6.2	6.5	7.7	5.8	4.0	1.5	0.9	0.3	25.3	22.3
UK	14.9	12.1	0.2	0.2	1.3	1.0	0.1		4.1	2.6	0.6	0.4	21.2	16.3
Italy	7.6	5.7			2.2	1.5	8.4	6.7			0.0	0.0	18.2	13.9
Netherlands	9.4	7.6			2.6	1.5	0.1		0.9	0.4	0.8	1.0	13.8	10.5
Other	39.3	32.7	11.1	9.0	20.5	15.2	7.2	5.7	12.1	7.2	13.6	10.6	103.8	80.4
Total	176.5	151.4	75.5	67.0	69.5	62.1	37.1	26.4	22.8	12.5	28.3	20.8	409.7	340.2
Oak logs														
Exporters:	France		Germany		Belgium		Austria		Denmark		Other EU		Total EU	
Importers														
Spain	6.8	4.7									0.2	0.2	7.0	4.9
Belgium	5.9	5.3	0.1	0.1							0.2	0.3	6.2	5.7
France			1.9	2.6	2.4	1.4	1.5	1.0		0.1	0.3	0.2	6.1	5.3
Italy	3.2	2.5	1.0	0.8			0.5	0.4			0.1	0.1	4.8	3.8
Germany	3.1	2.0			0.2	0.3	1.2	1.0	0.1	0.1	0.1	0.1	4.7	3.5
Sweden			0.9	1.3					3.7	2.6			4.6	3.9
Netherlands	2.0	1.7	0.2	0.2	1.9	0.7			0.3	0.3			4.4	2.9
Portugal	3.4	3.1											3.9	3.9
Other	3.8	3.7	3.4	2.1	2.1	1.3	0.2	0.2		0.1	0.5	0.2	10.0	7.6
Total	28.2	23.0	7.5	7.1	6.6	3.7	3.4	2.6	4.1	3.2	2.8	1.9	51.7	41.5
Oak sawn lumber														
Exporters:	France		Belgium		Germany		Netherlands		Austria		Other EU		Total EU	
Importers														
Netherlands	19.0	13.2	11.5	9.4	3.6	3.7					0.2	0.3	34.3	26.6
Belgium	19.6	14.4			0.7	0.9	2.4	1.3			0.6	0.6	23.3	17.2
Germany	11.4	8.4	3.2	2.1			3.5	2.0	2.0	2.2	0.9	1.2	21.0	15.9
UK	11.9	11.4	1.2	2.4	1.7	1.4	0.7	0.3			0.4	1.1	15.9	16.6
Spain	10.7	8.4	3.3	2.7	0.3	1.1				0.1	1.0	0.8	15.3	13.1
France			8.1	6.8	0.2	0.7	0.5	0.4	0.8	0.5	2.5	2.2	12.1	10.6
Switzerland	4.5	2.6			3.2	1.9			1.7	1.3	0.5	0.4	9.9	6.2
Italy	2.4	1.9	0.3	0.1	0.2	0.1			1.0	0.9	0.0	0.0	3.9	3.0
Poland			0.2	0.2	2.4	1.8					0.2	0.1	2.8	2.1
Other	7.0	9.1	1.8	1.8	4.1	4.9	0.9	0.4	1.4	1.4	8.5	6.5	23.7	24.1
Total	86.5	69.4	29.6	25.5	16.4	16.5	8.0	4.4	6.9	6.4	14.8	13.2	162.2	135.4

Europe

Beech - cont.

of sawn timber of medium and lower grade. However demand for high quality sawn beech has been better and availability is now limited. Bosnian producers are generally able to offer lower prices than German producers.

Romania bans log exports

Romania re-introduced a ban on exports of all species, including beech, during February. The previous ban on log exports had been lifted in early 1998, a move which had led to a rapid increase in log prices in Romania. The new ban is designed to reduce domestic log prices and boost domestic processing. However there is concern that Romania still lacks sufficient capacity to process the entire wood harvest.

According to the German trade journal *EUWID*, over recent years Bosnian producers have taken a larger share of the central European market for beech from Romanian producers. In part this reflects superior grading practices in Bosnia. However, there are now signs of rising European interest in Romanian beech, as underlying wood quality is generally higher than in Bosnia. Inward investment in Romania has also contributed to some improvement in the reliability of supplies and service, although, according to *EUWID*, these still "leave much to be desired."

European exports

China rises, Hong Kong falls

Direction of trade data for Western European beech (table page 10) highlights the growing importance of China and Hong Kong as export markets. In 1999, EU countries' exports of beech logs and sawn were valued at US\$140 million and US\$177 million respectively. Around 52% of logs and sawn by value were destined for China or Hong Kong. Germany is by far the largest exporter of beech logs and sawn, accounting for 43% of total exports by EU countries in 1999, followed by France accounting for 23%. Italy is a significant exporter of sawn beech, with production based on logs imported from the former Yugoslavia.

The impact of the storms in France and Germany had a significant impact on levels of beech trade during 2000. During the first three quarters of 2000 the value of beech logs exported by EU countries reached US\$147.8 million, compared to US\$140.9 million for the whole of the previous year. A large proportion of the excess log production was soaked up by China/Hong Kong. A number of other potentially significant

trends are indicated by the data. First, the volume of direct shipments to China is increasing partially at the expense of shipments to Hong Kong. While the value of China's beech imports have increased strongly during 2000, imports into Hong Kong seem weaker than the previous year. Second, the data suggests that China's log imports are increasing at the expense of lumber imports, which may well reflect increasing domestic processing capacity and know-how in China. Given the very low labour costs in China, it seems inevitable that this trend will continue in the future.

Oak trade insular

Direction of trade data for Western European oak highlights the insular nature of the trade. Much of the oak produced in Western Europe is consumed domestically. Of that which is traded internationally, very little is exported to countries outside the EU. France is by far the leading exporter, accounting in 1999 for 54% and 53% of the total trade by value. Spain, Belgium and France are the leading importers of logs, while the Netherlands, Belgium, Germany, and the UK dominate the sawn oak trade. The Western European oak trade was much less affected than the beech trade by the storms of December 1999. Much of the excess production after the storms was focused on recovering beech rather than oak, which is much less susceptible to rot if left on the forest floor.

Parquet flooring Growth market

As in North America, there has been strong demand in Europe for sawn hardwood lumber, specifically in strips or friezes, for fabrication of wood flooring. Over recent years there have been capacity increases in flooring manufacturing in Europe, along with mergers and acquisitions.

According to the Belgian journal *L'Echo du Bois*, some 86% of European wood flooring production is some form of laminated wood, while 14% is solid wood. Most of the flooring is produced in the Nordic countries, Germany, France and Italy and it is consumed in Germany, Italy, Spain, France and Austria.

