

<http://www.hardwoodmarkets.com>

Volume 16
Number 3
March 2001

Contents

Cameroon	1/4
Editorial - illegal logging	2
African Hardwoods	3/4
Congo (Brazzaville)	4
Ghana	4
Asian sawn lumber	4/5
China	5/6
North American Hardwoods	6/7
US economy/domestic demand	6
US export markets	6
South American Hardwoods	8
European Hardwoods	8/9
Italy	9/10
United Kingdom	10/11
Forest certification	11/14
Profile: NHLA, USA	15
Hardwood Events	15
News summary	16

Statistics in this issue

■ Cameroon	1
Log production and exports 1997-2000	
Wood products exports 1997-2000	
■ Italy hardwood imports	9
Volume by supplying country	
January-June 1999 & 2000	
■ UK hardwood imports	10
Volume by supplying country	
January-September 1999 & 2000	
■ Hardwood primary and wood products imports: Austria, Spain, Belgium-Lux, Finland, France, Denmark, Germany, Greece	12/13
- Value by source country 1999, Q3 2000	

Over-capacity in Cameroon's wood sector

Under pressure from the World Bank, the Cameroon authorities have been reforming procedures for concession allocation. However tension has mounted in the forest sector as wood processing capacity has expanded at a time when the government is imposing major restrictions on log harvests.

Since the introduction of Cameroon's new forestry legislation in 1994, the government has issued only two invitations to tender for the allocation of new logging concessions (the "Unite Forestiere d'Amenagement or UFAs). There are new controls governing the status of organisations allowed to tender for UFAs, while concession contracts now include the obligation to manage the area sustainably. Concessionaires are required to draw up management plans based on an inventory of forest resources, drawing on consultations with the local population, and defining biologically sensitive areas. Yearly cutting areas and volumes over the period of a single rotation must be allocated in the plan, based on output of a standardised computer program. The plan must then be approved by the forest authority. Furthermore, to obtain a UFA, logging operators are now required to draw up an industrialisation plan with the aim of promoting domestic wood processing.

These measures are inevitably impacting on levels of timber harvest in Cameroon. In a recent article in the ATIBT newsletter, Mr Alain Chaudron of the Cameroon Ministry of the Environment and Forests (MINEF) suggests that log production in Cameroon fell from 3,358,000 m³ in 1997-98 to 2,500,000 m³ in 1999-2000. Chaudron emphasises these figures are rough estimates which, as far as possible, include both legal and illegal operations. The legally sanctioned cut is significantly lower than the actual level of

cut estimated by Chaudron. Available log volumes will almost inevitably decline further in the coming years as the Cameroon authorities seek to tighten their grip on illegal operations. The World Bank is also encouraging the implementation of regulations to extend the rotation length for UFAs - some of which still operate on a 15 year cycle - to 30 years. This measure would also tend to reduce availability of logs in the short to medium term.

Domestic wood processing

Meanwhile, the Cameroon government is encouraging a policy of increased domestic wood processing. According to Chaudron, the export ban on the leading commercial species implemented in mid 1999 has been effective in reducing the volume of Cameroon log exports from 1,562,000 m³ in 1997-1998 to 711,000 m³ in 1999-2000. Over the same period there was a significant increase in the export of processed wood - sawn lumber export volumes almost doubled from 391,000 m³ to 801,000 m³.

The Cameroon policy of encouraging domestic processing has therefore paid off. Indeed there are concerns that it has been too successful. Cameroon may already be suffering from over-capacity in the processing sector. A recent report in *Le Commerce International du Bois* notes that the numbers of wood processing plants in Cameroon rose from 38 in 1994 to 66 in 1999, and that 12 more plants are under construction. According to Jean-Marie Mevellec, Director General of the Societe Forestiere et Industrielle de la Doume (SFID), processing plants in Cameroon now have the capacity to process in excess of 3 million m³ of logs per year. Mevellec notes that the current legally allowable harvest is probably only sufficient to supply 40% of this

Continued page 4

hardwoodmarkets.com

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

Contacts

By email

rjwoliver@email.msn.com

By mail

Rupert Oliver,
hardwoodmarkets.com 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\$199 p.a.
or Euro 209 p.a. (includes airmail).

Payable in advance.

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

hardwoodmarkets.com Ltd

©2001 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 Rupert Oliver at the address given above for details.

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

Editorial

The dilemma of illegal logging

The prevalence of illegal logging in some countries is a critical issue for the international hardwood industry, and probably the most difficult to resolve. The scale of the problem is reflected by several recent articles in hardwoodmarkets.com. In February we reported on illegal harvesting of hardwoods in Russia. This month's Asian market report suggests that recent over-supply and price weakness for meranti sawn lumber reflects the ready availability last year of cheap supplies shipped into Kuala Lumpur from the Indonesian Island of Sumatra. The Indonesian authorities have acknowledged that 60% of the timber felled in the country derives from illegal sources, so it seems likely that a proportion of the Sumatran wood is illegally felled. This month's lead article on Cameroon indicates high levels of illegal harvesting in that country.

Illegal logging creates enormous problems for the hardwood industry. It undermines efforts towards sustainable forestry, and damages the reputation of hardwood products. The availability of relatively cheap, illegally sourced hardwoods makes it more difficult for hardwoods derived from sustainable sources to compete. The financial returns available to good forest managers are even less than they should be. Meanwhile, the green groups use illegal logging as a rod with which to beat the hardwood trade. Recent Greenpeace and FoE reports have focused on illegal logging in parts of Russia, South East Asia, Africa and South America. Illegal logging tends to be interpreted by environmentalists as the result of rapacious timber companies intent on liquidating the world's resources for short term profit. There may be cases when this is true - but the reasons for illegal logging usually go much deeper.

In all the instances of illegal logging recently reported in hardwoodmarkets.com, major failures in national regulatory frameworks were at the heart of the problem. In Russia, rapid privatisation of the timber industry combined with a substantial decrease in subsidies for the Russian Forest Service triggered a flurry of small illegal timber operations. In Cameroon, an increase in illegal logging coincided with government efforts to severely restrict legal harvests at a time when enforcement agencies are weak and the processing sector expanding. Similarly, in Indonesia illegal logging has been fueled by over-capacity in the plywood sector, weak enforcement agencies, and limited alternative sources of survival income for local communities.

These problems are not insurmountable, but finding solutions will take time. A fundamental need is to develop workable systems of resource regulation, backed by the rule of law and effective enforcement agencies. In many instances it will be necessary to undertake a drawn out process of consultation and consensus building - the most effective laws tend to be those implemented with the consent of the local population. Where harvesting is unsustainable, there is a need to develop alternative sources of income.

What should be the role of the hardwood trade in tackling the problem? Trading companies can, of course, encourage the rule of law by seeking to ensure that all the timber they buy derives from legal sources. But given the complexity of trade flows, it may be extremely difficult - in some cases almost impossible - for an importer to check on the legal status of each parcel of wood. This brings us once again to the issue of forest certification. As a priority, the international hardwood industry needs a reliable and widespread tool to determine the legality of wood sources. So far, forest certification has failed to satisfy this need - partly because schemes developed to date have reflected expensive western ideals of what good forest management is all about. In an effort to ensure certification schemes are acceptable to the general public, much time and effort has been expended in trying to accommodate the demands of western environmentalists. But this has meant certification uptake has been extremely limited in many parts of the world. And, on the evidence of a recent international meeting in Rome (see report page 10), the emergence of a consensus between industry and environmentalists seems as far away as ever. Perhaps it would be more constructive for the industry to work alongside government agencies like ITTO or FAO on reliable systems of business-to-business communication, that focus on providing assurances of legal operation.

Rupert Oliver

Market report

Logs moving well in dry season

The major supply regions north of the equator in Africa are very dry. Although resource and forest policy constraints now severely restrict overall harvest levels in many of the major supply countries, the weather has meant that logs are moving well for the time being. Consignments continue to run late, but shipments of African hardwoods to European destinations have been arriving regularly over the last month.

Although forward prices for sapele tend to vary considerably between shippers, overall levels remain relatively stable with perhaps some hint of weakening. Forward demand for sapele remains firm in Spain. However the forward market in the UK has slowed over recent weeks with reports of reasonably high stocks on-the-ground. The ready availability of dark red meranti sawn lumber at competitive prices in the UK has also created uncertainty. Intense competition has encouraged some UK importers to sell sapele at below replacement cost.

As available supplies from other tropical African countries have dwindled due to political and resource constraints, Cameroon has played an increasingly pivotal role as a supplier of African hardwood lumber. The market for Cameroon hardwoods has become increasingly crowded. In recent times, the leading French importers of Cameroon hardwoods have

been joined by Spanish and Portuguese importers primarily of sapele; by UK and Irish importers of sapele, sipo and iroko; by German importers primarily of sipo; by Belgian importers of doussie and sipo; by Italian importers of ayous; and by Asian importers of a wide variety of species. The crowded nature of the market has contributed to the continuing stability of Cameroon prices during the current logging season. The weakness of the euro against the dollar has also served to stimulate interest in Cameroon hardwoods, invoiced in French Francs, over the last two years.

Changes on the supply side

There have also been major changes on the supply side in Cameroon over the last two years. Under pressure from the World Bank, the Cameroon authorities have been reducing the legally allowable cut and tightening rules for concession allocation. In the short term, bureaucratic problems associated with the implementation of new concession regulations have delayed harvesting operations. Longer term, the new regulations are leading to a substantial reduction in harvest levels.

There are some reports that supplies of iroko from the Ivory Coast, which have been constrained for some time, have improved slightly over recent weeks. However there are significant underlying resource constraints. Furthermore overland transport of logs from neighbouring Liberia has not been possible since October last year.

Cameroon is now a leading supplier of iroko sawn lumber, although the special sizes preferred particularly by Irish buyers, are not readily available from that country.

Utile/sipo is a much favoured species, regarded by many as one of the highest quality tropical redwoods. Competitive prices have meant there is good demand for the limited volumes on offer.

Wawa selling well

Ghanaian Wawa is reported to be selling well and prices have firmed slightly over recent weeks. Some shortages of log stocks have been reported in Ghana.

The French journal *Le Commerce International du Bois* reports on supply problems in Gabon resulting from transport bottlenecks on the way to and at the Port of Owendo near Libreville. *Le Commerce du Bois* also reports that the exports from the port of Pointe Noire in Congo (Brazzaville) have been resumed, but at very low levels. Despite Liberia's strained foreign relations, log exports have continued over recent weeks. There is still a threat of UN trade

African logs indicative prices

	Nov	Dec	Jan
Exchange rates			
Fr.F/£	10.44	10.37	10.34
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)	1600	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

sanctions in response to Liberia's role in diamond and arms trafficking in league with rebels in neighbouring Sierra Leone. The UN postponed a decision on sanctions for two months in early February following a plea from the Economic Community of West African States (ECOWAS) who claimed the move would impact too heavily on the poverty-stricken people of Liberia.

Considering some of the leading European markets for African hardwood, both the French and Spanish markets reported to be reasonably buoyant. There are concerns in Germany that slowing in the construction sector will undermine demand for African timbers during 2001 after a buoyant year in 2000. The UK forward market for African hardwoods has slowed recently as stocks have built up following recent arrivals.

Congo (Brazzaville) Inward investment

Reports continue to emerge of new wood processing developments in Congo (Brazzaville). This is a reflection of government policy to ensure that at least 60% of total annual log production (currently around 500,000 m3) is processed domestically. *Le Commerce International du Bois* reports that on 13 December the Congo forest authorities announced that a contract was in the course of being signed with the

Continued page 4

African Sawn Indicative Prices			
	Dec	Jan	Feb
Exchange rates			
Fr.F/£	10.44	10.37	10.34
Cameroon, CAR, Congo (Braz.)			
Fr. Francs/m3, FOB			
Grade and size: FAS, air dried, width 6"+, length 6'+			
Sapele	3550	3550	3500
Sipo	4500	4400	4400
Bibolo	2750	2700	2700
N'Gollon	3500	3500	3500
Afromosia	5600	5600	5600
Iroko	3700	3700	3700
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	3650
Mahogany	2750	2750	2750
Framire	2100	2150	2150
Samba No.1 C&S	1525	1525	1525
Dimension stock			
Azobe	2500/	2500/	2500/
	3000	3000	3000
Dabema	1950/	1950/	1950/
	2550	2550	2550
Gabon			
Fr. Francs/m3, FOB			
Grade and size: FAS, width 6"+, length 6'+			
Okoume AD	2250	2250	2250
Okoume KD	2500	2500	2500

Africa

Congo - cont. from page 3

Thanry Group to begin forest operations in the North Eastern part of the country. The agreement would cover an area of 451,296 hectares. Congo (Brazzaville)'s total area of commercially exploitable forest amounts to 20 million hectares.

