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## Mixed fortunes in the U.K.

**H**ardwood import performance in the U.K. was very patchy during 2001, according to our latest analysis of trade data (table page 10). Winners in the market include oak, European hardwood suppliers, Finnish birch plywood, and overseas manufacturers of value-added products. Losers include tropical sawn lumber and hardwood veneer.

■ **Tropical logs:** The data indicates that U.K. import value declined 12% last year, with imports falling particularly rapidly in the second half of the year.\* Imports from Cameroon continued to decline due to tightening log export regulations. Imports from Liberia were strong in the first half of the year, but declined to zero in the last quarter.

■ **Tropical sawn lumber:** the year saw a 6% decline in the value of U.K. imports of tropical sawn lumber, reversing a partial recovery during 2000. Imports from Malaysia were particularly hard hit, down 19%, following over-exuberant purchasing during 2000. However a better balance between supply and demand allowed a partial recovery in imports of tropical sawn lumber during the second half of 2001.

■ **Temperate hardwood logs:** during 2000, U.K. log imports from the U.S. rose strongly, a trend which partly reflected increased custom cutting in the U.K. and partly the strength of the dollar which meant it was more cost effective to process wood outside the U.S. However this trend was partly reversed last year as log imports from the U.S. once again declined. A slowdown in the U.K. economy

*\* Note import data for tropical logs needs to be treated with caution since it may include boules and other lumber misclassified as logs. Imports from Cameroon may also include logs from the northern Congo and Central African Republic exported via Douala.*

may be partly to blame, but there is also evidence that U.K. importers switched some of their purchases to French oak last year.

■ **Temperate hardwood sawn lumber:** U.S. suppliers remain dominant in the U.K. market, with the value of imports of U.S. hardwoods rising last year despite the strength of the dollar and challenging trading conditions. However European suppliers made inroads into the U.K. market during 2001 - notably oak from Italy and Romania, beech and oak from France, and oak from Germany - a trend which was strengthening in the last quarter of the year. The value of oak and beech lumber imports into the U.K. were on the rise during 2001, but other hardwood species fared less well.

■ **Hardwood veneers:** there was a significant decline in U.K. imports of hardwood veneers during 2001 - notably from the U.S. and from Germany. Reasons include the underlying slowdown in the U.K. economy, pressure on U.K. furniture manufacturers from overseas suppliers, and declining veneer production in Germany in response to weak European demand and rising competition from Eastern European suppliers. The U.K. was also importing more hardwood veneer indirectly from the Netherlands last year, and there was a significant rise in imports from Spain.

■ **Plywood:** overall the value of U.K. imports of tropical hardwood plywood increased last year by 12%. The rise partly reflects continuing good activity in the U.K. construction sector during 2001, but it also hides very difficult trading conditions due to intense competition, thin margins and over-stocking. These problems were intensified by Indonesian and Bra-

**Continued page 10**

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## **Editorial - marketing tropical wood**

The tropical timber industry has taken another mauling in recent months. Greenpeace activists in Europe have held up shipments of African wood at the ports, barracaded tropical hardwood suppliers in their offices, and broken into government departments to replace uncertified sapele doors with FSC certified products. As usual, the crimes of a few irresponsible operators are being used to tarnish the reputation of the whole industry.

Greenpeace's latest onslaught re-emphasises the critical need for a co-ordinated tropical wood marketing campaign. The timing of ITTO's recent announcement that it will fund such a campaign is therefore appropriate (page 14). The funding offered - around US\$ 4.5 million over three years - is a drop in the ocean. This amount of money could be gobbled up in the space of a week just on media advertising.

So let us hope that ITTO use the money wisely. Here are a few suggestions. ITTO needs to work closely with commercial

companies and trade associations that have acquired many years experience of handling these issues in the market place. It needs to harbour a core of young professional advocates who will espouse the cause of tropical hardwoods for many years to come. It needs to keep the message simple. And above all, it needs to back the PR with concrete steps to demonstrate good practice in the tropical forestry sector.

ITTO Objective 2000 encouraged tropical countries to establish forestry laws and regulations based on sustainable forestry principles. Building on this, it would make sense for the marketing campaign to be closely linked to the launch of a tropical forest certification system that allows operators to undergo third party audits of compliance with existing forest laws and standards. This would help to tackle the problem of forest law enforcement, while putting clear water between responsible and irresponsible forestry operators in the tropics.

## **Africa**

### **African logs and sawn Still steady**

Prices for tropical African logs and sawn lumber remain stable, finely balanced between slow demand and restricted supply. The rains have now started throughout the major producing regions north of the equator. Log stocks were generally low even before the onset of the rain, so a minor increase in demand may be sufficient to tip the balance towards rising prices.

However at present, export demand for most species remains subdued. After picking up earlier in the year, **Chinese demand** for logs of peeler species is reported to have been quieter during May. The **European market** for African logs and sawn lumber has yet to show any signs of strength. Due to continuing economic uncertainty in many European countries, importers are tending to buy for immediate needs only and are maintaining limited stocks. In the **U.K.**, a rise in the value of the euro against sterling during May - which had the effect of raising sterling FOB prices for African hardwoods - acted as a further brake on forward demand. Looking ahead, the European summer vacation season is likely to lead to a temporary lull in demand during July and August. Buyers in **Spain** and **Portugal** have announced that they will not accept

shipments for arrival in August. The signs are that African hardwood prices are likely to remain stable over the summer months, perhaps rising during the autumn.

### **Cameroon beset with problems**

The wood processing sector in **Cameroon** is beset with problems. Log supplies were tight throughout the last logging season due mainly to stricter government harvesting controls. The Cameroon government's announcement that the tax year - currently running from 1 July - should be shifted to run from 1 January, has added to the uncertainty. Since the timing of logging licenses is tied to the tax year, this change has raised the possibility that no logging licenses will be issued at all between July and December this year. Overland log transport is also a major problem in Cameroon as the railways are giving priority to alternative products. Cameroon mills have been forced to turn to alternative log supplies from **Congo (Brazzaville)** and the **Central African Republic (CAR)** - but the costs and uncertainty of transporting logs 1000 km overland are high.

These various problems have meant that log prices to **Cameroon** mills are high and, as export lumber prices are stable, mills are finding it difficult to make a profit. Many of the larger Cameroon operators are now shifting processing operations to **Congo**

African indicative prices			
	Mar	Apr	May
Exchange rates			
US\$/£	1.43	1.45	1.46
Euro/£	1.62	1.62	1.57
All prices include agents commission of 5%			
<b>Logs</b>			
<b>Liberia</b>			
US\$/m3, FOB Liberia			
Grade: B+ & better (good UK sawing quality)			
All diameters 60 cm+			
<b>A. mahogany</b>	185	185	185
<b>Walnut</b>	185	185	185
<b>Iroko</b>	240	240	240
<b>Kusia (Opepe)</b>	120	120	120
<b>Sawn lumber</b>			
<b>Cameroon, CAR, Congo (Braz.)</b>			
Euro/m3; FOB			
Grade and size: FAS, air dried, width 6"+, length 6'+			
<b>Sapele</b>	510	510	515
<b>Sipo</b>	615	615	620
<b>Bibolo</b>	400	400	400
<b>N'Gollon</b>	535	535	535
<b>Iroko</b>	520	520	520
<b>Cote d'Ivoire</b>			
Euro/m3; FOB Abidjan			
Grade: FAS, air dried			
Size: width 6"+ avg 9"-10"; length 6'+ avg 10'-11', thickness 1"-2"			
<b>Iroko</b>	500	500	510
<b>Mahogany</b>	420	420	420
<b>Framire</b>	310	310	310
<b>Samba No.1 C&amp;S</b>	240	240	240
Dimension stock			
<b>Azobe</b>	400/ 460	400/ 460	400/ 460
<b>Dabema</b>	300/ 390	300/ 390	300/ 390
<b>Gabon</b>			
Euro/m3; FOB			
Grade and size: FAS, width 6"+, length 6'+			
<b>Okoume AD</b>	320	320	320
<b>Okoume KD</b>	365	365	365

## (Brazzaville) and CAR.

Against this background, it is no surprise that **sapele** sawn lumber supplies from **Cameroon** are getting tighter. Only aid dried stock in random sizes is available.

Due to weak demand for secondary species, and bans on the export of most primary species, the only logs now being exported in any volume from Cameroon are of ayous. There are reports that **Italian demand for ayous logs** has strengthened over recent weeks leading to more logs being diverted away from Cameroon's domestic processing mills. Export demand for Cameroon **azobe logs** is down on previous years. Netherlands was formerly a significant buyer of azobe logs, but has now shifted towards purchases of semi finished azobe products for marine works and outdoor furniture and garden products.

The supply situation in **Ivory Coast**, although well down on previous year, now seems more stable. Annual log production now stands at around 1 million m3 per year. **Irish demand for iroko** from Ivory Coast in

fixed sizes is better than last year, but well down on 2000 levels. A section of the Irish market has now switched away from **iroko** in favour of **sapele**. Demand for **framire** from the Ivory Coast is steady in the **U.K.** where the species has now replaced **iroko** in many applications.

## Liberian problems

Fighting in the north western parts of **Liberia** is on-going and is seriously impeding log exports from Monrovia. However logs continue to be exported from the south eastern ports and by the Oriental Timber Company from the port of Buchanan. Global Witness and other environmental groups failed in their efforts to encourage the UN Security Council to implement a ban on the trade in **Liberian timber** during a review of existing UN sanctions carried out in early May. Instead, the UN Security Council called for the Taylor government to conduct its own audit of the timber industry within three months. Global Witness criticised the decision as "wholly inadequate". But the issues are complex. Global Witness has acquired evidence to suggest that some forestry operators in **Liberia** are acting irresponsibly - contributing both to political instability and severely damaging Liberia's forest resource. However there are other companies operating in the country that seem not only to be acting responsibly, but which have made a significant contribution to Liberia's severely degraded economy through investment in new manufacturing facilities and the provision of employment.

In sawn lumber markets, **Ghana** is now heavily dependent on **wawa**, sales of which have remained steady. Continuing efforts

are being made to promote secondary species. There are reports of increased interest over recent weeks in Ghanaian **koto**, partly due to its potential as a ramin substitute - although overall export volumes of the species are still very low. **Dahoma**, a species of good strength and high natural durability which is prevalent in Ghana's forests, is making some progress in heavy duty outdoor applications. Its use in indoor applications has been limited by the acrid smell it emanates when freshly cut - a problem which is now the subject of research by TRADA in the U.K.

There is still on-going debate in **Ghana** over the merits of promoting log imports to replace declining domestic log production and to feed Ghana's considerable over-capacity in wood processing. The Ghanaian government has waived import duty and VAT to encourage imports for domestic processing and re-export in finished form. However these measures are only likely to benefit those larger companies closer to ports or which have the added benefit of being part of a "Free Zone". The log species likely to be most in demand would be traditional redwood species from other West African countries - perhaps Liberia - and okoume from Gabon.

## Gabon restricts production

**Gabon** continues its efforts to support prices for **okoume logs** by restricting production and export offers. However, according to ITTO, **Congo (Brazzaville)** and **Equatorial Guinea** are now producing around 80,000 m3 of okoume logs each month which is counter-acting the effects of lower availability from Gabon.

## Liberia's missing exports

The environmental group Global Witness in their latest submission to the United Nations Security Council provide data on the volume of wood extracted and exported from Liberia. Global Witness note that official Liberian Ministry of Finance figures indicate that total Liberian timber production for 2001 reached 815,078 m3, with 557,314 m3 of round logs and sawn timber exported. FOB value of the exported timber was reported to be US\$60.27 million. The Ministry of Finance state that the Oriental Timber Company exported 316,568 m3 of logs with a value of US\$38.67 million, respectively around 57% and 64% of the total. Another 28 logging companies exported the balance.

However Global Witness suggest that the official figures may under-estimate the true level of export. They note that the official figures contradict an "internal Ministry of Finance memo", which reports that OTC exported 507,602 m3 of round logs, with an FOB value of US\$47.24 million. Therefore, Global Witness allege a proportion of OTC's log exports may have gone unaccounted for by the finance ministry. Liberian log production and exports have increased rapidly over recent years. Production in 1996 stood at only 28,738 m3 compared with current levels of over 800,000 m3. Log exports more than tripled between 1999 and 2000 from 189,939 m3 to 606,282 m3.

## Malaysian sawn lumber Tight supplies, patchy demand

Overall, the market for **Malaysian dark red meranti (DRM)** is characterised by very tight supplies and patchy overseas demand. FOB prices were more stable during May after the rapid gains in April.

Trading conditions are difficult for the Malaysian exporting companies that purchase lumber from the sawmills for subsequent kiln drying and shipment. Their stocks are extremely low. The sawmills are demanding higher prices for new lumber as log supplies are restricted and log prices have been rising. The sawmills have also been supplying the exporters with consignments containing higher than normal levels of low grade material for which there is no demand.

### European demand very weak

Meanwhile demand for **meranti sawn lumber** in most European markets is still very weak. Underlying demand in the **Netherlands** and **Belgium** is subdued. Some U.K. based trading companies bought up much of the limited stock of **DRM** still available in March and April, but have now closed the door on further purchases. Only

**German importers** seem interested in purchasing meranti forward at present - mainly in 3". The result is that most Malaysian exporters, rather than stocking up during the current production season, are keeping their inventories low. They are telling their overseas customers that they must pay more, and they are focusing on supplying only those markets for which there is demand - notably Germany.

### Dutch shy of forward market

The tight supply conditions in Malaysia have yet to stimulate any significant efforts by **Dutch importers** to re-enter the forward market. The Dutch market for **DRM** and **merbau**, which has been quiet for many months, went into an even deeper slumber during early May with the onset of various public holidays and school vacations. Despite the general trend towards rising FOB prices from Malaysia, some exporters were even driven to offer marginally lower prices for the most popular Dutch specifications (3x5" and 4x5" Select & Better PHND) as a "sweetener" in an effort to generate sales. However these offers were short lived and did not extend to any other items.