Rising production

European production of parquet (hardwood and softwood) flooring has been on the rise over recent years. According to data from the Federation of European Parquet Industry, during 2000, EU-wide parquet production exceeded 60 million m² for the first time,

up 4.2% on the previous year. There was particularly significant growth in output in Austria, Italy, Spain and the Netherlands. Swedish producers of parquet, with 23% of the EU market, are the largest in the Europe, followed by Germany (16.6%), France (12%), Norway/Denmark (9.2%) and Italy (8.2%).

Oak dominant species

By species, oak dominates production (42.9%), followed by beech (26.4%), maple (7.8%), and ash (4%). Tropical wood accounts for around 10% of production. Germany is by far the largest overall consumer of parquet flooring in Europe, accounting for 29.4% of EU-wide consumption during 2000, followed by Italy (13.8%), Spain (13%), France (7.4%) and Austria (7.4%). In terms of per capita consumption, Austria is the largest market (0.68 m²/capita/year), followed by Switzerland (0.57 m²), Norway/Denmark (0.48 m²) and Finland (0.4 m²).

Europe's growth in parquet consumption during 2000 was in excess of increases in domestic production, stimulating an 8% increase in imports from outside the EU to around 18.1 million m². There was particularly strong growth in imports from Eastern Europe.

The recent merger of Sweden's Nybron AB and the Swiss Haig group were the culmination of a series of corporate acquisitions that have led to the creation of the world's second largest parquet producer. Nybron Flooring International, which is second only to the US producer Armstrong World Industries, has around 20% of European market share.

Good prospects

Overall prospects for wood flooring throughout the EU seem good. In many countries a fashion for solid wood flooring is being stimulated by regular coverage in lifestyle magazines and TV programs. Furthermore concerns are increasingly being raised over the allergenic properties of carpets. For example, in the UK where approximately 90% of households have some carpeting, the Healthy Flooring Network has been established to increase demand for non-allergenic flooring, notably wood.

Most analysts expect European demand for solid wood flooring to continue to expand, even in countries showing signs of economic stagnation. Falling demand as a result of slowing house starts should be compensated by continuing lively demand from renovation and modernization projects. However, as in other sectors, competition for market share will be intense.

Sources: *EUWID*, *UN Timber Committee*

EU Nations - Value of Imports - Jan-Sept 2000

All data Year 1999
and Jan-Sept 2000
000s Euros (1 Euro =
US\$0.93 = £0.62)

