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French contraction

The French economy began to slow in the second half of 2001 and actually contracted in the fourth quarter for the first time in five years, by 0.6%. Overall GDP growth slipped to 2% in 2001 after averaging over 3% in the three previous years. Evidence for the slowdown began to appear in France's wood import data during the third quarter of 2001.

Comparing the July to September 2001 period with the same period the previous year (page 11), imports of many hardwood products were down including tropical logs (-32%), tropical sawn lumber (-11%), oak sawn lumber (-20%), other temperate hardwood lumber (-22%), and temperate hardwood veneers (-22%).

France's large domestic wood processing sector and temperate hardwood supply base has meant that the French hardwood import trade is dominated by tropical log imports. This dominance is gradually being eroded as there are signs of a shift towards imports of further processed products, but at a slower rate than other European countries. During the first half of 2001, tropical log imports were running at slightly lower levels than the previous year and then declined sharply during the third quarter. While tropical log imports from Liberia and Equatorial Guinea were declining last year, imports from Congo (Brazzaville) were increasing.

Third quarter slowdown

French imports of tropical hardwood sawn lumber were relatively strong during the first six months of 2001, particularly from Brazil, but slowed during the 3rd quarter. Brazil continues to be the largest supplier of tropical sawn lumber to France, notably of tauari which is popular amongst France's large joinery manufacturers.

France is not traditionally a big importer of temperate hardwood logs, but there were signs of a slight increase in imports of this

commodity from the United States during the first half of 2001. This may reflect the weakness of the euro which meant it was relatively less expensive to import logs for processing in France than to purchase processed lumber from the U.S. However the growth in this trade was halted during the 3rd quarter of 2001.

American imports hit by weak euro

France's imports of temperate hardwood lumber from North America were weak last year, a direct result of the strong dollar. U.S export data indicates that the downward trend was due to falling purchases of cherry, maple and red oak - French imports of American white oak actually increased last year. There was a slight increase in imports of Italian oak lumber, mainly sawn from Balkan logs, of oak lumber from the Ukraine, and of beech from Romania. However Eastern European suppliers still play only a limited role in the French trade.

There was a jump in French imports of veneers from Gabon last year, perhaps indicating a partial switch away from the trade in raw okoume and ozigo logs as Gabon develops its own domestic processing capacity.

There was a particularly dramatic increase in the value of French imports of hardwood profiles last year, up 57% during the first nine months of 2001. This product group includes unassembled components for parquet - so the trend may reflect continuing strong demand for parquet flooring in France. It may also register a trend towards increased purchase of semi-finished components in the furniture sector.

The furniture trade is inevitably influenced by the fact that France is Europe's third largest furniture producer, after Italy and Germany, with a share of total European

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Editorial - Eastern Influence

In today's hardwood market, eastern Europe is increasingly influential.

Despite the relatively poor data of eastern European hardwood exports and production, the figures available indicate that there is little doubt about the growing influence of eastern Europe on the European Union hardwood marketplace. As one timber trading guru Charles Tross used to say, "the margin is only about five percent between feast and famine in our business – two and a half percent either side of the stable market", so just the perceived availability of hardwood supplies from the east is enough to disturb the balance of this market. Forget the unreliability of shipments or the lack of grading standards, the very thought of lower prices and elimination of currency variables is enough. Indeed the introduction of the Euro and the greater peace and stability of parts of eastern Europe has begun to swing the balance. So has investment in the infrastructure of those forest harvesting and primary wood processing industries there. At every turn one comes across large and small enterprises with foreign partners, investors and speculators who have made the commitment – and in many cases invested more in time and expertise than money. From the huge investments of companies such as IKEA in Poland and elsewhere, to the low-profile joint ventures of Dutch and Spanish entrepreneurs in Romania, there is a confidence expressed in the future of hardwoods produced in the East.

In the coming months attention turns to such events as the Poznan show, in Poland

in early May, and further ahead to the UN/ECE-sponsored seminar in Romania in March next year. This event is timed just before the Ministerial conference in Vienna in April 2003 in order to draw some focus onto the wider issues facing the development of what the UN has termed Countries in Transition (CIT). The UN/ECE's last annual report contains one focus chapter on Romania, which highlighted the fact that 10% of all Romania's exports were wood products, which are predominantly hardwood. Wood product exports climbed 75% since 1990, and the report suggested that the country is now poised to "to make considerable improvements in production and trade".

Looking into the future there are plenty of studies to suggest that the forests of eastern Europe are under-exploited, a position frequently quoted by the European Forest Institute. Furthermore there are signs that eastern European countries may well also exploit the potential of plantation forests as Hungary has done with acacia, used successfully in furniture and flooring, although that will certainly need additional investment. Which returns us to the issue of peace and stability. It is noticeable how the Italians appear to be returning steadily to their local sources of hardwood in neighbouring former Yugoslavia, now that peace in the region seems assured. In hardwoods at least, Europe is feeling a new influence from the East, and not from behind an iron curtain.

Africa

African logs and sawn Stable market conditions

Markets for African tropical logs and sawn lumber remained stable during March, balanced between unspectacular demand and constrained supply. Log prices are stable with most analysts forecasting they are likely to remain so through to the end of the second quarter.

■**Gabon** - Log stocks in Gabon are now very low. SNBG have been seeking to restrict production in an effort to boost prices, but slow demand has meant that importers have not been receptive.

■**Ghana** - Ghana's Finance Minister has confirmed in a budget statement that the export levy on sawn lumber will be revised downwards from 10% to 7%. A 3% export levy will also be imposed on other semi-processed timber products, including rotary veneer, sliced and curl veneer and plywood,

but excluding furniture components. Subject to parliamentary approval, the new tax structures should be implemented during April this year.

■**Sapele** - prices for air dried sapele are stable for the time being. Forward contracts are now being offered for June shipment. Some analysts suggest there may be shortages when the rains arrive later in the year as harvesting volumes are well down this season in Cameroon, the major supplying country. Although shippers are actively looking for sales, most are unwilling to drop prices. Continental European demand is still subdued, but there were reports of a slight improvement during March. Most UK buyers are relying on cross trading and just in time shipments of sapele from continental Europe to fill gaps in stocks. Only a limited number of the larger UK importers now buy air dried sapele direct from Africa. Other buyers tend to source kiln dried sapele off

Africa

African indicative prices

	Jan	Feb	Mar
Exchange rates			
US\$/£	1.41	1.42	1.43
Euro/£	1.64	1.64	1.62
All prices include agents commission of 5%			

Logs

Liberia

US\$/m3, FOB Liberia			
Grade: B+ & better (good UK sawing quality)			
All diameters 60 cm+			
A. mahogany	185	185	185
Walnut	185	185	185
Iroko	240	240	240
Kusia (Opepe)	120	120	120

Sawn lumber

Cameroon, CAR, Congo (Braz.)

Euro/m3; FOB			
Grade and size: FAS, air dried, width 6"+, length 6'+			
Sapele	510	510	510
Sipo	630	615	615
Bibolo	400	400	400
N'Gollon	535	535	535
Iroko	520	520	520

Cote d'Ivoire

Euro/m3; FOB Abidjan			
Grade: FAS, air dried			
Size: width 6"+ avg 9"-10"; length 6'+ avg 10'-11', thickness 1"-2"			
Iroko	500	500	500
Mahogany	420	420	420
Framire	320	310	310
Samba No.1 C&S	240	240	240

Dimension stock			
Azobe	400/	400/	400/
	460	460	460
Dabema	300/	300/	300/
	390	390	390

Gabon

Euro/m3; FOB			
Grade and size: FAS, width 6"+, length 6'+			
Okoume AD	330	320	320
Okoume KD	370	365	365

the continent or from one of the larger UK importers. This material is ungraded after kilning, so may contain a small proportion that is warped, particularly in thinner stock. However there are rumours that one European distributor selling into the UK is considering grading after kiln drying to ensure more consistent quality and to boost sales - although it is uncertain whether this would be economically viable. At present, the limited number of UK importers determined to source sapele graded after kiln drying tend to look to Ghana.

■**Iroko** - buying in Ireland is now steady but unspectacular. The Spanish market is still slow. Import demand in the UK is down on previous years as there has been a significant switch to framire and sapele.

■**Wawa** - after rising slightly last year, prices for wawa sawn lumber have remained static this year. Demand in the UK during March was quite good. Also there are reports of increased interest in South Africa this year after a slowdown in demand due to

economic problems. Production of finger jointed and laminated wawa components is being promoted in Ghana as a means of encouraging more efficient wood utilisation. There is growing interest in these components in Germany - a market generally receptive to laminates - and also in South Africa. Efforts to promote laminates have

been progressing more slowly in the UK.

■**Framire** - buying in the UK was fair during March. Availability from the Ivory Coast is reasonable. Prices remain stable.

■**Sipo/utile** - European demand may be boosted by severe problems in the Brazilian mahogany market - but many importers may simply switch to sapele as a cheaper option.

Ghana exports remain stable during 2001

Despite the slowdown in the global economy and a continuing shift towards exports of lower value species, the overall value of Ghana's wood product exports declined by only 4% during 2001. A big decline in boule exports due to increased export restrictions, was partly compensated by gains in exports of further processed products including ve-

neers, plywood, furniture parts and mouldings. The overall value of air dried lumber exports remained static, but there was a big shift in species, with wawa declining while plantation teak to India increased. Overall exports of kiln dried lumber were static, with Germany increasing purchases and sales to France declining.

	2000	2001	% chng
All products (US\$000)			
Lumber (KD)	46522	45373	-2
Lumber (AD)	30086	30017	0
Veneers	48660	50556	4
Boules	19506	8010	-59
Plywood	12085	13498	12
Sleepers	0	71	na
Furniture parts	6464	7138	10
Profile boards	537	341	-37
Flush doors	36	18	-51
Mouldings	8552	11489	34
Dowels	460	588	28
Broomsticks	40	6	-85
P/Flooring	1567	1899	21
Total	175244	169004	-4

Kiln dried lumber by species (m3)

Wawa	101169	103009	2
Odum	11302	11029	-2
Koto/Kyere	7031	6794	-3
Utile	1082	1441	33
Mahogany	7411	6998	-6
Makore	890	1347	51
Ofram	3521	2684	-24
Teak	48	713	1385
Emire	1694	1366	-19
Sapele	1838	1579	-14
Edinam	1023	1199	17
Other	6740	4157	-38
Total	143749	142316	-1

Kiln dried lumber by destination (m3)

Germany	27528	36373	32
U.K.	15592	14079	-10
France	28110	19205	-32
U.S.A.	8334	8914	7
Italy	11376	14600	28
Ireland	6642	6731	1
Belgium	9112	9550	5
Saudi Arabia	4500	3264	-27
South Africa	5562	4424	-20
Other	26993	25176	-7
Total	143749	142316	-1

Air dried lumber by species (m3)

Teak	7791	17248	121
Ofram	21210	25996	23
Wawa	19331	10768	-44
Papao	6674	4528	-32
Danta	2362	4159	76
Mahogany	5031	3157	-37
Odum	7681	3166	-59
Other	23200	25162	8
Total	93280	94184	1

	2000	2001	% chng
Air dried lumber by destination (m3)			
India	851	11031	1196
Germany	11409	9737	-15
U.K.	2289	2256	-1
Netherlands	4067	4117	1
Italy	13465	9691	-28
France	6842	5933	-13
Spain	5715	3189	-44
Saudi Arabia	15256	8620	-43
U.S.A.	5144	5206	1
Senegal	14563	21324	46
Other	13679	13080	-4
Total	93280	94184	1

Sliced Veneer (000 US\$)

Italy	11832	14941	26
Germany	2968	2090	-30
Spain	3583	3366	-6
Belgium	2932	3102	6
Other	7666	6306	-18
Total	28981	29805	3

Rotary Veneer (m3)

USA	36157	43022	19
Italy	7720	7912	2
Belgium	2992	3173	6
Germany	4228	3422	-19
Spain	5397	6839	27
France	3037	3842	27
Other	15528	10101	-35
Total	75059	78311	4

Mouldings (m3)

France	8887	11051	24
Germany	5565	7147	28
Italy	1587	5440	243
Netherlands	545	2208	305
Other	5539	7196	30
Total	22123	33042	49

Plywood (m3)

USA	10996	19249	75
Belgium	15512	13376	-14
Italy	4088	5631	38
Greece	2074	2748	32
France	495	2649	435
UK	3505	925	-74
Other	10121	8690	-14
Total	46791	53268	14

Source: Ghana FPID

Malaysian sawn lumber Firming trend continues

Prices for sawn lumber of Malaysian meranti species are still finely balanced between low supply and weak demand, but most analysts expect prices to firm during the course of the year. Shippers stocks of lumber throughout both East and West Malaysia are reported to be very low. Although low stocks are typical at the end of the wet season and in the immediate aftermath of the Chinese New Year, constraints on availability are particularly tight this year. Various factors - including increased controls on harvesting, resource constraints, the Indonesian ban on log exports, mill closures, and the disincentive of weak demand over a prolonged period - have meant that production of sawn lumber has been severely curtailed. Many mills have been slow to return to work after the Chinese New Year vacation as they face a severe shortage of logs and rising log prices. Furthermore weak demand and efforts by Indonesian concessionaires to prevent timber theft have meant that there is now very little Indonesian timber coming into Port Kelang.

