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## Tropical decline resumes in 2001

After a temporary recovery in 2000, the long term decline in EU imports of primary products from the tropics resumed last year. Our analysis of EU-wide hardwood import for the year 2001 shows that the continuing decline in tropical log imports from Cameroon following the export ban was only partly compensated by increased imports from Gabon, Congo (Brazzaville) and Central African Republic. After significant increases in 2000, EU imports from Liberia remained static in 2001 and declined from Equatorial Guinea.

The data also shows that heavy purchases of tropical sawn lumber from Malaysia and Indonesia by northern European importers in 2000 led to over-stocking in 2001 and a fall in the overall value of EU imports. The value of EU lumber imports from African countries remained more stable during 2001, while EU imports from Brazil were on the rise during 2001. This reflected good demand for Brazilian hardwoods in the French and Spanish markets, particularly for interior joinery and flooring applications. Devaluation of the *real* also improved the competitive position of Brazilian sawn lumber.

Other trends apparent from the EU-wide import data during 2001 include:

■ There was a decline in the value of imports of most hardwood products from the high levels recorded in 2000. This reflects the slowdown in underlying economic conditions in Europe during 2001.

■ The value of EU imports of beech from non-EU countries continued to decline during 2001 due to severe problems of over-stocking which have affected EU markets ever since the December 1999 storms in central and northern Europe.

■ By contrast the EU market for oak has re-

mained more stable, benefiting from fashion trends favouring oak. The value of EU oak log imports rose by 8% during 2001 due mainly to increased imports from Ukraine and Croatia. The value of oak sawn lumber imports also increased from a wide range of Eastern European countries including Croatia, Ukraine, Hungary, Romania, and Lithuania. However, the strong dollar contributed to a decline in imports of oak from North America during 2001. The data therefore confirms anecdotal reports that there was a sharp increase in the level of competition for American suppliers from Eastern Europe during 2001.

■ The trend towards rising EU imports of tropical hardwood veneer apparent in 2000 continued into 2001. Veneer imports from Ivory Coast, Ghana and Gabon continued to rise. This trend is partly due to investment in value added processing in several tropical countries - notably Ivory Coast, Ghana and Gabon - but may also reflect the cost benefits of using veneer over solid lumber in a wide variety of applications.

■ The value of EU imports of temperate hardwood veneers fell last year, an indication of the problems of depressed demand and over-stocking that have afflicted this sector, notably in central Europe. North American shippers were particularly vulnerable to the market downturn due to the strength of the dollar against the euro during 2001. Competition for North American (and Western European) producers has also intensified following inward investment in veneering capacity in Eastern Europe. During 2001, the value of EU imports of veneer from the U.S. and Canada declined by 16.1% and 23.3% respectively. By contrast, the value of imports from Croatia and Slovenia increased by 7% and 18% respectively.

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# Editorial - damned lies and statistics

## *Unreliable trade statistics are a big problem for the wood trade*

Even a cursory examination of trade data published by many national governments will show up numerous inconsistencies. One of the worst offenders is the European Union. Our experience of analysing EU import data over many years has shown that while the value data supplied by Eurostat is reasonably consistent, the volume data is so full of errors that it has become worse than useless.

And the problem of poor statistics goes much further than this. As our article on page 7 shows, the negligence displayed by national governments in the supply of trade statistics to ITTO is breathtaking. It is also dangerous. The publication of erroneous data is a major cause of market distortion, contributing to recurring problems of over-stocking and price volatility. It undermines the efficiency of the hardwood trade, which for want of better information, tends to rely too heavily on hear-say and rumour.

Even more worrying is that, in the absence of more reliable trade statistics, the industry is poorly placed to respond to accusations of illegal logging. Over recent years, environmental groups have spent much time sifting through the trade data to back up their arguments that illegal practices are widespread. Anyone with experience of the data soon realises that these exercises are meaningless. The discrepancies in trade statistics resulting from the sheer incompetence of national statistical agencies usually outweigh the discrepancies caused by illegal logging. This did not prevent the WWF publishing

a report in July - the "Timber footprint of the G8 and China" - seeking to quantify the extent to which the world's largest importing countries rely on illegally sourced wood products. After a lengthy numerical analysis, involving scores of dubious assumptions and drawing on the usual unreliable and outdated trade statistics, the WWF claim that illegally sourced wood accounted for 13% of all wood products imports into the G8 and China during 2000 - a roundwood equivalent volume of 53 million m3. Probably complete nonsense - but for lack of reliable data, it's not easy to prove otherwise.

*Note that with many hardwood traders taking a much needed rest over the European summer vacation, we've temporarily withdrawn our usual range of market reports and price series for this issue. These will resume as normal in September. The summer recess gives us an opportunity to take a backward glance at the statistics for 2001, many of which are only now being released. In this issue we include 2001 hardwood import statistics for the EU and the United States, and export statistics for some of the larger tropical supplying countries, including Malaysia, Cameroon, Brazil, Republic of Congo, and Gabon. We also draw on this data to update the figures contained in the ITTO 2001 Review, published earlier this year, to give probably the best available statistical summary of the international tropical hardwood trade during 2001. But beware - even the best data is very far from perfect.*

## Africa

### Cameroon

#### **75% reduction in log exports**

The ban on exports of commercially valuable redwood species from Cameroon led to a 75% reduction in log exports between 1999 and 2001. This trend has had a profound influence on international hardwood log markets, reducing the availability of supply to all the major buying countries. The ban has played a significant role in ensuring stable to firm international tropical log prices even during a period of relatively low world demand for hardwoods.

The reduction in Cameroon log exports also reflects increased domestic use of peeler species, such as ayous, limba, aiele, and eyong. There is now much internal debate

in Cameroon over the future of ayous, a species which is important both for plywood and lumber manufacture. Increased production capacity and supply problems in Cameroon has led to calls for exports of this species to be banned.

At present, Cameroon is striving to shift forestry practices from old cultures and

**Cameroon log exports - 000s m3  
By region of export - source ATIBT**

	2001	2002	% chg
Southern Europe	209.7	104.8	-50.0
Asia	194.9	68.6	-65.0
Northern Europe	88.1	42.7	-51.0
Africa/Middle East	83.0	31.7	-62.0
Total	575.8	247.8	-57.0

## Volume of Cameroon Log Exports By Species - 000s m3

Species	1997	1998	1999	2000	2001
Ayous/obeche	569.8	474.8	360.5	311.1	125.8
Frake/limba	221.1	58.0	53.5	47.0	41.0
Azobe/bongossi	106.6	85.6	41.4	50.3	17.0
Tali	136.6	67.0	37.9	38.4	14.3
Ekaba	-	-	-	6.4	11.7
Eyong	40.5	23.3	22.5	29.3	8.9
Bilinga	31.3	21.1	7.8	14.8	4.4
Even/Ekop	0.0	0.0	0.0	13.1	4.0
Agba	-	-	5.6	12.3	3.0
Kosipo	-	-	-	4.9	3.0
Aiele/abel	55.8	8.1	6.2	5.5	1.8
Onzabili/angongui	30.7	5.7	0.0	9.5	1.6
Lotofa/Nkanang	0.0	0.0	0.0	4.2	1.2
Naga/ekop naga	95.3	4.3	7.7	13.1	-
Gombe/ekop gombe	18.3	1.6	5.0	2.3	-
Others	709.9	662.0	433.2	13.5	10.1
TOTAL	2016.0	1411.6	981.4	575.8	247.8

methods to accommodate modern concepts of sustainable forestry. It still has forests extending to 24 million hectares. It has been working on the development of principles, criteria and indicators to provide a framework for effective legislation and eventual forest certification. It has also seen the departure of Asian loggers that felled indiscriminately. Numerous international aid bodies are contributing finance to encourage better practices on the ground including

CIRAD of France, Dutch Tropenbos and the UK's Department for International Development.

In May 2001, the Cameroon government also appointed the environmental organisation, Global Witness, to act as an independent observer of the country's forest sector. In May 2002, under the terms of a new contract agreed with the Cameroon authorities, Global Witness was authorised to publish their field mission reports. Each

time Global Witness undertakes an investigation, either in partnership with agents of the Ministry of Environment and Forests or independently, a field mission report is produced. The reports pool information to help the government crack down on illegal logging operations through enforcement of the Cameroonian forestry law of 1994. These reports can now be obtained from [www.globalwitness.org](http://www.globalwitness.org).

### Supply problems

In the short term, these measures have contributed to supply problems in Cameroon. Log harvesting is often delayed as the Cameroon forest authorities, which still lacks manpower and technical capacity, has struggled to implement new requirements for the allocation of concessions and forest management planning. There has been much criticism from the forest industry of arrangements introduced under pressure from the IMF and World Bank to auction concessions to the highest bidder. This system led to the separation of forest management units from the timber processing sector. These factors, coupled with a big reduction in formally sanctioned levels of logging, led to an increase in illegal logging as mills were deprived of supplies.

## Congo (Brazzaville)

### Returning to normal

Wood production and exports from Congo (Brazzaville) are returning to normal after the disruption caused by the civil war between 1997 and 1999 which devastated forest operations in the south of the country. Production recovered to reach around 700,000 m3 in 2001.

The degradation of the railway line and roads to the Pointe Noire and seasonal problem of low water levels on the river Congo have meant that shipment from the nation's main port continues to be extremely difficult. Despite high costs, most is now transported by truck overland for shipment from Douala in Cameroon. Small quantities are being shipped via Kinshasa in the Democratic Republic of Congo.

### African processing

Mills in Cameroon are also buying more logs from Congo (Brazzaville) for conversion into lumber and plywood as supply problems in that country have intensified. An increasing proportion of tropical logs from Congo (Brazzaville) are being converted domestically, notably into sawn lumber. However, the move to upstream processing in Congo (Brazzaville) will take time as much invest-

ment is still needed to improve infrastructure.

The difficulties encountered in developing manufacturing facilities in the country are evident from the veneer export data. There are already 4 peeler mills in Congo (Brazzaville) with total production capacity of 84,000 m3 per year, but these only managed exports of 12,000 m3 in 2001.

In March of this year, the Congo (Brazzaville) government were confidently forecasting that log production in the country may double to around 1.5 million m3 over the next few years as new concessions become operational in the northern regions of Likouala and Sangha. However recent comments from a representative of Congo Tim-

**Continued page 4**

Wood exports from Congo (Brazzaville) - 000s m3 - source ATIBT						
	1997	1998	1999	2000	2001	% chg 00/01
<b>Via Pointe-Noire</b>						
Logs	194.8	139.2	60.7	87.3	181.5	108
Sawntimber	13.1	13.2	10.2	6.2	10.8	74
Veneer	41.7	48.3	16.5	8.0	12.0	50
Plywood	2.6	1.1	0.0	0.0	0.0	-
<b>Via Douala</b>						
Logs	62.7	133.7	150.7	195.5	196.1	0
Sawntimber	24.8	45.6	51.6	57.3	62.9	10
<b>Via Kinshasa</b>						
Logs	0.0	0.0	0.0	11.0	18.4	68
Sawntimber	0.0	0.0	0.0	0.0	21.0	-
<b>Total Congo</b>						
Logs	257.4	273.0	211.4	293.8	396.1	35
Sawntimber	37.9	58.8	61.9	63.5	94.7	49
Veneer	41.7	48.3	16.5	8.0	12.0	50
Plywood	2.6	1.1	0.0	0.0	0.0	-

# Africa

## Congo - continued from page 3

ber, published by ATIBT, suggest this forecast is overly optimistic. Production from the new concessions has fallen well short of expectations, partly due to poor infrastructure, and partly due to the fact that the areas involved have already been harvested. Production during 2002 may be only marginally up on levels prevailing in 2001.

## Gabon

### Confused statistics

It is difficult to comment on the overall level of trade from Gabon based on the export data. The accompanying tables, which rely on data compiled by ATIBT and supplied by SEPBG in Gabon, suggest conflicting conclusions. Overall export volumes by species show a 10% drop, while export volumes by destination show an 18% rise. The problem may lie in the huge increase reported in Gabon's exports of non-okoume logs to France during 2001. This data directly contradicts French import data which shows a significant fall in French imports of logs of these species from Gabon during the year. The likely conclusion is that Gabon's log exports actually fell last year.

