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Italian imports tumble

While, the overall value of Italian imports of most hardwood products between January and September 2001 was comparable to the previous year, the nine month data masks a significant fall in imports after June 2001. Italian imports of nearly all hardwood products were very buoyant in the first and second quarters of 2001. However, comparing the third quarter of 2001 with the third quarter of the previous year, there was a significant fall in the value of imports of most products including tropical logs (down 6%), beech logs (down 44%), oak logs (down 15%), other temperate logs (down 13%), tropical lumber (down 19%), beech lumber (down 36%), oak lumber (down 6%), other temperate lumber (down 9%), and temperate hardwood veneers (down 16%).

Protracted summer slowdown

The scale of the decline during the third quarter indicates that the traditional Italian summer slowdown was unusually protracted during 2001. The downturn also mirrors developments in Italy's economy. There was reasonable optimism at the start of 2001 as the economy seemed to be bouncing back after some difficult years and with many businessmen looking forward to the full replacement of the lira with the euro at the start of 2002. However confidence was dented during the second half of 2001 as the global economy cooled. The scale of turnaround is reflected by a 2.6% fall in Italy's industrial production during November 2001, the biggest monthly decline in nine years.

Furniture sector slows

Activity in Italy's furniture sector, the largest in Europe and an important consumer of hardwoods, has been slowing since the middle of 2001. A study by the Economic Studies Centre of Cosmit/Federlegno Arredo

indicates that in the first 6 months of 2001, production by the Italian wood furniture sector was up 3.8% on the same period the previous year. This compares with 6.2% growth during the whole of 2000. The Italian furniture research organisation, CSIL, now forecasts that Italian furniture production will grow by less than 2% during 2002.

Although a reduction in interest rates coupled with modest inflation is helping to bolster Italy's domestic furniture demand, the sector is struggling to maintain the strong sales experienced over the last three years. Like other European countries, Italy's furniture sector is having to cope with increased competition from overseas suppliers. Italy's imports of wooden furniture during the first nine months of 2001 were up 10% by value compared with the same period the previous year. Imports from Romania, Switzerland, and Austria were particularly strong. Unlike other European countries, Far Eastern manufacturers have yet to make a significant impact in Italy's domestic market.

Overseas furniture sales down

However the situation is different on export markets. Overseas sales of Italian furniture have weakened due to slowing demand and intensifying competition both from the Far East and Eastern Europe. In an effort to steer off the threat of competition from low wage countries, Italian furniture manufacturers are now actively seeking partners for the development of joint-initiatives in these countries, particularly in Eastern Europe. Italian furniture manufacturers are also responding with increased marketing efforts. Prospects in Italy for 2002 now look more encouraging. In late February it was reported that the ISAE Index of Italian consumer confidence rose to its highest for

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Editorial - Fantasy Land

Over recent weeks the usual stream of Greenpeace press releases passing across my desk has turned into a flood. On first sight, the subjects seem varied: illegal logging in Liberia; injunctions on mahogany imports; old growth logging in Finland. But on closer inspection there is a common theme - all make reference to the "Ancient Forest Summit", an event to be held in the Hague in the Netherlands during April.

The title of this event is, of course, a creation of the Greenpeace public relations machine. By conjuring up images straight out of *Lord of the Rings* - of dank mossy woodlands full of goblins, elves, and wizened old wizards - Greenpeace hope to raise awareness of a meeting going under the rather more mundane, but accurate, title of the "6th Conference of the Parties to the Convention on Biological Diversity (CBD)".

In truth, Greenpeace are doing us all a favour by reminding us of one international meeting that may have a significant impact on the future direction of international forest policy. Many in the forest industry may be surprised to learn that at this meeting the national governments of 182 countries will be considering an international program, including more than 100 activities, designed to address, amongst other things, the "unsustainable harvest of forest resources."

No-one can dispute the validity of this objective, but the forest industry needs to be concerned about whether the CBD is the correct forum to develop such a program. The program appears to have been drawn up with little input from the private sector, and has been strongly influenced by the preservationist lobby. Neither the action program nor the CBD itself make any reference to the economic role of forests.

These weaknesses have not discouraged the inclusion of some ambitious targets. The program aims to achieve a 50% reduction in deforestation by the year 2010; increase the proportion of forests in effective protected areas by 20% by 2006; ensure that there is no timber from illegal sources entering international trade by 2004; and ensure that there is no deforestation of "ancient (old growth)" forests after 2003.

All very laudable, but having been formulated with little concern for the immediate economic needs of people, these targets are a fantasy worthy of *Lord of the Rings*.

Rupert Oliver
Editor

More: see www.biodiv.org. The action program was discussed at the 7th meeting of the CBD Scientific Body (SBSTTA).

Africa

African logs

Export demand subdued

Demand in Europe is subdued due to economic uncertainty. Some reports suggest a slight pick-up in China's log demand, but demand in Japan remains weak. *ITTO's Market News Service* suggests that weak demand led to price falls for some species during January and early February. For example, **iroko** log prices weakened in response to falling demand in Portugal. **Sapele** log prices came under pressure due to increased availability of **niangon** from **Liberia**. However relatively low levels of production have kept price reductions within limits. The late start to the logging season this year in producing regions north of the equator has meant that log inventory levels are not high. Efforts to promote value added processing in several countries - particularly in **Cameroon**, but also in **Congo (Brazzaville)**, **Central African Republic (CAR)** and **Gabon** - have meant more limited availability of logs on international markets. Even a modest increase in international demand for African logs may lead to

significant upward movement in prices. Some major log producing countries continue to experience political problems. President Charles Taylor of **Liberia** declared a state of emergency in February as armed rebels appeared to be gaining ground on Monrovia. This conflict has effectively prevented the flow of logs out of Monrovia. Liberian supplies are now restricted to exports from Buchanan and southern ports. Political tension also remains high in **CAR**, despite recent efforts by regional leaders to broker a peace in the fierce fighting that has broken out in the Chad border regions. The conflict in **CAR** has not yet had a significant direct impact on log shipments, but it has added to the uncertainty.

Log stocks in **Gabon** are now more balanced after building up during the course of last year. SNBG has announced an extension of harvesting licences over 600,000 hectares. At the same time it will be intensifying marketing of lesser known species. Investment in Gabon's wood processing sector - including plywood, veneer and saw mills - is expected to increase this year.

African indicative prices

	Nov	Jan	Feb
Exchange rates			
US\$/£	1.43	1.41	1.42
Euro/£	1.59	1.64	1.64
All prices include agents commission of 5%			
Logs			
Liberia			
US\$/m3, FOB Liberia			
Grade: B+ & better (good UK sawing quality)			
All diameters 60 cm+			
A. mahogany	190	185	185
Walnut	190	185	185
Iroko	270	240	240
Kusia (Opepe)	120	120	120
Sawn lumber			
Cameroon, CAR, Congo (Braz.)			
Euro/m3; FOB			
Grade and size: FAS, air dried, width 6"+, length 6'+			
Sapele	510	510	510
Sipo	670	630	615
Bibolo	400	400	400
N'Gollon	535	535	535
Iroko	540	520	520
Cote d'Ivoire			
Euro/m3; FOB Abidjan			
Grade: FAS, air dried			
Size: width 6"+ avg 9"-10"; length 6'+ avg 10'-11', thickness 1"-2"			
Iroko	518	500	500
Mahogany	420	420	420
Framire	328	320	310
Samba No.1 C&S	235	240	240
Dimension stock			
Azobe	400/	400/	400/
	460	460	460
Dabema	300/	300/	300/
	390	390	390
Gabon			
Euro/m3; FOB			
Grade and size: FAS, width 6"+, length 6'+			
Okoume AD	343	330	320
Okoume KD	381	370	365

African sawn lumber

Shippers seek higher prices

Due to restricted log availability, many West African shippers are seeking higher prices. However export demand has been subdued since the start of the year and importers have been generally unresponsive. Prices for most species remain reasonably stable.

■ **Cameroon:** shippers report that log supplies are very difficult following government moves to enforce concession regulations under pressure from the World Bank and International Monetary Fund (IMF). Despite high costs, some larger mills have been forced to agree log supply contracts with producers in the Central African Republic and Congo (Brazzaville). The IMF have now approved a US\$20 million disbursement to Cameroon under a three year "Poverty Reduction and Growth Facility" arrangement. The IMF expressed "broad satisfaction" at the implementation of the first phase. The new money will allow the government to improve performance in

areas such as taxation and public expenditure management.

■ **Ghana:** under pressure from the sawmilling sector, the Ghanaian authorities are planning to reduce the export levy on kiln dried sawn lumber from 10% to 7%. However in order to ensure government receipts are maintained, the authorities are planning to implement a 3% levy on exports of other wood products including plywood and rotary and sliced veneer. Ghana's total timber and wood products exports for 2001 reached 476,500 m3 (down 4.5% on 2000) valued at US\$16.9 million (down 3.6%).

■ **Ivory Coast:** the World Bank is to resume lending to Ivory Coast after it succeeded in paying off debts of US\$42 million. The IMF and World Bank have made available £500 million of funds from March 2002. £150 million will be for maintenance of roads which are badly deteriorated.

■ **Sapele:** shippers report that availability for forward shipment is very restricted this year. Although forward orders for sapele picked up in the UK during January, enquiries from importers were slower in February. However underlying demand from UK manufacturers is reasonably steady giving confidence that orders will pick up again in the spring. Demand for sapele in Spain is down on previous years. Prices remain stable.

■ **Framire:** the UK is buying steadily but there is intense competition for sales between shippers in the Ivory Coast which is putting pressure on prices.

■ **Iroko:** Irish stocks are now better balanced after serious over-stocking last year. However importers are cautious of building inventory and underlying demand is down on previous years. Demand for iroko in Spain is still slow. Forward availability of iroko is now reasonably good and there are some reports of price weakness.

■ **Sipo:** despite very limited availability, prices have weakened slightly. This may reflect more limited buying in the UK, the main market, as the species is not competitive on price compared with sapele.

Congo (Brazzaville)

Log production to double

According to the nation's Forest Minister, quoted in the French journal *Le Commerce International du Bois*, in two to three years time log production in Congo (Brazzaville) will double, perhaps even triple. This will be achieved by bringing into production new concessions in the northern regions of Likouala and Sangha.

Log production in the country fell

dramatically between 1997 and 1999 due to civil war which devastated forest operations in the south of the country. Production recovered to reach 700,000 m3 in 2001. The aim is to boost annual log production to at least 1.5 million m3.

In 2001, wood production in Congo (Brazzaville) was valued at CFAFr 70.3 billion compared to CFAFr 67.7 billion in 2000. During the same period, the forest sector created 8000 new jobs in the northern region. Production comprises tropical logs from natural production forest including okoume, sapele, sipo, ayous, iroko, limba, longhi, and bahia. This production is supplemented by eucalyptus plantations in the south-west close to the port of Pointe Noire originally established through a joint venture between the state company Eucalyptus du Congo (ECO) and Shell. Shell have since withdrawn from the project for financial reasons.

An increasing proportion of tropical logs are converted domestically into veneer, both rotary and sliced, and sawn lumber. Eucalyptus is exported in log form. These products are sold to Europe, the United States, Asia and neighbouring African countries.

The largest forestry operator is Congalaise Industrielle de Bois (CIB), based in the industrial town of Pokola in the Sangha region, which accounts for around two thirds of production in the northern region. Recent measures to liberalise the economy have led to increasing diversity in the range of forestry operators which now include European, Asian and domestic private companies.

Congo (Kinshasa)

Zimbabwe timber deal

More details of the timber deal between the Kinshasa and Zimbabwean governments are emerging. The UK based environmental organisation, Global Witness, has released a report "Branching Out" which sets out to describe "Zimbabwe's Resource Colonialism" in the DRC. The report includes details of what Global Witness describe as "significant developments" in relation to the timber deal. These developments include the deliberations of a United Nations Panel of Experts on the Illegal Exploitation of Natural Resources of the DRC which, under an extension of their mandate, carried out further investigations of the deal during the second half of 2001. Global Witness suggest that the recent deterioration of the political situation in Zimbabwe has "very probably increased

Continued page 4

Africa

Congo cont.

President Mugabe's dependence on the DRC's natural resources to fund the forces, both political and military, necessary for his political party. "

Global Witness describe the details of the timber deal: "A Zimbabwean company whose board comprises senior Zanu-PF (Zimbabwe's ruling party) and military figures have effectively created the world's largest forest concession by gaining rights to exploit 33 million hectares of forests in the DRC" Logging is to be carried out "in conjunction with a company called SAB Congo. The export sales arm of SAB Congo is a London based company, African Hardwood Marketing Ltd."

Global Witness state that the vehicle of the Zimbabwean operation in DRC is SOCEBO (Societe congolaise d'e exploitation du bois). Global Witness allege that "DRC has placed most, if not all it's timber concessions under the SOCEBO umbrella".

Projected production of 600,000m3

Global Witness explain that the intention of the deal between the Kinshasa and Zimbabwean authorities has been to create four concessions, from each of which SOCEBO was hoping to produce over 150,000 m3 of logs per year at full capacity. There would be little demand for the wood in Zimbabwe itself. Some would be used locally in DRC, but the majority would be sold on the international market.