Price trends vary by species

Availability and price trends vary to some extent by species and size. For example availability of nemesu and tembaga is reported to be particularly constrained and C&F prices to Western Europe have been firming more quickly. Prices for merbau in 2.5" specs has also seen moving in an upward direction. C&F prices for Sel.Bet kiln dried dark red meranti to the UK market have been firming in the thicker sizes, but there are still some low offers on 1" material. Prices for meranti species in typical Dutch specifications - Sel.Bet PNHD in 3x5, 2.5x3.5" etc - have also been slower to pick up due to weak demand, but are widely expected to rise over coming weeks due to supply problems.

In forecasting future Malaysian price movements, the question arises as to how quickly Malaysian shippers would be able to switch on the supply tap in the event of a market upturn. The rainy season is due to end soon, so in theory Malaysian shippers should be able to wind up production. But there may be constraining factors. There is little doubt that in Sabah, the supply problems are more pronounced and have longer-term implications. Over the last 18 months, two of the largest mills supplying Sel.Bet sawn lumber to the European market have shut down operations. According to representatives of the Sabah Timber Association, log harvests

in the state may fall from around 3.5 million m3 during 2001, to only 2 million m3 this year. This factor, together with the Indonesian log export ban which has further restricted available log supplies, is expected to lead to further mill closures in Sabah this year.

Uncertain market for lower grades

Another area of uncertainty that may reduce opportunities for Malaysian mills to increase production is the market for lower grades. A large proportion of lower grade dark red meranti is destined for the Middle East and South Africa. If demand in these markets does not also pick up, it would be difficult for Malaysian mills to crank up production of higher grade lumber to accommodate any increase in European demand. Opportunities for lower grade dark red meranti sawn lumber in other export markets, such as China, are limited by the perception that it is not heavy enough for many joinery applications.

Demand for meranti in western Europe is also affected by competition from African sapele. The limited supply position of meranti raises the possibility that it's current price advantage over sapele could be eroded this year. However sapele supplies

are also very constrained, with many analysts predicting price rises during 2002, so this may not represent a serious threat to meranti's market position.

Considering major export markets, demand for meranti/merbau in the Netherlands remains very slow. Importers remain cautious due to underlying economic problems, particularly weakness and red tape in the construction sector which has filtered through into lower demand from the large joinery groups. Demand for dark red meranti in the UK is still very patchy. Many UK importers are winding up their accounts for the end of the tax year, typically at the start of April, and are finding that, due to slow underlying demand, their stocks of meranti are higher than expected. UK importers are generally waiting until a clearer picture emerges of the likely strength of demand in the spring and of future price movements. Belgian forward orders for nemesu are still slow.

Asian logs and plywood Log supplies very limited

Tropical log supplies in the Far East are very limited. Shippers are bullish and determined to obtain higher prices for their logs.

In Sarawak, the main supplier of Asian tropical logs to international markets, harvesting operations have been slow to start after the Chinese New Year holidays. Large plywood mills in the region are suffering from serious shortages with available stocks of logs covering only a few days production. Availability of logs in Sabah is also constrained. The future development of Sabah's log market is heavily dependent upon the Indonesian export ban. If it remains in place, prices for logs in Sabah are likely to remain at high levels. However in the unlikely event that it is cancelled, log prices may slide a little. Log royalties in Sabah have just been reformed so that they are now more detailed by species and diameter. Tariffs on small diameter logs have tended to increase, providing greater opportunities for export.

Indonesian ban effective

The Indonesian export ban appears to have been reasonably watertight. Logging levels in Indonesia have been curtailed, partly owing to the ban, which has reduced demand for logs, but also due to weak export demand for Indonesian plywood and regular bouts of rain in the supply regions. Despite low logging levels, the export ban and weak plywood demand has meant that Indonesia's plywood mills have sufficient log stocks for the time-being. In addition to

Asian Sawn Lumber Indicative Prices			
	Jan	Feb	Mar
Exchange rates:			
M\$/£	5.37	5.39	5.42
US\$/£	1.41	1.42	1.43
M\$/US\$	3.80	3.80	3.80
Malaysia			
All prices US\$/ton, C&F UK port, including 5% agents commission			
West Malaysian Dark Red Meranti			
Grade: Select & better GMS; Kiln dried			
Size: Width 6"+ avg 7"/8"; Length: 8'+ avg 12'/14'			
1"	670	695	695
2"	710	735	735
2.5"	740	755	760
3"	760	775	780
Keruing			
Grade: Standard & Better GMS			
Size: Random or fixed 16'+			
1"-3"	500	500	515
Nemesu			
Kiln dried			
2"	875	875	880
2.5"	890	890	900
3"	900	900	910
Myanmar Teak			
US\$/50 cu ft, FOB Rangoon/Bangkok/Singapore			
Grade: Air dried boards			
Size: Width 6"+ avg 8", Length 6'+ avg 8'			
1"	2750/ 3250	2750/ 3250	2750/ 3250
<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>			

weak demand, Indonesian plywood mills are having to contend with regular strikes due to the low wages being offered.

Demand for tropical logs in Japan is as bad as ever and there are no signs of an upturn. Yen log prices have been rising slowly to take account of the weak yen, but slow underlying demand has meant Japanese importers have been resisting more significant increases. Supplies of plywood to the Japanese market continue to fall due to a reduction in domestic production and reduced imports. Shippers have been trying to force through higher yen prices for plywood to accommodate the weak currency and rising raw material costs. But demand is so slow that prices have remained static at low levels. To reduce log costs Japanese plywood mills now tend to combine more low cost logs such as small sized meranti, and mixed light hardwoods.

Japan's tropical lumber processing sector is having difficulty obtaining logs of adequate quality in sufficient volume. Southsea log quality is declining, often affected by insect infestation. PNG logs have

lost their popularity in the Japanese market, which is shifting now to other species.

Japan's log imports down 34%

Japan's imports of Southsea logs in 2001 reached only 2 million m³, a fall of 34.1% compared to 2000. Demand weakened due to widespread closures in the industry and a shift to softwood logs. These trends are expected to continue during 2002.

By contrast, demand for tropical logs in China is climbing. China's imports of tropical hardwood logs reached 7 million m³ during the first 11 months of 2001, including 1.35 million from Malaysia, 1.05 million m³ from Gabon and 1.01 million m³ from Indonesia. China is also importing growing volumes of temperate hardwood logs from Russia, Europe and North America. Russian temperate hardwoods include Manchurian ash, Mongolian oak and Linden, species traditionally used in China. Russian hardwood logs are of large diameter and good quality and prices tend to be lower than tropical hardwoods and temperate hardwoods from Europe and North America.

Japan's plywood demand continues to slide

The four leading trade associations of the East Asian plywood trade held a joint session in Kuala Lumpur during February to discuss plywood supply and demand issues relevant to Japan this year. They forecast that housing starts this year in Japan would be around 1.1 million, down slightly from 1.174 million in 2001. They estimated that plywood consumption in Japan this year would be around 7.2 million cubic meters, and set a target to supply 7 million m³. This would comprise: 2.75 million m³ domestic production, 2.45 million m³ from Indonesia, 1.45 million m³ from Malaysia and 350,000 m³ from other sources. Japanese plywood manufacturers pressed for these targets to refer to the supply of JAS-certified products only. However Indonesian and Malaysian suppliers resisted. The compromise statement refers instead to the supply of "high quality plywood."

The supply forecast, which represent a significant fall from 2001, took account not only of declining demand in Japan, but also significant problems of supply anticipated this year. It has become increasingly difficult for hardwood plywood manufacturers throughout the East Asian region to secure adequate supplies of logs. This has resulted from underlying resource constraints, tightening controls on logging in both Malaysia

and Indonesia, and continuing political and social problems in Indonesia. In addition, Japanese softwood plywood mills have suffered severe competition, notably from China, in the sourcing of Russian logs.

The four participating organizations were the Indonesian Wood Panel Association (APKINDO), Malaysian Panel Products Manufacturers Association (MPMA), Japan Lumber Importers Association (JLIA) and Japan Plywood Manufacturers' Association (JPMA).

Japan: tropical log and plywood trade

	2000	2001	% chng
Tropical log imports			
Sabah	142	17	-88.0
Sarawak	2,029	1,353	-33.3
Indonesia	36	164	355.6
Solomon Is.	79	62	-21.5
PNG	745	404	-45.8
All southsea	3,034	2,000	-34.1
African	231	225	-2.6
Total	3,265	2,225	-31.9
Plywood imports			
Indonesia	2767	2659	-3.9
Malaysia	1783	1837	3.0
Other	380	418	10.0
Total	4930	4914	-0.3
Plywood production			
Softwood	1240	1321	6.5
Hardwood	1960	1560	-20.4
Total	3200	2881	-10.0

Furniture fairs

There was a lot of rubberwood on show during the annual round of Asian furniture fairs, but a wide range of other species are also being used in new combinations.

Two shows were held in Malaysia in early March. The Malaysia International Furniture Fair (MIFF) in Kuala Lumpur, strongly supported by the Malaysian government through several Malaysian organisations, is the largest show in Southeast Asia. The 400 exhibitors were mainly Malaysian and there were very few from overseas. The Malaysia Furniture Export Exhibition (MAFEX, see www.mafex.net), organised on behalf of the furniture industry in southern Malaysia, is run as an alternative to MIFF, by a private organisation representing those producers feeling excluded from government support.

At MAFEX the majority of the furniture on display was in rubberwood. While some of the furniture was well designed and made, much of it was aimed at the low end of the market. Examples of furniture that may influence this market included: beech veneers on rubberwood; rubberwood white stained as beech; and oak foil wrap on MDF chairs designed to emulate American oak. The MIFF show attracted more international buyers than MAFEX. Products displayed were less oriented towards rubberwood than at MAFEX, with a good showing in American hardwoods for example. At the MIFF opening ceremony, the speech of the Minister for Primary Industries (presented by his deputy) focused on the launch of "Malaysian oak" for which a brochure was widely circulated. This brochure claims that Malaysian oak (i.e. rubberwood) "compares with American white oak".

Thailand shows off various styles

The Thailand International Furniture Fair (TIFF) held in Bangkok, was timed to follow immediately after MIFF. The show is relatively small and very local. It differed from other Asian shows through the varied types and styles of furniture on offer. Rubberwood was widely available but so too was teak furniture and a significant amount of European beech and American hardwood, particularly veneered furniture based on MDF and rubberwood. The show also indicated that there is a definite tendency to darker woods in Thailand - although it is not entirely clear if this is influenced by taste, or the traditional craft furniture made from teak. In fact many

Continued page 6

Asia

Furniture shows *cont.*

exhibitors were showing new collections of dark stained teak. Even the American cherry was generally darkly stained. Representatives of the Thai Furniture Industries Association at the show suggested Thai exports of furniture and related parts will increase by between 5% and 7% between 2001 and 2002 because buyers diverted their orders from Malaysia and Indonesia to Thailand after the Sept 11 events.

Singapore: "the furniture gateway"

The International Furniture Fair Singapore (IFFS) held at the Singapore EXPO on 2nd March 2002 was a truly international affair. It attracted 507 exhibitors from 29 countries. Around 20% of exhibitors came from Europe, and nearly all the remainder were from ASEAN and other Asia/Pacific countries, a region where many companies are owned, managed and influenced by expatriates. Taiwanese investors in China, Japanese traders in Indonesia, Scandinavian and other designers in Vietnam are just a few examples of many. This highlights the need for research in decision-making for any company intending to sell raw materials to this industry.

A good entry point for information is the Singapore Furniture Industries Council (SFIC), which organises the show. SFIC is keen to promote Singapore as the "furniture gateway to Asia", with some justification. The SFIC represents 95% of furniture manufacturers in Singapore, 60% of which have subsidiary manufacturing plants in Malaysia, Indonesia, China, and Vietnam. By contrast to the other Asian shows, American hardwoods were widely on display from manufacturers from almost every country in the region. Website for the show is www.iffs.com.sg.

Philippines: combining materials

Two furniture shows were held in the Philippines at the end of February - CEBU-X in the island Province of Cebu on 28 February, and Philippines International Furniture Show (PIFS) in Manila the following day. Cebu is the nation's major furniture-manufacturing centre accounting for 58% of all furniture exports. The PIFS Manila show is similar to but a little smaller and lower key than the Cebu X show. A number of larger manufacturers from the Manila and Pampanga areas, the two main manufacturing areas after Cebu, were exhibiting at PIFS who were not at CEBU-X. Despite problems in the Philippine furniture sector, the shows were well attended.

The Philippine furniture industry has been suffering a severe downturn. The industry depends heavily on exports to an increasingly competitive international market. Labour rates in the region are low, with the legal minimum wage amounting to Pesos 180 (US\$3.50) per day, not much above China's US\$2 to US\$3 per day. However the industry suffers from under-investment in modern plant and training. Many of the more successful companies depend on expatriate management.

While exports from Philippines as a whole declined last year, exports from Cebu increased by \$48 million (22%) in 2001 compared to the previous year. Most furniture companies in Cebu are located in the export zone where import and value added tax exemptions cut costs by 17% compared to other locations.

Lack of domestic wood supply

A significant problem for the industry has been the lack of a domestic source of high quality hardwood following over-cutting of the Philippine forests. The Philippine furniture industry has been innovative in the use of a wide range of locally available materials - including bamboo, coconut fibre, rattan and cane. It was evident at CEBU-X that these materials are being used in combination with wood. A good example was the use of American hard maple veneer matched with pale coloured bamboo living room furniture. Much furniture was also made from MDF and stained or painted.