However there is no doubting Gabon's position as by far the leading supplier of African tropical hardwood logs to the international market. Overall log export volumes during 2001 were well in excess of 2 million m3, which compares to around 600,000 m3

Volume of Gabon log exports by species (000s m3) - source ATIBT			
Species	2000	2001	% Chg 00/01
Okoume	1659	1483	-11
Ozigo	62	25	-60
<b>S/total</b>	<b>1721</b>	<b>1507</b>	<b>-12</b>
Padouk	124	114	-8
Kevazingo	87	86	-1
Bahia	38	33	-12
Bilinga	49	19	-61
Moabi	56	73	31
Agba	53	56	6
Iroko	44	34	-22
Tali	29	27	-8
Movingui	36	34	-6
Douka	31	36	14
Igaganga	33	13	-59
Sapeli	10	17	67
Niangon	10	10	3
Izombe	24	35	44
Beli	37	47	26
Ovengkol	12	16	40
Awoura	0	0	-
Azobe	40	38	-5
Andoung	15	2	-89
Acajou	13	13	4
Okan	13	9	-34
Others	102	93	-9
<b>S/total</b>	<b>857</b>	<b>806</b>	<b>-6</b>
<b>TOTAL</b>	<b>2579</b>	<b>2314</b>	<b>-10</b>

Volume of Gabon log exports by destination (000s m3)							
Destination	2000			2001			00/01 % Change
	Okoume	Other Species	Total	Okoume	Other Species	Total	
China	1020	67	1087	860	121	982	-10
France	320	183	504	325	510	835	66
India	12	138	150	-	133	133	-11
Portugal	1	115	116	1	109	110	-6
Hong Kong	5	100	105	39	117	156	49
Morocco	92	3	95	180	102	283	199
Greece	46	25	72	40	62	102	43
Turkey	39	23	61	11	34	45	-26
Italy	5	53	58	6	65	71	21
Israel	58	0	58	11	11	22	-62
Taiwan	0	56	56	-	-	-	-
Japan	21	21	42	5	21	27	-37
Holland	27	14	41	18	16	34	-18
Korea	22	7	29	5	13	18	-37
Germany	3	20	22	4	32	36	59
Spain	11	9	20	12	25	38	92
Philippines	16	4	19	38	38	77	300
Malaysia	5	5	10	5	10	14	40
Algeria	8	0	8	27	18	44	422
Mexico	5	0	5	3	3	7	36
Tunisia	0	5	5	1	5	6	19
South Africa	0	0	0	0	0	0	-50
Others	5	9	14	-	-	-	-
<b>Total</b>	<b>1721</b>	<b>857</b>	<b>2579</b>	<b>1592</b>	<b>1446</b>	<b>3038</b>	<b>18</b>

from Liberia, 400,000 m3 from Congo (Brazzaville), and 250,000 m3 from Cameroon. As other countries have reached the upper limits of resource sustainability, Gabon has been extending exploitation over a larger area of previously undeveloped forest.

### Expanding range of species

Over recent years, Gabon's timber marketing organisation SNBG has focused heavily on expanding the range of species exported beyond the two leading peeler species, okoume and ozigo. The inconsistencies in the data mean it is not easy to assess the real volumes of non-okoume species exported during 2001. However the fact that the country now exports around 59 species provides some evidence for the success of SNBG's policy. The strong growth in Gabon's exports of non-traditional species to Morocco during 2001 is notable.

The exploitation of a wider range of species is a mixed blessing for Gabon's forests. On

the one hand, it allows concessionaires to generate more income per unit of forest area, and it may take exploitative pressure off okoume and ozigo. On the other hand, it may lead to excessive opening of the forest canopy and encourage over-exploitation of forest concessions.

This is a problem that can only be addressed through more effective regulation of forest management on the ground in Gabon. There are signs that the Gabon authorities are taking steps to address these concerns. Concessionaires with over 50000 hectares are now required to prepare forest management plans which are subject to approval by the nation's forest authorities. So far management plans for three concessions covering around 1.5 million hectares have been endorsed. The Gabon authorities hope that this area will double by the end of 2002, and triple in 2003.

### African concession loses forest management certificate

The Dutch trademarking organisation, Keurhout, has withdrawn its recognition of the forest management certificate issued to Congolaise Industrielle des Bois (CIB) Pokola, Republic of Congo. The certificate involved was issued to CIB by SGS in May 2001. Withdrawal of Keurhout recognition followed a complaint by Greenpeace to Keurhout's Board of Appeal. Although the complaint was upheld, this was not because the Board supported Greenpeace contention that CIB's forest management was unsustainable. Instead the judgement reflected the Board's view that there were

procedural weaknesses in the CIB management plan, the certifying body, and the chain-of-custody-requirements. The decision has created conflict between the Keurhout management and the Board of Appeal. The Keurhout management suggest that during the hearing the Board introduced entirely new assumptions regarding the operation of Keurhout. Furthermore, they question why the most important witness, the auditor for SGS Agrocontrol Nederland, was refused permission to attend the hearing.

## Malaysian exports

*The year 2001 proved to be a very difficult one for Malaysia's wood exporters judging from end-of-year data published by the Malaysian Timber Industry Board. Exports of logs, sawn lumber and plywood fell dramatically while plywood exports remained static at historically low levels. Highlights from the figures include:*

■ **A 26% drop in Malaysian tropical log exports.** This was due to a number of factors. On the supply side, there was a big decrease in Malaysian log production in response to resource constraints, notably in Sabah, and tightening government controls. On the demand side, orders for hardwood logs fell in key markets, notably Japan where the plywood sector has been under intense pressure and there has been a switch to cheaper softwood logs. Demand for Malaysian logs in China has also been undermined by the ready availability of cheaper, often illegally felled, logs from Indonesia.

■ **A 19% decline in Malaysian sawn lumber exports.** This trend affected all supply regions but particularly Sabah where there have been particularly savage cut-backs in production. The fall in sawn lumber exports affected most destination countries and was particularly pronounced to the Netherlands (down 28%), the Philippines (down 25%) and Japan (down 53%). However there were a few notable exceptions. Peninsular Malaysian exporters made strong inroads into the Chinese and Hong Kong markets during 2001. The Thailand market remained reasonably stable last year. The United Kingdom market also held up better than most, but the volumes involved – at only 52,000 m<sup>3</sup> - are now very low in historical terms.

■ **Continuing low levels of plywood export.** Malaysia's total plywood exports reached 3.4 million m<sup>3</sup> last year, up 4.6% on 2000, but still well down on levels of around 4 million m<sup>3</sup> prevailing in the mid 1990s prior to the Asian financial crises. Malaysian plywood exporters struggled to maintain export levels to the subdued Japanese market during 2001, and had to cope with a big fall in orders from China/Hong Kong as these countries made a partial switch to domestic production based on imported logs. However improved plywood sales to the U.S.A. and

Korea helped to soften the blow. Exports of Malaysian plywood to the U.K. also improved slightly last year, but volumes were at historically low levels.

■ **Major changes in the scale and direction of trade in Malaysian veneers.** Overall, Malaysia's exports of veneers declined by 28%. There was a big fall in the volume of exports to China, perhaps partially due to Chinese buyers switching to Chinese domestic veneer manufacturers using imported logs. The fall in Malaysian veneer exports is also likely

to partly reflect changes in the plywood sector. Malaysia's plywood exporters were hit during 1999 and 2000 by fierce price competition from Indonesian plywood manufacturers. With markets for Malaysian plywood so weak, much larger volumes of wood were exported from Malaysia in veneer form at that time. However during 2001, as log production in Malaysia declined and became more in balance with limited demand, veneer exports fell back to the lower levels that prevailed during the mid 1990s.

### Volume of Malaysian Primary Wood Products Exports in 2000 and 2001

Source: Maskayu, 000s m<sup>3</sup>

	Penin- sular 2000	Sabah 2000	Sara- wak 2000	All Mal. 2000	Penin- sular 2001	Sabah 2001	Sara- wak 2001	All Mal. 2001	% chng. 00/01
<b>Logs by destination</b>									
Japan	0.0	129.8	2051.1	2180.9	0	10.7	1354.5	1365.2	-37.4
China	0.0	160.0	1244.4	1404.4	0	45.2	1023.8	1068.9	-23.9
Taiwan	0.0	8.5	890.9	899.5	0	0.0	659.7	659.7	-26.7
India	0.0	4.6	867.8	872.4	0	0.0	982.3	982.3	12.6
Hong Kong	0.0	na	533.8	533.8	0	0.1	415.5	415.6	-22.1
South Korea	0.0	51.4	250.4	301.8	0	2.6	172.3	174.9	-42.1
Indonesia	0.0	323.9	0.0	323.9	0	195.7	0.0	195.7	-39.6
Thailand	0.0	8.8	92.6	101.4	0	0.0	31.3	31.3	-69.2
Others	0.0	11.0	174.7	185.7	0	21.8	125.1	146.9	-20.9
Total	0.0	698.0	6105.8	6803.8	0	276.2	4764.4	5040.6	-25.9
<b>Sawn by destination</b>									
Thailand	222.0	140.6	200.4	563.0	214.5	95.1	234.1	543.7	-3.4
Netherlands	200.9	70.8	6.6	278.3	148.3	46.7	5.3	200.3	-28.1
Philippines	0.5	65.4	208.2	274.0	0.0	31.4	173.7	205.2	-25.1
Japan	46.6	184.4	37.0	267.9	42.9	48.2	36.1	127.3	-52.5
Taiwan	8.2	43.0	177.5	228.6	9.1	33.6	130.1	172.8	-24.4
Singapore	134.7	8.1	77.6	220.4	117.0	4.6	64.8	186.4	-15.4
China	19.7	21.0	94.5	135.2	53.2	8.2	89.5	150.9	11.6
South Korea	7.7	60.2	61.8	129.7	7.7	44.3	64.5	116.4	-10.2
Yemen	21.9	6.3	85.8	113.9	9.2	3.4	70.4	83.0	-27.2
Hong Kong	13.6	50.6	49.7	113.9	68.4	29.1	37.8	135.3	18.8
U.A.E	53.1	0.0	29.2	82.3	31.2	0.0	34.2	65.3	-20.6
Belgium	55.4	14.0	1.6	71.0	40.5	11.4	1.2	53.2	-25.1
South Africa	10.0	46.5	11.6	68.1	7.6	34.0	17.0	58.6	-13.9
UK	20.8	33.0	1.7	55.5	21.5	27.7	2.7	51.9	-6.6
Saudi Arabia	12.9	4.4	34.0	51.2	10.4	1.8	23.7	35.9	-29.9
Germany	34.5	2.0	2.0	38.4	21.4	0.6	2.5	24.5	-36.2
France	6.5	25.2	6.6	38.4	4.3	5.8	2.3	12.3	-67.8
Australia	15.2	12.8	5.1	33.1	8.9	4.5	3.4	16.9	-49.0
Italy	22.3	0.2	3.5	26.0	23.2	0.1	4.4	27.8	6.7
USA	6.5	7.2	8.4	22.0	3.5	0.9	1.8	6.3	-71.6
Others	31.3	17.9	41.0	90.3	30.8	14.9	37.9	83.6	-7.4
Total	944.2	813.5	1143.5	2901.2	873.5	446.3	1037.4	2357.3	-18.7
<b>Plywood by destination</b>									
Japan	39.3	390.3	1233.4	1663.0	25.5	310.4	1358.7	1694.6	1.9
USA	4.3	125.1	205.5	335.0	5.8	190.1	164.8	360.7	7.7
South Korea	na	128.0	128.9	257.0	2.8	186.6	169.3	358.7	39.6
Hong Kong	2.4	79.8	134.6	216.8	3.1	44.9	117.3	165.2	-23.8
China	2.7	25.0	125.7	153.4	0.3	23.8	63.6	87.7	-42.8
Singapore	86.7	16.9	49.7	153.3	71.5	14.1	47.9	133.5	-12.9
Taiwan	4.9	86.0	54.5	145.4	3.5	81.0	45.1	129.6	-10.9
UK	20.1	10.2	42.5	72.8	27.7	10.5	51.7	89.9	23.5
Yemen	0.0	0.0	39.5	39.5	0.0	0.0	69.0	69.0	75.0
Others	57.6	41.4	161.8	260.9	73.6	91.4	153.2	318.2	22.0
Total	218.1	902.7	2136.7	3257.5	213.6	952.9	2240.6	3407.1	4.6
<b>Veneer by destination</b>									
China	na	191.3	210.8	402.2	0.0	28.9	80.2	109.1	-72.9
Philippines	na	14.5	108.0	122.6	0.0	6.9	110.1	116.9	-4.6
South Korea	na	28.8	88.8	117.6	0.0	52.7	104.5	157.2	33.7
Taiwan	0.6	64.9	50.3	115.8	1.4	22.0	54.3	77.7	-32.9
Hong Kong	na	12.2	59.5	71.7	0.1	4.8	95.7	100.6	40.3
Japan	0.2	19.3	42.5	62.0	0.2	18.2	40.4	58.8	-5.2
Others	3.3	4.6	2.5	10.4	1.5	6.5	27.4	35.4	241.3
Total	4.0	335.7	562.4	902.1	3.1	140.0	512.5	655.7	-27.3

