

<http://www.hardwoodmarkets.com>

Volume 19 Number 2 February 2004

Contents

Editorial	2
Africa	
Sustainable forestry in Congo	1
Log market.	2
Sawn lumber market.	3
Species notes	3
Supply country news.	4
Concession monitoring project	4
EU-Africa trade	4/5
Asia	
Asian logs and plywood	5/6
Malaysian sawn lumber	6/7
North America	
US supply and demand	7/8
Export markets	8/9
Species notes	9
European import comment	9

Statistics in this issue

■ E.U. imports of African hardwood	5
Volume and value by supply country	
Volume and value by EU import country	
Jan-Sept, 2002 and 2003	
■ China wood products imports	6
Volume, Jan-Sept, 2002 and 2003	
By main product, source country	
■ Japan wood trade and forecasts v.	6
2002, quarterly 2003, forecast 2004	
■ US hardwood exports	8
logs, lumber, veneer by main destination	
Jan-Nov 2002/2003	
■ EU nation hardwood imports	10/11
By hardwood product and source country	
Jan. to Sept., 2002 & 2003, by volume	
Germany, U.K., Belgium, Netherlands,	
France, Italy, Spain	

Sustainable forestry in the Congo

A clearer picture of the status of forest management in the Congo Basin emerged at the recent ATIBT General Assembly held in Athens. A report by Dr Cassagne, who is Director of Forest Resource Management for the Paris-based tropical timber association, notes that the seven countries of the Congo Basin cover around 500 million hectares. Of this figure an area of roughly 140 million hectares are forested. Around 80% of this is considered suitable for timber production. Of this area around 50 million hectares are under some form of concession. And of this area, around 15 million hectares are engaged in a process to develop forest management plans. Dr Cassagne suggested that a target of 20-25 million hectares covered by these plans by the end of 2004 was attainable.

The move towards development and implementation of sustainable management plans has been led by some of the holders of large commercial concessions. It has been driven by various factors including growing political pressure to implement sustainable practices; increased demand for wood from well managed sources; new regulations imposed by producing countries – often under pressure from large donors; and the increased scarcity of productive forest territory. ATIBT has been heavily engaged in developing formal guidance and procedures for the implementation of forest management plans relevant the region.

The initial heavy investment phase of the management planning process generally takes between 2 and 4 years. Of the 15 million hectares currently engaged in the management planning process, around 2.5 million hectares have completed, have deposited, or are implementing their management plans. Around 6 million hectares are currently involved in the “elaboration phase”. The remaining 6.5 million hectares are involved in the “preparatory study and interior reflection phase” of the process and are

soon to move on to the “elaboration phase”. At present much of the area covered by management plans is concentrated in Gabon, Central African Republic and Congo-Brazzaville. In these three countries, operators managing more than 50% of the surface area of concessions are now engaged in the process. In Cameroon this figure is around 40% (2 million has. out of a total of 5 million has. of exploitable concessions).

The Democratic Republic of the Congo contains around 20 million hectares of attributed concession, none of which is yet engaged in the management planning process. Indeed, the majority of this area has not yet been reopened following the end of armed conflict. Nevertheless, several operators in DRC intend to become engaged as soon as conditions allow.

Dr Cassagne noted that in 2003 there was a “pause” in the management planning process. This reflected a number of factors. First, several governments increased taxes in contradiction to existing agreements with forest concession holders which undermined the economic performance of the sector. Second, there was uncertainty over the legal status of some forest concessions as pressure to set-aside for environmental protection has mounted. Third, many operators are concerned by the high costs of developing and implementing the management plans. Dr Cassagne noted that a typical management plan costs between 4-6 euros per hectare. Because tropical timber is regarded as a relatively high risk investment, banks have often been reluctant to provide financing.

Despite these problems, Dr Cassagne concluded “we are witnessing the creation of a veritable network of forest concessions engaged in the management planning process throughout the region which are complementing the network of protected zones.”

hardwoodmarkets.com

The independent monthly journal providing market intelligence for the international hardwood trade and industry

Contacts

By email

editor@hardwoodmarkets.com

By mail

Rupert Oliver,
Forest Industries Intelligence Ltd
19 Raikeswood Drive,
Skipton, North Yorkshire
BD23 1NA,
United Kingdom

By telephone and fax

Tel: +44 (0)1756 796992

Fax: +44 (0)1756 796992

Subscriptions

Within UK £108 p.a

Outside UK £120 p.a. or US\$209 p.a
or Euro 209 p.a. (includes airmail).

Payable in advance.

Cheques denominated in £ sterling,
US\$ or Euros should be made out to

**Forest Industries Intelligence
Limited**

©2004 hardwoodmarkets.com Ltd
All rights reserved

ISSN 1471-6186

Consultancy services are also available.

Particular areas of expertise:
Forest Industry Market Intelligence;
Marketing and Promotion;
Environmental Issues;
Forest Policy and Sustainability;
International Trade Issues.

**Contact Forest Industries
Intelligence Ltd. at the address
given above for details.**

Printed by:
Lamberts Print and Design
Station Road
Settle
North Yorkshire
Tel: 01729 822177

Editorial

Producers have good reason to resist pressure to cut prices

There are now sure signs that global demand for hardwood products is improving with the United States and China acting as twin engines of growth. This is occurring at a time when availability of hardwoods is relatively restricted. In North America, Africa, and the Far East there are clear signs of a shortfall in log supply.

Already this is driving an increase in prices for key hardwood items. Prices for American white oak sawn lumber, sapele logs, iroko sawn lumber, Sarawak meranti logs, and Indonesian plywood are all reported to have risen during January.

But it is too early to celebrate. There are still significant imbalances in the world economy and the international hardwood market. The most obvious destabilising factor has been the rapid devaluation of the U.S. dollar against other world currencies, particularly the euro. The problems that this causes are made worse as the exchange rate of the Chinese yuan is tied to the dollar.

Currency volatility is very damaging to the hardwood trade. The effects are very obvious in Europe. Companies that bought dollar-denominated stock last year have seen this devalued in recent weeks. Meanwhile, the pressure on European manufacturers from Chinese competitors has mounted, stifling recovery. As a result European hardwood importers have become very reluctant to build stock. Meanwhile, those trying to export

stock priced in euros - including European and African hardwoods - now struggle to compete.

This exchange rate volatility has produced perverse effects. For example, the recent decision by SNBG in Gabon to reduce okoume log prices (quoted in euros) in response to severe price pressure from Chinese importers goes against the grain of the usual laws of supply and demand. Demand is rising, supply is restricted, yet prices decline.

The move by SNBG is particularly troubling when considered alongside reports that the management planning process in the Congo basin "paused" last year due largely to mounting economic problems in the region's forestry sector.

The global economic recovery offers an opportunity for the hardwood trade to move back onto a sustainable economic footing; to benefit from rising prices and growing margins. The danger is that pressure to reduce prices - coming particularly from Chinese manufacturers' that depend on a devalued currency and which face growing internal competition within China itself - will lead to exploitative trade practices and undermine investment in sound forestry.

At present, hardwood producers have good reason to resist pressure to reduce prices.

Rupert Oliver, Editor

Africa

African logs Rise in sapele log prices

Although it is now peak logging season in the main African tropical producing regions north of the equator, there are signs that log availability may be restricted this year. One significant indicator is the news that producers in the Congo basin pushed through an increase in sapele log prices during January. This may seem unexpected, coming at a time when availability should be improving with logging in full swing and when the strong euro gives the impression of inflated prices on international log markets. The move reflects the big rise in costs imposed on the logging industry in the Congo basin over the last 12 months in response to rising tax levels. It also reflects rising confidence in the level of international demand for logs from the Congo basin this year as global economic conditions have improved and as problems of log supply are becoming more evident elsewhere in Africa and in the Far East.

Market signals from the European tropical hardwood log market were better in January than at the end of 2003. Many European log importers were visiting Africa in January and looking to restock after relatively low levels of purchases in the previous quarter. However European demand for African logs is still variable. While there

are signs of recovery in the large French and Italian markets, several other markets have remained depressed. Despite low stocks, tropical hardwood log demand in both Germany and the Netherlands remains very slow. These markets are in long term decline as the number of operators cutting tropical logs is now much reduced. The Portuguese market has been very difficult in recent months due to slow economic activity and over-stocking. Portugal has also reduced purchases of secondary species and now concentrates on only a limited range of more valuable species.

In the short term, the strong euro is acting to deter Chinese buyers from the African log market. Chinese buyers have been putting suppliers under great pressure to reduce prices. In some cases they have been successful. SNBG recently announced that they would reduce okoume log prices.

China becomes more engaged

Longer term trends are towards greater participation of Chinese buyers in the African hardwood trade. China's demand for African logs looks set to increase with the continuing growth in Chinese wood processing capacity and as tropical log supplies in the Far East are becoming more restricted.



On 31 January, China's President Hu Jintao arrived in Gabon to discuss strengthening economic ties with the Central African nation. Previous Chinese administrations would have loaded such a visit with references to "Third World Solidarity" and "American imperialism". But President Hu's message, delivered in a speech to the Gabon parliament, was just business "with no political conditions".

Chinese businessmen are now becoming much more visible in Africa's tropical timber industry. Much of the initial focus of Chinese timber buying was on peeler logs for China's growing plywood industry, notably okoume from Gabon. However Chinese importers now buy a wider

range of African species for a diverse range of applications and from a broader range of supply sources.

African sawn lumber Difficult trading conditions

Trading conditions remain very difficult for many African saw mills. Availability of logs of commercially valuable species is now fairly restricted. Meanwhile the strength of the euro is tending to dampen export demand for African tropical sawn lumber. Since most African hardwoods are traded in euros, they struggle to compete on price against Asian and Brazilian alternatives which are traded in dollars. Margins are therefore being squeezed as log prices have

risen while market prices for sawn lumber have yet to respond. Sawmills in the Congo Basin have been particularly badly hit as export demand for sawn sapele, their main export species, has been very poor in recent weeks.

Another problem has been that freight rates between Africa and Europe have been rising, further reducing opportunities for mills to push up prices.

But business prospects may be improving. The general improvement in the global economy, combined with reports of widespread shortfalls in hardwood supply in other parts of the world, suggest overall demand and prices for tropical hardwood lumber may tend to rise this year.

Species notes

■ **Sapele** – there was a significant hike in FOB (euro) log prices from Congo basin during January as traditional European buyers came back into the market and as China has also begun to buy sapele logs. At the same time, producers have been looking to absorb rising costs resulting from recent tax increases in the main supply countries (Congo-Brazzaville and Central African Republic). However sapele sawn lumber prices (FOB euros) have yet to respond. The strength of the euro has dampened demand for sapele sawn lumber in the UK, Germany and the Netherlands.