More recently, local press reports state that a Portuguese Enterprise, "La société forestière agricole, industrielle et commerciale en Afrique francophone" (FORALAC), have announced their intention to invest FCFA 8000 million (1 US dollar = 700FCFA) in integrated wood processing facilities, including sawing, planing, kilning and a veneer plant, in the southern region of the country. FORALAC, will exploit forest concessions totalling 765,752 hectares, situated in four régions: Kouilou, Niari, Lékoumou and Bouenza. The project will create 500 jobs and will have capacity to convert 100,000 m3 of logs each year. Meanwhile, the German journal EUWID reports on new investments in kiln drying facilities and a new veneering mill at the site of the Danzer subsidiary Industrie Forestiere d'Ouessou (IFO) near Ouessou in northern Congo.

Ghana

Rising wood exports

Despite resource constraints, Ghana's overall exports of wood products increased from 433,125 m3 in 1999 to 498,843 m3 in 2000 according to figures released by the Timber Export Development Board. However the total value of exported products remained stable at US\$175.2 million in 2000 compared with US\$173.8 million in 1999. The largest buyers were Italy, Germany, India, the UK, Saudi Arabia, France and the US. In line with the Ghanaian authorities policy to promoting value added exports, there was a significant increase in exports of kiln dried lumber matched by a decline in exports of air dried stock. However Ghana's exports of plywood achieved the greatest rate of growth, rising 90% to 46,791 m3.

Cameroon - cont. from page 1

capacity. As availability of longer term forest concessions – the UFAs – has become restricted, overcapacity has also emerged in the logging sector. To satisfy growing demands for raw material, logging operators have increasingly turned to smaller shorter term concessions or "ventes de coupe" (not exceeding 5000 hectares). The rapid clampdown on concession allocations at a time when processing capacity is increasing and government agencies still lack capacity for enforcement, has also led to high levels of illegal harvesting in Cameroon.

Forest sector tension

Inevitably the new regulations have created a high degree of tension between the various players in the Cameroon forest sector. Some industry representatives have interpreted moves by the Cameroon authorities to reduce the area of concessions simply as a measure to increase demand, and the level of bidding, for those concessions made available. This view seems overly cynical, as the Cameroon authorities' and World Bank's motives appear to reflect a genuine concern that the current rate of harvest in Cameroon is unsustainable in the long term. However it is hard to escape the conclusion that policy changes in Cameroon have been rushed through in an uncoordinated way, without

proper consideration of their impact on the wood processing sector. Nor has enough attention been focused on ensuring there is sufficient capacity to enforce the new regulations.

Heated debate

A heated debate is now underway over the potential role of Global Witness, a UK-based NGO, as an independent monitor of forestry operations in the country. Last year, at the invitation of the Cameroon Government and DFID, the UK aid agency, Global Witness worked alongside MINEF on two scoping missions to assess the feasibility of setting up a monitoring service. This would be along the lines of the monitoring operation Global Witness has already implemented in Cambodia. In a letter to ATIBT, the Cameroon association "Groupement de la Filière Bois" (GFBC) question the role of Global Witness noting that "the government has to ensure that independent observers with contrary objectives and whose neutrality is not guaranteed do not try to control exploitation too fast". For their part, in comments to hardwoodmarkets.com, Global Witness emphasise that their proposals are still under negotiation. Furthermore they stress that while one of their aims has been to develop the concept of an independent monitoring system in Cameroon, it may be that another organisation is eventually commissioned to implement the system.

Cameroon log production and wood products exports

All data - 000 m3	1997-1998	1998-1999	1999-2000
1 - Production (m3)	3358	3000	2500
2 - Exportation of logs	1562	1275	711
including species that are today forbidden	772	540	52
promotion of species of 1st category	682	650	539
promotion of species of 2nd category	108	85	120
3- Exportation of processed products			
sawn wood	391	461	801
hardwood veneers	66	54	77
plywood	31	32	40

Source - ATIBT/MINEF/GDFC/SGS

Asia

Sawn lumber

Some signs of price stability

After months of weakness, there are some signs that forward prices for Malaysian dark red meranti sawn lumber may have stabilised. It is now the monsoon in Malaysia. This coupled with the Chinese New Year at the end of January has meant that production has been limited and there

is talk of green log prices strengthening. This may begin to feed through into rising prices to European importers over the coming months. Furthermore prices for sapele sawn lumber, a leading competitor to meranti in European markets, are still relatively firm. The cost of sapele finally delivered and kilned to buyers in Europe is now significantly higher than the cost of dark red meranti. The price gap between

sapele (invoiced in euro-linked currencies) and meranti (invoiced in dollars) will tend to widen if the dollar-euro exchange rate continues to slide.

But, for the time-being, the European forward market for dark red meranti is still suffering under the weight of stocks built up during the course of last year. Despite competitive prices, demand remains slow in Germany, the Netherlands and Belgium. There are

some indications that UK market may have picked up slightly, but demand overall is still very slow.

The over-supply situation and meranti price weakness in Europe over the last 6 months partly reflect the unusual supply conditions which prevailed last year. Malaysian domestic production of meranti sawn lumber was relatively constrained due to increased restrictions on logging operations in the country. However a large volume of meranti was exported from the island of Sumatra in Indonesia to Kuala Lumpur where it was kilned and re-exported, at competitive prices, to Europe. Given the problems of law enforcement in Indonesia – and the Indonesian authorities' admission that at least 60% of the timber felled in the country derives from illegal sources – it seems likely much of this wood originated from illegal operations. As in the plywood sector, it seems the political and economic problems prevailing in Indonesia have served to destabilise the tropical lumber market.

Tightening controls

A repeat of this supply situation seems less likely during 2001. Malaysia is continuing to tighten controls over domestic logging, while measures are being implemented to control the illegal cross border trade with Indonesia. Furthermore, the cross-border trade was largely a short term response to demand which, given the current uncertainty and level of European meranti stocks, is unlikely to materialize this year.

There are numerous reports of increased offers of keruing to the UK market as US demand has slowed. However prices on offer are little changed from last month, and UK buyer interest has been limited, particularly as size specifications (at 8ft and longer rather than the UK truck floor specification of 16ft and longer) are adapted to the US market.

Last year, as demand and prices for meranti sawn lumber tended to wane, many Malaysian shippers increased production of yellow balau decking for the European and Chinese markets. Sizable stocks of this product have built up in Europe and forward demand is now limited.

Uncertainty in Asia

Considering Asian markets, overall demand for tropical sawn lumber is being undermined by uncertainty over the direction of the Japanese and United States economies. Slowing in these economies may have a major effect on the export led growth of the manufacturing sector in South East Asian countries.

Asian Sawn Lumber Indicative Prices			
	Dec	Jan	Feb
Exchange rates:			
M\$/£	5.68	5.54	5.60
US\$/£	1.49	1.46	1.47
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"	730	710	715
2"	740	725	735
2.5"	755	740	750
3"	780	760	770
Keruing			
Grade: Standard & Better GMS			
Size: Random or fixed 16'+			
1"-3"	540	520	520
Kapur			
Grade: Standard & Better GMS			
Size: Width 6"+, avg 7"-8"; Length 16'+			
1"-3" plnd	555	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>			

The indications are that there will continue to be strong underlying economic growth, and continued expansion of China's domestic hardwood market this year (see next article). However, China's furniture export market is currently suffering from slowing demand in the United States. There are reports that relatively large inventories of finished products have built up over recent months. Latest reports in the *Japan Lumber Journal* suggest that China's tropical sawn lumber imports have been relatively weak during the first two months of 2001.

Japan sluggish

In Japan, according to the *Japan Lumber Journal*, demand for Southsea lumber remains relatively slow – a reflection of economic uncertainty. Meanwhile, tightening log supplies in Malaysia and Indonesia has encouraged a more bullish attitude amongst exporters selling into Japan. The continuing weakness of the yen has encouraged Japanese importers to adopt a wait-and-see attitude.

Longer term trends in Japan are tending to encourage the import of more value added

products from the tropics. There is a greater emphasis on quality in the building sector, which is encouraging demand for kiln dried material at the expense of green lumber. Lower costs of production elsewhere in Asia are also encouraging a progressive shift away from wood processing of imported logs in Japan, to the import of processed lumber.

Malaysian Railways in the Peninsular is reported to be placing orders in Sarawak for about 100,000 Selangan batu railway sleepers, which may put pressure on the supply of this species.

China

Still good prospects

As countries in East Asia are feeling the cold from the slowing US and Japanese economies, much will hinge on China as an engine of growth during 2001. Fortunately, from the perspective of the international hardwood industry, there are some positive signs.

China's efforts to curtail domestic production of hardwoods through the Natural Forest Protection Program (NFPP), initially a response to over-exploitation of natural forest and flooding during 1999, are intensifying. Originally implemented in the regions of upper Yangtze and Yellow rivers in central China, the NFPP has since been extended to the remaining natural forests of North Eastern China. The Chinese authorities now suggest that overall roundwood production from natural forests will be cut by 6 million cubic metres per year. Enforcement of the NFPP, which has been sporadic, is now improving. Furthermore, the decline in production will mainly affect large diameter high value woods, including hardwoods. Although the Chinese authorities have launched a massive plantation program to compensate for the loss of natural forest production, in the near-term the plantations will only be capable of supplying small diameter logs for paper and wood-based panels.

While domestic wood production is falling, numerous factors are contributing to strong underlying demand for wood products in China. Despite family planning measures, population growth in China remains high. Between 1993 and 1998, an average of 10.5 million people were added to China's population each year. China's GDP growth remains high - total GDP was 7.4% up on the previous year at the end of the last quarter in 2000. Meanwhile, government

Continued page 6

Asia

China - cont. from page 5

policy has contributed to rising demand for hardwood imports. State control throughout the economy continues to be relaxed. Chinese and foreign private companies are being given much greater freedom to import and export goods, and to obtain letters of credit for overseas trade. Privatisation of housing is continuing at a brisk pace. China's national 5-year planning process ascribes a high priority to the construction sector – although government policy is to limit wood use in construction due to resource constraints. Nevertheless, the rising number of new homeowners, coupled with the rising standard of living, is stimulating domestic demand for high-quality wood products for interior decoration, such as furniture, paneling and flooring.

And as domestic wood production has fallen, the Chinese government has sought to directly stimulate imports by reducing tariffs on most logs and lumber to zero. Tariff reductions on other wood products are expected following China's accession to WTO later in 2001.

Significant furniture sector growth

These various initiatives should contribute to the momentum of growth within China's furniture sector, already significant during the 1990s. Annual output by the sector rose from 120 million pieces to 470 million pieces by 1997, 75% of which were of wood. The value of China's furniture exports grew ten fold between 1992 and 1998, from \$210 million to \$2190 million. Manufacturing capacity, and the international competitiveness of the Chinese furniture sector has been boosted over the last decade with an influx of foreign firms. There are now 300 Taiwanese-owned furniture factories in China. Since the mid 1990's, there has also been an influx of Euro-American firms.

In the short term, demand for Chinese furniture on export markets has been hit by falling demand in the US. However, such has been the pace of development of China's furniture sector and of domestic demand, the medium-term prospects for the sector seem sound. The International Tropical Timber Organisation (ITTO) concluded in a recent survey of China's furniture sector that there will be "long term and stable development with average annual growth rate maintained at around 10%". ITTO also suggest that the wood needs of the Chinese furniture sector may rise from current levels of 15.8 million m³/annum to 31.1 million m³/annum by 2010.

North America

Domestic markets

Continuing uncertainty

Uncertainty continues to surround the likely extent and depth of the economic slowdown in the United States. Most analysts are still confident that the US will not go into recession, but instead experience a "soft landing" during 2001. According to the latest survey by Blue Chip Economic Indicators, 95% of leading economic forecasters are still predicting that the US is not sliding into recession – defined as at least two quarters of falling GDP.

Nevertheless, recent trends have been gloomy. The average prediction for growth in 2001 in *The Economist's Poll of Forecasters* has fallen from 3.5% in October to 1.8% early in February. Actual growth in the US slowed from 5% in early 2000 to 1.4% in the fourth quarter. Many economists are now predicting growth of barely 1% in the first half of this year. After nearly 9 years of unremitting economic expansion in the US, such slow growth may feel like recession. Alan Greenspan, the chairman of the Federal Reserve, is obviously keen to play down the chances of a recession. He notes that firms have already started to slim down inventories in advance of a serious slowdown, so they should be able to bounce back more swiftly.

