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Prospects never better in China

Prospects for American hardwoods in China have never looked better, according to Mike Snow, Executive Director of the American Hardwood Export Council (AHEC) at the press launch of their 7th South East Asia and Greater China Convention held in Shanghai during June. The figures speak for themselves. Between 1995 and 2001, U.S. hardwood exports to China increased from around US\$10 million to US\$85 million. Annual GDP growth in China has been consistently close to 8% over the last 5 years. Annual per capita wood consumption in China is still low at only 0.2 m³, which compares to the world average of 0.6 m³, and an average of 1.15 m³ for the world's developed countries. Chinese building activity is rising strongly. Annual construction has increased from 0.81 billion m³ of interior space in 1996 to a staggering 1.61 billion m³ in 2000. Furniture production in China increased from \$8.5 billion in 1991 to over \$14 billion in 2000. Contrary to popular belief outside China, the majority of furniture manufactured in the country, around \$10 billion's worth in 2000, is sold into the domestic market. Unlike the rapid emergence of the Taiwanese and Korean furniture sectors in the early 1990s, a trend driven by export markets, the recent growth of the Chinese furniture sector has been driven mainly by the home market. Just as demand for wood is rising in China, the availability of domestic wood supplies, particularly higher value hardwoods, is diminishing due to the implementation of the Chinese authorities' Natural Forest Protection Plan. Log harvests from China's forests declined from over 30 million in 1997 to around 11 million m³ projected in 2003. Timber production from plantations is rising, but the rate of increase will be insufficient to fully compensate for the loss of natural forest production. China's plantations are

also dominated by fast-growing species unsuitable for most decorative applications. The Chinese authorities estimate that by 2010, total consumption of timber in China will amount to 250 million m³, while domestic forests will be able to supply less than 150 million m³.

American suppliers well placed

According to Eric Lacey, AHEC Vice Chairman, the American hardwood resource is well placed to fill part of the shortfall in Chinese supply. Figures from the most recent U.S. forest inventory in 1997 indicate that the volume of hardwoods standing in the nation's forests amounts to nearly 10,000 million m³, nearly double the volume standing in 1952. This increase in hardwood inventory has been sustained despite rising levels of domestic consumption and exports of American hardwoods. Reasons for the increase include improved efficiency in U.S. wood processing, which has allowed more usable wood to be derived from the same volume of raw material. Forest management and fire protection techniques have also improved considerably, while the increased efficiency of U.S. agriculture has allowed large areas previously under farmland to be returned to forest.

American hardwood exporters are becoming increasingly aware of the opportunities presented by the Chinese market, a fact reflected in the large turnout of around 50 representatives of U.S. exporting companies at the Convention. The overall turnout reached over 700, a vivid indication of the level of interest in American hardwoods in China and the surrounding region. The Convention brought together timber traders and interior designers, providing an ideal opportunity for detailed discussions

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Contacts

By email

rjwoliver@email.msn.com

By mail

Rupert Oliver,
hardwoodmarkets.com Ltd,
19 Raikeswood Drive,
Skipton, North Yorkshire
BD23 1NA,
United Kingdom

By telephone and fax

Tel: +44 (0)1756 796992

Fax: +44 (0)1756 796992

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Contact Rupert Oliver at the address given above for details.

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Editorial - Challenging times

2002 has been a year of mixed signals for hardwood consumption in the western world. The dynamics of supply and demand are changing rapidly and the prospects for the future are unclear.

Globalisation trends have changed the direction and structure of the international trade, focusing manufacturing into new processing hubs - such as China, Poland, and Brazil.

In temperate hardwood markets, Eastern Europe has taken an increasingly significant role as supplier mainly at the expense of U.S. hardwoods. But recent changes in the dollar-euro exchange rate may now be shifting the scales back in favour of the Americans.

The tropical hardwood trade is finely balanced between restricted supplies and limited demand. Even a slight increase in buying could put severe pressure on stocks and lead to rapid price rises.

Environmental issues are again the centre of attention in advance of the second "Earth Summit" to be held in Johannesburg in August. Green pressure on governments is increasing and their sensitivity towards the use of all hardwoods, irrespective of source, is being affected.

This comes at a time when designers, architects and consumers are taking a renewed interest in hardwood as a fashionable material. "Never has wood been so popular" declared the editorial of L'echo des Bois in Belgium on 28th June 2002. The sustainability of wood is the subject of positive comment in the press - "All the indicators are that European governments increasingly see the timber sector as a vital element in their strategies for sustainable development" suggested the Editor of TTTJ in the UK on 6th April 2002.

These are challenging times for hardwood traders. But the rewards for those making the right strategic decisions should be considerable.

Africa

African logs and sawn Log availability confined

There is little change in the market for African hardwoods since last month. Log availability throughout the major supplying countries is still confined. Heavy rains in regions north of the equator have added to long term factors of tightening regulations, resource constraints, and infra-structure problems to limit supplies. Low supply is balanced by weak demand. Log and sawn lumber prices were stable during June.

In Cameroon log supplies have been very restricted this year due to strict enforcement of new forestry regulations. Each concessionaire is now allowed to exploit only 2500ha of forest area each year and strict limits are placed on the volume of harvest. Although reasonable supplies of ayous logs are available to Cameroon mills, availability of commercially valuable redwoods including sapele, iroko and mahogany is limited.

Transport problems in Cameroon

Cameroon mills have been turning to log supplies in Central African Republic (CAR) and Congo-Brazzaville despite high transport costs. Problems of transporting logs by rail from these countries has worsened this year as Camrail, the Cameroon's national railway network, has given priority to the movement of components for a 650 mile pipeline

construction project between Chad and Cameroon. This project will take two years to complete so is likely to cause continuing disruption. Over-capacity in Cameroon and log transport problems have encouraged some mill owners to sell up and to contemplate moving to CAR and Congo-Brazzaville.

The prospects for some long term improvement in Cameroon's transport infrastructure were given a boost in June with the announcement that the World Bank is allocating funds totalling 15.6 billion FCFA (US\$ 22 million) to Camrail for projects to modernise and rehabilitate the railway's infrastructure and rolling stock.

Rain and rebellion in Liberia

Log exports from Liberia are being disrupted by heavy rain and by continuing rebel activity in the north west of the country which is preventing exports from Monrovia. Hopes for an early end to the conflict were dashed in June when the Liberian government rejected a call by the West African States Economic Community (ECOWAS) for an immediate ceasefire on the grounds that it would give the rebels time to regroup. However the Liberian government expressed some interest in the idea of intervention by a regional peace-keeping force. Meanwhile the United Nations Security Council voted in June to renew existing economic sanctions against Liberia for another 12 months. However calls

African indicative prices

	Apr	May	Jun
Exchange rates			
US\$/£	1.45	1.46	1.52
Euro/£	1.62	1.57	1.54
All prices include agents commission of 5%			
Logs			
Liberia			
US\$/m3, FOB Liberia			
Grade: B+ & better (good UK sawing quality)			
All diameters 60 cm+			
A. mahogany	185	185	185
Walnut	185	185	185
Iroko	240	240	240
Kusia (Opepe)	120	120	120
Sawn lumber			
Cameroon, CAR, Congo (Braz.)			
Euro/m3; FOB			
Grade and size: FAS, air dried, width 6"+, length 6'+			
Sapele	510	515	520
Sipo	615	620	620
Bibolo	400	400	400
N'Gollon	535	535	535
Iroko	520	520	520
Cote d'Ivoire			
Euro/m3; FOB Abidjan			
Grade: FAS, air dried			
Size: width 6"+ avg 9"-10"; length 6'+ avg 10'-11', thickness 1"-2"			
Iroko	500	510	510
Mahogany	420	420	420
Framire	310	310	310
Samba No.1 C&S	240	240	240
Dimension stock			
Azobe	400/	400/	400/
	460	460	460
Dabema	300/	300/	300/
	390	390	390
Gabon			
Euro/m3; FOB			
Grade and size: FAS, width 6"+, length 6'+			
Okoume AD	320	320	320
Okoume KD	365	365	365

by green groups to extend these sanctions to cover timber were unsuccessful.

In Ghana, the government continues its efforts to reduce log production to sustainable levels of around 1 million m3. However this is proving to be a struggle. Political realities in Ghana dictate that the government cannot afford to see the closure of too many mills, and the loss of too many jobs, despite evidence of huge over-capacity.

Ghana tries to boost log imports

The Ghanaian authorities have reduced import taxes on logs in an effort to encourage mills to buy raw material from overseas. But for many mills the high costs of transport, lack of availability from other sources, and problems of cash flow have meant that importing logs is not an option. A more likely outcome is that some mill owners will ultimately relocate to the Congo basin, notably Gabon.

Ghana's most recent trade data indicates that wood products exports for the first 5 months of 2002 were 195,892m3 valued at \$80.1

million, down 5.4% and 3.6% respectively on the same period the previous year. However the figures suggest that exports picked up slightly during May. Ghana's exports during the month were up 5.6% in volume and up 6.6% in value compared to May 2001.

Log production levels in Gabon are also down this year as SNBG has taken steps to restrict harvests to reflect lower levels of demand and for environmental protection. Inward investment has meant that Gabon is able to offer a wider range of sawn lumber, including moabi and douka/makore, alongside rising volumes of okoume lumber.

Shippers push for higher prices

Problems with log supply have encouraged a more bullish attitude amongst African suppliers, many of which are pushing now for higher FOB prices for logs and lumber, particularly for redwood species such as sapele, sipo and khaya. So far subdued demand has meant that export markets have been unreceptive. There is currently sufficient stock on the ground in Europe to satisfy immediate needs and interest in the

forward market is still limited. Prices in Europe remain stable. This situation is unlikely to change until the second half of August after the vacation period.

Demand very patchy

Despite reports of good underlying activity in the construction and joinery sectors in the U.K., many importers remain shy of the forward market and are tending to rely on purchases of kiln dried stock from larger U.K. and continental importers. Irish demand is steady, although well down on previous years. The French market for okoume logs has been weak this year as French plywood manufacturers have come under intense competitive pressure from Chinese manufacturers of okoume plywood. Demand for African hardwood logs and lumber in the major southern European markets - Italy, Spain, and Portugal - has yet to show any real strength this year. Demand for anigre/longhi logs is slow in both Germany and China. There are now reports of overstocking in anigre/longhi in Germany. However German importers are still in the market for sipo, khaya and ayous.

Gabon wood industry investigates Asian market

Gabon forest industry representatives visited Japan recently to discuss sales and inward investment opportunities

The delegation was from the Societe Nationale des Bois du Gabon (SNBG), a parastatal organisation which is 51% government owned established in 1975 to regulate and promote the Gabon timber industry. SNBG operates two offices in Gabon and Paris, and has plans to open a third in Asia in the near future. SNBG is responsible for establishing the allowable cut in Gabon, inspecting log quality, the collection of export taxes, and the international marketing of wood products. SNBG is currently undergoing structural reform. It has plans to establish separate subsidiaries involved respectively in forest management and wood processing. At present, only 20% of logs harvested in Gabon are processed domestically, but there are plans to increase this proportion to 50% in only three years.

An important aim of the mission to Japan was to investigate possibilities for investment by Japanese firms in the development of wood processing capacity in Gabon.

At present log harvesting in Gabon is focused heavily on okoume and ozigo which are used primarily for the production of veneer. However Gabon's forests are capable of supplying over 400

species of hardwood. Gabon annually exports 2.5 million cubic meters of logs, mainly okoume and ozigo. Although Gabon's forests are capable of producing around 5 million m3 of logs per year on a sustained yield basis, for environmental reasons the government is restricting harvests to around 3 million m3.

European markets have traditionally dominated Gabon exports but there has been a major change in the direction of trade over recent years. Now 70% of Gabon's exports are directed to Asian markets, 25% to European markets and the remaining 5% to other parts of the world. Within Asia, the Chinese market has grown rapidly and now accounts for 80-85% of the total. Exports of logs to Japan have fallen considerably as Japanese plywood production has declined.

While in Japan, the Chairman of SNBG said that the organisation is keen to expand log sales to China and other Asian destinations, but it is not prepared to sell valuable logs at unreasonably low prices. He said that log production would be carefully controlled to prevent prices falling below a certain level.

Source: *Japan Lumber Journal*.

SE Asian logs More trade restrictions

Log availability in Southeast Asia is very restricted this year. Since October 2001, Indonesia has officially banned log exports in an effort to combat the problem of illegal logging. To help enforce the ban, on 25 June 2002 the Malaysian government announced a total ban on the importation of logs from Indonesia to be implemented with immediate effect. The aim is to give assurance to buyers that all timber and timber products exported from Malaysia derive from legal sources. Another concern is to ensure that Malaysian efforts to promote the Malaysian Timber Certification Council scheme are not jeopardized. From now on, any logs from Indonesia entering Malaysia will be confiscated. Malaysia's import ban does not extend to logs from other countries.