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ITTO Producer Members - Tropical Hardwood Production and Export								
	Tropical Hardwood Production				Tropical Hardwood Exports			
	1999	2000	2001	% Change 00/01	1999	2000	2001	% Change 00/01
<b>Logs</b>								
Cameroon	2655	2500	2250	-10.0	981	575	247	-57.0
CAR	553	703	750	6.7	154	250	313	25.3
Congo, Rep	400	500	700	40.0	211	294	396	34.7
Côte d'Ivoire	2222	2500	2250	-10.0	105	136	140	2.9
DRC	170	170	170	0.0	49	16	16	0.0
Gabon	3635	3715	3225	-13.2	2338	2584	2313	-10.5
Ghana	1102	998	1000	0.2	0	0	0	0.0
Liberia	336	934	900	-3.6	208	637	650	2.0
Togo	314	306	310	1.3	11	28	30	7.1
<b>Africa</b>	<b>11387</b>	<b>12326</b>	<b>11555</b>	<b>-6.3</b>	<b>4056</b>	<b>4520</b>	<b>4105</b>	<b>-9.2</b>
Cambodia	291	179	200	11.5	0	0	0	0.0
Fiji	80	107	160	49.5	0	0	0	0.0
India	14000	14000	14000	0.0	2	0	2	654.7
Indonesia	50000	50000	50000	0.0	259	1500	1500	0.0
Malaysia	21776	23080	20019	-13.3	6998	6803	5040	-25.9
Myanmar	3347	3574	2073	-42.0	980	927	582	-37.2
Philippines	730	791	810	2.4	0	0	0	0.0
PNG	2200	2200	2200	0.0	1932	1897	1897	0.0
Thailand	2898	2894	2894	0.0	0	0	0	192.3
Vanuatu	41	40	30	-24.9	0	0	1	7042.9
<b>Asia-Pacific</b>	<b>95363</b>	<b>96864</b>	<b>92386</b>	<b>-4.6</b>	<b>10171</b>	<b>11127</b>	<b>9022</b>	<b>-18.9</b>
Bolivia	502	468	598	27.7	3	3	3	-2.9
Brazil	27000	27850	28270	1.5	0	7	0	-100.0
Colombia	1842	1791	1880	5.0	17	21	0	-100.0
Ecuador	1500	1500	1500	0.0	141	120	120	0.0
Guatemala	100	93	93	0.0	0	0	0	-0.1
Guyana	435	289	289	0.2	48	54	40	-26.9
Honduras	32	12	20	72.4	0	0	0	0.0
Panama	46	60	50	-16.7	1	4	4	-8.9
Peru	1488	1180	1180	0.0	0	0	0	0.0
Suriname	94	178	178	0.0	17	10	10	0.0
Trinidad	16	62	15	-75.8	0	0	0	58.7
Venezuela	710	889	1085	22.0	0	5	1	-88.4
<b>Latin America/Caribbean</b>	<b>33767</b>	<b>34371</b>	<b>35158</b>	<b>2.3</b>	<b>227</b>	<b>224</b>	<b>178</b>	<b>-20.8</b>
<b>All ITTO Producers</b>	<b>140516</b>	<b>143561</b>	<b>139099</b>	<b>-3.1</b>	<b>14454</b>	<b>15871</b>	<b>13305</b>	<b>-16.2</b>
<b>All ITTO Consumers</b>	<b>259</b>	<b>309</b>	<b>309</b>	<b>0.0</b>	<b>823</b>	<b>872</b>	<b>797</b>	<b>-8.6</b>
<b>ITTO Total</b>	<b>140775</b>	<b>144090</b>	<b>139658</b>	<b>-3.1</b>	<b>15277</b>	<b>16743</b>	<b>14102</b>	<b>-15.8</b>
<b>Sawn lumber</b>								
Cameroon	600	1000	1150	15.0	476	850	1000	17.6
CAR	79	102	150	47.1	64	66	76	15.9
Congo, Rep	74	93	93	0.4	63	70	70	0.0
Côte d'Ivoire	611	603	600	-0.5	479	460	475	3.3
DRC	70	70	70	0.0	16	20	20	0.0
Gabon	98	88	93	5.0	69	79	57	-28.2
Ghana	454	475	480	1.1	250	243	240	-1.1
<b>Africa</b>	<b>2012</b>	<b>2460</b>	<b>2659</b>	<b>8.1</b>	<b>1418</b>	<b>1795</b>	<b>1941</b>	<b>8.1</b>
India	6800	6800	6800	0.0	0	5	1	-90.7
Indonesia	5500	6600	6400	-3.0	1300	2000	2000	0.0
Malaysia	5216	5556	4984	-10.3	2787	2901	2357	-18.8
Myanmar	298	343	377	9.7	42	24	30	26.1
Philippines	288	128	134	4.7	69	120	142	17.9
Thailand	113	212	110	-48.1	174	310	266	-14.3
<b>Asia-Pacific</b>	<b>18374</b>	<b>19800</b>	<b>18987</b>	<b>-4.1</b>	<b>4429</b>	<b>5392</b>	<b>4826</b>	<b>-10.5</b>
Bolivia	244	239	329	37.8	42	43	40	-7.3
Brazil	14800	14400	14800	2.8	824	900	950	5.6
Colombia	699	567	595	5.0	9	2	0	-69.3
Ecuador	663	663	663	0.0	20	20	20	1.4
Guyana	50	29	30	3.4	22	22	19	-14.9
Peru	791	620	620	0.0	55	75	75	0.0
Suriname	28	78	74	-5.1	4	7	7	0.0
Venezuela	174	185	191	3.2	2	0	0	-43.6
<b>Latin America/Caribbean</b>	<b>17532</b>	<b>16879</b>	<b>17387</b>	<b>3.0</b>	<b>983</b>	<b>1079</b>	<b>1122</b>	<b>3.9</b>
<b>Producers</b>	<b>37917</b>	<b>39139</b>	<b>39032</b>	<b>-0.3</b>	<b>6830</b>	<b>8266</b>	<b>7888</b>	<b>-4.6</b>
<b>All ITTO Consumers</b>	<b>2044</b>	<b>2201</b>	<b>2139</b>	<b>-2.8</b>	<b>1306</b>	<b>529</b>	<b>494</b>	<b>-6.5</b>
<b>ITTO Total</b>	<b>39961</b>	<b>41340</b>	<b>41171</b>	<b>-0.4</b>	<b>8136</b>	<b>8795</b>	<b>8382</b>	<b>-4.7</b>
<b>Plywood</b>								
Cameroon	92	37	35	-5.8	88	37	35	-5.8
Côte d'Ivoire	59	80	80	0.0	22	40	50	25.0
Gabon	134	104	109	5.0	77	78	87	11.3
Ghana	75	90	114	26.7	25	47	59	26.0
<b>Africa</b>	<b>366</b>	<b>315</b>	<b>343</b>	<b>8.9</b>	<b>212</b>	<b>202</b>	<b>231</b>	<b>14.3</b>
Cambodia	15	27	30	13.2	15	27	27	1.9
India	300	300	300	0.0	14	30	30	0.8
Indonesia	7500	7200	7000	-2.8	6291	5790	6000	3.6
Malaysia	4123	4434	3579	-19.3	3261	3257	3407	4.6
Philippines	243	282	255	-9.6	12	11	12	12.2
<b>Asia-Pacific</b>	<b>12288</b>	<b>12362</b>	<b>11214</b>	<b>-9.3</b>	<b>9609</b>	<b>9140</b>	<b>9508</b>	<b>4.0</b>
Brazil	880	980	950	0.0	0	611	493	0.0
Ecuador	104	104	104	0.0	0	0	0	0.0
Guyana	87	92	92	0.1	76	87	73	-16.3
Peru	34	36	36	0.0	8	14	14	0.0
<b>Latin America/Caribbean</b>	<b>1152</b>	<b>1265</b>	<b>1278</b>	<b>1.0</b>	<b>602</b>	<b>717</b>	<b>586</b>	<b>-18.3</b>
<b>Producers</b>	<b>13805</b>	<b>13941</b>	<b>12835</b>	<b>-7.9</b>	<b>10423</b>	<b>10060</b>	<b>10325</b>	<b>2.6</b>
<b>All ITTO Consumers</b>	<b>5440</b>	<b>5557</b>	<b>5851</b>	<b>5.3</b>	<b>748</b>	<b>978</b>	<b>1261</b>	<b>29.0</b>
<b>ITTO Total</b>	<b>19245</b>	<b>19498</b>	<b>18686</b>	<b>-4.2</b>	<b>11171</b>	<b>11038</b>	<b>11587</b>	<b>5.0</b>
<b>Veneer</b>								
Cameroon	53	70	80	13.8	48	70	60	-14.7
Congo, Rep	19	10	10	2.7	16	3	3	0.0
Côte d'Ivoire	269	297	300	1.0	153	113	120	6.2
Gabon	133	91	104	15.0	124	91	104	15.0
Ghana	150	245	259	5.7	101	104	108	3.8
<b>Africa</b>	<b>625</b>	<b>714</b>	<b>754</b>	<b>5.7</b>	<b>442</b>	<b>381</b>	<b>395</b>	<b>3.7</b>
Cambodia	68	45	50	11.9	68	45	50	11.9
India	15	15	15	0.0	2	1	2	291.6
Indonesia	50	50	50	0.0	4	3	3	15.4
Malaysia	1008	1117	788	-29.4	959	902	655	-27.4
Philippines	89	170	218	28.2	4	4	4	-15.2
<b>Asia-Pacific</b>	<b>1244</b>	<b>1410</b>	<b>1139</b>	<b>-19.2</b>	<b>1044</b>	<b>964</b>	<b>724</b>	<b>-24.9</b>
Brazil	320	370	300	-18.9	67	55	52	-6.7
<b>Latin America/Caribbean</b>	<b>367</b>	<b>421</b>	<b>349</b>	<b>-17.2</b>	<b>76</b>	<b>66</b>	<b>63</b>	<b>-4.7</b>
<b>Producers</b>	<b>2236</b>	<b>2544</b>	<b>2242</b>	<b>-11.9</b>	<b>1562</b>	<b>1411</b>	<b>1182</b>	<b>-16.2</b>
<b>All ITTO Consumers</b>	<b>495</b>	<b>571</b>	<b>573</b>	<b>0.4</b>	<b>98</b>	<b>111</b>	<b>121</b>	<b>9.1</b>
<b>ITTO Total</b>	<b>2732</b>	<b>3115</b>	<b>2815</b>	<b>-9.7</b>	<b>1660</b>	<b>1522</b>	<b>1303</b>	<b>-14.4</b>

*Our review of the international tropical hardwood trade during 2001 suggests that there was a significant decline in the overall level of production and international trade in tropical hardwood products last year. It also confirms anecdotal reports that the switch from log exports to exports of value-added products is proceeding rapidly. The baseline data is drawn from a review undertaken by the International Tropical Timber Organisation (ITTO) earlier this year, amended where possible to include more recent and more accurate data from a range of sources. The analysis is divided into two parts: the first considers tropical wood production and exports by producing country members of ITTO; the second looks at tropical wood imports by major tropical wood consuming countries.*

## ITTO Producers

### Tropical log production falls

Overall log production by ITTO producer member countries is likely to have declined during 2001 as government authorities in several countries tightened controls on logging operations and as forest resource limits were reached. There appears to have been particularly big falls in log production in Cameroon, Gabon, Malaysia, and Myanmar. Slow international demand for hardwoods also encouraged lower levels of production during 2001.

Only a few countries registered a slight increase in log production during 2001. The Central African Republic and Congo (Brazzaville) expanded forestry operations as political and economic conditions have become more stable. In South America, there is some evidence that production of hardwood logs in the Brazilian Amazon was on the increase during 2001 to feed rising domestic demand for lumber and improved export demand for Brazilian plywood.

Bolivia may also be raising log harvests again after the forest reform process which has refocused extraction away from mahogany and cedar in favour of a wider range of lesser known species. Much of this production is now directed towards Bolivian buyers, both for domestic use and manufacturers of finished products for export.

The overall volume of tropical logs entering international trade is likely to

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have been well down last year. Our figures indicate a 16% decline in log exports by ITTO producer members. The figures are uncertain, not least because the volume of illegal exports from some countries, such as Indonesia, is almost impossible to estimate. However there is no doubting the huge drop in Cameroon and Malaysian log exports, both of which are well documented. These falls were only partially compensated by increased log exports from the Central African Republic and Congo (Brazzaville).

## Sawn lumber production rises

Overall the level of sawn lumber production and exports by ITTO producer member countries may have risen by around 3% and 3.9% respectively during 2001. However the overall figure masks contrasting trends in the Far East and in Africa. In Malaysia, sawn lumber production and exports fell sharply during 2001 partly due to slower international demand but also as government restrictions on log supply were imposed. In Sabah particularly there were reports of numerous mill closures during 2001 due to over-capacity in the sector.

The data also suggests a big fall in Thailand sawn lumber production during 2001. Not shown in our data is the increase in tropical hardwood imports into Thailand reported by ITTO from around 750,000 m<sup>3</sup> in 1999 to 1100 m<sup>3</sup> in 2001. These are preliminary estimates by ITTO which have yet to be confirmed, but the signs are that Thailand is becoming increasingly dependent on overseas suppliers of hardwood lumber.

By contrast, sawn lumber production and exports were rising from several African countries during 2001. These countries are tending to move away from log exports towards increased domestic wood processing. This trend was particularly strong in Cameroon during 2001. It is possible that sawn lumber production in Cameroon is already near its peak as reports are already emerging that Cameroon milling capacity exceeds long term sustainable log supply.

## Plywood production down 8%

The data indicates that overall tropical hardwood plywood production by ITTO producer member countries was down around 8% during 2001. This reflects big falls in production in both Malaysia and Indonesia, the major suppliers to international markets, due to intensifying problems of log supply and sluggish international demand. Overall ex-

ports from ITTO producer countries were on the rise last year, but this trend masks the growing level of competition, tightening margins and low levels of profitability that characterised the sector during 2001. Note the large increase in tropical hardwood plywood production and exports from so-called ITTO consumer countries between 2000 and 2001. This was due to a big rise in Chinese production - based largely on Indonesian and African logs - which more than made up for falling levels of production in Japan. The rising level of plywood exports from China during 2001 suggest these served to intensify competition on global markets, particularly for Indonesian and Malaysian producers.

## Veneer trends vary by continent

As with other commodities, contrasting veneer production and trade trends are discernible in the various continents. In Africa, the shift to value added processing is leading to a progressive rise in tropical hardwood veneer production. This trend has progressed furthest in Ivory Coast and Ghana, both of which are now important

suppliers of veneer, both sliced and rotary, to international markets. By contrast Far Eastern veneer production fell sharply during 2001 due to the downturn in Malaysian production (see page 5 for further comment on Malaysia).