Under the original timetable, logging should have commenced in May 2001. However there have been numerous delays due to bureaucratic problems in Zimbabwe and financing difficulties. Global Witness suggest SOCEBO has seriously over-estimated the potential returns of the project and under-estimated start-up costs which may be as high as US\$30-40 million per concession. Since many of the concessions are a long distance from suitable transport routes, subsequent transport costs are anticipated to be very high.

Despite these problems, Global Witness report that, in November 2001, the UN Expert Panel received information that the Zimbabwean military were assisting in intensive logging operations in the most accessible concession in the Katanga region of southern DRC. Global Witness suggest this wood is now being transported both by rail through Zambia and Zimbabwe for use in South Africa, and via Tanzania for export from Dar Es Salaam.

Copies of the Global Witness report can be accessed at www.globalwitness.org.

Asia

Malaysian sawn lumber

Meranti prices start to rise

During February, milling and export activity in Malaysian sawn lumber was curtailed over the Chinese New Year holiday season. Even before the holiday slowdown, Malaysian inventories of sawn lumber were well down on previous years. Milling operations usually take several weeks to come back on stream at the end of the monsoon period and long Chinese New Year festivities. Availability is therefore expected to tighten further during March.

In the first week of March, there are clear signs that C&F prices for Malaysian sawn lumber are beginning to strengthen. Despite relatively weak demand, most analysts predict that this trend will continue. This forecast reflects rising log prices in Peninsular Malaysia as harvesting restrictions have continued to tighten, and much reduced availability of Indonesian sawn timber into Port Kelang. Domestic log supplies in Sabah are also very restricted. The state authorities are having to clamp down on harvesting in response to over-logging over recent years. Furthermore Indonesia's log export ban has deprived many Sabah sawmillers of an important supplementary source of logs. Sabah's log shortage has led to the closure of many smaller mills and is restricting production by the larger mills.

Lengthening shipping times

The lengthy shipping times being quoted for forward orders provides one indication of limited availability. Some Malaysian shippers are now quoting to supply 2" meranti for June/July shipment.

International demand for Malaysian sawn lumber remains subdued. In Europe, demand has picked up a little since the start of the year but importers are still cautious about building stocks of meranti. This is partly due to uncertainty over future demand, but also reflects bad experiences in the past when, in an erratic market, importers have lost money from carrying excess stocks of meranti. Low container rates provide a further inducement to European importers to carry only low stocks. Nearly all European imports of Malaysian sawn lumber are now by container which means shipping times have been reduced to only 17-20 days from Port Kelang to Rotterdam, thereby reducing the need to build stocks in Europe.

Slow in the Netherlands

In the Netherlands, demand for meranti is still very slow. Stocks of meranti in the important size 3x5" are still sufficient to meet

current levels of demand, although there are reports that inventories in other sizes are in need of replenishment. Orders are difficult to come by and are generally only for small volumes. Meranti prices in the Netherlands are constantly under pressure as importers have been prepared to off-load stock at below replacement cost. Underlying economic conditions in the Netherlands are poor. GDP growth last year was no more than 1% and is expected to be at a similar level this year. Corporate profits are under pressure. The construction sector has been slowing for several years, undermining demand for meranti. Nevertheless, the winter weather has been reasonably mild in the Netherlands this year, allowing construction work to continue. Stocks are being eaten up, but only slowly and buyers are very focused on buying only in the specifications required.

Competition from sucupira

Meranti is experiencing some competition from Brazilian sucupira in the Netherlands. Although sucupira is widely regarded in the Netherlands as an inferior species, being slow to dry and having a tendency to split, it is reasonably durable and attractively priced.

Asian Sawn Lumber Indicative Prices

	Nov	Jan	Feb
Exchange rates:			
M\$/£	5.42	5.37	5.39
US\$/£	1.43	1.41	1.42
M\$/US\$	3.80	3.80	3.80
Malaysia			
All prices US\$/ton, C&F UK port, including 5% agents commission			
West Malaysian Dark Red Meranti			
Grade: Select & better GMS; Kiln dried			
Size: Width 6"+ avg 7"/8"; Length: 8'+ avg 12'/14'			
1"	660	670	695
2"	695	710	735
2.5"	720	740	755
3"	740	760	775
Keruing			
Grade: Standard & Better GMS			
Size: Random or fixed 16'+			
1"-3"	500	500	500
Nemesu			
Kiln dried			
2"	860	875	875
2.5"	880	890	890
3"	890	900	900
Myanmar Teak			
US\$/50 cu ft, FOB Rangoon/Bangkok/Singapore			
Grade: Air dried boards			
Size: Width 6"+ avg 8", Length 6'+ avg 8'			
1"	2850/ 3500	2750/ 3250	2750/ 3250
<i>Note private-sector prices for Myanmar teak boards vary considerably from one mill to the next. Prices from the cheapest private mills in Myanmar currently start at the lower end of the range. The most expensive mills, many based in Singapore and Bangkok, are selling boards from best quality teak logs at the top end of the range.</i>			

UK patchy

Demand for meranti is still patchy in the U.K. Although importers stocks are not high, in the first week of March many importers are still reluctant to commit to the forward market awaiting clearer signals that price rises will be sustained.

Germany picks-up

Market reports from Germany are mixed. The economic outlook is uncertain and construction sector activity is still down. However in early March, there are reports of an increase in demand for meranti sawn lumber from Northern German importers seeking to replenish depleted stocks. German importers have apparently accepted higher prices in order to secure stock.

Japan faces problems of supply

Japan's imports of Malaysian sawn lumber have been falling. During 2001, Japan imported 880,000 m³ of southsea lumber, 9.6% down on the previous year. In Japan's case, the decline has more to do with limited supply than with weak demand. Since autumn last year, Japanese importers have been having increasing difficulty obtaining adequate supplies of high grade white seraya lumber, mainly supplied from Sabah where log supplies are very restricted. Japanese importers inventories of white seraya have been falling. White seraya is used in Japan mainly during the construction of apartments in metropolitan areas, a sector expected to be busy this year. Prices for high grade white seraya are forecast to rise in Japan this year. Some importers, believing that supplies are unlikely to improve in the near future, have started looking at African and European substitutes.

In addition to supply problems, Japanese importers are struggling to cope with the weakening of the yen against the dollar since November 2001. This trend has significantly increased yen prices for Malaysian sawn lumber at a time when Japanese construction companies are pushing for price cuts. There is enormous pressure on margins in the Japanese importing sector.

Asian logs and lumber

Log prices firm

FOB prices for South East Asian tropical logs have been firming over recent weeks in response to tightening supply.

Sarawak supplies deteriorate

Log supplies in Sarawak, the major supplier, have been deteriorating since the onset of the monsoon in November. In addition to the poor weather, many of the largest log-

ging companies reduced production, while some smaller operators closed down, because of limited demand and price levels below harvesting cost. The Japan Lumber Journal reports that log extraction by one major exporter during 2001 was around 30% to 40% less than usual. Harvesting operations in February ceased during the Chinese New Year celebrations. Log inventories are very restricted both at the mills and the ports and exporters are holding stock for those buyers willing to pay the best prices.

Log inventories very low in Sabah

Log supplies in Sabah are very low due to the monsoon, resource constraints and tightening government regulations. The Sabah government has failed to renew logging licenses of several firms following their continuing failure to submit forest management plans. Log production in Sabah was at around 3.5 million m³ in 2001 and it is unlikely that the figure will reach 2 million m³ this year.

Indonesian ban stabilises prices

The log export ban from Indonesia has also helped to stabilise export prices for Far Eastern logs. Although there is still scepticism over the ability of the Indonesian authorities to effectively implement the ban, there are signs that they mean business. According to Indonesian national press reports, in January the Indonesian police confiscated 24 boats shipping illegal wood worth \$2 million US dollars from the old Jakarta harbour. The Indonesian Navy has also stopped 8 illegal wood cargoes destined for China, India and Singapore. However the Chairman of the Indonesian Forestry Community (MPI), quoted in Asia Pulse during January, has suggested that timber smuggling and illegal logging are still rampant in Indonesia.

Indonesian harvests curtailed

Harvesting operations in Indonesia are restricted by poor weather and the Chinese New Year. Indonesian logging operators have also curtailed production in response to the log export ban and weak international demand for plywood which has led to reduced buying by Indonesian manufacturers. Due to the cut-back in harvesting, local log prices in Indonesia are now almost double the level of six months ago. Efforts by Indonesian plywood manufacturers to force through higher prices for their products in response to rising raw material costs have so far met with resistance in major export markets. Demand in both Japan and Europe is still very slow.

The outlook for Indonesia's forest products

sector is not good. Based on a report issued by the Indonesian trade office, Indonesia's exports of plywood dropped 9.99 per cent to US\$1.44 billion in 2001. The Association of Indonesian Forestry Companies has suggested that in six months, most forest concessionaires will "collapse" unless there is an improvement in demand and prices for Indonesian wood products.

Chinese log imports at high level

Considering major markets, China's log imports continued at a high level during 2001. In the eleven months to end November 2001, China imported 15 million m³ of logs - this compares with 13.6 million m³ for the whole of 2000. 7.7 million m³, mainly softwood, came from Russia. China's imports of hardwood logs (tropical and temperate) to end November amounted to 7 million m³ including 1.35 million from Malaysia, 1.05 million m³ from Gabon and 1.01 million m³ from Indonesia. Log imports from PNG are estimated to have exceeded 800,000 m³ during this period, while European beech imports were around 700,000 m³. While import levels were high, prices of imported logs in China declined during 2001 and local traders complained of lower profits.

China's total timber demand increased significantly in the fourth quarter of 2001 due to the start of key construction projects in the west and because some work has already started on Olympic construction projects. Log imports into China were on the rise during December and continued steady into January before the Chinese New Year vacation.

Shift to PNG and Sarawak

Following Indonesia's log export ban, Chinese importers shifted their buying to Sarawak and Papua New Guinea. In January there were reports of ships being held in PNG for Chinese importers to gather logs of species available only in limited volumes.

Local analysts forecast that demand for imported logs will continue to grow during 2002. Domestic log harvests are expected to fall by 10% from 47 million m³ in 2001 to 42 million m³ in 2002. The gap between supply and demand will be about 60 million cubic metres so an increase in imports is inevitable even as efforts to improve processing efficiency are implemented. In a situation of growing log demand, more foreign log suppliers are expected to try to enter China's log market and competition in the market will become tougher.

China's domestic plywood industry continued to expand during 2001, boosted

Continued page 6

Asia

Logs and plywood *cont.*

by the tariff structure which favoured imports of raw logs over imports of finished plywood. China imported 488,000 m³ of plywood between January to August 2001, (down 29.4% on last year). Exports totalled 600,000 m³ in the same period (up by 42.6%). This is the first time that China's plywood exports exceeded imports. The average mean CIF price of plywood imports was US\$408.5 per m³ and the average FOB price of plywood exports was US\$ 254.1 per m³.

Japanese log imports down 34%

The Japanese market for tropical logs has been slow for many months. Between January and November 2001, tropical log imports into Japan registered 1,845,000 m³, 34% down on the same period the previous year. The reduction reflected the closure of plywood mills, a continuing shift to softwoods in plywood manufacture, and growing competition for Japan's domestic plywood and sawmills from imported goods. Despite weak imports stocks at the end of November were at 453,000 cubic meters, equivalent to nearly 3 months consumption.

Over recent months, trading conditions for Japanese tropical log importers have become even more difficult. Margins have tightened since November 2001 as importers have been caught between a 3% increase in FOB prices and a 9% fall in the yen-dollar exchange rate. Despite weak demand, importers are having to force through yen price increases for sales to Japanese manufacturers.

Japan's plywood demand weak

Underlying demand for plywood in Japan is still very slow due to the unpredictable economy, cash flow problems, as well as seasonal factors. End users are only buying limited volumes for immediate needs. In an attempt to cover rising raw material costs, Japanese manufacturers have been attempting to force through higher prices. Although there is still considerable resistance to higher plywood prices amongst end users in Japan, there are some signs in February that the new price levels were beginning to stick. Efforts to raise plywood prices in Japan have been aided by falling domestic production. Japan's plywood imports have also been falling due to the weakening yen. Arrivals of imported plywood in December were relatively low, at 378,000m³.

Demand for PNG logs is currently very weak in Japan. However some newly introduced plantation species from PNG, including kamerere and camptosperma, are attracting some limited interest from Japanese plywood mills due to their low prices.

North America

U.S. Economy

Continued consumer confidence

Although the U.S. economy went into recession during the second half of 2001, the depth of the downturn has been less than many people anticipated. In large part this is due to the continued strength of consumer spending.

Despite September 11th, U.S. consumer spending was strong in the last quarter of 2001. This trend seems to have continued well into the first quarter of 2002. Overall retail sales in January were 1.2% down on December, a decline which reflects an end to zero financing deals on car purchases. With car sales excluded, retail sales grew by a respectable 1.2% over December.

Boost to disposable income

One reason for robust spending is that consumers' wallets have been hit less hard than expected. Although the unemployment rate rose sharply at the end of 2001 and real wage growth was flat, household disposable income was boosted by lower energy costs, tax cuts and low interest rates.