Prospects for the Dutch market are not favourable. Economic growth in the first quarter of the year was zero and economic recovery is expected to be slow. The outcome of the recent general election, in which the inexperienced anti-immigration LPF list came second to the conservative Christian Democrats, has tended to increase political uncertainty.

However the news from the **Dutch market** is not all bad. The labour dispute which had been disrupting activity in the construction sector has finally come to an end. This has raised expectations of improved construction activity at least until mid July when the summer vacation period begins. The euro has also strengthened against the dollar in recent weeks, which tends to lower European prices for Malaysian species which are sold in dollars. Both factors may increase Dutch demand for Malaysian sawn lumber in the short term.

### UK forward market slow

Forward demand for Malaysian **DRM** is very subdued in the **U.K.** The large trading companies have restocked with shipments arriving June/July, and are no longer buying. Underlying demand for meranti in the **U.K.** is not strong. Business confidence in the **U.K.** economy has been undermined with the news that the country almost sunk into recession in the winter months.

Considering other species, keruing sawn lumber prices remain stable to weak. Demand for **keruing** is weak in the U.K. The recent collapse of Peninsular Malaysia's largest **jelutong** exporter has created instability in the market for this species. The company's remaining **jelutong** stocks are being sold off by the receivers at low prices, although quality is said to be poor. Availability of **ramin** is now very tight following listing of the species under CITES and the imposition of Indonesian export controls. Much of the available volumes are being sold at good prices to **China**. European buyers are beginning to look at alternatives to **ramin**, including **African obeche/wawa** and **koto**, **American tulipwood**, and **Brazilian marupa**.

## Asian logs and plywood Tougher controls in Sarawak

It is now the logging season in **Sarawak** but extraction is restricted by tighter regulation. The **Sarawak** forest authorities now require concessionaires to comply with tougher renewal procedures when their logging rights expire (normally after nine months). These controls were initially applied to swamp forests but are now being extended to cover all forest areas. There are also delays in the issue of log transport documents. As a result logging in the **Sarawak** is well down on previous years. For some companies extraction levels are down by 30% to 50%. Stocks of logs at the ports are very low. Sarawak's domestic mills also lack stocks and are having to purchase logs normally scheduled for export. As a result, Sarawak log shippers are very bullish and are looking for higher prices.

### Logging underway in Sabah

Meanwhile in **Sabah** the weather has improved and logging is underway, but overall levels of harvest are expected to be well down this year, with most extracted logs being diverted to domestic mills.

Levels of log extraction in **Indonesia** are also

### Asian Sawn Lumber Indicative Prices

	Mar	Apr	May
Exchange rates:			
M\$/£	5.42	5.53	5.55
U\$/£	1.43	1.45	1.46
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 7/8"; Length: 8'+ avg 12 1/4'

1"	695	720	720
2"	735	780	790
2.5"	760	820	825
3"	780	840	845

#### 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	880
2.5"	900	900	900
3"	910	920	920

#### 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.*

### China Wood Products Imports January to March - Million m3

	2001	2002	% chng
Logs	3.56	5.70	60
Softwood	1.75	3.60	106
Hardwood	1.81	2.10	16
Sawn lumber	0.76	1.10	45
Softwood	0.13	0.25	92
Hardwood	0.63	0.85	35
Plywood	0.19	0.12	-38
Veneer	0.10	0.04	-60

down this year and log prices are tending to firm. Log exports are now officially banned from **Indonesia**, although there continue to be reports that significant volumes are leaving the country illegally, particularly to feed the expanding Chinese wood processing sector. However most reports suggest that government efforts to tackle illegal logging are beginning to pay off and that this is tending to reduce overall levels of log availability. Log extraction in **Indonesia** also continues to be constrained by political and labour-relations problems, poor weather, and by the declining quality of the natural hardwood resource.

## Indonesian plywood prices rise

There are signs of improving trading conditions in **Indonesia**'s depressed plywood sector. Indonesia's exports of plywood to markets in Asia, the Middle and Near East, and the U.S. is gradually recovering. At the same time the rupiah has strengthened on international exchange markets, pushing producers to raise dollar prices from the rock bottom levels that have prevailed for many months.

## China imports more raw logs

The focus of **Chinese import sector** continues to shift away from higher value products, which may be produced more cheaply in **China**, towards logs and rough sawn lumber. China's imports of logs continues to rise as their wood processing industry expands and as domestic demand continues to rise. According to official Chinese customs data (see table), **China**'s hardwood log imports reached over 2 million m<sup>3</sup> during the first quarter of the year, up 16% on the same period in 2001. Meanwhile, imports of plywood and veneers fell 38% and 60% respectively.

## Tough negotiations in Japan

Log price negotiations between **Japanese importers** and Southsea suppliers are as tough as ever. Prices in **Japan** are being forced upwards due to limited supplies, rising freight rates and the bullish attitude of shippers, but the market is very far from receptive. Japanese plywood mills are suffering from very slow market demand and are not in a position to pay more for logs. **Japan** is currently not importing any tropical logs for conversion to lumber as availability is so restricted, log prices are too high, underlying demand in Japan is weak, and mills see little prospect of turning a profit. This situation, which relates mainly to seraya and keruing logs, is unlikely to change in the immediate future. These

## Vietnam's expanding manufacturing sector

Over recent years, Vietnam's wood sector has been transformed. Formerly an exporter of raw timber, Vietnam is becoming a more significant importer of logs and sawn lumber and supplier of finished products to the international market. Vietnam's finished wood products exports grew to around \$290 million in 2000, falling away slightly in 2001 to around \$270 million due to the global economic downturn.

Vietnam is host to around 1,200 wood-processing and manufacturing companies with a combined capacity of about 2.0 million m<sup>3</sup> of wood. Garden furniture manufacturers are concentrated more in Binh Dinh, Da Nang and Central Highlands, while indoor furniture makers and wooden interior decoration industries are located mainly in Ho Chi Minh City, Hanoi, Binh Duong, and Dong Nai. In addition to local firms, Vietnam is host to 60 foreign invested enterprises ranging from joint ventures to fully foreign-owned operations.

There is also a fairly large state sector in Vietnam. Under the general holding company of the Vietnam National Forest Products Corporation (VINAFOR), the Ministry of Agriculture and Rural Development (MARD), operates roughly 50 state-owned enterprises (SOEs) in the wood-processing sector.

Turnover of Vietnam's wood furniture industry is forecast to grow by 10% annually. The Vietnamese government is seeking to boost growth. It is encouraging wood imports by exempting import duties on wood logs and lumber, and is running several large reforestation campaigns to bolster supplies. It is also offering incentives to investors including an 8 year corporation tax exemption.

Although Vietnam's wood processing sector is expanding, there remain challenges. Wood supplies are a significant

problem. Levels of harvesting in Vietnam have declined considerably over recent years. Annual log production from natural forest fell from 2 million m<sup>3</sup> in the period 1965-1985 to around 300,000 m<sup>3</sup> today. Wood production from planted forest is estimated at three million m<sup>3</sup>, but most of this is low quality wood destined for the paper industry. Current levels of production of natural forests are tightly controlled by government quotas.

Despite the rapid decline in logging, the Vietnamese government is concerned that even the present rates are above sustainable levels.

Vietnam's wood processing sector relies heavily on imports - particularly for higher value products such as indoor or outdoor furniture, flooring, handicrafts, and interior decorated wood items. Wood imports in 2001 - both legal and illegal - are estimated to have reached 470,000 m<sup>3</sup>, a slight drop of 6% compared with 2000's level. Myanmar, Laos, Indonesia, Malaysia, and New Zealand are the key wood suppliers to Vietnam. Before Laos set up a ban on log exports in 2001, Laos was the biggest wood log supplier to Vietnam. Following the ban, Laos is now the largest supplier of semi-processed wood and of illegally logged wood. Given the uncertainties of domestic and Asian supplies, Vietnamese wood processors are looking for alternative suppliers.

There are other problems. Much of the Vietnamese wood processing sector, particularly the state-owned part of it, is heavily dependent on out-dated technology. Technical skill and productivity levels are low - a problem only partly compensated by the low labour rates of US\$1.20 per day. The industry is labour intensive, employing around 200,000 people. And the industry is facing increasingly tough competition from other countries, notably China.

problems meant that the volume of Japanese imports of Southsea logs declined 36% during the first quarter of 2002 compared with the same period the previous year.

There are reports of rising demand for a wide variety of logs in India. India has now entered the market for logs of meranti and keruing, which has added to the upward pressure on prices.

After a lengthy period of very weak demand for logs in **Korea** due to a slump in the construction sector following the Asian

financial crises in 1998, the market began to pick up rapidly at the end of 2001. The upturn in the construction sector even took many long-time Korean pundits by surprise, who weren't sure it was happening until it became obvious that inventories were declining despite rising import volumes. **Korea** tends to buy products based on price rather than quality or durability. The bulk commodity market in Korea is now dominated by softwoods, particularly from New Zealand, Chile, and Russia.

# North America

## U.S. domestic demand Short term bounce

On the face of it, the U.S. economy has bounced back strongly. GDP grew at an annual rate of 5.8% in the first quarter – apparently leaving the rest of the world far behind. However, most economists believe that this bounce in GDP represents a short term spike in the data as U.S. companies were taking steps to rebuild depleted inventories during the opening months of the year. Demand has also responded to increased government spending, particularly on defence, while the construction sector benefited from one of the mildest winters on record.

### Consumer spending robust

Consumer spending remains reasonably robust in the U.S., rising by 3.5% in the first quarter. Inflation is subdued, rising only 0.8% during the same period, which suggests the Federal Reserve is unlikely to raise interest rates in the near future. Less positive is the news that business investment fell during the first three months of 2001 for the fifth consecutive quarter. Alan Greenspan, Chairman of the Federal Reserve, has emphasised repeatedly that a pick-up in investment is necessary for sustained economic recovery. Overall, the evidence indicates the U.S. economy is recovering, but growth is more sluggish than the first quarter GDP figures suggest.

### Housing sector cools

In April there were early signs that the “hot” residential construction sector was beginning to cool. The *U.S. Census Bureau* reports that housing starts during the month were at a seasonally adjusted annual rate of 1,555,000 units, down 5.4% on the previous month, and down 5.0% on April 2001. Building permits, a barometer of future activity, were at a seasonally adjusted rate of 1,634,000 in April 2002, virtually unchanged from the previous month.

While most forecasts point to slowing residential construction, these figures are still indicative of robust activity. Certainly,

the U.S. wood flooring industry has yet to feel any cooling effects. Sales of solid wood flooring by members of NOFMA: The Wood Flooring Manufacturers Association, are reported to have reached 50,890,000 in April 2002, up 23% on the same month in 2001. Total sales by NOFMA members during the first four months of 2002 already stand at almost 200 million board feet, 16% higher than the same period in 2001. Despite these growth rates, the U.S. wood flooring industry is facing challenges. Over recent years, the rate of increase in North American wood flooring manufacturing capacity has actually exceeded the rate of market expansion. This has fed downward pressure on prices despite historically high levels of demand.

### Rising import penetration

At first sight, U.S. furniture manufacturers’ sales figures also indicate reasonably robust activity during the first quarter. The American Furniture Manufacturers Association (AFMA) Quarterly Business Report shows manufacturers’ shipments of Upholstered Household Furniture climbed 12 percent in the first quarter 2002 from the same period last year. The report also shows that shipments of wood household furniture totalled \$U.S. 2.822 billion during the first three months of the year, down just 3.7 % compared to the same period in 2001. However, these numbers hide a much bigger drop in U.S. domestic furniture production during the course of 2001. AFMA members are increasingly marketing lower priced imported products, and most are using components produced outside the U.S. This trend is expected to continue.

### More robust furniture demand

While domestic furniture producers are losing market share, there are signs that overall U.S. furniture demand will rebound this year. The first quarter figures lend credence to AFMA’s recent projections that wood household shipments will rise 4.3% to \$23.94 billion in 2002. AFMA also forecast 5.2% growth in 2003 to \$25.19 billion.

Some positive reports emerged from the 2002 International Home Furnishings Market held in High Point, North Carolina, in late April. A survey of furniture company members of the Appalachian Hardwood Manufacturers Inc attending the Market indicated that demand from U.S. furniture retailers is on the rise. Although there was not a record crowd in attendance at the Market, manufacturers seemed pleased with the volume of buyers and sales opportunities. After a lengthy period when U.S. furniture retailers focused on off-loading stock, they came to the Market looking to rebuild their inventories. Many retailers were looking for products that would bring a new and fresh look to their stores.

The level of interest at High Point has raised expectations that trading conditions will continue to improve during the second half of the year. Some domestic manufacturers at the Market were trying to fend off overseas competition and to exploit the renewed sense of patriotism in the U.S. through “Made in America” marketing campaigns.

### Good demand for cabinets

In other market segments, U.S. demand for cabinets has remained high, benefiting from the continuing strength of residential construction. Pallet sales are gradually increasing in line with improving economic conditions, but the market is highly competitive as manufacturers focus on cost-cutting. Demand for 7x9 Crossties is good which has increased competition for available supplies of heart dimension lumber.

### Mills finding buyers

Reasonable underlying activity in end-use markets has meant that most hardwood mills and distributors have been able to find outlets for new production without too much extra effort. However, trading conditions remain challenging. Competition is intense, margins are tight and cash flow is a problem for many. Forward order books are still patchy and much purchasing activity is “just-in-time” as distributors and manufacturers are keeping a close eye on stock levels. For some species, such as white oak, slow export sales have contributed to more intense competition in the U.S. market.

## Financial concerns restrict production

News of log supplies in the U.S. vary. In some parts of the deep south, drier weather conditions have allowed logging to take place at a better pace than earlier in the year. Further north, logging has been disrupted in some areas by continuing wet weather conditions and rising rivers which have caused localised flooding. However few mills report that

production is being curtailed through lack of log supply. Financial constraints are more significant, with many mills reluctant to buy logs at prices which are high relative to lumber prices, thereby restricting margins. Recent reports suggest that overall inventory levels at U.S. mills have been falling and that some items are less easy to obtain.