## ITTO Consumers

### China dominates

China now dominates the world tropical hardwood log market, accounting for at least 40% of the volume traded by all 57 ITTO Member countries during 2001. Even this may be understating the case since our figure is based on official Chinese customs data that probably does not fully account for illegally traded logs. Meanwhile Japan's tropical log imports fell very sharply in 2001. While China's wood processing industries are expanding, Japan's are in recession and there is also a shift to softwood logs for plywood manufacture in Japan. Meanwhile some so-called "ITTO Producers" in Asia may be better classified as "ITTO Consumers", as they are now important buyers of tropical logs. India, Malaysia, Philippines,

*Continued page 8*

## ITTO member governments fail to provide adequate data

The data shown on these pages is probably the most accurate and comprehensive available today on the overall size and direction of the international tropical hardwood trade. The baseline data is drawn from the ITTO 2001 Review published earlier this year (available at [www.itto.or.jp](http://www.itto.or.jp)). Hardwoodmarkets.com's analysis of the ITTO data revealed numerous inconsistencies and inaccuracies. As far as possible, we have attempted to rectify these by drawing on other data sources, notably tropical hardwood export data published recently for specific tropical countries by various trade associations, and from our own analysis of EU and other country import data. Despite these efforts, we expect the data still contains inaccuracies.

It should be stressed that the weakness of the ITTO data is not due to failures on the part of ITTO analysts. Instead it reflects failures in the reporting of trade data by ITTO member governments. In theory statistics in the ITTO Review are compiled from questionnaires issued to these

governments. However, ITTO note in their Review that in practice many of these statistics contain "significant and obvious errors in one or more data categories." Of the 57 ITTO member countries, only 10 provided a "good response" to the questionnaire, 39 provided "incomplete or erroneous responses", and 8 provided no response at all. In most cases questionnaires were returned late by ITTO member governments preventing adequate analysis by ITTO researchers. The failure of ITTO member governments to supply good data has little to do with lack of resources. Indeed some of the worst offenders are rich developed countries. Only three such countries - Finland, Japan and New Zealand - provided good responses to the questionnaire. Our experience has shown that European trade data, which ultimately derives from Eurostat, often contains the largest errors. By contrast, the trade data supplied by some tropical developing countries - such as Malaysia and Ghana - is amongst the best available.

# Tropical hardwood trade review

# Plywood

ITTO Members				
Tropical Hardwood Imports				
000s M3				
	1999	2000	2001	% Chg 00/01
<b>Logs</b>				
China	4796	6100	6500	6.6
Hong Kong	731	700	700	0.0
Japan	3526	3265	2225	-31.9
Republic of Korea	967	912	912	0.0
Taiwan	806	950	950	0.0
<b>Asia-Pacific consumers</b>	<b>10827</b>	<b>11929</b>	<b>11279</b>	<b>-5.4</b>
Belgium/Lux	40	30	42	39.7
Germany	147	172	153	-11.1
Spain	247	202	196	-2.9
France	863	810	697	-14.0
Greece	72	85	92	8.3
Italy	342	500	488	-2.5
Netherlands	91	95	77	-18.8
Portugal	368	450	350	-22.2
<b>EU consumers</b>	<b>2209</b>	<b>2380</b>	<b>2138</b>	<b>-10.2</b>
<b>N. America consumers</b>	<b>3</b>	<b>6</b>	<b>6</b>	<b>0.0</b>
<b>All ITTO Consumers</b>	<b>13039</b>	<b>14315</b>	<b>13423</b>	<b>-6.2</b>
Côte d'Ivoire	84	180	180	0.0
India	1742	1800	1800	0.0
Indonesia	79	2	2	5.6
Malaysia	604	718	718	0.0
Philippines	366	341	325	-4.7
Thailand	398	614	464	-24.5
Peru	5	22	22	0.0
<b>All ITTO Producers</b>	<b>3289</b>	<b>3702</b>	<b>3544</b>	<b>-4.3</b>
<b>All ITTO Members</b>	<b>16328</b>	<b>18017</b>	<b>16967</b>	<b>-5.8</b>
<b>Sawn lumber</b>				
Taiwan	251	300	300	0.0
Australia	89	101	105	3.9
China	1465	1972	2100	6.5
Hong Kong	1030	133	133	-0.3
Japan	660	687	605	-12.0
Republic of Korea	272	230	230	0.0
<b>Asia-Pacific consumers</b>	<b>3776</b>	<b>3431</b>	<b>3480</b>	<b>1.4</b>
Belgium/Lux	285	400	306	-23.4
Germany	185	162	142	-12.4
Denmark	90	115	145	26.6
Spain	471	502	537	7.0
France	363	376	429	14.2
United Kingdom	217	230	220	-4.3
Greece	40	45	66	46.7
Ireland	71	80	75	-6.3
Italy	450	520	490	-5.8
Netherlands	385	470	404	-14.0
Portugal	74	110	95	-13.6
<b>EU consumers</b>	<b>2667</b>	<b>3037</b>	<b>2941</b>	<b>-3.1</b>
Canada	30	30	30	0.0
U.S.A.	284	330	340	3.0
<b>N. America consumers</b>	<b>314</b>	<b>360</b>	<b>370</b>	<b>2.8</b>
<b>All ITTO Consumers</b>	<b>6758</b>	<b>6828</b>	<b>6791</b>	<b>-0.5</b>
Malaysia	364	463	463	0.0
Philippines	307	268	255	-4.7
Thailand	755	928	1112	19.8
Brazil	145	157	118	-24.7
<b>All ITTO Producers</b>	<b>1629</b>	<b>1888</b>	<b>2037</b>	<b>7.9</b>
<b>All ITTO Members</b>	<b>8386</b>	<b>8716</b>	<b>8828</b>	<b>1.3</b>
<b>Plywood</b>				
China	953	902	600	-33.5
Hong Kong	106	300	300	0.0
Japan	4415	4555	4530	-0.6
Republic of Korea	715	890	890	0.0
Taiwan	603	530	530	0.0
<b>Asia-Pacific consumers</b>	<b>6833</b>	<b>7211</b>	<b>6881</b>	<b>-4.6</b>
Belgium/Lux	357	375	332	-11.4
Germany	239	262	239	-8.9
France	123	115	117	1.5
United Kingdom	447	476	616	29.4
Italy	88	90	99	10.4
Netherlands	187	300	299	-0.3
<b>EU consumers</b>	<b>1628</b>	<b>1795</b>	<b>1872</b>	<b>4.3</b>
Canada	80	102	102	0.0
U.S.A.	1708	1525	1500	-1.6
<b>N. America consumers</b>	<b>1788</b>	<b>1627</b>	<b>1602</b>	<b>-1.5</b>
<b>All ITTO Consumers</b>	<b>10249</b>	<b>10633</b>	<b>10355</b>	<b>-2.6</b>
<b>All ITTO Producers</b>	<b>101</b>	<b>52</b>	<b>48</b>	<b>-6.2</b>
<b>All ITTO Members</b>	<b>10350</b>	<b>10685</b>	<b>10404</b>	<b>-2.6</b>
<b>Veneers</b>				
China	611	589	589	0.0
Hong Kong	48	3	3	13.3
Japan	53	48	45	-5.7
Republic of Korea	55	168	168	0.0
Taiwan	150	140	140	0.0
<b>Asia-Pacific consumers</b>	<b>919</b>	<b>948</b>	<b>945</b>	<b>-0.3</b>
Belgium/Lux	13	16	15	-6.3
Germany	55	50	48	-5.7
Denmark	20	20	25	25.0
Spain	33	44	50	13.6
France	26	33	45	36.4
United Kingdom	16	13	13	-3.6
Italy	90	110	120	9.1
Portugal	15	15	15	1.7
<b>EU consumers</b>	<b>291</b>	<b>323</b>	<b>355</b>	<b>9.9</b>
Canada	16	16	20	28.2
U.S.A.	25	25	26	2.1
<b>N. America consumers</b>	<b>41</b>	<b>41</b>	<b>46</b>	<b>12.0</b>
<b>All ITTO Consumers</b>	<b>1251</b>	<b>1312</b>	<b>1346</b>	<b>2.6</b>
Philippines	133	122	117	-3.8
Brazil	14	15	15	1.5
<b>All ITTO Producers</b>	<b>251</b>	<b>154</b>	<b>147</b>	<b>-4.5</b>
<b>All ITTO Members</b>	<b>1501</b>	<b>1466</b>	<b>1493</b>	<b>1.8</b>

## Continued from page 7

and Thailand continued to import significant volumes of tropical hardwood logs during 2001. In Africa, the Ivory Coast has emerged as an importer of tropical logs.

The shift away from tropical logs by European importers seems to have progressed rapidly during 2001. European log importers have been most affected by restrictions on log exports from Africa. There was a particularly large fall in French tropical log imports during 2001.

## Sawn imports stabilise

Overall tropical hardwood sawn imports by ITTO consumers remained flat during 2001 after a rise in the previous year. In the Far East, Chinese imports of tropical sawn lumber continued to rise. Tropical sawn lumber imports into the EU were mixed during 2001, tending to decline in northern European countries, while remaining stable or increasing in France and southern Europe. The dramatic increase in Malaysian and Indonesian meranti imports during 2000 into the Netherlands, U.K., Belgium and Germany, led to overstocking last year and a big fall in imports. Tropical sawn lumber imports into these countries were also affected by slowing economic conditions during 2001. In France and southern Europe imports of sawn lumber were tending to rise last year due partly to the shift away from log exports by major African supplying countries.

## China's plywood imports plummet

Overall ITTO consumer plywood imports were down slightly during 2001 compared with the previous year. China's imports of tropical plywood fell rapidly in 2001 as domestic Chinese production continued to rise, partly boosted by China's tariff regime which has favoured log imports over plywood imports. Japan's plywood imports remained flat during 2001. As overall Japanese plywood consumption continued to fall in 2001, the fact that tropical hardwood plywood imports were maintained is indicative of intensifying competition for Japan's domestic mills. Similarly, the slight rise in EU imports of tropical plywood during 2001 does not reflect any increase in underlying European demand, but instead contributed to overstocking, weak prices and low margins in the European plywood sector last year.

The most noticeable trend in the veneer data is the progressive rise in EU imports of tropical hardwood veneers over the last 3 years, particularly to Spain, France, and Italy.

*The international hardwood plywood sector is in period of transition. It appears to be moving out of the high volume-low price rut it entered in the wake of the Asian crises.* Prices for Indonesian plywood have increased sharply in recent weeks, now standing at INDO96 less 13-15%, up from levels of under INDO96 less 30-35% that prevailed only a few months ago. Brazilian plywood prices have followed the upward trend, rising to K14 less 14% up from a low of around K14 less 35.

The price increases have come at a time when demand is still subdued in many export markets and have been driven by supply side trends. Log supplies in the Far East have been very tight this year and are expected to become even more restricted as the year progresses. The Indonesian authorities are taking a firm stance on the trade in illegally extracted logs and have announced efforts to bring about a huge decrease in harvesting levels. Due to resource constraints and tightening harvesting controls, logging levels are also well down in Malaysia. The rainy season is due to begin around September time, implying further tightening of log supplies.

## Delayed shipments

Supply shortages have already led to widespread reports of delayed plywood shipments from the Far East to EU destinations. Furthermore, Indonesian and Malaysian shippers are becoming more hesitant over agreeing new orders.

The dollar price increases have also been encouraged by the recent weakening of the dollar against the rupiah which has tended to undermine the earning capacity of Indonesian mills in their local currency.

The common practice amongst importers to keep stock levels low is another reason for the rapid price rise. Although underlying demand on the ground in many markets is sluggish, importers have been forced to pay higher prices to cover their immediate needs.

## Mixed market reaction

Market reactions to the changed conditions have been mixed. In the U.K., many importers acknowledge the need for prices to rise, accepting that prices over the last 4 years have not reflected the true cost of sustainable production. The low prices have also encouraged the development of a high volume low margin trade, and undermined the value of a high quality product in the eyes of the consumer.

However U.K. stocks of hardwood plywood are widely acknowledged to be low and



## Plywood

there are concerns over where the next parcel will be coming from. Prices on the ground in the U.K. are expected to rise quite quickly. According to the German trade journal EUWID, a similar situation now prevails in central Europe. Inventories on the European continent are low, and many importers are expecting supply shortfalls in the autumn despite sluggish demand.

### Substitution trends

The rapid price increases are likely to encourage substitution. European interest in Chinese hardwood plywood may increase, although there are concerns over the quality of this product. Some European importers are also looking at the potential for replacing lauan plywood with Russian birch plywood. Recent inward investment has boosted birch plywood capacity in Russia and prices have been falling.

In Japan, the plywood market situation has been transformed over recent weeks. Japanese hardwood plywood mills continue to struggle due to the high prices of tropical logs - which has eroded margins - and the difficulties of securing good quality logs. However the rise in prices for imported plywood has meant many buyers are now trying to switch back to Japanese plywood producers. Japan's tropical hardwood plywood producers are now having difficulty meeting orders and delivery times are extending on popular items such as concrete formboard plywood. Inventories in some grades are now getting low in Japan.

### Japanese inventories fall

Recent stats supplied by ITTO suggest that Japanese inventories of standard plywood started dropping in April 2002, falling to 262,000 m<sup>3</sup> by the end of May. This is the lowest level of inventory reached in 2002, down from 268,000 m<sup>3</sup> in January, and 15.3% lower than the same month in 2001. Domestic production remained low even while sales held steady at over 200,000 m<sup>3</sup> in both April and May. Between April and May there was a slight increase in Japanese imports of plywood as Japan's new preferential duty period on plywood imports began at the start of May and as importers rushed to buy Indonesian plywood before FOB prices were raised. Anecdotal reports indicate that Japanese plywood imports have fallen away again since May as imported plywood is now priced higher than Japan's domestic products. As in Europe, rising prices and falling availability has led to more talk of substitution of tropical hardwood plywood in Japan - notably for OSB and JAS structural softwood plywood.