■ **Sipo** – few buyers have been willing to pay premium prices for the better quality offered by this species over sapele. Demand for both logs and lumber is slow. However there are

reports of steady buying of small volumes of sipo logs for niche markets in France.

■ **Iroko** – FOB (euro) prices remain steady at high levels as availability is restricted. UK importers have been looking for sawn lumber to fill gaps as they have opened in stocks, but many are deterred from larger purchases at existing price levels. The Irish market is quiet as importers seem content with current inventory levels for the time-being. Italian demand is steady.

■ **Framire/idigbo** – supplies from Ivory Coast have improved over the last few months. UK importers stocks have recovered and are now sufficient to meet current levels of demand. FOB (euro) prices are stable.

■ **Khaya** – the limited volumes of sawn lumber available continue to be soaked up by U.S. manufacturers who are paying good prices. U.S. demand continues to be boosted due to limited availability of the South American alternative.

■ **Ayous/wawa** – there were some reports of improved demand for ayous in Germany and Italy during January. Wawa demand in the UK has been quiet. FOB (euro) log and sawn lumber prices have remained stable at low levels.

■ **Okoume** – SNBG in Gabon has lowered euro FOB prices for logs between 5% and 10% depending on grade following pressure from Chinese importers and due to the weakening dollar. There is also intense price pressure due to competition from producers in Congo Brazzaville and Equatorial Guinea. SNBG has proposed introducing new simplified grading procedures for okoume logs. A new high grade mix would amalgamate the existing QS grade with CI (choix industriel) grade. A new low grade mix would amalgamate the CE (choix economique) and CS (choix supplémentaire) grades. Removal of the highest QS grade is justified on grounds that log demand from the European market, which bought a larger proportion of the best material, is now in long term decline. The new system would tend to hide the new lower price regime, but some exporters are concerned it will contribute to long term devaluation of product.

■ **Azobe** – overall azobe logs are in quite short supply and African producers expect firm prices, for logs, sawnwood and manufactured products. The Dutch market for azobe logs is now consid-

erably smaller than in previous years, with only one company cutting small volumes. A higher proportion of azobe logs are now directed towards Italy, France and Greece. There are some reports of reasonably high stocks in Belgium. In recent months, there was a significant shipment of azobe logs to Greece, with some reports indicating this was finally destined for reconstruction work in Iraq.

■ **Moabi** – rising FOB (euro) log prices have been reported in response to limited supply and increased demand as French buyers came back into the market in January. However reports suggest France is already well stocked, so the rise in demand may be short-lived. Moabi FOB (euro) sawn lumber prices are reasonably stable.

■ **Douka/makore** – French demand for douka from Cameroon/Gabon has fallen alongside weakening demand and prices for moabi. West African makore sawn lumber prices reported as stable.

■ **Movingui/ayan** – FOB (euro) log prices softened at the turn of the year following overbuying by French importers in the second half of 2003. However on-hand inventories are now reduced in France so there may be increased buying in coming months, although at reduced prices. Movingui FOB (euro) sawn lumber prices have been weakening in recent weeks.

■ **Niangon** – log availability is restricted due to the continuing trade sanctions against Liberia. French and Chinese importers have had to switch to alternatives, notably sapele from the Cameroon and ogue from Gabon.

■ **Bosse/guarea** – limited production is destined mainly for France and Spain where it is in demand for slicing.

■ **Tola/agba** – availability of this species from Congo Kinshasa is rising. Portugal, which is one of the principal markets for logs of this species, is heavily over-stocked.

■ **Izombe** – there are reports of good demand for logs in Portugal.

■ **Bahia** – log prices have been firming in response to good demand from Italy.

■ **Bubinga/kevazingo** – Chinese demand for logs has been quite buoyant and FOB euro prices were rising during January.

African indicative prices

	Oct	Jan	Feb
Exchange rates			
US/\$	1.67	1.79	1.89
Euro/£	1.41	1.45	1.48
All prices include agents commission of 5%			

Sawn lumber

Cameroon, CAR, Congo (Braz.)

Euro/m3; FOB

Grade/size: FAS, air dried, width 6"+, length 6'+

Sapele	470	470	470
Sipo	545	550*	550
Bibolo	380	380	380
N'Gollon	535	535	535
Iroko	630	630	640

*sipo price quoted in Jan 2004 was too high and has been corrected

Cote d'Ivoire

Euro/m3; FOB Abidjan

Grade: FAS, air dried

Size: width 6"+ avg 9"-10"; length 6'+ avg 10'-11', thickness 1"-2"

Iroko	630	630	640
Mahogany	430	440	470
Framire	340	340	340
Samba No.1 C&S	240	240	240

Dimension stock

Azobe	430/	430/	430/
	490	490	490
Dabema	300/	320/	300/
	380	350	350

Gabon

Euro/m3; FOB

Grade and size: FAS, width 6"+, length 6'+

Okoume AD	320	320	320
-----------	-----	-----	-----

Africa

Supply country news

■ **Cameroon:** the Forest Minister was due to release new authorizations for the limited logging allowed under the Coupe Familiale system at the end of December. However, bureaucratic problems meant that these authorizations had yet to be issued by the end of January. As a result log supplies are reported to be very tight and logs for domestic milling are trading at almost the same price levels as export log prices. In other news, a national project to assess the extent of Cameroon's forests is well underway. Progress in the National Project National Project on Forest Inventory, co-sponsored by the Cameroon government and the UN FAO, was reported at a stakeholder meeting in Yaounde on 15 January. The project provides the foundation to build a national policy for sustainable management of Cameroon's forest resources. The project falls within the framework of FAO's periodic evaluation of the world's forest resources. The inventory is being undertaken to comply with new methods developed by the FAO. During the first phase of implementation, eight teams of Cameroon forest authority personnel had been trained in the new inventory methods and dispatched to the field in all the ten provinces of Cameroon. These teams have already covered 124 out of the 235 sample units nation wide.

■ **Democratic Republic of Congo:** There are reports of a significant rise in log shipments from Matadi port in recent months, with a significant volume discharging in Portuguese ports.

■ **Central African Republic:** according to an announcement by Michel Sallet, the CAR Minister for Water and Forestry, ten timber companies which have failed to pay tax arrears of one billion francs CFA (US \$2 million), have until April to do so or face sanctions. The Minister did not specify the sanctions that would apply. The decision was made as the CAR government struggles to pay civil servants' salaries. Soon after overthrowing President Ange-Felix Patasse on 15 March 2003, former army chief of staff Francois Bozize suspended timber activities and his administration withdrew logging licences from 10 other firms whose legal and fiscal situation were found to be doubtful. On 13 January, Sallet set up an armed forest protection unit that will check each timber firm's fiscal situation. The unit comprises army officers who are specialised in forest protection, gendarmerie officers who are specialised in legal matters (officiers de po-

lice judiciaire) as well as customs, public finance and tax officials. The unit will assign field agents to verify that the registers of timber firms accurately reflect their operations. The unit will also ensure that these firms do not fell trees in unauthorised areas and that they pay taxes to the government. The timber sector is the major source of revenue for the government, ahead of mining and cotton. A national forestry conference held in CAR during September 2003 and the national reconciliation forum held in September-October 2003 recommended that the sector be rid of corruption to enable the government to pay salaries and contribute to the nation's development.

■ **Liberia:** In early February, international donor agencies meeting at the UN in New York pledged \$520 million to help Liberia to meet a host of reconstruction and humanitarian needs, including disarming fighters, creating jobs, retooling the country's infrastructure and stopping the spread of HIV/AIDS. Meanwhile, UN Secretary-General Kofi Annan has named five experts to conduct a follow-up mission to Liberia and its neighbours to assess the effectiveness of sanctions against the export of timber and other natural resources.

Tropical forestry New monitoring system

A range of industry, environmental and donor interests have combined to endorse a new project designed to provide public access to reliable information on central African producers' progress towards sustainable forestry. This will be achieved by creating a long-term forest concession reporting and information system. The project aims both to help satisfy consumer demand for more information on the sources of wood products, and improve forest governance in the Congo basin.

The project is a joint effort of the World Resources Institute (WRI), the Inter-African Forest Industry Association (IFIA), the International Union for the Conservation of Nature (IUCN), and the WWF. It is being jointly funded by the World Bank, and the German and United States governments.

In announcing the project, the organizers note "*it is not a certification project, but simply an instrument to measure and document trends in compliance and non-compliance of progressive logging companies with forest legislation and their voluntary commitments to better management.*"

The project builds on the existing IFIA Code of Conduct because it already has significant membership within the region, particu-

larly amongst the large European companies operating concessions. The IFIA Code commits these companies to manage and utilize tropical forest according to sustainability principles as defined through national forest policy and at international level (for example ITTO and ATO). Signatories are required to respect all relevant national laws, including those respecting to taxation, and to implement a sustainable forest management plan. If the signatory works with a sub-contractor, they must make every possible effort to assure that the sub-contractor also respect legislation. Signatories must respect the rights of local communities. They must be attentive to the impact of hunting, and should develop and enforce internal forest company regulations forbidding their employees from poaching and hunting for profit. In the same manner, signatories are committed to persuading their forest subcontractors and haulers to follow suit. Signatories must also elaborate wildlife management plans.

Links to ITTO and FSC

The first step in implementing this new project will be to identify the most appropriate indicators and verifiers for the IFIA Code of Conduct. While building on the IFIA Code, the proposed compliance monitoring system will not necessarily be limited to this Code and may build on other relevant efforts. The criteria and indicators will be developed with cross reference to various other programs (e.g. ITTO, Keurhout and FSC) and following negotiations with stakeholders.

The monitoring mechanism is expected to link the development of digital Geographic Information Systems and the use of satellite imagery with independent third party spot checks in the field. The results will be published on the Global Forest Watch website and will identify which companies manage their concessions better than the average. The website will also document progress made by each company to improve compliance with forest legislation and other voluntary commitments.

Africa-EU trade Log trade decline continues

EU import data for the January to September period shows all the major markets importing lower volumes of African tropical logs in 2003 than the previous year. Imports into Portugal, Germany and the Netherlands fell particularly dramatically. The fall reflects increased controls on log exports in African supplier countries combined with greater diversion of logs to the Far East. ►5

Africa



During the first 9 months of 2003, E.U. import volumes of African tropical sawn lumber were similar to the previous year. Imports from West Africa were tending to de-

cline, while imports from Cameroon, Gabon and Northern Congo were tending to rise. Spain was a bouyant market for African sawn lumber last year. Demand was declining in Italy, France, Germany and Portugal.