It remains to be seen how long these levels of consumer spending will be maintained. Unfortunately the factors now boosting consumption are unlikely to endure. Household savings in the U.S. are extremely low, mortgage rates may soon start to rise, and returns on investment are now much less than in the boom years of the 1990s. Consumers seem to recognise this. According to the latest consumer confidence report from the University of Michigan, Americans think their current condition has improved, while their expectations of the future have fallen.

U.S. domestic demand

Early signs of an upturn

The U.S. domestic hardwood market remains very competitive. Although demand varies considerably between regions, and by grade and species, most reports indicate that the underlying pace of sales is reasonably good. There are even reports that hardwood purchases may be rising slowly in some sectors. However buyers are sensitive to price, margins are tight and traders throughout the chain are keeping inventories low.

Housing starts strong

Several sectors relevant to the timber industry have been benefiting from the consumer boom. The U.S. Census Bureau reports housing starts for January 2002 were at a seasonally adjusted annual rate of 1,678,000 units, up 6.3% on December 2001,

and up 1% on January 2001.

According to the *Kitchen Cabinet Manufacturers Association*, cabinet sales were 15.5% higher in January 2002 than the same month in 2001. January's positive results followed a strong December, which had seen sales growth of 9.5%. Manufacturers are now buying more lumber. Hard maple, red oak and cherry still dominate sales to this sector, while sales of soft maple and white oak are less buoyant.

Strip flooring shipments buoyant

The figures for the strip flooring industry are also impressive. In January 2002, 46,688,000 board feet of solid wood flooring were shipped in the U.S. according to *NOFMA: The Wood Flooring Manufacturers Association*. This is 19.6% up on the same month in 2001 and the highest for any January on record. Several new strip flooring plants have opened in the U.S. and Canada. Although the strong housing market is generating good demand for flooring products, the market is crowded and very competitive. Oak floors remain popular, but there are reports that hard maple may be losing ground in this sector.

Furniture sector less encouraging

The recent performance of the furniture sector is less encouraging. According to the *American Furniture Manufacturers Association (AFMA)*, the value of U.S. manufacturers' shipments of residential furniture fell during the final quarter of last year, down 8.8% on the fourth-quarter of 2000. Wood furniture shipments were down 9.9%. For 2001 as a whole, AFMA report that the value of manufacturers' shipments of residential furniture reached \$US20.7 billion, 10.1% down on 2000. Wood furniture shipments totalled \$US10.86 billion down 10.9%. The decline reflects underlying weak demand combined with a shift in production to the Far East.

Contraction of the U.S. furniture manufacturing base has already eliminated a significant portion of total domestic market demand for several key hardwood species, such as cherry and white oak, particularly in the Appalachian region. And the process of consolidation, closures and relocation of furniture plants to China and other Asian countries may not be over yet. Hardwood lumber demand in the sector is also being undermined as manufacturers are becoming more reliant on imported semi-finished and fully finished components.

However AFMA suggest the outlook for 2002 and 2003 is reasonable. The total value of manufacturers' shipments of residential

North America

furniture is forecast to grow 3.9% in 2002, with the values for wood and upholstered increasing 4.7% and 3.5% respectively. AFMA note that their fourth-quarter 2001 business survey shows a significant reduction in manufacturers' inventories of finished goods - by 17.7% for wood furniture, and by 26.9% for upholstered furniture. The fall in inventories may stimulate increased manufacturing activity in the future.

Hardwood supply

Log inventories low

Log inventory levels vary widely, although many mills indicate they are lower than usual for the time of year. Poor weather has been a factor in some areas, for example rain has contributed to reduced harvesting in the south. But economic factors have generally been more important. Strains on cash flow have forced many mills to keep log inventories relatively low. Nevertheless concerns that sawmills may run out of logs this winter have proved to be unfounded and there has been some improvement in log supplies over recent months.

Kiln dried lumber inventories are still high relative to current levels of demand. However due to low prices for kiln dried lumber, and relatively tight supplies of green lumber, kilning operators have tended to reduce production. As a result, KD supplies may become tighter this spring.

Export demand

Europe still slow

U.S. export data indicates that the rising trend in U.S. log exports to European destinations continued at the end of last year. U.S. exports of hardwood logs to the EU were up 22% in December 2001 compared to the same month in 2000. However U.S. hardwood lumber and veneer exports to the EU were very slow during December 2001, down 19% and 37% respectively compared to the same month the previous year.

At the end of February, demand for American hardwoods in the EU is subdued. Inventories are being kept at low levels as importers await clearer signals of future market demand and shifts in exchange rates. The perception that forward availability is good is another factor deterring importers from building inventory, giving confidence that stocks may be obtained for prompt shipment. However demand from importers in the U.K. and Spain has been reasonably steady, and there are reports of an improved level of enquiries from Italy and Belgium. German demand for U.S. lumber is still quiet.

Far Eastern demand picks up

U.S. export data for the month of December 2001 indicates relatively strong sales to the Far East during the month. Compared to December 2000, log, lumber and veneer exports were well up to Greater China and Japan. Exports of logs and lumber were also strong to South East Asian countries.

During 2002, anecdotal reports suggest that demand has remained good into China and Hong Kong. However trading conditions are extremely competitive as many exporters have identified China/Hong Kong as a potential growth market. Buyers are very price sensitive with numerous reports of orders being gained or lost over minor variations in price. There are also reports that some Chinese furniture plants have large inventories of finished goods ready for shipment which may affect purchases over coming months.

Recent reports suggest that demand in Japan is now subdued, and that only limited volumes of U.S. hardwood lumber are currently being shipped to South East Asian countries such as Malaysia, Indonesia and the Philippines. December 2001 export data suggests a partial switch to imports of North American logs in these countries. In the year 2001, U.S. exports of hardwood lumber to Vietnam increased four-fold to 9,000 m³, and log exports increased five-fold to 2000 m³.

US sawn lumber indicative prices

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

	Nov	Jan	Feb
\$/£	1.43	1.41	1.42
\$/Euro	0.90	0.90	0.87
Red oak			
1"	1800	1895	1895
1.25"	2000	2000	2000
1.5"	2100	2100	2100
2"	2300	2330	2330
White oak			
1"	1425	1450	1450
1.25"	1700	1650	1650
1.5"	2075	2150	2150
2"	2525	2550	2550
Ash			
1"	1125	1125	1050
2"	1450	1460	1350
Tulipwood			
1"	975	1000	1050
1.25"	1015	1040	1100
1.5"	1080	1130	1200
2"	1125	1175	1225
Cherry			
1"	3650	3425	3425
1.25"	3750	3600	3600
1.5"	3900	3800	3800
2"	4150	3900	3900
Hard Maple			
1"	2375	2460	2400
1.25"	2500	2500	2500
1.5"	2775	2750	2750
2"	2925	2850	2850

Species Notes

■ **Ash:** domestic demand remains weak. Efforts are being made to curtail production but supplies are still in excess of demand. Prices are variable. Demand for FAS grades has been quite slow into the UK and Japan. Common grades have been selling steadily in the Far East.

■ **Red oak:** domestic markets vary widely by grade, size and location. However, domestic sales in most regions are generally keeping pace with production, with much of the volume moving to core customers. In the Appalachian region, there are reports of oversupply as mills have switched to red oak as demand for other species weakened in the furniture sector. Chinese buyers continue to buy fair volumes of 4/4 #1 common red oak, but prices are falling due to high stocks in the U.S. Sales of common grades to Mexico have also been slow.

■ **White oak:** domestic and export demand is subdued. The major European markets continue to be affected by the strong dollar, economic uncertainty and increased availability of European oak. Prices for FAS kiln dried lumber are variable with a tendency to weaken. However efforts to reduce production have meant that green markets are more stable.

■ **Tulipwood:** demand varies considerably by grade. U.S. demand for lower grades has been subdued. Reduced production has meant that domestic demand and supply for FAS grades of lumber, both green and kiln dried, are well matched and prices have been stable. Italian demand for tulipwood logs has improved and the market for FAS grades is steady but competitive. Chinese demand for common grades in 4/4 and 5/4 is good which has put pressure on supplies.

■ **Cherry:** the downturn in the furniture sector has hit U.S. demand for lower grades. However cutbacks in production have kept upper grade supplies in check and supply and demand for FAS are closely matched, supporting firm prices for both green and kiln dried stocks. Sales of FAS grades to Europe have been down this year.

■ **Hard maple** - harvesting is concentrated during the winter months to prevent staining. This coupled with weak domestic demand has contributed to high stocks of logs and green lumber in the major producing regions of Northern U.S. and Canada. There is intense competition for sales. Prices are very variable and heavily dependent on colour and quality. Exports of FAS grades to Europe have been slow. Sales to the Far East have been steady but down on last year.

U.S. hardwood exports

U.S. exports 2001

Lumber exports down 11%

During 2001, U.S. exports of **hardwood sawn lumber** were down 11% by volume and 14% by value compared to 2000. There a number of reasons including the global economic slowdown, the strength of dollar, and rising competition, particularly from Central and Eastern European hardwoods. Meanwhile weaker domestic U.S. and Canadian demand also contributed to increased availability, creating greater competition for orders both in the U.S. and overseas.

During 2001, there was a significant decline in U.S. exports of **hardwood sawn lumber** to Canada the EU, SE Asia, and Japan. These declines were only partially offset by a 15% increase in exports to Greater China. Sales growth into Greater China was concentrated into mainland China and Hong Kong, where exports increased by 23% to 160,000 m³ and 31% to 217,000 m³ respectively. Sales to Taiwan declined 23% to 74,000 m³.

The volume of **veneer exports** also fell last year, but by only 4%. A drop in exports to EU, SE Asia and Japan, was compensated by increase in exports to Canada and China. U.S. **hardwood log exports** were on the rise

last year, due in part to weak domestic demand in the United States, and the strength of the dollar which means that processing in the United States has been relatively expensive.

2002 export prospects

Gains and loses

Prospects for U.S. hardwood exports during 2002 depend on a number of factors including:

■ **Global economy:** global economic prospects are showing some signs of improvement. In part this is due to recent signs of revival in the U.S. itself which have raised hopes that it may once again soak up a larger proportion of the world's manufactured products. However most analysts expect the global recovery to be slow and subdued. New figures suggest that the euro-area economies bottomed out late last year and are now starting to recover. Euro-COIN, a new real time economic indicator for the euro area, showed economic growth for a second consecutive month in January, following what it's publishers reckon was the trough of the latest recession in November. However a combination of

structural problems and a cautious policy response from the European Central Bank (only four interest-rate cuts in 2001, compared with 11 in America) does not encourage hopes of a rapid pick-up in European growth rates. Any hope that Japan could contribute to a global upturn was dashed long before the latest government economic recovery plan, launched on February 27th. The new package did nothing to change minds: it was widely seen as disappointing. The Organisation for Economic Co-operation and Development, a rich country think-tank,

isn't expecting a Japanese recovery to start until next year—and even then it is expected to be very sluggish. The problems in Japan are only partially compensated by the continued growth of China.

■ **Dollar exchange rate:** The strength of the dollar continues to constrain sales to the EU and Japan. Despite low interest rates in the U.S., prospects for any significant weakening of the dollar on international financial markets still seem remote. Despite the successful launch of euro-notes at the start of 2002, the euro has remained stubbornly weak, standing at only 1.16 against the dollar at the end of February, down from 1.09 at the same time last year. Many forecasts now suggest that economic growth in the euro-area will be slower than in the U.S. this year. The Economist *February Poll of Forecasters* indicates growth of 1.1% in the euro-area this year, compared to 1.2% in the United States. The Japanese yen continued to weaken in February as investors hopes that the government was about to inject public funds into the banking sector were disappointed.

■ **Competition:** the level of competition for American hardwoods from Eastern and Central European hardwoods is likely to intensify during 2002. Inward investment in processing capacity in Eastern Europe has led to improved availability and quality of Eastern European hardwoods. European producers are benefiting from weaker currencies and more stable exchange rates. Furthermore, stocks of French and German hardwood lumber are currently relatively high, which is contributing to lower prices. On the other hand, North American suppliers are able to offer a wider range of species, and many European buyers will to continue to favour U.S. suppliers that have a reputation for reliable shipment, service and quality. Recent EU import data indicates that the influence of Eastern European suppliers is much more pronounced in Italy and Germany than in the U.K., Spain, Belgium and France.

■ **Growth of China's manufacturing sector:** as more and more American furniture production is relocated to China, American hardwood exports are expected to continue to increase to this country during 2002. This, however, may not offset the loss of lumber sales to domestic American furniture manufacturers. Growth of the Chinese manufacturing sector is also likely to be partly at the expense of manufacturers elsewhere, including Japan, Taiwan, Mexico, and parts of Europe.