Determined enforcement efforts

In addition to the ban on the Indonesian log trade, Malaysia has been enforcing strict controls on domestic log harvests. The authorities seem determined to keep harvesting within limits established under the Eighth Malaysia Plan covering the period 2001 to 2005. This states that the allowable annual coupe of Malaysia's Permanent Forest Estate (PFE) will amount to 272,870 hectares comprising 42,870 hectares in Peninsular Malaysia, 60,000 hectares in Sabah, and 170,000 hectares in Sarawak. During the period of the plan, these areas are expected to yield annually 15.82 million m³ of round logs comprising 3.43 million m³ in Peninsular Malaysia, 2.89 million m³ in Sabah and 9.5 million m³ from Sarawak. Although these PFE harvest volumes are comparable with official PFE harvest levels during the 1990s, wood availability from so-called "Stateland" forests has been declining rapidly. Stateland forests have been set-aside for conversion to other uses, primarily cash crops, and during the 1990s accounted for around 50% of Malaysia's total harvest.

Japanese importers "shocked"

According to the Japan Lumber Journal, the crackdown on logging in Sarawak has been so pronounced that it has come as a shock to the major Japanese trading firms engaged in the Malaysian log import trade. Log supplies available to overseas buyers are unlikely to improve much in the second half of the year. Logging levels in Sarawak continued at a slow pace during June and, after the new fiscal year starts in July, harvesting operations will focus first on

supplying local processing mills rather than export markets.

In Sabah, after an extremely slow start to the year, long production increased during June as the weather improved. Much of the harvesting has been of smaller logs for plywood rather than large logs for lumber.

Rising prices

The combined effect of the Indonesian export ban and tight control of Malaysian harvesting operations has been to increase prices for south east Asian logs. Price rises first affected swamp logs but are now apparent across the board. For example FOB prices for thick logs of meranti rose nearly 20% between mid April and end June.

Rising costs are causing problems in major log export markets. In Japan plywood and lumber mills have found that their margins are being squeezed as they are unable to pass the costs on to their customers. Asian log imports into Japan have been declining consistently since November last year. The market for lumber sawn from southsea logs in Japan has come to a halt through lack of affordable raw material. The long-term switch away from hardwood to softwood logs by Japanese plywood mills has accelerated this year.

China looking for logs

China is now by far the largest export market for south east Asian logs. In 2001, China's official imports from Malaysia and Indonesia reached 1.51 million m³ and 1.4 million m³ respectively. Unofficial imports from Indonesia may well have been considerably higher. The recent crackdown in Malaysian log production and illegal Indonesian exports seems certain to boost Chinese demand for tropical logs from alternative sources, notably from Gabon, Equatorial Guinea, and Liberia. As in Japan there may also be a partial switch to softwood logs, notably from Russia and New Zealand. There are likely to be new opportunities for temperate hardwood suppliers.

Malaysian sawn lumber Tight supplies, patchy demand

Limited harvesting and the rising cost of logs has meant that inventories of sawn lumber are very restricted in Malaysia this year. In addition to tightening harvesting controls, the Malaysian government's decision to ban log imports from Indonesia is likely to have a significant impact on the availability of Malaysian sawn lumber to European markets. To meet European

demand for graded sawn lumber, Malaysia was importing significant volumes of logs from Indonesia - around 33,000 m³ a month according to Maskayu. The long term weakness of demand and prices in Europe has also discouraged many Malaysian mills from cutting for the European market.

Number of offers down

One indication of the general lack of availability is that the number of offers for sawn lumber from Malaysian exporters to European buyers has fallen over recent weeks - particularly for DRM-tembaga, seraya and nemesu. Some European importers making enquiries for these species have even found that exporters have declined to quote. Certain sizes are reported to be already sold out until September/October shipment.

Restricted supplies have meant that prices for Malaysian sawn lumbers (C&F European port) have continued to firm.

The price position of Malaysian sawn lumber is complicated by recent changes in freight rates and by currency fluctuations. Freight rates from Asia are on the rise again after collapsing at the end of last year. Meanwhile, weakening in dollar exchange

Asian Sawn Lumber Indicative Prices

	Apr	May	Jun
Exchange rates:			
M\$/£	5.53	5.55	5.79
US\$/£	1.45	1.46	1.52
M\$/US\$	3.80	3.80	3.80

Malaysia

All prices US\$/ton, C&F UK port, including 5% agents commission

West Malaysian Dark Red Meranti

Grade: Select & better GMS; Kiln dried
Size: Width 6"+ avg 7"/8"; Length: 8'+ avg 12'/14'

1"	720	720	750
2"	780	790	800
2.5"	820	825	850
3"	840	845	870

Keruing

Grade: Standard & Better GMS
Size: Random or fixed 16'+

1"-3"	515	515	515
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Nemesu

Kiln dried

2"	880	880	930
2.5"	900	900	940
3"	920	920	970

Myanmar Teak

US\$/50 cu ft, FOB Rangoon/Bangkok/Singapore
Grade: Air dried boards

Size: Width 6"+ avg 8", Length 6'+ avg 8'

1"	2750/ 3250	2750/ 3250	2750/ 3250
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Note private-sector prices for Myanmar teak boards vary considerably from one mill to the next. Prices from the cheapest private mills in Myanmar currently start at the lower end of the range. The most expensive mills, many based in Singapore and Bangkok, are selling boards from best quality teak logs at the top end of the range.

rates has partly off-set price rises and increased freight rates for Malaysian hardwoods in Europe.

In the Netherlands the weakening dollar has encouraged serious price competition. Following months of slow sales, Dutch importers have been very keen to dispose of existing stocks. Those importers that borrowed dollars to purchase meranti several months ago are now in a position to undercut competitors that paid for stock in dollars up-front (at a time when the dollar was stronger).

Dutch demand weak

While there is a lot of activity on the ground in the Netherlands as Dutch importers compete to offload stock, underlying demand for meranti and merbau remains weak. Few Dutch importers have yet been encouraged to turn to the forward market, and with the European holiday season imminent this situation is unlikely to change until mid August. There continues to be a high level of economic and political uncertainty in the Netherlands. Added to this are renewed environmentalist campaigns targeted at tropical hardwoods. There is some speculation that during the second half of the year the weakening dollar may help meranti win back market share lost to sapele over recent months. On the other hand, Dutch importers may struggle to obtain sufficient stocks of 3x5 bukit, so favoured in the Netherlands, due to tightening harvesting restrictions in Malaysia.

Very slow forward orders in the UK

The forward market for dark red meranti sawn lumber in the U.K. is also very slow. The large importing and trading companies have sufficient stock to meet underlying levels of demand - generally regarded as subdued during May and June. The long lead time that has developed between ordering and arrival time is acting as a further disincentive since few importers are willing to speculate on likely levels of demand in 3-4 months time. As is often the case, there is concern that prices for meranti on the ground in the U.K. have yet to adjust to the tightening forward supply situation and that importers are selling at below replacement cost.

Forward availability of keruing is said to have improved but U.K. demand is still weak. Producers able to supply keruing in a spread of sizes are having more success in the U.K. market than those supplying the usual truck flooring specifications. U.K demand for meranti mouldings, mainly sourced from

Indonesia, is reasonable. Demand for decking is good in the U.K. but recent price rises have meant that Malaysian balau decking is coming under increased competitive pressure from Brazilian decking. In Belgium most importers are preferring to buy Malaysian sawn lumber from other importers when gaps open up in their stock holdings rather than commit to the forward market. There are reports of good

underlying demand for Malaysian anti-slip decking in Belgium.

Delays to German shipments

In Germany, after a flurry of buying of Malaysian sawn lumber in March and April, buying has slowed and there are signs of resistance to the higher prices. Some big German shipments are reported to have been delayed due to the supply problems in Malaysia.

Asian plywood notes

Falling log availability and production contribute to rising prices

Prices at INDO96 minus 25/22%

Over recent months dollar prices for Indonesian and Malaysian plywood have been rising rapidly. By the end of June 2002, Lauan plywood from Indonesia was approaching Indo '96 -25% to -22%. The increase reflects limited log availability and rising log costs. Another factor has been significant strengthening in the value of the rupiah against the dollar. At the end of June 2002, the rupiah stood at 8,625 against the dollar, compared to 10,100 at the end of March 2002 and 11,290 in June 2001.

Sharp falls in production

Production of plywood in both Indonesia and Malaysia is falling sharply. APKINDO, the Indonesian Wood Panel Association has set a production target for 2002 of 5.0 million m³. This down from annual levels of around 8 million m³ during the 1990s and 7 million m³ in 2000 and 2001. The Malaysian Panel Products Association reports that plywood production in Malaysia fell 19.7% from near record levels of 4.43 million m³ in 2000 to 3.57 million m³ in 2002. Between 2000 and 2001 production fell in Peninsular Malaysia from 571000 m³ to 542000 m³, in Sarawak from 2.80 million m³ to 2.23 million m³, and in Sabah from 1.0 million m³ to 0.8 million m³. During 2001, 169 Malaysian plywood mills were operational compared to 182 the previous year.

Chinese output also falls

According to the latest statistics from China's State Forestry Administration, China's output of plywood also fell 9% during 2001 to reach 9.04 million m³.

APKINDO's new monitoring unit

In an effort to counter-act negative publicity surrounding the levels of illegal logging in Indonesia, APKINDO, the Indonesian Wood Panel Association, has

announced that it will set up a special unit to monitor manufacturers' exploitation of forest resources. The unit, known as the Production Control Body, will monitor the volume of logs used by plywood manufacturers and compare this to forest inventory and harvest data. APKINDO members have expressed their willingness to cooperate fully with the Production Control Body in the supply of log intake data. The Body will also undertake analysis of plywood markets.

EU/China plywood dispute

The German trade journal, EUWID, reports that the Brussels-based FEIC (Fédération Européenne de l'Industrie du Contreplaqué) is to ask the European Commission to initiate anti-dumping measures against Chinese suppliers of okoume (gaboon) plywood. FEIC claims that rapid growth in imports of low priced okoume plywood from China has seriously distorted European markets. Imports of okoume plywood from China began to make inroads into the European market, notably France and the Netherlands, in the fourth quarter of last year. Since then Chinese plywood producers have taken a rising share of the market and increased competition in an already weak market. Chinese suppliers have been undercutting prices for European okoume plywood by 15% or more. European plywood manufacturers argue that production costs of Chinese mills cannot be covered by the sales prices on offer given the current cost of raw materials. They claim that Chinese suppliers are selling to the European market at prices below those prevailing in China. If so, the Chinese practices would fulfil some of the European Commission's requirements to trigger an in-depth examination of possible anti-dumping measures.

AHEC Greater China and SE Asia Convention

China cont. from page 1

of species trends in East Asia. Many participants noted the continuing preference in China for classical and traditional styles for furniture and interiors which rely heavily on dark tropical wood.

In part this reflected the wide availability of tropical hardwoods in China from South East Asia, particularly from unregulated sources in Indonesia in recent years.

But tastes are gradually changing, particularly amongst the younger generation in urban areas. There is growing interest in contemporary styles which rely more heavily on temperate hardwoods.

The shift towards temperate hardwoods partly reflects a marketing focus of some large manufacturers and retailing groups on contemporary styles, and also the long term decline in the availability of tropical hardwoods.

Falling tropical hardwood supply

The significance of this last factor was suggested by Mr Ong Kim Chuan, Managing Director of Techwood Lumber Products in Malaysia. Techwood were one of the first Malaysian furniture companies to import U.S. hardwoods to replace rubberwood and other tropical woods. Mr Chuan said his company's decision to use

American hardwoods partly reflected a desire to capture a niche in higher value furniture products, but also recent evidence that tropical hardwood supply is declining.

European beech benefits

Between 1999 and 2001, European beech was a major beneficiary of the trend towards temperate hardwoods in China. Beech remains popular for interior decoration, although it is no longer as dominant. Beech has suffered in the Chinese market due to problems of variable quality. Recent price weakness has also discouraged many hardwood importers in China from stocking beech. The problems with beech and tropical hardwoods have opened the way for suppliers of other temperate hardwoods, particularly American hardwoods.

Modern dark furniture designs

In the wake of the Milan furniture fair two years ago, many Chinese manufacturers started to produce for China's domestic market modern furniture designs in very dark, almost black colours, that would be combined with pale walls and other clean colours. The trend towards dark coloured furniture and interior fittings for contrast in contemporary interior design has generated strong demand for American black walnut. Prices for walnut have been rising, partly a

Major China Log Imports

Volume (000 m3)

	2000	2001	% chg
Russia	6110.1	8765.7	43
Malaysia	2025.1	1511.9	-25
Indonesia	574.6	1137.9	98
Gabon	1144.2	1124.7	-2
Brazil	760.9	910.2	20
New Zealand	387.0	819.8	112
Myanmar	564.7	557.5	-1
Eq. Guinea	330.3	468.2	42
Germany	457.6	397.2	-13
Cameroon	292.4	313.4	7
France	240.3	151.1	-37
Liberia	0.0	123.8	---
USA	45.3	110.3	143
Other	678.6	471.4	-31
Total	13611.1	16863.1	24

reflection of relatively limited availability since walnut comprises only around 1% of the U.S. hardwood resource. This has encouraged a variety of other hardwoods to be used, such as oak and tulipwood, which are then stained. Much production for the Chinese domestic market is of lower end furniture, with great reliance on veneers over an MDF or chipboard substrate.