	UK			Ireland			Italy			Netherlands		
	Country of Despatch	1999 Year e 000s	2000 Jan-Sept e 000s	Country of Despatch	1999 Year e 000s	2000 Jan-Sept e 000s	Country of Despatch	1999 Year e 000s	2000 Jan-Sept e 000s	Country of Despatch	1999 Year e 000s	2000 Jan-Sept e 000s
Tropical logs	CAMEROON	10005	3232	U.K.	1451	518	CAMEROON	47793	38353	CAMEROON	7475	6990
	MALAYSIA	1595	1000	GHANA	1046	1454	GABON	14214	10751	GABON	7285	8237
	GHANA	1466	622	GERMANY	705	58	CNG (BRAZ)	11539	8243	GERMANY	1385	557
	IVORY COAST	1199	683	CANADA	417	278	LIBERIA	7725	14093	BURMA	1177	685
	GABON	1119	505	U.S.A.	413	157	BURMA	3036	3721	BELGIUM	620	361
	SWEDEN	673	0	IVORY COAST	355	480	NIGERIA	1553	1855	SURINAM	537	393
	U.S.A.	529	0	SWEDEN	238	64	IVORY COAST	1163	1697	CNG (BRAZ)	376	232
	GERMANY	415	1072	MALAYSIA	97	57	CONGO (ZR.)	984	895	LIBERIA	234	1718
	FRANCE	364	353	HONDURAS	75	126	GUINEA	768	637	EQ. GUINEA	223	0
	INDONESIA	274	688	BELGIUM	52	105	FRANCE	632	498	INDONESIA	215	0
	OTHER	1192	5739	OTHER	235	796	OTHER	2493	3620	OTHER	722	1089
TOTAL	18831	10662	TOTAL	5084	4093	TOTAL	91900	84363	TOTAL	20249	20262	
Beech logs	ROMANIA	440	39	U.K.	74	74	SWITZLND.	22561	19334	GERMANY	906	465
	DENMARK	91	95	CHINA	6	0	AUSTRIA	12005	9710	BELGIUM	569	197
	BELGIUM	46	13	DENMARK	5	0	FRANCE	8507	15606	LUXEMBOURG	48	552
	CZECH REP.	24	0	CANADA	3	0	GERMANY	8190	4461	AUSTRIA	13	0
	OTHER	47	27	OTHER	0	288	OTHER	17495	7118	OTHER	19	2397
	TOTAL	648	174	TOTAL	88	362	TOTAL	68758	56229	TOTAL	1555	3611
Oak logs	U.S.A.	3655	3254	U.S.A.	3721	3890	HUNGARY	2831	2756	UKRAINE	663	837
	MALAYSIA	157	99	CANADA	276	197	FRANCE	2102	2224	BELGIUM	433	28
	FRANCE	120	150	U.K.	254	107	CROATIA	1476	1178	GERMANY	258	110
	POLAND	100	24	GERMANY	174	193	AUSTRIA	1111	730	DENMARK	198	179
	OTHER	227	348	OTHER	194	355	OTHER	1542	1123	OTHER	86	362
	TOTAL	4259	3875	TOTAL	4619	4742	TOTAL	9062	8011	TOTAL	1638	1516
Eucalyptus logs	...	0	0	U.K.	2	0	...	0	0	...	0	0
	TOTAL	0	0	TOTAL	2	0	TOTAL	150	39	TOTAL	0	0
Other temperate hardwood logs	ESTONIA	9206	1033	U.S.A.	1333	2321	FRANCE	43425	31580	GERMANY	2016	1405
	U.S.A.	5941	8191	GERMANY	166	28	U.S.A.	28038	31152	BELGIUM	1329	590
	LATVIA	3714	2424	CANADA	160	548	HUNGARY	21493	15859	U.S.A.	175	180
	CANADA	3225	1981	ESTONIA	148	0	CROATIA	10911	11109	FRANCE	90	37
	OTHER	1148	1272	GERMANY	112	63	OTHER	45711	37503	OTHER	113	240
	TOTAL	23234	14801	TOTAL	1919	2960	TOTAL	147578	127203	TOTAL	3723	2342
Tropical sawn lumber	MALAYSIA	31967	29929	GHANA	13817	6534	IVORY COAST	58280	44370	MALAYSIA	103217	124768
	NETHRND.	11140	9586	IVORY COAST	9985	6890	CAMEROON	37215	47574	CAMEROON	23548	28858
	BRAZIL	9624	6725	CAMEROON	5185	9554	NIGERIA	17170	13655	BRAZIL	20209	18004
	CAMEROON	9455	18365	U.K.	958	664	MALAYSIA	17161	14452	IVORY COAST	19026	6706
	GHANA	9350	7794	NIGERIA	471	238	GHANA	10453	9453	BELGIUM	14696	15886
	IVORY COAST	5887	8434	NETHRND.	276	88	BRAZIL	7584	6400	GERMANY	3897	2552
	INDONESIA	4352	4744	SWITZLND.	187	0	INDONESIA	4527	3466	GHANA	3334	2871
	GERMANY	2032	1998	BRAZIL	164	35	BURMA	3935	3277	SINGAPORE	3309	2133
	BELGIUM	2011	1962	U.S.A.	138	421	U.S.GUAY	3440	1701	INDONESIA	3103	10851
	SINGAPORE	1641	1570	PANAMA	119	0	GABON	2149	4305	THAILAND	1495	921
	OTHER	11002	14914	OTHER	372	971	OTHER	12727	12637	OTHER	5463	5053
TOTAL	98461	106041	TOTAL	31672	25395	TOTAL	174641	161290	TOTAL	201297	218633	
Beech sawn lumber	GERMANY	14963	11838	GERMANY	398	223	CROATIA	33272	28649	GERMANY	10140	6149
	DENMARK	1528	1751	U.S.A.	140	152	BOSN & HRZ.	30740	27874	BELGIUM	1992	1103
	U.S.A.	757	174	U.S.A.	53	0	SLOVENIA	19155	16322	FRANCE	609	806
	FRANCE	647	878	ITALY	44	115	SERB & MONT	9629	7082	POLAND	304	236
	BELGIUM	394	277	SWEDEN	26	0	AUSTRIA	7425	6016	CROATIA	290	181
	OTHER	1424	2000	OTHER	49	135	OTHER	50462	44201	OTHER	722	988
TOTAL	19713	16918	TOTAL	710	625	TOTAL	150693	130144	TOTAL	14057	9463	
Oak sawn lumber	U.S.A.	37526	37652	U.S.A.	8272	7075	CROATIA	28867	18068	FRANCE	11618	7822
	CANADA	5147	5434	CANADA	862	289	U.S.A.	19720	16450	U.S.A.	9463	8547
	FRANCE	4562	8196	U.K.	841	85	FRANCE	4421	6435	CANADA	4286	1510
	ESTONIA	1925	2488	GHANA	83	109	HUNGARY	4285	3176	GERMANY	2613	1734
	GERMANY	1017	1448	BRAZIL	71	62	ROMANIA	3098	1724	BELGIUM	1702	2043
	OTHER	2651	3121	OTHER	203	537	OTHER	12553	10110	OTHER	5663	4896
TOTAL	52828	58339	TOTAL	10332	8157	TOTAL	72944	55963	TOTAL	35345	26552	
Other temperate hardwood sawn lumber	U.S.A.	32397	28625	U.S.A.	2454	3750	U.S.A.	100904	88190	CANADA	12583	11234
	LATVIA	17825	19771	U.K.	774	368	HUNGARY	27125	19970	U.S.A.	11685	17953
	CANADA	12965	11969	CANADA	670	666	RUSSIA	15321	8614	LATVIA	3071	3405
	SWEDEN	3869	2354	BELGIUM	310	94	CANADA	12272	9317	BELGIUM	2138	625
	ESTONIA	3375	7419	GERMANY	92	141	CROATIA	12223	11046	GERMANY	1655	171
	OTHER	5880	4880	OTHER	47	247	OTHER	74910	62610	OTHER	6764	6961
TOTAL	76307	75018	TOTAL	4347	5266	TOTAL	243755	198891	TOTAL	37896	40349	
Hardwood planed or sanded	CANADA	3519	2390	U.K.	1273	538	INDONESIA	20161	12905	INDONESIA	4474	5870
	OTHER	8305	6378	OTHER	2045	4537	OTHER	18120	9772	OTHER	15042	13710
	TOTAL	11824	8768	TOTAL	3318	5075	TOTAL	38281	22677	TOTAL	19516	19580
Veneers (includes hardwood and softwood)	U.S.A.	22725	17766	U.K.	1638	1413	GERMANY	35982	36188	GERMANY	6089	3501
	GERMANY	15069	13537	U.S.A.	1045	1735	U.S.A.	25602	19621	U.S.A.	1996	1240
	BELGIUM	6825	4746	GERMANY	891	899	IVORY COAST	20070	18700	BELGIUM	1723	2162
	SOUTH AFRICA	4552	4772	SOUTH AFRICA	119	125	FRANCE	16345	11331	CNG (BRAZ)	641	22
	FRANCE	3825	4340	CANADA	169	35	CAMEROON	15065	15054	CANADA	613	0
	GHANA	3200	1328	FRANCE	133	87	GHANA	13486	11933	GABON	585	590
	ITALY	2444	4428	BELGIUM	117	267	SWITZLND.	9612	9562	FRANCE	575	526
	CANADA	2205	1642	AUSTRIA	109	105	TURKEY	9542	6803	DENMARK	371	171
	OTHER	12879	8661	OTHER	108	1418	OTHER	55326	50800	OTHER	2328	4116
	TOTAL	73524	61220	TOTAL	4390	6084	TOTAL	201030	179992	TOTAL	14921	12328
	Plywood (includes hardwood and softwood)	INDONESIA	86866	68609	BRAZIL	12826	17802	FINLAND	27667	23630	FINLAND	44586
BRAZIL		69403	96118	MALAYSIA	7437	3132	RUSSIA	27530	25913	FRANCE	41276	34207
FINLAND		43400	30795	U.K.	5672	5194	FRANCE	26949	16251	BELGIUM	40767	32743
MALAYSIA		39251	28143	CANADA	2298	1179	AUSTRIA	18024	14356	INDONESIA	12662	6188
RUSSIA		23451	23074	FINLAND	1890	611	INDONESIA	10827	8526	CANADA	730	5352
SOUTH KOREA		20497	2931	BELGIUM	1626	1086	BRAZIL	8809	11209	U.S.A.	6362	7640
CANADA	19142	14913	SWEDEN	1548	2697	GERMANY	7931	6343	RUSSIA	6076	5271	
OTHER	112499	101494	OTHER	2504	4737	OTHER	53635	47496	OTHER	33038	47055	
TOTAL	415509	366077	TOTAL	35801	36338	TOTAL	181366	153724	TOTAL	192067	167099	
Profiled wood (includes hardwood and softwood)	ITALY	26048	16694	U.K.	12529	8934	AUSTRIA	36065	24829	INDONESIA	21280	21797
	FINLAND	13614	7404	CANADA	7287	8021	INDONESIA	30690	20588	MALAYSIA	9802	7950
	INDONESIA	12994	12046	CHINA	2614	3152	NIGERIA	13780	12192	GERMANY	5444	2709
	OTHER	96207	92801	OTHER	15605	16343	OTHER	68102	60928	OTHER	26849	25674
	TOTAL	148863	128945	TOTAL	38035	36450	TOTAL	148637	118537	TOTAL	63375	58130
Builders joinery and carpentry (includes hardwood and softwood)	SWEDEN	48412	24594	U.K.	28871	25134	AUSTRIA	56004	50711	INDONESIA	41261	49276
	INDONESIA	37429	41770	SOUTH AFRICA	5088	4895	GERMANY	27710	26478	DENMARK	25489	12316
	DENMARK	35971	31768	INDONESIA	3021	4162	SWITZLND.	13933	6561	BELGIUM	25263	19503
	SOUTH AFRICA	28611	28216	SPAIN	2946	2778	SLOVENIA	10233	7962	GERMANY	18788	11343
	NORWAY	25088	19853	BRAZIL	2493	2204	DENMARK	10035	12212	MALAYSIA	12879	12455
	OTHER	194508	190577	OTHER	13543	24377	OTHER	55414	48169	OTHER	59800	43427
	TOTAL	370019	336778	TOTAL	55962	36550	TOTAL	173329	152793	TOTAL	183480	