Despite these innovations, the industry is still dependent on wood, much of which has to be imported. At CEBU-X softwoods from various countries were prominent. Examples are Australian araucaria, New Zealand radiata pine and a South African pine. These were usually stained to resemble hardwood. Styles tend to be elaborate, drawing on traditional Spanish designs, and tend to appeal to Middle Eastern buyers. However export markets for Philippine furniture are very diverse. The USA is an important destination, but it does not dominate.

On balance there appeared to be less wooden furniture at the PIFS show in Manila than in Cebu. However some of the wooden furniture shown exhibited outstanding design and quality. Absent from the Manila show were the many "contract furniture" makers which serve the hotel, office and domestic building sector. The only material suppliers at the show were importers of American hardwoods and a delegation from Gabon in Africa.

North America

Domestic demand

Signs of improvement

Economic news continues to improve in the U.S. The nation's unemployment rate dropped in February after six consecutive months of cutting payrolls. Following months of debate, Congress passed another economic stimulus package. The previous package passed in June is already delivering higher income tax refunds, in effect pumping an additional \$74 billion into the economy. Economists are generally projecting a moderate rebound as the year progresses. February's retail sales were up, though less than expected.

Housing starts highest for 3 years

The strength of activity in several key sectors has been remarkable. Housing starts in February 2002 were at a seasonally adjusted annual rate of 1,769,000 units. Starts during the month exceeded the previous month by 3%, and were a full 9% higher than February 2001. In fact starts were at their highest level since December 1998. Prior to that, it was February 1987, fifteen years, since estimated housing starts exceeded this level. The strength of housing starts seems to reflect strong consumer confidence, low interest rates, and mild weather conditions. Some economists predict that the rate of growth will ease as the year progresses, but similar predictions last year went unrealised.

The strip flooring industry continues to benefit from the rapid rate of house building. NOFMA: The Wood Flooring Manufacturers Association reports a continuing rise in sales. Solid hardwood flooring shipments in February 2002 were 18.5% up on the same month last year.

Reasonable lumber shipments

Given these statistics, it is no surprise that some U.S. hardwood suppliers report they have been shifting reasonable volumes of lumber. However many in the U.S. hardwood industry are still cautious about the future. Various factors including the competitive nature of business, the prolonged downturn, difficult supply conditions and the contracting U.S. furniture sector have meant many operations are struggling financially. Margins remain very tight, while cash flow, operational efficiency and inventory control are paramount. Very few operators are building stock and most are buying for replacement only. Furthermore domestic prices for some key items are still under downward pressure, for example hard maple in the north and kiln dried 4/4 #1C and FAS&1F red oak in the south.

North America

Export demand

Buyers remain hesitant

There is still a perception amongst overseas buyers that they can purchase American lumber as and when required. This combined with the strong dollar and a generally cautious attitude to future economic development, has meant buyers are hesitant about placing large orders. Efforts by American hardwood mills to push through price increases on the back of a fall in production have met with widespread resistance amongst importers.

In Europe, competition from European oak is a factor limiting sales, notably in Germany and Italy. Nevertheless, U.S. shippers continue to benefit from reliable service and fast shipping times and there have been slight signs of improvement in market demand since start of the year. Inquiries from Italy have been increasing, notably for tulipwood, but price expectations are quite low and there is still reluctance to commit to large purchases. Germany has picked up a little from the depths experienced last year. However the Spanish market for white oak has been quite slow, and demand in the U.K. has been patchy.

China's influence increases

China's importance amongst Far Eastern markets continues to increase. After a buoyant year last year, orders picked up again following the end of the Chinese New Year in early March. China is a major buyer of American red alder, red oak, walnut, maple, cherry and tulipwood. While China's imports of American lumber rose last year, imports of logs increased at an even faster rate. Japan's imports of U.S. hardwoods declined last year, and have been slow this year. The weak yen has been a major factor slowing sales. Many buyers are requiring increased sorting by size and colour. Although demand is down on previous years, Japan remains an important market for American hardwoods, particularly as purchases tend to focus on high value products.

Hardwood production more stable

After a big cut in production last year, Hardwood Review for example estimating around a 30% reduction in lumber production in the United States, sawmill production is now reasonably stable, with many mills anticipating increases in coming months. However reports vary depending on species and location. In the southern United States some mills report that they are running fewer hours due to high log costs. Logging in this region has

Economic problems and increased competition from China in export markets for finished products have meant only slow demand this year in Taiwan, Thailand, Korea, and Indonesia.

Species notes

■ **Ash:** demand is weak throughout North America. Activity is largely confined to buyers and sellers with long standing arrangements, involving stocks selected for quality, colour, and size. However mills have been reducing production of ash, and this seems to have contributed to greater price stability, although prices continue to vary widely. Sales of FAS grades to Japan have picked up slightly and the UK has been steady. Lower grades have been moving reasonably well to the Far East.

■ **Red oak:** market conditions remain highly competitive, both at home and overseas. In the Appalachian region, suppliers are having difficulty replacing business lost in the furniture sector and are now competing for relatively confined markets in other regions. Problems have been made worse by the increased reliance of many mills on red oak as demand for other species has weakened. Outside of long term buyer/seller relationships, domestic pricing varies widely, and has been weakening for certain items. Demand for lower grades of 4/4 green lumber is good from the domestic strip flooring sector. Pricing for kiln dried stocks in the northern U.S. have been more stable than in the south over recent weeks. In the south, domestic kiln dried markets are increasingly competitive, most notably in the 4/4 thickness. European demand for red oak is poor. Demand from the Far East, mainly for common grades, picked up after Chinese New Year. Red oak sales to Mexico are quite slow. Demand for air dried red oak from the Middle East has weakened.

■ **White oak:** demand both at home and overseas remains weak. Considering domestic markets, there would need to be a significant change in red oak supplies and

also been adversely impacted by poor weather and substantially reduced demand for hardwood pulpwood. In the north, production of hard maple is running at high levels compared to the current restricted level of demand, but production will slow dramatically in the spring as the weather warms and the risk of stain increases. Harvesting of cherry also tends to slow in the spring as the sap rises in the trees.

US sawn lumber indicative prices

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

	Jan	Feb	Mar
\$/£	1.41	1.42	1.43
\$/Euro	0.90	0.87	0.88
Red oak			
1"	1895	1895	1835
1.25"	2000	2000	2000
1.5"	2100	2100	2035
2"	2330	2330	2300
White oak			
1"	1450	1450	1500
1.25"	1650	1650	1725
1.5"	2150	2150	2035
2"	2550	2550	2650
Ash			
1"	1125	1050	1160
2"	1460	1350	1530
Tulipwood			
1"	1000	1050	1050
1.25"	1040	1100	1100
1.5"	1130	1200	1175
2"	1175	1225	1200
Cherry			
1"	3425	3425	3460
1.25"	3600	3600	3600
1.5"	3800	3800	3770
2"	3900	3900	4025
Hard Maple			
1"	2460	2400	2500
1.25"	2500	2500	2660
1.5"	2750	2750	2850
2"	2850	2850	2980

pricing to reinvigorate demand for white oak. This seems unlikely in the near future. However, concerted efforts by mills to avoid production have prevented a big build-up in supplies. Prices for green lumber are reasonably stable, although there are reports of some weakness in prices for kiln dried FAS, particularly 4/4. There is reasonable domestic demand for white oak railway sleepers, which has taken some of the slack out of lower grade green lumber markets. The strong dollar, rising competition from Eastern European hardwoods, and sluggish economies, continue to hamper sales of FAS grades to Europe. Sales of common grades to China are fair.

■ **Tulipwood:** demand in the U.S. is still relatively slow. Buyers continue to limit purchases to immediate needs, particularly of kiln dried stocks. However sawmills have generally restricted production and avoided the build-up of excess inventory which has meant that prices have remained stable. There are even reports of price increases for 4/4 FAS grade lumber, both green and kiln dried. Many tulipwood suppliers continue to focus on supply of specific length, colour and width requirements to generate sales and a price premium. Overseas markets are mixed. Inquiries for

Continued page 8

N. America

Species notes *cont.*

FAS grades from Italy have picked up, but the market is competitive and volumes shipped are still down. Demand for common grades in China and Thailand is quite good. Demand from Japan is slow.

■ **Cherry:** domestic markets for common grades of cherry, remain very competitive, particularly for green lumber and for suppliers further away from the Penn-York area, widely regarded as supplying the best quality. Limited demand for common grades has encouraged many mills to restrict production which has reduced the risk of excessive inventory growth in all grades. FAS supplies have therefore remained more closely balanced with demand and prices have been reasonably stable. Demand for cherry veneer logs and lumber in Europe is still slow. Cherry shipments to Asia is rising, but volumes still do not compare to European shipments.

■ **Basswood:** competition in the U.S. continues to intensify from imported woods and wood products. Generating business even for better quality winter production is difficult. Pricing is varied, although efforts to cut production have reduced some of the downward pressure. Although volumes are still small, exports of basswood to the Far East have been rising.

■ **Birch:** domestic sales of yellow and white birch are reasonable and demand is closely matched with supply. Only small volumes of birch, mainly Canadian, are exported.

■ **Hard maple:** domestic and international markets for northern U.S. and Canadian hard maple are very competitive. Buying is at reasonable levels but insufficient to absorb existing production which is seasonally high. This has led to price weakness for lower grade and unselected stock. However prices for higher grade KD stock have been more stable. Orders from the U.K and Germany are relatively slow, although there are some reports of a slight pick-up in Germany. Mexican cabinet door manufacturers are buying reasonable volumes. Shipments of common grades to China are fair.

■ **Soft maple:** domestic demand has weakened due to the slide in U.S. furniture manufacturing. There is intense competition, particularly in the market for common grades. Mills have reduced production to avoid supply overruns, and to a large extent have been successful. However there are reports of moderate price decreases for some items in recent weeks.

■ **Walnut:** overseas demand for FAS lumber and logs is still strong, while shipments of common grades are limited.

Europe

Romania

Privatisation and investment provide foundation for growth

At the start of the period of transition to a market economy, which began in 1990, Romania's wood products industry was owned wholly by the state and was dominated by a few large enterprises. These enterprises were integrated, undertaking within a single organization structure a wide range of activities from harvesting to final distribution. During the transition process, these companies were restructured to make them more attractive for privatization. Over the last 10 years, nearly 7000 small and medium sized private companies have been established for the production of sawn lumber, building materials and furniture.

The privatization process is now very nearly complete, with private companies accounting for 96% of industry output by mid 2001. Many of Romania's dispersed, small companies, are relatively inefficient by international standards. They continue to rely on obsolete equipment, with low conversion inefficiency. However, over the last five years there have been some substantial investments in modern processing capacity. Modern MDF, particleboard, laminated board and veneer plants have opened. Modernization in the furniture sector contributed to a 19% rise in the value of Romanian furniture production between 1998 and 2000 from \$515 million to \$608 million.

Increased dependence on exports

During the 1990s, the Romanian sawmilling industry became increasingly dependent on exports. Economic problems, linked to weakness in the furniture and other wood using sectors, led to a steep decline in domestic sawn lumber consumption - from nearly 3 million m³ in 1990 to just over 1 million m³ in 2000. By contrast, Romania's sawn lumber exports (softwood and hardwood) increased dramatically from a low of 1.7 million m³ in 1994 to 2.4 million m³ in 2000. By 2000, Romania was exporting over 80% of its total sawn lumber production.

In 2000, Romania exported 0.7 million m³ of hardwood sawn lumber, 85% of which comprised beech. The major markets were in the Middle and Far East, including Egypt (29% of total export volume), China (17%) and Syria (11%). Lesser volumes went to Western Europe, mainly Italy (11%) and Germany (5%). Exports of sawn lumber to some markets is constrained by a lack of kilning capacity in Romania.

Reports this year indicate that while the volume of Romanian beech sawn lumber

shipped to China is still fair, demand has slowed since the middle of 2001. Arab countries continued to buy steady volumes of Romanian steamed beech during 2001 and early 2002. Romanian shippers had some success in expanding sales of beech sawn lumber to Italy during the first half of 2001, but demand weakened there in the second half of the year. Romania also made some small inroads into the Spanish beech market last year.

Problems in the beech market during 2001 has encouraged some Romanian shippers to increase production of sawn oak, which is now being offered undried and unedged.

Raw material crises

Recent changes in the forest products sector have created an industry with processing capacity of between 18 to 20 million m³ per year. However, wood removals in Romania, controlled by the National Forest Administration, are around 14 to 15 million m³. This factor contributed to a deepening raw material crises during the 1990s.

The problem of raw material supply worsened after trade liberalization efforts in 1997 which led to a steep increase in log exports between 1998 and 2000. During this period, Romania's exports of hardwood industrial roundwood rose from negligible volumes to over 300,000 m³. However, by raising log prices in Romania to international levels, this measure helped the drive towards improved processing efficiency in the domestic sawmilling sector after 1997.

The problems of raw material supply came to a head in early 2001, when pressure from the processing sector eventually led to the government's decision to reintroduce the log export ban. Since then prices for hardwood logs in Romania have fallen dramatically. For example, the German journal EUWID reports that Romanian oak sawing log prices, which ranged from US\$200 to 300/m³ before the ban, now stand at only US\$80 to 100/m³. After suffering severe log shortages in the year 2000 and early 2001, Romanian hardwood saw mills now report that log stocks are adequate to meet demand.