Possible fashion shift to oak

Barrie Ho, a leading interior designer from Hong Kong, predicted that modern design trends in China were about to shift again. There may now be a trend away from extremely dark furniture towards beige colours. This may create new opportunities for oak in China itself. Although China imports quite a lot of American red oak, this is sold mainly to manufacturers in southern China for re-export to North America and the EU. Oak is currently not much in favour in China's domestic interiors market, partly because Chinese buyers have difficulty distinguishing oak from ash. Although very popular during the mid 1990s, ash is now out of favour in China.

The American jacket, but not the trousers

China's wood flooring sector is growing rapidly, but American hardwood suppliers need to adapt to exploit this market

The wood flooring sector in China is growing rapidly. Sales of wood flooring in China exceeded 120 million square metres in 2001, some 20% higher than the previous year. According to local experts, China's wood flooring industry will probably grow at a rate of 20% per year for the next five years and sales of wood flooring could reach 200 million square metres by 2005.

China's wood flooring sector is becoming increasingly sophisticated. Encouraged by the Wood Flooring Committee of the China National Forest Products Industry Association, the industry is focusing heavily on product branding. All members of the Association have been required this year to setup their own brands and to protect the reputation of the industry through the introduction of quality controls and guarantees of after sales service.

However this is one sector where American hardwoods have failed to make any real inroads. In the words of one

commentator at the AHEC convention "China is buying the American jacket (hardwoods for interior panelling, cabinets and furniture), but not the trousers (flooring)". A major constraint on American sales in this sector is the unwillingness of U.S. exporters to supply to Chinese specifications. U.S. flooring is supplied in inches, and is available in thicknesses of either 3/4 or 4/4. However the Chinese specification, measured in millimetres, lies between these two sizes. In contrast to American suppliers, Asian and European suppliers have been willing to adapt to the Chinese specification. A large part of China's flooring market is occupied by tropical hardwoods. Malaysian suppliers have had a strong presence in the market, but recent price rises for Malaysian hardwoods have meant their market share is being eroded. This year there has been a big increase in Chinese imports of South American lumber for flooring, notably massaranduba and jatoba from Brazil.

Chinese construction

Drive to improve standards

Changes in the Chinese residential construction sector are leading to a transformation in the nature of demand for wood products, according to Mr Ke-fang Sun, an architect at the Chinese Ministry of Construction. Mr Sun highlighted the huge growth in China's construction sector over the last 5 years. He noted that in 2000, investment in Chinese construction amounted to RMB759 billion and accounted for over 8% of China's GDP. Growth in

AHEC Greater China and SE Asia Convention

China's residential construction has raised annual GDP growth by between 1% and 1.5% over the last 4 years. Rising living standards and government measures to liberalise the housing market have led to a big increase in private spending on residential units, both for new build and the refurbishment of old and dangerous buildings.

Massive building programme

During the period of China's 10th 5 year plan, newly built residential flats covered 5.7 billion m² throughout China – an average building area of 22 m² per person in urban districts and 30 m² per person in rural districts. This massive building programme has meant that the problem of China's chronic housing shortage is now under control. At the same time, people have been seeking to enhance the quality and comfort of their internal space. Output in China's house renovation business has been growing at an annual rate of around 20%. Although construction activity has been growing rapidly, the building material supply and furniture retailing sectors are underdeveloped. At present the majority of building and furniture products are supplied by thousands of small companies. Competition is intense, margins are tight, distribution networks are inefficient, and control over quality is poor. A few large overseas chains – such as IKEA – have begun to establish larger retail outlets to supply the expanding residential sector. This may be the start of a trend towards increased consolidation in these sectors.

Move to completely finished units

At present, the majority of new houses constructed in China are sold as empty shells with no internal fittings. Only around 20% are sold completely finished, with the remainder finished after sale by small scale contractors. The latter operate in a highly labour intensive manner, tend to deliver low quality workmanship, use inferior materials, and pay little attention to quality of design. In an effort to improve the quality and efficiency of housing construction, the Chinese government is now taking steps to progressively phase out the sale of unfinished houses and to increase sales of fully finished and fitted units. Since October 2001, the Ministry of Construction has issued 10 legal directives designed to push the construction market in this direction. The Shanghai city authorities have also taken a lead in establishing a local directive, now fully enforced, designed to ensure the sale of only fully finished housing units in 3 to 5 years time.

“Living in Style with American Hardwoods”

A major part of AHEC's marketing strategy in Asia is to raise awareness of the potential for hardwood in interior decoration and furniture design

Hundreds of interior designers and architects from all over the East Asian region attended the convention to hear presentations by leading designers from the U.S. and Asia who addressed the main theme of the AHEC Convention “Living in Style with American Hardwoods”.

A highlight of this section was a inspirational talk by Mr Tony Chi, an award-winning New York based designer with an international portfolio of clients specialising in restaurant design. Chi is a modernist, with many of his designs bringing in oriental styles and motifs. Designs were uncluttered, with strong lines, often with dark colours strongly contrasted with clean white. Wood was used in abundance, particularly in darker shades – walnut, cherry, maple, ebony, wenge, anigre, and mahogany featuring strongly.

Chi emphasised the warmth, textural and humanising qualities of wood. He stressed wood's ability to act as a “knot” in design, tying together contrasting materials. Chi liked to combine the warmth of wood and related products such as bamboo, even paper, with “cooler” materials including steel, glass, and marble.

David Venables, Director of AHEC's European office, illustrated the huge potential for the use of American hardwoods in a wide range of applications with a presentation focusing on high-profile construction projects in

the European Union. Prominent amongst these was the new EU Food and Veterinary Centre at Dunsany in Ireland, which Venables described as a “true monument to the modern use of hardwood.” This \$32 million project involved the relocation of more than 250 staff from Brussels to a 10 hectare green-field site outside Dublin.

Extensive use of hardwood

The award winning Irish architect Ciaran O'Connor was in charge of the design team. To achieve the major aim of ensuring the design was sustainable and recyclable, O'Connor made extensive use of solid hardwood, notably American white oak. Oak was used for exterior cladding, interior joinery and flooring. Considerable attention was paid to the need for oak to be kiln dried to 16% plus/minus 3% in order to accommodate the Irish climate. The normal American standard is 6% to 8%. For exterior cladding slow grown oak from the North was selected and impregnated to ensure extra durability. The interior featured ash for the ceiling and American cherry for interior joinery to produce a contrast with lighter coloured beech veneered panels. According to Venables “*the building stands as a fine example of how timber can meet the highest specifications of a modern building complex, constructed to today's standards of efficiency and sustainability.*”

More info on these projects will soon be posted at www.hardwoodmarkets.com

Already these measures are having an effect. Surveys in the major Chinese cities – Beijing, Guangzhou, and Shanghai – indicate that the number of purchases willing to buy fully finished flats increased from 45%-50% in 2000, to 60%-70% last year.

Prefabrication and standardisation

This change in attitudes in China is likely to lead to the rapid substitution of labour intensive on-site construction for prefabrication and standardised factory finished products. In time, the sale of half finished houses may be banned completely. These trends will have a very direct impact on the Chinese market for wood. The shift to fully finished residential units is likely to

encourage centralised purchasing of wood and other building materials by large manufacturers, and to raise demand for standardised and higher quality wood and furniture products. This trend will contribute to the further development and industrialisation of China's furniture, flooring and joinery manufacturing sectors. It is also hoped that there will be a big improvement in the level of application of quality standards by China's panel products' sector. A recent random inspection of 33 brands of Chinese wood panel by China's Consumer Association revealed that only one brand attained the required national quality standard.

North America

Domestic demand

Yet more surprises

The U.S. economy continues to surprise. Stockmarkets went into a state of near hysteria following the announcement on 25th June that WorldCom, a U.S. telecoms giant, had fiddled their books to exaggerate its reported profits by around \$4 billion over the past five quarterly accounting periods. This led to a crises of confidence in stockmarkets and a collapse in share prices not just restricted to the U.S. When the London market opened, for example, every share included in the FTSE 100 index was marked down. Equally startling was the reaction of the currency markets. The dollar sank to new lows, rapidly approaching parity with the euro and causing alarm in Japan as the yen soared against the greenback.

Interest rates left unchanged

Stockmarkets were then given a short-lived boost by the Federal Reserve, America's central bank. At the end of its regular meeting on 26th June, the Fed's main policymaking body announced it was leaving interest rates unchanged. This was followed on 27th June with the release of final figures for U.S. growth in the first quarter of 2002 which indicated that growth was even greater than expected at 6.1% - an

impressive achievement for an economy just emerging from recession.

But just as stockmarkets and currencies were beginning to settle, the turmoil returned on 28th June with the announcement by Xerox that they too had misled investors.

Impact of financial scandals

The repercussions of these scandals go far beyond the financial sectors in which the culprits operate. When investors realise that firms are willing to deceive by perpetrating accounting frauds, their view of the stockmarket becomes jaundiced. Even well-run genuinely profitable companies get marked down in the rush to dump shares and it becomes increasingly difficult to raise money for investment. Meanwhile returns for private investors and on pension funds are reduced, undermining household income and consumer confidence. And too sharp a drop in the dollar could unleash inflationary pressures in America as the cost of imports rise. These scandals could undermine economic recovery.

So despite the good first quarter numbers, there is a lot of uncertainty over the future of the U.S., indeed the global economy. Nobody now expects the buoyancy of the first quarter to be matched in the rest of the year.

Many positive factors

But it would be wrong to be too pessimistic. There are many positive factors, particularly for the American hardwood sector. The recent turmoil has taken the shine off the U.S. dollar whose persistent strength in recent years has been a major headache of U.S. hardwood exporters. It opens up new opportunities to boost overseas sales. Borrowing costs in America are still at a 40-year low, a fact which is reflected in the continuing strength in the housing sector. After a decline in April, housing starts rebounded in May to continue the longer-term upward trend. Housing starts during the month were up 11.6% on April 2002 and up 8.0% on May 2001. Building permits, an indicator of future activity, also rose in May. The general view is that the new house build market is still strong and resilient. Construction activity is just entering its peak season and remodeling activity has also remained consistent.

Solid wood flooring still on the rise

The Wood Flooring Manufacturers Association, NOFMA, continues to report rising shipments of solid wood flooring. The May figures indicate that sales were up 10.2% on the same month in 2001. During the first 5 months of this year, NOFMA

estimate that total shipments reached 252,743,000 board feet, up 14.6% on the same period in 2001. The Cabinet industry also continues to report solid growth on a month-to-month basis, running ahead of last year at a double-digit pace. And following a period of downsizing in the U.S. furniture manufacturing sector, the industry now seems to have reached a point of stability, if only for the time being. Manufacturers have adjusted inventories and are buying hardwood lumber more consistently.

Export demand

Slow for now but outlook better

Export demand for American hardwoods remains subdued, although there are some positive signs.

European economies remain sluggish and the furniture European industry is generally slow and coming under pressure from imports. This has led to slower European demand for American hardwood veneers and for cherry and hard maple. Activity in the building and joinery sector is very slow in Germany and only reasonable elsewhere, even though it is now peak season. Spain remains the most active European market. Business in the UK is generally slow, although some exporters report reasonable interest from well established customers. Italy is down on previous years, with tulipwood demand still weak. Europe is about to enter the summer holiday season, which will slow sales temporarily.

Mixed sentiment

Evidence of mixed market demand in Europe comes from a recent AHEC survey of agents dealing in American hardwoods throughout the major European export markets. 40% of respondents said that demand during the first half of 2002 was down on the same period the previous year, 40% said that demand had remained stable and 20% said it had improved.

But there is widespread optimism that the worst is over. In the AHEC survey, not one agent suggested that market demand would get worse in the second half of the year. A third of respondents said demand would get better, and the remainder believed demand would remain level. Generally speaking U.S. hardwood stocks are low throughout Europe as most importers have held back on purchases until there are surer signs of strengthening prices, rising demand and an easing in the dollar-euro exchange rate.

At least two of these factors are turning in American hardwood suppliers' favour. Since the beginning of 2002, kiln dried prices have

US sawn lumber indicative prices

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

	Apr	May	Jun
\$/£	1.45	1.46	1.52
\$/Euro	0.90	0.93	0.99
Red oak			
1"	1780	1825	1825
1.25"	1970	2000	2000
1.5"	2000	2025	2025
2"	2400	2475	2475
White oak			
1"	1475	1525	1525
1.25"	1625	1690	1690
1.5"	2050	2060	2060
2"	2650	2725	2725
Ash			
1"	1050	1100	1100
2"	1500	1525	1525
Tulipwood			
1"	1050	1100	1125
1.25"	1100	1170	1170
1.5"	1150	1150	1175
2"	1175	1190	1210
Cherry			
1"	3480	3580	3580
1.25"	3520	3600	3600
1.5"	3700	3775	3775
2"	3950	4075	4075
Hard Maple			
1"	2400	2400	2400
1.25"	2500	2500	2500
1.5"	2700	2650	2650
2"	2850	2875	2875

North America

steadily increased in both the U.S. and Canada due to the combination of depleted inventories, falling production, and slightly higher domestic demand. And by 28 June, the euro was close to parity with dollar at around \$0.99, that's an 11% gain since the start of the year.