EU Nations - Value of Imports - Jan-Sept 2000

Portugal

Country of Despatch	1999 Year	2000 Jan-Sept
	e 000s	e 000s
CAMEROON	33409	21679
GABON	24794	22573
CNG (BRAZ)	18681	13074
CNG (ZAIRE)	7870	7658
EQ. GUINEA	2819	2343
LIBERIA	1894	3154
CAR	1300	4323
IVORY COAST	1183	167
ANGOLA	440	439
FRANCE	329	950
OTHER	641	1865
TOTAL	93360	78225
FRANCE	1811	1945
U.K.	82	23
ITALY	45	63
SPAIN	33	92
OTHER	44	53
TOTAL	2015	2176
FRANCE	2512	2317
SPAIN	1226	606
U.S.A.	226	259
ROMANIA	91	465
OTHER	131	37
TOTAL	4192	3674
BRAZIL	19487	16498
OTHER	12878	4428
TOTAL	32365	20926
U.S.A.	10591	6490
FRANCE	7066	5855
SPAIN	6313	3617
CANADA	2853	1447
OTHER	1944	1358
TOTAL	28767	18767
BRAZIL	22102	18291
CAMEROON	7395	11207
IVORY COAST	5447	2821
CNG (BRAZ)	3335	3093
SPAIN	1875	1018
GHANA	1791	556
CAR	1497	1241
CNG (ZAIRE)	1183	430
GABON	1030	1397
MOZAMBIQUE	429	410
OTHER	889	2183
TOTAL	46973	42647
FRANCE	491	771
DENMARK	417	510
SPAIN	369	756
GERMANY	138	174
SWEDEN	115	50
OTHER	153	144
TOTAL	1683	2405
U.S.A.	14216	12885
CANADA	2909	2339
SPAIN	2268	1161
FRANCE	987	600
NETHRLND.	800	1341
OTHER	1427	1872
TOTAL	22607	20198
U.S.A.	8137	6309
FRANCE	2862	2056
SPAIN	1788	931
CANADA	1456	864
SWEDEN	1201	778
OTHER	772	602
TOTAL	16216	11540
SPAIN	1586	1077
OTHER	4308	1251
TOTAL	5894	2328
SPAIN	6911	5684
U.S.A.	4150	4309
BRAZIL	3276	3413
GERMANY	3114	3086
FRANCE	2615	2849
SOUTH AFRICA	2513	2141
CANADA	1535	1766
HUNGARY	1009	642
OTHER	5065	5669
TOTAL	30188	29559
FINLAND	4716	4015
SPAIN	3779	2535
GERMANY	843	2001
U.K.	803	457
BRAZIL	538	564
FRANCE	283	326
MALAYSIA	207	47
OTHER	1083	1267
TOTAL	12252	11212
SPAIN	14095	9510
BRAZIL	8125	6257
ITALY	2778	1695
OTHER	9653	5986
TOTAL	34651	23448
SPAIN	21413	17959
BRAZIL	2811	3147
DENMARK	2679	1372
FRANCE	2616	1619
GERMANY	2121	3927
OTHER	16383	14632
TOTAL	48023	42656
SPAIN	70595	46112
ITALY	19785	15594
U.K.	15016	6019
FRANCE	10422	7187
BELGIUM	3890	2109
GERMANY	3532	2930
NETHRLND.	2034	1692
DENMARK	1781	1360
OTHER	8738	9139
TOTAL	135523	92112

Sweden

Country of Despatch	1999 Year	2000 Jan-Sept
	e 000s	e 000s
BURMA	367	180
CAMEROON	269	83
DENMARK	145	253
GERMANY	100	361
BELGIUM	55	55
THAILAND	50	0
MALAYSIA	27	32
FINLAND	19	0
ECUADOR	14	0
SINGAPORE	3	0
OTHER	1	23
TOTAL	1050	987
GERMANY	12184	10833
DENMARK	2414	1937
POLAND	1083	644
UKRAINE	21	11
OTHER	35	49
TOTAL	15737	13474
DENMARK	4088	3223
GERMANY	1361	2217
POLAND	193	85
UKRAINE	103	171
OTHER	221	78
TOTAL	5966	5774
...	0	0
OTHER	0	227
TOTAL	0	227
LATVIA	55064	51963
RUSSIA	38656	36050
ESTONIA	32255	21841
LITHUANIA	12329	10556
OTHER	4058	4044
TOTAL	142362	124454
NETHRLND.	1829	1487
DENMARK	1276	1221
BURMA	878	702
MALAYSIA	650	787
THAILAND	540	533
GERMANY	216	322
CONGO (ZR.)	211	0
AUSTRALIA	196	18
U.S.A.	175	389
BRAZIL	172	73
OTHER	937	1077
TOTAL	7080	6609
POLAND	4442	4181
DENMARK	3138	2104
GERMANY	2469	1782
HUNGARY	1187	1161
AUSTRIA	762	371
OTHER	1961	2819
TOTAL	13959	12418
U.S.A.	10045	11143
POLAND	4737	3924
HUNGARY	2246	3948
CANADA	1240	1528
LITHUANIA	1143	951
OTHER	4402	4733
TOTAL	23813	26227
CANADA	9822	6668
U.S.A.	9166	6455
FINLAND	2856	1934
ESTONIA	1604	1695
LATVIA	1483	1018
OTHER	4528	3558
TOTAL	29459	21328
DENMARK	1359	181
OTHER	2518	1541
TOTAL	3877	1722
FINLAND	13189	10683
GERMANY	12020	9645
POLAND	4035	3744
DENMARK	3492	1955
SLOVAKIA	2674	1640
U.S.A.	2469	3188
CROATIA	2446	2151
BELGIUM	2318	654
OTHER	8468	6945
TOTAL	51111	40605
FINLAND	36834	32816
RUSSIA	10638	11435
POLAND	5616	3583
DENMARK	3592	3235
GERMANY	2517	1947
LATVIA	2464	2107
ESTONIA	1163	734
OTHER	8570	6300
TOTAL	71394	62157
DENMARK	3707	2519
NORWAY	1899	2979
ESTONIA	1039	1610
OTHER	3892	4154
TOTAL	10537	11262
NORWAY	14324	22265
FINLAND	8205	7777
DENMARK	7803	5261
ESTONIA	5313	3398
GERMANY	2549	2655
OTHER	8987	9693
TOTAL	47181	51049
DENMARK	71721	46161
POLAND	63115	60599
ITALY	42004	31245
NORWAY	4435	3369
FINLAND	30921	28298
GERMANY	26417	20359
ROMANIA	13730	13420
U.K.	12724	8602
OTHER	132063	129617
TOTAL	433830	369937