Consumer confidence is key. On the plus side, unemployment has barely increased, and the University of Michigan's consumer-confidence index remains above its level in previous recessions. But on the negative side, the same index has just seen its biggest three month fall since the start of the last recession. Most economists and investors still have faith that the combined effects of the Fed's interest rate cuts and of the Bush administration's tax cuts will be enough to steer the nation away from recession. Perhaps more importantly, many consumers still believe Mr Greenspan can avert recession. As long as this faith holds, it will help to underpin confidence.

Slowing housing sector

Overall the year 2000 was a good one for the US housing sector. House starts and sales of existing homes were at historically high levels. However demand for new housing began to slow in the third quarter, and there are already indications that figures for the first quarter of 2001 will be unexciting. If so, sales of furniture, flooring, stairs, cabinets and millwork will also tend to slow. On a more positive note, AKTRIN believe that the construction sector may revive again later this year as the benefits of interest rate cuts begin to filter through.

Prospects for the US furniture sector do not appear favourable at present. There are reports of high inventories in the sector – at both retailer and manufacturer level - which built up as sales slowed during the second half of last year. Purchases of most hardwood items have slowed, although orders for dimension lumber are still reasonably firm. Furthermore, overseas suppliers of furniture to the US market, notably China, have large inventories of merchandise ready to be shipped when US retail sales improve.

Cabinets and flooring

Activity in the US kitchen cabinet sector and flooring sectors, both of which are closely tied to the house market, is also slowing. Many kitchen cabinet plants have reduced weekly production time from five to four days. While consumers continue to show a strong preference for hardwood strip flooring, notably red oak, overall sales levels have been falling and competition between suppliers has intensified.

Export markets

Optimism in Europe

Prospects for exports of American hardwoods to Europe this year seem reasonably good. During the second half of 2000, weakness of the euro against the dollar led to depressed buying of US hardwoods in most European markets. By the end of last year, US hardwood stocks throughout much of Europe were depleted. 2001 has begun with reasonable activity for American hardwoods in most European markets and there is cautious optimism for the coming year. The weakening of the US\$ has led to softening in CIF prices on some regular items, although not dramatic, which appears to have kick started stock filling on some items and a more positive attitude to forward buying. Buying in southern Europe, notably of white oak in Spain and tulipwood in Italy, picked up during early February. In the UK, after a slow start to the year, there are now reports of better buying activity, although importers remain cautious. Interest in American hardwoods in Germany has increased, although shipments to that country over the next few months are likely to remain subdued. Buyers throughout Europe are likely to continue their "just in time" approach to purchasing US hardwoods. Furthermore European hardwoods, in particular oak and beech, remain competitive and available to European manufacturers and continue to pose a real threat to US hardwood

North America

consumption in many EU markets.

Mixed prospects in Asia

Market prospects in Asia during 2001 are very mixed. On the down side, Japan's economy is stagnant, while the export-led growth of some Asian nations, notably Indonesia and Thailand, may be heavily hit this year by cooling of the US economy. Despite efforts to reform since the Asian Financial Crises in 1997/98, Asian nations continue to suffer to varying degrees from weak banks, rising levels of public debt, and political insecurity. On the up side, most economists are still predicting reasonable levels of overall economic growth in South East Asia and despite recent problems of over-stocking in China, market growth is expected to continue there this year.

Market conditions for American hardwoods in Japan look fairly grim. During the 1990s, Japan was by far the dominant Asian market for US hardwood lumber. However last year Japan was overtaken by both Hong Kong and China. Between January and September 2000, US hardwood lumber exports to Japan were down 19% from 118,000 m³ to 96,000 m³, continuing the long term decline. Prospects this year seem little better as Japan's economic recession enters its fourth year. Following some promising signs of

recovery during 2000, Japan's economy is once again faltering. Share prices have been falling all winter, and the yen has followed them down. Housing starts during 2000 are likely to stay flat or lower than last year. Household spending is weakening, exports are lower, and businesses are losing faith in their investment plans.

China hit by over-stocking

China's wood processing industry has been hit by over-stocking during recent months – both within the wood trade and at manufacturer level. Stocks of sawn lumber for supply to the furniture sector – notably of European beech – have been very high, although there are reports that these are now significantly reduced. Inventories of finished furniture have risen as demand in the US has fallen. Nevertheless a number of factors may combine to ensure reasonably good underlying demand for US hardwoods in China during 2001. These include the progressive increase in restrictions on domestic logging in China, which will mainly affect high diameter quality wood; and China's anticipated WTO entry which will increase access of Chinese manufactured products to overseas markets.

Domestic supply

Bad weather

Log production has been impaired by winter weather conditions. Log supplies are fairly tight for most species and several mills have had to reduce production to avoid depleting log inventories. Bad weather conditions afflicted most of the major hardwood supplying regions during the early weeks of the year, with lumbermen in the Lake States suggesting this one of the worst years for snow and ice that they had seen in a while. Nevertheless, as domestic demand has slowed, there has been oversupply of kiln dried sawn hardwood lumber of some species – notably white oak, tulipwood and ash. As a result prices for these products have weakened. In an effort to introduce a better balance between supply and demand, some of the largest US shippers have responded by cutting purchases of hardwood lumber. Kilning turnover at this time of year also tends to be slower because lumber tends to be very green. These factors may tend to mitigate falling prices.

Species breakdown

■ **Red oak** – the supply-side situation varies by region. There are some reports of shortages of kiln dried sawn in the South, and of surpluses elsewhere. Demand has

tended to weaken in the US, particularly for common grades used in flooring. However export demand has remained more stable.

■ **White Oak** – prices weakened at the start of February due to over-supply as domestic sales weakened and most export markets were slow. However sales to Spain have remained reasonably buoyant. Prospects for sales in Europe seem reasonably good due to depleted stock levels and strengthening of the euro-dollar rate. Prices for higher grades have remained reasonably stable. Demand for white oak from strip flooring manufacturers is still relatively weak.

■ **Cherry** – demand for high quality cherry remains strong both domestically and overseas. However demand for lower grades is weak. The latter is tending to slow production because, to maintain profitability, sawmillers need to off-load both higher and lower grades. If stocks of lower grades build up, production of prime material is also curtailed. As a result prices for higher grade cherry have remained more stable than for other species. There has also been a trend towards increased replacement of higher grade for lower grade cherry in the furniture and cabinet sectors. Export demand for higher grades remains strong, being boosted by the weakening US dollar plus a trend towards darker woods in Asia.

■ **Hard maple** – most hard maple is cut during the winter season to avoid problems of staining during the warmer summer months. Production this year has been relatively good. As the US hardwood flooring market is slowing, some cooling in demand for common grades may be expected. However demand and prices for higher grades still seem reasonably firm.

■ **Walnut** – demand remains firm both domestically and on export markets. Walnut is becoming increasingly fashionable and prospects for sales this year seem good. Supply may fall short of demand.

■ **Ash** – after an upturn in interest in early 2000 – both domestically and on export markets – sales have weakened this year. Demand from US furniture manufacturers has slowed, while demand in the UK is subdued. Sales to Japan have also been weak due to the weakness of the yen and stagnant Japanese economy. Prices have been weakening.

■ **Tulipwood** – availability is high and domestic demand has been hit by the slowdown in the US furniture sector. On export markets, prospects in Italy seem reasonably good, but the Chinese market has slowed under the weight of excess stock. Prices have been weakening.

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

	Dec	Jan	Feb
\$/£	1.49	1.46	1.47
\$/Euro	0.94	0.92	0.94
Red oak			
1"	1925	1900	1875
1.25"	2025	2000	1975
1.5"	2250	2050	2025
2"	2600	2400	2375
White oak			
1"	1575	1525	1500
1.25"	1725	1675	1650
1.5"	2200	2150	2125
2"	2725	2725	2725
Ash			
1"	1375	1325	1300
2"	1700	1700	1675
Tulipwood			
1"	1200	1125	1050
1.25"	1215	1150	1100
1.5"	1225	1225	1200
2"	1245	1245	1225
Cherry			
1"	3550	3550	3660
1.25"	3700	3650	3760
1.5"	3850	3800	3900
2"	4050	4000	4065
Hard Maple			
1"	2750	2750	2700
1.25"	2850	2900	2850
1.5"	3025	3150	3100
2"	3200	3200	3150

South America

Market report

Uncertainty hangs over US demand during 2001

The Brazilian Amazon is in the midst of the rainy season. There are occasional reports that small volumes of mahogany are still awaiting allocation of quotas for shipment, but no significant shipments can now be expected until May at the earliest.

The question now is how active this year will be US buyers of Brazilian mahogany, who dominated the market last season. Markets for Brazilian mahogany this year may be affected by cooling of the US economy. The Brazilian mahogany industry is heavily dependent on pre-financing by the major importers, which over the last few years have been almost exclusively US based. If the US market cools this year, overall availability of mahogany may be reduced.

So far however there are few signs that US buyers' interest in mahogany is waning. For example *ITTO's Market News Service* reported in mid February that American mahogany remains very popular in the US and that "all the available supply is quickly absorbed and prices are on the rise again."

Export quotas announced

IBAMA has announced the allowable sawn wood export quotas for mahogany and virola for the first half of the year. Mahogany and virola exports will be limited to 20,000 m3 and 10,000 m3 respectively. The total quota for 2001 is expected to be marginally lower than last year. However due to continuing heavy restrictions on mahogany harvesting, which is only permitted in areas with approved forest management plans, and uncertainties over pre-financing by US importers, some producers are already

Brazilian sawn lumber Indicative prices			
	Dec	Jan	Feb
Exchange rates			
\$/£	1.49	1.46	1.47
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

suggesting that the full mahogany quota may not be taken up this year.

Reports last month that the Peruvian authorities may allow some exports of mahogany and cedar sawn lumber, relaxing a ban implemented in mid 2000, have yet to come to fruition. At time of going to press, there were still no reports that exports from Peru had been resumed. In the past Peru has been a reasonably important supplier of mahogany to the US market. Peru's Pacific coast location has inevitably meant it has been much less important as a supplier to the European market. The UK market, until the late 1990s a major market for American mahogany, was also less receptive to the generally shorter lengths available from Peru. Due to less sophisticated grading practices, Peruvian mahogany also tended to be of lower quality than Brazilian stock.

UK market hits a new low

In terms of volume, the UK market for Brazilian mahogany during 2000 probably hit a new low due primarily to high prices of mahogany in response to firm US demand, and also to the bureaucratic problems encountered in obtaining quotas. Exact volume figures are not available, but one UK agent suggested American mahogany imports from all destinations probably amounted to no more than 4000 m3.

The leading European markets for Brazilian sawn hardwood lumber are now France and Spain. Demand for Brazilian hardwood in France, principally tauari and curupixa used for general joinery applications, was reasonably buoyant during 2000 although import volumes failed to live up to those of the previous year. Between January and October, France imported 88,000 m3 of Brazilian sawn lumber, 22% down on the same period the previous year. The fall may reflect to weakness of the euro against the dollar which made Brazilian hardwoods less competitive than African hardwoods on the French market. As with mahogany, availability of tauari in Brazil is now restricted due to the rainy season and will remain so until June. French importers have built up stocks to see them through the off-season. French demand and prices for tauari remain steady. Spanish demand for Brazilian sawn lumber, particularly species like Jatoba valued for flooring, is reported to be reasonably buoyant.

There are reports of continuing good demand for Brazilian sawn lumber from the Far East - notably Hong Kong and China - particularly flooring grades in a wide variety of species.

Europe

European hardwoods Chinese stocks falling

Markets for European beech logs are still slow due to much lower demand than last year in China, and continuing weak demand from German manufacturers. Reports from China indicate that the very high stocks of beech, both logs and sawn lumber, that built up last year have been significantly reduced. However this has yet to feed through into any major increase in purchases of beech from European exporters. At recent log auction sales in Germany, prices for medium and lower grade logs were significantly down on the same period last year. Prices for veneering grades of beech logs held up better due to greater interest from Chinese buyers. The increased focus of Chinese buyers on higher quality beech logs seems now to be a well established feature of the trade.

New season beech logs are now readily available in Germany as stocks built up during autumn last year in response to slow demand. German beech harvests have therefore been reduced during the opening months of this year. However the slowdown in harvesting has come too late to halt a slide in prices for German beech sawn lumber over recent weeks.

As a result of the storm damage during December 1999, hardly any new season beech is available from France. French producers are offering only steamed beech produced from logs stored in irrigated yards. Demand for beech in the UK has remained steady. As a result of the price uncertainty, many of the larger UK buyers held off entering into long term contracts for beech this season and instead are buying only to cover immediate needs.