American hardwoods continue to feel the heat from Eastern European suppliers, notably in the Italian and German markets, but there are some reports that American exporters are beginning to win back customers as the dollar has weakened and buyers have experienced problems with the yield and reliability of some Eastern European suppliers.

Chinese interest rising

As was evident at AHEC's Greater China and South East Asia Convention in Shanghai during June, interest in American hardwoods in China continues to rise - not only to produce products for re-export, but also for domestic consumption (see separate report). By contrast, the Japanese market remains very sluggish. Korea has picked up a little as the economy has improved, but

this market is now relatively specialised and generally much smaller than in previous years. Vietnam is becoming a more important buyer, but is still small overall. Demand in Malaysia and Singapore is poor, while shipments to Thailand have been steady.

Improving demand in Mexico

Demand in Mexico has picked up slightly, partly in response to improving economic conditions in the U.S. itself. Red oak and tulipwood shipments have been rising to Mexico, while white oak demand has weakened. American beech is one species that is performing well in Mexico. This seems to reflect a rise in Mexican imports of European beech which has generated end-user interest in beech furniture.

efforts to reduce overall production coupled with moderate improvements in domestic demand have tended to stabilise prices. Demand and prices for kiln dried FAS&1F are generally steady with some reports of upward movement. With reasonable market opportunities for 4/4 and 5/4, most mills have been unwilling to speculate in cutting thicker sizes so inventories of 6/4 and 8/4 are fairly limited. Demand and prices for kiln dried #1C also vary with the thickness in question. Good demand for 5/4 #1C has kept prices firm, but prices for kiln dried 4/4 #1C have shown some weakness. In export markets, Chinese orders for common grades have improved slightly. There are reports of improved demand in Mexico. Shipping dry red oak orders from the Middle East have also increased in recent months.

■**WHITE OAK**: overall export demand is still subdued and pricing has been variable. However there are reports of improved demand for higher grades from European customers in advance of the summer vacation, notably in Spain and Portugal, although pricing has been highly competitive. Buyers in Spain and Portugal have been looking for more width sorted lumber. UK demand has been down. Domestic demand for higher grades is still subdued, but demand for lower grades has been good for strip flooring, and has been improving for truck trailer flooring and railway crossties.

■**TULIPWOOD**: domestic demand for both green and kiln dried lumber is good and rising, particularly for the upper grades. Prices are responding accordingly. Export demand for FAS/IF grades in Europe, Japan and Mexico is slow. However demand for common grades from China has been so good that suppliers have run out of stock and have been turning orders down. There are reports that Chinese importers have a price cap on tulipwood and would turn to other species - e.g. rubberwood - if prices rise too high.

■**CHERRY**: Significant reductions in total mill output during the past eighteen months have meant that prices for some items have been edging higher. Domestic demand for cherry has also improved slightly over recent weeks. However overseas sales of FAS/IF cherry are still slow, with many end users looking for replacement species. Overseas sales of common grades are also subdued.

■**WALNUT**: domestic demand is steady and keeping close pace with new production. Prices continue to firm, notably for FAS&1F. Overseas demand is still good, particularly in China.

Species notes

■**ASH**: Domestic demand is subdued and largely confined to long-term buyers. Many orders include tighter specifications for colour, texture, and size. As production has been much reduced, domestic prices of both green lumber and kiln dried have stabilised with some of the extreme low end disappearing. Export demand for ash is quite slow overall. There is steady demand for FAS in the UK, but the Japanese market is declining. Common grades in 4/4 and 5/4 are moving reasonably well to China.

■**HARD MAPLE**: market conditions vary considerably by grade, thickness, dryness and colour. Hard maple needs careful handling in the warm summer weather to avoid stain, so buyers' perceptions of quality have a significant impact in determining prices and quantities shipped. Efforts are being made to restrict green lumber production. Demand for the common grades is steady, helped by stabilised market conditions in the domestic furniture industry and good demand from the cabinet sector. There are reports that slow export demand is undermining prices for FAS&1F. There has been some replacement of hard maple in Europe by European birch. Asian markets are also quite slow, although some shippers report reasonable orders for common grades from the Far East and Mexico.

■**SOFT MAPLE**: domestic demand is slow, particularly for common grades, but reduced production has meant that inventories are more-or-less in line with demand. Domestic orders are mainly for replacement only. Despite recent marketing efforts, European demand for soft maple is still confined.

■**RED OAK**: market conditions vary widely by grade, dryness, and thickness. However

U.S. hardwood exports January to April

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

	2001	2002	% chng
World			
Logs	874.8	846.9	-3
Lumber	923.0	971.6	5
Veneer	104.9	106.3	1
Canada			
Logs	602.0	567.5	-6
Lumber	337.8	340.6	1
Veneer	32.5	34.0	5
EU			
Logs	132.9	99.5	-25
Lumber	261.7	256.3	-2
Veneer	48.4	38.1	-21
SE Asia			
Logs	18.1	20.4	13
Lumber	32.7	39.8	22
Veneer	3.3	3.9	19
Greater China			
Logs	36.4	77.0	111
Lumber	130.3	178.6	37
Veneer	10.0	16.6	67
Japan			
Logs	57.3	49.3	-14
Lumber	42.8	40.7	-5
Veneer	0.8	1.0	15
Mexico			
Logs	1.8	2.3	25
Lumber	63.6	52.2	-18
Veneer	2.2	3.9	75

South America

Mahogany trade

IBAMA "clarify" legal position

Shipments of Brazilian mahogany lumber from last year's harvest are still stalled. The US and EU governments are delaying the unloading of Brazilian mahogany imports until such time as the legality of the shipments has been checked.

In May, the Brazilian environmental agency IBAMA undertook another review of documents in an attempt to come to a final decision on the legal status of the lumber, tracking back to the forest all mahogany stocks held in Brazilian ports and all recent shipments to the U.S. and Europe.

On 3 June, IBAMA sent a letter to the CITES authorities in Geneva spelling out IBAMA's view of the legal status of this lumber. The letter itemises each mahogany exporting company currently covered by an injunction order giving two export volume figures: the actual volume of mahogany exported by the company, and the volume that is "*officially considered by this institute (IBAMA) as obtained from known and legal origin, which is covered by a Sustainable Forest Management Plan (PMFS).*"

In some cases the volume exported by the company is greater than the volume confirmed by IBAMA as derived from a PMFS. The letter goes on "*therefore the origin of such exceeding volume is not confirmed by IBAMA as being legally obtained.*"

Since all the shipments involved were originally issued with a CITES certificate by IBAMA to declare their legal origin, this admission is an embarrassment for IBAMA. IBAMA note that all mahogany formally recognised as from known and legal sources was harvested before 12th July 2001, when the last IBAMA authorisations for logging under PMFS plans were issued.

U.K. decision still awaited

Meanwhile, in the UK a final judicial decision is still awaited in the mahogany court case. Greenpeace is appealing against an earlier court ruling that the British government's decision not to seize Britain-bound shipments of mahogany did not contravene CITES legislation. The three judges presiding over the appeal case decided to postpone their verdict until clarification of the mahogany's legal status had been received from IBAMA. Interestingly IBAMA's letter to the CITES authorities seems to confirm that all the mahogany involved in the U.K. case derives from known and legal sources.

Brazilian forestry

Belem mahogany workshop

A major international meeting took place on 2-4 May to review the commercial and scientific status of big-leaf mahogany (*swietenia macrophylla*). The meeting was held in Belem, Brazil, and was sponsored by the Tropical Forest Foundation in collaboration with the International Wood Products Association (IWPA) and the U.S. Forest Service.

The discussions highlighted how mahogany exploitation in Brazil is more of a cultural problem than a technical issue. Evaristo de Moura Terezo, a Brazilian forestry consultant described how people migrate to the forest-rich areas where mahogany is an indicator of fertile soil, while it's harvesting opens the way for further exploitation. This meant that a huge educational effort is needed alongside law enforcement measures. The meeting also highlighted how prices for mahogany are already higher than most buyers are willing to pay, even without the extra cost of certification.

On the technical side, Laura Snook of CIFOR reported on a 6-year study looking at the

regeneration of mahogany. This revealed that mahogany, as a light demanding species, thrived best when forests are disturbed. The larger the canopy opening the better for mahogany's survival and growth. Slash and burn techniques to create clearings produce the best conditions for natural regeneration, and contrary to popular myth, selective logging operations generally create too few opening that are too small for good regeneration.

Conclusions

Major conclusions from the seminar were that IBAMA is underfunded and undermanned; the recognition that mahogany exploitation is a social as much as a technical problem; improvements in forest legislation and enforcement will in the short term cause job losses, but employment will be more sustainable in the long term; standards should not be written for mahogany extraction alone, but should accommodate management of the whole resource; and that the Brazilian authorities should move towards a forest concession system backed by reliable stock inventory and management planning, training, and support for forest certification.

Italian furniture district established in Brazil

The Italian furniture industry rises to the challenges of globalisation with a unique project to establish an entire Italian furniture district in Brazil

Italy has a dominant role in the international furniture industry. For many years it has been a world leader in furniture design and innovation. The success of the industry is partly explained by an organisational structure in which small, medium and large plants are linked at district level and effectively work as a single unit. Competition and innovation are enhanced through local networks which link large numbers of specialised production units, professional designers and manufacturers, components suppliers, and other supporting industries.

Like furniture manufacturers in other western countries, the Italian furniture sector has been feeling the heat from overseas competitors, notably in Eastern Europe and Asia. But unlike other western furniture manufacturers, many of which saw a rapid decline in market share as overseas competition intensified, the Italian industry seems to have risen to the challenges presented by globalisation. One illustration of this is provided by a recent Brazilian-Italian joint venture to

establish a new wood furniture district in the Uberlandia area of Brazil. The project entitled "Project Brasil", began in 2001 after a lengthy series of contacts and targeted studies. With the support of the state government, fifteen Italian furniture manufacturers from the Triveneto area of Italy set up business in the state of Minas Gerais. Together with a number of Brazilian firms they formed the "Polo Moveleiro" following the district cluster model of production that has been so successful in Italy.

Through the project, the state of Minas Gerais gains a large industrial complex producing high quality furniture to the latest designs.

Participating Italian manufacturers benefit by avoiding Brazil's 45% import tax on furniture. They are able to exploit lower raw material and labor costs and benefit from Brazilian trading links with partners in MERCOSUR and NAFTA. Local manufacturing allows Italian companies to target products more effectively to the needs of the furniture market in Brazil and to the wider American market.