Region/ product	Unit	Dec 2001	% chg Dec 01/ Dec 00	Jan- Dec 2001	% chg 2001/ 2000
World					
Hardwood logs	000 m ³	160	-3	2,091	6
Hardwood lumber	000 m ³	200	3	2,635	-11
Hardwood veneer	mill m ²	21	-18	284	-4
Canada					
Hardwood logs	000 m ³	96	-20	1500	6
Hardwood lumber	000 m ³	57	-5	909	-12
Hardwood veneer	mill m ²	5	-21	90	5
EU					
Hardwood logs	000 m ³	22	23	260	-3
Hardwood lumber	000 m ³	49	-19	720	-14
Hardwood veneer	mill m ²	9	-37	118	-10
SE Asia*					
Hardwood logs	000 m ³	8	82	48	-21
Hardwood lumber	000 m ³	10	25	98	-11
Hardwood veneer	mill m ²	<1	-44	9	-33
Greater China*					
Hardwood logs	000 m ³	13	48	119	62
Hardwood lumber	000 m ³	44	122	451	15
Hardwood veneer	mill m ²	4	101	35	22
Japan					
Hardwood logs	000 m ³	14	68	92	-5
Hardwood lumber	000 m ³	11	35	110	-8
Hardwood veneer	mill m ²	<1	529	2	-34

*SE Asia comprises Indonesia, Malaysia, Philippines, Singapore, Thailand; Greater China comprises People's Republic of China,

European beech exports

Sawn lumber exports, Jan-Sept

	2000 million euro	2001 million euro	% change	2001 000 m3
AUSTRIA				
ITALY	6.7	5.4	-20	19.6
GERMANY	5.8	5.3	-9	13.1
HONG KONG	3.8	5.0	33	9.0
CHINA	4.3	4.1	-5	8.7
SWITZERLAND	1.9	1.1	-40	2.5
JAPAN	0.7	0.5	-29	0.9
OTHER	3.2	2.9	-10	8.2
TOTAL	26.4	24.3	-8	61.9
BELGIUM				
SPAIN	2.0	1.1	-46	3.3
CHINA	2.1	0.9	-56	2.4
NETHERLANDS	0.7	0.9	21	2.0
FRANCE	0.4	0.6	43	2.5
U.K.	0.3	0.3	-4	0.6
HONG KONG	0.7	0.2	-76	0.9
OTHER	0.9	0.7	-26	1.6
TOTAL	7.1	4.5	-36	13.3
GERMANY				
CHINA	47.0	29.0	-38	69.6
HONG KONG	28.3	16.1	-43	33.8
SPAIN	18.0	12.8	-29	42.8
U.K.	12.1	10.7	-11	26.8
ITALY	5.7	4.7	-16	18.4
NETHERLANDS	7.6	4.4	-42	15.4
POLAND	2.2	3.3	50	9.3
ISRAEL	2.7	2.7	-2	3.7
JAPAN	2.7	2.6	-4	4.8
OTHER	25.0	20.4	-19	50.7
TOTAL	151.4	106.8	-29	275.5
DENMARK				
SWEDEN	3.5	3.7	5	3.1
U.K.	2.6	2.7	3	5.3
NORWAY	1.4	1.4	-4	1.5
FINLAND	1.0	1.2	24	0.8
GERMANY	1.5	1.1	-27	0.6
OTHER	2.5	1.6	-34	3.3
TOTAL	12.5	11.7	-6	14.5
SPAIN				
FRANCE	2.5	1.9	-26	2.0
PORTUGAL	0.9	1.0	6	3.0
OTHER	1.1	0.3	-71	0.8
TOTAL	4.6	3.2	-30	5.8
FRANCE				
SPAIN	14.4	9.3	-35	40.0E
CHINA	13.5	7.0	-48	24.0E
GERMANY	6.5	4.4	-32	30.1
ALGERIA	3.0	3.7	27	13.4
BELGIUM	4.2	3.0	-29	9.6
HONG KONG	8.5	2.6	-69	10.0E
MOROCCO	2.1	2.1	2	10.0E
ITALY	1.5	1.7	17	10.0E
U.K.	1.1	1.2	13	2.4
LUXEMBOURG	1.4	1.1	-25	5.0E
SWITZERLAND	0.8	0.9	12	7.5E
NETHERLANDS	1.5	0.8	-48	5.0E
PORTUGAL	0.7	0.6	-10	2.9
EGYPT	0.1	0.5	403	2.6
OTHER	2.9	2.7	-5	7.6
TOTAL	62.1	41.9	-33	180.3
ITALY				
HONG KONG	34.0	16.0	-53	28.6
CHINA	15.2	4.5	-70	8.4
GERMANY	8.2	4.0	-52	5.7
JAPAN	1.9	1.3	-33	1.9
SPAIN	0.4	1.0	156	2.1
U.K.	0.2	0.9	474	0.9
OTHER	7.3	7.5	4	12.6
TOTAL	67.0	35.3	-47	60.2

Notes: Tables compiled by hardwoodmarkets.com from Eurostat data supplied by BTS Ltd. Eurostat volume data for sawn lumber beech imports during 2000 is not available. Volume data made available by Eurostat contains numerous errors. Estimates have been made where necessary to correct the most obvious errors (marked E), but all volume figures should be treated with caution. The French volume data is particularly prone to error.

Log exports, Jan-Sept

	2000 million euro	2001 million euro	% change	2000 000 m3	2001 000 m3	% change
AUSTRIA						
ITALY	14.8	12.1	-19	240.3	214.0	-11
CHINA	0.3	3.1	1049	0.7	7.0	969
GERMANY	0.8	1.0	17	2.6	4.6	78
CZECH REP.	0.4	0.5	44	3.5	4.8	37
OTHER	0.9	0.6	-33	3.6	2.1	-42
TOTAL	17.2	17.2	0	250.6	232.6	-7
BELGIUM						
CHINA	9.8	3.5	-64	35.7	16.1	-55
ITALY	2.4	1.3	-46	20.1	10.0	-50
HONG KONG	5.3	1.1	-80	11.2	4.9	-56
GERMANY	2.7	1.0	-62	10.2	3.2	-68
SPAIN	0.8	0.8	9	3.5	3.8 E	9
OTHER	4.1	1.8	-56	32.1	28.7	-11
TOTAL	25.1	9.6	-62	112.8	66.7	-41
GERMANY						
CHINA	96.9	82.5	-15	327.0	260.6	-20
HONG KONG	18.4	17.0	-8	44.9	41.5	-8
SWEDEN	7.6	11.1	46	186.7	292.0	56
DENMARK	5.6	6.9	21	124.2	111.8	-10
ITALY	4.5	4.0	-10	79.7	60.9	-24
AUSTRIA	1.7	2.4	42	29.4	46.7	59
JAPAN	1.5	1.9	27	8.3	10.3	25
OTHER	11.5	5.8	-50	265.4	36.2	-86
TOTAL	147.8	131.5	-11	1065.5	859.9	-19
DENMARK						
CHINA	19.0	11.1	-41	42.6 E	24.9	-41
JAPAN	2.7	1.9	-30	7.6	5.2	-32
HONG KONG	5.4	1.5	-72	11.6	3.8	-67
SWEDEN	1.9	1.0	-47	15.3	9.3	-39
GERMANY	2.8	1.0	-65	22.3	4.0	-82
OTHER	3.1	1.8	-40	8.2	4.8	-41
TOTAL	34.9	18.4	-47	107.7 E	52.2	-52
FRANCE						
CHINA	44.2	15.2	-65	154.3	78.2	-49
SPAIN	9.6	6.7	-31	65.5	55.6	-15
BELGIUM	14.0	5.7	-59	131.1	132.3	1
HONG KONG	19.7	5.1	-74	51.8	10.5	-80
ITALY	9.5	4.7	-51	93.0	50.8	-45
GERMANY	17.7	3.0	-83	99.0	20.5	-79
PORTUGAL	2.8	1.7	-38	18.6	12.4	-33
TUNISIA	1.5	1.3	-16	10.0	8.5	-15
OTHER	10.3	3.3	-68	58.1	28.1	-52
TOTAL	129.1	46.7	-64	681.3	397.0	-42
NETHERLANDS						
CHINA	1.7	3.4	99	7.5 E	14.6	95
OTHER	0.3	0.1	-81	2.3	0.4	-84
TOTAL	2.0	3.5	72	9.8	15.0	53

Commentary

There was a big decline in the European beech trade during 2001. European beech trade patterns over the last two years have been unusual following some of the worst storms in living memory which hit France and surrounding regions in December 1999. The storms led to severe problems of over-stocking, the effects of which are only now beginning to subside. These problems were compounded in spring 2001 with the sudden development of a virulent disease in Belgium's important beech forests in the Wallonne area which stimulated a wave of sanitary fellings.

However the decline in trade during 2001 was not only due to these "acts of god". Demand for beech in Europe, notably Germany, was hit by weak economic conditions. Demand in China, which has emerged as the major export market in recent years, has also waned. Demand for beech logs for interior joinery has weakened in some areas of China, including Beijing and Shanghai. Chinese importers are also becoming more experienced and are now much more focused on inventory and quality control.

The statistics indicate that Chinese buyers shifted away from French logs in favour of German logs during 2001, a trend explained by the low level of harvesting in France during 2001 and the Chinese preference for better quality new season logs.

Also note the important differences in the grade of logs shipped. For example, by volume Sweden is now Germany's largest export market for beech logs. However this trade is dominated by low grade industrial roundwood.

Europe

Italy cont. from page 1

almost 12 years. The Italian retailers' association Confcommercio, is forecasting that Italy's GDP will rise by 1.2% in 2002 and by 2.2% in 2003. Economic recovery is expected to start from the second half of 2002 and to be brought about by a rise in both consumer spending and exports. The Economist Intelligence Unit forecasts that "by 2003 the economy should be performing close to its full non-inflationary potential." The import figures reveal some important shifts in the Italy's sourcing of hardwoods.

German hardwoods

Beech harvests down

■ **Logs:** harvesting was constrained in the opening weeks of the year due to deep snow in parts of Germany. However during February, weather conditions improved and harvesting operations are now proceeding, although at lower levels than in previous years.

Beech harvests this year have been curtailed in response to weak demand. Some analysts suggest that demand for beech logs this season may be 20% lower than last year. Demand for beech logs from both German sawmillers and veneer manufacturers is subdued. Demand for beech logs in China has been relatively slow since the start of the year and was interrupted in February by the Chinese New Year vacation. However demand in China may pick up again in March. German forest owners are currently cutting beech only for existing contracts. Despite lower production, prices for good quality beech logs are down on previous years.

Demand and prices for good quality oak

Italy remains a major importer of tropical - primarily African - logs, but import volumes are in decline as primary processing operations are shifting to tropical countries. Restrictions on the export of Cameroon logs have led to an increase in Italian log imports from the Central African Republic, Liberia and Congo (Brazzaville). The recent announcement that Cameroon's export ban will extend to ayous, a species popular in Italy, will intensify this trend during 2002. Italy's tropical sawn lumber imports were reasonably steady during 2001, partly

logs are more stable, partly due to good demand from French stave manufacturers. Weakness in the beech market has also encouraged more German mills to cut oak. There is good demand for good quality logs of German cherry, sycamore and birch. Demand for European ash and alder is weak.

■ **Sawn lumber:** although German hardwood sawn lumber sales have picked up in some export markets, domestic demand remains weak. German hardwood lumber stocks declined during the last quarter of 2001, but are still too high to stimulate demand. Sawmill production has picked up only slightly since the start of the year.

French hardwoods

Chinese buyers stay away

■ **Logs:** poor weather in January meant that auction sales in Alsace and Lorraine were delayed this year. Demand for beech logs has remained weak and prices are down on last year. French domestic sawmills and veneer manufacturers are cautious in their purchases of beech logs. Chinese demand for French beech logs is very limited this year.

The oak log market has been more stable. Prices for good quality oak logs are now between 5% and 10% down on prices prevailing before the December 1999 storm. There is reasonable demand for good quality logs of French maple and ash.

■ **Sawn lumber:** sawmill production has been curtailed in response to weak domestic and export demand. Demand for beech sawn lumber is particularly slow. Demand in Germany is very weak, and sales to Spain, China and the UK are down on previous years. The market for oak sawn lumber is more stable. After building up last year, oak sawn lumber inventories have now been reduced and there is reasonable buying by the trade. However sales of friezes to the parquet sector are down.

compensating for the decline in log availability. Cameroon has now replaced Ivory Coast as the leading supplier of sawn lumber to Italy, although Italian imports from both countries were on the rise during the first half of last year. Sawn lumber imports from Indonesia declined last, due to the ban on exports of ramin and a general decrease in availability.

Big decline in beech imports

Considering temperate hardwood imports, the most noticeable trends are the big decline in beech imports, both logs and lumber, and the rise of Eastern European countries, notably Croatia, in the supply of logs and lumber to Italy. The fall in beech imports between 2000 and 2001 is perhaps slightly misleading since trade levels were unusually high in 2000 following the storms in Central Europe during December 1999. However this trend is also likely to reflect underlying problems of over-stocking in the European beech market last year.

Italian imports of oak logs and lumber held up better than beech last year, partly reflecting the fashion for oak in the European furniture sector. Last year, Italian imports of temperate hardwoods from Croatia, and to a lesser extent Romania and Russia, were expanding at the expense of the USA, France and Hungary.