EU (excl. intra-EU trade)

Country of Despatch	1999 Year	2000 Jan-Sept
	e 000s	e 000s
CAMEROON	192054	116709
GABON	159952	143633
CNG (BRAZ)	46104	39423
LIBERIA	29594	59057
EQ. GUINEA	21559	22453
CNG (ZAIRE)	12731	13293
CAR	11568	15659
BURMA	10222	9158
IVORY COAST	5388	5256
GHANA	2605	2491
OTHER	17011	16711
TOTAL	508788	443843
SWITZLND.	25287	22291
SLOVAKIA	14790	12419
CROATIA	7868	3737
CZECH REP	6733	4410
OTHER	27597	19209
TOTAL	82275	62066
U.S.A.	14039	13628
HUNGARY	8254	7011
UKRAINE	3527	3473
ROMANIA	2133	2532
OTHER	10213	7309
TOTAL	38166	33953
URUGUAY	23918	29067
OTHER	69162	48719
TOTAL	93080	77786
RUSSIA	235753	167369
U.S.A.	90914	105467
ESTONIA	66067	46548
LATVIA	64953	64325
OTHER	113482	93248
TOTAL	571169	476955
MALAYSIA	269247	300464
IVORY COAST	174516	126059
CAMEROON	173021	221427
BRAZIL	154193	138311
GHANA	81885	60415
NIGERIA	21244	18904
INDONESIA	19991	31367
CNG (BRAZ)	19421	14458
BURMA	11715	10089
SINGAPORE	9869	9434
OTHER	63806	66303
TOTAL	998908	997231
BOSN & HRZ.	48667	42058
CROATIA	38862	33913
POLAND	27251	25122
ROMANIA	26362	19069
SLOVENIA	22915	21914
OTHER	76580	70807
TOTAL	240637	212883
U.S.A.	271182	244445
CROATIA	37362	26194
CANADA	32049	24888
POLAND	15380	12299
HUNGARY	13562	13500
OTHER	53380	49863
TOTAL	422915	371189
U.S.A.	255093	223089
CANADA	115132	94976
LATVIA	35675	36728
HUNGARY	33170	25709
RUSSIA	21477	15277
OTHER	125324	117493
TOTAL	585871	513272
INDONESIA	31501	25633
OTHER	97236	72205
TOTAL	128737	97838
U.S.A.	235302	206701
IVORY COAST	48300	41991
GHANA	35070	29786
SWITZLND.	32807	29888
CANADA	22527	21366
HUNGARY	19435	16036
CAMEROON	18944	19440
CROATIA	17637	17032
OTHER	157993	132773
TOTAL	588015	515013
INDONESIA	302343	253049
BRAZIL	171732	231606
RUSSIA	116417	117003
MALAYSIA	66224	43894
CANADA	50821	33201
LATVIA	47310	42275
CZECH REPUBLIC	33872	28473
OTHER	263432	231680
TOTAL	1052151	981181
INDONESIA	103675	107043
MALAYSIA	32983	30499
CANADA	25647	27555
OTHER	242125	221936
TOTAL	404430	387033
INDONESIA	176756	191200
POLAND	136289	119966
NORWAY	104668	83075
SLOVENIA	89446	63602
CZECH REPUBLIC	87511	68766
OTHER	553935	502467
TOTAL	1148585	1021076
POLAND	1102925	993594
INDONESIA	461775	443806
ROMANIA	332970	290903
CZECH REP.	213723	179723
CHINA	212238	258038
SWITZLND.	192007	147938
BRAZIL	173055	172690
MALAYSIA	167008	179135
OTHER	1666594	1486671
TOTAL	4524501	4154498

A boom year

The most recently available Europe-wide import data - for January to September 2000, suggests last year was a buoyant one for the hardwood industry.

The value of EU tropical hardwood imports were running at particularly high levels during 2000. Tropical sawn lumber imports were on the rise into several major markets including the UK, Italy, the Netherlands, and France. Imports from Malaysia and Cameroon were significantly higher than the previous year. High levels of Malaysian imports reflected ready availability of meranti at relatively low prices during 2000. Increases in sawn lumber imports from Cameroon reflected a number of factors including: the weakness of the euro, which ensured African woods, which are usually invoiced in euro-linked currencies, were competitive; the log export ban from Cameroon which encouraged a partial shift to imports of sawn lumber; and supply difficulties in the Ivory Coast.

New sources of tropical logs

The decline in the value of EU tropical log imports from Cameroon during 2000, seems to have been almost wholly compensated by increased imports from other countries, notably Congo-Brazzaville, Gabon, and Liberia. EU tropical log imports during 2000 were destined primarily for three countries: France, Italy, and Portugal.

EU imports of beech sawn lumber from non-EU countries were relatively high during the first nine months of 2000 - perhaps surprising given the huge increase in EU domestic production following the central European storms of December 1999. Much of the increase in EU beech imports was destined for Italy and were derived from the former Yugoslavia and Poland.

Variation in oak demand

Overall EU imports of oak and other temperate hardwood sawn lumber during the first nine months of 2000 were running at similar levels to the previous year. Imports into the UK, Ireland, and Spain, were at relatively high levels; imports into France and Italy were moderate; while imports into Germany and Belgium were relatively weak. The USA and Canada continue to dominate the EU market for oak and other temperate hardwood sawn lumber. However there are signs of increasing penetration into this market by Eastern European countries. The former Yugoslavia is becoming increasingly important as a supplier to Italy. Germany is sourcing more oak sawn lumber from the Ukraine.