## U.S. export demand Shifting balance

Overall U.S. hardwood exports this year have remained sluggish to Canada, the EU, and Japan, but have been rising to China and South East Asia (table page 7).

# North America

EU markets for American hardwoods have been generally sluggish during 2002. Various factors have contributed, notably the weakness of the euro against the dollar, rising levels of competition from European hardwoods – particularly in Germany and Italy, growing pressure on European manufacturers from low-cost producers in East Europe and Asia, and slow underlying economic growth. Several notable trends are revealed by the first quarter data:

■ There was a big fall in the volume of American hardwood log exports to the EU, particularly to Germany. This reflects continuing weakness in the European veneer and furniture sectors.

■ There was a big fall in the volume of American hardwood lumber exports to Germany and Belgium. Exports to the U.K. and Italy were sluggish.

■ By contrast, export volumes were rising to Spain, France, Portugal, Greece, Denmark, and Ireland.

■ Considering species, white oak has been performing relatively well this year, with exports increasing to Italy, Portugal and Spain. Recent European furniture shows have highlighted a continuing fashion for white oak. Hard maple exports to the U.K. and Spain were also reasonably buoyant during the first quarter.

■ Other species have been faring less well. Exports of tulipwood to Italy have been declining, so too have exports of ash and red oak to the U.K., and cherry exports to Italy, the UK and France.

## Shift to imports of lower grades

In some European markets there is evidence of a shift to imports of lower value wood. In Italy, hardwood lumber export volumes were down only 3% during the first quarter of the year but the value of exports fell 8.2%. In Spain, export volumes were up 11% during the same period, but overall export value actually fell slightly. In part this reflects intense competition which has led to a general reduction in American hardwood prices. However there is also evidence of a partial shift away from extreme high end products and a rise in demand for common grades as European manufacturers have taken steps to cut costs.

## Chinese demand rising strongly

Greater China (which includes mainland China, Hong Kong and Taiwan) is America's strongest growth market, with U.S. exports of hardwood logs, lumber and veneers rising by 100%, 35% and 71% respectively during

the first quarter of 2002 compared with the same period last year. Various factors have contributed to strong market growth, including privatisation in the housing sector, liberalisation of the Chinese wood trade, restrictions on domestic harvests, a partial shift away from European beech, the development of processing capacity, and rising income levels. Demand for American hardwoods in China, concentrated in the furniture and interior decoration markets, is expected to continue to rise over the next few years.

## SE Asian demand improves

Exports of American hardwoods to several South East Asian countries have been increasing this year, partly in response to rising internal demand as economic conditions have improved, and partly due to developments in export-oriented manufacturing industry.

Exports of American hardwoods to Malaysia have been rising, boosted by Malaysian furniture manufacturers that have been seeking to diversify production away from rubberwood and to develop higher value export markets for finished products. Indonesia's expanding wood furniture sector has also been buying more American hardwood this year.

## Vietnam emerges from nowhere

American hardwood exports to Vietnam have risen from near zero to over 6000 m3 in the first quarter of 2002 as Vietnam has begun to develop a furniture manufacturing sector, encouraged by government incentives for overseas investors and labour rates of around \$1.20 per day.

Exports of American hardwood to Japan have remained weak this year, hit by the nation's moribund economy, the weakness of the yen, and the shift in manufacturing facilities to lower cost locations, notably China.

## Korea bounces back

Korean demand for American hardwoods was very weak during 2001 due to limited construction activity, the strong dollar, and rising levels of competition from SE Asian countries, China, and Canada. Signs of improvement in the Korean economy, and a pick-up in construction activity, have encouraged a partial rebound in demand this year. The volume of American hardwood log and lumber exports to Korea were up 63% and 18% respectively during the first quarter of 2002 compared to the same period the previous year.

## U.S. hardwood exports January to March

Logs/lumber - 000s m3, veneer - mill. m3			
	2001	2002	% chng
<b>World</b>			
Logs	683	626	-8
Lumber	694	713	3
Veneer	78308	74720	-5
<b>Canada</b>			
Logs	478	429	-10
Lumber	261	257	-2
Veneer	24830	24086	-3
<b>EU</b>			
Logs	105	73	-30
Lumber	194	188	-3
Veneer	36314	27386	-25
<b>SE Asia</b>			
Logs	12	15	25
Lumber	24	28	17
Veneer	2689	2940	9
<b>Greater China</b>			
Logs	27	54	100
Lumber	93	126	35
Veneer	6557	11221	71
<b>Japan</b>			
Logs	41	28	-32
Lumber	31	28	-10
Veneer	677	820	21
<b>Mexico</b>			
Logs	1	2	38
Lumber	51	37	-27
Veneer	1911	2736	43

## U.S. Hardwood Lumber Exports January to March - m3

	2001	2002	% chng
Canada	260610	257453	-1
Mexico	50792	37134	-27
Belgium	15660	11340	-28
Denmark	5312	5919	11
France	9570	10682	12
Germany	15466	10093	-35
Greece	2550	3742	47
Ireland	4605	5564	21
Italy	45332	44183	-3
Netherlands	6253	5365	-14
Portugal	7846	10023	28
Spain	42937	47546	11
Sweden	6536	6205	-5
UK	30070	25882	-14
<b>Total EU</b>	<b>193822</b>	<b>187969</b>	<b>-3</b>
China	33529	53965	61
Hong Kong	41982	56477	35
Taiwan	17431	15662	-10
Japan	31458	28177	-10
Korea	8159	9647	18
Indonesia	3988	6243	57
Malaysia	6513	9416	45
Thailand	12204	11174	-8
Vietnam	985	6402	550
Saudi Arabia	5787	6073	5
UAE	2002	2690	34
S. Africa	4509	5060	12
Other	20425	19661	-4
<b>World</b>	<b>694196</b>	<b>713203</b>	<b>3</b>



# North America

## Species notes

■ **ASH:** producers have curtailed production in response to slow demand, surplus inventories are now greatly reduced, and prices have generally stabilised and in some cases rebounded from the extreme low end. Domestic demand is still limited. Overseas demand for higher grades is down in Japan, but the U.K market is steady. Reasonable demand is reported for common grades in the Far East, particularly China.

■ **CHERRY:** mills have considerably reduced production for various reasons including: subdued demand, particularly for lower grades; increased focus on whitewoods to reduce degrade; increased focus on alternative species that are in greater demand; and low log decks due partly to cash flow problems and poor weather conditions. Reduced production has meant that prices are generally firmer overall, particularly for thicker stocks of kiln dried lumber. There are reports of a slight improvement in domestic demand for common grades of cherry from the U.S. furniture sector. The major European markets for cherry are slow, with some reports of a partial shift to common grades instead of FAS grades.

■ **HARD MAPLE:** domestic market conditions vary considerably by region,

grade, thickness, dryness and colour. It is normal at this time of year for production to outpace demand as mills step up activity to limit the threat of stain in the warm summer months. Although the usual spring surge in green hard maple production has now subsided, there are reports that prices for some items have been disrupted, particularly for lower grades. Quality has become a more important issue, and colour standards are being applied more rigidly. Although domestic demand for common grades from the flooring industry has been reasonably good, it has not been able to absorb all the new production coming on stream - particularly from the Appalachian region which is located some distance from the main flooring manufacturing areas concentrated in the Northern U.S. and Canada. Most reports indicate that steady volumes of higher grade hard maple are being shifted both into domestic and overseas markets through longer standing buyer/seller relationships at reasonably stable prices. However overall export demand is down on previous years. In Europe, demand for higher grades in Germany is particularly slow. Export demand for common grades in the Far East is fair.

■ **SOFT MAPLE:** the decline in U.S. furniture manufacturing has led to a long-term fall in the overall size of the domestic market and prospects for replacing the lost volume are limited. However reductions in green and kiln dried production have meant supplies of most grades and thicknesses are now better balanced with demand. There are also reports of reasonable levels of domestic demand for higher grades which has led to price increases for both green and kiln dried stocks over recent weeks. Soft maple sales are mainly directed to the domestic market, but limited volumes are being sold into Mexico and the Far East. Some efforts are now being made to expand sales in Europe.

■ **RED OAK:** domestic market conditions vary considerably by region, grade, thickness and dryness, but demand and prices for most items seem to be either stable or firming. In the southern states, there are reports of an improvement in demand for 4/4 FAS and prices have been firming, but demand and prices for common grades have been more variable. In the Appalachian states, there are now signs of improving demand for most grades of both green and kiln dried red oak. Mills in this region have also been reducing production due both to financial problems and poor weather conditions which has helped to put a floor under prices. In the northern states, demand

for red oak is generally stable. There are reports of good demand in many areas of the U.S. for common grades of green red oak from the strip flooring industry. Export demand for FAS grades of red oak is slow. Demand for common grades from Asian manufacturers is steady and there are reports of increased orders from Mexico.

■ **WHITE OAK:** market conditions remain highly competitive both in the U.S. and overseas. Although there are some reports of improvements in export sales, notably of higher grades to Spain and common grades to China, these remain slow overall. As a result increased volumes of kiln dried material, notably of FAS&1F, are being diverted to the domestic market. Generally speaking prices for green lumber are stable due to a fall in production, but kiln dried prices are more variable. Also demand and prices for the lower grades are more stable than for the higher grades. The combined effects of demand from strip flooring, truck trailer flooring, crossties and various other low grade lumber markets has kept prices for these grades reasonably firm.

■ **POPLAR/TULIPWOOD:** domestic demand has been improving. However many producers are still restricting production as margins on sales of poplar/tulipwood are still regarded as too thin. Supplies of both green and kiln dried lumber are reported to be tightening and prices for most grades have been rising. Export demand for common grades has been rising in China. Demand for higher grades in Italy is only fair.

■ **WALNUT:** walnut is still very much in fashion. The limited supply base of this species has meant that availability is very restricted. Demand is good in the U.S. and exports, particularly of FAS grades, have been strong. China is the biggest buyer, but good volumes are also being shipped to Italy, Germany, and the U.K.

■ **OTHER SPECIES:** domestic demand for **basswood** has been undermined by competition from imported woods and wood products. However production cut-backs have eliminated excess stock and stabilised prices. There are reports of improving sales of **basswood** in the Far East. Domestic demand and prices for **yellow birch** are steady. Overseas demand for **yellow birch** is limited with only limited volumes of mainly common grades going to southern Europe and Asia. **White birch** is netting a premium over yellow birch in domestic markets. **Cottonwood, hackberry** and **willow** exports are down on previous years, but there is still limited demand for 4/4 in Italy, China and Japan for these secondary species.

### US sawn lumber indicative prices

North Appalachian US\$ MBF\* CIF- W. Europe  
Grade: FAS/1F, 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

	Mar	Apr	May
\$/£	1.43	1.45	1.46
\$/Euro	0.88	0.90	0.93
<b>Red oak</b>			
1"	1835	1780	1825
1.25"	2000	1970	2000
1.5"	2035	2000	2025
2"	2300	2400	2475
<b>White oak</b>			
1"	1500	1475	1525
1.25"	1725	1625	1690
1.5"	2035	2050	2060
2"	2650	2650	2725
<b>Ash</b>			
1"	1160	1050	1100
2"	1530	1500	1525
<b>Tulipwood</b>			
1"	1050	1050	1100
1.25"	1100	1100	1170
1.5"	1175	1150	1150
2"	1200	1175	1190
<b>Cherry</b>			
1"	3460	3480	3580
1.25"	3600	3520	3600
1.5"	3770	3700	3775
2"	4025	3950	4075
<b>Hard Maple</b>			
1"	2500	2400	2400
1.25"	2660	2500	2500
1.5"	2850	2700	2650
2"	2980	2850	2875



# South America

## Brazilian hardwoods Rains end, but mahogany chaos continues

The rainy season ended in the Brazilian Amazon during May and logging is underway. With the exception of mahogany, supply of tropical hardwoods is not expected to be a problem over the next few months. Prices for sawn lumber of most Brazilian hardwoods remain stable. Domestic demand is good and export demand is showing signs of improvement in Europe and Asia. The U.S. market is still quite subdued but is expected to improve over the next few months.

In the U.K. there is steady demand for a number of Brazilian hardwood species, but volumes are relatively low. *Tatajuba* sawn lumber is selling as an iroko substitute in the U.K., while *massaranduba* has gained a foothold as a decking timber. Interest in cedar in the U.K. has waned over recent months.

### No new mahogany this year

The Government restrictions on harvesting, transportation, production and trade in Brazilian mahogany continue. No mahogany logs are expected to be harvested in Brazil this year. The only available supply will be the restricted volumes still remaining at the mills. Discussions continue over how these stocks should be handled. IBAMA is again engaged in a review of documents to establish the legal status of this lumber, tracking back to the forest all mahogany stocks held in Brazilian ports and all recent shipments to the U.S. and Europe. A report summarising the legal status of the mahogany stocks was due to be issued by the end of May.

A series of meetings were held in early May to discuss the future of the mahogany trade. The meetings involved IBAMA officials, AIMEX (the exporting association of the Brazilian state of Para), importing industry representatives, environmental groups and scientists. Informal reports from these meetings indicate that the outcome was fairly inconclusive, being undermined by the

failure of IBAMA to make a presentation on their stance in relation to the mahogany industry. Environmental groups and some other participants put together an informal action program whereby all remaining stocks of mahogany in Brazil may be declared "legal" and sold at a premium, with the money raised used to create a fund to support the independent certification of future mahogany logging activity. However this plan was drawn up in the absence of large industry representatives and may be beset with legal and technical problems. Meanwhile, mahogany shipments into the U.S. have been held up at the ports for three months as the American CITES authorities have been awaiting confirmation from IBAMA that the stocks derive from legal sources. In the U.K., Greenpeace was in court at the end of May 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 the first week of June.