Government strategy

Romanian government strategy for the wood sector through the year 2010 includes a continuing focus on promotion of investment, both domestic and foreign, in semi-finished and finished wood products, furniture, and furniture components. It is hoping to encourage annual inward investment in the wood sector of around \$125 million.

Europe

Poland

Building a future in furniture

Poland is a country with substantial domestic forest resources. Woodlands cover 28% of the country by area and standing volume exceeds 1.6 million m³. In 2000, these forests supplied 26.0 million m³ of industrial roundwood, both softwood and hardwood. Poland's forests consist of 80% pine and 20% hardwood. Oak is the major hardwood species, and there are good quality stands in Poznan in the west and Bialystok in the east. There are also good quality stands of beech in the Szczecin region.

Large wood processing sector

Poland, with its fairly substantial forest resources, has evolved an extensive wood processing sector comprising a large sawmilling component and including manufacturers of wood-based panels, wood packaging, construction wooden joinery and woodwork. Poland's furniture industry is growing rapidly and making an increasingly

important contribution to the nation's wood exports. In 2000, over 50% of the value of Poland's wood exports (totaling US\$ 4.2 billion) comprised furniture.

Hardwood production: 570,000m³

Polish hardwood sawn lumber production totalled 570,000 m³ in 2000. At the end of last year, the Polish authorities were predicting that hardwood lumber production had declined around 5% during 2001. Hardwood lumber exports totalled 241,000 m³ in 2000, up 2% on the previous year, with Italy and Germany the major export markets. More recent reports suggest that Polish exports of sawn oak have remained reasonably stable, with some growth in sales of high grade oak to the UK, France, the Netherlands and Belgium. However demand for Polish oak friezes from the parquet industry in Western Europe has been weakening. Over-stocking in Western Europe, and intense competition from Croatia and Bosnia, has meant that export

demand for Polish beech sawn lumber has also been slow. Polish sawmills have been curtailing their production of beech.

Rising imports

Although Poland is largely self sufficient in wood products, it is becoming a more significant importer of hardwood sawn lumber. This partly reflects growth in the furniture sector and also the fact that Polish forests are relatively young which means the domestic market suffers from periodic shortages of large size logs. In 2000, Poland imported 115,000 m³ of sawn hardwood lumber, with major supplying countries Slovakia (28,000 m³), Ukraine (26,000 m³) and Germany (21,000 m³). In early 2002, reports began to emerge of Polish manufacturers buying sample lots of teak lumber and veneers, mainly from the German trade, for the manufacture of garden furniture for re-export to Western Europe. At the end of last year, the Polish authorities

Continued page 10

Yugoslavian restructuring hits hardwood lumber production

The Yugoslavian wood processing sector is dominated by sawn lumber production, particularly hardwood. In a typical year, around 75% of sawn lumber production comprises beech, 8% oak, 11% poplar, and the remainder ash and other hardwoods. Yugoslavia also produces limited volumes of veneer, plywood, chipboard, parquet, furniture and joinery components. The industry is export-oriented, with total exports valued at US\$ 102 million in 2001, 6.1% of the total Yugoslav exports. Around US\$ 60 million was accounted for by sawn timber and US\$ 42 million by finished products.

Yugoslavian hardwood lumber production fell progressively during the 1990s. Figures provided by the German journal EUWID suggest that, after a brief revival with the end of the Kosovo crisis in 2000, when sawn hardwood production reached around 350,000m³, production fell again last year to around 245,000 m³. EUWID suggest this was due to the privatization process and the closure of numerous state-run enterprises. The closure of state harvesting companies meant that many sawmills suffered a short-fall in log supply last year. The restructuring process in Yugoslavia is still underway, so this situation is not expected to change in the short term. Weak demand both in Yugoslavia and overseas also contributed to the fall in Yugoslavian hardwood sawn lumber

production. Domestic consumption fell 20% between 2000 and 2001, due to a slowdown in construction and weakness in the furniture sector. Export volumes were down 30% during the same period, a trend due partly to problems of over-stocking in the European beech market last year.

Exports of hardwood lumber to Russia plummeted last year, while exports to Italy, the main market, were well down. The Italian market buys mainly steamed edged long sawn lumber and dimension stock and demands mainly the best quality class A sawn lumber. Quality demands have increased over recent years. A significant proportion of Yugoslavia's beech exports to Italy are re-exported to the Far East. Yugoslavian beech exports have come under intense competitive pressure from Bosnia, Romania, and Bulgaria.

Greek growth market

These losses in hardwood export markets were partly compensated by increased exports to Greece, where demand has been stimulated by building work in preparation for the Athens Olympics in 2004. Exports to Egypt also revived slightly last year, but are well down on levels of the early 1990s (a time when Yugoslavia was Egypt's main supplier). The Egyptian market for beech is now dominated by Romania.

In the year 2000, Serbia - the largest

Yugoslavian state - produced around 30,000 m³ of veneer, down from 50,000 m³ in 1990. Around 90% of veneer output in Yugoslavia is structural and only 10% decorative.

Furniture industry stagnates

Yugoslavia's furniture sector was formerly a significant export earner but with the introduction of economic sanctions against Yugoslavia in the war years of the 1990s, the industry stagnated, with production falling to its lowest level in 1999. The value of Yugoslavian furniture exports fell from US\$40 million in 1991 to around US\$10 million in 2000. Yugoslavian furniture manufacturers are now struggling to compete following years of low inward investment. Output in Yugoslavia's joinery sector also decreased significantly between 1990-1999, primarily due to a decline in construction activity. Yugoslavian parquet production is declining as it comes under pressure from imports.

Yugoslavia's wood industry is dominated by small enterprises. There are 3869 companies of which 1675 are in primary processing and 2194 in final processing. Of the 1675 primary processing companies 1321 are situated in Serbia, and 354 in Monte Negro. The reform process has meant that 96% of primary processing companies are now privately owned.

Europe

Poland *cont. from page 9*

were predicting that hardwood lumber imports would grow by over 10% in 2001. In the late 1990s, Poland had a reputation for being the most advanced Eastern European country in terms of restructuring and for providing a stable environment for economic growth. This reputation now looks a little tarnished. Foreign investment is falling and unemployment rising. Real GDP grew by 1.1% in 2001, far below the 4% level recorded in 2000, and is unlikely to reach

2% in 2001. A rare bright spot is exports, which grew reasonably strongly in 2002. Largely owing to Poland's success in developing overseas markets for wood products, particularly furniture, the wood industry has performed better than other industrial sectors in Poland over the last two years. After a buoyant year in 2000, Polish domestic consumption of hardwood sawn lumber dipped in 2001, but the Polish Ministry of Environment have forecast a slight recovery during 2002.

Markets for European hardwoods

Beech still down, but demand for oak showing signs of recovery

■**German logs** - harvesting continues at relatively low levels and is in reasonable balance with weak demand. Demand for beech saw logs from German sawmills is still very slow, but export demand in China has picked up again since the end of the Chinese New Year. Demand for beech veneer logs, both in Germany and on export markets, remains weak. Demand for oak veneer logs is also slow, but demand for good quality oak saw logs is reasonable, boosted by continuing demand from the French stave sector.

■**German sawn lumber** - demand for beech sawn lumber remains very subdued, both in Germany and overseas. Sales of beech sawn lumber are slow in all major domestic consuming sectors including furniture, internal joinery, and parquetry. Demand for German sawn beech in China has picked up slightly since the end of the Chinese New Year, but price expectations are low. Demand for sawn beech is also weak in Spain, while buyers are making increasing demands on quality. In response to weak

demand and log supply restrictions earlier in the season due to poor weather, German sawmillers have reduced production of beech sawn lumber. Poor demand for beech has encouraged a partial switch by some mills to cutting oak, contributing to increased availability of oak sawn lumber. However prices for higher grades of oak have been propped up by reasonable demand both in Germany and on export markets. For example, Spain is buying a growing volume of German oak sawn lumber.

■**French logs** - log harvesting is at now very low levels. The French authorities and forest owners have agreed to focus marketing activities on sales of lumber from windblown stock. The desire to offload excess stocks, coupled with relatively slow demand has meant that the Office Nationale de Forêt (ONF) is planning very few spring log auction sales this year.

■**French sawn lumber** - prices for high quality beech sawn lumber, after falling during 2001 due to high stocks and weak demand, particularly in China, have stabilised. Stocks are now more in balance with demand. However prices for lower grades of beech lumber are still under pressure. Restricted availability of good quality French oak sawn lumber and reasonable demand has meant prices have remained stable with some signs of strengthening. Slow demand for parquet has led to falling prices for oak friezes.

■**Chinese beech imports** - According to Chinese customs, China's beech log imports during 2001 reached 634,000 m³, nearly 40% down on the previous year (883,000m³). Imports from Germany and France accounted for 392,000 m³ (62%) and 143,000 m³ (23%) respectively. Last year, China's imports of beech sawn lumber reached 403,000 m³, down 23% on the 2001 figure (522,000 m³).

France *cont. from page 1*

production of about 10% (7.8 million Euro). Before mid 2001, the French furniture sector was growing. During 2000, production grew at 5% at current prices driven by strong domestic and overseas demand. This trend affected all segments, but was especially strong in office furniture (+6% in 2000). During the first 6 months of 2001, French furniture production continued to grow, rising around 2% compared to the same period the previous year. However during the third quarter of the year, furniture production registered a decline of around 1.3% compared to the third quarter of 2000 as the industry started to suffer from falling exports and increased competition from imports. French imports of wood furniture were holding reasonably steady during 2001, with some of the major supplying countries - Italy, Belgium, Romania, and Denmark - registering an increase in market share.

2002 may be a difficult year

Market conditions for hardwoods in France are expected to be fairly tough during 2002. The direction of trade will continue to be influenced by the weakness of the euro against the dollar which will tend to favour domestic, European and Francophone African suppliers. Short term opportunities to stimulate economic growth in France through interest rate cuts are constrained by France's membership of the euro. The cycle of monetary easing in the euro area has already bottomed out and the European Central Bank is expected to raise official interest rates in the second half of 2002. However, some leading economic indicators in France are already turning more positive and the slowdown in France seems less pronounced than in Germany and Italy. Real GDP growth in France is expected to be modest in 2002, with forecasts averaging around 1.4%, but there are hopes that the economy will pick up pace during 2003.

Carrefour du Bois

Carrefour du Bois, a three-day show held every two years in Nantes in western France, is the leading international business show for the French wood industry. The forthcoming show from 29 - 31 May expects 400 exhibitors and nearly 10,000 visitors, all of whom are directly connected with the timber trade. The French hardwood industry is very strongly represented by various organisations such as CTBA and by private producers. Up to 30% will be from outside France and notable overseas participants include the Malaysian Timber Council and the American Hardwood Export Council.

European sawnwood indicative prices

	Jan	Feb	Mar
Exchange rates			
Euro/£	1.64	1.64	1.62
Euro/US\$	1.16	1.16	1.14
German beech			
Northern Germany, Euro/m ³ , C&F, UK Port			
Grade: kiln dried, steamed and square edged.			
1"	800	800	800
2"	860	860	860
German oak			
Northern Germany, Euro/m ³ , C&F, UK Port			
Grade: kiln dried, waney edged prime grade*.			
1"	770	770	770
2"	995	995	995
*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/m ³ , C&F, UK Port			
Grade: kiln dried and square edged.			
1"	950	970	970
2"	1450	1500	1500