E.U. imports of African tropical logs and sawn lumber January to September period 2002 and 2003 (data excludes Greece)*

	2002	2003	%	2002	2003	%
	000 m3	000 m3	chng	mill. euro	mill. euro	chng
African tropical logs by supplier country						
GABON	475.1	382.8	-19.4	107.2	90.9	-15.2
CAMEROON	222.8	174.9	-21.5	66.6	51.0	-23.4
CONGO REPUBLIC	161.3	145.0	-10.1	50.8	45.9	-9.5
LIBERIA	178.9	136.9	-23.5	48.1	34.2	-29.0
CENT. AFR. REP.	44.5	60.3	35.6	14.8	21.7	46.7
EQUAT. GUINEA	50.7	44.5	-12.3	11.1	8.8	-21.0
CONGO DEM. REP. (ZAIRE)	24.9	33.0	32.3	8.4	12.2	45.6
GHANA	2.6	4.5	72.3	1.2	2.4	107.1
IVORY COAST	2.6	2.8	7.5	1.5	1.6	6.3
GUINEA-BISSAU	1.3	1.0	-19.9	0.4	0.3	-17.4
NIGERIA	0.3	0.6	133.1	0.2	0.3	70.6
ANGOLA	2.9	0.4	-85.2	1.5	0.2	-85.4
MOZAMBIQUE	2.6	0.4	-82.5	0.9	0.2	-77.8
GUINEA	2.0	0.1	-94.3	0.4	0.0	-94.0
TOTAL	1173.7	987.6	-15.8	313.5	270.2	-13.8
African tropical logs by E.U. importing country						
FRANCE	491.2	449.1	-8.6	119.2	106.7	-10.5
ITALY	236.8	199.9	-15.6	64.2	57.8	-10.0
PORTUGAL	202.3	151.5	-25.1	57.5	44.5	-22.5
SPAIN	96.8	80.8	-16.6	26.7	24.3	-9.1
GERMANY	83.8	62.8	-25.1	28.9	22.0	-23.9
NETHERLANDS	39.0	22.4	-42.5	7.6	5.3	-30.9
BELGIUM	11.9	10.6	-11.3	4.7	4.6	-2.0
UK	8.8	5.5	-37.4	3.5	2.5	-29.2
IRELAND	2.6	4.8	79.9	1.1	2.4	115.1
OTHER	0.3	0.3	3.6	0.1	0.1	-2.8
TOTAL	1173.7	987.6	-15.8	313.5	270.2	-13.8
African tropical sawn by supplier country						
CAMEROON	397.9	460.0	15.6	189.8	191.4	0.8
IVORY COAST	257.4	198.7	-22.8	115.9	92.0	-20.6
GHANA	122.6	104.4	-14.9	54.2	45.8	-15.5
GABON	47.1	53.4	13.6	20.5	21.6	5.3
CONGO REPUBLIC	42.5	44.0	3.7	22.0	22.9	4.5
CONGO DEM. REP. (ZAIRE)	14.0	11.8	-16.0	8.3	7.6	-9.4
CENT. AFR. REP.	12.1	10.3	-15.0	5.9	5.0	-14.5
NIGERIA	8.7	9.4	7.7	5.6	6.0	7.4
LIBERIA	11.8	4.4	-62.7	5.4	1.8	-65.9
MOZAMBIQUE	2.5	2.7	6.6	2.3	1.9	-16.4
EQUAT. GUINEA	2.5	1.6	-34.4	1.2	0.9	-23.8
SOUTH AFRICA	3.3	1.6	-52.3	1.1	0.5	-54.7
BENIN	1.3	1.2	-5.5	0.5	0.8	39.2
GUINEA	1.7	1.1	-33.6	0.9	0.7	-23.9
TOGO	0.6	0.7	22.4	0.3	0.4	18.5
MADAGASCAR	1.0	0.6	-40.3	1.2	0.6	-51.8
TOTAL	928.7	907.5	-2.3	437.0	401.5	-8.1
African tropical sawn by E.U. importing country						
ITALY	287.1	251.7	-12.3	122.2	105.9	-13.4
SPAIN	206.6	248.5	20.3	94.6	94.7	0.2
FRANCE	117.0	106.0	-9.5	57.1	50.4	-11.7
NETHERLANDS	85.1	80.2	-5.8	36.6	28.3	-22.5
BELGIUM	58.5	57.4	-1.8	32.9	32.0	-2.7
UK	52.6	55.6	5.7	31.3	31.6	1.1
GERMANY	50.0	45.0	-9.9	23.8	21.3	-10.3
IRELAND	27.7	30.3	9.2	16.0	19.8	23.9
PORTUGAL	37.4	26.6	-28.7	17.9	13.1	-26.8
DENMARK	4.0	3.2	-20.8	2.6	2.1	-19.7
FINLAND	1.4	2.4	75.4	1.2	1.5	31.7
SWEDEN	1.1	0.4	-61.9	0.8	0.5	-42.7
AUSTRIA	0.2	0.1	-26.7	0.1	0.1	-11.2
TOTAL	928.7	907.5	-2.3	437.0	401.5	-8.1

* data for Greece was not available at time of compilation

Source, [woodmarkets.com](http://www.woodmarkets.com) based on Eurostat data supplied by BTS Ltd

Asia

Asian logs and plywood Very restricted supply

Far East log supplies are very restricted at present due to the monsoon and the recent suspension of logging activity over the Chinese New Year vacation period. China continues to absorb a rising proportion of those logs that become available.

In Sarawak, log production is very slow due to rainy weather. Sarawak logging operators were slow to begin price negotiations after the Chinese New Year, but early indications are that they will be looking for around US\$140/m³ for meranti regular logs (FOB), a hike of around 6-8% on prices on offer before the vacation period.

Resource constraints in Indonesia are intensifying, with reports indicating that plywood mills are scrambling for the limited logs available. Many logging operations in East Kalimantan, Indonesia have ceased since the beginning of the year, and there are reports of rapidly escalating prices on the domestic log market. The continuing rise in log prices combined with the weakness of the dollar is encouraging Indonesian plywood mills to push for higher dollar prices for finished goods

Rise in Chinese demand

The demand for tropical logs has continued to rise in China in response to booming economic conditions, the rapid expansion of wood processing in the country, and the decline in availability of domestic hardwoods. As availability of relatively low priced illegally harvested logs from Indonesia has tended to decline, Chinese importers have switched to alternative sources. Chinese imports of logs from Sarawak, Papua New Guinea and Myanmar were rising rapidly last year. Chinese importers are also becoming more heavily engaged in Africa, taking a wider range of species from the Congo Basin. In recent weeks, Chinese demand for Sarawak logs has been boosted further as prices for competing Papua New Guinea logs have risen in response to increased freight rates.

China's domestic plywood industry continued to expand during 2003, increasing in scale and improving in quality and level of technology. The domestic Chinese market has been absorbing increasing volumes mainly of lower grade plywood. Higher grade products are being produced mainly for the export market. Much of the export plywood comprises a tropical hardwood face and a poplar core. While the latter is derived from domestic plantations, the face material is manufactured from imported tropical logs.



Intensifying competition between manufacturers has kept prices for Chinese plywood low. Low prices allowed Chinese plywood exports to rise strongly last year. Problems of technical performance and increased quality requirements for plywood in major export markets may disrupt exports of Chinese plywood to certain destinations during 2004, notably the EU and Japan. However, such is the cost advantage of Chinese manufacturing that most analysts are forecasting continued long-term growth in China's plywood exports and diversification of export markets.

China's plywood demand

There is also rising domestic demand for plywood in China. One indication of this improvement in domestic demand is a sharp rise in Chinese imports of tropical hardwood plywood during 2003. In the first nine months of 2003, China recorded imports of 617,000 m³ of plywood, a year on year increase of 32.4%. This reversed the continuous decline of plywood imports by China over recent years. The majority of China's plywood imports during this period came from Indonesia (422,000 m³) and Malaysia (101,000 m³).

After a brief period of improved demand in the second quarter of last year, the Japanese market for tropical hardwood logs has resumed its long-term decline. Japanese

China Wood Products Imports January to September - 000s m³

	2002	2003	% chg
By major product			
Logs	18405	19436	5.6
Softwood	12006	11490	-4.3
Hardwood	6424	7946	23.7
Sawn lumber	3979	4130	3.8
Softwood	884	1055	19.3
Hardwood	3075	3075	0
Plywood	466	617	32.4
Veneer	133	133	0
Hardwood logs by supply country (estimates)			
Malaysia	1480	2088	41.1
PNG	830	1113	34.2
Myanmar	475	716	50.7
Other	3639	4029	50.7
Total	6424	7946	23.7
Sawn lumber by main supply country			
Indonesia	983	810	-17.6
USA	487	489	0
Thailand	439	505	15
Russia	434	436	0
Malaysia	382	324	-15.2
Canada	203	286	40.9
Myanmar	173	206	19.1
Brazil	109	200	83.5
New Zealand	165	177	7.3
Germany	203	99	-51.2
Other	401	598	49.2
Total	3979	4130	3.8

Japan wood trade and forecasts, selected products Japanese Forestry Agency - 000 m³

	2002 Total	2003 1Q	2003 2Q	2003 3Q	2003 *4Q	2003 Total	2004 *1Q	2004 *2Q
Southsea Logs								
Supply	1,982	435	446	432	390	1,703	420	420
Demand	1,962	470	435	444	445	1,794	430	430
(for lumber)	196	47	47	39	45	178	40	40
(for plywood)	1,766	423	388	405	400	1,616	390	390
Southsea Lumber								
Supply	816	197	226	216	210	849	210	210
Demand	824	201	231	212	210	854	190	220
African Logs								
Supply	111	40	27	26	25	118	25	25
Demand	130	40	29	14	22	105	21	21
(for lumber)	7	1	1	1	2	5	1	1
(for plywood)	123	39	28	13	20	100	20	20
Plywood								
Supply	7,741	1,718	1,801	1,953	2,120	7,592	1,980	1,980
(domestic output)	2,752	709	732	789	820	3,050	780	780
(imported)	4,989	1,009	1,069	1,164	1,300	4,542	1,200	1,150
Demand	7,740	1,670	1,789	2,066	2,090	7,615	1,918	1,930
(domestic output)	2,900	651	716	814	855	3,036	790	780
(imported)	4,840	1,019	1,073	1,252	1,235	4,579	1,128	1,150

*forecasts by the Japanese Forestry Agency

plywood manufacturers are continuing to shift to softwood logs. While FOB prices for tropical logs have been rising, there has been little willingness on the part of Japanese importers to pay. As a result, the level of tropical log imports into Japan during January was extremely low.