Source - Eurostat supplied by BTS, compiled by hardwoodmarkets.com

EU Nations - Value of imports

A boom year - Cont from page 13

EU imports of temperate hardwood logs were generally higher last year than in 1999. Imports of logs from North America by Germany and Spain were on the rise. This partly reflected weakness of the euro which meant wood processing costs in the EU were cheaper than in the US. It also reflects an increase in custom cutting in the EU. Italy imports of hardwood logs from Eastern Europe are also on the rise. Italy is now developing an important export trade in sawn lumber based on processing of hardwood logs imported from the former Yugoslavia. Large volumes of temperate hardwood logs, presumably of birch, are also imported by Finland and Sweden from Estonia and Latvia each year.

Plywood

The value of EU plywood imports during the first 9 months of 2000 was relatively high. Demand for imported plywood in the EU is concentrated in the UK, Germany and Bel-

gium. All the major EU markets imported significantly higher volumes of Brazilian plywood, primarily Elliott plywood from the south, during 2000 compared to the previous year. Indonesia dominated the hardwood plywood supply situation last year. The weakness of the rupiah and heavy reliance on cheaply (perhaps illegally) sourced logs, allowed Indonesian suppliers to undercut shippers in Brazil and Malaysia. Several EU countries, including the UK, Italy, Sweden, and Denmark, increased their purchases of Russian plywood last year.

Veneers

Demand for imported veneers in the EU is concentrated into Germany, Italy, and Spain, closely mirroring the distribution of furniture production. EU imports from the USA, Ivory Coast and Ghana during the first nine months of 2000 were running at similar levels to the previous year. Relatively high levels of veneer import were evident from Switzerland, Canada and Cameroon.

Plywood

Weak prices prevail

Prices quoted for Far Eastern plywood vary widely, although the underlying level is still extremely weak. Depending upon the individual mill and size of order, Indonesian prices range from around Indo96 less 18% to 27%. There are few buyers in Europe willing to pay the higher prices, while at lower prices there may be a greater risk of quality problems. There have been reports of European importers being sold BB/CC grade but supplied with third grade.

Log supplies in the Far East are currently constrained by heavy rains. In Indonesia, the government has also announced a significant reduction in the official log production target for 2001. Log production is targeted at 10.39 million m³, well down on the average target of 16 million m³ over recent years. The target is broken down geographically into Central Kalimantan (5.23 million m³); East Kalimantan (2.5 million m³); Riau (0.644 million m³) and Central Sulawesi (0.6 million m³). These figures do not take account of the considerable volumes of logs harvested illegally in Indonesia. The *Japan Lumber Journal* reported at end March that despite log supply problems, Indonesian plywood manufacturers have been able to secure sufficient log stocks.

In Sabah, plywood production is currently restricted due to severe log shortages as a result of the monsoon, and limited sales opportunities.

Brazil turns to Europe

Brazilian hardwood plywood mills have been looking for business in Europe as demand in the US and the Caribbean has weakened over recent weeks. However markets in Europe are extremely competitive and prices are not attractive. To attract business, Brazilian prices are being quoted as low as K14 less -29% to -30%. Weak demand in traditional markets is encouraging Brazilian shippers to look again at the Asian market. Last month, with the support of the Brazilian Government export promotion agency (APEX), the Brazilian plywood association, ABIMCI, led a trade mission to China and Japan. Brazilian shippers are also focusing on quality. The ABIMCI Plywood Quality Certification programme is reportedly moving well and the first mills are expected to be audited in the following weeks. The programme is currently applied to pine plywood only, but is expected to be expanded to tropical plywood.

Trading conditions in Japan for hardwood plywood have been extremely difficult this year. Japan's domestic hardwood plywood