Europe's largest veneer importer

Given the importance of Italy as a supplier of furniture, it is hardly surprising that Italy is Europe's largest importer of veneer. Italy's imports of hardwood veneer were strong during the first half of 2001, but there were signs of a slow-down during the second half. Veneer imports from Ivory Coast and Ghana were rising last year, a trend which reflects a partial shift in veneer production away from Italy to tropical countries. Veneer imports from the United States also rose strongly during the first six months of the year, but slowed between June and September.

Italy's plywood imports were on the rise last year, with significant gains being made by suppliers of tropical plywood in Gabon and Morocco, and suppliers of birch and beech plywood in Latvia, Romania and Slovakia. Compared to many Northern European countries, Italy is not a significant importer of joinery products. However last year there were signs of increase in imports of door components, notably from Romania, and window components, particularly from Switzerland. Italy's imports of parquet panels were reasonably stable during the first half of 2001, but began to decline in the second half of the year.

European sawnwood indicative prices

	Nov	Jan	Feb
Exchange rates			
Euro/£	1.59	1.64	1.64
Euro/US\$	1.12	1.16	1.16
German beech			
Northern Germany, Euro/m3, C&F, UK Port			
Grade: kiln dried, steamed and square edged.			
1"	730	800	800
2"	730	860	800
German oak			
Northern Germany, Euro/m3, C&F, UK Port			
Grade: kiln dried, waney edged prime grade*.			
1"	770	770	770
2"	995	995	995
*waney edged prices provided as there is very little square edged available from Germany or France - French prices are similar to German prices			
Croatian oak			
Northern Italy, Euro/m3, C&F, UK Port			
Grade: kiln dried and square edged.			
1"	940	950	970
2"	1450	1450	1500

Italian imports - Jan-Sept 2001

	Jan-Sept 2001		July-Sept 2001		
	Value	% chg	Value	% change	
	000s	2000/2001	000s	Qtr 3 Qtr 2	
	euro		euro		
Tropical Logs					
CAMEROON	25747	-33	6105	-34	-46
LIBERIA	16238	15	4400	26	-45
GABON	11760	9	3481	4	-22
CONGO REPUBLIC	11133	35	3160	4	-25
BURMA	4006	8	1379	68	-3
NIGERIA	654	-65	168	-71	98
IVORY COAST	573	-66	241	65	338
OTHER	9625	70	2734	16	-31
TOTAL	79736	-5	21668	-6	-35
Beech Logs					
SWITZERLAND	12177	-37	1033	-39	-79
FRANCE	6377	-59	997	-77	-59
AUSTRIA	7962	-18	1893	-25	-41
GERMANY	3834	-14	974	-21	-19
CROATIA	2820	0	174	-12	-81
SLOVENIA	1920	12	483	22	-29
BELGIUM	1308	0	129	461	-82
OTHER	1151	-11	161	140	-43
TOTAL	37549	-33	5844	-44	-59
Oak Logs					
HUNGARY	2157	-22	464	-14	-56
FRANCE	1990	-11	575	-26	-12
CROATIA	2356	100	46	254	-95
AUSTRIA	574	-21	95	-47	-72
GERMANY	534	35	187	52	-21
SLOVENIA	253	-13	61	24	-42
ROMANIA	136	-22	0	-100	-100
OTHER	376	44	93	52	-18
TOTAL	8376	5	1521	-15	-56
Other Hardwood Logs					
FRANCE	28742	-9	8519	-4	-20
U.S.A.	29585	-5	4213	-4	-66
HUNGARY	15624	-1	3399	-22	-44
CROATIA	13751	24	3055	46	-42
AUSTRIA	5414	-34	1105	-55	-43
ROMANIA	4088	-9	433	-64	-69
SLOVENIA	3807	8	945	40	-30
OTHER	17185	-19	3624	-28	-52
TOTAL	118196	-7	25293	-13	-46
Tropical Sawn Lumber					
CAMEROON	54666	15	17827	-9	-7
IVORY COAST	47749	6	12758	-20	-34
INDONESIA	6621	-58	3009	-55	52
MALAYSIA	13138	-12	3607	-23	-23
NIGERIA	8129	-41	2008	-57	-26
GHANA	10415	10	3001	-5	-11
BRAZIL	7150	9	2211	6	18
GABON	6821	52	1924	3	-24
BURMA	3789	14	1167	246	6
CONGO REPUBLIC	1877	-7	610	-45	19
OTHER	13094	-19	4229	-9	-12
TOTAL	173449	-3	52351	-19	-16
Beech Sawn Lumber					
CROATIA	21599	-25	4357	-26	-44
BOSNIA & HERZEGOVINA	19861	-29	4504	-43	-35
SLOVENIA	11760	-28	2589	-40	-36
SERBIA & MONTENEGRO	4906	-31	1287	-25	-21
POLAND	4403	-34	731	-59	-44
AUSTRIA	5000	-17	997	-29	-34
ROMANIA	4221	-32	1074	-44	-33
GERMANY	4453	-17	1015	-35	-40
SLOVAKIA	6102	13	1533	8	-35
ALBANIA	4697	6	1541	-10	-4
OTHER	11548	-28	2511	-47	-37
TOTAL	98550	-24	22139	-36	-36
Oak Sawn Lumber					
CROATIA	21275	18	4511	9	-37
U.S.A.	11793	-28	3647	-28	-11
FRANCE	5864	-9	1283	-34	-34
HUNGARY	4718	48	1102	-3	-42
UKRAINE	2909	27	1042	35	9
SLOVENIA	2688	24	742	26	-18
ROMANIA	2604	50	753	78	-19
AUSTRIA	1225	14	422	14	-18
CANADA	427	-59	102	-77	-13
OTHER	5078	21	1543	35	-17
TOTAL	58581	3	15147	-6	-25
Other Hardwood Sawn					
U.S.A.	71195	-19	20257	-16	-23
HUNGARY	18286	-11	5236	-16	-21
CROATIA	11444	3	2697	-14	-44
ROMANIA	9434	5	3210	1	-5
CANADA	7175	-24	1742	-33	-37
RUSSIA	11060	23	3858	57	14
SPAIN	13189	69	5688	99	53
AUSTRIA	3974	-22	928	-58	-48
POLAND	4081	-23	884	-45	-39
SLOVENIA	6076	12	1908	-4	5
OTHER	31022	-6	9277	-14	-20
TOTAL	186936	-8	55685	-9	-18
Tropical Veneers					
IVORY COAST	19221	14	6910	25	1
CAMEROON	13483	-10	3680	-31	-29
GHANA	14505	29	5359	21	9
GERMANY	1316	-15	287	-38	-53
BRAZIL	1395	-20	163	-82	-45
SPAIN	1568	16	716	49	82
OTHER	10118	46	3036	38	-27
TOTAL	61606	13	20151	4	-10

Europe

German trade

Market still depressed

Recent economic news from Germany has been far from promising. According to the Bundesbank's preliminary estimate, GDP fell by an annualised 1% in the fourth quarter of 2001, it's third consecutive quarter of decline. Most forecasts indicate that German GDP growth will be well below 1% during 2002. The German trade journal EUWID continues to report poor order books throughout the construction sector in both West and East Germany, a trend only partially explained by poor winter weather.

Recent data from the German furniture sector is also disappointing. The German furniture industry association VDH reports that sales in November 2001 were down 6% on the same period the previous year. Between January and November 2001, the overall value of sales was down 1.2% compared with the same period the previous year. After a reasonably good start to the year in some sectors - including seating, office and shop furniture - sales weakened significantly during the second half of the year.

The latest German import data, to the end of September 2001, highlights the extent of market weakness last year. The import value of just about all hardwood products - including logs, sawn lumber, plywood, veneers and further processed products - were well down on the previous year.

Growth in oak log imports slows

Germany's imports of oak logs were growing during the first half of 2001, but this trend slowed considerably during the third quarter of 2001. Rising oak log imports early last year partly reflected the strength of the dollar, which meant it was more cost-effective to import logs for processing in Germany rather than finished products from the United States. Another factor was probably the continuing fashion for oak in the furniture and joinery sectors.

German imports of temperate sawn lumber fell dramatically during the first nine months of 2001. Weak underlying demand coupled with the strong dollar meant that sales of American hardwoods were well down. There were also signs of increased market penetration by Eastern European suppliers. German imports of oak and beech from the Ukraine were on the rise last year.

During the first nine months of 2001, the value of German imports of tropical logs and lumber were down 6% and 22% respectively compared to the previous year. There was a big fall in log imports from Cameroon, a

	Jan-Sept 2001		July-Sept 2001		
	Value	% chg	Value	% change	
	000s	2000/2001	000s	Qtr 3 Qtr 2	
	euro		euro		
Other Hardwood Veneers					
GERMANY	30995	-5	8734	-29	-32
U.S.A.	18969	36	3795	-6	-55
FRANCE	12397	24	3224	15	-30
SWITZERLAND	4962	-31	1059	-9	-55
TURKEY	6209	-8	1957	50	-7
CROATIA	5938	11	995	-2	-57
OTHER	27933	-15	8554	-22	-19
TOTAL	107403	-1	28318	-16	-35
Softwood Veneers					
U.S.A.	2723	-43	666	-37	-49
GERMANY	1514	-30	328	-57	-44
SPAIN	1671	-14	225	-57	-54
SWITZERLAND	320	-86	4	-98	-98
IVORY COAST	1133	-38	154	-76	-68
OTHER	3037	-17	1224	-7	25
TOTAL	10398	-38	2601	-42	-37
Tropical Plywood					
FRANCE	12902	6	3542	6	-38
INDONESIA	6946	-16	938	-44	-82
GABON	4787	47	2309	49	72
MOROCCO	4368	98	1389	104	-3
BRAZIL	1773	-25	359	-41	-54
SPAIN	967	-2	391	37	41
OTHER	9094	69	3116	58	-4
TOTAL	40837	18	12044	19	-33
Other Hardwood Plywood					
FINLAND	17653	0	4880	-25	-29
RUSSIA	16973	3	5211	-10	-25
AUSTRIA	4305	-7	1254	-34	-23
CZECH REPUBLIC	2854	-6	625	-41	-37
SPAIN	1725	-20	531	-29	-33
UKRAINE	2575	16	1036	96	28
OTHER	16098	48	5399	37	-17
TOTAL	62183	9	18936	-7	-23
Softwood Plywood					
AUSTRIA	9382	2	3175	-7	-3
BRAZIL	9918	12	1470	-6	-66
RUSSIA	9402	-1	1712	-31	-29
FINLAND	5991	2	1913	-1	-15
GERMANY	4118	-9	1299	-20	-2
FRANCE	3319	-12	821	-29	-31
OTHER	17929	-13	5007	0	-23
TOTAL	60059	-3	15397	-10	-24
Sleepers					
FRANCE	2277	66	570	37	-31
LUXEMBOURG	0	-100	0	-100	0
AUSTRIA	179	10	57	-15	-5
OTHER	552	227	258	184	54
TOTAL	3008	-26	885	-29	-16
Profiled Wood - Softwood					
AUSTRIA	27655	22	9538	11	-3
GERMANY	1551	-10	405	-56	-27
ROMANIA	1279	106	429	450	5
PORTUGAL	255	-44	2	-98	-99
OTHER	2486	53	461	32	-61
TOTAL	33226	23	10835	8	-11
Profiled Wood - Hardwood					
INDONESIA	24970	22	8575	39	-4
NIGERIA	11800	-3	3469	-34	-15
IVORY COAST	11199	15	3547	10	-3
PARAGUAY	5115	0	1457	-20	-23
OTHER	59957	36	20589	43	-2
TOTAL	113041	24	37637	22	-5
Wood windows and frames					
DENMARK	11217	-4	3033	-29	-24
SWITZERLAND	6423	72	2233	133	-32
AUSTRIA	1440	1	569	-21	2
GERMANY	740	53	296	17	24
OTHER	2575	-7	945	5	14
TOTAL	22395	12	7076	-1	-20
Wood doors and frames					
ROMANIA	5304	32	1494	19	-24
GERMANY	2279	-3	400	-44	-55
INDONESIA	1412	-17	455	-38	-9
BELGIUM	504	-14	155	-40	-38
OTHER	4492	10	1291	8	-32
TOTAL	13991	10	3795	-9	-31
Parquet Panels					
GERMANY	7171	-11	2438	7	1
AUSTRIA	6636	3	2035	-4	-24
BELGIUM	3594	19	960	19	-25
SWEDEN	1728	-38	454	-41	-27
OTHER	11567	1	3713	-10	5
TOTAL	30696	-3	9600	-5	-9
Wooden Furniture					
FRANCE	31070	-37	5031	-75	-52
ROMANIA	39606	21	11379	6	-24
GERMANY	25536	4	8483	-3	-2
INDONESIA	23191	13	5142	1	-48
SWITZERLAND	29501	61	11141	90	10
SLOVENIA	1589				