European oak sales good

The European oak market continues to tread a very different path. At recent auction sales in Germany and France, prices for higher grade European oak logs have remained firm. There has been continuing good demand from manufacturers of barrel staves and from the veneering industry. Nevertheless there is some concern over the future direction of European oak markets. Current problems in the beech market will tend to encourage European producers to focus much more on oak. Markets for European oak are fairly well defined, and it would be difficult to find new outlets for any excess production. Some analysts therefore speculate that European oak may start to suffer from over-supply, perhaps during autumn this year.

Considering other species, at recent auction

European sawnwood indicative prices

	Dec	Jan	Feb
Exchange rates			
DM/£	3.11	3.09	3.08
DM/US\$	2.08	2.12	2.09
Euro/£	1.59	1.58	1.58
Euro/US\$	1.07	1.08	1.07

German beech

Northern Germany, DM/m3, C&F, UK Port

Grade: kiln dried, steamed and square edged.

1"	1700	1675	1500
2"	1750	1750	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

sales in Germany the limited volumes of logs of good and medium grade cherry and maple have met with firm demand.

ITALY

Tropical imports on the rise

Last year, Italy's tropical logs and sawn lumber imports – mainly derived from African sources - were on the rise. African hardwood exports are quoted and paid in French francs and, as a result, were benefiting from the strong dollar. Log imports from Cameroon were in fact higher than the year before despite the ban on exports of the most commercially value species. This reflects Italy's reliance on ayous - a species not covered by the ban. A proportion of these logs may also have derived originally from Congo Brazzaville and the Central African Republic. Italy is also buying larger log volumes from Liberia. As controls on African log exports have tightened, Italian companies have shifted some of their production to African supplying countries.

The Italian hardwood market was not strongly affected by the sudden and massive supplies of round wood that hit the market following the severe storms in central Europe during December 1999. In fact, direct imports of temperate logs from France and Germany between January and June 2000 were significantly lower than the same period the previous year. In part this reflected the problems in recovering quality wood from the storm damaged trees. However some of the increase in temperate log imports from Switzerland and Austria may be a consequence of storm damage.

A notable trend last year was a significant increase in Italian imports of temperate hardwood logs and lumber from South Eastern European countries, particularly Hungary, Croatia, Bosnia, Slovenia and Slovakia. Wood industries in central and eastern Europe have been modernizing their production facilities to increase production and meet western European standards, particularly in the fields of drying and grading. Meanwhile stabilization of the political situation in the Balkans has also opened the door to an extensive source of competitively priced lumber. Italian importers have been buying beech and oak logs from the Balkan region for processing in Italy and re-export, notably to China.

Strong US hardwood imports

Despite the weakness of the euro against the dollar, US hardwood imports were running at relatively high levels during the first half of 2000.

Italy's furniture and furniture component industry provides an extensive market for hardwood. In 1999, the wood and furniture sectors employed about 400,000 workers in 90,000 companies - forming one of the leading sectors of the national economy. Italy accounts for 20% of world furniture exports. Europe is the preferred destination for Italian furniture exports with the EU accounting for 59%. Over the last several years, more than half of the larger companies in the sector (with over 20 employees) have undergone technical and structural changes in order to improve the quality of their products and services. The combined effects of these improvements and the weak euro have been to stimulate growth in the wood and furniture manufacturing sector following a period of stagnation in the mid to late 1990s. A large part of the growth has been due to improvements in domestic demand. The overall balance of trade in the furniture sector has in fact worsened over recent years due to falling furniture exports to Asian and Russian markets. Competition in the sector is increasing, notably from Spain and the Far East. Italian furniture imports, even though quite low, have been increasing.

Demand for quality

Italian furniture manufacturers have a preference for uniform pieces of furniture, without knots, marks and other "blemishes". There has therefore been a strong preference for the highest grades of lumber. Italian manufacturers have generally been open to trying new hardwood species, although they must be assured that supply and delivery time will be consistent and reliable.

Popular species in the furniture sector include European beech and a range of US hardwoods, notably tulipwood.

In the construction sector, wood use for residential construction is still very limited. The main materials are bricks and masonry. Much of the wood entering the sector is used for joinery, mainly doors, windows and flooring. There are exacting standards and certification procedures to follow in the joinery

Continued page 10

Italian hardwood imports			
000s m3	Jan-Jun 1999	Jan-Jun 2000	% change
Tropical logs			
Cameroon	122.4	127.1	4
Liberia	23.6	41.8	78
Gabon	30.7	31.4	2
Congo (Braz.)	12.1	15.4	28
Ivory Coast	3.6	5.9	65
Nigeria	2.1	2.9	39
Myanmar	1.2	1.9	56
Eq. Guinea	0.8	1.6	94
Other	11.0	6.9	-37
Total	207.4	235.0	13
Tropical Sawn			
Ivory Coast	72.4	69.0	-5
Cameroon	44.5	68.8	55
Malaysia	14.5	15.8	9
Nigeria	15.5	14.9	-4
Ghana	13.2	14.2	8
Indonesia	20.2	13.7	-32
Brazil	9.2	9.9	8
Gabon	1.8	7.9	340
Uruguay	10.0	7.3	-27
Chile	3.4	3.5	4
Austria	0.2	2.2	1271
Other	12.9	16.3	26
Total	217.6	243.5	12
Temperate logs			
France	489.4	303.8	-38
Hungary	244.4	260.1	6
Austria	123.6	192.1	55
Switzerland	136.7	171.3	25
Croatia	82.8	149.7	81
Slovenia	83.0	80.4	-3
USA	56.4	69.3	23
Germany	74.9	62.9	-16
Belgium	32.7	28.4	-13
Slovakia	2.2	27.0	1111
Romania	13.3	15.3	15
Czech Rep.	0.2	8.6	4312
Ukraine	3.9	8.6	120
Serb. & Mont.	4.4	5.4	24
Other	66.9	13.6	-80
Total	1414.7	1396.5	-1
Temperate sawn			
Croatia	119.5	131.8	10
USA	124.8	130.4	5
Hungary	94.6	92.1	-3
Bosnia-Herz.	47.5	62.4	31
Austria	30.7	49.7	62
Slovenia	38.0	47.4	25
Russia	31.0	38.8	25
Romania	24.6	32.1	31
Poland	41.8	31.1	-26
Germany	28.7	30.2	5
Serb. & Mont.	17.9	25.9	45
France	35.8	23.9	-33
Slovakia	19.7	21.4	9
Switzerland	18.5	17.0	-8
Bulgaria	8.7	10.0	15
Albania	6.0	9.9	64
Ukraine	9.2	9.6	4
Others	42.8	38.4	-9
Total	739.7	802.0	8

United Kingdom Wood Products Imports 1999 and 3rd Quarter 2000

	Value (000s £)				Volume (m3)			
	1999 Full Year	1999 Jan-Sept	2000 Jan-Sept	% Change	1999 Full Year	1999 Jan-Sept	2000 Jan-Sept	% Change
Tropical logs and sawn lumber								
MALAYSIA	22161	14651	18490	26	66025	45599	50013	10
CAMEROON	12930	10287	13290	29	40759	32758	38150	16
IVORY COAST	4678	3559	5543	56	12173	9199	15596	70
GHANA	7143	5482	5049	-8	21333	16681	15561	-7
NETHERLANDS	7399	5566	5866	5	16951	12803	12666	-1
BRAZIL	6382	4512	3967	-12	13735	9830	8275	-16
INDONESIA	3026	2284	3452	51	6497	4967	6612	33
GERMANY	1567	1303	1879	44	4796	3980	6162	55
U.S.A.	551	459	2464	436	1254	985	5712	480
BELGIUM	1155	718	1214	69	3219	2001	3231	61
LIBERIA	0	0	390		0	0	2081	
SINGAPORE	1064	800	1074	34	2183	1805	1867	3
GABON	736	561	306	-45	4304	3191	1735	-46
OTHER	8049	6194	5562	-10	27046	21437	19257	-10
TOTAL	76840	56377	68544	22	220275	165236	186918	13
Beech logs								
DENMARK	59	23	58	155	175	62	184	197
ROMANIA	292	264	25	-91	805	733	77	-89
OTHER	70	51	25	-52	375	252	78	-69
TOTAL	421	338	107	-68	1355	1047	339	-68
Oak logs								
IRISH REPUBLIC	6	0	47		35	0	443	
FRANCE	79	67	93	38	240	212	408	92
OTHER	194	108	270	150	420	154	615	299
TOTAL	279	176	411	134	695	366	1466	301
Other temperate hardwood logs								
U.S.A.	6290	4323	5059	17	16830	11218	11386	1
CANADA	2114	1722	1141	-34	3836	2921	2531	-13
OTHER	1015	871	701	-20	4168	5059	3896	-23
TOTAL	9419	6915	6901	0	24834	19198	17813	-7
Beech sawn lumber								
GERMANY	9251	7081	7294	3	35735	24305	26513	9
DENMARK	851	645	1072	66	4055	2368	4446	88
FRANCE	395	343	549	60	2130	1695	2833	67
ROMANIA	217	162	275	70	548	404	734	82
OTHER	1396	699	1251	79	4606	1861	3132	68
TOTAL	12111	8930	10443	17	47074	30633	37659	23
Oak sawn lumber								
U.S.A.	24673	18767	25317	35	48498	36502	48241	32
ESTONIA	1264	841	1535	83	12227	7733	17053	121
FRANCE	2687	2099	5011	139	6457	4402	10267	133
CANADA	3366	2268	3531	56	6450	4276	6883	61
GERMANY	542	405	886	119	2025	1106	2617	137
OTHER	1705	1261	1900	51	3927	2799	5370	92
TOTAL	34237	25640	38180	49	79584	56818	90431	59
Other temperate hardwood sawn lumber								
U.S.A.	21103	15856	18745	18	44535	33878	36798	9
BELGIUM	50	48	182	276	212	124	319	157
CANADA	8663	6364	6853	8	19725	14279	13406	-6
SWEDEN	2546	2006	1441	-28	19552	15267	7569	-50
GERMANY	537	388	440	13	2947	1816	7389	307
FINLAND	1317	1001	614	-39	7882	5574	1861	-67
LITHUANIA	70	10	128	1133	694	100	1119	1019
OTHER	1784	1390	1626	17	7535	5179	4147	-20
TOTAL	36071	27065	30028	11	103082	76217	72608	-5
Veneers								
U.S.A.	10550	8342	10810	30	8684	6756	11720	73
GERMANY	7251	5141	8268	61	4149	2827	6577	133
PORTUGAL	70	70	1051	1411	14	14	6150	
SOUTH AFRICA	2978	2108	2900	38	2475	1718	3948	130
GHANA	1990	1463	773	-47	5166	3527	1987	-44
FRANCE	2143	1508	2663	77	1187	827	1866	126
BELGIUM	3659	2787	2899	4	2003	1312	1798	37
IRISH REPUBLIC	50	34	542	1482	48	32	1666	5106
ITALY	1019	789	2604	230	457	362	1535	324
RUSSIA	79	53	157	196	392	253	1460	477
FINLAND	227	187	351	88	757	644	1227	91
CANADA	1356	1087	1157	6	1189	958	983	3
THAILAND	420	367	569	55	215	182	465	155
DENMARK	1142	952	807	-15	556	398	461	16
NETHERLANDS	201	162	344	112	324	209	460	120
SWITZERLAND	580	557	491	-12	246	236	410	74
SPAIN	358	159	381	140	316	118	363	208
OTHER	1642	1360	641	-53	3800	3114	1026	-67
TOTAL	35713	27126	37406	38	31978	23487	44102	88
Plywood								
BRAZIL	46364	34568	55743	61	241430	178937	315765	76
INDONESIA	59869	50858	39555	-22	253775	217897	165903	-24
MALAYSIA	27837	21828	16655	-24	124893	99350	70975	-29
FINLAND	26092	19704	18688	-5	92820	64913	55187	-15
RUSSIA	16266	12530	9582	-24	83705	63809	50356	-21
LATVIA	11004	8266	10811	31	38917	26686	42678	60
U.S.A.	4741	4644	7663	65	22362	21959	39699	81
CANADA	12740	10547	9125	-13	48725	41792	32487	-22
GERMANY	3996	3295	7516	128	10990	7556	18326	143
ESTONIA	1087	956	2467	158	6289	5537	13497	144
GUYANA	2371	2028	2951	46	10958	9398	13332	42
BELGIUM	4758	3605	4159	15	14884	10241	12608	23
FRANCE	7448	6128	6382	4	18142	13750	11065	-20
SOUTH KOREA	10300	9830	1464	-85	60879	57944	8496	-85
ITALY	3954	3125	3191	2	10189	7711	8469	10
CHINA	3442	2712	2351	-13	10293	8113	8511	2
NORWAY	2999	2351	2196	-7	4214	3204	4022	26
OTHER	19135	15027	17331	15	83858	62083	69776	12
TOTAL	264404	212002	217830	3	1137323	900880	940952	4

Notes: "E" implies data is estimated due to inconsistencies in data supplied by HM Customs and Excise.