Japanese log imports remain low

Recent forecasts of Japan's wood products imports from the Japanese Forestry Agency indicate that Japanese demand for tropical logs will remain below the level of last year during the first half of 2004. Demand for imported plywood is expected to be moderately up on last year during this period.

The Korean log market has come to rely heavily on softwoods in recent times. It has been a particularly important growth market for New Zealand radiata pine logs. However, the recent strengthening of the New Zealand dollar, combined with big price hikes for radiata pine, have encouraged some Korean log buyers to switch to Solomon Island logs.

Malaysian sawn lumber

Overview

The balance between limited availability and weak demand in the dark red meranti market has been maintained in recent weeks. Malaysian mills have very little volume to offer the European market. Forward demand for meranti in the Netherlands, the main European market, remains deeply depressed. Forward demand in the UK and Germany is also subdued despite the weak dollar which has contributed to competitive pricing compared to alternative African species. How-

ever demand for Malaysian decking profiles has been more buoyant and prices have been firming. Wood certified through the Malaysian Timber Certification Council is becoming more readily available.

Supply

Due to restricted log availability, many Malaysian sawmills took an early break for Chinese New Year and closed by 16 January. Work was scheduled to restart in the first week of February. But judging from the limited range of offers made during that week, it seems some sawmills may have been taking a longer break.

Although there is little wood in the supply pipeline, meranti tembaga was available for immediate shipment in early February. Availability of merbau is extremely restricted, mainly due to the limited cut now allowed in Malaysia.

Keruing sawn lumber in European specifications (standard and better) has become extremely difficult to obtain. Malaysian producers have become more reluctant to cut keruing for the prices offered in the European market. Most logs have been diverted for plywood manufacture or to supply the Thai market. Keruing demand in Thailand is easier to satisfy since buyers are willing to accept lower grade material.

Pricing

C&F Western Europe (dollar) prices for dark red meranti – including tembaga, bukit and seraya - remained fairly stable during January, except for some minor increases due to rising freight rates. Availability of keruing sawn lumber is so restricted that European agents are unwilling to quote prices. C&F



Western Europe prices for bangkarai/balau decking profiles have remained firm, standing at around US\$675-685/m³ inclusive of agents commission.

European demand

The weak dollar has meant that forward prices for meranti sawn lumber are very competitive in Europe. However, for traders that already have stock on the ground in Europe, the weakening dollar has meant that these stocks have become devalued. Traders have been keen to move their existing meranti stock for fear that US dollar may weaken further. Therefore there has been quite a lot of cross trading at relatively low prices. However the meranti forward market has been extremely slow. The underlying trend is towards traders maintaining only low levels of meranti inventory.

Dutch demand for meranti

Building activity in the Netherlands, Europe's largest meranti market, remains very sluggish. Relatively mild winter weather may have helped to maintain low levels of timber consumption, but the economy is weak. Unemployment in Holland rose from 412,000 in September-November 2003 to 416,000 in the period October-December 2003. The economic growth rate stayed at minus 1.2 during the 3rd quarter of 2003. Meranti forward demand remains very slow as existing landed stocks are still sufficient to serve the level of demand for the coming weeks. Demand for merbau in certain sizes is better due to limited availability of competing African species such as afzelia and iroko. This is particularly true of merbau in sizes 7/4x10" and 7/4x12" for stair steps. However demand for 3x5" merbau remains very limited as prices are uncompetitive compared to 3x5" DRM bukit.

Low prices for DRM bukit have meant more limited opportunities for sales of Brazilian sapupira, despite the fact that this latter species is now very cheap and can be bought with the FSC trade mark. Sapupira is not favoured against DRM bukit because it is less easy to work.

UK demand for meranti

Economic conditions are more buoyant in the United Kingdom. In the third quarter of 2003, the UK economy grew at the fastest rate in a year, with major contributions from the service sector and rising consumer spending. Overall economic growth is expected to have been at around 2% during 2003, and is forecast to rise to around 2.8% during 2004. Despite some evidence of cooling in the housing market, housing con-

struction has continued to expand.

After a period of relatively slow buying at the end of 2003, UK importers are widely regarded as carrying only relatively low stocks of meranti-tembaga. Trading companies holding stock on the ground in the UK report that orders from UK manufacturers increased in early February as steps were made to plug occasional gaps in inventory. However, as in the Netherlands, most UK buyers seem to have little appetite for building stock and have yet to show any interest in reentering the forward market.

Present indications are that there is likely to be good demand for balau/bangkarai decking profiles in the UK this year.

Due to lack of availability, there is now unsatisfied demand for keruing sawn lumber in the UK

Japanese demand

Reports from Japan suggest landed stocks of meranti seraya sawn lumber are diminished and importers are struggling to obtain sufficient supply of good quality material. Small squares and heartwood for joinery applications are particularly scarce.

MTCC supplies on the rise

Following the extension of MTCC certified forest area in September 2003, availability of MTCC certified sawn lumber is expected to improve significantly this year. In early February, UK agents were quoting C&F UK prices for MTCC certified meranti-tembaga kd sawn lumber at around US\$840/ton for 1", US\$860/ton for 2", US\$910/ton for 2.5", US\$920/ton for 3" (all inclusive of agent's commission). This represents a price premium of around 6% compared to the uncertified material.

Asian Sawn Lumber Indicative Prices			
	Nov	Jan	Feb
Exchange rates:			
M\$/£	6.54	6.83	7.19
US\$/£	1.72	1.79	1.89
M\$/US\$	3.80	3.80	3.80
Malaysia			
All prices US\$/ton, C&F UK port, including 5% agents commission			
West Malaysian Dark Red Meranti			
Grade: Select & better GMS; Kiln dried			
Size: Width 6"+ avg 7"/8"; Length: 8'+ avg 12'/14'			
1"	780	770	790
2"	810	800	810
2.5"	860	850	855
3"	900	870	875
Myanmar Teak			
US\$/50 cu ft, FOB Rangoon/Bangkok/Singapore			
Grade: Air dried boards			
Size: Width 6"+ avg 8", Length 6'+ avg 8'			
1"	3350/ 3600	3350/ 3600	3350/ 3600

Domestic market

Good news

The economic recovery in the United States continues. The explosive GDP growth of the third quarter of 2003 (8.2% at an annual rate) was followed in the fourth quarter by slower but more sustainable growth of 4%. Overall growth during 2003 is estimated to have been at 3.2%, with even better numbers forecast for 2004. U.S. consumer confidence rebounded in January to its highest level since summer of 2002, following a December dip that had some analysts worried about the strength of the recovery, which has been driven largely by consumer spending. With consumer confidence back on track, the most glaring potential weak spot remains employment, which has improved slightly but is well below the levels seen at the start of the recession. But even the relatively high level of unemployment has its positive side – it partly reflects a big rise in productivity levels in the United States and it also helps to dampen down inflation. And low levels of inflation have encouraged the U.S. Federal Reserve to keep base interest rates unchanged at 1%. Signs are that the Federal Reserve will keep interest rates low in the near term.

Record house starts

Low interest rates have helped to boost activity in the construction sector. Single family housing starts ended 2004 at a record high and total housing starts were the highest for 25 years. According to the U.S. Census Bureau housing starts in December 2003 were up 1.7% on the previous month, and up 15.0% on the level achieved in December 2002. Building permits, which provide an indication of future activity, were up 3.3% in December 2003, up 3.3% on the previous month.

Meanwhile the manufacturing sector is benefiting from increased orders both in the United States and overseas as the weak dollar value has helped boost exports. Most analysts anticipate no significant change in the dollar exchange rate in the near future. Against this background, hardwood traders throughout the United States report healthy demand for available production. There has been particularly good demand for lower grade material including flooring oak, cants, framestock and crossties. During January, there was also significant improvement in demand for No. 1 Common and better grades. There seems now to be rising confidence that demand will be sustained. Unlike the last two years, there seems greater willingness on the part of buyers to



North America



build stock rather than to limit purchases to immediate needs only.

Supply is a key issue

As demand is rising, supply is becoming more of an issue. Log supply remains a problem for many sawmills. Although most mills have bought sufficient standing lumber to see them through the winter, it's often been difficult to get logging operations underway. Unseasonably warm wet weather delayed production in many areas during December. There seems to have been some improvement in logging conditions in the North and Appalachian regions during January, although there are still reports from the deep South of rains occurring with enough frequency to hamper logging activity. In many areas, mills have had difficulty finding loggers to harvest stands while logging trucks have been difficult to come by and expensive. Without a significant improvement in log supply, many mills may lose production time over the next few months.

Winter weather has meant longer drying schedules, tending to reduce availability of kiln dried stock.

With demand rising and production constrained, dollar prices for key species and grades of American hardwood are expected to continue to increase over coming months.

US sawn lumber indicative prices

North Appalachian US\$ MBF* CIF- W. Europe

Grade: FAS/IF, 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

	Nov	Jan	Feb
\$/£	1.72	1.79	1.89
\$/Euro	1.20	1.24	1.28
Red oak			
1"	1925	1925	2025
1.25"	2050	2050	2150
1.5"	2150	2150	2250
2"	2500	2500	2575
White oak			
1"	1550	1575	1650
1.25"	1750	1800	1860
1.5"	2300	2275	2400
2"	2750	2725	2900
Ash			
1"	1100	1220	1300
2"	1525	1680	1700
Tulipwood			
1"	1075	1075	1075
1.25"	1125	1150	1150
1.5"	1150	1175	1175
2"	1175	1200	1200
Cherry			
1"	3450	3675	3675
1.25"	3500	3775	3775
1.5"	3600	3875	3925
2"	3950	4025	4200
Hard Maple			
1"	2350	2400	2400
1.25"	2525	2525	2650
1.5"	2700	2725	2775
2"	2850	2850	2925

Export markets

2004 off to a good start

Latest U.S. export figures for the first 11 months of last year indicate that the overall volume and value of American hardwood lumber exports during 2003 was similar to the previous year. A rise in exports to Canada and China served to offset a decline in exports to most other markets.

Export volumes trailing to EU

American hardwood lumber exports to the European Union were trailing 4.5% during the first 11 months of 2003 compared to the same period the previous year. However at \$373 million, the export value to the EU was almost exactly equivalent. This reflects the progressive rise in dollar prices during 2003. The data also suggests that EU imports of American hardwoods were tending to strengthen towards the end of 2003, particularly into Spain. After a poor start in 2003, American hardwood lumber exports to Spain should have closed the year at a similar level to 2002. Exports to Italy and Germany also remained ahead of the previous year's level. However exports to the U.K., Ireland, France, Netherlands, and Belgium were well down on the previous year.