French imports - Jan-Sept 2001

	Jan-Sept 2001		July-Sept 2001		
	Value	% chg	Value	% change	
	000s 2000/2001	2001	000s 2000	Qtr 3 2000	Qtr 2 2001
Tropical Logs					
GABON	78532	-5.8	18227	-36.8	-47.7
LIBERIA	24959	-16.9	8455	-22.1	12.1
EQUAT. GUINEA	5527	-59.9	1229	-74.2	-60.9
CAMEROON	12263	1.8	3784	-3.6	-25.8
CONGO REPUBLIC	7674	29.9	3408	53.2	93.2
BELGIUM	1854	-20.8	755	-58.7	-9.4
CENT. AFR. REP.	2797	6.3	1435	2.8	173.9
OTHER	4929	-22.1	1020	-54.7	-41.8
TOTAL	138535	-11.4	38313	-31.7	-31.0
Beech Logs					
GERMANY	1528	-49.2	87	-35.1	-84.3
BELGIUM	494	6.9	118	3833.3	-15.7
SWITZERLAND	500	15.5	16	14.3	-94.2
SPAIN	583	47.2	147	50.0	-51.0
U.S.A.	0	-100.0	0	na	na
SLOVAKIA	0	-100.0	0	na	na
ROMANIA	5	-92.9	0	na	na
OTHER	264	46.7	5	-75.0	-96.8
TOTAL	3374	-30.7	373	38.7	-73.8
Oak Logs					
GERMANY	8731	-32.8	1347	-33.0	-64.3
BELGIUM	1367	2.2	467	-4.5	1.3
ROMANIA	315	-66.5	27	-88.7	-15.6
U.S.A.	948	83.4	277	339.7	50.5
SLOVAKIA	153	-70.3	11	-85.9	-38.9
AUSTRIA	1140	242.3	544	197.3	49.9
SWITZERLAND	701	104.4	232	47.8	-1.3
OTHER	1403	33.1	345	151.8	-46.7
TOTAL	14758	-18.1	3250	-3.2	-43.2
Other Hardwood Logs					
U.S.A.	6875	30.6	456	-43.5	-86.7
BELGIUM	3843	-8.1	1071	-3.8	-30.5
CANADA	1803	4.5	228	-18.9	-69.2
SPAIN	2579	62.9	566	21.5	-57.4
GERMANY	2149	90.9	326	-12.8	-76.0
ITALY	178	-53.0	61	-42.5	-44.5
ROMANIA	116	-44.0	29	-65.1	na
OTHER	1857	95.3	271	53.1	-66.0
TOTAL	19400	25.8	3008	-11.7	-67.6
Tropical Sawn Lumber					
BRAZIL	73723	21.7	15586	2.8	-34.4
CAMEROON	31506	3.1	10852	-13.3	-12.6
MALAYSIA	15586	-30.4	4502	-41.5	15.7
GHANA	8905	-35.7	2249	-44.0	-29.5
IVORY COAST	11560	12.8	3266	-5.4	-24.6
BELGIUM	11557	40.4	2962	20.0	-46.2
CONGO REPUBLIC	3995	6.8	1576	3.0	14.5
INDONESIA	3598	60.1	1421	52.0	3.3
GABON	2956	82.9	1275	185.2	27.6
NETHERLANDS	1183	-32.4	270	-49.7	-43.0
OTHER	9367	20.7	2608	-21.7	-23.7
TOTAL	173936	6.7	46567	-10.6	-23.3
Beech Sawn Lumber					
SPAIN	960	-28.2	232	-38.5	-38.0
SLOVAKIA	849	-34.3	122	-65.1	-65.2
POLAND	1126	2.6	186	-39.8	-60.6
BOS & HERZ.	474	-46.4	195	-56.4	-5.8
SWITZERLAND	719	-9.8	196	-2.0	-7.1
GERMANY	419	-41.6	72	-69.6	-73.0
SLOVENIA	571	-5.5	181	5.2	-32.7
ITALY	608	-3.3	134	-35.6	-53.5
ROMANIA	564	42.4	173	226.4	-5.5
BELGIUM	225	-30.3	68	-47.7	-2.9
OTHER	962	-2.8	338	-7.4	-9.4
TOTAL	7477	-17.5	1897	-33.4	-38.1
Oak Sawn Lumber					
U.S.A.	9604	-26.7	2772	-28.3	-1.8
BELGIUM	3202	-18.4	667	-41.3	-45.2
CANADA	2839	-13.8	532	-30.5	-55.6
GERMANY	1552	4.0	286	-50.9	-56.5
ITALY	1908	71.4	665	123.9	30.1
UKRAINE	1403	21.4	382	8.5	-23.4
SLOVAKIA	908	-5.2	216	-37.8	-40.8
LITHUANIA	1467	180.5	444	28.7	-14.9
CROATIA	557	15.6	109	-24.8	-38.8
OTHER	5001	70.2	1224	-7.5	-36.2
TOTAL	28441	-1.9	7297	-20.3	-26.2
Other Hardwood Sawn					
U.S.A.	11737	-20.8	2373	-41.8	-47.8
CANADA	6604	-18.5	1474	-39.5	-26.4
BELGIUM	2532	-17.6	684	5.6	-38.5
GERMANY	1964	-32.5	593	-32.8	9.8
POLAND	813	-41.3	205	-51.3	-24.1
NETHERLANDS	551	-54.0	125	-58.5	-35.6
LATVIA	1818	98.9	492	24.9	-31.6
ITALY	980	31.2	370	32.6	17.5
ROMANIA	1292	180.9	411	123.4	30.1
FINLAND	376	-34.6	121	-38.6	1.7
OTHER	6177	68.0	1763	48.8	-27.4
TOTAL	34844	-8.0	8611	-21.8	-31.5
Tropical Veneers					
GABON	17069	92.2	5876	58.7	-4.1
GHANA	2303	-22.0	836	15.5	17.3
SPAIN	1821	0.4	524	43.2	-27.2
BELGIUM	1619	-18.0	435	-19.1	-4.0
EQUAT. GUINEA	1200	-13.0	288	-33.3	-42.3
CAMEROON	1454	6.4	462	2.0	-11.2
OTHER	6585	23.2	2172	37.9	1.4
TOTAL	32051	38.7	10593	36.0	-5.2

Europe

Belgian trade

Market hit by global downturn

The Belgian economy is heavily dependent on world trade and was severely affected by the global economic slowdown last year. GDP should have grown by about 1.0% in 2001, down from 3.1% in 2000. GDP growth is expected to remain slack in 2002 as a whole at 0.9%, but starting to recover in the second half of the year, leading to growth of 2.4% in 2003, as exports and investment recover and private consumption growth strengthens.

In sectors relevant to the wood industry, growth in construction activity was strong in 2000, but slowed considerably during 2001. In part this reflects a decline in the availability of land for construction and an increase in land prices, particularly in the heavily populated area of Flanders. Land prices have doubled in the Walloon area and tripled in Flanders over the last ten years. Rising land prices have increased the popularity of apartments over houses.

Influence of furniture sector

By far most important user of hardwood in Belgium is the furniture sector. The Belgian furniture industry historically has produced mainly expensive classical style furniture but younger people are increasingly buying more modern and cheaper furniture. The sector has come under intense competitive pressure, particularly from imports from lower cost Eastern European locations. Belgium's high tax burden has also provided an incentive for manufacturers to relocate. Marketing efforts, coupled with efforts to improve efficiency and the weak euro, have contributed to continued growth in export sales. But overall the size of Belgium's furniture sector is expected to decline.

Belgium's imports of wood furniture rose 7% by value between 1999 and 2000, with a particularly sharp rise in imports from Poland (up 30%). The rising trend continued into 2002 - in the first nine months of the year wood furniture imports were up 3.7%. Again Poland registered the largest growth (up 28.9%), but there was also significant growth in imports from Germany and Italy.

Staging post for Europe

Wood import data for Belgium needs to be considered in the light of the nation's role in the trans-shipment of wood products through the port facilities at Antwerp, Zeebrugge and Ghent to other European countries. A large proportion of imports are re-exported.

Belgium imports a significant volume of

Continued page 12

	Jan-Sept 2001		July-Sept 2001		
	Value	% chg	Value	% change	
	000s 2000/2001	2001	000s 2000	Qtr 3 2000	Qtr 2 2001
Other Hardwood Veneers					
GERMANY	6337	9.4	1770	-2.7	-28.8
SPAIN	4064	-7.3	1838	-12.2	108.9
U.S.A.	4580	18.5	846	36.9	-49.4
ITALY	4724	15.3	1393	-23.3	-23.1
BELGIUM	2190	-36.5	460	-57.1	-22.9
SWITZERLAND	975	-40.4	136	-74.2	-66.7
OTHER	2894	-22.9	630	-46.1	-47.3
TOTAL	25764	-4.5	7073	-22.4	-21.9
Softwood Veneers					
FINLAND	8053	25.8	1885	-13.7	-40.3
PORTUGAL	3313	-20.6	1280	-18.9	-25.2
SPAIN	3171	8.9	1249	4.7	5.5
SWEDEN	582	-38.5	82	-69.6	-62.4
U.S.A.	745	-27.3	112	-67.3	-50.2
OTHER	3179	26.4	1070	17.7	-26.4
TOTAL	19043	6.0	5678	-12.3	-28.5
Tropical Plywood					
INDONESIA	18637	-21.0	7600	-13.8	32.1
BELGIUM	10782	18.0	3157	2.7	-6.5
GABON	4081	-22.0	1307	2.7	-17.1
IVORY COAST	4222	7.3	1586	20.3	2.4
BRAZIL	5614	47.2	1646	39.6	-12.5
MALAYSIA	2142	-25.3	863	-6.8	0.5
OTHER	10551	-10.2	3626	-1.2	10.2
TOTAL	56029	-7.1	19785	-2.3	8.2
Other Hardwood Plywood					
FINLAND	13798	12.2	4081	26.2	-6.7
GERMANY	4657	17.3	1380	8.5	1.7
RUSSIA	2006	-40.0	547	-30.7	-29.9
BELGIUM	4282	43.9	1780	96.0	32.3
ITALY	3497	26.1	904	29.1	-40.1
SPAIN	1823	20.2	625	-0.3	-25.0
OTHER	7891	4.0	2339	-6.7	-19.8
TOTAL	37954	10.1	11656	16.1	-11.1
Softwood Plywood					
FINLAND	11809	-5.2	3586	3.9	-14.7
GERMANY	7942	27.2	2539	22.0	-22.8
BELGIUM	5166	-15.8	1156	-53.3	-32.9
BRAZIL	4976	-7.3	1130	4.0	-36.0
AUSTRIA	4071	28.7	1356	28.3	11.1
U.K.	4009	31.4	1244	27.3	-5.2
OTHER	17962	5.1	4881	-13.4	-33.7
TOTAL	55935	4.5	15892	-5.2	-23.9
Sleepers					
IVORY COAST	2623	16.2	1221	3.1	369.6
CAMEROON	1555	-29.4	470	-8.6	-26.7
BELGIUM	506	-6.6	221	24.2	40.8
OTHER	433	-12.3	50	-78.4	-81.9
TOTAL	5117	-6.9	1962	-6.9	47.0
Profiled Wood - Softwood					
GERMANY	6178	0.5	2371	15.3	9.4
ITALY	3185	-18.6	804	-28.1	-41.2
BELGIUM	1854	-11.2	643	-1.5	-11.6
LUXEMBOURG	1970	54.0	1436	35.1	278.9
OTHER	5328	8.1	1375	-24.1	-29.3
TOTAL	18515	0.9	6629	-1.1	0.6
Profiled Wood - Hardwood					
ITALY	14411	34.1	3740	-0.7	-37.5
BELGIUM	6329	35.9	1536	30.5	-43.7
GERMANY	5794	27.6	2015	15.9	3.6
POLAND	3986	112.9	1129	10.7	-29.0
OTHER	30433	78.9	9958	98.4	-5.3
TOTAL	60953	57.0	18378	44.5	-19.2
Wood windows and frames					
DENMARK	14864	8.3	3241	-32.6	-46.3
POLAND	2143	-32.8	723	-32.0	-10.7
HUNGARY	0	-100.0	0	-100.0	na
BELGIUM	2839	44.5	1107	29.0	6.9
OTHER	6741	2.9	1943	-8.7	-17.9
TOTAL	26587	-3.8	7014	-25.6	-31.5
Wood doors and frames					
BELGIUM	6053	1.6	2028	10.9	-3.2
SPAIN	4992	8.7	1388	7.6	-24.3
GERMANY	2637	-3.6	802	-28.6	-27.4
NETHERLANDS	3034	24.7	1020		

Belgium imports - Jan-Sept 2001

	Jan-Sept 2001		July-Sept 2001	
	Value 000s euro	% chg 2000/ 2001	Value 000s euro	% change Qtr 3 2000 2001

Tropical Logs

NETHERLANDS	1101	-29.9	521	21.2	28.3
FRANCE	1509	10.4	416	5.3	-22.1
CAMEROON	2548	154.3	998	357.8	1.3
GERMANY	982	-3.6	286	60.7	-5.6
GABON	2407	230.2	548	385.0	-55.9
CONGO DRC	1599	76.9	440	-19.1	-51.2
BURMA	377	78.7	0	-100.0	-100.0
OTHER	1469	-0.2	576	-21.2	16.4
TOTAL	11992	44.9	3785	42.0	-25.3

Beech Logs

FRANCE	12187	-48.7	2078	-52.8	-55.1
LUXEMBOURG	2194	7.7	599	-8.8	-32.6
GERMANY	1036	-8.5	196	-67.9	-35.3
NETHERLANDS	248	6.9	103	74.6	30.4
BELGIUM	33	-69.7	4	-85.2	-81.0
POLAND	2	-96.0	2	na	na
DENMARK	5	0.0	5	na	na
OTHER	698	684.3	20	-4.8	-95.9
TOTAL	16403	-40.1	3007	-47.9	-53.1

Oak Logs

FRANCE	6663	32.1	1897	17.5	-15.7
NETHERLANDS	806	52.4	190	2.2	-22.8
LUXEMBOURG	63	-89.8	19	171.4	-9.5
U.S.A.	493	-12.4	0	-100.0	-100.0
GERMANY	357	24.8	23	-86.8	-87.9
UKRAINE	64	-76.7	58	na	866.7
BOSNIA & HERZEGOVINA	255	254.2	157	292.5	234.0
OTHER	332	6.1	80	35.6	-39.8
TOTAL	9033	17.3	2424	12.1	-22.2

Other Hardwood Logs

FRANCE	11148	-3.6	3567	-19.9	-10.0
NETHERLANDS	4579	-0.6	1101	-11.1	-35.2
GERMANY	2120	-28.8	335	-74.2	-69.6
U.S.A.	2614	-13.4	0	-100.0	-100.0
ARMENIA	0	-100.0	0	-100.0	na
LUXEMBOURG	516	-24.5	142	-3.4	-11.3
CANADA	783	49.4	327	284.7	10.5
OTHER	791	77.4	73	-43.0	-73.0
TOTAL	22551	-11.7	5545	-31.5	-35.1