## Special report - certification trends

*The forest certification debate gets more convoluted every day. For clarification, we provide here a brief summary of current trends.*

The **Pan European Forest Certification (PEFC)** scheme has expanded rapidly during 2002 and its influence now extends well beyond Europe's borders. Since the PEFC Council was formally launched in Paris 3 years ago, membership has grown from 11 to 19 national certification schemes, including three from North America. PEFC looks set to undergo another phase of expansion, with applications for membership received from Australia, Chile and Estonia. PEFC is also holding meetings with representatives of national schemes covering tropical forests.

So far PEFC has endorsed 12 national certification schemes, all in Europe, and the total area of PEFC certified forest exceeds 43 million hectares.

In North America, the **Sustainable Forestry Initiative (SFI)** has continued to expand and to adapt to growing consumer demands for independent certification, high environmental standards and product labelling. 149 companies and organisations in the U.S. and Canada have complied with the requirements of the SFI. An additional 51 companies joined the SFI in 2001 and 2002. All large forest products companies in the U.S. are now committed to the SFI. 24.3 million hectares of forest land have been certified through the scheme and the certification of another 10.9 million hectares is pending. In a major recent enhancement to the SFI standard, participants are required to have an auditable system to track all the wood that comes into their mills.

The **Forest Stewardship Council (FSC)** is adjusting to the rising level of competition from alternative forest certification schemes through re-organisation and technical developments designed to make the scheme more commercially viable and accessible to a wider range of forest owners. The head office of FSC has relocated from Mexico to Germany. In a move designed to improve the relevance of the scheme at local level, FSC has said that greater autonomy will be given to FSC national initiatives. Efforts to develop new procedures for small owners, for percentage based labelling, and for "lower level" verification of legal compliance are on-going.

FSC certified forest area now stands at around 29 million hectares. Most recently, the FSC certified significant areas of forest in the Baltic States, New Zealand, and the

United States.

FSC's efforts to restructure have been a step too far for some environmental groups. The Editor of the influential radical green website, Forests.org, recently branded FSC certification the equivalent of "green snake-oil". Dismayed that FSC is certifying industrial scale logging operations in natural forest, he called for environmental groups to withdraw all support for forest certification. By contrast, some FSC accredited certifiers believe that FSC hasn't gone far enough to adapt to new commercial and political demands. Both SCS and SGS, two leading FSC certifying organisations, have announced new alternative forest certification frameworks over recent months which they are promoting alongside the FSC.

At the same time, the relatively high cost and limited uptake of FSC over recent years has encouraged greater interest in **procedures to independently verify the legal status of forestry operations**. This is seen as a cheaper and more realistic option in many countries than full certification to sustainable forestry standards. This interest is being encouraged at an international level through organisations like ITTO. It has also been given a boost by an on-going series of international forest law enforcement and governance conferences.

Meanwhile, the **marketing battle** between FSC and PEFC is in full swing. Since the start of the year, the various PEFC schemes have held numerous meetings designed to raise awareness of the program. PEFC Sweden distributed nearly a quarter of a million copies of a leaflet about the scheme through the nation's press. In Germany, hundreds of forest owners held demonstrations outside stores of the country's largest DIY group protesting at their refusal to accept PEFC certificates.

But for now FSC maintains its position as the leading market brand. Demand for FSC is being generated through the **WWF Global Forest and Trade Network** which is extending its influence into new areas, most recently Japan and Hong Kong. FSC has also launched its own consumer campaigns in recent months in the Netherlands and Spain.

All this activity, and potential for confusion, is encouraging work on the development of procedures for **mutual recognition** of the various certification frameworks. This work is on-going by the International Forest Industry Roundtable (IFIR) in co-operation with the World Business Council for Sustainable Development (WBCSD).

# North America

## Domestic demand Growing confidence

The North American domestic market for hardwood lumber is still very competitive. Obtaining reasonable returns can be very difficult and many operators continue to report cash flow problems and a strong emphasis on tight inventory management. However, there is growing confidence that the recovery from the downturn in the hardwood business is well underway. Buyers are beginning to place purchases more frequently and for greater quantities.

The strength of U.S. house construction and steady activity in the remodelling sector continues to drive demand for hardwood products in the U.S. During the first half of 2002, U.S. private housing starts reached 840,100 units, up 3.9% from 808,300 in the same period of 2001. Monthly house starts in June 2002 slowed 4.2% compared to the previous month but were up 1.6% on June 2001.

### Improving demand in key sectors

The latest available statistics show cabinet sales are up around 11% in the U.S. this year. The shake out from plant closings and consolidated manufacturing facilities by the U.S. furniture industry seems to have subsided for the time being. Although the number of manufacturers has fallen, those that remain are now buying more steadily.

Wholesale furniture shipments are expected to increase 4.1% overall this year, although upholstery is expected to show stronger gains than wood furniture, according to a newly revised forecast from the American Furniture Manufacturers Association. Upholstery furniture shipments are projected to rise 6.3% to US\$10.472 billion, while wood furniture shipments are projected to increase 2.7% to \$11.156 billion. The recovery is expected to strengthen in 2003, with overall shipments projected to increase 5.9%.

### Improved demand puts pressure on supply

Recent improvements in domestic and export demand have meant many sellers in the U.S. now have larger order files and less lumber available for immediate shipment. There has been a sharp decline in U.S. kiln dried inventories this year. Overall lumber production during 2002 has remained well below levels prevailing in previous years and is unlikely to increase much over the next few months. Although most kilns are still operating at near to full capacity, there are widespread reports that mills are having difficulty

The slower recovery in wood furniture seems to reflect consumer caution over purchases of higher priced products.

Manufacturers shipments of oak strip flooring fell 6.3% in June compared with the same period the previous year according to NOFMA: The Wood Flooring Manufacturers Association, the first drop in monthly performance since October 2001. However the fall only reflects extremely high levels of shipment that occurred in June last year and the total for the month still reached 58,608,000 board feet, the second-highest monthly total since June 1966. Cumulative figures for the first 6 months of the year were up a full 10% over the same period in 2001.

## Export demand Sales begin to rally

Export demand for American hardwoods is still highly competitive and buying has slowed over recent weeks, particularly in Europe, due to the summer vacation period. However U.S. export statistics suggest overall sales during the second quarter of the year began to rally after a very poor first quarter. Prospects for the second half of the year also seem to be improving, particularly due to the weakening dollar on foreign exchange markets and declining availability of American hardwood lumber.

### China boosts export demand

During the first 5 months of 2002, overall hardwood lumber exports were up 7% by volume compared to the previous year. Declining export volumes to the EU, Japan and Mexico were offset by a rise in export volume to China, South East Asia, and Canada. However the overall value of U.S. exports during the five month period actually declined by 1.5%. This was mainly due to Chinese buyers shifting away from relatively high priced species such as red oak, cherry

securing adequate supplies of green lumber. During the early summer months, wet weather was a serious problem, particularly in northern regions, leading some mills to shut-down temporarily as they elected to build log inventory. Weather conditions have been more conducive to logging over recent weeks, but other factors continue to hampered log supplies throughout the U.S. including high stumpage rates and limited availability of skilled loggers.

## U.S. hardwood exports January to May

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

	2001	2002	% chng
<b>World</b>			
Logs	1032	1028	-5
Lumber	1223	1149	7
Veneer	176	176	0
<b>Canada</b>			
Logs	703	674	-4
Lumber	412	422	2.4
Veneer	41	45	10
<b>EU</b>			
Logs	158	130	-18
Lumber	327	319	-2
Veneer	61	49	-20
<b>SE Asia</b>			
Logs	24	28	15
Lumber	40	52	29
Veneer	4	5	21
<b>Greater China</b>			
Logs	50	101	102
Lumber	169	236	40
Veneer	13	21	65
<b>Japan</b>			
Logs	63	55	-13
Lumber	51	48	-7
Veneer	1	1	4
<b>Mexico</b>			
Logs	2	4	59
Lumber	81	66	-19
Veneer	3	5	74

and hard maple, in favour of lower priced species including tulipwood, ash and white oak.

Despite this shift, the strength of U.S. hardwood exports to China during the first five months of 2002, particularly log exports, is striking. U.S. exports to China have risen progressively during each month of the year.

### Chinese momentum maintained

Anecdotal reports suggest that Chinese buyers remained very active during June and July, with some looking to place orders for large volumes of 100 containers or more. Many U.S. exporters were shy of these offers since they were unwilling to become tied to fixed prices over several months and were not in position to supply the volumes requested. Rising Chinese demand, coupled with improved demand and low production in the U.S., have pushed exporters' inventory levels down, particularly for common grades of tulipwood, red oak, white oak, and ash. While improved Chinese demand has been a boon to U.S. hardwood exporters, China's existing focus on quite a narrow range of U.S. species and grades has created challenges in meeting customer specifications. Chinese importers are also very hard-nosed when it comes to price negotiations.

# North America

Although the volumes involved are much lower than to China, exports to South East Asian countries have also been rising this year. U.S. hardwood lumber exports to Indonesia and Malaysia are beginning to show more strength for the first time in 3 years. Export growth to Vietnam has been particularly impressive, volumes reaching nearly 12000 m3 in the first 5 months of 2002, up from 2500 m3 during the same period the previous year.

## Korean recovery

In North East Asia, the recovery in South Korea's construction is now filtering through into improved demand for American hardwoods. The Japanese market remains weak due to continuing poor economic conditions. However after a very slow first quarter, U.S. exports to Japan improved slightly during April and May 2002 compared to the previous year. Prospects for American hardwoods in Japan also received a boost during July, perhaps temporary, as the dollar fell sharply against the yen. Between the end of June and end of July, the dollar-yen exchange rate fell from just over 121 to 117.

## Sharp rise of the euro

The dollar has weakened even more sharply against the euro. By the end of July, the euro was hovering around parity with the U.S. dollar, up from a rate of around 0.88 in March 2002. This has raised expectations of rising demand for American hardwoods in the EU during the third and fourth quarters of the year. It may also help American hardwood exporters claw back some of the ground lost to Eastern European competitors over the last two years.

After a very poor start to the year, there were signs that American hardwood exports to the EU were already beginning to pick up pace during the second quarter of 2002. There was very good growth in American hardwood lumber exports to Italy, France and Portugal during April and May 2002, although exports to Germany, Spain, the United Kingdom, and Belgium were not buoyant during this period.

## Spanish improvement

Anecdotal reports suggest that demand for American hardwoods improved in Spain just prior to the summer vacation period, with shipments of white oak, tulipwood and cherry all on the rise. Exports to France have also continued to improve, although now with less of a focus on cherry. The U.K. market has remained sluggish over recent months, with a particularly sharp drop in orders for ash. Sales to Belgium have also

remained very slow.

Several reports suggest that overall EU inventories of American hardwoods are relatively low as importers have focused more heavily on inventory control and adopted a

just-in-time approach to purchasing. This factor may also encourage an increase in orders following the summer vacation period, although most expect the European market to remain competitive on price.

## U.S. imports

### Sharp fall in 2001

In 1999 and 2000 there was a significant increase in market penetration by overseas shippers of hardwood into the U.S. due to the buoyancy of the U.S. economy and strength of the dollar. However imports of hardwood lumber, plywood and veneers fell away sharply in 2001. This reflected the dip in the U.S. economy and problems of supply. The United States relies heavily on Latin America for supplies of tropical hardwood lumber, most notably mahogany. Increased supply problems and falling demand led to a significant fall in the volume of U.S. imports from Brazil and Peru last year. However the value of imports rose from both sources, an indication of the scale of the mahogany price increases last year. The importance of Bolivia as a supplier to the U.S. market has fallen dramatically over recent years due to the nation's tightening forest legislation and its efforts to move exclusively to certified supplies. Supply problems contributed to a big fall in Indonesian plywood imports by the U.S. last year. Despite competitive market conditions, Russia and China managed to increase sales of hardwood plywood in the U.S. during 2001.