Some European markets, including France Netherlands and Belgium, have continued to suffer from lackluster consumption due to slow economic conditions. A significant number of E.U. manufacturers have either closed or relocated to lower cost locations in Eastern Europe and the Far East. In addition there has been mounting competition for American hardwoods from fixed-width European hardwood lumber.

A better start to 2004 in the EU

More recent reports suggest that the year 2004 has got off to a better start in the EU. Buyers returned after the New Year vacation carrying relatively light stocks. Some have been encouraged to buy on the back of the weakened dollar and following reports that American supplies of certain key items are more restricted, notably white oak. Although prices for many species and grades of North American hardwoods have been rising, the recent increase in the euro exchange rate against the dollar has taken the edge off the price hikes.

Strong rise to Chinese mainland

The volume of exports of American hardwood lumber to the Chinese mainland during the first 11 months of 2003 was up 21% compared to the same period in 2002. Import value increased by 27% to \$99 million. The weakening dollar and improving global

economy encouraged a progressive improvement in exports to China towards the end of 2003. However this increase failed to completely offset the large fall in exports to Hong Kong and Taiwan last year.

More recent sales activity in China has been mixed. Buying slowed in January over the Chinese New Year period. The Chinese authorities also recently withdrew tax rebates on furniture exporters which may have reduced their international competitiveness. Some secondary manufacturers were also preoccupied by the recent anti-dumping



U.S. hardwood exports Jan. to Nov. 2002 and 2003

Logs/lumber - 000s m3, veneer - mill m2

	2002	2003	% chng
World			
Logs	2094.9	2011.6	-4.0
Lumber	2582.7	2543.4	-1.5
Veneer	295.9	277.7	-6.2
Canada			
Logs	1482.3	1416.2	-4.5
Lumber	903.6	957.0	5.9
Veneer	93.0	91.2	-1.9
EU			
Logs	204.6	214.1	4.6
Italy	67.2	81.4	21.1
Germany	58.3	54.5	-6.5
Lumber	630.8	602.7	-4.5
Spain	163.1	162.1	-0.6
Italy	150.4	155.4	3.3
United Kingdom	97.4	84.5	-13.2
Germany	30.5	38.1	24.9
Veneer	102.6	102.1	-0.5
Germany	38.0	42.7	12.4
Spain	29.2	24.0	-17.8
Italy	11.3	12.2	8.0
SE Asia			
Logs	47.9	47.6	-0.6
Lumber	121.7	99.6	-18.2
Veneer	9.8	7.4	-24.5
Greater China			
Logs	202.8	187.2	-7.7
China	90.7	105.8	16.6
Hong Kong	89.1	60.8	-31.8
Taiwan	22.9	20.5	-10.5
Lumber	504.1	492.6	-2.3
China	224.8	271.4	20.7
Hong Kong	210.3	159.9	-24.0
Taiwan	68.9	61.3	-11.0
Veneer	50.5	41.9	-17.0
China	25.7	18.6	-27.6
Hong Kong	16.2	15.8	-2.5
Taiwan	8.6	7.5	-12.8
Japan			
Logs	77.0	62.8	-18.4
Lumber	87.0	80.9	-7.0
Veneer	1.9	1.4	-26.3
South Korea			
Logs	37.6	29.8	-20.7
Lumber	37.3	30.8	-17.4
Veneer	9.1	6.3	-30.8
Mexico			
Logs	11.0	18.2	65.5
Lumber	159.3	161.1	1.1
Veneer	10.8	9.9	-8.3
North Africa and Middle East			
Logs	3.2	2.9	-9.4
Lumber	49.9	39.4	-21.0
Veneer	7.0	4.5	-35.7

claim that has been filed by several U.S. bedroom furniture manufacturers against their Chinese competitors. The weak dollar has improved the competitive position of American hardwoods against European hardwoods. However, because the Chinese yuan is tied to the US dollar, American exporters have not felt the full benefit of the devalued dollar in the Chinese market. This market remains intensely competitive. As the yuan has devalued alongside the dollar, the overseas purchasing power of Chinese manufacturers has declined so they have focused even more intensely on price.

Big orders

Nevertheless, there have been reports of Chinese buyers placing large orders for American hardwoods in recent weeks and most commentators seem confident that demand in China will continue to grow during 2004.

Exports of American hardwood logs are tending to rise to China, while exports of veneer are tending to decline. This partly reflects the growth in China's domestic wood processing capacity.

American lumber demand elsewhere in South East Asia has shown signs of improvement in recent weeks after a generally slow year in 2003. There have been reports of improving demand in Malaysia and Thailand. At present the furniture sector in Malaysia is reported to have full order books and to be struggling to obtain adequate supplies of rubberwood. This may provide another incentive for furniture firms in Malaysia and Thailand to diversify their raw material base to include higher value American hardwoods.

Japan depressed

Despite some signs of economic improvement in Japan, the Japanese market for American oak and ash in furniture and interior joinery remains depressed. However the strengthened yen against the dollar has improved the competitive position of American hardwoods.

The hardwood trade between the United States and Canada has continued to be brisk in recent weeks. Much of the lumber exported to Canada comprises red oak for flooring manufacture. Over the last year, the US dollar has fallen 14% against the Canadian dollar. Canadian manufacturers selling product into the United States have seen their margins squeezed. However the rising pace of finished-goods consumption has helped offset this problem and Canadian demand for American hardwood lumber has remained strong.

Species notes

■ **Ash** – solid domestic demand for both kiln dried and green #1C and #2A grades is well balanced with supply and prices remain firm. Markets for FAS&1F and SEL&BTR grades are more mixed, though sales are reasonably steady to long-term buyers. Prices for green and kiln dried FAS&1F and SEL&BET grades are generally stable. There are reports of rising export demand for American ash in Korea and Spain. Japanese demand is still slow.

■ **Cherry** – demand is variable depending upon the provenance of raw material and grade. Demand is firm for lumber derived from the Penn-York area of the Appalachian region, but less strong for cherry from other regions. Domestic demand is stronger for the common grades than for FAS grade. This creates challenges for mills that will need to find outlets for the full range of grades. Export demand for cherry has remained quite slow in Europe, but sales to China have been improving.

■ **Red oak** – good domestic and Canadian demand and restricted availability has meant that prices for nearly all grades and sizes are tending to rise. Domestic demand particularly concentrates on 4/4 thickness and is less intense for thicker sizes. U.S. manufacturers are buying aggressively to maintain production schedules and satisfy rising end-user demand. With the exception of shipments to Canada and Mexico, US exports of red oak have tended to decline due to strong domestic demand.

■ **White oak** – demand from both domestic and overseas markets is exceeding supply, pushing prices higher for green and kiln dried stock. Domestic demand for lower grades is intense for strip flooring, truck trailer flooring, furniture, and cabinet industries. Demand has also been rising for the higher grades. Overseas buyers of white oak are having to compete with domestic buyers for limited supplies. As for red oak, domestic demand is particularly strong for 4/4 stock and less intense for thicker sizes. However stocks in the thicker sizes preferred on export markets are much reduced and mills are unlikely to be willing to cut to these sizes without the promise of price premiums. Export

demand for American white oak has been rising, boosted in by the weakening dollar. In Europe, demand has been particularly good in Spain and Italy.

■ **Poplar/tulipwood** – domestic demand has been undermined in some areas by rising imports of finished goods and wood raw material, as well as alternative materials. Export demand is therefore becoming a more important component of the poplar market. More producers are now trying to generate demand by providing extra sorts for colour and size. There are reports from some areas that overall demand has been improving in recent weeks. Prices have yet to respond and remain reasonably stable. China has now emerged as the largest export market for American tulipwood, taking mainly common grades. Demand for higher grades in Spain and Italy has improved in recent months.

■ **Hard maple** – domestic demand has been improving as buyers have been drawn to the better quality winter-cut stock. This stock tends to be whiter and brighter. Demand for higher grades of hard maple has been improving in northern Europe. Prices are tending to firm both for colour selected and unselected stock and across the range of grades.

■ **Soft maple** – there are some signs of improving domestic demand. In some areas, lower grades seem to be benefiting from a growing fashion for the "rustic look". Significant domestic market premiums are available to suppliers willing to meet additional order specifications, particularly selection for colour. Export markets are still confined.

■ **Walnut** – demand remains steady to strong and prices are firm for both steamed and unsteamed stock. There is rising export demand for walnut logs. This has increased prices to domestic mills and raised concerns in the U.S. that export demand for walnut lumber will suffer.

■ **Yellow birch** – domestic demand is brisk and prices are firm. Significant premiums can be obtained for colour selected stock. Canadian producers are exporting significant volumes of strips to Asian engineered wood flooring manufacturers.

Europe

Hardwood import data for the first nine months of 2003 for 7 countries of the EU is presented overpage. The data indicates that 2003 was a patchy year for the European hardwood trade.

EU tropical log imports were universally down last year. Tropical sawn imports were more mixed, falling into Italy and Germany, but rising into Benelux, UK, Spain and France.

On the temperate hardwood side, most countries under review were importing more lumber from Eastern Europe during the nine month period. The Ukraine now features strongly as a supplier of oak

sawn lumber to the EU Only Italy increased American hardwood imports during this period.

EU imports of tropical plywood were tending to increase during the 9 month period. Imports from Indonesia were tending to decline, compensated by increased imports from Brazil, Malaysia, China and Gabon.

Nearly all countries under review were importing more wood furniture and hardwood profiles (mouldings and other machined products) last year. Growth in wood furniture imports into Spain was particularly dramatic.