Italy - cont. from page 9

sector. Hardwood demand in the domestic building sector has benefited over recent years from active renovation work on old buildings. Wood flooring, including parquet, is becoming fashionable again and production has been growing steadily. The wood flooring industry uses large volumes of temperate hardwoods for the high quality and the beauty of these species. 25% of wood flooring consumption is supplied from Africa, notably the Ivory Coast and Nigeria.

United Kingdom Tropical recovery

After a decade of almost continuous decline, UK imports of tropical sawn lumber hit bottom in 1998, and have continued to recover over the last two years. UK imports of tropical hardwood logs and sawn lumber during the first nine months of 2000 were 13% up by volume and 22% up by value on the same period the previous year. Imports from Malaysia, the leading tropical supplying country, rose significantly despite the dollar's strength against the euro which undermined Malaysia's competitive position. This rise however may be partly explained by heavy arrivals of sawn lumber on old contracts - notably from Sabah - during April, May and June of 2000. Furthermore there was over-stocking and slow demand for Malaysian sawn lumber during the second half of 2000, so imports may have tailed off in the last 3 months of 2000. African hardwood suppliers, who mainly invoice in Euros, benefited during 2000 from the weakness of the European currency. UK imports from Cameroon and Ivory Coast rose significantly during the first 9 months of 2000. By contrast, supply difficulties in Ghana have led to declining UK imports from that source. The level of UK imports from Brazil continued their long term decline during 2000.

American hardwoods: the mainstay of trade

American hardwoods now form the mainstay of the UK temperate hardwood import trade. Growing confidence in the economy led to a pick up in UK demand for US hardwoods during the second half of 1999, which continued into 2000. The volume of UK imports of oak and "other hardwoods" from the US during the first nine months of 2000 were respectively 32% and 9% up on the same period the previous year. According to export data from the US Bureau of Census, UK purchases of cherry and maple increased during the first nine months of 2000,

Europe

while the trend to rising US ash exports to the UK continued following a dynamic year for the species in 1999 (when volumes increased 47%). The UK is now the second largest importer of US ash after Canada.

Unfavourable trading conditions

Nevertheless, trading conditions for US hardwoods in the UK were not entirely favorable during 2000. Strong demand in the United States during the first half of 2000 contributed to continuing price rises for many American species, a trend which only started to abate during the third quarter. While the UK lies outside the euro-zone and has therefore not been so affected by the euro's weakness, wildly fluctuating sterling-dollar exchange rates over the last 12 months have added to the uncertainty. Importers have not had a clear idea how much each new parcel of wood is going to cost. This has resulted in a great reluctance to buy forward and increased reliance on just in time trading - a trend which is set to continue. UK importers are maintaining lower stock holdings of American hardwoods compared with previous years.

Eastern European competitors

There is anecdotal evidence that Eastern Europe is becoming an increasingly important competitor for US hardwoods in the UK. UK traders have commented on rising levels of sawn oak imports from Russia, the Ukraine and Poland; and of sawn beech and oak from Italy which has been processed from logs derived originally from the former Yugoslavia. Exact volumes are difficult to assess due to inconsistencies in UK import data from Eastern Europe, but it appears volumes are still small compared with the US hardwood trade. To date, lack of infra-structure and processing capacity in Eastern Europe has constrained levels of trade, but this situation is gradually changing. Over the last five years there has been significant inward investment in wood processing in several potentially important hardwood supplying countries including Poland, the Czech Republic, and Romania. The weak euro also encouraged increased purchasing of French and German oak in the UK during 2000. During the first nine months of 2000, imports of sawn oak from France were up 133% (from a small base) on the same period in 2000. Western European oak is not available in square-edged form, nor are the grades immediately comparable with US oak varieties, so there seems to be little direct substitution of this product for American oak in the UK market. UK imports of veneers during the first nine

months of 2000 were running well ahead of the same period in 1999, rising 38% by value and 88% by volume. There was particularly strong growth in imports from the USA, Germany, Portugal, South Africa and France. The UK now has no sliced veneer production and is entirely dependent on imports. The trend towards increased use of veneers seems to be a common feature of many European countries. It reflects increased substitution in the furniture sector of expensive solid timber by veneers with a panel substrate - such as MDF; and a partial recovery in market share for veneers over non-wood foils and laminates as furniture buyers are again demanding high quality real wood.

Doubling of Brazilian elliotti pine plywood imports

Overall imports of plywood into the UK during the first nine months of 2000 were respectively 3% and 4% up on the same period in 1999. While underlying plywood consumption in the UK was reasonably good, trading conditions were characterised by intense competition; excess production and low prices, notably of Brazilian and Indonesian plywood; rising freight rates; low prices for alternative panel products including OSB and MDF; and tightening margins. During 2000 there was a very significant increase in UK imports of plywood from Brazil, reflecting a massive increase in UK purchases of elliotti pine plywood. Imports of this particular product may have doubled during 2000 over the previous year. Brazil has seen considerable investment in softwood plywood manufacturing facilities based on plantation resources in southern Brazil, and this product is now being sold at low prices to European markets. Indeed prices are so low that elliotti pine plywood is taking market share from domestically produced OSB. On the hardwood plywood side, Indonesia maintained the relatively high level of shipments to the UK recorded in 1999. Prices for Indonesian plywood remained extremely weak during 2000 due to severe over-capacity in the nation's plywood sector, and poor regulation of Indonesian forest operations which have allowed mills to purchase large volumes of illegally felled logs. Generally lacklustre demand in Indonesia's Asian plywood markets has also contributed to low prices. Malaysian and Brazilian hardwood plywood producers had difficulties matching Indonesian prices in the UK and focused their efforts on alternative markets and sales of veneer.

Certification

A recent international conference has highlighted the divisions that continue to exist between various interests on forest certification.

The meeting was organised jointly by the United Nations Food and Agriculture Organisation (FAO), the International Tropical Timber Organisation, and the German overseas aid agency GTZ. The underlying theme of the meeting was to build confidence in forest certification both as a tool to promote good forest management and to market forest products. The meeting was attended by a highly diverse group of 90 people from 35 countries including representatives from both the developed and developing world, and from industry, forest owners, certifiers, environmental and social NGOs.

The Conference failed to bridge the gap that exists between green groups who support the Forest Stewardship Council (FSC), and the many forest owner and industry organisations developing non-FSC certification schemes. However the Conference was largely successful in another of its aims; it provided an opportunity for developing world interests to air their views on forest certification.

Mutual recognition

Although discussion of the concept of "mutual recognition" between credible forest certification schemes was not on the formal agenda, this issue underlay much of the debate. Over recent months, forest owner and industry associations have advocated the development of a global framework for certification based on mutual recognition. This would involve the evolution of reciprocal arrangements whereby existing certification schemes recognise each other's certification standards and procedures. Schemes entering into these agreements would then enjoy the shared use of trademarks and labels. The International Forest Industry Roundtable (IFIR), a network of forest sector associations from the leading wood trading nations, has put together proposals for such a framework (see hardwoodmarkets.com - Volume 15, No. 1).

Major differences between interest groups over how to handle the question of mutual recognition led to acrimonious debate at the Conference. Participants quickly separated into three factions. First there were the hard-line environmental groups who advocated that the FSC as currently constituted provides an adequate framework for mutual

Continued page 14

EU Nations - Value of Imports - Jan-Sept 2000

Year 1999 and Jan-Sept 2000

All Figures 000s Euros

(1 Euro = US\$0.93 = £0.62)