	Value (US\$ million)		% chng
	2000	2001	

### U.S. plywood imports

INDONESIA	231.9	193.1	-17
CANADA	174.7	173.0	-1
RUSSIA	86.0	100.3	17
MALAYSIA	106.9	92.7	-13
BRAZIL	79.4	73.0	-8
CHINA	29.5	43.9	49
FINLAND	13.3	12.0	-10
TAIWAN	11.3	10.6	-6
ECUADOR	13.9	10.2	-27
GUYANA	10.5	9.4	-11
ITALY	4.4	6.0	37
GHANA	3.5	4.2	18
GERMANY	3.6	3.9	7
POLAND	2.0	3.0	47
ESTONIA	2.1	2.7	32
OTHER	25.2	21.5	-15
<b>TOTAL</b>	<b>798.0</b>	<b>759.4</b>	<b>-5</b>

### U.S. veneer imports

CANADA	207.6	180.7	-13
BRAZIL	19.3	16.7	-14
GHANA	12.8	15.6	22
GERMANY	14.2	14.6	3
ITALY	31.1	14.5	-54
MEXICO	6.5	8.4	29
CHINA	4.7	5.6	19
FRANCE	5.5	4.7	-15
CHILE	4.6	4.5	-1
SPAIN	3.9	3.6	-8
GABON	4.5	3.3	-27
JAPAN	4.7	2.6	-44
SWITZERLAND	1.8	2.5	39
IVORY COAST	4.2	2.4	-44
UNITED KINGDOM	2.8	2.3	-18
PERU	2.5	2.1	-15
MALAYSIA	1.5	1.5	-1
OTHER	13.2	12.0	-9
<b>TOTAL</b>	<b>345.4</b>	<b>297.7</b>	<b>-14</b>

## U.S. hardwood lumber imports

	Volume (000 m3)			Value (US\$ million)		
	2000	2001	% Chng	2000	2001	% Chng
CANADA	1,205.8	1,008.4	-16	256.8	223.5	-13
BRAZIL	162.7	141.8	-13	71.1	85.2	20
PERU	46.5	42.7	-8	36.4	39.5	9
MALAYSIA	57.5	36.2	-37	32.0	22.1	-31
INDONESIA	28.7	24.8	-14	11.4	9.1	-20
IVORY COAST	19.7	17.1	-13	7.9	6.6	-16
CHILE	13.0	15.8	22	8.0	6.3	-22
GHANA	13.0	14.8	14	8.1	8.3	2
CAMEROON	17.5	11.5	-34	8.9	6.3	-29
BOLIVIA	31.4	10.8	-66	11.0	7.7	-30
ECUADOR	14.2	10.7	-25	4.7	3.2	-32
LITHUANIA	0.4	8.6	2112	0.1	2.4	1531
GERMANY	6.3	8.6	36	1.8	1.7	-3
NICARAGUA	1.1	7.0	548	0.8	4.2	411
LATVIA	2.5	6.1	149	0.4	2.0	433
NIGERIA	0.7	4.5	519	0.5	0.2	-54
UNITED KINGDOM	6.9	4.0	-42	1.0	1.0	1
PHILIPPINES	4.2	3.8	-9	2.8	2.5	-13
GUYANA	4.9	3.6	-27	0.7	0.8	10
GUATEMALA	3.2	3.5	10	1.6	2.5	51
MYANMAR	3.2	2.6	-20	5.9	4.8	-19
OTHER	38.9	37.9	-3	21.0	22.0	5
<b>TOTAL</b>	<b>1,682.2</b>	<b>1,424.8</b>	<b>-15</b>	<b>493.0</b>	<b>461.8</b>	<b>-6</b>

# Europe

## German hardwood

### Looking very grim

Sales by German hardwood sawmills have been well down this year, with some mills reporting a decline of up to 30% compared to 2001. Domestic demand has been even weaker this year than in 2001 - also regarded a poor year. Export sales to some markets have stabilised but at lower prices and volumes than in previous years.

Production has been significantly reduced and many mills are working short hours. Further insolvencies in the sector are expected later in the year. The weak market conditions have been particularly pronounced for beech, which has led many mills to concentrate on production of other species. However this is only serving to increase the pressure on prices for other hardwood products.

### Chinese demand still down

Demand for German beech sawn lumber in China is subdued and is not now expected to improve in the short or medium term. There has been intense price pressure on beech lumber sales in China and the trade continues to be troubled by numerous claims. The trade is concerned that these problems will continue for the remainder of the year, particularly as German sawmills will be relying heavily in the autumn on stocks of beech stored in irrigated yards which will tend to reduce quality.

The Chinese market is also shifting towards imports of beech logs for conversion in China. According to the German sawmilling association VDS, between 1999 and 2000, German log exports to China almost doubled to 314,500 m<sup>3</sup>. In 2001, Germany exported 332,000 m<sup>3</sup> of beech logs to China,

mainly in sawing qualities. The rising trend has continued into this year. Between January and March 2002, German shipments of beech logs to China reached 106,000 m<sup>3</sup> compared to only 77,000 m<sup>3</sup> during the first 3 months of 2001. As a result, German sawmills are increasingly having to compete with domestic Chinese lumber mills.

### Crises meeting

At a crises meeting in July to discuss the problems in the German hardwood milling sector, VDS called on their members to voluntarily restrict their sales of logs to China and to avoid early invitations to tender for Chinese business next season.

The German hardwood sawmilling sector is also facing major problems closer to home. Demand for German hardwoods in many EU markets is tending to decline as manufacturers have shifted operations to Eastern Europe. There is also growing direct competition for sales of sawn lumber and semi-finished hardwood components from Eastern European sawmills.

There are only a few bright spots in a generally gloomy picture. The Spanish market for German hardwoods has been more buoyant than most, although there is still a lot of pressure on prices. Enquiries from Italy increased before the summer, but only a few contracts were signed.

### Stormy weather

Severe thunderstorms on 10 July caused damage to forest stands in north eastern Germany, mainly the states of Brandenburg and Mecklenburg-Western Pomerania. Early reports suggest the storms damaged hardwood stands with a total volume of around 30,000 m<sup>3</sup>. Around 90,000 m<sup>3</sup> of softwood stands were affected.

## Financial pressures on French mills intensify

The financial pressures on French hardwood sawmills are intensifying. Stocks of hardwood, particularly lower grade beech sawn lumber, are still very high. European and export demand for beech is very slow. Although demand for French oak was reasonable in the run-up to the summer vacation, stocks have built up as many mills have increased oak production in response to the problems in the beech market. Financial problems in the sector have intensified during the slow summer vacation period. Mills are also having difficulty paying off loans taken out to fund the stocking and protection of timber felled during the December 1999 storms. Widespread

insolvencies are expected in the sector later in the year.

The situation is so bad that the French sawmillers association, Federation National du Bois, held an extraordinary meeting in July to discuss the issue. Measures discussed included co-operative work with German trade associations to find solutions, particularly in support of voluntary restrictions on the sale of beech logs to China. It was recognised that there were many obstacles to seeking a formal EU wide ban on beech log exports, but it was agreed that efforts should be made to inform the EU authorities of their plight and to encourage their support.

## Yugoslavia

### Log harvests down 20%

The problems in the market for European hardwood are evident in the Yugoslavian sawmilling sector. Log harvesting by the state forest company is down around 20% this year, due partly to restructuring and slow market demand. Yugoslavian hardwood log and lumber sales were down last year and this trend has continued into 2002. According to the German trade journal EUWID, Yugoslavian hardwood lumber sales during the first 6 months of 2002 reached 81,332 m<sup>3</sup>, down 12% on the same period in 2001. 75% of exports comprised sawn beech, and major buying countries were Italy, Greece and Egypt.

### Falling prices squeeze margins

During the course of 2001, prices for Yugoslavian sawn hardwood dropped to such an extent that mills have been struggling to make a profit. Structural problems have also contributed to declining output in the sawmilling sector. Privatisation has been progressing only slowly, while public sector mills which still account for around 50% of capacity have faced serious cash flow problems.

However there have been some positive market developments. Prices for Yugoslavian beech in Italy, the leading market, have recovered slightly this year, while demand in Greece has been reasonable.

In an effort to reduce reliance on volatile markets for rough sawn lumber, efforts are being focused on increasing Yugoslavian production of semi-finished products. There has been particularly strong growth in glulam production, much destined for the German market.

## Russian export tax regime

The Russian customs authority introduced a new regime for hardwood log exports in April 2002. All wood products within commodity codes 4402-4421 will be liable to an export tax of 10% of their customs value, with a minimum of 5 euro/m<sup>3</sup>. This includes all logs, lumber, veneers, panel products, and wooden builders' carpentry and joinery products. Special rates apply to certain products. Oak logs, beech logs, and ash logs will be subject to a 20% tax and a minimum of 24 euro/m<sup>3</sup>. Birch logs will be exempt from the tariff. Sawn oak and beech are subject to a 10% rate with a minimum of 12 euro/m<sup>3</sup>. Ash logs are subject to a 5% rate with a minimum of 6 euro/m<sup>3</sup>. All planed hardwood products will be subject to a tax rate of 6% and a minimum of 6 euro/m<sup>3</sup>.

# EU imports - 2001

	Jan-Dec 2001		Oct-Dec 2001		
	Value	% chg	Value	% change	
	000s	2000/2001	000s	Qtr 4	Qtr 3
	euro 2001		euro 2000		
<b>Tropical Logs</b>					
GABON	199274	5.0	52505	14.0	42.5
CAMEROON	99165	-28.8	17358	-23.2	-17.6
LIBERIA	69126	1.7	11363	27.7	-37.4
CONGO REPUBLIC	58417	9.1	16276	15.1	14.5
EQUAT. GUINEA	20788	-27.0	6735	11.7	97.7
CENT. AFR. REP.	29353	42.6	5473	11.1	-33.1
CONGO DEM. REP.	13654	-24.5	3459	-27.7	33.6
OTHER	37332	-14.2	7245	-27.0	-8.4
<b>TOTAL</b>	<b>527109</b>	<b>-6.1</b>	<b>120414</b>	<b>2.6</b>	<b>7.2</b>
<b>Beech Logs</b>					
SWITZERLAND	17090	-34.6	3206	-16.2	167.4
SLOVAKIA	18785	6.2	5391	2.3	44.6
CZECH REPUBLIC	5437	-11.0	1538	-9.6	97.4
ROMANIA	2518	-55.5	296	-75.7	94.7
CROATIA	5247	-5.5	1447	-20.4	669.7
HUNGARY	4716	0.1	1131	0.3	158.2
POLAND	2388	-38.9	303	-72.9	52.3
OTHER	11860	5.2	2884	0.4	86.7
<b>TOTAL</b>	<b>64248</b>	<b>-16.8</b>	<b>15524</b>	<b>-16.1</b>	<b>104.0</b>
<b>Oak Logs</b>					
U.S.A.	16124	-6.0	2984	-15.5	25.2
HUNGARY	9576	0.6	2673	6.7	269.7
UKRAINE	6587	48.7	1548	61.6	223.8
ROMANIA	2458	-34.4	876	-28.0	2476.5
SLOVAKIA	1658	-4.7	384	-31.9	18.5
CROATIA	3729	159.3	1095	498.4	2280.4
POLAND	1300	23.5	329	7.2	128.5
OTHER	5118	na	1087	na	na
<b>TOTAL</b>	<b>46550</b>	<b>8.0</b>	<b>10976</b>	<b>8.8</b>	<b>108.6</b>
<b>Other Hardwood Logs</b>					
RUSSIA	236288	7.5	45453	-13.2	-34.6
U.S.A.	123815	-8.3	23337	-21.0	88.2
LATVIA	69883	-19.2	14323	-35.5	-7.9
ESTONIA	54284	-7.7	12982	6.0	4.3
HUNGARY	27362	-1.2	6934	-0.6	56.6
CROATIA	22232	21.7	6784	15.1	110.1
LITHUANIA	14291	0.8	3387	-3.3	17.3
OTHER	55721	-16.4	11137	-35.1	50.9
<b>TOTAL</b>	<b>603876</b>	<b>-3.7</b>	<b>124337</b>	<b>-17.1</b>	<b>-2.7</b>
<b>Tropical Sawn Lumber</b>					
MALAYSIA	278702	-29.9	68208	-22.1	8.0
CAMEROON	308915	3.3	71881	-1.6	-1.9
BRAZIL	241814	13.7	62787	1.7	39.9
IVORY COAST	179024	3.5	40863	-2.9	5.3
GHANA	78093	-6.9	19563	-1.1	-2.5
INDONESIA	37688	-47.7	7872	-50.5	-18.5
NIGERIA	13667	-43.9	2153	-59.6	-23.5
CONGO REPUBLIC	19940	9.0	5620	46.5	1.2
BURMA	21781	31.0	6063	23.5	11.5
SINGAPORE	9291	-29.4	2133	-9.0	-12.0
OTHER	104451	10.0	29223	36.3	17.1
<b>TOTAL</b>	<b>1293366</b>	<b>-8.0</b>	<b>316366</b>	<b>-6.4</b>	<b>8.7</b>
<b>Beech Sawn Lumber</b>					
BOSN. & HERZ.	42632	-23.2	10238	-23.9	34.4
CROATIA	32907	-22.7	7279	-16.0	39.3
POLAND	22220	-30.6	3814	-44.5	10.3
SLOVENIA	21414	-23.0	5321	-9.9	36.2
ROMANIA	14530	-38.6	3195	-30.3	-0.6
SLOVAKIA	20068	6.1	5072	2.1	43.0
SERB. & MONT.	14813	-17.1	4014	5.1	35.0
HUNGARY	6896	-36.7	1120	-39.1	4.4
SWITZERLAND	6864	-31.0	1652	-33.3	70.5
UKRAINE	8081	8.8	1700	-20.9	24.5
OTHER	22339	-17.9	5360	-23.1	10.6
<b>TOTAL</b>	<b>212764</b>	<b>-22.3</b>	<b>48765</b>	<b>-19.9</b>	<b>27.7</b>
<b>Oak Sawn Lumber</b>					
U.S.A.	292747	-9.9	65897	-14.0	5.9
CROATIA	39508	4.5	9204	-12.3	48.9
CANADA	31718	-8.1	7662	-4.5	4.6
UKRAINE	25741	35.5	7239	24.8	20.1
HUNGARY	20495	8.4	4957	-5.2	24.0
POLAND	16666	-11.6	4328	-19.0	36.9
ROMANIA	17383	96.0	4657	68.5	6.4
LITHUANIA	9902	12.6	2136	-16.5	-2.9
CZECH REPUBLIC	6247	-17.2	1168	-33.3	-19.9
OTHER	37040	13.6	9807	2.6	11.1
<b>TOTAL</b>	<b>497447</b>	<b>-2.8</b>	<b>117055</b>	<b>-8.8</b>	<b>10.7</b>
<b>Other Hardwood Sawn</b>					
U.S.A.	245009	-16.6	51718	-22.8	1.4
CANADA	113201	-10.1	25534	-15.5	11.1
LATVIA	44661	-4.3	8707	-9.8	-12.2
HUNGARY	33827	-5.3	7693	-13.6	7.5
CROATIA	21510	0.6	4860	-10.7	25.0
LITHUANIA	26525	25.7	6631	10.2	-0.3
RUSSIA	20843	2.4	3817	-14.1	-30.0
ESTONIA	18019	-8.6	4440	8.0	17.9
POLAND	15316	-21.4	3138	-28.5	21.7
ROMANIA	16347	11.4	4287	3.9	4.3
OTHER	76440	9.3	16471	-7.3	-14.9
<b>TOTAL</b>	<b>631698</b>	<b>-8.3</b>	<b>137296</b>	<b>-15.3</b>	<b>0.3</b>
<b>Tropical Veneers</b>					
IVORY COAST	59028	11.0	13605	4.3	-10.9
GHANA	41556	6.7	10151	2.7	0.0
CAMEROON	23303	0.6	5615	51.1	11.9
GABON	31631	72.9	8941	38.1	9.3
BRAZIL	11580	-7.3	2316	-25.7	-2.3
THAILAND	10177	6.0	2452	27.5	19.5
OTHER	35031	12.1	8422	3.6	-5.4
<b>TOTAL</b>	<b>212306</b>	<b>13.6</b>	<b>51502</b>	<b>11.3</b>	<b>-0.9</b>