Spain imports - 2001

	Jan-Dec 2001		Oct-Dec 2001		
	Value 000s euro	% chg 2000/ 2001	Value 000s euro	% change Qtr 4 2000	Qtr 3 2001
Tropical Logs					
CAMEROON	7976	-33.3	1907	-15.2	27.6
CENT. AFR. REP.	12583	29.5	1684	-7.7	-46.7
EQUAT. GUINEA	6160	16.6	1518	27.5	16.7
GABON	5997	19.4	624	-51.9	-46.3
CONGO REPUBLIC	4700	39.8	1519	155.3	16.4
LIBERIA	4237	36.2	348	-57.8	-68.0
FRANCE	3368	25.1	852	-21.0	-11.3
OTHER	4743	-2.1	871	-10.6	-31.7
TOTAL	49764	8.2	9323	-7.1	-20.6
Beech Logs					
FRANCE	8118	-48.3	2510	-15.4	170.8
GERMANY	2351	8.8	441	-3.9	-6.6
BELGIUM	1495	8.2	344	69.5	4200.0
UKRAINE	860	-8.2	282	27.0	6950.0
ROMANIA	263	-71.6	6	-87.2	na
POLAND	100	-85.0	0	-100.0	na
SLOVAKIA	419	48.1	346	145.4	na
OTHER	393	-2.5	108	730.8	na
TOTAL	13999	-37.6	4037	-4.8	186.1
Oak Logs					
FRANCE	12577	-9.5	3859	6.3	102.1
GERMANY	5116	2.2	1389	13.8	97.0
U.S.A.	3306	6.5	648	-26.4	232.3
UKRAINE	2827	26.3	728	30.5	328.2
ROMANIA	529	92.4	0	-100.0	na
PORTUGAL	53	-52.7	23	-43.9	-23.3
POLAND	321	189.2	128	30.6	966.7
OTHER	424	104.8	117	192.5	172.1
TOTAL	25153	0.8	6892	5.3	124.9
Other Hardwood Logs					
U.S.A.	10637	-13.6	1678	-52.2	46.3
FRANCE	9838	-2.2	2156	-13.1	56.8
POLAND	987	-47.2	52	-88.4	-72.2
U.K.	507	8.3	333	262.0	1485.7
CANADA	638	60.7	117	7.3	na
ESTONIA	76	-76.5	76	-64.8	na
GEORGIA	284	-1.0	28	-75.4	-9.7
OTHER	3040	156.3	568	11.4	-44.6
TOTAL	26007	-3.3	5008	-33.1	32.3
Tropical Sawn Lumber					
CAMEROON	76149	11.0	20644	4.7	30.4
IVORY COAST	60522	13.2	12197	-6.7	-11.9
BRAZIL	43344	23.4	15033	41.4	47.0
CENT. AFR. REP.	6694	-8.4	2610	120.1	174.2
CONGO REPUBLIC	7504	28.0	2197	29.3	21.9
GHANA	2679	1.2	636	-15.9	32.2
FRANCE	2191	20.2	668	139.4	61.7
PORTUGAL	1598	-10.5	925	1301.5	219.0
CHILE	342	-75.4	38	-80.5	-20.8
GERMANY	159	-85.4	1	-98.6	-96.3
OTHER	9719	20.6	2025	23.3	-17.3
TOTAL	210901	12.7	56974	15.5	22.9
Beech Sawn Lumber					
GERMANY	13270	-13.1	3241	-10.4	136.6
FRANCE	8845	-30.7	1718	-42.3	67.3
UKRAINE	3366	4.7	712	-32.0	-6.2
SWITZERLAND	1019	-49.4	311	-16.8	217.3
ROMANIA	2142	12.6	636	92.1	63.9
BELGIUM	705	-34.3	170	-54.8	169.8
SLOVENIA	1692	144.5	538	304.5	128.9
TURKEY	37	-93.1	20	-79.2	17.6
SLOVAKIA	929	131.7	281	473.5	35.1
RUSSIA	56	-85.7	30	-45.5	200.0
OTHER	4798	97.2	1321	44.3	36.7
TOTAL	36859	-9.4	8978	-10.0	74.6
Oak Sawn Lumber					
U.S.A.	111462	-6.6	25583	-10.4	20.3
FRANCE	9621	11.7	2514	-5.1	33.7
CANADA	9054	43.5	2068	16.2	-11.2
BELGIUM	3509	17.4	957	5.7	614.2
GERMANY	2927	24.7	941	25.8	41.9
UKRAINE	2017	18.2	578	18.0	35.0
POLAND	1388	5.6	535	-42.0	28.6
CROATIA	941	2.2	196	-7.1	32.4
HUNGARY	886	35.7	278	31.8	30.5
OTHER	5973	144.2	1674	124.7	-13.1
TOTAL	147778	0.8	35324	-5.1	20.1
Other Hardwood Sawn					
U.S.A.	16671	-15.5	3857	-26.3	39.4
CANADA	6470	-23.0	1848	-18.7	34.6
FRANCE	4581	7.1	888	-12.3	-0.8
LATVIA	2554	1.7	567	-15.2	-19.2
CHILE	1352	-20.6	278	-12.6	-14.2
BELGIUM	484	-1.2	170	1.2	157.6
GERMANY	539	29.3	187	19.1	266.7
ROMANIA	390	71.8	148	100.0	108.5
LITHUANIA	218	-2.7	76	58.3	72.7
POLAND	152	-11.1	105	50.0	854.5
OTHER	3421	227.1	1645	694.7	221.3
TOTAL	36832	-6.0	9769	-4.5	43.3
Tropical Veneers					
IVORY COAST	16339	18.8	4164	21.3	10.8
GHANA	6066	10.8	1835	12.8	75.1
EQUAT. GUINEA	6348	81.3	1516	18.8	-10.1
BRAZIL	1636	-6.0	324	-26.9	-13.4
CAMEROON	1947	21.7	393	163.8	-17.3
PORTUGAL	1239	-2.1	189	285.7	-35.1
OTHER	4898	-9.6	655	-54.6	-44.8
TOTAL	38473	17.5	9076	7.8	2.9

	Jan-Dec 2001		Oct-Dec 2001		
	Value 000s euro	% chg 2000/ 2001	Value 000s euro	% change Qtr 4 2000	Qtr 3 2001
Other Hardwood Veneers					
U.S.A.	47426	-12.1	10091	-29.0	-4.3
GERMANY	15172	4.2	4129	17.1	15.9
ITALY	5726	20.2	1196	-11.3	-35.6
FRANCE	2224	-16.5	770	9.4	51.9
U.K.	2299	-5.8	654	49.7	-5.2
CROATIA	4247	79.9	1068	25.8	85.1
OTHER	12807	7.0	3607	4.7	55.6
TOTAL	89901	-3.0	21515	-12.2	7.3
Softwood Veneers					
U.S.A.	7460	-12.9	1496	-43.6	77.9
CHILE	3771	25.9	967	25.4	-11.0
GERMANY	1101	-36.8	157	-31.7	-43.9
SOUTH AFRICA	2912	74.5	942	70.0	46.7
BRAZIL	1434	1.6	467	14.7	10.7
OTHER	6891	12.3	1601	7.3	30.8
TOTAL	23569	4.6	5630	-7.8	25.2
Tropical Plywood					
FRANCE	4377	-22.1	683	-63.0	-32.3
FINLAND	0	-100.0	0	-100.0	na
BRAZIL	784	1.4	120	-68.7	-25.9
IVORY COAST	512	23.4	145	625.0	113.2
GERMANY	465	34.4	146	69.8	64.0
GABON	187	-24.3	0	na	na
OTHER	2097	182.6	753	398.7	87.3
TOTAL	8422	-9.3	1847	-30.4	6.8
Other Hardwood Plywood					
FINLAND	40797	228.6	6309	87.0	21.8
RUSSIA	3452	4.1	822	-11.8	21.2
FRANCE	2744	64.6	634	47.4	28.9
GERMANY	563	-46.2	416	59.4	3766.7
SWEDEN	0	-100.0	0	-100.0	na
LATVIA	0	-100.0	0	na	na
OTHER	222	-16.9	68	112.5	-6.8
TOTAL	47778	151.3	8249	59.7	28.4
Softwood Plywood					
FINLAND	1282	-73.2	382	-77.6	82.8
AUSTRIA	3845	-12.5	1462	-34.0	259.2
GERMANY	3305	14.0	717	-4.0	-22.7
FRANCE	1738	-18.6	487	-28.3	33.1
PORTUGAL	1692	14.9	356	-33.5	-30.6
POLAND	556	-44.8	112	-48.4	-32.9
OTHER	2902	78.0	621	24.7	-5.8
TOTAL	15320	-16.4	4137	-37.3	27.3
Sleepers					
FRANCE	3517	1.1	891	24.8	6.1
U.S.A.	1955	166.7	77	-89.5	-89.7
BRAZIL	479	11.7	90	-42.3	-60.4
OTHER	541	81.5	261	65.2	480.0
TOTAL	6492	31.4	1319	-25.1	-28.9
Profiled Wood - Softwood					
PORTUGAL	3186	-8.6	900	-22.5	105.0
ITALY	2377	-6.2	683	-17.9	52.5
HONDURAS	1014	5.6	288	-0.3	-23.8
LATVIA	124	-79.4	0	-100.0	-100.0
OTHER	4105	98.3	1602	160.1	26.7
TOTAL	10806	12.0	3473	15.1	37.0
Profiled Wood - Hardwood					
CHINA	9881	4.6	1918	-34.9	-42.5
FRANCE	6574	-24.0	1701	-18.6	81.2
POLAND	4595	-22.8	922	-57.8	33.6
INDONESIA	3114	-29.3	701	-50.4	-33.0
OTHER	33975	28.3	6310	-21.3	-20.3
TOTAL	58139	5.8	11552	-30.6	-17.0
Wood windows and frames					
DENMARK	12393	-23.0	2097	-40.6	-35.5
POLAND	612	-78.7	217	41.8	77.9
FRANCE	3305	149.8	833	7.9	0.5
SWITZERLAND	2494	319.2	543	144.6	-28.2
OTHER	1160	41.3	430	144.3	44.3
TOTAL	19964	-8.1	4120	-15.1	-21.6
Wood doors and frames					
PORTUGAL	4731	87.7	1498	105.8	27.1
U.S.A.	1041	-19.8	136	-62.5	-56.1
FRANCE	948	-7.3	241	-16.0	100.8
GERMANY	535	9.9	127	-58.1	-21.6
OTHER	2882	12.7	599	16.1	-44.2
TOTAL	10137	28.5	2601	18.4	-8.6
Parquet Panels					
SWEDEN	17419	11.4	4800	-12.1	34.9
DENMARK	6347	9.6	1812	41.0	0.3
INDONESIA	7022	21.4	1739	0.2	-6.7
BELGIUM	4247	-0.8	565	-56.0	-53.0
OTHER	39674	35.8	10641	47.2	17.6
TOTAL	74709	23.1	19557	15.1	11.9
Wooden Furniture					
ITALY	70193	0.6	19711	-1.8	43.3
INDONESIA	48311	3.4	8977	-13.8	-18.0
FRANCE	66806	88.4	22956	126.2	12.5
GERMANY	22857	35.3	6757	39.0	8.9
CHINA	18195	13.9	3940	-1.4	-24.2
PORTUGAL	16883	7.0	4446		

Portugal imports - 2001

	Jan-Dec 2001		Oct-Dec 2001		
	Value 000s euro	% chg 2000/ 2001	Value 000s euro	% change Qtr 4 2000	Qtr 3 2001
Tropical Logs					
GABON	32533	4.1	8369	-3.7	10.1
CAMEROON	13887	-46.1	3758	-7.5	30.0
CONGO REPUBLIC	17988	-2.9	4540	-16.6	-2.7
CONGO DEM. REP.	8951	-14.9	2505	-12.3	35.7
CENT. AFR. REP.	5225	1.6	689	-15.8	-59.5
LIBERIA	1556	-54.7	90	-68.1	-85.0
EQUAT. GUINEA	1359	-48.8	202	-35.3	43.3
OTHER	4191	4.6	883	50.4	21.5
TOTAL	85690	-15.4	21036	-8.8	4.3
Beech Logs					
FRANCE	1617	-27.8	301	2.0	118.1
ITALY	91	-75.7	0	-100.0	-100.0
SPAIN	66	-35.9	38	245.5	81.0
U.K.	0	-100.0	0	-100.0	na
DENMARK	161	360.0	89	na	122.5
IRISH REPUBLIC	0	-100.0	0	na	na
...	0	na	0	na	na
OTHER	128	na	74	na	825.0
TOTAL	2063	-27.7	502	-26.1	68.5
Oak Logs					
FRANCE	2568	-3.6	608	74.7	131.2
SPAIN	706	-0.6	227	118.3	108.3
ROMANIA	43	-90.5	0	na	na
U.S.A.	546	55.1	37	-60.2	5.7
GERMANY	0	-100.0	0	na	na
DENMARK	18	12.5	0	-100.0	na
ITALY	52	271.4	0	-100.0	-100.0
OTHER	122	na	0	na	-100.0
TOTAL	4055	-4.4	872	53.3	70.3
Other Hardwood Logs					
FRANCE	6665	-22.8	1593	-42.7	110.7
U.S.A.	7754	-7.4	1491	-20.8	174.1
SPAIN	5063	-10.6	904	-55.8	-34.8
CANADA	485	-71.7	128	-51.7	na
U.K.	229	-85.1	0	-100.0	na
SWEDEN	317	30.5	30	-49.2	-78.1
LATVIA	0	-100.0	0	na	na
OTHER	266	228.4	24	-36.8	-83.2
TOTAL	20779	-21.2	4170	-45.2	40.6
Tropical Sawn Lumber					
BRAZIL	26594	5.4	8573	25.9	66.1
CAMEROON	7768	-44.1	1939	-27.9	11.8
IVORY COAST	1889	-48.8	404	-47.3	-33.8
CONGO REPUBLIC	1533	-53.6	625	200.5	80.6
GABON	1803	10.3	614	159.1	135.2
SPAIN	803	-48.1	251	-35.6	33.5
NIGERIA	201	-86.6	13	-94.3	-70.5
CENT. AFR. REP.	0	-100.0	0	na	na
CONGO DEM. REP.	3314	317.4	2174	497.3	186.8
GHANA	70	-88.4	0	-100.0	na
OTHER	1861	-8.7	366	-40.9	-15.9
TOTAL	45836	-17.4	14959	21.0	56.8
Beech Sawn Lumber					
SPAIN	1648	37.7	519	17.7	7.0
FRANCE	775	-20.3	148	-26.4	-28.8
DENMARK	350	-44.3	60	-49.2	-24.1
GERMANY	419	27.4	179	15.5	77.2
SWEDEN	239	378.0	78	na	na
CROATIA	0	-100.0	0	-100.0	na
BELGIUM	0	-100.0	0	na	na
BOSN. & HERZ.	24	-11.1	0	na	na
ROMANIA	171	643.5	113	na	na
SLOVENIA	11	-45.0	0	na	na
OTHER	198	1700.0	110	1733.3	1275.0
TOTAL	3835	14.8	1207	29.1	37.0
Oak Sawn Lumber					
U.S.A.	18015	5.4	4194	0.3	10.4
CANADA	2427	-15.0	540	7.1	8.0
NETHERLANDS	0	-100.0	0	-100.0	na
SPAIN	2179	-0.1	858	40.7	-2.3
FRANCE	2942	224.0	786	427.5	-10.3
CROATIA	670	-18.1	123	-28.1	-27.6
BELGIUM	816	115.9	129	122.4	20.6
HUNGARY	321	-2.4	126	103.2	281.8
DENMARK	211	-29.7	22	-74.4	-58.5
OTHER	2589	175.7	823	120.1	63.0
TOTAL	30170	7.7	7601	7.3	9.8
Other Hardwood Sawn					
U.S.A.	6690	-17.2	1627	0.4	81.2
FRANCE	2327	-13.4	644	na	13.0
SPAIN	1906	5.0	390	-41.1	-34.9
SWEDEN	1454	21.1	492	16.3	40.2
CANADA	809	-29.8	211	-26.7	-1.9
TURKEY	281	3.3	0	-100.0	na
CHINA	1	-99.5	1	-97.3	na
DENMARK	92	-47.7	22	-72.8	4.8
NETHERLANDS	0	-100.0	0	na	na
CYPRUS	0	-100.0	0	-100.0	na
OTHER	538	39.4	170	-11.0	10.4
TOTAL	14098	-12.6	3557	2.5	26.7
Tropical Veneers					
BRAZIL	4818	6.1	1259	4.1	36.4
SPAIN	1381	-14.8	407	-61.0	-15.7
GERMANY	847	25.5	183	-52.7	112.8
GABON	65	-88.8	65	132.1	na
IVORY COAST	534	-3.8	132	-13.7	158.8
EQUAT. GUINEA	1062	101.5	481	345.4	155.9
OTHER	993	-42.9	201	-52.3	1.0
TOTAL	9700	-5.3	2728	-18.5	41.3