Limited availability of supplies has meant rising prices for South American mahogany. According to ITTO, the price of kiln dried genuine mahogany in the United States remained stable during the first quarter of this year, but then moved up by 1.3 percent in April. Prices are now almost 8% higher than March 2001, and over 40% higher than six years ago. The combination of high prices, market uncertainty and environmental risk factors has led to declining interest in mahogany both in Brazil and in major export markets.

### Stable domestic market

The domestic market for Brazilian tropical hardwood is stable. Prices in local currency have been steady, although they have declined in US dollar terms due to recent strengthening of the *real*. Domestic market prospects for the rest of the year are reasonable. Brazil's economy is likely to benefit from a sustained US recovery and remain relatively unaffected by the crisis in

Argentina. According to the Economist Intelligence Unit, after a poor first half, Brazilian economic growth is expected to strengthen slightly during the year to reach 1.5%, the same as recorded in 2001, before accelerating to 3.8% in 2003.

## Peru

### Forest policy transformed

A large area of forest concessions is currently being allocated in Peru under new procedures designed to reduce the pressure on commercially valuable species and increase the extraction and marketing of secondary species. In doing so, Peru is following a forest policy route pioneered with mixed results in neighbouring Bolivia. Under the previous system, loggers focused on the selective felling of the most valuable hardwood species including mahogany, cedar, *tornillo*, *virola*, *ishpingo* and walnut. The new system allocates forest concessions for a 40 year period and, under Annual Operating Programs established by the Peruvian forest authorities, reduces harvesting levels of the most valuable species and requires a wider range of species to be extracted. This may lead in the short term, as in Bolivia, to a sharp drop in Peruvian wood exports. To counter-act the potential loss in export earnings, the Peruvian trade is now looking for government support to assist marketing of new species on the international market.

During this year alone, the Peruvian authorities will allocate forest concessions totalling almost 12 million hectares under the new system through a competitive bidding process. The bidding process for 1.5 million hectares of forest concessions in the Madre de Dios area was completed in April. Bidding for over 3.6 million hectares of forest concession in the department of Ucayali led to the allocation of 2.14 million hectares in this region in May.

Despite widespread doubts in the industry, the Peruvian authorities have suggested that the new policy may generate 240,000 jobs in five years and could boost exports to US\$3.5 billion in the same period.

# Europe

## Western European logs Big fall in production

The harvesting season for hardwood logs in Western Europe has ended. Weak demand encouraged most forest owners to curtail log harvests and overall levels of extraction were well down in both Ger-

many and France last season. German hardwood log harvests were down 15% to 20% compared to the previous season. French forest owners concentrated last season on sales of the last remaining windblown logs and very few new season logs were made available. Some reports suggest that overall hardwood log

purchases by sawmills in France during last season were down as much as 50% on the previous year. China bought steady volumes of good quality German beech saw logs last season, although volumes were well down on previous

**Continued page 10**

# Europe

## Logs *cont. from page 9*

years. Demand for oak logs has been more consistent than demand for beech. In France, demand for oak logs from stave producers has been good. Low availability of good quality logs in France encouraged some stave producers to switch to German supplies.

## European Beech

### Still too much stock

There is little change in the market for European beech sawn lumber. Demand is still slow and over-stocking remains a problem. Although Chinese importers are buying steadily, volumes are well down on previous years and there is greater focus on a more limited range of suppliers with a reputation for quality. Western European suppliers who previously focused on the Chinese market have been forced to look for alternative outlets. There is therefore still a lot of sawn beech on offer to European buyers in Chinese sizes (shorter lengths), and also lower grade sawn beech, at relatively low prices.

### European market unreceptive

However the European market has been generally unreceptive. Underlying demand remains weak. Activity in the furniture sector is still subdued in many Western European countries, particularly in Germany where there have been reports of high profile insolvencies over recent weeks. Construction activity in several key European markets, including Germany and France, is still slow.

There are continuing reports of one large German supplier offloading excess stocks of high grade beech sawn lumber at low

prices which has added to the disruption in the market. There are rumours that this supplier has even started exporting significant volumes of beech lumber into the United States.

However prices quoted to "hardwoodmarkets.com" for high quality beech sawn lumber in the longer lengths preferred in the U.K. remain stable, indicating that most other German suppliers have been unwilling to compete at the lower levels.

## European oak

### Influence on the rise

The German market for oak sawn lumber is slow due to weakness in the furniture and construction sectors. However demand elsewhere in Europe is good. European oak is now very much in favour and its influence in the overall European hardwood market is on the rise. In part this reflects the weakness of the euro against the dollar, which has meant that European oak prices have been relatively competitive in relation to American oak, but perhaps more important is the growing influence of Eastern Europe. This influence is being felt in two ways.

First, Eastern European manufacturers of finished furniture are taking market share from Western European manufacturers. There is a strong focus on oak in the emerging Eastern European manufacturing sector, partly because it is available locally, and partly because it is seen as a safe bet, less subject to the whims and fashions of the market in the long term.

Second, through increased inward investment, Eastern Europe is becoming a more significant supplier of sawn lumber to western Europe. Formerly Eastern European suppliers impact on the EU hardwood lumber sector was restricted largely to Germany and Italy, but it is now being extended further west into the U.K., Spain and France. Although still some way behind their American counterparts in terms of distribution networks and availability of supplies, Eastern European mills are becoming more reliable suppliers.

### Advantages over American oak

In some ways, Eastern European oak has certain advantages over American oak. It has a milder texture and is generally whiter than the American variety. European oak is dried to only 12%-15% moisture content, which is preferred in Europe over typical American moisture content of 6% to 8% because it closer to Europe's ambient moisture level. European oak is there-

fore perceived to remain more stable in use. In terms of pricing, in thicker sizes European oak tends to be more competitively priced, while in thinner sizes American oak is often more competitive. On the other hand, there is little likelihood of European oak displacing American oak from the market. The major weakness of Eastern European suppliers lies in the lead time between ordering and delivery, particularly for square-edged stock, which is generally much more protracted than for American hardwoods.

The underlying size of the resource for the best quality Eastern European hardwoods is also relatively restricted. Already this is being felt in the market place. Prices for oak lumber sawn in Italy from Croatian logs - which are regarded as being particularly good quality - is on the rise as competition for the limited supplies has intensified.

## UK imports *cont. from page 1*

zilian suppliers diverting supplies to the U.K. at low prices as other markets around the world were weak. Imports of Malaysian plywood into the U.K. continued to weaken last year as Malaysian shippers were unable to compete with Indonesian and Brazilian prices. U.K. imports of other non-tropical hardwood plywood, mainly birch, rose strongly last year, up 20% by value. Finnish and German suppliers of birch plywood succeeded in taking market share from Russian suppliers. In part this reflects good domestic demand in Russia that has meant less plywood available for export, and problems with transport from Russia. Finnish suppliers also seem to be benefiting from their efforts to side-step rising competition from Eastern European birch plywood by increased specialisation in their product ranges.

■**Sleepers:** there was a big increase in the value of U.K. sleeper imports during the course of 2001, perhaps an indication of recent efforts to improve railway infrastructure. Despite the commitment of Railtrack, the U.K. agency formerly responsible for railway maintenance, to purchase only FSC certified sleepers, large volumes of sleepers continued to be imported from countries unable to supply FSC certified wood - notably Australia. As with other products, there is a growing trend to import sleepers indirectly from suppliers in the Netherlands.

■**Value-added products:** the long-term trend towards rising U.K. imports of fin-

European sawnwood indicative prices			
	Mar	Apr	May
Exchange rates			
Euro/£	1.62	1.62	1.57
Euro/US\$	1.14	1.11	1.08
<b>German beech</b>			
Northern Germany, Euro/m3, C&F, UK Port			
Grade: kiln dried, steamed and square edged.			
1"	800	800	800
2"	860	860	860
<b>German oak</b>			
Northern Germany, Euro/m3, C&F, UK Port			
Grade: kiln dried, waney edged prime grade*.			
1"	770	770	780
2"	995	995	995
*waney edged prices provided as there is very little square edged available from Germany or France - French prices are similar to German prices			
<b>Croatian oak</b>			
Northern Italy, Euro/m3, C&F, UK Port			
Grade: kiln dried and square edged.			
1"	970	970	980
2"	1500	1500	1510

*Continued page 11*

# United Kingdom imports - 2001

	Jan-Dec 2001		Oct-Dec 2001		
	Value	% chg	Value	% change	
	000s 2000/2001	2001	000s 2000	2000	Qtr 3 2001
<b>Tropical Logs</b>					
CAMEROON	3373	-23.0	399	-65.3	-44.0
MALAYSIA	492	-71.5	12	-98.3	-89.0
GERMANY	813	-46.2	214	-51.3	-28.7
LIBERIA	1741	186	0	na	-100
IVORY COAST	1016	8.5	214	-15.4	-8.2
GABON	640	-23.1	107	-67.3	-8.5
GHANA	454	-40.9	62	-57.5	-27.1
OTHER	4658	na	944	-1.4	-18.6
<b>TOTAL</b>	<b>13187</b>	<b>-11.7</b>	<b>1952</b>	<b>-54.2</b>	<b>-29.6</b>
<b>Beech Logs</b>					
FRANCE	382	72.9	-239	-209.6	-161.4
DENMARK	33	-72.0	6	-73.9	-62.5
ROMANIA	98	151.3	0	na	na
BELGIUM	0	-100.0	0	na	na
POLAND	0	-100.0	0	na	na
CANADA	0	-100.0	0	na	na
GERMANY	137	13600.0	0	na	na
OTHER	88	na	28	na	100.0
<b>TOTAL</b>	<b>738</b>	<b>77.8</b>	<b>-205</b>	<b>-185.1</b>	<b>-148.9</b>
<b>Oak Logs</b>					
U.S.A.	2811	-29.5	507	-31.1	-26.4
FRANCE	1916	253.5	464	18.4	50.2
CANADA	25	-80.6	0	na	na
ROMANIA	739	584.3	717	na	na
MALAYSIA	22	-77.8	22	na	na
IRISH REPUBLIC	125	60.3	29	na	-59.2
LATVIA	23	-54.9	5	-87.5	-64.3
OTHER	411	248.3	46	-36.1	76.9
<b>TOTAL</b>	<b>6072</b>	<b>18.7</b>	<b>1790</b>	<b>44.4</b>	<b>61.4</b>
<b>Other Hardwood Logs</b>					
U.S.A.	7246	-29.1	1678	-17.6	7.8
LATVIA	3623	-2.6	901	-30.5	27.8
CANADA	772	-66.9	72	-83.9	-65.0
ESTONIA	191	-81.9	36	80.0	50.0
RUSSIA	36	-92.5	0	-100.0	na
FRANCE	631	71.5	134	-21.2	7.2
GERMANY	50	-81.8	21	-81.9	31.3
OTHER	908	15.2	323	61.5	11.0
<b>TOTAL</b>	<b>13457</b>	<b>-30.0</b>	<b>3165</b>	<b>-28.7</b>	<b>8.2</b>
<b>Tropical Sawn Lumber</b>					
MALAYSIA	30662	-18.7	8386	16.0	-6.2
CAMEROON	20027	-13.4	5264	11.7	24.3
NETHERLANDS	12502	4.6	2694	28.7	-38.3
IVORY COAST	8560	-22.2	1784	-30.4	-18.3
GHANA	9633	-6.4	2935	18.2	8.0
BRAZIL	9869	20.7	868	-38.3	-31.1
LATVIA	8831	28.0	2468	26.6	35.8
INDONESIA	4814	-20.4	1370	18.3	13.1
U.S.A.	2293	-40.6	660	71.9	-28.4
BELGIUM	3205	18.0	1166	96.0	3.0
OTHER	17508	27.9	5641	86.4	11.7
<b>TOTAL</b>	<b>127904</b>	<b>-5.6</b>	<b>33236</b>	<b>20.4</b>	<b>-1.6</b>
<b>Beech Sawn Lumber</b>					
GERMANY	16170	3.5	3389	-10.6	-26.8
DENMARK	2025	-4.2	414	14.4	-47.5
FRANCE	2841	103.8	979	89.7	17.5
SLOVENIA	0	-100.0	0	-100.0	na
ITALY	1216	89.7	412	83.9	17.7
ROMANIA	260	-40.6	31	0.0	-54.4
BELGIUM	201	-46.0	54	-43.2	14.9
U.S.A.	162	-27.7	7	-86.0	-92.9
IRISH REPUBLIC	161	-1.8	107	311.5	296.3
CANADA	30	-57.7	0	-100.0	-100.0
OTHER	1245	153.6	342	65.2	9.3
<b>TOTAL</b>	<b>24311</b>	<b>9.2</b>	<b>5735</b>	<b>7.4</b>	<b>-20.0</b>
<b>Oak Sawn Lumber</b>					
U.S.A.	50589	4.1	10665	1.0	-17.0
FRANCE	14203	6.9	4189	65.4	22.3
CANADA	6957	-0.4	1713	11.7	5.0
ESTONIA	5855	38.8	1309	-24.3	-15.3
GERMANY	3319	55.1	904	60.0	-1.0
ITALY	1591	920	625	300	2.0
ROMANIA	1505	1104	411	1686	110
NETHERLANDS	1222	-19.1	200	-52.3	-49.4
BELGIUM	1162	40.8	296	24.4	-2.6
OTHER	3649	na	779	na	na
<b>TOTAL</b>	<b>90052</b>	<b>12.7</b>	<b>21395</b>	<b>16.9</b>	<b>-6.7</b>
<b>Other Hardwood Sawn</b>					
U.S.A.	39144	6.0	8813	16.9	-8.0
LATVIA	22464	-9.5	3779	-24.7	-31.1
CANADA	13934	-12.9	2318	-41.7	-28.3
ESTONIA	7571	-15.7	2258	54.2	42.5
SWEDEN	2932	-6.0	960	44.4	21.7
FINLAND	1258	-9.9	297	-20.8	-3.3
DENMARK	1374	12.7	354	10.6	-8.1
FRANCE	923	-4.6	194	-11.4	-17.1
GERMANY	1097	15.8	257	72.5	-24.2
SPAIN	849	20.4	0	-100.0	-100.0
OTHER	3861	70.9	1069	22.3	4.6
<b>TOTAL</b>	<b>95407</b>	<b>-2.0</b>	<b>20299</b>	<b>-1.9</b>	<b>-12.7</b>
<b>Tropical Veneers</b>					
SOUTH AFRICA	6444	13.6	1530	34.9	-17.1
GERMANY	1641	-42.9	385	-44.0	15.6
U.S.A.	2295	6.5	654	28.0	-1.4
GHANA	1548	-23.9	371	-49.0	-3.9
FRANCE	1540	-5.5	457	66.8	257.0
THAILAND	1350	29.8	350	221.1	143.1
OTHER	2493	-12.1	364	-42.2	-31.5
<b>TOTAL</b>	<b>17311</b>	<b>-5.1</b>	<b>4111</b>	<b>0.9</b>	<b>2.0</b>

# Europe

**UK imports cont. from page 10**

ished joinery and furniture products continued strongly during 2001. Last year, there was a significant increase in the value of U.K. imports of wood windows (up 17%), doors (up 5%), parquet panels (up 14%) and wood furniture (up 14%). Some European countries increased their sales of finished products to the U.K. last year. This partly reflects efforts by continental European manufacturers to diversify sales as domestic demand has weakened. The growth in U.K. imports of wood furniture from China and Poland is also very striking. Over the last two years the value of U.K. wood furniture imports from these two countries has more than doubled. U.K. sales of Malaysian furniture, principally rubberwood, achieved rapid growth in the late 1990s, but declined slightly last year - an indication of rising levels of competition in the market for lower-priced furniture.