		Exchange rates								
		One GB pound (£)			One US Dollar (\$)			One Euro		
		26-Jan	02-Mar	30-Mar	26-Jan	02-Mar	30-Mar	26-Jan	02-Mar	30-Mar
Argentina	Peso	1.4566	1.4735	1.421	0.9995	0.9996	0.9996	0.9215	0.9351	0.8836
Australia	Aus. \$	2.6826	2.7877	2.9117	1.8408	1.8911	2.0481	1.6971	1.7691	1.8106
Bangladesh	Taka	78.84	79.7489	76.9114	54.1	54.1	54.1	49.8775	50.6106	47.8245
Belgium	Belgian Fr.	63.7642	63.565	64.8747	43.755	43.1212	45.6334	40.3399	40.3399	40.3399
Belize	B\$	2.8709	2.904	2.8007	1.97	1.97	1.97	1.8162	1.8429	1.7415
Bolivia	Boliviano	9.3267	9.508	9.2123	6.4	6.45	6.48	5.9005	6.034	5.7284
Botswana	Pula	8.0559	8.0289	7.9936	5.5279	5.4466	5.6227	5.0965	5.0954	4.9705
Brazil	Real	2.8782	2.9976	3.0807	1.975	2.0335	2.167	1.8209	1.9024	1.9157
Fr. Africa*	CFA Fr.	1036.85	1033.62	1054.91	711.49	701.18	742.03	655.96	655.96	655.96
Canada	Canadian \$	2.195	2.282	2.2386	1.5062	1.548	1.5746	1.3887	1.4482	1.392
Chile	Peso	825.633	853.909	845.526	566.550	579.275	594.750	522.331	541.912	525.759
China	Yuan	12.0644	12.2029	11.768	8.2786	8.2782	8.2777	7.6325	7.7443	7.3175
Czech Republic	Koruna	55.0554	54.9412	55.6846	37.779	37.271	39.169	34.8304	34.867	34.6254
Denmark	Danish Krone	11.8005	11.7637	12.0122	8.0975	7.9802	8.4495	7.4655	7.4655	7.4694
Estonia	Kroon	24.7394	24.6669	25.1686	16.9762	16.7335	17.7038	15.6512	15.6542	15.6502
Europe	Euro	1.5807	1.5758	1.6082	1.0847	1.0689	1.1312	1	1	1
Finland	Markka	9.3983	9.3689	9.5619	6.4491	6.3557	6.726	5.9457	5.9457	5.9457
France	Franc	10.3685	10.3362	10.5491	7.1149	7.0118	7.4203	6.5956	6.5956	6.5956
Germany	D-mark	3.0916	3.0819	3.1454	2.1215	2.0907	2.2125	1.9558	1.9558	1.9558
Ghana	Cedi	10346.90	10797.80	10570.00	7100.00	7325.00	7435.00	6545.87	6852.56	6572.57
Guyana	Guyanese \$	263.043	266.075	256.608	180.500	180.500	180.500	166.412	168.858	159.562
Hong Kong	HK\$	11.3665	11.4981	11.0878	7.7997	7.8001	7.7993	7.1909	7.297	6.8946
India	Ruppee	67.7353	68.612	66.2845	46.48	46.545	46.625	42.8522	43.5429	41.2165
Indonesia	Rupiah	13771.5	14556.7	14810.0	9450.0	9875.0	10417.5	8712.4	9238.1	9209.1
Irish Republic	Punt	1.2449	1.241	1.2666	0.8543	0.8419	0.8909	0.7876	0.7876	0.7876
Italy	Lira	3060.61	3051.05	3113.91	2100.19	2069.77	2190.35	1936.27	1936.27	1936.27
Japan	Yen	170.475	175.506	178.161	116.98	119.06	125.32	107.85	111.381	110.783
Kenya	K. Shilling	114.762	114.906	110.604	78.75	77.95	77.8	72.6036	72.923	68.7753
Korea South	Won	1866.66	1867.68	1892.22	1280.90	1267.00	1331.00	1180.93	1185.28	1176.60
Liberia	Liberian \$	1.4573	1.4741	1.4217	1	1	1	0.922	0.9355	0.884
Malaysia	Ringgit	5.5378	5.6016	5.4023	3.8	3.8	3.8	3.5034	3.5549	3.3592
Myanmar	Kyat	9.5382	9.7599	9.5445	6.5451	6.2609	6.7137	6.0343	6.1939	5.9349
Netherlands	Guilder	3.4834	3.4725	3.544	2.3903	2.3557	2.4929	2.2037	2.2037	2.2037
New Zealand	NZ\$	3.3455	3.3775	3.5146	2.2957	2.2912	2.4722	2.1165	2.1435	2.1854
Nigeria	Naira	161.760	170.332	174.152	111.000	115.500	122.500	102.337	108.097	108.290
Papua NG	Kina	4.5902	4.7632	4.6539	3.1498	3.2312	3.2736	2.904	3.0229	2.8939
Philippines	Peso	72.5008	70.72	70.4073	49.75	47.975	49.525	45.8671	44.8807	43.7802
Poland	Zloty	6.0391	5.878	5.8124	4.144	3.9875	4.0885	3.8206	3.7303	3.6143
Portugal	Escudo	316.896	315.907	322.416	217.454	214.305	226.790	200.482	200.482	200.482
Romania	Leu	38552.9	39984.2	39220.5	26455.0	27124.5	27588.0	24390.2	25375.0	20487.8
Russia	Rouble	41.3597	42.2831	40.9251	28.381	28.684	28.787	26.1659	26.8339	25.4477
Singapore	Singapore \$	2.5477	2.5794	2.5668	1.7482	1.7498	1.8055	1.6118	1.637	1.5961
Solomon Islands	Silm. Is. \$	7.5313	7.6339	7.4394	5.168	5.1787	5.2329	4.7646	4.8447	4.6259
South Africa	Rand	11.494	11.4145	11.3875	7.8872	7.7434	8.0101	7.2716	7.2439	7.0809
Spain	Peseta	263.002	262.180	267.582	180.472	177.858	188.220	166.386	166.386	166.386
Sweden	Krona	14.0586	14.2472	14.6707	9.647	9.665	10.3195	8.8941	9.0416	9.1225
Taiwan	\$	47.4352	47.7056	46.6906	32.55	32.3625	32.8425	30.0095	30.2751	29.0328
Tanzania	Shilling	1173.13	1219.08	1222.62	805.00	827.00	860.00	742.17	773.66	760.24
Thailand	Baht	62.4016	63.9391	63.9672	42.82	43.375	44.995	39.4779	40.5774	39.7756
Uganda	New Shilling	2677.79	2546.51	2537.65	1837.50	1727.50	1785.00	1694.09	1616.08	1577.95
United Kingdom	£	1	1	1	0.6862	0.6784	0.7034	0.6327	0.6346	0.6218
U.S.A	US \$	1.4573	1.4741	1.4217	1	1	1	0.922	0.9355	0.884
Venezuela	Bolivar	1019.820	1039.610	1005.460	699.800	705.250	707.250	645.181	659.762	625.209
Vietnam	Dong	21193.5	21462.9	20676.5	14543.0	14560.0	14544.0	13407.9	13620.9	12856.9
Zimbabwe	\$	80.2973	81.1935	78.2334	55.1	55.08	55.03	50.7995	51.5274	48.6465

*Cameroon, CAR, Congo, Gabon & Cote d'Ivoire

Continued page 15

Plywood

production continues to fall due to very weak underlying demand and intensive competition from imported products, principally from Indonesia. Meanwhile price negotiations between Indonesian plywood shippers and Japanese importers ran into problems after the Chinese New Year. The Indonesians were keen to push prices higher in response to rising log costs, however Japanese importers argued that markets would be very unreceptive. A slight strengthening of the yen served to ease the tension sufficiently for Indonesian shippers to secure orders, but still at relatively low prices.

At the 3rd joint meeting of Japanese, Malaysian and Indonesian trade organizations involved in the Japanese plywood trade, it was forecast that total demand for plywood in Japan during 2001 should be around 7.5 million m³, slightly lower than 2000.

Far Eastern markets for plywood are also coming under pressure from China, formerly a major importer but now emerging as a significant supplier. Inward investment into China's plywood sector has meant that the domestic product now rivals imported plywood in terms of quality and price. There are also reports that Chinese manufacturers are winning increased business in Korea, Singapore, Japan and the Middle East. Small shipments of Chinese plywood have also arrived in the UK.

Prices below break-even point

Prices for Far Eastern plywood have been at extremely low levels now for the last 3 years, ever since the Asian financial crises. Price weakness reflects poor forestry enforcement in Indonesia, ensuring availability of logs at cheap prices; the continued weakness of the rupiah on international fi-

nancial markets; weak demand in the Far East; the development of new capacity in China; the virtual collapse of Brazilian softwood plywood prices; and intense competition from other wood based panels.

At a recent meeting between APKINDO and the Malaysian Plywood Manufacturers Association, the two associations suggested that international price levels hardwood plywood have now fallen below break-even point. They noted that, if this situation continues, it will threaten the survival of the plywood industries in both Malaysia and Indonesia, leading to significant loss of employment and social unrest. As one measure to tackle these problems, the two organizations agreed to establish a Joint Marketing Group to evaluate market trends and jointly formulate marketing strategies. The technical and operational aspects of this group will be finalized over coming months.

Association Profile - VVNH - Netherlands

Members (Hardwood Section) 87 including Branches

The Netherlands Timber Trade Association (Vereniging Van Nederlandse Houtondernemingen or VVNH) represents 310 Dutch timber importers and distributors, for which there is section dedicated to the hardwood trade. Specialised hardwood members amount to 87. The Head Quarters of the Association is in the new town of Almere, close to Amsterdam, at Centrum Hout (the Dutch Wood Centre), which is

partly funded by VVNH. The Association takes a keen interest in environmental matters and works closely with the Dutch Government, which encourages the use of timber in construction. VVNH works internationally with UCBD, UCIP and ITTO. The VVNH also works closely with the Keurhout, an organisation that monitors and verifies the sustainability of imported timber into the Netherlands.