EU Nations - Imports - Jan-Sept 2001-2003

	Germany				Belgium				The Netherlands						
	2001	2002	2003	%-chg	2001	2002	2003	%-chg	2001	2002	2003	%-chg			
Tropical logs (000s m3)															
	CAMEROON	47.8	35.1	23.7	-18.3	GABON	7.9	6.4	4.8	-24.7	GABON	36.1	33.4	15.2	-54.5
	GABON	18.3	13.7	10.9	-20.6	CONGO (KINSHASA)	3.3	2.2	2.3	4.9	CAMEROON	13.9	2.7	0.9	66.6
	CONGO REPUBLIC	14.5	10.3	6.1	-40.6	CAMEROON	6.1	2.2	2.8	24.2	SURINAM	1.5	2.8	1.9	-32.0
	LIBERIA	15.8	13.7	8.4	-38.4	NETHERLANDS	2.5	3.4	2.6	-23.1	NETHERLANDS	0.8	1.3	3.8	199.8
	BURMA	2.2	2.4	2.3	-4.2	GERMANY	2.2	1.0	1.0	4.7	LIBERIA	9.9	2.2	5.7	158.4
	EQUAT. GUINEA	11.5	8.8	4.8	-45.9	FRANCE	4.8	2.2	7.0	214.8	MALAYSIA	0.1	0.5	0.1	-72.6
	CONGO (KINSHASA)	1.4	1.8	1.9	2.9	BURMA	0.2	0.3	0.1	-74.8	GERMANY	2.4	0.5	1.1	129.3
	OTHER	6.4	1.5	4.1	176.4	OTHER	3.9	1.6	1.4	-15.0	OTHER	1.7	1.9	4.2	126.1
	TOTAL	117.9	87.2	67.1	-23.1	TOTAL	30.8	19.3	21.9	13.7	TOTAL	66.3	45.3	33.1	-27.0
Beech logs (000s m3)															
	FRANCE	29.4	36.7	23.9	-34.7	FRANCE	566.5	271.7	300.9	10.7	GERMANY	4.6	5.3	6.0	12.7
	AUSTRIA	4.0	6.4	1.8	-71.8	LUXEMBOURG	119.9	66.3	54.4	-17.9	LUXEMBOURG	4.9	3.4	1.9	-43.9
	OTHER	26.6	16.4	16.2	-1.6	OTHER	23.5	26.8	29.6	11.6	OTHER	0.6	0.9	0.0	-96.4
	TOTAL	59.9	59.5	41.9	-29.6	TOTAL	707.0	364.6	385.0	5.6	TOTAL	11.1	9.6	7.9	-17.8
Oak logs (000s m3)															
	U.S.A.	6.5	6.3	3.1	-51.2	FRANCE	142.7	168.6	183.5	8.8	UKRAINE	4.6	3.4	1.7	-48.2
	FRANCE	14.6	7.0	6.7	-4.8	NETHERLANDS	1.8	1.4	1.8	31.3	GERMANY	1.7	1.3	3.9	208.0
	UKRAINE	2.8	3.5	3.6	3.1	LUXEMBOURG	2.8	18.1	16.5	-9.3	LUXEMBOURG	2.1	1.1	1.8	66.4
	OTHER	17.0	10.1	10.1	0.0	OTHER	11.6	9.3	15.2	63.8	OTHER	0.7	0.2	0.1	-68.4
	TOTAL	40.8	26.9	23.4	-12.9	TOTAL	159.0	197.4	216.9	9.9	TOTAL	9.0	5.9	7.5	27.3
Other hardwood logs (000s m3)															
	U.S.A.	46.2	41.9	30.5	-27.2	FRANCE	487.7	401.1	408.3	1.8	GERMANY	33.8	31.4	34.0	8.0
	FRANCE	11.6	10.8	7.8	-27.5	NETHERLANDS	180.8	175.4	178.4	1.7	BELGIUM	6.7	22.8	28.5	24.8
	JAPAN	1.3	1.1	1.3	15.8	U.S.A.	1.9	5.1	0.9	-82.0	U.S.A.	0.5	0.3	0.1	-55.0
	OTHER	37.0	24.8	28.5	14.8	OTHER	93.5	76.5	116.2	51.9	OTHER	0.3	0.2	0.2	9.7
	TOTAL	96.0	78.7	68.1	-13.4	TOTAL	763.9	658.0	703.8	7.0	TOTAL	41.2	54.8	62.9	14.7
Tropical sawn lumber (000s m3)															
	MALAYSIA	16.8	20.8	19.0	-8.5	MALAYSIA	91.5	63.1	85.1	34.9	MALAYSIA	117.3	120.3	129.8	7.9
	GHANA	41.6	29.9	23.3	-22.0	CAMEROON	96.5	36.7	38.6	5.2	CAMEROON	57.9	47.9	29.5	-38.5
	NETHERLANDS	14.3	17.2	15.6	-9.6	BRAZIL	22.2	22.0	26.3	19.2	BRAZIL	61.7	68.7	97.1	41.4
	CAMEROON	11.9	10.7	12.9	20.3	NETHERLANDS	11.8	12.0	14.6	21.4	BELGIUM	18.5	20.0	17.6	-12.3
	BELGIUM	7.5	5.8	5.2	-9.9	CONGO (KINSHASA)	2.9	4.4	4.1	-6.6	INDONESIA	4.9	6.3	7.6	20.6
	INDONESIA	2.9	5.0	7.5	48.2	INDONESIA	5.9	3.4	8.3	143.2	IVORY COAST	15.4	9.6	3.7	-61.3
	DENMARK	1.5	0.9	0.5	-42.6	GHANA	7.9	5.6	2.9	-48.9	GHANA	6.1	6.6	10.6	60.2
	BRAZIL	2.1	1.3	1.4	7.9	FRANCE	2.6	3.2	9.7	202.7	BURMA	0.5	1.0	1.0	-0.0
	OTHER	8.6	10.2	9.0	-11.8	OTHER	15.3	13.7	19.8	44.6	OTHER	13.1	12.2	14.0	14.9
	TOTAL	107.1	101.8	94.4	-7.3	TOTAL	195.7	164.2	209.4	27.5	TOTAL	295.6	292.8	310.9	6.2
Beech sawn lumber (000s m3)															
	POLAND	7.9	8.2	7.2	-12.3	FRANCE	17.2	16.8	15.3	-8.6	GERMANY	12.9	13.1	18.5	41.1
	SLOVAKIA	8.2	7.3	4.8	-34.1	GERMANY	9.9	12.6	12.2	-3.1	BELGIUM	6.0	4.7	7.0	50.4
	BOSNIA & HERZ.	3.5	4.5	4.7	3.9	NETHERLANDS	3.2	1.2	1.1	-8.9	POLAND	0.7	1.3	0.8	-41.2
	SLOVENIA	1.7	2.5	1.8	-30.6	SLOVENIA	0.8	0.8	0.8	3.9	SERBIA & MONT.	0.2	0.5	0.3	-36.0
	OTHER	42.2	33.8	29.6	-12.6	OTHER	4.1	3.7	4.8	29.1	OTHER	2.4	2.2	2.3	8.0
	TOTAL	63.5	56.4	48.0	-14.8	TOTAL	35.2	35.1	34.2	-2.3	TOTAL	22.2	21.7	28.9	33.1
Oak sawn lumber (000s m3)															
	U.S.A.	12.9	10.6	10.3	-2.8	U.S.A.	25.6	22.1	17.9	-18.7	FRANCE	16.4	15.7	16.8	6.7
	UKRAINE	26.0	27.2	22.8	-16.4	FRANCE	28.1	25.5	26.4	3.8	U.S.A.	9.7	8.7	6.6	-24.5
	FRANCE	4.9	4.7	3.2	-31.0	GERMANY	7.8	7.7	5.4	-30.1	BELGIUM	3.1	1.8	3.2	75.3
	CANADA	2.5	2.8	1.5	-45.7	POLAND	4.3	3.9	5.2	34.6	GERMANY	4.0	3.8	6.3	64.8
	POLAND	5.3	3.7	3.1	-15.5	UKRAINE	3.7	5.1	5.7	9.9	POLAND	1.6	3.5	5.3	50.2
	OTHER	15.3	16.2	15.6	-3.7	OTHER	13.8	10.4	10.5	1.3	OTHER	16.3	12.2	17.8	46.2
	TOTAL	66.9	65.1	56.5	-13.3	TOTAL	83.3	74.6	71.1	-4.7	TOTAL	51.1	45.7	55.9	22.2
Other hardwood sawn lumber (000s m3)															
	CANADA	20.6	17.8	16.4	-7.6	U.S.A.	11.3	10.4	8.1	-21.8	U.S.A.	12.0	8.5	7.6	-11.2
	LITHUANIA	97.4	109.8	114.6	4.4	LITHUANIA	20.8	32.9	61.0	85.6	CANADA	6.2	5.8	3.6	-37.1
	U.S.A.	15.3	13.8	16.6	20.3	LATVIA	5.8	21.0	27.4	30.2	LITHUANIA	13.5	12.3	10.9	-11.2
	LATVIA	41.0	41.9	36.9	-12.0	NETHERLANDS	2.3	2.5	6.1	147.4	HUNGARY	3.1	2.6	2.2	-15.7
	NETHERLANDS	2.5	3.1	2.2	-29.2	CANADA	2.0	2.1	2.3	8.4	LATVIA	18.2	6.6	15.1	127.6
	OTHER	99.7	82.4	68.7	-16.6	OTHER	29.1	25.8	21.1	-18.2	OTHER	23.9	14.8	11.6	-21.6
	TOTAL	276.6	268.7	255.4	-4.9	TOTAL	71.2	94.7	126.0	33.1	TOTAL	77.0	50.6	51.0	0.7
Planed/finger jointed sawn lumber (000s m3)															
	NETHERLANDS	2.4	1.8	1.7	-4.3	NETHERLANDS	6.0	3.2	3.3	4.2	MALAYSIA	18.0	2.9	2.6	-10.3
	AUSTRIA	1.2	2.3	2.6	13.5	BURMA	2.2	1.0	1.7	73.2	INDONESIA	3.4	7.0	30.7	340.5
	GHANA	0.6	0.8	1.3	52.4	GHANA	1.2	1.4	0.4	-67.2	CAMEROON	2.6	14.1	5.9	-58.1
	OTHER	4.2	5.3	6.3	19.4	OTHER	7.4	8.6	7.5	-12.6	OTHER	8.1	11.3	17.1	50.9
	TOTAL	8.3	10.3	12.0	16.6	TOTAL	16.8	14.1	13.0	-8.2	TOTAL	32.2	35.4	56.3	59.3
Tropical hardwood veneer (000s m3)															
	IVORY COAST	26.5	16.6	20.0	20.4	FRANCE	1.0	2.3	1.1	-54.9	FRANCE	0.0	1.6	0.8	-50.7
	ITALY	1.1	2.1	2.1	-0.4	GHANA	6.3	5.1	4.5	-11.9	GABON	2.4	2.2	1.9	-14.7
	GHANA	5.9	5.6	7.2	29.0	GABON	1.3	2.0	1.9	-1.7	GERMANY	0.4	0.5	0.2	-53.1
	FRANCE	0.7	0.8	1.3	62.1	IVORY COAST	3.6	2.3	1.6	-44.5	THAILAND	0.1	0.1	0.1	27.0
	OTHER	6.9	7.4	4.1	-45.4	OTHER	2.6	4.0	4.0	0.3	OTHER	0.8	0.9	1.6	79.1
	TOTAL	41.2	32.5	34.7	6.5	TOTAL	14.9	16.1	13.0	-19.2	TOTAL	3.7	5.3	4.6	-12.3
Other hardwood veneer (000s m3)															
	U.S.A.	35.8	19.7	22.1	12.4	U.S.A.	4.0	2.7	2.6	-3.7	GERMANY	1.6	0.7	0.9	27.5
	ITALY	2.4	2.3	1.9	-18.5	GERMANY	3.4	1.7	1.0	-41.4	HUNGARY	0.5	0.8	0.8	-1.5
	POLAND	5.6	7.9	10.5	32.6	CROATIA	1.2	1.0	0.8	-15.5	BELGIUM	0.4	0.1	0.9	520.5
	SWITZERLAND	6.2	5.3	4.7	-12.2	FRANCE	3.1	1.8	2.0	11.2	FRANCE	0.2	0.1	0.2	122.4
	OTHER	34.3	29.5	35.1	19.0	OTHER	5.7	2.7	4.7	73.7	OTHER	0.5	0.3	1.0	214.6
	TOTAL	84.4	64.7	74.2											