**German trade**

**Depressing reading**

Last year's hardwood import data for Germany (page 12) makes depressing reading. The value of imports of nearly all products registered a decline. Economic conditions were weak in Germany last year, construction activity was slow, and furniture sales were declining both domestically and abroad. The shift in manufacturing investment to Eastern Europe, notably Poland, continued.

Analysing the import figures more closely, the severe weakness of the beech market in 2001 - a trend which has continued into this year - is apparent. Imports of beech logs and lumber were well down, a trend which affected nearly all supply countries.

Despite the weak nature of temperate hardwood markets in Germany last year, there were some winners. The value of oak log imports rose by 11%, due partly to the current fashion for this species, and also a trend towards custom cutting of oak logs. The Ukraine was another winner, now featuring more strongly as a supplier of hardwoods to Germany.

German tropical log imports held up better than tropical sawn imports last year. The decline in log purchases from Cameroon in response to increased export restrictions, has been compensated by rising purchases from other African countries notably Gabon, Liberia and Equatorial Guinea.

The value of German imports of tropical sawn lumber fell last year by nearly 20% -

*Continued page 12*

	Jan-Dec 2001		Oct-Dec 2001		
	Value	% chg	Value	% change	
	000s 2000/2001	2001	000s 2000	2000	Qtr 3 2001
<b>Other Hardwood Veneers</b>					
U.S.A.	10033	-38.8	1428	-67.5	-19.7
GERMANY	6992	-40.6	2074	-29.6	34.3
BELGIUM	4303	-7.5	1229	44.6	23.9
ITALY	3951	-5.1	677	-20.4	-54.6
FRANCE	3142	-12.6	864	-17.4	-6.9
CANADA	1944	-7.0	555	-30.5	61.3
OTHER	5962	60.7	1519	211.9	-16.8
<b>TOTAL</b>	<b>36327</b>	<b>-21.7</b>	<b>8346</b>	<b>-26.6</b>	<b>-6.3</b>
<b>Softwood Veneers</b>					
U.S.A.	5913	10.0	1152	-8.2	-17.1
GERMANY	4133	28.0	770	9.5	-36.4
PORTUGAL	2135	4.1	288	-13.5	14.7
ITALY	945	3.1	361	59.7	-8.8
IRISH REPUBLIC	517	-33.1	58	-76.6	-55.4
OTHER	4647	34.3	1590	60.8	70.4
<b>TOTAL</b>	<b>18290</b>	<b>15.7</b>	<b>4219</b>	<b>12.4</b>	<b>-2.1</b>
<b>Tropical Plywood</b>					
INDONESIA	97396	20.2	21728	3.0	-5.2
BRAZIL	55769	34.8	11497	6.1	1.3
MALAYSIA	32322	-4.7	10976	33.8	38.3
BELGIUM	4593	-29.7	1247	-18.7	41.9
GUYANA	2829	-52.7	538	-55.3	-33.9
BURMA	2745	-53.2	1272	-44.2	127.1
OTHER	22181	13.3	4964	-4.4	-19.6
<b>TOTAL</b>	<b>217835</b>	<b>12.1</b>	<b>52222</b>	<b>3.7</b>	<b>3.1</b>
<b>Other Hardwood Plywood</b>					
RUSSIA	13685	-38.3	2271	-43.5	-39.8
FINLAND	30468	38.9	8963	50.8	41.4
GERMANY	32068	134.9	9183	179.2	71.5
ITALY	7090	-17.9	1510	-32.1	-8.4
LITHUANIA	4212	8.8	383	-63.2	-64.6
ITALY	2543	-9.1	708	69.8	6.8
OTHER	12224	2.4	2215	-27.3	-17.1
<b>TOTAL</b>	<b>102290</b>	<b>20.3</b>	<b>25233</b>	<b>26.3</b>	<b>17.2</b>
<b>Softwood Plywood</b>					
BRAZIL	76508	-1.9	11505	-7.3	-33.7
FINLAND	24807	42.0	8921	113.3	30.6
CANADA	15010	-6.0	2802	73.9	-21.3
U.S.A.	7612	-33.4	38	-93.6	-93.6
FRANCE	14372	35.7	3252	111.6	-21.8
LATVIA	9701	-7.0	1702	-37.8	-30.9
OTHER	52717	17.9	11839	41.6	-21.5
<b>TOTAL</b>	<b>200727</b>	<b>6.4</b>	<b>40059</b>	<b>27.5</b>	<b>-19.9</b>
<b>Sleepers</b>					
AUSTRALIA	2454	31.6	741	39.5	-8.2
GERMANY	1254	-10.6	146	-78.1	-60.5
NETHERLANDS	2202	136.0	701	67.7	14.4
OTHER	5053	183.2	2247	179.5	122.7
<b>TOTAL</b>	<b>10963</b>	<b>83.2</b>	<b>3835</b>	<b>58.4</b>	<b>37.0</b>
<b>Profiled Wood - Softwood</b>					
SWEDEN	13929	8.4	3642	21.2	-11.3
NETHERLANDS	6013	-40.5	589	-70.3	-59.2
PORTUGAL	0	-100.0	0	-100.0	na
FINLAND	12928	98.5	3853	596.7	-18.9
OTHER	15853	2.4	4055	28.4	2.7
<b>TOTAL</b>	<b>48723</b>	<b>-9.2</b>	<b>12139</b>	<b>26.0</b>	<b>-14.8</b>
<b>Profiled Wood - Hardwood</b>					
CANADA	17745	-9.7	4540	-31.0	1.3
ITALY	20763	12.4	5189	19.8	13.0
INDONESIA	10070	-36.5	2048	-48.4	-1.8
MALAYSIA	12589	0.9	2845	-7.7	-7.2
OTHER	55738	12.3	15860	20.3	-4.3
<b>TOTAL</b>	<b>116905</b>	<b>0.7</b>	<b>30482</b>	<b>-2.1</b>	<b>-1.0</b>
<b>Wood windows and frames</b>					
NORWAY	19815	-4.1	5503	-1.1	15.9
DENMARK	22427	45.5	5339	46.7	-7.9
SWEDEN	4973	36.8	1519	8.0	72.6
U.S.A.	2332	-11.7	454	-36.3	-36.0
OTHER	5917	14.1	1635	168.5	16.8
<b>TOTAL</b>	<b>55464</b>	<b>16.7</b>	<b>14450</b>	<b>21.1</b>	<b>6.8</b>
<b>Wood doors and frames</b>					
INDONESIA	39917	-9.8	9799	5.0	-7.3
SOUTH AFRICA	40035	12.4	10860	31.6	-4.2
BRAZIL	25289	-13.8	5845	-5.6	-14.0
MALAYSIA	20372	-8.5	5617	-7.2	-11.7
OTHER	108486	17.4	31049	38.2	10.2
<b>TOTAL</b>	<b>234099</b>	<b>4.6</b>	<b>63170</b>	<b>20.8</b>	<b>-0.1</b>
<b>Parquet Panels</b>					
BELGIUM	33345	56.4	7336	2.4	-28.5
SWEDEN	16945	-10.7	5276	13.6	42.3
DENMARK	17370	-6.2	3620	-22.7	-21.0

# Germany imports - 2001

	Jan-Dec 2001		Oct-Dec 2001		
	Value 000s euro	% chg 2000/ 2001	Value 000s euro	% change 2000 2001	Qtr 3 2001
<b>Tropical Logs</b>					
CAMEROON	21219	-8.8	4170	12.0	8.4
CONGO REPUBLIC	8464	-20.3	2791	26.6	92.7
GABON	8158	22.3	2924	74.0	84.5
BURMA	3219	4.5	620	32.7	-11.4
EQUAT. GUINEA	3863	49.6	1136	43.6	54.6
LIBERIA	5368	154.8	663	3583.3	-67.3
CONGO DEM. REP.	745	-57.8	42	-94.1	-55.3
OTHER	3034	-41.8	318	-77.0	-70.2
<b>TOTAL</b>	<b>54070</b>	<b>-2.3</b>	<b>12664</b>	<b>10.8</b>	<b>10.1</b>
<b>Beech Logs</b>					
FRANCE	3674	-79.2	562	-50.9	61.5
DENMARK	688	-70.9	270	1127.3	233.3
SWITZERLAND	1408	-39.3	389	149.4	489.4
BELGIUM	591	-67.9	27	-86.7	-71.3
AUSTRIA	1011	-19.4	143	-74.5	93.2
ROMANIA	317	-70.5	25	-76.0	25.0
SLOVAKIA	1319	32.4	283	-44.9	2076.9
OTHER	2126	-30.5	271	-66.3	194.6
<b>TOTAL</b>	<b>11134</b>	<b>-63.5</b>	<b>1970</b>	<b>-43.8</b>	<b>150.0</b>
<b>Oak Logs</b>					
U.S.A.	3337	10.9	282	-34.4	173.8
HUNGARY	2112	-5.6	0	-100.0	-100.0
FRANCE	2098	6.0	423	19.2	2.2
AUSTRIA	749	45.2	120	275.0	na
POLAND	191	-54.7	22	-70.3	na
ROMANIA	135	-62.4	9	-92.6	na
BELGIUM	182	-38.9	20	-77.5	122.2
OTHER	1964	126.0	555	131.3	116.0
<b>TOTAL</b>	<b>10768</b>	<b>11.1</b>	<b>1431</b>	<b>-25.1</b>	<b>80.7</b>
<b>Other Hardwood Logs</b>					
U.S.A.	45285	-6.2	7763	-26.3	96.6
FRANCE	3531	-52.5	474	-67.3	-1.3
CANADA	3555	16.6	23	-97.4	-93.4
FINLAND	2365	-12.8	602	31.2	248.0
JAPAN	2843	7.1	418	33.5	7.7
POLAND	794	-18.5	223	-18.0	395.6
ROMANIA	1008	22.9	148	-53.3	12.1
OTHER	7218	24.0	1447	38.3	94.0
<b>TOTAL</b>	<b>66599</b>	<b>-7.2</b>	<b>11098</b>	<b>-27.4</b>	<b>77.2</b>
<b>Tropical Sawn Lumber</b>					
MALAYSIA	13902	-46.4	3828	-19.5	1.6
GHANA	20663	-6.3	5446	12.9	7.1
NETHERLANDS	9716	-35.4	1851	-47.9	-26.5
BELGIUM	5654	-20.7	1200	-38.9	-20.8
CAMEROON	8886	42.7	2152	9.1	16.1
INDONESIA	3183	-35.5	780	-24.2	31.8
BRAZIL	2681	30.2	444	13.6	-0.9
SINGAPORE	533	-68.6	196	-25.5	216.1
BURMA	1725	27.5	341	-18.8	74.0
DENMARK	1552	19.5	390	17.5	473.5
OTHER	8832	9.2	2403	18.0	6.5
<b>TOTAL</b>	<b>77327</b>	<b>-19.3</b>	<b>19031</b>	<b>-11.6</b>	<b>3.6</b>
<b>Beech Sawn Lumber</b>					
ROMANIA	3125	-65.1	481	-65.4	-26.6
POLAND	4448	-34.3	831	-35.6	-28.4
ITALY	2754	-53.0	931	-35.7	180.4
AUSTRIA	3660	-36.1	911	-27.5	-21.8
SLOVAKIA	3357	-26.8	788	-2.8	33.8
BOS. & HERZ.	2068	-51.6	561	2.0	11.1
FRANCE	2531	-40.4	587	-27.8	-1.8
CZECH REPUBLIC	2879	-20.0	551	-19.9	2.6
SERBI & MONT.	1973	-34.3	599	65.0	15.2
SLOVENIA	1921	-25.3	546	41.1	-6.5
OTHER	6235	-22.2	1410	-15.8	37.6
<b>TOTAL</b>	<b>34951</b>	<b>-39.3</b>	<b>8196</b>	<b>-23.2</b>	<b>6.8</b>
<b>Oak Sawn Lumber</b>					
U.S.A.	12379	-7.8	3303	19.5	17.6
UKRAINE	7945	20.7	2413	27.1	27.8
FRANCE	3074	-37.2	745	-24.1	16.0
CANADA	2551	-14.5	746	43.5	14.8
CZECH REPUBLIC	1687	-39.5	513	-14.2	6.7
POLAND	2182	-9.0	604	17.3	21.5
LITHUANIA	1993	-4.0	520	-4.8	-3.2
NETHERLANDS	1081	-32.4	208	-46.7	-20.9
AUSTRIA	1741	15.4	453	-6.4	21.4
OTHER	4662	-27.1	1393	-8.5	34.6
<b>TOTAL</b>	<b>39295</b>	<b>-12.0</b>	<b>10898</b>	<b>6.6</b>	<b>18.8</b>
<b>Other Hardwood Sawn</b>					
CANADA	34068	3.6	8497	19.5	16.9
U.S.A.	20055	-22.7	4468	-14.2	12.5
LITHUANIA	14212	24.8	3672	14.0	8.7
LATVIA	7015	2.7	1277	20.9	31.7
RUSSIA	3250	-39.9	590	-51.4	-18.7
NETHERLANDS	3343	-23.5	924	0.9	48.1
BELARUS	3697	2.5	858	-14.5	-3.3
POLAND	3467	-2.5	657	-10.1	9.5
FRANCE	1955	-29.8	230	-63.9	-64.4
AUSTRIA	2808	23.2	539	12.1	-20.9
OTHER	11308	-12.0	2863	3.5	32.7
<b>TOTAL</b>	<b>105178</b>	<b>-6.0</b>	<b>25270</b>	<b>1.4</b>	<b>12.6</b>
<b>Tropical Veneers</b>					
IVORY COAST	11899	13.0	2552	5.8	-25.6
GHANA	5299	-15.0	989	-32.7	-25.6
ITALY	3481	-38.5	988	-36.3	-31.8
BRAZIL	1429	-33.6	195	-61.5	-44.6
BELGIUM	373	-77.6	234	-63.2	470.7
FRANCE	1566	-5.8	339	-13.5	-8.1
OTHER	8201	-2.5	1959	-10.8	-21.5
<b>TOTAL</b>	<b>32248</b>	<b>-11.2</b>	<b>7256</b>	<b>-20.8</b>	<b>-23.4</b>

# Europe

## Germany cont. from page 11

due mainly to problems of over-stocking in the Malaysian meranti market. Imports from Ghana remained more stable and Ghana overtook Malaysia as the Germany's leading supplier of tropical sawn lumber.