German imports - Jan-Sept 2001

	Jan-Sept 2001		July-Sept 2001		
	Value 000s euro	% chg 2000/ 2001	Value 000s euro	% change Qtr 3 2000 2001	
Tropical Logs					
CAMEROON	17049	-13	3848	-33	-30
CONGO REPUBLIC	5673	-33	1448	-56	-29
GABON	5234	5	1585	129	-30
BURMA	2599	20	700	-5	-36
EQUAT. GUINEA	2727	52	735	80	-15
LIBERIA	4705	125	2027	279	11
CONGO DEM. REP.	703	-33	94	-58	327
OTHER	2716	-29	1068	2	99
TOTAL	41406	-6	11505	-9	-19
Beech Logs					
FRANCE	3112	-81	348	-88	-70
DENMARK	418	-82	81	-27	-57
SWITZERLAND	1019	-53	66	-35	-85
BELGIUM	564	-66	94	-66	-59
AUSTRIA	868	25	74	-62	-83
ROMANIA	292	-70	20	100	-74
SLOVAKIA	1036	115	13	0	-96
OTHER	1855	-18	92	-50	-87
TOTAL	9164	-66	788	-78	-78
Oak Logs					
U.S.A.	3055	19	103	-10	-94
HUNGARY	2112	26	9	0	-99
FRANCE	1675	3	414	6	-49
AUSTRIA	629	30	0	-100	-100
POLAND	169	-51	0	-100	-100
ROMANIA	126	-47	0	-100	-100
BELGIUM	162	-22	9	800	-90
OTHER	1409	124	257	136	-63
TOTAL	9337	20	792	3	-83
Other Hardwood Logs					
U.S.A.	37522	-1	3948	-30	-74
FRANCE	3057	-49	480	-21	-65
CANADA	3532	64	350	-16	-75
FINLAND	1763	-22	173	162	-71
JAPAN	2425	4	388	56	-62
POLAND	571	-19	45	-34	-80
ROMANIA	860	71	132	-45	-61
OTHER	5771	21	746	-23	-71
TOTAL	55501	-2	6262	-24	-72
Tropical Sawn Lumber					
MALAYSIA	10074	-52	3768	-30	18
GHANA	15217	-12	5083	-32	20
NETHERLANDS	7865	-32	2519	-36	-21
BELGIUM	4454	-14	1515	6	-8
CAMEROON	6734	58	1854	53	-24
INDONESIA	2403	-39	592	-50	-44
BRAZIL	2237	34	448	-38	-46
SINGAPORE	337	-77	62	-91	-76
BURMA	1384	48	196	-27	-37
DENMARK	1162	20	68	-70	-81
OTHER	6429	6	2257	1	-5
TOTAL	58296	-22	18362	-26	-8
Beech Sawn Lumber					
ROMANIA	2644	-65	655	-71	-24
POLAND	3617	-34	1161	-12	2
ITALY	1823	-59	332	-78	-18
AUSTRIA	2749	-38	1165	18	46
SLOVAKIA	2569	-32	589	-13	-47
BOS. & HERZ.	1507	-60	505	-56	-7
FRANCE	1944	-43	598	-31	-1
CZECH REPUBLIC	2328	-20	537	7	-35
SERB. & MONT.	1374	-48	520	-53	11
SLOVENIA	1375	-37	584	1	44
OTHER	4825	-24	1025	-37	-42
TOTAL	26755	-43	7671	-39	-14
Oak Sawn Lumber					
U.S.A.	9076	-15	2808	-2	-2
UKRAINE	5532	18	1888	12	2
FRANCE	2329	-41	642	-44	-39
CANADA	1805	-27	650	-7	-6
CZECH REPUBLIC	1174	-46	481	-26	56
POLAND	1578	-16	497	-19	-11
LITHUANIA	1473	-4	537	-41	79
NETHERLANDS	873	-28	263	-21	-8
AUSTRIA	1288	26	373	42	-31
OTHER	3269	-33	1035	-20	4
TOTAL	28397	-18	9174	-12	-3
Other Hardwood Sawn					
CANADA	25571	-1	7269	6	-26
U.S.A.	15587	-25	3972	-34	-33
LITHUANIA	10540	29	3377	14	-8
LATVIA	5043	-3	1497	-5	-9
RUSSIA	2660	-37	726	-52	-25
NETHERLANDS	2419	-30	624	-43	-52
BELARUS	2839	9	887	-1	-8
POLAND	2810	-1	600	-14	-50
FRANCE	1725	-20	646	87	19
AUSTRIA	2269	26	681	19	-25
OTHER	8445	-16	2157	-18	-30
TOTAL	79908	-8	22436	-11	-25
Tropical Veneers					
IVORY COAST	9347	15	3432	-10	7
GHANA	4310	-10	1329	-20	-23
ITALY	2493	-39	1449	47	174
BRAZIL	1234	-25	352	6	-17
BELGIUM	139	-87	41	-80	-40
FRANCE	1227	-3	369	79	36
OTHER	6242	0	2496	39	23
TOTAL	24992	-8	9468	5	11

	Jan-Sept 2001		July-Sept 2001		
	Value 000s euro	% chg 2000/ 2001	Value 000s euro	% change Qtr 3 2000 2001	
Other Hardwood Veneers					
U.S.A.	65639	-18	16555	-39	-38
FRANCE	13720	-7	6019	39	37
SWITZERLAND	11616	-24	4105	-6	10
ITALY	6835	-20	1807	-18	-36
AUSTRIA	9461	37	2602	22	-40
HUNGARY	6257	-16	2049	-14	13
OTHER	43298	4	12215	-8	-23
TOTAL	156826	-10	45352	-19	-24
Softwood Veneers					
U.S.A.	7973	30	2618	48	9
INDONESIA	2400	-4	922	-11	12
SWITZERLAND	809	-30	187	-42	-42
ITALY	801	3	238	37	-37
FINLAND	778	27	189	55	-45
OTHER	3161	-8	951	-1	-13
TOTAL	15922	9	5105	17	-5
Tropical Plywood					
INDONESIA	36308	-27	12923	-9	10
ITALY	10677	11	2865	8	-35
BRAZIL	8949	38	2803	-7	-30
SPAIN	5713	20	1654	109	-26
FRANCE	4144	-6	1343	-31	39
BELGIUM	3822	41	1917	52	73
OTHER	8200	-25	3837	1	33
TOTAL	77813	-12	27142	-1	1
Other Hardwood Plywood					
FINLAND	63413	-2	17470	-12	-18
ITALY	19599	8	5835	5	-14
LATVIA	19127	46	6142	26	-2
RUSSIA	10445	-8	3026	-5	-21
CZECH REPUBLIC	7596	-14	1483	-50	-44
POLAND	9786	42	3383	33	3
OTHER	41476	-2	13979	14	-5
TOTAL	171442	4	51318	0	-13
Softwood Plywood					
BRAZIL	35474	-23	7130	-16	-37
FINLAND	21233	-27	6558	-38	-13
FRANCE	11690	-6	3363	-10	-30
CZECH REPUBLIC	7449	-6	2492	-5	5
AUSTRIA	5761	-21	1889	-6	-11
POLAND	3567	-50	818	-63	-15
OTHER	27175	-14	7100	18	-15
TOTAL	112349	-20	29350	-18	-22
Sleepers					
FRANCE	1808	37	595	110	-24
NETHERLANDS	603	-13	225	-28	-11
CZECH REPUBLIC	179	4	49	-22	-34
OTHER	182	100	67	16	-9
TOTAL	2772	22	936	31	-21
Profiled Wood - Softwood					
SWEDEN	13505	-18	4954	-7	6
ITALY	6975	-4	2190	7	-2
FINLAND	4407	-37	1629	-40	12
AUSTRIA	3858	-23	1389	-13	12
OTHER	13870	-17	4395	-15	-5
TOTAL	42615	-19	14557	-14	2
Profiled Wood - Hardwood					
POLAND	11136	28	3508	4	-7
ITALY	4795	-35	1693	-19	-8
BELGIUM	4782	37	1183	-35	-20
AUSTRIA	3375	-11	1492	8	42
OTHER	27417	13	9686	12	0
TOTAL	51505	8	17562	1	-1
Wood windows and frames					
DENMARK	26896	1	11901	235	32
POLAND	20037	12	8484	54	35
AUSTRIA	13520	27	5201	80	-6
FRANCE	8224	-37	5016	-8	187
OTHER	13112	-22	4526	-20	-2
TOTAL	81789	-4	35128	53	29
Wood doors and frames					
SLOVENIA	13545	-20	3611	-37	-24
DENMARK	34996	222	20948	477	84
HUNGARY	9491	-27	3291	-36	16
ITALY	12409	7	2073	-19	-69
OTHER	43035	-11	15575	3	7
TOTAL	113476	13	45498	42	13
Parquet Panels					
SWEDEN	5843	-86	1589	-82	-21
AUSTRIA	17258	-36	5988	-22	2
SWITZERLAND	15468	-2	5141	-5	10
FINLAND	7972	-54	2593	-44	4
OTHER	91314	-11	28752	-19	-10
TOTAL	137855	-33	44063	-29	-6
Wooden Furniture					
POLAND	698716	2	208051	0	-10
ITALY	440353	-7	117596	-8	-28
DENMARK	257159	4	82265	-2	-1
CZECH REPUBLIC	115710	-2	35722	3	-11
AUSTRIA	105298	-5	33821	6	-8
ROMANIA	91598	3	24673	-16	-24
NETHERLANDS	69617	-13	22375	-12	-18
FRANCE	58186	-20	17284	-7	-12
OTHER	717868	-4	220275	-3	-14
TOTAL	2554505	-3	762062	-3	-14

Europe

Germany cont. from page 11

response to tightening export restrictions, which was only partly compensated by an increase in log imports from Gabon, Equatorial Guinea and Liberia. German imports of sawn lumber from Malaysia were well down during the nine month period.

Veneer imports down

The value of German imports of tropical and other hardwood veneer were down 8% and 10% respectively during the nine month period. Veneer imports from the US and Italy were particularly hard hit. However Germany was buying more veneer from Ivory Coast during 2001.

The value of Germany's tropical plywood imports was down 12% during the nine month period, with imports from Indonesia falling 27%. However imports of temperate hardwood veneer increased slightly due primarily to increased market penetration by Latvian birch plywood.

There was a dramatic fall in German imports of parquet panels during the nine month period. Overall the value of imports of parquet panels was down 33%, with imports from Sweden falling 86%.

Poland is one of the few countries having some success in expanding sales of wood products to Germany. Poland is becoming a more important supplier of hardwood profiles and window components to Germany, increasing exports by 28% and 12% respectively to end September 2001.

Spanish trade

Market still depressed

Europe

Spain, although U.S. exporters were losing ground to Canadian shippers during 2001. Spain was buying slightly more oak from France and Germany during 2001. Eastern European countries do not feature as significant suppliers to Spain during 2001. However there are anecdotal reports that Eastern European hardwood producers, notably in the former Yugoslavia, are selling more into Spain this year.

Spain's tropical veneer imports were strong during the first nine months of 2001, particularly from Ivory Coast, Ghana and Equatorial Guinea. Temperate hardwood veneer imports, mainly from the USA and Germany, were stable. Spain was buying more birch plywood from Finland last year. Spain's imports of hardwood profiles during 2001 increased rapidly from several countries led by China. Spain's imports of parquet panels and wooden furniture also continued to rise during the third quarter of 2001.

Economy cools

Although still reasonably active, Spain's economy has cooled over recent months. During 2001, GDP growth slowed to 2.3% in the year to the fourth quarter, from 3.7% a year earlier. Many analysts are now forecasting growth of slightly less than 2% in 2002, which would be the lowest rate since 1993. However there is optimism that growth will pick up again in 2003.

The Furniture Market Observatory estimated late last year that turnover in the Spanish furniture sector reached around €8,414 million during 2001, 1.6% up on 2000, and they forecast a 2% increase in 2002. This year there are already reports that demand for hardwood from the Spanish furniture sector is down on last year.

Construction sector growth slows

Although Spain's construction sector is still active, the rate of growth is slowing. Investment in construction is expected to grow by only 2 to 3% this year compared to an average of around 10% over recent years. While domestic demand has cooled, exports of Spanish manufactured wood products are rising. According to Confemadera, the Spanish timber industry association in Madrid, the value of wood products exports (excluding furniture) increased by 9.2% to €564 million during the first nine months of 2001. Although sales to Germany and the US declined during the report period, exports increased to Portugal, the major market, by 8% €123 million, to France by 23% to €101 million, and to the UK by 11% to €55 million. Confemadera suggest that exports for the full year reached around €720 million.