	Jan-Dec 2001		Oct-Dec 2001		
	Value 000s euro	% chg 2000/ 2001	Value 000s euro	% change Qtr 4 2000	Qtr 3 2001
Other Hardwood Veneers					
U.S.A.	6630	15.4	1471	-0.7	24.8
SPAIN	4850	-10.2	1575	-24.4	13.9
GERMANY	4680	-12.1	1155	-58.6	4.3
FRANCE	4184	12.4	1335	-10.2	46.7
CANADA	1286	-39.7	357	-2.7	91.9
HUNGARY	761	-7.3	58	-67.6	-72.5
OTHER	2444	-38.4	326	-61.1	-8.2
TOTAL	24835	-8.4	6277	-32.0	17.7
Softwood Veneers					
SOUTH AFRICA	1673	-25.8	346	-41.9	55.9
SPAIN	2868	46.0	790	351.4	17.6
U.K.	95	-80.6	0	-100.0	na
FRANCE	144	-65.5	0	-100.0	-100.0
GERMANY	128	-52.1	0	-100.0	na
OTHER	542	49.3	115	134.7	-6.5
TOTAL	5450	-5.3	1251	28.4	21.6
Tropical Plywood					
SPAIN	608	19.9	275	150.0	51.1
BRAZIL	614	104.7	127	122.8	-20.6
CAMEROON	217	-27.4	0	-100.0	-100.0
GABON	46	-84.4	0	na	na
LITHUANIA	0	-100.0	0	na	na
FRANCE	20	-78.9	0	na	-100.0
OTHER	80	-57.4	48	182.4	4700.0
TOTAL	1585	-11.3	450	69.8	-5.3
Other Hardwood Plywood					
FINLAND	1173	-81.1	140	-93.8	324.2
GERMANY	607	-69.3	122	-56.1	-62.1
U.K.	1484	-5.8	405	-63.8	103.5
SPAIN	5287	277.4	1359	219.8	-24.1
SWEDEN	29	-81.8	0	na	na
NETHERLANDS	0	-100.0	0	-100.0	na
OTHER	148	27.6	67	131.0	103.0
TOTAL	8728	-24.1	2093	-49.2	-12.0
Softwood Plywood					
SPAIN	2074	30.8	642	51.4	29.4
GERMANY	45	-91.5	0	-100.0	na
BRAZIL	554	33.5	157	67.0	-6.5
AUSTRIA	499	31.3	0	-100.0	-100.0
FRANCE	240	-15.2	45	-13.5	18.4
FINLAND	42	-82.5	0	-100.0	na
OTHER	304	-22.4	105	75.0	169.2
TOTAL	3758	-1.8	949	-37.4	-23.5
Sleepers					
GERMANY	0	-100.0	0	na	na
AUSTRIA	0	-100.0	0	na	na
...	0	na	0	na	na
OTHER	0	na	0	na	na
TOTAL	0	-100.0	0	na	na
Profiled Wood - Softwood					
SPAIN	2733	8.9	537	-37.2	-19.7
ITALY	235	-58.2	93	-42.9	55.0
FRANCE	316	29.5	115	130.0	79.7
BELGIUM	110	-41.2	54	50.0	145.5
OTHER	593	44.6	159	-30.6	-35.4
TOTAL	3987	1.9	958	-28.1	-9.7
Profiled Wood - Hardwood					
SPAIN	14341	11.1	3013	-40.3	-34.7
BRAZIL	5303	-33.2	553	-68.0	-57.5
ITALY	1776	-9.6	482	-28.0	25.8
SWEDEN	183	-87.8	14	-96.1	-63.2
OTHER	5687	-17.1	1201	-51.8	-38.5
TOTAL	27290	-12.4	5263	-48.9	-36.5
Wood windows and frames					
SPAIN	1029	-35.9	191	-70.5	-58.1
DENMARK	1827	33.5	397	68.9	-36.3
POLAND	128	-81.9	60	-34.8	900.0
FRANCE	727	310.7	29028900.0	-15.2	-15.2
OTHER	275	183.5	86	132.4	-41.5
TOTAL	3986	0.8	1024	1.1	-34.9
Wood doors and frames					
SPAIN	20817	15.5	5905	-9.8	-6.9
BRAZIL	548	-45.8	95	-65.5	331.8
ITALY	559	-16.4	165	-43.1	4.4
FRANCE	733	98.1	170	109.9	-42.6
OTHER	1061	58.1	730	518.6	1597.7
TOTAL	23718	14.3	7065	-3.4	3.0
Parquet Panels					
SPAIN	3797	-9.2	1179	24.0	4.5
BRAZIL	1916	-18.6	319	-22.8	-27.2
SWEDEN	2801	20.8	1022	12.8	62.7
NETHERLANDS	1292	-29.8	596	25.5	236.7
OTHER	11885	75.8	2301	-3.9	-28.6
TOTAL	21691	24.3	5417	5.4	-3.1
Wooden Furniture					
SPAIN	71483	-1.7	21995	-17.2	34.4
ITALY	24343	6.5	7732	6.4	39.2
U.K.	6590	-52.6	2930	-62.8	51.0
FRANCE	13120	19.9	4638	22.4	44.7
GERMANY	3738	-16.6	1105	-28.8	-2.6
NETHERLANDS	3248	-0.1	911	-41.6	15.2
BELGIUM	3062	0.0	636	-33.2	-8.8
BRAZIL	2273	-6.2	539	-20.5	17.4
OTHER	12721	6.2	3655	13.4	10.6
TOTAL	140578	-3.4	44141	-17.4	32.0

France imports - 2001

	Jan-Dec 2001		Oct-Dec 2001		
	Value 000s euro	% chg 2000/ 2001	Value 000s euro	% change Qtr 4 2000	2001
Tropical Logs					
GABON	106607	-2.5	28075	8.1	54.0
LIBERIA	29582	-15.0	4623	-2.6	-45.3
EQUAT. GUINEA	9406	-46.4	3879	3.9	215.6
CAMEROON	14273	-1.0	2010	-15.3	-46.9
CONGO REPUBLIC	10873	29.4	3199	28.3	-6.1
BELGIUM	2061	-46.7	207	-86.4	-72.6
CENT. AFR. REP.	3858	3.5	1061	-3.1	-26.1
OTHER	6177	-23.7	1248	-29.5	22.4
TOTAL	182837	-8.6	44302	1.3	15.6
Beech Logs					
GERMANY	2512	-27.6	984	112.5	1031.0
BELGIUM	872	67.0	378	530.0	220.3
SWITZERLAND	627	27.7	127	119.0	693.8
SPAIN	771	72.5	188	268.6	27.9
U.S.A.	0	-100.0	0	na	na
SLOVAKIA	27	-72.2	27	-15.6	na
ROMANIA	5	-93.8	0	-100.0	na
OTHER	345	50.0	81	62.0	1520.0
TOTAL	5159	-7.8	1785	146.2	378.6
Oak Logs					
GERMANY	10793	-27.9	2062	3.7	53.1
BELGIUM	1690	11.2	323	77.5	-30.8
ROMANIA	365	-66.7	50	-68.4	85.2
U.S.A.	1587	53.0	639	22.9	130.7
SLOVAKIA	172	-73.6	19	-86.1	72.7
AUSTRIA	1327	200.9	187	73.1	-65.6
SWITZERLAND	782	80.2	81	-11.0	-65.1
OTHER	1750	16.0	347	-23.6	0.6
TOTAL	18466	-14.8	3708	1.9	14.1
Other Hardwood Logs					
U.S.A.	8699	12.2	1824	-26.7	300.0
BELGIUM	5089	-4.2	1246	10.3	18.3
CANADA	1999	-17.0	196	-71.3	-14.0
SPAIN	3181	40.1	602	-12.4	6.4
GERMANY	2491	15.9	342	-66.6	4.9
ITALY	199	-61.4	21	-84.7	-65.6
ROMANIA	124	-54.4	8	-87.7	-72.4
OTHER	2330	69.6	473	11.8	74.5
TOTAL	24112	9.3	4712	-29.0	56.6
Tropical Sawn Lumber					
BRAZIL	95677	7.9	21954	-21.9	40.9
CAMEROON	40072	2.7	8566	1.5	-21.1
MALAYSIA	18524	-38.9	2938	-62.9	-34.7
GHANA	11282	-36.3	2377	-38.6	5.7
IVORY COAST	15608	14.1	4048	17.9	23.9
BELGIUM	15117	34.7	3560	18.8	20.2
CONGO REPUBLIC	5399	14.5	1404	43.9	-10.9
INDONESIA	4142	22.0	544	-52.6	-61.7
GABON	4012	64.0	1056	27.1	-17.2
NETHERLANDS	1711	-27.1	528	-11.6	95.6
OTHER	13098	22.1	3731	25.8	43.1
TOTAL	224642	0.2	50706	-17.3	8.9
Beech Sawn Lumber					
SPAIN	1294	-24.5	334	-11.2	44.0
SLOVAKIA	1174	-30.3	325	-17.3	166.4
POLAND	1355	-11.9	229	-48.1	23.1
BOSNIA & HERZEGOVINA	42.4	-42.4	172	-27.7	-11.8
SWITZERLAND	954	-10.3	235	-12.0	19.9
GERMANY	549	-36.5	130	-12.2	80.6
SLOVENIA	724	-8.1	153	-16.8	-15.5
ITALY	765	-1.8	157	4.7	17.2
ROMANIA	648	21.1	84	-39.6	-51.4
BELGIUM	312	-36.6	87	-48.5	27.9
OTHER	1262	-4.6	300	-9.9	-11.2
TOTAL	9683	-18.7	2206	-22.3	16.3
Oak Sawn Lumber					
U.S.A.	11835	-28.8	2231	-36.5	-19.5
BELGIUM	4121	-20.8	919	-28.3	37.8
CANADA	3761	-12.8	922	-9.7	73.3
GERMANY	1776	-14.8	224	-62.1	-21.7
ITALY	2412	49.5	504	0.8	-24.2
UKRAINE	2040	31.1	637	59.3	66.8
SLOVAKIA	1113	-20.3	205	-53.3	-5.1
LITHUANIA	1710	63.0	243	-53.8	-45.3
CROATIA	716	-1.8	159	-35.6	45.9
OTHER	6610	49.1	1609	7.7	31.5
TOTAL	36094	-7.5	7653	-23.6	4.9
Other Hardwood Sawn					
U.S.A.	14600	-24.0	2863	-34.6	20.6
CANADA	8153	-23.8	1549	-40.4	5.1
BELGIUM	3202	-18.0	670	-19.6	-2.0
GERMANY	2521	-34.6	557	-41.1	-6.1
POLAND	1015	-42.5	202	-46.8	-1.5
NETHERLANDS	806	-50.7	255	-41.6	104.0
LATVIA	2122	49.3	304	-40.0	-38.2
ITALY	1135	13.0	155	-39.7	-58.1
ROMANIA	1839	137.6	547	74.2	33.1
FINLAND	399	-45.9	23	-85.9	-81.0
OTHER	7777	46.2	1600	-2.6	-9.2
TOTAL	43569	-13.4	8725	-29.9	1.3
Tropical Veneers					
GABON	24240	73.1	7171	40.0	22.0
GHANA	3791	2.7	1488	102.2	78.0
SPAIN	2468	5.2	647	21.4	23.5
BELGIUM	2142	3.3	523	-25.4	20.2
EQUAT. GUINEA	1589	-21.0	389	-38.4	35.1
CAMEROON	1817	1.1	363	-15.6	-21.4
OTHER	9195	29.5	2610	48.5	20.2
TOTAL	45242	37.0	13191	33.1	24.5

France

France is a still major importer of tropical logs, although last year the progressive switch away from tropical logs towards sawn lumber continued as exporting countries have tightened controls over log exports and are promoting their own downstream industries.