Weakness in the German furniture sector is reflected in a slowdown in German hardwood veneer imports last year, a trend which particularly affected supplies from the U.S., France and Switzerland. However Ivory Coast and Austria managed to boost their veneer sales to Germany during 2001.

The value of German imports of tropical plywood were down overall during 2001, with a particularly significant slide in imports from Indonesia. Imports of temperate hardwood plywood remained stable, with big increases in imports from Latvia and Poland, highlighting the growing influence of Eastern Europe in the German market for birch and beech plywood.

Germany's weak construction sector led to declining imports of joinery products last year, notably wood windows and parquet panels. Wood furniture imports stayed level despite the weakness of the German market, indicating rising market share for imported products. Manufacturers in Poland, including many German owned companies, are an increasingly important influence in the German wood product market.

## Italian trade

### Steep decline in imports

Italian imports of hardwood products (table page 13), which held up reasonably well during the first half of 2001, declined sharply in the second half of the year as economic uncertainty began to mount. As in Germany, there was a particularly steep fall in the volume of beech log and lumber imports. Oak imports held up much better, with Croatian supplies increasingly dominant. Tropical log imports for the year were reasonably stable, with Liberia, Gabon and Congo Republic replacing lost volume from Cameroon. Tropical sawn imports were down only 6%, with African suppliers gaining at the expense of Far Eastern suppliers. To counter the threat of log export bans, Italy is tending to import more veneers from the tropics, notably from Ivory Coast and Ghana, and reducing production based on imported logs. Italy's wood furniture imports continue to rise, mainly from other European countries. So far, Far Eastern furniture manufacturers have had little impact on the Italian market.

	Jan-Dec 2001		Oct-Dec 2001		
	Value 000s euro	% chg 2000/ 2001	Value 000s euro	% change 2000 2001	Qtr 3 2001
<b>Other Hardwood Veneers</b>					
U.S.A.	83005	-20.6	17366	-29.4	4.9
FRANCE	17862	-17.9	4142	-41.3	-31.2
SWITZERLAND	13880	-26.2	2264	-34.6	-44.8
ITALY	9050	-18.5	2215	-13.2	22.6
AUSTRIA	11780	16.0	2319	-28.4	-10.9
HUNGARY	8221	-13.3	1964	-3.2	-4.1
OTHER	58571	3.4	15273	1.7	25.0
<b>TOTAL</b>	<b>202369</b>	<b>-13.0</b>	<b>45543</b>	<b>-21.4</b>	<b>0.4</b>
<b>Softwood Veneers</b>					
U.S.A.	8758	13.6	785	-50.2	-70.0
INDONESIA	3676	34.8	1276	436.1	38.4
SWITZERLAND	1081	-23.4	272	3.4	45.5
ITALY	1018	-6.6	217	-31.1	-8.8
FINLAND	873	-11.5	95	-74.5	-49.7
OTHER	4282	-5.2	1121	5.0	17.9
<b>TOTAL</b>	<b>19688</b>	<b>6.8</b>	<b>3766</b>	<b>-1.7</b>	<b>-26.2</b>
<b>Tropical Plywood</b>					
INDONESIA	48263	-23.1	11955	-6.2	-7.5
ITALY	14264	3.1	3587	-15.3	25.2
BRAZIL	11911	50.1	2962	101.9	13.8
SPAIN	7743	19.0	2030	15.0	22.7
FRANCE	5740	10.2	1596	101.3	18.8
BELGIUM	4109	20.2	287	-58.9	-85.0
OTHER	12284	-10.3	4084	45.6	6.4
<b>TOTAL</b>	<b>104314</b>	<b>-8.0</b>	<b>26501</b>	<b>8.1</b>	<b>-2.4</b>
<b>Other Hardwood Plywood</b>					
FINLAND	92906	0.7	29493	7.7	68.8
ITALY	25248	0.5	5649	-18.5	-3.2
LATVIA	23377	18.7	4250	-35.3	-30.8
RUSSIA	14831	3.5	4386	50.8	44.9
CZECH REPUBLIC	8946	-23.8	1350	-54.2	-9.0
POLAND	13350	36.2	3564	22.3	5.4
OTHER	56758	3.3	15282	21.3	9.3
<b>TOTAL</b>	<b>235416</b>	<b>3.3</b>	<b>63974</b>	<b>2.8</b>	<b>24.7</b>
<b>Softwood Plywood</b>					
BRAZIL	43888	-14.6	8414	50.7	18.0
FINLAND	32438	-12.1	11205	42.8	70.9
FRANCE	16540	-9.3	4850	-15.7	44.2
CZECH REPUBLIC	10302	-2.8	2853	6.2	14.5
AUSTRIA	8353	-12.7	2592	13.2	37.2
POLAND	4541	-50.6	974	-52.4	19.1
OTHER	33766	-12.0	6591	-5.2	-7.2
<b>TOTAL</b>	<b>149828</b>	<b>-14.0</b>	<b>37479</b>	<b>13.0</b>	<b>27.7</b>
<b>Sleepers</b>					
FRANCE	2594	6.1	786	-30.3	32.1
NETHERLANDS	847	-15.2	244	-20.8	8.4
CZECH REPUBLIC	274	18.1	95	58.3	93.9
OTHER	298	76.3	116	48.7	73.1
<b>TOTAL</b>	<b>4013</b>	<b>4.4</b>	<b>1241</b>	<b>-21.1</b>	<b>32.6</b>
<b>Profiled Wood - Softwood</b>					
SWEDEN	18588	-19.2	5083	-21.2	2.6
ITALY	9621	-5.8	2646	-9.3	20.8
FINLAND	6445	-32.4	2038	-18.6	25.1
AUSTRIA	5131	-21.7	1273	-18.4	-8.4
OTHER	18835	-12.8	4965	3.4	13.0
<b>TOTAL</b>	<b>58620</b>	<b>-17.3</b>	<b>16005</b>	<b>-12.2</b>	<b>9.9</b>
<b>Profiled Wood - Hardwood</b>					
POLAND	14940	12.6	3804	-16.5	8.4
ITALY	6305	-35.7	1510	-39.3	-10.8
BELGIUM	5990	8.9	1208	-40.0	2.1
AUSTRIA	5786	9.1	2411	58.1	61.6
OTHER	37559	6.2	10142	-9.4	4.7
<b>TOTAL</b>	<b>70580</b>	<b>1.9</b>	<b>19075</b>	<b>-12.4</b>	<b>8.6</b>
<b>Wood windows and frames</b>					
DENMARK	35006	-12.5	8110	-39.1	-31.9
POLAND	28169	11.8	8132	12.1	-4.1
AUSTRIA	18703	-3.8	5183	-41.2	-0.3
FRANCE	10640	-38.5	2416	-43.9	-51.8
OTHER	17392	-18.7	4280	-6.8	-5.4
<b>TOTAL</b>	<b>109910</b>	<b>-10.9</b>	<b>28121</b>	<b>-26.5</b>	<b>-19.9</b>
<b>Wood doors and frames</b>					
SLOVENIA	17535	-20.4	3990	-21.6	10.5
DENMARK	37594	94.1	2598	-69.4	-87.6
HUNGARY	12549	-23.7	3058	-9.8	-7.1
ITALY	16830	2.8	4421	-7.5	113.3
OTHER	58849	-15.8	15814	-27.1	1.5
<b>TOTAL</b>	<b>143357</b>	<b>-0.5</b>	<b>29881</b>	<b>-31.2</b>	<b>-34</b>

# Italy imports - 2001

	Jan-Dec 2001		Oct-Dec 2001		
	Value	% chg	Value	% change	
	000s	2000/2001	000s	Qtr 4	Qtr 3
	euro	2001	euro	2000	2001
<b>Tropical Logs</b>					
CAMEROON	29709	-34.9	3962	-45.4	-35.1
LIBERIA	18841	16.3	2603	23.1	-40.8
GABON	17537	19.5	5777	47.3	66.0
CONGO REPUBLIC	14450	24.9	3317	-0.4	5.0
BURMA	4962	-6.5	956	-39.8	-30.7
NIGERIA	704	-66.3	50	-78.7	-70.2
IVORY COAST	641	-68.4	68	-79.6	-71.8
OTHER	12183	57.2	2558	21.9	-6.4
<b>TOTAL</b>	<b>99027</b>	<b>-5.9</b>	<b>19291</b>	<b>-7.6</b>	<b>-11.0</b>
<b>Beech Logs</b>					
SWITZERLAND	14486	-36.8	2309	-35.8	123.5
FRANCE	7495	-61.5	1118	-71.2	12.1
AUSTRIA	11238	-16.7	3276	-13.3	73.1
GERMANY	4917	-22.4	1083	-42.4	11.2
CROATIA	3914	-4.5	1094	-15.1	528.7
SLOVENIA	2683	17.9	763	34.6	58.0
BELGIUM	1564	-17.0	256	-55.3	98.4
OTHER	1603	-9.4	452	-5.6	180.7
<b>TOTAL</b>	<b>47900</b>	<b>-33.7</b>	<b>10351</b>	<b>-35.5</b>	<b>77.1</b>
<b>Oak Logs</b>					
HUNGARY	3154	-18.9	997	-11.8	114.9
FRANCE	2636	-12.4	646	-17.6	12.3
CROATIA	3250	151.2	894	670.7	1843.5
AUSTRIA	780	-28.8	206	-43.7	116.8
GERMANY	659	-14.9	125	-66.8	-33.2
SLOVENIA	405	13.8	152	133.8	149.2
ROMANIA	139	-45.3	3	-96.3	na
OTHER	540	38.8	164	28.1	76.3
<b>TOTAL</b>	<b>11563</b>	<b>4.6</b>	<b>3187</b>	<b>4.6</b>	<b>109.5</b>
<b>Other Hardwood Logs</b>					
FRANCE	38657	-10.2	9915	-13.4	16.4
U.S.A.	36715	-5.9	7130	-9.5	69.2
HUNGARY	20635	-1.0	5011	0.4	47.4
CROATIA	19733	19.7	5982	11.3	95.8
AUSTRIA	7452	-38.2	2038	-46.4	84.4
ROMANIA	4548	-31.0	460	-77.8	6.2
SLOVENIA	5430	14.7	1623	34.4	71.7
OTHER	21485	-26.5	4300	-46.5	18.7
<b>TOTAL</b>	<b>154655</b>	<b>-10.1</b>	<b>36459</b>	<b>-18.6</b>	<b>44.1</b>
<b>Tropical Sawn Lumber</b>					
CAMEROON	68254	7.5	13588	-14.5	-23.8
IVORY COAST	61158	1.1	13409	-13.7	5.1
INDONESIA	7806	-61.0	1185	-71.6	-60.6
MALAYSIA	16964	-13.6	3826	-17.4	6.1
NIGERIA	9708	-45.3	1579	-60.7	-21.4
GHANA	14377	12.8	3962	21.7	32.0
BRAZIL	9402	3.1	2252	-11.5	1.9
GABON	9108	54.8	2287	64.4	18.9
BURMA	5195	22.1	1406	52.3	20.5
CONGO REPUBLIC	2883	4.7	1006	36.7	64.9
OTHER	17810	-16.2	4716	-8.5	11.5
<b>TOTAL</b>	<b>222665</b>	<b>-6.2</b>	<b>49216</b>	<b>-15.5</b>	<b>-6.0</b>
<b>Beech Sawn Lumber</b>					
CROATIA	27855	-23.5	6256	-19.3	43.6
BOSN. & HERZ.	26316	-27.2	6455	-21.8	43.3
SLOVENIA	15366	-26.9	3606	-23.0	39.3
SERB. & MONT.	6534	-26.2	1628	-8.1	26.5
POLAND	5563	-35.6	1160	-41.8	58.7
AUSTRIA	6357	-24.0	1357	-42.3	36.1
ROMANIA	5319	-36.2	1098	-47.9	2.2
GERMANY	5555	-27.2	1102	-51.3	8.6
SLOVAKIA	8413	15.6	2311	23.6	50.8
ALBANIA	6457	1.2	1760	-10.7	14.2
OTHER	14424	-34.1	2876	-50.1	14.5
<b>TOTAL</b>	<b>128159</b>	<b>-25.0</b>	<b>29609</b>	<b>-27.4</b>	<b>33.7</b>
<b>Oak Sawn Lumber</b>					
CROATIA	28078	11.2	6803	-5.1	50.8
U.S.A.	16580	-23.1	4787	-6.1	31.3
FRANCE	7537	-10.7	1673	-16.5	30.4
HUNGARY	6094	28.1	1376	-12.1	24.9
UKRAINE	4069	24.1	1160	17.3	11.3
SLOVENIA	3884	35.0	1196	69.9	61.2
ROMANIA	3632	42.4	1028	26.0	36.5
AUSTRIA	1583	4.6	358	-18.6	-15.2
CANADA	462	-60.3	35	-68.8	-65.7
OTHER	6900	15.9	1822	4.4	18.1
<b>TOTAL</b>	<b>78819</b>	<b>1.9</b>	<b>20238</b>	<b>-1.9</b>	<b>33.6</b>
<b>Other Hardwood Sawn</b>					
U.S.A.	89328	-22.4	18133	-32.2	-10.5
HUNGARY	23810	-13.4	5524	-19.4	5.5
CROATIA	14574	-1.5	3130	-15.0	16.1
ROMANIA	12510	1.1	3076	-8.7	-4.2
CANADA	9536	-19.8	2361	-2.6	35.5
RUSSIA	12826	11.2	1766	-30.7	-54.2
SPAIN	17490	56.1	4301	27.3	-24.4
AUSTRIA	5384	-26.7	1410	-37.6	51.9
POLAND	5476	-25.4	1395	-32.3	57.8
SLOVENIA	7919	8.7	1843	-1.1	-3.4
OTHER	40698	-7.6	9676	-12.4	4.3
<b>TOTAL</b>	<b>239551</b>	<b>-11.4</b>	<b>52615</b>	<b>-20.6</b>	<b>-5.5</b>
<b>Tropical Veneers</b>					
IVORY COAST	25084	11.5	5863	4.3	-15.2
CAMEROON	17825	-0.9	4342	4.7	18.0
GHANA	18576	23.4	4071	6.7	-24.0
GERMANY	1861	-20.6	545	-31.9	89.9
BRAZIL	1442	-34.6	47	-90.0	-71.2
SPAIN	2289	12.5	721	6.5	0.7
OTHER	13599	25.2	3481	-11.0	14.7
<b>TOTAL</b>	<b>80676</b>	<b>10.5</b>	<b>19070</b>	<b>4.6</b>	<b>-5.4</b>