Tropical Sawn Lumber

MALAYSIA	58596	-31.3	17007	-35.2	20.5
CAMEROON	21358	4.1	7739	25.2	31.1
BRAZIL	12321	10.0	3286	-3.5	-23.5
INDONESIA	5341	-50.5	1245	-74.6	-30.1
NETHERLANDS	7919	-11.4	2566	33.2	-17.3
GHANA	3134	23.2	1016	28.8	-5.5
IVORY COAST	1628	-13.2	584	14.3	28.4
FRANCE	1338	-10.4	222	-59.4	-66.9
BURMA	1777	89.2	289	-14.7	-60.6
SINGAPORE	1194	-10.8	381	15.5	-20.3
OTHER	8702	9.6	3437	65.0	33.0
TOTAL	123308	-19.3	37772	-20.1	7.3

Beech Sawn Lumber

FRANCE	3359	-27.6	1093	-27.2	-5.7
GERMANY	1172	-23.5	268	-44.4	-34.6
NETHERLANDS	1054	-3.3	327	174.8	5.5
POLAND	355	-23.8	127	-9.9	5.8
ITALY	430	-20.2	168	-2.3	60.0
ROMANIA	309	-5.5	122	13.0	11.9
SLOVENIA	356	70.3	75	-23.5	-46.0
BOSN. & HERZ.	133	-23.6	18	-76.9	-60.0
SPAIN	174	9.4	20	-35.5	-33.3
SLOVAKIA	72	-37.4	12	-63.6	-76.5
OTHER	511	-27.4	113	-56.9	-53.3
TOTAL	7925	-20.4	2343	-22.5	-13.9

Oak Sawn Lumber

U.S.A.	19570	-13.0	5181	-11.2	-28.0
FRANCE	13134	18.6	3762	44.6	-14.6
GERMANY	3889	40.1	1490	91.3	13.7
CANADA	832	-66.8	246	-72.8	-1.2
POLAND	1975	9.0	254	-46.9	-69.9
NETHERLANDS	2368	54.8	507	56.0	-49.9
UKRAINE	1826	25.2	507	-9.9	-29.1
LITHUANIA	2014	61.5	368	83.1	-56.4
SLOVAKIA	245	-54.8	49	-75.9	-59.2
OTHER	3539	24.6	835	15.0	-49.8
TOTAL	49392	2.3	13199	4.6	-28.1

Other Hardwood Sawn

U.S.A.	11213	5.1	2459	-15.0	-36.8
FRANCE	2815	-23.1	907	-19.9	1.1
CANADA	2965	-17.4	923	-32.9	-18.2
LITHUANIA	2666	30.8	903	35.0	-4.0
NETHERLANDS	3165	41.5	1022	40.0	-20.3
GERMANY	856	-37.2	342	45.5	15.2
AUSTRALIA	481	-38.5	88	-78.7	-66.5
LATVIA	732	13.1	167	-41.6	-44.9
BELARUS	421	12.6	144	53.2	2.9
POLAND	417	16.5	106	79.7	-34.6
OTHER	1459	16.6	694	96.6	109.0
TOTAL	27190	0.8	7755	-5.9	-19.6

Tropical Veneers

GHANA	3722	-1.3	668	35.2	-30.1
IVORY COAST	1334	-45.8	212	-75.4	-67.5
FRANCE	2566	194.6	403	44.4	-72.5
GERMANY	364	-71.1	105	-67.5	-39.0
CHINA	384	-24.6	159	1.9	65.6
ITALY	217	-54.6	0	-100.0	-100.0
OTHER	3099	-13.2	1049	35.2	-11.2
TOTAL	11686	-9.6	2596	-19.2	-42.7

	Jan-Sept 2001		July-Sept 2001	
	Value 000s euro	% chg 2000/ 2001	Value 000s euro	% change Qtr 3 2000 2001

Other Hardwood Veneers

U.S.A.	7705	-24.1	1899	-28.8	-25.0
GERMANY	4323	28.1	1293	58.1	-6.8
CROATIA	2733	-18.8	730	-14.3	-36.2
FRANCE	2135	-10.5	670	70.1	15.5
SPAIN	1863	21.2	422	30.7	-34.7
CANADA	835	23.5	138	-27.7	-36.4
OTHER	2657	7.7	629	20.0	-29.5
TOTAL	22251	-7.1	5781	0.2	-21.9

Softwood Veneers

GERMANY	3448	37.1	557	-10.6	-53.6
FRANCE	1394	-26.1	461	-2.3	13.3
ITALY	257	-52.0	77	na	-13.5
NETHERLANDS	549	-17.8	141	-30.9	-43.8
U.K.	231	-28.0	0	na	-100.0
OTHER	2124	186.3	614	137.1	-11.5
TOTAL	8003	20.0	1850	18.7	-33.4

Tropical Plywood

INDONESIA	73791	-11.6	27256	-12.5	17.3
NETHERLANDS	6413	-0.3	2021	8.9	-6.7
MALAYSIA	2415	-25.6	862	8.8	-10.8
BRAZIL	4335	42.0	1408	23.7	-9.1
FRANCE	2680	-11.1	534	-54.3	-37.3
GERMANY	1987	-12.5	430	-53.2	-48.4
OTHER	7406	54.5	2726	85.3	-9.5
TOTAL	99027	-6.8	35237	-8.5	8.1

Other Hardwood Plywood

NETHERLANDS	7756	31.0	1921	15.4	-40.4
GERMANY	3649	68.3	1215	92.6	7.2
FINLAND	1637	39.7	349	-24.9	-54.6
CZECH REPUBLIC	488	-33.2	169	-11.1	5.6
POLAND	609	1.3	172	-26.5	-32.8
SPAIN	191	-57.0	0	-100.0	-100.0
OTHER	2109	79.3	883	410.4	-1.7
TOTAL	16439	34.6	4709	34.7	-28.5

Softwood Plywood

BRAZIL	21203	-32.3	3066	-59.0	-60.0
NETHERLANDS	3226	-33.5	667	-51.1	-50.9
RUSSIA	296	-91.4	77	-89.6	1.3
GERMANY	1997	-22.1	593	-16.1	10.0
FRANCE	1287	-30.8	269	-56.8	-46.3
LATVIA	978	8.7	299	48.0	-0.7
OTHER	4999	-23.6	852	-48.8	-48.1
TOTAL	33986	-34.0	5823	-54.4	-51.8

Sleepers

FRANCE	1677	49.7	646	143.8	117.5
BELGIUM	836	57.1	430	24.6	48.8
GERMANY	86	-71.6	10	42.9	-80.4
OTHER	378	-6.0	24	14.3	-85.7
TOTAL	2977	26.3	1110	74.0	37.9

Profiled Wood - Softwood

FRANCE	3927	26.6	1235	4.3	-9.6
NETHERLANDS	1962	-43.1	791	-7.8	38.8
GERMANY	1317	0.7	445	-16.2	-2.0
LUXEMBOURG	892	-21.8	323	6.3	-14.1
OTHER	1560	7.4	519	34.5	-8.5
TOTAL	9658	-7.6	3313	1.5	-0.6

Profiled Wood - Hardwood

INDONESIA	34466	-18.7	9876	-37.0	-23.1
FRANCE	10583	18.5	3332	18.3	-5.5
NETHERLANDS	9024	-5.1	2278	-25.4	-31.1
MALAYSIA	8637	15.8	2577	20.5	-4.1
OTHER	24722	40.0	7516	24.4	-11.6
TOTAL	87432	1.7	25579	-13.9	-17.1

Wood windows and frames

DENMARK	17328	22.7	6239	23.6	-20.4
GERMANY	3167	-17.6	-198	-112.3	-107.4
U.K.	610	-77.2	502	-34.9	847.2
BELGIUM	3063	1.7	1314	-0.3	26.6
OTHER	6416	29.4	2057	21.0	8.3
TOTAL	30584	6.9	9914	-5.1	-26.6

Wood doors and frames

GERMANY	8448	12.4	-2232	-173.0	-126.1
NETHERLANDS	7320	14.6	2382	1.6	-2.3
SPAIN	3718	-6.8	1324	-2.5	-4.6
FRANCE	2698	-20.2	1048	2.1	12.3
OTHER	12215	34.5	4487	19.2	4.6
TOTAL	34399	13.3	7009	-39.3	-60.1

Parquet Panels

FRANCE	12128	2.1	4201	30.2	27.1
NETHERLANDS	7875	1.8	1808	-25.0	-42.3
GERMANY	5891	18.6	2352	26.9	15.2
CHINA	3954	24.0	1356	5.5	6.2
OTHER	8695	-21.2	2117	-48.9	-26.3
TOTAL	38543	-0.7	11834	-8.4	-6.3

Wooden Furniture

GERMANY	128149	4.2	38904	2.0	-9.3
ITALY	129262	6.1	35573	18.8	-21.4
NETHERLANDS	116848	24.9	36289	29.5	-9.9
FRANCE	92022	10.1	28186	25.3	-8.6
INDONESIA	56339	7.8	15733	25.1	-19.6
SWEDEN	40279	-14.0	9624		

Europe

gaps in stocks on a just in time basis. However the Dutch construction sector is a significant user of tropical hardwoods, particularly for window frames.

Perhaps the most striking feature of the Dutch import data is the extent of the slide tropical sawn lumber imports - down 27% in value during the first nine months of 2001. The decline in imports from Malaysia was particularly pronounced. This reflects various factors including a big slowdown in the Netherlands construction sector during 2001; weakening economic conditions in Western Europe last year; excess purchasing of meranti prior to September 2000 (the overall value of Malaysian sawn lumber imports during 2000 was up 45% on 1999); and partial substitution of Malaysian meranti, notably for sapele from Cameroon.

Pressure from sapele

The value of Dutch imports of sawn lumber from the Cameroon increased by 75% between 1999 and 2000. During 2001, high levels of imports from Cameroon were maintained during the first 6 months of the year, but imports began to slow during the third quarter of the year.

Competition from Brazilian hardwoods also increased during 2001. For example Brazilian sucupira is now competing with meranti. During the first nine months of 2001, Dutch imports of Brazilian sawn lumber were up nearly 30% compared to the previous year.

Impact of Eastern Europe

Dutch imports of temperate hardwoods were falling last year, particularly from North America. This was due to the combined effects of the weak euro, weakness of the furniture sector, and increasing availability of Eastern European hardwoods. Dutch imports of oak from Germany, Croatia, the Czech Republic, and the Ukraine were rising last year. Eastern European producers are gaining a reputation in the Netherlands for supplying to required specifications, for example short length moulding blanks, at competitive prices.

Rise in imports of profiles

Like other European countries, the Netherlands was importing a higher volume of hardwood profiles last year, notably from Indonesia, Malaysia and Belgium. Overall wooden furniture imports into the Netherlands were declining last year, a trend which intensified during the third quarter. Polish and Romanian manufacturers grabbed a larger share of the wood furniture market at the expense of Western European and Indonesian producers.

Dutch imports - Jan-Sept 2001

	Jan-Sept 2001		July-Sept 2001		
	Value	% chg	Value	% change	
	000s	2000/	000s	Qtr 3	Qtr 2
	euro	2001	euro	2000	2001

Tropical Logs

GABON	7961	-3.4	2858	36.2	1.3
CAMEROON	3281	-53.1	866	-25.0	-47.1
LIBERIA	1347	-21.6	710	34.7	4633.3
BURMA	876	27.9	115	na	-80.3
GERMANY	568	2.0	213	2266.7	-33.2
SURINAM	477	21.4	141	30.6	11.9
BELGIUM	341	-5.5	148	1380.0	48.0
OTHER	730	-44.7	364	17.8	222.1
TOTAL	15581	-23.1	5415	28.4	-5.3

Beech Logs

FRANCE	11	-99.5	0	-100.0	-100.0
LUXEMBOURG	458	-17.0	7	-91.7	-98.4
EU-UNKNOWN	250	-28.0	0	-100.0	na
GERMANY	365	-21.5	11	na	-96.8
BELGIUM	1	-99.5	0	-100.0	-100.0
POLAND	0	-100.0	0	na	na
DENMARK	0	-100.0	0	na	na
OTHER	0	-100.0	0	na	na
TOTAL	1085	-70.0	18	-98.1	-97.8

Oak Logs

UKRAINE	1271	51.9	113	-38.3	-79.6
LUXEMBOURG	206	-0.5	64	433.3	-54.9
DENMARK	1	-99.4	0	-100.0	-100.0
GERMANY	137	24.5	30	500.0	-40.0
U.S.A.	125	64.5	40	na	100.0
BELGIUM	44	57.1	37	48.0	428.6
BOSNIA & HERZ.	94	248.1	35	66.7	-14.6
OTHER	76	65.2	0	-100.0	-100.0
TOTAL	1954	29.4	319	1.9	-61.6

Other Hardwood Logs

GERMANY	1586	-12.9	484	1.7	-27.8
BELGIUM	266	-54.9	119	-7.8	-5.6
U.S.A.	200	11.1	56	2700.0	0.0
CANADA	10	-90.7	0	-100.0	-100.0
CHINA	31	-50.8	0	na	-100.0
EU-UNKNOWN	0	na	0	na	na
FRANCE	0	-100.0	0	na	na
OTHER	85	44.1	16	-27.3	-20.0
TOTAL	2178	-10.8	675	-0.1	-26.1