EU Nations - Imports - Jan-Sept 2001-2003

United Kingdom					Italy					Spain					France				
	2001	2002	2003	%-chg		2001	2002	2003	%-chg		2001	2002	2003	%-chg		2001	2002	2003	%-chg
LIBERIA	6.1	5.6	2.2	-60.4	CAMEROON	104.6	86.6	69.3	-19.9	CAMEROON	24.3	20.8	16.9	-19.0	GABON	341.9	285.4	253.5	-11.2
U.S.A.	0.5	0.4	0.5	24.2	CONGO REPUBLIC	32.1	34.5	28.2	-22.0	CENT. AFR. REP.	32.6	11.6	14.8	27.2	LIBERIA	92.4	95.9	74.4	-22.4
BELGIUM	0.0	2.1	0.0	-100.0	LIBERIA	59.5	48.7	37.6	-22.0	CONGO REPUBLIC	9.3	12.3	11.7	-4.6	CONGO REPUBLIC	23.7	44.9	57.9	29.1
GERMANY	2.2	1.7	0.7	-61.0	GABON	45.5	48.2	38.7	-19.7	GABON	19.9	24.5	19.0	-22.7	EQUAT. GUINEA	45.7	31.2	22.3	-28.6
IVORY COAST	1.4	0.9	0.8	-18.9	CENT. AFR. REP.	12.9	16.3	25.8	57.8	LIBERIA	12.3	11.1	7.3	-34.4	EQUAT. GUINEA	27.3	19.0	22.2	16.9
CAMEROON	4.9	1.2	0.5	-58.9	BURMA	2.5	2.1	2.2	4.3	EQUAT. GUINEA	24.8	13.7	9.3	-31.8	CENT. AFR. REP.	8.6	7.8	11.8	50.8
OTHER	5.4	4.4	6.2	39.5	FRANCE	4.4	4.4	2.2	-49.5	FRANCE	6.5	3.4	4.1	20.4	CONGO (KINSHASA)	3.1	4.6	6.7	45.2
TOTAL	20.6	16.3	10.8	-33.7	OTHER	8.5	7.9	4.8	-39.1	OTHER	10.9	6.5	6.6	2.0	OTHER	16.5	7.6	6.1	-20.1
					TOTAL	270.0	248.5	206.8	-16.8	TOTAL	140.5	104.0	89.7	-13.7	TOTAL	559.3	496.5	454.9	-8.4
FRANCE	0.6	0.4	0.2	-49.5	AUSTRIA	103.8	108.5	75.9	-30.0	FRANCE	46.7	44.1	42.4	-3.8	BELGIUM	4.1	21.8	56.2	157.9
ROMANIA	0.1	0.1	0.1	-31.5	SWITZERLAND	116.3	95.8	79.3	-17.3	GERMANY	6.7	6.1	7.8	29.3	GERMANY	14.3	13.2	20.7	57.0
OTHER	0.2	0.6	1.7	170.5	OTHER	219.6	207.0	182.4	-11.9	OTHER	12.0	7.8	16.5	112.1	OTHER	37.9	45.3	47.4	4.9
TOTAL	0.9	1.2	2.0	72.8	TOTAL	441.7	411.3	337.6	-17.9	TOTAL	65.4	58.0	66.8	15.2	TOTAL	56.3	80.3	124.2	54.7
FRANCE	10.3	13.6	17.3	26.8	CROATIA	6.9	6.8	6.0	-10.8	FRANCE	73.5	51.3	41.4	-19.3	GERMANY	54.2	39.6	62.0	56.5
U.S.A.	2.3	2.2	3.9	80.8	FRANCE	20.5	21.2	15.9	-24.9	GERMANY	13.0	10.2	15.6	53.0	AUSTRIA	3.9	2.9	3.3	13.4
NETHERLANDS	0.4	0.7	2.3	237.1	HUNGARY	43.8	9.4	4.3	-54.2	UKRAINE	6.0	5.5	6.8	24.6	BELGIUM	7.3	7.6	7.0	-7.1
OTHER	2.3	3.7	6.5	73.5	OTHER	19.1	17.7	23.0	30.0	OTHER	13.9	6.1	14.8	144.1	OTHER	20.3	15.2	11.3	-26.0
TOTAL	15.3	20.2	30.0	48.5	TOTAL	90.3	55.1	49.3	-10.5	TOTAL	106.4	73.0	78.5	7.6	TOTAL	85.6	65.3	83.6	28.0
LATVIA	19.2	35.6	47.2	32.3	FRANCE	332.9	200.6	170.1	-15.2	U.S.A.	7.9	6.6	10.7	61.5	U.S.A.	10.2	9.9	4.7	-51.9
U.S.A.	8.3	10.1	6.0	-40.7	U.S.A.	88.6	53.8	54.1	0.5	FRANCE	61.4	46.1	36.4	-20.9	BELGIUM	58.5	62.5	75.9	21.4
ESTONIA	0.9	8.4	11.9	41.4	CROATIA	185.7	241.3	204.1	-15.4	GERMANY	0.3	1.1	0.3	-75.8	SPAIN	104.2	90.4	86.6	-4.3
OTHER	9.5	11.8	10.7	-9.1	OTHER	581.4	520.7	486.7	-6.5	OTHER	13.3	3.5	2.7	-23.6	OTHER	27.7	21.4	31.4	3.4
TOTAL	37.8	66.0	75.8	14.9	TOTAL	1188.6	1016.4	914.9	-10.0	TOTAL	82.8	57.3	50.1	-12.6	TOTAL	199.6	184.2	189.3	2.8
MALAYSIA	36.5	37.9	42.7	12.5	CAMEROON	121.2	104.9	94.4	-10.0	CAMEROON	123.3	91.4	158.5	73.5	BRAZIL	124.4	72.4	88.9	22.8
CAMEROON	23.8	22.3	24.6	10.3	IVORY COAST	105.4	112.8	86.0	-23.8	IVORY COAST	99.8	76.5	54.3	-29.0	CAMEROON	57.8	40.9	42.5	3.9
NETHERLANDS	12.8	15.5	11.0	-29.2	MALAYSIA	19.9	22.4	31.0	38.4	BRAZIL	102.6	87.2	87.1	-0.1	IVORY COAST	23.8	19.7	13.0	-33.8
IVORY COAST	11.7	13.7	13.8	0.7	GABON	19.7	23.0	30.2	31.7	CONGO REPUBLIC	10.5	17.8	16.6	-6.6	BELGIUM	19.1	18.4	16.0	-12.9
GHANA	12.8	13.0	12.1	-7.1	GHANA	23.8	22.0	23.1	4.9	CENT. AFR. REP.	8.2	9.7	8.4	-13.5	MALAYSIA	29.6	13.6	23.0	69.0
BRAZIL	10.4	10.4	20.1	92.9	BRAZIL	12.5	10.7	17.8	66.6	PORTUGAL	0.7	3.5	11.3	223.7	CONGO REPUBLIC	8.0	8.5	9.3	9.1
GERMANY	4.3	8.6	6.9	-20.0	NIGERIA	16.0	6.9	7.2	4.5	U.S.A.	0.9	1.0	1.3	26.0	GABON	6.4	10.8	12.7	17.0
INDONESIA	3.9	4.0	4.0	0.3	LIBERIA	2.7	6.1	0.8	-90.0	FRANCE	2.2	1.6	3.7	134.1	GHANA	15.3	12.5	10.8	-13.2
OTHER	60.6	23.4	45.1	92.5	OTHER	31.2	27.7	36.0	30.0	OTHER	13.2	14.4	25.0	79.3	OTHER	21.8	13.7	19.0	31.7
TOTAL	176.8	148.9	180.2	21.0	TOTAL	352.4	338.4	326.4	-3.5	TOTAL	366.2	303.0	366.1	20.8	TOTAL	306.2	210.4	234.2	11.3
GERMANY	17.1	17.0	17.9	5.6	CROATIA	97.5	74.0	66.4	-10.3	GERMANY	39.2	36.0	47.6	32.5	SLOVAKIA	3.7	3.1	2.2	-28.5
FRANCE	2.0	2.7	3.6	33.3	BOSNIA & HERZ.	63.1	58.9	52.0	-11.7	FRANCE	32.0	30.3	35.4	17.1	SPAIN	1.0	1.2	1.2	-0.3
DENMARK	2.9	1.5	2.9	87.1	SLOVENIA	37.9	40.6	32.2	-20.6	UKRAINE	5.4	4.7	4.0	-15.2	SWITZERLAND	2.6	2.8	2.2	-22.2
ITALY	0.6	1.1	0.6	-42.1	SERBIA & MONT.	16.4	47.8	22.6	-52.7	ROMANIA	4.2	4.8	7.4	55.6	ROMANIA	1.1	1.1	1.7	53.9
OTHER	2.6	2.3	2.4	2.9	OTHER	138.9	112.0	106.1	-5.2	OTHER	20.0	22.0	31.6	43.9	OTHER	7.9	8.7	8.0	-8.1
TOTAL	25.3	24.6	27.4	11.5	TOTAL	353.8	333.3	279.3	-16.2	TOTAL	100.8	97.7	126.1	29.1	TOTAL	16.3	16.9	15.3	-9.6
U.S.A.	51.1	55.7	42.9	-22.9	CROATIA	42.1	43.2	43.8	1.6	U.S.A.	182.3	164.4	103.6	-37.0	U.S.A.	11.5	10.9	8.6	-20.5
FRANCE	11.5	17.1	14.9	-13.0	U.S.A.	18.3	17.6	24.3	38.0	CANADA	10.5	10.3	10.1	-1.5	BELGIUM	5.0	5.5	7.5	36.0
ESTONIA	30.7	29.3	46.6	58.9	HUNGARY	11.0	11.7	10.9	-6.4	FRANCE	15.9	5.2	9.6	84.0	UKRAINE	2.8	2.3	2.7	16.9
CANADA	5.2	5.4	4.4	-18.3	FRANCE	4.7	5.8	5.2	-9.9	BELGIUM	2.5	2.7	2.0	-18.8	CANADA	2.4	1.8	1.6	-10.7
GERMANY	4.9	3.8	7.0	85.2	UKRAINE	6.8	8.8	12.7	44.9	UKRAINE	3.2	5.3	7.9	48.4	ROMANIA	1.4	1.1	1.0	-4.3
OTHER	11.9	14.0	12.0	-14.6	OTHER	23.4	30.7	36.2	17.0	OTHER	12.8	11.0	9.4	-14.4	OTHER	14.5	10.2	9.1	-10.8
TOTAL	115.3	125.4	127.9	2.0	TOTAL	106.3	117.8	133.3	13.1	TOTAL	227.1	197.8	142.5	-27.9	TOTAL	37.5	31.7	30.6	-3.6
U.S.A.	38.9	33.1	30.3	-8.6	U.S.A.	94.8	89.1	123.2	38.3	U.S.A.	15.3	12.9	14.7	14.0	U.S.A.	14.7	10.3	9.2	-10.8
LATVIA	122.4	98.1	129.6	32.0	HUNGARY	101.5	90.8	64.2	-29.3	CANADA	4.4	6.2	5.7	-8.1	CANADA	7.9	5.8	4.9	-15.6
CANADA	11.7	9.0	7.7	-14.8	SPAIN	7.9	9.0	6.0	-33.3	FRANCE	14.0	13.0	12.6	-2.8	BELGIUM	4.1	6.2	6.5	3.3
ESTONIA	33.4	24.6	14.8	-39.7	ROMANIA	21.3	30.3	31.5	4.1	LATVIA	20.7	22.7	18.6	-18.1	GERMANY	26.8	8.4	8.7	3.7
SWEDEN	3.9	2.9	6.0	103.7	CROATIA	35.5	34.6	34.8	0.4	PORTUGAL	1.3	3.3	4.0	21.7	ROMANIA	2.0	1.7	1.6	-4.2
OTHER	17.1	22.5	16.8	-25.3	OTHER	248.5	215.6	241.3	11.9	OTHER	9.9	16.7	13.6	-18.3	OTHER	36.6	33.6	41.4	23.4
TOTAL	227.3	190.2	205.1	7.8	TOTAL	509.4	469.4	501.0	6.7	TOTAL	65.6	74.8	69.3	-7.3	TOTAL	92.1	66.0	72.2	9.4
LATVIA	1.2	45.4	24.2	-46.7	MALAYSIA	13.1	3.4	6.2	81.7	POLAND	2.8	8.0	8.7	7.9	BRAZIL	24.0	23.9	21.9	-8.3
U.S.A.	1.2	0.6	0.6	3.8	INDONESIA	4.3	1.4	3.1	129.6	FRANCE	2.2	1.7	1.4	-15.2	GHANA	4.8	15.9	9.5	-40.5
NETHERLANDS	0.3	0.4	0.5	34.0	FRANCE	1.5	2.0	0.0	-99.8	PORTUGAL	2.9	0.0	2.065733.3	BELGIUM	5.0	2.7	1.9	-30.1	
OTHER	2.8	7.5	4.1	-45.0	OTHER	9.0	8.6	11.6	34.5	OTHER	8.7	10.8	9.5	-12.3	OTHER	16.4	11.6	14.8	26.9
TOTAL	5.6	53.9	29.4	-45.4	TOTAL	27.9	15.4	21.0	36.0	TOTAL	16.6	20.5	21.6	5.0	TOTAL	50.3	54.2	48.0	-11.3
GERMANY	0.9	0.7	0.5	-26.8	IVORY COAST	29.0	30.5	30.1	-1.3	IVORY COAST	35.9	26.2	17.7	-32.7	GABON	37.3	63.1	70.0	10.9
SOUTH AFRICA	1.5	0.3	1.9	584.1	CAMEROON	25.2	29.0	43.0	48.4	GHANA	7.8	9.1	9.6	6.5	GHANA	3.0	3.0	1.9	-36.0
FRANCE	0.6	0.7	0.5	-34.4	GHANA	15.1	14.2	14.8	4.0	EQUAT. GUINEA	14.2	11.3	8.2	-27.4	BELGIUM	2.3	3.3	2.3	-29.2
GHANA	1.2	0.7	1.4	89.4	GABON	3.7	7.8	10.5	178.1	GERMANY	0.3	1.4	0.5	-46.9	IVORY COAST	9.2	2.8	3.1	9.2
OTHER	3.0	2.1	3.4	60.1	OTHER	8.4	9.1	10.9	20.1	OTHER	8.6	9.2	13.3	44.5	OTHER	12.0	9.0	11.7	29.7
TOTAL	7.3	4.6	7.7	67.3	TOTAL	81.4	86.5	109.3	26.3	TOTAL	66.8	56.8	49.3	-13.1	TOTAL	57.8	81.2	89.0	9.6
GERMANY	1.6	3.6	2.1	-42.1	GERMANY	8.6	9.8	7.6	-22.6	U.S.A.	15.6	17.0	15.8	-6.9	GERMANY	4.1	2.9	2.9	2.2
BELGIUM	1.0	1.8	1.1	-41.7	U.S.A.	5.9	6.5	7.1	9.6	GERMANY	4.3	3.3	5.3	60.2	U.S.A.	3.3	1.9	1.5	-21.7
FRANCE	1.1	2.5	3.4	34.6	FRANCE	38.0	34.9	21.8	-37.6	ROMANIA	0.3	3.7	5.6	52.4	ITALY	1.5	2.7	1.5	-44.3
U.S.A.	4.9	2.0	2.6	27.7	SLOVENIA	5.9	7.6	7.2	-6.0	ITALY	1.8	1.7	2.6	53.2	SPAIN	2.4	0.8	1.1	42.7
OTHER	5.1	7.0	6.0	-13.7	OTHER	45.7	49.0	59.7	21.7	OTHER	13.4	11.5	22.0	90.4	OTHER	6.4	8.1	11.5	41.3
TOTAL	13.6	17.0	15.2	-10.5	TOTAL	104.0	107.9	103.4											