French tropical hardwood importers have had increasing difficulty obtaining adequate supplies from traditional francophone Africa supplying countries. Competition for the restricted volumes available has increased, notably from buyers in Italy, Spain, Portugal, and China.

Falling tropical log imports

The value of French tropical log imports fell 8.6% during 2001. The value of imports from Gabon, the dominant supplier, remained stable. However this fact hides significant changes in the structure of imports. Data from the le Commerce du Bois indicates that the overall volume of Gabon logs imported by France was down 7%. This data shows that French imports of Gabon okoume logs rose strongly during 2001, from 237000 m3 to 293000 m3, while imports of other species declined from 237000 m3 to 146000m3.

French imports of logs from Cameroon are now restricted to secondary species, with import volumes stabilising at around 50000 m3 last year. Congo-Brazzaville was the only country registering a significant increase in exports of logs to France last year.

Steady imports of tropical sawn

The overall value of French imports of tropical sawn lumber remained reasonably stable during 2001. However, according to Le Commerce du Bois, the volume of imports actually increased by 14% from 376,000 m3 to 429,000 m3, suggesting a decline in the average unit value. Brazil remains the dominant supplier, with imports from this source rising from 111000 m3 in 2000 to 128000 m3 in 2001. This partly reflects competitive pricing due to the relative weakness of the real, the Brazilian currency. Brazilian producers are also able to supply kiln dried, giving them a competitive edge over African suppliers. The Brazilian species tauari is used widely for interior joinery in France. The value of French imports of sawn lumber from Malaysia was down nearly 40% during 2001, a dramatic illustration of the

	Jan-Dec 2001		Oct-Dec 2001		
	Value 000s euro	% chg 2000/ 2001	Value 000s euro	% change Qtr 4 2000	2001
Other Hardwood Veneers					
GERMANY	8684	9.8	2347	10.9	32.6
SPAIN	5740	-6.2	1676	-3.5	-8.8
U.S.A.	5317	-10.9	737	-65.0	-12.9
ITALY	6671	16.4	1947	19.2	39.8
BELGIUM	2742	-40.0	552	-50.7	20.0
SWITZERLAND	1010	-54.2	35	-93.8	-74.3
OTHER	4085	-22.8	1191	-22.5	89.0
TOTAL	34249	-9.4	8485	-21.5	20.0
Softwood Veneers					
FINLAND	11141	20.1	3088	7.4	63.8
PORTUGAL	3571	-26.1	258	-60.9	-79.8
SPAIN	3846	7.7	675	2.6	-46.0
SWEDEN	818	-43.7	236	-53.4	187.8
U.S.A.	1217	-3.4	472	100.9	321.4
OTHER	3892	6.3	713	-37.8	-33.4
TOTAL	24485	1.8	5442	-10.5	-4.2
Tropical Plywood					
INDONESIA	23859	-15.2	5222	15.1	-31.3
BELGIUM	14076	7.8	3294	-16.0	4.3
GABON	5919	-3.6	1838	103.8	40.6
IVORY COAST	5592	9.0	1370	14.8	-13.6
BRAZIL	6925	43.1	1311	27.9	-20.4
MALAYSIA	2771	-20.4	629	2.8	-27.1
OTHER	13814	-10.0	3263	-9.6	-10.0
TOTAL	72956	-4.2	16927	7.1	-14.4
Other Hardwood Plywood					
FINLAND	17522	-3.9	3724	-37.3	-8.7
GERMANY	6374	12.3	1717	0.7	24.4
RUSSIA	2633	-37.7	627	-28.8	14.6
BELGIUM	6567	67.5	2285	141.8	28.4
ITALY	4636	22.0	1139	11.0	26.0
SPAIN	2176	16.2	353	-0.8	-43.5
OTHER	10299	4.0	2408	4.1	2.9
TOTAL	50207	5.4	12253	-6.9	5.1
Softwood Plywood					
FINLAND	15637	-10.1	3828	-22.4	6.7
GERMANY	10970	24.8	3028	18.9	19.3
BELGIUM	6806	-13.1	1640	-3.4	41.9
BRAZIL	5748	-10.9	772	-28.5	-31.7
AUSTRIA	5303	19.8	1232	-2.5	-9.1
U.K.	5255	25.5	1246	9.6	0.2
OTHER	23235	7.8	5273	18.0	8.0
TOTAL	72954	3.3	17019	-0.6	7.1
Sleepers					
IVORY COAST	2854	-1.1	231	-63.2	-81.1
CAMEROON	2055	-15.2	500	127.3	6.4
BELGIUM	692	-2.5	186	10.7	-15.8
OTHER	1130	91.5	697	626.0	1294.0
TOTAL	6731	1.8	1614	45.1	-17.7
Profiled Wood - Softwood					
GERMANY	8438	2.5	2260	8.1	-4.7
ITALY	3910	-20.2	725	-26.6	-9.8
BELGIUM	2607	-6.0	753	9.9	17.1
LUXEMBOURG	3506	49.4	1536	43.8	7.0
OTHER	7108	1.5	1780	-14.3	29.5
TOTAL	25569	1.2	7054	2.1	6.4
Profiled Wood - Hardwood					
ITALY	18865	24.3	4454	0.6	19.1
BELGIUM	8352	23.0	2023	-5.2	31.7
GERMANY	7477	12.6	1683	-19.9	-16.5
POLAND	4917	22.0	931	-56.9	-17.5
OTHER	39513	59.8	9080	17.7	-8.8
TOTAL	79124	37.9	18171	-2.0	-1.1
Wood windows and frames					
DENMARK	18055	-16.9	3191	-60.1	-1.5
POLAND	2642	-28.3	499	0.6	-31.0
HUNGARY	0	-100.0	0	-100.0	na
BELGIUM	4009	55.4	1170	90.2	5.7
OTHER	9379	-0.2	2638	-7.4	35.8
TOTAL	34085	-14.9	7498	-39.5	6.9
Wood doors and frames					
BELGIUM	8165	2.1	2112	3.4	4.1
SPAIN	6185	2.6	1193	-16.9	-14.0
GERMANY	3661	-6.7	1024	-13.9	27.7
NETHERLANDS	4531	32.0	1497	49.8	46.8
OTHER	15102	-9.5	3744	10.8	8.6
TOTAL	37644	-1.1	9570	5.8	10.2
Parquet Panels					

Trade stats *cont. from page 13*

weakness of the French and wider European market for meranti last year.

The problems of overstocking in the French beech market are reflected in a significant drop in the value of beech imports during 2001. There was also a 7.5% drop in the value of oak lumber imports, with a big fall in American hardwood imports. Eastern European suppliers fared better last year, with oak imports increasing from Italy (derived from Croatian logs), Ukraine and Lithuania.

Big rise in tropical veneer imports

A 37% increase in the value of French imports of tropical veneers, including a 73% increase from Gabon, is vivid evidence of the impact of efforts to increase domestic processing capacity in African countries. French imports of hardwood profiles were also rising strongly last year, mainly from other European countries.

Overall demand for hardwoods has been weak during the first half of 2002, in line with the subdued nature of the French economy. After a period of exceptional growth, French industrial output and corporate investment fell dramatically in 2001 and has yet to show significant improvement. Real GDP growth in France has slowed from 1.9% in 2001, to an anticipated 1.4% this year.

Household consumption still strong

More positive is that French household consumption has remained strong, buoyed by rising incomes and tax cuts. Prospects for the second half of the year also look better. A win for the mainstream right in both the recent parliamentary and presidential elections has brought to an end the period of political cohabitation which had stifled reform. Prospects for further measures to liberalise the economy, particularly tax cuts and privatisation, have improved.

Carrefour

One of Europe's best shows

The Carrefour International du Bois in Nantes is widely regarded as France's best timber trade show and probably one of the most wood focused events in Europe. The combination of industry meetings, seminars and presentations together with the most international participation yet has placed it high on the exhibition circuit. Described by the organisers as "the 100% timber trade show", the spirit of Carrefour was labelled

as "listening to the timber trade".

This year there were more than 400 exhibitors and 9,000 visitors. All sectors of the wood processing industry including sawn timber and panels were represented by exhibitors. Carrefour is strongly supported by France's many timber organisations including CTBA, Federation National du Bois, Le Commerce du Bois and APECF. The Carrefour is also sponsored by local trade and port organisations in Nantes. Many French sawmills, especially from western France such as Roger and Ducerf, and importers exhibited with stands some of which were highly prominent, such as Tolazzi. Another western French participant was the renowned Ecole Supérieure du Bois – the timber engineering school in Nantes.

France promotes oak

APECF, the association for the promotion of French oak, used Carrefour to launch its most aggressive campaign yet. APECF presented their new publication "Partenaire de l'avenir, le chene" which is aimed at architects and designers and which provides both aesthetic and technical information on French oak for a variety of applications. Such promotion puts France in the forefront of the campaign to increase the consumption of hardwood.

Woods of the World

The Centre Technique du Bois et de l'Ameublement (CTBA) which has always provided a wealth of technical information, was promoting its own "Woods of the world" CD – a wood anatomy database.

Although a thoroughly French show, 30% of exhibitors were from outside France. There were strong delegations from the United States, Canada and Belgium in particular. Belgium was represented by hardwood distributors such as Willy Carpentier and Cravan, who distribute widely in the French market. Belgium timber agents C.Leary were also exhibiting on behalf of two of their shippers. Visitors included Francois Remiche, PDG of CIB – one of the most active Belgium companies within the French market.

The American Hardwood Export Council, which has been associated with Carrefour since it began as a one day conference in 1990, took the opportunity to launch the French edition of its new Hardwood Grading Guide. The State of Pennsylvania organised an island stand incorporating six hardwood exporters of products ranging from sawn timber (Rossi, ITL and Bradford FP) to maple dimension (Thompson Maple Products).

The Rossi American Hardwoods Group held an innovative competition to identify wood species which was won by students from the local timber school. The Virginia Department of Agriculture also included two furniture industry researchers at the show. The Canadian Embassy in Paris organised the representation of a number of Canadian exporters to the French market including BC Wood Specialities.

Malaysians head tropical list

Tropical hardwood exhibitors were also well represented this year. The Malaysian Timber Council, a long time supporter of Carrefour, was at the head of the Asian list which included several teak suppliers (from Burma and elsewhere) and bamboo suppliers for flooring and panels. Lenga sawn timber, often promoted as a cherry substitute, was on offer from Chile; and from Africa a wide range of species was promoted by SNBG from Gabon. The Carrefour organisers had also arranged a delegation from six South American countries, which held individual meetings with Europeans at the International Affairs Club, one of the facilities at Carrefour.

Market at a crossroads

This "crossroads of wood" found itself occurring at a real crossroads in the market. Stocks, particularly of hardwoods, are not high in Europe, but price movements are not showing any real pattern and, as always, the approaching holiday season makes buyers cautious. The feedback from this show seemed to indicate that not a great deal of new business was written but many new valuable contacts were made. Many of the exhibitors found that their market was represented by other exhibitors so that the social programme organised by sponsors and exhibitors had special significance.

Exchange rates much discussed

Currency exchange rates were a major discussion point at the show. The growing strength of the euro against the U.S. dollar will have a major impact on the relative competitiveness of suppliers, not only in the EU and North America, but also in Africa, Asia and South America. By the end of the show, the jury was still out and it was apparent that speculators may have been creeping in. The rate had moved from 0.89 three months ago to almost 0.94 during the show, with expectations of parity later in the year.

To date France has not been at the forefront of the environmental debate, but there were

Continued page 15

France

Carrefour *cont. from page 14*

signs of change at this year's Carrefour. The Precious Woods Company from Switzerland was promoting FSC certified Brazilian hardwood. Ducerf, one of France's leading hardwood producers, launched itself as the first French producer to be certified by the Pan European Forest Certification (PEFC) scheme. Among the comprehensive programme of activities taking place during Carrefour, was a briefing by PEFC France

on the development of its certification system. PEFC France, which was recently endorsed by the PEFC Council, has already certified five of the twenty two French forest regions and forecasts that all the French regions will have been certified by the end of 2002.