# Europe

## Poland

### Meble 2002 and Drema, Poznan

More than 34,000 exhibitors from 43 countries attended the annual Poznan show this year. With Poland's emerging importance as a furniture producer and wood processor, especially for German industry, this event is taking on ever increasing significance. Poland is now by far the largest external supplier of wood furniture to the EU. During 2001, Poland supplied wood furniture valued at 1.5 billion euro to the EU, accounting for 25% of total imports into the EU from non-EU countries. Germany buys more than 50% of Polish furniture exports to the EU followed by Belgium, Sweden and UK.

Scandinavia is also a major trading and investment partner. Significantly Poland is IKEA's most important supply source in Europe. A recent report in Poland's daily "Gazeta Wyborcza" suggested that in a decade Polish supplies to 160 IKEA outlets worldwide will have risen from US\$7.6 million in 1994 to US\$567 million in 2002.

### Big improvement in quality

Perhaps the most notable facts of the Polish furniture industry in the past two decades have been the transformation of quality and the reversal of its role as a domestic industry from making 70% for the home market to one now exporting 70% of its production. Added to this was the loss of the USSR market after the fall of communism. But in a country of 38 million people, with an increasing standard of living and a government determined to gain EU entry, the Polish domestic market could also grow again in significance. So from both an export perspective and home market strength, the Polish furniture industry is important economically and strategically. Geographically too, Poland is conveniently placed alongside the massive market of Germany, which has much to do with the huge investment received from German financiers. Other investors have come mainly from Denmark and Sweden

### Sawmilling sector.

Poland's sawmill industry is also regarded as a significant element of the nation's economy with production running at about 6.3 million m3 of sawn wood per year. In 2000, pine was the major species at 4.6 million m3, and 900,000 m3 of other coniferous (larch, fir and spruce). Hardwood sawn lumber production amounts to 500,000 m3 of beech and 300,000 m3 of oak.

Despite these figures, Poland is becoming

*Continued page 15*

	Jan-Dec 2001		Oct-Dec 2001		
	Value	% chg	Value	% change	
	000s	2000/2001	000s	Qtr 4	Qtr 3
	euro	2001	euro	2000	2001
<b>Other Hardwood Veneers</b>					
GERMANY	39904	-6.7	8909	-13.6	2.0
U.S.A.	23328	26.2	4359	-4.6	14.9
FRANCE	16890	3.7	4493	-28.1	39.4
SWITZERLAND	6384	-23.8	1422	15.3	34.3
TURKEY	7027	-16.1	818	-49.6	-58.2
CROATIA	8133	15.1	2195	29.3	120.6
OTHER	37049	-18.4	9116	-27.3	6.6
<b>TOTAL</b>	<b>138715</b>	<b>-5.5</b>	<b>31312</b>	<b>-18.1</b>	<b>10.6</b>
<b>Softwood Veneers</b>					
U.S.A.	3516	-40.2	793	-28.0	19.1
GERMANY	1965	-37.6	451	-53.8	37.5
SPAIN	2397	-8.9	726	4.6	222.7
SWITZERLAND	414	-82.7	94	36.2	2250.0
IVORY COAST	1978	-6.8	845	186.4	448.7
OTHER	4026	-18.3	989	-20.9	-19.2
<b>TOTAL</b>	<b>14296</b>	<b>-32.2</b>	<b>3898</b>	<b>-11.1</b>	<b>49.9</b>
<b>Tropical Plywood</b>					
FRANCE	17521	0.2	4619	-13.2	30.4
INDONESIA	8920	-14.9	1974	-10.5	110.4
GABON	5652	27.3	865	-27.4	-62.5
MOROCCO	6585	99.6	2217	103.8	59.6
BRAZIL	2423	-25.2	650	-25.9	81.1
SPAIN	1229	-11.5	262	-35.5	-33.0
OTHER	11275	45.8	2181	-7.0	-30.0
<b>TOTAL</b>	<b>53605</b>	<b>11.5</b>	<b>12768</b>	<b>-5.0</b>	<b>6.0</b>
<b>Other Hardwood Plywood</b>					
FINLAND	23426	-3.6	5773	-13.6	18.3
RUSSIA	21821	8.9	4848	33.8	-7.0
AUSTRIA	5562	-11.3	1257	-23.9	0.2
CZECH REPUBLIC	3839	-9.9	985	-19.4	57.6
SPAIN	2247	-28.0	522	-45.8	-1.7
UKRAINE	3628	36.4	1053	138.8	1.6
OTHER	23369	61.2	7271	99.3	34.7
<b>TOTAL</b>	<b>83992</b>	<b>11.6</b>	<b>21709</b>	<b>19.1</b>	<b>14.6</b>
<b>Softwood Plywood</b>					
AUSTRIA	12650	-4.7	3268	-20.6	2.9
BRAZIL	11754	2.8	1836	-28.9	24.9
RUSSIA	10257	-4.0	855	-27.7	-50.1
FINLAND	8134	2.6	2143	4.2	12.0
GERMANY	5414	-12.3	1296	-21.7	-0.2
FRANCE	4239	-15.5	920	-27.2	12.1
OTHER	23432	-10.1	5503	-1.1	9.9
<b>TOTAL</b>	<b>75880</b>	<b>-5.8</b>	<b>15821</b>	<b>-14.1</b>	<b>2.8</b>
<b>Sleepers</b>					
FRANCE	2974	4.4	697	-52.8	22.3
LUXEMBOURG	0	-100.0	0	-100.0	na
AUSTRIA	234	-37.3	55	-73.9	-3.5
OTHER	736	148.6	184	44.9	-28.7
<b>TOTAL</b>	<b>3944</b>	<b>-33.6</b>	<b>936</b>	<b>-49.8</b>	<b>5.8</b>
<b>Profiled Wood - Softwood</b>					
AUSTRIA	37379	16.8	9724	4.4	2.0
GERMANY	2260	-11.6	709	-15.0	75.1
ROMANIA	1471	85.3	192	11.0	-55.2
PORTUGAL	300	-47.0	45	-58.3	2150.0
OTHER	3244	36.9	758	2.2	64.4
<b>TOTAL</b>	<b>44654</b>	<b>16.6</b>	<b>11428</b>	<b>2.3</b>	<b>5.5</b>
<b>Profiled Wood - Hardwood</b>					
INDONESIA	29238	2.2	4268	-48.0	-50.2
NIGERIA	15133	-8.3	3333	-22.7	-3.9
IVORY COAST	14381	12.9	3182	4.8	-10.3
PARAGUAY	6309	-8.5	1194	-32.0	-18.1
OTHER	79310	24.7	19353	-1.4	-6.0
<b>TOTAL</b>	<b>144371</b>	<b>12.5</b>	<b>31330</b>	<b>-15.2</b>	<b>-16.8</b>
<b>Wood windows and frames</b>					
DENMARK	15342	-1.3	4125	5.8	36.0
SWITZERLAND	8483	93.8	2060	224.9	-7.7
AUSTRIA	1823	-24.2	383	-61.0	-32.7
GERMANY	1291	42.8	551	31.5	86.1
OTHER	4135	11.5	1560	64.6	65.1
<b>TOTAL</b>	<b>31074</b>	<b>15.4</b>	<b>8679</b>	<b>26.1</b>	<b>22.7</b>
<b>Wood doors and frames</b>					
ROMANIA	7278	27.0	1974		

# Special report - ITTO Meeting, Denpasar, Indonesia

**The government's of leading tropical wood producing nations have highlighted the need for step-wise systems of forest certification in the tropics that, as a starting point, provide independent assurances that wood derives from legal sources.**

The International Tropical Timber Organisation debated the pros and cons of a phased or 'step-wise' approach to forest certification during their 32<sup>nd</sup> meeting which ended on 18 May in Denpasar Indonesia. Many ITTO members advocated a phased approach as a way to allow certification applicants to make claims on their progress towards sustainable forest management as operations improve. During the first phase, tropical suppliers would undergo independent assessment that wood derives from legal sources. In the second phase, suppliers would demonstrate commitment to a sustainable forestry standard. The final phase would require suppliers to meet the performance requirements of the standard. ITTO now plans to commission a study to explore the potential of the step-wise approach to forest certification and to convene three regional workshops to disseminate the results of the study. ITTO

also encouraged its members to support project proposals for national capacity building for forest certification in tropical countries, including institutional strengthening, stakeholder participation, auditing systems, training and better public understanding of the role of certification in sustainable forest management

## Support for marketing.

In another significant development for the international hardwood trade, ITTO is developing a project proposal for a tropical hardwood marketing campaign. The aim will be to support marketing activities in leading markets for tropical hardwood over a 30 to 36 month period with a budget of US\$ 4-5 million. Although this level of funding at global level is very conservative when compared with that of non-wood and softwood marketing campaigns, it still represents a huge jump in the level of marketing support for the tropical hardwood trade.

## Focus on Congo basin.

ITTO's discussions at the Denpasar meeting focused heavily on forest management in the Congo basin, a region which played host to a recent ITTO mission. ITTO agreed

to contribute to the development of a strategy to improve the management of forest concessions based on the ITTO guidelines for sustainable tropical forest management. Particular attention will be paid to the impact of industrial timber logging on local communities and to trans-boundary sites identified as high priorities for biological diversity conservation.

## Data collection in the Congo.

In support of the strategy, ITTO will undertake wide-ranging data collection initiative in the Congo basin aimed at improving forest concession management and ensuring the conservation of protected areas. This initiative will be carried out in partnership with the governments of the countries concerned, the non-governmental organization Global Forest Watch, and other stakeholders. Furthermore, ITTO will finance a project to assist African countries in implementing and monitoring sustainable forest management through the application of the ITTO/African Timber Organization regional criteria and indicators for sustainable forest management. ITTC also proposed that a workshop be held to develop a research program for forest management in the Congo basin and agreed that ITTO should participate in a forthcoming ministerial conference on forest law enforcement in Africa.

## Forest restoration guidelines

In other initiatives, ITTO adopted a set of guidelines to promote the restoration of degraded tropical forests, the management of secondary tropical forests and the rehabilitation of degraded tropical forest lands. ITTO will convene six sub-regional workshops to promote implementation of the guidelines.

The ITTO meeting also saw the formation of a civil society advisory group (CSAG) comprising representatives of non-governmental organizations. The Council encouraged the CSAG and the Trade Advisory Group, which had been formed at an earlier session, to work together to showcase examples of collaboration between civil society organizations and forest concessionaires and industry. The Council provided finance so that the CSAG could organize a panel discussion relevant to ITTO's Yokohama Action Plan.

At the meeting, ITTO pledged a total of US\$8.1 million for initiatives promoting sustainable forest management, greater transparency to the tropical timber trade and the development of sustainable tropical forest-based industries.