Sapele log prices rise

Although it is now peak logging season in the main African producing regions north of the equator, there are signs that log availability may be restricted this year. One indication is news that producers in the Congo basin pushed through an increase in sapele log prices during January. Market signals from the European tropical hardwood log market were better in January than at the end of 2003. In China, the strong euro is acting to deter buyers from the African log market at present. Chinese buyers have been putting suppliers under great pressure to reduce prices. In some cases they have been successful. SNBG in Gabon recently announced that they would reduce okoume log prices. Longer term trends are towards greater participation of Chinese buyers in the African hardwood trade. **Pages 2/3**

African sawmills in difficulty

Trading conditions remain very difficult for many African saw mills. Availability of logs of commercially valuable species is now fairly restricted. Meanwhile the strength of the euro is tending to dampen export demand for African tropical sawn lumber. Since most African hardwoods are traded in euros, they struggle to compete on price against Asian and Brazilian alternatives which are traded in dollars. Margins are therefore being squeezed as log prices have risen while market prices for sawn lumber have yet to respond. **Page 3**

African concession monitoring

A range of industry, environmental and donor interests have combined to endorse a new project designed to provide public access to reliable information on central African producers' progress towards sustainable forestry. This will be achieved by creating a long-term forest concession reporting and information system. The project aims both to help satisfy consumer demand for more information on the sources of wood products, and improve forest governance in the Congo basin. **Page 4**

Planning process slows in Congo

Around 50 million hectares of the forest area of the Congo basin is under some form of

concession. Of this area, around 15 million hectares are engaged in a process to develop forest management plans. During 2003 there was a slowdown in the process of developing these plans due to rising tax levels and other uncertainties **Page 1**

Asian log supply restricted

Far East log supplies are very restricted at present due to the monsoon and the recent suspension of logging activity over the Chinese New Year vacation period. China continues to absorb a rising proportion of available log supply. Resource constraints in Indonesia has meant plywood mills are now scrambling for the limited logs available. **Pages 5/6**

Few offers from Malaysia

The balance between limited availability and weak demand in the dark red meranti market has been maintained in recent weeks. Malaysian mills have very little volume to offer the European market. Forward demand for meranti in the Netherlands, the main European market, remains deeply depressed. Forward demand in the UK and Germany is also subdued despite the weak dollar which has contributed to competitive pricing compared to alternative African species. However demand for Malaysian decking profiles has been buoyant and prices have been firming. Wood certified through the Malaysian Timber Certification Council is becoming more readily available. **Pages 6/7**

U.S. recovery continues

The economic recovery in the United States continues. Low interest rates have helped to boost activity in the U.S. construction sector. Single family housing starts ended 2004 at a record high and total housing starts were the highest for 25 years. Hardwood traders throughout the United States report healthy demand for available production. There has been particularly good demand for lower grade material including flooring oak, cants, framestock and crossties. During January, there was also significant improvement in demand for No. 1 Common and better grades. There is rising confidence that demand will be sustained. As demand

is rising, hardwood log supply has become more of a problem for many U.S. sawmills. Dollar prices for key species and grades of American hardwood are expected to continue to increase over coming months. **Pages 7/8**

US exports get off to a good start

Latest figures for the first 11 months of last year indicate that the overall volume and value of American hardwood lumber exports during 2003 was similar to the previous year. A rise in exports to Canada and China served to offset a decline in exports to most other markets. More recent reports suggest that the year 2004 has got off to a better start for American hardwoods in the EU. Buying in some EU countries has been encouraged by relatively low stocks, the weak dollar, and news of continuing price rises. Recent American hardwood sales activity in China has been mixed. Buying slowed in January over the Chinese New Year period. As the Chinese yuan has depreciated alongside the US dollar, the Chinese market has remained intensely price conscious. Nevertheless, there have been reports of Chinese buyers placing large orders for American hardwoods in recent weeks and most commentators seem confident that demand in China will continue to grow during 2004. **Pages 8/9**

Patchy EU imports during 2003

Hardwood import data for the first nine months of 2003 indicates that 2003 was a patchy year for the European hardwood trade. EU tropical log imports were universally down. Tropical sawn imports were mixed, falling into Italy and Germany, but rising into Benelux, UK, Spain and France. Most countries were importing more lumber from Eastern Europe last year. Only Italy increased American hardwood imports during the period. EU imports of tropical plywood were tending to increase during the 9 month period. Nearly all countries under review were importing more wood furniture. Growth in wood furniture imports into Spain was particularly dramatic. **Page 9/10/11**