The next Carrefour International du Bois takes place 2nd-4th June 2004. Details are available on www.timbershow.com

Exchange rates

		One GB pound (£)			One US Dollar (\$)			One Euro		
		25-Mar	26-Apr	28-Jun	25-Mar	26-Apr	28-Jun	25-Mar	26-Apr	28-Jun
Argentina	Peso	3.9304	4.647	5.8989	2.755	3.195	3.87	2.422	2.8712	3.8221
Australia	Aus. \$	2.6787	2.6761	2.7153	1.8776	1.8399	1.7814	1.6508	1.6535	1.7593
Bangladesh	Taka	81.6758	83.2673	87.5683	57.25	57.25	57.45	50.3343	51.4478	56.7377
Belize	B\$	2.8105	2.8653	3.0028	1.97	1.97	1.97	1.732	1.7703	1.9456
Bolivia	Boliviano	9.9866	10.2692	10.9289	7	7.0605	7.17	6.1544	6.3449	7.0811
Botswana	Pula	9.7416	9.4079	9.4177	6.8283	6.4683	6.1786	6.0034	5.8128	6.102
Brazil	Real	3.3641	3.4325	4.3449	2.358	2.36	2.8505	2.0732	2.1208	2.8152
Canada	Canadian \$	2.2494	2.2724	2.3183	1.5767	1.5624	1.5209	1.3862	1.404	1.502
Chile	Peso	954.928	948.083	1049.830	669.350	651.850	688.750	588.493	585.785	680.210
China	Yuan	11.8084	12.039	12.6164	8.277	8.2773	8.2771	7.2772	7.4384	8.1745
Czech Republic	Koruna	50.4772	49.0239	45.0824	35.3816	33.7061	29.5768	31.1075	30.29	29.21
Denmark	Danish Krone	12.0636		11.4653	8.4559		7.5219	7.4344		7.4287
Estonia	Kroon	25.3979	25.3197	24.155	17.8025	17.4084	15.8471	15.652	15.6441	15.6506
Euro-zone (1)	Euro	1.6227	1.6185	1.5434	1.1374	1.1128	1.0126	1	1	1
Fr. Africa (2)	CFA Fr.	1064.40	1061.66	1012.40	746.08	729.94	664.20	655.96	655.96	655.96
Ghana	Cedi	10949.60	11555.60	12075.90	7675.00	7945.00	7922.50	6747.88	7139.80	7824.28
Guyana	Guyanese \$	257.510	262.528	275.127	180.500	180.500	180.500	158.696	162.206	178.262
Hong Kong	HK\$	11.1272	11.3439	11.8891	7.7996	7.7995	7.8	6.8574	7.009	7.7032
India	Rupee	69.5492	71.1808	74.4749	48.75	48.94	48.86	42.861	43.98	48.2542
Indonesia	Rupiah	14016.8	13533.7	13280.8	9825.0	9305.0	8713.0	8638.1	8361.9	8605.0
Japan	Yen	189.588	186.199	182.697	132.89	128.02	119.86	116.837	115.045	118.374
Kenya	K. Shilling	111.457	113.884	120.042	78.125	78.3	78.755	68.76	70.3644	77.7785
Korea South	Won	1895.23	1887.37	1833.67	1328.45	1297.65	1203.00	1167.97	1166.33	1188.08
Liberia	Liberian \$	1.4267	1.4545	1.5243	1	1	1	0.8792	0.8987	0.9876
Malaysia	Ringgit	5.4213	5.5269	5.7922	3.8	3.8	3.8	3.341	3.4149	3.7529
Myanmar	Kyat	9.694	9.7822	9.9293	6.7949	6.7257	6.5142	5.9653	6.0973	6.4334
New Zealand	NZ\$	3.2409	3.2346	3.1383	2.2717	2.224	2.0589	1.9973	1.9986	2.0334
Nigeria	Naira	165.634	169.371	182.682	116.100	116.450	119.850	102.075	104.648	118.364
Papua NG	Kina	5.2079	5.3981	6.0622	3.6504	3.7114	3.9772	3.2095	3.3353	3.9279
Philippines	Peso	72.9233	73.9661	76.7079	51.115	50.855	50.325	44.9404	45.7009	49.701
Poland	Zloty	5.8625	5.8113	6.1844	4.1093	3.9956	4.0574	3.6129	3.5906	4.007
Romania	Leu	47079.5	48542.3	50997.6	33000.0	33375.0	33457.5	29013.6	29992.4	33042.6
Russia	Rouble	44.4862	45.3716	48.0444	31.1823	31.195	31.52	27.4155	28.0334	31.1292
Singapore	Singapore \$	2.6148	2.623	2.693	1.8328	1.8035	1.7668	1.6114	1.6207	1.7448
Solomon Islands	Slnn. Is. \$	8.8612	9.3354	10.8257	6.2112	6.4185	7.1023	5.4541	5.7496	7.0142
South Africa	Rand	16.3709	15.588	15.715	11.475	10.7175	10.31	10.0889	9.6313	10.1822
Sweden	Krona	14.6233	14.9136	14.0086	10.2501	10.2537	9.1905	9.0119	9.2145	9.0765
Taiwan	\$	49.9899	50.5625	50.9252	35.04	34.764	33.41	30.8072	31.2407	32.9958
Tanzania	Shilling	1389.56	1406.45	1431.27	974.00	967.00	939.00	856.34	869.00	927.36
Thailand	Baht	61.9024	62.8614	63.3021	43.39	43.22	41.53	38.1485	38.8397	41.0151
Uganda	New Shilling	2533.02	2614.37	2736.79	1775.50	1797.50	1795.50	1561.02	1615.32	1773.24
United Kingdom	£	1.0000	1.0000	1.0000	0.7009	0.6875	0.6561	0.6163	0.6179	0.6480
U.S.A.	US \$	1.4267	1.4545	1.5243	1	1	1	0.8792	0.8987	0.9876
Venezuela	Bolivar	1270.610	1222.470	2050.890	890.625	840.505	1345.510	783.038	755.320	1328.830
Vietnam	Dong	21642.3	22140.4	23279.1	15170.0	15222.5	15272.5	13337.5	13679.7	15083.1
Zimbabwe	\$	79.1079	80.6494	84.5198	55.45	55.45	55.45	48.7518	49.8303	54.7625

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

Association: CTBA, France

The Centre Technique du Bois et de l'Ameublement (CTBA) is a partly government-funded technical association with headquarters in Paris and technical facilities in three locations including Bordeaux. Additional funds come from private contracts. It was created in 1952 on behalf of and for professionals in the wood trade and for companies in the timber and furnishing sectors.

CTBA offers research and development, information, technical back-up, training standardisation and quality certification. The organisation promotes technical progress and product quality improvements. CTBA works actively in the areas of logging, sawmilling, packaging, joinery, panel production, parquetry, timber structures, furnishings and distribution.

CTBA also cooperates on the European level in the timber industry, and has trading arms selling training and specialised equipment.

It employs 290 with a full range of industry skills. CTBA claims to work with 60,000 companies in the timber industry.

CTBA
10, Avenue de Sainte-Mandé
F – 75012 Paris
FRANCE

Tel: 33 (0) 1 40 19 49 19
Fax: 33 (0) 1 43 40 85 65
E-mail: courier@ctba.fr
www.ctba.fr

Hardwood Events

Date	Event	Venue	Target audience	Contact
2002				
2-6 July	Wood for Africa 2002	Pietermaritzburg South Africa	Forestry, trade	woodforafrica@futurenet.co.za www.woodforafrica.com
22-26 July	FAO/ITTO Int. Conference on Criteria for Sustainable Forest Management	Guatemala City Guatemala	Government, ENGO forestry	itto@itto.or.jp ; www.itto.or.jp
22-25 Aug	International Woodworking, Mach. & Supply Fair	Atlanta, Georgia	Woodworking, timber trade and industry	www.iwf2002.com info@iwfatlanta.com
26 Aug-4 Sept	World Summit on Sustainable Development (Rio +10)	Johannesburg South Africa	Government, ENGOS Trade Associations	Summit Secretariat: dssd@un.org www.johannesburgsummit.org
24-25 Sept	Malaysian Timber Marketing Convention	Kuala Lumpur, Malaysia	Timber trade and industry	mtmc@mtc.com.my www.mtc.com.my
24-25 Oct	AHEC European Convention	Lisbon, Portugal	Timber trade	www.ahec-europe.org
4-9 Nov	33rd Session of the International Tropical Timber Council	Yokohama, Japan	Government, trade	Collins Ahadome, ITTO, itto@itto.or.jp
20-22 Nov	1st Int. Congress of the Solid Wood Products Industry	Belem, Para, Brazil	Timber trade and industry	wrspp@wrsaopaulo.com.br www.wrsaopaula.com.br
2003				
11-15 Mar	Properties and Utilisation of Tropical Woods	FRIM, Kuala Lumpur Malaysia	Wood technology, trade	Forest Research Institute Malaysia ganks@frim.gov.my

African market finely balanced

Log availability throughout the major African hardwood supplying countries is still confined. Heavy rains in regions north of the equator have added to long term factors of tightening regulations, resource constraints, and infra-structure problems to limit supplies. Low supply is balanced by weak demand. Log and sawn lumber prices were stable during June. **Page 2/3**

Malaysia bans Indonesian logs

To help enforce Indonesia's log export ban, the Malaysian government announced on 25 June with immediate effect a total ban on the importation of logs from Indonesia. The aim is to give assurance to buyers that all timber and timber products exported from Malaysia derive from legal sources. Malaysia has also been enforcing strict controls to keep domestic log harvests to below 16 million m3 per annum. **Page 4**

Meranti prices rising again

Limited log supply has meant that Malaysian sawn lumber availability is very restricted. The number of offers for sawn lumber from Malaysian exporters to European buyers has fallen over recent weeks and certain sizes are already sold out until September/October shipment. Prices for Malaysian sawn lumbers (CNF European port) have continued to rise. European buyers have been shy of the forward market. Price competition for stocks on the ground in Europe has intensified in response to weakening in the dollar exchange rate. **Page 4/5**

Rapid rise in Asian plywood prices

Dollar prices for Indonesian and Malaysian plywood have been rising rapidly. Indonesian lauan plywood prices now stand at INDO96 -25% to -22%. The increase reflects limited log availability, rising log costs and significant strengthening in the value of the Indonesian rupiah against the dollar. **Page 5**

U.S. economy wobbles

A series of scandals on Wall Street has dented confidence in the U.S. economy despite data indicating a strong recovery in

the first quarter of the year. However U.S. house starts remain strong, the flooring sector is booming, cabinet sales are good and even the furniture sector seems to have reached a point of stability. Overall domestic hardwood demand is rising gradually while production cut-backs have also contributed to a slow turnaround in prices. **Page 8**

American export optimism rises

Export demand for American hardwoods is subdued, but there is growing optimism that the worst is over. European importers are still not buying in any volume and demand has slowed temporarily due to the summer vacation season. But weakening of the U.S. dollar may allow American hardwoods to claw market share back from competitors. As was evident at AHEC's Greater China and South East Asia Convention in Shanghai during early June, interest in American hardwoods in China continues to rise - not only to manufacture products for export, but also for domestic consumption **Page 8/9**

Embarrassment for IBAMA

Shipments of Brazilian mahogany lumber from last year's harvest are still stalled. The IBAMA president has written a letter to the CITES authorities suggesting that a proportion of recent mahogany exports derived from unknown or illegal sources. This admission is an embarrassment for the Brazilian authorities. IBAMA had originally issued all the shipments involved with a CITES certificate of legality. A major international workshop on the Brazilian mahogany trade has concluded that IBAMA is underfunded and undermanned. **Page 10**

France switches from logs to sawn

France is a major importer of tropical logs. However last year the progressive switch away from tropical logs towards sawn lumber continued as exporting countries have tightened controls on log exports and are promoting their own downstream industries. Overall demand for hardwoods has been weak during the first half of 2002, in line with the subdued nature of the French economy. **Page 13/14**

Carrefour du Bois

The Carrefour International du Bois in Nantes is widely regarded as France's best timber trade show and probably one of the most wood focused events in Europe. This year the show saw strong participation from producers and users of European, American and tropical hardwoods. The French industry launched a campaign to promote French oak. The show coincides with a real crossroads in the European hardwood market. Stocks are low and future demand trends uncertain. The recent strengthening of the euro was a major focus for discussion at the show **Page 11/12**

Spanish market stronger than most

The Spanish market for imported hardwood remained stronger than most other EU countries during 2001. Tropical hardwood imports were particularly strong, with Spain registering increases in the value of tropical log, lumber and veneer imports. **Page 11**

Portuguese downturn

Demand for imported hardwoods was rising in Portugal until the year 2000 as the quality of interior fitting and the domestic demand for high-end furniture increased. However a slowdown in the Portuguese economy led to a turnaround in imports last year. The value of tropical log and lumber imports declined by 15% and 17% during 2001. Imports from Brazil were on the rise at the expense of African suppliers. **Page 12**

Gabon looks for Asian investment

Gabon forest industry representatives visited Asia recently to discuss sales and inward investment opportunities. 70% of Gabon's wood exports are now directed to Asian markets and only 25% to European markets. Within Asia, the Chinese market has grown rapidly and now accounts for 80-85% of the total. Only 20% of harvested logs in Gabon are processed domestically, but there are plans to increase this proportion to 50% in three years. **Page 3**