The Board of VVNH is made up of members who appoint a secretariat, which has the responsibility of informing and advising

members. The Association also provides some technical support.

For additional information contact:
VVNH,
Postbus 1380, 1300 BJ Almere,
Netherlands.
Tel (31) 36 532 1020
Fax (31) 36 352 1029
Email vvnh@wxs.nl
www.centrum-hout.nl/vvnh/vvnheng.html

Hardwood Events

Date	Event	Venue	Target audience	Contact
2001				
18-25 Apr	16th Commonwealth Forestry Conference	Fremantle, Australia	Forestry	Libby Jones, UK Forestry Commission, Tel 44-(0)-131-314 6137; Fax 334 0442;
9-13 May	Drema and Meble	Poznan, Poland	Furniture woodworking show	
18-22 May	Interzum	Cologne Fair	Furniture industry	Koln Messe, www.koelnmesse.de Tel: +49 221 8210 Fax: +49 221 2574
21-25 May	Ligna	Hanover Fair	Wood industry	Hanover Messe, www.Fair.de email ligna@Fair.de
28 May-2 Jun	30th Session of the International Tropical Timber Council	Yaounde, Cameroon.	Government and tropical timber trade	ITTO, Tel: (81-45) 223-1110 Fax: (81-45) 223-1111
7-8 Jun	American Hardwood Export Council Southeast Asia Convention	White Swan Hotel Guangzhou, China	Trade, manufacturers architects, designers	AHEC Wash. DC Tel: (202) 463 2720 Fax: (202) 463 2787, www.ahec.org
24-29 Sept	FIM	Valencia, Spain	Furniture industry show	
4-5 Oct	ATIBT 50th Anniversary Forum	FAO Headquarters Rome	Tropical forestry, trade and industry	ATIBT, Paris, Tel: +33 143 42 42 00 Fax: +33 1 43 42 55 22, www.atibt.com
25-26 Oct	American Hardwood Export Council European Convention	Dublin	Timber trade	AHEC London, Tel (+44) 0207 626 4111 Fax, (+44) 0207626 4222
5-10 Nov	Batimat	Paris, France	International building industry	
6-10 Nov	Maderalia	Valencia, Spain	Suppliers to the furniture industry	

2000 - a boom year for EU imports

The most recently available Europe-wide data - for January to September 2000 - indicates high levels of hardwood imports last year. Tropical hardwood imports were running at particularly high levels with rises recorded by several major markets including Italy, the UK, the Netherlands, and France. EU imports from Malaysia and Cameroon were significantly higher than the previous year. **Pages 12/13/14**

US exports hit record levels

US export volumes during 2000 were the largest ever recorded, at 2,950,198 m³, 5.7% higher than the previous year. Exports fell just short of the 3 million m³ mark widely predicted in early 2000 due to slowing sales in the second half of the year. Overall US hardwood lumber exports by value reached \$1,428 million during 2000. This figure represents a 5.3% increase on the previous year and is just \$4 million short of the record achieved in 1997. **Page 1**

US domestic market softens

US domestic demand is softening and sawmill production is being cut back. Supply is still in excess of demand for many American hardwoods and US exporters are reported to be offering deals at low prices. However there is no apparent easing in log prices at the forest, so US millers margins are being shaved. **Page 7**

Cautious American export markets

The US dollar remains relatively strong and keeps imported prices of American hardwoods high against some other hardwoods - notably European - despite recent price cuts. Export markets for American hardwoods are highly competitive. Importers are aware that US stocks are high and are therefore maintaining a cautious approach to forward buying and pushing for lower prices. Nevertheless, price cutting and low stocks in several markets has encouraged some pick-up in export demand since the start of the year. **Page 7**

Subdued trade in European beech

Enquiries for beech from China and Hong Kong increased after the Chinese New Year, however buyers remain cautious following problems of over-stocking last year. Sales of beech to China/Hong Kong this year are expected to be much lower than during 2000. Supplies are also more limited this year. Production in Germany and France is focused mainly on conversion of beech stored in irrigated yards after the December 1999 storms. This combined with limited kiln capacity has reduced availability of high quality sawn beech. **Pages 9/10**

Heavy African arrivals

African tropical hardwood production is currently in full swing as the dry season nears its end. Reasonable volumes of sapele, the principal redwood, have been arriving at European destinations since November last year. Onward prices to manufacturers for stocks of sapele on the ground in Europe have tended to weaken. There are reports that interest in the forward market in Northern Europe, notably the UK and Ireland, has waned over recent weeks. However, demand for sapele remains buoyant in the important Spanish market. **Page 3**

Liberia escapes timber sanctions

Following pressure from the Chinese and French governments, in March the UN dropped its threat to impose trade sanctions on Liberian timber products. **Page 3**

Still no meranti price rise

The forward market for meranti in all the leading European markets - the Netherlands, Belgium, the UK and Germany - remains extremely slow. Expectations last month that prices may be about to rise in response to tightening supplies, have so far failed to materialise. Current weakness in the European market for meranti reflects over-stocking following excessive imports last year. Continuing poor weather conditions and weak markets have meant that sawn lumber production throughout the Far East is still very limited. **Page 5**

China's imports continue to rise....

During 2000, China imported 13.6 million m³ of logs during 2000, a 34% increase on the previous year. Hardwoods accounted for 53% of total log imports by volume and 77% by value. The volume of China's sawn lumber imports in 2000 increased 65% compared to the previous year. By value, sawn lumber imports were 91% higher than the previous year at US\$982 million. Most sawn lumber comprised tropical timbers from Indonesia and Malaysia. **Page 5**

....while Japan's imports fall

Japan's imports of southsea logs reached 3,034,000 m³ during 2000, an 11% decline compared with the previous year. However southsea sawn lumber imports increased 5.6% to 973,000 m³. There was a particularly significant increase in imports of planed sawn lumber. Japanese wood processors are facing increasing competition from processors elsewhere in Asia. **Page 6**

Plywood prices below break-even

Despite limited log supplies in the Far East due to heavy rains, Indonesian plywood prices show no signs of strengthening. As Asian demand remains weak, and China emerges as a competitor, there is a threat of wide-spread mill closures. **Page 15**

Mahogany prices stay firm

US demand and prices for Brazilian mahogany remain as firm as ever. Given the considerable size of the US market, even during an economic slowdown, and the major restrictions on mahogany harvesting throughout South America, this situation is expected to continue. **Page 9**

Peru plans new export restrictions

Restrictions on exports of mahogany from Peru have been relaxed and some limited consignments are now leaving the country. However the Peruvian authorities are planning to implement new regulations requiring all mahogany and cedar to be machined prior to export. **Page 9**