Tropical Sawn Lumber

MALAYSIA	80966	-36.7	21827	-42.9	-18.6
CAMEROON	30471	-3.6	8843	-16.8	-26.9
BRAZIL	24671	29.4	5755	9.8	-30.5
BELGIUM	11829	-31.6	2450	-63.6	-56.8
INDONESIA	5994	-64.5	1733	-76.7	-18.5
IVORY COAST	6426	-4.2	1704	-30.1	-31.4
GERMANY	2290	-24.8	744	47.9	-36.8
GHANA	2513	-13.3	814	-3.4	-32.0
SINGAPORE	1129	-54.8	562	1.6	29.5
FRANCE	537	-57.9	196	-56.0	-4.9
OTHER	5169	-18.4	1511	-38.3	-30.0
TOTAL	171995	-27.0	46139	-38.9	-26.4

Beech Sawn Lumber

GERMANY	3163	-48.6	578	-53.5	-73.0
BELGIUM	1563	41.7	288	28.0	-70.9
FRANCE	322	-60.0	3	-99.1	-98.4
BOSNIA & HERZ.	416	46.0	56	-54.5	-81.3
POLAND	494	109.3	173	232.7	-25.4
DENMARK	18	-91.3	11	-26.7	57.1
CROATIA	87	-51.9	0	na	-100.0
SERBIA & MONT.	107	-13.7	47	na	-21.7
AUSTRIA	24	-44.2	0	-100.0	-100.0
UKRAINE	17	-70.2	0	-100.0	-100.0
OTHER	447	107.9	99	39.4	-62.4
TOTAL	6658	-29.2	1255	-40.1	-70.3

Oak Sawn Lumber

FRANCE	7510	-8.9	1227	-61.0	-73.1
U.S.A.	7167	-16.2	1532	-40.0	-36.5
GERMANY	1873	3.8	506	-10.9	-53.9
BELGIUM	1440	-29.8	412	-49.7	-28.6
POLAND	1726	-2.3	520	-2.6	-21.9
CROATIA	1507	22.1	230	-21.0	-57.6
CZECH REPUBLIC	1767	32.7	436	-11.2	-45.2
CANADA	418	-72.3	82	-45.7	-49.4
UKRAINE	1310	81.7	399	46.2	-16.5
OTHER	2075	64.8	872	90.4	58.5
TOTAL	26793	-5.9	6216	-33.1	-47.5

Other Hardwood Sawn

U.S.A.	12422	-31.1	2727	-50.0	-46.0
CANADA	9593	-15.7	1385	-67.1	-65.9
LATVIA	2440	-28.3	298	-39.9	-57.8
LITHUANIA	1514	14.0	410	14.5	-29.2
BELGIUM	1556	60.7	644	57.5	-4.2
HUNGARY	849	20.5	192	-50.0	-48.7
EU-UNKNOWN	66	-94.5	14	-96.2	na
POLAND	550	-30.9	134	-49.4	-28.0
FRANCE	528	26.3	33	-76.8	-86.6
ESTONIA	503	-2.3	88	158.8	-60.9
OTHER	1810	-7.5	383	-37.0	-47.8
TOTAL	31831	-22.6	6308	-50.4	-50.9

Tropical Veneers

GABON	1253	112.4	332	45.0	-40.7
BELGIUM	315	-22.4	74	-30.8	-39.3
THAILAND	624	41.8	45	na	-81.3
GERMANY	546	400.9	161	292.7	-28.8
FRANCE	168	33.3	69	3.0	228.6
SWEDEN	262	na	0	na	-100.0
OTHER	299	-5.4	183	28.0	165.2
TOTAL	3467	74.5	864	47.2	-42.4

	Jan-Sept 2001		July-Sept 2001		
	Value	% chg	Value	% change	
	000s	2000/	000s	Qtr 3	Qtr 2
	euro	2001	euro	2000	2001

Other Hardwood Veneers

GERMANY	2548	-22.5	772	-11.3	-21.7
POLAND	293	-68.5	119	-34.3	176.7
BELGIUM	817	55.3	55	-59.6	-75.4
FRANCE	264	-21.9	92	513.3	-45.2
HUNGARY	291	5.8	87	-17.1	-23.0
DENMARK	0	-100.0	0	na	na
OTHER	472	2.6	31	-65.9	-89.8
TOTAL	4685	-21.8	1156	-17.3	-37.1

Softwood Veneers

U.S.A.	958	-17.1	249	-23.1	-15.6
BELGIUM	1159	-5.8	507	58.9	28.0
SWEDEN	1243	22.7	572	115.0	55.9
GERMANY	102	-1.9	5	150.0	400.0
PORTUGAL	129	-16.8	14	-84.9	-77.0
OTHER	653	-6.0	99	-71.1	-40.7
TOTAL	4244	-2.5	1446	7.4	12.4

Tropical Plywood

FRANCE	25660	-4.9	6506	-23.0	-39.2
BELGIUM	19312	-15.2	6544	12.1	-0.2
NON-EU UNKNOWN	15793	-8.3	4538	-7.5	-24.7
INDONESIA	8131	36.2	3308	145.2	-13.8
ISRAEL	4600	4.0	1257	-20.0	21.8
EU SUPP.	1529	-2.8	324	-19.4	-51.6
OTHER	6245	4.8	2247	45.3	-17.8
TOTAL	81270	-4.3	24724	2.8	-21.7

Other Hardwood Plywood

FINLAND	10798	5.5	1637	-55.6	-74.5
BELGIUM	4708	-15.6	1222	-47.3	-43.3
RUSSIA	1979	-39.8	193	-88.9	-78.7
GERMANY	1336	16.7	199	-58.3	-74.9
FRANCE	1023	-28.1	258	-46.8	-43.5
SLOVENIA	937	19.1	517	135.0	84.0
OTHER	7486	181.2	2430	141.8	-34.5
TOTAL	28267	12.5	6450	-35.0	-56.1

Softwood Plywood

FINLAND	22284	28.6	3870	-28.3	-70.1
U.S.A.	1967	-74.3	106	265.5	-4.5
FRANCE	3413	-41.2	605	-64.6	-56.7
BELGIUM	2185	-50.1	671	-58.0	-21.2
CANADA	2953	-44.8	0	-100.0	-100.0
EU UNKNOWN	4224	41.5	640	-40.5	-78.0
OTHER	24539	80.8	3337	-16.2	-59.1
TOTAL	61565	7.9	9229	-40.2	-65.4

Sleepers

GERMANY	834	57.7	351	76.4	15.8
BELGIUM	6	-96.7	1	-96.9	-66.7
NORWAY	0	-100.0	0	na	na
OTHER	53	960.0	30	na	130.8
TOTAL	893	23.7	382	65.4	19.7

Profiled Wood - Softwood

FRANCE	227	-83.3	21	-89.1	-72.4
U.S.A.	1512	186.9	499	24.8	-3.3
RUSSIA	976	60.8	249	54.7	-48.7
BELGIUM	489	-2.2	156	-46.8	-48.7
OTHER	2351	-0.6	577	-30.6	-47.4
TOTAL	5555	3.7	1502	-20.0	-39.4

Profiled Wood - Hardwood

INDONESIA	22475	3.1	5890	-40.9	-33.1
MALAYSIA	9128	14.8	3051	61.3	-12.5

South America

Brazilian sawn lumber

Export demand strengthens

It is still the wet season in Amazonia and many mills are running short of logs. New season supplies are only expected to arrive at the mills in late April or early May. Meanwhile demand for Brazilian tropical hardwood lumber is tending to strengthen both in Brazil and on export markets. Brazil's domestic market, which absorbs the majority of Brazil's tropical sawn lumber, was quiet during February, but began to pick up in March. However prices for tropical sawn lumber on the domestic market have been slow to respond and remain relatively weak. Signs of economic recovery in the United States have boosted export demand for Brazilian sawn lumber and prices for many species have been rising. In France, underlying demand for tauari is steady, and stocks are well balanced.

Mahogany chaos

The export trade in Brazilian mahogany is still in a state of chaos. Shipments of mahogany lumber sawn from logs harvested last season continue to be delayed due to legal problems and environmental campaigns. Following environmentalist

Brazilian Indicative Prices		
US\$/m3 C&F UK Port		
	Feb	Mar
Cedro		
Grade & size: FAS, width 6"+ avg 9-10", length 6'+ avg 10-11', northern origin		
2" Kiln dried	740	740
2.5"-3" Kiln dried	760	760
Timber Decking		
Decking section 21 or 28 x 145mm.		
Angelim Pedra	495	495
Massaranduba	535	535
Itauba	545	545
Tatajuba	595	595
Jatoba	625	625
Ipe	980	980

allegations that some of the mahogany was illegally felled and transported, the US government has been preventing the unloading of mahogany until such time as the authenticity of CITES documentation has been checked. So far 8 shipments have been held at U.S. ports and some have been waiting for permission to unload for over 4 weeks. One immediate effect of these problems has been to generate more demand in the United States for African mahogany. In the UK, the Brazilian mahogany trade is also having to deal with significant problems. At the beginning of March,

Greenpeace sought an injunction preventing the unloading of shipments of mahogany in the UK until there had been a judicial review of the legal status of the trade. Greenpeace were effectively asking the UK courts to rule that the IBAMA and CITES documentation, which accompanies each shipment of Brazilian mahogany, did not provide an adequate assurance of legality. Had Greenpeace won, it would have thrown into total confusion the whole CITES system, which depends on the issue of export permits endorsed by government. In the event Greenpeace lost the case, the court refusing both to serve an injunction or to order a judicial review and ordering Greenpeace to pay costs. Greenpeace have requested permission to appeal, but as they are not offering any new evidence and are simply arguing that the original judge was mistaken, their chances of success seem limited. However the whole process has created a great deal of uncertainty, and made importers question the future viability of the trade.

At the end of March, the German and Belgian governments were also preventing the unloading of Brazilian mahogany until such time as they had confirmation from IBAMA that the CITES documentation was genuine and the mahogany derived from a legal source.

Exchange rates										
		One GB pound (£)			One US Dollar (\$)			One Euro		
		1-Feb	1-Mar	25-Mar	1-Feb	1-Mar	25-Mar	1-Feb	1-Mar	25-Mar
Argentina	Peso	2.8629	3.106	3.9304	2.025	2.19	2.755	1.7437	1.8958	2.422
Australia	Aus. \$	2.7756	2.7399	2.6787	1.9633	1.9318	1.8776	1.6905	1.6723	1.6508
Bangladesh	Taka	80.9372	81.1977	81.6758	57.25	57.25	57.25	49.52	49.5585	50.3343
Belgium	Euro	1.6419	1.6384	1.6227	1.1614	1.1552	1.1374	1	1	1
Belize	B\$	2.7851	2.7941	2.8105	1.97	1.97	1.97	1.6963	1.7053	1.732
Bolivia	Boliviano	9.7683	9.8998	9.9866	6.9095	6.98	7	5.9495	6.0423	6.1544
Botswana	Pula	9.6141	9.5702	9.7416	6.8004	6.7476	6.8283	5.8555	5.8411	6.0034
Brazil	Real	3.41	3.3366	3.3641	2.412	2.3525	2.358	2.0769	2.0365	2.0732
Fr. Africa*	CFA Fr.	1077.01	1074.74	1064.40	761.81	757.76	746.08	655.96	655.96	655.96
Canada	Canadian \$	2.249	2.262	2.2494	1.5908	1.5949	1.5767	1.3698	1.3806	1.3862
Chile	Peso	959.017	948.488	954.928	678.350	668.750	669.350	584.093	578.904	588.493
China	Yuan	11.7011	11.7387	11.8084	8.2766	8.2766	8.277	7.1266	7.1647	7.2772
Czech Republic	Koruna	52.3846	51.6349	50.4772	37.0536	36.4062	35.3816	31.905	31.515	31.1075
Denmark	Danish Krone	12.1969	12.1753	12.0636	8.6273	8.5844	8.4559	7.4286	7.4311	7.4344
Estonia	Kroon	25.6915	25.6431	25.3979	18.1726	18.0802	17.8025	15.6476	15.6512	15.652
Europe	Euro	1.6419	1.6384	1.6227	1.1614	1.1552	1.1374	1	1	1
Finland	Euro	1.6419	1.6384	1.6227	1.1614	1.1552	1.1374	1	1	1
France	Euro	1.6419	1.6384	1.6227	1.1614	1.1552	1.1374	1	1	1
Germany	Euro	1.6419	1.6384	1.6227	1.1614	1.1552	1.1374	1	1	1
Ghana	Cedi	10550.10	10796.80	10949.60	7462.50	7612.50	7675.00	6425.61	6589.78	6747.88
Guyana	Guyanese \$	255.182	256.003	257.510	180.500	180.500	180.500	155.420	156.250	158.696
Hong Kong	HK\$	11.0269	11.0621	11.1272	7.7998	7.7996	7.7996	6.716	6.7517	6.8574
India	Rupee	68.581	69.0854	69.5492	48.51	48.71	48.75	41.7696	42.1658	42.861
Indonesia	Rupiah	14597.0	14324.8	14016.8	10325.0	10100.0	9825.0	8890.3	8743.1	8638.1
Irish Republic	Euro	1.6419	1.6384	1.6227	1.1614	1.1552	1.1374	1	1	1
Italy	Euro	1.6419	1.6384	1.6227	1.1614	1.1552	1.1374	1	1	1
Japan	Yen	189.273	188.932	189.588	133.8	133.21	132.89	115.277	115.313	116.837
Kenya	K. Shilling	111.177	110.769	111.457	78.64	78.1	78.125	67.713	67.6073	68.76
Korea South	Won	1863.11	1877.76	1895.23	1317.85	1323.95	1328.45	1134.73	1146.08	1167.97
Liberia	Liberian \$	1.4138	1.4183	1.4267	1	1	1	0.8611	0.8657	0.8792
Malaysia	Ringgit	5.3723	5.3896	5.4213	3.8	3.8	3.8	3.272	3.2895	3.341
Myanmar	Kyat	9.7074	9.6774	9.694	6.8664	6.8232	6.7949	5.8534	5.9065	5.9653
Netherlands	Euro	1.6419	1.6384	1.6227	1.1614	1.1552	1.1374	1	1	1
New Zealand	NZ\$	3.3887	3.3558	3.2409	2.3969	2.366	2.2717	2.0639	2.0482	1.9973
Nigeria	Naira	161.874	168.281	165.634	114.500	118.650	116.100	98.590	102.710	102.075
Papua NG	Kina	5.2179	5.1213	5.2079	3.6909	3.6109	3.6504	3.178	3.1258	3.2095
Philippines	Peso	72.5961	72.4397	72.9233	51.35	51.075	51.115	44.215	44.2131	44.9404
Poland	Zloty	5.9145	5.9681	5.8625	4.1836	4.2079	4.1093	3.6023	3.6426	3.6129
Portugal	Euro	1.6419	1.6384	1.6227	1.1614	1.1552	1.1374	1	1	1
Romania	Leu	45395.5	46235.2	47079.5	32110.0	32599.0	33000.0	27648.3	28219.3	29013.6
Russia	Rouble	43.4587	44.006	44.4862	30.74	31.0273	31.1823	26.4687	26.8567	27.4155
Singapore	Singapore \$	2.5965	2.5973	2.6148	1.8366	1.8313	1.8328	1.5814	1.5852	1.6114
Solomon Islands	Slnn. Is. \$	8.4152	8.6907	8.8612	5.9524	6.1275	6.2112	5.098	5.288	5.4541
South Africa	Rand	16.456	16.0587	16.3709	11.64	11.3225	11.475	10.0226	9.8013	10.0889
Spain	Euro	1.6419	1.6384	1.6227	1.1614	1.1552	1.1374	1	1	1
Sweden	Krona	15.0825	14.8974	14.6233	10.6684	10.5037	10.2501	9.186	9.0925	9.0119
Taiwan	\$	49.3965	49.7895	49.9899	34.94	35.105	35.04	30.0851	30.3887	30.8072
Tanzania	Shilling	1324.68	1370.08	1389.56	937.00	966.00	974.00	806.81	836.22	856.34
Thailand	Baht	62.3111	61.9372	61.9024	44.075	43.67	43.39	37.9508	37.803	38.1485
Uganda	New Shilling	2436.60	2503.30	2533.02	1723.50	1765.00	1775.50	1484.02	1527.87	1561.02
United Kingdom	£	1.0000	1.0000	1.0000	0.7073	0.7051	0.7009	0.6091	0.6104	0.6163
U.S.A.	US \$	1.4138	1.4183	1.4267	1	1	1	0.8611	0.8657	0.8792
Venezuela	Bolivar	1083.990	1419.200	1270.610	766.750	1000.640	890.625	660.210	866.200	783.038
Vietnam	Dong	21383.0	21474.5	21642.3	15125.0	15141.0	15170.0	13023.0	13106.8	13337.5