Spanish imports - Jan-Sept 2001

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

Tropical Logs

CAMEROON	6069	-37	1495	-51	-42
CENT. AFR. REP.	10899	38	3159	57	-33
EQUAT. GUINEA	4642	13	1301	35	-31
GABON	5373	44	1161	15	-61
CONGO REPUBLIC	3181	15	1305	23	77
LIBERIA	3889	70	1086	52	-36
FRANCE	2516	56	961	50	-5
OTHER	3872	0	1275	-20	30
TOTAL	40441	12	11743	6	-29

Beech Logs

FRANCE	5608	-56	927	-69	-58
GERMANY	1910	12	472	34	-44
BELGIUM	1151	-2	8	-87	-99
UKRAINE	578	-19	4	-97	-98
ROMANIA	257	-71	0	-100	-100
POLAND	100	-79	0	-100	-100
SLOVAKIA	73	-49	0	0	-100
OTHER	285	-27	0	-100	-100
TOTAL	9962	-45	1411	-60	-68

Oak Logs

FRANCE	8718	-15	1909	-15	-45
GERMANY	3727	-2	705	-46	-60
U.S.A.	2658	19	195	-40	-86
UKRAINE	2099	25	170	23	-82
ROMANIA	529	166	0	0	-100
PORTUGAL	30	-58	30	0	0
POLAND	193	1385	12	0	-90
OTHER	307	84	43	-47	-78
TOTAL	18261	-1	3064	-25	-62

Other Hardwood Logs

U.S.A.	8959	2	1147	-50	-76
FRANCE	7682	1	1375	-26	-62
POLAND	935	-34	187	-42	-26
U.K.	174	-54	21	-78	-32
CANADA	521	81	0	-100	-100
ESTONIA	0	-100	0	0	0
GEORGIA	256	48	31	107	-62
OTHER	2472	266	1025	682	88
TOTAL	20999	8	3786	-20	-60

Tropical Sawn Lumber

CAMEROON	55505	14	15829	-24	-29
IVORY COAST	48325	20	13851	6	-26
BRAZIL	28311	16	10230	39	16
CENT. AFR. REP.	4084	-33	952	-67	-49
CONGO REPUBLIC	5307	27	1802	-8	-12
GHANA	2043	8	481	-8	-46
FRANCE	1523	-1	413	-16	-36
PORTUGAL	673	-61	290	-24	67
CHILE	304	-75	48	-85	-79
GERMANY	158	-84	27	-86	-69
OTHER	7694	20	2448	15	-25
TOTAL	153927	12	46371	-8	-21

Beech Sawn Lumber

GERMANY	10029	-14	1370	-18	-64
FRANCE	7127	-27	1027	-39	-65
UKRAINE	2654	22	759	0	-10
SWITZERLAND	708	-57	98	-71	-69
ROMANIA	1506	-4	388	-48	-31
BELGIUM	535	-23	63	-62	-67
SLOVENIA	1154	106	235	46	-19
TURKEY	17	-96	17	-87	0
SLOVAKIA	648	84	208	160	-32
RUSSIA	26	-92	10	-92	-38
OTHER	3477	130	966	101	-25
TOTAL	27881	-9	5141	-19	-51

Oak Sawn Lumber

U.S.A.	85879	-5	21265	-21	-31
FRANCE	7107	19	1880	2	-42
CANADA	6986	54	2330	32	-7
BELGIUM	2552	23	134	-57	-91
GERMANY	1986	24	663	12	-20
UKRAINE	1439	18	428	-7	-2
POLAND	853	118	416	338	55
CROATIA	745	5	148	-43	-53
HUNGARY	608	38	213	23	4
OTHER	4299	153	1927	233	71
TOTAL	112454	3	29404	-10	-29

Other Hardwood Sawn

U.S.A.	12814	-12	2767	-31	-47
CANADA	4622	-25	1373	-44	-16
FRANCE	3693	13	895	-23	-43
LATVIA	1987	8	702	8	17
CHILE	1074	-22	324	-21	-34
BELGIUM	314	-2	66	-21	-66
GERMANY	352	35	51	-30	-51
ROMANIA	242	58	71	48	-27
LITHUANIA	142	-19	44	26	0
POLAND	47	-53	11	-59	0
OTHER	1776	112	512	94	-33
TOTAL	27063	-7	6816	-26	-37

Tropical Veneers

IVORY COAST	12175	18	3758	-5	-12
GHANA	4231	10	1048	-17	-41
EQUAT. GUINEA	4832	117	1686	105	-7
BRAZIL	1312	1	374	-25	-23
CAMEROON	1554	7	475	-5	-16
PORTUGAL	1050	-14	291	-43	-32
OTHER	4243	7	1186	23	-42
TOTAL	29397	21	8818	3	-23

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

Other Hardwood Veneers

U.S.A.	37335	-6	10539	-23	-14
GERMANY	11043	0	3563	44	-23
ITALY	4530	33	1858	127	42
FRANCE	1454	-26	507	108	37
U.K.	1645	-18	690	42	21
CROATIA	3179	110	577	31	-35
OTHER	9200	8	2318	3	-24
TOTAL	68386	0	20052	-2	-13

Softwood Veneers

U.S.A.	5964	1	841	-48	-59
CHILE	2804	26	1087	76	16
GERMANY	944	-38	280	38	30
SOUTH AFRICA	1970	77	642	16	-41
BRAZIL	967	-4	422	193	0
OTHER	5290	14	1224	-25	-39
TOTAL	17939	9	4496	-6	-33

Tropical Plywood

FRANCE	3694	-2	1009	-8	-4
FINLAND	0	-100	0	-100	0
BRAZIL	664	70	162	34	-49
IVORY COAST	367	-7	68	-4	79
GERMANY	319	23	89	-29	-2
GABON	187	-24	0	-100	0
OTHER	1344	127	402	120	-43
TOTAL	6575	-1	1730	-3	-21

Other Hardwood Plywood

FINLAND	34488	282	5180	107	-80
RUSSIA	2630	10	678	-13	-34
FRANCE	2110	71	492	42	-40
GERMANY	147	-81	3	-98	-88
SWEDEN	0	-100	0	0	0
LATVIA	0	-100	0	-100	0
OTHER	154	-34	73	6	170
TOTAL	39529	185	6426	66	-76

Softwood Plywood

FINLAND	900	-71	209	-63	-37
AUSTRIA	2383	9	407	-48	-73
GERMANY	2588	20	928	12	49
FRANCE	1251	-14	366	-31	-13
PORTUGAL	1336	43	513	70	7
POLAND	444	-44	167	-45	3
OTHER	2281	102	659	69	-43
TOTAL	11183	-5	3249	-12	-31

Sleepers

FRANCE	2626	-5	840	15	-22
U.S.A.	1878	0	744	0	57
BRAZIL	389	42	227	35	88
OTHER	280	100	45	-17	-63
TOTAL	5173	63	1856	95	3

Profiled Wood - Softwood

PORTUGAL	2286	-2	439	-38	-61
ITALY	1694	-1	448	3	-33
HONDURAS	726	8	378	54	100
LATVIA	124	-74	6	-96	0
OTHER	2503	72	1264	102	93
TOTAL	7333	11	2535	17	-4

Profiled Wood - Hardwood

CHINA	7963	23	3333	50	31
FRANCE	4873	-26	939	-54	-56
POLAND	3673	-2	690	-52	-52
INDONESIA	2413	-19	1046	-16	29
OTHER	27665	50	7914	31	-27
TOTAL	46587	22	13922	7	-22

Wood windows and frames

DENMARK	10296	-18	3251	-27	18
POLAND	395	-85	122	-86	-33
FRANCE	2472	349	829	169	-8
SWITZERLAND	1951	423	756	169	-21
OTHER	730	13	298	6	52
TOTAL	15844	-6	5256	-15	5

Wood doors and frames

PORTUGAL	3233	80	1179
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South America

Brazilian mahogany Greenpeace turn the screw

The ban imposed at the end of last year on the harvesting and trade in Brazilian mahogany in the states of Para, Mato Grosso, and Acre remains in place. No export quotas have been issued for mahogany this year. However existing stocks are being shipped mainly to the U. S. following appeals to the Brazilian courts by exporters.

Meanwhile Greenpeace have stepped up their campaign to eliminate uncertified Brazilian mahogany from the European hardwood trade. In February Greenpeace activists blocked the unloading of 300 m3 of mahogany sawn lumber in Hamburg. On 4 March Greenpeace were in court in the UK seeking an injunction to prevent two cargos of mahogany, the first they claim of 811 m3 of sawn lumber, entering the UK. Although the goods were shipped with the required IBAMA and CITES documentation, Greenpeace continue to allege that the mahogany was "logged illegally". The judgement is crucial since, if upheld, it would effectively mean that the UK courts had decided that Brazil's official IBAMA and CITES documentation was invalid, setting a precedent that could prevent

Brazilian Indicative Prices February 2002	
US\$/m3 C&F UK Port	
Cedro	
Grade & size: FAS, width 6"+ avg 9-10", length 6'+ avg 10-11', northern origin	
2" Kiln dried	740
2.5"-3" Kiln dried	760
Timber Decking	
Decking section 21 or 28 x 145mm.	
Angelim Pedra	495
Massaranduba	535
Itauba	545
Tatajuba	595
Jatoba	625
Ipe	980

further shipments of Brazilian mahogany into the UK. It could also lead to endless legal battles over imports of other wood products that environmental activists allege to be "illegally" sourced. However early reports suggest that Greenpeace' request for an injunction was not upheld and that the mahogany could enter the UK. A statement from the court is imminent setting out reasons for the decision.

Given the large investments required to extract mahogany, the legal problems in Brazil and overseas have created a great deal of uncertainty over the future of the industry.

It seems likely that only certified mahogany will be exported from Brazil in the future. The next debate may revolve around which system of certification is acceptable. Brazil is now developing two frameworks for forest certification, one through a national FSC Initiative, the other through ABNT, Brazil's national standards organisation.

Note that our mahogany price series has been suspended until a clearer picture of the trade emerges. At the end of last year, forward prices for Brazilian mahogany (1"-2" FAS C&F UK port) were around US\$1520/m3 for air dried and US\$1620/m3 for kiln dried.

Brazilian news in brief

■ **Export quotas:** IBAMA has released export quotas for sawn lumber other than mahogany for the first quarter 2002 as follows: virola-10,000 m3, arucaria - 25,000 m3, imbuia, 4,000 m3.

■ **Decking:** this month we introduce a new price series for Brazilian decking supplied to Western Europe. Brazilian hardwood decking is already reasonably well established in the United States. Brazilian producers are now taking steps to increase exports to western Europe where decking has been a significant growth sector over recent years. Brazilian shippers are now competing against Malaysian shippers of balau and bangkarai decking, products which have already made significant inroads into the western European market. Brazilian massaranduba decking is already being sold in Western Europe as a competitor to Malaysian balau decking. But there may also be opportunities for itauba and tatajuba, which are light coloured when fresh, a characteristic which seems to be more popular in the market. Ipe is popular for decking in the United States, but due to high cost is likely to occupy only a small high-end niche in western Europe.

■ **Marupa:** Following Indonesia's ban on uncertified ramin exports, Brazilian marupa (*Simarouba Amara*) is being plugged as a possible alternative. C&F Western European prices for kiln dried marupa are being quoted at around US\$500 to US\$550 depending on specification. In the past, Brazilian mills have had difficulty competing with Far Eastern suppliers of wood to the moulding sector, lacking the capacity to meet demanding specifications for fixed sizes. However Brazilian suppliers have been making ground in this sector following increased investment in processing capacity.