	Austria		Belgium-Lux		Germany				
	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	GERMANY	253	166	CAMEROON	4159	1002	CAMEROON	21292	19550
	ITALY	228	88	NETHRLND.	4100	1570	CNG (BRAZ)	6155	8418
	SEYCHELLES	15	0	GERMANY	3070	1019	GABON	4437	4990
	...	0	0	GABON	1072	729	BURMA	3306	2159
	...	0	0	FRANCE	791	1367	EQ. GUINEA	1352	1791
	...	0	0	CNG (BRAZ)	515	172	LIBERIA	1227	2089
	...	0	0	IVORY COAST	426	87	CAR	1097	96
	...	0	0	BURMA	229	211	CONGO (ZR.)	1046	1054
	...	0	0	GUYANA	198	210	MOZAMBIQUE	896	905
	...	0	0	BRAZIL	109	44	BRAZIL	830	8
	OTHER	0	40	OTHER	349	1863	OTHER	2667	2828
	TOTAL	496	294	TOTAL	15018	8274	TOTAL	44305	43888
Beech logs	SLOVAKIA	13751	11670	FRANCE	26646	23738	FRANCE	12847	16482
	GERMANY	7922	4180	GERMANY	2407	1132	BELGIUM	1549	1638
	CZECH REP.	6159	4112	LUXEMBOURG	2324	2037	SWITZLND.	1524	2163
	HUNGARY	3974	2985	NETHRLND.	752	232	ROMANIA	1371	971
	OTHER	4975	5482	OTHER	752	253	OTHER	6274	5777
	TOTAL	36781	28429	TOTAL	32881	27392	TOTAL	23565	27031
Oak logs	HUNGARY	4152	2585	FRANCE	13507	5044	FRANCE	1864	1625
	CZECH REP.	506	420	NETHRLND.	1136	529	U.S.A.	1531	2578
	SLOVAKIA	373	581	U.S.A.	1085	563	HUNGARY	1235	1670
	GERMANY	348	220	UKRAINE	776	275	POLAND	487	348
	OTHER	768	631	OTHER	2129	1290	OTHER	2089	1559
	TOTAL	6147	4437	TOTAL	18633	7701	TOTAL	7206	7780
Eucalyptus logs	GERMANY	4	0	FRANCE	135	0	BRAZIL	58	0
	OTHER	0	0	OTHER	26	10	OTHER	15	14
	TOTAL	4	0	TOTAL	161	10	TOTAL	73	14
Other temperate hardwood logs	HUNGARY	5564	4544	FRANCE	16558	11566	U.S.A.	25737	37761
	GERMANY	2673	2473	NETHRLND.	8431	4605	FRANCE	6778	5983
	CZECH REP.	2233	1076	U.S.A.	4203	3020	FINLAND	4818	2254
	UKRAINE	2085	1050	GERMANY	3712	2978	JAPAN	3124	2341
	OTHER	9725	8764	OTHER	1496	3366	OTHER	9377	8126
	TOTAL	22280	17907	TOTAL	34400	25535	TOTAL	49834	56465
Tropical sawn lumber	GERMANY	1875	1367	MALAYSIA	72696	84609	MALAYSIA	23422	20826
	ITALY	690	897	CAMEROON	19182	20341	GHANA	22367	15144
	MALAYSIA	332	173	BRAZIL	8261	10536	NETHRLND.	15116	9559
	SINGAPORE	150	64	NETHRLND.	8178	7529	BELGIUM	5591	4731
	INDONESIA	84	48	GHANA	3527	2492	CAMEROON	3782	4251
	NIGERIA	57	32	CONGO (ZR.)	1823	760	INDONESIA	2192	3459
	SWITZLND.	30	4	IVORY COAST	1762	1825	BRAZIL	1721	1259
	ECUADOR	15	0	GABON	1378	902	BURMA	1459	933
	NETHRLND.	12	22	PAPUA NEW GUINEA	1082	966	SINGAPORE	1294	1405
	BELGIUM	10	22	SINGAPORE	845	1266	DENMARK	901	876
	OTHER	34	93	OTHER	7192	9688	OTHER	5897	5316
	TOTAL	3289	2632	TOTAL	127045	144146	TOTAL	84142	67759
Beech sawn lumber	BOSN & HRZ.	11804	8914	FRANCE	4154	4640	ROMANIA	14617	7567
	CROATIA	3617	3023	GERMANY	1747	1533	POLAND	6990	5476
	GERMANY	3513	3279	NETHRLND.	1027	1090	SLOVAKIA	3857	3777
	HUNGARY	2675	3672	SLOVAKIA	519	115	FRANCE	3733	3431
	SLOVAKIA	2439	1758	POLAND	471	466	AUSTRIA	3340	4468
	OTHER	5885	5920	OTHER	1657	2112	OTHER	15474	22218
	TOTAL	29933	26566	TOTAL	9575	9956	TOTAL	48011	46937
Oak sawn lumber	CROATIA	4093	3274	U.S.A.	33266	22414	U.S.A.	15765	10659
	HUNGARY	2563	1745	FRANCE	13570	10302	FRANCE	5870	3545
	GERMANY	1677	761	GERMANY	3362	2612	UKRAINE	5612	4672
	U.S.A.	1161	716	POLAND	2373	1787	CANADA	4271	2462
	FRANCE	1035	1375	CANADA	6741	2506	POLAND	2729	1744
	OTHER	2431	2358	OTHER	6871	8080	OTHER	11325	9435
	TOTAL	12960	9718	TOTAL	60983	45701	TOTAL	45572	32517
Other temperate hardwood sawn lumber	GERMANY	7711	4628	U.S.A.	14645	10271	CANADA	33876	25750
	CANADA	4192	4013	FRANCE	3575	3532	U.S.A.	25978	20681
	ITALY	3296	2418	CANADA	3340	3196	LITHUANIA	12248	8035
	SLOVENIA	3119	2981	LITHUANIA	2006	2038	LATVIA	5577	5172
	POLAND	2943	2385	NETHRLND.	1395	1279	POLAND	4010	2507
	OTHER	15172	14718	OTHER	4904	4292	OTHER	23321	21547
	TOTAL	36433	31143	TOTAL	29865	24608	TOTAL	105010	83792
Hardwood planed or sanded sawn lumber	GERMANY	1752	1152	FRANCE	4864	3813	POLAND	2979	1232
	OTHER	3416	2638	OTHER	13893	12485	OTHER	16991	10405
	TOTAL	5168	3790	TOTAL	18757	16298	TOTAL	19970	11637
Veneers (includes hardwood and softwood)	GERMANY	17930	16282	U.S.A.	13875	10478	U.S.A.	102141	86951
	SLOVENIA	4810	4942	GERMANY	9727	7152	SWITZLND.	19042	16610
	FRANCE	4807	3401	FRANCE	6637	5143	FRANCE	17558	16350
	U.S.A.	3188	2587	IVORY COAST	2873	2485	ITALY	14102	13436
	CROATIA	3089	2497	CROATIA	2830	3364	IVORY COAST	10745	9123
	ITALY	1810	1375	GHANA	2632	3770	HUNGARY	10033	1941
	BELGIUM	1777	1053	NETHRLND.	2437	1564	AUSTRIA	9856	7914
	CANADA	1536	366	SPAIN	2252	2062	CZECH REP.	8187	6677
	OTHER	4447	4418	OTHER	11048	7525	OTHER	71780	52342
	TOTAL	43404	36915	TOTAL	54311	43543	TOTAL	263444	216344
Plywood (includes hardwood and softwood)	GERMANY	28859	22946	INDONESIA	102114	83558	FINLAND	120894	94941
	FINLAND	16946	11289	BRAZIL	23426	34387	INDONESIA	52760	49978
	ITALY	9157	5800	NETHRLND.	20688	17207	ITALY	47883	32194
	CZECH REP.	8276	6259	GERMANY	9065	7004	BRAZIL	42417	52277
	LATVIA	2295	1339	FRANCE	6394	5070	FRANCE	29918	20325
	SLOVENIA	1940	1361	RUSSIA	6060	3855	CZECH REP.	18796	16762
	NETHRLND.	1877	693	CANADA	3243	823	AUSTRIA	17340	13945
	OTHER	13728	10771	OTHER	23009	18267	OTHER	145484	115179
	TOTAL	83078	60458	TOTAL	193999	169971	TOTAL	475492	395601
Profiled wood (includes hardwood and softwood)	GERMANY	14515	12197	INDONESIA	26581	42409	SWEDEN	29755	18826
	ITALY	9688	5339	FRANCE	19392	12037	ITALY	19396	14621
	CZECH REP.	6234	6009	NETHRLND.	18078	12957	AUSTRIA	13528	8767
	OTHER	12843	12241	OTHER	28274	29020	OTHER	72774	57939
	TOTAL	43280	35786	TOTAL	92325	96423	TOTAL	135453	100153
Builders joinery and carpentry (includes hardwood and softwood)	GERMANY	88484	70537	FRANCE	33017	21777	DENMARK	109183	53173
	SLOVENIA	32326	22235	NETHRLND.	28821	19854	AUSTRIA	98113	72769
	SLOVAKIA	32123	10680	GERMANY	28155	22780	POLAND	92056	86671
	CZECH REP.	20552	16686	DENMARK	19768	14749	SWEDEN	81014	55407
	SWITZLND.	14862	10443	INDONESIA	14776	15985	CZECH REP.	61942	48352
	OTHER	65674	48313	OTHER	46161	39476	OTHER	440378	362381
	TOTAL	254021	178874	TOTAL	170698	134621	TOTAL	882686	660753
Wood furniture (includes hardwood and softwood)	GERMANY	419401	289419	ITALY	172007	121875	POLAND	793162	683694
	ITALY	118197	87374	GERMANY	147746	122956	ITALY	632230	471984
	POLAND	34111	27404	NETHRLND.	120463	93524	DENMARK	343573	247746
	HUNGARY	33467	21556	FRANCE	119698	83617	AUSTRIA	177496	111093
	DENMARK	32832	22270	INDONESIA	65272	52977	CZECH REP.	148575	117629
	SLOVENIA	29496	24586	SWEDEN	5982	46820	NETHRLND.	107401	80326
	CZECH REP.	19638	16680	POLAND	41854	39148	ROMANIA	101424	88781
	ROMANIA	17766	21048	DENMARK	31042	24378	FRANCE	84710	72975
	OTHER	80081	57623	OTHER	175998	152562	OTHER	885404	751162
	TOTAL	784989	564320	TOTAL	933892	737157	TOTAL	3271983	2625390

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

EU Nations - Value of Imports - Jan-Sept 2000

Denmark			Spain			Finland			France			Greece		
Country of Despatch	1999 Year	2000 Jan-Sept	Country of Despatch	1999 Year	2000 Jan-Sept	Country of Despatch	1999 Year	2000 Jan-Sept	Country of Despatch	1999 Year	2000 Jan-Sept	Country of Despatch	1999 Year	2000 Jan-Sept
	e 000s	e 000s		e 000s	e 000s		e 000s	e 000s		e 000s	e 000s		e 000s	e 000s
GERMANY	2900	1225	CAMEROON	22410	9709	GERMANY	17	0	FRANCE	93015	83334	GABON	9346	8790
U.S.A.	813	137	CAR	6928	7890	SINGAPORE	17	0	CAMEROON	41335	12041	CAMEROON	3836	4062
BURMA	533	660	EQ. GUINEA	6283	4092	SWEDEN	0	0	LIBERIA	16228	30048	CNG (BRAZ)	2438	514
BELGIUM	308	157	GABON	4670	3724	...	0	0	EQ. GUINEA	10550	13798	CANADA	1053	0
NETHRLND.	181	589	PORTUGAL	1774	1414	...	0	0	CNG (BRAZ)	7457	5906	LIBERIA	589	4687
FRANCE	62	0	FRANCE	1678	1615	...	0	0	BELGIUM	2696	2341	HONG KONG	322	0
GHANA	61	62	CNG (BRAZ)	1542	2767	...	0	0	CONGO (ZR.)	2596	2672	GUINEA	234	0
CHILE	49	0	LIBERIA	1527	2288	...	0	0	CAR	2039	2632	SWEDEN	83	16
INDONESIA	45	0	IVORY COAST	917	1009	...	0	0	BURMA	1446	1097	GERMANY	27	16
CANADA	22	144	CONGO (ZR.)	157	69	...	0	0	GERMANY	480	194	BOSN & HRZ.	7	0
OTHER	76	242	OTHER	415	1377	OTHER	0	0	OTHER	1365	2364	OTHER	0	535
TOTAL	5050	3216	TOTAL	48071	35954	TOTAL	34	0	TOTAL	179607	156427	TOTAL	17935	18620
GERMANY	18656	8719	FRANCE	10619	12723	GERMANY	743	581	GERMANY	5886	3008	ROMANIA	121	219
POLAND	1331	704	BELGIUM	2900	1179	DENMARK	24	60	SWITZLND.	1121	433	UKRAINE	22	0
SWEDEN	852	324	UKRAINE	1611	715	FRANCE	22	0	BELGIUM	602	462	MOLDOVA	10	0
NORWAY	84	0	GERMANY	1575	1702	...	0	0	SPAIN	398	396	ITALY	8	0
OTHER	67	170	OTHER	1718	1889	OTHER	0	0	OTHER	1080	573	OTHER	9	99
TOTAL	20990	9917	TOTAL	18423	18208	TOTAL	789	641	TOTAL	9087	4872	TOTAL	170	318
GERMANY	1550	753	FRANCE	12388	10263	U.S.A.	75	0	GERMANY	10717	12984	ROMANIA	175	106
U.S.A.	224	231	GERMANY	3097	3786	RUSSIA	5	0	BELGIUM	2634	1338	GERMANY	88	275
SWEDEN	112	50	U.S.A.	2889	2225	U.S.A.	4	0	SLOVAKIA	987	515	FINLAND	41	0
POLAND	55	81	UKRAINE	898	1680	ESTONIA	3	4	ROMANIA	940	939	MOLDOVA	25	0
OTHER	78	210	OTHER	969	450	OTHER	0	22	OTHER	3560	2247	OTHER	34	65
TOTAL	2019	1325	TOTAL	20241	18404	TOTAL	87	26	TOTAL	18838	18023	TOTAL	363	446
SOUTH AFRICA	4	0	URUGUAY	21769	28921	RUSSIA	3	0	CNG (BRAZ)	4953	2777	...	0	0
OTHER	0	34	OTHER	51292	35992	OTHER	0	1	OTHER	1858	3517	OTHER	0	3
TOTAL	4	34	TOTAL	73061	64913	TOTAL	3	1	TOTAL	6811	6294	TOTAL	0	3
GERMANY	1127	1352	FRANCE	7499	7577	RUSSIA	191054	126844	U.S.A.	7848	5266	CANADA	615	64
SWEDEN	1007	105	U.S.A.	5527	8805	ESTONIA	24241	23454	BELGIUM	7734	4180	BULGARIA	447	321
FINLAND	948	0	POLAND	1422	1424	LATVIA	5853	8864	CANADA	2213	1725	RUSSIA	240	1577
U.S.A.	576	1393	U.K.	550	376	BELARUS	1883	355	SPAIN	1862	1583	GABON	208	0
OTHER	540	439	OTHER	1485	1245	OTHER	1698	854	OTHER	3741	2663	OTHER	354	553
TOTAL	4198	3289	TOTAL	16483	19427	TOTAL	224729	160371	TOTAL	23398	15417	TOTAL	1864	2515
GERMANY	4764	3299	IVORY COAST	54891	39724	AUSTRALIA	536	531	BRAZIL	55033	50801	IVORY COAST	6625	5095
BURMA	2046	2674	CAMEROON	48623	47855	SWEDEN	528	621	MALAYSIA	17269	2351	CAMEROON	135	2657
NETHRLND.	222	1375	BRAZIL	27671	24188	EQUADOR	451	236	CAMEROON	16802	30218	NIGERIA	393	303
U.S.A.	1916	2490	CAR	6607	6071	BELGIUM	278	172	GHANA	11448	12460	GHANA	331	90
MALAYSIA	1639	2595	CNG (BRAZ)	5854	4163	DENMARK	230	219	IVORY COAST	11237	9107	RUSSIA	287	0
BRAZIL	1464	1906	GHANA	3959	1847	MALAYSIA	229	284	BELGIUM	8333	7741	BURMA	161	230
GHANA	1320	947	CHILE	1710	1197	NETHRLND.	221	341	CNG (BRAZ)	5657	3739	MALAYSIA	153	169
SINGAPORE	1216	1897	PORTUGAL	1383	1586	CAMEROON	205	110	GABON	1574	1601	INDONESIA	102	163
IVORY COAST	633	432	GABON	1270	575	GERMANY	193	295	INDONESIA	1264	1047	DENMARK	66	0
BELGIUM	575	785	FRANCE	1228	1215	BRAZIL	188	93	NETHRLND.	1046	1381	CHILE	62	0
OTHER	2252	3566	OTHER	5544	6265	OTHER	597	698	OTHER	5205	6182	OTHER	349	628
TOTAL	20547	21966	TOTAL	158740	134686	TOTAL	3656	3600	TOTAL	134888	145628	TOTAL	9844	9379
GERMANY	4070	3176	GERMANY	18294	11659	POLAND	3769	3940	BOSN & HRZ.	2910	884	SERB & MONT	2161	2761
POLAND	3107	1881	FRANCE	10354	9778	GERMANY	2479	2158	SPAIN	2089	1337	ROMANIA	1152	1324
SLOVAKIA	417	806	UKRAINE	2739	2168	HUNGARY	634	81	SLOVAKIA	1847	1292	MACEDONIA	445	345
SLOVENIA	312	184	SWITZLND.	1204	1640	DENMARK	626	274	GERMANY	1820	717	BULGARIA	341	340
ROMANIA	222	327	ROMANIA	755	1572	SWEDEN	467	324	SWITZLND.	938	797	ALBANIA	205	86
OTHER	940	1190	OTHER	2397	3895	OTHER	382	1445	OTHER	4454	4039	OTHER	513	349
TOTAL	9068	7564	TOTAL	35743	30712	TOTAL	8357	8222	TOTAL	14058	9066	TOTAL	4817	5205
U.S.A.	5696	6911	U.S.A.	93677	90075	U.S.A.	2953	2082	U.S.A.	11903	11097	U.S.A.	7519	6739
GERMANY	1179	1238	CANADA	6996	4472	POLAND	2308	2292	BELGIUM	4808	3644	SERB & MONT	2459	2156
CANADA	799	464	FRANCE	5279	4919	HUNGARY	1857	2980	CANADA	1508	1772	ROMANIA	2177	2566
LATVIA	764	570	BELGIUM	2064	2046	CANADA	859	905	GERMANY	1159	1302	RUSSIA	795	381
POLAND	350	362	GERMANY	1855	2740	FRANCE	330	216	NETHRLND.	717	617	BULGARIA	699	158
OTHER	814	1765	OTHER	1855	2740	OTHER	1105	1783	OTHER	3846	5053	OTHER	2919	1829
TOTAL	9512	11310	TOTAL	111073	105373	TOTAL	9412	9558	TOTAL	23941	23303	TOTAL	16568	13829
U.S.A.	7797	6496	U.S.A.	15629	14364	CANADA	5357	5294	U.S.A.	17872	13011	U.S.A.	4417	3336
SWEDEN	3569	2704	CANADA	5880	6127	ESTONIA	2532	3029	CANADA	9660	8067	BULGARIA	4101	3612
LATVIA	3529	2033	FRANCE	4633	2771	U.S.A.	6149	1782	BELGIUM	6150	2736	SERB & MONT	274	239
GERMANY	3279	1919	LATVIA	1625	1842	RUSSIA	292	644	GERMANY	3812	2739	CANADA	152	65
CANADA	1907	1602	CHILE	1098	1283	SWEDEN	422	261	NETHRLND.	2234	1064	MOLDOVA	75	16
OTHER	4691	3290	OTHER	2225	1598	OTHER	2143	2088	OTHER	6320	6907	OTHER	40	362
TOTAL	24772	18044	TOTAL	31090	27985	TOTAL	13295	13098	TOTAL	46048	34524	TOTAL	9419	7633
SLOVAKIA	674	0	CHINA	3124	742	FRANCE	4301	2084	BRAZIL	6918	9654	FRANCE	74	64
OTHER	1835	2042	OTHER	8952	7515	OTHER	4804	3620	OTHER	21927	17139	OTHER	317	229
TOTAL	2509	2042	TOTAL	12076	8257	TOTAL	9105	5704	TOTAL	28845	26793	TOTAL	391	293
GERMANY	23121	17458	U.S.A.	45548	45634	GERMANY	3915	2932	GERMANY	9920	7162	GERMANY	7697	5086
FRANCE	4844	3050	GERMANY	15245	13543	SWEDEN	2331	1635	FINLAND	8639	6411	U.S.A.	3917	4042
THAILAND	3729	3529	IVORY COAST	10874	10320	FRANCE	1681	1228	SPAIN	8017	9109	ITALY	3667	2622
U.S.A.	2530	3656	ITALY	5981	4122	RUSSIA	659	524	ITALY	7595	5286	GHANA	632	534
FINLAND	1902	1453	GHANA	4387	3848	CANADA	594	541	GABON	6842	8880	SPAIN	530	299
SWEDEN	1524	1522	EQ. GUINEA	4206	2225	THAILAND	336	216	U.S.A.	5802	5182	IVORY COAST	522	176
SLOVENIA	1046	823	FRANCE	3060	2564	ESTONIA	422	240	PORTUGAL	5532	4222	FRANCE	433	505
POLAND	1030	1357	SOUTH AFRICA	3013	2206	GHANA	330	287	BELGIUM	4945	5177	CROATIA	358	289
OTHER	6429	6257	OTHER	22318	24460	OTHER	1038	722	OTHER	22553	16634	OTHER	1833	2033
TOTAL	46155	39035	TOTAL	114632	108922	TOTAL	11476	8302	TOTAL	79945	68063	TOTAL	19589	15786
FINLAND	19527	17018	FINLAND	14738	13103	RUSSIA	2593	1915	FINLAND	32791	25164	BRAZIL	1757	2894
RUSSIA	14739	22243	FRANCE	10448	6460	LATVIA	1311	1851	BELGIUM	24504	18246	MALAYSIA	1581	442
INDONESIA	10325	8000	RUSSIA	3174	2397	GERMANY	967	560	INDONESIA	23498	25402	FINLAND	1163	999
SWEDEN	4788	5531	GERMANY	2257	3197	ESTONIA	718	713	GERMANY	14800	12424	INDONESIA	1025	81
GERMANY	4442	3096	PORTUGAL	727	949	SWEDEN	474	627	GABON	11323	5289	CAMEROON	874	326
POLAND	4139	3835	BRAZIL	635	669	INDONESIA	334	375	BRAZIL	8072	9183	RUSSIA	806	919
U.S.A.	3208	1869	IVORY COAST	621	395	TAIWAN	282	49	ITALY	7890	7379	SINGAPORE	584	318
OTHER	12089	9446	OTHER	3992	5033	OTHER	1072	953						