		Exchange rates								
		One GB pound (£)			One US Dollar (\$)			One Euro		
		1-Mar	25-Mar	26-Apr	1-Mar	25-Mar	26-Apr	1-Mar	25-Mar	26-Apr
Argentina	Peso	3.106	3.9304	4.647	2.19	2.755	3.195	1.8958	2.422	2.8712
Australia	Aus. \$	2.7399	2.6787	2.6761	1.9318	1.8776	1.8399	1.6723	1.6508	1.6535
Bangladesh	Taka	81.1977	81.6758	83.2673	57.25	57.25	57.25	49.5585	50.3343	51.4478
Belgium	Euro	1.6384	1.6227	1.6185	1.1552	1.1374	1.1128	1	1	1
Belize	B\$	2.7941	2.8105	2.8653	1.97	1.97	1.97	1.7053	1.732	1.7703
Bolivia	Boliviano	9.8998	9.9866	10.2692	6.98	7	7.0605	6.0423	6.1544	6.3449
Botswana	Pula	9.5702	9.7416	9.4079	6.7476	6.8283	6.4683	5.8411	6.0034	5.8128
Brazil	Real	3.3366	3.3641	3.4325	2.3525	2.358	2.36	2.0365	2.0732	2.1208
Fr. Africa*	CFA Fr.	1074.74	1064.40	1061.66	757.76	746.08	729.94	655.96	655.96	655.96
Canada	Canadian \$	2.262	2.2494	2.2724	1.5949	1.5767	1.5624	1.3806	1.3862	1.404
Chile	Peso	948.488	954.928	948.083	668.750	669.350	651.850	578.904	588.493	585.785
China	Yuan	11.7387	11.8084	12.039	8.2766	8.277	8.2773	7.1647	7.2772	7.4384
Czech Republic	Koruna	51.6349	50.4772	49.0239	36.4062	35.3816	33.7061	31.515	31.1075	30.29
Denmark	Danish Krone	12.1753	12.0636	1.6185	8.5844	8.4559	1.1128	7.4311	7.4344	1
Estonia	Kroon	25.6431	25.3979	25.3197	18.0802	17.8025	17.4084	15.6512	15.652	15.6441
Europe	Euro	1.6384	1.6227	1.6185	1.1552	1.1374	1.1128	1	1	1
Finland	Euro	1.6384	1.6227	1.6185	1.1552	1.1374	1.1128	1	1	1
France	Euro	1.6384	1.6227	1.6185	1.1552	1.1374	1.1128	1	1	1
Germany	Euro	1.6384	1.6227	1.6185	1.1552	1.1374	1.1128	1	1	1
Ghana	Cedi	10796.80	10949.60	11555.60	7612.50	7675.00	7945.00	6589.78	6747.88	7139.80
Guyana	Guyanese \$	256.003	257.510	262.528	180.500	180.500	180.500	156.250	158.696	162.206
Hong Kong	HK\$	11.0621	11.1272	11.3439	7.7996	7.7996	7.7995	6.7517	6.8574	7.009
India	Rupee	69.0854	69.5492	71.1808	48.71	48.75	48.94	42.1658	42.861	43.98
Indonesia	Rupiah	14324.8	14016.8	13553.7	10100.0	9825.0	9305.0	8743.1	8638.1	8361.9
Irish Republic	Euro	1.6384	1.6227	1.6185	1.1552	1.1374	1.1128	1	1	1
Italy	Euro	1.6384	1.6227	1.6185	1.1552	1.1374	1.1128	1	1	1
Japan	Yen	188.932	189.588	186.199	133.21	132.89	128.02	115.313	116.837	115.045
Kenya	K. Shilling	110.769	111.457	113.884	78.1	78.125	78.3	67.6073	68.76	70.3644
Korea South	Won	1877.76	1895.23	1887.37	1323.95	1328.45	1297.65	1146.08	1167.97	1166.33
Liberia	Liberian \$	1.4183	1.4267	1.4545	1	1	1	0.8657	0.8792	0.8987
Malaysia	Ringgit	5.3896	5.4213	5.5269	3.8	3.8	3.8	3.2895	3.341	3.4149
Myanmar	Kyat	9.6774	9.694	9.7822	6.8232	6.7949	6.7257	5.9065	5.9653	6.0973
Netherlands	Euro	1.6384	1.6227	1.6185	1.1552	1.1374	1.1128	1	1	1
New Zealand	NZ\$	3.3558	3.2409	3.2346	2.366	2.2717	2.224	2.0482	1.9973	1.9986
Nigeria	Naira	168.281	165.634	169.371	118.650	116.100	116.450	102.710	102.075	104.648
Papua NG	Kina	5.1213	5.2079	5.3981	3.6109	3.6504	3.7114	3.1258	3.2095	3.3553
Philippines	Peso	72.4397	72.9233	73.9661	51.075	51.115	50.855	44.2131	44.9404	45.7009
Poland	Zloty	9.9681	9.8625	9.8113	4.2079	4.1093	3.9956	3.6426	3.6129	3.5906
Portugal	Euro	1.6384	1.6227	1.6185	1.1552	1.1374	1.1128	1	1	1
Romania	Leu	46235.2	47079.5	48542.3	32599.0	33000.0	33375.0	28219.3	29013.6	29992.4
Russia	Rouble	44.006	44.8862	45.3716	31.0273	31.1823	31.195	26.8587	27.4155	28.0334
Singapore	Singapore \$	2.5973	2.6148	2.623	1.8313	1.8328	1.8035	1.5852	1.6114	1.6207
Solomon Islands	Slnn. Is. \$	8.6907	8.8612	9.3354	6.1275	6.2112	6.4185	5.288	5.4541	5.7496
South Africa	Rand	16.0587	16.3709	15.588	11.3225	11.475	10.7175	9.8013	10.0889	9.6313
Spain	Euro	1.6384	1.6227	1.6185	1.1552	1.1374	1.1128	1	1	1
Sweden	Krona	14.8974	14.6233	14.9136	10.5037	10.2501	10.2537	9.0925	9.0119	9.2145
Taiwan	\$	49.7895	49.9899	50.5625	35.105	35.04	34.764	30.3887	30.8072	31.2407
Tanzania	Shilling	1370.08	1389.56	1406.45	966.00	974.00	967.00	836.22	856.34	869.00
Thailand	Baht	61.9372	61.9024	62.8614	43.67	43.39	43.22	37.803	38.1485	38.8397
Uganda	New Shilling	2503.30	2533.02	2614.37	1765.00	1775.50	1779.50	1527.87	1561.02	1615.32
United Kingdom	£	1.0000	1.0000	1.0000	0.7051	0.7009	0.6875	0.6104	0.6163	0.6179
U.S.A.	\$	1.4183	1.4267	1.4545	1	1	1	0.8657	0.8792	0.8987
Venezuela	Bolivar	1419.200	1270.610	1222.470	1000.640	890.625	840.505	866.200	783.038	755.320
Vietnam	Dong	21474.5	2164.3	22140.4	15141.0	15170.0	15222.5	13106.8	13337.5	13679.7
Zimbabwe	\$	78.6448	79.1079	80.6494	55.45	55.45	55.45	48.0004	48.7518	49.8303

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

# Europe

## Poland *cont. from page 13*

increasingly dependent on timber imports. The softwood resource certainly provides adequate raw material for the panel manufacturers that supply MDF and particle board – essential to furniture manufacturers. However increasingly overseas buyers of furniture are demanding a whole range of other species – mainly hardwood – that Poland must import. Furthermore, despite concerted efforts to modernise Poland's wood processing sector, sawmilling and drying capacity continues to be hampered by lack of adequate investment.

### Problems of selling into Poland

Although Poland is coming to rely increasingly on imported hardwood, export sales to the country continue to be

constrained by lack of a trade structure and specialised importers and distributors. To date, German suppliers have made by far the greatest inroads. It is difficult to estimate the extent of sales by German companies of sawn lumber, and especially veneer, imported into Poland from all over the world, often to supply plants that are funded by and contracted to German furniture buyers.

### German suppliers dominant

In Poznan it was German veneer companies such as Danzer and Fritz Kohl that clearly dominated the market offering exotic tropical and high value temperate hardwood species such as American black cherry, which is increasing in popularity in eastern Europe. These companies are also able to offer exactly the quality, grain and colours that German furniture will demand in the final

product. Other leading wood suppliers attending the Poznan show included beech lumber producers Pollmeier from Germany, veneer producers Alpi from Italy, and flooring manufacturers Bohman's from Sweden.

### Days of Polish pine over

Species trends in Poznan were fairly obvious. The days of Polish pine furniture are clearly over, as elsewhere. Beech still holds its own, especially for chairs and tables. Birch is more strongly in evidence and oak, mainly Polish, is widely used by local manufacturers. There is also cherry, real and fake, European and American, veneer and solid. Cherry products made locally and imported were clearly the biggest fashion item.

## Association Profile - TRADA - UK

The Timber Research and Development Association (TRADA) is an internationally recognised centre of excellence on the specification and use of timber and wood products. TRADA's mission is to build markets for timber and wood-based products and increase sales in the UK. TRADA maintains active programmes of research and information and offers a range of other business services.

TRADA research is aimed at optimising the use and application of timber in construction. TRADA members have unique insight into ongoing research and are encouraged to participate in projects relevant to their interests.

TRADA is continuously developing new information and education programmes aimed at providing construction professionals with the knowledge they need to design and specify timber and timber-

based products. Every month new information derived from TRADA's research programme and other sources is published and disseminated to TRADA members by paper and through their website. TRADA also provides members with access to the TRADA telephone advisory service, staffed by technical experts.

TRADA offers a range of services in three main areas: business support (including product development, quality and environmental consultancy, forestry, market research, IT); technical support (including materials and product evaluation, condition surveys, expert witness services, independent checks of timber frame design and build quality); and international (including information provision, training, publications, and seminars).

TRADA membership is divided into Corporate, Professional and Student

categories. Corporate membership is available to companies that trade in or use wood as part of their everyday business activity. Professional membership is open to any individual or organisation that is involved in the specification, procurement and use of timber and wood-based products. Student membership is open to students currently studying at school, college or university.

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## Hardwood Events

Date	Event	Venue	Target audience	Contact
<b>2002</b>				
12-13 Jun	AHEC SE Asia Convention	Shanghai, China	Timber Trade & Industry	www.ahec.org
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: dsd@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	wrsp@wrsaopaulo.com.br www.wrsaopaulo.com.br



### **Log stocks low in Africa....**

Prices for tropical African logs and sawn lumber remain stable, finely balanced between slow demand and restricted supply. The rains have now started throughout the major producing regions north of the equator. Log stocks were generally low even before the onset of the rain, so a minor increase in demand may be sufficient to tip the balance towards rising prices. **Page 2/3**

### **....and in the Far East**

It is now the logging season in **Sarawak** but extraction is restricted by tighter regulation. In Sabah the weather has improved and logging is underway, but overall levels of harvest are expected to be well down this year. Levels of log extraction in Indonesia are also down this year due to efforts to combat illegal logging, resource constraints, labour disputes and political problems. Tight supplies has meant rising Far Eastern log prices. Demand for tropical logs in China continues to rise, but is falling away rapidly in Japan. **Page 5/6**

### **Meranti prices more stable**

Overall, the market for Malaysian dark red meranti (DRM) is characterised by very tight supplies and patchy overseas demand. FOB prices were more stable during May after the rapid gains in April. **Page 4/5**

### **Signs of strengthening in the U.S.**

There are clear signs of stronger economic growth in the U.S. Although residential construction activity cooled during the spring, levels of activity in this sector are expected to remain good this year. U.S. flooring and cabinet manufacturers continue to report strong buying activity. There are signs that overall U.S. demand for furniture will rebound this year, although a higher proportion of product will be imported. Reasonable activity in end-use markets has meant that most hardwood mills and distributors are finding outlets for new production. However, trading conditions remain challenging for many in the U.S. hardwood sector. **Page 6**

### **Shifting U.S. export markets**

Overall U.S. hardwood exports this year have remained sluggish to Canada, the EU, and Japan, but have been rising to China and South East Asia. **Page 6/7**

### **U.S. export markets subdued**

The rainy season ended in the Brazilian Amazon during May and logging is underway. With the exception of mahogany, supply of tropical hardwoods is not expected to be a problem over the next few months. Prices for sawn lumber of most Brazilian hardwoods remain stable. However the Brazilian Government restrictions on the mahogany trade continue. No mahogany logs are expected to be harvested in Brazil this year. **Page 8**

### **EU hardwood harvests well down**

The harvesting season for hardwood logs in Western Europe has ended. Weak demand encouraged most forest owners to curtail log harvests and overall levels of extraction were well down in both Germany and France last season. **Page 8/9**

### **Beech depression**

Demand for European beech sawn lumber is still slow and over-stocking remains a problem. Although Chinese importers are buying steadily, volumes are well down on previous years. **Page 9**

### **European oak's rising influence**

European oak is now very much in favour and its influence in the overall European hardwood market is on the rise. In part this reflects the weakness of the euro against the dollar, which has meant that European oak prices have been relatively competitive in relation to American oak, but equally important is the growing influence of Eastern Europe. **Page 9**

### **Patchy U.K. performance**

Hardwood import performance in the U.K. was very patchy during 2001. Winners in the market include oak, European hardwood suppliers, Finnish birch plywood, and over-

seas manufacturers of value-added products. Losers include tropical sawn lumber and hardwood veneer. **Page 1/10/11**

### **Germany in the doldrums**

The value of German imports of most hardwood products declined during 2002. The German economy was weak last year, construction activity was slow, and furniture sales were declining both domestically and abroad. The shift in manufacturing investment to Eastern Europe, notably Poland, continued. **Page 11/12**

### **Italy's imports fall sharply**

Italian imports of hardwood products which held up reasonably well during the first half of 2001, declined sharply in the second half of the year as economic uncertainty began to mount. **Page 12/13**

### **Poland's developing industry**

More than 34,000 exhibitors from 43 countries attended the annual Poznan show this year. With Poland's emerging importance as a furniture producer and wood processor, this event is taking on ever increasing significance. Species trends in Poznan were fairly obvious. The days of Polish pine furniture are clearly over. Beech still holds its own, especially for chairs and tables. Birch is more strongly in evidence and oak, mainly Polish, is widely used by local manufacturers. Cherry products made locally and imported were clearly the biggest fashion item. **Page 13/15**

### **Tropical countries call for pragmatic certification**

At their recent meeting in Indonesia, ITTO members highlighted the need for step-wise systems of tropical forest certification that, as a starting point, provide independent assurances that wood derives from legal sources. ITTO is plans to launch a tropical wood marketing campaign, spending US\$4.5 million over 3 years. **ITTO report page 14, Editorial, page 2**