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

Brazilian decking

Prices for Brazilian decking supplied to European markets remain stable. It is still early in the European season for decking and demand has yet to fully kick-in. However there are some positive signs. In the UK, there have been a reasonable level of enquiries for massaranduba over recent weeks, tatajuba is beginning to sell, and there are even signs of interest in ipe, despite it's high cost. To some extent interest in Brazilian decking in north western Europe has been stimulated by supply problems for Asian decking species such as bangkarai, with shipments reported to be running late.

Far Eastern interest in Peru

Far eastern interest in South American hardwoods continues to increase. During January and February, the Peruvian government's wood export promotion organisation - Prompex - hosted a series of meetings between Peruvian wood flooring manufacturers and representatives of companies from Taiwan province, Hong Kong and China. According to ITTO, some producers and Asian importers established agreements to ship volumes in excess of 5,000 m3 during the current year.

Certification notes

UK environmental policy

The UK Tropical Forest Forum held a stakeholder meeting in March to discuss environmental timber procurement procedures in the public sector in the UK. The procedures are being developed for the UK government by consultants Environmental Resources Management (ERM). The UK government is committed to sourcing wood used for public sector contracts from legal and sustainable sources - but is unsure how to implement the policy in the absence of a single global framework for certification. The procedures drafted by ERM would give preference to wood

labelled under a variety of certification schemes that meet criteria for credibility evolved by ERM from a range of other projects. Copies of the draft policy can be downloaded from the UK's Tropical Forest Forum website at www.forestforum.org.uk

FSC-certified premiums

Comparative prices quoted this month for uncertified and FSC-certified American hardwoods are shown below. These indicate that a premium of between 12% and 20% is being sought depending on species. Demand for certified wood in Western Europe is still very restricted outside the

DIY retailer sector (not a large user of hardwoods) and the public sector in some countries, notably the Netherlands. While these prices for certified wood are on offer, they may not represent a true "market" level since actual buying may be limited.

Prices for uncertified and FSC certified US sawn lumber

US\$ MBF	Uncertified	Certified
White oak	1500	1800
Red oak	1835	2100
Ash	1160	1400
Cherry	3460	3900
Tulipwood	1020	1200

All prices FAS, KD, 4/4, square edged, CIF Western Europe, inclusive of agents commission

Association Profile - TEAM - Malaysia

Members: 288

The **Timber Exporters' Association of Malaysia (TEAM)** was inaugurated on 14th December 1955 under its previous name the Federation of Malaya Timber Exporters' Association (FMTEA). TEAM represents the interests of all exporters of timber and timber products, including rough sawn lumber, sleepers, mouldings, logs, plywood, veneer and other machined products. TEAM representatives are members of the Board of Management of The Malaysian Timber Industry Board (MTIB) and the Malaysian Timber Council (MTC). Full members of TEAM are active exporters, registered with the MTIB, and Associate Members are organisations, while not

necessarily exporters, that are interested in the timber export trade and subscribe to the objectives of the association.

TEAM's primary objective is to improve the condition of the timber export trade in Peninsular Malaysia and to promote and protect the interests of the Association: by promoting, supporting or opposing legislation affecting the timber trade in the State or Federal government, and for these purposes to make representations to State or Federal legislature and to take steps that may be required; by obtaining, collecting, preserving and disseminating statistical and other useful information connected with the timber trade throughout the world, to be made available

only to members and other bodies deemed appropriate by the Committee.

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Hardwood Events

Date	Event	Venue	Target audience	Contact
2002				
10-13 Apr	Woodworking & Forestry	Jakarta, Indonesia	Woodworking industries	Fax: 62 21 316 1981
10-15 Apr	Salone del Mobile	Milan, Italy	Furniture trade & industry	
17-19 Apr	World of Wood 2002	Palm Springs, USA	Timber Trade	www.iwpawood.org
7-12 Apr	8th Brazilian & 2nd Pan-American Forestry Congress	Brasilia, Brazil	Forestry and Timber Trade	sbs@sbs.org.br ,
25-27 Apr	FSC Forest Products International Conference & Showcase	Atlanta, Georgia, USA	Forestry and Timber Trade	conferencequestions@certifiedwood.org
6-10 May	Poznan show	Poznan, Poland	Furniture and wood industries	
21-25 May	Sasmil	Milan, Italy	Woodworking	www.sasmil.it
21-24 May	Forestry, Timber and Wood China/ Int. Building & Construction Fair	Shanghai, China	Timber trade and Industry	wesexpo@stn.sh.cn
29-31 May	Carrefour du Bois	Nantes, France	Timber trade and Industry	www.timbershow.com
13-18 May	32nd Session of the International Tropical Timber Council	Bali, Indonesia	Government, trade	Collins Ahadome, ITTO, itto@itto.or.jp
12-13 Jun	AHEC SE Asia Convention	Shanghai, China	Timber Trade & Industry	www.ahec-europe.org
22-25 Aug	International Woodworking, Mach. & Supply Fair	Atlanta, Georgia	Woodworking, timber trade and industry	www.iwf2002.com info@iwfatlanta.com
24-25 Sept	Malaysian Timber Marketing Convention	Kuala Lumpur, Malaysia	Timber trade and industry	mtmc@mtc.com.my www.mtc.com.my
24-25 Oct	AHEC European Convention	Lisbon, Portugal	Timber Trade &	www.ahec-europe.org
20-22 Nov	1st Int. Congress of the Solid Wood Products Industry	Belem, Para, Brazil	Timber trade and industry	wrspx@wrsaopaulo.com.br www.wrsaopaula.com.br

African markets stable

Markets for African tropical logs and sawn lumber were stable during March, balanced between unspectacular demand and constrained supply. Log prices are steady with most analysts forecasting they are likely to remain so through to the end of the second quarter. Limited supply and the prospect of rising demand as the global economy recovers has led to widespread expectations that prices for sawn lumber may firm in the second half of the year. **Page 2/3**

Meranti prices tending to rise

Prices for sawn lumber of Malaysian meranti species are still finely balanced between low supply and weak demand. But most analysts forecast that prices will firm over coming weeks. Shippers stocks of lumber throughout Malaysia are reported to be very low. Although low stocks are typical at the end of the wet season and in the immediate aftermath of the Chinese New Year, constraints on availability are particularly tight this year. **Page 4**

Asian log suppliers bullish

Log supplies in the Far East are very limited. Shippers are bullish and determined to obtain higher prices for their logs. Log demand in China continues to increase, but the Japanese market is very weak. **Page 4**

Asian furniture fairs

There was a lot of rubberwood on show during the annual round of Asian furniture fairs in Malaysia, Thailand, Singapore and the Philippines, but a wide range of other species are now being used in new combinations including European beech, a variety of American hardwoods, teak, and softwoods from New Zealand, South Africa and Australia. **Page 5/6**

Moderate rebound in the U.S.

Economists are generally projecting a moderate rebound in the U.S. economy as the year progresses. Housing starts in February were at their highest level since December 1998. Some U.S. hardwood suppliers have been shifting reasonable volumes of lumber. However many in the industry are still cautious about the future.

Various factors including the competitive nature of business, the prolonged downturn, difficult supply conditions and the contracting U.S. furniture sector have meant many operations are struggling financially. **Page 6**

American export markets hesitate

There is still a perception amongst overseas buyers that they can purchase American lumber as and when required. This combined with the strong dollar and a generally cautious attitude to future economic development, has meant buyers are hesitant about placing large orders. Efforts by American hardwood mills to push through price increases on the back of a fall in production have met with widespread resistance amongst importers. **Page 7/8**

Romania rebuilds wood industry

Over the last 10 years, the Romanian wood sector has suffered severe problems resulting from under-investment, declining domestic consumption, and erratic raw material supplies. However, privatization and foreign investment have laid a solid foundation for future growth. The industry is now heavily oriented towards sawn lumber exports which increased from a low of 1.7 million m³ in 1994 to 2.4 million m³ in 2000 - including 700,000 m³ of sawn hardwood. By 2000, Romania was exporting over 80% of its total sawn lumber production. **Page 8**

Yugoslavia continues to struggle

Yugoslavian hardwood lumber production fell progressively during the 1990s. After a brief revival with the end of the Kosovo crises in 2000, when sawn hardwood production reached around 350,000m³, production fell again last year to around 245,000 m³ due to the privatization process and the closure of numerous state-run enterprises. **Page 9**

Poland's influence increases

Poland is becoming increasingly influential in the international hardwood trade. Poland is a significant exporter of sawn hardwood lumber to the EU, but more significant has been the rapid growth in Poland's furniture sector. Poland is becoming an increasingly

vigorous competitor to the furniture industry in the EU. Growth in the sector is also stimulating Polish hardwood imports. **Pages 10/11**

Beech down, oak recovers

Demand for western European beech is still subdued. In Europe demand has been hit by weak economic conditions, particularly in Germany. The Chinese market for beech is still substantial, but there has been a partial shift in fashion away from beech. Demand for higher grades of European oak is showing signs of strengthening, boosted by a fashion for oak in furniture, the weak euro which has contributed to a partial switch away from American oak, and good demand from the stave sector. However demand for lower grades of oak is still subdued, notably from the European parquet sector. **Page 10**

France slows, but prospects good

France's economy slowed dramatically in the second half of 2001, a trend which is reflected by a decline in hardwood imports. However, some leading economic indicators in France are already turning more positive and the slowdown in France seems less pronounced than in Germany and Italy. The dominance of tropical logs in the French hardwood import data is gradually being eroded as there are signs of a shift towards imports of further processed products, but at a slower rate than other European countries. **Pages 11/10/11**

Belgium hit hard

Belgium's economy has been hit hard by the global economic slowdown. The furniture sector, the major user of hardwoods in Belgium, is also coming under pressure from imports. Belgium's imports of tropical sawn lumber, much of which is re-exported to neighbouring countries, declined sharply during 2001 due to over-stocking in Europe. **Pages 11/12**

Dutch tropical imports slide

Dutch imports of tropical sawn lumber were down 27% in value during the first nine months of 2001, mostly due to falling imports of Malaysian wood. **Pages 12/13**