# Europe

## EU imports - cont. from page 1

	Jan-Dec 2001		Oct-Dec 2001		
	Value	% chg	Value	% change	
	000s	2000/2001	000s	Qtr 4	Qtr 3
	euro 2001		euro 2000		
<b>Other Hardwood Veneers</b>					
U.S.A.	199445	-16.1	39155	-35.2	-2.3
SWITZERLAND	22921	-26.6	3928	-29.4	-30.1
CANADA	20618	-23.2	4926	-20.8	49.1
CROATIA	23124	6.8	5580	-3.7	52.3
SLOVENIA	25189	17.7	5373	-11.0	-8.3
HUNGARY	17554	-9.4	4432	4.4	14.2
OTHER	85250	11.7	21713	4.2	10.7
<b>TOTAL</b>	<b>394101</b>	<b>-9.3</b>	<b>85107</b>	<b>-22.0</b>	<b>3.8</b>
<b>Softwood Veneers</b>					
U.S.A.	29448	-8.3	5231	-29.9	-14.5
SWITZERLAND	1787	-59.1	449	20.1	99.6
SOUTH AFRICA	5210	21.9	1327	5.9	41.9
INDONESIA	5137	29.8	1688	318.9	46.7
CHILE	3835	26.0	968	19.1	-14.0
OTHER	13924	-7.8	4072	12.8	20.0
<b>TOTAL</b>	<b>59341</b>	<b>-5.6</b>	<b>13735</b>	<b>-1.3</b>	<b>6.0</b>
<b>Tropical Plywood</b>					
INDONESIA	294545	-2.9	68512	8.8	-10.9
BRAZIL	99679	30.1	22792	13.1	5.3
MALAYSIA	49343	-7.3	15901	24.8	33.0
UNKNOWN (non EU)	21580	-15.9	5787	-31.4	27.5
GABON	12386	7.8	2792	21.2	-22.8
IVORY COAST	12435	26.6	3014	26.7	-8.9
OTHER	54781	5.1	13162	10.1	-16.5
<b>TOTAL</b>	<b>544749</b>	<b>2.3</b>	<b>131960</b>	<b>9.1</b>	<b>-4.2</b>
<b>Other Hardwood Plywood</b>					
RUSSIA	91192	-4.2	20772	-6.4	-0.6
LATVIA	48988	17.2	10374	-19.6	-11.9
CZECH REPUBLIC	16539	-18.7	3123	-39.2	0.2
POLAND	19264	29.5	4914	23.8	2.9
BELARUS	12244	29.3	3390	67.1	7.5
SLOVAKIA	9278	3.6	2243	7.6	27.3
OTHER	73996	25.7	18608	22.0	1.3
<b>TOTAL</b>	<b>271501</b>	<b>8.8</b>	<b>63424</b>	<b>-0.2</b>	<b>-0.7</b>
<b>Softwood Plywood</b>					
BRAZIL	191209	-6.8	30999	3.3	-10.4
RUSSIA	49307	-1.8	4860	-24.8	-48.0
CANADA	21354	-38.0	3230	59.0	-17.1
U.S.A.	15285	-47.6	995	-35.9	-31.0
POLAND	16386	-24.5	3716	-23.8	5.1
LATVIA	17662	0.2	3346	-27.9	-19.6
OTHER	101066	11.8	22791	48.0	-8.1
<b>TOTAL</b>	<b>412269</b>	<b>-8.1</b>	<b>69937</b>	<b>7.6</b>	<b>-14.5</b>
<b>Sleepers</b>					
IVORY COAST	2854	-1.1	231	-63.2	-81.1
CAMEROON	2055	-18.6	500	54.8	6.4
AUSTRALIA	2686	40.6	741	28.4	-8.2
OTHER	7966	na	2202	na	na
<b>TOTAL</b>	<b>15561</b>	<b>20.0</b>	<b>3674</b>	<b>16.5</b>	<b>-23.5</b>
<b>Profiled Wood - Softwood</b>					
CZECH REPUBLIC	13037	4.8	3426	14.2	8.1
POLAND	3861	-16.6	702	1.6	-25.6
NORWAY	2145	-49.4	369	-60.3	-28.6
OTHER	29639	3.7	6993	-6.6	-3.3
<b>TOTAL</b>	<b>48682</b>	<b>-2.4</b>	<b>11490</b>	<b>-5.1</b>	<b>-3.2</b>
<b>Profiled Wood - Hardwood</b>					
INDONESIA	120544	-17.3	19947	-48.9	-35.2
MALAYSIA	48520	18.9	10554	0.0	-15.7
CANADA	28128	-20.9	6778	-36.7	-1.3
POLAND	34785	11.5	8382	-32.9	9.7
OTHER	552047	10.2	134747	-12.9	-1.1
<b>TOTAL</b>	<b>784024</b>	<b>3.9</b>	<b>180408</b>	<b>-20.7</b>	<b>-7.1</b>
<b>Wood windows and frames</b>					
POLAND	40221	-5.7	10712	9.2	-8.8
NORWAY	25246	-1.8	6743	-5.1	10.8
SLOVENIA	19507	-12.4	5387	-11.1	-8.1
SWITZERLAND	19506	54.2	4080	49.3	-9.0
OTHER	44233	-3.8	12612	11.4	9.6
<b>TOTAL</b>	<b>148713</b>	<b>-0.4</b>	<b>39534</b>	<b>6.8</b>	<b>-1.8</b>
<b>Wood doors and frames</b>					
INDONESIA	68295	-7.0	16136	-0.4	-7.9
SOUTH AFRICA	48156	8.9	12886	10.8	-3.1
BRAZIL	34524	-11.1	7858	-5.5	-12.9
POLAND	36853	7.5	10205	14.0	26.7
OTHER	161145	-4.0	40283	-6.6	0.9
<b>TOTAL</b>	<b>348773</b>	<b>-2.7</b>	<b>87368</b>	<b>-1.0</b>	<b>-0.5</b>
<b>Parquet Panels</b>					
NORWAY	49767	6.9	14997	17.5	23.9
CHINA	43690	6.8	10839	4.6	-3.8
INDONESIA	35364	-10.0	9553	-1.4	11.1
MALAYSIA	36253	-6.5	8361	-12.1	-12.5
OTHER	171330	7.0	41511	3.0	-2.7
<b>TOTAL</b>	<b>336404</b>	<b>3.3</b>	<b>85261</b>	<b>3.2</b>	<b>1.2</b>
<b>Wooden Furniture</b>					
POLAND	1				

# South America

## Peru

### New forest ordinance

On 12 July, the Peruvian government published an Ordinance (No.035-2002) for the establishment of a transitional timber supply system referred to as "Operación Bosques 2002-2003". The Ordinance was enacted because delays in introducing a new concession system have prevented companies in many areas from accessing the forest during the current harvesting season. The ordinance will remain in force until June 2003 and is applicable only in those provinces where the forest concession process has yet to be applied.

## Brazilian economy

### Major turnaround

After the promising start to the year, the Brazilian economy has suffered a major turnaround. The Financial Times goes so far as to suggest that "Brazil is on the brink of collapse". Since the start of the year, Brazil's currency the *real* has lost almost one half of its value, Brazilian government bond prices have plummeted, and growth has come to a halt. This "sudden stop" is the consequence of several factors, including a lower appetite for risk in international financial markets, contagion from the Argentine economic collapse, and political uncertainty over the outcome of Brazil's October presidential elections. A big problem is that the current IMF support program for Brazil expires at the end of the year, and no one knows what happens after that. None of the front runners in the presidential election have been prepared to endorse a new multi-year IMF programme as they fear that commitment to deep and potentially painful economic reforms will lose votes.

The economic slowdown is likely to create uncertainty in the Brazilian domestic wood

market, which absorbs around 90% of total Brazilian hardwood production. During the second half of this year, more Brazilian hardwood products may be diverted for export, particularly as the weakening *real* should ensure that pricing is more competitive.

## Brazilian mahogany

### Court rules against Greenpeace

In July, a U.K. court ruled against Greenpeace who had been demanding a judicial review of the British Government's decision not to stop shipments of Brazilian mahogany from entering the UK market. The court's decision followed the release of new information from the Brazilian natural resources ministry IBAMA that the particular mahogany shipment under dispute in the U.K. derived from a legitimate source.

However the Brazilian hardwood trade with the U.K. continues to be beset with problems. The UK's Timber Trade Federation reports that two consignments of Brazilian cedar bound for Liverpool via Flushing in the Netherlands were recently held up by the Dutch authorities in a document dispute. Although the agency responsible for the shipment produced all relevant shipping documents and CITES certificates of origin, the Dutch authorities were not satisfied that they complied with the necessary regulations and challenged the authenticity of the documents produced.

IBAMA then intervened, confirming the legitimacy of the documentation, but the Dutch authorities continued to reject them. The Dutch authorities were finally persuaded to release the shipment only after the intervention of the UK's Timber Trade Federation and their solicitors. The TTF report suggests that the Dutch CITES management authority were distinctly unhelpful throughout the process.

## Brazilian forestry

### New chain of custody procedure

According to a report in the ATIBT newsletter, the Brazilian natural resource ministry IBAMA has been developing its existing AFTP system for tracing and monitoring the chain of custody of wood products. AFTP refers to the "Authorisation for the Transfer of Forest Products".

The AFTP system requires forestry operators to deposit details of each harvesting project, together with satellite photos and other information, to demonstrate that a full inventory of the site has been undertaken. The project documents must be counter-signed by FUNAI, the Brazilian authorities responsible for indigenous people, to confirm that there are no such people occupying the land and that the area is not protected.

Following authorisation of a project by IBAMA, the site is divided into 10 separate parcels and harvesting authorisation is provided for one area per year. These authorisations also require forestry operators to respect maximum harvesting volumes for specific species. If these rules are breached, no further authorisations will be issued to the forestry operator.

IBAMA issues a single AFTP certificate for each authorised parcel, which records details of harvest volumes allowed for each individual species. No forest products can be transported in the absence of this certificate.

When certified logs arrive at the mill, a new AFTP certificate for sawn lumber is issued. This authorises production and onward transport of a specified volume of sawn lumber calculated on the basis

*Continued page 15*

## Brazil exports

### Rollercoaster ride

Hardwood sawn lumber exports from the Brazilian Amazon have had a rollercoaster ride over the last 5 years. They plummeted in 1998 in the wake of the Asian financial crises and then bounced back in 1999 and 2000 as export markets improved. But poor international economic conditions, notably in the United States, led to another fall in exports during 2001.

Brazilian exports of timber products from outside tropical regions have followed a different trajectory. They rose strongly between 1997 and 2000 before levelling out in

States	1997	1998	1999	2000	2001
Acre	0	0	0	0	0
Amapa	27	38	26	22	18
Amazonas	38	26	23	19	18
Maranhao	2	2	2	2	2
Mato Grosso	37	29	58	78	34
Para	331	255	278	309	286
Rondonia	29	29	43	55	52
Roraima	1	1	1	1	1
Tocantins	0	0	0	0	0
<b>Total Amazonia</b>	<b>465</b>	<b>381</b>	<b>431</b>	<b>486</b>	<b>411</b>
Other States	752	746	960	992	988
<b>Total Brazil</b>	<b>1218</b>	<b>1127</b>	<b>1391</b>	<b>1478</b>	<b>1399</b>

2001. The export growth is mainly from Parana and Santa Catarina states and com-

prises mostly softwood and derivatives from plantations, notably elliotti pine plywood.

# South America

## Brazilian forestry - cont.

of the average yeild of the species. Sawmillers are not allowed under any circumstances to supply more than the volume specified by their ATFPs.

IBAMA then issue ATFP's to those exporting companies or other buyers that subsequently purchase lumber from the

sawmills. Again, these ATFP specify the species and volume covered by each sale. Each month, purchasing organisations must return their records to IBAMA, including all ATFP's in their possession and copies of all invoices and receipts. Using this system, IBAMA reckon they can trace all legally harvested wood products from forest to point of export.