Special report - certification

Continued from page 11

recognition and that no other structures are necessary. A representative of Greenpeace stated that they would “*reject all negotiations for mutual recognition ... would accept nothing other than FSC and would attack other schemes.*” Greenpeace claimed they “*were close to the corporate consumer*” and would do all they could to discredit non-FSC schemes in the market place.

Consensus building approach

A second faction, which included some European forest sector trade and industry organisations (such as CEI-Bois and the UK’s Forestry Commission) advocated a long-term consensus building approach. They suggested that time should be taken to develop a full consensus around a single global framework for mutual recognition linking all existing certification initiatives - including FSC, the Pan European Forest Certification (PEFC) scheme, and other non-affiliated national schemes.

One articulate advocate of the consensus approach was Richard Donovan, Director of Smartwood, an FSC accredited certification program. He suggested the concept of mutual recognition was an important vehicle to discuss and hopefully resolve differences between interest groups. However Donovan emphasised the challenges of mutual recognition. While the technical differences between certification schemes like FSC and PEFC may be limited, those that exist are huge in scope. For example, different attitudes to First Nations rights, to GMOs, to high conservation value forest, or to the use of chemicals, cannot be resolved easily. These are political challenges rather than technical challenges. Donovan suggested these issues must be resolved if certificates are to gain the acceptance of the public. For mutual recognition to be credible it must be “*based on equivalent outcomes in forests and communities*”. Donovan felt that conflict in the forest sector creates cost, but that excessively rapid moves to mutual

recognition, without taking the time to resolve crucial underlying differences between interest groups, would lead to greater costs in the long term.

Urgent need for action

The third faction, which included many other industry and forest owner groups (including some members of the IFIR working group and forest owners supporting the PEFC) were pushing for the more rapid evolution of an international mutual recognition framework – perhaps through linkage of the IFIR and PEFC processes - to compete with the FSC. These groups emphasised the urgent need to overcome existing problems in the market created by unfulfilled demand for certified wood products.

James Griffiths, Chairman of the IFIR Working Group on Mutual Recognition, outlined various reasons for the rapid implementation of an international system for mutual recognition. He noted that mutual recognition is already underway - for example between the Canadian Standards Association and PEFC, and between FSC and the Indonesian LEI scheme. Griffiths emphasised that mutual recognition should not proceed in a chaotic manner, but should be a structured process based on generally agreed principles for credible certification. There is already confusion in the market place, which will increase if the process of mutual recognition becomes drawn out and complicated. Griffiths suggested IFIR’s proposals would significantly expand supplies of certified wood products in response to demand, and reduce problems of discrimination.

EC emphasise urgency of debate

Griffiths’ approach gained support from Dieter Schoene of the European Commission. Schoene noted that around the world there are perhaps 80 million hectares of forests certified under various forest certification schemes. The EC intends to use forest certification as a mechanism to link trade with environmental objectives. Schoene reported that the EU has already introduced regulations that provide for lower tariffs on wood products derived from sustainably managed sources – but has been unable to implement these tariffs due to disagreements over the merits of different certification schemes. Mr Schoene suggested the forest sector “*needs to get a move on*” to resolve its differences. Views expressed by representatives of the developing world also demonstrated