		Exchange rates								
		One GB pound (£)			One US Dollar (\$)			One Euro		
		4-Jan	1-Feb	1-Mar	4-Jan	1-Feb	1-Mar	4-Jan	1-Feb	1-Mar
Argentina	Peso	1.4414	2.8629	3.106	1	2.025	2.19	0.8947	1.7437	1.8958
Australia	Aus. \$	2.7805	2.7756	2.7399	1.929	1.9633	1.9318	1.7259	1.6905	1.6723
Bangladesh	Taka	82.0878	80.9372	81.1977	56.95	57.25	57.25	50.9533	49.52	49.5585
Belgium	Euro	1.6111	1.6419	1.6384	1.1177	1.1614	1.1552	1	1	1
Belize	B\$	2.8396	2.7851	2.7941	1.97	1.97	1.97	1.7626	1.6963	1.7053
Bolivia	Boliviano	9.8657	9.7683	9.8998	6.8445	6.9095	6.98	6.1238	5.9495	6.0423
Botswana	Pula	10.1222	9.6141	9.5702	7.0225	6.8004	6.7476	6.283	5.8555	5.8411
Brazil	Real	3.3325	3.41	3.3366	2.312	2.412	2.3525	2.0686	2.0769	2.0365
Fr. Africa*	CFA Fr.	1056.78	1077.01	1074.74	733.16	761.81	757.76	655.96	655.96	655.96
Canada	Canadian \$	2.3025	2.249	2.262	1.5974	1.5908	1.5949	1.4292	1.3698	1.3806
Chile	Peso	939.361	959.017	948.488	651.700	678.350	668.750	583.076	584.093	578.904
China	Yuan	11.9302	11.7011	11.7387	8.2768	8.2766	8.2766	7.4053	7.1266	7.1647
Czech Republic	Koruna	51.4406	52.3846	51.6349	35.688	37.0536	36.4062	31.93	31.905	31.515
Denmark	Danish Krone	11.9883	12.1969	12.1753	8.3171	8.6273	8.5844	7.4413	7.4286	7.4311
Estonia	Kroon	25.1961	25.6915	25.6431	17.4803	18.1726	18.0802	15.6396	15.6476	15.6512
Finland	Euro	1.6111	1.6419	1.6384	1.1177	1.1614	1.1552	1	1	1
France	Euro	1.6111	1.6419	1.6384	1.1177	1.1614	1.1552	1	1	1
Germany	Euro	1.6111	1.6419	1.6384	1.1177	1.1614	1.1552	1	1	1
Ghana	Cedi	10670.00	10550.10	10796.80	7402.50	7462.50	7612.50	6623.04	6425.61	6589.78
Guyana	Guyanese \$	260.173	255.182	256.003	180.500	180.500	180.500	161.493	155.420	156.250
Hong Kong	HK\$	11.2404	11.0269	11.0621	7.7983	7.7998	7.7996	6.9771	6.716	6.7517
India	Rupee	69.5476	68.581	69.0854	48.25	48.51	48.71	43.1693	41.7696	42.1658
Indonesia	Rupiah	15012.2	14597.0	14324.8	10415.0	10325.0	10100.0	9318.3	8890.3	8743.1
Ireland	Euro	1.6111	1.6419	1.6384	1.1177	1.1614	1.1552	1	1	1
Italy	Euro	1.6111	1.6419	1.6384	1.1177	1.1614	1.1552	1	1	1
Japan	Yen	188.946	189.273	188.932	131.085	133.8	133.21	117.282	115.277	115.313
Kenya	K. Shilling	113.611	111.177	110.769	78.82	78.64	78.1	70.5203	67.713	67.6073
Korea South	Won	1886.36	1863.11	1877.76	1308.70	1317.85	1323.95	1170.89	1134.73	1146.08
Liberia	Liberian \$	1.4414	1.4138	1.4183	1	1	1	0.8947	0.8611	0.8657
Malaysia	Ringgit	5.4773	5.3723	5.3896	3.8	3.8	3.8	3.3999	3.272	3.2895
Myanmar	Kyat	9.724	9.7074	9.6774	6.7462	6.8664	6.8232	6.0582	5.8534	5.9065
Netherlands	Euro	1.6111	1.6419	1.6384	1.1177	1.1614	1.1552	1	1	1
New Zealand	NZ\$	3.367	3.3887	3.3558	2.3359	2.3969	2.366	2.09	2.0639	2.0482
Nigeria	Naira	166.842	161.874	168.281	115.750	114.500	118.650	103.562	98.590	102.710
Papua NG	Kina	5.3897	5.2179	5.1213	3.7392	3.6909	3.6109	3.3455	3.178	3.1258
Philippines	Peso	74.4483	72.5961	72.4397	51.65	51.35	51.075	46.2113	44.215	44.2131
Poland	Zloty	5.6788	5.9145	5.9681	3.9398	4.1836	4.2079	3.525	3.6023	3.6426
Portugal	Euro	1.6111	1.6419	1.6384	1.1177	1.1614	1.1552	1	1	1
Romania	Leu	46355.4	45395.5	46235.2	32160.0	32110.0	32599.0	28773.6	27648.3	28219.3
Russia	Rouble	44.0132	43.4587	44.006	30.535	30.74	31.0273	27.3197	26.4687	26.8587
Singapore	Singapore \$	2.6593	2.5965	2.5973	1.845	1.8366	1.8313	1.6507	1.5814	1.5852
Solomon Islands	Smm. Is. \$	8.1527	8.4152	8.6907	5.6561	5.9524	6.1275	5.0605	5.098	5.288
South Africa	Rand	17.4193	16.456	16.0587	12.085	11.64	11.3225	10.8125	10.0226	9.8013
Spain	Euro	1.6111	1.6419	1.6384	1.1177	1.1614	1.1552	1	1	1
Sweden	Krona	14.882	15.0825	14.8974	10.3247	10.6684	10.5037	9.2375	9.186	9.0925
Taiwan	\$	50.4346	49.3965	49.7895	34.99	34.94	35.105	31.3056	30.0851	30.3887
Tanzania	Shilling	1323.21	1324.68	1370.08	918.00	937.00	966.00	821.34	806.81	836.22
Thailand	Baht	63.3135	62.3111	61.9372	43.925	44.075	43.67	39.2998	37.9508	37.803
Uganda	New Shilling	2493.63	2436.60	2503.30	1730.00	1723.50	1765.00	1547.84	1484.02	1527.87
United Kingdom	£	1.0000	1.0000	1.0000	0.6938	0.7073	0.7051	0.6207	0.6091	0.6104
U.S.A.	US \$	1.4414	1.4138	1.4183	1	1	1	0.8947	0.8611	0.8657
Venezuela	Bolivar	1095.820	1083.990	1419.200	760.250	766.750	1000.640	680.196	660.210	866.200
Vietnam	Dong	21747.8	21383.0	21474.5	15088.0	15125.0	15141.0	13499.2	13023.0	13106.8
Zimbabwe	\$	79.9257	78.3925	78.6448	55.45	55.45	55.45	49.6113	47.7454	48.0004

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

Philippines

As the Philippines' forest resources have been depleted, the country's furniture sector has seen some substitution of wood by a myriad of other fibre based materials, including cane, bamboo, palm, abaca and coconut. However, according to export statistics provided by the Chamber of Furniture of the Philippines, wood remains the number one material for finished furniture, and for the export of furniture parts, which is an increasing business.

The Philippines furniture industry still relies on some local hardwoods although the nation as a whole is now import-dependent for timber. Some of the furniture manufacturers at the high end of the market are able to obtain supplies of lauan (sometimes marketed under the name "Philippine mahogany") and a number of other native species from natural forests. However the staple hardwood for the industry is gmelina, grown increasingly in plantations and widely available. This species has two special properties that appeal to furniture manufacturers – apart

from its relatively low cost. Firstly it is easily carved, especially important to the traditional craftsmen in furniture manufacturing centres like Pamanga. Secondly it stains well, allowing producers to copy some of the more exotic high cost species and this may be important as world markets gradually turn back to darker species.

Furniture exports increased 8% between 1999 and 2000 from \$353 million to \$381 million. Furniture exports in 2001 are likely to have declined to around \$300 million. Wooden furniture and parts is the leading category exported – ahead of rattan. As manufacturers come under increasing pressure from overseas buyers to offer improved designs and internationally preferred species, there must be a growing potential for imported hardwoods if the Philippines is to compete with China and Vietnam. Given the past high import tariffs on timber and adequate local supplies, the import trade is in its infancy with very few importers offering "just in time" delivery. Currently most plants must import by full container, which does

not suite the majority of producers who are too small.

The most actively promoted imported hardwoods in the Philippines are from the USA but in relatively insignificant volumes. Total imports of US hardwood in 2001 amounted to only 3,749 cubic metres. At the recent furniture shows in Cebu and Manila organised by CFIP (see Association Profile), furniture made from American oak, soft and hard maple and red alder were all on display. But imported softwoods – notably from New Zealand, Australia and South Africa are providing strong competition for hardwoods.

Yet again, the global nature of the hardwood trade was neatly demonstrated at the Manila furniture show in March. One local producer was exhibiting product made from American black cherry veneer, which was slice-cut in Australia for export mainly to Japan, Europe and the USA – no less; and seen on the same stand was a delegation from forest-rich Gabon in West Africa who could have been buying, selling or just checking!

Association Profile - CFIP - Philippines

Members: 1,500 by affiliation.

The Chamber of Furniture Industries of the Philippines, based in Manila, is a national association of companies and affiliates "working together for mutual benefit and the sustained growth of the Philippine furniture industry". It has 13 Chapters, which are affiliated, covering all the

Philippine Islands, some of which are quite autonomous and active, such as the Cebu-based CFIF. The CFIP is run by a Board of elected officers and a national secretariat, who organise international furniture trade shows and a furniture festival. It has many other roles in promotion, training, dissemination of information, and representation to Government.

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Hardwood Events

Date	Event	Venue	Target audience	Contact
2002				
4-15 Mar	2nd Session of the UN Forum on Forests	San Jose, Costa Rica	Government	www.un.org/esa/sustdev/forests.htm
5-9 Mar	Malaysian International Furniture Fair	Kuala Lumpur	Furniture Industry	www.miff.com.my email: info@miff.com.my
10-13 Apr	Woodworking & Forestry	Jakarta, Indonesia	Woodworking industries	Fax: 62 21 316 1981
10-15 Apr	Salon de Mobile	Milan, Italy	Furniture trade & industry	
17-19 Apr	World of Wood 2002	Palm Springs, USA	Timber Trade	www.iwpawood.org
Apr	8th Brazilian & 2nd Pan-American Forestry Congress	Brasilia, Brazil	Forestry and Timber Trade	sbs@sbs.org.br
25-27 Apr	FSC Forest Products International Conference & Showcase	Atlanta, Georgia, USA	Forestry and Timber Trade	conferencequestions@certifiedwood.org
6-10 May	Posnan show	Posnan, Italy	Furniture and wood industries	
21-25 May	Sasmil	Milan, Italy	Woodworking	www.sasmil.it
29-31 May	Carrefour du Bois	Nantes, France	Timber trade and Industry	www.timbershow.com
27 May-1 Jun	32nd Session of the International Tropical Timber Council	Denpasar, Indonesia	Government, trade	Collins.Ahadome, ITTO, itto@itto.or.jp
12-13 Jun	AHEC SE Asia Convention	Shanghai, China	Timber Trade & Industry	www.ahec-europe.org
24-25 Oct	AHEC European Convention	Lisbon, Portugal	Timber Trade & Industry	www.ahec-europe.org

African log demand down

African log demand in Europe is subdued due to economic uncertainty. There has been a pick-up in China's log demand, but demand in Japan remains weak. Some reports suggest that weak demand led to price falls for some species during January and early February. However relatively low levels of production have kept price reductions within limits. **Page 2**

African sawn shippers push for more

Due to limited availability, many West African shippers are seeking higher prices. However export demand has been subdued and importers have been unreceptive. Prices for most species remain reasonably stable. **Page 3**

Congo production to double

According to the nation's Forest Minister, in two to three years time log production in Congo (Brazzaville) will double, perhaps even triple. **Page 3**

Zimbabwe timber deal

In a new report, the environmental group Global Witness describe the details of the timber deal between the governments of Congo (Kinshasa) and Zimbabwe which covers 33 million hectares of forest. Global Witness suggest that projected rates of production and returns from the project may be over-estimated **Page 3/4**

Malaysian prices strengthen

There are signs that C&F prices for Malaysian sawn lumber have begun to strengthen. Despite weak demand, most analysts predict this trend will continuedue to restricted supplies in Malaysia, and lower availability of Indonesian lumber this year. **Page 4/5**

Asian log prices firming

FOB prices for SE Asian tropical logs have been firming in response to tightening supply. The log export ban from Indonesia has also helped to stabilise export prices. In major markets, China's tropical log imports continue at a high level. However the Japanese market is slow. **Page 5**

American hardwood production

Log supplies in the U.S. have improved slightly since the start of the year, notably of hard maple which tends to be harvested during the winter months. However overall log availability is down on previous years. Kiln dried inventories are still quite high relative to demand, but are falling. **Page 7**

Slow upturn in U.S. domestic sales

The U.S. domestic hardwood market remains very competitive. Buyers are sensitive to price, margins are tight and traders throughout the chain are keeping inventories low. However the underlying pace of sales is reasonably good. There are reports that hardwood purchases may be rising slowly in some sectors. Activity in the housing, kitchen cabinet and flooring sectors remains good, but reports from the furniture sector are less favorable. **Page 6**

EU importers keep American hardwood inventories low

Demand for American hardwoods in the EU is subdued. Inventories are being kept at low levels as importers await clearer signals of future market demand and likely changes in exchange rates. Demand is good into China/Hong Kong. However trading conditions are extremely competitive as many exporters have identified these regions as growth markets. During 2001, U.S. exports of hardwood sawn lumber were down 11% by volume and 14% by value compared to 2000. **Pages 7/8**

Beech trade well down

Trade statistics indicate that the trade in Western European beech logs and lumber was well down in 2001. This was due to overstocking in the aftermath of the December 1999 storms; to economic problems, notably in Germany; and to a partial shift from beech in China. This year, the market for Western European beech logs and lumber has remained weak. The market for higher grades has been more stable than for lower grades. The European oak market has also been more stable. **Page 9**

Italian imports tumble

Italian imports of nearly all hardwood products were buoyant in the first and second quarters of 2001, but there was a big drop in the third quarter. Growth of the Italian furniture sector has been slowing since mid 2001. Forecasts are for a slow recovery beginning in the second half of 2002. **Pages 1/10/11**

German market weakness

The latest German import data highlights the extent of market weakness last year. The import value of just about all hardwood products - including logs, sawn lumber, plywood, veneers and further processed products - were well down on the previous year. Recent economic news from Germany has not been good. **Pages 11/12**

Spain's imports higher than most

Spanish imports of hardwood products held up better than most other European countries during 2001. Although there is still underlying activity, demand has cooled in Spain this year. **Pages 12/13**

Greenpeace step up mahogany campaigns

Greenpeace have stepped up their campaign to eliminate uncertified Brazilian mahogany from the European hardwood trade by blocking the unloading of vessels. Meanwhile Brazilian shippers are gearing up to supply more decking and flooring lumber to the international market. **Page 14**

Philippines still depends on wood

As the Philippines' forest resources have been depleted, the country's furniture sector has seen some substitution of wood by a myriad of other fibre based materials. However, wood remains the number one material for finished furniture, and for the export of furniture parts, which is an increasing business. Opportunities for the supply of quality hardwoods to the Philippines are increasing. **Page 15**