# Exchange rates

		One GB pound (£)			One US Dollar (\$)			One Euro		
		26-Apr	28-Jun	2-Aug	26-Apr	28-Jun	2-Aug	26-Apr	28-Jun	2-Aug
Argentina	Peso	4.647	5.8989	5.6973	3.195	3.87	3.63	2.8712	3.8221	3.579
Australia	Aus. \$	2.6761	2.7153	2.92	1.8399	1.7814	1.8605	1.6535	1.7593	1.8328
Bangladesh	Taka	83.2673	87.5683	90.1678	57.25	57.45	57.45	51.4478	56.7377	56.5941
Belize	B\$	2.8653	3.0028	3.0919	1.97	1.97	1.97	1.7703	1.9456	1.9406
Bolivia	Boliviano	10.2692	10.9289	11.3624	7.0605	7.17	7.2395	6.3449	7.0811	7.1317
Botswana	Pula	9.4079	9.41.77	9.6644	6.4683	6.1786	6.1576	5.8128	6.102	6.0659
Brazil	Real	3.4325	4.3449	4.7085	2.36	2.8505	3	2.1208	2.8152	2.9554
Canada	Canadian \$	2.2724	2.3183	2.4957	1.5624	1.5209	1.5901	1.404	1.502	1.5664
Chile	Peso	948.083	1049.830	1094.180	651.850	688.750	697.150	585.785	680.210	686.763
China	Yuan	12.039	12.6164	12.9905	8.2773	8.2771	8.2768	7.4384	8.1745	8.1535
Czech Republic	Koruna	49.0239	45.0824	48.5341	33.7061	29.5768	30.9233	30.29	29.21	30.4625
Denmark	Danish Krone	11.4653	11.8367		1.1128	7.5219	7.5417		7.4287	7.4294
Estonia	Kroon	25.3197	24.155	24.9289	17.4084	15.8471	15.8833	15.6441	15.6506	15.6467
Euro-zone (1)	Euro	1.6185	1.5434	1.5933	1.1128	1.0126	1.0151	1	1	1
Fr. Africa (2)	CFA Fr.	1061.66	1012.40	1045.10	729.94	664.20	665.88	655.96	655.96	655.96
Ghana	Cedi	11555.60	12075.90	12687.10	7945.00	7922.50	8083.50	7139.80	7824.28	7963.08
Guyana	Guyanese \$	262.528	275.127	283.295	180.500	180.500	180.500	162.206	178.262	177.811
Hong Kong	HK\$	11.3439	11.8891	12.2421	7.7995	7.8	7.8	7.009	7.7032	7.6837
India	Rupee	71.1808	74.4749	76.3248	48.94	48.86	48.63	43.98	48.2542	47.9054
Indonesia	Rupiah	13533.7	13280.8	14243.2	9305.0	8713.0	9075.0	8361.9	8605.0	8939.8
Japan	Yen	186.199	182.697	187.273	128.02	119.86	119.32	115.045	118.374	117.542
Kenya	K. Shilling	113.884	120.042	123.206	78.3	78.755	78.5	70.3644	77.7785	77.3304
Korea South	Won	1887.37	1833.67	1858.92	1297.65	1203.00	1184.40	1166.33	1188.08	1166.75
Liberia	Liberian \$	1.4545	1.5243	1.5695	1	1	1	0.8987	0.9876	0.9851
Malaysia	Ringgit	5.5269	5.7922	5.9641	3.8	3.8	3.8	3.4149	3.7529	3.7434
Myanmar	Kyat	9.7822	9.9293	10.0365	6.7257	6.5142	6.3947	6.0973	6.4334	6.2994
New Zealand	NZ\$	3.2346	3.1383	3.3943	2.224	2.0589	2.1626	1.9986	2.0334	2.1304
Nigeria	Naira	169.371	182.682	207.723	116.450	119.850	132.350	104.648	118.364	130.378
Papua NG	Kina	5.3981	6.0622	6.2174	3.7114	3.9772	3.9614	3.3353	3.9279	3.9024
Philippines	Peso	73.9661	76.7079	80.5076	50.855	50.325	51.295	45.7009	49.701	50.5308
Poland	Zloty	5.8113	6.1844	6.5833	3.9956	4.0574	4.1945	3.5906	4.007	4.132
Romania	Leu	48542.3	50997.6	51707.2	33375.0	33457.5	32945.0	29992.4	33042.6	32454.1
Russia	Rouble	45.3716	48.0444	49.5683	31.195	31.52	31.5823	28.0334	31.1292	31.1117
Singapore	Singapore \$	2.623	2.693	2.7514	1.8035	1.7668	1.753	1.6207	1.7448	1.7269
Solomon Is.	Slm. Is. \$	9.3354	10.8257	11.6173	6.4185	7.1023	7.4019	5.7496	7.0142	7.2862
South Africa	Rand	15.588	15.715	16.0619	10.7175	10.31	10.2338	9.6313	10.1822	10.0813
Sweden	Krona	14.9136	14.0086	15.0322	10.2537	9.1905	9.5777	9.2145	9.0765	9.435
Taiwan	\$	50.5625	50.9252	52.9079	34.764	33.41	33.71	31.2407	32.9958	33.2077
Tanzania	Shilling	1406.45	1431.27	1503.58	967.00	939.00	958.00	869.00	927.36	943.73
Thailand	Baht	62.8614	63.3021	66.1073	43.22	41.53	42.12	38.8397	41.0151	41.4924
Uganda	New Shilling	2614.37	2736.79	2832.95	1797.50	1795.50	1805.00	1615.32	1773.24	1778.11
United Kingdom	£	1.0000	1.0000	1.0000	0.6875	0.6561	0.6371	0.6179	0.6480	0.6277
U.S.A	US \$	1.4545	1.5243	1.5695	1	1	1	0.8987	0.9876	0.9851
Venezuela	Bolivar	1222.470	2050.890	2111.760	840.505	1345.510	1345.500	755.320	1328.830	1325.450
Vietnam	Dong	22140.4	23279.1	24049.4	15222.5	15272.5	15323.0	13679.7	15083.1	15094.7
Zimbabwe	\$	80.6494	84.5198	87.0288	55.45	55.45	55.45	49.8303	54.7625	54.6239

(1) Belgium, Finland, France, Germany, Greece, Irish Republic, Italy, Luxembourg, Netherlands, Portugal, Spain. (2) Cameroon, CAR, Congo, Gabon & Cote d'Ivoire

# Association: CINTRAFOR

The Center for International Trade in Forest Products, CINTRAFOR, is one of three applied research centres within University of Washington's College of Forest Resources. CINTRAFOR aims to help U.S. forest products exports by:

1. Collecting and distributing information on changing foreign markets.
2. Applying research findings to management problems that impede exports of specific products.
3. Training forest product professionals.

CINTRAFOR promotes many collaborative projects with companies and governments and participates in the Consortium for Research on Renewable Industrial Materials, a group of researchers dedicated to understanding environmental performance through life cycle analysis.

The Center's research is distributed through publications, seminars and conferences. CINTRAFOR sponsors two conferences of its own, The International Forest Products Marketing Conference and The International Conference on Housing and Building Materials Exports. This year's IFPM Conference will take place on September 26th and 27th at the Mountaineers in Seattle.

Website: [www.cintrafor.org](http://www.cintrafor.org)

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# Hardwood Events

Date	Event	Venue	Target audience	Contact
<b>2002</b>				
22-25 Aug	International Woodworking, Mach. & Supply Fair	Atlanta, Georgia	Woodworking, timber trade and industry	<a href="http://www.iwf2002.com">www.iwf2002.com</a> <a href="mailto:info@iwfallanta.com">info@iwfallanta.com</a>
26 Aug-4 Sept	World Summit on Sustainable Development (Rio +10)	Johannesburg South Africa	Government, ENGOS Trade Associations	Summit Secretariat: <a href="mailto:dsd@un.org">dsd@un.org</a> <a href="http://www.johannesburgsummit.org">www.johannesburgsummit.org</a>
24-25 Sept	Malaysian Timber Marketing Convention	Kuala Lumpur, Malaysia	Timber trade and industry	<a href="mailto:mtmc@mtc.com.my">mtmc@mtc.com.my</a> <a href="http://www.mtc.com.my">www.mtc.com.my</a>
24-25 Oct	AHEC European Convention	Lisbon, Portugal	Timber trade	<a href="http://www.ahec-europe.org">www.ahec-europe.org</a>
4-9 Nov	33rd Session of the International Tropical Timber Council	Yokohama, Japan	Government, trade	<a href="mailto:CollinsAhadome, ITTO, itto@itto.or.jp">CollinsAhadome, ITTO, itto@itto.or.jp</a>
20-22 Nov	1st Int. Congress of the Solid Wood Products Industry	Belem, Para, Brazil	Timber trade and industry	<a href="mailto:wrsop@wrsaopaulo.com.br">wrsop@wrsaopaulo.com.br</a> <a href="http://www.wrsaopaula.com.br">www.wrsaopaula.com.br</a>
<b>2003</b>				
11-15 Mar	Properties and Utilisation of Tropical Woods	FRIM, Kuala Lumpur, Malaysia	Wood technology, trade	Forest Research Institute, Malaysia <a href="mailto:ganks@frim.gov.my">ganks@frim.gov.my</a>
26-28 Mar	World of Wood 2003	New Orleans, USA	Timber trade	<a href="http://www.iwpa.org/convention.html">www.iwpa.org/convention.html</a> T: +1 703 820 6696, F: +1 703 820 8550

### **EU hardwood imports decline**

EU imports of most hardwood products declined during 2001 from the high levels recorded the previous year, according to hardwoodmarkets.com's analysis of EU-wide data. This reflects the slowdown in underlying economic conditions in Europe during 2001. After a temporary recovery in 2000, the long term decline in EU imports of primary products from the tropics resumed last year. **Pages 1 and 13**

### **Cameroon log exports down 75%**

The ban on exports of commercially valuable redwood species from Cameroon led to a 75% reduction in log exports between 1999 and 2001. This trend has had a profound influence on international hardwood log markets, reducing the availability of supply to all the major buying countries. The ban has played a significant role in ensuring stable to firm international tropical log prices even during a period of relatively low world demand for hardwoods. **Pages 2 and 3**

### **Congo (Brazzaville) recovers**

Wood production and exports from Congo (Brazzaville) are returning to normal after the disruption caused by the civil war between 1997 and 1999 which devastated forest operations in the south of the country. Production recovered to reach around 700,000 m<sup>3</sup> in 2001 while exports rose to 396,000 m<sup>3</sup>, 35% up on the previous year. **Page 3**

### **Gabon dominant log exporter**

2001 export data indicates that Gabon is now by far the leading supplier of African tropical hardwood logs to the international market. Overall log export volumes during 2001 were well in excess of 2 million m<sup>3</sup>, which compares to around 600,000 m<sup>3</sup> from Liberia, 400,000 m<sup>3</sup> from Congo (Brazzaville), and 250,000 m<sup>3</sup> from Cameroon. **Page 6**

### **Difficult year for Malaysia**

The year 2001 proved to be a very difficult one for Malaysia's wood exporters judging from end-of-year data published by the Malaysian Timber Industry Board. Exports

of logs, sawn lumber and plywood fell dramatically while plywood exports remained static at historically low levels. **Page 5**

### **Tropical trade declines**

hardwoodmarkets.com review of the international tropical hardwood trade during 2001 suggests that there was a significant decline in the overall level of production and international trade in tropical hardwoods last year. It also confirms anecdotal reports that the switch from log exports to exports of value-added products is proceeding rapidly. **Pages 6, 7 and 8**

### **Plywood prices rise sharply**

The international hardwood plywood sector is in a period of transition. It appears to be moving out of the high volume-low price rut it entered in the wake of the Asian crises. Prices for Indonesian plywood have increased sharply in recent weeks, now standing at INDO96 less 13-15%, up from levels of under INDO96 less 30-35% prevailing only a few months ago. **Pages 8,9**

### **North American recovery**

The North American domestic market for hardwood lumber is still competitive, but there is growing confidence that recovery is well underway. Buyers are beginning to place purchases more frequently and for greater quantities. Kiln dried inventories are falling. The shake out from plant closures and consolidation of manufacturing facilities in the U.S. furniture industry seems to have subsided for the time being. **Page 10**

### **U.S. export prospects improving**

Export demand for American hardwoods is still highly competitive and buying has slowed over recent weeks, particularly in Europe, due to the summer vacation period. However U.S. exports began to rally during the second quarter of the year after a very poor first quarter. Prospects for the second half of 2001 seem to be improving, particularly due to the weakening dollar on foreign exchange markets and declining availability of American hardwood lumber. **Page 10,11**

### **European hardwood sales weak**

European hardwood lumber sales have been well down this year, with some German mills reporting a decline of up to 30% compared to 2001. Central European demand has been even weaker this year than in 2001. Export sales to some markets have stabilised but at lower prices and volumes than in previous years. Many Western European mills are now in severe financial difficulty. French and German sawmillers are talking about voluntary bans on the export of beech logs to China as a way of increasing sales of sawn lumber to this market. **Page 12**

### **Yugoslavian difficulties**

The problems in the market for European hardwood are evident in the Yugoslavian sawmilling sector. Log harvesting by the state forest company is down around 20% this year, due partly to restructuring and slow market demand. Yugoslavian hardwood log and lumber sales were down last year and this trend has continued into 2002. **Page 12**

### **Brazilian downturn**

A severe economic slowdown is likely to create uncertainty in the Brazilian domestic wood market, which absorbs around 90% of total Brazilian hardwood production. During the second half of this year, more Brazilian hardwood products (non mahogany) may be diverted for export, particularly as further devaluation of the *real* should ensure competitive pricing. **Page 14**

### **Convoluting certification**

The forest certification debate becomes more convoluted every day. To help clarify the situation, we provide a brief summary of current trends. The 3 major forest certification schemes - PEFC, FSC, and SFI - have certified respectively 43 million hectares, 28 million hectares and 24 million hectares. PEFC is now extending outside its European homeland. FSC is taking various steps to make the scheme more accessible to forest owners. There is also growing interest in alternative, potentially lower cost certification schemes that verify legal compliance rather than full sustainability. **Page 9**