Exchange rates										
		One GB pound (£)			One US Dollar (\$)			One Euro		
		29-Dec	26-Jan	2-Mar	29-Dec	26-Jan	2-Mar	29-Dec	26-Jan	2-Mar
Argentina	Peso	1.4914	1.4566	1.4735	0.9984	0.9995	0.9996	0.9374	0.9215	0.9351
Australia	Aus.\$	2.6884	2.6826	2.7877	1.7997	1.8408	1.8911	1.6897	1.6971	1.7691
Bangladesh	Taka	80.8147	78.84	79.7489	54.1000	54.1	54.1	50.7919	49.8775	50.6106
Belgium	Belgian Fr.	64.1847	63.7642	63.565	42.9674	43.755	43.1212	40.3399	40.3399	40.3399
Belize	B\$	2.9428	2.8709	2.904	1.9700	1.97	1.97	1.8495	1.8162	1.8429
Bolivia	Boliviano	9.5006	9.3267	9.508	6.3600	6.4	6.45	5.9711	5.9005	6.034
Botswana	Pula	8.0140	8.0559	8.0289	5.3648	5.5279	5.4466	5.0368	5.0965	5.0954
Brazil	Real	2.9129	2.8782	2.9976	1.9500	1.975	2.0335	1.8308	1.8209	1.9024
Fr. Africa*	CFA Fr.	1043.69	1036.85	1033.62	698.69	711.49	701.18	655.96	655.96	655.96
Canada	Canadian \$	2.2437	2.195	2.282	1.5020	1.5062	1.548	1.4102	1.3887	1.4482
Chile	Peso	857.068	825.633	853.909	573.750	566.550	579.275	538.665	522.331	541.912
China	Yuan	12.3648	12.0644	12.2029	8.2774	8.2786	8.2782	7.7713	7.6325	7.7443
Czech Republic	Koruna	56.2065	55.0554	54.9412	37.6265	37.779	37.271	35.3257	34.8304	34.867
Denmark	Danish Krone	11.8756	11.8005	11.7637	7.9499	8.0975	7.9802	7.4638	7.4655	7.4655
Estonia	Kroon	24.9085	24.7394	24.6669	16.6746	16.9762	16.7335	15.6550	15.6512	15.6542
Europe	Euro	1.5911	1.5807	1.5758	1.0651	1.0847	1.0689	1.0000	1	1
Finland	Markka	9.4602	9.3983	9.3689	6.3330	6.4491	6.3557	5.9457	5.9457	5.9457
France	Franc	10.4369	10.3685	10.3362	6.9869	7.1149	7.0118	6.5596	6.5596	6.5596
Germany	D-mark	3.1120	3.0916	3.0819	2.0833	2.1215	2.0907	1.9558	1.9558	1.9558
Ghana	Cedi	10867.40	10346.90	10797.80	7275.00	7100.00	7325.00	6830.17	6545.87	6852.56
Guyana	Guyanese \$	269.631	263.043	266.075	180.500	180.500	180.500	169.462	166.412	168.858
Hong Kong	HK\$	11.6515	11.3665	11.4981	7.7999	7.7997	7.8001	7.3230	7.1909	7.297
India	Ruppee	69.7306	67.7353	68.612	46.6800	46.48	46.545	48.8256	42.8522	43.5429
Indonesia	Rupiah	14452.5	13771.5	14556.7	9675.0	9450.0	9875.0	9083.4	8712.4	9238.1
Irish Republic	Punt	1.2531	1.2449	1.241	0.8389	0.8543	0.8479	0.7876	0.7876	0.7876
Italy	Lira	3080.79	3060.61	3051.05	2062.39	2100.19	2069.77	1936.27	1936.27	1936.27
Japan	Yen	170.5920	170.475	175.506	114.2000	116.98	119.06	107.2170	107.85	111.381
Kenya	K. Shilling	116.5910	114.762	114.906	78.0500	78.75	77.95	73.2773	72.6036	72.9223
Korea South	Won	1889.66	1866.66	1867.68	1265.00	1280.90	1267.00	1187.65	1180.93	1185.28
Liberia	Liberian \$	1.4938	1.4573	1.4741	1	1	1	0.9389	0.922	0.9355
Malaysia	Ringgit	5.6765	5.5378	5.6016	3.8000	3.8	3.8	3.5677	3.5034	3.5549
Myanmar	Kyat	9.7491	9.5382	9.7599	6.5264	6.5451	6.6209	6.1216	6.0343	6.1939
Netherlands	Guilder	3.5064	3.4834	3.4725	2.3473	2.3903	2.3557	2.2037	2.2037	2.2037
New Zealand	NZ\$	3.3758	3.3455	3.3775	2.2599	2.2957	2.2912	2.1217	2.1165	2.1435
Nigeria	Naira	164.318	161.760	170.332	110.000	111.000	115.550	103.274	102.337	108.097
Papua NG	Kina	4.5338	4.5902	4.7632	3.0351	3.1498	3.2312	2.8495	2.904	3.0229
Philippines	Peso	74.6901	72.5008	70.72	50.0000	49.75	47.975	46.9425	45.8671	44.8807
Poland	Zloty	6.1732	6.0391	5.878	4.1325	4.144	3.9875	3.8798	3.8206	3.7303
Portugal	Escudo	318.986	316.896	315.907	213.540	217.454	214.305	200.482	200.482	200.482
Romania	Leu	38726.8	38552.9	39984.2	25925.0	26455.0	27124.5	24339.7	24390.2	25375.0
Russia	Rouble	42.8034	41.3597	42.2831	28.6540	28.381	28.684	26.9019	26.1659	26.8339
Singapore	Singapore \$	2.5903	2.5477	2.5794	1.7340	1.7482	1.7498	1.6280	1.6118	1.637
Solomon Islands	SImm. Is. \$	7.7119	7.5313	7.6339	5.1626	5.168	5.1787	4.8469	4.7646	4.8447
South Africa	Rand	11.3081	11.494	11.4145	7.5700	7.8872	7.7434	7.1071	7.2716	7.2439
Spain	Peseta	264.736	263.002	262.180	177.223	180.472	177.858	166.386	166.386	166.386
Sweden	Krona	14.0948	14.0586	14.2472	9.4355	9.647	9.665	8.8586	8.8941	9.0416
Taiwan	\$	49.4179	47.4352	47.7056	33.0820	32.55	32.3625	31.0590	30.0095	30.2751
Tanzania	Shilling	1202.51	1173.13	1219.08	805.00	805.00	827.00	755.78	742.17	773.66
Thailand	Baht	64.8011	62.4016	63.9391	43.3800	42.82	43.375	40.7273	39.4779	40.5774
Uganda	New Shilling	2640.30	2677.79	2546.51	1767.50	1837.50	1727.50	1659.42	1694.09	1616.08
U.S.A	US \$	1.4938	1.4573	1.4741	1	1	1	0.9389	0.922	0.9355
Venezuela	Bolivar	1045.290	1019.820	1039.610	699.750	699.800	705.250	656.961	645.181	659.762
Vietnam	Dong	21681.0	21193.5	21462.9	14514.0	14543.0	14560.0	13626.5	13407.9	13620.9
Zimbabwe	\$	82.3084	80.2973	81.1935	55.1000	55.1	55.08	51.7307	50.7995	51.5274

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

Continued page 15

Special report - certification

continuing lack of consensus on forest certification.

Representatives of countries that have progressed rapidly to develop national certification schemes – such as Malaysia and Ghana – were very supportive of the IFIR proposals to develop an international mutual recognition framework.

Recognition of certificates now depends only on good PR

Mr Attah of the Ghanaian Timber Export Division noted that, at present, recognition of forest certificates in the market place is dependent on “*who has the best PR*” rather than on any real analysis of the structural elements of a forest certification scheme. In this battle of PR agencies, developing nations with limited resources are at a constant disadvantage. Attah suggested

that an international framework for mutual recognition would be a cost-effective mechanism to increase market recognition for credible well designed national certification schemes in the tropics.

A representative of FSC in Bolivia, the only tropical country to have developed an FSC endorsed national standard - took a different stance. He felt the development of the PEFC and IFIR frameworks only made marketing more difficult. The creation of another international certification framework in addition to FSC would “*split the market*”, thereby increasing problems and costs of compliance for tropical producers. He advocated all schemes should seek to work within the FSC framework.

Another perspective came from Mr Parfait Mimbimi Esono of the Cameroon National Working Group on Sustainable Forest

Management and Certification. There remain great obstacles to the development of effective certification schemes in the Congo Basin, and Parfait was sceptical of the effectiveness of certification as a policy tool to promote good forestry in this region. Producers in the Congo Basin “*could not undergo certification solely to satisfy the market.... market forces cannot provide the basis for the future of our forests. There is no price premium for certified wood products, and there remains a substantial market for non-certified wood.*” He stressed the Congo basin lacked expertise in forest certification, and that time was needed to develop local capacity. However he conceded “*certification is one possible tool to slow deforestation and may help alleviate poverty.*”

Association Profile - NHLA - USA

Members 2,019 – mainly USA & Canada

The National Hardwood Lumber Association was established 102 years ago and is the largest hardwood association in the USA, with members also in Canada. NHLA is known worldwide as the authority for the American hardwood grading “NHLA rules”, established by its members as a standard for which they are still responsible. Any changes to the rules can be considered at every fourth annual convention and voted on, the next opportunity being next year in September in New Orleans. The association, with its staff of 23, is based in Memphis TN where it runs a grading school that qualifies about 150-200 graders every year on its three 14 week courses. Additionally NHLA

holds 3-day courses for industry throughout the States and abroad. NHLA basically trains and educates, and also offers its members an inspection service through its own 30 staff inspectors, which may be used in the event of disputes. NHLA encourages members to settle their own disputes. According to Chief Inspector Mark Horn, inspection is based on “*the principle of inspecting according to the written purchase order and not by interpreting the intent of either buyer or seller*”. Copies of NHLA grading rules are available only from NHLA in Memphis.

NHLA also works on other programmes, particularly US log supply and legislative issues with the Federal Government in Washington DC. Recently this association

has made an arrangement for its members to participate in the Sustainable Forest Initiative (SFI), which is not to be confused with its own certification of NHLA members production quality. Under this scheme about 250 NHLA member mills are certified by random inspection of their lumber grades during production and permitted to use the “NHLA Certified” logo.

**For additional information contact:
National Hardwood Lumber Association
P.O.Box 34518
Memphis TN 38184-0518
USA
Tel (901) 377 1818
Fax (901) 382 6419**

Hardwood Events

Date	Event	Venue	Target audience	Contact
2001				
6-10 Mar	Malaysian International Furniture Fair	Putra, World Trade Centre Kuala Lumpur	Furniture manufctrs. Suppliers	Web: www.miff.com.my, Tel:603 9822888 Fax: 603 986 1551, info@miff.com.my
14-16 Mar	IWPA 45th Annual Convention	Condado Plaza San Juan, Puerto Rica	Timber trade and industry	IWPA - Tel (703) 820-6696 Fax (703) 820- 8550
4 Apr	Workshop on the impacts of logging on mahogany in Brazil	Oxford, UK	Forestry, timber trade Environmental	Nick Brown, Oxford Forestry Institute nick.brown@plants.ox.ac.uk
18-25 Apr	16th Commonwealth Forestry Conference	Fremantle, Australia	Forestry	Libby Jones, UK Forestry Commission, Tel 44-(0)-131-314 6137; Fax 334 0442;
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
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

US uncertainty

Uncertainty surrounds the likely depth of the US economic slowdown. Most analysts remain confident that the US will not go into recession. Nevertheless, recent trends have been gloomy. The average prediction for growth in 2001 in *The Economist's Poll of Forecasters* has fallen from 3.5% in October to 1.8% early in February. Consumer confidence is key. At present many US consumers still believe Mr Greenspan, Chairman of the Federal Reserve, can avert recession. As long as this faith holds, it will help to underpin confidence. **Page 6**

US domestic demand falters

Meanwhile, US domestic demand for hardwoods is feeling the cold from the slowing housing and furniture sectors. There are high inventories in the furniture sector – at both retailer and manufacturer level - which built up as sales slowed during the second half of last year. Overseas suppliers of furniture to the US market, notably China, also have large inventories of merchandise ready to be shipped when US retail sales improve. More positively, AKTRIN believe that the US construction sector may revive again later this year as the benefits of recent interest rate cuts begin to filter through. **Page 6**

Good US prospects in Europe...

Prospects for American hardwood exports to Europe this year are reasonably good. The weakening of the US\$ has led to weakening in CIF prices on some regular items, although not dramatic, which has encouraged stock filling on some items. However buyers throughout Europe are likely to remain cautious. **Page 7**

...but Asian prospects mixed

Japan's economy is stagnant, while the export-led growth of some Asian nations, notably Indonesia and Thailand, may be heavily hit this year by cooling of the US economy. However, despite recent overstocking in China, market growth is expected to continue there this year. **Pages 5/6/7**

Wet in the Amazon...

The Brazilian Amazon is in the midst of the rainy season. No significant mahogany shipments can now be expected until May at the earliest. Now that the US economy is cooling, some uncertainty surrounds the strength of demand for mahogany during 2001. So far there are few signs that US buyers' interest in mahogany is waning and prices remain firm. IBAMA has announced that sawn lumber export quotas for mahogany for the first half of the year will be limited to 20,000 m3. **Page 8**

...dry in Africa

The major supply regions north of the equator in Africa are very dry. Although resource and forest policy constraints now severely restrict overall harvest levels, the weather has meant that logs are moving well for the time being. Consignments continue to run late, but shipments of African hardwoods to European destinations have been arriving regularly over the last month. Sapele prices remain relatively stable with perhaps some hint of weakening. **Page 3**

Cameroon restricts logging

The Cameroon authorities have been reducing the legally allowable cut and tightening rules for concession allocation. Log production in Cameroon fell from 3,358,000 m3 in 1997-98 to 2,500,000 m3 in 1999-2000. The export ban on the leading commercial species implemented in mid 1999 has been effective in reducing the volume of Cameroon log exports from 1,562,000 m3 in 1997-1998 to 711,000 m3 in 1999-2000. Over the same period sawn lumber export volumes almost doubled from 391,000 m3 to 801,000 m3. **Pages 1/4**

Inward investment in Congo

Significant new investments in wood processing in Congo (Brazzaville) have been announced over recent months - a reflection of government policy to ensure that 60% of total annual log production (currently around 500,000 m3) is processed domestically. The Portuguese enterprise

FORALAC, has announced their intention to invest US\$11 million in integrated wood processing facilities, including sawing, planing, kilning and a veneer plant, in the southern region of the country. FORALAC, will exploit forest concessions totalling 765,752 hectares, and will have capacity to convert 100,000 m3 of logs each year. **Page 3**

Meranti prices stabilise

After months of weakness, there are signs that forward prices for Malaysian dark red meranti sawn lumber may have stabilised. It is now the monsoon in Malaysia. This coupled with the Chinese New Year at the end of January has meant that production has been limited and there is talk of green log prices strengthening. This may begin to feed through into rising prices to European importers over the coming months. But, for the time-being, Europe's forward market for dark red meranti is still suffering under the weight of stocks built up during the course of last year. **Page 4/5**

Beech markets still slow

European beech markets are still slow due to much lower demand than last year in China, and continuing weak buying by German manufacturers. The high stocks of beech that built up in China last year have been much reduced. However this has yet to feed through into any major increase in beech purchases. The European oak market continues to tread a very different path. At recent auction sales in Germany and France, prices for higher grade European oak logs have remained firm. **Pages 6/7**

Tropical recovery?

Tropical wood imports were on the rise into two of Europe's leading hardwood markets last year - Italy and the UK. UK imports of tropical hardwood logs and sawn lumber during the first nine month of 2000 were up 13% by volume on the same period in 1999. Between January and June last year, the volume of Italy's tropical log and sawn lumber imports were up 13% and 12% respectively. **Italy page 9, UK page 10**